

Interim Condensed Consolidated Financial Information and Review Report

**Wethaq Takaful Insurance Company – KPSC and Subsidiary  
Kuwait**

30 June 2016 (Unaudited)

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## Report on review of interim condensed consolidated financial information

To the board of directors of  
Wethaq Takaful Insurance Company – KPSC  
Kuwait

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Wethaq Takaful Insurance Company (Kuwaiti Public Shareholding Company) (the “Parent Company”) and its subsidiary (collectively the “Group”) as of 30 June 2016 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

### *Other matter*

The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2015 and the consolidated financial statements for the year ended 31 December 2015 have been reviewed and audited, respectively, by other auditors who issued an unqualified review report on 13 August 2015 and an unqualified audit report on 28 February 2016.

### **Report on review of other legal and regulatory requirements**

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and the Executive Regulations of Law No. 25 of 2012, as amended, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the six-month period ended 30 June 2016 that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)  
(Licence No. 94-A)  
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait  
21 July 2016

Hend Abdulla Al Surayea  
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Member of MAZARS

## Interim condensed consolidated statement of profit or loss

		Three months ended		Six months ended	
	Notes	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD
<b>Revenue</b>					
Net investments income	6	37,460	74,154	45,915	131,567
Net policyholders' insurance surplus transferred to the shareholders from a sold subsidiary	9	-	109,076	-	239,491
Management fees from policyholders	9	216,861	243,815	563,962	595,232
Other income		-	19,787	-	17,130
		254,321	446,832	609,877	983,420
<b>Expenses and other charges</b>					
General and administrative expenses		41,416	104,769	52,723	126,838
		41,416	104,769	52,723	126,838
<b>Profit before provisions for National Labour Support Tax (NLST), Zakat, directors' remuneration and taxation on foreign companies</b>					
		212,905	342,063	557,154	856,582
Provision for NLST		(4,747)	(10,999)	(13,929)	(23,049)
Provision for Zakat		(1,899)	(4,399)	(5,572)	(9,219)
Provision for Directors' remuneration		(15,000)	(3,750)	(15,000)	(7,500)
Provision for taxation on foreign companies		-	(60,289)	-	(135,974)
<b>Profit for the period</b>		<b>191,259</b>	<b>262,626</b>	<b>522,653</b>	<b>680,840</b>
<b>Profit for the period attributable to :</b>					
Shareholders of the parent company		191,259	237,442	522,653	601,241
Non-controlling interests		-	25,184	-	79,599
<b>Profit for the period</b>		<b>191,259</b>	<b>262,626</b>	<b>522,653</b>	<b>680,840</b>
<b>Basic and diluted earnings per share attributable to the shareholders of the parent company</b>					
	7	1.74	2.16	4.76	5.48

The notes set out on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of profit or loss and other comprehensive income


	Three months ended		Six months ended	
	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD
Profit for the period	191,259	262,626	522,653	680,840
<b>Other comprehensive (loss)/income :</b>				
<i>Items that will be reclassified subsequently to the interim condensed consolidated statement of pro or loss:</i>				
<i>Available for sale investments:</i>				
- Net change in fair value arising during the period	(72,586)	117,880	(135,244)	(76,115)
Exchange differences arising on translation of foreign operations	-	(12,938)	-	(79,971)
Total other comprehensive (loss)/income	(72,586)	104,942	(135,244)	(156,086)
<b>Total comprehensive income for the period</b>	<b>118,673</b>	<b>367,568</b>	<b>387,409</b>	<b>524,754</b>
<b>Total comprehensive income for the period attributable to:</b>				
Shareholders of the parent company	118,673	336,880	387,409	513,597
Non-controlling interests	-	30,688	-	11,157
<b>Total comprehensive income for the period</b>	<b>118,673</b>	<b>367,568</b>	<b>387,409</b>	<b>524,754</b>

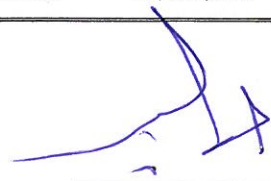
*The notes set out on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.*



