

28 NOV 2011

Kuwait Stock Exchange  
Auto. Doc.  
& Archival Section Copy

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

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

**30 SEPTEMBER 2011**

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

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

**30 SEPTEMBER 2011**



Ernst & Young  
Al Aiban, Al Osaimi & Partners  
P.O. Box 74 Safat  
13001 Safat, Kuwait  
Baitak Tower, 18-21st Floor  
Safat Square  
Ahmed Al Jaber Street  
Tel : 2245 2880/2295 5000  
Fax: 2245 6419  
Email: kuwait@kw.ey.com

# Rödl

## Middle East

Burgin – International Accountants

Ali Al Hassawi & Partners  
P.O. Box: 22351 Safat 13084 Kuwait  
Sharq – Dasman Complex – Block 2 – 9 Floor  
Tel: 2246-4574-6 /2242-6862-3  
Fax: 2241-4956  
Email: [info-kuwait@rodlme.com](mailto:info-kuwait@rodlme.com)  
[www.rodlme.com](http://www.rodlme.com)

### **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 September 2011 and the related interim condensed consolidated statements of income and comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine months 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 2,407,151 (30 September 2010: KD 2,006,573), KD 374,722 (30 September 2010: KD 385,386) and KD 201,684 (30 September 2010: KD 217,772) 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*

Based on our review, 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 nine months period ended 30 September 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 November 2011  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

30 September 2011

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2011 KD	2010 KD	2011 KD	2010 KD
Net investment (loss) income	3	(218,177)	61,387	(466,104)	(1,621,631)
Shareholders' share of insurance surplus		112,204	155,686	249,118	286,684
Management fees from policyholders		96,141	112,171	436,220	364,956
Change in fair value of investment properties		-	-	-	386,992
Allowances and other benefits		(16,500)	(16,500)	(49,500)	(49,500)
General and administrative expenses		(57,922)	(77,819)	(183,486)	(178,262)
<b>(LOSS) PROFIT BEFORE ZAKAT, DIRECTORS' FEES AND NATIONAL LABOUR SUPPORT TAX</b>		<b>(84,254)</b>	<b>234,925</b>	<b>(13,752)</b>	<b>(810,761)</b>
Directors' fees		(1,750)	(1,750)	(5,250)	(5,250)
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<b>(86,004)</b>	<b>233,175</b>	<b>(19,002)</b>	<b>(816,011)</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		(126,831)	184,242	(99,676)	(903,120)
Non controlling interest		40,827	48,933	80,674	87,109
		<b>(86,004)</b>	<b>233,175</b>	<b>(19,002)</b>	<b>(816,011)</b>
<b>Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company</b>	4	<b>(1.16) fils</b>	<b>1.68 fils</b>	<b>(0.91) fils</b>	<b>(8.22) 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 September 2011


	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</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>
(Loss) profit for the period	<b>(86,004)</b>	233,175	<b>(19,002)</b>	(816,011)
Available for sale investments:				
- Fair valuation loss	<b>(213,364)</b>	(13,254)	<b>(370,701)</b>	(2,005,711)
- Transfer to income statement on impairment	<b>199,492</b>	91,756	<b>385,814</b>	1,635,384
Exchange differences on translation of foreign operations	<b>(13,313)</b>	(48,475)	<b>(183,193)</b>	(97,400)
<b>Other comprehensive (loss) income for the period</b>	<b>(27,185)</b>	30,027	<b>(168,080)</b>	(467,727)
<b>Total comprehensive (loss) income for the period</b>	<b>(113,189)</b>	263,202	<b>(187,082)</b>	(1,283,738)
Attributable to:				
Equity holders of the Parent Company	<b>(148,691)</b>	233,659	<b>(136,518)</b>	(1,331,887)
Non-controlling interest	<b>35,502</b>	29,543	<b>(50,564)</b>	48,149
<b>Total comprehensive (loss) income for the period</b>	<b>(113,189)</b>	263,202	<b>(187,082)</b>	(1,283,738)

