كيو إل إم لتأمينات الحياة والتأمين الصحي ش.م.ع.ق.
QLM Life & Medical Insurance Company Q.P.S.C.

IPO Prospectus

QLM Life & Medical Insurance Company QPSC

(Qatar Public Shareholding Company)

Under conversion from a limited liability company into a Qatar Public Shareholding Company in accordance with the Commercial Companies Law of the State of Qatar

Offer of 210,000,000 Shares each at an Offer Price of QAR 3.15 per Share. Offer Price includes the nominal value of QAR 1.00 per Share, a premium of QAR 2.14, and offering and listing fees of QAR 0.01 per Share.

The share capital of QLM is QAR 350,000,000, divided into 350,000,000 shares of QAR 1.00 each. 60% of the shares, equivalent to 210,000,000 shares, are being offered at an Offer Price of QAR 3.15 per Offer Share, making the total size of the Offering QAR 659,400,000 excluding the offering costs of QAR 0.01 per share, and corresponding to a total market capitalization of QAR 1,099,000,000 at the Initial Public Offering for 100% of the Company's shares.

QNB Capital LLC
Listing Advisor and Offering Manager

Addleshaw Goddard (GCC) LLP
International Legal Advisor

Al Adba Law Firm
Qatari Legal Advisors

Deloitte & Touche – Qatar Branch
Valuators

Rodl & Partner
Valuators

Ernst & Young (Qatar Branch)
Independent Auditors

Qatar National Bank QPSC
Lead Receiving Bank

Commercial Bank PSQC
Receiving Banks

Ahli Bank QPSC

Doha Bank QSC

Al Khalij Commercial Bank PQSC

This is an English translation of the Arabic Prospectus that was approved by the QFMA on 2 December 2020 and is considered only a draft that is provided as guidance for non-Arabic speakers.

QFMA DISCLAIMER

The QFMA shall bear no liability for the validity, comprehensiveness and sufficiency of the details and information mentioned in this Prospectus, and the QFMA explicitly declares that it bears no liability for any loss which could be incurred by any person taking decisions according to the whole or some of the aforesaid details or information.

The QFMA also bears no responsibility towards any party in relation to the Company's valuation analysis, including the estimated values or assumptions that the Valuators had based their estimate on as well as any results in light of those estimates and assumptions. The QFMA will not provide any ratifications in relation to the technical aspects of the analysis or the economic, commercial and investment feasibility study for the estimates and assumptions which were determined by the analysis results and the value of the Offering. The role of the QFMA is limited to ensuring the implementation of the External Auditors and Financial Valuators Rules issued by the QFMA Board of Directors.

We, the Directors and Senior Management of QLM Life & Medical Insurance Company (a limited liability company under conversion into a QPSC in accordance with the applicable laws and regulations of the State of Qatar) shall be jointly and severally responsible for the information and statements set out in this Prospectus. We hereby declare that we have endeavoured to ensure that the information and statements set out in this Prospectus are true and do not omit any information that may impair the significance, completeness or adequacy of the information herein.

Board of Directors of QLM Life & Medical Insurance Company (under conversion into a QPSC)		
NAME	**POSITION**	**SIGNATURE**
Sheikh Saoud bin Khalid bin Hamad Al-Thani	Chairman (QIC representative)	
Mr. Salem Khalaf Al-Mannai	Managing Director (QIC representative)	
[GRSIA representative]	Director (GRSIA representative, non-executive)	
Mr. Ahmed Mohammed A R Al-Mannai	Director (Al-Mirqab Capital representative, Non-Executive)	
Mr. Jassim Mohammed A J Al-Kaabi	Director (Broog Trading representative, Non-Executive)	
Mr. Hamad Nasser Al Khalifa	Director (Independent and Non-Executive)	
Mr. Hussain Akbar A S Al-Baker	Director (Independent and Non-Executive)	
Mr. Eisa Mohammed E Z Al-Mohannadi	Director (Independent and Non-Executive)	
Senior Management of QLM Life & Medical Insurance Company (under conversion into a QPSC)		
NAME	**POSITION**	**SIGNATURE**
Mr. Ahmad Mohamed Zebeib	Chief Executive Officer	
Mr. Gajula Narayan Rao	Chief Operating Officer, Life	
Mr. Turki Al Subaie	Senior Finance and Admin Manager	

Prior to investing in the Shares, prospective Investors should carefully consider the risk factors relating to the Company's business and the relevant sector in Qatar, together with all other information contained in this Prospectus. The Company's Directors believe that the risks set out in this Prospectus in the Risk Factors section between pages 16 and 30 are the material risks facing the Company and its business. However, these risks and uncertainties are not the only issues that the Company faces; additional risks and uncertainties not presently known to it, or that it currently believes not to be material, may also have a material adverse effect on the Company's financial condition or business success. If any combination of these risks actually occurs, the Company's business, financial condition, cash flow and results of operations could be adversely affected. If this occurs, the market price of the Shares may decline and Investors could lose part of or all of their investment. Additionally, this Prospectus contains forward-looking statements that are also subject to risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Company as described below. It should also be noted that the risks below are to an extent interrelated. The occurrence of one risk may trigger other risks to materialise. For example, if there is a material downturn in the Qatari economy or a material increase in insurable deaths or illnesses, the Company could incur substantial losses and could, in turn, experience an increased need for liquidity and as a result become over-leveraged. Each of these is a separate risk described below but demonstrates the interconnection between these and other risks to which the Company is exposed. For more information on the risks Investors in the Shares must take into consideration, please refer to the risk analysis set out in this Prospectus in the Risk Factors section between pages 16 and 30 of this Prospectus.

MINISTRY OF COMMERCE AND INDUSTRY DISCLAIMER

The Ministry of Commerce and Industry, as the regulator of commercial companies in Qatar, shall bear no responsibility for the validity, comprehensiveness and sufficiency of the details and information mentioned in this Prospectus, and the Ministry of Commerce and Industry explicitly declares that it bears no responsibility for any loss which could be incurred by any person taking decisions according to the whole or some of the aforesaid details or information. The Ministry of Commerce and Industry, as the regulator of commercial companies in Qatar, also bears no responsibility towards any party in relation to the Company's valuation analysis, including the estimated values or assumptions that the Valuator had based their estimate on as well as any results in light of those estimates and assumptions. The Ministry of Commerce and Industry will not provide any ratifications in relation to the technical aspects of the analysis or the economic, commercial and investment feasibility study for the estimates and assumptions which were determined by the analysis results and the value of the Offering, whereas the Ministry of Commerce and Industry's role is limited to ensuring the implementation of the provisions of the Commercial Companies Law number 11 of 2015.

This Prospectus does not constitute an offer or solicitation to buy, subscribe or sell the securities described herein, and no securities are being offered or sold pursuant to this Prospectus.

The Listing Advisor and Offering Manager confirms that, to the best of its knowledge based on the information provided by the Company's Directors and by the Senior Management (as defined herein) and having conducted appropriate due diligence, the information disclosed in the Prospectus at the date of the Prospectus is correct and complete and does not include misleading information or omit information.

Qatar Insurance Company QSPC ("QIC" or the "Selling Shareholder"), one of the eight (8) founding shareholders (collectively the "Founders") of QLM Life & Medical Insurance Company QPSC, a limited liability company under conversion into a Qatari public shareholding company (the "Company"), is offering 210,000,000 shares, constituting 60% of the issued share capital of the Company (the "Offer Shares" and each an "Offer Share") for subscription through an initial public offering (the "Offering").

The Offer Shares will rank pari passu in all respects with the 350,000,000 Shares (equivalent to 100%) currently held by the Founders, and will also rank pari passu in all respects with the 140,000,000 Shares, equivalent to 40% of the issued share capital of the Company, to be retained by the Founders (the "Founders' Shares") following the transfer of the Offer Shares in connection with this Offering. The Offer Shares are being offered solely by the Selling Shareholder, as set out in detail in Section 12 (Founders) of this Prospectus.

The Founders' Shares are not included in this Offering, and the Founders will be statutorily locked in as owners of the Founders' Shares for a period of two (2) years from the date of the Company's conversion into a Qatari public shareholding company (a "QPSC").

The Founders, as the owners of QLM Life & Medical Insurance Company WLL ("QLM"), have undertaken to complete a number of steps, having effect following the conversion of the Company into a QPSC and completion of all required legal procedures. The share capital structure of the Company will be modified from its pre-conversion structure (35,000,000 shares of nominal par value QAR 10 each) to its post-conversion structure (350,000,000 shares of nominal par value QAR 1 each). The total nominal share capital of the Company will remain QAR 350,000,000. During this process, the Founders will maintain their respective percentages of ownership in the Company. Following this process, the Selling Shareholder shall offer the Offer Shares for subscription, and pending successful completion of the Offering, the Selling Shareholder's reduced shareholding in the Company shall be reflected in the updated constitutional documents of the Company following its conversion into a QPSC.

The updated share capital structure of the Company will take effect from the date of registration of the amended constitutional documents of the Company at the commercial register of MOCI in Qatar and the issuance of the updated commercial registry extract of the Company reflecting its status as a QPSC. Except where the context requires otherwise, references in this Prospectus to "QLM" shall refer to QLM Life & Medical Insurance Company pre-conversion (i.e., QLM Life & Medical Insurance Company WLL) and references to the "Company" shall refer to QLM Life & Medical Insurance Company post-conversion (i.e. QLM Life & Medical Insurance Company QPSC).

Any references to statements, beliefs, intentions, and declarations attributed to the Company are in fact references to statements, intentions and declarations of the Directors which will be automatically deemed to be ratified by the Company upon final conversion from a limited liability company into a QPSC (in other words, the issuance of the updated commercial registration certificate and publication of amended articles of association in the Official Gazette) of the Company.

The Company received in-principle approval to convert from a limited liability company into a QPSC from the Ministry of Commerce and Industry on 29 November 2020 and anticipates the issuance of its updated commercial registration as a QPSC on 31 December 2020, following the first meeting of the general assembly following the Offering (the "Constitutive General Assembly") at which time the Company's amended constitutional documents and its status as a Qatari public shareholding company shall be approved.

The Offer Shares are being offered at QAR 3.15 per Offer Share (the "**Offer Price**"), which includes the nominal value of QAR 1.00 per Share, the offering and listing fee of QAR 0.01 per Offer Share (the "**Offering and Listing Fee**"), reflecting the Company's total market capitalization of QAR 1,099,000,000 at IPO. The Company will have a nominal share capital of QAR 350,000,000, divided into 350,000,000 ordinary shares, consisting of the Offer Shares and the Founders' Shares of nominal par value QAR 1.00 each (together, the "**Shares**"). The Founders' Shares and Offer Shares are fully paid up as at the date of this Prospectus.

The proceeds of the Offering will be received entirely by the Selling Shareholder; no proceeds will be retained by the Company. To the extent that the actual Offering and Listing Expenses incurred exceed the total Offering and Listing Fees collected, the Selling Shareholder shall be responsible for the payment of the Offering and Listing Expenses.

The Offer Shares are being offered to the following categories of eligible investors ("**Eligible Investors**"): (i) Individual and Corporate Investors, which comprise each of: (a) individual Qatari nationals (“**Individual Investors**”), and (b) legal entities incorporated in the State of Qatar with a commercial registration certificate issued by the Ministry of Commerce and Industry ("**Corporate Investors**"); and (ii) certain pre-selected anchor investors, being General Retirement and Social Insurance Authority (GRSIA), Doha Insurance Group QPSC, Qatar Ports Management Company (Mwani) ("**Anchor Investors**").

The Offer Shares, constituting 60% of the issued share capital of the Company, will be allocated to the Eligible Investors, as follows: (i) 157,500,000 shares, equivalent to 45% of the Company's issued share capital, to Individual and Corporate Investors; and (ii) 52,500,000 shares, equivalent to 15% of the Company's issued share capital, to the Anchor Investors. The Founders' Shares, equal to 40% of the issued share capital of the Company, are not included in the Offering. Following the Offering and allotment of subscribed shares to Investors, non-Qataris (individuals and legal entities) will be able to own up to 49% of the Shares of the Company.

Prior to the Offering, there was no public market for the Shares. The Company shall, prior to the date of closing of the Offering, submit an application to the Qatar Financial Markets Authority and to the Qatar Exchange to list the Shares on the Qatar Exchange and shall allocate the Offer Shares and refund excess amounts, if any, to investors by no later than 29 December 2020.

The Offering is subject to the Company's Constitutional Documents, the relevant regulations of the Qatar Central Bank ("QCB"), the Qatar Financial Markets Authority ("QFMA") Listing Rules, and the Commercial Companies' Law No. 11 of 2015 of the State of Qatar ("Companies Law") and all other applicable laws and regulations of the State of Qatar. This Prospectus has been prepared in accordance with the requirements of the QFMA and shall be valid for a period of six (6) months from the date of its approval by the QFMA.

This document is an English translation of the original Arabic version of the Prospectus, which was approved by the QFMA on 2 December 2020.

Unless the context otherwise requires, capitalised terms used in this Prospectus have the same meaning given in Section 22 (Definitions).

Expected Key Dates in relation to Offering and Listing (the dates may vary subject to the approval of the Board, the QFMA and the Ministry of Commerce and Industry)

Intention to Float / Offering Invitation published in newspapers	Thursday, 3 December 2020
Subscription Period opens	Thursday, 10 December 2020
Subscription Period ends	Wednesday, 23 December 2020
Allotment of Offer Shares	Tuesday, 29 December 2020
Refund of excess application amounts, if any	Tuesday, 29 December 2020
Constitutive General Assembly	Wednesday, 30 December 2020
Issuance of the Company's updated commercial registration certificate, reflecting new status as a QPSC	Thursday, 31 December 2020
Expected first day of trading of the Shares on the Qatar Exchange	Wednesday, 6 January 2021

Structure

The Company is a limited liability company under conversion into a QPSC. The Companies Law requires the meeting of the Constitutive General Assembly upon completion of the initial public offering (the "IPO") to declare the Company to be finally converted into a QPSC and for its amended commercial registration to be issued and the Ministerial Resolution and amended Articles of Association to be published in the Official Gazette. Until that point, the Company will be deemed to be 'under conversion into a QPSC' and any references to the statements, beliefs, intentions, and declarations attributed to the Company are in fact references to statements, intentions and declarations of the Directors which will be automatically deemed to be ratified by the Company upon final conversion into a QPSC (in other words, the issuance of the updated commercial registration certificate).

The Founders will hold all of the Shares of the Company other than the Offer Shares.
52,500,000 Offer Shares, equivalent to 15% of the Company's share capital, have been reserved for Anchor Investors, and these Offer Shares shall be allocated to the Anchor Investors in full based on the pre-agreed guaranteed allocation for each Anchor Investor.

The Anchor Investors and their respective share allocations are set out in the table below.

Name of Anchor Investor	Number of Shares	Percentage shareholding in the Company (post-IPO)
General Retirement and Social Insurance Authority (GRSIA)	35,000,000	10.0%
Doha Insurance Group QPSC	8,750,000	2.5%
Qatar Ports Management Company (Mwani)	8,750,000	2.5%

Important Notice

The information in this Prospectus is provided to potential investors to inform their decision whether to invest in the Offer Shares pursuant to the Offering, in accordance with the terms and conditions described in this Prospectus and in accordance with the Company's Constitutional Documents. This Prospectus does not contain misleading information, nor has any material information been intentionally omitted that might affect potential investors' decisions regarding their investment in the Offer Shares.

Potential Investors are required to carefully review the entire contents of this Prospectus prior to making an investment decision regarding the Offer Shares, taking into account all facts described therein in light of their own investment considerations.

The QFMA takes no responsibility for the contents of this Prospectus or the Arabic Prospectus, makes no representations as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus or the Arabic Prospectus.

The distribution of this Prospectus and the Offering of the Offer Shares may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company or the Listing Advisor and Offering Manager to purchase any of the Offer Shares in any jurisdiction outside of Qatar or from or within the Qatar Financial Centre. This Prospectus may not be distributed in any jurisdiction where such distribution is, or may be deemed, unlawful. The Company, the Founders, the Listing Advisor and Offering Manager and the Receiving Banks require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. None of the Company, the Founders, the Listing Advisor and Offering Manager, or any of the Receiving Banks accepts any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to purchase the Offer Shares by any person, whether or not a prospective purchaser of the Offer Shares is in any jurisdiction outside of Qatar, and whether or not such offer or solicitation was made orally or in writing, including by electronic mail.

No action has been or will be taken in any jurisdiction other than Qatar that would permit a public offering of the Offer Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction other than Qatar, where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the Offering and sale of the Offer Shares, including those in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to buy any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

THE OFFER SHARES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAW OF ANY STATE OR TERRITORY OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW. THE SHARES ARE BEING OFFERED OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT.

Neither this Prospectus, nor any other document issued in connection with the Offering, may be passed on to any person in the United Kingdom. All applicable provisions of the Financial Services and Markets Act of 2000, as amended, must be complied with in respect of anything done in relation to the Offer Shares in, from, or otherwise involving the United Kingdom.

No person is or has been authorised to give any information or to make any representations other than the information and those representations contained herein in connection with the Offering. If given or made, such information or representations must not be relied upon as having been authorised by the Company under conversion, the Listing Advisor and Offering Manager or any of their respective legal or accounting advisers, or any of the Receiving Banks. Each prospective Investor should conduct his, her or its own assessment of the Offering and consult his, her or its own independent professional advisers. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, constitute a recommendation to purchase Offer Shares or a confirmation that the information contained herein is correct as of any time subsequent to its date. The content of this Prospectus may, however, still be subject to change until the completion of the Offering. If required, these changes will be made through an amendment to this Prospectus. The Listing Advisor and Offering Manager is acting for the Company in connection with the matters described in this document. The Listing Advisor and Offering Manager is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of the Listing Advisor and Offering Manager or for advising any other person in connection with the matters described in this Prospectus.

Valuation Approach

Purpose and basis of information

The valuation has been prepared in accordance with the Rules for External Auditors and Financial Evaluators of Listed Companies, as well as the Offering and Listing Rulebook of Securities issued by the QFMA and it should not be used for any other purpose. It was not prepared for investors to rely on or use to make investment decisions.

It is the responsibility of potential investors in the Company to make their own assessment of the valuation of the Company, whether they should invest in the Company and whether they consider that the nominal value of the shares accurately reflects the value of the Company. The day-to-day trading price of the Company's shares after the initial public offering may be greater or lesser than the nominal value of the shares and may or may not necessarily accurately reflect the underlying value of the Company. In particular, potential investors must read and understand this prospectus in its entirety, including the section titled "Risk Factors".

The basis of the valuation has been the fair market value, which is defined as per the International Valuation Standards as the price expressed in terms of cash equivalent, at which a property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open market and unrestricted market, when neither is under a compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

Any valuation is subjective and dependent on a number of factors including the valuation methodologies used, the business plan provided by the management of QLM and its underlying assumptions, market driven factors (such as regulation, demand and supply dynamics), etc.

The valuation was based on the following:

a) information received from the management of QLM including but not limited to historical financial performance, market and industry specific insights, business plans and financial projections (and the underlying assumptions). Such information is the sole responsibility of the management of QLM. All Prospective Financial Information ("PFI", being any financial information about the future) relates to the future and involves estimates, assumptions and uncertainties. PFI is based on information available at the time of its preparation. Accordingly, the PFI will not include unanticipated events after the date on which it was prepared, including, but not limited to, changes in law and regulations, changes in government policies and changes in accounting standards. The attainment of the predicted results depends upon successful implementation of the underlying strategies by the management of QLM and the realisation of the underlying assumptions including any operational improvements. Events and circumstances frequently do not occur as expected and actual results are likely to be affected by events beyond the control of the management of QLM resulting in differences between the predicted and the actual results. Such differences are normal and may be material. Accordingly, no opinion is expressed, and no assurance is provided as to the achievability of the financial forecasts provided by the management of QLM; and

b) other publicly available information. Whilst there is no reason to believe that this information is not reliable or accurate; its accuracy, completeness or correctness is not warranted.
We, the independent valuators, believe the above information to be reasonable.

Valuation approaches

A number of internationally recognised valuation methodologies were used to value QLM under the income approach as the primary approach, namely the free cash flows to equity, the dividend discount model and the residual income approach. The market approach was also considered to cross-check, at a high level, the findings under the Income approach. 100% of the equity interest in QLM was valued as at 30 June 2020, on a marketable controlling basis (before considering any discounts that may be applicable for the initial public offering purposes). The business plan and other information provided by the management of QLM were utilised in applying the adopted valuation approaches.

Market and Industry Information

This Prospectus contains historical market data and industry forecasts, which have been obtained from market research, publicly available information and industry publications or other sources considered to be generally reliable. Such information has not been independently verified, and although the Company and the Listing Advisor and Offering Manager have a reasonable belief that such information contained in this Prospectus is reliable, no representation is made regarding the accuracy, adequacy or completeness of such information. However, the logic behind this information has been verified.

Financial Information

The financial information set out in this Prospectus has been, unless otherwise indicated, derived from (i) the audited consolidated financial statements of QLM as at and for the fiscal year ended 31 December 2019 and the unaudited interim condensed consolidated financial statements of QLM as at and for the six months ended 30 June 2020; and (ii) the audited financial statements of Q Life as at and for the fiscal year ended 31 December 2018.

The audited financial statements of QLM/Q Life as at and for the fiscal years ended 31 December 2017, 31 December 2018 and 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (the "IFRS") as issued by the International Accounting Standards Board (the "IASB") and applicable requirements of Companies Law. The unaudited interim condensed consolidated financial statements of QLM as at and for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

Following its incorporation in 2018, QLM became the business successor of Q Life when it acquired substantially all of the insurance business portfolio of Q Life, which had been operational since June 2011. Wherever the context allows, references in this Prospectus to the performance, operations or financial results of QLM before FY2019 shall be deemed to apply to the performance, operations or financial results of Q Life.

Rounding Adjustments

Certain financial data in this Prospectus has been rounded. Consequently, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The Company intends to present its financial statements and the financial statements of Q Life in Qatari Riyals. The Qatari Riyal is, and since July 2001 has been, pegged to the US Dollar at a fixed exchange rate of QAR 3.64 per USD 1.00 and, accordingly, translations of amounts from US Dollars to Qatari Riyals have been made at this exchange rate for all periods in this Prospectus. However, please note that these rates may differ from the actual rates used in the preparation of the financial statements of the Company and Q Life and financial information derived from the financial statements that appear in this Prospectus.
No representation is made that any particular currency referred to in this Prospectus could have been converted into US Dollars or Qatari Riyals, as the case may be, at any particular rate or at all.

Forward-looking Statements

This Prospectus contains forward-looking statements that are subject to risks and uncertainties, including statements about the Company management's beliefs and expectations. All statements other than statements of historical or current facts included in this Prospectus are forward-looking statements. Forward-looking statements express the current expectations and projections of the concerned directors of the Company relating to the condition, results of operations, plans, objectives, future performance and business of the Company, as well as their expectations in relation to external conditions and events relating to the Company and their respective sectors, operations and future performance. Prospective Investors can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. The statements may include words such as "anticipate", "estimate", "believe", "project", "plan", "intend", "prospective" or other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

These forward-looking statements are based on assumptions that the directors of the Company have made in light of their experience in the industries in which they operate, as well as their perceptions of historical trends, current conditions, expected future developments and other factors which the directors of the Company believe are appropriate under the circumstances. As prospective Investors read and consider this Prospectus, they should understand that these statements are not guarantees of future performance or results. They involve risks, uncertainties (some of which are beyond the control of the directors of the Company) and assumptions. Although the directors of the Company believe that these forward-looking statements are based on reasonable assumptions, prospective Investors should be aware that many factors could affect the Company's actual financial condition or results of operations and cause actual results to differ materially from those in the forward-looking statements. These factors include, among other things, those discussed under the heading "Risk Factors" in this Prospectus.

Due to these factors, the directors of the Company caution that prospective Investors should not place undue reliance on any forward-looking statements. Further, any forward-looking statement only applies as at the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible to predict these events or how they may affect the Company. Except as required by Qatari law, the rules and regulations of the QFMA, especially Article 43 of the Offering and Listing Rulebook of Securities, or the rules of the QE, neither the directors of the Company (prior to its conversion) nor the management of the Company (as at its conversion) have any duty to, and do not intend to, update or revise the forward-looking statements in this Prospectus after the date of this Prospectus.

Information not contained in this Prospectus

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any subscription, sale, or purchase made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date of this Prospectus.

No incorporation of website information

The contents of the Company's website, any website mentioned in this Prospectus or any website directly or indirectly linked to such websites have not been verified and do not form part of this Prospectus, and Investors should not rely on such information.

Constitutional Documents

All Shareholders are entitled to review, and are deemed to have notice of, the constitutional documents of the Company, including the Articles of Association and the Memorandum of Association, which shall be binding on them.

Interpretation

Certain terms used in this Prospectus are defined in Section 22 entitled "Definitions".

1 SUMMARY

Warnings	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the Investor, including in particular the Risk Factors section.
Legal and commercial name	QLM Life & Medical Insurance Company QPSC (under conversion)
Share capital	Upon conversion and issuance of the Company's updated commercial registration certificate, the Company's issued share capital will remain QAR 350,000,000, comprising 350,000,000 Shares of a nominal par value of QAR 1.00 each.
Company's current operations and principal activities	The Company's principal activity is the underwriting of life and medical insurance in the State of Qatar, and reinsurance of life and medical insurance originating outside of the State of Qatar.
Currency of the Offering	The Shares will be denominated in Qatari Riyal.
Offering Price	QAR 3.15 per Offer Share, which includes the Offering and Listing Fee of QAR 0.01 per Share.
Securities Offered	The Offering comprises an offering to (i) Individual and Corporate Investors; and (ii) Anchor Investors of a combined 210,000,000 ordinary Shares in the Company, being the Offer Shares.
Amount and percentage of Offering	210,000,000 Shares will be offered pursuant to the Offering. The Offer Shares will represent 60% of the issued share capital of the Company.
Reasons for Offer	The Directors believe that the Offering and the conversion of the Company from a limited liability into a QPSC are part of the natural development of the Company and will, in particular: enhance the Company's public profile with existing and potential customers and counterparties, as well as with current and future employees; and provide the Selling Shareholder with a partial realization of its investment in the Company.
Offering restrictions and jurisdictions	Under the Offering, the Offer Shares are being offered for subscription to Individual and Corporate Investors and to Anchor Investors. None of the Offer Shares may be offered for subscription, sale or purchase, or be delivered, subscribed for, sold or delivered, and this Prospectus and any other offering material in relation to the Offering and the Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration in any such jurisdiction.

Rights attached to the Shares	The Shares will rank pari passu in all respects with each other, including for voting and dividend rights and rights on return of capital.
Shareholders prior to the Offering	The Founders, as at the date of this Prospectus, hold 350,000,000 Shares, constituting 100% of the issued share capital of the Company
Intended Shareholding structure post-Offering	Subject to the complete subscription for all of the Offer Shares, following the Offering, the Founders will retain 140,000,000 Shares, equal to 40% of the issued share capital of the Company, and the Investors shall hold a total of 210,000,000 Shares, equal to 60% of the issued share capital of the Company.
Offering and Listing Expenses	The net proceeds of the Offering will ultimately be received by the Selling Shareholder. The Offering and Listing Fees of QAR 2,100,000 shall be applied towards the Offering and Listing Expenses, which include advisors' fees and other legal and governmental fees and expenses. To the extent that the actual Offering and Listing Expenses incurred exceed the total Offering and Listing Fees collected, the Selling Shareholder shall be responsible for the payment of the Offering and Listing Expenses.
Estimated expenses charged to investors	Other than the Offering and Listing Fees, there are no commissions, fees or expenses to be charged to Investors by the Company under the Offering.
Restrictions on Transferability	Except for the restriction on the Founders being unable to transfer the Founders' Shares until the second anniversary of the Company's conversion into a QPSC, the Shares are freely transferable and there are no restrictions on transfer.

2 RISK FACTORS

Investing in and holding Shares involves substantial risks. Investors should carefully review all of the information contained in this Prospectus and should pay particular attention to the risks associated with an investment in the Shares, the Company's business and the industries in which the Company participates. The aforementioned risks should be considered together with all other information contained in this Prospectus.

The risks and uncertainties described below are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Company, the industries within which it operates or any investment in the Shares, and the risks and uncertainties referred to below should therefore be used as guidance only. For the avoidance of doubt, the risks and uncertainties set out below comprise the material risks and uncertainties in this regard that are known to the Directors at the time of offering the Shares. Additional risks and uncertainties relating to the Company, its business or the Shares that are not currently known to the Directors, or which the Directors currently deem immaterial, may arise or may become (individually or collectively) material in the future and may have a material adverse effect on the Company's business, cash flow, financial condition, results of operations or future prospects and, if any such risk or risks should occur, the price of the Shares may decline and Investors could lose part or all of their investment.

Investors should consider carefully whether an investment in the Shares is suitable for them based on the information in this Prospectus and their personal circumstances. Investors should consult a legal adviser, an independent financial adviser and/or a tax adviser for legal, financial or tax advice if they do not understand this Prospectus (or any part of it). Additionally, this Prospectus includes forward-looking statements and predictions which involve risks and uncertainties and may not be achieved or realised, partially or completely, or the results may materially vary due to the below risks and uncertainties.

All of the risks highlighted below could potentially have a material adverse effect on the Company.

2.1 Risks relating to the Company

2.1.1 Risk of change in relationship with parent group, QIC

As at the date of this Prospectus, the Company is a subsidiary of QIC and accordingly enjoys the support of QIC and the QIC group of companies. The dilution of QIC's shareholding in the Company pursuant to the Offering could result in a reduction of QIC's commitment to and involvement with the Company.

For example, the Company outsources a range of administrative functions to subsidiaries of its parent, QIC, namely: human resources and administration, investment management, enterprise risk management, IT development and support, compliance, internal audit and control and reinsurance management.

Any unforeseen reduction in administrative services provided by QIC to the Company could disrupt the Company's ongoing operations including its ability to provide services to members, and adversely impact the Company's results of operations. Following the Company’s public listing, certain regulated functions such as compliance, enterprise risk management and investor relations will no longer be outsourced from the Company to QIC. Engaging other outsourced service providers or insourcing the abovementioned administrative functions could reduce the Company's operational efficiency.
The change in the Company's relationship with QIC and related changes in its operations could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.1.2 Changes in regulations applicable to the Company

There is a risk that various Qatari authorities may require the Company, as a QPSC listed on the Qatar Stock Exchange and a licensed insurer, to comply with additional requirements and that such additional obligations would cause the Company to incur increased compliance costs.

2.2 Risks relating to QLM/the Company (pre-conversion and post-conversion)

2.2.1 Risk of increased competition

Life and medical insurance are highly competitive industries. Although QLM is a leading player in the Qatar group medical and group life insurance market, it has larger and more established competitors in other GCC markets, in both the life and medical insurance segments. There is a risk that some of those existing competitors may gain larger market shares and the Company's market share would be reduced. Additionally, new competitors may enter the Qatar market and the Company's other GCC markets in the future, and some of these emerging competitors may have certain advantages, including cutting-edge IT platforms.

Contracts for both the group medical and group life and credit life businesses are generally bid upon or renewed annually. The Company's management therefore believes that insurance customers enjoy significant flexibility in moving between competitors. Furthermore, although QLM has enjoyed consistent profits since the incorporation of its subsidiary Q Life in 2011, there is a risk that with numerous insurers operating in a relatively small market, greater price competition could emerge, consequently impacting the Company's ability to retain existing clients. While insurers compete based on many factors, including service and the quality and depth of provider networks, the Company expects that price will continue to be a significant basis of competition and therefore the Company may occasionally struggle to contain the decline in premium rates. The Company may respond to increased competition by focusing on improving its systems, technology, marketing and operations. Nonetheless, increased competition could lead to the aforementioned or other risks, and this could in turn have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.2.2 Risk related to reliance on certain markets

The Company's performance and future prospects are strongly linked to the economic climate in the primary markets in which it operates—directly or indirectly. These markets—Qatar, the UAE, Oman, and Kuwait—are largely dependent on the energy sector. The State of Qatar is one of the largest liquefied natural gas (“LNG”) exporters in the world. Volatility in the LNG price, the prices achieved and the volume of LNG sold, together or individually, have a significant impact on the State of Qatar’s budget. The budget available and its allocation has an impact on the Qatari economy as a whole and on specific sectors, including the medical and life insurance sectors directly, as well as indirectly through other sectors' participation in the medical and life insurance sectors.

Except for Oman, the countries in which QLM operates consist of majority-expatriate populations, which may be less likely than citizen populations to remain resident in the country on a long-term basis. The length of expatriates' residence in GCC countries is uncertain and typically tied to their employment status. An economic deterioration in any or all of these markets, whether caused by a decrease in energy prices or general economic factors, could result in a loss of expatriate and overall population, or a decrease in demand for the Company's products and services. Since QLM relies largely on revenues derived from insurance premiums, the volume and total value of which are dependent upon population size, QLM indirectly relies upon a maintenance or growth in the population of Qatar and/or the other markets over time.

Furthermore, the primary markets in which QLM operates are emerging markets. These markets are characterized by relatively high volatility across numerous macroeconomic measures, when compared to developed markets, which may impact the performance of the Company in such markets and make it difficult to predict such performance. As at the date of this Prospectus, the Company does not intend to operate outside of emerging markets.

If the Company is unable to address the issues arising from operating in emerging markets, this could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.3 Risk of changes to health care and medical insurance laws

QLM operates in the life and medical insurance sectors, with medical insurance premiums comprising a much larger proportion of its revenues than life insurance premiums. There is a risk of significant changes being implemented in the medical insurance regime in the State of Qatar or in other jurisdictions to which the Company is exposed.

In particular, a mandatory health insurance scheme in the State of Qatar has been discussed publicly by the Government for several years, and it is expected that under this scheme, if implemented, both Qatari citizens and residents would be required to have medical insurance. As at the date of this Prospectus, the Government has not issued an official statement on the details of such a scheme, therefore it is difficult to assess how such a change, if any, would impact medical insurers like the Company. Such a substantial change in the country's health care system could have a number of impacts on companies operating in the industry and could potentially result in increased compliance costs, increased competition, downward pressure on prices, restriction of potential revenues, increased operational expenses, and other potentially negative effects. Although QLM enjoys a positive relationship with its regulator and believes that it would be well placed to adjust to, and benefit from, the implementation of the potential scheme, if the Company is unable to adjust to such a transition, this change in the local medical insurance system could pose difficulties to the Company that would, in turn, have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.4 Risk of changes to insurance regulations

QLM operates in the insurance sector in multiple jurisdictions and is, directly or indirectly, impacted by the respective regulatory authorities and their policies accordingly. In Qatar, QLM has been subject to the supervision of its regulator, the Qatar Central Bank, since January 2019. Previously, QLM's predecessor entity, Q Life, operated as an insurance company incorporated in the QFC under the regulatory framework of the Qatar Financial Centre Regulatory Authority ("QFCRA") since its incorporation on 30 June 2011. Following QLM's incorporation in the State of Qatar, Q Life transferred its insurance portfolio and related rights and obligations to QLM.

It is possible that the recent change of regulators may pose a regulatory compliance risk, as QLM has only operated under QCB supervision for less than two years, compared to Q Life, which operated under the same regulatory regime for a longer period of time. Some potential changes in regulations, such as a requirement for increased capital, could affect shareholder returns. Other changes in regulations could impact the Company's underwriting capacity or investment strategies. Furthermore, if the Company is unable to comply or is found not to be in compliance, this could lead to regulatory actions, including fines and penalties, being imposed against the Company, and could also have a negative effect on the Company's reputation and its ability to retain and/or secure clients. This, in turn, could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.5 Business strategy risk

The Company has established a business strategy, the details of which are set out in paragraph 4.2.11 of this Prospectus. If the Company is unable to successfully implement its strategy, or if the Company is unable to adjust its strategy to react to changes in the markets in which it operates, this could potentially have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.6 New insurance products risk

QLM has historically relied heavily on a few core offerings—group medical, group life, and group credit life insurance. It has recently begun to expand its product offering, by offering, for example, individual life insurance in Qatar. As at the date of this Prospectus, the Company plans to offer additional products. There is a risk that the Company could be unable to adequately price new products, estimate the benefits payable in respect of these products, or manage operating expenses associated with new products. It is possible that these new insurance products or other forthcoming new products may not be profitable, and this in turn could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.7 Risk of being subject to extraordinary legal disputes (non-insurance related)

Companies are regularly subject to litigation, arbitration and other claims and allegations not directly related to claims for coverage under insurance policies. Legal disputes with third parties, including all kinds of service providers, could result in adverse publicity and reputational harm, lead to increased regulatory supervision, affect the Company's ability to attract and retain customers, maintain its access to the capital markets, result in cease-and-desist orders, claims, enforcement actions, fines and civil and criminal penalties, other disciplinary action, or have other material adverse effects on the Company in ways that are not predictable. Extraordinary legal disputes may result in the Company having to pay higher than envisaged compensation, and this could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.8 Risks of claims and disputes related to insurance business

The Company may face disputes, including litigation, with its customers and policyholders, as well as other insurance-related counterparties (including brokers, cedents and reinsurers) regarding insurance claims which could include legal actions both by and against the Company.

Some claims and allegations may be brought by or on behalf of a class, and claimants may seek large or indeterminate amounts of damages, including compensatory, liquidated, and punitive damages. The Company's reserves for litigation liabilities may prove to be inadequate. Claims and allegations, should they become public, need not be well founded, true or successful to have a negative impact on the Company's reputation. In addition, press reports and other public statements that assert some form of wrongdoing on the part of the Company (including as result of financial reporting irregularities) could result in adverse publicity and in inquiries or investigations by regulators, legislators and law enforcement officials, and responding to these inquiries and investigations, regardless of their ultimate outcome, is time-consuming and expensive. Some of these claims may result in the Company having to pay higher than envisaged compensation, and this could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.9 Risk of saturation of Qatar market and inability to grow

QLM enjoys a large market share of the medical insurance segment in Qatar. There is a risk that with a majority share of the market in medical insurance (which is a larger segment than life insurance), the Company may be unable to grow its client base and revenues, and this could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.10 Risk of turnover of key employees/managers

QLM has benefitted from stability in its senior management and key personnel, but there can be no assurance that it will always be able to retain all members of its senior management team and other key staff or replace those people within an adequate timeframe. There might be detrimental effects to the Company's business resulting from the loss or dismissal of key personnel and there is no guarantee that it will be able to attract and retain key personnel that will help it to achieve its business objectives. Should the Company not be able to retain or replace qualified key personnel, this could lead to the Company being unable to perform at its current levels, which in turn could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.2.11 Intellectual property risks

In the conduct of its business, the Company may rely on a combination of contractual rights with third parties and copyright, trademark, trade name, patent and other intellectual property rights laws to establish and protect its intellectual property. The Company may not be able to obtain adequate protection for all of its intellectual property in all relevant territories, and third parties may infringe on or misappropriate the Company's intellectual property. In particular, the Company may encounter issues relating to intellectual property previously shared by the Company and its related QIC Group companies. The Company may have to litigate to enforce and protect its copyrights, trademarks, trade names, patents, trade secrets and know-how or to determine their scope, validity or enforceability. In that event, the Company may be required to incur significant costs, and the Company's efforts may not be successful. The inability to secure or protect intellectual property could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.12 Risk of failure to develop and maintain satisfactory relationships with healthcare providers

QLM contracts with hospitals, clinics, diagnostic clinics and other providers to deliver medical services and products to its members. In any particular market, providers could refuse to contract with the Company, demand higher payments, or take other actions that could result in higher medical claims costs. In markets in which certain providers have a unique positioning, particularly hospitals, these providers may have significant negotiating power. If these providers refuse to contract with the Company, use their market position to negotiate contracts unfavourable to the Company or which place the Company at a competitive disadvantage, or do not enter into contracts that encourage the delivery of quality medical services in a cost-effective manner, the Company's ability to market products or to be profitable in those geographies may be adversely affected, and this could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.2.13 Currency Risk

QLM operates primarily in markets where the local currency is pegged to the US Dollar, and QLM's transactions are primarily US Dollar-based. QLM is exposed to currency exchange rate risk on a portion of its investments as well as reinsurance premiums and reinsurance receivables that are denominated in other currencies, including the US Dollar. Any adverse movement in exchange rates could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.2.14 Risk relating to reliance on investment manager

QLM utilizes the services of an investment services management company within the QIC Group to manage its investment portfolio, and accordingly the return on these investments is determined largely by the effectiveness and reliability of this investment manager. There is a risk that the investment manager may not pursue the most appropriate investment strategy according to the Company's requirements or in the prevailing market conditions. There is a separate risk that the investment manager and the Company may mutually identify an appropriate investment strategy but that the investment manager does not consistently implement the agreed and appropriate strategy. Either risk could result in a lower than expected investment performance, which could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.2.15 Risk of interruption or failure of IT systems

QLM's business depends significantly on having an effective IT system and maintaining the integrity and accessibility of the data used to run its business. QLM's business strategy involves leveraging its IT systems to provide members and providers with readily usable offerings that meet their needs. QLM's ability to adequately price its products and services, provide effective and efficient service to customers, and to timely and accurately report its financial results depends significantly on the quality and integrity of the data in its IT system.

Based on a service agreement with QIC Group's IT department, an IT services company within QIC Group, QLM continues to enhance its life and health insurance IT platform. QLM's IT system requires an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop new functionalities to keep pace with continuing changes in information processing technology, evolving industry and regulatory standards, and changing customer preferences. If the information relied upon to run its businesses is found to be inaccurate or unreliable or if the Company is unable to effectively maintain its IT systems and data integrity, this could lead to operational disruptions, problems in determining medical cost estimates and establishing appropriate pricing, customer and physician and other health care provider disputes, regulatory or other legal problems, increases in operating expenses, the loss of existing customers, difficulty in attracting new customers, or other adverse consequences.

There can be no assurance that QIC Group's IT development process (or the IT development process of any other third-party service provider which the Company may use post-IPO) will successfully improve existing IT systems, develop new systems to support the Company's expanding operations, integrate new systems, protect proprietary information, defend against cybersecurity attacks, or improve service levels. In addition, there can be no assurance that additional systems issues will not arise in the future. Inability to develop, adequately protect and maintain the integrity of the Company's IT systems and data, or to defend against cybersecurity attacks, may result in a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.16 Credit rating risk

QLM, through its subsidiary Q Life, has historically shared the credit rating of QIC, by virtue of the parent company guarantee issued by QIC directly to Q Life. As of August 2020, QIC updated its parent company guarantee to apply to QLM, and as of August 2020, QLM has shared QIC's "A" rating with negative outlook, issued by S&P. In preparation for the Offering and Listing, following which QIC's effective ownership of the Company will decline from 85% to 25%, and consequently the Company will no longer be a subsidiary of QIC, the Company will have to obtain its own standalone credit rating.

Rating agencies assign credit ratings to insurers based on several factors, most of which are company specific. However, some factors relate to general economic conditions and circumstances that are outside the rated company's control. The Company's standalone credit rating will be subject to periodic review and may be revised downward or revoked. The Company cannot predict what actions rating agencies may take, or what actions may be taken in response to the actions of rating agencies. Any downgrade below an investment grade credit rating, or the revocation of a credit rating assigned to the Company, could increase the Company's borrowing cost and impact its financial flexibility and competitive position, including the willingness of existing or new potential customers to insure their risks with the Company. Changes in the methodology and criteria used by rating agencies could result in downgrades that do not reflect changes in general economic conditions or the financial condition of the Company. Any of these risks could increase the Company's borrowing costs and/or reduce the Company's revenues, and this could, in turn, have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.2.17 Risk of loss of insurance license

QLM conducts its business operations pursuant to several licenses and permits, including an insurance license from the QCB. Such licenses and permits may be suspended, terminated or revoked if the Company does not comply with applicable regulatory requirements, and any such regulatory actions could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.2.18 Liquidity Risk

Various events, including a delay in the realization of receivables or a sudden and sizable liability, could lead the Company to face short-term liquidity issues. These liquidity issues could lead to increases in the Company's financial expenses or otherwise hinder its business operations. If significant amounts of liquidity are required on short notice in excess of expected cash requirements, it may be difficult to sell less liquid investments in a timely manner. If the Company were forced to sell certain assets, it may be unable to sell them for the prices at which they were purchased and may be forced to sell them at significantly lower prices. These liquidity risks could also lead to higher regulatory capital requirements and affect the Company's ability to release capital to pay dividends to the Company and its Shareholders. Any unexpected increases in liquidity requirements to which the Company is subject may increase its capital requirements. Sudden liquidity difficulties and any or all of the specific risks above could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects

2.2.19 Risks to Brand and Reputation

QLM enjoys high levels of customer loyalty and consistent revenue in the form of premiums paid by policyholders. QLM also enjoys a significant stream of revenue from other insurers, both within Qatar and beyond, on a reinsurance model. In the event that the Company suffers damage to its brand and reputation, or the brand and reputation of its related entities, including QIC, this could lead to a loss of revenue from policyholders and reinsurance counterparties. This, in turn, could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.2.20 Risk of loss of key customers

Although QLM maintains a broad customer base with no customer or small number of customers comprising a majority of QLM's gross written premiums, QLM does have some key customers, and if one or more of these customers shifts its business to another insurance company or finds itself in financial difficulties, this could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.2.21 Risk of inadequacy of the Company's risk management framework

The Company's risk management policies, procedures and practices that it uses to identify, monitor and control various risks may fail to be effective. QLM's risk management methods rely on a combination of technical and human controls and supervision that can be subject to error and failure and as a result, QLM's risk management methods may not adequately prevent losses. Some of QLM's methods of managing risk are based on internally developed controls, models and observed historical market behaviour which also involve reliance on industry standard practices.

