

**QLM Life & Medical Insurance
Company Q.P.S.C.**
**(Formerly known as QLM Life & Medical Insurance
Company W.L.L)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2021**

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF QLM LIFE & MEDICAL INSURANCE COMPANY Q.P.S.C.
(FORMERLY KNOWN AS 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 Q.P.S.C. (formerly known as QLM Life & Medical Insurance Company W.L.L.) and its subsidiary (collectively "the Group") as at 30 June 2021, comprising of the interim consolidated statement of financial position as at 30 June 2021 and the related interim consolidated statement of profit or loss and interim consolidated statement of comprehensive income for the six months period ended 30 June 2021, 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 interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with 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.

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

Date: 1 August 2021
Doha



QLM Life & Medical Insurance Company Q.P.S.C.
 (Formerly known as QLM Life & Medical Insurance Company W.L.L.)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 At 30 June 2021

	Notes	30 June 2021 QR ('000) (Reviewed)	31 December 2020 QR ('000) (Audited)
ASSETS			
Bank balances and short-term deposits	3	630,274	604,976
Financial investments	4	608,040	590,886
Insurance and other receivables	5	396,489	326,390
Reinsurance contract assets	6	189,495	103,084
Due from related parties	7 (a)	67,875	115,094
Property and equipment		1,725	1,279
TOTAL ASSETS		1,893,898	1,741,709
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Short term borrowings		248,339	242,333
Provisions, reinsurance and other payables		95,129	104,590
Insurance contract liabilities	6	810,177	741,058
Due to related parties	7 (b)	165,890	130,697
TOTAL LIABILITIES		1,319,535	1,218,678
SHAREHOLDERS' EQUITY			
Share capital	8	350,000	350,000
Legal reserve	14	17,587	17,587
Fair value reserve		21,159	25,254
Retained earnings		185,617	130,190
TOTAL SHAREHOLDERS' EQUITY		574,363	523,031
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,893,898	1,741,709


 Sheikh Saoud Bin Khalid Bin Hmad Al-Thani
 Chairman


 Salem Al-Mannai
 Managing Director

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QLM Life & Medical Insurance Company Q.P.S.C.
 (Formerly known as QLM Life & Medical Insurance Company W.L.L.)
 INTERIM CONSOLIDATED STATEMENT OF INCOME
 For the six months period ended 30 June 2021

Notes	For the three months period ended		For the six months period ended	
	30 June 2021 QR ('000) (Reviewed)	30 June 2020 QR ('000) (Reviewed)	30 June 2021 QR ('000) (Reviewed)	30 June 2020 QR ('000) (Reviewed)
Gross premiums	9 256,568	208,463	556,407	604,614
Premium ceded to reinsurers	9 (137,783)	(23,165)	(162,806)	(50,482)
Net premiums	118,785	185,298	393,601	554,132
Movement in unexpired risk reserve	9 78,298	17,240	1,532	(120,507)
Net earned premiums	197,083	202,538	395,133	433,625
Gross claims paid	9 (175,292)	(193,813)	(387,033)	(391,926)
Reinsurance recoveries	9 26,326	7,952	46,562	19,143
Movement in outstanding claims	9 (14,711)	16,944	15,760	3,396
Net commissions	9 (2,795)	(4,290)	(12,967)	(9,755)
Net underwriting results	30,611	29,331	57,455	54,483
Investment and other income	9 11,795	17,497	22,066	21,032
Finance costs	9 (614)	(1,067)	(1,267)	(3,520)
Net investment income	11,181	16,430	20,799	17,512
TOTAL INCOME	41,792	45,761	78,254	71,995
Operating and administrative expenses	9 (11,180)	(12,262)	(22,344)	(23,286)
Depreciation and amortization	9 (236)	(214)	(413)	(400)
PROFIT BEFORE TAX	30,376	33,285	55,497	48,309
Income tax expense	(37)	(1,650)	(70)	(1,650)
Prior period tax adjustment	-	3,795	-	3,795
PROFIT FOR THE PERIOD	30,339	35,430	55,427	50,454
Earnings per share				
Basic / diluted earnings per share in Qatari Riyal (2020: Restated)	0.09	0.10	0.16	0.14

