

**QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE
COMPANY LLC)**

BERMUDA

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2015**

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Qatar Reinsurance Company Limited
Bermuda

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Qatar Reinsurance Company Limited (previously Qatar Reinsurance Company LLC) (the "Company") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Doha – Qatar
February 22, 2016

For Deloitte & Touche
Qatar Branch



QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION



As at December 31, 2015

	Notes	December 31, 2015 USD ('000)	December 31, 2014 USD ('000)
ASSETS			
Cash and cash equivalents	5	319,699	128,169
Premiums and other receivables	6	988,004	305,354
Reinsurance contract assets	7	855,141	341,878
Investments	8	305,575	286,427
Property and equipment	9	2,374	1,868
TOTAL ASSETS		2,470,793	1,063,696
LIABILITIES AND EQUITY			
LIABILITIES			
Provisions, reinsurance and other payables	10	138,776	79,932
Due to related parties	11	558,979	221,804
Reinsurance contract liabilities	7	1,241,290	536,418
TOTAL LIABILITIES		1,939,045	838,154
EQUITY			
Share capital	12	1,000	200,549
Share premium	13	--	2,652
Contributed Surplus	19	495,368	--
Fair value reserve	14	(12,943)	(999)
Retained earnings		48,323	23,340
TOTAL EQUITY		531,748	225,542
TOTAL LIABILITIES AND EQUITY		2,470,793	1,063,696

These consolidated financial statements were approved by the Board of Directors on February 22, 2016 and signed on their behalf by following signatories;

Sunil Talwar
Chairman

Gunther Saacke
CEO and Board Member

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
CONSOLIDATED STATEMENT OF INCOME



For the year ended December 31, 2015

	Notes	December 31, 2015 USD ('000)	December 31, 2014 USD ('000)
Gross written premiums	15	1,156,203	535,878
Premiums ceded to reinsurers	15	(812,777)	(357,723)
Net premiums		343,426	178,155
Movement in net unexpired premium reserve	15	(98,390)	(43,069)
Net earned premiums		245,036	135,086
 Gross claims paid	15	 (195,716)	 (178,305)
Reinsurance recoveries	15	123,304	112,015
Movement in net outstanding claims	15	(93,219)	(47,564)
Net commissions	15	(14,673)	6,448
Net underwriting results		64,732	27,680
 Investment income	16	 10,673	 27,414
Total income		75,405	55,094
 Operating and administrative expenses	17	 (49,483)	 (38,340)
Depreciation and amortisation	9	(939)	(826)
Profit for the year		24,983	15,928

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

	December 31, 2015	December 31, 2014
	USD ('000)	USD ('000)
Profit for the year	24,983	15,928
Other comprehensive income		
Net changes in fair value of available-for-sale investments	(11,944)	(4,665)
Total comprehensive income for the year	13,039	11,263

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

	Share Capital	Share premium	Contributed Surplus	Fair value reserve	Retained earnings	Total equity
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Balance as at January 1, 2014	152,449	2,652	--	3,666	7,412	166,179
Profit for the year	--	--	--	--	15,928	15,928
Net changes in fair value on available-for-sale investments	--	--	--	(4,665)	--	(4,665)
<i>Total comprehensive income for the year</i>	--	--	--	(4,665)	15,928	11,263
Shares issued during the year	48,100	--	--	--	--	48,100
Balance as at December 31, 2014	200,549	2,652	--	(999)	23,340	225,542
Profit for the year	--	--	--	--	24,983	24,983
Net changes in fair value on available-for-sale investments	--	--	--	(11,944)	--	(11,944)
<i>Total comprehensive income for the year</i>	--	--	--	(11,944)	24,983	13,039
Merger of Antares Re with the Group (Note 23)	--	--	243,717	--	--	243,717
Shares issued during the year	32,967	16,483	--	--	--	49,450
Reduction of share capital (Note 12)	(232,516)	(19,135)	251,651	--	--	--
Balance as at December 31, 2015	1,000	--	495,368	(12,943)	48,323	531,748

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	<u>Note</u>	December 31, 2015 USD ('000)	December 31, 2014 USD ('000)
OPERATING ACTIVITIES			
Profit for the year		24,983	15,928
<i>Adjustments for:</i>			
Depreciation of property and equipment		939	826
Investment income		(10,673)	(27,379)
Provision for employees' end of service benefits		165	165
Gain on disposal of property and equipment		--	(35)
		<u>15,414</u>	<u>(10,495)</u>
Movements in working capital			
Insurance and other receivables		(591,420)	(166,631)
Insurance reserves		191,609	(8,084)
Provisions, insurance and other payables		51,409	40,535
Due to related parties		337,186	104,226
Cash generated from / (used in) operations		<u>4,198</u>	<u>(40,449)</u>
Employees' end of service benefits paid		(32)	(100)
Net cash generated from / (used in) operating activities		<u>4,166</u>	<u>(40,549)</u>
INVESTING ACTIVITIES			
Net cash movements in investments		95,447	(110,223)
Purchase of property and equipment		(1,456)	(416)
Investment income received		10,673	27,379
Proceeds from sales of property and equipment		--	35
Net cash generated from / (used in) investing activities		<u>104,664</u>	<u>(83,225)</u>
FINANCING ACTIVITY			
Proceeds from new shares issued		49,450	48,100
Net cash generated from financing activity		<u>49,450</u>	<u>48,100</u>
Increase / (decrease) in cash and cash equivalents		<u>158,280</u>	<u>(75,674)</u>
<i>Add: Cash and cash equivalents from business combinations</i>		33,250	--
Cash and cash equivalents at beginning of the year		128,169	203,843
Cash and cash equivalents at the end of the year	5	<u><u>319,699</u></u>	<u><u>128,169</u></u>

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Qatar Reinsurance Company Limited (previously known as “Qatar Reinsurance Company LLC”) (the “Parent Company”) is a company engaged in the business of reinsurance and registered under the laws of Bermuda Monetary Authority (BMA) as a Class 4 insurer. The Parent Company was authorized for Continuance by Bermuda Monetary Authority on November 24, 2015 under the name “Qatar Reinsurance Company Limited” and Registration No. 50986.

