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**Wethaq Takaful Insurance Company K.S.C.
(Closed) and subsidiary
State of Kuwait**

**Condensed consolidated interim financial information and
independent auditors' review report for the three month
period ended 31 March 2012**

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Independent auditors' report on review of condensed consolidated interim financial information**The Board of Directors**

Wethaq Takaful Insurance Company K.S.C. (Closed)
State of Kuwait

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Wethaq Takaful Insurance Company K.S.C. (Closed) (the "Company") and its subsidiary (together "the Group") as at 31 March 2012, the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards, IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2012 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 and as at and for the period ended 31 March 2011 were audited and reviewed by other auditors who expressed a qualified audit opinion and conclusion, respectively, on those financial statements due to scope limitation in audit and review of the Company's subsidiary.

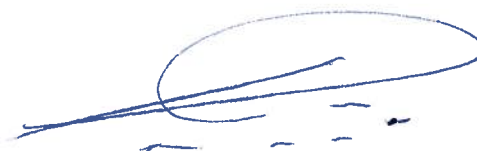
Report on review of other legal and regulatory requirements

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the accounting records. We further report that nothing has come to our attention indicating any contravention during the three month period ended 31 March 2012, of the Kuwait Commercial Companies Law of 1960, as amended, or of the Company's Memorandum and Articles of Association, that might have had material effect on the Company's activities or on its consolidated financial position.



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Member firm of KPMG International

Kuwait: 15 May 2012



Yahia Abdullah Al-Foudri
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بوبيان لتدقيق الحسابات
BOUBYAN Auditing Office

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

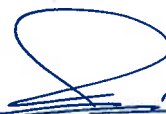
**Condensed consolidated statement of financial position (unaudited)
as at 31 March 2012**

	Note	31 March 2012 KD	31 December 2011 KD (audited)	31 March 2011 KD
Assets				
Bank balances and cash		2,199,930	1,999,804	430,396
Investments at fair value through profit and loss		1,151,151	1,059,926	1,206,376
Other assets		251,507	221,084	231,673
Available for sale investments	4	5,614,351	5,619,943	5,835,322
Qard Hassan to policyholders	5	1,751,761	1,751,761	1,234,234
Investment deposits		497,862	501,436	1,665,854
Investment properties		2,634,761	2,634,296	2,634,296
Total assets		14,101,323	13,788,250	13,238,151
Liabilities				
Other liabilities		671,041	489,722	514,631
Amounts due to policyholders	5	1,072,792	1,149,293	937,800
Total liabilities		1,743,833	1,639,015	1,452,431
Equity				
Equity attributable to shareholders of the Company				
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
Changes in fair value reserve		182,680	58,272	552
Translation reserve		(49,087)	(85,695)	(82,856)
Employee share purchase plan reserve		65,964	65,964	65,964
Accumulated losses		(7,857,599)	(7,998,352)	(8,100,056)
Total equity attributable to shareholders of the Company		11,437,192	11,135,423	10,978,838
Non controlling interest		920,298	1,013,812	806,882
Total equity		12,357,490	12,149,235	11,785,720
Total liabilities and equity		14,101,323	13,788,250	13,238,151

The accompanying notes form an integral part of this condensed consolidated interim financial information.



Abdullah Yousef Al-Saif
Chairman



Abdullah Mishari Al Humaidi
Vice Chairman

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

Condensed consolidated statement of income (unaudited)
for the three month period ended 31 March 2012

		Three month period ended	
		31 March 2012 KD	31 March 2011 KD
	Note		
Net investment gain / (loss)	7	145,627	(197,919)
Shareholders' share of insurance surplus / (deficit)	6	79,821	(60,577)
Management fees from policyholders	6	63,214	183,107
Change in fair value of investment properties		465	-
General and administrative expenses		(42,487)	(22,898)
Profit / (loss) before Directors' remuneration and taxes		246,640	(98,287)
National Labour Support Tax ("NLST")		(6,166)	-
Taxation		(44,061)	-
Directors' remuneration	11	(1,750)	(1,750)
Zakat		(2,466)	-
Net profit / (loss) for the period		<u>192,197</u>	<u>(100,037)</u>
Attributable to:			
Shareholders of the Company		140,753	(101,635)
Non controlling interest		51,444	1,598
		<u>192,197</u>	<u>(100,037)</u>
Earnings / (loss) per share attributable to shareholders of the Company (fils) – Basic and diluted	9	<u>1.28</u>	<u>(0.93)</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