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QLM Life & Medical Insurance Company Q.P.S.C.
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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 For the six months period ended 30 June 2021

	<i>For the three months period ended</i>		<i>For the six months period ended</i>	
	<i>30 June 2021</i>	<i>30 June 2020</i>	<i>30 June 2021</i>	<i>30 June 2020</i>
	<i>QR ('000) (Reviewed)</i>	<i>QR ('000) (Reviewed)</i>	<i>QR ('000) (Reviewed)</i>	<i>QR ('000) (Reviewed)</i>
PROFIT FOR THE PERIOD	30,339	35,430	55,427	50,454
OTHER COMPREHENSIVE INCOME (OCI)				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods				
<i>Debt instruments at fair value through other comprehensive income</i>				
Net changes in fair value during the period	(602)	27,204	(4,095)	(9,590)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	29,737	62,634	51,332	40,864



QLM Life & Medical Insurance Company Q.P.S.C.
 (Formerly known as QLM Life & Medical Insurance Company W.L.L.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2021

	<i>Share capital QR ('000)</i>	<i>Legal reserve (QR '000)</i>	<i>Fair value reserve QR ('000)</i>	<i>Retained earnings QR ('000)</i>	<i>Total equity QR ('000)</i>
Balance at 1 January 2020	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
Balance at 1 January 2021	350,000	17,587	25,254	130,190	523,031
Profit for the period	-	-	(4,095)	55,427	55,427
Net change in investments at fair value through other comprehensive income (FVOCI)	-	-	(4,095)	-	(4,095)
Total comprehensive income for the period	-	-	(4,095)	55,427	51,332
Balance at 30 June 2021 (Reviewed)	350,000	17,587	21,159	185,617	574,363

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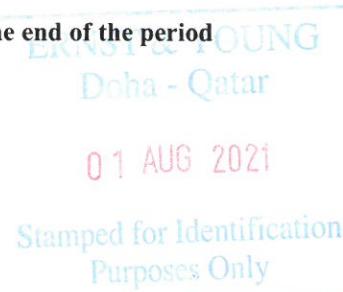
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QLM Life & Medical Insurance Company Q.P.S.C.
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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months period ended 30 June 2021

		<i>For the six months period ended</i>	
		<i>30 June</i> <i>2021</i> <i>Note</i> <i>(QR'000)</i> <i>(Reviewed)</i>	<i>30 June</i> <i>2020</i> <i>(QR'000)</i> <i>(Reviewed)</i>
OPERATING ACTIVITIES			
Profit before tax		55,497	48,309
<i>Adjustments for:</i>			
Depreciation	9	413	400
Interest income	9	(16,165)	(17,086)
Interest expense	9	1,267	3,520
Gain / (loss) on disposal of property and equipment		(2)	-
Impairment loss on receivables		-	645
Provision for employees' end of service benefits		263	233
Operating profit before working capital changes		41,273	36,021
<i>Movements in working capital:</i>			
Insurance and other receivables		(70,099)	(159,056)
Due from related parties		47,219	(37,450)
Insurance reserves, net		(17,292)	117,111
Provisions, reinsurance and other payables		(9,761)	19,082
Due to related parties		35,193	2,535
Cash generated from / (used in) operations		26,533	(21,757)
Employees' end of service benefits paid		(33)	(238)
Net cash generated from / (used in) operating activities		26,500	(21,995)
INVESTING ACTIVITIES			
Net cash movement in investments		(21,249)	62,253
Purchase of property, equipment		(873)	(110)
Interest income received		16,165	17,086
Proceeds from sale of property and equipment		16	-
Net cash (used in) / generated from investing activities		(5,941)	79,229
FINANCING ACTIVITIES			
Net movement in short-term borrowings		6,006	(73,143)
Interest paid		(1,267)	(3,520)
Dividend paid in cash		-	(42,000)
Net cash generated from / (used in) financing activities		4,739	(118,663)
Net increase / (decrease) in cash and cash equivalents		25,298	(61,429)
Cash and cash equivalents at the beginning of the year		604,976	568,711
Cash and cash equivalents at the end of the period	3	630,274	507,282