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 September 2011**

		<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2011</i>	<i>2010</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>ASSETS</b>			
Bank balances and cash	744,886	560,728	319,965
Investments at fair value through income statement	1,093,935	1,335,754	1,292,538
Other assets	201,294	200,222	185,340
Financial assets available for sale	5 5,675,633	6,046,333	6,214,892
Qard Hassan to policyholders	6 1,588,640	1,234,234	1,176,174
Investment deposit	1,419,186	1,443,076	1,576,203
Investment properties	2,634,296	2,634,296	2,634,296
Furniture and equipment	253,803	223,901	137,583
<b>TOTAL ASSETS</b>	<b>13,611,673</b>	<b>13,678,544</b>	<b>13,536,991</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY</b>			
<b>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 reserve	65,684	50,571	47,127
Foreign currency translation adjustment reserve	(91,635)	(39,680)	(5,748)
Employee share purchase plan reserve	65,964	65,964	65,964
Accumulated losses	(8,098,097)	(7,998,421)	(8,035,084)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY</b>	<b>11,037,150</b>	<b>11,173,668</b>	<b>11,167,493</b>
<b>HOLDERS OF THE PARENT COMPANY</b>			
Non-controlling interest	880,106	839,050	738,719
<b>TOTAL EQUITY</b>	<b>11,917,256</b>	<b>12,012,718</b>	<b>11,906,212</b>
<b>LIABILITIES</b>			
Other liabilities	590,824	530,418	560,919
Amounts due to policyholders	1,103,593	1,135,408	1,069,860
<b>TOTAL LIABILITIES</b>	<b>1,694,417</b>	<b>1,665,826</b>	<b>1,630,779</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,611,673</b>	<b>13,678,544</b>	<b>13,536,991</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 September 2011

		<i>Nine months ended 30 September</i>	
		<b>2011</b>	<b>2010</b>
	<i>Note</i>	<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(19,002)	(816,011)
<i>Adjustments for:</i>			
Net investment loss	3	466,104	1,621,631
Change in fair value of investment properties		-	(386,992)
Depreciation		30,473	23,274
Shareholders' share of insurance surplus		(249,118)	(286,684)
Management fees from policyholders		(436,220)	(364,956)
<i>Working capital changes:</i>			
Other assets		(1,072)	18,410
Other liabilities		60,406	99,910
Net cash used in operating activities		<u>(148,429)</u>	<u>(91,418)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture and equipment		(60,375)	(73,092)
Net movement in investment deposits		23,890	(895,185)
Dividend income received		8,499	-
Profit from investment deposit received		153,030	98,702
Net cash from (used in) investing activities		<u>125,044</u>	<u>(869,575)</u>
<b>FINANCING ACTIVITIES</b>			
Purchase of treasury shares		-	(6,852)
Net movement in amounts due to policyholders		299,116	350,427
Net movement in non-controlling interest		(39,618)	(38,960)
Net cash from financing activities		<u>259,498</u>	<u>304,615</u>
Foreign currency translation differences		<u>(51,955)</u>	<u>(58,440)</u>
<b>INCREASE (DECREASE) IN BANK BALANCES AND CASH</b>		<b>184,158</b>	<b>(714,818)</b>
Bank balances and cash at 1 January		<u>560,728</u>	<u>1,034,783</u>
<b>BANK BALANCES AND CASH AT 30 SEPTEMBER</b>		<u><b>744,886</b></u>	<u><b>319,965</b></u>

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 September 2011**

*Attributable to equity holders of the Parent Company*

	Share capital KD	Share premium 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)	3,508	388,139	388,139	50,571	(39,680)	65,964	(7,998,421)	11,173,668	839,050	12,012,718
(Loss) profit for the period	-	-	-	-	-	-	-	-	-	(99,676)	(99,676)	80,674	(19,002)
Other comprehensive income (loss)	-	-	-	-	-	-	15,113	(51,955)	-	-	(36,842)	(131,238)	(168,080)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	15,113	(51,955)	-	-	-	-	-
Capital increase by the subsidiary	-	-	-	-	-	-	-	-	-	(99,676)	(136,518)	(50,564)	(187,082)
At 30 September 2011	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	65,684	(91,635)	65,964	(8,098,097)	11,037,150	880,106	11,917,256
At 1 January 2010	11,025,000	7,340,937	(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	-	-	-	-	-	-	-	-	-	(903,120)	(903,120)	87,109	(816,011)
Other comprehensive loss	-	-	-	-	-	-	(370,327)	(58,440)	-	-	(428,767)	(38,960)	(467,727)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(6,852)	-	-	-	(370,327)	(58,440)	-	(903,120)	(1,331,887)	48,149	(1,283,738)
At 30 September 2010	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	47,127	(5,748)	65,964	(8,035,084)	11,167,493	738,719	11,906,212