Previously, the Company was incorporated in Qatar Financial Centre Doha, Qatar (QFC) on December 6, 2009 with the name and registration number of “Qatar Reinsurance Company LLC “ and No. 00117 respectively and conducted its business under legal supervision of Qatar Financial Centre Regulatory Authority (QFCRA). With effect from December 2, 2015, the Parent Company changed its legal domicile from QFC Qatar to Bermuda, after obtaining the regulatory approval from QFCRA.

The address of the Parent Company’s registered office is Clarendon house, 2 Church Street, Hamilton HM11, Bermuda.

The consolidated financial statements incorporate the financial information of the Parent Company and its subsidiary (the “Group”) all of which having December 31st as financial year end.

The Parent Company is fully owned by single shareholder - QIC Capital LLC, Doha, Qatar (2014: 55.38% owned by Qatar Insurance Company S.A.Q and 40.00% owned by QIC International LLC). The ultimate parent company of the Group is Qatar Insurance Company S.A.Q Doha, Qatar. The Parent Company operates from Bermuda and has branches in Switzerland, United Arab Emirates and representative offices in Singapore and United Kingdom.

Subsidiary

The Parent Company holds 100% share capital of Qatar Reinsurance Services LLC, Doha Qatar. The subsidiary is a limited liability company registered with QFC, Qatar and primarily engaged in providing management services to the Group. The incorporation date of the subsidiary is October 13, 2015.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current financial year, the Group has adopted certain new and revised standards and interpretations, which are mainly:

IAS 24	Amendments to disclose the amount paid to management entity for providing key managerial personnel as related party transaction.
IFRS 8	Amendment resulting in additional disclosure about judgments involved in deciding whether or not to aggregate operating segments

The revised standards issued by IASB and IFRIC interpretations which are effective from the accounting period commencing January 1, 2015, had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2015.

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

The following IASB Standards and IFRIC interpretations issued but, are not mandatory for the year ended December 31, 2015, have not yet been adopted by the Group:

- IFRS 9 - "Financial Instruments" was issued to replace IAS 39 - "Financial Instruments: Recognition and Measurement". IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 Financial Instruments will be applicable for annual periods beginning on or after January 1, 2018;
- Certain consequential amendments to IFRS 7 "Financial Instrument disclosures" and IAS 39 (Revised) due to application of IFRS 9, detailed above.

The Group is currently in the process of evaluating the potential effect of these amendments in the presentation of the consolidated financial statements.

A number of new standards, amendments to standards and interpretations that are not yet effective for the year ended December 31, 2015 have not been applied in preparing these consolidated financial statements. The Group does not expect the proposed amendments which will become mandatory for the consolidated financial statements for the year 2016 or thereafter, to have a significant impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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).

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for available for sale financial assets and held for trade financial instruments that are measured at fair value. These consolidated financial statements are presented in United States Dollars (USD) and rounded to the nearest thousand (USD '000), unless otherwise indicated.

Prior year financial statements were presented in Qatari Riyals (QR). Change in presentation and functional currency was due to transfer of the Group's legal domicile to Bermuda. The principal accounting policies are set out below:

a) Consolidation, translation and financial instruments

i) Basis of consolidation

Subsidiaries

The Parent Company, on incorporating a subsidiary, has decided to prepare the consolidated financial statement in compliance with IFRS 10. Accordingly, this is the first year of preparing these consolidated financial statements of the Group.

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Consolidation, translation and financial instruments (continued)

i) Basis of consolidation (continued)

Subsidiaries (continued)

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company directly or indirectly as at December 31st of each year.

Subsidiaries are all entities over which the Group has control. 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 subsidiary companies are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Control is achieved when the Parent Company directly or indirectly (i) has power over the investee, (ii) has exposure or rights to variable returns from its involvement with the investee and (iii) has the ability to use its power to effect those returns.

The Parent Company reassesses whether or not it controls an investee and facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

When the Group ceases to control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of income.

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Consolidation, translation and financial instruments (continued)

i) Basis of consolidation (continued)

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held in equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed as at date of acquisition. If the net of the acquisition date amounts of identifiable asset acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if any), the excess is recognized immediately in the consolidated statement of income as a bargain purchase gain.

Common control transactions

Business combinations involving the transfer of business and net assets in a transaction under common control, are accounted for at the carrying values of the underlying net assets of the transferred business. There are no bargain gain or goodwill on transfer of assets recognized by the Group on common control transactions.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Consolidation, translation and financial instruments (continued)

ii) Foreign currency

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 presentation currency of the Parent Company.

The assets and liabilities of foreign operations are translated to United States Dollars using exchange rates prevailing at the reporting date. Income and expenses are also translated to United States Dollars at the exchange rates prevailing at the reporting date, which do not significantly vary from the average exchange rates for the year. Foreign currency translation reserve is not shown separately under equity due to insignificance of the amount.

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.

Foreign currency transactions

Foreign currency transactions are recorded in the respective functional currencies of Group 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 consolidated statement of income.

iii) Financial instruments

Financial instruments represent the Group's financial assets and liabilities. Financial assets include cash and cash equivalents, insurance and other receivables and investments. Financial liabilities include short term borrowings and other payables.

Financial asset or liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of income.

Recognition

The Group initially recognizes cash and cash equivalents, insurance and other receivables, short term borrowings and other payables at the date that they originate. All other financial assets and liabilities are initially recognized at the trade date or settlement date when the Group becomes a party to the contractual provisions of the instrument.

De-recognition

The Group derecognizes a financial asset when the contractual rights to receive cash flows from that asset expire or it transfers the right to receive the contractual cash flow of that asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Consolidation, translation and financial instruments (continued)

iii) Financial instruments (continued)

Measurement

The measurement of financial assets and liabilities is disclosed under accounting policy for respective financial assets and liabilities.

Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties on an arm's length transaction at the measurement date. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the profit or loss as they arise.

