

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

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

**Wethaq Takaful Insurance Company K.S.C.P. and its subsidiary
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 September 2015 condensed consolidated interim financial information of Wethaq Takaful Insurance Company K.S.C.P. ("the Company") and its subsidiary (together "the Group") which comprises the interim consolidated statement of financial position as at 30 September 2015, the interim consolidated statements of profit or loss and other comprehensive income for the three and nine month periods ended 30 September 2015, the interim consolidated statements of changes in equity and cash flows for the nine 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 September 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 nine month period ended 30 September 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: 27 October 2015

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

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

		30 September 2015 KD (unaudited)	31 December 2014 KD (audited)	30 September 2014 KD (unaudited)
	Note			
Assets				
Cash and cash equivalent	4	1,308,990	240,860	168,781
Investments at fair value through profit or loss		340,829	427,511	577,037
Other assets		207,180	259,511	281,915
Available for sale investments	5	3,757,787	3,833,263	4,151,999
Qard Hassan to policyholders	6	1,625,611	1,625,611	1,625,611
Amounts due from policyholders	6	1,994,826	1,299,350	1,018,228
Investment deposits		-	3,028,364	2,881,912
Investment properties		2,713,476	2,719,195	2,662,541
Total assets		11,948,699	13,433,665	13,368,024
Liabilities				
Other liabilities		91,466	449,814	268,566
Total liabilities		91,466	449,814	268,566
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
Cumulative changes in fair value		282,778	355,074	424,783
Translation reserve		-	(571,042)	(569,141)
Employee share purchase plan reserve		65,964	65,964	65,964
Accumulated losses		(7,586,743)	(7,226,148)	(7,145,473)
Total equity attributable to shareholders of the Company		11,857,233	11,719,082	11,871,367
Non controlling interest		-	1,264,769	1,228,091
Total equity		11,857,233	12,983,851	13,099,458
Total liabilities and equity		11,948,699	13,433,665	13,368,024

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


Abdullah Yusef Al-Saif
Chairman


Abdullah Mishari Al Humaidi
Vice Chairman

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

Interim consolidated statement of profit or loss (unaudited)
Three and nine month periods ended 30 September 2015

		Three month period ended 30 September		Nine month period ended 30 September	
		2015	2014	2015	2014
	Note	KD	KD	KD	KD
Continuing operations					
Net investment (loss) / income	8	(35,951)	24,639	(73,356)	(228,603)
Management fees from policyholders	7	193,950	51,690	789,182	584,564
Loss on sale of a subsidiary	12	(1,107,582)	-	(1,107,582)	-
General and administrative expenses		(8,503)	(18,401)	(44,719)	(53,721)
(Loss) / profit before National Labour Support Tax ("NLST"), Taxation, Directors' remuneration and Zakat from continuing operations		(958,086)	57,928	(436,475)	302,240
NLST		-	(406)	(23,049)	(14,402)
Directors' remuneration		(3,750)	(1,250)	(11,250)	(3,750)
Zakat		-	(162)	(9,219)	(5,761)
Net (loss) / profit for the period from continuing operations		(961,836)	56,110	(479,993)	278,327
Discontinued operations					
Profit from discontinued operations	12	-	98,930	198,997	191,645
Net (loss) / profit for the period		(961,836)	155,040	(280,996)	469,972
Attributable to:					
Shareholders of the Company		(961,836)	115,468	(360,595)	393,314
Non controlling interest		-	39,572	79,599	76,658
		(961,836)	155,040	(280,996)	469,972
Basic and diluted (losses) / earnings per share attributable to shareholders of the Company (fils)					
	10	(8.76)	1.05	(3.28)	3.58
Basic and diluted (losses) / earnings per share attributable to shareholders of the Company (fils) – continuing operations					
	10	(8.76)	0.51	(4.37)	2.53

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

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

Interim consolidated statement of other comprehensive income (unaudited)
Three and nine month periods ended 30 September 2015

	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
	KD	KD	KD	KD
Net (loss) / profit for the period	<u>(961,836)</u>	<u>155,040</u>	<u>(280,996)</u>	<u>469,972</u>
Other comprehensive income				
<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	3,819	(46,862)	(72,296)	(67,990)
Changes in translation reserve	<u>582,571</u>	<u>61,940</u>	<u>502,600</u>	<u>(34,651)</u>
Total other comprehensive income	<u>586,390</u>	<u>15,078</u>	<u>430,304</u>	<u>(102,641)</u>
Total comprehensive (loss) / income for the period	<u>(375,446)</u>	<u>170,118</u>	<u>149,308</u>	<u>367,331</u>
Attributable to:				
Shareholders of the Company	(386,603)	69,390	138,151	342,035
Non controlling interest	<u>11,157</u>	<u>100,728</u>	<u>11,157</u>	<u>25,296</u>
	<u>(375,446)</u>	<u>170,118</u>	<u>149,308</u>	<u>367,331</u>

