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سوق الكويت للأوراق المالية

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

**Condensed consolidated interim financial information and
review report for the nine-month period
ended 30 September 2013**

3rd Quarter Report

24 NOV 2013

إدارة مركز المعلومات والتوثيق الآلي

سوق الكويت للأوراق المالية

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

**Condensed consolidated interim financial information and
review report for the nine-month period
ended 30 September 2013**

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

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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 30 September 2013 condensed consolidated interim financial information of Wethaq Takaful Insurance Company K.S.C. (Closed) ("the Company") and its subsidiaries (together "the Group"), which comprises the interim consolidated statement of financial position as at 30 September 2013, the interim consolidated statements of profit or loss and comprehensive income for the three and nine month periods ended 30 September 2013, the interim consolidated statements of changes in equity and cash flows for the nine month period ended 30 September 2013, and notes to the condensed consolidated interim financial information. The Company's management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with 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 September 2013 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



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 nine month period ended 30 September 2013, of the Companies Law No. 25 of 2012, 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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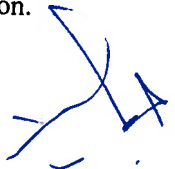
Kuwait: 14 November 2013

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

Interim consolidated statement of financial position (unaudited)
as at 30 September 2013

	30 September 2013 KD (unaudited)	31 December 2012 KD (audited)	30 September 2012 KD (unaudited)
Assets			
Bank balances and cash	1,746,705	1,857,034	2,202,517
Investments at fair value through profit or loss	979,634	1,296,267	1,404,420
Other assets	274,194	299,064	200,360
Available for sale investments	4,513,911	4,576,085	5,330,420
Qard Hassan to policyholders	1,668,168	1,668,168	1,751,761
Amounts due from policyholders	236,538	-	-
Investment deposits	1,108,560	980,399	733,355
Investment properties	2,645,797	2,645,797	2,634,761
Total assets	<u>13,173,507</u>	<u>13,322,814</u>	<u>14,257,594</u>
Liabilities			
Other liabilities	422,322	430,151	586,040
Amounts due to policyholders	-	939,073	1,303,552
Total liabilities	<u>422,322</u>	<u>1,369,224</u>	<u>1,889,592</u>
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	522,915	(29,034)	(120,779)
Translation reserve	(433,356)	(386,974)	(119,016)
Employee share purchase plan reserve	65,964	65,964	65,964
Accumulated losses	(7,680,869)	(7,944,077)	(7,683,924)
Total equity attributable to shareholders of the Company	<u>11,569,888</u>	<u>10,801,113</u>	<u>11,237,479</u>
Non controlling interest	1,181,297	1,152,477	1,130,523
Total equity	<u>12,751,185</u>	<u>11,953,590</u>	<u>12,368,002</u>
Total liabilities and equity	<u>13,173,507</u>	<u>13,322,814</u>	<u>14,257,594</u>

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 subsidiaries
State of Kuwait

Interim consolidated statement of profit or loss (unaudited)
for the period from 1 January 2013 to 30 September 2013

	Note	Three month period ended		Nine month period ended	
		30 September		30 September	
		2013	2012	2013	2012
		KD	KD	KD	KD
Net investment (loss) / income	7	(28,446)	189,743	(304,809)	345,824
Shareholders' share of takaful surplus	6	50,709	182,643	183,186	468,407
Management fees from policyholders	6	123,104	-	615,600	75,268
General and administrative expenses		(16,819)	(161,421)	(98,101)	(352,401)
Profit before National Labour Support Tax ("NLST"), taxation, Directors' remuneration and Zakat		128,548	210,965	395,876	537,098
NLST		-	4,408	(8,187)	(5,990)
Taxation		(20,444)	(41,711)	(68,319)	(117,462)
Directors' remuneration		(3,500)	(1,750)	(6,000)	(5,250)
Zakat		-	1,859	(3,275)	(2,404)
Net profit for the period		<u>104,604</u>	<u>173,771</u>	<u>310,095</u>	<u>405,992</u>
Attributable to:					
Shareholders of the Company		82,766	128,971	263,208	314,428
Non controlling interest		21,838	44,800	46,887	91,564
		<u>104,604</u>	<u>173,771</u>	<u>310,095</u>	<u>405,992</u>
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	9	<u>0.75</u>	<u>1.17</u>	<u>2.40</u>	<u>2.86</u>

