

**Wethaq Takaful Insurance Company K.S.C.P. and  
subsidiaries  
State of Kuwait**

**Condensed consolidated interim financial information and  
independent auditors' review report for the period from  
1 January 2015 to 30 June 2015**

**Wethaq Takaful Insurance Company K.S.C.P. 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.P.**  
**State of Kuwait**

### *Introduction*

We have reviewed the accompanying 30 June 2015 condensed consolidated interim financial information of Wethaq Takaful Insurance Company K.S.C.P. ("the Company") and its subsidiaries (together "the Group") which comprises the interim consolidated statement of financial position as at 30 June 2015, the interim consolidated statements of profit or loss and other comprehensive income for the three and six month periods ended 30 June 2015, the interim consolidated statements of changes in equity and cash flows for the six month period then ended, 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 June 2015 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 six month period ended 30 June 2015 of the Companies Law No. 25 of 2012, as amended, and its Executive Regulations or of the Company's Memorandum and Articles of Association, that might have had material effect on the Company's activities or on its financial position.



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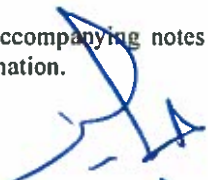
**Kuwait: 13 August 2015**

**Wethaq Takaful Insurance Company K.S.C.P. and subsidiaries**  
**State of Kuwait**

**Interim consolidated statement of financial position (unaudited)**  
**As at 30 June 2015**

	Note	30 June 2015 KD (unaudited)	31 December 2014 KD (audited)	30 June 2014 KD (unaudited)
<b>Assets</b>				
Bank balances and cash		89,636	240,860	353,892
Investments at fair value through profit or loss		390,106	427,511	575,202
Other assets		253,460	259,511	263,321
Available for sale investments	4	3,723,628	3,833,263	4,191,807
Qard Hassan to policyholders	5	1,625,611	1,625,611	1,625,611
Amounts due from policyholders	5	1,825,083	1,299,350	967,879
Investment deposits		3,492,470	3,028,364	2,677,416
Investment properties		2,719,195	2,719,195	2,662,541
<b>Total assets</b>		<b>14,119,189</b>	<b>13,433,665</b>	<b>13,317,669</b>
<b>Liabilities</b>				
Other liabilities		623,953	449,814	388,329
<b>Total liabilities</b>		<b>623,953</b>	<b>449,814</b>	<b>388,329</b>
<b>Equity</b>				
<b>Equity attributable to shareholders of the 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		278,959	355,074	471,645
Translation reserve		(582,571)	(571,042)	(610,069)
Employee share purchase plan reserve		65,964	65,964	65,964
Accumulated losses		(6,624,907)	(7,226,148)	(7,260,941)
<b>Total equity attributable to shareholders of the Company</b>		<b>12,232,679</b>	<b>11,719,082</b>	<b>11,761,833</b>
Non controlling interest		1,262,557	1,264,769	1,167,507
<b>Total equity</b>		<b>13,495,236</b>	<b>12,983,851</b>	<b>12,929,340</b>
<b>Total liabilities and equity</b>		<b>14,119,189</b>	<b>13,433,665</b>	<b>13,317,669</b>

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.P. and subsidiaries**  
**State of Kuwait**

**Interim consolidated statement of profit or loss (unaudited)**  
**Three and six month periods ended 30 June 2015**

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2015 KD	2014 KD	2015 KD	2014 KD
Net investment income / (loss)	7	74,154	(178,500)	131,567	(167,583)
Shareholders' share of takaful surplus	6	109,076	114,983	239,491	176,031
Management fees from policyholders	6	243,815	205,912	595,232	532,874
Other income		19,787	9,960	17,130	9,915
General and administrative expenses		(104,769)	(66,277)	(126,838)	(101,607)
<b>Profit before National Labour</b>					
<b>Support Tax ("NLST"), Taxation,</b>					
<b>Directors' remuneration and Zakat</b>		342,063	86,078	856,582	449,630
NLST		(10,999)	(5,270)	(23,049)	(13,996)
Taxation		(60,289)	(85,635)	(135,974)	(112,603)
Directors' remuneration		(3,750)	(1,250)	(7,500)	(2,500)
Zakat		(4,399)	(2,109)	(9,219)	(5,599)
<b>Net profit / (loss) for the period</b>		<b>262,626</b>	<b>(8,186)</b>	<b>680,840</b>	<b>314,932</b>
<b>Attributable to:</b>					
Shareholders of the Company		237,442	(19,371)	601,241	277,846
Non controlling interest		25,184	11,185	79,599	37,086
		<b>262,626</b>	<b>(8,186)</b>	<b>680,840</b>	<b>314,932</b>
<b>Basic and diluted earnings / (losses)</b>					
<b>per share attributable to</b>					
<b>shareholders of the Company (fils)</b>	9	<b>2.16</b>	<b>(0.18)</b>	<b>5.48</b>	<b>2.53</b>

