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

**Condensed consolidated interim financial information and
review report for the six-month period ended 30 June 2012**

Office Copy

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(Closed) and subsidiary
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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 30 June 2012, and the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six 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 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other matter

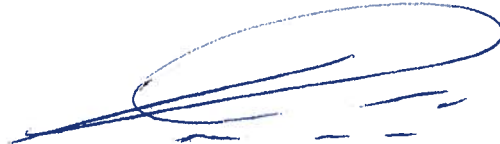
The consolidated financial statements of the Group as at and for the year ended 31 December 2011 and as at and for the period ended 30 June 2011 were audited and reviewed by other auditors who expressed a qualified audit opinion and conclusion, respectively, on those financial statements due to scope 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 six month period ended 30 June 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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Kuwait: 15 August 2012



بوبيان لتدقيق الحسابات
BÓUBYAN Auditing Office

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

**Condensed consolidated statement of financial position (unaudited)
as at 30 June 2012**

	Note	30 June 2012 KD	31 December 2011 KD (audited)	30 June 2011 KD
Assets				
Bank balances and cash		2,095,349	1,999,804	721,624
Investments at fair value through profit and loss		1,150,650	1,059,926	1,160,401
Other assets		1,516,705	221,084	185,736
Available for sale investments	4	5,451,157	5,619,943	5,888,996
Qard Hassan to policyholders	5	1,751,761	1,751,761	1,445,531
Investment deposits		731,017	501,436	1,356,371
Investment properties		2,634,761	2,634,296	2,634,296
Furniture and equipment		-	-	247,621
Total assets		15,331,400	13,788,250	13,640,576
Liabilities				
Other liabilities		1,924,542	489,722	553,506
Amounts due to policyholders	5	1,026,863	1,149,293	1,056,625
Total liabilities		2,951,405	1,639,015	1,610,131
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		68,586	58,272	79,556
Translation reserve		(121,177)	(85,695)	(83,647)
Employee share purchase plan reserve		65,964	65,964	65,964
Accumulated losses		(7,812,895)	(7,998,352)	(7,971,266)
Total equity attributable to shareholders of the Company		11,295,712	11,135,423	11,185,841
Non controlling interest		1,084,283	1,013,812	844,604
Total equity		12,379,995	12,149,235	12,030,445
Total liabilities and equity		15,331,400	13,788,250	13,640,576

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 period from 1 January 2012 to 30 June 2012

	Note	Three month period ended		Six month period ended	
		30 June 2012 KD	30 June 2011 KD	30 June 2012 KD	30 June 2011 KD
Net investment gain/ (loss)	7	9,989	(50,008)	156,081	(247,927)
Shareholders' share of insurance surplus	6	205,943	197,491	285,764	136,914
Management fees from policyholders	6	12,054	156,972	75,268	340,079
General and administrative expenses		<u>(148,493)</u>	<u>(133,417)</u>	<u>(190,980)</u>	<u>(156,315)</u>
Profit before Directors' remuneration and taxes		79,493	171,038	326,133	72,751
National Labour Support Tax ("NLST")		(4,232)	(1,606)	(10,398)	(1,606)
Taxation		(31,690)	-	(75,751)	-
Directors' remuneration	11	(1,750)	(1,750)	(3,500)	(3,500)
Zakat		<u>(1,797)</u>	<u>(643)</u>	<u>(4,263)</u>	<u>(643)</u>
Net profit for the period		<u>40,024</u>	<u>167,039</u>	<u>232,221</u>	<u>67,002</u>
Attributable to:					
Shareholders of the Company		44,704	128,790	185,457	27,155
Non controlling interest		<u>(4,680)</u>	<u>38,249</u>	<u>46,764</u>	<u>39,847</u>
		<u>40,024</u>	<u>167,039</u>	<u>232,221</u>	<u>67,002</u>
Earnings per share attributable to shareholders of the Company (fils) – Basic and diluted	9	<u>0.41 fils</u>	<u>1.17 fils</u>	<u>1.69 fils</u>	<u>0.25 fils</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 period from 1 January 2012 to 30 June 2012**

	Three month period ended		Six month period ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	KD	KD	KD	KD
Profit for the period	40,024	167,039	232,221	67,002
Other comprehensive income/ (loss)				
- changes in fair value reserve	(114,094)	53,674	10,314	(157,337)
- transfer to consolidated statement of income on impairment	-	25,330	-	186,322
- translation reserve	(87,046)	(1,318)	(112,374)	(169,880)
Total other comprehensive income/ (loss)	(201,140)	77,686	(102,060)	(140,895)
Total comprehensive income/ (loss) for the period	(161,116)	244,725	130,161	(73,893)
Attributable to:				
Shareholders of the Company	(141,480)	207,003	160,289	12,173
Non-controlling interest	(19,636)	37,722	(30,128)	(86,066)
	(161,116)	244,725	130,161	(73,893)