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

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

**Interim consolidated statement of comprehensive income (unaudited)
for the period from 1 January 2013 to 30 September 2013**

	Three month period ended 30 September		Nine month period ended 30 September	
	2013 KD	2012 KD	2013 KD	2012 KD
Net profit for the period	104,604	173,771	310,095	405,992
Other comprehensive income / (loss)				
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>				
Changes in fair value reserve of available for sale investments	94,677	(189,365)	551,949	(179,051)
Changes in translation reserve	31,691	3,601	(64,449)	(108,773)
<i>Total items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>	126,368	(185,764)	487,500	(287,824)
Total other comprehensive income / (loss)	126,368	(185,764)	487,500	(287,824)
Total comprehensive income / (loss) for the period	230,972	(11,993)	797,595	118,168
Attributable to:				
Shareholders of the Company	200,080	(58,233)	768,775	102,056
Non-controlling interest	30,892	46,240	28,820	16,112
	230,972	(11,993)	797,595	118,168

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

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

**Interim consolidated statement of changes in equity (unaudited)
for the period from 1 January 2013 to 30 September 2013**

	Attributable to shareholders of the Company										Total equity KD			
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares KD	Treasury shares 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
Balance at 1 January 2013	11,025,000	7,340,937	-	3,508	388,139	388,139	388,139	(29,034)	(386,974)	65,964	(7,944,077)	10,801,113	1,152,477	11,953,590
Net profit for the period	-	-	-	-	-	-	-	-	-	-	263,208	263,208	46,887	310,095
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	551,949	-	(46,382)	-	-	505,567	(18,067)	487,500
Balance at 30 September 2013	11,025,000	7,340,937	-	3,508	388,139	388,139	551,949	(46,382)	-	65,964	263,208	768,775	28,820	797,595
Balance at 1 January 2012	11,025,000	7,340,937	-	3,508	388,139	388,139	522,915	(433,356)	(85,695)	65,964	(7,680,869)	11,569,888	1,181,297	12,751,185
Net profit for the period	-	-	-	-	-	-	58,272	-	-	-	314,428	314,428	91,564	405,992
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss) / income for the period	-	-	-	-	-	-	(179,051)	-	(33,321)	-	-	(212,372)	(75,452)	(287,824)
Dividend from subsidiary	-	-	-	-	-	-	(179,051)	(33,321)	-	-	314,428	102,056	16,112	118,168
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(83,021)	(83,021)
Balance at 30 September 2012	11,025,000	7,340,937	-	3,508	388,139	388,139	(120,779)	(119,016)	-	65,964	(7,683,924)	11,237,479	1,130,523	12,368,002

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

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

**Interim consolidated statement of cash flows (unaudited)
for the period from 1 January 2013 to 30 September 2013**

	Nine months ended	
	30 September 2013 KD	30 September 2012 KD
Operating activities		
Net profit for the period	310,095	405,992
Adjustments for:		
Net investment loss / (income)	304,809	(345,824)
Shareholders' share of takaful surplus	(183,186)	(468,407)
Management fees from policyholders	(615,600)	(75,268)
	<u>(183,882)</u>	<u>(483,507)</u>
Other assets	24,870	20,724
Other liabilities	(7,829)	96,319
Net cash used in operating activities	<u>(166,841)</u>	<u>(366,464)</u>
Investing activities		
Net movement in investment deposits	(128,161)	(231,919)
Additions to investment properties	-	(465)
Acquisition of Investments at fair value through profit or loss	(223,243)	-
Proceeds from sale of investments at fair value through profit or loss	474,710	321,413
Proceeds from sale of available for sale investments	374,480	163,722
Net cash generated from investing activities	<u>497,786</u>	<u>252,751</u>
Financing activities		
Dividends of a subsidiary	-	183,620
Net movement in amounts due to policyholders	(376,825)	154,259
Net cash (used in) / generated from financing activities	<u>(376,825)</u>	<u>337,879</u>
Foreign currency translation differences	(64,449)	(21,453)
Net (decrease) / increase in bank balances and cash	<u>(110,329)</u>	<u>202,713</u>
Bank balances and cash at 1 January	1,857,034	1,999,804
Bank balances and cash at 30 September	<u>1,746,705</u>	<u>2,202,517</u>

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

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

**Notes to the interim consolidated interim financial information
for the period from 1 January 2013 to 30 September 2013**

1. Reporting entity

Wethaq Takaful Insurance Company K.S.C. (Closed) ("the Company") 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.