If the Company is, or is perceived to be, unable to develop, implement, monitor and, when necessary, pre-emptively upgrade its risk management policies and procedures to address current or evolving risks, it could suffer reputational harm and be subject to regulatory investigation. Such regulatory investigation could require the Company to increase its capital or lead to restrictions on the Company's activities including its ability to acquire new business or impose financial obligations. If the Company is unable (or is perceived to be unable) to anticipate, and/or adequately address new risks, this could result in material unanticipated losses and have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.3 Risks relating to Qatar and the GCC

2.3.1 Risks relating to Qatar's reliance on the energy sector

Energy revenues, and liquefied natural gas revenues in particular, underpin the Qatari economy as a whole and to an extent facilitate the development of other sectors of the economy and the national infrastructure.

International prices for LNG have been fluctuating significantly in recent years. Qatar’s ability to benefit from higher Asian and European gas prices may be negatively affected by a number of LNG projects that have come or are expected to come on stream in the next several years that will significantly increase the supply of LNG. This, together with other factors such as a global economic downturn, could put further downward pressure on LNG prices.

In the past, Qatar was able to partially offset lower hydrocarbon prices by increases in hydrocarbon production but, in recent years, hydrocarbon production has also decreased. Production of crude oil and condensates decreased in 2017, 2018, and 2019. Production of LNG decreased in 2019, but remained virtually unchanged in 2018 when compared to 2017. In addition, most of Qatar’s oilfields are mature and oil production may have peaked in 2010. Qatar has reached the end of a 20-year development cycle for LNG projects and LNG production has plateaued. With a moratorium on the development of new gas projects in the North Field that had been in place since 2005 and only lifted in April 2017, and given the long lead time to develop gas projects, Qatar may not be able to significantly increase gas production in the near future through new gas projects.

A decline in the price of oil and gas, or any developments which limit the ability of Qatar to freely export its oil and gas products, would reduce revenues flowing to the State and may impede its ability to implement its development strategy. This could potentially negatively impact the Qatari economy, which could in turn have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.3.2 Risks relating to diversification of Qatar’s economy

Although Qatar’s economy remains dependent on hydrocarbons, the Government has been working towards diversifying the economy in recent years. The Qatar National Vision 2030 is a comprehensive economic vision that outlines a path for the future development of Qatar’s economy and is based on shifting Qatar’s economy from a hydrocarbon-driven economy to a global diversified economy. However, there can be no assurance that Qatar’s efforts to diversify its economy and reduce its dependence on hydrocarbons will be successful. A failure to diversify the economy would make the economy more susceptible to the risks associated with the sectors in which the economy is concentrated and any downturn in such sectors could result in the slowdown of the entire economy which, in turn, could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.3.3 Ongoing economic embargo risk

On 5 June 2017, several countries ("Blockading Countries") abruptly severed diplomatic relations with Qatar. In addition to withdrawing their ambassadors from Qatar, the Blockading Countries imposed further measures. One Blockading Country closed its land border with Qatar, leaving Qatar without its only trade route by land. This has resulted in increased import costs, difficulty in procuring some materials, and other challenges. All aircraft registered in Qatar have also been banned from flying through the airspace of the Blockading Countries.

Mediation efforts have been led by Kuwait, and Kuwait and Oman have thus far remained neutral throughout the dispute. Many influential nations on the global political stage, including the United States, have expressed their encouragement for both sides of the dispute to resolve the situation through dialogue and diplomatic means.

QLM derives a portion of its revenues, via reinsurance, from one or more of these countries, and there is a risk that if it is no longer able to reinsure policies written in these countries, that this could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.3.4 Emerging market inflation risk

Prior to 2009, Qatar had a high rate of inflation. Qatar had high levels of inflation and the overall annual inflation rate was 15.2%, 13.6% and 11.8% in 2008, 2007 and 2006, respectively. The high levels of inflation prior to 2009 were primarily accounted for by the rapid and sustained increase in real estate prices, as well as an increase in international food and raw material prices. In 2009 and 2010, inflation rates were negative as a result of the decrease in housing costs. In 2011, Qatar made an exit from the deflation phase of the previous two years by recording positive inflation at a rate of 1.9%. The inflation situation was, however, favourable compared to major GCC countries and global trends where inflationary pressures were higher in the wake of rising international food and hydrocarbon prices. In 2017 and 2018, consumer price inflation rose by 0.4% and 0.2%, respectively. Overall, moderation of population growth, expanded capacity in the non-traded sector and restraint in Government spending plans are all expected to contain domestic price pressures. Although the Government and the QCB can use various monetary instruments to address price stability, including moving interest rates independently of the U.S. Federal Reserve despite the currency peg, there can be no guarantee that the Government or the QCB will be able to achieve or maintain price stability and thus control inflation. If Qatar were to face high rates of inflation in the future, this could adversely affect its economy.

2.3.5 Risks relating to emerging market liquidity/money markets challenges

QLM operates primarily in Qatar and, to a lesser extent, in other GCC countries. As QLM's underwriting and investment activity is tied to emerging markets, the Company is exposed to certain long-term and short-term liquidity risks prevalent in these markets. For example, emerging markets are generally less liquid than those found in developed countries and many types of securities (including government bonds) do not trade as frequently as similar securities in developed markets. Investors who attempt to sell short- or long-term securities in order to raise capital may encounter difficulties in completing the sales of these securities or in selling them at an acceptable price.

2.3.6 Risk of changes to the Qatari Riyal, or other regional currencies, pegging against the US dollar or floating of Qatari Riyal may lead to currency instability

The Qatari Riyal has been formally pegged against the US Dollar at a fixed exchange rate of 3.64 Qatari Riyals per 1 U.S. Dollar since 2001. Several GCC countries also have their currencies pegged to the U.S. Dollar. In response to the ongoing volatility of oil prices internationally, oil producing countries with currencies that have been traditionally pegged to the U.S. Dollar have faced pressure to de-peg and, in certain cases, have de-pegged their currencies. There is a risk that, in response to the developments in oil prices or for other reasons, additional countries may choose to unwind their existing currency peg to the U.S. Dollar, both in the GCC and the wider region. Any future de-pegging could adversely affect Qatar's economy, which could also indirectly have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.3.7 Dynamic legislative environment in Qatar and risk of changes to laws or regulations

The Company is subject to a number of laws that govern its operations. As a growing economy, Qatar has been witnessing a continuous process of updating and renewing its laws and regulations. This may be driven by the desire to improve such laws or regulations or the need to comply with certain international obligations. New laws and regulations may impose additional obligations on companies operating in Qatar and specifically in the insurance and financial services industries, including the Company. There is a possibility that new laws and regulations may impose obligations on the Company that it may not be able to comply with or that compliance with such laws and regulations may have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.3.8 Risks relating to operating in the region

The economic outlook for Qatar and the wider Middle East and North Africa (“MENA”) region remains uncertain. Global concerns over issues such as inflation, geopolitical issues, terrorism, energy costs, commodity costs, the availability and cost of credit and sovereign debt levels have contributed to diminished expectations for national and global economies in the medium to long term. Energy revenues underpin the GCC economy as a whole and to an extent facilitate the development of other sectors of the regional economy. Deterioration in the price of oil and gas, or any developments which limit the ability of GCC countries to freely export their oil and gas products, would reduce revenues flowing to these countries.

The current level of uncertainty and the pace of growth may also negatively affect the level of demand for all products in the market, including life and medical insurance, which in turn could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.3.9 Change of tax law risk

Based on the prevailing tax regulations and enforcement thereof for listed companies on the Qatar Exchange, the Company’s profits would be exempt from corporate income tax following its listing (notwithstanding the annual contribution towards the Qatar Social and Sports Fund). However, there can be no assurance that the State of Qatar (in which the Company/QLM operates), and the QFC (in which Q Life operates), will not in the future introduce additional taxes, charges, or levies on the Company, the Company and/or Q Life, or that the current tax laws and regulations in Qatar will not be amended. In particular, the State of Qatar has committed to, but as at the date of this Prospectus not yet implemented, a local VAT (value added tax). In addition, while the Company benefits from a full exemption from corporation tax on its income, this exemption may be withdrawn due to the outcome of the OECD Global Anti-Base Erosion Proposal (Pillar Two), or otherwise. If any changes in financial regulation or tax laws occur, this could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.3.10 Risk of untested insolvency regime

Investors should be aware of the Qatar Commercial Code, promulgated by Law No. (27) of 2006 (the "Commercial Code"), which addresses commercial affairs and entities, competition, commercial obligations and contracts, and commercial paper. The Commercial Code also provides comprehensive provisions addressing bankruptcy matters, permitting creditors to file claims against any corporate entity, except for certain professional companies and other companies that are at least majority owned by the Qatari state. To the knowledge of the Company, this new insolvency regime remains untested to date and it is uncertain how it would be implemented by the courts of Qatar. There can also be no assurance that a Qatari court would compel a bankruptcy administrator to perform any of the Company’s obligations during an administration period. The Commercial Code also enables Qatari courts to defer adjudication of a company’s bankruptcy if the court decides that it is possible to improve that company’s financial position during a period (such period to be specified by the court) or if judged to be in the interest of the national economy. In the event of an insolvency situation to be determined under Qatari law, the Shareholders and other equity holders generally rank last behind creditors of the concerned company.

2.3.11 Risks relating to reliance on FIFA World Cup 2022

The next FIFA World Cup will be held in Qatar in 2022 ("WC 2022"). The Government of Qatar has allocated significant capital spending towards projects related to WC 2022. These include a metro rail network, several stadiums, two new cities, expanded road networks, and several other large and small projects. Like the 2006 Asian Games, WC 2022 has already contributed significantly to economic development in Qatar across a broad range of sectors. The inflow of both blue- and white-collar expatriates into the country to facilitate the preparation for WC 2022 and heightened general economic activity has helped companies like the Company in increasing revenues and profitability. The completion of infrastructure and other projects related to WC 2022 may result in a large outflow of expatriates. Unless significant new development projects arise in the coming years, the reduction in economic activity associated with infrastructure development and other projects, and the lower expatriate population levels, could result in a smaller market in Qatar for life and medical insurance. This, in turn, could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.3.12 Competition risk

The insurance market in the countries in which QLM operates; namely, Qatar, Oman, Kuwait and the UAE, is a highly competitive one, with more than one hundred insurance companies operating in a fairly small market. This exposes the Company to the risk that its revenues may not grow or be sustained at the projected levels. Further, this could lead to greater price competition between the Company and its competitors, which would force the Company to reduce prices in order to maintain business, and this could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.4 Risks relating to the insurance industry

2.4.1 Risks relating to competitiveness of the insurance industry

Life and medical insurance are highly competitive industries. There is always a risk of larger and more established competitors entering a market in which the Company is directly or indirectly operating. There is also a risk that existing competitors in any of the Company's markets may increase their market shares and thus reduce the Company's market share. In addition to the impact of competition, insurers may also be impacted by global trends, changes in regulations, natural catastrophes, macroeconomic forces, and other external events. Managing all of these external factors may increase the difficulty of competing with other insurers.

While insurers compete based on many factors, including service and the quality and depth of provider networks, the Company expects that price will continue to be a significant basis of competition, and the Company faces intense competitive pressure to contain premium rate increases. The Company may also respond to increased competition by focusing on improving its systems, technology, marketing and operations, or by offering better terms to ceding insurers. If the Company is unable to address the issues relating to increased competition or finding alternative strategies to maintain higher premium rates, this could in turn have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.4.2 Investment risk

As an insurance company, a significant portion of the income and profits of QLM is derived from its investment portfolio.

In the ordinary course of its business, QLM holds investment portfolios containing a variety of asset classes, including fixed income securities (including government bonds, corporate bonds, and investments in funds). The value of these investment portfolios may be negatively impacted by defaults, by adverse conditions in the financial markets and economies generally, or by interest rate changes, potentially resulting in increased capital requirements and realised or unrealised losses on those portfolios and decreased investment income. A decrease in the value of the investment portfolios could impact the results of operations and financial condition of the Company, requiring capital injections and impacting the ability of the Company to distribute dividends.

The Company's financial performance could be substantially affected by any decline in the performance of its investment portfolio. Such performance could be impacted by a number of factors, including economic conditions, market prices, interest rates, liquidity conditions, market sentiments as well as the effectiveness of the investment management company. Any negative performance in the Company's investment portfolio could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.4.3 Actuarial risk

QLM, like insurance companies in general, monitors its actual experience against the actuarial assumptions that it uses for reserving and applies the outcome of such monitoring to refine its long-term assumptions. Based on these assumptions, QLM makes asset and liability management decisions aimed at ensuring an appropriate duration of assets and liabilities relative to one another. However, due to the underlying risks inherent in actuarial assumptions, it is not possible to determine precisely the amounts that will ultimately be paid to meet policyholder liabilities, and actual liabilities may vary from estimates, especially when those liabilities do not occur until well into the future.

Any variance between the actual performance or results from the actuarial assumptions may lead to changes in the level of capital that is required to be maintained. If the variance is material, it could lead to the Company recalibrating the risk methodology that it uses to model its assumptions and recalculating its best estimate liabilities, which could lead to a further increase in regulatory capital requirements and affect its ability to release capital to pay dividends to its Shareholders. If the Company's reserving and/or regulatory capital requirements are significantly increased, the amount of cash or other assets available for other business purposes or for dividend payments to its shareholders may decline, and this in turn could have a material adverse effect on the Company's business, cash flow, financial condition, results of operations, and future prospects.

2.4.4 Reinsurance risks

QLM is a party to multiple reinsurance agreements (as both a reinsurer and a reinsured) with numerous counterparties in various jurisdictions, and will remain a party to these agreements following conversion into a QPSC. These reinsurance agreements present various risks, including the risk of reinsurer failure or downgrade in credit rating; risk of disputes with counterparties; and risk of poor underwriting from ceding counterparties. The occurrence of any of these risks or other reinsurance-related risks could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.4.5 Brokerage risks

To a limited but growing extent, QLM relies on intermediaries, including insurance brokers and bancassurance partners, in order to promote its products and services to end customers. The success of the Company is partially reliant upon its ability to retain, grow, and improve its relationships with these intermediaries. Most of these relationships are on a non-exclusive basis, and some of these intermediaries may decide not to continue doing business with the Company, to change their terms of business with the Company, or to prioritize their business with other insurers at the expense of the Company. In a competitive environment, the Company's intermediaries may exert pressure on the Company to increase commissions paid to such intermediaries, and this could have an adverse impact on the Company's profitability. Additionally, if the Company is unable or perceived to be unable to offer competitive terms to intermediaries, then the Company may struggle to increase its existing business with its intermediaries or secure new relationships with new intermediaries, and this could impact the Company's ability to secure new customers and grow its business. Any of these risks could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.4.6 Catastrophic events

The Company's business could be adversely and materially affected by natural catastrophes, epidemics or other public safety concerns affecting Qatar and the Company's other GCC markets. The Company could be exposed to underwriting risk in the event that it has agreed to insure a significant number of its customers against such a risk, however the Company typically reduces its exposure to catastrophic events by frequently excluding these risks from its policies or by ceding much of these risks to the Company's reinsurers. Natural catastrophes may lead to server interruptions, breakdowns, system failures, IT platform or internet failures, which could cause the loss or corruption of data and/ or malfunctions of software or hardware as well as adversely affect the Company's ability to operate its technology platform to facilitate its services. The Company's business could also be adversely affected if its employees are affected by health epidemics / pandemics such as the recent COVID-19 outbreak (discussed in detail in Risk Factor 2.6.1 below). In addition, the Company's results of operations could be adversely affected to the extent that any natural disasters harm the Qatari and GCC economies and the Company's customers in these markets, and any such events could have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

2.5 Risk relating to the Offering and the Offer Shares

2.5.1 Risks relating to absence of a prior market for the Shares

The Company is a limited liability company under conversion into a QPSC. Therefore, prior to the Offering, there has been no public market for the Shares. Furthermore, there can be no assurance that an active trading market for the Shares will develop or be sustained after the Offering. If no active trading market for the Shares develops, the liquidity of the Shares will be affected, and this may negatively affect the market price of the Shares. Investors may in this case find it difficult or impossible to exit from their investment in the Offer Shares.

2.5.2 Risks relating to payment of dividends

Payment of dividends is approved by the General Assembly upon the recommendation of the Board. The Board may recommend not paying any dividends or paying less dividends than anticipated by Investors. Additionally, the General Assembly may reject the recommendation of the Board in relation to the payment of dividends. The amount of dividends may vary from year to year. Availability of dividends may be impacted by a number of factors including the profitability of the Company, capital expenditures, the financial standing of the Company, statutory and optional reserve requirements, the indebtedness of the Company, the condition of the economy and any other factors that the Board may consider when making a recommendation. There is no guarantee that dividends will be paid in any given year or the amount of dividends which will be paid in any given year.

2.5.3 Risk that shares may not be suitable investment for all investors

The Shares may not be a suitable investment for all investors. Each potential Investor must determine the suitability of that investment in light of the Investor's own circumstances. In particular, each potential Investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Shares, the merits and risks of investing in the Shares and the information contained in this Prospectus;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the Investor's particular financial situation, an investment in the Shares and the impact the Shares will have on the Investor's overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares; and

- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic and other factors that may affect the investment and the Investor's ability to bear the applicable risks.

2.5.4 Risk that future issuances could dilute value of Offer Shares

The Company may decide to offer additional shares in the future. Future offerings could dilute the holdings of Shareholders in the Company and impair the Company's ability to raise capital through future offerings of equity securities.

2.5.5 Emerging markets deemed to be more volatile and riskier compared to developed countries and financial markets

The majority of the Company's business is in Qatar and the GCC region. Investments in securities of issuers from emerging markets such as Qatar generally involve a higher degree of risk than investments in securities of issuers from more developed economies.

2.5.6 Qatar Stock Exchange is an emerging market with no guarantee of consistent liquidity

The QE is substantially smaller in size and trading volume than longer established securities markets. The QE has been open for trading since 1997 but its future success and liquidity in the market for the Shares cannot be guaranteed. Although QE was upgraded by the Morgan Stanley Capital Index from frontier market to emerging market status, it remains a developing market. Brokerage commissions and other transaction costs on the QE can be higher than those on other stock exchanges. In addition, the QE and securities listed thereon, such as the Shares, have in the past been, and may in the future be, subject to a high degree of volatility with limited liquidity.

2.6 Other risks

2.6.1 COVID-19 risks

In December 2019, a new strain of coronavirus causing a novel respiratory illness (COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread to over 200 countries. On 11 March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 outbreak has led to a global economic crisis that is unprecedented in scale since the start of the Great Depression in 1929.

There is a risk that governmental and non-governmental organizations in Qatar and other GCC territories may not effectively combat the spread and severity of COVID-19, increasing the potential for harm to their residents. In Q1 2020, QLM saw an improved underwriting performance due to deferrals of medical services by QLM's members. However, if the spread of COVID-19 is not contained, the premiums that the Company charges may prove to be insufficient to cover the cost of health care services delivered to its members, which in turn may increase significantly over time as a result of higher utilization rates of medical services and other increases in associated hospital and pharmaceutical costs.

The spread of COVID-19, or actions taken to mitigate this spread, could also have material and adverse effects on the Company's ability to operate effectively, including as a result of the complete or partial lockdowns or labour shortages. Disruptions in public and private infrastructure, including communications, financial services and supply chains, could materially and adversely disrupt the Company's normal business operations. Based on directives by the Government of Qatar, which are intended to mitigate the spread of COVID-19, the Company has transitioned a significant subset of its workforce to a remote work environment. This may exacerbate certain risks to its business, including an increased demand for IT resources, increased risk of phishing and other cybersecurity attacks, and increased risk of unauthorized dissemination of sensitive personal information or proprietary or confidential information about the Company or its members or other third parties. The outbreak of COVID-19 has severely impacted economic activity in Qatar and the Company's other GCC markets, including the businesses of some commercial customers, and has caused significant volatility and negative pressure in the financial markets. In addition to disrupting the Company's operations, these developments may adversely affect the timing of commercial customer premium collections and corresponding claim payments as well as the value of the Company's investment portfolio. While the Company continues to monitor the spread of COVID-19, some uncertainties remain, including: changes to its benefit coverages and the ongoing costs and business impacts of dealing with COVID-19, the magnitude and duration of the pandemic and its ultimate impact on the Company's business, results of operations, financial position, and cash flows. The general deterioration of business conditions could lead to a decrease in the size of the market for the Company's products, which in turn would lead to downward pressure on premium rates and increased competition from the Company's competitors. Likewise, in June 2020, several decisions were issued by the Government of Qatar and some semi-government companies ordering the reduction in the number of employees and reduction in salaries by 30%. It is possible that these decisions may impact the Company negatively in terms of cancellation of insurance policies. However, as of the date of this Prospectus, there were no material adverse effects on the Company in comparison to previous years.

All of the risks above may have a material adverse effect on the Company’s business, cash flow, financial condition, results of operations, and future prospects.

3 THE OFFERING

Offer Price (per Share)	**QAR 3.15**
Nominal Value (per Share)	**QAR 1.00**
Offering and Listing Fee (per Share)	**QAR 0.01**
Total Offering and Listing Fees collected	**QAR 2,100,000**
Number of Shares subject to the Offering	**210,000,000**
Size (in QAR) of Offering	**QAR 659,400,000**
Shares offered to Individual and Corporate Investors	**157,500,000 (45% of issued share capital)**
Shares subscribed for by Anchor Investors	**52,500,000 (15% of issued share capital)**
Shares retained by Founders	**140,000,000 (40% of issued share capital)**
Nominal share capital of the Company	**QAR 350,000,000**
Total proceeds of the Offering (Nominal Price of Offer Shares + Offering and Listing Fees collected)	**QAR 661,500,000**
Estimated net proceeds of the Offering receivable by the Selling Shareholder (Total proceeds less Offering and Listing Fees collected)	**QAR 659,400,000**

3.1 The Offering

3.1.1 Size of Offering. The Offer Shares consist of 210,000,000 Shares, representing 60% of the issued share capital of the Company.

3.1.2 Eligible Investors: The Offer Shares are being offered to the following categories of eligible investors (the "**Eligible Investors**"): (i) Individual and Corporate Investors, which comprise each of: (a) individual Qatari nationals (“**Individual Investors**”), and (b) legal entities incorporated in the State of Qatar with a commercial registration certificate issued by the Ministry of Commerce and Industry ("**Corporate Investors**"); and (ii) certain pre-selected anchor investors located in the State of Qatar (the "Anchor Investors").

3.1.3 Applications by Investors and Limits. The minimum application by an Eligible Investor is set at 500 Offer Shares (**“Minimum Application**”). No application by an Eligible Investor for less than 500 Offer Shares (the **“Minimum Amount”**) shall be accepted. Any application exceeding the Minimum Application shall be in multiples of 100 Offer Shares. The maximum application by an Eligible Investor is set at 17,500,000 Offer.

Shares (“**Maximum Application**”), equal to 5% of the issued share capital of the Company. Any Application received from an Eligible Investor exceeding the Maximum Application will be scaled back and treated as an Application for 17,500,000 Offer Shares (the “**Maximum Amount**”) only. No individual or entity except the Founders or any one of them upon obtaining the necessary approvals and exemptions, the Government and its related institutions organisations and entities so entitled by the law and regulations, may possess at any time more than five percent (5%) of the shares of the Company.

Furthermore, non-Qatari shareholders (individuals and legal entities) may be allowed to own up to a maximum of 49% of the Shares listed on the Qatar Exchange.

Multiple subscription applications in the name of the same Eligible Investor are prohibited. In the event of multiple applications being received in the name of the same Eligible Investor, only one application will be processed (at the absolute discretion of the relevant Receiving Bank or Lead Receiving Bank), and any other applications will be rejected in their entirety. Notwithstanding the above, in the case of Individual Investors, an application by (i) a parent or legal guardian on behalf of a minor; or (ii) a duly authorised person on behalf of a first degree relative (parent, child, spouse), does not prevent such person from also submitting an application in his or her own name under a separate Application Form.

3.1.4 Allocation Strategy.

The allocation of Offer Shares to Eligible Investors will be made in whole numbers of Shares only (no fractions).

Offer Shares will be allocated to Eligible Investors according to the following allocation strategy:

(1) 157,500,000 Offer Shares, equivalent to 45% of the Company's share capital, have been reserved for Individual and Corporate Investors (the "First Tranche"), who shall apply for a number of Offer Shares between the minimum of 500 Offer Shares and the maximum of 17,500,000 Offer Shares (equivalent to 5% of the Company's entire share capital).

Offer Shares in the First Tranche shall be allocated:

(a) first to Individual Investors, and if the number of Offer Shares requested by Individual Investors exceeds the number of Offer Shares, then the Offer Shares shall be allocated on a pro-rata basis to Individual Investors; then

(b) if any Offer Shares remain, these shares shall be allocated to Corporate Investors, and if the number of Offer Shares requested by Corporate Investors exceeds the number of Offer Shares remaining, then the Offer Shares shall be allocated on a pro-rata basis to Corporate Investors; then

(c) if any Offer Shares remain, then such remaining Offer Shares may be allocated to Eligible Investors at the direction of the Board in its absolute discretion.

(2) 52,500,000 Offer Shares, equivalent to 15% of the Company's share capital (the "Second Tranche"), have been reserved for Anchor Investors, and the Offer Shares shall be allocated to the Anchor Investors in full based on the pre-agreed guaranteed allocation for each Anchor Investor.

In the event that at the end of the Subscription Period a number of Offer Shares remain available, the remaining Offer Shares may be allocated to Eligible Investors at the direction of the Board in its sole discretion.

It is proposed that allotment of Offer Shares and refunds of excess application amounts, if any, will occur by 29 December 2020.

3.1.5 Listing and Trading. The Company will submit an application to the QFMA and the QE to list the Shares on the QE in accordance with the listing requirements of the QFMA and the procedural rules of the QE. Trading in the Shares will be effected on an electronic basis through the Company's share registry maintained by the Qatar Central Securities Depository.

Prior to the Offering, there has been no market for the Shares. This Prospectus has been prepared in connection with the public offering of the Shares in Qatar. It is anticipated that Admission will occur on or around 6 January 2021 after obtaining approval of the QFMA and QE.

3.1.6 Application for Offer Shares. During the Offer Period, Individual and Corporate Investors may apply for Offer Shares by completing the Application Form and complying with the instructions set out in the Application Form and this Prospectus. (Anchor Investors shall apply for Offer Shares through a separate process.) Any Application Form in connection with the Offer Shares that is completed without fully complying with the requirements indicated in such Application Form may be rejected without any right to damages or any other recourse.

3.1.7 Multiple Subscription Allocations. Multiple applications in the name of the same Individual and Corporate Investor are prohibited. In the event of multiple applications being received in the name of the same Individual and Corporate Investor, only one application will be processed and any other application will be rejected in its entirety.

Notwithstanding the above, with respect to Individual Investors, an application by (i) a parent or legal guardian on behalf of a minor; or (ii) a person duly authorised on behalf of a first degree relative (parent, child, spouse), does not prevent such person from also submitting an application in his or her own name under a separate Application Form

3.1.8 Offer Period. The Offering will be open for two (2) weeks during the Offer Period which starts from the morning of Thursday, 10 December 2020 (the "Opening Date") and ends at the close of business (Doha time) on Wednesday, 23 December 2020 (the "Closing Date") as per the schedule below in 3.1.15 (extendable for up to 2 weeks).

3.1.9 Transfer and Selling Restrictions. The Shares will be subject to certain restrictions as described under the section headed "Transfer and Selling Restrictions" in Section 17 of this Prospectus.

3.1.10 Locations to obtain the Prospectus. The website of the Company (www.qlm.com.qa) and selected branches of the Receiving Banks.

3.1.11 Business Hours of Receiving Banks. Opening hours vary from branch to branch of each Receiving Bank and should be announced on the website of each Receiving Bank.

3.1.12 National Investor Number. It is not necessary for an applicant to have a National investor Number (NIN) as part of the application process.

3.1.13 Receiving Banks. The only persons authorised to distribute Application Forms to Individual and Corporate Investors on behalf of the Founders are the Receiving Banks. Distribution and collection of all Application Forms and orders and collection of proceeds during the Offer Period shall be solely performed by and processed through the Receiving Banks. Notification of final allocation of Offer Shares and refunds of proceeds for unallocated Offer Shares (if any) shall be solely performed by and processed through the Lead Receiving Bank.

3.1.14 Trading Accounts. It is not a requirement that an applicant has a trading account. However, if the applicant wishes to be able to trade his or her Shares after the Offering, he or she must have a trading account established with a Qatar Central Securities Depository ("QCSD") licensed broker to operate in the QE. An applicant who does not have a trading account will not be able to trade his or her Shares on the QE after the Listing and Offering. Guidance on opening a trading account may be obtained from the offices of the QE in Doha or from participating branches of the Receiving Banks throughout Qatar.

3.1.15 Listing and Trading of Shares. Prior to the Closing Date, the Company will submit an application to the QFMA and to the QE to list all of the Shares on the QE in accordance with the Listing requirements and rules of the QFMA and QE. Trading in the Shares will be effected on an electronic basis, using the trading system administered by QE. It is anticipated that Admission will occur on or around 6 January 2021 after obtaining approval of the QFMA and QE. After the Closing Date and following commencement of trading in the Shares on the QE, all eligible Investors will be allowed to purchase shares on the secondary market of the QE in accordance with the applicable rules and law of the QE. The Shares may be freely traded and transferred in accordance with the rules and regulations of the QE and in compliance with applicable laws in Qatar.

3.1.16 Allocation of Offer Shares and refund of excess application amounts. Individual and Corporate Investors who have duly completed and submitted their Application Forms and deposited the corresponding funds (Offer Price multiplied by the number of Offer Shares applied for) with the Receiving Banks during the Offer Period are expected to obtain information with regard to their allocations and refund of excess applications, if any, within two (2) weeks of the Closing Date.

3.1.17 Indicative timetable of key events. The dates set out below are indicative only of the expected timing of certain key events relating to the Offering. The Founders and the Company reserve the right to change any dates or times and/or shorten or extend the time periods (in accordance with applicable rules and regulations).

Intention to Float / Offering Invitation published in newspapers	**Thursday, 3 December 2020**
Subscription Period opens	**Thursday, 10 December 2020**
Subscription Period ends	**Wednesday, 23 December 2020**
Allotment of Offer Shares	**Tuesday, 29 December 2020**
Refund of excess application amounts, if any	**Tuesday, 29 December 2020**
Constitutive General Assembly	**Wednesday, 30 December 2020**
Issuance of the updated commercial registration certificate of the Company, reflecting status as QPSC	**Thursday, 31 December 2020**
Expected first day of trading of the Shares on the Qatar Exchange	**Wednesday, 6 January 2021**

3.2 Net Proceeds; Use of Proceeds; Offering and Listing Expenses

3.2.1 Net Proceeds. It is expected that the net proceeds of the Offering will be QAR 659,400,000, equal to the total proceeds of the Offering (QAR 661,500,000) less the expected Offering and Listing Fees collected from Investors (QAR 2,100,000). The Selling Shareholder will receive all of the net proceeds.

3.2.2 Use of Proceeds: Offering and Listing Expenses. The Offering and Listing Fees collected in connection with the Offering will be applied towards:

- the costs and fees associated with the solicitation, distribution and processing of the Offer Shares by, and the opening and maintaining of bank accounts with, the Receiving Banks in connection with the Offering;
- the settlements of the costs of professional advisors relating to the structuring and preparation of the Offering (including, without limitation, the Listing Advisor and Offering Manager, the Independent Auditors, and the legal advisors listed on the first page of this Prospectus);
- other costs associated with the Offering (including, but not limited to, public relations, Offering launch events, advertising, printing and publishing costs); and
- the regulatory costs and fees of listing the Shares on the QE.

The net proceeds of the Offering will ultimately be received by the Selling Shareholder. The Offering and Listing Fees of QAR 2,100,000 shall be applied towards the Offering and Listing Expenses. If the actual Offering and Listing Expenses incurred exceed the amount of the Offering and Listing Fees raised, then the Selling Shareholder shall be responsible for the payment of unpaid portion of the Offering and Listing Expenses.

3.3 Allocation under the Offering

3.3.1 Contractual Obligation. Upon accepting any allocation, Investors will be contractually committed to acquire the number of Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment. A number of factors have been considered in determining the Offer Price and the basis of allocation, including the prevailing market conditions and the level and nature of demand for the Offer Shares. The Offer Price and the number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

Directors (post-conversion)	**Sheikh Saoud bin Khalid bin Hamad Al-Thani** **Mr. Salem Khalaf Al-Mannai** **[GRSIA representative]** **Mr. Ahmed Mohammed A R Al-Mannai** **Mr. Jassim Mohammed A J Al-Kaabi** **Mr. Hamad Nasser Al Khalifa** **Mr. Hussein Akbar A S Al-Baker** **Mr. Eisa Mohammed E Z Al-Mohannadi**
Senior Management	**Mr. Ahmad Mohamed Zebeib, CEO** **Mr. Gajula Narayan Rao, COO, Life** **Mr. Turki Al-Subaie, Senior Finance and Admin Manager**
Company secretary	**Mr. Khaled Ghanem**

Registered and head office	**QIC Building, 5th floor Al Tamin Street Doha Qatar PO Box 666**
Listing Advisor and Offering Manager to the Company	**QNB Capital LLC Level 3 QNB Building Msheireb Doha Qatar PO Box 1000**
International legal advisors to the Company	**Addleshaw Goddard (GCC) LLP Tornado Tower 44th floor West Bay Doha Qatar PO Box 22194**
Independent Auditors to the Company	**Ernst & Young (Qatar Branch) Burj Al-Gassar, 24th Floor, Doha, Qatar P.O. Box 164**
Qatari legal advisors to the Company	**Al Adba Law Firm Salam Tower West Bay Doha Qatar PO Box 201154**
Valuators	**Deloitte & Touche – Qatar Branch Al-Ahli Bank – Head Office Building, Suhaim Bin Hamad Street, P.O. Box 431, Doha, Qatar Rodl & Partner Building 49, Street 250 Fourth Floor P.O. Box 39453, Doha, Qatar**

4 THE COMPANY

4.1 QLM Life & Medical Insurance Company QPSC (post-conversion)

4.1.1 Overview

The Company is under conversion from a limited liability company into a Qatari public shareholding company in the State of Qatar in accordance with the Companies Law. A complete list of the Company's objects (following its conversion into a QPSC) is set out in its Articles of Association and in Section 16 of this Prospectus.

Following its conversion into a QPSC, the Company's legal and commercial name will be QLM Life & Medical Insurance Company QPSC and its amended articles of association will provide for an initial term of 50 years.

On 29 November 2020, the Founders received in-principle approval to convert the Company from MOCI. At the time of this Offering, the Company remains under conversion. References in this section to "QLM" shall refer to QLM Life & Medical Insurance Company pre-conversion (i.e., QLM Life & Medical Insurance Company WLL) and references to the "Company" shall refer to QLM Life & Medical Insurance Company post-conversion (i.e., QLM Life & Medical Insurance Company QPSC). The conversion will be completed following the meeting of the Constitutive General Assembly (the “CGA”) and issuance by the MOCI of the updated commercial registration of the Company.
The share capital of the Company following conversion will remain QAR 350,000,000, divided into 350,000,000 Shares with a nominal par value of QAR 1 each. All Shares will remain fully paid up.
The Founders of the Company are as set out in Section 12 of this Prospectus. The Founders and the Anchor Investors will constitute a strong shareholder base with an established reputation and history of commercial success in Qatar.

4.1.2 Objectives and activities – QLM Life & Medical Insurance Company QPSC

The main objective of the Company is to carry out life and medical insurance activities under its license issued by the Qatar Central Bank, and any additional insurance activities which may be licensed to the Company in the future.
The Company may acquire rights in any corporation that undertakes similar or related activities or that might assist it in realizing its goals in Qatar or abroad. The Company may also own shares in the said corporations, merge with them, acquire them or enter into an association with them in any manner the Company decides.

The Company may, by a decision of the Extraordinary General Assembly, add or remove any of these activities in a manner that does not conflict with its main activities and in accordance with applicable laws and regulations.

4.1.3 Strategy

The Company will attempt to maximize Shareholder value by capitalizing on its position as the leading life and medical insurer in the State of Qatar. The Company will continue its pre-conversion strategy as set out in below in this section.

The Company intends to improve the overall value and return to its Shareholders by monitoring the implementation, plans and results of the Company and its Subsidiary through discussions and reviews between the Board of Directors of the Company and its management team.

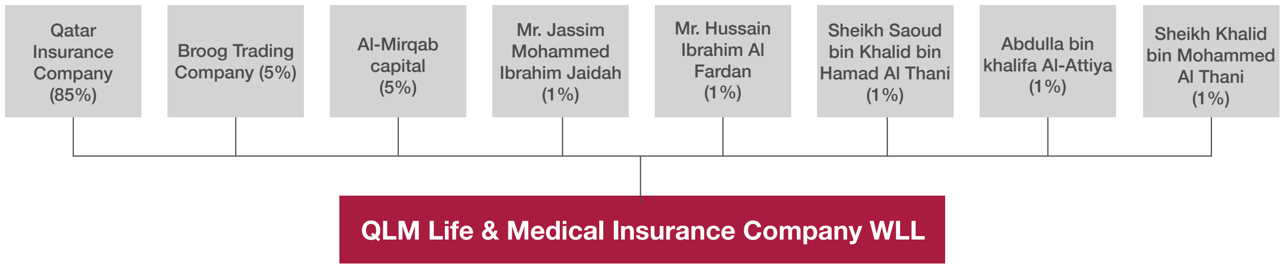
4.1.4 Independent Auditors

The Founders appointed Ernst & Young (Qatar Branch) as the first independent auditors of the converted Company. The appointment of the independent auditors will be ratified at the meeting of the CGA.

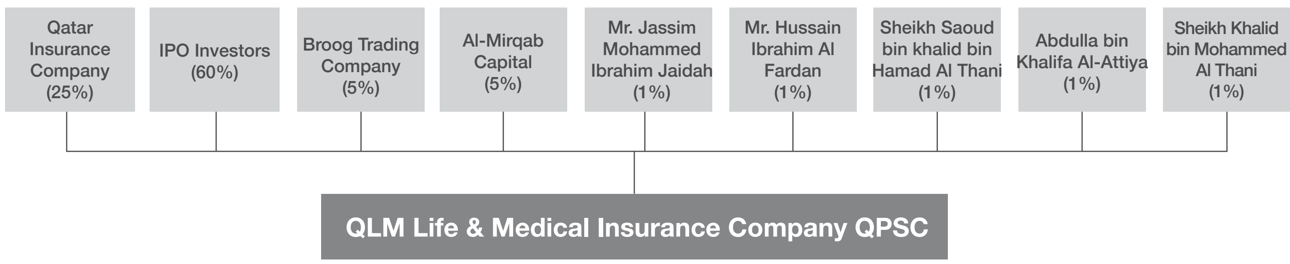
4.1.5 Company shareholding chart

The pre- and post-IPO shareholding structure charts of the Company, based on the successful subscription of the Offer Shares in accordance with this Prospectus, are set out below.

Pre-IPO/Conversion into QPSC



Post-IPO/Conversion into QPSC



4.2 Overview and history – QLM Life & Medical Insurance Company WLL (pre-conversion)

QLM Life & Medical Insurance Company WLL (the "Company" or "QLM") was incorporated as a limited liability company on 30 April 2018, under commercial registration number 116849. QLM is a life and medical insurer and is licensed by the Qatar Central Bank to engage in life and medical insurance activities. As at the date of this Prospectus, QLM is owned by the Founders, with Qatar Insurance Company QSPC holding 85% of the shares of QLM.

Following its incorporation in 2018, QLM became the business successor of Q Life when it acquired substantially all of the insurance business portfolio of Q Life, which had been operational since June 2011. Wherever the context allows, references in this Prospectus to the performance, operations or financial results of QLM before FY2019 shall be deemed to apply to the performance, operations or financial results of Q Life.

The portfolio transfer process from Q Life to QLM was subject to approval of the Civil and Commercial Court of the Qatar Financial Centre, and on 7 January 2019, the QFC Court approved the transfer, effective 1 January 2019. Until then, insurance activities had been carried out by Q Life under the supervision of the Qatar Financial Centre Regulatory Authority. In addition to the portfolio transfer, QLM also acquired 100% of the shares of Q Life, and as at the date of this Prospectus, Q Life is a wholly-owned subsidiary of QLM. It was determined by QLM that this restructuring would simplify its structure within the larger QIC Group (many of whose group companies are also regulated by the QCB) and improve QLM's governance and capital efficiencies.

QLM has continued to engage in the same activities as Q Life (group life, group credit life and group medical) but has expanded into retail life insurance products and will continue to expand into additional new product lines, including individual medical insurance, and investment-linked life insurance.

In the group medical segment, management believes that QLM is the dominant player in the State of Qatar. Management has estimated that QLM enjoys slightly more than 50% market share of the Qatar group medical segment, measured by gross written premiums.

QLM, through its subsidiary Q Life, has historically benefitted from its relationship and certain service agreements with QIC and QIC's group entities. QLM has also benefitted from a parent company guarantee issued by QIC to Q Life, through which Q Life shared QIC's "A" rating with a negative outlook from the Standard & Poor's insurance credit rating agency. As of August 2020, QIC updated its parent company guarantee to apply to QLM instead of Q Life, and consequently, as of August 2020, QLM has shared QIC's "A" rating with negative outlook, issued by S&P. In line with the Company's transition from a subsidiary of QIC into an independent public company, QIC will withdraw its parent company guarantee and shared credit rating. Consequently, QLM will obtain its own credit rating with a leading global ratings agency following the Offering and Listing of the Company's shares on the Qatar Exchange.

QLM and its business predecessor Q Life have been profitable since Q Life's incorporation in 2011. Further discussion of QLM's results is set out below in paragraph 4.2.5 (Performance and Results). QLM has historically enjoyed strong capitalization and currently meets its solvency requirements with a solvency ratio of 211% in the financial year ended 2019 (FY2019), exceeding the statutory minimum solvency ratio of 150%.

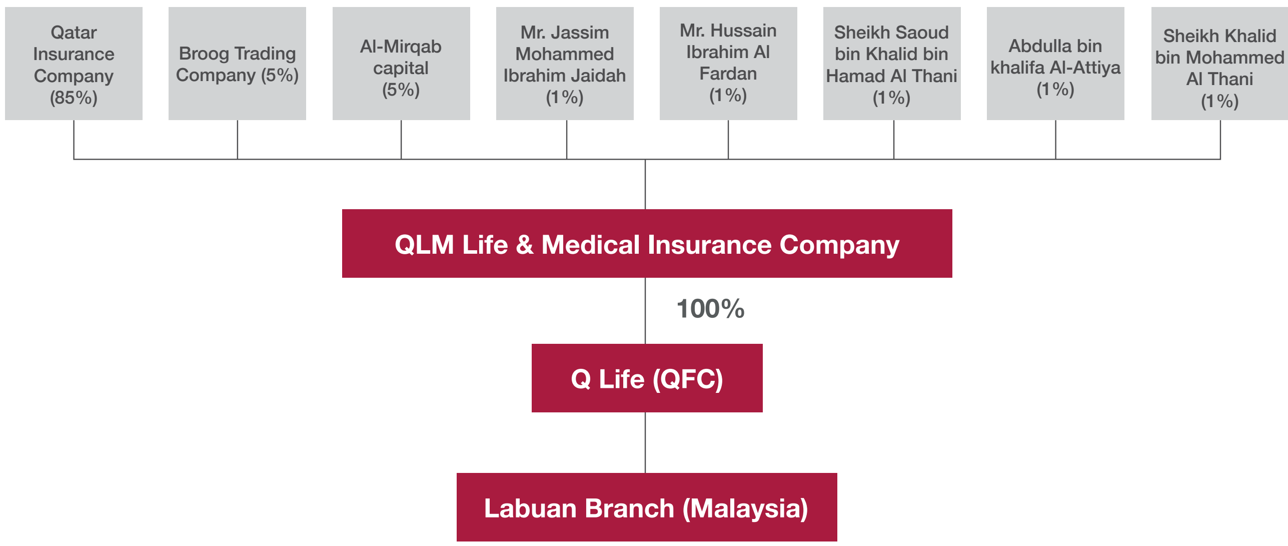
4.2.1 Company Structure

Pre-Offering Shareholding Structure

QLM is 85% owned by QIC, as was Q Life before Q Life was wholly acquired by QLM. QLM has entered into several transactions with QIC, Q Life, and other QIC group entities. Additional information on those transactions is set out in paragraph 4.2.2 below and in Section 14 (Related Party Transactions) of this Prospectus..

he chart below illustrates the current shareholding structure of QLM, along with its shareholders, its subsidiary (Q Life), and the Labuan Branch (which is currently in runoff and no longer engaged in active business). QLM initiated the liquidation of the Labuan Branch's operations for commercial reasons, due to lower-than-expected commercial performance. All of the Labuan Branch's policies expired before 1 January 2018, and QLM has assumed all liabilities for any remaining claims on the Labuan Branch's policies, which are estimated at QAR 1.3 million.

