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**Wethaq Takaful Insurance Company  
K.S.C. (Closed) and Subsidiary**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)**

**30 JUNE 2011**

**Wethaq Takaful Insurance Company  
K.S.C. (Closed) and Subsidiary**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)**

**30 JUNE 2011**



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### **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF WETHAQ TAKAFUL INSURANCE COMPANY K.S.C. (CLOSED)**

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Wethaq Takaful Insurance Company K.S.C. (Closed) (the “Parent Company”) and its subsidiary (collectively the “Group”) as at 30 June 2011, and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three month and six month periods then ended, and the related interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the six month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard, IAS 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

#### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Basis for Qualified Conclusion*



The total assets, revenues and profits of the Group’s subsidiary Wethaq Takaful Insurance Company Egypt (“WTIC”) included in the accompanying interim condensed consolidated financial information amount to KD 2,292,152 (30 June 2010: KD 1,880,100), KD 214,737 (30 June 2010: KD 183,493) and KD 99,618 (30 June 2010: KD 115,935) respectively. The financial statements of WTIC were reviewed by other independent auditors whose review report expresses an unqualified conclusion. We were unable to obtain sufficient appropriate review evidence in respect of WTIC as we were unable to obtain access to the working papers of WTIC’s auditors or to discuss the financial statements with the management of WTIC. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION TO THE BOARD OF DIRECTORS OF WETHAQ TAKAFUL  
INSURANCE COMPANY K.S.C. (CLOSED) (CONTINUED)***Qualified Conclusion*

Except for the possible effects of the matter described in the "Basis for Qualified Conclusion" paragraph above, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company during the six month period ended 30 June 2011 that might have had a material effect on the business of the Parent Company or on its financial position.

  
WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
OF ERNST & YOUNG  
ALI A. AL-HASAWI  
LICENCE NO. 30 A  
RÖDL MIDDLE EAST  
BURGAN-INTERNATIONAL  
ACCOUNTANTS

14 August 2011

Kuwait

# Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

30 June 2011

	<i>Notes</i>	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2011 KD</i>	<i>2010 KD</i>	<i>2011 KD</i>	<i>2010 KD</i>
Net investment loss	3	(50,008)	(510,308)	(247,927)	(1,683,018)
Shareholders' share of insurance surplus		197,491	78,277	136,914	130,998
Management fees from policyholders		156,972	252,785	340,079	252,785
Change in fair value of investment properties		-	-	-	386,992
Allowances and other benefits		(16,500)	(16,500)	(33,000)	(33,000)
General and administrative expenses		(116,917)	(91,694)	(123,315)	(100,443)
<b>PROFIT (LOSS) BEFORE ZAKAT, DIRECTORS' FEES AND NATIONAL LABOUR SUPPORT TAX</b>		<b>171,038</b>	<b>(287,440)</b>	<b>72,751</b>	<b>(1,045,686)</b>
Zakat		(643)	-	(643)	-
Directors' fees		(1,750)	(1,750)	(3,500)	(3,500)
National Labour Support Tax (NLST)		(1,606)	-	(1,606)	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>167,039</b>	<b>(289,190)</b>	<b>67,002</b>	<b>(1,049,186)</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		128,790	(299,729)	27,155	(1,087,362)
Non controlling interest		38,249	10,539	39,847	38,176
		<b>167,039</b>	<b>(289,190)</b>	<b>67,002</b>	<b>(1,049,186)</b>
<b>Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company</b>	4	<b>1.17 fils</b>	<b>(2.73) fils</b>	<b>0.25 fils</b>	<b>(9.89) fils</b>

The attached notes 1 to 8 form part of this interim condensed consolidated financial information.


**Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME (UNAUDITED)**  
**30 June 2011**

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit (loss) for the period	<b>167,039</b>	(289,190)	<b>67,002</b>	(1,049,186)
Available for sale investments:				
- Fair valuation gain (loss)	<b>53,674</b>	(397,325)	<b>(157,337)</b>	(1,992,457)
- Transfer to income statement on impairment	<b>25,330</b>	285,698	<b>186,322</b>	1,543,628
Exchange differences on translation of foreign operations	<b>(1,318)</b>	(45,007)	<b>(169,880)</b>	(48,925)
<b>Other comprehensive income (loss) for the period</b>	<b>77,686</b>	(156,634)	<b>(140,895)</b>	(497,754)
<b>Total comprehensive income (loss) for the period</b>	<b>244,725</b>	(445,824)	<b>(73,893)</b>	(1,546,940)
Attributable to:				
Equity holders of the Parent Company	<b>207,003</b>	(438,360)	<b>12,173</b>	(1,565,546)
Non-controlling interest	<b>37,722</b>	(7,464)	<b>(86,066)</b>	18,606
<b>Total comprehensive income (loss) for the period</b>	<b>244,725</b>	(445,824)	<b>(73,893)</b>	(1,546,940)

The attached notes 1 to 8 form part of this interim condensed consolidated financial information.

Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (UNAUDITED)**  
At 30 June 2011

		<b>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
		<b>2011</b>	<b>31 December</b>	<b>2010</b>
	<i>Notes</i>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>ASSETS</b>				
Bank balances and cash		721,624	560,728	106,379
Investments at fair value through income statement		1,160,401	1,335,754	1,181,606
Other assets		185,736	200,222	200,232
Financial assets available for sale	5	5,888,996	6,046,333	6,228,146
Qard Hassan to policyholders	6	1,445,531	1,234,234	787,281
Investment deposit		1,356,371	1,443,076	1,655,732
Investment properties		2,634,296	2,634,296	2,634,296
Furniture and equipment		247,621	223,901	131,837
<b>TOTAL ASSETS</b>		<b>13,640,576</b>	<b>13,678,544</b>	<b>12,925,509</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>				
Share capital		11,025,000	11,025,000	11,025,000
Share premium		7,340,937	7,340,937	7,340,937
Treasury shares		(50,489)	(50,489)	(50,489)
Treasury shares reserve		3,508	3,508	3,508
Statutory reserve		388,139	388,139	388,139
Voluntary reserve		388,139	388,139	388,139
Cumulative changes in fair value		79,556	50,571	(31,375)
Foreign currency translation adjustment		(83,647)	(39,680)	23,337
Employee share purchase plan reserve		65,964	65,964	65,964
Accumulated losses		(7,971,266)	(7,998,421)	(8,219,326)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>11,185,841</b>	<b>11,173,668</b>	<b>10,933,834</b>
Non controlling interest		844,604	839,050	709,176
<b>TOTAL EQUITY</b>		<b>12,030,445</b>	<b>12,012,718</b>	<b>11,643,010</b>
<b>LIABILITIES</b>				
Other liabilities		553,506	530,418	562,361
Amounts due to policyholders		1,056,625	1,135,408	720,138
<b>TOTAL LIABILITIES</b>		<b>1,610,131</b>	<b>1,665,826</b>	<b>1,282,499</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,640,576</b>	<b>13,678,544</b>	<b>12,925,509</b>

  
Abdulla Yousef Al-Saif  
Chairman

  
Abdullah Mishari Al Humaidi  
Vice Chairman

The attached notes 1 to 8 form part of this interim condensed consolidated financial information.

**Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary**  
**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**(UNAUDITED)**  
**30 June 2011**

		<i>Six months ended 30 June</i>	
	<i>Note</i>	<b>2011</b>	<b>2010</b>
		<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Profit (loss) for the period		<b>67,002</b>	<b>(1,049,186)</b>
Adjustments for:			
Net investment loss	3	<b>247,927</b>	<b>1,683,018</b>
Change in fair value of investment properties		<b>-</b>	<b>(386,992)</b>
Depreciation		<b>19,085</b>	<b>14,072</b>
Shareholders' share of insurance surplus		<b>(136,914)</b>	<b>(130,998)</b>
Management fees from policyholders		<b>(340,079)</b>	<b>(252,785)</b>
Working capital changes:			
Other assets		<b>14,486</b>	<b>3,224</b>
Other liabilities		<b>23,088</b>	<b>101,355</b>
Net cash used in operating activities		<b>(105,405)</b>	<b>(18,292)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture and equipment		<b>(42,805)</b>	<b>(58,144)</b>
Net movement in investment deposits		<b>86,705</b>	<b>(974,714)</b>
Dividend income received		<b>8,499</b>	<b>-</b>
Profit from investment deposit received		<b>105,249</b>	<b>56,782</b>
Net cash from (used in) investing activities		<b>157,648</b>	<b>(976,076)</b>
<b>FINANCING ACTIVITIES</b>			
Purchase of treasury shares		<b>-</b>	<b>(6,852)</b>
Net movement in amounts due to policyholders		<b>186,913</b>	<b>121,741</b>
Net movement in non-controlling interest		<b>(34,293)</b>	<b>(19,570)</b>
Net cash from financing activities		<b>152,620</b>	<b>95,319</b>
Foreign currency translation differences		<b>(43,967)</b>	<b>(29,355)</b>
<b>INCREASE (DECREASE) IN BANK BALANCES AND CASH</b>		<b>160,896</b>	<b>(928,404)</b>
Bank balances and cash at 1 January		<b>560,728</b>	<b>1,034,783</b>
<b>BANK BALANCES AND CASH AT 30 JUNE</b>		<b>721,624</b>	<b>106,379</b>

The attached notes 1 to 8 form part of this interim condensed consolidated financial information.



# Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

30 June 2011

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Foreign currency translation adjustment KD	Employee share purchase plan reserve KD	Accumulated losses KD	Sub total KD	Non controlling interest KD	Total equity KD
At 1 January 2011	11,025,000	7,340,937	(50,489)	(50,489)	3,508	388,139	388,139	50,571	(39,680)	65,964	(7,998,421)	11,173,668	839,050	12,012,718
Profit for the period	-	-	-	-	-	-	-	-	-	-	27,155	27,155	39,847	67,002
Other comprehensive income (loss)	-	-	-	-	-	-	-	28,985	(43,967)	-	-	(14,982)	(125,913)	(140,895)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	28,985	(43,967)	-	27,155	12,173	(86,066)	(73,893)
Capital increase by the subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	91,620	91,620
At 30 June 2011	11,025,000	7,340,937	(50,489)	(50,489)	3,508	388,139	388,139	79,556	(83,647)	65,964	(7,971,266)	11,185,841	844,604	12,030,445
At 1 January 2010	11,025,000	7,340,937	(43,637)	(43,637)	3,508	388,139	388,139	417,454	52,692	65,964	(7,131,964)	12,506,232	690,570	13,196,802
(Loss) profit for the period	-	-	-	-	-	-	-	-	-	-	(1,087,362)	(1,087,362)	38,176	(1,049,186)
Other comprehensive loss	-	-	-	-	-	-	-	(448,829)	(29,355)	-	-	(478,184)	(19,570)	(497,754)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(448,829)	(29,355)	-	(1,087,362)	(1,565,546)	18,606	(1,546,940)
Purchase of treasury shares	-	-	(6,852)	(6,852)	-	-	-	-	-	-	-	(6,852)	-	(6,852)
At 30 June 2010	11,025,000	7,340,937	(50,489)	(50,489)	3,508	388,139	388,139	(31,375)	23,337	65,964	(8,219,326)	10,933,834	709,176	11,643,010

The attached notes 1 to 8 form part of this interim condensed consolidated financial information.

**Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**INFORMATION (UNAUDITED)**  
At 30 June 2011

**1 ACTIVITIES**

The interim condensed consolidated financial information of Wethaq Takaful Insurance Company K.S.C. (Closed) (the "Parent Company") and its subsidiary (collectively the "Group") for the period ended 30 June 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 14 August 2011.