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 September 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 September 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 14 November 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 September 2011 (31 December 2010: 60% and 30 September 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 September 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) INCOME**

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</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) income on investments at fair value through income statement	(66,466)	110,930	(241,819)	(104,949)
Impairment loss on available for sale investments	(199,492)	(91,756)	(385,814)	(1,635,384)
Others	47,781	42,213	161,529	118,702
	<u>(218,177)</u>	<u>61,387</u>	<u>(466,104)</u>	<u>(1,621,631)</u>

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

Basic (loss) earnings per share is calculated by dividing the (loss) profit 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 (loss) earnings per share is calculated by dividing the (loss) profit 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 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	<u>(126,831)</u>	<u>184,242</u>	<u>(99,676)</u>	<u>(903,120)</u>
Weighted average number of ordinary shares (net of treasury shares) outstanding for the period for calculating basic and diluted (loss) earnings 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 (loss) earnings per share attributable to equity holders of the Parent Company	<u>(1.16) fils</u>	<u>1.68 fils</u>	<u>(0.91) fils</u>	<u>(8.22) fils</u>

During the period, the effect of outstanding stock options has not been considered in the computation of diluted (loss) earnings 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 September 2011

**5 AVAILABLE FOR SALE INVESTMENTS**

	<b>30 September 2011 KD</b>	<b>(Audited) 31 December 2010 KD</b>	<b>30 September 2010 KD</b>
<i>Quoted securities</i>			
Equities	<u>269,441</u>	<u>277,315</u>	<u>258,010</u>
<i>Unquoted securities</i>			
Equities	<u>553,900</u>	<u>564,400</u>	<u>623,500</u>
Managed equity funds	<u>1,383,485</u>	<u>1,351,125</u>	<u>1,341,712</u>
Managed portfolios	<u>3,468,807</u>	<u>3,853,493</u>	<u>3,991,670</u>
	<u>5,406,192</u>	<u>5,769,018</u>	<u>5,956,882</u>
	<u>5,675,633</u>	<u>6,046,333</u>	<u>6,214,892</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:*

**Nine month period ended 30 September 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	<u>87,409</u>	<u>3,332,079</u>	<u>141,698</u>	<u>113,855</u>	<u>3,675,041</u>
Net surplus (deficit) from insurance operations	<u>621</u>	<u>162,528</u>	<u>(6,429)</u>	<u>107,705</u>	<u>264,425</u>
Investment (loss) income	<u>(3,566)</u>	<u>243,900</u>	<u>(4,303)</u>	<u>(7,020)</u>	<u>229,011</u>
Net (deficit) surplus by line of business	<u>(2,945)</u>	<u>406,428</u>	<u>(10,732)</u>	<u>100,685</u>	<u>493,436</u>
Shareholders' share of insurance surplus from subsidiary					<u>(249,118)</u>
Management fees to shareholders of the Parent Company					<u>(436,220)</u>
Insurance deficit transferred to policyholders' Fund					<u>(191,902)</u>

The policyholders of the subsidiary transferred surplus of KD 249,118 (30 September 2010: KD 286,684) to shareholders of subsidiary from total insurance surplus of KD 411,622 (30 September 2010: surplus of KD 480,011).