QLM Pre-IPO Shareholding



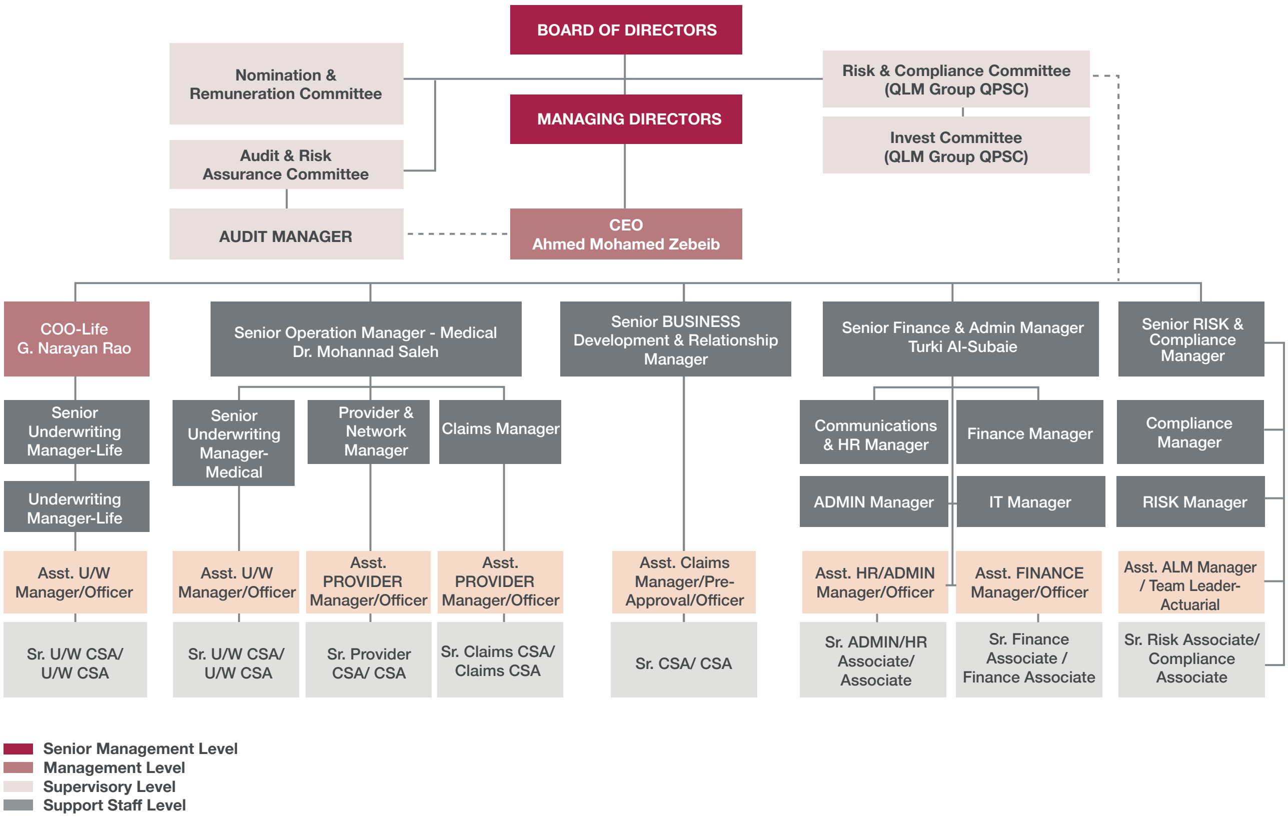
Organizational and Management Structure

Following the conversion of the Company from a limited liability company to a QPSC, the Board will be responsible for leading and controlling the Company and has overall authority for the management and conduct of the Company's business, strategy and development, including the business, strategy and development of QLM.

QLM's day-to-day management is led by its senior managers, including its CEO, COO, and the heads of its life insurance division and medical insurance division, respectively. The life division and medical division operate largely independently of each other, with each division performing its own underwriting, sales, claims and other functions. Some core functions, such as finance and accounting, are managed by a dedicated internal team on behalf of all insurance divisions within QLM. Other functions, including compliance, internal audit, risk management, and human resources activities were outsourced to QIC Group entities prior to the listing of the Company. However, following the Company's conversion and public listing, these functions will be managed in-house by the Company.

The chart below illustrates the organizational/management structure of the Company following the IPO and conversion into a QPSC.

Management Structure



A more detailed discussion of the senior managers of the Company and QLM and their management structure is set out in Section 11 of this Prospectus.

4.2.2 Related Party Transactions

Since its incorporation, QLM and its parent, QIC, entered into intra group contractual arrangements involving the two entities, as well as other QIC Group entities. QLM also has a support services agreement with its fully owned subsidiary Q Life.

For example, QLM entered into certain related party agreements and services agreements relating to investment management activities, reinsurance arrangements, technology and employees. Those arrangements are discussed in greater detail in Section 14 (Related Party Transactions) of this Prospectus.

4.2.3 QLM Operating Segments

QLM/Q Life have, since the incorporation of Q Life in 2011, offered three main insurance products: group medical, group life, and group credit life insurance.

QLM's medical insurance products contribute the majority of its gross premium income, accounting for 87.9% of its gross premiums in 2019. Group life and credit life contributed the remaining 12.1% of gross premiums in 2019. A brief description of each product is set out below.

(i) Group Medical Insurance

QLM's group medical products are sold in Qatar to a broad range of employer groups, including state-owned entities, financial institutions, corporate groups and small and medium enterprises. These employer groups provide varied levels of health insurance benefits to their employees and employees' families. QLM's group medical insurance products allow members to access health care services primarily through the network of health care providers with whom QLM has contracted either directly or through third party administrators (TPAs). These products may vary in the degree to which members have coverage. QLM's medical policies cover customers across a provider network spanning more than 75,000 hospitals, clinics, pharmacies and other facilities in more than 100 countries on six continents.

QLM's group medical policies provide members with the following benefits:

- Comprehensive in-patient and day-care benefits including hospital accommodation, accidents and emergencies, intensive care and operating theatre costs, surgeries and surgical procedures, second medical opinion, surgeons, anaesthetists and physicians fees, prescribed medicine, casts, splints, trusses, braces and crutches, prostheses and surgical appliances, (artificial body parts surgically implanted to form parts of an insured’s body, diagnostic tests, oncology treatment, radiotherapy and chemotherapy, ophthalmology, acute renal failure and physiotherapy.

- Comprehensive out-patient benefits including diagnostic tests, specialists, consultants, general medical practitioner and family physician fees, out-patient home visits for emergency conditions, oncology, prescribed medicines and dressings, emergency ambulance (to and/ or from point of treatment), outpatient surgical procedures, physiotherapy, aging illnesses (e.g., Parkinson’s and Alzheimer’s), and psychiatric treatment.

- **Miscellaneous other benefits,** including:
  - Chronic and pre-existing conditions
  - Emergency local ambulance
  - Organ transplant
  - Nursing at home
  - Compassionate emergency home visit
  - Hospital cash benefits, repatriation
  - Burial or cremation of mortal remains
  - Emergency medical evacuation.

- **Optional benefits,** including:
  - Routine dental care benefits
  - Maternity care benefits
  - Optical benefits
  - Wellness benefits

Medical insurance plans - tiers

QLM's group medical insurance plans are divided into four tiers, namely: Optimum, Affinity, Privilege, and Prestige). The Optimum tier offers basic benefits and a limited network coverage, while the Prestige tier offers the highest level of benefits and largest global network of healthcare providers.

Family Medical Insurance

Although QLM does not currently offer medical insurance to individuals or families outside of the corporate client structure, it is planning to enter this segment in late 2020 by launching products tailored to the needs of the family members of expatriates in Qatar. As at the date of this Prospectus, this product has been approved by the QCB.

(ii) Life Insurance

In Qatar, QLM directly offers several types of life insurance products—namely group life, group credit life, and individual life insurance policies.

Group Life Insurance
QLM offers corporate group life insurance for legal entities in the State of Qatar. Under these policies, the policyholder's employees and employees' dependents may receive compensation in the event of the employee's death, disability, terminal illness, critical illness, or other covered risks.

Group Credit Life Insurance
QLM offers credit life insurance solutions to banks and other financial institutions in Qatar. Credit life insurance is an add-on product offered to customers taking out a loan. It protects both parties, the borrower and the lender, in the event that the loan cannot be repaid on account of the borrower's death, temporary or permanent disability or other causes.

Individual / Retail Life Insurance
In May 2019, QLM, in collaboration with The Commercial Bank of Qatar (CB), launched its first individual life insurance product called 'iSecure'. The product is offered exclusively to CB customers. QLM has tailored this product to offer an affordable and hassle-free way to provide financial security to the insured person's family. The iSecure product is customizable; customers have multiple cover options to choose from, including worldwide coverage. Its key benefits include: affordable premiums, ease of payment (option to automatically debit from CB account), and the right to terminate within the first 15 days of purchase.

(iii) Non-Qatar insurance activities

QLM insures or reinsures risk in several markets beyond Qatar, including the UAE, Oman, and Kuwait. QLM's subsidiary Q Life previously reinsured risks written through the Labuan Branch, but has not written new business there since 2017. For the year 2019, QLM's medical insurance business was roughly split 77/23, with Qatar gross written premiums comprising 77% and reinsured gross written premiums (originating from the UAE, Oman, and Kuwait) comprising the remaining 23%. In the life insurance space, for the year 2019 QLM's life insurance business was roughly split 86/14, with Qatar gross written premiums comprising 86% and reinsured gross written premiums (originating from the UAE, Oman, and Kuwait) comprising the remaining 14%.

A summary of QLM's indirect insurance activities outside of Qatar is set out below:

UAE
QLM reinsures 50% of the medical portfolio of QIC's UAE branches (in Dubai and in Abu Dhabi). QLM also reinsures UAE-written life insurance policies, coming from various channels including brokers and local UAE-based life insurers.

QLM has reinsured UAE-written policies since the incorporation of its predecessor business Q Life in 2011. In the UAE, QIC's branches serve several large corporate clients and have continued to operate since the commencement of the GCC blockade in June 2017.

Oman
Since 2011, QLM has acted as a reinsurer for medical and life policies written in the Sultanate of Oman by OQIC, a subsidiary of QIC. With effect from 1 January 2020, QLM reinsures 60% of the medical portfolio of OQIC. Previously, QLM had reinsured larger portions of OQIC's medical portfolio (90% in 2019, 100% in 2018 and 2017).

In the life insurance segment, throughout FY2020, QLM reinsures 90% of OQIC's life insurance portfolio. Previously, QLM reinsured 90% of OQIC's life insurance business (in 2019) and 100% of its life insurance business (in 2018 and 2017).

In addition to reinsurance of OQIC's life and medical policies, QLM also supports the administration function of OQIC's life and medical portfolios. OQIC counts among its clients several large and government-related Omani entities.

Apart from OQIC, QLM also reinsures life insurance written by other Omani insurers.

Kuwait
QLM has acted as a reinsurer for the medical portfolio of KQIC, a QIC subsidiary in Kuwait, since 2011. Since 2019, QLM has reduced its overall reinsurance of KQIC-written policies by engaging in a more selective reinsurance strategy, accepting only risks with favourable financial and underwriting terms.

On the life insurance segment, QLM reinsures policies from various Kuwait-based life insurers.

Malaysia
Q Life established a branch entity in Labuan, Malaysia in 2015. In January 2017, the Labuan branch ceased underwriting new business, and as at the date of this Prospectus, all previously underwritten Labuan policies have expired, and the branch is in runoff. QLM anticipates that it will successfully withdraw the Labuan Branch's license before the end of 2020.

Other countries
Until 2018, a small part of QLM's life reinsurance business came through reinsurance brokers and insurance companies in other countries beyond those listed above, including Taiwan, Jordan, Lebanon, Libya, Palestine, and Iraq. As at the date of this Prospectus, QLM no longer reinsures risks outside of the UAE, Oman and Kuwait.

4.2.4 Investment portfolio

QLM's investment management functions are currently carried out by Epicure Investment Management LLC (Epicure), a wholly owned subsidiary of QIC. As at 31 December 2019, QLM held QAR 702.3 million in financial investments, consisting mostly of high-grade fixed income securities against which there were short-term borrowings of QAR 389.1 million. In addition to the above were short-term deposits with various banks amounting to QAR 549.9 million as at 31 December 2019.
Both QLM and Epicure, as QIC Group entities, have adopted the investment philosophy of the QIC Group, as set by its investment committee. QLM is a party to an open-ended investment management agreement with Epicure that may be terminated for convenience by giving 6 months' notice or terminated in case of breach by giving 1 month's notice. Should the agreement be terminated, the Board of Directors of the Company may negotiate with Epicure or other third parties to enter into a new investment management agreement or otherwise decide to manage the Company's investments internally.

The investment philosophy is as follows:

- manage the investment portfolio keeping in mind the type and duration of the insurance liabilities;
- provide a dynamic asset allocation framework that meets the current and future demands of the business;
- invest with a value-driven philosophy where every investment is extensively researched and reviewed prior to execution;
- manage regulatory constraints, keeping the underlying business and the regulatory framework in mind; and

- generate regular and stable income from investments

The investment committee of the QIC Group sets up broad parameters for asset allocation, keeping in mind the nature of business, liquidity needs, regulatory frameworks and market dynamics. The investment team aims to make active diverse asset allocation across the asset class and capitalize on market opportunities along with complying with the risk framework. The asset allocations are reviewed every quarter at the meeting of the investment committee to ensure their effectiveness and appropriateness for QIC Group's business. Following the conversion of QLM into a QPSC, the Company's internal investment committee, independent of the QIC Group, will perform these functions.

As at 31 December 2019, QLM's total investment portfolio (defined as the total of cash and cash equivalents / cash and bank balances plus financial investments) consisted 52.4% of bonds, 44.7% of cash and cash equivalents (including short-term deposits), and 2.9% in managed funds. In terms of geographic distribution, the majority of QLM's investment portfolio has been linked to Qatar and MENA investments.

Within each of these asset classes, QLM has set sub-allocation ranges. For example, within the fixed income asset class (which includes funds), which may comprise a wide range of 0-80% of QLM's total investment portfolio, QLM's allocation requirements include the following:

- non-investment grade bonds may not exceed 10%; Qatari sovereign and quasi sovereign bonds may comprise 100%; and

- no other categories may exceed 20% of the fixed income/funds class.

- As of 31 December 2019, fixed income securities (including bonds) comprised 52.4% of QLM's total investment portfolio. Over the past few years, QLM's fixed income investment portfolio on average has been rated A-.

Cash and cash equivalents, net of short-term borrowings, may comprise up to 100% of QLM's net investment portfolio (defined as the total of cash and cash equivalents / cash and bank balances plus financial investments less-short term borrowings). As of 31 December 2019, this class actually comprised 20.4% of QLM's net investment portfolio, well below the maximum.

The equities class (which includes investments in managed funds) may not exceed 25% of QLM's net investment portfolio. Within the equities/funds class, equities listed on GCC stock exchanges may comprise the entire class. As of 31 December 2019, managed funds comprised 4.1% of QLM's net investment portfolio.

QLM's net investment portfolio has grown in recent years, from QAR 690.3 million as at 31 December 2017 to QAR 881.9 million as at 31 December 2019, with the bulk of that increase occurring during 2019. That increase was largely driven by two factors: excess cash generated from QLM's operations, and the increase in fair value of the investment portfolio by QAR 41.7 million during that period.

QLM's net investment income has risen steadily over time, from QAR 36.7 million in 2017 to QAR 52.6 million in 2019. Portfolio investment yields (net of advisory fees), defined as Net investment income (net of advisory fees) divided by Net investment portfolio, increased from 4.1% in 2017 to 5.5% in 2019.

4.2.5 Performance and results

QLM's and its business predecessor, Q Life, have been profitable since Q Life's incorporation in 2011. QLM has seen significant growth in its gross premiums in the period since its incorporation in 2011 to 2019; however, gross premiums have been relatively flat from the FY2017-2019 period (with group medical growing at a CAGR (defined as the annualized average rate of growth of a variable between two given years, assuming growth takes place at an exponentially compounded rate) of 0.8% and group life posting a CAGR of -4.8% during this period), largely due to the strategic non-renewal of certain loss-making group medical policies in FY 2018 and FY 2019. Consequently, net underwriting results rose at a CAGR of 21.1% during the FY 2017-2019 period, culminating in a net underwriting result of QAR 78.2 million for FY 2019, despite gross premium growth remaining relatively flat. Further, QLM's net profit grew at a CAGR of 26.7% over this period, with a net profit of QAR 86.9 million for FY 2019. Separately, QLM's net investment income rose at a CAGR of 19.8% during the same FY 2017-2019 period, with net investment income totalling QAR 52.6 million for FY 2019, substantially contributing to the rise in net profit.

For more detailed results and discussion, please refer to Section 8 (Management Discussion and Analysis) of this Prospectus.

4.2.6 Reinsurance

A number of QLM's group life and group credit life insurance policies are reinsured, meaning a part of the underwriting risk related to these policies has been ceded to third party reinsurers. A reinsurance agreement between two entities partially or fully transfers the insured risk of policyholder liabilities to a reinsurer while the primary insurer retains the contractual relationship with the ultimate insured person. As such, QLM's reinsurance agreements do not completely relieve QLM of its potential liability to the ultimate insured. QLM's potential liability includes credit exposure, which exists should one or more reinsurers be unable to meet their obligations assumed under these reinsurance agreements.

QLM's panel of approved reinsurers comprises leading participants in the global life insurance industry. QLM evaluates the financial condition of its reinsurers on a regular basis.

In contrast with the life insurance policies mentioned above, QLM retains almost all of its medical policies, ceding only a handful of group medical policies on a facultative basis. In addition to policies which it cedes to third party reinsurers, QLM also acts as a reinsurer on policies written by other insurance companies. QLM reinsures a sizeable percentage of medical policies written by QIC group entities in Oman, Kuwait and the UAE.

4.2.7 IT and Digitization

In addition to traditional insurance services, QLM provides its customers with modern, digital services. QLM is one of the few private medical insurers in the GCC region providing members with a fully digitized experience. The QLM mobile application includes several helpful features to assist customers with utilizing their insurance benefits. QLM's forward-thinking philosophy and commitment to technology and innovation sets it apart from its competitors in the local market.

4.2.8 Management

QLM benefits from an experienced and consistent management team, some of whom have worked for QLM and/or its affiliated entities for over a decade. QLM's Chief Operating Officer, for example, has been involved with QLM since its inception. He and other senior managers provide QLM with stable leadership, as well as previous experience in the life and medical insurance industry. Some members of the senior management team have over 30 years of insurance experience gained from local, regional and global markets. The Company will also benefit from the support of the Board of Directors of the Company, who will leverage their considerable experience and leadership to contribute to the success of the Company and QLM.

4.2.9 QLM Employees

QLM has a well experienced work force of approximately 80 employees, some of whom were directly sponsored by QLM following its incorporation in 2018 and most of whom remain under the sponsorship of Q Life. QLM employs a mix of Qatari citizens and expatriates at all levels. The Qatari talent pool is constantly developed, including most notably QLM's CEO, who has advanced through the organization since joining QIC in 2008. In addition to its local talent, QLM employs a range of expatriate professionals, whose experience and knowledge complement the organization.

4.2.10 Customers

QLM serves a wide range of clients, ranging from major government-related entities to local, privately-owned companies. QLM has a broad client base, and in 2019 no client contributed more than 8% of QLM's gross written premiums. Within the Qatar group medical segment, no single client contributed more than 8% of QLM's gross written premiums. Consequently, QLM is relatively insulated against the risk of losing a particular customer. QLM's five largest customers (by Qatar group medical GWP in 2019) consisted of entities in various sectors, and their combined contribution to QLM's total gross written premiums in 2019 did not exceed 26% of Qatar group medical gross written premiums. QLM's customer base is both broad and loyal, with QLM enjoying average renewal rates in Qatar over 90%.

4.2.11 QLM Strategy

QLM's strategy is characterized by the following goals:

- Increasing revenue from existing customers: QLM has achieved growth in gross written premiums from its existing base of group medical and group life insurance customers. QLM plans to continue to increase revenues from these customers by, among other things, negotiating and implementing increases in premium rates, enhancing the services that QLM provides, and by cross-selling additional services to existing customers.

- Gaining market share by winning tenders: Based on the quality of QLM's customer experience, financial strength and stability, and its strong brand and reputation, QLM plans to win group medical and group life insurance tenders for both existing and prospective clients.

- Enhancing profitability by improving operational efficiency. QLM's operating units are supported by a cutting-edge integrated IT platform. QLM's IT platform is designed to continually drive operating leverage, improve efficiencies and enhance member and affinity partner experience. Functionalities such as pharmacy management system and auto adjudication improve operational efficiency while also reducing claims costs. QLM has achieved operational efficiency by outsourcing a range of administrative functions and, following conversion into a QPSC, the Company will continue to do so as appropriate.

- Entry into individual life insurance market in Qatar and other GCC countries: The level of life insurance penetration in Qatar and other GCC countries is among the lowest in the world. This is partly due to a dearth in tailored offerings from leading international life insurance companies for the region’s domestic and expatriate populations. QLM intends to leverage its competitive strengths to enter the long-term life insurance market in Qatar in H2 2020 and thereafter in other GCC countries. QLM is partnering with leading global life insurance companies to provide compelling offerings to the marketplace.

4.2.12 Product Development

QLM plans to offer investment-linked life insurance products in early 2021. These products differ from conventional life insurance products, which do not include an investment component from which policyholders may benefit. Investment-linked life insurance allows policyholders to receive some return on their premium payments, even if the insurable event (such as death, illness or involuntary unemployment) does not occur.

4.2.13 QLM Competitive Strengths

QLM considers the following among its key competitive strengths:

- **Leading market position:** QLM is the largest provider of group medical insurance in Qatar based on the number of members and size of gross written premiums. QLM also occupies a leading position among providers of medical insurance / reinsurance in the GCC region based on its distribution arrangements with QIC's GCC branches and territories. Its breadth and scale of operations helps generate significant cost efficiencies that are not available to smaller competitors. QLM is well positioned to maintain and grow its market share.

- **Long-term customer relationships generating recurring revenues:** QLM has long-term relationships with its group medical, group / credit life insurance customers. QLM had approximate renewal rates of 81% and 94%, respectively, as of 31 December 2019 (calculated on a preceding 12-month basis) in its group medical and group life insurance segments, respectively. QLM has earned its high renewal rates based on high quality of service and differentiated value proposition to customers. These long-term relationships have allowed QLM to generate a recurring revenue stream.

- **Strong and stable financial profile:** QLM's historically strong financial performance provides it with a competitive advantage in winning new contracts, renewing existing policies and establishing and maintaining relationships with providers. QLM's existing customer relationships have generated a diversified revenue stream, with no single customer representing more than 8% of total gross written premiums. QLM's operations have generated strong operating cash flow, which provides significant financial flexibility.

- **Significant investment in proprietary information systems:** QLM's integrated IT system links the entire insurance life cycle including; client engagement, product configuration, affinity and provider networks, policy administration, premium collection, reinsurance management, accounting and business analytics. QLM and its parent, QIC, have developed and maintained the IT systems which improve customer and individual member satisfaction. The recently implemented pharmacy management system allows QLM to monitor and reduce pharmacy claims costs. As a result of IT investments, QLM can employ best practices and efficiently provide end to end services to its customers.

- **Experienced management team:** QLM's senior management team has extensive experience in the medical and life insurance industries and as a group has an average of more than 15 years of experience in the insurance industry.

- **Unrivalled provider network:** Members have access to over 75,000 medical service providers in more than 100 countries on 6 continents. This is a differentiator in the Qatari market, as many residents may place a premium on having choice in Qatar, in their home countries, and in other locations.

- **Superior asset management capabilities:** QLM has enjoyed consistent investment profits. It will continue its arrangement with its external investment manager, which is also a QIC Group company. QLM regularly re-evaluates its investment strategy and will continue to do so in light of market developments.

- **In-house claims management:** This distinguishes QLM from its Qatar-based competitors, as few local life and medical insurers (if any) have this capability. QLM's claims management process, which utilizes an advanced IT system and auto-adjudication techniques, is performed in-house and in a cost-effective manner.

- **CSR achievements:** QLM's parent entity, QIC, supports and participates in various corporate social responsibility (CSR) initiatives. In 2019, QIC and its subsidiaries, including QLM, engaged in several environmental and social service initiatives in the State of Qatar. Among these CSR activities is an annual free medical check-up for all nationals and residents in Qatar in celebration of World Health Day. QLM has led this initiative for a number of years and intends to continue to do so following its conversion into a QPSC and independent entity.

4.2.14 Litigation

Neither QLM nor Q Life is involved in any significant governmental, legal or arbitration proceedings. Currently, there are no lawsuits or arbitration cases or any other government actions brought against QLM or Q Life. However, QLM has filed a series of lawsuits against various customers for unpaid insurance premiums, in the aggregate of QAR 1,373,138.

5 THE INSURANCE INDUSTRY

5.1 Overview

Insurance products are typically divided into two main categories: life and non-life. Life insurance (including its sub-components) is the largest insurance segment globally, and non-life insurance is often considered as a separate category, despite the variety of its component parts, which may include motor insurance, health insurance, property insurance, and liability insurance, among others.

Insurers typically operate by providing coverage to their clients in exchange for cash premiums, which may be paid by clients in intervals or entirely up-front in a lump sum. Insurers set aside a certain amount of money to settle eventual claims and also use a percentage of these premiums to make investments, which are primarily low-risk (including cash and deposits, or investment-grade bonds). Many insurers reduce their exposure to potential claims by availing of reinsurance, which involves transferring some insurance exposure to other insurance companies (called reinsurers), who accept these risks in exchange for some or all of the premiums that the ceding insurer initially collected from the insured policyholder. The direct insurer will typically continue to service the policy with the insured party and remain legally responsible to the insured party, who may not be aware that the risk has been reinsured from the cedant to the reinsurer.

The information presented in this section is derived from multiple reputable, global organizations (who have been cited herein) and from the sources on which they have relied.

5.2 Global insurance industry

Over the past decade, the global insurance industry grew at a modest but steady pace, mirroring growth in global gross domestic product (GDP). The average global insurance penetration rate, or the value of premiums written as a percentage of global GDP, has remained at approximately 6% in recent years. Global direct premiums (which do not include reinsurance premium amounts) totalled approximately USD 5.2 trillion in 2018, representing a penetration rate of 6.1% of global GDP and an increase of 2.9% over the previous year.

Within global industry trends, several sub-trends have emerged: developed markets vs. emerging markets; life insurance vs. non-life insurance. While developed markets have seen moderate growth in direct premiums (between 0-3%), emerging markets have seen larger growth (5-10%), often reflecting higher GDP growth rates and increased popularity of insurance products. In particular, China's economic growth in the decade 2010-2020 and consequent growth in insurance penetration has greatly contributed to the trend of emerging markets claiming a growing share of the global insurance market. Nevertheless, emerging markets still have a much lower insurance penetration rate (in other words, the size of the insurance market relative to the overall economy) than developed markets, with the emerging market share of global premiums equalling 21.3%, compared to the developed market share of 40.8%. This indicates a potential for significant growth in the insurance sector in emerging markets.

Life insurance comprises the largest insurance segment at the global level, with direct premiums written in 2018 totalling approximately USD 2.8 trillion, equal to approximately 54.3% of all premiums written. Non-life insurance (or 'general insurance') global premiums, which also include health/medical insurance, in addition to motor/property/marine/etc., totalled approximately USD 2.4 trillion in 2018, roughly equal to 45.7% of all global direct premiums written. The health/medical/accident sub-segment comprised 32.0% of all non-life premiums in 2018, or 14.6% of all premiums written.

At the global level, the life insurance market has been relatively stable. Global life insurance premiums grew by 0.2% in real terms in 2018 and by 1.2% in 2017. However, in emerging markets, life insurance has seen more robust growth, including an increase of 13.0% in 2017 (followed by a mild retreat in 2018 of -5.4%).

1 https://www.iii.org/publications/insurance-handbook/economic-and-financial-data/world-insurance-marketplace

Likewise, non-life insurance continues to see modest growth at the global and developed economy levels (3.0% and 1.8% growth, respectively, in 2018) with larger growth in emerging markets (7.0% in 2018). Large life insurance companies have generally been profitable in major regions like North America, Europe, and Asia-Pacific, posting a shareholder-equity weighted average return on equity ("ROE") in the range of 8.5%-11.5% in the year 2018. In the non-life market, ROE is generally lower but stable in the 6.0%-6.5% range.

Globally, most risk is retained by primary insurers. In 2018, only 5.0% of direct premiums written (approximately USD 260 billion) were ceded to global reinsurers, with life insurance premiums in particular tending to be retained by primary insurers (a 2.0% reinsurance rate). Non-life premiums were more likely to be reinsured (8.4% overall) with certain non-life policies in particular being more reinsured than others (16.0% for property insurance, compared to 4.0% for motor insurance).

At the global level, insurers continued to derive most of their profits from investment income and not from underwriting profits. Over the 2014-2018 period, investment income accounted for 90.0% of insurance industry profits.

5.3 GCC insurance industry

Although detailed and segmented statistics on the GCC insurance markets, including Qatar, are less readily available than global statistics, general information on total premium volumes in certain GCC countries is available. The UAE's gross written premiums were estimated at AED 46 billion (approx. USD 12.6 billion) in 2018, compared to SAR 35 billion (approx. USD 9.3 billion) in Saudi Arabia, KWD 394 million in Kuwait (approx. USD 1.3 billion); OMR 429 million in Oman (approx. USD 1.1 billion), and BHD 272 million in Bahrain (approx. USD 720 million).

As of November 2019, there were approximately 200 insurers registered in the GCC. The majority of those insurers engaged in conventional insurance activities, while a sizeable minority offered takaful/Shari'a compliant products. Approximately two-thirds of the insurers were local/national companies, and the remaining one-third were foreign insurance companies. The UAE had the highest number of insurers (62), followed by Kuwait (39), Bahrain (36) and Saudi Arabia (35), Oman (20) and Qatar (12). Some of the largest insurers across the region include: Orient Insurance Company, Abu Dhabi National Insurance Company (ADNIC), and Oman Insurance Company (in the UAE); Bupa Arabia for Cooperative Insurance, Al Rajhi Takaful Insurance Company, and The Company for Cooperative Insurance(in Saudi Arabia); Oman United Insurance, National Life & General, and Dhofar Insurance Company (in Oman); Kuwait Re, Gulf Insurance Group, and Al Ahleia Insurance Company (in Kuwait); and Bahrain National Holding, Solidarity Bahrain B.S.C., and Bahrain Kuwait Insurance (in Bahrain). As of November 2019, approximately 90 of these 200 companies were publicly traded on GCC stock exchanges. These listed companies accounted for approximately 80% of the total GCC insurance market, as measured in total gross written premiums, in 2019.

Penetration rates remain low in the GCC region, with gross written premiums equalling 1.7% of GDP, considerably below the global average of 6.1% and even the emerging markets average of 3.2%. Observers have noted that with low penetration rates, growing populations, and high GDPs, there is room for growth in the GCC insurance market.

In the GCC and across the MENA region, life insurance comprises a smaller portion of the overall insurance market than the overall global insurance market. In the UAE, life insurance premiums totalled approximately USD 2.9 billion in 2018, up 7.5% from the previous year and constituting a market share of 22.9% of the country's insurance market. Non-life insurance premiums constituted the remaining 77.1% of the UAE insurance market. In Saudi Arabia, life insurance premiums totalled USD 306 million in 2018, up 0.5% from the previous year. This constituted only 3.2% of the total insurance market in Saudi Arabia, with the non-life segment contributing the remaining 96.8%. In Kuwait, life insurance premiums totalled USD 163 million in 2018, up 12.1% from the previous year and constituting a 12.4% share of the total insurance market in

2 https://www.ey.com/Publication/vwLUAssets/Insurance_outlook/$FILE/ey-global-insurance-outlook.pdf
3 http://www.alpencapital.com/downloads/reports/2019/GCC-Insurance-Industry-Report-November-2019.pdf

that country. It is possible that the size of the life insurance market in GCC countries is low because a large percentage of GCC residents (both citizen and non-citizen) obtain life insurance coverage outside of their country of residence, and that these policies are not reflected in GCC insurance statistics.

GCC insurance companies rely heavily on reinsurance, with 42.4% of total insurance premiums ceded to reinsurers, significantly higher than the global average of 5.0% in 2018.

5.4 Qatar insurance industry

Qatar's total insurance market was estimated at USD 3.3 billion in 2018 (based on the value of total premiums written), up 3.3% from the year 2017, in which USD 2.9 billion of premiums were written. Premiums written in the non-life segment were estimated at USD 3.0 billion in 2018, leaving the remaining USD 300 million as an estimated value of the life segment in Qatar (although actual statistics are lacking).

Within non-life, motor insurance produced approximately 25.0% of all premiums in 2018, followed by property insurance (approximately 20.0%), and marine/aviation/transport (10-15%). The remaining 40.0% of non-life premiums are comprised of various personal lines, including medical/health/accident.

There currently are 12 active and licensed insurers in Qatar, most of which deal in conventional/non-Islamic insurance, with the remaining handful operating in the takaful/Shari'a-compliant space. The major players in the Qatar insurance sector are: (i) QIC, (ii) Qatar General Insurance and Reinsurance Company (QGIRC), (iii) Al Khaleej Al Takaful Insurance Group, (iv) Qatar Islamic Insurance Company (QIIC), and (v) Doha Insurance Company. These are the only insurers listed on the Qatar Stock Exchange. QIC is the largest local insurer, reporting USD 3.5 billion in gross written premiums for the year 2019, a 2.0% increase from its 2018 gross written premiums.

In the segments in which QLM operates, namely group medical and group life insurance, the leading insurers are listed below in paragraph 5.5.

Between 2013 and 2018, Qatar registered the fastest gross written premium growth across the GCC, recording a CAGR of 16.0%, fuelled largely by infrastructure developments ahead of the FIFA World Cup 2022 and a rising inflow of expatriates. It is unclear at this point how this growth will be impacted by the completion of all the works required for the hosting of the FIFA World Cup Qatar 2022 and whether that will lead to a substantial decrease in the expatriate population in the State of Qatar.

The proportion of Qatar-written insurance premiums ceded to reinsurance companies was between 45-50% in the 2016-2018 period, with insurers retaining the remaining 50-55%. This is relatively consistent with the GCC overall average, in which 42.4% of total insurance premiums are ceded to reinsurers. The Qatar and GCC reinsurance rate is significantly higher than the global average of 5.0% in 2018.

5.5 QLM's Competitors

Besides QLM, insurers operating in the Qatar group life and/or group medical segments include Al Koot Insurance & Reinsurance (Al Koot), Doha Insurance Group, MetLife Gulf, QGIRC, and Seib Insurance & Reinsurance (Seib) (which currently does not offer life insurance). QLM's major competitors in the domestic group life and group medical segment include Al Koot, Doha Insurance Group, Seib, and MetLife Gulf. It is estimated that QLM is the largest group medical insurer in Qatar, with an estimated market share of slightly above 50%, followed by Al Koot, which is estimated to have the second largest market share in Qatar in terms of gross written premiums in the group medical segment.

A significant portion of QLM's revenues consist of reinsurance premiums from QIC Group’s branches in the UAE and its subsidiary, OQIC, in Oman. QLM considers Orient Insurance Company, ADNIC, and Oman Insurance Company as its main competitors in the UAE. In Oman, OQIC's main competitors include National Life & General Insurance Company, Oman United Insurance, and Oman Insurance Company (Oman branch).

4 https://www.qfc.qa/Admin/Resources/Resources/MENA%20Insurance%20Pulse%202017.pdf
5 http://www.alpencapital.com/downloads/reports/2019/GCC-Insurance-Industry-Report-November-2019.pdf

5.6 COVID-19 impact

As of 15 November 2020, the COVID-19 pandemic has spread to over 200 countries and claimed over 1,300,000 lives, including 234 lives in the State of Qatar. The COVID-19 outbreak has also led to perhaps the largest global economic crisis since the Great Depression of the 1930s.

The pandemic may impact the global insurance industry in a number of ways. In some countries, life and medical insurers may incur larger-than-expected underwriting losses as a result of COVID-related deaths and hospitalizations. General insurance may see a decline in premiums as demand for various types of insurance (such as travel, events, motor) decline along with economic activity. Insurers may also see declines in their investment portfolios as a result of the decline in several investment classes. Finally, all types of insurers may experience operational disruptions and expenses as a result of social distancing practices and other adjustments. Additionally, in June 2020, several decisions were issued by the Government of Qatar and some semi-government companies ordering the reduction in the number of employees and reduction in salaries by 30%.

As of August 2020, the pandemic has not negatively impacted QLM's underwriting performance; rather QLM has largely retained its policies and has improved underwriting performance in the medical segment, as policyholders have largely avoided undergoing non-critical medical procedures. However, QLM, like other insurers around the world, may experience negative impacts on its investment portfolio as the COVID-19 pandemic continues to depress numerous asset classes across global markets.

At both global and local levels, the COVID-19 pandemic has and may continue to have a substantial knock-on effect across the economy, ultimately leading to reduced demand for insurance products.

5.7 Market Trends

A mandatory medical insurance scheme in the State of Qatar has been discussed by the Government for a number of years, since the discontinuation of the Seha program in 2015. It is expected that under a new compulsory medical insurance scheme, both Qatari citizens and residents would be required to have medical insurance. It is unclear when, or if, this scheme will be put in place. Furthermore, key details (for example, whether the obligation to provide private health insurance rests with employers/sponsors or each individual) remain to be seen, as do other important details, such as minimum coverage requirements or price restrictions. Nevertheless, the Company believes that regardless of the specifics of such a scheme, QLM would be well placed to participate in and benefit from such a scheme for a variety of reasons, including: its leading position in the Qatar medical insurance segment, with the largest provider network in Qatar; its experience and efficiencies; its position as the sole medical insurer in Qatar with end-to-end in-house operational capabilities; its strong track record of customer satisfaction and loyalty, among both Qatari citizens and residents; the quality of its IT system; and its financial strength and capital base.

6 https://www.oecd.org/finance/Initial-assessment-of-insurance-coverage-and-gaps-for-tackling-COVID-19-impacts.pdf

6 ECONOMY OF QATAR

6.1 Overview

Qatar is one of the most prosperous countries in the world, with a nominal GDP per capita of QAR 248,827 (USD 68,359) (at current prices) in 2019, according to the Planning and Statistics Authority. For most of the past two decades, Qatar was one of the fastest growing economies in the world and its growth was driven by the development of its large natural gas reserves. Following the completion of its LNG projects in 2011, the rate of economic growth has slowed and this has been compounded more recently by lower revenues from hydrocarbon exports due to lower hydrocarbon production and prices. As a result, the contribution of the oil and gas sector to nominal GDP has declined from 52.5% in 2014 to 36.9% in 2018. However, the non-oil and gas sector is becoming stronger with the contribution of the non-oil and gas sector to total nominal GDP increasing from 47.5% in 2014 to 63.1% in 2018. In 2019, the oil and gas sector accounted for 34.0% of total nominal GDP, while the non-oil and gas sector accounted for 66.0%. In 2016, 2017 and 2018, Qatar's real GDP grew by 2.1%, 1.6% and 1.5% respectively. In 2019, real GDP contracted by 0.2% (year-on-year).

As of 31 December 2018, Qatar's proven reserves of crude oil and natural gas (including condensate) amounted to approximately 172 billion barrels of oil equivalent. These hydrocarbons consisted of proven reserves of approximately 843.4 trillion standard cubic feet of natural gas (including condensate) and 2.53 billion barrels of crude oil. As of 30 September 2019, Qatar's proven reserves of crude oil and natural gas (including condensate) amounted to approximately 171 billion barrels of oil equivalent. These hydrocarbons consist of proven reserves of approximately 837.2 trillion standard cubic feet of natural gas (including condensate) and 2.37 billion barrels of crude oil. Virtually all of Qatar's proven reserves of natural gas and condensate are located in the North Field, which is estimated by the U.S. Energy Information Administration to be part of the largest non-associated gas field in the world as at January 2015. According to the U.S. Energy Information Administration, Qatar had the third largest natural gas deposits after Iran and Russia and owned 14% of the total gas reserves in the world in 2015.

Qatar has focused in recent years on diversifying its economy, through increased spending on infrastructure, social programs, healthcare and education, in an effort to reduce its historical dependence on oil and gas revenues. Nominal GDP for the non-oil and gas sector reached QAR 439,571 million (USD 120,761 million), or 63.1% of Qatar's total nominal GDP in 2018, compared to QAR 356,468 million (USD 97,931 million), or 47.5% of Qatar's total nominal GDP in 2014. In the energy sector, Qatar is developing solar power to have a more diverse energy mix. The construction and real estate sectors have recently made substantial contributions to Qatar's economic growth. In addition, significant investments have been made to increase economic returns from, in particular, financial services, infrastructure development and tourism. Qatar's economic growth has also enabled it to diversify its economy through domestic and international investments into different classes of assets through the Qatar Investment Authority. Furthermore, Qatar views its upcoming hosting of the FIFA World Cup 2022 as an opportunity to further invest in its infrastructure and develop the non-oil and gas sector of its economy.

Throughout a period characterized by rapid growth and development, Qatar has aimed to demonstrate fiscal responsibility by managing its budget and public finances prudently. The State has historically had low levels of indebtedness but there has been an increase in indebtedness since 2009 mainly due to the support given by the State to the commercial banking sector during the global financial crisis in 2009 and the issues of treasury bills and treasury bonds by the Qatar Central Bank mainly for liquidity management. In May 2016, April 2018 and March 2019, Qatar issued USD 9 billion, USD 12 billion and USD 12 billion, respectively, in aggregate bonds in the international capital markets. As at December 31, 2019, Qatar's total outstanding indebtedness stood at QAR 398,471 million (USD 109,470 million).

Qatar's 2019 budget estimated a surplus of QAR 4,346 million (USD 1,194 million), reflecting Qatar's continued commitment to capital expenditure for ongoing infrastructure projects combined with an oil price assumption of USD 55 per barrel. Preliminary data for the nine months ended September 30, 2019 showed a budget surplus of QAR 11,252 million (USD 3,091 million). The 2020 budget estimates that for the fiscal year ending December 31, 2020, Qatar will have a budget surplus of QAR 500 million (USD 137.4 million), based on an assumed oil price of USD 55 per barrel. The anticipated surplus in 2020 is due to higher projected oil and gas revenues and investment income from QP.

Qatar has significant trade and investment ties with the major Asian countries as well as strong ties with the West, notably the United States, which maintains a significant military presence in the country. Qatar is a member of, among other international organizations, the UN and the WTO. Qatar is also a signatory to the GATT and a number of other conventions and protocols. In addition to its membership in international organizations, Qatar has hosted numerous economic, political and financial summits and conferences over the past several years.

Qatar has low levels of corruption and has established a National Committee for Integrity and Transparency in relation to implementing its obligations as a member of the UN. The 2019 Corruption Perceptions Index published by Transparency International ranks Qatar 30 out of 180 countries with a score of 62%.
As at the date of this Prospectus, Qatar's credit rating by Moody's is Aa3 with a Stable outlook, AA- by S&P with a Stable outlook and AA- by Fitch with a Stable outlook.

6.2 The Quartet Blockade and Qatar's Response

Qatar has historically had good relations with other members of the GCC and the wider Middle East and North Africa region in general. However, on June 5, 2017, the Blockading Countries took steps to cut trade, transport and diplomatic ties with Qatar. The measures adopted included a sudden and unprecedented closure of sea and air routes with Qatar and a closure of the land border between Qatar and one of the Blockading Countries (Qatar's only land border) which created logistical challenges for Qatar. The blockade disrupted historical trade routes that Qatar had depended on for the import of key consumer goods, food staples and industrial materials. In particular, a significant percentage of Qatar's dairy and other food staples had been imported through the land border crossing with one of the Blockading Countries before the Quartet Blockade. The blockade also affected Qatar's ability to receive imports from larger international cargo ships.

Despite the onset of the Quartet Blockade, Qatar nevertheless experienced real GDP growth of 3.5% (quarter-on-quarter) during the third quarter of 2017 and 0.7% (year-on-year). In addition, the Quartet Blockade did not lead to the initially expected upward pressure on prices, with monthly inflation declining from 0.7% in June 2017 to 0.2% in July 2017, and inflation averaging 0.4% for 2017 and 0.3% for 2018. In 2019, Qatar's CPI (General and Core) has experienced low and negative rates of change, with the overall general index averaging negative 0.90% with a positive maximum of 0.06% and a negative minimum of 1.58%. The average core index, which is calculated after excluding the index of housing rents, is negative 0.23%, with a positive maximum of 0.65% and a negative minimum of 1.3%.

6.3 Coronavirus Disease 2019 (COVID-19)

In December 2019, a new strain of coronavirus causing a novel respiratory illness (COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread to over 200 countries. On 11 March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 outbreak has led to a global economic crisis that is unprecedented in scale since the start of the Great Depression in 1929.