Fair values of marketable investments are determined by reference to their bid prices at the close of business at the reporting date. In respect of unquoted available for sale financial assets, the fair value is determined based on various valuation techniques, as deemed appropriate. The fair values of the Group's other financial assets and financial liabilities are not materially different from their carrying values.

Impairment of financial asset

At each reporting date, the Group assesses whether there is objective evidence that any financial asset is impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a customer or insurer or reinsurer, indications that the customer or insurer or reinsurer will enter bankruptcy or the disappearance of an active market for a security. In addition for an investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. Impairment loss on assets are recognised in the consolidated statement of income and reflected as an allowance against receivables or investments.

b) Reinsurance operations

i) Premiums and other receivables

Premiums 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 consolidated statement of income. After initial measurement, premiums and other receivables are measured at amortised cost as deemed appropriate.

Premiums receivables are derecognised when the derecognition criteria for financial assets, as described in Note 3 (a) (iii), have been met.

QATAR REINSURANCE COMPANY LIMITED
(PREVIOUSLY KNOWN AS QATAR REINSURANCE COMPANY LLC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance operations (continued)

ii) Reinsurance contract assets

The Group 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 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 Group 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 Group will receive from the reinsurer. The impairment loss is recorded in the income statement.

iii) 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.

iv) Gross written premiums

Gross written premiums are recognized when written and include an estimate for written premiums receivable at period end. Gross written premiums comprise the total premiums receivable for the whole period of cover provided by reinsurance contracts entered into during the accounting period. Gross written premiums also include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Premium on reinsurance contracts are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date are reported as the unearned premium reserve.

v) Premiums ceded to reinsurers

Reinsurance premiums comprise the total premiums payable for the reinsurance cover provided by retrocession 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 retrocession 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.

vi) Reinsurance contract liabilities

Reinsurance contract liabilities include the outstanding claims provision and the provision for unearned premium. Reinsurance 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

For the year ended December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance operations (continued)

vi) Reinsurance contract liabilities (continued)

standard actuarial claim projection techniques. The current assumptions may include a margin for adverse deviations. The liability is not discounted for the time value of money.

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 nature and type of reinsurance contract written by the Group.

Reinsurance contract liabilities are derecognised when the contract expires, discharged or cancelled by any party to the insurance contract.

At each reporting date, the Group 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.

vii) 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.

viii) 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 earning pattern of the underlying reinsurance contract.

c) Investment activities

The Group classifies its investments into financial assets at fair value through profit or loss and available for sale financial assets. The classification depends on the purpose for which the investments were acquired or originated.

i) Non-derivative financial instruments

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

Financial assets at fair value through profit or loss (Held for trading)

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. These investments are carried at fair value (marked to market) with any gain or loss arising from the change in fair value included in the profit or loss in the year in which it arises.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Investment activities (continued)

i) Non-derivative financial instruments (continued)

Available for sale – Quoted

Subsequent to initial recognition, investments which are classified “available for sale - quoted” are re-measured at fair value. The unrealised gains and losses on re-measurement to fair value are recognized in other comprehensive income and accumulated under the heading of fair value reserve until the investment is sold, collected or otherwise disposed of, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of income for the year.

Available for sale – Unquoted shares and private equity

The fair value of these investments cannot be reliably measured due to the nature of their cash flows, these investments are therefore carried at cost less any provision for impairment.

ii) Fair value reserve

This represents the unrealised gain or loss of the year-end fair valuation of available for sale investments. In the event of a sale or impairment, the cumulative gains or losses recognised under the investments fair value reserve are included in the consolidated statement of income for the year.

iii) 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.

d) General

i) 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 consolidated statement of financial position. The cash equivalents are readily convertible to cash.

ii) 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 Group.

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) General (continued)

ii) 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 consolidated 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 consolidated statement of income in the year the asset is derecognised.

iii) 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:

Buildings	-	15 to 20 years
Furniture & fixtures	-	2 to 5 years
Motor vehicles	-	3 years

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

iv) 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 consolidated statement of income.

v) Provisions

The Group recognizes provisions in the consolidated financial statements when the Group 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 consolidated statement of income for any obligations as per the calculated value of these obligations and the expectation of their realisation at the reporting date.

vi) Employees' end of service benefits

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.

vii) Taxation

Previously, the company was subject to tax at zero percent as per QFC tax regulations applicable in Qatar. In Bermuda, there is no tax on reinsurance activities based on the tax assurance certificate issued in favour of the parent company by Ministry of Finance.

viii) Share capital

The Group has issued ordinary shares that are classified as equity instruments. Incremental external

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) General (continued)

costs that are directly attributable to the issue of these shares are recognised in equity.

ix) Segment reporting

An operating segment is a component of the Group 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 Group'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.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying its accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Classification of investments

Quoted securities are classified either held for trading or as available for sale. The Group 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.

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 Group invests in mutual and managed funds for trading purpose.

Impairment of financial assets

The Group determines whether available for sale 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 record whether impairment occurred, the Group 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.

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4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 contract

Claims and loss adjustment expenses are charged to 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 Group 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. Any difference between the actual claims and the provisions made are included in the statement of income in the year of settlement. As of December 31, 2015 estimate for unpaid claims amounted to USD 194,233 thousand (2014: USD 101,014 thousand).

For certain line of businesses (non-life), in order to estimate the liabilities, the expected loss ratios are calculated for all underlying insurance contracts. The amounts estimated as the difference between the current estimated losses and the reported losses are set aside as the incurred but not reported reserve for the losses that have been incurred but which are not yet known or have still to be reported.

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 Group evaluating, the credit and liquidity position of the policyholders and the insurance companies, historical recovery rates including detailed investigations carried out as at reporting date 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 income. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognized in the statement of income at the time of collection.

As of December 31, 2015 the net carrying values of insurance receivable and reinsurance receivables amounted to USD 770,677 thousand (2014: USD 184,758 thousand) and provision for impairment on insurance receivable and reinsurance receivable amounted to USD 355 thousand (2014: USD 355 thousand).

Liability adequacy test

At each reporting, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Group 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 income.