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**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**INFORMATION (UNAUDITED)**  
 At 30 September 2011

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

Nine month period ended 30 September 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	39,055	5,366,499	160,434	129,077	5,695,065
Net (deficit) surplus from insurance operations	(17,078)	349,129	(25,625)	(44,127)	262,299
Investment (loss) income	(3,167)	219,495	(11,929)	(12,475)	191,924
Net (deficit) surplus by line of business	(20,245)	568,624	(37,554)	(56,602)	454,223
Shareholders' share of insurance surplus from subsidiary					(286,684)
Management fees to shareholders of the Parent Company					(364,956)
Insurance deficit transferred to policyholders' Fund					(197,417)

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

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

*Policyholders' assets, liabilities and fund:*

	30 September 2011 KD	(Audited) 31 December 2010 KD	30 September 2010 KD
<b>Assets</b>			
Bank balances and cash	345,237	285,263	91,839
Investment deposits	7,258,622	7,344,762	7,404,504
Investments at fair value through income statement	827,312	994,461	999,052
Islamic financing receivables	338,534	338,534	338,534
Accounts receivable and prepayments	1,078,107	1,218,175	1,121,431
Premiums receivable	1,684,700	1,762,165	1,646,024
Available for sale investments – unquoted	970,157	970,157	970,157
Reinsurance recoverable on outstanding claims	3,016,371	1,469,144	1,800,224
Reinsurance premiums receivable	191,557	243,761	157,053
Amounts due from shareholders	1,103,593	1,135,408	1,069,860
Leasehold land	277,750	277,750	277,750
Furniture and equipment	166,811	159,265	166,541
	<u>17,258,751</u>	<u>16,198,845</u>	<u>16,042,969</u>
<b>Liabilities</b>			
Reinsurance balances payable	713,092	759,877	837,821
Unearned premiums	3,143,048	3,378,493	3,193,180
Outstanding claims reserve	10,196,831	8,378,232	8,788,687
Reserve for claims incurred but not reported	341,652	603,817	358,850
Reserve retained on reinsurance business	360,774	505,481	499,906
Premiums received in advance	461,675	646,032	410,315
Other insurance reserves	654,638	585,158	703,580
Accounts payable and accruals	979,935	1,086,531	1,028,097
	<u>16,851,645</u>	<u>15,943,621</u>	<u>15,820,436</u>
<b>Policyholders' fund</b>			
Net deficit from insurance operations	(1,181,534)	(979,010)	(953,641)
Qard Hassan from shareholders	1,588,640	1,234,234	1,176,174
<b>Total policyholders' fund</b>	<u>407,106</u>	<u>255,224</u>	<u>222,533</u>
<b>Total liabilities and policyholders' fund</b>	<u>17,258,751</u>	<u>16,198,845</u>	<u>16,042,969</u>
<b>Movement in policyholders' fund:</b>			
	30 September 2011 KD	(Audited) 31 December 2010 KD	30 September 2010 KD
At 1 January	(979,010)	(746,670)	(746,670)
Net deficit from insurance business for the period	(191,902)	(218,330)	(197,417)
Foreign currency translation difference	(10,622)	(14,010)	(9,554)
Closing balance	<u>(1,181,534)</u>	<u>(979,010)</u>	<u>(953,641)</u>

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

	<i>Nine months ended 30 September</i>	
	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>
<b>Shareholders</b>		
<i>Interim condensed consolidated income statement</i>		
Allowances and other benefits	49,500	49,500
Impairment loss on available for sale investments	382,813	1,491,383

	<i>30 September 2011</i>	<i>(Audited) 31 December 2010</i>	<i>30 September 2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Shareholders</b>			
<i>Interim condensed consolidated statement of financial position</i>			
Financial assets at fair value through income statement	130,506	110,216	130,506
Financial assets available for sale	4,989,857	5,366,454	5,507,472
Accounts payable	338,534	338,534	338,534

	<i>Nine months ended 30 September</i>	
	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>
<b>Policyholders</b>		
<i>Policy holder's results</i>		
Premiums written	62,592	67,004
Unrealised loss on financial assets at fair value through income statement	(116,480)	5,035
<i>Key management compensation</i>		
Short-term benefits	42,175	26,840
Termination benefits	14,955	14,782
	<u>57,130</u>	<u>41,622</u>

	<i>30 September 2011</i>	<i>(Audited) 31 December 2010</i>	<i>30 September 2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Policyholders' assets, liabilities and fund</i>			
Investments carried at fair value through income statement	542,246	658,726	680,488
Available for sale investments	787,500	787,500	787,500

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

---

**8 CONTINGENCIES**

At 30 September 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 September 2010: KD 176,500) from which it is anticipated that no material liabilities will arise.