Qatar has implemented restrictions to combat the spread of COVID-19. These measures have included restricting travel into Qatar from certain countries, suspending non-essential businesses, banning public gatherings and closing down schools and universities. Qatar has also implemented measures to protect the economy from the adverse impact of COVID-19. In June 2020, several decisions were issued by the Government of Qatar and some semi-government companies ordering the reduction in the number of employees and reduction in salaries by 30%. This could have a negative impact on the Company in terms of cancellation of insurance policies.

7
HISTORICAL FINANCIALINFORMATION

QLM LIFE & MEDICAL INSURANCE COMPANY W.L.L.

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE SIX MONTHS PERIOD ENDED

30 JUNE 2020

Building a better working world

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QLM LIFE & MEDICAL INSURANCE COMPANY W.L.L.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of QLM Life & Medical Insurance Company W.L.L. and its subsidiary (collectively "the Group") as at 30 June 2020, comprising of the interim consolidated statement of financial position as at 30 June 2020 and the related interim consolidated statements of income and comprehensive income for the six months period ended 30 June 2020, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for six months period then ended and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matter

We draw attention to the fact that the interim condensed consolidated financial statements for the six months period from 1 January 2019 to 30 June 2019 were neither audited nor reviewed. These are presented for comparison purposes only and our conclusion does not extend to cover the results for that period.

Ahmed Sayed

ERNST & YOUNG
Doha
محاسبون قانونيون
الدوحة
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إرنست ويونغ

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Date: 20 August 2020
Doha

QLM Life & Medical Insurance Company W.L.L.
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2020

	Notes	*30 June 2020 QR ('000) (Reviewed)*	*31 December 2019 QR ('000) (Audited)*
ASSETS			
Cash and cash equivalents	3	**507,282**	568,711
Financial investments	6	**630,447**	702,290
Insurance and other receivables	4	**455,902**	297,491
Reinsurance contract assets	5	**104,571**	91,818
Due from related parties	7 (a)	**147,198**	109,748
Property and equipment		**1,707**	1,997
TOTAL ASSETS		**1,847,107**	1,772,055
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Short term borrowings		**315,952**	389,095
Provisions, reinsurance and other payables		**110,055**	93,123
Insurance contract liabilities	5	**813,863**	683,999
Due to related parties	7 (b)	**147,509**	144,974
TOTAL LIABILITIES		**1,387,379**	1,311,191
SHAREHOLDERS' EQUITY			
Share capital	8	**350,000**	350,000
Legal reserve	13	**8,274**	-
Fair value reserve		**9,545**	19,135
Retained earnings		**91,909**	91,729
TOTAL SHAREHOLDERS' EQUITY		**459,728**	460,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,847,107**	1,772,055

Salem Al Mannai
Group CEO

Khalifa Abdulla Turki Al-Subaey
Group President

The accompanying notes are an integral part of these condensed consolidated financial statements

QLM Life & Medical Insurance Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months period ended 30 June 2020

	For the six months period ended	
	30 June 2020 QR ('000) (Reviewed)	30 June 2019 QR ('000) (Unaudited)
Gross premiums	604,614	575,651
Premium ceded to reinsurers	(50,482)	(57,837)
Net premiums	554,132	517,814
Movement in unexpired risk reserve	(120,507)	(105,742)
Net earned premiums	433,625	412,072
Gross claims paid	(391,926)	(422,057)
Reinsurance recoveries	19,143	36,340
Movement in outstanding claims	3,396	18,004
Net commissions	(9,755)	(8,639)
Net underwriting results	54,483	35,720
Investment income	21,032	32,708
Finance costs	(3,520)	(5,700)
Net investment income	17,512	27,008
TOTAL INCOME	71,995	62,728
Operating and administrative expenses	(23,286)	(22,212)
Depreciation and amortization	(400)	(263)
PROFIT BEFORE TAX	48,309	40,253
Income tax expense	(1,650)	-
Prior period tax adjustment	3,795	-
PROFIT FOR THE PERIOD	50,454	40,253
Earnings per share		
Basic and diluted earnings per share in Qatari Riyals	1.44	1.15

The accompanying notes are an integral part of these condensed consolidated financial statements

QLM Life & Medical Insurance Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2020

	For the six months period ended	
	30 June 2020 QR ('000) (Reviewed)	*30 June 2019 QR ('000) (Unaudited)*
PROFIT FOR THE PERIOD	**50,454**	40,253
OTHER COMPREHENSIVE INCOME (OCI)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Debt instruments at fair value through other comprehensive income		
Net changes in fair value during the period	**(9,590)**	31,405
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**40,864**	71,658

The accompanying notes are an integral part of these condensed consolidated financial statements

QLM Life & Medical Insurance Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2020

	Share capital QR ('000)	*Legal reserve (QR '000)*	*Fair value reserve QR ('000)*	*Retained earnings QR ('000)*	*Total equity QR ('000)*
Balance at 1 January 2019 (Audited)	297,126	-	-	5,110	302,236
Due to business transfer	-	-	(22,635)	-	(22,635)
Adjusted balance at 1 January 2019 (Audited)	297,126	-	(22,635)	5,110	279,601
Profit for the period				40,253	40,253
Net change in investments at fair value through other comprehensive income (FVOCI)	-	-	31,405	-	31,405
Total comprehensive income for the period	-	-	31,405	40,253	71,658
Impact of acquisition of subsidiary	-	-	-	(259)	(259)
Increase in share capital	52,874	-	-	-	52,874
Balance at 30 June 2019 (Unaudited)	350,000	-	8,770	45,104	403,874
Balance at 1 January 2020 (Audited)	350,000	-	19,135	91,729	460,864
Profit for the period	-	-	-	50,454	50,454
Net change in investments at fair value through other comprehensive income (FVOCI)	-	-	(9,590)	-	(9,590)
Total comprehensive income for the period	-	-	(9,590)	50,454	40,864
Transfer to legal reserve (Note 13)	-	8,274	-	(8,274)	-
Dividend paid (Note 8.1)	-	-	-	(42,000)	(42,000)
Balance at 30 June 2020 (Reviewed)	**350,000**	**8,274**	**9,545**	**91,909**	**459,728**

The accompanying notes are an integral part of these condensed consolidated financial statements

QLM Life & Medical Insurance Company W.L.L.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2020

	Note	*For the six months period ended* 30 June 2020 (QR'000) (Reviewed)	30 June 2019 (QR'000) (Unaudited)
OPERATING ACTIVITIES			
Profit before tax		**48,309**	40,253
Adjustments for			
Depreciation	9	**400**	263
Interest income	9	**(17,086)**	(28,253)
Interest expense	9	**3,520**	5,700
Impairment loss on receivables		**645**	232
Provision for employees' end of service benefits		**233**	195
Operating profit before working capital changes		**36.021**	18.390
Movements in working capital			
Insurance and other receivables		**(159,056)**	(82,018)
Due from related parties		**(37,450)**	11,525
Insurance reserves, net		**117,111**	87,738
Provisions, insurance and other payables		**19,082**	13,290
Due to related parties		**2,535**	342,129
Cash (used in) / generated from operations		**(21,757)**	391,054
Employees' end of service benefits paid		**(238)**	(45)
Net cash (used in) / generated from operating activities		**(21,995)**	391,009
INVESTING ACTIVITIES			
Net cash movement in investments		**62,253**	1,000
Purchase of property, equipment		**(110)**	(1,850)
Interest income received		**17,086**	28,253
Acquisition of stake in subsidiary		-	98,976
Net cash generated from investing activities		**79,229**	126,379
FINANCING ACTIVITIES			
Net movement in short-term borrowings		**(73,143)**	(13,370)
Capital introduced / increase in share capital		-	52,874
Interest paid		**(3,520)**	(5,700)
Dividend paid in cash		**(42,000)**	-
Net cash (used in) / generated from financing activities		**(118,663)**	33,804
Net (decrease) / increase in cash and cash equivalents		**(61,429)**	551,192
Cash and cash equivalents at the beginning of the year		**568,711**	302,292
Cash and cash equivalents at the end of the period	3	**507,282**	853,484

The accompanying notes are an integral part of these condensed consolidated financial statements

QLM Life & Medical Insurance Company W.L.L.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2020

1 STATUS AND OPERATIONS

QLM Life & Medical Insurance Company W.L.L. (the "Company") is a life and medical insurance Company incorporated on 30 April 2018 under the Commercial Registration No. 116849 and governed by the provisions of the Qatar Commercial Companies' Law and Qatar Central Bank's insurance regulations. The Company is incorporated as a limited liability Company (WLL) and is a subsidiary of Qatar Insurance Company Q.S.P.C. (the "Parent Company"), which owns 85% of its issued and paid-up share capital. The Company commenced operations with effect from 1 January 2019.

The Company and its subsidiary (the "Group") primarily engages in medical, credit life and group life insurance. The address of the Group's registered office is PO Box 12713, 5th Floor, QIC Building, West bay, Doha – State of Qatar.

In 2018, the Parent Company initiated a process to transfer the life and medical insurance business of Q Life & Medical Insurance Company L.L.C. ("QLM"), a subsidiary of the Company, from the provisions of Qatar Financial Centre Regulatory Authority ("QFCRA") to the Ministry of Trade and Business and the provisions of Qatar Central Bank. This was achieved by incorporating a new life and medical insurance entity, which is the Company, in the State of Qatar and thereafter transferring the entire insurance business portfolio of QLM, except its Labuan branch business that is currently in runoff, to the Company. The portfolio transfer process was subject to approval of the Civil and Commercial Court of the QFC ("QFC Court"). On 7 January 2019, the QFC Court approved the transfer effective 1 January 2019.

The Group operates in the State of Qatar and the details of subsidiary is given below:

Name of the subsidiary	*Ownership*		*Country of incorporation*	*Principal activities*
	2020	*2019*		
Q Life & Medical Insurance Company LLC	100%	100%	State of Qatar	Engaged in life and medical insurance business however has ceased unwriting any business effective 1 January 2019 following the portfolio transfer to the Company. It has a branch office in Labuan, Malaysia (in runoff).

These condensed consolidated financial statements were approved by the Board of Directors and signed on its behalf on 26 July 2020.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed consolidated financial statements for the six months period ended 30 June 2020 have been prepared in accordance with IAS 34 - "Interim Financial Reporting" and the applicable provisions of the Qatar Central Bank regulations, under the historical cost convention except for certain financial instruments which are stated at fair value.

The condensed consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Group's functional and presentation currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousand.

The 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 2019. In addition, results for the six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Furthermore, the interim condensed financial statements for the six months period from 1 January 2019 to 30 June 2019 were neither audited nor reviewed. These are presented for comparison purposes only.

2.2 New standards, interpretations and amendments adopted by the Group

Accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: *Definition of a Business*
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*
The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: *Definition of Material*
The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The following new accounting standards and interpretations have been issued but are not yet effective. The Group is currently evaluating the impact of these new standards.

IFRS 17 Insurance Contracts - Standard issued in May 2018
IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The standard is effective for annual periods beginning on or after 1 January 2023 with an earlier application is permitted.

IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For general insurance contracts, IFRS 17 requires discounting of loss reserves expected to be paid in more than one year as well as risk adjustment, for which confidence level equivalent disclosure will be required.

In order to further evaluate the effects of adopting IFRS 17, an IFRS 17 Group Implementation Team has been set up sponsored by the Group Chief Financial Officer, comprising senior management from Finance, Risk, Operations and Investment Operations.

2.4 Use of estimates and judgments

The preparation of the interim condensed consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgements, estimates and assumptions that affects 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In preparing these interim condensed consolidated financial statements, the significant judgments made by the management in applying the Group's accounting policies were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2019.

3 CASH AND CASH EQUIVALENTS

	30 June 2020 QR ('000) (Reviewed)	*31 December 2019 QR ('000) (Audited)*
Cash at banks	**51,541**	18,815
Short-term deposits (including time deposits)	**455,741**	549,896
	507,282	568,711

The expected credit losses relating to short term deposits amounted to QR 44,000 (2019: QR 237,486).

QLM Life & Medical Insurance Company W.L.L.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2020

4 INSURANCE AND OTHER RECEIVABLES

	30 June 2020 QR ('000) (Reviewed)	*31 December 2019 QR ('000) (Audited)*
Insurance receivables		
Due from policyholders	**423,709**	285,366
Due from insurance companies	**35,416**	12,265
	459,125	297,631
Less: Provision for impaired debts	**(3,462)**	(2,816)
	455,663	294,815
Other receivables		
Prepayments and others	**239**	2,676
	455,902	297,491

5 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	30 June 2020 QR ('000) (Reviewed)	*31 December 2019 QR ('000) (Audited)*
Gross insurance contract liabilities		
Claims reported and unsettled	**117,299**	124,792
Claims incurred but not reported	**128,340**	108,574
Unearned premiums	**568,224**	450,633
	813,863	683,999
Reinsurers' share of insurance contract liabilities		
Claims reported and unsettled	**48,581**	40,135
Claims incurred but not reported	**23,138**	15,915
Unearned premiums	**32,852**	35,768
	104,571	91,818
Net insurance contract liabilities		
Claims reported and unsettled	**68,718**	84,657
Claims incurred but not reported	**105,202**	92,659
Unearned premiums	**535,372**	414,865
	709,292	592,181

6 FINANCIAL INVESTMENTS

	30 June 2020 QR ('000) (Reviewed)	*31 December 2019 QR ('000) (Audited)*
Financial investments at fair value through other comprehensive income (FVOCI) (Note i)	**559,831**	619,830
Financial investments at fair value through profit or loss (FVTPL)	**70,616**	82,460
	630,447	702,290

i) Expected Credit losses of debt securities measured at FVOCI amounted to QR 1,386,000 at 30 June 2020 (31 December 2019: QAR 507,530).

QLM Life & Medical Insurance Company W.L.L.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2020

7 RELATED PARTY DISCLOSURES

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial period.

Related parties represent major shareholders, directors and key management personnel of the Group, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Related party transactions
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 Group.

	For the six months period ended 30 June 2020 (Reviewed)			*For the six months period ended 30 June 2019 (Unaudited)*		
	Premiums QR (000)	***Purchase of services QR (000)***	***Claims QR (000)***	*Premiums QR (000)*	*Purchase of services QR (000)*	*Claims QR (000)*
Parent						
Qatar Insurance Company Q.S.P.C	**121,647**	**-**	**105,858**	113,151	-	105,427
Affiliate Companies						
Oman Qatar Insurance Company	**30,809**	**-**	**15,811**	19,591	-	31,387
Kuwait Qatar Insurance Company	**349**	**-**	**-**	358	-	1,203
Qatar Insurance Group W.L. L	**-**	**7,992**	**-**	-	6,492	-
Qatar Insurance Real Estate Company	**-**	**523**	**-**	-	522	-
Epicure Investment Management	**-**	**1,592**	**-**	-	1,629	-
Total	**152,805**	**10,107**	**121,669**	133,100	8,643	138,017

Related party balances
Balances of related parties included in the condensed consolidated statement of financial position are as follows:

(a) Due from related parties	***30 June 2020 QR ('000) (Reviewed)***	*31 December 2019 QR ('000) (Audited)*
Parent		
Qatar Insurance Company Q.S.P.C.	**129,071**	103,733
Affiliate Companies		
Oman Qatar Insurance Company	**13,391**	1,761
Kuwait Qatar Insurance Company	**4,022**	3,663
Qatar Reinsurance Company Limited	**710**	587
QIC Group Services L.L.C	**4**	4
Total	**147,198**	109,748

QLM Life & Medical Insurance Company W.L.L.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2020

7 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Due to related parties	*30 June 2020 QR ('000) (Reviewed)*	*31 December 2019 QR ('000) (Audited)*
Parent		
Qatar Insurance Company Q.S.P.C.	**37,880**	38,161
Affiliate Companies		
Qatar Insurance Company (Abu Dhabi)	**8,782**	8,782
Qatar Insurance Group W.L.L.	**92,410**	88,467
Epicure Investment Management	**681**	-
QEA Consulting W.L.L.	**46**	2,320
Qatar Insurance Real Estate Company	**7,710**	7,244
Total	**147,509**	144,974

Outstanding related party balances at the reporting date are unsecured and interest free and no impairment losses relating to these balances were recognised during the period (2019: Nil).

Compensation of key management personnel
The remuneration of directors and other members of key management during the period were as follows:

	For the six months period ended	
	30 June 2020 QR ('000) (Reviewed)	*30 June 2019 QR ('000) (Unaudited)*
Salaries and other short-term benefits	**1,316**	966
End of service benefits	**45**	33
	1,361	999

8 SHARE CAPITAL

	Authorised, issued and fully paid up	
	30 June 2020 QR ('000) (Reviewed)	*31 December 2019 QR ('000) (Audited)*
Share capital (QR'000)	**350,000**	350,000
Number of shares of QR 10 each	**35,000**	35,000

8.1 DIVIDENDS

The Shareholders in the Annual General Meeting held on 25 February 2020, approved a cash dividend of QR 1.20 per share aggregating to QR 42,000,000 in line with the recommendation of the Board of Directors for the year 2019.

QLM Life & Medical Insurance Company W.L.L.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2020

9 SEGMENT INFORMATION

For management reporting purposes, the Group is organised into two business segments - Medical and Group and Credit Life insurance. These sectors are the basis on which the Group reports its operating sector information. No operating segments have been aggregated in arriving at the reportable segment of the Group.

Segment information for the six months period ended 30 June 2020

	Medical QR('000)	*Group and Credit Life QR('000)*	*Total insurance QR('000)*	*Investments /other income QR('000)*	*Unallocated expenses QR('000)*	*Total QR('000)*
Gross premiums	514,461	90,153	604,614	-	-	604,614
Premiums ceded to reinsurers	(12,600)	(37,882)	(50,482)	-	-	(50,482)
Net premiums	501,861	52,271	554,132	-	-	554,132
Movement in unexpired risk reserve	(109,762)	(10,745)	(120,507)	-	-	(120,507)
Net earned premiums	392,099	41,526	433,625	-	-	433,625
Gross claims paid	(368,332)	(23,594)	(391,926)	-	-	(391,926)
Reinsurance recoveries	5,144	13,999	19,143	-	-	19,143
Movement in outstanding claims	13,116	(9,720)	3,396	-	-	3,396
Net commissions	(6,251)	(3,504)	(9,755)	-	-	(9,755)
Net underwriting results	35,776	18,707	54,483			54,483
Investment income	-	-	-	21,032	-	21,032
Finance costs	-	-	-	(3,520)	-	(3,520)
Total income	35,776	18,707	54,483	17,512	-	71,995
Operating and administrative expenses	-	-	-	-	(23,286)	(23,286)
Depreciation	-	-	-	-	(400)	(400)
Profit / (loss) before tax	35,776	18,707	54,483	17,512	(23,686)	48,309

QLM Life & Medical Insurance Company W.L.L.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2020

9 SEGMENT INFORMATION (CONTINUED)

Segment information for the six months period ended 30 June 2019

	Medical QR ('000)	*Group and Credit Life QR ('000)*	*Total insurance QR ('000)*	*Investments /other income QR ('000)*	*Unallocated expenses QR ('000)*	*Total QR ('000)*
Gross premiums	497,717	77,934	575,651	-	-	575,651
Premiums ceded to reinsurers	(11,311)	(46,526)	(57,837)	-	-	(57,837)
Net premiums	486,406	31,408	517,814	-	-	517,814
Movement in unexpired risk reserve	(101,533)	(4,209)	(105,742)	-	-	(105,742)
Net earned premiums	384,873	27,199	412,072	-	-	412,072
Gross claims paid	(392,928)	(29,129)	(422,057)	-	-	(422,057)
Reinsurance recoveries	18,464	17,876	36,340	-	-	36,340
Movement in outstanding claims	21,440	(3,436)	18,004	-	-	18,004
Net commissions	(5,663)	(2,976)	(8,639)	-	-	(8,639)
Net underwriting results	26,186	9,534	35,720	-	-	35,720
Investment and other income	-	-	-	32,708	-	32,708
Finance costs	-	-	-	(5,700)	-	(5,700)
Total income	-	-	-	27,008	-	62,728
Operating and administrative expenses	-	-	-	-	(22,212)	(22,212)
Depreciation	-	-	-	-	(263)	(263)
Profit / (loss) before tax	26,186	9,534	35,720	27,008	(22,475)	40,253

Segment statement of financial position
Assets and liabilities of the Group are commonly used across the primary segments.

Geographic information

	2020		*2019*		***Total***	
	Qatar	***International***	*Qatar*	*International*	***2020***	*2019*
Gross premiums	**447,795**	**156,819**	443,309	132,342	**604,614**	575,651
Premiums ceded to reinsurers	**(39,814)**	**(10,668)**	(52,202)	(5,635)	**(50,482)**	(57,837)
Net premiums	**407,981**	**146,151**	391,107	126,707	**554,132**	**517,814**
Non-current assets	**1,707**	**-**	1,997	-	**1,707**	1,997

The revenue information is based on the location of the customer.

Revenue from any direct single customer does not exceed 10% of the gross premium.

Non-current assets for this purpose consist of property and equipment.

QLM Life & Medical Insurance Company W.L.L.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2020

10 CLAIMS DEVELOPMENT TABLE

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

Accident year	*2016 (QR '000)*	*2017 (QR '000)*	*2018 (QR '000)*	*2019 (QR '000)*	*2020 (June) (QR '000)*	*Total (QR '000)*
At end of accident year	646,955	795,357	868,841	840,123	402,880	
One year later	637,327	750,046	820,795	802,355		
Two years later	641,462	752,749	822,590			
Three years later	641,835	753,796				
Four years later	642,244					
Five years later						
Current estimate of cumulative claims incurred	**642,244**	**753,796**	**822,590**	**802,355**	**402,880**	**3,543,868**
Cumulative payments to date	(640,545)	(751,051)	(820,579)	(796,925)	(245,951)	(3,369,948)
Net outstanding claims provision	1,699	2,745	2,011	5,430	156,929	168,814
Reserve in respect of prior years (Before 2016)	-	-	-	-	-	5,106
Total net outstanding claims reported and unsettled and incurred but not reported	**1,699**	**2,745**	**2,011**	**5,430**	**156,929**	**173,920**
Current estimate of Surplus / (deficiency)	4,711	41,561	46,251	37,768		
% Surplus / (deficiency) of initial gross reserve	1%	6%	6%	5%		

11 COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2020 QR ('000) (Reviewed)	*31 December 2019 QR ('000) (Audited)*
Bank guarantees	**23,063**	35,416
	23,063	35,416

12 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

30 June 2020 (reviewed)	***Level 1 (QR '000)***	***Level 2 (QR '000)***	***Level 3 (QR '000)***	***Total (QR '000)***
Financial investments at fair value through other comprehensive income (FVOCI)	**559,831**	-	-	**559,831**
Financial investments at fair value through profit or loss (FVTPL)	**70,616**	-	-	**70,616**
	630,447	-	-	**630,447**

12 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2019 (Audited)	*Level 1 (QR '000)*	*Level 2 (QR '000)*	*Level 3 (QR '000)*	*Total (QR '000)*
Financial investments at fair value through other comprehensive income (FVOCI)	619,830	-	-	619,830
Financial investments at fair value through profit or loss (FVTPL)	82,460	-	-	82,460
	702,290	-	-	702,290

There were no transfers from Level 1 or Level 2 during the period.

13 LEGAL RESERVE

Legal reserve is computed in accordance with Qatar Central Bank (QCB) regulations, applicable provisions of Qatar Commercial Companies' Law and the Articles of Association of the Company, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve balance equals 100% of the paid up share capital. The reserve is not normally available for distribution, except in the circumstances stipulated by the above mentioned law. The legal reserve balance represents the accumulated legal reserve for the years ended 31 December 2018 and 31 December 2019 created in the current period.

14 INCOME TAX

The income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Taxation is provided in accordance with the tax laws applicable in the State of Qatar and Qatar Financial Centre. Current tax is the expected tax payable calculated using the tax rate enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years. As per Qatar Income Tax laws and regulations, income tax of the Company is calculated on the taxable income for the year attributable to non-Qatari shareholders of the Parent Company. The taxation for the subsidiary is calculated as per QFC Tax Regulations.

15 PARENTAL GUARANTEES

The Parent Company has provided unconditional parental guarantee to the Company for the purpose of obtaining financial rating from international rating agencies.

16 IMPACT OF COVID - 19

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of individuals, businesses, and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic.

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

The Group may be impacted by any policies, practices, laws, or regulations introduced by governments which require or compel insurers to defer insurance premiums, pay claims in relation to COVID-19 losses which would not otherwise be payable under the relevant policy or in the normal course of business. The extent of the impact on our business and results of operations is largely dependent on the evolving future developments and the actions taken globally to address its impact. The group has incurred net claims of QAR 4.2 million (net of reinsurance), in the first half of 2020.

16 IMPACT OF COVID - 19 (CONTINUED)

The Group's investment portfolio is exposed to the current market volatility. Investment portfolios have certain exposures in economies that are relatively dependent on the price of crude oil.

The Group's capital, liquidity and funding positions remain robust and the Group remains operationally strong in the face of unprecedented global uncertainty presented by the COVID-19 pandemic. The Group expects this uncertainty and consequent capital contraction to influence rates across wholesale and re-insurance markets.

QLM LIFE & MEDICAL INSURANCE COMPANY W.L.L.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QLM LIFE & MEDICAL INSURANCE COMPANY W.L.L.

Report on the audit of the consolidated financial statements

Opinion

We have audited the financial statements of QLM Life & Medical Insurance Company W.L.L. (the "Parent Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
QLM LIFE & MEDICAL INSURANCE COMPANY W.L.L. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Group and the consolidated financial statements comply with the Qatar Commercial Companies Law No. 11 of 2015, the applicable provisions of Qatar Central Bank Law No. 13 of 2012 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned laws or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Group's financial position or performance.

Ahmed Sayed

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Doha, State of Qatar
Date: 23 February 2020

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QLM Life & Medical Insurance Company W.L.L.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	*2019* *QR ('000)*	*2018* *QR ('000)*
ASSETS			
Cash and cash equivalents	5	**568,711**	302,292
Insurance and other receivables	6	**297,491**	-
Reinsurance contract assets	7	**91,818**	-
Due from related parties	13 (b)	**109,748**	-
Financial investments	8	**702,290**	-
Property and equipment	9	**1,997**	-
TOTAL ASSETS		**1,772,055**	302,292
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Short term borrowings	14	**389,095**	-
Provisions, reinsurance and other payables	10	**93,123**	25
Insurance contract liabilities	7	**683,999**	-
Due to related parties	13 (c)	**144,974**	31
TOTAL LIABILITIES		**1,311,191**	56
SHAREHOLDERS' EQUITY			
Share capital	11	**350,000**	297,126
Fair value reserve	12	**19,135**	-
Retained earnings		**91,729**	5,110
TOTAL SHAREHOLDERS' EQUITY		**460,864**	302,236
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,772,055**	302,292

Khalaf Al Mannai
Board Member

Khalifa Abdulla Turki Al Subaey
Group President

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

QLM Life & Medical Insurance Company W.L.L.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2019

	Notes	*2019* QR ('000)	*30 April 2018 to 31 December* QR ('000)
Gross premiums	16	1,020,479	-
Premium ceded to reinsurers	16	(77,906)	-
Net premiums		942,573	-
Movement in unexpired risk reserve	16	(67,909)	-
Net earned premiums		874,664	-
Gross claims paid	16	(908,980)	-
Reinsurance recoveries	16	99,607	-
Movement in outstanding claims	16	15,282	-
Net commissions	16	(2,414)	-
Net underwriting results		78,159	-
Investment and other income	16	63,415	5,166
Finance costs	16	(10,799)	-
Net investment income		52,616	5,166
TOTAL INCOME		130,775	5,166
Operating and administrative expenses	17	(47,536)	(56)
Depreciation and amortization	9	(711)	-
PROFIT BEFORE INCOME TAX		82,528	5,110
Income tax expenses	15	(1,000)	-
Prior period tax adjustment	15	5,350	-
NET PROFIT FOR THE YEAR / PERIOD		86,878	5,110

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

QLM Life & Medical Insurance Company W.L.L.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	*2019* QR ('000)	*30 April 2018 to 31 December 2018* QR ('000)
NET PROFIT FOR THE YEAR / PERIOD		**86,878**	5,110
OTHER COMPREHENSIVE INCOME (OCI)			
OCI to be reclassified to profit or loss in subsequent periods			
Debt instruments at fair value through other comprehensive income			
Net changes in fair value during the year / period		**41,770**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR / PERIOD		**128,648**	5,110
Basic and diluted earnings per share in Qatari Riyal	18	**2.48**	0.15

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

QLM Life & Medical Insurance Company W.L.L.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital QR ('000)	*Fair value reserve QR ('000)*	*Retained earnings QR ('000)*	*Total equity QR ('000)*
Capital introduced	297,126	-	-	297,126
Profit for the period	-	-	5,110	5,110
Total comprehensive income for the period	-	-	5,110	5,110
Balance at 31 December 2018	297,126	-	5,110	302,236
Balance at 1 January 2019	297,126	-	5,110	302,236
Due to business transfer	-	(22,635)	-	(22,635)
Adjusted balance at 1 January 2019	297,126	(22,635)	5,110	279,601
Profit for the year	-	-	86,878	86,878
Net change in investments at fair value through other comprehensive income (FVOCI)	-	41,770	-	41,770
Total comprehensive income for the year	-	41,770	86,878	128,648
Impact of acquisition of a subsidiary	-	-	(259)	(259)
Increase in share capital (Note 11)	52,874	-	-	52,874
Balance at 31 December 2019	**350,000**	**19,135**	**91,729**	**460,864**

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

QLM Life & Medical Insurance Company W.L.L.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	*2019 (QR'000)*	*2018 (QR'000)*
OPERATING ACTIVITIES			
Profit before tax		**82,528**	5,110
Adjustments for			
Depreciation and amortization	9	**711**	-
Interest income		**(40,065)**	(5,166)
Interest expense	16	**10,799**	-
Impairment loss on receivables	22	**232**	-
Loss on disposal of property and equipment		**2**	-
Provision for employees' end of service benefits	10 (a)	**384**	-
Operating profit before working capital changes		**54,591**	(56)
Movements in working capital			
Insurance and other receivables		**13,580**	-
Due from related parties		**16,497**	-
Insurance reserves, net		**52,627**	-
Provisions, insurance and other payables		**(8,901)**	25
Due to related parties		**(1,425)**	31
Cash generated from operations		**126,969**	-
Employees' end of service benefits paid	10.a	**(64)**	-
Income Tax paid		**(2,305)**	-
Net cash generated from operating activities		**124,600**	-
INVESTING ACTIVITIES			
Net cash movement in investments		**(44,011)**	-
Purchase of property, equipment and intangibles	9	**(1,991)**	-
Proceeds from sale of property and equipment		**14**	-
Interest income received		**40,065**	5,166
Acquisition of stake in subsidiary		**98,976**	-
Net cash generated from investing activities		**93,053**	5,166
FINANCING ACTIVITIES			
Net movement in short-term borrowings	14	**6,691**	-
Capital Introduced / increase in share capital	11	**52,874**	297,126
Interest paid		**(10,799)**	-
Net cash generated from financing activities		**48,766**	297,126
Net increase in cash and cash equivalents		**266,419**	302,292
Cash and cash equivalents at the beginning of the year		**302,292**	-
Cash and cash equivalents at the end of the year / period	5	**568,711**	302,292

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

QLM Life & Medical Insurance Company W.L.L.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2019

1 STATUS AND OPERATIONS

QLM Life & Medical Insurance Company W.L.L. (the "Group") is a life and medical insurance Company incorporated on 30 April 2018 under Commercial Registration No. 116849 and governed by the provisions of the Qatar Commercial Companies' Law and Qatar Central Bank's insurance regulations. The Group is incorporated as a limited liability Company (WLL) and is a subsidiary of Qatar Insurance Company Q.S.P.C. (the "Parent Group"), which owns 85% of its issued and paid-up share capital. The Group commenced operations w.e.f. 1 January 2019.

The Group primarily engages in medical, credit life and group life insurance. The address of the Group's registered office is PO Box 12713, 5th Floor, QIC Building, West bay, Doha – Qatar.

In 2018, the Parent Group initiated a process to transfer the life and medical insurance business of Q Life & Medical Insurance Company L.L.C. ("QLM"), an affiliate of the Group and a subsidiary of the Parent Group, from the provisions of Qatar Financial Centre Regulatory Authority ("QFCRA") to the Ministry of Trade and Business and the provisions of Qatar Central Bank. This was achieved by incorporating a new life and medical insurance entity, which is the Group, in the State of Qatar and thereafter transferring the entire insurance business portfolio of QLM, except its Labuan branch business that is currently in runoff, to the Group. The portfolio transfer process was subject to approval of the Civil and Commercial Court of the QFC ("QFC Court"). On 7th January 2019, the QFC Court approved the transfer effective 1st January 2019.

These consolidated financial statements were approved by the Board of Directors and signed on its behalf on 5 February 2020.

2 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the applicable provisions of the Qatar Commercial Companies Law and Qatar Central Bank regulations.

Basis of preparation

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

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

The consolidated financial statements provide comparative information in respect of the previous period.

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after reporting date (no more than 12 months) and more than 12 months after reporting date (more than 12 months) is presented in Note 22.

This is the first set of the Group's financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described in Note 3.

Basis of consolidation

The consolidated financial statements comprise the financial statements of QLM Life & Medical Insurance Company W.L.L. and its subsidiaries as at 31 December (together referred to as the "Group").

QLM Life & Medical Insurance Company W.L.L.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

2 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. Losses applicable to the non-controlling interest in excess of the non-controlling interests are allocated against the interest of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover losses. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The subsidiary of the Group included in the consolidated financial statements is as follows:

	Country of Incorporation and Place of Business	*Group Effective Ownership and Voting Rights (%)*	
		31 December 2019	*31 December 2018*
Q Life & Medical Insurance Company L.L.C	State of Qatar	100	-

Effective 1 January 2019, the Company acquired 100% ownership through purchase of 17,280,000 ordinary shares or QAR 10 each at a lump sum consideration of QAR 350 million from Qatar Insurance Company (Parent Group).

Transactions eliminated on consolidation
Inter-company balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

2 BASIS OF PREPARATION (CONTINUED)

Non-controlling interests
Non-controlling interests represent the Company's portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity of the Company. Losses applicable to the non-controlling interest in excess of the non-controlling interests are allocated against the interest of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover losses. Acquisitions of non-controlling interests are accounted for using the parent extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

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

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

The assets and liabilities of foreign operations are translated to Qatari Riyal using exchange rates prevailing at the reporting date. Income and expenses are also translated to Qatari Riyal at the exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation for consolidation are recognised in OCI.

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019.

Several other amendments and interpretations apply for the first time in 2019, impact has been disclosed in Note 3.1. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The Group applies, for the first time, IFRS 16 Leases that does not require restatement of previous financial statements. The nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)
The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The entity has benchmarked the subject contracts against the requirement of IFRS 16 and determined that they are in the nature of short term leases as defined in the standard with no purchase option. Accordingly, as per the provisions of the standard the entity has elected to use the recognition exemption for these contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases').

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long- term interests in its associate and joint venture.

Annual Improvements 2015-2017 Cycle

IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2015-2017 Cycle (continued)
IFRS 11 Joint Arrangements
A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

3.2 New and revised IFRSs in issue but not yet effective

The following new accounting standards and interpretations have been issued but are not yet effective. The Group is currently evaluating the impact of these new standards.

IFRS 17 Insurance Contracts - Standard issued in May 2018
IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The standard is effective for annual periods beginning on or after 1 January 2021 with an earlier application is permitted.

IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For general insurance contracts, IFRS 17 requires discounting of loss reserves expected to be paid in more than one year as well as risk adjustment, for which confidence level equivalent disclosure will be required.

In order to further evaluate the effects of adopting IFRS 17, an IFRS 17 Group Implementation Team has been set up sponsored by the Group Chief Financial Officer, comprising senior management from Finance, Risk, Operations and Investment Operations.

3.3 Use of estimates and judgments
The preparation of the interim consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgements, estimates and assumptions that affects 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In preparing these consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2019, except for the effects of adoption of IFRS 16 as described in Note 3.1 to these consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.3 Use of estimates and judgments (continued)

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. The key judgements and estimates made by the Group are detailed in Note 23.

4 SIGNIFICANT ACCOUNTING POLICIES

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

Classification of financial assets and financial liabilities
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

a) Initial recognition
Financial assets and liabilities are initially recognised on the trade date. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from the amount. Trade receivables are measured at the transaction price. The Day 1 gain or loss is recognised when the fair value of financial instruments at initial recognition differs from the transaction price.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets and financial liabilities (continued)

b) Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

c) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

The Company classifies and measures its derivative and trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities are measured at amortised cost.

Financial instruments – initial recognition

a) Financial investments at amortised cost

The Company only measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

(i) Business model assessment

The Company determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments – initial recognition (continued)

a) Financial investments at amortised cost (continued)

(i) Business model assessment (continued)
The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(ii) The SPPI test
As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de-minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

b) Debt instruments at FVOCI
The Company applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

c) Equity instruments at FVOCI
Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as investment income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Equity instruments at FVOCI are not subject to an impairment assessment.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments – initial recognition (continued)

d) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;
- The liabilities are part of a Company of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

e) Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company enters into derivative transactions with various counterparties. The Company uses derivative financial instruments for economic hedging purposes such as forward currency contracts and interest rate swaps to hedge its foreign currency risks interest rate risks and equity price risk, respectively. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of FVTPL category. However, as an exception to above, a policyholder's option to surrender an insurance contract for a fixed amount (or for an amount based on a fixed amount and an interest rate) is not separated and measured at fair value even if the exercise price differs from the carrying amount of the host insurance liability.

Embedded derivatives that meet the definition of insurance contracts are treated and measured as insurance contracts.

Any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets
The Company applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the three stages based on the change in credit quality since initial recognition.

a) Overview
The adoption of IFRS 9 has fundamentally changed the Company's impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. The Company has been recording the allowance for expected credit losses for debt financial assets not held at FVTPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorizes its FVOCI assets into stages as described below:

Stage 1: When financial instruments are first recognised, the Company recognises an allowance based on 12 month ECLs. Stage 1 also include financial instruments where the credit risk has improved and the has been reclassified from Stage 2.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECLs. Stage 2 also include instruments, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and treated, along with the interests calculated. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition. Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition and are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

b) The calculation of ECLs
The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.
- The Exposure at Default ("EAD ") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

b) The calculation of ECLs (continued)

The mechanics of the ECL method are summarised below:

Stage 1: The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial asset considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Debt instruments measured at fair value through OCI
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

c) Forward looking information
The Company, for forward looking information, relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

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

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

Property and equipment
Property and equipment, including owner-occupied properties, are carried at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Company.

Ongoing repairs and maintenance are charged to the statement of comprehensive income during the financial period they are incurred.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Furniture and fixtures	- 2 to 5 years
Office equipment	- 3 years
Computers	- 3 years

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

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

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

Employees' end of service benefits

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends
The Board of QLM may recommend dividend in accordance with the provisions of its articles and constitutional documents, various applicable laws and its underlying rules and regulations. The Company intends to declare and distribute annual dividend for any respective year in the range of 40% to 60% of the net profits of that year after tax. However, the above declaration shall be subject to the Board discretion after taking due cognizance of the regulatory solvency and capital adequacy requirements, general economic environment and market conditions, current and future business expansion and growth plans and all other relevant factors that may have an impact on the company's business. All dividends of the Company so declared shall be distributed in Qatari Riyals.

Taxation
Provision for income tax of the Company and of its Branch are made in accordance with the Qatar Financial Centre tax regulations and Labuan Business Activity Tax Act, respectively.

Leases
The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that asset is not explicitly specified in an arrangement.

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. Leases that do not transfer substantially all of the risks and rewards of ownership of an asset to the Company are classified as operating leases. Operating lease payments are recognised as an expense in the statement of income on a straight line basis over the lease term.

Insurance operations

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

Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

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

Reinsurance contract assets
Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the statement of comprehensive income. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

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

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gross premiums
Gross premiums are recognized when written and include an estimate for written premiums receivable at period end. Gross premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. Gross premiums also include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premium on insurance contracts are recognized as revenue (earned premiums) proportionally over the period of coverage or using actuarial assumptions, as appropriate.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

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

Insurance contract liabilities
Insurance contract liabilities include the outstanding claims provision, incurred but not reported reserves and the provision for unearned premium. Insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

Provision for outstanding claims
Provision for outstanding claims is recognized at the date the claims are known and covers the liability for losses and loss adjustment expenses based on loss reports from independent loss adjusters and management's best estimate.

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

Unexpired risks reserve
The provision for unearned premiums represents that portion of premiums received or receivable, after deduction of the reinsurance share, which relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Insurance contract liabilities are derecognised when the contract expires, discharged or cancelled by any party to the insurance contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in accordance with IFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions.

If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

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

Reinsurance recoveries
Reinsurance recoveries are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

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

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

5 CASH AND CASH EQUIVALENTS

	2019 *QR ('000)*	*2018* *QR ('000)*
Cash at banks	**18,815**	7
Short-term deposits (including time deposits)	**549,896**	302,285
	568,711	302,292

All deposits are subject to an average variable interest rate of 3.27 % (2018: 4.07%). The expected credit losses relating to securities measured at amortised cost amounted to QR 237,486 (2018: QR 143,330). All instruments measured at amortised cost were in stage 1.

6 INSURANCE AND OTHER RECEIVABLES

	2019 *QR ('000)*	*2018* *QR ('000)*
Receivable from policyholders		
Due from policyholders	**285,366**	-
Less: Provision for impaired debts	**(2,816)**	-
	282,550	-
Receivables from reinsurers		
Due from insurance companies	**12,265**	-
Other receivables		
Prepayments and others	**2,676**	-
	297,491	-

The movement of impairment for receivables from policyholders is disclosed in Note 22.

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7 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2019 *QR ('000)*	*2018* *QR ('000)*
Gross insurance contract liabilities		
Claims reported and unsettled	**124,792**	-
Claims incurred but not reported	**108,574**	-
Unearned premiums	**450,633**	-
	683,999	-
Reinsurers' share of insurance contract liabilities		
Claims reported and unsettled	**40,135**	-
Claims incurred but not reported	**15,915**	-
Unearned premiums	**35,768**	-
	91,818	-
Net insurance contract liabilities		
Claims reported and unsettled	**84,657**	-
Claims incurred but not reported	**92,659**	-
Unearned premiums	**414,865**	-
	592,181	-

7 INSURANCE CONTRACT LIABILITIES AND RE-INSURANCE CONTRACT ASSETS (CONTINUED)

Movements in claims reported and unsettled and claims incurred but not reported are as follows:

	31 December 2019			*31 December 2018*		
	Insurance contract liabilities QR ('000)	***Reinsurers' share QR ('000)***	***Net QR ('000)***	*Insurance contract liabilities QR ('000)*	*Reinsurers' share QR ('000)*	*Net QR ('000)*
Balance at the beginning of the year	-	-	-	-	-	-
Claims paid during the year	(908,980)	(99,607)	(809,373)	-	-	-
Incurred during the year	888,889	94,798	794,091	-	-	-
Acquisition of subsidiary	1,763	173	1,590	-	-	-
Effect of portfolio transfer (*i*)	251,694	60,686	191,008	-	-	-
Balance at the end of the year	233,366	56,050	177,316	-	-	-

Movements in reserve for unearned premiums are as follows:

	31 December 2019			*31 December 2018*		
	Unearned premium reserve QR ('000)	***Reinsurers' share QR ('000)***	***Net QR ('000)***	*Unearned premium reserve QR ('000)*	*Reinsurers' share QR ('000)*	*Net QR ('000)*
Balance at the beginning of the year	-	-	-	-	-	-
Premiums written	1,020,479	77,906	942,573	-	-	-
Premiums earned during the year	(982,585)	(107,921)	(874,664)	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-
Effect of portfolio transfer (*i*)	412,739	65,783	346,956	-	-	-
Balance at the end of the year	450,633	35,768	414,865	-	-	-

Note:
(*i*) This represents the transfer of technical reserves underlying the scheme of portfolio transfer from QLM QFC entity to QLM QCB entity as on 1 January 2019.

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8 FINANCIAL INVESTMENTS

	2019 *QR ('000)*	*2018* *QR ('000)*
Financial investments at fair value through other comprehensive income (FVOCI) (Note i)	**619,830**	-
Financial investments at fair value through profit or loss (FVTPL)	**82,460**	-
	702,290	-

(i) Expected Credit losses of debt securities measured at FVOCI amounted to QAR 507,530 at 31 December 2019 (31 December 2018: QR Nil).