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

Interim consolidated statement of changes in equity (unaudited)
Vine month period ended 30 September 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 loss for the period	-	-	-	-	-	-	-	-	-	(360,595)	(360,595)	79,599	(280,996)
Other comprehensive (loss) / income	-	-	-	-	-	-	(72,296)	571,042	-	-	498,746	(68,442)	430,304
Total comprehensive income for the period	-	-	-	-	-	-	(72,296)	571,042	-	(360,595)	138,151	11,157	149,308
Dividend paid by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(13,369)	(13,369)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,262,557)	(1,262,557)
Balance at 30 September 2015	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	282,778	-	65,964	(7,586,743)	11,857,233	-	11,857,233
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	-	-	-	-	-	-	-	-	-	393,314	393,314	76,658	469,972
Other comprehensive loss for the period	-	-	-	-	-	-	(67,990)	16,711	-	-	(51,279)	(51,362)	(102,641)
Total comprehensive income for the period	-	-	-	-	-	-	(67,990)	16,711	-	-	342,035	25,296	367,331
Balance at 30 September 2014	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	424,783	(569,141)	65,964	(7,145,473)	11,871,367	1,228,091	13,099,458

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

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

Interim consolidated statement of cash flows (unaudited)
Nine month period ended 30 September 2015

	Note	2015 KD	2014 KD
Operating activities			
Net (loss) / profit for the period from continuing operations		(479,993)	278,327
Net profit for the period from discontinued operations		198,997	191,645
Adjustments for:			
Net investment loss	8	73,356	68,978
Shareholders' share of takaful surplus	7	-	(265,771)
Management fees from policyholders	7	(789,182)	(584,564)
Loss on sale of a subsidiary	12	1,107,582	-
		<u>110,760</u>	<u>(311,385)</u>
Other assets		(6,160)	(34,754)
Other liabilities		<u>(34,188)</u>	<u>23,080</u>
Net cash generated from / (used in) operating activities		<u>70,412</u>	<u>(323,059)</u>
Investing activities			
Net movement in investment deposits		-	(1,597,180)
Proceeds from selling the subsidiary		1,300,000	-
Net cash generated from / (used in) investing activities		<u>1,300,000</u>	<u>(1,597,180)</u>
Financing activities			
Net movement in amounts due from / to policyholders		93,706	284,764
Net cash generated from financing activities		<u>93,706</u>	<u>284,764</u>
Foreign currency translation differences		<u>(395,988)</u>	<u>188,189</u>
Net change in cash and cash equivalent		1,068,130	(1,447,286)
Cash and cash equivalent at 1 January		240,860	1,616,067
Cash and cash equivalent at 30 September	4	<u>1,308,990</u>	<u>168,781</u>

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

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

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

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 its 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").

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

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

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

The consolidated financial statements as at and for the period ended 30 September 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 September 2015	31 December 2014	30 September 2014	
Wethaq Takaful Insurance Company *	Egypt	-	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 sold the underlying shares during the period (note 12).

** 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 6 and 7.

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 September 2015 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 25 October 2015.

Notes to the condensed consolidated interim financial information
For the period from 1 January 2015 to 30 September 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 nine month period ended 30 September 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. Cash and cash equivalent

Cash and cash equivalent include deposit of KD 1,300,000 (31 December 2014 and 30 September 2014: nil) with original maturity of three months carrying effective profit rate of 2% per annum.

5. Available for sale investments

	30 September 2015 KD (unaudited)	31 December 2014 KD (audited)	30 September 2014 KD (unaudited)
<i>Quoted securities</i>			
Equities	325,352	269,430	427,669
<i>Unquoted securities</i>			
Equities	550,848	556,228	530,103
Managed equity funds	1,517,100	1,490,145	1,540,823
Managed portfolios	1,364,487	1,517,460	1,653,404
	<u>3,432,435</u>	<u>3,563,833</u>	<u>3,724,330</u>
	<u>3,757,787</u>	<u>3,833,263</u>	<u>4,151,999</u>

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

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

Unquoted securities amounting to KD 346,853 (31 December 2014 and 30 September 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.