5. CASH AND CASH EQUIVALENTS

	2015	2014
	USD ('000)	USD ('000)
Cash in hand and bank balances	27,035	20,792
Time deposits (with original maturity of less than 3 months)	292,664	107,377
	319,699	128,169

The average interest rate on time deposits is 1.77% (2014: 1.45%) per annum.

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6. PREMIUMS AND OTHER RECEIVABLES

	2015	2014
	USD ('000)	USD ('000)
<i>Premiums receivables</i>		
Due from insurance companies	771,032	185,113
Provision for bad and doubtful receivables	(355)	(355)
	770,677	184,758
<i>Other receivables</i>		
Deferred commission	144,018	80,577
Accrued deposit premium	68,413	38,963
Accrued income	3,953	--
Prepayments	473	833
Local debtors	132	185
Advances against indemnity	38	38
Others receivables	300	--
	217,327	120,596
	988,004	305,354

7. REINSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2015	2014
	USD ('000)	USD ('000)
Gross reinsurance contract liabilities		
Claims reported unsettled	181,559	153,578
Claims incurred but not reported	423,567	92,760
Unearned premiums	636,164	290,080
	1,241,290	536,418
Retrocedants share of reinsurance contract liabilities		
Claims reported unsettled	118,966	83,942
Claims incurred but not reported	291,927	61,382
Unearned premiums	444,248	196,554
	855,141	341,878
Net reinsurance contract liabilities		
Claims reported unsettled	62,593	69,636
Claims incurred but not reported	131,640	31,378
Unearned premiums	191,916	93,526
	386,149	194,540

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7. REINSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS
(CONTINUED)

Movements in claims provision during the year are as follows:

	2015			2014		
	Reinsurance contract liabilities	Retrocedant's share	Net	Reinsurance contract liabilities	Retrocedant's share	Net
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
As at January 1,	246,338	145,324	101,014	243,820	93,528	150,292
Claims incurred during the year	554,504	388,873	165,631	287,469	173,615	113,854
Claims paid during the year	(195,716)	(123,304)	(72,412)	(178,305)	(112,015)	(66,290)
Transfer to QIC Group SPC*	--	--	--	(106,646)	(9,804)	(96,842)
As at December 31,	605,126	410,893	194,233	246,338	145,324	101,014

Movements in provision for unearned premium during the year are as follows:

	2015			2014		
	Reinsurance contract liabilities	Retrocedant's share	Net	Reinsurance contract liabilities	Retrocedant's share	Net
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
As at January 1,	290,080	196,554	93,526	144,767	92,435	52,332
Premiums written during the year	1,156,203	812,777	343,426	535,878	357,723	178,155
Premiums earned during the year	(810,119)	(565,083)	(245,036)	(385,206)	(250,121)	(135,085)
Transfer to QIC Group SPC*	--	--	--	(5,359)	(3,483)	(1,876)
As at December 31,	636,164	444,248	191,916	290,080	196,554	93,526

* During the previous year 2014, the Parent Company has commuted the claims outstanding and related insurance reserves as at September 30, 2014 relating to certain reinsurance policies written on or before December 31, 2012 to a related party – Qatar Insurance Company SAQ for a total consideration of USD 98.72 million.

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8. INVESTMENTS

	December 31, 2015	December 31, 2014
	USD ('000)	USD ('000)
Held for trading investments		
Managed funds	12,753	1,701
Available-for-sale investments		
Qatari public shareholding companies	63,017	61,281
Quoted shares - International Bonds	11,862	21,954
Less : Margin collateral	634,355	442,175
	(416,412)	(240,684)
Total available for sale investments – net	217,943	201,491
	292,822	284,726
Total	305,575	286,427

Fixed income instrument purchases have been financed using short-term borrowings which typically roll on every coupon payment date. These are normally priced using LIBOR plus spread which ranges from 50 bps to 150 bps. These borrowings carried an average interest rate of 0.94% in 2015 (2014: 0.70%).

9. PROPERTY AND EQUIPMENT

	Furniture and fixtures	Motor vehicle	Total
	USD ('000)	USD ('000)	USD ('000)
Cost			
At January 1, 2014	2,920	208	3,128
Additions during the year	341	75	416
Disposals during the year	(24)	(16)	(40)
At December 31, 2014	3,237	267	3,504
Additions during the year	1,456	--	1,456
Disposals during the year	--	(21)	(21)
At December 31, 2015	4,693	246	4,939
Accumulated depreciation			
At January 1, 2014	794	56	850
Charge during the year	747	79	826
Disposals during the year	(24)	(16)	(40)
At December 31, 2014	1,517	119	1,636
Charge during the year	852	87	939
Disposals during the year	--	(10)	(10)
At December 31, 2015	2,369	196	2,565
Net Book Value:			
At December 31, 2015	2,324	50	2,374
At December 31, 2014	1,720	148	1,868

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10. PROVISIONS, REINSURANCE AND OTHER PAYABLES

	<u>2015</u> USD ('000)	<u>2014</u> USD ('000)
Deferred commission	100,396	53,364
Due to reinsurance companies	23,762	15,672
Accrued expenses	11,780	8,598
<i>Other payables:</i>		
Employees' end of service benefits (Note 10.1)	635	502
Board of directors remuneration payable	--	588
Local creditors	2,203	1,208
	<u>138,776</u>	<u>79,932</u>

10.1 EMPLOYEES' END OF SERVICE BENEFITS

	<u>2015</u> USD ('000)	<u>2014</u> USD ('000)
Balance at the beginning of the year	502	437
Charge for the year	165	165
Payments made during the year	(32)	(100)
Balance at the end of year	<u>635</u>	<u>502</u>

11. DUE TO RELATED PARTIES

This represents balance due to Qatar Insurance Company S.A.Q (the "ultimate parent company") and its subsidiaries for transactions which occurred during the year. Pricing policies, terms and payment for these transactions are approved by the Parent Company's management.

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12. SHARE CAPITAL

The authorized share capital of the Parent Company is 1,200,000 ordinary shares of USD 1.00 each (2014: 73,000,000 shares of QR 10 each).