The Parent Company is a Kuwaiti Shareholding Company incorporated on 2 October 2000 and is registered under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. It is engaged in transacting co-operative insurance operations and all related activities, including reinsurance. In addition, the Parent Company can own, sell and purchase real estate and other financial instruments.

The Parent Company's subsidiary is Wethaq Takaful Insurance Company - Egypt (the "subsidiary"), a company incorporated in Egypt and engaged in the insurance and reinsurance activities. The Parent Company held 60% effective equity interest in the subsidiary as at 30 June 2011 (31 December 2010: 60% and 30 June 2010: 60%).

Takaful is an Islamic alternative to a conventional insurance and investment program, based on the mutual funds concept, where each policyholder will receive his share in the surplus arising from the insurance activities, in accordance with the company's articles of association and the approval of Fatwa and Sharia Supervisory Board.

The Parent Company conducts business on behalf of the policyholders and advances funds to the policyholders' operations as and when required. The shareholders are responsible for liabilities incurred by policyholders in the event the policyholders' fund is in deficit and the operations are liquidated. The Parent Company holds the physical custody and title of all assets related to the policyholders and shareholders' operations, however, such assets and liabilities together with the results of policyholders' lines of business is disclosed in note 6.

The Parent Company maintains separate books of accounts for policyholders and shareholders. Income and expenses clearly attributable to either activity are recorded in the respective accounts. Management and the board of directors determine the basis of allocation of expenses from joint operations.

All insurance and investment activities are conducted in accordance with Islamic Sharee'a, as approved by Fatwa and Sharia Supervisory Board.

The Parent Company's registered head office is at P.O. Box 371, Safat 13004, Kuwait.

The shareholders' Annual General Assembly for the year ended 31 December 2010 was held on 10 April 2011 and no dividend was approved for the year ended 31 December 2010.

**2 BASIS OF PREPARATION**

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting (IAS 34). The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2010 except as noted below.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2010. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period are not necessarily indicative of the results that may be expected for the year ending 31 December 2011.

During the period, the Group has adopted the following standards effective for annual periods beginning on or after 1 January 2011:

**Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**INFORMATION (UNAUDITED)**  
 At 30 June 2011

**2 BASIS OF PREPARATION (continued)**

*IAS 24 Related party disclosures (Revised)*

The amended Standard clarified the definition of a related party and laid down additional requirement for disclosure of outstanding commitments to related parties. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

*IAS 34 Interim Financial Reporting*

Improvement to IAS 34 introduces the concept of "Significant events and transactions" and has brought in additional disclosures for changes in business and economic circumstances, transfers between levels of the fair value hierarchy used and changes in the classification of financial assets resulting from change in the purpose or use of those assets. Adoption of this improvement did not have any material impact on the financial position or performance of the Group.

**3 NET INVESTMENT LOSS**

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Realised and unrealised loss on investments at fair value through income statement	(45,975)	(274,879)	(175,353)	(215,879)
Impairment loss on available for sale investments	(25,330)	(285,698)	(186,322)	(1,543,628)
Others	21,297	50,269	113,748	76,489
	<u>(50,008)</u>	<u>(510,308)</u>	<u>(247,927)</u>	<u>(1,683,018)</u>

**4 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares, less treasury shares, outstanding during the period.

Diluted earnings (loss) per share is calculated by dividing the profit (loss) for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares, less treasury shares, outstanding during the period as adjusted for the dilutive effects of dilutive potential ordinary shares that would be issued on conversion of all employees stock options.