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



QLM Life & Medical Insurance Company Q.P.S.C.
(Formerly known as QLM Life & Medical Insurance Company W.L.L.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2021

1 STATUS AND OPERATIONS

QLM Life & Medical Insurance Company Q.P.S.C. (formerly known as QLM Life & Medical Insurance Company W.L.L.) (the "Company") 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 Company was incorporated as a limited liability company (W.L.L.) and was a subsidiary of Qatar Insurance Company Q.S.P.C. ("QIC"), which owned 85% of its issued and paid-up share capital at the time of incorporation. The Company commenced operations with effect from 1 January 2019.

Effective from 1 January 2019, Q Life & Medical Insurance Company L.L.C., subsidiary of QIC, transferred the business operation of the company (except Labuan Branch business which is in run-off) to the Company.

By virtue of an extraordinary general assembly resolution dated 22 November 2020, the Founders, being the shareholders of the Company prior to its conversion, resolved to convert the Company from a limited liability company to a public shareholding company and subsequently list on the Qatar Stock Exchange. It was further resolved that the conversion to a public shareholding company (Q.P.S.C.) shall be carried out by offering 60% of the shares held by the Qatar Insurance Company Q.S.P.C. to the public through an Initial Public Offering ("IPO"). Post, the successful completion of the IPO, the conversion from a limited liability company (W.L.L) to a Qatari public shareholding company (Q.P.S.C.) was formally announced in the Constitutive General Assembly meeting held on 30 December 2020. The shares of the Company were listed for trading at the Qatar Stock Exchange on 13 January 2021. Consequently, the interest held by Qatar Insurance Company Q.S.P.C. in the Group has been reduced to 25% of its issued and paid-up share capital and lost control.

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

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

<i>Country of Incorporation and Place of Business</i>	<i>Group Effective Ownership and Voting Rights (%)</i>	
	<i>30 June 2021</i>	<i>31 December 2020</i>
Q Life & Medical Insurance Company L.L.C	State of Qatar	100% 100%

The Q Life & Medical Insurance Company L.L.C (the "Subsidiary") operates in the State of Qatar and Labuan, Malaysia through its branch (the "Branch").

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on its behalf on 1 August 2021.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months period ended 30 June 2021 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 interim condensed consolidated financial statements are presented in Qatari Riyals ("QR"), which is the Group's functional and presentation currency. Except as otherwise indicated, financial information presented in QR has been rounded to the nearest thousand.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2020. In addition, results for the six months period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The 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 financial statements for the year ended 31 December 2020.

2.2 New standards, interpretations and amendments adopted by the Group

The 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 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.3 Standards issued but not yet effective

The following new and amended standards and interpretations that are issued, but not yet effective. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

<i>Standard / Interpretation</i>	<i>Effective date</i>
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37: Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022
Amendments to IFRS 1: Subsidiary as a first-time adopter	1 January 2022
Amendments to IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to IAS 41: Taxation in fair value measurements	1 January 2022

QLM Life & Medical Insurance Company Q.P.S.C.
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2021

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2020.

3 BANK BALANCES AND SHORT-TERM DEPOSITS

	<i>30 June 2021 QR ('000) (Reviewed)</i>	<i>31 December 2020 QR ('000) (Audited)</i>
Cash at banks	50,847	35,243
Short-term deposits (including time deposits)	579,427	569,733
	630,274	604,976

The expected credit losses relating to short term deposits amounted to QR 26 thousand (2020: QR 44 thousand).