The issued and fully paid in cash share capital is 1,000,000 ordinary shares of USD 1.00 (2014: 73,000,000 ordinary shares of QR 10 each).

The movement in the share capital of the Parent Company is as follows:

Authorised share capital		No. of shares	Par value	Total in QR ('000)	Total in USD ('000)
73,000,000 shares of QR 10 each	As at January 1, 2014	55,491,290	QR 10	554,913	152,449
--	Issuance of rights shares	17,508,710	QR 10	175,087	48,100
73,000,000 shares of QR 10 each	As at December 31, 2014	73,000,000	QR 10	730,000	200,549
--	Issuance of rights shares (i)	12,000,000	QR 10	120,000	32,967
85,000,000 shares of QR 10 each	Share capital before change of legal domicile	85,000,000	QR 10	850,000	233,516
--	Less: Reduction in share capital (ii)	--	--	--	(148,516)
500,000,000 shares of USD 1 each	Share capital on change of legal domicile (ii)	85,000,000	USD 1	--	85,000
(498,800,000) shares of USD 1 each	Less: Reduction in share capital (iii)	(84,000,000)	USD 1	--	(84,000)
1,200,000 shares of USD 1 each	As at December 31, 2015	1,000,000	USD 1	--	1,000

- (i) The Parent Company made rights share offer of 12,000,000 shares at a price of QR 15 (including share premium of QR 5 per share) totalling to QR 180,000 thousand (USD 49,450 thousand) to the existing shareholders as at March 31, 2015, which was fully subscribed and paid by the shareholders. The share capital increase of QR 120,000 thousand (USD 32,967 thousand) and contribution towards share premium of QR 60,000 thousand (USD 16,483 thousand) was recognized in the consolidated statement of changes in equity; after obtaining the QFC's regulatory approval to increase the authorised share capital to 85,000,000 equity shares of QR 10 each.
- (ii) Pursuant to change of legal domicile to Bermuda, the Parent Company has modified its authorised capital to 500,000,000 equity shares of USD 1 each. Immediately after the change in legal jurisdiction, the paid up share capital of the Parent Company stood at 85,000,000 shares of USD 1 each. Additional paid up capital amounting to USD 148,516 (thousand) was cancelled and transferred to "Contributed Surplus" account in the consolidated statement of changes in equity.
- (iii) On December 31, 2015, the authorised share capital of the Parent Company reduced from 500,000,000 equity shares of USD 1 each to 1,200,000 equity shares of USD 1 each. On the same date, the issued and paid up share capital of the Company reduced to 1,000,000 equity shares of USD 1 each. Additional paid up capital cancelled amounting to USD 84,000 thousand is transferred to "Contributed Surplus" account in the consolidated statement of changes in equity.

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13. SHARE PREMIUM

The share premium reflects the amount received in excess of the par value of the shares issued. During the year, the amount is fully transferred to “Contributed Surplus” account in the consolidated statement of changes in equity.

14. FAIR VALUE RESERVE

The fair value reserve arose from the revaluation of available for sale investments as per the accounting policies detailed in Note 3.

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15. SEGMENT INFORMATION

a) Segment information

For management reporting purposes, the Group is organized into two business segments – Marine Aviation and Fire and General. These segments are the basis on which the Group reports its operating segment information. No operating segments have been aggregated in arriving at the reportable segment of the Group.

Segment statement of income for the year ended December 31, 2015

	Marine and Aviation	Fire and General	Total Underwriting	Investments	Un-allocated (Expenses)/ Income	Total	<i>The Group's Dubai Branch Performance included in Total*</i>
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Gross written premiums	39,974	1,116,229	1,156,203	--	--	1,156,203	1,076
Premiums ceded to reinsurers	(28,403)	(784,374)	(812,777)	--	--	(812,777)	(660)
Net premiums	11,571	331,855	343,426	--	--	343,426	416
Movement in net unexpired premium reserve	(381)	(98,009)	(98,390)	--	--	(98,390)	(407)
Net earned premiums	11,190	233,846	245,036	--	--	245,036	9
Gross claims paid	(15,560)	(180,156)	(195,716)	--	--	(195,716)	--
Reinsurance recoveries	9,579	113,725	123,304	--	--	123,304	--
Movement in net outstanding claims	(4,160)	(89,059)	(93,219)	--	--	(93,219)	(5)
Net commissions	90	(14,763)	(14,673)	--	--	(14,673)	49
Net underwriting results	1,139	63,593	64,732	--	--	64,732	53
Investment income	--	--	--	10,399	274	10,673	--
Total income	--	--	64,732	10,399	274	75,405	--
Operating and administrative expenses	--	--	--	--	(49,483)	(49,483)	(169)
Depreciation	--	--	--	--	(939)	(939)	--
Segment results	--	--	64,732	10,399	(50,148)	24,983	(116)

* The Parent Company has obtained a license to operate a branch in Dubai, United Arab Emirates (UAE) as at November 8, 2015, and the operational performance of the branch is included for informative purpose only.

QATAR REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

15. SEGMENT INFORMATION (CONTINUED)

a) Segment information (continued)

Segment statement of income for the period ended December 31, 2014

	Marine and Aviation	Property & Casualty	Total Underwriting	Investments	Un-allocated (Expenses)/ Income	Total	<i>The Group's Dubai Branch Performance included in Total</i>
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Gross written premiums	21,885	513,993	535,878	--	--	535,878	--
Premiums ceded to reinsurers	(12,729)	(344,994)	(357,723)	--	--	(357,723)	--
Net premiums	9,156	168,999	178,155	--	--	178,155	--
Movement in net unexpired risk premium reserve	(2,150)	(40,919)	(43,069)	--	--	(43,069)	--
Net earned premiums	7,006	128,080	135,086	--	--	135,086	--
Gross claims paid	(18,423)	(159,882)	(178,305)	--	--	(178,305)	--
Reinsurance recoveries	9,296	102,719	112,015	--	--	112,015	--
Movement in net outstanding claims	(3,535)	(44,029)	(47,564)	--	--	(47,564)	--
Net commissions	(63)	6,511	6,448	--	--	6,448	--
Net underwriting results	(5,719)	33,399	27,680	--	--	27,680	--
Investment income			--	27,379	35	27,414	--
Total income			27,680	27,379	35	55,094	--
Operating & administrative expenses			--	--	(38,340)	(38,340)	--
Depreciation			--	--	(826)	(826)	--
Segment results			27,680	27,379	(39,131)	15,928	--