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

**Wethaq Takaful Insurance Company K.S.C.P. and subsidiaries**  
**State of Kuwait**

**Interim consolidated statement of other comprehensive income (unaudited)**  
*Three and six month periods ended 30 June 2015*

	Three month period ended 30 June		Six month period ended 30 June	
	2015	2014	2015	2014
	KD	KD	KD	KD
Net profit / (loss) for the period	262,626	(8,186)	680,840	314,932
<b>Other comprehensive income</b>				
<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	117,880	(1,943)	(76,115)	(21,128)
Changes in translation reserve	(12,938)	(54,273)	(79,971)	(96,591)
<b>Total other comprehensive income / (loss)</b>	104,942	(56,216)	(156,086)	(117,719)
<b>Total comprehensive income / (loss) for the period</b>	367,568	(64,402)	524,754	197,213
<b>Attributable to:</b>				
Shareholders of the Company	336,880	(56,909)	513,597	232,501
Non controlling interest	30,688	(7,493)	11,157	(35,288)
	367,568	(64,402)	524,754	197,213

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

**Wethaq Takaful Insurance Company K.S.C.P. and subsidiaries**  
**State of Kuwait**

**Interim consolidated statement of changes in equity (unaudited)**  
**Six month period ended 30 June 2015**

	Attributable to shareholders of the 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	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 2015	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	355,074	(571,042)	65,964	(7,226,148)	11,719,082	1,264,769	12,983,851
Net profit for the period	-	-	-	-	-	-	-	-	-	601,241	601,241	79,599	680,840
Other comprehensive (loss) / income	-	-	-	-	-	-	(76,115)	(11,529)	-	-	(87,644)	(68,442)	(156,086)
Total comprehensive income for the period	-	-	-	-	-	-	(76,115)	(11,529)	-	601,241	513,597	11,157	524,754
Dividend paid by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(13,369)	(13,369)
Balance at 30 June 2015	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	278,959	(582,571)	65,964	(6,624,907)	12,232,679	1,262,557	13,495,236
Balance at 1 January 2014	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	492,773	(585,852)	65,964	(7,538,787)	11,529,332	1,202,795	12,732,127
Net profit for the period	-	-	-	-	-	-	-	-	-	277,846	277,846	37,086	314,932
Other comprehensive loss for the period	-	-	-	-	-	-	(21,128)	(24,217)	-	-	(45,345)	(72,374)	(117,719)
Total comprehensive income for the period	-	-	-	-	-	-	(21,128)	(24,217)	-	277,846	232,501	(35,288)	197,213
Balance at 30 June 2014	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	471,645	(610,069)	65,964	(7,260,941)	11,761,833	1,167,507	12,929,340

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



**Wethaq Takaful Insurance Company K.S.C.P. and subsidiaries**  
**State of Kuwait**

**Interim consolidated statement of cash flows (unaudited)**  
*Six month period ended 30 June 2015*

	Note	2015 KD	2014 KD
<b>Operating activities</b>			
Net profit for the period		680,840	314,932
Adjustments for:			
Net investment (income) / loss	7	(131,567)	167,583
Shareholders' share of takaful surplus	6	(239,491)	(176,031)
Management fees from policyholders	6	(595,232)	(532,874)
		<u>(285,450)</u>	<u>(226,390)</u>
Other assets		6,051	(16,160)
Other liabilities		174,139	142,844
Net cash used in operating activities		<u>(105,260)</u>	<u>(99,706)</u>
<b>Investing activities</b>			
Net movement in investment deposits		(191,578)	(1,392,684)
Net cash used in investing activities		<u>(191,578)</u>	<u>(1,392,684)</u>
<b>Financing activities</b>			
Net movement in amounts due from / to policyholders		69,499	193,683
Net cash generated from financing activities		<u>69,499</u>	<u>193,683</u>
Foreign currency translation differences		76,115	36,532
<b>Net change in bank balances and cash</b>		<u>(151,224)</u>	<u>(1,262,175)</u>
Bank balances and cash at 1 January		240,860	1,616,067
<b>Bank balances and cash at 30 June</b>		<u>89,636</u>	<u>353,892</u>

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

**Wethaq Takaful Insurance Company K.S.C.P. and subsidiaries**  
**State of Kuwait**

**Notes to the condensed consolidated interim financial information**  
***For the period from 1 January 2015 to 30 June 2015***

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**1. Reporting entity**

Wethaq Takaful Insurance Company K.S.C.P. ("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.