	2019		*2018*	
	FVTPL ***(QR '000)***	***FVOCI*** ***(QR '000)***	*FVTPL* *(QR '000)*	*FVOCI* *(QR '000)*
Bonds	**45,912**	**619,830**	-	-
Managed funds	**36,548**	-	-	-
	82,460	**619,830**	-	-

9 PROPERTY AND EQUIPMENT

	Office equipment *QR ('000)*	*Furniture and fixtures* *QR ('000)*	*Computers* *QR ('000)*	*Total* *QR ('000)*
Cost:				
At 1 January 2019	-	-	-	-
Acquisition of subsidiary	215	1,798	1,080	3,093
Additions during the year	5	144	1,842	1,991
Disposal during the year	-	(20)	-	(20)
At 31 December 2019	220	1,922	2,922	5,064
Accumulated depreciation:				
At 1 January 2019	-	-	-	-
Acquisition of subsidiary	172	1,283	905	2,360
Charged during the year	32	132	547	711
Related to disposal	-	(4)	-	(4)
At 31 December 2019	204	1,411	1,452	3,067
Net carrying amount:				
At 31 December 2019	**16**	**511**	**1,470**	**1,997**
At 31 December 2018	-	-	-	-

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10 PROVISIONS, REINSURANCE AND OTHER PAYABLES

	2019 QR ('000)	*2018 QR ('000)*
Claims payables	**51,270**	-
Accrued expenses	**14,898**	25
Provision for income tax (Noted 15)	**7,121**	-
Due to insurance and reinsurance companies	**15,770**	-
Provision for employees' end of service benefits (Note 10.a)	**2,001**	-
Other Payables	**1,563**	-
Board of Directors' remuneration payable	**500**	-
	93,123	25

10.a EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision for employees' end of service benefits recognized in the statement of financial position are as follow;

	2019 QR ('000)	*2018 QR ('000)*
Balance at 1 January	**1,681**	-
Provided during the year	**384**	-
Payments made during the year	**(64)**	-
Balance at 31 December	**2,001**	-

11 SHARE CAPITAL

	2019 QR ('000)	*2018 QR ('000)*
Authorised share capital:		
35,000,000 of QR 10 each	**350,000**	297,126
Issued and fully paid up:		
At 1 January	**297,126**	297,126
Increase in share capital	**52,874**	-
Balance at 31 December	**350,000**	297,126

12 FAIR VALUE RESERVE

The fair value reserve arose from the revaluation of financial instruments measured at fair value through other comprehensive income as per the accounting policy detailed in Note 4.

13 RELATED PARTY TRANSACTIONS

Note 1 provides information about the Group's structure, including details of the subsidiaries and the holding Group. The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year.

Related parties represent major shareholders, directors and key management personnel of the Group, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

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13 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions carried out 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:

	2019 QR ('000)	*30 April 2018 to 31 December 2018 QR ('000)*
Premiums		
QIC Group entities	274,495	-
Claims		
QIC Group entities	266,671	-
Other expenses		
QIC Group entities	26,467	-

Related party balances
Balances of related parties included in the condensed consolidated statement of financial position are as follows:

	2019 QR ('000)	*2018 QR ('000)*
(b) Due from related parties	109,748	-
(c) Due to related parties	144,974	31

Outstanding related party balances at the reporting date are unsecured and interest free and no impairment losses relating to these balances were recognised during the period (2018: Nil).

Compensation of key management personnel
The remuneration of directors and other members of key management during the period were as follows:

	2019 QR ('000)	*2018 QR ('000)*
Salaries and other short term benefits	1,970	-
End of service benefits	66	-
	2,036	-

14 SHORT-TERM BORROWINGS

	2019 QR ('000)	*2018 QR ('000)*
Borrowings against fixed income securities	389,095	-

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15 INCOME TAX

Movements in income tax payable are shown in the table below:

	2019 *QR ('000)*	*2018* *QR ('000)*
At 1 January	**15,904**	-
Charge for the year (*i*)	**1,000**	-
Prior period tax adjustment (*ii*)	**(5,350)**	-
Adjusted during the year	**(4,433)**	-
At 31 December	**7,121**	-

As at 31 December 2019, an amount of QR 2,305 thousand has been allocated for provision for tax due payable

Notes:

i. The Company calculates tax provision based on 10% of profit before income tax, subject to adjustment post final assessment of tax due as per QFC Tax Regulations. On the other hand, the Branch calculates its tax provision based on 3% of profit before income tax, or at a fixed rate of MYR 20,000 (equivalent to QR 18,000) upon election of the Branch, pursuant to the Labuan Business Activity Tax Act of 1990.

Total charge for the year / period consists of the following:

	2019 *QR ('000)*	*30 April 2018 to 31 December 2018* *QR ('000)*
Q Life and Medical Insurance L.L.C. (the "Company")	**1,000**	-
QLife and Medical Insurance L.L.C. – Asia Region (the "Branch")	-	-
At 31 December	**1,000**	-

ii. In 2019, the Company has reversed an overprovision of income tax as per QFC Tax Regulations. The reconciliation of income tax provision and actual taxes due after final assessment as per QFC Tax Regulations related to the prior years is presented below:

	2019 *QR ('000)*
Income tax provision as per Company's policy from 2016 to 2017	**9,783**
Income tax liabilities as per QFC Tax Returns from 2016 to 2017	**(4,433)**
Prior period tax adjustment (Adjustment in respect of current income tax of prior years)	**5,350**

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16 SEGMENT INFORMATION

For management reporting purposes, the Company is organised into two business segments - Medical and Group and Credit Life insurance. These sectors are the basis on which the Company reports its operating sector information. No operating segments have been aggregated in arriving at the reportable segment of the Company.

Segment information for the year ended 31 December 2019

	Medical QR('000)	*Group and Credit Life QR('000)*	*Total insurance QR('000)*	*Investments /other income QR('000)*	*Unallocated expenses QR('000)*	*Total QR('000)*
Gross premiums	897,193	123,286	1,020,479	-	-	1,020,479
Premiums ceded to reinsurers	(8,021)	(69,885)	(77,906)	-	-	(77,906)
Net premiums	889,172	53,401	942,573	-	-	942,573
Movement in unexpired risk reserve	(61,365)	(6,544)	(67,909)	-	-	(67,909)
Net earned premiums	827,807	46,857	874,664	-	-	874,664
Gross claims paid	(805,222)	(103,758)	(908,980)	-	-	(908,980)
Reinsurance recoveries	23,573	76,034	99,607	-	-	99,607
Movement in outstanding claims	16,747	(1,465)	15,282	-	-	15,282
Net commissions	(12,133)	9,719	(2,414)	-	-	(2,414)
Net underwriting results	50,772	27,387	78,159	-	-	78,159
Investment and other income	-	-	-	63,415	-	63,415
Finance costs	-	-	-	(10,799)	-	(10,799)
Total income	50,772	27,387	78,159	52,616	-	130,775
Operating and administrative expenses	-	-	-	-	(47,536)	(47,536)
Depreciation (Note 9)	-	-	-	-	(711)	(711)
Income tax expense (Net-after prior period adjustment)	-	-	-	-	4,350	4,350
Segment results	50,772	27,387	78,159	52,616	(43,897)	86,878

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16 SEGMENT INFORMATION (CONTINUED)

Segment information for the period from 30 April 2018 to 31 December 2018

	Medical QR ('000)	*Group and Credit Life QR ('000)*	*Total insurance QR ('000)*	*Investments /other income QR ('000)*	*Unallocated expenses QR ('000)*	*Total QR ('000)*
Gross premiums	-	-	-	-	-	-
Premiums ceded to reinsurers	-	-	-	-	-	-
Net premiums	-	-	-	-	-	-
Movement in unexpired risk reserve	-	-	-	-	-	-
Net earned premiums	-	-	-	-	-	-
Gross claims paid	-	-	-	-	-	-
Reinsurance recoveries	-	-	-	-	-	-
Movement in outstanding claims	-	-	-	-	-	-
Net commissions	-	-	-	-	-	-
Net underwriting results	-	-	-	-	-	-
Investment and other income	-	-	-	5,166	-	5,166
Finance costs	-	-	-	-	-	-
Total income	-	-	-	5,166	-	5,166
Operating and administrative expenses	-	-	-	(56)	-	(56)
Depreciation	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Segment results	-	-	-	5,110	-	5,110

17 OPERATING AND ADMINISTRATIVE EXPENSES

	***2019* QR ('000)**	*30 April 2018 to 31 December 2018 QR ('000)*
Employee-related costs	**17,782**	-
Board of Directors' remuneration	**500**	-
Advisory fee	**3,856**	-
Other operating expenses	**25,398**	56
	47,536	56

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18 BASIC AND DILUTED EARNINGS PER SHARE

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

	2019 *QR ('000)*	*30 April 2018 to 31 December 2018* *QR ('000)*
Net profit for the year / period	**86,878**	5,110
Weighted average number of ordinary shares	**35,000**	35,000
Basic and diluted earnings per share (QR.) (2018: Restated)	**2.48**	0.15

There were no potentially diluted shares outstanding at any time during the year and therefore the diluted earnings per share is equal to the basic earnings per share.

19 DIVIDENDS

Cash dividend of QR 1.20 per ordinary share aggregating to QAR 42 million has been proposed by the Board of Directors of the Group for the year 2019 (2018: Nil). This is to be placed for approval at the Annual General Meeting.

20 COMMITMENTS AND CONTINGENT LIABILITIES

	2019 *QR ('000)*	*2018* *QR ('000)*
Bank guarantees	**35,416**	-

21 DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY OF INVESTMENTS

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

31 December 2019	*Level 1* *(QR '000)*	*Level 2* *(QR '000)*	*Level 3* *(QR '000)*	*Total* *(QR '000)*
Financial investments at fair value through other comprehensive income (FVOCI)	**619,830**	-	-	**619,830**
Financial investments at fair value through profit or loss (FVTPL)	**82,460**	-	-	**82,460**
	702,290	-	-	**702,290**

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21 DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY OF INVESTMENTS (CONTINUED)

31 December 2018	*Level 1 (QR '000)*	*Level 2 (QR '000)*	*Level 3 (QR '000)*	*Total (QR '000)*
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	-	-
Financial investments at fair value through profit or loss (FVTPL)	-	-	-	-
	-	-	-	-

Valuation techniques
Listed investment in equity securities and debt securities
When fair values of publicly traded equity securities and debt securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy.

Managed funds
The Company invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company, in the normal course of its business, derives its revenue mainly from assuming and managing insurance and investments risks for profit. The Company's lines of business are mainly exposed to the following risks:

Governance framework

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors meets regularly to assess and identify the Company's risk, to review structure to ensure the appropriate quality and diversification of assets, and to ensure that underwriting and reinsurance are in line with the Company's strategy and goals. The Company's Board of Directors has overall responsibility to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

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

Capital management framework
The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing capital is:

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The capital structure of the Company consists of issued capital, reserves and retained earnings.

Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefits payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages the insurance risk through the careful selection and implementation of its underwriting strategy guidelines together with the adequate reinsurance arrangements and proactive claims handling.

The Company principally issues mainly life and medical contracts. The concentration of insurance risk exposure is mitigated by diversifying the risk underwritten and ensuring that such risks are across a large portfolio in terms of type, level of insured benefits, amount of risk and industry.

The Company has in place strict claim review to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

Sensitivities

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

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

31 December 2019	***Change in assumptions***	***Impact on liabilities***	***Impact on net profit***	***Impact on equity***
Incurred claim cost	**+10%**	**79,409**	**(79,409)**	**-**
Incurred claim cost	**-10%**	**(79,409)**	**79,409**	**-**
31 December 2018				
Incurred claim cost	+10%	-	-	-
Incurred claim cost	-10%	-	-	-

Claims development

The Company maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are generally resolved within one year due to the nature of the insurance portfolio of the Company whereby the majority of the business are medical and life, that are short-term in nature and is directly invoiced within a very short period of time.

Reinsurance risk

The Company, in the normal course of business, in order to minimise financial exposure arising from major claims, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, excess-of-loss and facultative reinsurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Reinsurance risk (continued)
Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

To minimise its exposure to significant losses from reinsurer insolvencies, the company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The company only deals with reinsurers approved by the management, which are generally international companies that are rated by international rating agencies or other GCC rating agencies.

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

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

- Compliance with the receivable management policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

- For all classes of financial assets held by the Group, other than those relating to reinsurance contracts, the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated financial statements at the reporting date.

- Reinsurance is placed with reinsurers approved by the management. To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

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

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

Age analysis of financial assets and impairment status are detailed below:

31 December 2019	*Neither past due nor impaired QR ('000)*	*Past due but not impaired QR ('000)*	*Past due and impaired QR ('000)*	*Total QR ('000)*
Non-derivative financial assets				
Financial investments at fair value through other comprehensive income (FVOCI)- Debt securities	**619,830**	**-**	**-**	**619,830**
Insurance receivables	**265,945**	**28,730**	**2,816**	**297,491**
Reinsurance contract assets	**40,135**	**-**	**-**	**40,135**
Short-term deposits	**549,896**	**-**	**-**	**549,896**
	1,475,806	**28,730**	**2,816**	**1,507,352**

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22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

31 December 2018	*Neither past due nor impaired QR ('000)*	*Past due but not impaired QR ('000)*	*Past due and impaired QR ('000)*	*Total QR ('000)*
Non-derivative financial assets				
Financial investments at fair value through other comprehensive income (FVOCI)- Debt securities	-	-	-	-
Insurance receivables	-	-	-	-
Reinsurance contract assets	-	-	-	-
Short-term deposits	302,285	-	-	302,285
	302,285	-	-	302,285

The ageing analysis of neither past due nor impaired and past due and impaired is as follows:

31 December 2019	***< 30 days QR ('000)***	***31 to 60 days QR ('000)***	***61 to 90 days QR ('000)***	***91 to 120 days QR ('000)***	***Above 120 days QR ('000)***	***Total QR ('000)***
Insurance and other receivables (excluding prepayments)	**157,973**	**49,042**	**59,069**	**15,171**	**13,560**	**294,815**

31 December 2018	*< 30 days QR ('000)*	*31 to 60 days QR ('000)*	*61 to 90 days QR ('000)*	*91 to 120 days QR ('000)*	*Above 120 days QR ('000)*	*Total QR ('000)*
Insurance and other receivables	-	-	-	-	-	-

Impaired financial assets
At 31 December 2019, there are no impaired reinsurance financial assets in the books of the Company. For assets to be classified as "past due and impaired", the contractual payments should be in arrears for more than 90 days with remote chance of recovery. No collateral is held as security for any past due assets.

As at 31 December 2019, the impaired receivables from policyholders amounted to QR 2,816 thousand (2018: QR Nil). The Company records all impaired allowance in separate allowance account. The movement for impairment loss for the year is as follows:

	Impairment for insurance receivables	
	2019 QR ('000)	*2018 QR ('000)*
1 January	-	-
Acquisition of subsidiary	**2,584**	-
Charge for the year	**232**	-
	2,816	-

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Liquidity requirements are monitored on a daily/weekly/monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

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22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity profiles
The table below summarizes the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized insurance liabilities.

Unearned premiums and the reinsurer's share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

31 December 2019	*Up to a year QR ('000)*	*1 to 5 years QR ('000)*	*Over 5 years QR ('000)*	*Total QR ('000)*
Financial assets				
Financial investments at fair value through profit or loss (FVTPL)	54,998	27,462	-	82,460
Financial investments at fair value through other comprehensive income	91,700	235,800	292,330	619,830
Insurance and other receivables	293,261	1,554	-	294,815
Reinsurance contract assets	56,050	-	-	56,050
Cash and cash equivalents	568,711	-	-	568,711
	1,064,720	264,816	292,330	1,621,866
Financial liabilities				
Claims payables	51,270	-	-	51,270
Short-term borrowings	389,095	-	-	389,095
Insurance contract liabilities	233,366	-	-	233,366
Due to insurance and reinsurance companies	14,778	992	-	15,770
	688,509	992	-	689,501

31 December 2018	*Up to a year QR ('000)*	*1 to 5 years QR ('000)*	*Over 5 years QR ('000)*	*Total QR ('000)*
Financial assets				
Financial investments at fair value through profit or loss (FVTPL)	-	-	-	-
Financial investments at fair value through other comprehensive income	-	-	-	-
Insurance and other receivables	-	-	-	-
Reinsurance contract assets	-	-	-	-
Cash and cash equivalents	302,292	-	-	302,292
	302,292	-	-	302,292
Financial liabilities				
Claims payables	-	-	-	-
Short-term borrowings	-	-	-	-
Insurance contract liabilities	-	-	-	-
Due to insurance and reinsurance companies	-	-	-	-
	-	-	-	-

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, the Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Qatari Riyal is effectively pegged to the United States Dollar and thus currency risk occurs only in respect of currencies other than the United States Dollar. The Company's exposure to currency risk is minimal, since most of the transactions are either in Qatari Riyal or in United States Dollar.

The table below summarizes the Company's assets and liabilities by major currencies:

31 December 2019	*USD QR ('000)*	*GBP QR ('000)*	*Others QR ('000)*	*Total QR ('000)*
Cash and cash equivalents	16,118	-	552,593	568,711
Insurance and other receivables	-	-	294,815	294,815
Reinsurance contract assets	-	-	40,135	40,135
Investments	702,290	-	-	702,290
	718,408	-	887,543	1,605,951
Short term borrowings	389,095	-	-	389,095
Insurance contract liabilities	-	-	233,366	233,366
Reinsurance and other payables	396	-	92,727	93,123
	389,491	-	326,093	715,584

31 December 2018	*USD QR ('000)*	*GBP QR ('000)*	*Others QR ('000)*	*Total QR ('000)*
Cash and cash equivalents	-	-	302,292	302,292
Insurance and other receivables	-	-	-	-
Reinsurance contract assets	-	-	-	-
Investments	-	-	-	-
	-	-	302,292	302,292
Short term borrowings	-	-	-	-
Insurance contract liabilities	-	-	-	-
Reinsurance and other payables	-	-	25	25
	-	-	25	25

The Company has no significant concentration of currency risk.

Interest rate risk

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

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

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Interest rate risk (continued)

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Company has no significant concentration of interest rate risk.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear.

		31 December 2019	
	Changes in variables	***Impact on the income QR ('000)***	***Impact on equity QR ('000)***
Qatari Riyal	basis points 50+	**(329)**	**(16,588)**
Qatari Riyal	basis points 50-	**329**	**16,588**

		31 December 2018	
	Changes in variables	*Impact on the income QR ('000)*	*Impact on equity QR ('000)*
Qatari Riyal	basis points 50+	(150)	(150)
Qatari Riyal	basis points 50-	150	150

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

31 December 2019	***Up to 1 year QR'000***	***1 to 5 years QR'000***	***Over 5 years QR'000***	***Total QR'000***	***Effective interest rate (%) QR'000***
Cash and cash equivalents	**568,711**	**-**	**-**	**568,711**	**3.27%**
Investments	**146,698**	**263,263**	**292,329**	**702,290**	**3.78%**
Total	**715,409**	**263,263**	**292,329**	**1,271,001**	

31 December 2018	*Up to 1 year QR'000*	*1 to 5 years QR'000*	*Over 5 years QR'000*	*Total QR'000*	*Effective interest rate (%) QR'000*
Cash and cash equivalents	302,292	-	-	302,292	4%
Total	302,292	-	-	302,292	

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22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Price risk
Price risk is the risk that the fair value of or income from a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

		31 December 2019		*31 December 2018*	
	Changes in variables	***Impact on profit or loss (QR '000)***	***Impact on equity (QR '000)***	*Impact on profit or loss (QR '000)*	*Impact on equity (QR '000)*
International Markets	%10+	3,655	3,655	-	-
International Markets	%10-	(3,655)	(3,655)	-	-

Operational risk
Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

Classification and fair values
The following table compares the fair values of the financial instruments to their carrying values as at year end:

	31 December 2019		*31 December 2018*	
	Carrying amount QR ('000)	***Fair value QR ('000)***	*Carrying amount QR ('000)*	*Fair value QR ('000)*
Financial assets				
Cash and cash equivalents	**568,711**	**568,711**	302,292	302,292
Insurance and other receivables	**294,815**	**294,815**	-	-
Reinsurance contract assets	**40,135**	**40,135**	-	-
Financial investments at fair value through profit or loss (FVTPL)	**82,460**	**82,460**	-	-
Financial investments at fair value through other comprehensive income (FVOCI)	**619,830**	**619,830**	-	-
	1,605,951	**1,605,951**	302,292	302,292
Financial liabilities				
Short term borrowings	**389,095**	**389,095**	-	-
Reinsurance and other payables	**93,123**	**93,123**	25	25
Insurance contract liabilities	**217,452**	**217,452**	-	-
	699,670	**699,670**	25	25

23 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of preparing these financial statements, Management has made use of a number of judgments relating to the application of accounting policies which are described in Note 3. Those which have the most significant effect on the reported amounts of assets, liabilities, income and expense are listed below.

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

Classification of investments
Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 4 for further information.

Estimated credit losses
Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Refer to note 4 for Inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Claims made under insurance contracts
Claims and loss adjustment expenses are charged to statement of comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and management estimations for the claims incurred but not reported. The method for making such estimates and for establishing the resulting liability is continually reviewed by management. Any difference between the actual claims and the provisions made are included in the statement of comprehensive income in the year of settlement. As of 31 December 2019, estimate for unpaid claims amounted to 177,317 thousand (2018: QR Nil).

Impairment of Insurance and other receivables
An estimate of the collectible amount of insurance and other receivables is made when collection of the full amount is no longer probable. This determination of whether these insurance and other receivables are impaired entails the Company evaluating, the credit and liquidity position of the policyholders and the insurance companies, historical recovery rates including detailed investigations carried out during the year and feedback received from their legal department. The difference between the estimated collectible amount and the book amount is recognized as an expense in the statement of comprehensive income. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognized in the statement of comprehensive income at the time of collection. As of 31 December 2019, the carrying values of insurance receivable and reinsurance receivables amounted to QR 294,815 thousand (2018: QR Nil).

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

Q LIFE AND MEDICAL INSURANCE COMPANY L.L.C.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF Q LIFE & MEDICAL INSURANCE COMPANY L.L.C.

Opinion

We have audited the financial statements of Q Life & Medical Insurance Company L.L.C. (the "Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	***How our audit addressed the key audit matter***
Estimation of insurance contract liabilities	
Insurance technical reserves include Outstanding Claims reserve ("OCR"), Unearned Premiums Reserve ("UPR") and Incurred But Not Reported reserve ("IBNR"). As at 31 December 2018, the insurance technical reserves are significant to the Company's total liabilities. As disclosed in Note 7 to the financial statements, the determination of these reserves involves significant judgment over uncertain future outcomes related to loss payments and timing and changing risk exposure of the businesses, including primarily the timing and ultimate full settlement of long-term policyholder liabilities. The Company uses several valuation models to support the calculations of the insurance technical reserves. The complexity of the models may give rise to errors as a result of inadequate/incomplete data, inappropriate methods and assumptions, or the design or application of the models.	Our audit procedures focused on analyzing the rationale for economic and actuarial assumptions used by management along with comparison to applicable industry benchmarks in estimating insurance contract liabilities and evaluating the competence, capabilities and objectivity of the experts used by management in estimation. We involved internal actuarial experts to assist us in evaluating the reasonableness of key inputs and assumptions. We assessed the validity of management's liability adequacy testing.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
Q LIFE & MEDICAL INSURANCE COMPANY L.L.C. (CONTINUED)

Key Audit Matters (continued)

Estimation of insurance contract liabilities (continued)	
Economic assumptions such as investment return, inflation rates and interest rates and actuarial assumptions such as claims reported patterns, loss payment patterns, frequency and severity trends, customer behavior, along with Group's historical loss data are key inputs used to estimate these liabilities. Due to the significance of estimation uncertainty associated with determination of insurance technical reserves, this is considered a key audit matter.	Our work on the liability adequacy tests included assessing the accuracy of the historical data used, and reasonableness of the projected cash flows and assumptions adopted, and recalculating the insurance technical reserves on a sample basis, in the context of both the Company and industry experience and specific product features. Our procedures also include testing controls over initiation, review and approval process on claims across different lines of business, including claim settlement process. Additionally, we have performed substantive procedures to test, on a sample basis, the provision for reported claims by policyholder recorded by Management by reviewing claims reports, internal policies for reserves, and other assumptions made by Management. Furthermore, we assessed the adequacy of the disclosures relating to these reserves given in Note 7 to the financial statements.

Responsibilities of management and the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
Q LIFE & MEDICAL INSURANCE COMPANY L.L.C. (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

Date: 10 February 2019
Doha

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ارنست ويونغ

Q Life and Medical Insurance Company L.L.C.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	*2018* *QR ('000)*	*2017* *QR ('000)*
ASSETS			
Cash and bank balances	5	**448,976**	470,833
Insurance and other receivables	6	**311,303**	268,975
Reinsurance contract assets	7	**126,641**	138,504
Due from related parties	13.c	**126,245**	147,093
Investments	8	**616,510**	631,300
Property and equipment	9	**733**	716
TOTAL ASSETS		**1,630,408**	1,657,421
LIABILITIES AND EQUITY			
LIABILITIES			
Provisions, reinsurance and other payables	10	**108,334**	72,429
Due to related parties	13.b	**146,368**	165,957
Short-term borrowings	14	**382,404**	411,862
Insurance contract liabilities	7	**666,196**	710,047
TOTAL LIABILITIES		**1,303,302**	1,360,295
EQUITY			
Share capital	11	**172,800**	144,000
Fair value reserve	12	**(22,635)**	1,740
Retained earnings		**176,941**	151,386
TOTAL EQUITY		**327,106**	297,126
TOTAL LIABILITIES AND EQUITY		**1,630,408**	1,657,421

Sheikh Saoud Bin Khalid Bin Hamad Al-Thani
Chairman

Khalifa Abdulla Turki Al Subaey
Managing Director

Q Life and Medical Insurance Company L.L.C.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	*2018* *QR ('000)*	*2017* *QR ('000)*
Gross premiums	16	**1,050,558**	1,019,517
Premiums ceded to reinsurers	16	**(156,889)**	(192,937)
Net premiums		**893,669**	826,580
Movement in unexpired risk reserve	16	**(19,056)**	31,278
Net earned premiums		**874,613**	857,858
Gross claims paid	16	**(1,020,987)**	(951,450)
Reinsurance recoveries	16	**140,070**	182,268
Movement in outstanding claims	16	**51,045**	(38,851)
Net commission	16	**11,335**	3,508
Net underwriting results		**56,076**	53,333
Net investment income	17	**39,982**	30,564
Other income		**1,019**	6,105
Total income		**97,077**	90,002
Operating and administrative expenses	18	**(35,638)**	(36,420)
Depreciation	9	**(287)**	(263)
Profit before income tax		**61,152**	53,319
Income tax expenses	15	**(6,100)**	(5,350)
Prior period tax adjustment	15	**-**	6,139
Net profit for the year		**55,052**	54,108
Other comprehensive income			
Net change in investments at fair value through other comprehensive income (FVOCI)		**(24,677)**	-
Net unrealized gain on available-for-sale financial assets		**-**	3,500
Total other comprehensive income		**(24,677)**	3,500
Total comprehensive income for the year		**30,375**	57,608
Basic and diluted earnings per share in Qatari Riyal (2017: Restated as a result of bonus shares)	19	**3.19**	3.13

The accompanying notes are an integral part of these financial statements

Q Life and Medical Insurance Company L.L.C.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital QR ('000)	*Fair value reserve QR ('000)*	*Retained earnings QR ('000)*	*Total QR ('000)*
Balance at 1 January 2017	120,000	(1,760)	121,278	239,518
Profit for the year	-	-	54,108	54,108
Net unrealized gain on available-for-sale financial assets	-	3,500	-	3,500
Total comprehensive income for the year	-	3,500	54,108	57,608
Issuance of bonus shares (Note 20)	24,000	-	(24,000)	-
Balance at 31 December 2017	144,000	1,740	151,386	297,126
Impact of adopting IFRS 9 (Note 3.1 (c))	-	302	(697)	(395)
Adjusted balance as on 1 January 2018	144,000	2,042	150,689	296,731
Profit for the year	-	-	55,052	55,052
Net change in investments at fair value through other comprehensive income (FVOCI)	-	(24,677)	-	(24,677)
Total comprehensive income for the year	-	(24,677)	55,052	30,375
Issuance of bonus shares (Note 20)	28,800	-	(28,800)	-
Balance at 31 December 2018	**172,800**	**(22,635)**	**176,941**	**327,106**

The accompanying notes are an integral part of these financial statements

Q Life and Medical Insurance Company L.L.C.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Notes	*2018* *QR ('000)*	*2017* *QR ('000)*
OPERATING ACTIVITIES			
Profit before tax		**61,152**	53,319
Adjustments for			
Depreciation of property and equipment	9	**287**	263
Interest income	17	**(46,450)**	(35,349)
Interest expense	17	**10,715**	6,403
Impairment loss on receivables		**361**	-
Loss on disposal of property and equipment		**11**	7
Provision for employees' end of service benefits	10.a	**464**	422
		26,540	25,065
Movements in working capital			
Insurance and other receivables		**(39,799)**	(1,271)
Due from related parties		**20,848**	(84,000)
Insurance reserves, net		**(31,988)**	(4,444)
Provisions, insurance and other payables		**29,454**	18,794
Due to related parties		**(19,589)**	8,459
Cash used in operations		**(14,534)**	(37,397)
Employees' end of service benefits paid	10.a	**(113)**	(113)
Income tax paid		**(2,890)**	(1,560)
Net cash used in operating activities		**(17,537)**	(39,070)
INVESTING ACTIVITIES			
Net cash movement in investments		**(10,281)**	(197,135)
Purchase of property and equipment	9	**(316)**	(527)
Interest income received		**46,450**	35,349
Net cash from (used in) investing activities		**35,853**	(162,313)
FINANCING ACTIVITIES			
Net movement in short-term borrowings		**(29,458)**	113,633
Interest paid		**(10,715)**	(6,403)
Net cash (used in) from financing activities		**(40,173)**	107,230
Decrease in cash and cash equivalents		**(21,857)**	(94,153)
Cash and cash equivalents at the beginning of the year		**470,833**	564,986
Cash and cash equivalents at the end of the year	5	**448,976**	470,833

The accompanying notes are an integral part of these financial statements

Q Life and Medical Insurance Company L.L.C.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1 STATUS AND OPERATIONS

Q Life & Medical Insurance Company L.L.C. (the "Company") is a life and medical insurance company incorporated at Qatar Financial Centre and authorized by the Qatar Financial Centre Regulatory Authority (QFCRA) on 30 June 2011 (QFC No. 141). The Company is incorporated as a limited liability company (L.L.C.) under QFCRA. The Company is a subsidiary of Qatar Insurance Company S.A.Q. (the Parent Company), which owns 85% of its issued and paid up share capital. The Company has started its operations on 1 July 2011 and its commercial risk underwriting commenced on 1 October 2011.

The Company is primarily engaged in medical, credit life and group life insurance. The address of the Company's registered office is PO Box 201233, 5th Floor, QIC Building, West bay, Doha – Qatar.

The Company has a branch, Q Life and Medical Insurance Company – Asia Region (the "Branch"), which is registered in the Federal Territory of Labuan Malaysia. The Branch is primarily engaged in Group and Credit Life Insurance and is currently on a run-off.

In 2018, the Parent Company initiated a process to transfer the life and medical insurance business of the Company from QFCRA to Ministry of Trade and Business. This was achieved by incorporating a new life and medical insurance entity (QLM Life & Medical Insurance W.L.L.) in the State of Qatar and thereafter transferring the entire insurance business portfolio of the Company, except the Labuan branch business that is currently in runoff, to the newly formed entity. The portfolio transfer process was subject to approval of the Civil and Commercial Court of the QFC ("QFC Court"). On 7 January 2019, the QFC Court approved the transfer effective 1 January 2019.

These financial statements represent the operations of the Company and its Branch. These financial statements were approved by the Board of Directors on 3 February 2019.

2 BASIS OF PREPARATION

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation
These financial statements have been prepared on the historical cost basis except for certain financial instrument that are measured at fair value. The principal accounting policies are set out below. These financial statements are presented in Qatari Riyal (QR), rounded to the nearest thousand (QR '000) unless otherwise indicated.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after reporting date (no more than 12 months) and more than 12 months after reporting date (more than 12 months) is presented in Note 23.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective

Amendments to IFRS 4 Applying IFRS 9 – "Financial Instruments" with IFRS 4 – "Insurance Contracts"
IFRS 4 standard issued September 2016 amendments to the standard to introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 at the latest.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New and amended standards and interpretations (continued)

Amendments to IFRS 4 Applying IFRS 9 – "Financial Instruments" with IFRS 4 – "Insurance Contracts" (continued)
An entity may apply the temporary exemption from IFRS 9 if:

i) it has not previously applied any version of IFRS 9 before and
ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016.

The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets. The temporary exemption from IFRS 9 is available from 1 January 2018 while the overlay approach applies when IFRS 9 is applied for the first time.

The Group has assessed the above options available and criterion thereof and concluded to adopt IFRS 9 from 1 January 2018.

IFRS 9 Financial instruments
IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. The Company has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in this financial statements.

a) Changes to classification and measurement
IFRS 9 requires to determine the classification and measurement category for all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses o profit or loss on derecognition; and
- Financial assets at fair value through profit or loss (FVTPL).

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The Company's classification of its financial assets and liabilities is explained in Note 3.1 (c). The quantitative impact of applying IFRS 9 as at 1 January 2018 are disclosed in the succeeding disclosures.

b) Changes to the impairment calculation
The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for debt financial instrument not held at FVTPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset. Details of the Company's impairment method are disclosed in this financial statements.

Q Life and Medical Insurance Company L.L.C.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New and amended standards and interpretations (continued)

IFRS 9 Financial instruments (continued)

c) Transition disclosures

Set out below are the IFRS 9 transition impact disclosures for the Company. Further details of the specific IFRS 9 accounting policies applied in the current period are described in more detail in Note 3.1 (c).

	Retained earnings (QR'000)	*Fair value reserve (QR'000)*
Closing balance under IAS 39 – 31 December 2017	151,386	1,740
Impact		
Reclassification of AFS debt securities to FVTPL	131	(131)
Impact of recognition of Expected Credit Losses (ECL)	(828)	433
Adjusted balance as at 1 January 2018	150,689	2,042

Classification and Measurement of Financial Instruments

The Company performed a detailed analysis of its business models for managing financial assets as well as analysing their cash flow characteristics. The below table reconciles the original measurement categories and carrying amounts of financial assets in accordance with IAS 39 and the new measurement categories under IFRS 9 as at 31 December 2017:

	IAS 39 Measurement category	*IFRS 9 Measurement category*	*IAS 39 Carrying amount (QR'000)*	*IFRS 9 Impact Reclassification (QR'000)*	*IFRS 9 Carrying amount (QR'000)*
Cash & deposits	AC (L&R)[4]	AC[1]	470,833	-	470,833
Managed Funds	FVTPL (HFT)[5]	FVTPL (D)[2]	26,026	-	26,026
Debt Securities – Bonds	FVTPL (HFT)[5]	FVTPL (D)[2]	-	74,011	74,011
Debt Securities – Bonds	AFS[6]	FVOCI[3]	605,274	(74,011)	531,263
			1,102,133	-	1,102,133

(1) Amortised Cost
(2) Fair Value Through Profit or Loss (Designated)
(3) Fair Value Through Other Comprehensive Income)
(4) Amortised cost (Loans and Receivables)
(5) Fair Value through Profit or Loss (Held for Trading)
(6) Available-for-Sale

Q Life and Medical Insurance Company L.L.C.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New and amended standards and interpretations (continued)

IFRS 9 Financial instruments (continued)

c) Transition disclosures (continued)

Financial liabilities
There were no changes to the classification and measurement of financial liabilities.

Exposures and related ECL Movements:

	Stage 1 (QR'000)	*Stage 2 (QR'000)*	*Stage 3 (QR'000)*	*Total (QR'000)*
Exposure (carrying value) subject to ECL at 1 January 2018				
Due from banks and deposits	470,833	-	-	470,833
Financial investments - Debt	531,263	-	-	531,263
Exposure (carrying value) subject to ECL at 31 December 2018				
Due from banks and deposits	448,976	-	-	448,976
Financial investments - Debt	584,305	-	-	584,305
Opening balance as at 1 January 2018				
Due from banks and deposits	-	-	-	
Financial investments - Debt	-	-	-	
ECL Impact of initial application of IFRS 9				
Due from banks and deposits	395	-	-	395
Financial investments - Debt	433	-	-	433
Impact of recognition of ECL at Day 1	828	-	-	828
Due from banks and deposits	(194)	-	-	(194)
Financial investments - Debt	35	-	-	35
ECL charge for the year (Net)	(159)	-	-	(159)
Due from banks and deposits	202	-	-	202
Financial investments - Debt	468	-	-	468
ECL as at 31 December 2018	670	-	-	670

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Q Life and Medical Insurance Company L.L.C.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New and amended standards and interpretations (continued)

IFRS 9 Financial instruments (continued)

c) Transition disclosures (continued)

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at December 31 2017 (QR'000)	*Remeasurement (QR'000)*	*ECL under IFRS 9 as at 1 January 2018 (QR'000)*
AFS financial asset and due from banks and deposits under IAS 39/Debt instruments at fair value through OCI under IFRS 9	-	828	828

Paragraph 2.1 of IFRS 9 lists the scope exclusions for IFRS 9, which excludes the rights and obligations arising under insurance contracts that contain discretionary participating feature as per IFRS 4. In the absence of guidance of impairment of assets under an insurance contract in IFRS 4 including premium receivables existing impairment accounting policy of the Company will apply to these assets.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations
The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Company's financial statements.

Amendments to IAS 40 Transfers of Investment Property
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Company's financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. These amendments do not have any impact on the Company's financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The Company has implemented IFRS 9 effective from 1 January 2018.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New and amended standards and interpretations (continued)

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 *Construction Contracts,* IAS 8 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes as five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company has assessed that it has no complicated revenue from customer contracts other than those qualifying under IFRS 4, hence did not assess a significant impact to its financial statements.

3.2 New and revised IFRSs in issue but not yet effective

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

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17. The Company assessed the impact of this standard and do not expect the impact the adoption of the standard to be significant.

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3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required.
- Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

In order to further evaluate the effects of adopting IFRS 17 in the financial statements, an IFRS 17 Company Implementation Team has been set up sponsored by the management, comprising senior management from Finance, Risk, Operations and Investment Operations.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments are not expected to have any material impact on the financial statements of the Company.

Annual improvement – 2015 - 2017 cycle (issued in December 2017)

Standards	*Content*	**Effective date*
IFRS 3	Business Combinations	1 January 2019
IFRS 11	Joint Arrangements	1 January 2019
IAS 12	Income Taxes	1 January 2019
IAS 23	Borrowing Costs	1 January 2019

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. The key judgements and estimates made by the Company are detailed in Note 25.

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4 SIGNIFICANT ACCOUNTING POLICIES

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

Classification of financial assets and financial liabilities (applicable from 1 January 2018)
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

IFRS 9 removes the requirement contained in IAS 39 relating to bifurcation of an embedded derivative from an asset host contract. However, entities are still required to separate derivatives embedded in financial liabilities where they are not closely related to the host contract.

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities with the exception of the treatment of the gains and losses from the Company's own credit, which arise where the Company has chosen to measure a liability at fair value through profit or loss, these gains and losses are recognised in other comprehensive income. There continue to be two measurement categories for financial liabilities: fair value and amortised cost.

a) Initial recognition
Financial assets and liabilities are initially recognised on the trade date. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from the amount. Trade receivables are measured at the transaction price. The Day 1 gain or loss is recognised when the fair value of financial instruments at initial recognition differs from the transaction price.

b) Day 1 profit or loss
When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

c) Measurement categories of financial assets and liabilities
From 1 January 2018, the Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

The Company classifies and measures its derivative and trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities are measured at amortised cost.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets and financial liabilities (applicable from 1 January 2018) (continued)

Financial instruments – initial recognition
a) Financial investments at amortised cost
From 1 January 2018, the Company only measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

(i) Business model assessment
The Company determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(ii) The SPPI test
As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de-minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets and financial liabilities (applicable from 1 January 2018) (continued)

Financial instruments – initial recognition (continued)

b) Debt instruments at FVOCI

The Company applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise assets that had previously been classified as financial investments available-for-sale under IAS 39.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

c) Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as investment income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

d) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;
- The liabilities (and assets until 1 January 2018 under IAS 39) are part of a Company of financial liabilities (or financial assets, or both under IAS 39), which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities (and assets until 1 January 2018 under IAS 39) containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets and financial liabilities (applicable from 1 January 2018) (continued)

Financial instruments – initial recognition (continued)

d)Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company enters into derivative transactions with various counterparties. The Company uses derivative financial instruments for economic hedging purposes such as forward currency contracts and interest rate swaps to hedge its foreign currency risks interest rate risks and equity price risk, respectively. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of FVTPL category. However, as an exception to above, a policyholder's option to surrender an insurance contract for a fixed amount (or for an amount based on a fixed amount and an interest rate) is not separated and measured at fair value even if the exercise price differs from the carrying amount of the host insurance liability.

Embedded derivatives that meet the definition of insurance contracts are treated and measured as insurance contracts.

Any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss.

Impairment of financial assets (Policy applicable from 1 January 2018)

The Company applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the three stages based on the change in credit quality since initial recognition.

a) Overview

The adoption of IFRS 9 has fundamentally changed the Company's impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. From 1 January 2018, the Company has been recording the allowance for expected credit losses for debt financial assets not held at FVTPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets and financial liabilities (applicable from 1 January 2018) (continued)

Financial instruments – initial recognition (continued)

a) Overview (continued)

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorizes its FVOCI assets into stages as described below:

Stage 1: When financial instruments are first recognised, the Company recognises an allowance based on 12 month ECLs. Stage 1 also include financial instruments where the credit risk has improved and the has been reclassified from Stage 2.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECLs. Stage 2 also include instruments, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and treated, along with the interests calculated. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition. Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition and are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

b) The calculation of ECLs

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.
- The Exposure at Default ("EAD ") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Policy applicable from 1 January 2018) (continued)

b) The calculation of ECLs

The mechanics of the ECL method are summarised below:

Stage 1: The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial asset considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Debt instruments measured at fair value through OCI
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

c) Forward looking information
The Company, for forward looking information, relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Initial recognition and measurement within the scope of IAS 39 (applicable up to 31 December 2017)
Financial assets within the scope of IAS 39 are classified, at initial recognition, as financial assets at fair value through profit and loss ("FVTPL"), loans and receivables, held to maturity investments ("HTM"), available-for-sale ("AFS") financial assets. Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit and loss where the Company's documented investment strategy is to manage financial investments on a fair value basis.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement within the scope of IAS 39 (applicable up to 31 December 2017)
For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through profit and loss
- available-for-sale financial assets
- Loans and receivables

Financial assets at fair value through profit or loss
Financial assets at fair value through profit and loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit and loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments to be designated as at fair value through profit and loss, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis or
- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in 'Fair value gains and losses'. Interest is accrued and presented in 'Investment income', using the effective interest rate. Dividend income is recorded in 'Investment income' when the right to the payment has been established.

Available-for-sale financial assets
Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit and loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised in other comprehensive income in the fair value reserve under equity. Where the insurer holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale investments is reported as interest income using the effective interest rate. Dividends earned whilst holding available-for-sale investments are recognised in the statement of profit or loss as 'Investment income' when the right of the payment has been established.

When the asset is derecognised or determined to be impaired, the cumulative gain or loss is reclassified from available-for-sale reserve to the statement of profit or loss.

The Company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held to maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of income.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement within the scope of IAS 39 (applicable up to 31 December 2017) (continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in 'Investment income' in the statement of income. Gains and losses are recognised in the statement of income when the investments are derecognised or impaired, as well as through the amortisation process.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the effective interest rate, less impairment. The effective interest rate amortisation is included in 'Investment income' in the statement of profit or loss. Gains and losses are recognised in the statement of profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Derecognition of financial assets
A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expire or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale financial investments
For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement within the scope of IAS 39 (applicable up to 31 December 2017) (continued)

Available-for-sale financial investments (continued)
In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

Financial liabilities

Initial recognition and measurement within the scope of IAS 39 (applicable up to 31 December 2017)
Financial liabilities within the scope of IAS 39 are classified at initial recognition, as financial liabilities at fair value through profit and loss, borrowings, or payables. All financial liabilities are recognised initially at fair value and, in the case of borrowings, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, and borrowings.

Subsequent measurement within the scope of IAS 39 (applicable up to 31 December 2017)
Subsequent measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at fair value through profit and loss
The Company does not have any financial liabilities designated as fair value through profit and loss.

Borrowings
After initial recognition, interest bearing loans and borrowings, and issued notes are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the statement of profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Q Life and Medical Insurance Company L.L.C.
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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Subsequent measurement within the scope of IAS 39 (applicable up to 31 December 2017) (continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

General

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

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

Property and equipment
Property and equipment, including owner-occupied properties, are carried at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Company.

Ongoing repairs and maintenance are charged to the statement of comprehensive income during the financial period they are incurred.

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

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

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

Furniture and fixtures	- 2 to 5 years
Office equipment	- 3 years
Computers	- 3 years

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Employees' end of service benefits

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

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

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

Taxation
Provision for income tax of the Company and of its Branch are made in accordance with the Qatar Financial Centre tax regulations and Labuan Business Activity Tax Act, respectively.

Leases
The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that asset is not explicitly specified in an arrangement.

Company as a lessee
A lease is classified as the inception date as a finance lease or an operating lease. Leases that do not transfer substantially all of the risks and rewards of ownership of an asset to the Company are classified as operating leases. Operating lease payments are recognised as an expense in the statement of income on a straight line basis over the lease term.