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15. SEGMENT INFORMATION (CONTINUED)

a) Segment information (continued)

Segment assets and liabilities

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

16. INVESTMENT INCOME

	2015	2014
	USD ('000)	USD ('000)
Interest income	20,072	16,932
Dividends	1,873	2,281
(Loss) / Profit on sale of available for sale financial assets	(3,232)	8,208
Impairment losses on investments	(8,155)	--
Other gains / (losses)	115	(7)
	10,673	27,414

17. OPERATING AND ADMINISTRATIVE EXPENSES

	2015	2014
	USD ('000)	USD ('000)
Employees related costs	30,986	25,031
Rental expenses	2,796	3,004
Maintenance & IT expenses	2,845	2,753
Professional fees	1,277	607
Travel expenses	1,120	916
Board of directors' remuneration (Note 18)	824	412
Miscellaneous expenses	9,635	5,617
	49,483	38,340

18. BOARD OF DIRECTORS' REMUNERATION

In accordance with the Articles of Association of the Parent Company, the Board of Directors' remuneration for the year 2015 has been proposed at USD 824 thousand (2014: USD 412 thousand).

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19. CONTRIBUTED SURPLUS

The Contributed Surplus recognised in the consolidated statement of changes in equity is non-distributable to the shareholders as a dividend in the normal course of business. The Contributed Surplus as at yearend comprises of the following:

	2015	2014
	USD ('000)	USD ('000)
(i) On cancellation of shares after change in legal domicile	251,651	--
(ii) On merger of Antares Re business as on December 31, 2015	243,717	--
	495,368	--

20. RELATED PARTIES

a) Transaction with related parties

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

Significant related party transactions were:

	2015	2014
	USD ('000)	USD ('000)
Reinsurance premium to QIC	790,240	334,500
Claims	115,740	71,379
Commission from QIC	186,839	103,430

b) Compensation of key management personnel

	2015	2014
	USD('000)	USD('000) (Restated)
Salaries and other short term benefits	1,562	1,140
Employees' end of service benefits	195	161
Total	1,757	1,301

Outstanding related party balances at reporting date are unsecured and interest free. Also, the Board of Directors' remuneration proposed for the year ended December 31, 2015 is detailed in Note 18.

For the year ended December 31, 2015

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group in the normal course of its business derives its revenue mainly from assuming and managing insurance and investments risks for profit. Through a robust governance structure, risk and return are evaluated to produce sustainable revenues to reduce earnings volatility and increase shareholders' return. The Group's lines of business are mainly exposed to the following risks;

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

a) Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group'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.

The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. A group risk management policy framework which sets out the risk profiles for the Group, risk management, control and business conduct standards for the Group's operations has been put in place.

(b) Capital management framework

The Group has an internal risk management framework for identifying risks to which each of its business units and the Group as a whole is exposed, quantifying their impact on economic capital. The internal framework estimates indicate how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business.

(c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

(d) 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 Group faces due to the nature of its investments and liabilities is interest rate risk. The Group 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.

For the year ended December 31, 2015

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

d) Asset liability management (ALM) framework (continued)

The Group's ALM is also integrated with the management of the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance and investment liabilities.

The Group's ALM also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

(e) Insurance risk

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

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

The Group principally issues general insurance contracts which constitute mainly marine, aviation, fire, engineering, agriculture and general.

The concentration of insurance risk exposure is mitigated by careful selection and implementation of the underwriting strategy of the Group, which attempts to ensure that the risks underwritten are well diversified across a large portfolio in terms of type, level of insured benefits, amount of risk, industry and geography. Underwriting limits are in place to enforce risk selection criteria.

The Group, in the normal course of business, in order to minimise financial exposure arising from large 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, facultative and excess-of-loss 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 Group 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 Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group has in place strict claim review policies 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 Group. The Group 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 Group.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(e) Insurance risk (continued)

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimated. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

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.

	Change in assumptions	Impact on liabilities	Impact on net profit	Impact on equity
		USD ('000)	USD ('000)	USD ('000)
December 31, 2015				
Incurred claim cost	10%	16,563	(16,563)	--
Incurred claim cost	-10%	(16,563)	16,563	--
December 31, 2014				
Incurred claim cost	10%	11,385	(11,385)	--
Incurred claim cost	-10%	(11,385)	11,385	--

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 consolidated statement of financial position.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(e) Insurance risk (continued)

Claims development table (continued)

With the exception of the proportional and non-proportional reinsurance business, an accident-year basis is considered to be most appropriate for the business written by the Group. Given the nature of reinsurance claims and the difficulties in identifying an accident year for each reported claim, these claims are reported separately and aggregated by reporting year (reporting year basis) – that is, with reference to the year in which the Group was notified of the claims. This presentation is different from the basis used for the claims development tables for the other insurance claims and entities of the Group, where the reference is to the actual date of the event that caused the claim (accident-year basis).

Accident year	2010	2011	2012	2013	2014	2015	Total
At end of accident year	43,077	86,101	60,188	139,608	241,753	517,004	
One year later	62,295	120,261	64,507	135,449	277,443	--	
Two years later	70,046	139,780	45,701	137,259	--	--	
Three years later	74,530	123,907	45,701	--	--	--	
Four years later	65,445	123,907	--	--	--	--	
Five years later	65,445	--	--	--	--	--	
Current estimate of cumulative claims incurred	65,445	123,907	45,701	137,259	277,443	517,004	1,166,759
Cumulative payments to date	(65,445)	(123,907)	(45,701)	(87,685)	(148,825)	(90,070)	(561,633)
Total net outstanding claims provision	--	--	--	49,574	128,618	426,934	605,126
Current estimate of surplus/(deficiency)	--	--	--	2,349	(35,690)		
% Surplus/(deficiency) of initial gross reserve	0%	0%	0%	2%	-15%		

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(f) 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 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.