The objectives for which the Company is incorporated are as follows:

First: Carry on all Takaful, mutual and retakaful insurance business of all forms in accordance with the provisions of Islamic Sharia and governing laws.

Second: To achieve its above mentioned objective and as per its Articles of Association, the Company shall have authority to conduct the following business and acts as Board of Directors deems appropriate:

- a) Acquire and gain the right to dispose of all or any part of movable or immovable property, as it deems necessary, or any privileges that the Company believes to be necessary or appropriate for the nature of its business and required for growing its funds;
- b) Carry out all transactions and enter into all contracts with all legal dispositions as it deems necessary and suitable to achieve and facilitate its objectives on the conditions it elects;
- c) Purchase, sell, mortgage, lease, replace, possess or endorse in any manner whatsoever any lands, real estate properties, securities, Sukuk, stocks or any other movable or real estate property; or sell, lease, mortgage or dispose of all or part of the Company's movable or real estate property and funds;
- d) Provide advisories and conduct technical studies in insurance or reinsurance industry for companies and other entities directly interested in engaging in Takaful insurance or reinsurance business;
- e) Act as valuer or appraiser in insurance industry and agent for insurers or reinsurers to perform all activities that are consistent with the Islamic Sharia after obtaining the necessary licenses;
- f) Invest all or part of the Company's movable property or real estate properties in different sectors as it deems appropriate in accordance with governing laws and resolutions;
- g) Merge with, incorporate or participate in incorporating and subscribing for shares in companies; buy and sell companies' shares and support them in any form in line with the Company's objectives as per applicable laws; and
- h) Utilize the financial surpluses available with the Company through investing the same in financial portfolios managed by specialized companies and entities.

The Company may carry out the above mentioned business in the State of Kuwait and abroad as a principal capacity or through agency. 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.P. and subsidiaries**  
**State of Kuwait**

**Notes to the condensed consolidated interim financial information**  
**For the period from 1 January 2015 to 30 June 2015**

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

The consolidated financial statements as at and for the period ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as "the Group" and individually "the Group entities"). A list of directly owned subsidiaries is as follows:

Subsidiary	Country of incorporation	Percentage of ownership			Principal activities
		30 June 2015	31 December 2014	30 June 2014	
Wethaq Takaful Insurance Company *	Egypt	60.00%	60.00%	60.00%	Takaful and retakaful activities in Egypt
Wared Rent a Car Company K.S.C. (Closed) **	Kuwait	93.32%	93.32%	93.32%	Car leasing, trading cars and spare parts in Kuwait

\*The Company agreed to sell the underlying shares in the subsequent period (note 11).

\*\* 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.

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.

On 9 April 2015, the Annual General Assembly of the shareholders was held and the shareholders approved the audited consolidated financial statements of the Group as at and for the year ended 31 December 2014. No dividends have been declared by the Company.

The interim condensed consolidated financial information of the Group for the period ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 13 August 2015.

**Notes to the condensed consolidated interim financial information**  
**For the period from 1 January 2015 to 30 June 2015**

**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 2014. 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).

Operating results for the six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

**3. Significant accounting policies**

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 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 July 2014 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

**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 2014.

**4. Available for sale investments**

	30 June 2015 KD (unaudited)	31 December 2014 KD (audited)	30 June 2014 KD (unaudited)
<i>Quoted securities</i>			
Equities	289,836	269,430	293,283
<i>Unquoted securities</i>			
Equities	525,755	556,228	530,103
Managed equity funds	1,517,098	1,490,145	1,540,823
Managed portfolios	1,390,939	1,517,460	1,827,598
	<u>3,433,792</u>	<u>3,563,833</u>	<u>3,898,524</u>
	<u>3,723,628</u>	<u>3,833,263</u>	<u>4,191,807</u>

**Wethaq Takaful Insurance Company K.S.C.P. and subsidiaries**  
**State of Kuwait**

**Notes to the condensed consolidated interim financial information**  
**For the period from 1 January 2015 to 30 June 2015**

Unquoted securities amounting to KD 346,853 (31 December 2014 and 30 June 2014: KD 346,853 and KD 524,850, respectively) are carried at cost, less impairment, due to the unpredictable nature of their future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these investments. There is no active market for these investments and there have not been any recent transactions that provide evidence of current fair value. The Group intends to hold these investments for the long term.