**Condensed consolidated statement of comprehensive (unaudited)
for the three month ended 31 March 2012**

	Three month period ended	
	31 March	31 March
	2012	2011
	KD	KD
Profit / (loss) for the period	192,197	(100,037)
Other comprehensive income / (loss)		
Available for sale investments:		
- changes in fair value reserve	124,408	(211,011)
- Transfer to consolidated statement of income on impairment	-	160,992
Changes in translation reserve	(25,328)	(168,562)
Total other comprehensive income / (loss)	99,080	(218,581)
Total comprehensive income / (loss) for the period	291,277	(318,618)
Attributable to:		
Shareholders of the Company	301,769	(194,830)
Non-controlling interest	(10,492)	(123,788)
	291,277	(318,618)

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

**Condensed consolidated statement of changes in equity (unaudited)
for the three month period ended 31 March 2012**

	Attributable to equity holders of the Company												
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Changes in fair value reserve KD	Translation reserve KD	Employee share purchase plan reserve KD	Accumulated losses KD	Total KD	Non controlling interest KD	Total equity KD
Balance 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	-	-	-	-	-	-	-	-	-	(101,635)	(101,635)	1,598	(100,037)
Other comprehensive loss	-	-	-	-	-	-	(50,019)	(43,176)	-	-	(93,195)	(125,386)	(218,581)
Total comprehensive loss for the period	-	-	-	-	-	-	(50,019)	(43,176)	-	(101,635)	(194,830)	(123,788)	(318,618)
Purchase of subsidiary shares	-	-	-	-	-	-	-	-	-	-	-	91,620	91,620
Balance at 31 March 2011	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	552	(82,856)	65,964	(8,100,056)	10,978,838	806,882	11,785,720
Balance at 1 January 2012	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	58,272	(85,695)	65,964	(7,998,352)	11,135,423	1,013,812	12,149,235
profit for the period	-	-	-	-	-	-	-	-	-	140,753	140,753	51,444	192,197
Other comprehensive income / (loss)	-	-	-	-	-	-	124,408	36,608	-	-	161,016	(61,936)	99,080
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	124,408	36,608	-	140,753	301,769	(10,492)	291,277
Dividends paid by subsidiary	-	-	-	-	-	-	-	-	-	-	-	(83,022)	(83,022)
Balance at 31 March 2012	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	182,680	(49,087)	65,964	(7,857,599)	11,437,192	920,298	12,357,490

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

Condensed consolidated statement of cash flows (unaudited)
for the three month period ended 31 March 2012

	Three months ended	
	31 March 2012 KD	31 March 2011 KD
Operating activities		
Profit / (loss) for the period	192,197	(100,037)
Adjustments for:		
Net investment (gain) / loss	(145,627)	197,919
Change in fair value of investment properties	(465)	-
Shareholders' share of insurance (surplus) / deficit	(79,821)	60,577
Management fees from policyholders	(63,214)	(183,107)
	<u>(96,930)</u>	<u>(24,648)</u>
Other assets	(30,423)	(31,451)
Other liabilities	244,533	(15,787)
Net cash generated from / (used in) operating activities	<u>117,180</u>	<u>(71,886)</u>
Investing activities		
Net movement in investment deposits	3,574	(222,778)
Acquisition of available for sale investments	(176,064)	-
Proceeds from selling available for sale investments	130,000	-
Net movement in non-controlling interest	(35,779)	(33,766)
Profit from investment deposit received	-	92,451
Net cash used in investing activities	<u>(78,269)</u>	<u>(164,093)</u>
Financing activities		
Dividends of a subsidiary	(83,022)	-
Net movement in amounts due to policyholders	207,629	(75,078)
Net cash generated from / (used in) financing activities	<u>124,607</u>	<u>(75,078)</u>
Foreign currency translation differences	36,608	(43,176)
Decrease in bank balances and cash	<u>200,126</u>	<u>(354,233)</u>
Bank balances and cash at 1 January	1,999,804	784,629
Bank balances and cash at 31 March	<u>2,199,930</u>	<u>430,396</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2012**

1. Reporting entity

Wethaq Takaful Insurance Company K.S.C. (Closed) is a Kuwaiti shareholding company incorporated in the State of Kuwait on 2 October 2000. The Company's shares are listed on the Kuwait Stock Exchange. It is engaged in transacting co-operative insurance operations and all related activities, including reinsurance. In addition, the Company can own, sell and purchase real estate and other financial instruments.