4 FINANCIAL INVESTMENTS

	<i>30 June 2021 QR ('000) (Reviewed)</i>	<i>31 December 2020 QR ('000) (Audited)</i>
Financial investments at fair value through other comprehensive income (FVOCI) (Note i)	545,961	502,457
Financial investments at fair value through profit or loss (FVTPL)	62,079	88,429
	608,040	590,886

i) Expected Credit losses of debt securities measured at FVOCI amounted to QR 1,985 thousand at 30 June 2021 (31 December 2020: QR 1,304 thousand).

QLM Life & Medical Insurance Company Q.P.S.C.
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 For the six months period ended 30 June 2021

5 INSURANCE AND OTHER RECEIVABLES

	<i>30 June 2021 QR ('000) (Reviewed)</i>	<i>31 December 2020 QR ('000) (Audited)</i>
<i>Insurance receivables</i>		
Due from policyholders	371,512	317,360
Due from insurance companies	<u>29,079</u>	<u>12,694</u>
Less: Provision for impaired debts	<u>400,591</u> <u>(4,232)</u>	<u>330,054</u> <u>(4,232)</u>
	<u>396,359</u>	<u>325,822</u>
<i>Other receivables</i>		
Prepayments and others	<u>130</u>	<u>568</u>
	<u>396,489</u>	<u>326,390</u>

6 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>30 June 2021 QR ('000) (Reviewed)</i>	<i>31 December 2020 QR ('000) (Audited)</i>
<i>Gross insurance contract liabilities</i>		
Claims reported and unsettled	141,940	158,263
Claims incurred but not reported	192,597	183,949
Unearned premiums	<u>475,640</u>	<u>398,846</u>
	<u>810,177</u>	<u>741,058</u>
<i>Reinsurers' share of insurance contract liabilities</i>		
Claims reported and unsettled	51,046	58,649
Claims incurred but not reported	43,219	27,531
Unearned premiums	<u>95,230</u>	<u>16,904</u>
	<u>189,495</u>	<u>103,084</u>
<i>Net insurance contract liabilities</i>		
Claims reported and unsettled	90,894	99,614
Claims incurred but not reported	149,378	156,418
Unearned premiums	<u>380,410</u>	<u>381,942</u>
	<u>620,682</u>	<u>637,974</u>

QLM Life & Medical Insurance Company Q.P.S.C.
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 For the six months period ended 30 June 2021

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.

	<i>For the six months period ended 30 June 2021 (Reviewed)</i>				
	<i>Premiums QR (000)</i>	<i>Ceded to reinsurers QR (000)</i>	<i>Purchase of services QR (000)</i>	<i>Claims QR (000)</i>	<i>Reinsurance recoveries QR (000)</i>
Significant Investor					
Qatar Insurance Company Q.S.P.C	120,206	116,937	-	90,921	19,311
Affiliate Companies					
Oman Qatar Insurance Company S.A.O.G.	14,575	-	-	20,792	-
Kuwait Qatar Insurance Company K.S.C.C.	212	-	-	-	-
Qatar Insurance Group W.L. L.	-	-	-	-	-
Qatar Insurance Real Estate Company W.L.L.	-	-	1,586	-	-
Anoud Technologies L.L.C.	-	-	2,288	-	-
Epicure Investment Management L.L.C.	-	-	1,740	-	-
Total	134,993	116,937	5,614	111,713	19,311
<i>For the six months period ended 30 June 2020 (Reviewed)</i>					
	<i>Premiums QR (000)</i>	<i>Ceded to reinsurers QR (000)</i>	<i>Purchase of services QR (000)</i>	<i>Claims QR (000)</i>	<i>Reinsurance recoveries QR (000)</i>
Parent					
Qatar Insurance Company Q.S.P.C	121,647	2,139	-	105,858	4,873
Affiliate Companies					
Oman Qatar Insurance Company S.A.O.G.	30,809	-	-	15,811	-
Kuwait Qatar Insurance Company K.S.C.C.	349	-	-	-	-
Qatar Insurance Group W.L. L.	-	-	7,992	-	-
Qatar Insurance Real Estate Company W.L.L.	-	-	523	-	-
Epicure Investment Management L.L.C.	-	-	1,592	-	-
Total	152,805	2,139	10,107	121,669	4,873