Purposes for which the Company was incorporated:

1. Carry out all takaful and cooperative insurance works and reinsurance in all its forms, in compliance with principles of Islamic Sharia and regulating laws.
2. In order to achieve the above mentioned objectives and as per its Articles of Association, the Company has the authority to undertake the following works and actions at the discretion of the Board of Directors:
 - a) Own and have the right to dispose of everything it deems necessary such as movable and immovable funds or any part thereof or any privileges the company believes to be necessary and appropriate to the nature of their work and necessary for the development of its own funds;
 - b) Conduct all transactions and conclude all contracts with all legal actions it deems necessary and appropriate to achieve and facilitate the objectives under the conditions it deems appropriate;
 - c) Purchase, sell, pledge, lease, exchange, acquire or offer by any way, any land, real estate, securities Sukouk, shares or any other movable funds or property and sell, lease, pledge or act in all kinds of actions in all or some of the company's funds or movable real estate or property;
 - d) Provide consulting and technical studies in the field of takaful or retakaful to companies or others that are directly concerned with the work in the field of Takaful insurance or retakaful;
 - e) Work as evaluator or valuer in takaful field and agent for the takaful or retakaful companies to perform all acts that do not conflict with Islamic Shariaa after obtaining the necessary licenses;
 - f) Invest some or all of the company's movable funds or property in different areas as it deems appropriate and does not contradict with the regulating laws and resolutions;
 - g) Merge, incorporate or participate in establishment of companies and subscribe to its shares and the purchase and sale of shares of companies and support in any way consistent with the objectives of the Company and in accordance with the laws; and
 - h) Use the surplus funds with the company by investing in portfolios managed by specialized companies and institutions.

The Company may carry out the above mentioned business in Kuwait and abroad as a principal or as an agent and the Company may have an interest or participate in any way with the entities that engage in similar work that help to achieve its objectives in Kuwait or abroad and it may establish, participate, purchase, merge with such entities.

The Company is a subsidiary of The Investment Dar Company K.S.C. which is a Kuwaiti shareholding company ("the Ultimate Parent Company").

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

**Notes to the interim consolidated interim financial information
for the period from 1 January 2013 to 30 September 2013**

The Company's registered head office is at City Tower, Khaled Bin Waleed Street, Sharq, State of Kuwait.

On 29 November through a decree, Companies Law No. 25 of 2012 ("the Law") was issued and later amended by Law No. 97 of 2013 dated 27 March 2013 ("the Decree"). The Law came into effect from the date it was published in Kuwait's Official Gazette. The Executive Regulations have been issued by the Ministry of Commerce and Industry on 29 September 2013 and was published in the Kuwait's Official Gazette on 6 October 2013. According to article 3 of the resolution, the companies have one year from date of publishing the Executive Regulations to comply with the new amended Law. The Company's management is of the view that application of the provisions of the Law has no material impact on the Company's activities or on its consolidated financial position.

The consolidated financial statements as at and for the period ended 30 September 2013 comprise the Company and its subsidiaries (together referred to as "the Group" and individually "the Group entities"). A list of significant directly owned subsidiaries is as follows:

Subsidiary	Country of incorporation	Percentage of ownership			Principal activities
		30 September 2013	31 December 2012	30 September 2012	
Wethaq Takaful Insurance Company	Egypt	60%	60%	60%	Takaful and retakaful activities in Egypt
Warid Lease and Finance Company K.S.C. (Closed) *	Kuwait	100 %	100 %	4.5%	Car leasing, trading cars and spare parts in Kuwait

*The underlying shares are owned by the shareholders on behalf of the policyholders.

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

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

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiaries
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**Notes to the interim consolidated interim financial information
for the period from 1 January 2013 to 30 September 2013**

The Group 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 takaful and investment activities are conducted in accordance with Islamic Shari'a, as approved by Fatwa and Shari'a Supervisory Board.

At the Annual General Assembly meeting held on 2 May 2013, the shareholders approved the audited consolidated financial statements of the Group as at and for the year ended 31 December 2012. No dividends have been declared by the Company.

The interim condensed consolidated financial information of the Group for the period ended 30 September 2013 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 14 November 2013.

2. Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the interim condensed consolidated financial information of the Group, since the last annual consolidated financial statements as at and for the year ended 31 December 2012. This interim condensed consolidated financial information does not include all of the information required for full annual audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards (IFRS).

3. Significant accounting policies

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the most recent annual audited consolidated financial statements for the year ended 31 December 2012. Additionally, the Company has adopted the following revised IFRS effective for annual periods beginning on or after 1 January 2013.

IFRS 10 Consolidated Financial Statements

The new standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. The adoption of this standard has no financial impact on the interim condensed consolidated financial information.

IFRS 13 Fair Value Measurement

The new standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value. The change had no impact on the measurements

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

**Notes to the interim consolidated interim financial information
for the period from 1 January 2013 to 30 September 2013**

of the Group's assets and liabilities. However, the Group has included new disclosures (note 11) in the interim condensed consolidated financial information which are required under IFRS 13.

IAS 1 Presentation of Financial Statements - Amendments

The amendments to IAS-1 change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. These amendments became effective for annual periods beginning on or after 1 July 2012. The adoption of this amendment has no financial impact on the interim condensed consolidated financial information.

Judgements and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2012.

4. Available for sale investments

	30 September 2013 KD (unaudited)	31 December 2012 KD (audited)	30 September 2012 KD (unaudited)
<i>Quoted securities</i>			
Equities	432,914	266,786	328,349
<i>Unquoted securities</i>			
Equities	430,352	553,728	553,725
Managed equity funds	1,508,135	1,441,603	1,426,070
Managed portfolios	2,142,510	2,313,968	3,022,276
	<u>4,080,997</u>	<u>4,309,299</u>	<u>5,002,071</u>
	<u>4,513,911</u>	<u>4,576,085</u>	<u>5,330,420</u>

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiaries
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**Notes to the interim consolidated interim financial information
for the period from 1 January 2013 to 30 September 2013**

5. Policyholders' assets and liabilities

	30 September 2013 KD (unaudited)	31 December 2012 KD (audited)	30 September 2012 KD (unaudited)
Assets			
Bank balances and cash	801,639	222,922	244,953
Investment deposits	8,227,793	8,505,984	8,517,078
Investments at fair value through profit or loss	666,765	804,528	664,133
Islamic financing receivables	-	-	338,534
Accounts receivable and prepayments	579,986	1,063,897	972,978
Contributions receivable	1,775,284	1,755,010	1,615,340
Available for sale investments	970,157	970,157	970,157
Goodwill	409,766	409,766	-
Retakaful share of outstanding claims	4,506,705	4,543,540	4,430,423
Retakaful receivables	506,117	337,024	243,270
Amounts due from shareholders	-	939,073	1,303,552
Leasehold land	277,750	277,750	277,750
Furniture and equipment	987,281	1,013,125	798,902
	<u>19,709,243</u>	<u>20,842,776</u>	<u>20,377,070</u>
Reserves and Liabilities			
Takaful reserves:			
Outstanding claims	11,243,270	11,430,877	11,757,138
Unearned contributions	3,466,162	3,568,498	3,551,879
Incurred but not reported reserve	272,046	286,703	228,027
	<u>14,981,478</u>	<u>15,286,078</u>	<u>15,537,044</u>
Liabilities			
Other reserves	844,716	821,953	739,275
Reserve retained on retakaful business	486,014	216,948	185,472
Accounts payable and accruals	1,334,689	2,318,246	1,936,904
Bank overdraft	1,548,146	1,664,751	1,670,856
Qard Hassan from shareholders	1,668,168	1,668,168	1,751,761
Amounts due to shareholders	236,538	-	-
Net deficit from policyholders' operations	(1,390,506)	(1,133,368)	(1,444,242)
Total reserves and liabilities	<u>19,709,243</u>	<u>20,842,776</u>	<u>20,377,070</u>

Movement in policyholders' fund:

	30 September 2013 KD (unaudited)	31 December 2012 KD (audited)	30 September 2012 KD (unaudited)
At 1 January	(1,133,368)	(1,410,347)	(1,410,347)
Net (deficit) / surplus from operations for the period	(375,929)	168,925	(8,132)
Foreign currency translation difference	118,791	108,054	(25,763)
Closing balance	<u>(1,390,506)</u>	<u>(1,133,368)</u>	<u>(1,444,242)</u>

**Wethaq Takaful Insurance Company K.S.C. (Closed) and subsidiaries
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**Notes to the interim consolidated interim financial information
for the period from 1 January 2013 to 30 September 2013**