6. Policyholders' assets and liabilities

	30 September 2015 KD (unaudited)	31 December 2014 KD (audited)	30 September 2014 KD (unaudited)
Assets			
Bank balances and cash	550,662	424,469	394,877
Investment deposits	1,896,000	8,361,860	8,112,425
Investments at fair value through profit or loss	465,487	500,257	619,624
Accounts receivable and prepayments	757,858	1,278,330	1,236,872
Contributions receivable	1,403,403	1,503,180	2,122,993
Available for sale investments	182,656	733,906	970,157
Goodwill	409,766	409,766	409,766
Retakaful share of outstanding claims	4,508,216	4,126,672	6,014,063
Retakaful contributions receivables	860,151	905,210	226,948
Leasehold land	277,750	277,750	277,750
Furniture and equipment	283,177	919,262	906,711
	<u>11,595,126</u>	<u>19,440,662</u>	<u>21,292,186</u>
Takaful reserves and liabilities			
Takaful reserves:			
Outstanding claims	6,587,354	9,938,997	10,114,242
Unearned contributions	3,131,170	4,726,985	6,535,885
Incurred but not reported reserve	255,625	209,586	121,961
	<u>9,974,149</u>	<u>14,875,568</u>	<u>16,772,088</u>
Liabilities			
Other reserves	-	1,308,728	1,169,257
Reserve retained on retakaful business	-	831,490	722,902
Accounts payable and accruals	2,301,310	2,062,001	2,210,467
Bank overdraft	-	132,609	26,448
Amounts due to shareholders	1,994,826	1,299,350	1,018,228
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611
Net deficit from policyholders' operations	(4,300,770)	(2,694,695)	(2,252,815)
Total reserves and liabilities	<u>11,595,126</u>	<u>19,440,662</u>	<u>21,292,186</u>
Movement in policyholders' fund:			
At 1 January	(2,694,695)	(1,851,756)	(1,851,756)
Net deficit from operations for the period	(713,046)	(888,334)	(428,680)
Sale of subsidiary	(804,776)	-	-
Foreign currency translation difference	(88,253)	45,395	27,621
Closing balance	<u>(4,300,770)</u>	<u>(2,694,695)</u>	<u>(2,252,815)</u>

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

7. Policyholders' results of operations

Three month period ended 30 September 2015 (unaudited)

Continuing operations	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
Total revenues	55,614	212,264	76,791	111,231	455,900
Net surplus from takaful operations	48,715	43,932	103,779	51,718	248,144
Net investment loss	(11,369)	(53,151)	(30,717)	(16,347)	(111,584)
Net surplus / (deficit) by line of business	6,039	(113,098)	22,609	(5,135)	(89,585)
Income from leasing activities					55,436
Expenses in connection with leasing activities					(44,467)
Management fees to shareholders of the Company					(193,950)
Deficit from continuing operations transferred to policyholders' fund					(195,873)
Discontinued operations					
Deficit from discontinued operations					
Deficit transferred to policyholders' fund					(195,873)

Three month period ended 30 September 2014 (unaudited)

Continuing operations	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
Total revenues	43,383	473,604	28,141	44,469	589,597
Net surplus from takaful operations	53,975	(21,441)	5,202	44,435	82,171
Net investment income / (loss)	10,010	5,634	35,660	11,813	63,117
Net (deficit) / surplus by line of business	46,398	(58,413)	(2,441)	(71,394)	(85,580)
Income from leasing activities					71,656
Expenses in connection with leasing activities					(54,550)
Management fees to shareholders of the Company					(51,690)
Deficit from continuing operations transferred to policyholders' fund					(120,164)
Discontinued operations					
Surplus from discontinued operations					37,694
Deficit transferred to policyholders' fund					(82,470)

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

	Marine and Aviation KD	General accident KD	Fire KD	Life KD	Total KD
Nine month period ended 30 September 2015 (unaudited)					
Continuing operations					
Total revenues	159,764	1,431,453	171,836	363,983	2,127,036
Net surplus from takaful operations	114,854	390,435	107,752	154,396	767,437
Net investment loss	(6,331)	(29,204)	(15,520)	(8,894)	(59,949)
Net surplus / (deficit) by line of business	30,712	41,649	(98,507)	36,196	10,050
Income from leasing activities					139,256
Expenses in connection with leasing activities					(149,863)
Management fees to shareholders of the Company					(789,182)
Deficit from continuing operations transferred to policyholders' fund					(789,739)
Discontinued operations					
Surplus from discontinued operations					76,693
Deficit transferred to policyholders' fund					(713,046)
Nine month period ended 30 September 2014 (unaudited)					
Continuing operations					
Total revenues	125,161	1,733,925	126,706	227,514	2,213,306
Net surplus from takaful operations	100,883	318,226	85,878	154,898	659,885
Net investment income	8,658	53,593	30,323	10,146	102,720
Net surplus / (deficit) by line of business	50,878	118,257	(89,257)	(13,247)	66,631
Income from leasing activities					160,495
Expenses in connection with leasing activities					(173,365)
Management fees to shareholders of the Company					(584,564)
Deficit from continuing operations transferred to policyholders' fund					(530,803)
Discontinued operations					
Surplus from discontinued operations					102,123
Deficit transferred to policyholders' fund					(428,680)

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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8. Net investment (loss) / income