QLM Life & Medical Insurance Company Q.P.S.C.
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 For the six months period ended 30 June 2021

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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.

<i>For the six months period ended 30 June 2021 (Reviewed)</i>					
	<i>Premiums QR (000)</i>	<i>Ceded to reinsurers QR (000)</i>	<i>Purchase of services QR (000)</i>	<i>Claims QR (000)</i>	<i>Reinsurance recoveries QR (000)</i>
Significant Investor					
Qatar Insurance Company Q.S.P.C	120,206	116,937	-	90,921	19,311
Affiliate Companies					
Oman Qatar Insurance Company S.A.O.G.	14,575	-	-	20,792	-
Kuwait Qatar Insurance Company K.S.C.C.	212	-	-	-	-
Qatar Insurance Group W.L. L.	-	-	-	-	-
Qatar Insurance Real Estate Company W.L.L.	-	-	1,586	-	-
Anoud Technologies L.L.C.	-	-	2,288	-	-
Epicure Investment Management L.L.C.	-	-	1,740	-	-
Total	134,993	116,937	5,614	111,713	19,311
<i>For the six months period ended 30 June 2020 (Reviewed)</i>					
	<i>Premiums QR (000)</i>	<i>Ceded to reinsurers QR (000)</i>	<i>Purchase of services QR (000)</i>	<i>Claims QR (000)</i>	<i>Reinsurance recoveries QR (000)</i>
Parent					
Qatar Insurance Company Q.S.P.C	121,647	2,139	-	105,858	4,873
Affiliate Companies					
Oman Qatar Insurance Company S.A.O.G.	30,809	-	-	15,811	-
Kuwait Qatar Insurance Company K.S.C.C.	349	-	-	-	-
Qatar Insurance Group W.L. L.	-	-	7,992	-	-
Qatar Insurance Real Estate Company W.L.L.	-	-	523	-	-
Epicure Investment Management L.L.C.	-	-	1,592	-	-
Total	152,805	2,139	10,107	121,669	4,873

QLM Life & Medical Insurance Company Q.P.S.C.
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 For the six months period ended 30 June 2021

7 RELATED PARTY DISCLOSURES (CONTINUED)

Related party balances

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

	<i>30 June 2021 QR ('000) (Reviewed)</i>	<i>31 December 2020 QR ('000) (Audited)</i>
Significant Investor/Parent		
Qatar Insurance Company Q.S.P.C.	64,420	105,977
Affiliate Companies		
Oman Qatar Insurance Company S.A.O.G.	-	5,014
Kuwait Qatar Insurance Company K.S.C.C.	3,338	3,402
Qatar Reinsurance Company Limited	117	697
QIC Group Services L.L.C	-	4
Total	67,875	115,094

	<i>30 June 2021 QR ('000) (Reviewed)</i>	<i>31 December 2020 QR ('000) (Audited)</i>
Significant Investor/Parent		
Qatar Insurance Company Q.S.P.C.	62,809	30,387
Affiliate Companies		
Qatar Insurance Company (Abu Dhabi)	9,176	9,176
Oman Qatar Insurance Company S.A.O.G.	4,474	-
Qatar Insurance Group W.L.L.	75,530	80,775
Epicure Investment Management L.L.C.	1,708	2,164
QIC Group Services L.L.C.	180	-
Anoud technologies L.L.C.	2,288	-
Qatar Insurance Real Estate Company W.L.L.	9,725	8,195
Total	165,890	130,697

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 (2020: Nil).