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 period from 1 January 2012 to 30 June 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
Total comprehensive income for the period													
Profit	-	-	-	-	-	-	-	-	-	27,155	27,155	39,847	67,002
Other comprehensive loss	-	-	-	-	-	-	28,985	(43,967)	-	-	(14,982)	(125,913)	(140,895)
Total comprehensive loss for the period	-	-	-	-	-	-	28,985	(43,967)	-	27,155	12,173	(86,066)	(73,893)
Change in ownership interest in subsidiary													
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	91,620	91,620
Balance at 30 June 2011	11,025,000	7,340,937	(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

Condensed consolidated statement of changes in equity (unaudited)
for the period from 1 January 2012 to 30 June 2012

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

Condensed consolidated statement of cash flows (unaudited)
for the period from 1 January 2012 to 30 June 2012

	Six months ended	
	30 June 2012 KD	30 June 2011 KD
Cash flows from operating activities:		
Profit for the period	232,222	67,002
Adjustments for:		
Net investment (gain) / loss	(156,081)	247,927
Depreciation	-	19,085
Shareholders' share of insurance deficit	(285,764)	(136,914)
Management fees from policyholders	(75,268)	(340,079)
	<u>(284,891)</u>	<u>(142,979)</u>
<i>Changes in:</i>		
Other assets	(1,295,621)	14,486
Other liabilities	1,429,136	23,088
<i>Net cash generated from / (used in) operating activities</i>	<u>(151,376)</u>	<u>(105,405)</u>
Cash flows from investing activities:		
Net movement in investment deposits	(229,581)	86,705
Additions to investment properties	(465)	-
Proceeds from sale of available-for-sale investments	163,722	-
Net movement in investments at fair value through profit or loss	252,055	-
Purchase of furniture and equipment	-	(42,805)
Dividend income received	-	8,499
Profit from investment deposit received	-	105,249
<i>Net cash generated from investing activities</i>	<u>185,731</u>	<u>157,648</u>
Cash flows from financing activities:		
Net movement in non-controlling interest	183,620	(34,293)
Net movement in amounts due to policyholders	(122,430)	186,913
<i>Net cash generated from financing activities</i>	<u>61,190</u>	<u>152,620</u>
Foreign currency translation differences	-	(43,967)
Increase in bank balances and cash	<u>95,545</u>	<u>160,896</u>
Bank balances and cash at 1 January	1,999,804	560,728
Bank balances and cash at 30 June	<u>2,095,349</u>	<u>721,624</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 period from 1 January 2012 to 30 June 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
		30 June 2012	31 December 2011	30 June 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.

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*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2011. The condensed consolidated interim financial information does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

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

**Notes to the condensed consolidated interim financial information
for the period from 1 January 2012 to 30 June 2012**

This condensed consolidated interim financial information was approved by the Board of Directors on 15 August 2012.

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 30 June 2011.

b) Judgements and estimates

Preparing the 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 expense. 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

	30 June 2012 KD (unaudited)	31 December 2011 KD (audited)	30 June 2011 KD (unaudited)
<i>Quoted securities</i>			
Equities	266,664	248,785	267,723
<i>Unquoted securities</i>			
Equities	566,853	564,403	561,778
Managed equity funds	1,424,464	1,396,139	1,376,198
Managed portfolios	3,193,176	3,410,616	3,683,297
	<u>5,184,493</u>	<u>5,371,158</u>	<u>5,621,273</u>
	<u>5,451,157</u>	<u>5,619,943</u>	<u>5,888,996</u>