## Interim condensed consolidated statement of financial position

	Notes	30 June 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 June 2015 (Unaudited) KD
<b>Assets</b>				
Cash and bank balances		1,308,990	1,308,990	89,636
Investment deposits		-	-	3,492,470
Investments at fair value through profit or loss		307,360	275,874	390,106
Available for sale investments	8	3,739,090	3,878,566	3,723,628
Amount due from policyholders	9	2,534,761	2,267,261	1,825,083
Qard Hassan to policyholders' Fund	9	1,625,611	1,625,611	1,625,611
Investment properties		3,188,834	2,945,358	2,719,195
Other assets		153,980	157,243	253,460
<b>Total assets</b>		<b>12,858,626</b>	<b>12,458,903</b>	<b>14,119,189</b>
<b>Equity and liabilities</b>				
<b>Equity</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
Legal reserve		388,139	388,139	388,139
Voluntary reserve		388,139	388,139	388,139
Fair value reserve		333,598	468,842	278,959
Foreign currency translation reserve		-	-	(582,571)
Employee share purchase plan reserve		65,964	65,964	65,964
Accumulated losses		(6,706,683)	(7,229,336)	(6,624,907)
<b>Total Equity attributable to the shareholders of the parent company</b>		<b>12,788,113</b>	<b>12,400,704</b>	<b>12,232,679</b>
Non-Controlling interests		-	-	1,262,557
<b>Total Equity</b>		<b>12,788,113</b>	<b>12,400,704</b>	<b>13,495,236</b>
<b>Liabilities</b>				
Other liabilities		70,513	58,199	623,953
<b>Total equity and liabilities</b>		<b>12,858,626</b>	<b>12,458,903</b>	<b>14,119,189</b>

  
Ibrahim Abbas Othman Sukhi  
Chairman

  
Abdullah Yousef Al-Saif  
Vice chairman

*The notes set out on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of changes in equity (Unaudited)

### Equity attributable to the shareholders of the Parent Company

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Legal reserve KD	Voluntary reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Employee share purchase plan reserve KD	Accumulated losses KD	Sub - total KD	Non-controlling interests KD	Total KD
<b>Balance at 1 January 2016</b>	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	468,842	-	65,964	(7,229,336)	12,400,704	-	12,400,704
Profit for the period	-	-	-	-	-	-	-	-	-	522,653	522,653	-	522,653
Other comprehensive loss	-	-	-	-	-	-	(135,244)	-	-	-	(135,244)	-	(135,244)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(135,244)	-	-	522,653	387,409	-	387,409
<b>Balance at 30 June 2016</b>	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	333,598	-	65,964	(6,706,683)	12,788,113	-	12,788,113
<b>Balance at 1 January 2015</b>	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
Profit for the period	-	-	-	-	-	-	-	-	-	601,241	601,241	79,599	680,840
Other comprehensive loss for the period	-	-	-	-	-	-	(76,115)	(11,529)	-	-	(87,644)	(68,442)	(156,086)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(76,115)	(11,529)	-	601,241	513,597	11,157	524,754
Dividends paid by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(13,369)	(13,369)
<b>Balance at 30 June 2015</b>	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

The notes set out on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows

	Six months ended 30 June 2016 (Unaudited) KD	Six months ended 30 June 2015 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>		
Profit for the period	522,653	680,840
Adjustments for:		
Net investments income	(45,915)	(131,567)
Net policyholders' insurance surplus transferred to the shareholders from a sold subsidiary	-	(239,491)
	476,738	309,782
Changes in operating assets and liabilities:		
Other assets	17,692	82,166
Other liabilities	12,314	174,139
Amount due from policyholders	(267,500)	(525,733)
<b>Net cash from operating activities</b>	<b>239,244</b>	<b>40,354</b>
<b>INVESTING ACTIVITIES</b>		
Net movement in investment deposits	-	(191,578)
Proceed from sale of available for sale investments	4,232	-
Additions to investment properties	(243,476)	-
<b>Net cash used in investing activities</b>	<b>(239,244)</b>	<b>(191,578)</b>
<b>Decrease in cash and bank balances</b>	<b>-</b>	<b>(151,224)</b>
Cash and bank balances at the beginning of the period	1,308,990	240,860
<b>Cash and bank balances at the end of the period</b>	<b>1,308,990</b>	<b>89,636</b>

*The notes set out on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.*



## Notes to the interim condensed consolidated financial information

### 1 Incorporation and activities of the parent company

Wethaq Takaful Insurance Company – (The Parent Company) is a Kuwaiti Public Shareholding Company that was incorporated on 30 October 2004 and is registered under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. The parent company's shares are listed on the Kuwait Stock Exchange.

The group comprises the parent company and its subsidiary (collectively the "Group"). The details of the subsidiaries are describe in note 5.

The parent company is a subsidiary of the Investment Dar Company KPSC (Closed) (Ultimate Parent Company).