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

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

Age analysis of financial assets as at the yearend is as follows:

December 31, 2015

	<u>< 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 120 days</u>	<u>Above 120 days</u>	<u>Total</u>
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Cash and cash equivalents	150,357	84,084	85,258	--	--	319,699
Insurance and other receivables	729,213	8,866	429	6,398	94,316	839,222
	<u>879,570</u>	<u>92,950</u>	<u>85,687</u>	<u>6,398</u>	<u>94,316</u>	<u>1,158,921</u>

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

December 31, 2014

	<u>< 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 120 days</u>	<u>Above 120 days</u>	<u>Total</u>
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Cash and cash equivalents	20,792	63,814	43,563	--	--	128,169
Insurance and other receivables	198,338	4,513	5,035	4,759	11,261	223,906
	<u>219,130</u>	<u>68,327</u>	<u>48,598</u>	<u>4,759</u>	<u>11,261</u>	<u>352,075</u>

Impaired financial assets

At December 31, 2015 there are impaired insurance and other receivables of USD 355 thousand (2014: USD 355 thousand). For assets to be classified as “past-due and impaired” contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

The Group records all impairment allowances for loans and receivables in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for loans and receivables is as follows:

	<u>2015</u>	<u>2014</u>
	USD ('000)	USD ('000)
At January 1,	355	355
Charged during the year	--	--
At December 31, (Note 6)	<u>355</u>	<u>355</u>

(g) Liquidity risk

Liquidity risk is the risk that the Group 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 Group based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance contract 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.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(g) Liquidity risk (continued)

	Up to a year	1 to 5 years	Over 5	Total
	USD ('000)	USD ('000)	years	USD ('000)
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
<u>December 31, 2015</u>				
<i>Financial assets : Non derivatives</i>				
<i>Available-for-sale investments -</i>				
Debt securities	24,196	105,768	87,979	217,943
<i>Held for trading investments -</i>				
Managed Funds	12,753	--	--	12,753
Qatari Public shareholding				
companies	63,017	--	--	63,017
Quoted shares - International	11,862	--	--	11,862
Insurance and other receivables	678,083	131,448	29,691	839,222
Reinsurance contract assets	131,269	207,423	72,201	410,893
Cash and cash equivalents	319,699	--	--	319,699
	<u>1,240,879</u>	<u>444,639</u>	<u>189,871</u>	<u>1,875,389</u>
	Up to a year	1 to 5 years	Over 5	Total
	USD ('000)	USD ('000)	years	USD ('000)
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
<u>December 31, 2015</u>				
<i>Financial liabilities : Non</i>				
<i>derivatives</i>				
Reinsurance and other payables	26,751	--	--	26,751
Due to related parties	446,182	92,013	20,784	558,979
Insurance contract liabilities	193,321	305,473	106,332	605,126
	<u>666,254</u>	<u>397,486</u>	<u>127,116</u>	<u>1,190,856</u>

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(g) Liquidity risk (continued)

Maturity profiles (continued)

	Up to a year USD ('000)	1 to 5 years USD ('000)	Over 5 years USD ('000)	Total USD ('000)
<u>December 31, 2014</u>				
<i>Financial assets : Non derivatives</i>				
<i>Available-for-sale investments -</i>				
Debt securities	14,253	110,306	76,932	201,491
<i>Held for trading investments -</i>				
Managed Funds	1,701	--	--	1,701
Qatari Public shareholding companies	61,281	--	--	61,281
Quoted shares - International	21,954	--	--	21,954
Insurance and other receivables	159,465	47,927	16,514	223,906
Reinsurance contract assets	46,427	73,361	25,536	145,324
Cash and cash equivalents	128,169	--	--	128,169
	<u>433,250</u>	<u>231,594</u>	<u>118,982</u>	<u>783,826</u>
	Up to a year USD ('000)	1 to 5 years USD ('000)	Over 5 years USD ('000)	Total USD ('000)
<u>December 31, 2014</u>				
<i>Financial liabilities : Non derivatives</i>				
Reinsurance and other payables	17,970	--	--	17,970
Due to related parties	176,695	33,549	11,560	221,804
Insurance contract liabilities	78,698	124,354	43,286	246,338
	<u>273,363</u>	<u>157,903</u>	<u>54,846</u>	<u>486,112</u>

(h) 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 Group 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 Group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

i) 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 Group, with the support of the treasury function of its ultimate parent company, uses certain off balance sheet financial instruments to manage certain foreign currency investment exposures.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(h) Market risk (continued)

i) Currency risk (continued)

The table below summarizes the Group's exposure to foreign currency exchange rate risk at reporting date by categorizing assets and liabilities by major currencies.

December 31, 2015

	QR USD ('000)	EURO USD ('000)	GBP USD ('000)	Others* USD ('000)	Total USD ('000)
Cash and cash equivalents	292,554	1,532	5,609	20,004	319,699
Insurance and other receivables	--	90,963	470,527	426,514	988,004
Reinsurance contract assets	--	75,764	462,571	316,806	855,141
Investments	63,017	--	305	242,253	305,575
Total Assets	355,571	168,259	939,012	1,005,577	2,468,419
Insurance contract liabilities	--	109,976	671,450	459,864	1,241,290
Provisions, reinsurance and other payables	--	15,059	46,451	77,266	138,776
Total Liabilities	--	125,035	717,901	537,130	1,380,066

December 31, 2014

	QR USD ('000)	EURO USD ('000)	GBP USD ('000)	Others* USD ('000)	Total USD ('000)
Cash and cash equivalents	107,377	2,773	2,221	15,798	128,169
Insurance and other receivables	--	1,624	13,966	289,764	305,354
Reinsurance contract assets	--	38,055	143,228	160,595	341,878
Investments	61,281	--	447	224,699	286,427
Total Assets	168,658	42,452	159,862	690,856	1,061,828
Insurance contract liabilities	--	59,710	224,729	251,979	536,418
Provisions, reinsurance and other payables	--	540	1,130	78,262	79,932
Total Liabilities	--	60,250	225,859	330,241	616,350

*Others mainly represents exposure in reporting currency-United States Dollars.