Insurance operations

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

Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

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

Q Life and Medical Insurance Company L.L.C.
NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance operations (continued)

Reinsurance contract assets
Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the statement of comprehensive income. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

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

Gross premiums
Gross premiums are recognized when written and include an estimate for written premiums receivable at period end. Gross premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. Gross premiums also include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premium on insurance contracts are recognized as revenue (earned premiums) proportionally over the period of coverage or using actuarial assumptions, as appropriate.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

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

Insurance contract liabilities
Insurance contract liabilities include the outstanding claims provision, incurred but not reported reserves and the provision for unearned premium. Insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

Provision for outstanding claims
Provision for outstanding claims is recognized at the date the claims are known and covers the liability for losses and loss adjustment expenses based on loss reports from independent loss adjusters and management's best estimate.

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

Unexpired risks reserve
The provision for unearned premiums represents that portion of premiums received or receivable, after deduction of the reinsurance share, which relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

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

Q Life and Medical Insurance Company L.L.C.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance operations (continued)

Unexpired risks reserve (continued)
At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in accordance with IFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions.

If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

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

Reinsurance recoveries
Reinsurance recoveries are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

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

Investment activities

Investment income

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

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

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

5 CASH AND CASH EQUIVALENTS

	2018 ***QR ('000)***	*2017* *QR ('000)*
Bank balances and call accounts	**12,655**	50,610
Time deposits maturing within 3 months	**436,321**	420,223
	448,976	470,833

The interest rate on time deposits ranges from 3.25 % to 4.3 % per annum (2017: 2.59% to 4% per annum).

Q Life and Medical Insurance Company L.L.C.
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6 INSURANCE AND OTHER RECEIVABLES

	2018 QR ('000)	2017 QR ('000)
Receivable from policyholders		
Due from policyholders	295,218	245,604
Less: Provision for impaired debts	(2,584)	(2,223)
	292,634	243,381
Receivables from reinsurers		
Due from insurance companies	14,042	16,121
Other receivables		
Prepayments and others	4,627	9,473
	311,303	268,975

The movement of impairment for receivables from policyholders is disclosed in Note 23.

7 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2018 QR ('000)	2017 QR ('000)
Gross insurance contract liabilities		
Claims reported and unsettled	117,723	148,980
Claims incurred but not reported	135,734	151,872
Unearned premiums	412,739	409,195
	666,196	710,047
Reinsurers' share of insurance contract liabilities		
Claims reported and unsettled	37,626	35,075
Claims incurred but not reported	23,232	22,132
Unearned premiums	65,783	81,297
	126,641	138,504
Net insurance contract liabilities		
Claims reported and unsettled	80,097	113,905
Claims incurred but not reported	112,502	129,740
Unearned premiums	346,956	327,898
	539,555	571,543

7 INSURANCE CONTRACT LIABILITIES AND RE-INSURANCE CONTRACT ASSETS (CONTINUED)

Movements in claims reported and unsettled and claims incurred but not reported are as follows:

	31 December 2018			*31 December 2017*		
	Insurance contract liabilities QR ('000)	***Reinsurers' share QR ('000)***	***Net QR ('000)***	*Insurance contract liabilities QR ('000)*	*Reinsurers' share QR ('000)*	*Net QR ('000)*
Balance at the beginning of the year	**300,852**	**57,207**	**243,645**	278,963	54,345	224,618
Claims paid during the year	**(1,020,987)**	**(140,070)**	**(880,917)**	(951,450)	(182,268)	(769,182)
Incurred during the year	**973,592**	**143,721**	**829,871**	993,162	185,130	808,032
Impact of adjustments on inward treaties (*i*)	**-**	**-**	**-**	(19,823)	-	(19,823)
Balance at the end of the year	**253,457**	**60,858**	**192,599**	300,852	57,207	243,645

Movements in reserve for unearned premiums are as follows:

	31 December 2018			*31 December 2017*		
	Unearned premium reserve QR ('000)	***Reinsurers' share QR ('000)***	***Net QR ('000)***	*Unearned premium reserve QR ('000)*	*Reinsurers' share QR ('000)*	*Net QR ('000)*
Balance at the beginning of the year	**409,195**	**81,297**	**327,898**	448,701	97,333	351,368
Premiums written	**1,050,558**	**156,889**	**893,669**	1,019,517	192,937	826,580
Premiums earned during the year	**(1,047,014)**	**(172,403)**	**(874,611)**	(1,066,831)	(208,973)	(857,858)
Impact of adjustments on inward treaties (*i*)	**-**	**-**	**-**	7,808	-	7,808
Balance at the end of the year	**412,739**	**65,783**	**346,956**	409,195	81,297	327,898

Note:

(i) This represents the effect of revision of the Company's quota share with Oman QIC, a related party, in 2017.

Q Life and Medical Insurance Company L.L.C.
NOTES TO THE FINANCIAL STATEMENTS
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8 INVESTMENTS

	2018 *QR ('000)*	*2017* *QR ('000)*
Financial investments at fair value through profit or loss (FVTPL)	**32,205**	-
Financial investments at fair value through other comprehensive income (FVOCI)	**584,305**	-
Held-for-trading ("HFT") investments	-	26,026
Available for sale ("AFS") investments	-	605,274
	616,510	631,300

	2018	
	FVTPL (QR '000)	**FVOCI (QR '000)**
Bonds	-	**584,305**
Managed funds	**32,205**	-
	32,205	**584,365**

	2017	
	HFT (QR '000)	*AFS (QR '000)*
Bonds	-	605,274
Managed funds	26,026	-
	26,206	605,274

Bonds with carrying value of QR 584,305 (2017: QR 605,275) were pledged as collateral under repurchase and other borrowing agreements with banks.

9 PROPERTY AND EQUIPMENT

	Office equipment QR ('000)	*Furniture and fixtures QR ('000)*	*Computers QR ('000)*	*Total QR ('000)*
Cost:				
At 1 January 2018	193	1,616	988	2,797
Additions during the year	22	202	92	316
Disposal during the year	-	(20)	-	(20)
At 31 December 2018	215	1,798	1,080	3,093
Accumulated depreciation:				
At 1 January 2018	122	1,176	784	2,082
Charged during the year	50	116	121	287
Related to disposal	-	(9)	-	(9)
At 31 December 2018	172	1,283	905	2,360
Net carrying amount:				
At 31 December 2018	**43**	**515**	**175**	**733**
At 31 December 2017	71	441	204	716

Q Life and Medical Insurance Company L.L.C.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

10 PROVISIONS, REINSURANCE AND OTHER PAYABLES

	2018 *QR ('000)*	*2017* *QR ('000)*
Claims payables	**59,465**	38,471
Accrued expenses	**12,923**	13,993
Provision for income tax (Noted 15)	**15,904**	9,804
Due to insurance and reinsurance companies	**17,506**	8,331
Provision for employees' end of service benefits (Note 10.a)	**1,681**	1,330
Other Payables	**355**	-
Board of Directors' remuneration payable	**500**	500
	108,334	72,429

10.a Employees' end of service benefits

Movements in the provision for employees' end of service benefits recognized in the statement of financial position are as follow;

	2018 *QR ('000)*	*2017* *QR ('000)*
Balance at 1 January	**1,330**	1,021
Provided during the year	**464**	422
Payments made during the year	**(113)**	(113)
Balance at 31 December	**1,681**	1,330

11 SHARE CAPITAL

	2018 *QR ('000)*	*2017* *QR ('000)*
Authorised share capital:		
20,000,000 of QR 10 each	**200,000**	200,000
Issued and fully paid up:		
At 1 January	**144,000**	120,000
Issuance of bonus shares	**28,800**	24,000
Balance at 31 December	**172,800**	144,000

In 27 February 2018, the Company issued bonus shares amounting to QR 28,800,000 (2,880,000 shares of QR 10 each) (2017: 24,000,000 or 2,400,000 shares of QR 10 each issued in 20 February 2017), approved by its shareholders in Annual General Assembly at 25 February 2018 (2017: 19 February 2017).

12 FAIR VALUE RESERVE

The fair value reserve arose from the revaluation of financial instruments measured at fair value through other comprehensive income (2017: available- for- sale financial assets) as per the accounting policy detailed in Note 3.

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13 RELATED PARTY TRANSACTIONS

(a) Transactions carried out 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:

	2018 QR ('000)	*2017 QR ('000)*
Premiums		
QIC Group entities	**282,277**	326,918
Claims		
QIC Group entities	**306,899**	246,399
Other expenses		
QIC Group entities	**17,552**	15,349

(b) Due to related parties

	2018 QR ('000)	*2017 QR ('000)*
QIC Group entities	**146,368**	165,957

(c) Due from related parties

	2018 QR('000)	*2017 QR ('000)*
QIC Group entities	**126,245**	147,093

(d) Compensation of key management personnel

	2018 QR ('000)	*2017 QR ('000)*
Salaries and other short term benefits	**1,855**	1,069
End of service benefits	**313**	221

Outstanding related party balances at reporting date are unsecured and interest-free and are fully recoverable.

14 SHORT-TERM BORROWINGS

	2018 QR('000)	*2017 QR ('000)*
Borrowings against fixed income securities	**382,404**	411,862

The short-term borrowings have fixed, rollover term. As at 31 December 2018 and 2017, interest expense related to short-term borrowing amounted to QR 10.71 million and QR 6.40 million, respectively.

Q Life and Medical Insurance Company L.L.C.
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15 INCOME TAX

Movements in income tax payable are shown in the table below:

	2018 ***QR ('000)***	*2017* *QR ('000)*
At 1 January	**9,804**	13,282
Charge for the year (*i*)	**6,100**	5,350
Prior period tax adjustment (*ii*)	-	(6,139)
Payment during the year	-	(2,689)
At 31 December	**15,904**	9,804

As at 31 December 2018, an amount of QR 2,890 thousand has been allocated for provision for tax due payable

Notes:

i. The Company calculates tax provision based on 10% of profit before income tax, subject to adjustment post final assessment of tax due as per QFC Tax Regulations. On the other hand, the Branch calculates its tax provision based on 3% of profit before income tax, or at a fixed rate of MYR 20,000 (equivalent to QR 18,000) upon election of the Branch, pursuant to the Labuan Business Activity Tax Act of 1990.

Total charge for the year consists of the following:

	2018 ***QR ('000)***	*2017* *QR ('000)*
QLife and Medical Insurance L.L.C. (the "Company")	**6,100**	5,332
QLife and Medical Insurance L.L.C. – Asia Region (the "Branch")	-	18
At 31 December	**6,100**	5,350

ii. In 2017, the Company has reversed an overprovision of income tax as per QFC Tax Regulations. The reconciliation of income tax provision and actual taxes due after final assessment as per QFC Tax Regulations related to the prior years is presented below:

	2017 *QR ('000)*
Income tax provision as per Company's policy from 2011 to 2015	12,396
Income tax liabilities as per QFC Tax Returns from 2011 to 2015	(6,257)
Prior period tax adjustment (Adjustment in respect of current income tax of prior years)	6,139

Q Life and Medical Insurance Company L.L.C.

NOTES TO THE FINANCIAL STATEMENTS

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16 SEGMENT INFORMATION

For management reporting purposes, the Company is organised into two business segments - Medical and Group and Credit Life insurance. These sectors are the basis on which the Company reports its operating sector information. No operating segments have been aggregated in arriving at the reportable segment of the Company.

Segment information for the year ended 31 December 2018

	Medical QR('000)	*Group and Credit Life QR('000)*	*Total insurance QR('000)*	*Investments /other income QR('000)*	*Unallocated expenses QR('000)*	*Total QR('000)*
Gross premiums	927,186	123,372	1,050,558	-	-	1,050,558
Premiums ceded to reinsurers	(69,954)	(86,935)	(156,889)	-	-	(156,889)
Net premiums	857,232	36,437	893,669	-	-	893,669
Movement in unexpired risk reserve	(16,299)	(2,757)	(19,056)	-	-	(19,056)
Net earned premiums	840,933	33,680	874,613	-	-	874,613
Gross claims paid	(956,880)	(64,107)	(1,020,987)	-	-	(1,020,987)
Reinsurance recoveries	94,738	45,332	140,070	-	-	140,070
Movement in outstanding claims	58,410	(7,365)	51,045	-	-	51,045
Net commissions	(3,989)	15,324	11,335	-	-	11,335
Net underwriting results	33,212	22,864	56,076	-	-	56,076
Investment and other income	-	-	-	51,716	-	51,716
Finance costs	-	-	-	(10,715)	-	(10,715)
Total income	33,212	22,864	56,076	41,001	-	97,077
Operating and administrative expenses	-	-	-	-	(35,638)	(35,638)
Depreciation	-	-	-	-	(287)	(287)
Income tax expense	-	-	-	-	(6,100)	(6,100)
Segment results	33,212	22,864	56,076	41,001	(42,025)	55,052

16 SEGMENT INFORMATION (CONTINUED)

Segment information for the year ended 31 December 2017

	Medical QR('000)	*Group and Credit Life QR('000)*	*Total insurance QR('000)*	*Investments /other income QR('000)*	*Unallocated expenses QR('000)*	*Total QR('000)*
Gross premiums	883,376	136,141	1,019,517	-	-	1,019,517
Premiums ceded to reinsurers	(83,190)	(109,747)	(192,937)	-	-	(192,937)
Net premiums	800,186	26,394	826,580	-	-	826,580
Movement in unexpired risk reserve	25,221	6,057	31,278	-	-	31,278
Net earned premiums	825,407	32,451	857,858	-	-	857,858
Gross claims paid	(865,761)	(85,689)	(951,450)	-	-	(951,450)
Reinsurance recoveries	112,860	69,408	182,268	-	-	182,268
Movement in outstanding claims	(21,230)	(17,621)	(38,851)	-	-	(38,851)
Net commissions	(3,993)	7,501	3,508	-	-	3,508
Net underwriting results	47,283	6,050	53,333	-	-	53,333
Investment and other income	-	-	-	43,072	-	43,072
Finance costs	-	-	-	(6,403)	-	(6,403)
Total income	47,283	6,050	53,333	36,669	-	90,002
Operating and administrative expenses	-	-	-	-	(36,420)	(36,420)
Depreciation	-	-	-	-	(263)	(263)
Income tax expense (Net – after prior period adjustment)	-	-	-	-	789	789
Segment results	47,283	6,050	53,333	36,669	(35,894)	54,108

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17 NET INVESTMENT INCOME

	2018 QR ('000)	2017 QR ('000)
Interest from bonds and fixed deposits	**46,450**	35,349
Gain on sale of investments	**4,247**	1,618
	50,697	36,967
Finance costs	**(10,715)**	(6,403)
Net investment income	**39,982**	30,564

18 OPERATING AND ADMINISTRATIVE EXPENSES

	2018 QR ('000)	2017 QR ('000)
Employee-related costs	**13,758**	16,546
Board of Directors' remuneration	**500**	500
Other operating expenses	**21,380**	19,374
	35,638	36,420

19 BASIC AND DILUTED EARNINGS PER SHARE

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

	2018 QR ('000)	2017 QR ('000)
Net profit for the year	**55,052**	54,108
Weighted average number of ordinary shares	**17,280**	17,280
Basic and diluted earnings per share (QR.) (2017: Restated)	**3.19**	3.13

During 2018, the Company issued bonus shares for the year 2017. Accordingly, the previously reported earnings per share for 2017 have been restated for the effect of this transaction. There were no potentially diluted shares outstanding at any time during the year and therefore the diluted earnings per share is equal to the basic earnings per share.

20 DIVIDENDS

No cash dividend and bonus shares have been proposed by the Board of Directors of the Company for the year 2018 (2017: issuance of Bonus Shares of 20% (1 share for every 5 shares held) and no cash dividend). This is to be placed for approval at the Annual General Meeting.

21 COMMITMENTS AND CONTINGENT LIABILITIES

	2018 QR ('000)	2017 QR ('000)
Bank guarantees	**19,349**	10,317

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22 DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY OF INVESTMENTS

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

31 December 2018	***Level 1 QR ('000)***	***Level 2 QR ('000)***	***Level 3 QR ('000)***	***Total fair value QR ('000)***
Investment securities	**584,305**	**32,205**	**-**	**616,510**

31 December 2017	*Level 1 QR ('000)*	*Level 2 QR ('000)*	*Level 3 QR ('000)*	*Total fair value QR ('000)*
Investment securities	605,274	26,026	-	631,300

Valuation techniques

Listed investment in equity securities and debt securities

When fair values of publicly traded equity securities and debt securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy.

Managed funds

The Company invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company, in the normal course of its business, derives its revenue mainly from assuming and managing insurance and investments risks for profit. The Company's lines of business are mainly exposed to the following risks:

Governance framework

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors meets regularly to assess and identify the Company's risk, to review structure to ensure the appropriate quality and diversification of assets, and to ensure that underwriting and reinsurance are in line with the Company's strategy and goals. The Company's Board of Directors has overall responsibility to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

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23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Governance framework (continued)

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

Capital management framework
The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing capital is:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The capital structure of the Company consists of issued capital, reserves and retained earnings.

Insurance risk
The principal risk the Company faces under insurance contracts is that the actual claims and benefits payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages the insurance risk through the careful selection and implementation of its underwriting strategy guidelines together with the adequate reinsurance arrangements and proactive claims handling.

The Company principally issues mainly life and medical contracts. The concentration of insurance risk exposure is mitigated by diversifying the risk underwritten and ensuring that such risks are across a large portfolio in terms of type, level of insured benefits, amount of risk and industry.

The Company has in place strict claim review to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

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

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

31 December 2018	***Change in assumptions***	***Impact on liabilities***	***Impact on net profit***	***Impact on equity***
Incurred claim cost	**+10%**	**82,987**	**(82,987)**	**-**
Incurred claim cost	**-10%**	**(82,987)**	**82,987**	**-**
31 December 2017				
Incurred claim cost	+10%	80,803	(80,803)	-
Incurred claim cost	-10%	(80,803)	80,803	-

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Claims development

The Company maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are generally resolved within one year due to the nature of the insurance portfolio of the Company whereby the majority of the business are medical and life, that are short-term in nature and is directly invoiced within a very short period of time.

Reinsurance risk

The Company, in the normal course of business, in order to minimise financial exposure arising from major claims, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, excess-of-loss and facultative reinsurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

To minimise its exposure to significant losses from reinsurer insolvencies, the company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The company only deals with reinsurers approved by the management, which are generally international companies that are rated by international rating agencies or other GCC rating agencies.

Credit risk

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

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

- Compliance with the receivable management policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

- For all classes of financial assets held by the Group, other than those relating to reinsurance contracts, the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated financial statements at the reporting date.

- Reinsurance is placed with reinsurers approved by the management. To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

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

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

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23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Age analysis of financial assets and impairment status are detailed below:

31 December 2018	*Neither past due nor impaired QR ('000)*	*Past due but not impaired QR ('000)*	*Past due and impaired QR ('000)*	*Total QR ('000)*
Non-derivative financial assets				
Financial investments at fair value through other comprehensive income (FVOCI)- Debt securities	**584,305**	-	-	**584,305**
Insurance receivables	**258,124**	**48,552**	**2,584**	**309,260**
Reinsurance contract assets	**37,626**	-	-	**37,626**
Short-term deposits	**436,321**	-	-	**436,321**
	1,316,376	**48,552**	**2,584**	**1,367,512**

31 December 2017	*Neither past due nor impaired QR ('000)*	*Past due but not impaired QR ('000)*	*Past due and impaired QR ('000)*	*Total QR ('000)*
Available for sale - debt securities	605,274	-	-	605,274
Insurance receivables	193,808	65,695	2,223	261,726
Reinsurance contract assets	35,075	-	-	35,075
Short-term deposits	420,223	-	-	420,223
	1,254,380	65,695	2,223	1,322,298

The ageing analysis of neither past due nor impaired and past due and impaired is as follows:

31 December 2018	*< 30 days QR ('000)*	*31 to 60 days QR ('000)*	*61 to 90 days QR ('000)*	*91 to 120 days QR ('000)*	*Above 120 days QR ('000)*	*Total QR ('000)*
Insurance and other receivables	**137,195**	**39,476**	**31,444**	**52,593**	**45,968**	**306,676**

31 December 2017	*< 30 days QR ('000)*	*31 to 60 days QR ('000)*	*61 to 90 days QR ('000)*	*91 to 120 days QR ('000)*	*Above 120 days QR ('000)*	*Total QR ('000)*
Insurance and other receivables	84,959	66,422	24,817	19,833	63,471	259,502

Impaired financial assets
At 31 December 2018, there are no impaired reinsurance financial assets in the books of the Company. For assets to be classified as "past due and impaired", the contractual payments should be in arrears for more than 90 days with remote chance of recovery. No collateral is held as security for any past due assets.

As at 31 December 2018, the impaired receivables from policyholders amounted to QR 2,584 thousand (2017: QR 2,223 thousand). The Company records all impaired allowance in separate allowance account. The movement for impairment loss for the year is as follows:

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23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Impaired financial assets (continued)

	Impairment for insurance receivables	
	2018	*2017*
	QR ('000)	*QR ('000)*
1 January	**2,223**	2,223
Charge for the year	**361**	-
	2,584	2,223

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Liquidity requirements are monitored on a daily/weekly/monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Maturity profiles
The table below summarizes the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized insurance liabilities. Unearned premiums and the reinsurer's share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

31 December 2018	***Up to a year QR ('000)***	***1 to 5 years QR ('000)***	***Over 5 years QR ('000)***	***Total QR ('000)***
Financial assets				
Financial investments at fair value through other comprehensive income	**104,028**	**219,507**	**260,770**	**584,305**
Insurance and other receivables	**297,168**	**9,508**	**-**	**306,676**
Reinsurance contract assets	**37,626**	**-**	**-**	**37,626**
Cash and cash equivalents	**448,976**	**-**	**-**	**448,976**
	887,798	**229,015**	**260,770**	**1,377,583**
Financial liabilities				
Claims payables	**59,465**	**-**	**-**	**59,465**
Short-term borrowings	**382,404**	**-**	**-**	**382,404**
Insurance contract liabilities	**253,457**	**-**	**-**	**253,457**
Due to insurance and reinsurance companies	**16,514**	**992**	**-**	**17,506**
	711,840	**992**	**-**	**712,832**

31 December 2017	*Up to a year QR ('000)*	*1 to 5 years QR ('000)*	*Over 5 years QR ('000)*	*Total QR ('000)*
Financial assets				
Available-for-sale financial assets	96,254	247,437	261,583	605,274
Insurance and other receivables	257,395	2,107	-	259,502
Reinsurance contract assets	35,075	-	-	35,075
Cash and cash equivalents	470,833	-	-	470,833
	859,557	249,544	261,583	1,370,684

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23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity profiles (continued)

Financial liabilities				
Claims payables	38,471	-	-	38,471
Short-term borrowings	418,265	-	-	418,265
Insurance contract liabilities	300,852	-	-	300,852
Due to insurance and reinsurance companies	8,331	-	-	8,331
	765,919	-	-	765,919

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, the Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Qatari Riyal is effectively pegged to the United States Dollar and thus currency risk occurs only in respect of currencies other than the United States Dollar. The Company's exposure to currency risk is minimal, since most of the transactions are either in Qatari Riyal or in United States Dollar.

The table below summarizes the Company's assets and liabilities by major currencies:

31 December 2018	***USD QR ('000)***	***GBP QR ('000)***	***Others QR ('000)***	***Total QR ('000)***
Cash and cash equivalents	**12,139**	-	**436,837**	**448,976**
Insurance and other receivables	**32**	-	**309,228**	**309,260**
Reinsurance contract assets	-	-	**37,626**	**37,626**
Investments	**616,510**	-	-	**616,510**
	628,681	-	**783,691**	**1,412,372**
Short term borrowings	**382,404**	-	-	**382,404**
Insurance contract liabilities	-	-	**230,225**	**230,225**
Reinsurance and other payables	**13,578**	**992**	**95,217**	**109,787**
	395,982	**992**	**325,442**	**722,416**

31 December 2017	*USD QR ('000)*	*GBP QR ('000)*	*Others QR ('000)*	*Total QR ('000)*
Cash and cash equivalents	11,893	-	458,940	470,833
Insurance and other receivables	160	-	261,566	261,726
Reinsurance contract assets	-	-	35,075	35,075
Investments	631,300	-	-	631,300
	643,353	-	755,581	1,398,934
Short term borrowings	411,862	-	-	411,862
Insurance contract liabilities	-	-	278,719	278,719
Reinsurance and other payables	59	992	71,378	72,429
	411,921	992	350,097	763,010

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23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Currency risk (continued)
The Company has no significant concentration of currency risk.

Interest rate risk
The Company is not exposed to interest rate risk as the Company does not have any interest sensitive financial instruments.

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

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Company has no significant concentration of interest rate risk.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

	Changes in variables	*31 December 2018* Impact on the income QR ('000)	Impact on equity QR ('000)
Qatari Riyal	basis points 50+	**(100)**	**(12,383)**
Qatari Riyal	basis points 50-	**100**	**12,383**

	Changes in variables	*31 December 2017* Impact on the income QR ('000)	Impact on equity QR ('000)
Qatari Riyal	basis points 50+	**42**	(12,172)
Qatari Riyal	basis points 50-	**(42)**	12,172

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

31 December 2018	*Up to 6 months QR'000*	*6 months to 1 year QR'000*	*1 to 5 years QR'000*	*Over 5 years QR'000*	*Total QR'000*	*Effective interest rate (%) QR'000*
Cash and cash equivalents	**448,976**	-	-	-	**448,976**	**4.08%**
Investments	**55,744**	**48,284**	**219,507**	**260,770**	**584,305**	**3.74%**
Total	**504,720**	**48,284**	**219,507**	**260,770**	**1,033,281**	

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23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Interest rate risk (continued)

31 December 2017	*Up to 6 months QR'000*	*6 months to 1 year QR'000*	*1 to 5 years QR'000*	*Over 5 years QR'000*	*Total QR'000*	*Effective interest rate (%) QR'000*
Cash and cash equivalents	470,833	-	-	-	470,833	3.06%
Investments	49,550	46,584	163,559	345,581	605,274	3.43%
Total	520,383	46,584	163,559	345,581	1,076,107	

Price risk
Price risk is the risk that the fair value of or income from a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

		31 December 2018		*31 December 2017*	
	Changes in variables	***Impact on profit or loss (QR '000)***	***Impact on equity (QR '000)***	*Impact on profit or loss (QR '000)*	*Impact on equity (QR '000)*
International Markets	%10+	-	-	2,603	-
International Markets	%10-	-	-	(2,603)	-

Operational risk
Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

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23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Classification and fair values
The following table compares the fair values of the financial instruments to their carrying values as at yearend:

	31 December 2018		*31 December 2017*	
	Carrying amount QR ('000)	***Fair value QR ('000)***	*Carrying amount QR ('000)*	*Fair value QR ('000)*
Financial assets				
Cash and cash equivalents	**448,976**	**448,976**	470,833	470,833
Insurance and other receivables	**309,260**	**309,260**	261,725	261,725
Reinsurance contract assets	**37,626**	**37,626**	35,075	35,075
Investments held for trading	-	-	26,026	26,026
Available -for-sale Investments	-	-	605,274	605,274
Financial investments at fair value through profit or loss (FVTPL)	**32,205**	**32,205**	-	-
Financial investments at fair value through other comprehensive income (FVOCI)	**584,305**	**584,305**	-	-
	1,412,372	**1,412,372**	1,398,933	1,398,933
Financial liabilities				
Short term borrowings	**382,404**	**382,404**	411,862	411,862
Reinsurance and other payables	**109,787**	**109,787**	72,429	72,429
Insurance contract liabilities	**230,225**	**230,225**	278,719	278,719
	722,416	**722,416**	763,010	763,010

25 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of preparing these financial statements, Management has made use of a number of judgments relating to the application of accounting policies which are described in Note 3. Those which have the most significant effect on the reported amounts of assets, liabilities, income and expense are listed below.

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

Classification of investments (applicable from 1 January 2018)
Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 4 for further information.

Estimated credit losses
Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Refer to note 4 for Inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

Classification of investments (applicable up to 31 December 2017)
Quoted securities are classified either held for trading or as available for sale. The Company invests substantially in quoted securities either locally or overseas and management has primarily decided to account for them for their potential long term growth rather than the short term profit basis. Consequently, such investments are recognized as available for sale rather than at fair value through profit or loss.

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25 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Classification of investments (applicable up to 31 December 2017) (continued)

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

Impairment of financial assets (applicable up to 31 December 2017)

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

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Key sources of estimation uncertainty

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

Claims made under insurance contracts

Claims and loss adjustment expenses are charged to statement of comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and management estimations for the claims incurred but not reported. The method for making such estimates and for establishing the resulting liability is continually reviewed by management. Any difference between the actual claims and the provisions made are included in the statement of comprehensive income in the year of settlement. As of 31 December 2018, estimate for unpaid claims amounted to 192,599 thousand (2017: QR 243,645 thousand).

Impairment of Insurance and other receivables

An estimate of the collectible amount of insurance and other receivables is made when collection of the full amount is no longer probable. This determination of whether these insurance and other receivables are impaired entails the Company evaluating, the credit and liquidity position of the policyholders and the insurance companies, historical recovery rates including detailed investigations carried out during the year and feedback received from their legal department. The difference between the estimated collectible amount and the book amount is recognized as an expense in the statement of comprehensive income. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognized in the statement of comprehensive income at the time of collection. As of 31 December 2018, the carrying values of insurance receivable and reinsurance receivables amounted to QR 306,676 thousand (2017: QR 259,502 thousand).

Liability Adequacy Test

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

8 MANAGEMENT DISCUSSION & ANALYSIS

The following management discussion and analysis of the operating and financial results of QLM / Q Life is based on, and should be read in conjunction with, the historical financial information and accompanying notes in Section 7 of this Prospectus. The financial information, as disclosed in this section, of QLM as at and for the six months ended 30 June 2020 and as at and for the year ended 31 December 2019 has been, unless otherwise indicated, derived from the unaudited interim condensed consolidated financial statements of QLM as at and for the six months ended 30 June 2020 and the audited consolidated financial statements of QLM as at and for the fiscal year ended 31 December 2019, respectively. The financial information, as disclosed in this section, of Q Life as at and for the years ended 31 December 2018 and 2017 has been, unless otherwise indicated, derived from the audited financial statements of Q Life as at and for the fiscal year ended 31 December 2018. Wherever the context allows, references in this Section 8 to the performance, operations or financial results of QLM before FY2019 shall be deemed to apply to the performance, operations or financial results of Q Life. The financial information of QLM as at and for the six months ended 30 June 2019 is neither audited nor reviewed. Prospective investors should read the following discussion together with the whole of this Prospectus, including the section entitled “Risk Factors”, and should not rely solely on the information set out in this section. The following discussion includes certain forward-looking statements that, although based on assumptions that the Directors consider to be reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied in this Prospectus. Among the important factors that could cause the Company’s actual results, performance or achievements (following its conversion into a QPSC) to differ materially from those expressed in such forward-looking statements are those factors that are discussed in the “Forward-Looking Statements” and “Risk Factors” sections in this Prospectus. All statements other than statements of historical fact, such as statements regarding the future financial position and risks and uncertainties related to the Company’s business, plans and objectives for future operations, are forward-looking statements. Investors should not rely on interim results as being indicative of the results the QLM may achieve for the full year.

8.1 Overview and Company history

On 30 June 2011, QIC incorporated Q Life in the QFC in accordance with the provisions of the QFC Companies Regulations of 2005. Q Life is regulated by the QFCRA and authorised to carry out group life and group medical insurance business. Q Life operated as a subsidiary of QIC, where QIC owned 85% of the shares in Q Life, and the remaining 15% of Q Life's shares were held by prominent Qatari corporate and individual investors. Q Life was managed by a board comprising a mix of senior executives of QIC, representatives from QIC’s board, and individuals representing the minority shareholders.

Q Life's main business activities were group life and group medical insurance and reinsurance. Following its incorporation on 30 June 2011, Q Life quickly gained traction and became a market leader in Qatar in the fields of group life and group medical insurance. In 2015, Q Life established a branch office in Labuan, Malaysia (the “Labuan Branch”). The Labuan Branch was authorised and regulated by the Labuan Financial Services Authority. However, in the year 2017, it was decided to liquidate the Labuan Branch's operations for commercial reasons, due to lower-than-expected commercial performance. All of the Labuan Branch's policies expired before 1 January 2018, and QLM has assumed all liabilities for any remaining claims on the Labuan Branch's policies, which are estimated at QAR 1.3 million. Q Life also tapped the markets in the UAE, Oman and Kuwait through providing life and medical reinsurance from QIC’s branches and/or subsidiaries located in those jurisdictions.

QLM was incorporated on 30 April 2018, under commercial registration number 116849. QLM is a life and medical insurer and is licensed by the Qatar Central Bank to engage in insurance activities. As at the date of this Prospectus, QLM is owned by the Founders of the Company, with Qatar Insurance Company holding 85% of the shares of QLM.

Following its incorporation, QLM became the business successor of Q Life when it acquired substantially all of the insurance business portfolio of Q Life, which had been operational since June 2011. The portfolio transfer process was subject to approval of the Civil and Commercial Court of the Qatar Financial Centre, and on 7 January 2019, the QFC Court approved the transfer, effective 1 January 2019. Until then, insurance activities had been carried out by Q Life under the supervision of the Qatar Financial Centre Regulatory Authority. In addition to the portfolio transfer, QLM also acquired QIC's shares in Q Life, and as at the date of this Prospectus, Q Life is a wholly owned subsidiary of QLM. It is intended that Q Life will not undertake any regulated activities, however it will continue to provide non-regulated support services to QLM. It was determined by QLM that this restructuring would simplify its structure within the larger QIC Group (many of whose group companies are also regulated by the QCB) and improve QLM's governance and capital efficiencies.

Wherever the context allows, references in this Section 8 to the performance, operations or financial results of QLM before FY2019 shall be deemed to apply to the performance, operations or financial results of Q Life.

QLM has continued to engage in the same activities as Q Life; namely, group credit life and group medical, and has expanded into retail life insurance products and will continue to expand into new product lines, including individual medical insurance, and investment-linked life insurance.

As at the date of this Prospectus, the shareholding structure of QLM replicates the previous structure of Q Life mentioned above (85% of its shares are held by QIC and the remaining 15% of its shares are held by the previous Q Life minority shareholders). QLM is managed by the same board that managed Q Life and is generally served by the same employees who served Q Life. In addition to QLM's acquisition of Q Life's portfolio, QLM also acquired Q Life itself, which has become a wholly owned subsidiary of QLM. As at the date of this Prospectus, QLM has plans to de-authorise Q Life followed by widening the scope of the QFC license to include support services.

To a large extent, QLM has and—following its conversion into a QPSC—will continue to follow the same business model adopted by Q Life by continuing to expand in the local market and leveraging its relationship with QIC’s group entities in the UAE, Oman and Kuwait to source reinsurance business from those markets. However, as mentioned above, the scope of QLM's insurance licence also allows it to deal with retail customers, something which Q Life was not authorised to do. For this reason, QLM believes that this has substantially increased its ability to tap the local market in Qatar. QLM is currently in the process of rolling out new products targeting the retail customers in the market.

Like other insurers, QLM invests a significant percentage of the premiums it receives, and QLM has derived a substantial portion of its profits through its investments. QLM's investment management functions are carried out by its investment manager, Epicure Investment Management LLC, a fully-owned subsidiary of the QIC Group. Notwithstanding its role as investment manager, Epicure is obligated to follow QLM's instructions, most notably in the form of asset class allocation limits, which are regularly reviewed by QLM for compliance.

Management considers QLM to have several strengths and advantages, which have contributed to the results discussed below in this section. QLM enjoys a strong financial base, a highly qualified and committed workforce, and has in-depth knowledge of the local insurance market. QLM has the ability to develop tailored products and service insurance claims through its own extensive network of service providers. QLM is able to deliver efficient, timely and best-of-class service to insured members by extensively leveraging the use of IT platforms and technology to its advantage.

8.2 Key Factors Affecting Results of Operations (2017-2019)

The Directors believe that the following key factors have had and/or will have a significant effect on QLM's business and results of its operations:

8.2.1 Insurance premium rates

Medical gross premium, which represented 87.9% of QLM's gross premiums in FY2019 (with group and credit life gross premiums comprising the remaining 12.1%), are priced in advance as part of a tender or renewal process for clients. The premium rates are based on QLM's forecasts of health care and other benefit costs during a fixed premium period, which is generally one year. These forecasts are typically developed several months before the fixed premium period begins, are influenced by historical data (and recent historical data in particular), are dependent on QLM's ability to anticipate and detect medical cost trends and changes in members' behaviour and healthcare utilization patterns and require a significant degree of judgment. It is particularly difficult to accurately anticipate, detect, forecast, manage and reserve for medical cost trends and utilization of medical and/or other covered services during and following periods when such utilization and/or trends are below recent historical levels, during periods of changing economic conditions and employment levels and for products with substantial.

Premiums for QLM's group life insurance policies are priced in advance based on industry tables on mortality and morbidity. Claims experiences may, however, differ due to some unforeseen factors like terrorist attacks, epidemics pandemics, natural disasters or high cluster cases. Claims costs may also be affected by directives by governments or regulatory bodies for liberal treatments of claims.

8.2.2 Client retention

QLM has consistently retained approximately 90% of its existing Qatar business, year on year, during the period from FY2017 to FY2019. QLM's high renewal rate is indicative of its market leadership in the employee insurance benefits segment in Qatar through its ability to:

- offer high quality and differentiated offerings;
- provide exceptional member service and responsiveness;
- maintain and improve relationships with business partners;
- continuously maintain and enhance its technological edge;
- offer competitive pricing by continually improving operational efficiencies; and
- compete effectively.

8.2.3 New business generation

The group medical and group life insurance businesses in Qatar are highly competitive. Contracts are typically awarded based on tender processes. Although QLM has a larger customer base and greater financial resources than its competitors, its ability to win new business is based on several factors including:

- pricing, which is the most significant basis of competition;
- introduction of attractive new products and continuous improvement of existing products;
- quality of service;
- quality and depth of provider network;
- adherence to applicable laws and regulation;
- brand awareness; and
- ability of the marketing and business development team to identify underserved market segments and capture potential market opportunities.

8.2.4 Investment performance

In addition to insurance premiums, QLM generates income through its investments, which are substantially focused in capital markets (e.g., investment-grade bonds). Therefore, QLM's financial results and condition can be affected by volatility in financial markets, including equity values, defaults by bond issuers, corporate bond credit spreads, and other events. Such conditions impact the value of QLM's investment portfolio, which in turn impacts QLM's results via a reduced investment return and impact on the valuation of its assets.

QIC's asset management team continuously reviews QLM's investment portfolios and there is a continuing risk that decline in fair value may occur and additional material realized losses from sales or other-than-temporary impairments may be recorded in future periods.

Most recently, volatility in the financial markets as a result of the COVID-19 outbreak may have an impact on QLM's investment and overall performance for FY2020.

8.2.5 Healthcare or other benefits costs

- ***Hospital and clinic cost for consultations***, medical procedures, diagnosis and other miscellaneous activities: QLM continuously monitors pricing at medical service providers and seeks to ensure that these costs are well controlled, whether through directly negotiated discounts, volume discounts, or, in majority of cases, a combination of both.

- ***Cost of pharmaceutical products:*** QLM monitors the cost of pharmaceutical products by using an advanced pharmacy management system. This technology involves the application of sophisticated medical rules to approve the prescription of medicines and other pharmaceutical products.

- ***Mortality rates:*** Mortality, a measure of expected death, assumptions are based on industry actuarial tables and modified based upon actual experience. Material increases in mortality levels could lead to higher life insurance benefits costs and reduced profitability.

- ***Insurance fraud detection:*** A dedicated counter-fraud team is monitoring and detecting fraud and abuse, whether by providers or members. Upon detection, a recovery penalty is applied, with escalation for repetitive abuses, which might ultimately lead to termination and blacklisting.

- ***Clinical governance:*** Qualified doctors are creating a medical protocol in accordance to the international medical guidelines and localizing it to suit the Qatar market to have full proactive control measures on the procedures of the treatments.

8.2.6 Operating and administrative expenses

QLM's operating and administrative expenses represent its indirect costs and consist primarily of employee-related costs, advisory fees, board of director remuneration, and other operating expenses. From 2017 to 2019, QLM/Q Life's expense ratio averaged approximately 4.6%. While QLM proactively attempts to effectively manage its operating and administrative expenses, increases in staff-related expenses, additional investment in new IT solutions, new taxes and assessments, and implementation of regulatory requirements may result in higher operating and administrative expenses.

8.2.7 Liquidity

Historically, QLM's primary sources of cash have included receipts of group medical and group life insurance premiums, investment income, proceeds from the sale or maturity of investment securities, and short-term borrowings. QLM's primary uses of cash historically have included claims disbursements, operating costs, interest on borrowings, taxes, purchases of investment securities, capital expenditures, repayments on borrowings and dividends. From period to period, cash flows are affected by the timing of working capital items including premiums receivable, claims payable, reinsurance payable and other receivables and payables.

Given the short-term nature of the majority of health and life insurance policies, QLM has invested in highly liquid fixed income securities with average ratings of A- and interest yielding term deposits which can be very readily converted into cash.

The Directors believe that QLM's cash balances, investment securities, operating cash flows, and funds available under its short-term borrowing arrangements, taken together, provide adequate resources to fund ongoing operating and regulatory requirements, growth opportunities, and capital expenditures, as well as to refinance or repay short-term borrowings and pay dividends.

8.3 Discussion on Results of Operations

This paragraph 8.3 highlights only certain selected information, as included in the tables below, that the Directors consider most relevant to the discussion of the results of operations for QLM/Q Life during the FY2017 – H12020 period.

Selected Financial Data

Statement of Income / Comprehensive Income Data					
QAR '000s	**Year ended 31 December**			**Six months ended 30 June (unaudited)**	
	2017	**2018**	**2019**	**2019**	**2020**
Gross premiums	1,019,517	1,050,558	1,020,479	575,651	604,614
Net premiums	826,580	893,669	942,573	517,814	554,132
Net underwriting results	53,333	56,076	78,159	35,720	54,483
Net investment income*	36,669	41,001	52,616	27,008	17,512
Net profit for the year / period	54,108	55,052	86,878	40,253	50,454

*Classified as "Net Investment and other income" in Q Life's audited financial statements as at and for the year ended 31 December 2018

Statement of Financial Position Data					
QAR '000s	**As at 31 December**			**As at 30 June (unaudited)**	
	2017	**2018**	**2019**	**2019**	**2020**
Cash and cash equivalents**	470,833	448,976	568,711	853,484	507,282
Insurance and other receivables	268,975	311,303	297,491	393,089	455,902
Short term borrowings	411,862	382,404	389,095	369,034	315,952
Insurance contract liabilities	710,047	666,196	683,999	728,705	813,863
Total shareholders' equity***	297,126	327,106	460,864	403,874	459,728

**Classified as "Cash and Bank Balances" in Q Life's audited financial statements as at and for the year ended 31 December 2018

***Classified as "Total Equity" in the Q Life's audited financial statements as at and for the year ended 31 December 2018

8.3.1 Overview of Results of Operations (2017 - H1 2020)

QLM has, in recent years, witnessed a rising trend in net underwriting results, which registered a growth of 39.4% in FY2019 when compared to FY2018. The growth trajectory is further reaffirmed by the half-yearly results which registered a significant growth of 52.5% in net underwriting results in H1 2020 as against H1 2019. This was primarily due to a broad range of stringent measures put in place by management to curb claim costs, negotiate rebates (both basic and volume) with providers, revise premium pricing at renewals, scrutinize data to stem abuse of benefits, enhance IT systems to improve service delivery mechanism, identify and weed out loss-making accounts and at the same time expand the customer base by focusing on the capture of other key accounts which had not been part of QLM's book of business. The result of all the above countermeasures are reflected in the overall declining trend in the year-on-year loss ratios, particularly in FY2019, followed by a further decline in H1 2020.

QLM's business acquisition cost is minimal as a significant portion of QLM's portfolio is sourced directly without the involvement of any intermediaries (such as insurance brokers). QLM's distribution strategy has led to significant cost savings for QLM, and this benefit is equally passed on to clients

through competitive premium quotations. On the expenses side, QLM closely monitors and controls its operational costs which is reflected in QLM's low expense ratio. This is in spite of the fact that many core functions, including product design, benefit pricing, product development and customization, claims administration and provider network management (both local and international) and 24x7 customer helpdesk, are handled and managed in-house without the involvement of any third party.