	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
	KD	KD	KD	KD
Unrealized (loss) / gain on investment at fair value through profit or loss	(44,564)	8,880	(86,682)	(224,353)
Others	8,613	15,759	13,326	(4,250)
	<u>(35,951)</u>	<u>24,639</u>	<u>(73,356)</u>	<u>(228,603)</u>

Net investment income from discontinued operations during the three and six month periods ended 30 September 2015 amounted to KD nil and KD 168,972, respectively (three and nine month period ended 30 September 2014: KD 73,966 and KD 159,625, respectively)

9. 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:

	As at		
	30 September 2015 KD (unaudited)	31 December 2014 KD (audited)	30 September 2014 KD (unaudited)
Shareholders			
<i>Interim condensed consolidated statement of financial position</i>			
<i>Ultimate Parent Company</i>			
Investments at fair value through profit or loss	38,710	38,799	130,506
<i>Entities related to the Ultimate Parent Company</i>			
Available for sale investments	3,176,736	3,255,955	2,829,435
Policyholders			
<i>Policyholders' assets, liabilities</i>			
<i>Ultimate Parent Company</i>			
Available for sale investments	-	551,250	787,500
<i>Entities related to the Ultimate Parent Company</i>			
Investments at fair value through profit or loss	129,941	130,389	202,611

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	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
	KD	KD	KD	KD
Shareholders				
<i>Interim condensed consolidated statement of profit or loss</i>				
<i>Entities related to the Ultimate Parent Company</i>				
Allowances and other benefits	-	2,000	4,000	6,000
Policyholders				
<i>Policy holder's results of operations</i>				
<i>Entities related to the Ultimate Parent Company</i>				
Unrealized (loss) / gain on investments at fair value through profit or loss	(53,409)	(13,973)	(34,770)	39,646
<i>Key management compensation</i>				
Short-term benefits	15,173	15,173	45,519	45,519
Termination benefits	8,661	8,661	25,983	25,983
10. Basic and diluted (losses) / earnings per share				

(Losses) / earnings per share attributable to shareholders of the Company is calculated by dividing the net (loss) / 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 (losses) / earnings per share is as follows:

	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
Net (loss) / profit for the period attributable to shareholders of the Company (KD)	(961,836)	115,468	(360,595)	393,314
Net profit / (loss) for the period attributable to shareholders of the Company – continuing operations (KD)	(961,836)	56,110	(479,993)	278,327
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
(Losses) / earnings per share (fils) – basic and diluted	(8.76)	1.05	(3.28)	3.58
(Losses) / earnings per share (fils) – basic and diluted – continuing operations	(8.76)	0.51	(4.37)	2.53

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11. 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 5) 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:

	Level 1 KD	Level 2 KD	Total KD
30 September 2015 – unaudited			
<i>Shareholders</i>			
Investments at fair value through profit or loss	340,829	-	340,829
Available for sale investments	325,352	3,085,582	3,410,934
	<u>666,181</u>	<u>3,085,582</u>	<u>3,751,763</u>
<i>Policyholders</i>			
Investments at fair value through profit or loss	43,640	421,847	465,487
	<u>43,640</u>	<u>421,847</u>	<u>465,487</u>
31 December 2014 – audited			
<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
30 September 2014 – unaudited			
<i>Shareholders</i>			
Investments at fair value through profit or loss	577,037	-	577,037
Available for sale investments	427,669	3,291,790	3,719,459
	<u>1,004,706</u>	<u>3,291,790</u>	<u>4,296,496</u>
<i>Policyholders</i>			
Investments at fair value through profit or loss	129,424	490,200	619,624
	<u>129,424</u>	<u>490,200</u>	<u>619,624</u>

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

12. Loss on sale of a subsidiary

During the period, the management of the Group agreed to sell all the equity interest in Wethaq Takaful Insurance Company – Egypt (a former subsidiary). As at 30 June 2015, final negotiations for the sale were completed and the agreement signed. The results of the former subsidiary for the period ended 30 June 2015 are presented below:

	Six month period ended 30 June 2015 KD	Nine month period ended 30 September 2014 KD
Net investment income	168,972	159,625
Shareholders' share of takaful surplus	239,491	265,771
Other income	17,130	10,765
General and administrative expenses	(90,622)	(77,551)
Profit before Taxation	<u>334,971</u>	<u>358,610</u>
Taxation	(135,974)	(166,965)
Profit for the year from discontinued operations	<u>198,997</u>	<u>191,645</u>
Basic and diluted earnings per share (fils) – discontinued operations	<u>1.81</u>	<u>1.75</u>

The net assets of the former subsidiary on the date of disposal was KD 3,120,992 and selling price was KD 1,300,000. The disposal transaction after considering the foreign currency translation reserve resulted loss of KD 1,107,582.

The legal formalities relating to the transfer of shares is still under process.

Accordingly, the Group operates in one geographical segment.