6. Policyholders' results of operations

Nine month period ended 30 September 2013 (unaudited)

	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
Total revenues	122,970	3,309,111	215,140	226,238	3,873,459
Net surplus from takaful operations	80,881	600,794	77,798	130,699	890,172
Net investment loss	(57,954)	(198,060)	(186,543)	(44,599)	(487,156)
Net surplus / (deficit) by line of business	22,927	402,732	(108,744)	86,101	403,016
Income from leasing activities					87,640
Expenses in connection with leasing activities					(67,799)
Shareholders' share of takaful surplus from subsidiary					(183,186)
Management fees to shareholders of the Company					(615,600)
Deficit transferred to policyholders' fund					(375,929)

Nine month period ended 30 September 2012 (unaudited)

Total revenues	137,455	3,482,066	126,478	123,684	3,869,683
Net surplus from takaful operations	67,629	958,163	55,838	32,437	1,114,067
Net investment loss	(60,834)	(393,729)	(103,682)	(20,279)	(578,524)
Net surplus / (deficit) by line of business	6,795	564,434	(47,844)	12,158	535,543
Shareholders' share of takaful surplus from subsidiary					(468,407)
Management fees to shareholders of the Company					(75,268)
Deficit transferred to policyholders' fund					(8,132)

The policyholders of the subsidiary transferred a surplus of KD 183,186 (30 September 2012: KD 468,407) to shareholders of subsidiary from total takaful surplus of KD 403,016 (30 September 2012: KD 535,543).

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.

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7. Net investment (loss) / income

	Three month period ended 30 September		Nine month period Ended 30 September	
	2013 KD	2012 KD	2013 KD	2012 KD
Realized and unrealized gains / (losses) on investments at fair value through profit or loss	85,166	189,743	(67,557)	351,074
Net realized loss on available for sale investments	-	-	(228,643)	-
Others	(113,612)	-	(8,609)	(5,250)
	<u>(28,446)</u>	<u>189,743</u>	<u>(304,809)</u>	<u>345,824</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:

	As at	
	30 September 2013 KD	31 December 2012 KD
Shareholders		
<i>Interim condensed consolidated statement of financial position</i>		
<i>Major shareholder:</i>		
Financial assets at fair value through profit or loss	130,506	130,506
Financial assets available for sale	1,948,200	2,313,968
Policyholders		
<i>Policyholders' assets, liabilities and fund</i>		
<i>Major shareholder:</i>		
Financial assets at fair value through profit or loss	31,649	214,656
Financial assets available for sale	787,500	787,500

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	<u>Nine months period ended</u>	
	<u>30 September</u> 2013 KD	<u>30 September</u> 2012 KD
Shareholders		
<i>Interim condensed consolidated income statement</i>		
Allowances and other benefits	19,000	33,000
Impairment loss on available for sale investments	-	5,250
Policyholders		
<i>Policy holder's results</i>		
Premiums written	-	73,077
Unrealized (loss) / gain on financial assets at fair value through profit or loss	(102,912)	43,430
<i>Key management compensation</i>		
Short-term benefits	44,967	42,681
Termination benefits	14,729	11,689

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:

	<u>Three month period</u> <u>ended 30 September</u>		<u>Nine month period</u> <u>ended 30 September</u>	
	2013	2012	2013	2012
Net profit for the period attributable to shareholders of the Company (KD)	82,766	128,971	263,208	314,428
Weighted average number of ordinary shares (net of treasury shares) outstanding for the period	109,804,500	109,804,500	109,804,500	109,804,500
Earnings per share (fils) – basic and diluted	0.75	1.17	2.40	2.86

10. Fair values of financial assets

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, receivables and investments. Financial liabilities consist of payables. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments with the exception of certain available for sale investments carried at cost (note 4) are not significantly different from their carrying values at the reporting date.