**5. Policyholders' assets and liabilities**

	<b>30 June 2015 KD (unaudited)</b>	<b>31 December 2014 KD (audited)</b>	<b>30 June 2014 KD (unaudited)</b>
<b>Assets</b>			
Bank balances and cash	654,714	424,469	480,921
Investment deposits	8,424,120	8,361,860	7,844,342
Investments at fair value through profit or loss	518,896	500,257	569,345
Accounts receivable and prepayments	1,107,255	1,278,330	1,060,820
Contributions receivable	1,055,531	1,503,180	1,990,425
Available for sale investments	733,906	733,906	970,157
Goodwill	409,766	409,766	409,766
Retakaful share of outstanding claims	5,024,559	4,126,672	4,672,890
Retakaful contributions receivables	1,453,187	905,210	300,836
Leasehold land	277,750	277,750	277,750
Furniture and equipment	850,272	919,262	908,429
	<u>20,509,956</u>	<u>19,440,662</u>	<u>19,485,681</u>
<b>Takaful reserves and liabilities</b>			
<b>Takaful reserves:</b>			
Outstanding claims	9,601,514	9,938,997	9,511,711
Unearned contributions	5,636,169	4,726,985	5,759,866
Incurred but not reported reserve	206,197	209,586	121,961
	<u>15,443,880</u>	<u>14,875,568</u>	<u>15,393,538</u>
<b>Liabilities</b>			
Other reserves	1,453,284	1,308,728	1,091,505
Reserve retained on retakaful business	833,184	831,490	650,045
Accounts payable and accruals	2,552,342	2,062,001	1,690,323
Bank overdraft	-	132,609	176,512
Amounts due to shareholders	1,825,083	1,299,350	967,879
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611
Net deficit from policyholders' operations	(3,223,428)	(2,694,695)	(2,109,732)
<b>Total reserves and liabilities</b>	<u>20,509,956</u>	<u>19,440,662</u>	<u>19,485,681</u>
<b>Movement in policyholders' fund:</b>			
At 1 January	(2,694,695)	(1,851,756)	(1,851,756)
Net deficit from operations for the period	(440,480)	(888,334)	(346,210)
Foreign currency translation difference	(88,253)	45,395	88,234
Closing balance	<u>(3,223,428)</u>	<u>(2,694,695)</u>	<u>(2,109,732)</u>

Notes to the condensed consolidated interim financial information  
For the period from 1 January 2015 to 30 June 2015

6. Policyholders' results of operations

Three month period ended 30 June 2015 (unaudited)

	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
Total revenues	126,374	1,472,405	94,599	165,640	1,859,018
Net surplus / (deficit) from takaful operations	102,831	368,358	(4,090)	(129,459)	337,640
Net investment income	3,282	186,455	5,863	5,988	201,588
Net surplus / (deficit) by line of business	76,185	279,448	(49,086)	(163,795)	142,752
Income from leasing activities				46,114	46,114
Expenses in connection with leasing activities				(47,837)	(47,837)
Shareholders' share of takaful surplus from a subsidiary				(109,076)	(109,076)
Management fees to shareholders of the Company				(243,815)	(243,815)
Deficit transferred to policyholders' fund				(211,862)	(211,862)

Three month period ended 30 June 2014 (unaudited)

	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
Total revenues	74,287	1,091,979	86,902	193,210	1,446,378
Net surplus from takaful operations	16,465	199,297	47,854	136,582	400,198
Net investment income / (loss)	636	185,097	(16,694)	(1,224)	167,815
Net (deficit) / surplus by line of business	(21,089)	159,572	(21,267)	92,739	209,955
Income from leasing activities				37,284	37,284
Expenses in connection with leasing activities				(59,861)	(59,861)
Shareholders' share of takaful surplus from a subsidiary				(114,983)	(114,983)
Management fees to shareholders of the Company				(205,912)	(205,912)
Deficit transferred to policyholders' fund				(133,517)	(133,517)