QLM/Q Life's key underwriting results during the 2017-H12020 period are summarized in the table below:

Statement of Financial Position Data					
QAR '000s	**Year ended 31 December**			**Six months ended 30 June (unaudited)**	
	2017	**2018**	**2019**	**2019**	**2020**
Gross premiums	1,019,517	1,050,558	1,020,479	575,651	604,614
Medical gross premiums	883,376	927,186	897,193	497,717	514,461
Group and Credit Life gross premiums	136,141	123,372	123,286	77,934	90,153
Premium Ceded to Reinsurers	(192,937)	156,889))	(77,906)	(57,837)	(50,482)
Medical premium ceded to reinsurers	(83,190)	(69,954)	(8,021)	(11,311)	(12,600)
Group and Credit life premium ceded to reinsurers	(109,747)	(86,935)	(69,885)	(46,526)	(37,882)
Net Premiums	826,580	893,669	942,573	517,814	554,132
Medical Net Premiums	800,186	857,232	889,172	486,406	501,861
Group and Credit Life Net Premiums	26,394	36,437	53,401	31,408	52,271
Net underwriting results	53,333	56,076	78,159	35,720	54,483

8.3.2 Results of Operations (H1 2019 vs H1 2020) and Discussion

Comparison for the periods ended 30 June 2019 and 30 June 2020

Net underwriting results was QAR 54.5 million in H1 2020 compared to QAR 35.7 million in H1 2019, representing a significant growth of 52.5%. The continued improvement in performance reaffirmed the efficacy of the host of strategic initiatives deployed by management at the start of 2019, which were directed towards cost optimization, reduced turn-around time and enhanced service delivery standards. The medical gross premiums witnessed an increase of 3.4% from H1 2019 to H1 2020. QLM’s group and credit life gross premiums witnessed a notable growth of 15.7%. The overall loss ratio declined further to 85.2% in H1 2020 as compared to 89.2% in H1 2019. On the reinsurance side there was an increase in risk retention in the life portfolio due to the termination of QLM's quota share arrangement with QIC, while on the medical side the retention ratio was almost flat. The capital adequacy ratio as at 30 June 2020 stood at 193% compared with the ratio prescribed 150% by the Qatar Central Bank.

Due to the prevailing COVID-19 pandemic and its adverse impact on economies and capital markets across the world, QLM's investment income (net of financing cost) witnessed a decline of 35.2% in H1 2020 against the corresponding level in H1 2019.

QLM's operating and administrative expenses in H1 2020 increased by 4.8% to QAR 23.3 million as compared to QAR 22.2 million in H1 2019, remaining within the expected range of annual growth in expenses.

Income Statement Trend Analysis (H1 2019 to H1 2020)

Gross premiums

Gross premiums were QAR 604.6 million in H1 2020 compared to QAR 575.7 million in H1 2019, an increase of 5.0%. Medical gross premiums grew by 3.4%, while the life insurance portfolio registered strong growth of 15.7%. Management continued its strategic initiatives coupled with close monitoring of QLM’s underwriting performance at an individual policy level and followed by corrective action wherever required. Overall new business gained during H1 2020 was approximately QAR 25.9 million, which was largely offset by non-renewed business of QAR 21.1 million primarily due to the Company ceasing business with certain unprofitable clients. The disruptions associated with the COVID-19 pandemic contributed to delays in tenders for some targeted large clients. However, management continues to monitor market developments and is well equipped to capitalize on future opportunities.

Net premiums

QLM's net premiums in H1 2020 rose to QAR 554.1 million from QAR 517.8 million in H1 2019, an increase of 7.0%. This was due to an increase in medical and life gross premiums, coupled with an increased risk retention in QLM's life portfolio due to the termination of its quota share arrangement with QIC at the beginning of FY 2020. As a result, QLM's total premiums ceded to reinsurers decreased to QAR 50.5 million in H1 2020 from QAR 57.8 million in H1 2019, a drop of 12.7%.

Net underwriting results

Net underwriting results increased by QAR 18.8 million, or 52.5%, from QAR 35.7 million in H1 2019 to QAR 54.5 million in H1 2020. This was primarily due to an improvement in QLM's loss ratio to 85.2% in H1 2020 compared to 89.2% in H1 2019. This improvement in loss ratios was mainly driven by the medical portfolio and a host of countermeasures deployed by management, from underwriting controls to claim cost optimization. The COVID-19 pandemic has had a favorable short-term impact on QLM's net underwriting results, which was partly offset by QLM's conservative reserving methodology wherein this was suitably factored in the determination of technical reserves as on 30 June 2020.

Net investment income

Net investment income decreased by QAR 9.5 million, or 35.2%, from QAR 27.0 million in H1 2019 to QAR 17.5 million in H1 2020. The decline was primarily due to the following:

- Adverse impact of the COVID-19 pandemic on the economic and capital markets environments worldwide. However, the later part of H1 2020 witnessed some recovery in capital markets, and management cautiously expects improvement in H2 2020.
- The decline of QAR 346.2 million in QLM's cash and cash equivalents from QAR 853.4 million as at 30 June 2019 to QAR 507.3 million as at 30 June 2020. This was a result of QLM's full settlement of the purchase consideration due to QIC in respect of the acquisition of Q Life.

Net profit for the period

Net profit for H1 2020 was QAR 50.5 million compared to QAR 40.3 million in H1 2019. The increase in net profit for the period was the result of improved loss ratios in the medical portfolio and the increased retention of risk premiums in the life portfolio. These impacts were partially offset by the decline in net investment income.

Balance Sheet Trend Analysis (H1 2019 vs H1 2020)

Cash and cash equivalents

Cash and cash equivalents fell to QAR 507.3 million at 30 June 2020 from QAR 853.4 million at 30 June 2019. The decline in cash and cash equivalents was primarily due to full settlement of the purchase consideration to QIC for the acquisition of Q Life. The purchase consideration of QAR 350 million was paid in instalments between April and June 2020.

Insurance and other receivables

Insurance and other receivables increased from QAR 393.1 million to QAR 455.9 million or 15.9% between 30 June 2019 to 30 June 2020 primarily as a result of the increase in gross premiums in H1 2020 and the renewal of key large accounts. The ongoing COVID-19 crisis also contributed to delayed settlement of premiums due from certain key clients.

Short-term Borrowings

Short-term borrowings are associated with QLM's investments in fixed income securities and are not for operational purposes. Short-term borrowings declined by QAR 53.1 million, or 14.4%, from QAR 369.0 million as at 30 June 2019 to QAR 316.0 million as at 30 June 2020. This was partly due to a reduction in the fixed income portfolio.

Insurance Contract Liabilities

Insurance contract liabilities increased from QAR 728.7 million as at 30 June 2019 to QAR 813.9 million as at 30 June 2020, an increase of 11.7%. This was primarily a result of a QAR 72.9 million increase in the gross reserve for unearned premiums, and a QAR 12.2 million increase in the provision for claims reported and unsettled and claims incurred but not reported. The net technical reserves (insurance contract liabilities less reinsurance contract assets) rose by QAR 82.0 million due to increased risk retention and growth of 7.0% in net premiums (H1 2020 vs. H1 2019). This increase was primarily due to the increase in net unearned premiums, out of which QAR 69.6 million was attributable to the medical portfolio and the remaining QAR 13.0 million to QLM's life portfolio. The net outstanding claims reserves (including incurred but not reported) as at 30 June 2020 were almost flat when compared to 30 June 2019.

Total shareholders' equity

Shareholders' equity registered a significant growth of 13.8% from QAR 403.8 million as at 30 June 2019 to QAR 459.7 million as at 30 June 2020. This increase was mainly due to the transfer of the profits of QAR 50.5 million for H1 2020 to retained earnings and a marginal favourable movement in the fair value reserve between H1 2019 and H1 2020

8.3.3 Results of Operations (2018 to 2019) and Discussion

Comparison for the years ended 31 December 2018 and 2019

FY 2019 witnessed a significant growth both in net underwriting results and net investment income as compared to FY 2018. QLM re-calibrated its underwriting approach and increased its risk retention, which paid off favourably in terms of lower claims volume and overall reduced loss ratio. Furthermore, QLM was able to tap into some key accounts in addition to other small- and medium-sized enterprise business to fill in the gap caused by the termination or non-renewal of loss-making accounts.
On the investment side there was a massive jump of 28.3% in net investment income in FY2019 as compared to FY2018 due to an increase in the overall investment portfolio size, followed by improved interest rates and investment yields.

However, in FY2019 there was a slight increase in expenses, although the overall expense ratio remained healthy and competitively comparable to industry standards.

Income Statement Trend Analysis (2018 to 2019)

Gross premiums

Gross premiums declined from QAR 1,050.6 million in FY2018 to QAR 1,020.5 million in FY2019, a reduction of 2.9%. The reduction in gross premiums was the result of QLM's strategy of not renewing major group medical polices that generated underwriting losses, as well as the recalibration of premiums and member benefits for certain existing group medical policies. The reduction in premiums from certain loss-making accounts was largely offset by premiums generated from newly acquired customers.

Net premiums

Despite the slight reduction in gross premiums, QLM's net premiums rose from QAR 893.7 million in FY2018 to QAR 942.6 million in FY2019, an increase of 5.5%. The increase in net premiums was a result of the significant reduction in the total premiums ceded to reinsurers. The decline in total premiums ceded to reinsurers was attributable to:

- a QAR 61.9 million decline in medical premiums ceded to reinsurers; and
- a QAR 17.1 million decline in group and credit life premiums ceded to reinsurers which was primarily due to reduction in the life quota share arrangement with the QIC Group from 50% in FY2018 to 25% in FY2019.

Net underwriting results

Net underwriting results increased from QAR 56.1 million in FY2018 to QAR 78.2 million in FY2019 on account of the improvement in Loss Ratio from 94.9% to 90.8%, as well as the increase in Retention Ratio (where "Retention Ratio" equals the net premiums divided by the gross premiums for the year/period) from 85.1% to 92.4% from FY2018 to FY2019. The improvement in loss ratio was a result of strategic initiatives to cease underwriting loss-making group medical accounts and the introduction of stringent measures to control claims costs.

Net investment income

Net investment income increased from QAR 41.0 million in FY2018 to QAR 52.6 million in FY2019. The increase in investment income was primarily due to a QAR 198.8 million increase in the size of the portfolio of cash and cash equivalents, and financial investments net of short-term borrowings from 31

December 2018 to 31 December 2019.

Net profit for the year

Net profit for the year grew by 57.8% from QAR 55.1 million in FY2018 to QAR 86.9 million in FY2019. The increase in net profit was driven by improved net underwriting results and net investment income and a reduction in tax expense from QAR 6.1 million to QAR 1.0 million, both of which offset a 33.4% increase in operating and administrative expenses.

Balance Sheet Trend Analysis (2018 to 2019)

Cash and cash equivalents

Cash and cash equivalents witnessed a growth of QAR 119.7 million and stood at QAR 568.7 million as at 31 December 2019 as compared to QAR 449.0 million as at 31 December 2018. The increase was mainly due to an increase in the short term deposits (including time deposits) by QAR 113.6 million from QAR 436.3 million as at 31 December 2018 to QAR 549.9 million as at 31 December 2019.

Insurance and other receivables

Insurance and other receivables decreased by QAR 13.8 million and stood at QAR 297.5 million as at 31 December 2019 as compared to QAR 311.3 million as at 31 December 2018. The main reason for this decline was a reduction of QAR 11.9 million in the receivables from policyholders and reinsurance companies. The average collection period from policyholders was well within the acceptable credit period throughout both years.

Short-term Borrowings

Short-term borrowings are associated with the investments in the fixed income securities and are not for operational purposes. There was an increase of QAR 6.7 million in the short-term borrowings which stood at QAR 389.1 million as at 31 December 2019 as against QAR 382.4 million as at 31 December 2018. This was due to the increase in the investment in fixed income securities between these two years.

Insurance contract liabilities

Insurance contract liabilities increased by QAR 17.8 million and stood at QAR 684.0 million as at 31 December 2019 as compared to QAR 666.2 million as at 31 December 2018. This was mainly due to a QAR 37.9 million increase in the gross unearned premium reserves, followed by a QAR 20.1 million decrease in the gross claims reserves reported and unsettled and claims incurred but not reported. However, due to increased risk retention, the net technical reserves (insurance contract liabilities less reinsurance contract assets) rose by QAR 52.6 million. This was due to a year-over-year increase in the net unearned premium reserves by QAR 67.9 million, out of which QAR 61.4 million was in the medical segment and the balance of QAR 6.5 million was in the group and credit life segment. The net claims reserves witnessed an overall decline of QAR 15.3 million, consisting of a significant decline in the medical business which more than offset a small increase in the life outstanding claim reserves.

Total shareholders' equity

There was a significant jump in total shareholders' equity, which grew by 40.9% from QAR 327.1 million as at 31 December 2018 to QAR 460.9 million as at 31 December 2019. This increase was mainly due to transfer of the net profit of QAR 86.9 million for FY2019 to retained earnings and favorable movement in the fair value reserve of QAR 41.8 million between FY2018 and FY2019.

8.3.4 Results of Operations (2017 to 2018) and Discussion

Comparison for the years ended 31 December 2017 and 2018

In FY 2018, QLM witnessed a year-on-year growth of 3.0%, with gross premium at QAR 1,050.6 million as against QAR 1,019.5 million in FY2017. The net profits of QLM also witnessed a marginal growth of 1.7% and stood at QAR 55.1 million (compared to FY2017's net profit of QAR 54.1 million). During FY2018, QLM focused on broadening its reach and emulating its business model to other GCC territories, particularly in Oman. QLM tied up with a number of service providers across continents and rapidly expanded its service network both regionally and internationally. Further, in FY2018 QLM benefitted from the efforts of its quality audit department, which was established in FY2017 and which significantly contributed towards reducing certain policyholder abuses. During FY2018, for strategic and economic reasons, the Board of Directors decided to transfer business operations from Q Life (incorporated in the QFC) to QLM (incorporated in the State of Qatar).

Income Statement Trend Analysis (2017 to 2018)
Gross premiums

Gross premiums grew from QAR 1,019.5 million in FY2017 to QAR 1,050.5 million in FY2018, an increase of 3.0%. The relatively marginal growth in gross premiums was a result of new business worth QAR 95.5 million, 98.6% of which was in the medical insurance segment. The growth in new medical insurance business was offset by a QAR 45.2 million decline in the inward medical reinsurance business from the UAE, Kuwait and Oman.

Net premiums

Net premiums rose from QAR 826.6 million in 2017 to QAR 893.7 million in 2018, an increase of 8.1%. The increase in net premiums was a result of the significant reduction in the premiums ceded to reinsurers. The decline in premiums ceded to reinsurers was attributable to:

- a QAR 13.2 million decline in medical premiums ceded to reinsurers; and
- a QAR 22.8 million decline in group and credit life insurance premiums ceded to reinsurers (this decline was primarily due to a reduction in the life quota share arrangement with QIC from 70% in FY2017 to 50% in FY2018).

Net underwriting results

Net underwriting results improved slightly from QAR 53.3 million in FY2017 to QAR 56.1 million in FY2018, an increase of 5.1%. The increase in net underwriting results was driven by an increase in net premiums and net commission income, which were offset by a negative movement in unexpired risk reserve from QAR 31.3 million in FY2017 to QAR (19.1) million in FY2018 and a deterioration in Loss Ratio from 94.2% in FY2017 to 94.9% in FY2018.

Net investment income

Net investment income increased from QAR 36.7 million in FY2017 to QAR 41.0 million in FY2018. The increase in net investment income was primarily on higher interest rates on bank deposits and yields on financial investments, both of which offset a 1.0% decline in the size of the portfolio of cash and bank balances, as well as financial investments net of short-term borrowings.

Net profit for the year

Net profit for the year witnessed relatively flat growth from QAR 54.1 million in FY2017 to QAR 55.1 million in FY2018. The stable net profit was due to steady net underwriting results, slightly improved net investment income, steady levels of operating and administrative expenses, and an offsetting increase in tax expense (net of prior period tax adjustment) from QAR (0.8) million in FY2017 as compared to QAR 6.1 million in FY2018.

Balance Sheet Trend Analysis (2017 to 2018)

Cash and cash equivalents

Cash and cash equivalents witnessed a decrease of QAR 21.9 million and stood at QAR 449.0 million as at 31 December 2018 compared to QAR 470.8 million as at 31 December 2017. This was mainly due to delays on the part of a few clients to settle their due premium instalments, as well as a decrease in short term borrowings by QAR 29.5 million.

Insurance and other receivables

Insurance and other receivables increased by QAR 42.3 million and stood at QAR 311.3 million as at 31 December 2018 as against QAR 269.0 million as at 31 December 2017. This was due to an increase of QAR 47.2 million in receivables from policyholders and reinsurance companies while the other receivables decreased by QAR 4.8 million.

Short-term Borrowings

Short-term borrowings are associated with the investments in the fixed income securities and are not for operational purposes. There was a decrease of QAR 29.5 million in QLM's short-term borrowings which stood at QAR 382.4 million as at 31 December 2018 against QAR 411.9 million as at 31 December 2017. This was tied up to the decrease in investment in the fixed income securities by QAR 21.0 million.

Insurance contract liabilities

Insurance contract liabilities decreased by QAR 43.9 million and stood at QAR 666.2 million as at 31 December 2018, compared to QAR 710.0 million as at 31 December 2017. This was mainly due to a decrease in the provision for claims reported and unsettled and claims incurred but not reported by QAR 47.4 million while the provision for gross unearned premium increased by QAR 3.5 million.

The net technical reserves (insurance contract liabilities less reinsurance contract assets) decreased by QAR 32.0 million and stood at QAR 539.6 million as at 31 December 2018 as against QAR 571.5 million as at 31 December 2017. This was mainly due to a decrease in the reserve for claims reported and unsettled and claims incurred but not reported by QAR 51.0 million, while the net unearned premium reserve increased by QAR 19.1 million.

Total shareholders' equity

Total shareholders' equity (Classified as “Total equity” in the audited financial statements of Q Life as at and for the year ended 31 December 2018)

Total shareholders' equity witnessed an increase of 10.1% from QAR 297.1 million as at 31 December 2017 to QAR 327.1 million as at 31 December 2018. This increase was mainly due to a transfer of the profits of QAR 55.1 million for FY2018 to retained earnings. However, the net increase in the total shareholders' equity was only QAR 30.0 million, due to an adverse movement of QAR 24.7 million in the fair value reserves.

8.4 Insurance Performance Ratios analysis (2017-2019)

A selection of QLM's key insurance ratios (including Loss Ratio, Expense Ratio, and Combined Ratio) are set out below. Each ratio is discussed below the table.

QAR '000s	Year ended 31 December			Six months ended 30 June (unaudited)	
	2017	2018	2019	2019	2020
Loss ratio	94.2%	94.9%	90.8%	89.2%	85.2%
Expense ratio	4.3%	4.1%	5.5%	5.5%	5.5%
Net Acquisition ratio	0.4%	1.3%	-0.3%	-2.1%	-2.2%
Combined ratio*	98.1%	97.7%	96.6%	96.8%	92.9%
Solvency ratio	165.3%	193.6%	211.2%	194.8%	192.8%

(i) Loss Ratio: The Loss Ratio equals the total of gross claims paid, reinsurance recoveries and movement in outstanding claims divided by net earned premiums for the year/period. QLM closely monitors its loss ratio on a continuous basis. QLM succeeded in significantly improving its loss ratio in FY2019 to 90.8%, improving over the loss ratio in previous years (FY2017: 94.2%, and FY2018: 94.9%) due to non-renewals of major accounts that had historically generated suboptimal underwriting results, technology-based improvements in claims administration and control, successful negotiation of volume discounts with healthcare service providers, and other measures described in this Section 8 of the Prospectus.

(ii) Expense Ratio: The Expense Ratio represents the total of the operating and administrative expenses and the depreciation and amortization divided by the net earned premiums for the year/period. QLM's operating and administrative expenses are very closely monitored and have remained steady (4.3% in 2017, 4.1% in 2018 and 5.5% in 2019). There was an increase of 1.4% in FY2019 due to factors such as escalation in manpower costs, IT charges and group related costs. However, the overall expense ratio very much remains on comparable terms with the industry standards.

(iii) Net Acquisition Ratio: The Net Acquisition Ratio represents the net commissions divided by the net earned premiums for the year/period. The majority of the Company's underwriting comprises direct business without the involvement of any intermediaries, thus resulting in overall lower acquisition costs. This is further offset by incoming commissions on reinsurance of risks placed with different reinsurers, all of which contributes to lowering QLM's net acquisition costs. QLM's Net Acquisition

Ratio has remained low (0.4% in 2017, 1.3% in 2018 and -0.3% in 2019), and this has directly contributed to strengthening QLM's net underwriting results.

(iv) Combined Ratio: The Combined Ratio represents the total of gross claims paid, reinsurance recoveries, movement in outstanding claims, net commissions, operating and administrative expenses and depreciation and amortization divided by the net earned premiums for the year/period. The combined ratio of QLM has witnessed continued improvement over the last 3 years. This is largely attributable to a decline in the loss ratios due to a number of countermeasures put in place as elaborated above. This reduction was offset by marginal increases in expenses and net acquisition costs. However, on an overall basis the decline in the combined ratio has reflected in the consistent improvement in net underwriting results over the years 2017-2019.

(v) Solvency Ratio: QLM has strong capitalization and has seen continuous strengthening of the solvency ratio from 165.3% in FY2017 to 211% in FY2019 as against the QCB requirement of 150.0%. This improvement in solvency position has been achieved in spite of the increased risk retention in QLM's books and thus reflects the financial soundness and its ability to absorb any unforeseen contingencies arising from the various risks QLM is exposed to.

8.5 Solvency and Regulatory Capital Requirements

Section 6 of the QCB Prudential Rules sets out minimum capital requirements for insurers licensed by the QCB. Minimum capital requirements assess the financial strength of insurers and provide a buffer against potential losses that have not yet been anticipated by insurers. Insurers must at all times meet the minimum capital requirement that is responsive to their risk profile and is calculated in accordance with the rules of the QCB.

Insurers are required by the QCB to maintain a solvency ratio of 150.0%. QLM's solvency ratio for FY2019 stood at 211.2%, up from 193.6% in FY2018 and 165.3% in FY2017.

QAR ‘000s	Year ended 31 December			Six months ended 30 June (unaudited)	
	2017	2018	2019	2019	2020
Eligible Capital	294,671	349,008	432,716	395,194	458,021
Total Risk Based Capital Requirement	178,265	180,279	204,906	202,833	237,567
Solvency Ratio	165.3%	193.6%	211.2%	194.8%	192.8%

8.6 Related Party Transactions with QIC (2017-2019)

QIC, the parent company of QLM, also has a presence in UAE, Oman and Kuwait through QIC branches and subsidiaries. QLM has been able to successfully leverage QIC's presence in these countries to expand QLM's footprint in these markets through the reinsurance route. QLM acts as a reinsurer for the medical and life business written by these QIC Group entities in their respective markets, thus providing enough capacity to retain the risks in-house within the QIC Group. In addition, QIC has also provided strategic management, tactical and operational support to QLM in the areas of IT, compliance, risk management, internal audit, reinsurance, and investment management, for which the charges are raised and allocated by QIC on a fair and arm's length basis.

The table below sets out the value of QLM's related party transactions with QIC Group entities:

QAR '000s	Year ended 31 December			Six months ended 30 June (unaudited)	
	2017	2018	2019	2019	2020
Premiums	326,918	282,277	274,495	133,099	152,805
Claims	246,399	306,899	266,671	138,017	121,669
Other expenses*	15,349	17,552	26,467	8,643	10,107

*Classified as "purchase of services" in QLM's unaudited interim condensed consolidated financial statements as at and for the six months period ended 30 June 2020

8.7 Contractual Commitments and Contingencies

The principal contractual commitments that QLM incurs in the ordinary course of business are in relation to insurance contract liabilities. Policyholders have the option to terminate or transfer their contracts at any time and in return receive the surrender or transfer value of their policies. QLM does not expect all these amounts to be paid out within one year of the reporting date.

8.8 Market Risks and related risks

8.8.1 Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. QLM limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. Additionally, QLM actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

Market risk entails the risk of loss arising from holding a portfolio of positions and contracts, due to market changes impacting the economic value of the portfolio. Market risk therefore refers to the risk that the fair value of future cash flows of QLM's investments will fluctuate because of changes in market conditions. These changes may arise in several forms, including:

- regular or stressed movement in equity prices or interest rate levels;
- regular or stressed movement in parameters used for financial modelling such as volatility or correlation; and
- regular or stressed movement in market observable credit variables such as credit spreads or recovery assumptions

QLM is exposed to market risk through its assets and liabilities. Movements in financial market prices or rates, such as equity prices, interest rates, credit spreads, foreign exchange rates or real estate prices, affect the value of these assets and liabilities. QLM is exposed to market risks through its investment activities and through the sensitivity of the economic value of liabilities to financial market fluctuations.

8.8.2 Related Risks

In addition to market risk, QLM has identified the following related risks:

Interest Rate Risk

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

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

QLM's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. QLM has no significant concentration of interest rate risk

Credit Risk

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

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

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

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

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

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Qatari Riyal is effectively pegged to the United States Dollar and thus currency risk occurs only in respect of currencies other than the United States Dollar. QLM's exposure to currency risk is minimal, since most of the transactions are either in Qatari Riyal or in United States Dollar.

Price Risk

Price risk is the risk that the fair value of or income from a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. QLM cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, QLM is able to manage the risks.

8.9 Change of Accounting Policies

IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. QLM, after having assessed the criterion and options available under the standard, has adopted IFRS 9 from 1 January 2018 and applied the overlay approach. Differences arising from the adoption of IFRS 9 were recognized directly in retained earnings as of 1 January 2018 and were disclosed in the financial statements. For further information on the impact of the same on the retained earnings and fair value reserve, please refer to the detailed disclosures made in the audited financials of FY2018 as reproduced in the earlier section.

9 TAXATION

The following provides an overview of the current Qatar tax regime and is intended to provide a high level understanding in the context of a decision to purchase, hold or dispose of Shares in the Company.

This tax summary does not discuss the tax regime of any other jurisdiction or specific circumstances applicable to individual investors. This summary does not constitute tax advice. Investors are advised to consult their own tax advisers concerning their personal situations.

Tax legislation

Comments in relation to the Company and to QLM are based on (a) Qatar Law No. 24 of 2018 (the "Income Tax Law"); (b) the Executive Regulations of the Income Tax Law, issued in December 2019 (the "Executive Regulations"); and (c) the published and established practices that have been adopted and applied by the General Tax Authority of the State of Qatar (collectively "State Tax Legislation").

Comments in relation to Q Life are based on: the QFC Tax Regulations, QFC Tax Rules and QFC Local Source Rules and published and established practices that have been adopted and applied by the QFC Tax Department (collectively the "QFC Tax Legislation").

Corporation Tax

The prevailing corporation tax rate under the State Tax Legislation is 10%.

However, as a listed company, the Company is exempt from tax under the provisions of the State Tax Legislation. As a listed company, though, the Company is required to contribute 2.5% of its net accounting profit to the State to support sports, cultural, social and charitable activities (the "Sports & Social Levy"). The Sports & Social Levy is paid out of retained earnings which accordingly reduces the level of profits that can be distributed to Shareholders.

Prior to its conversion into a QPSC, the share of profit in QLM not attributable to direct Qatari citizen shareholders in the Company was subject to 10% tax.

Q Life, being incorporated and existing under the laws of the QFC, is subject to a 10% tax on its taxable profits under the QFC Tax Legislation.

Dividends

Qatar does not apply withholding tax on dividends. Accordingly dividends distributed by the Company will not be subject to withholding tax.

Dividends paid out of the profits of the Company and received by a Qatar tax resident shareholder (irrespective of nationality) are exempt from tax under the State Tax Legislation.

Capital gains

Capital gains realized by a Qatar tax resident shareholder will be exempt from tax under the State Tax Legislation if any of the following conditions are met:

1) Shareholder is a natural person (irrespective of nationality) who does not hold those shares as part of a taxable business activity;

2) Shareholder is a Qatari or other GCC national who is tax resident in Qatar; or

3) Shareholder is a Qatar tax resident company which is wholly owned by Qatari or other GCC nationals who are all tax resident in Qatar.

VAT

Qatar signed the Unified Gulf Cooperation Council Value Added Tax Framework Agreement, however has yet to introduce VAT or issue the legislation governing VAT in Qatar. Accordingly it is currently not possible to assess how VAT will apply to the Company (both before and after its conversion from a limited liability company into a QPSC) and to Q Life.

10 DIVIDENDS AND DISTRIBUTION POLICY

10.1 General provisions relating to profit allocation and dividend payments

Each Shareholder's share of the Company's profits shall be determined based on their respective shareholdings in the Company's share capital. Under Qatari law, a Qatari public shareholding company's distribution of dividends for a given fiscal year and the amount and payment date thereof are resolved by a resolution of the Shareholders at the annual general meeting. Shareholders may vote to approve the proposal adopted by the Board of Directors for the distribution of profits. Dividends may only be distributed from the distributable profit of the Company. The distributable profit is calculated based on a company's annual financial statements prepared in accordance with IFRS as laid out in the its annual report. When determining the amount available for distribution, net profit for the fiscal year must be adjusted for profit/loss carry-forwards from the prior fiscal years and release of, or allocations to, statuary reserves requirements in accordance with the Qatari Commercial Companies Law. All dividends and distributions of the Company shall be distributed in Qatari Riyals. No dividend or distribution shall exceed the amount recommended by the Board and the Board shall not be obliged to recommend an amount of dividend or distribution. Shares acquired by investors in the Offering will be eligible for dividends and distributions in line with the constitutional documents of the Company, policies and recommendations of the Board, and requisite General Assembly approvals.

10.2 Dividend Policy

Prior to the Offering, QLM's dividend policy called for the distribution of 40-60% of net profits after tax for the respective prior fiscal year calculated in accordance with IFRS, applicable law, and QLM's constitutional documents. Additionally, before proposing dividends, the board of directors of QLM would consider several matters: regulatory solvency and capital adequacy requirements, general economic environment and market conditions, current and future business expansion and growth plans, and all other relevant factors that may have an impact on QLM's business.

Following fiscal year 2019, in which QLM's net profits exceeded QAR 86 million, the board of directors of QLM proposed a dividend of QAR 42 million (equal to approximately 48% of net profit). The Annual General Meeting of the QLM's shareholders approved, and QLM distributed this amount to its shareholders, corresponding to a cash dividend of QAR 1.20 per share (based on the nominal par value, at that time, of QAR 10 per share in QLM).

Following the Offering, unless otherwise determined in accordance with applicable law and the decisions of the Board, subject to regulatory solvency and capital adequacy requirements, general economic environment and market conditions, current and future business expansion and growth plans, and all other relevant factors that may have an impact on the business, the Company intends to pay an annual dividend to its shareholders in the amount of 40-60% of the Company's net profit. Any dividend declared may be in form of cash dividend or by way of capitalisation of profits through bonus shares or a mix of both as the board may deem appropriate to recommend. Consequently, investors may not receive any return on their investment unless they sell their Shares for a price greater than that which they paid for them which shall be subject to the prevailing market price of the Company's Share at that time.

10.3 2020-2021 Interim Dividend

The Directors of the Company (subject to regulatory and other approvals as applicable) intend to declare an interim dividend for the period covering January 2021 to March 2021. Such dividend declaration shall be subject to the net profit earned for the above period and in accordance with the Dividend Policy of the Company and after consideration of the various factors stated in paragraph 10.2.

The Company shall decide the nature and percentage of dividends based on the aforementioned factors and according to the circumstances prevailing at the time.

11 MANAGEMENT AND CORPORATE GOVERNANCE

11.1 Directors

The following table lists the names and positions for each member of the Board of Directors of the Company:

No.	Name	Position
1	Sheikh Saoud bin Khalid bin Hamad Al-Thani	Chairman (QIC representative)
2	Mr. Salem Khalaf Al-Mannai	Managing Director (QIC representative)
3	[GRSIA representative]	Director (GRSIA representative, Non-Executive)
4	Mr. Ahmed Mohammed A R Al-Mannai	Director (Al-Mirqab Capital representative, Non-Executive)
5	Mr. Jassim Mohammed A J Al-Kaabi	Director (Broog Trading representative, Non-Executive)
6	Mr. Hamad Nasser Al Khalifa	Director (Independent and Non-Executive)
7	Mr. Hussain Akbar A S Al-Baker	Director (Independent and Non-Executive)
8	Mr. Eisa Mohammed E Z Al-Mohannadi	Director (Independent and Non-Executive)

The management expertise and experience of each of the Directors is set out below:

Sheikh Saoud bin Khalid bin Hamad Al-Thani

Sheikh Saoud bin Khalid bin Hamad Al-Thani will act as the Chairman of the Board of Directors of the Company following its conversion into a QPSC. He has been Chairman of the board of directors of QLM since it became operational and of Q Life since 2011.

He is the founding chairman of S.B.K. Company and also has various other businesses: Baynunah Laboratories, Kaefer LLC, Dutch Foundation, Mastro Qatar and Al-Khebra Driving School.

Currently, among various high profile positions, he is a member of the board of directors in several key companies like Qatar Fuel Company (Woqod), Qatar Electricity & Water Company and Qatar Insurance Company. He has held several strategic positions in the past such as Chairman of the Olympic Committee, Chairman of Youth Committee and Chairman of Al Rayyan Sports Club.

Mr. Salem Khalaf Al-Mannai

Mr. Salem Khalaf Al-Mannai will serve as the Managing Director on the Board of Directors of the Company following its conversion into a QPSC.

Mr. Salem Khalaf Al-Mannai has been a Member of the Board of Directors of QLM/Q Life since 2020. He is the Group CEO of QIC Group and began his career with QIC in 2001.

He is a postgraduate from the University of South Wales in Wales and he started his career with QIC in 2001, in the motor department. After working for two years in the motor department, he was awarded a scholarship to complete his degree in the UK. In 2006, he joined the marine department of QIC as a senior underwriting officer and was appointed as the Assistant Vice President for cargo. In 2013, Mr. Mannai assumed the responsibility of the Deputy CEO of QLM. In 2015, he was appointed as the Deputy Group President & CEO of QIC MENA region. On the basis of his wealth of knowledge and experience, in 2019, he was assigned the position of Deputy Group President & CEO of the QIC Group. He has been instrumental in bringing innovative solutions to cement QIC Group's position as a pioneer in the insurance industry arena, both in the MENA region and across international markets. At the start of the year 2020, he was formally designated as the Group CEO of QIC Group.

(GRSIA rep)
A representative of the General Retirement and Social Insurance Authority will be named prior to the CGA and confirmed as a member of the Board of Directors at the CGA.

Mr. Ahmed Mohammed A R Al-Mannai

Mr. Ahmed Mohammed A R Al-Mannai will serve as a Director on the initial Board of Directors of the Company following its conversion into a QPSC. He will represent Al-Mirqab Capital WLL.

He has decades of experience and has served in numerous strategic positions in diplomatic posts, including: the Ministry of Foreign Affairs, the General Consulate of the State of Qatar in Karachi, the Embassy of Qatar in the Philippines, and the offices of His Excellency the Prime Minister and the Minister of Foreign Affairs.

Mr. Jassim Mohammed A J Al-Kaabi

Mr. Jassim Mohammed A J Al-Kaabi will serve as a Director on the initial Board of Directors of the Company following its conversion into a QPSC. He will represent Broog Trading Company WLL.

He currently serves as the Director of National Security for the Supreme Committee for Delivery & Legacy. Mr. Jassim comes from a military background and has served as a pilot in the Armed Forces of the State of Qatar.

Mr. Hamad Nasser Al Khalifa

Mr. Hamad Nasser Al Khalifa will serve as an Independent Director on the initial Board of Directors of the Company following its conversion into a QPSC.

Since 2009, he has served as the Chief of Health Facilities Development for Hamad Medical Corporation He has worked with Hamad Medical Corporation since 1991 in various managerial positions, including: Executive Director or Material Management and Head of Purchasing.

He has over thirty years of business experience and holds a Bachelor's Degree in Health Services Administration from Eastern Washington University in the United States.

Mr. Hussein Akbar A S Al-Baker

Mr. Hussein Akbar A S Al-Baker will serve as an Independent Director on the initial Board of Directors of the Company following its conversion into a QPSC.

He currently serves as Executive Director – Commercial and Director of Property Management & Operations for United Development Company QPSC, the leading construction firm in the State of Qatar.

He previously held other managerial positions with United Development Company QPSC and with the Bin Youssef Group.

He has eight years of experience and holds a Bachelor's Degree in International Business Administration from American Intercontinental University.

Mr. Eisa Mohammed E Z Al-Mohannadi

Mr. Eisa E Z Al-Mohannadi will serve as an Independent Director on the initial Board of Directors of the Company following its conversion into a QPSC.

He currently serves as Senior Director - Finance in Ooredoo QPSC, and he also represents Ooredoo on several boards. Mr. Al-Mohannadi was also in charge of multiple senior positions in the field of banking services, risk management, revenue assurance and financial systems

He holds a Bachelor's Degree in Business Administration from Marymount University in the United States and a Master's Degree in Digital Transformation from HEC Paris.

The business address of all the Directors is the Company's registered office.

In addition to the Members of the Board of Directors above, Mr. Khaled Ghanem will act as the Board Secretary of the Company.

11.2 Senior Management

The Senior Managers of QLM are as follows:

Name	Position
Ahmad Mohamed Zebeib	Chief Executive Officer
Gajula Narayan Rao	Chief Operating Officer, Life
Turki Al-Subaie	Senior Finance and Admin Manager

The aforementioned managers will remain in the same roles following QLM's conversion into a QPSC. The management expertise and experience of some of the Senior Management team members is set out below:

Mr. Ahmad Mohamed Zebeib, CEO

Mr. Ahmad Mohamed Zebeib has 12 years of experience in the insurance industry. He holds a postgraduate degree in marketing from the University of Westminster in London, as well as a Bachelor's degree in Business Management from Royal Holloway, University of London. He has served in various roles within the QIC Group, starting off with Qatar Re in the reinsurance sector where he was exposed to all aspects of insurance. He worked both in the Doha and Zurich, Switzerland locations of Qatar Re. After his stint in Qatar Re, he was then promoted within QIC Group as Head of Retail in Qatar as well as the Vice President of Retail in the MENA region overlooking Qatar, United Arab Emirates, Oman, and Kuwait. Through his dedication and commitment, he was promoted and inducted in the QLM’s management team in the year 2017 where has played a pivotal role in organizing the structure, streamlining the operations and growth of the company. At the start of the year 2019, Mr. Ahmad was formally designated as the Deputy Chief Executive Officer of QLM, and in the year 2020 he was elevated to the position of Chief Executive Officer of QLM.

Mr. Gajula Narayan Rao, Chief Operating Officer, Life

Mr. Narayan Rao is the Chief Operating Officer of QLM and has 38 years of experience in the life and medical health insurance industry. He is a Fellow of the Insurance Institute of India and previously worked for 20 years with the Life Insurance Corporation of India, the world’s largest life insurer, and also with a leading insurer in Oman as General Manager for the life and medical division. He has been associated with QLM since the preparation of the feasibility study for setting it up as an independent life and medical arm within QIC Group, and he has been a key driver to establish QLM as a dominant market player in Qatar and in the region.

Mr. Turki Al-Subaie, Senior Finance and Admin Manager

Mr Turki Al-Subaie joined QIC in 2017 as an Accounts Associate in the Finance Department, where he worked in the many facets of insurance from retail to medical. He has also had exposure to reinsurance arrangements. He holds a postgraduate degree in Accounting and Financial Management from Birkbeck, University of London, as well as an undergraduate degree in Business and Management from Brunel University, London. In 2019, he was promoted to Finance Manager within QIC, and was subsequently promoted to Head of Finance of Doha in 2020, where he oversaw the full finance functions.

11.3 Corporate governance

The Board is committed to the highest standards of corporate governance and to maintaining a sound framework for the control and management of the Company.

11.3.1 The Board

The Board is responsible for leading and controlling the Company and has overall authority for the management and conduct of the Company's business, strategy and development, including the business, strategy and development of QLM. The Board is also responsible for ensuring the maintenance of a thorough system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place. The Board is also responsible for approving any changes to the capital, corporate and/or management structure of the Company.

11.3.2 Conflicts of Interest

There are no potential conflicts of interest between any duties owed by the Directors or Senior Management to the Company and their private interests or other duties. The Company has in place an effective policy to address any potential conflicts of interest between any duties owed by the Directors or Senior Management to the Company and their private interests or other duties. Where transactions constitute related party transactions, they are conducted on an arm's length basis and approved by the General Assembly.

No Director or Senior Manager has at any time within the previous five years:

i. had any convictions in relation to fraudulent offences;
ii. been declared bankrupt;
iii. been a director of any company which, while he was a director, went into liquidation, creditors voluntary liquidation or made any composition or arrangement with its creditors generally or with any class of its creditors;
iv. been a partner of any partnership which, while he was a partner, went into liquidation;
v. has had any public criticism and/or sanction by statutory or regulatory authorities; or
vi. has been disqualified from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

11.3.3 Board committees

In order to further supervise and manage the Company and QLM, the Board will establish the following committees as described in further detail below: an Audit Committee; a Risk and Compliance Committee; a Nomination and Remuneration Committee; and an Investment Committee.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting and external and internal controls, which includes: reviewing and monitoring the integrity of the Company's annual and interim financial statements; advising on the appointment of external auditors; supervising the internal control of the Company; overseeing the Company's relationship with its external auditors; reviewing the effectiveness of the external audit process; and reviewing the effectiveness of the Company's internal control and review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board. The Audit Committee will give due consideration to applicable laws and regulations.

The Audit Committee has taken appropriate steps to ensure that the Company's external auditors are independent of the Company and that the Company has obtained written confirmation from the auditors that they comply with the guidelines on independence issued by the relevant accountancy and auditing bodies.

Appointments to the Audit Committee will be made by the Board, on recommendation by the Nomination and Remuneration Committee. The Chairman of the Audit Committee shall be an Independent Member of the Board of Directors of the Company.

When appropriate, the Audit Committee will meet with the Company's Senior Management in attendance. The Audit Committee will also meet separately at least once a year with the Company's external and internal auditors without management present.

Risk and Compliance Committee

The Risk and Compliance Committee will assist the Board in performing its risk management duties and ensuring the Company's compliance with applicable laws and policies. To that end, the Risk and Compliance Committee will, among other things: approve and periodically review the Company's risk management framework and risk identification processes; assess the Company's activities in accordance with the established framework; review and approve risk appetite and tolerance limits; approve a structure for the identification, assessment, evaluation, monitoring and reporting of various risks to the Company; monitor the key risks and controls to effectively manage such risks; review and update the Company's compliance and Anti Money Laundering (AML) policies; ensure compliance with these policies and, if needed, put remedial action put in place.

The Risk and Compliance Committee will submit its report to the Board on the risk management and compliance activities conducted during the year.

Appointments to the Risk and Compliance Committee will be made by the Board. The Chairman of the Risk and Compliance Committee shall be a[n Independent] member of the Board of Directors of the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee will assist the Board in determining its responsibilities in relation to the nomination and appointment of new directors to the Board and in relation to the remuneration of directors.

With respect to nominations, this committee is to provide a formal, rigorous and transparent procedure for the appointment of new directors to the Board. In carrying out its nomination duties, the committee is primarily responsible for the following: identifying and nominating candidates to fill Board vacancies; evaluating the structure and composition of the Board with regard to the balance of skills, board diversity, knowledge and experience of the Board and making recommendations accordingly; advising the Board on succession planning; and submitting an annual report to the Board which includes an analysis of the Board's performance.

With respect to remuneration, this committee will make recommendations to the Board on the Company's policy on executive remuneration and determining the individual remuneration and benefits package of each of the Directors, provided that the annual remuneration of the Board of Directors does not exceed 5% of the net profit of the Company after deducting the reserves and legal deductions and distributing cash and in-kind profits to its Shareholders. The Remuneration Committee will also ensure compliance with any applicable laws and regulations in relation to remuneration wherever possible. Appointments to the Nomination and Remuneration Committee will be made by the Board. The Chairman of the Nomination and Remuneration Committee shall be a[n Independent] member of the Board of Directors of the Company.

Investment Committee

The Investment Committee will assist the Board in approving and updating the investment policy of the Company and ensuring that the policy is observed.

The committee will assist the Company in approving the investment policy of the Company in accordance with its mandate from the Board to develop an investment strategy. To that end, this committee will set limits to the powers of management and the Company's investment managers, from time to time, in respect of investment activities. The committee will take necessary actions if these limits are exceeded.

The committee will monitor the management of portfolio securities of the Company in order to achieve the best possible returns. It will regularly report to the Board about its activities and make recommendations on issues requiring the approval of the Board.

Appointments to the Investment Committee will be made by the Board. The Chairman of the Investment Committee shall be a[n Independent] member of the Board of Directors of the Company.

Additional Board Committees

The Company may form and maintain additional board committees as and when required, in order to conform to governance best practices or comply with the requirements of the QCB, the QFMA, or other applicable government authorities.

11.4 So far as the Directors are aware, there are no arrangements, except as related to the Offering, the operation of which may at a later date result in a change of control of the Company.

11.5 There are no loans made or guarantees granted or provided by any Shareholder of the Company to or for the benefit of any Director or Senior Manager.

11.6 No Director or Senior Manager is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by any shareholder of the Company during the current or immediately preceding financial year or which was effected by any shareholder of the Company during any earlier financial year and remains in any respect outstanding or unperformed.