Compensation of key management personnel

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

	<i>For the six months period ended</i>	
	<i>30 June 2021 QR ('000) (Reviewed)</i>	<i>30 June 2020 QR ('000) (Reviewed)</i>
Salaries and other short-term benefits	2,096	1,316
End of service benefits	81	45
	2,177	1,361

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8 SHARE CAPITAL

	<i>Authorised, issued and fully paid up</i>	
	<i>30 June 2021 QR ('000) (Reviewed)</i>	<i>31 December 2020 QR ('000) (Audited)</i>
Share capital (QR'000)	<u>350,000</u>	<u>350,000</u>
Number of shares of QR 1 each	<u>350,000,000</u>	<u>350,000,000</u>

8.1 DIVIDENDS

The Shareholders in the Annual General Meeting held on 4 April 2021, approved nil dividend in line with the recommendation of the Board of Directors for the year 2020. (2020: The Shareholders approved a cash dividend of QR 1.20 per share aggregating to QR 42,000,000 for the year 2019.)

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 2021

	<i>Medical QR('000)</i>	<i>Group and Credit Life QR('000)</i>	<i>Total insurance QR('000)</i>	<i>Investments /other income QR('000)</i>	<i>Unallocated expenses QR('000)</i>	<i>Total QR('000)</i>
Gross premiums	474,008	82,399	556,407	-	-	556,407
Premiums ceded to reinsurers	(129,568)	(33,238)	(162,806)	-	-	(162,806)
Net premiums	344,440	49,161	393,601	-	-	393,601
Movement in unexpired risk reserve	9,142	(7,610)	1,532	-	-	1,532
Net earned premiums	353,582	41,551	395,133	-	-	395,133
Gross claims paid	(348,957)	(38,076)	(387,033)	-	-	(387,033)
Reinsurance recoveries	20,130	26,432	46,562	-	-	46,562
Movement in outstanding claims	21,712	(5,952)	15,760	-	-	15,760
Net commissions	(8,060)	(4,907)	(12,967)	-	-	(12,967)
Net underwriting results	38,407	19,048	57,455	-	-	57,455
Investment income	-	-	-	22,066	-	22,066
Finance costs	-	-	-	(1,267)	-	(1,267)
Total income	38,407	19,048	57,455	20,799	-	78,254
Operating and administrative expenses	-	-	-	-	(22,344)	(22,344)
Depreciation	-	-	-	-	(413)	(413)
Profit / (loss) before tax	38,407	19,048	57,455	20,799	(22,757)	55,497

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9 SEGMENT INFORMATION (CONTINUED)

Segment information for the six months period ended 30 June 2020

	<i>Medical</i> <i>QR('000)</i>	<i>Group and Credit Life</i> <i>QR('000)</i>	<i>Total insurance</i> <i>QR('000)</i>	<i>Investments /other income</i> <i>QR('000)</i>	<i>Unallocated expenses</i> <i>QR('000)</i>	<i>Total</i> <i>QR('000)</i>
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	<u>35,776</u>	<u>18,707</u>	<u>54,483</u>	<u>17,512</u>	<u>(23,686)</u>	<u>48,309</u>

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9 SEGMENT INFORMATION (CONTINUED)