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The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

	Level 1 KD	Level 2 KD	Total KD
30 September 2013			
<i>Shareholders</i>			
Investments at fair value through profit or loss	979,634	-	979,634
Available for sale investments	432,914	3,755,130	4,188,044
	<u>1,412,548</u>	<u>3,755,130</u>	<u>5,167,678</u>
<i>Policyholders</i>			
Investments at fair value through profit or loss	31,649	635,116	666,765
	<u>31,649</u>	<u>635,116</u>	<u>666,765</u>
31 December 2012			
<i>Shareholders</i>			
Investments at fair value through profit or loss	1,296,267	-	1,296,267
Available for sale investments	266,786	3,826,449	4,093,235
	<u>1,563,053</u>	<u>3,826,449</u>	<u>5,389,502</u>
<i>Policyholders</i>			
Investments at fair value through profit or loss	214,656	589,872	804,528
	<u>214,656</u>	<u>589,872</u>	<u>804,528</u>
30 September 2012			
<i>Shareholders</i>			
Investments at fair value through profit or loss	1,404,420	-	1,404,420
Available for sale investments	328,349	4,448,345	4,776,694
	<u>1,732,769</u>	<u>4,448,345</u>	<u>6,181,114</u>
<i>Policyholders</i>			
Investments at fair value through profit or loss	353,424	310,709	664,133
	<u>353,424</u>	<u>310,709</u>	<u>664,133</u>

The fair value of investments under level 2 is determined by a related party investment manager.

During the periods ended 30 September 2013 and 30 September 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

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11. Segment information

The Group has 2 reportable segments, Kuwait and Egypt, based on geography which are the Group's operating entities. The 2 entities carry out takaful activities in their respective jurisdictions and are managed separately because they require different marketing strategies and operate in separate regulatory environments. For each of the entities, the Board of Directors review internal management reports on at least a quarterly basis.

Shareholders

	Three months ended			Three months ended		
	30 September 2013			30 September 2012		
	Kuwait	Egypt	Total	Kuwait	Egypt	Total
Net investment (loss) / income	(110,115)	81,669	(28,446)	160,506	29,237	189,743
Taxation	-	(20,444)	(20,444)	-	(41,711)	(41,711)
Total expenses	(3,640)	(13,179)	(16,819)	(10,996)	(150,425)	(161,421)
Net profit	51,509	53,095	104,604	22,376	151,395	173,771
	Nine months ended			Nine months ended		
	30 September 2013			30 September 2012		
	Kuwait	Egypt	Total	Kuwait	Egypt	Total
Net investment (loss) / income	(382,098)	77,289	(304,809)	241,717	104,107	345,824
Taxation	-	(68,319)	(68,319)	-	(117,462)	(117,462)
Total expenses	(70,322)	(27,779)	(98,101)	(168,403)	(183,998)	(352,401)
Net profit	194,378	115,717	310,095	117,081	288,911	405,992
	<i>As at 30 September 2013 - unaudited</i>					
Total assets				10,252,156	2,921,351	13,173,507
Total liabilities				175,150	247,172	422,322
	<i>As at 31 December 2012 - audited</i>					
Total assets				10,410,285	2,912,529	13,322,814
Total liabilities				1,265,704	103,520	1,369,224
	<i>As at 30 September 2012 - unaudited</i>					
Total assets				11,267,870	2,989,724	14,257,594
Total liabilities				1,711,582	178,010	1,889,592

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Policyholders	Three months ended 30 September 2013			Three months ended 30 September 2012		
	Kuwait	Egypt	Total	Kuwait	Egypt	Total
Gross contributions earned	598,464	887,897	1,486,361	632,938	923,320	1,556,258
Total revenue	474,753	538,097	1,012,850	674,020	587,508	1,261,528
Net surplus from takaful operations	255,415	23,144	278,559	214,093	157,426	371,519
	Nine months ended 30 September 2013			Nine months ended 30 September 2012		
	Kuwait	Egypt	Total	Kuwait	Egypt	Total
Gross contributions earned	3,056,787	2,735,689	5,792,476	2,482,597	2,634,975	5,117,572
Total revenue	2,240,616	1,632,843	3,873,459	2,080,638	1,789,045	3,869,683
Net surplus from takaful operations	700,121	190,051	890,172	700,104	413,963	1,114,067
<i>As at 30 September 2013 - unaudited</i>						
Total assets				11,162,110	8,547,133	19,709,243
Total liabilities				11,162,110	8,547,133	19,709,243
<i>As at 31 December 2012 - audited</i>						
Total assets				11,227,710	9,615,066	20,842,776
Total liabilities				11,227,710	9,615,066	20,842,776
<i>As at 30 September 2012 - unaudited</i>						
Total assets				10,797,298	9,579,772	20,377,070
Total liabilities				10,797,298	9,579,772	20,377,070