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

The condensed consolidated interim financial information comprises of the Company and its subsidiary (together "the Group"):

Subsidiaries:	Country of incorporation	Percentage of ownership			Principal activities
		31 March 2011	31 December 2011	31 March 2011	
Wethaq Takaful Insurance Company	Egypt	60%	60%	60%	Insurance and reinsurance activities

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 Shari'a Supervisory Board.

The Company conducts business on behalf of the policyholders and advances funds to the policyholders' operations as and when required. The Company is responsible for liabilities incurred by policyholders in the event the policyholders' fund is in deficit and the operations are liquidated. The 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 notes 5 and 6.

The 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 Shari'a, as approved by Fatwa and Shari'a Supervisory Board.

The interim condensed consolidated financial information of the Group for the period ended 31 March 2012 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 14 May 2012.

2. Basis of preparation

a) Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*. This condensed consolidated interim financial information does not include all of the information required for complete financial statements prepared in accordance with International Financial

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2012**

Reporting Standards (IFRS). The condensed consolidated interim financial information should be read in conjunction with the financial statements of the Group for the year ended 31 December 2011.

The comparatives for the interim condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2011. The comparative information has been extracted from the reviewed condensed consolidated interim financial information for the three month period ended 31 March 2011.

b) Judgements and estimates

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the audited consolidated financial statements for the year ended 31 December 2011.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial information are consistent with those applied by the Group in its audited consolidated financial statements for the year ended 31 December 2011.

4. Available for sale investments

	31 March 2012 KD (unaudited)	31 December 2011 KD (audited)	31 March 2011 KD (unaudited)
<i>Quoted securities</i>			
Equities	256,113	248,785	241,236
<i>Unquoted securities</i>			
Equities	564,403	564,403	564,400
Managed equity funds	1,458,106	1,396,139	1,357,932
Managed portfolios	3,335,729	3,410,616	3,671,754
	<u>5,358,238</u>	<u>5,371,158</u>	<u>5,594,086</u>
	<u>5,614,351</u>	<u>5,619,943</u>	<u>5,835,322</u>

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2012**

5. Policyholders' assets and liabilities

	31 March 2012 KD (unaudited)	31 December 2011 KD (audited)	31 March 2011 KD (unaudited)
Assets			
Bank balances and cash	393,249	311,298	1,010,409
Investment deposits	8,347,681	8,307,482	6,752,025
Investments at fair value through profit or loss	685,162	787,990	947,422
Islamic financing receivables	338,534	338,534	338,534
Accounts receivable and prepayments	908,927	1,164,186	1,090,462
Premiums receivable	1,807,196	1,688,906	1,772,567
Available for sale investments	970,157	970,157	970,157
Reinsurance recoverable on outstanding claims	3,380,499	3,264,209	1,566,408
Reinsurance premiums receivable	217,402	155,017	68,916
Amounts due from shareholders	1,072,792	1,149,293	937,800
Leasehold land	277,750	277,750	277,750
Furniture and equipment	777,700	413,694	171,755
	<u>19,177,049</u>	<u>18,828,516</u>	<u>15,904,205</u>
Liabilities			
Takaful reserves:			
Outstanding claims reserve	10,943,180	10,659,136	8,970,649
Unearned premiums	3,673,580	3,615,266	3,867,052
Incurred but not reported reserve	238,630	277,387	224,473
Reserve retained on reinsurance business	173,186	314,558	308,923
Other insurance reserve	547,118	650,478	511,560
	<u>15,575,694</u>	<u>15,516,825</u>	<u>13,882,657</u>
Accounts payable and accruals	1,656,066	1,596,866	1,809,712
Bank overdraft	1,661,432	1,373,411	-
Qard Hassan from shareholders	1,751,761	1,751,761	1,234,234
Net deficit from takaful operations	(1,467,904)	(1,410,347)	(1,022,398)
Total liabilities	<u>19,177,049</u>	<u>18,828,516</u>	<u>15,904,205</u>

Movement in policyholders' fund:

	31 March 2012 KD (unaudited)	31 December 2011 KD (audited)	31 March 2011 KD (unaudited)
At 1 January	(1,410,347)	(979,010)	(979,010)
Net surplus / (deficit) from insurance business for the period	44,844	(422,775)	(33,258)
Foreign currency translation difference	(102,401)	(8,562)	(10,130)
Closing balance	<u>(1,467,904)</u>	<u>(1,410,347)</u>	<u>(1,022,398)</u>

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2012

6. Policyholders' results of operations

Three month period ended 31 March 2012 (unaudited)

	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
Total revenues	46,604	1,035,782	41,245	16,344	1,139,975
Net (deficit) surplus from insurance operations	19,456	347,687	38,458	(41,179)	364,422
Investment income	6,030	166,875	14,852	4,557	192,314
Net (deficit) surplus by line of business	(985)	250,225	(6,256)	(55,105)	187,879
Shareholders' share of insurance surplus from subsidiary					(79,821)
Management fees to shareholders of the Company					(63,214)
Insurance surplus transferred to policyholders' fund					44,844

Three month period ended 31 March 2011 (unaudited)

	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
Total revenues	24,236	848,758	43,385	63,711	980,090
Net (deficit) surplus from insurance operations	(10,027)	4,143	8,015	33,382	35,513
Investment (loss) income	(1,130)	65,732	(7,168)	(3,675)	53,759
Net (deficit) surplus by line of business	(11,157)	69,875	847	29,707	89,272
Shareholders' share of insurance deficit from subsidiary					60,577
Management fees to shareholders of the Company					(183,107)
Insurance deficit transferred to policyholders' fund					(33,258)

The policyholders of the subsidiary transferred surplus of KD 79,821 (31 March 2011: deficit of KD 60,577) to shareholders of subsidiary from total insurance surplus of KD 187,879 (31 March 2011: surplus of KD 100,961).

As per the Company's Articles of Association, the shareholders of the Company are entitled to management fees from policyholders of the Company up to 20% of the gross premium written and investment income. The board of Directors of the Company have resolved not to charge management fees for the three month period ended 31 March 2012.

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2012**

7. Net investment gain / (loss)

	31 March 2012 KD	31 March 2011 KD
Realized and unrealized loss on investments at fair value through profit and loss	(104,990)	(129,378)
Impairment loss on available for sale investments	-	(160,992)
Others	250,617	92,451
	<u>145,627</u>	<u>(197,919)</u>

8. 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 Company's management.

Transactions with related parties included in the consolidated financial statements are as follows:

	31 March 2012 KD	31 December 2011 KD (audited)
Shareholders		
<i>Interim condensed consolidated statement of financial position</i>		
Financial assets at fair value through profit or loss	130,506	130,506
Financial assets available for sale	3,328,038	3,410,357
Accounts payable	338,534	338,534
Policyholders		
<i>Policyholders' assets, liabilities and fund</i>		
Investments carried at fair value through profit or loss	392,283	505,520
Financial assets available for sale	787,500	787,500

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2012**

	Three month period ended 31 March	
	2012	2011
	KD	KD
Shareholders		
<i>Interim condensed consolidated income statement</i>		
Allowances and other benefits	11,000	18,250
Impairment loss on available for sale investments	-	157,992
Policyholders		
<i>Policy holder's results</i>		
Premiums written	73,077	62,592
Unrealized loss on financial assets at fair value through profit or loss	17,252	16,000
<i>Key management compensation</i>		
Short-term benefits	14,491	12,583
Termination benefits	2,978	5,710
	<u>17,469</u>	<u>18,293</u>

9. Basic and diluted earnings / (loss) per share

Earnings/ (loss) per share attributable to shareholders of the Company is calculated by dividing the net profit/ (loss) for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period.

The information necessary to calculate the earnings/ (loss) per share is as follows:

	Three month period ended 31 March	
	2012	2011
Net profit / (loss) for the period attributable to shareholders of the Company (KD)	140,753	(101,635)
Weighted average number of ordinary shares (net of treasury shares) outstanding for the period for calculating basic and diluted loss per share	109,804,500	109,804,500
Earnings / (loss) per share (fils) – basic and diluted	1.28	(0.93)

10. Financial risk management

All aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2011.

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiary
State of Kuwait**

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2012

11. General assembly

The annual general meeting held on 12 April 2012, approved the following:

- Financial statements for the year ended 31 December 2011;
- Board of Directors' remuneration amounting to KD 1,750; and
- Board of Directors' recommendation not to distribute dividends for the year ended 31 December 2011.