Segment information for the three months period ended 30 June 2021

	<i>Medical</i> <i>QR('000)</i>	<i>Group and Credit Life</i> <i>QR('000)</i>	<i>Total insurance</i> <i>QR('000)</i>	<i>Investments /other income</i> <i>QR('000)</i>	<i>Unallocated expenses</i> <i>QR('000)</i>	<i>Total</i> <i>QR('000)</i>
Gross premiums	229,289	27,279	256,568	-	-	256,568
Premiums ceded to reinsurers	(128,386)	(9,397)	(137,783)	-	-	(137,783)
Net premiums	100,903	17,882	118,785	-	-	118,785
Movement in unexpired risk reserve	77,346	952	78,298	-	-	78,298
Net earned premiums	178,249	18,834	197,083	-	-	197,083
Gross claims paid	(160,453)	(14,839)	(175,292)	-	-	(175,292)
Reinsurance recoveries	17,318	9,008	26,326	-	-	26,326
Movement in outstanding claims	(9,155)	(5,556)	(14,711)	-	-	(14,711)
Net commissions	(369)	(2,426)	(2,795)	-	-	(2,795)
Net underwriting results	25,590	5,021	30,611	-	-	30,611
Investment income	-	-	-	11,795	-	11,795
Finance costs	-	-	-	(614)	-	(614)
Total income	25,590	5,021	30,611	11,181	-	41,792
Operating and administrative expenses	-	-	-	-	(11,180)	(11,180)
Depreciation	-	-	-	-	(236)	(236)
Profit / (loss) before tax	25,590	5,021	30,611	11,181	(11,416)	30,376

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9 SEGMENT INFORMATION (CONTINUED)

Segment information for the three months period ended 30 June 2020

	<i>Medical</i> <i>QR('000)</i>	<i>Group and</i> <i>Credit Life</i> <i>QR('000)</i>	<i>Total</i> <i>insurance</i> <i>QR('000)</i>	<i>/other</i> <i>income</i> <i>QR('000)</i>	<i>Investments</i> <i>/other</i> <i>income</i> <i>QR('000)</i>	<i>Unallocated</i> <i>expenses</i> <i>QR('000)</i>	<i>Total</i> <i>QR('000)</i>
Gross premiums	178,525	29,938	208,463	-	-	-	208,463
Premiums ceded to reinsurers	(11,346)	(11,819)	(23,165)	-	-	-	(23,165)
Net premiums	167,179	18,119	185,298	-	-	-	185,298
Movement in unexpired risk reserve	18,101	(861)	17,240	-	-	-	17,240
Net earned premiums	185,280	17,258	202,538	-	-	-	202,538
Gross claims paid	(184,119)	(9,694)	(193,813)	-	-	-	(193,813)
Reinsurance recoveries	2,775	5,177	7,952	-	-	-	7,952
Movement in outstanding claims	20,537	(3,593)	16,944	-	-	-	16,944
Net commissions	(2,762)	(1,528)	(4,290)	-	-	-	(4,290)
Net underwriting results	21,711	7,620	29,331	-	-	-	29,331
Investment income	-	-	-	17,497	-	-	17,497
Finance costs	-	-	-	(1,067)	-	-	(1,067)
Total income	21,711	7,620	29,331	16,430	-	-	45,761
Operating and administrative expenses	-	-	-	-	-	(12,262)	(12,262)
Depreciation	-	-	-	-	-	(214)	(214)
Profit / (loss) before tax	21,711	7,620	29,331	16,430	(12,476)	33,285	

Segment statement of financial position

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

Geographic information

The primary operations of the Group are concentrated in the domestic market in Qatar and in addition that the Group also underwrites reinsurance business across GCC region and other markets. The following table shows the distribution of the Group's net underwriting results by geographical segment:

	<i>2021 Six months (Reviewed)</i>		<i>2020 Six months (Reviewed)</i>		<i>Total (Reviewed)</i>	
	<i>Qatar</i>	<i>International</i>	<i>Qatar</i>	<i>International</i>	<i>2021</i>	<i>2020</i>
Gross premiums	416,321	140,086	447,795	156,819	556,407	604,614
Premiums ceded to reinsurers	(37,705)	(125,101)	(39,814)	(10,668)	(162,806)	(50,482)
Net premiums	378,616	14,985	407,981	146,151	393,601	554,132
Non-current assets	1,725	-	1,279	-	1,725	1,707

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.