11.7 In respect of the Directors and Senior Managers, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.

12 FOUNDERS

Name	Total number of shares (pre-IPO)	Offer Shares	Shareholding (post-IPO)	Nationality	Address
Qatar Insurance Company QSPC	297,500,000 (85%)	210,000,000	87,500,000 (25%)	Qatar	PO Box 666, Tamin Street, West Bay, QIC Building, Doha, Qatar
Broog Trading Company WLL	17,500,000 (5%)	0	17,500,000 (5%)	Qatar	PO Box 24337, Doha, Qatar
Al Mirqab Capital WLL	17,500,000 (5%)	0	17,500,000 (5%)	Qatar	PO Box 4044, Doha, Qatar
Sheikh Khalid Bin Mohammed Al-Thani	3,500,000 (1%)	0	3,500,000 (1%)	Qatar	PO Box 706, Doha, Qatar
Sheikh Saoud Bin Khalid Bin Hamad Al Thani	3,500,000 (1%)	0	3,500,000 (1%)	Qatar	SBK Company, PO Box 22147, Doha, Qatar
Mr. Abdulla Bin Khalifa Al-Attiya	3,500,000 (1%)	0	3,500,000 (1%)	Qatar	PO Box 3232, Doha, Qatar
Mr. Hussain Ibrahim Al Fardan	3,500,000 (1%)	0	3,500,000 (1%)	Qatar	PO Box 9948, Doha, Qatar
Mr. Jassim Mohammed Ibrahim Jaidah	3,500,000 (1%)	0	3,500,000 (1%)	Qatar	PO Box 150, Doha, Qatar
TOTAL	**350,000,000 (100%)**	**210,000,000 (60%)**	**350,000,000 (100%)**		

13 CAPITALISATION AND INDEBTEDNESS

The following tables should be read together with Section 8 (Management Discussion and Analysis) and Section 7 (Historical Financial Information).

13.1 Capitalisation and indebtedness

The following table sets out Q Life's capitalisation and indebtedness as at 31 December 2018, and QLM's capitalisation and indebtedness as at 31 December 2019 and 30 June 2020.

The capitalisation and indebtedness of Q Life has been extracted without material adjustment from the audited financial statements of Q Life as at and for the year ended 31 December 2018. The capitalisation and indebtedness of QLM has been extracted without material adjustment from the audited consolidated financial statements of QLM as at and for the year ended 31 December 2019 and unaudited interim condensed consolidated financial statements of QLM as at and for the six months period ended 30 June 2020.

	As at 31 December 2018 (QAR '000)	**As at 31 December 2019 (QAR '000)**	**As at 30 June 2020 (QAR '000)**
Total current debt (short-term borrowings)	382,404	389,095	315,952
Secured	382,404	389,095	315,952
Total debt	**382,404**	**389,095**	**315,952**
Shareholders' Equity/total equity (excluding retained earnings)			
Capital	172,800	350,000	350,000
Legal Reserve			
Fair Value Reserve	(22,635)	19,135	9,545
Total Shareholders' Equity* (excluding retained earnings)	150,165	369,135	367,819
Total capitalisation and indebtedness (Sum of Total Debt and Total Shareholders' Equity* (excluding retained earnings))	532,569	758,230	683,771

*Classified as Total Equity in the audited financial statements of Q Life as at and for the year ended 31 December 2018.

13.2 Net financial indebtedness

The net financial indebtedness of Q Life/QLM has been extracted without material adjustment from the audited financial statements of Q Life as at and for the year ended 31 December 2018 and from the audited consolidated financial statements of QLM as at and for the year ended 31 December 2019 and unaudited interim condensed consolidated financial statements of QLM as at and for the six months period ended 30 June 2020.

	As at 31 December 2018	As at 31 December 2019 (QAR '000)	As at 30 June 2020 (QAR '000)
Cash & Cash Equivalents / Cash and Bank Balances	448,976	568,711	507,282
Liquidity (includes Cash and Cash Equivalents) **(A)**	448,976	568,711	507,282
Other current financial debt (short term borrowings)	382,404	389,095	315,952
Current financial debt (includes other current financial debt) **(B)**	382,404	389,095	315,952
Net current financial funds **(C= B - A)**	(66,572)	(179,616)	(191,330)
Other non-current debts	-	-	
Non-current financial indebtedness (includes other non-current loans) **(D)**	-	-	
Net financial indebtedness **(E = C + D)**	(66,572)	(179,616)	(191,330)

There has been no material change to QLM's total capitalisation or net financial indebtedness since 30 June 2020.

14 RELATED PARTY TRANSACTIONS

Save as set out below and in Section 7 (Historical Financial Information), there are no material related party transactions that were entered into by QLM or its Subsidiary during the period from 1 January 2017 to the date of this Prospectus. For more detail on QLM/Q Life's related party transactions, please refer to note 13(a) in the audited financial statements of Q Life as at and for the fiscal year ended 31 December 2018, note 13(a) in the audited consolidated financial statements of QLM as at and for the fiscal year ended 31 December 2019, and note 7 in the unaudited interim condensed consolidated financial statements of QLM as at and for the six months ended 30 June 2020. Some of the agreements described below have expired, some are expected to expire before the Listing, and others are ongoing and may be subject to modification in terms of scope and fees.

14.1 Agreement dated 1 July 2019 and entered into by QLM, QIC, and Q Life. The parties entered into this agreement to document the settlement of purchase consideration (QAR 350 million) due to QIC on account of the transfer of 100% ownership of Q Life to QLM WLL. This was an integral part of the overall restructuring, in order to eventually mirror the same shareholding proportion (85% to QIC and 15% to the other shareholders) in QLM WLL and to make Q Life a 100% wholly-owned subsidiary of QLM WLL.

However, due to a delay in completing the various steps involved in concluding the transaction and keeping in view the adverse impact on QIC by way of loss of investment income, it was agreed between the three parties (i.e., QIC, QLM and Q Life) to beneficially transfer the ownership of financial investments (i.e. fixed deposits) of an equivalent amount held by Q Life (on behalf of QLM WLL) to QIC. Under this agreement, the parties agreed that Q Life, on behalf of QLM, would: (i) transfer the beneficial ownership of certain fixed deposits worth approximately an equivalent amount to QIC; and (ii) remit or hold on trust for QIC any dividend, interest, or other payment arising from these fixed deposits. In addition to the above, this agreement further sets out additional obligations of each of the three parties.

As of 10 June 2020, QLM has duly discharged all its obligations to QIC, including settlement in full, arising on account of the above acquisition of Q Life and has no remaining dues owed to QIC under this agreement.

14.2 Share Transfer Agreement dated 1 January 2019 and entered into by QLM and QIC. In connection with the agreement described in paragraph 14.3 below, the parties entered into this share transfer agreement. Under this agreement, QIC (as sole shareholder in Q Life) agreed to sell the Q Life shares and all their related rights and obligations to QLM for QAR 350,000,000. In addition to this agreement, the parties executed a share transfer form, also dated 1 January 2019, confirming that all 17,280,000 shares of Q Life, with a nominal value of QAR 10 each for an issued share capital of QAR 172,800,000, be transferred from QIC to QLM.

14.3 Portfolio Transfer Agreement dated 7 January 2019 and entered into by QLM and Q Life. Under this agreement, Q Life agreed to transfer its insurance portfolio to QLM, subject to certain conditions, including the approvals of the QFC Civil and Commercial Court and the Qatar Central Bank, respectively. The parties further agreed that the portfolio transfer would not have any material impact on the rights of policyholders, as they would continue to be serviced by the same employees and avail of the same insurance claims processes.

14.4 Master Outsourcing Agreement dated 7 January 2019 and entered into by QLM and Qatar Insurance Group WLL (QIG). In consideration for a quarterly fee paid by QLM to QIG, QLM appointed QIG to provide various services (including risk management, compliance, internal audit, IT, finance, legal, HR & admin, and public relations). In order to comply with certain regulations requiring insurance companies to internally perform their own core insurance activities, the Company intends to terminate this agreement, following which key internal control functions like compliance, risk management and internal audit will be managed in-house by QLM. However, certain other non-key functions (such as IT) may be outsourced by QLM to external service providers, which may include QIC Group companies. The external service providers will be selected by following a due process in which the Company/QLM will ensure that any service outsourced to a related third party is on an arm's length basis.

14.5 Insurance Services Agreement dated 1 January 2019 and entered into by QLM and Q Life.

Under this agreement Q Life agreed to perform certain non-insurance services for QLM, as Q Life's parent company, including the following processing services: management accounting, policy and claims administration, provider network management, admission and medical review, and customer support services. In consideration for these services, QLM agreed to pay Q Life a fee of cost plus 5%. The parties may terminate this agreement with or without cause, and the agreement is subject to automatic termination under certain conditions, including in the event that a government authority directs its termination.

14.6 Quota Share Reinsurance Agreement with Oman Qatar Insurance Company SAOG (Oman) (OQIC) and its addenda/amendments:

14.6.1 A Quota Share Reinsurance Agreement was initially entered into on 1 January 2017 by Q Life and OQIC, under which OQIC's life and medical insurance policies are reinsured by Q Life, and the parties agree to split costs and profits as set out in the agreement.

14.6.2 The 2017 agreement was then novated to QLM under the Novation Agreement (of Quota Share Reinsurance Agreement, above) dated 7 January 2019 and entered into by Q Life, OQIC, and QLM, transferring all of Q Life's rights and obligations under the initial agreement to QLM, thereby exonerating Q Life completely from any liability under the initial agreement.

14.6.3 The 2017 agreement, as novated to QLM, was amended by the Addendum (to Quota Share Reinsurance Agreement) dated 8 January 2019 and entered into by OQIC and QLM, amending one of the terms of the initial reinsurance agreement, namely the quota risk share of the parties for the year 2019. Under this addendum, QLM and OQIC, respectively, agreed to retain 90% and 10% of the risk, respectively. The parties entered into a Second Addendum dated 1 January 2020, amending the quote risk share of the parties for the year 2020 as follows: 60% of OQIC's medical risk to be reinsured by QLM and 90% of OQIC's life risk to be reinsured by QLM.

14.7 Discretionary Investment Management Account dated 1 January 2020 and entered into by QLM and Epicure Investment Management LLC.

Under this agreement, QLM (as client) appointed Epicure as a discretionary investment manager, in consideration for a quarterly fee to be paid by QLM to Epicure based on the aggregate value of the investments. Investment management fees include: 0.25% for deposits, 0.50% for equity investments, 0.30% for fixed income managed by Epicure, 0.10% for fixed income managed by external managers, 0.50% for private equity, and 0.50% for managing investment property. This agreement will continue unless terminated by either party. Following the listing of the Company's shares, the Board of Directors of the Company shall decide whether it intends to continue using Epicure for investment management services.

14.8 Parent Company Guarantee dated 11 December 2018 and entered into by QIC for the benefit of QLM.

This is a parent company guarantee (also called a Deed of Guarantee) by QIC for the liabilities and obligations of QLM, being its subsidiary at the time of the guarantee. The guarantee is broad, does not have many explicit exclusions, and is described as unconditional and irrevocable. The guarantee expressly remains in operation, even in the following circumstances: the dissolution, liquidation, merger, consolidation, bankruptcy, or change of status/

functions/control/ownership of QLM. Clause 2.5 provides that the guarantee shall be a "continuing guarantee" with indefinite duration. However, under clause 4 (Determination), QIC as guarantor, may "determine the continuing nature" (i.e. terminate) the guarantee, upon 30 days written notice. As part of the transition of QLM from a subsidiary of QIC to a subsidiary of an independent QPSC, this guarantee is expected to be terminated prior to the listing of the Company's shares on the Qatar Exchange

14.9 Group Life and Medical Insurance Policy dated 23 January 2020 and entered into by QLM and QIC. All employees of QIC and its group entities are covered by life and medical insurance pursuant to a policy entered into by QIC (as insured) and QLM (as insurer). The terms of this agreement, including premium rate, coverage, benefits, claims, and exclusions, are on an arm's-length basis and have been renewed annually since the formation of QLM.

14.10 Lease Agreement entered into by QLM and Qatar Insurance Company Real Estate WLL (QICR). QLM has operated out of its current office, in the 5th floor of the QIC Building on Al Tamin Street in West Bay, Doha, since 2011 on the terms of a lease agreement executed between QLM and QICR. Following the listing of the Company's shares, the Board of the Company shall decide whether it intends to extend this lease agreement with QICR.

14.11 QIC Group Employees Savings and Participation Scheme: QIC Group has an employee savings and participation scheme (“Scheme”) for the benefit of the employees of QIC and its branch/subsidiaries in the GCC. QLM employees are also a part of the Scheme. The Scheme is managed by an independent trustee based in the Jersey islands in terms of an agreement executed between QIC and the trustee. The cost of administering the Scheme is borne by QIC. However, once the Company's shares are listed, QLM and its employees will cease to be a part of the Scheme.

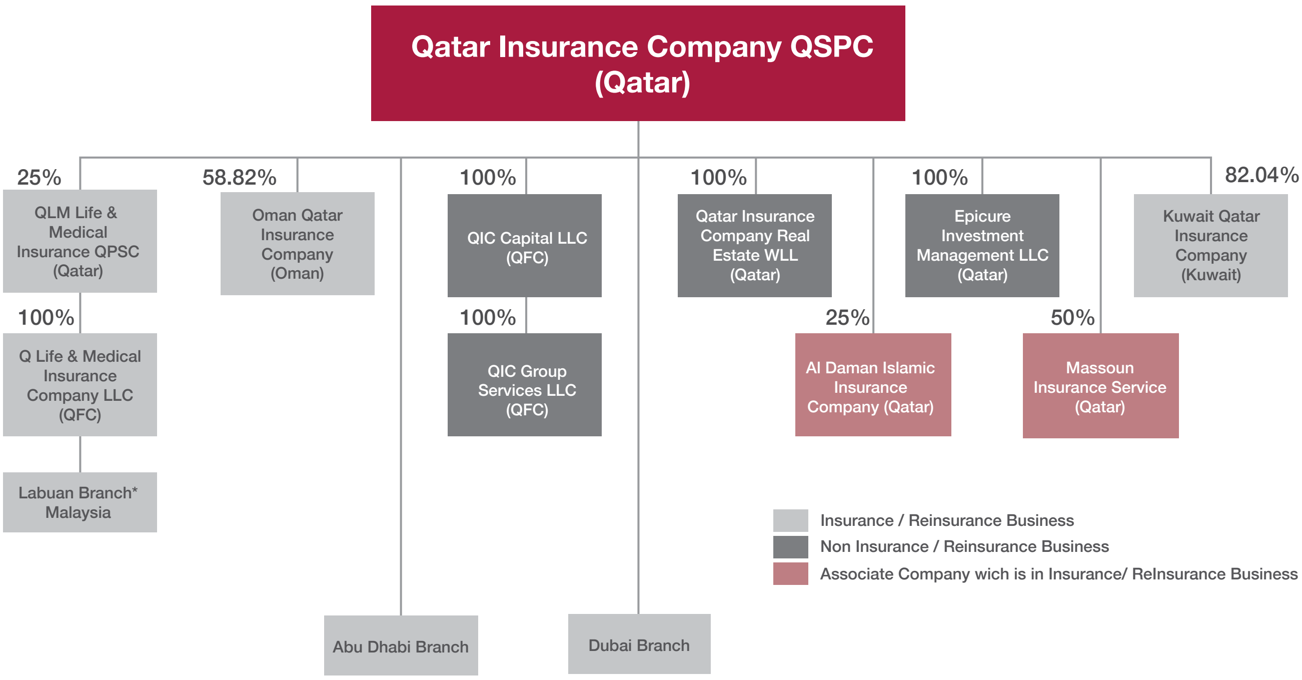
Financial terms and other key provisions of material related party transactions are reviewed and approved in accordance with the QIC Group policy governing related party transactions to ensure that related party transactions are conducted on an arm's length commercial basis in the best interests of QLM. Following QLM's conversion into a QPSC, the Company will follow its own policy governing related party transactions as described in detail in Section 11 of this Prospectus (Management and Corporate Governance).

The relationship between the related parties abovementioned and QIC (as the current majority owner of the Company/QLM) are set out in detail in the table below:

Company Name	Ownership
QLM Life & Medical Insurance Company (Qatar)	85% owned by QIC (pre-Offering); will be 25% owned by QIC post-Offering
Qatar Insurance Group WLL (Qatar)	100% owned by QIC
Oman Qatar Insurance Company SAOG (Oman)	58.82% owned by QIC and QIC Group entities
Epicure Investment Management LLC (Qatar)	100% owned by QIC
Massoun Insurance Services (Qatar)	50% owned by QIC (and 50% owned by The Commercial Bank (CBQ))
Q Life & Medical Insurance Company LLC (QFC)	100% owned by QLM
Al Damaan Islamic Insurance Company ('Beema') (Qatar)	25% owned by QIC

Kuwait Qatar Insurance Company (Kuwait)	82.04% owned by QIC
Qatar Insurance Company—Dubai Branch	A branch of QIC in Dubai, UAE
Qatar Insurance Company—Abu Dhabi Branch	A branch of QIC in Abu Dhabi, UAE
Qatar Insurance Company Real Estate LLC (Qatar)	100% owned by QIC

For reference, the diagram below illustrates the relationship, post-IPO, between the entities discussed above:



15 UNDERTAKINGS BY THE COMPANY

The Directors undertake to promptly inform the QFMA and the QE about any information that might affect the Company's Share price on the QE, and to cause the Company to publish this information clearly and accurately in daily newspapers in collaboration and coordination with the MOCI, the QFMA, the QCB and the QE. The Directors further undertake to cause the Company to provide the QFMA and QE with all periodic information and reports issued by the Company in the future.

The Directors, acting jointly and severally, confirm that the information provided in this Prospectus is true and accurate and that no facts were omitted from this Prospectus which would render any statement in this undertaking or in this Prospectus misleading.

16 DESCRIPTION OF THE SHARES; ARTICLES OF ASSOCIATION

The Company is a limited liability company under conversion into a QPSC as at the date of this Prospectus. The Company's issued share capital will remain QAR 350,000,000, to be divided into 350,000,000 ordinary shares of QAR 1.00 each. The information below in this Section 16 (Description of the Shares) constitutes a summary of the amended Articles to be adopted by the Company upon its conversion into a QPSC and the provisions describing the rights of Shareholders in the post-conversion Company. The Company received approval from MOCI on 2 December 2020 on the Articles.

The material provisions of the Articles are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

16.1 Voting rights

When voting for the election of members of the Board of Directors, each Share shall have one vote given by the Shareholder in favour of such candidates as the Shareholder chooses. Shareholders may divide their voting shares between more than one candidate, but an individual Share may not be used to vote for more than one candidate. Voting for the election of members of the Board of Directors shall be subject to the corporate governance rules of the QFMA.

16.2 Shareholders' Rights

In accordance with the Articles, all Shares are of equal value and enjoy equal voting and other inherent rights, which, in accordance with the Companies Law, include:

- the right to receive dividends declared in the general meeting;
- preferential rights to subscribe for any new Shares, except as provided for under law;
- the right to share in the distribution of the proceeds of the Company’s assets on liquidation; and
- the right to be invited to attend the general meeting and to vote in such meetings personally or by proxy in accordance with the Articles

16.3 Alteration of Capital

The share capital of the Company may be increased by issuing new Shares with the same nominal par value as the original Shares by virtue of a decision of the Extraordinary General Assembly (the “EGA”) in accordance with the provisions of articles (190 to 200) of the Companies Law. However, the Extraordinary General Assembly may resolve to add a premium to the value of the Shares and to determine their amount, subject to the approval of MOCI. The value of this premium shall be added to the legal reserve of the Company. The increase should be based upon the Extraordinary General Assembly resolution after the approval of MOCI.

Also, without prejudice to the provisions of articles (201) and (204) of the Companies Law, the share capital of the Company may not be decreased, except by virtue of a resolution of the Extraordinary General Assembly after hearing the auditor’s report and receiving the approval of MOCI, in one of the following two cases: (i) if the share capital is in excess of the Company’s needs; or (ii) if the Company is suffering losses.

16.4 Transfer of Shares

Following the Listing, the issuance, transfer, sale, donation, pledge and attachment of the Shares (and any other transaction or disposal thereof) shall be in accordance with the instructions, regulations and policies promulgated by the QFMA and the QE.

16.5 Dividends

The decision to pay dividends is taken by the Ordinary General Assembly of Shareholders of the Company based on the recommendation of the Board.

The Company's dividend policy is aimed at striking a balance between the interests of Shareholders and the Company's business needs. A number of factors therefore have an impact on the decision to pay a dividend and the amount and form of any dividend.

16.6 Pre-emption rights

The Shareholders shall have pre-emptive rights over the subscription for new Shares. However, it is possible to waive the pre-emption right in favour of third parties by virtue of a resolution of the Extraordinary General Assembly by a three-fourths (75%) majority of the holders of the issued share capital of the Company, and after having secured the approval of the Companies Control Department of MOCI.

16.7 Shareholders' meetings

Every Shareholder shall have the right to attend the Shareholders' meetings. The Board shall send invitations to the Shareholders to attend a Shareholders' meeting by publishing such invitation in two local newspapers. At least one such invitation should be published in Arabic and on the website of the Company at least fifteen (15) days prior to the date of the General Assembly meeting.

The Board of Directors will prepare an annual statement for the Shareholders' consideration before each Ordinary General Assembly meeting, which will include the following information (to be submitted at least one week ahead of the meeting):

i. all of the amounts obtained by the Chairman and each member of the Board during the fiscal year, such as salaries, wages, allowances, and attendance fees, expenditures and any other amounts;
ii. the benefits in kind and in cash enjoyed by the Chairman or any member of the Board for the fiscal year;
iii. the bonuses that the Board proposes to distribute to members of the Board;
iv. the amounts allocated for each current Board member;
v. the transactions in which one of the Board members or managers has an interest conflicting with the Company's interests;
vi. the amounts actually spent on advertising in any manner, together with details for each amount; and
vii. the donations together with information on the beneficiary parties, reasons, and details of each donation.

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16.8 The Ordinary General Assembly

The Board of Directors will extend an invitation to all Shareholders to attend the ordinary general meeting within four months of the end of the financial year. The OGA will be responsible for:

i. hearing and ratifying the Board's report and the auditors' report concerning the Company's activities and its financial position during the current year;
ii. discussing and ratifying the Company's budget and the profit and loss account;
iii. discussing and adopting the corporate governance report;
iv. considering the Board's suggestions with regard to the approval and distribution of profits;
v. considering the discharge and release of Board members from liability and payment and

determining their remuneration;
vi. considering the appointment or re-appointment of the auditors and agreeing their fees; and
vii. electing Board members, when necessary

The invitation will be sent as described above and must be annexed with the agenda and all statements and documents pertaining to the matters to be deliberated at such OGA. When calling for a meeting of the OGA, the Chairman shall publish the invitation along with the balance sheet, profit and loss account, an adequate summary of the Board's report and the full text of the auditors' report in two newspapers, at least one of which will be in the Arabic language. A copy of all the above documents shall be sent to the MOCI at the same time as they are sent to Shareholders. Furthermore, the Board of Directors shall invite the OGA to convene upon the auditor's request. If the Board of Directors fails to invite the OGA within fifteen (15) days from the date of the request, the Auditor may invite the OGA directly after the approval of the competent administrative department at MOCI.

A Shareholder may appoint in writing another Shareholder to be his proxy to attend and vote on his behalf at the general assembly meeting but a Shareholder may not appoint a Director as his proxy and the number of Shares detained by the attorney should not exceed 5% of the Company's entire issued share capital.

The OGA meeting shall not be deemed to have been duly convened unless attended by a number of Shareholders representing at least half of the entire issued share capital of the Company. If such quorum is not met, an invitation shall be sent for a second meeting to be held within fifteen days following the first meeting by way of publication in two daily local newspapers. At least one such publication should be in Arabic and on the website of the Company and should be made available at least fifteen days prior to the meeting date. The second meeting shall be considered valid regardless of the number of Shares represented.

The resolutions of the OGA shall be passed by absolute majority of the votes represented at such meeting.

Each Shareholder shall have a number of votes equal to his number of Shares. However, with the exception of corporate entities, no shareholder may hold, either in person or by proxy, a number of votes exceeding 25% of the number of deciding votes represented at the meeting.

16.9 The Extraordinary General Assembly

An EGA will be convened to decide on the following issues:

i. the amendment of the Company's Memorandum and Articles of Association;
ii. the increase or decrease of the Company's share capital;
iii. the extension of the Company's term;
iv. the dissolution, liquidation, transformation or merger with another Company or the acquisition of the Company; and
v. the sale of the venture for which the Company was created, or disposing of such project in any manner

Nonetheless, this EGA meeting is not entitled to make amendments to the Articles which may increase the burden on Shareholders or amend the basic objectives of the Company or change its nationality or transfer its location from Qatar to any other state. Any attempt to do so will be null and void.

The Board shall call for an EGA whenever necessary or upon a written request by a Shareholder or any number of Shareholders representing at least 25% of the Company's issued share capital and within fifteen (15) days from the submission of the request.

The EGA will not be valid unless the meeting is attended by Shareholders and proxies representing at least three-fourths (75%) of the Company's issued share capital. If such quorum is not met, an invitation shall be sent for a second meeting to be held within 30 days following the first meeting. The second meeting shall be considered valid if attended by a number of Shareholders representing 50% of the Company's issued share capital. If such quorum is not met, an invitation shall be sent for a third meeting to be held within thirty days following the first meeting. The third meeting shall be considered valid regardless of the number of Shareholders present.

If the matter to be considered is the dissolution of the Company, its liquidation, its transformation or its merger or the sale of the project which the Company was set up for, or disposing of the project by any means, the meeting will be considered valid only if it is attended by a number of Shareholders representing at least three-fourths (75%) of the Company's issued share capital.

In any event, for resolutions to be validly passed at an EGA, an absolute majority of the Shares represented at such EGA is required.

16.10 Directors

The Company shall be managed by a Board consisting of eight (8) Directors, all of whom shall be elected by the OGA by way of a secret ballot. Notwithstanding the foregoing, the first Board of Directors shall consist of the eight (8) Directors named in this Prospectus and will serve an initial term of five (5) years. Subsequent Boards will be elected by the Constitutive General Assembly for a period of three (3) years. Directors may be re-elected more than once. The Board shall appoint a Board secretary in compliance with the QFMA requirements.

16.11 Maximum Shareholding

No individual or entity except the Founders or any one of them upon obtaining the necessary approvals and exemptions, the Government and its related institutions organisations and entities so entitled by the law and regulations, may possess at any time more than five percent (5%) of the shares of the Company.

16.12 Non-Qatari shareholding

The Articles allow for non-Qataris to own up to 49% of the Shares of the Company.

17 TRANSFER AND SELLING RESTRICTIONS

The distribution of this Prospectus and the Offering in certain jurisdictions may be restricted by law and therefore persons receiving the Prospectus should consider and observe any relevant restrictions, including those set out in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

17.1 Qatar

This Prospectus has been approved by the Qatar Financial Markets Authority and is being made available to eligible investors in the State of Qatar (outside of the Qatar Financial Centre).

17.2 Qatar Financial Centre

This Prospectus does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "QFC"), and accordingly should not be construed as such. This Prospectus has not been reviewed or approved by or registered with the QFC Authority, the QFC Regulatory Authority, or any other competent legal body in the QFC. This Prospectus is strictly private and confidential and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient hereof. The Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

17.3 United States

The Shares have not been and will not be registered under The Securities Act of 1933 ("The Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be, directly or indirectly, offered or sold within the United States or to or for the account or benefit of any US persons, except under an exemption from or in a transaction not subject to the registration requirements of The Securities Act.

Each Receiving Bank has agreed that:

17.3.1 it has not solicited and will not solicit offers for, or offer to sell, Shares by means of any general solicitation or advertising in the United States or otherwise in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act;

17.3.2 none of it, its affiliates or any person acting on its or their behalf, has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Shares;

17.3.3 such Receiving Bank, or any person acting on its behalf, will offer or sell or solicit offers for the

Shares as part of their initial distribution only in offshore transactions within the meaning and meeting the requirements of Rule 903 under the Securities Act.

Terms used above in this paragraph 17.3 have the meanings given to them under Regulation S of the Securities Act.

17.4 European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each a "Relevant Member State") no Shares have been offered or will be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Ordinary Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

17.4.1 to any legal entity which is a qualified investor as defined under the Prospectus Directive;
17.4.2 to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Receiving Banks for any such offer; or
17.4.3 in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State.

For the purposes of this provision, the expression an "offer to the public" in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state. "Prospectus Directive" means Directive 2003/71/EC as amended including by Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State

17.5 United Kingdom

Neither this Prospectus nor any other document issued in connection with the Offering may be passed on to any person in the United Kingdom. All applicable provisions of the Financial Services and Markets Act of 2000, as amended, must be complied with in respect of anything done in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

17.6 Australia

This Prospectus does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia, as amended (the "Corporations Act"), and will not be lodged with the Australian Securities and Investments Commission. The Shares will not be offered to persons who receive offers in Australia other than with the prior approval of the Listing Advisor and Offering Manager and on a basis that such offers of Shares for issue or sale do not require disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of Shares received in Australia is void to the extent that it requires disclosure to investors under the Corporations Act. In particular, offers for the issue or sale of Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors, as provided for by section 708 of the Corporations Act. Any person to whom Shares are issued or sold pursuant to an exemption, as provided for by section 708 of the Corporations Act, must not (within 12 months after the issue or sale) offer those Shares in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

17.7 Japan

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law, as amended (the "FIEL"). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan. No such offer of securities for sale will be made except with the prior approval of the Listing Advisor and Offering Manager and unless made pursuant to an exemption from the registration requirements under the FIEL. Any such offer of securities for sale shall be in compliance with the FIEL and other relevant laws and shall also be in compliance with such law and any other applicable laws, regulations or ministerial guidelines of Japan.

17.8 Other jurisdictions

The Offer Shares have not been and will not be registered under the applicable securities laws of the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the United Arab Emirates, the Sultanate of Oman, and the State of Kuwait.

18 QATAR EXCHANGE (QE)

The Doha Securities Market, as the predecessor to the QE, was established in 1995 and officially commenced operations in 1997.

In June 2009, Qatar Holding (the strategic investment arm of the Qatar Investment Authority) and New York Stock Exchange Euronext signed agreements to form a strategic partnership to establish the exchange as a world-class market. In October 2013, New York Stock Exchange Euronext exited the QE with Qatar Holding acquiring the entire share capital of the QE.

The primary aim of the QE is to support Qatar's economy by providing a venue for capital raising for Qatari companies and to give Investors a platform through which they can trade a variety of products in a transparent and efficient manner. The QE also provides the public with access to market information and ensures correct disclosure of information. In addition, the Qatari market has been upgraded by the Morgan Stanley Capital Index from having a frontier market status to now holding an emerging market status. This clearly reflects the recognition of the positive steps made by the QE over the years to meet requirements in terms of development of market infrastructure and the implementation of a number of important projects and initiatives. These were welcomed by international financial and investment institutions.

19 QATAR FINANCIAL MARKETS AUTHORITY (QFMA)

The QFMA is the capital markets authority in the State of Qatar. It was established as an independent regulatory and supervisory authority pursuant to Law No. 33 of 2005 and subsequently replaced by Law No. 8 of 2012. The primary mission of the QFMA is to implement a robust regulatory framework for the securities markets in addition to conducting effective and responsible market oversight and supervision.

In accordance with its mandate, the QFMA is the licensing authority for the securities industry and relevant associated activities. The QFMA is also the listing authority in charge of overseeing and monitoring the issue of securities in the listing process on the QE. The QFMA also has the responsibility of ensuring market integrity and transparency by enforcing market rules and regulations on market participants and by conducting necessary surveillance and supervision activities.

20 QATAR CENTRAL SECURITIES DEPOSITORY (QCSD)

QCSD was established as a Qatari private shareholding company in 2014 and is owned by both the Qatar Central Bank and the QE. It has obtained all necessary licences from the competent authorities in Qatar, including the QFMA.

QCSD's functions include safekeeping, management, ownership, clearing and settlement of securities and other financial instruments. It also provides related financial services, including registration, acceptance and transfer of government bonds and treasury bills (known as T-bills). Moreover, it offers additional services including DvP implementation (Delivery vs. Payment), securities lending and borrowing settlement, management and follow-up of the non-Qatari shareholders' equity, registration and authorisation of Exchange-Traded Funds (ETFs) and participation in IPOs.

QE's systems are linked to QCSD's systems to enforce the transfer of listed companies' shares at QE between sellers and buyers. QCSD will also process all off-market transfers, either by inheritance or by court order. QCSD is responsible for pledging and unpledging shares, among other operations.

21 GENERAL INFORMATION

21.1 The Offering and Listing Expenses will be payable by the Selling Shareholder. The estimated net cash proceeds of the Offering accruing to the Selling Shareholder are QAR 659,400,000 and will be used as set out in Section 3 of this Prospectus.

21.2 There are no arrangements under which future dividends are waived or agreed to be waived.

21.3 Documents available for inspection

Copies of the following documents may be inspected at the offices of the Company, being 5th floor, QIC Building, Al Tamin Street, Doha, Qatar, during usual business hours on any weekday (excluding Fridays and Saturdays) for a period of 3 months following the date of this Prospectus:

21.3.1 the Articles;

21.3.2 the historical financial information of Q Life as at and for the financial year ended 31 December 2018, and the historical financial information of QLM for the financial year ended 31 December 2019 and for the six months period ended 30 June 2020, which is set out in Section 7 (Historical Financial Information); and

21.3.3 this Prospectus.

21.4 External Auditor Appointment

The Founders appointed Ernst & Young (Qatar Branch) as the first independent auditors of the converted Company. The appointment of the independent auditors will be ratified at the meeting of the CGA.

21.5 Litigation

Neither the Company nor its Subsidiary have been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Company or the Subsidiary during the period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

21.6 Significant Change

Since 30 June 2020 until the date of this Prospectus, there are no significant changes in the financial position of the Company or its Subsidiary.

21.7 Working Capital

In the opinion of the Company, the working capital available to the Subsidiary is sufficient for their present requirements, in order to meet its needs for the period of 12 months following the date of this Prospectus.

21.8 Investments and Principal Establishments

21.8.1 Other than as disclosed in this Prospectus, the Company currently has no principal investments in progress or planned for the future, on which the Directors have made firm commitments or otherwise.

21.8.2 The principal establishments of the Company as at the date of this Prospectus are set out in Section 4 (The Company).

21.10 Listing and Settlement

Prior to the Closing Date, the Company will submit an application to the QFMA and the QE to list the Shares on the QE in accordance with the QFMA Listing Rules and the QE Rule Book. Trading in the Shares will be effected on an electronic basis, through the applicable trading system administered by the QE. It is anticipated that Admission will occur on 6 January 2021 (after obtaining the approval of the regulatory authorities).

After the Closing Date, and following commencement of trading of the Shares on the QE, all institutions and individuals will be permitted to purchase Shares on the QE secondary market in accordance with the applicable laws of Qatar and the QE Rule Book. The Shares may be freely traded and transferred in accordance with the Articles of the Company, the laws of the State of Qatar, the QFMA Listing Rules, the rules and regulations of the QE, and in compliance with the applicable laws of the State of Qatar.

Transactions in Shares admitted to trading on the QE will be governed by a 3-day settlement cycle (T+3) as per the QCSD Rules and delivery-versus-payment (DvP) procedures in accordance with the procedures of the exchange whereon shares are listed.

21.11 Material Contracts

QLM is a party to several material agreements customary for insurers, governing its day-to-day business (e.g. agreements with customers, with healthcare providers, with cedents and reinsurers, with brokers, and others) and will remain subject to many of those material agreements following its conversion into a QPSC. QLM and Q Life are also a party to certain related-party contracts, which are described in Section 14 (Related Party Transactions) of this Prospectus.

22 DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context otherwise requires:

"Acquisition Costs"	the direct costs incurred by an insurer to acquire a premium, usually in the form of commissions paid by the insurer to a broker or ceding party
"Acquisition Ratio"	the ratio of Net Acquisition Costs to Net Earned Premiums, expressed as a percentage
"Admission"	the admission of the Company's Shares to trading on the main market of the QE
"Anchor Investors"	Eligible Investors consisting of certain pre-selected investors who have committed, in the aggregate, to subscribe for 52,500,000 Offer Shares, equivalent to 15% of the Company's issued share capital
"Application Form"	an application form pursuant to which Investors may apply to subscribe for Offer Shares
"Articles" or "Articles of Association"	the articles of association of the Company (as amended from time to time)
"Audit Committee"	the audit committee of the Board
"Board" or "Directors"	the board of directors of the Company
"Company Financial Statements"	the audited financial statements of the Company for the fiscal years ended 31 December 2018 and 31 December 2019 and the unaudited interim condensed consolidated financial statements of the Company for the fiscal period ended 30 June 2020
"CAGR"	Compound Annual Growth Rate
"CGA"	the Constitutive General Assembly of the Company
"Chairman"	the chairman of the Board
"Combined Ratio"	The ratio of total expenses (which comprises Net Acquisition Costs and operating expenses) plus net insurance claims, relative to net earned premiums, expressed as a percentage (with a Combined Ratio below 100 generally indicating profitable underwriting and a Combined Ratio above 100 generally indicating unprofitable underwriting)
"Commercial Code"	the Qatar Commercial Code, promulgated by Law No. (27) of 2006
"Companies Law"	Commercial Companies Law No. (11) of 2015
"Company"	QLM Life & Medical Insurance Company, a limited liability company under conversion into a QPSC, in accordance with the Companies Law

"Constitutional Documents"	the Articles and the Memorandum of the Company
"Corporate Investors"	eligible Investors, consisting of legal entities incorporated in the State of Qatar, with a commercial registration certificate issued by the Ministry of Commerce and Industry, and for avoidance of doubt "Corporate Investors" does not include Qatari branches of foreign companies or companies incorporated in the QFC or free zones in the State of Qatar
"Deloitte"	Deloitte & Touche – Qatar Branch, with its registered address at Al-Ahli Bank – Head Office Building, Suhaim Bin Hamad Street, Al Sadd Area, P.O. Box 431, Doha, Qatar, one of the two independent valuators
"EGA"	an extraordinary general assembly of the Company as constituted by the Articles
"Eligible Investors"	the categories of Investors eligible to subscribe for the Offer Shares in connection with the IPO, namely: Individual Investors, Corporate Investors, and Anchor Investors
"Expense Ratio"	the ratio of operating expenses, plus claims handling expenses, relative to Net Earned Premiums, expressed as a percentage
"Executive Directors"	the executive directors of the Company, being Directors on the Board who are also employed by the Company or its subsidiary on a full-time basis to perform executive work
"Founders"	the eight (8) shareholders who hold the Founders' Shares
"Founders' Shares"	140,000,000 Shares, equal to 40% of the issued share capital of the Company, to be retained by the Founders
"General Assembly"	a general assembly of the Company as constituted by the Articles
"GCC"	Cooperation Council for the Arab States of the Gulf
"Government"	the government of Qatar
"Gross Earned Premiums"	the portion of the Gross Written Premium that corresponds to the period of the underlying policy that has already expired
"Gross Written Premiums"	the total premiums receivable for the whole period of cover provided by insurance contracts entered into during the accounting period
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards
"Independent Director"	a Director who meets the definition of an independent director under the QFMA Governance Code for Companies & Legal Entities Listed on the Main Market, as amended from time to time
"Individual Investors"	eligible Investors, consisting of individual Qatari citizens
"Individual and Corporate Investors"	Eligible Investors, consisting of either Individual Investors or Corporate Investors, for whom certain Offer Shares, comprising 45% of the Shares of the Company, have been set aside as at the date of this Prospectus, and who shall subscribe to those Shares in accordance with the terms of

	this Prospectus
"Investor"	a natural or legal person who is eligible to subscribe for Shares in the Offering pursuant to the terms and conditions set out in this Prospectus and to whom the Offering is being made
"IPO"	the initial public offering
"KQIC"	Kuwait Qatar Insurance Company K.S.C.C., a Kuwaiti shareholding company existing under the laws of the State of Kuwait with registration no. 115717
"KSA"	the Kingdom of Saudi Arabia
"Labuan Branch"	the branch of Q Life, established in Labuan, Malaysia
"Lead Receiving Bank"	Qatar National Bank
"Listing"	the listing of the Company's Shares on the QE
"Loss Ratio"	the ratio of net insurance claims, less claims handling expenses, relative to Net Earned Premiums, expressed as a percentage
"Memorandum"	the memorandum of association of the Company (as amended from time to time)
"MENA"	the Middle East and North Africa
"Ministerial Resolution"	the resolution of the Minister of Commerce and Industry approving the conversion of the Company into a QPSC
"MOCI"	Ministry of Commerce and Industry
"Net Acquisition Cost"	the net amount of (i) Acquisition Costs, meaning direct costs incurred by an insurer to acquire a premium, usually in the form of commissions paid by the insurer to a broker or ceding party; and (ii) such costs earned by an insurer to cede a premium, usually in the form of commissions paid to the insurer from a broker or reinsurer
"Net Acquisition Premium"	the ratio of Net Acquisition Cost to Net Earned Premiums
"Net Earned Premium"	Gross Earned Premium less Reinsurance Premium ceded in respect of the same period for which the Gross Earned Premium has been calculated
"Net Incurred Claims"	the value of all claim amounts paid or payable for the valuation period (gross claims paid) net of recovery from reinsurers
"Nomination Committee"	the nomination committee of the Board
"Non-Executive Directors"	the non-executive directors of the Company, being Directors on the Board who are not employed by the Company or its subsidiary on a full-time basis to perform executive work
"Non-Independent Directors"	Directors who do not meet the definition of Independent Directors
"Offering"	the public offering of the Offer Shares to Individual and Corporate Investors in Qatar as described in Section 3 (The Offering)

"Offer Price"	QAR 3.15 per Share, which includes the Offering and Listing Fee of QAR 0.01 per Offer Share
"Offer Shares"	210,000,000 Shares, equal to 60% of the issued share capital of the Company, to be offered by the Company at the Offer Price pursuant to the Offering and this Prospectus
"Offering and Listing Expenses"	the costs and fees associated with the Offering, including professional advisors' fees, advertising, printing, regulatory and other costs and fees, to be paid from the proceeds of the Offering and Listing Fees
"Offering and Listing Fee"	QAR 0.01 per Offer Share
"Official Gazette"	the official monthly publication issued by the Ministry of Justice in the State of Qatar, containing all legislation issued by the State of Qatar for the preceding period, including ministerial decrees sanctioning the establishment of Qatari shareholding companies
"OGA"	the Ordinary General Assembly of Shareholders
"OQIC"	Oman Qatar Insurance Company S.A.O.G., an Omani public joint stock company existing under the laws of the Sultanate of Oman with registration no. 1760882
"Prospectus"	this document
"QAR" or "Qatari Riyal"	the lawful currency from time to time of Qatar
"Qatar" or "the State"	The State of Qatar
"QCB"	Qatar Central Bank
"QCSD"	Qatar Central Securities Depository
"QE"	Qatar Exchange
"QE Rule Book"	The Qatar Exchange Rule Book
"QFMA"	Qatar Financial Markets Authority
"QFMA Corporate Governance Code"	Governance Code for Companies & Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016
"QIC"	Qatar Insurance Company QSPC, a Qatari public shareholding company with commercial registration number 20
"QIC Group"	QIC and its subsidiaries
"QIG"	Qatar Insurance Company Group WLL, a Qatari limited liability company with commercial registration no. 43370
"Q Life"	Q Life & Medical Insurance Company LLC, a company registered in the Qatar Financial Centre, with registration number 0141 and a wholly owned subsidiary of QLM
"QLM"	QLM Life & Medical Insurance Company WLL, a limited liability company

	incorporated and existing under the laws of the State of Qatar, with commercial registration number 116849
"Receiving Banks"	Qatar National Bank, Commercial Bank PSQ, Ahli Bank QPSC, Doha Bank QSC, and Al Khalij Commercial Bank PQSC
"Reinsurance Premiums"	premiums ceded from an insurer to a reinsurer in consideration for the reinsurer's acceptance of the risk of the original insurance policy related to the ceded premium
"Remuneration Committee"	the remuneration committee of the Board
"SEC"	the United States Securities and Exchange Commission
"Securities Act"	US Securities Act 1933, as amended
"Selling Shareholder(s)"	the Founder(s) participating in the Offering by selling their respective portions of the Offer Shares, namely QIC
"Senior Management"	the senior management of the Company, whose names and roles are set out in section 11.2 of this Prospectus
"Shareholders"	the holders of Shares from time to time
"Shares"	ordinary shares of QAR 350,000,000 each in the capital of the Company, consisting of the Founders' Shares and the Offer Shares
"Subscription Application"	an application by an Investor on an Application Form
"Subsidiary"	the subsidiary entity of QLM, being Q Life
"UAE"	United Arab Emirates
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

23 LEGAL COUNSEL'S CERTIFICATION

AL-ADBA
Advocates & Legal Consultants
LAWYER / AIED AL ADBA

العذبة
للمحاماة والإستشارات القانونية والتحكيم
المحامي / عايض العذبة

Date:29/11/2020

Legal Confirmation

We, the undersigned, hereby confirm and certify that the offering of the shares of QLM Life & Medical Insurance Company (under conversion from a limited liability company into a Qatari Public Shareholding Company) for public subscription is in accordance with the Companies Law and with the rules and regulations of the QFMA, the QCB, and the QE and with the Company's constitutional documents.

We further confirm that all procedures undertaken in this respect are in accordance with applicable laws, rules, and regulations.

Al Adba Advocates and Legal consultants
Advocate Aize Al Adba
Doha, Qatar
Date: 29-11- 2020

العذبة للمحاماة والإستشارات القانونية والتحكيم
AL ADBA
AL-ADBA Advocates and Legal Consultants

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Appendix 1

QLM's Commercial Registration activities

1	Life insurance (6510009)
2	Health insurance (6510008)