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
Profit (loss) for the period attributable to equity holders of the Parent Company (KD)	<u>128,790</u>	<u>(299,729)</u>	<u>27,155</u>	<u>(1,087,362)</u>
Weighted average number of ordinary shares (net of treasury shares) outstanding for the period for calculating basic and diluted earning (loss) per share	<u>109,804,500</u>	<u>109,901,959</u>	<u>109,804,500</u>	<u>109,901,959</u>
Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company	<u>1.17 fils</u>	<u>(2.73) fils</u>	<u>0.25 fils</u>	<u>(9.89) fils</u>

During the period, the effect of outstanding stock options has not been considered in the computation of diluted earnings (loss) per share as the result is anti-dilutive.

**Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**INFORMATION (UNAUDITED)**  
 At 30 June 2011

**5 AVAILABLE FOR SALE INVESTMENTS**

	<b>30 June 2011 KD</b>	<b>(Audited) 31 December 2010 KD</b>	<b>30 June 2010 KD</b>
<i>Quoted securities</i>			
Equities	267,723	277,315	247,608
<i>Unquoted securities</i>			
Equities	561,778	564,400	623,500
Managed equity funds	1,376,198	1,351,125	1,325,275
Managed portfolios	3,683,297	3,853,493	4,031,763
	<u>5,621,273</u>	<u>5,769,018</u>	<u>5,980,538</u>
	<u>5,888,996</u>	<u>6,046,333</u>	<u>6,228,146</u>

**6 TAKAFUL INSURANCE POLICYHOLDERS' RESULT BY LINE OF BUSINESS AND FUND**

The policyholders' result by line of business, assets and liabilities were as follows:

*Policyholders' result by line of business:*

**Six month period ended 30 June 2011**

	<i>Marine and aviation KD</i>	<i>General accident KD</i>	<i>Fire KD</i>	<i>Life KD</i>	<i>Total KD</i>
Total revenues	49,929	2,189,991	85,429	121,582	2,446,931
Net (deficit) surplus from insurance operations	(2,258)	172,078	(16,285)	51,666	205,201
Investment (loss) income	(2,409)	168,072	(6,961)	(6,906)	151,796
Net (deficit) surplus by line of business	<u>(4,667)</u>	<u>340,150</u>	<u>(23,246)</u>	<u>44,760</u>	<u>356,997</u>
Shareholders' share of insurance surplus from subsidiary					(136,914)
Management fees to shareholders of the Parent Company					<u>(340,079)</u>
Insurance deficit transferred to policyholders' Fund					<u>(119,996)</u>

The policyholders of the subsidiary transferred surplus of KD 136,914 (30 June 2010: KD 130,998) to shareholders of subsidiary from total insurance surplus of KD 228,251 (30 June 2010: surplus of KD 217,450).

As per the Parent Company's articles of association, the shareholders of the Parent Company are entitled to management fees from policyholders of the Parent Company up to 20% of the gross premium written and investment income.

Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2011

**6 TAKAFUL INSURANCE POLICYHOLDERS' RESULT BY LINE OF BUSINESS AND FUND**  
(continued)

Six month period ended 30 June 2010

	<i>Marine and aviation KD</i>	<i>General accident KD</i>	<i>Fire KD</i>	<i>Life KD</i>	<i>Total KD</i>
Total revenues	79,156	3,436,209	116,920	120,975	3,753,260
Net surplus from insurance operations	26,063	477,893	17,692	22,043	543,691
Investment income (loss)	1,639	(42,864)	89	2,284	(38,852)
Net surplus by line of business	27,702	435,029	17,781	24,327	504,839
Shareholders' share of insurance surplus from subsidiary					(130,998)
Management fees to shareholders of the Parent Company					(252,785)
Insurance surplus transferred to policyholders' fund					121,056

**Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**INFORMATION (UNAUDITED)**

At 30 June 2011

**6 TAKAFUL INSURANCE POLICYHOLDERS' RESULT BY LINE OF BUSINESS AND FUND**  
**(continued)**

*Policyholders' assets, liabilities and fund:*

	<i>30 June</i>	<i>(Audited)</i>	
	<i>2011</i>	<i>31 December</i>	<i>30 June</i>
	<i>KD</i>	<i>2010</i>	<i>2010</i>
		<i>KD</i>	<i>KD</i>
<b>Assets</b>			
Bank balances and cash	261,001	285,263	473,548
Investment deposits	7,224,320	7,344,762	7,017,013
Investments at fair value through income statement	898,235	994,461	904,859
Islamic financing receivables	338,534	338,534	338,534
Accounts receivable and prepayments	1,068,285	1,218,175	1,194,206
Premiums receivable	1,721,676	1,762,165	1,488,962
Available for sale investments – unquoted	970,157	970,157	970,157
Reinsurance recoverable on outstanding claims	2,985,519	1,469,144	1,460,054
Reinsurance premiums receivable	168,342	243,761	130,830
Amounts due from shareholders	1,056,625	1,135,408	277,750
Leasehold land	277,750	277,750	720,138
Furniture and equipment	167,228	159,265	174,422
	<u>17,137,672</u>	<u>16,198,845</u>	<u>15,150,473</u>
<b>Liabilities</b>			
Reinsurance balances payable	270,288	759,877	371,885
Unearned premiums	3,263,889	3,378,493	3,707,860
Outstanding claims reserve	10,196,471	8,378,232	8,297,228
Reserve for claims incurred but not reported	300,726	603,817	282,232
Reserve retained on reinsurance business	361,464	505,481	282,593
Premiums received in advance	461,675	646,032	410,718
Other insurance reserves	520,287	585,158	425,095
Accounts payable and accruals	1,428,263	1,086,531	1,213,217
	<u>16,803,063</u>	<u>15,943,621</u>	<u>14,990,828</u>
<b>Policyholders' fund</b>			
Net deficit from insurance operations	(1,110,922)	(979,010)	(627,636)
Qard Hassan from shareholders	1,445,531	1,234,234	787,281
<b>Total policyholders' fund</b>	<u>334,609</u>	<u>255,224</u>	<u>159,645</u>
<b>Total liabilities and policyholders' fund</b>	<u>17,137,672</u>	<u>16,198,845</u>	<u>15,150,473</u>

*Movement in policyholders' fund:*

	<i>30 June</i>	<i>(Audited)</i>	
	<i>2011</i>	<i>31 December</i>	<i>30 June</i>
	<i>KD</i>	<i>2010</i>	<i>2010</i>
		<i>KD</i>	<i>KD</i>
At 1 January	(979,010)	(746,670)	(746,670)
Net deficit from insurance business for the period	(119,996)	(218,330)	119,034
Foreign currency translation difference	(11,916)	(14,010)	-
Closing balance	<u>(1,110,922)</u>	<u>(979,010)</u>	<u>(627,636)</u>

Wethaq Takaful Insurance Company K.S.C. (Closed) and Subsidiary  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
 INFORMATION (UNAUDITED)  
 At 30 June 2011

**7 RELATED PARTY TRANSACTIONS**

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

Transactions and balances with related parties included in the interim condensed consolidated financial information are as follows:

	Six months ended 30 June		
	2011 KD	2010 KD	
<b>Shareholders</b>			
<i>Interim condensed consolidated income statement</i>			
Allowances and other benefits	36,500	36,500	
Impairment loss on available for sale investments	183,322	1,399,654	
	(Audited)		
	30 June	31 December	30 June
	2011	2010	2010
	KD	KD	KD
<b>Shareholders</b>			
<i>Interim condensed consolidated statement of financial position</i>			
Financial assets at fair value through income statement	110,216	110,216	320,028
Financial assets available for sale	3,683,327	3,853,477	4,031,763
Accounts payable	338,534	338,534	338,534
			</

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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At 30 June 2011

**8 CONTINGENCIES**

At 30 June 2011, the Group has provided bank guarantees in the ordinary course of business amounting to KD 176,500 (31 December 2010: KD 176,500 and 30 June 2010: KD 176,500) from which it is anticipated that no material liabilities will arise.