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10 BASIC AND DILUTED EARNINGS PER SHARE

	<i>30 June 2021 (Reviewed)</i>	<i>30 June 2020 (Reviewed)</i>
Net profit for the period (QR '000)	55,427	50,454
Weighted average number of ordinary shares	<u>350,000,000</u>	<u>350,000,000</u>
Basic and diluted earnings per share (QR)	0.16	0.14

Earnings Per Share (EPS) for 2020 has been re-stated to reflect the increase in number of shares due to Share subdivision carried out during the IPO process.

As the Company has no potential dilutive shares, the diluted EPS is equal to the basic EPS.

11 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.

<i>Accident year</i>	<i>2021</i>						<i>Total (QR '000)</i>
	<i>2016 (QR '000)</i>	<i>2017 (QR '000)</i>	<i>2018 (QR '000)</i>	<i>2019 (QR '000)</i>	<i>2020 (QR '000)</i>	<i>(June) (QR '000)</i>	
At end of accident year	646,955	795,357	868,841	840,123	869,632	408,622	4,429,530
One year later	637,327	750,046	820,795	812,392	783,416	-	-
Two years later	641,462	752,749	829,134	816,730	-	-	-
Three years later	641,835	754,433	829,160	-	-	-	-
Four years later	642,157	754,160	-	-	-	-	-
Five years later	642,086	-	-	-	-	-	-
Current estimate of cumulative claims incurred	642,086	754,160	829,160	816,730	783,416	408,622	4,234,174
Cumulative payments to date	(640,855)	(751,506)	(827,336)	(809,305)	(744,743)	(222,994)	(3,996,739)
Net outstanding claims provision	1,231	2,654	1,824	7,425	38,673	185,628	237,435
Reserve in respect of prior years (Before 2016)	-	-	-	-	-	-	2,837
Total net outstanding claims reported and unsettled and incurred but not reported	-	-	-	-	-	-	240,272
Current estimate of Surplus / (deficiency)	4,869	41,198	39,681	23,393	86,216	-	-
% Surplus / (deficiency) of initial gross reserve	1%	5%	5%	3%	11%	-	-

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12 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 June 2021 QR ('000) (Reviewed)</i>	<i>31 December 2020 QR ('000) (Audited)</i>
Bank guarantees	<u>36,760</u>	<u>32,273</u>
	<u>36,760</u>	<u>32,273</u>

13 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:

<i>30 June 2021 (reviewed)</i>	<i>Level 1 (QR '000)</i>	<i>Level 2 (QR '000)</i>	<i>Level 3 (QR '000)</i>	<i>Total (QR '000)</i>
	<i>545,961</i>	<i>-</i>	<i>-</i>	<i>545,961</i>
Financial investments at fair value through other comprehensive income (FVOCI)	<u>62,079</u>	<u>-</u>	<u>-</u>	<u>62,079</u>
Financial investments at fair value through profit or loss (FVTPL)	<u>608,040</u>	<u>-</u>	<u>-</u>	<u>608,040</u>
<i>31 December 2020 (Audited)</i>	<i>Level 1 (QR '000)</i>	<i>Level 2 (QR '000)</i>	<i>Level 3 (QR '000)</i>	<i>Total (QR '000)</i>
Financial investments at fair value through other comprehensive income (FVOCI)	<u>502,457</u>	<u>-</u>	<u>-</u>	<u>502,457</u>
Financial investments at fair value through profit or loss (FVTPL)	<u>88,429</u>	<u>-</u>	<u>-</u>	<u>88,429</u>
	<u>590,886</u>	<u>-</u>	<u>-</u>	<u>590,886</u>

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

14 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

15 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, the Company being a listed entity at Qatar Stock Exchange is exempted from income tax (2020: 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.

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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 QR 6.9 million (2020: QR 4.2 million) (net of reinsurance), in the first half of 2021.

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.