**Wethaq Takaful Insurance Company K.S.C.P. and subsidiaries**  
**State of Kuwait**

**Notes to the condensed consolidated interim financial information**  
*For the period from 1 January 2015 to 30 June 2015*

	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
<b>Six month period ended 30 June 2015 (unaudited)</b>					
Total revenues	127,072	2,844,905	151,602	273,930	3,397,509
Net surplus from takaful operations	68,973	631,561	16,419	72,228	789,181
Net investment income	5,166	381,284	17,899	13,692	418,041
Net surplus / (deficit) by line of business	20,387	508,144	(122,014)	9,303	415,820
Income from leasing activities					83,820
Expenses in connection with leasing activities					(105,397)
Shareholders' share of takaful surplus from a subsidiary					(239,491)
Management fees to shareholders of the Company					(595,232)
Deficit transferred to policyholders' fund					(440,480)
<b>Six month period ended 30 June 2014 (unaudited)</b>					
Total revenues	126,699	2,587,811	125,165	230,280	3,069,955
Net surplus from takaful operations	75,976	493,923	79,963	132,992	782,854
Net investment income	3,369	334,681	(1,025)	2,681	339,706
Net surplus / (deficit) by line of business	26,480	384,538	(94,030)	75,683	392,671
Income from leasing activities					88,839
Expenses in connection with leasing activities					(118,815)
Shareholders' share of takaful surplus from a subsidiary					(176,031)
Management fees to shareholders of the Company					(532,874)
Deficit transferred to policyholders' fund					(346,210)

The policyholders of the subsidiary transferred a surplus of KD 239,491 (30 June 2014: KD 176,031) to shareholders of the subsidiary from total takaful surplus of KD 415,820 (30 June 2014: KD 392,671).

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 income / (loss)**

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Unrealized loss on investment at fair value through profit or loss	(14,463)	(189,398)	(37,405)	(253,242)
Others	88,617	10,898	168,972	85,659
	<u>74,154</u>	<u>(178,500)</u>	<u>131,567</u>	<u>(167,583)</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 condensed consolidated interim financial information are as follows:

	<b>As at</b>		
	<b>30 June 2015</b>	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
	<b>(unaudited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
<b>Shareholders</b>			
<i>Interim condensed consolidated statement of financial position</i>			
<i>Ultimate Parent Company</i>			
Investments at fair value through profit or loss	42,326	38,799	130,506
<i>Entities related to the Ultimate Parent Company</i>			
Available for sale investments	3,214,890	3,255,955	2,829,435
<b>Policyholders</b>			
<i>Policyholders' assets, liabilities</i>			
<i>Ultimate Parent Company</i>			
Available for sale investments	551,250	551,250	787,500
<i>Entities related to the Ultimate Parent Company</i>			
Investments at fair value through profit or loss	129,942	130,389	202,611



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	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Shareholders</b>				
<i>Interim condensed consolidated statement of profit or loss Entities related to the Ultimate Parent Company</i>				
Allowances and other benefits	2,000	2,000	4,000	4,000
<b>Policyholders</b>				
<i>Policy holder's results of operations Entities related to the Ultimate Parent Company</i>				
Unrealized (loss) / gain on investments at fair value through profit or loss	(558)	30,000	18,639	53,619
<i>Key management compensation</i>				
Short-term benefits	15,173	15,173	30,346	30,346
Termination benefits	8,661	8,661	17,322	17,322

**9. Basic and diluted earnings / (losses) per share**

Earnings / (losses) 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 / (losses) per share is as follows:

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Net profit / (loss) for the period attributable to shareholders of the Company (KD)	237,442	(19,371)	601,241	277,846
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
<b>Earnings / (losses) per share (fils) – basic and diluted</b>	<b>2.16</b>	<b>(0.18)</b>	<b>5.48</b>	<b>2.53</b>

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**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.

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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>30 June 2015 – unaudited</b>			
<i>Shareholders</i>			
Investments at fair value through profit or loss	390,106	-	390,106
Available for sale investments	289,836	3,086,939	3,376,775
	<u>679,942</u>	<u>3,086,939</u>	<u>3,766,881</u>
<i>Policyholders</i>			
Investments at fair value through profit or loss	51,705	467,191	518,896
	<u>51,705</u>	<u>467,191</u>	<u>518,896</u>
<b>31 December 2014 – audited</b>			
<i>Shareholders</i>			
Investments at fair value through profit or loss	427,511	-	427,511
Available for sale investments	269,430	3,216,980	3,486,410
	<u>696,941</u>	<u>3,216,980</u>	<u>3,913,921</u>
<i>Policyholders</i>			
Investments at fair value through profit or loss	56,245	444,282	500,257
	<u>56,245</u>	<u>444,282</u>	<u>500,257</u>