The Group has no significant concentration of currency risk as Qatari Riyal is pegged to USD at a fixed rate.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(h) Market risk (continued)

i) Currency risk (continued)

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 and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

	Changes in variables	Impact on profit or loss	
		December 31, 2015	December 31, 2014
Currency		USD ('000)	USD ('000)
Euro	+10%	402	386
GBP	+10%	1,597	1,505
		<u>1,999</u>	<u>1,891</u>
Euro	-10%	(402)	(386)
GBP	-10%	(1,597)	(1,505)
		<u>(1,999)</u>	<u>(1,891)</u>

The method used for deriving sensitivity information and significant variables did not change from the previous period.

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

The Group's interest risk policy requires managing 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 Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and investments are denominated and has no significant concentration of interest rate risk.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(h) Market risk (continued)

ii) Interest rate risk (continued)

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.

Currency	Changes in variables	December 31, 2015		December 31, 2014	
		Impact on profit or loss (USD '000)	Impact on equity (USD '000)	Impact on profit or loss (USD '000)	Impact on equity (USD '000)
Qatari Riyals	+50 basis points	91	(4,752)	489	(18,746)
Qatari Riyals	-50 basis points	(91)	4,752	(489)	18,746

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

December 31, 2015

	Up to 1 year (USD '000)	1 to 5 years (USD '000)	Over 5 years (USD '000)	Total (USD '000)	Effective interest rate (%)
Cash and Cash equivalents	319,699	--	--	319,699	1.77%
Investments	24,196	105,768	87,979	217,943	4.92%
	<u>343,895</u>	<u>105,768</u>	<u>87,979</u>	<u>537,642</u>	

December 31, 2014

	Up to 1 year (USD '000)	1 to 5 years (USD '000)	Over 5 years (USD '000)	Total (USD '000)	Effective interest rate (%)
Cash and Cash equivalents	128,169	--	--	128,169	1.45%
Investments	14,253	110,306	76,932	201,491	4.77%
	<u>142,422</u>	<u>110,306</u>	<u>76,932</u>	<u>329,660</u>	

iii) 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.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(h) Market risk (continued)

iii) Price risk (continued)

The Group'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 Group'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 Group 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.

		December 31, 2015		December 31, 2014	
	Changes in variables	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
		(USD '000)	(USD '000)	(USD '000)	(USD '000)
Qatar Market	+10%	--	6,302	--	6,128
International Markets	+10%	1,275	1,186	170	2,195
Qatar Market	-10%	--	(6,302)	--	(6,128)
International Markets	-10%	(1,275)	(1,186)	(170)	(2,195)

The method used for deriving sensitivity information and significant variables did not change from the previous period.

(i) 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 Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks.

The Group has detailed systems and procedures manuals with effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and assessment processes etc. with a compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(j) Capital management

Objectives are set by the Group to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. The Group fully complied with the externally imposed capital requirements during the reported financial year and no changes were made to its capital base, objectives, policies and processes from the previous year.

(k) Classifications and fair values

The following table compares the fair values of the financial instruments to their carrying values:

	December 31, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Cash and cash equivalents	319,699	319,699	128,169	128,169
<i>Loans and receivables:</i>				
Insurance and other receivables	839,222	839,222	223,906	223,906
Reinsurance contract assets	410,893	410,893	145,324	145,324
<i>Investments:</i>				
Held for trading	12,753	12,753	1,701	1,701
Available for sale investments	292,822	292,822	284,726	284,726
	1,875,389	1,875,389	783,826	783,826
Reinsurance and other payables	26,751	26,751	17,970	17,970
Due to related parties	558,979	558,979	221,804	221,804
Insurance contract liabilities	605,126	605,126	246,338	246,338
	1,190,856	1,190,856	486,112	486,112

22. DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY

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)

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22. DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY (CONTINUED)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
December 31, 2015				
Held for trading	--	12,753	--	12,753
Available for sale	292,822	--	--	292,822
	<u>292,822</u>	<u>12,753</u>	<u>--</u>	<u>305,575</u>
December 31, 2014				
Held for trading	--	1,701	--	1,701
Available for sale	284,726	--	--	284,726
	<u>284,726</u>	<u>1,701</u>	<u>--</u>	<u>286,427</u>

23. BUSINESS COMBINATION UNDER COMMON CONTROL

Effective December 31, 2015, the Parent Company merged the business of Antares Reinsurance Limited (a Bermuda entity with registration number of EC 40716), a fully owned subsidiary of Antares Holding Limited UK. Antares Holding Limited UK, in turn, owned by Qatar Insurance Company SAQ, the ultimate parent company of the Group. The regulatory close of the transactions was completed on January 25, 2016 by updating the records of Registrar of Companies, Bermuda with an effective date of merger as per the records being December 31, 2015. The transaction is considered as transaction under "common control" as the control of the Parent Company and Antares Reinsurance Limited vested with Qatar Insurance Company SAQ. Accordingly, there is no goodwill or gain on bargain purchase recognised by the Group.

The book value of the identifiable assets and liabilities of Antares Reinsurance Limited as at the date of merger were the following:

	As at December 31, 2015
	USD ('000)
Assets	
Cash and cash equivalents	33,250
Insurance and other receivables	91,230
Investments	126,539
Total assets	<u>251,019</u>
Liability	
Provisions, reinsurance and other payables	7,302
Total liability	<u>7,302</u>
Book value of net assets merged with the Parent Company	<u>243,717</u>

Net book value of assets transferred to the Parent Company is recognised as "Contributed Surplus" account in the equity. The net cash inflow to the Group out of this merger transaction is USD 33,250 thousand.

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23. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

There is no revenue or operational result of Antares Reinsurance Limited for the year ended December 31, 2015 (or any previous years) included in these consolidated financial statements of the Group.