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

**Notes to the condensed consolidated interim financial information
for the period from 1 January 2012 to 30 June 2012**

5. Policyholders' assets and liabilities

	30 June 2012 KD (unaudited)	31 December 2011 KD (audited)	30 June 2011 KD (unaudited)
Assets			
Bank balances and cash	147,896	311,298	261,001
Investment deposits	8,408,844	8,307,482	7,224,320
Investments at fair value through profit or loss	643,648	787,990	898,235
Islamic financing receivables	338,534	338,534	338,534
Accounts receivable and prepayments	976,073	1,164,186	1,068,285
Premiums receivable	1,679,433	1,688,906	1,721,676
Available for sale investments	970,157	970,157	970,157
Reinsurance recoverable on outstanding claims	4,437,956	3,264,209	2,985,519
Reinsurance premiums receivable	253,985	155,017	168,342
Amounts due from shareholders	1,026,863	1,149,293	1,056,625
Leasehold land	277,750	277,750	277,750
Furniture and equipment	790,288	413,694	167,228
	<u>19,951,427</u>	<u>18,828,516</u>	<u>17,137,672</u>
Liabilities			
Takaful reserves:			
Reinsurance balance payable	-	-	270,288
Outstanding claims reserve	11,659,089	10,659,136	10,196,471
Unearned premiums	3,595,236	3,615,266	3,263,889
Incurred but not reported reserve	301,617	277,387	300,726
Reserve retained on reinsurance business	168,767	314,558	361,464
Premiums received in advance	-	-	461,675
Other insurance reserve	660,490	650,478	520,287
	<u>16,385,199</u>	<u>15,516,825</u>	<u>15,374,800</u>
Accounts payable and accruals	1,700,522	1,596,866	1,428,263
Bank overdraft	1,716,092	1,373,411	-
Qard Hassan from shareholders	1,751,761	1,751,761	1,445,531
Net deficit from takaful operations	<u>(1,602,147)</u>	<u>(1,410,347)</u>	<u>(1,110,922)</u>
Total liabilities	<u>19,951,427</u>	<u>18,828,516</u>	<u>17,137,672</u>
Movement in policyholders' fund:			
	30 June 2012 KD (unaudited)	31 December 2011 KD (audited)	30 June 2011 KD (unaudited)
At 1 January	(1,410,347)	(979,010)	(979,010)
Net deficit from insurance business for the period	(41,718)	(422,775)	(119,996)
Foreign currency translation difference	<u>(150,082)</u>	<u>(8,562)</u>	<u>(11,916)</u>
Closing balance	<u>(1,602,147)</u>	<u>(1,410,347)</u>	<u>(1,110,922)</u>

Notes to the condensed consolidated interim financial information
for the period from 1 January 2012 to 30 June 2012

6. Policyholders' results of operations

Six month period ended 30 June 2012 (unaudited)

	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
Total revenues	99,005	2,346,922	91,545	70,863	2,608,155
Net surplus from insurance operations	48,598	592,455	67,406	34,090	742,548
Investment loss	(36,597)	(267,907)	(78,477)	(40,254)	(423,234)
Net (deficit) surplus by line of business	12,001	324,548	(11,071)	(6,164)	319,314
Shareholders' share of insurance surplus from subsidiary					(285,764)
Management fees to shareholders of the Company					(75,268)
Insurance surplus transferred to policyholders' fund					(41,718)

Six month period ended 30 June 2011 (unaudited)

	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
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	(4,667)	340,150	(23,246)	44,760	356,997
Shareholders' share of insurance surplus from subsidiary					(136,914)
Management fees to shareholders of the Company					(340,079)
Insurance deficit transferred to policyholders' fund					(119,996)

The policyholders of the subsidiary transferred deficit of KD 41,718 (30 June 2011: KD 136,914) to shareholders of subsidiary from total insurance surplus of KD 319,314 (30 June 2011: KD 356,997).

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 six month period ended 30 June 2012.

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

**Notes to the condensed consolidated interim financial information
for the period from 1 January 2012 to 30 June 2012**

7. Net investment gain / (loss)

	Three month period ended		Six month period ended	
	30 June 2012 KD	30 June 2011 KD	30 June 2012 KD	30 June 2011 KD
Realized and unrealized loss on investments at fair value through profit and loss	15,239	(45,975)	161,331	(175,353)
Impairment loss on available for sale investments	-	(25,330)	-	(186,322)
Others	(5,250)	21,297	(5,250)	113,748
	<u>9,989</u>	<u>(50,008)</u>	<u>156,081</u>	<u>(247,927)</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:

	30 June 2012 KD	30 June 2011 KD
Shareholders		
<i>Interim condensed consolidated statement of financial position</i>		
Financial assets at fair value through profit or loss	130,506	110,216
Financial assets available for sale	3,193,176	3,683,327
Accounts payable	338,534	338,534
Policyholders		
<i>Policyholders' assets, liabilities and fund</i>		
Financial assets at fair value through profit or loss	369,885	601,151
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 period from 1 January 2012 to 30 June 2012**

	Six month period ended	
	30 June 2012 KD	30 June 2011 KD
Shareholders		
<i>Interim condensed consolidated income statement</i>		
Allowances and other benefits	22,000	36,500
Impairment loss on available for sale investments	5,250	183,322
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	(50,339)	(41,575)
<i>Key management compensation</i>		
Short-term benefits	28,184	25,100
Termination benefits	8,377	12,420

9. Basic and diluted earnings per share

Earnings per share attributable to shareholders of the Company is calculated by dividing the net profit 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 per share is as follows:

	Three month period ended		Six month period ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Net profit for the period attributable to shareholders of the Company (KD)	44,704	128,790	185,457	27,155
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	109,804,500	109,804,500
Earnings per share (fils) – basic and diluted	<u>0.41 fils</u>	<u>1.17 fils</u>	<u>1.69 fils</u>	<u>0.25 fils</u>

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.

Notes to the condensed consolidated interim financial information
for the period from 1 January 2012 to 30 June 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.