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	Level 1 KD	Level 2 KD	Total KD
<b>30 June 2014 – unaudited</b>			
<i>Shareholders</i>			
Investments at fair value through profit or loss	575,202	-	575,202
Available for sale investments	267,186	3,399,771	3,666,957
	<u>842,388</u>	<u>3,399,771</u>	<u>4,242,159</u>
<i>Policyholders</i>			
Investments at fair value through profit or loss	80,007	489,338	569,345
	<u>80,007</u>	<u>489,338</u>	<u>569,345</u>

The fair value of investments under Level 2 is determined by a related party investment manager. During the periods ended 30 June 2015 and 30 June 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

**11. Sale of a subsidiary**

Subsequent to the reporting period, the Board of Directors approved to sell all the equity interest in Wethaq Takaful Insurance Company – Egypt (the “Subsidiary”) and a consideration of KD 1,300,000 was agreed with the buyer. Accordingly the disposal transaction will result in a loss of KD 293,717.

The legal formalities relating to the transfer of ownership of the shares have not yet been completed on the date of approval of the condensed consolidated interim financial information.

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**12. 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 month period ended 30 June 2015			Three month period ended 30 June 2014		
	Kuwait KD	Egypt KD	Total KD	Kuwait KD	Egypt KD	Total KD
Net investment (loss) / income	(2,118)	76,272	74,154	(222,738)	44,238	(178,500)
Taxation	-	(60,289)	(60,289)	-	(86,635)	(86,635)
Total expenses	(24,882)	(79,887)	(104,769)	(12,693)	(53,584)	(66,277)
Net profit	199,667	62,959	262,626	(36,148)	27,962	(8,186)
	Six month period ended 30 June 2015			Six month period ended 30 June 2014		
	Kuwait KD	Egypt KD	Total KD	Kuwait KD	Egypt KD	Total KD
Net investment (loss) / income	(37,405)	168,972	131,567	(253,242)	85,659	(167,583)
Taxation	-	(135,974)	(135,974)	-	(112,603)	(112,603)
Total expenses	(36,216)	(90,622)	(126,838)	(35,320)	(66,287)	(101,607)
Net profit	481,843	198,997	680,840	222,217	92,715	314,932
<i>As at 30 June 2015 -- unaudited</i>						
Total assets				10,489,134	3,630,055	14,119,189
Total liabilities				114,890	509,063	623,953
<i>As at 31 December 2014 - audited</i>						
Total assets				10,100,815	3,332,850	13,433,665
Total liabilities				125,654	324,160	449,814
<i>As at 30 June 2014 -- unaudited</i>						
Total assets				10,229,902	3,087,767	13,317,669
Total liabilities				61,947	326,382	388,329

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Policyholders	Three month period ended 30 June 2015			Three month period ended 30 June 2014		
	Kuwait KD	Egypt KD	Total KD	Kuwait KD	Egypt KD	Total KD
Gross contributions earned	1,216,225	1,296,207	2,512,432	1,029,556	1,161,911	2,191,467
Total revenues	977,771	881,247	1,859,018	679,183	767,195	1,446,378
Net surplus from takaful operations	216,522	121,118	337,640	275,293	124,905	400,198
	Six month period ended 30 June 2015			Six month period ended 30 June 2014		
	Kuwait KD	Egypt KD	Total KD	Kuwait KD	Egypt KD	Total KD
Gross contributions earned	2,973,309	2,446,316	5,419,625	2,664,370	2,269,726	4,934,096
Total revenues	1,671,136	1,726,373	3,397,509	1,623,709	1,446,246	3,069,955
Net surplus from takaful operations	519,293	269,888	789,181	577,714	205,140	782,854
<i>As at 30 June 2015 - unaudited</i>						
Total assets				11,780,819	8,729,137	20,509,956
Total liabilities				11,780,819	8,729,137	20,509,956
<i>As at 31 December 2014 - audited</i>						
Total assets				10,456,696	8,983,966	19,440,662
Total liabilities				10,456,696	8,983,966	19,440,662
<i>As at 30 June 2014 - unaudited</i>						
Total assets				11,688,631	7,797,050	19,485,681
Total liabilities				11,688,631	7,797,050	19,485,681