The objective for which the parent company is incorporated is as follows:

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

Second: To achieve it's above mentioned objective and as per its Article 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 moveable or immovable property, as it deems necessary, or any privileges that the company believes to be necessary or appropriate for the mature of its business and required for growing its funds.
- b) Carry out transactions and enter into all contracts with all legal dispositions as it deems necessary and suitable to achieve and facilitate its objective 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 moveable or real estate property, or sell, lease, mortgage or dispose of all part of the company's moveable 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 reinsurance 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 moveable property or real estate properties in different sectors as its deems appropriate in accordance with governing laws and resolutions.
- g) Merge with, incorporate or participate in incorporating and subscribing for share in companies, buy and sell companies, shares and support them in any form in line with the company's objective as per applicable laws and
- h) Utilize the financial surpluses available with the company through investing the same in financial portfolios managed by specialised companies and entities.

## Notes to the interim condensed consolidated financial information (continued)

### **1 Incorporation and activities of the parent company (continued)**

The parent company may carry out the above mentioned businesses the State of Kuwait or board as principal capacity or through agency. The parent company 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.

Takaful is an Islamic alternative to a conventional insurance and investment program, based on the mutual funds concept, where each policyholder will receive his share in the surplus arising from the insurance activities, in accordance with the parent company's articles of association and the approval of Fatwa and Sharee'a Supervisory Board.

The parent company conducts business on behalf of the policyholders and advances funds to the policyholders' operations as and when required. The shareholders are responsible for liabilities incurred by policyholders in the event the policyholders' fund is in deficit and the operations are liquidated. The parent company holds the physical custody and title of all assets related to the policyholders' and shareholders' operations however such assets and liabilities together with the results of policyholders' lines of business are disclosed in the notes.

The parent company maintains separate books of accounts for policyholders and shareholders. Income and expenses clearly attributable to either activity are recorded in the respective accounts. Management and the board of directors determine the basis of allocation of expenses from joint operations.

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

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 in which they have cancelled Law No. 25 of 2012 and its amendments thereto, as stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012 and the executive regulations of Law No. 25 of 2012 will remain effective pending the issuance of the new Executive Regulations.

The address of the parent company's registered office is City Tower, Khaled Bin Waleed Street, Sharq, State of Kuwait.

This interim condensed consolidated financial information for the six-months period ended 30 June 2016 was authorised for issue by the parent company's board of directors on 21 July 2016.

### **2 Basis of presentation**

This interim condensed consolidated financial information of the group for the six-month period ended 30 June 2016 has been prepared in accordance with IAS 34, Interim Financial Reporting. This interim condensed consolidated financial information does not contain all information and disclosures required for complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six months ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For more details refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2015.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the parent company.

## Notes to the interim condensed consolidated financial information (continued)

### 3 Significant accounting policies

The interim condensed consolidated financial information have been prepared in accordance with the accounting policies adopted in the group's most recent annual consolidated financial statements for the year ended 31 December 2015. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although there are certain new standards and amendments which apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statement of the group or the interim condensed consolidated financial information of the group.

### 4 Judgement 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 estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2015.

### 5 Subsidiary companies

The details of the subsidiary companies are as follows:

Subsidiary company	Country of incorporation	Voting Rights and Ownership Percentage			Activities
		30 June 2016 (Unaudited) %	31 Dec. 2015 (Audited) %	30 June 2015 (Unaudited) %	
Wared rent a Car Company – KSC (Closed)	Kuwait	93.32	93.32	93.32	Car leasing, trading cars and spare parts in the State of Kuwait
Wethaq Takaful Insurance Company	Egypt	-	-	60.00	Takaful and retakaful activities

The remaining percentage of the ownership of the subsidiary "Wared Rend a Car Company – KSC (Closed)" is owned by other parties with letters of assignment in favour of the parent Company.

### 6 Net investments income

	Three months ended		Six months ended	
	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD
Change in fair value of investments at fair value through profit or loss	27,439	(14,463)	31,486	(37,405)
Others	10,021	88,617	14,429	168,972
	37,460	74,154	45,915	131,567

## Notes to the interim condensed consolidated financial information (continued)

### 7 Basic and diluted earnings per share attributable to the shareholders of the parent company

Basic and diluted earnings per share attributable to the shareholders of the Parent Company is computed by dividing the profit for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the period (excluding treasury shares) as follows:

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Profit for the period attributable to shareholders of the parent company (KD)	191,259	237,442	522,653	601,241
Weighted average number of shares outstanding during the period (excluding treasury share) (share)	109,804,500	109,804,500	109,804,500	109,804,500
Basic and diluted earnings per share attributable to the shareholders of the parent company (Fils)	1.74	2.16	4.76	5.48

### 8 Available for sale investments

Available for sale investments consist of the following:

	30 June 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 June 2015 (Unaudited) KD
Quoted securities	392,363	258,954	289,836
Unquoted securities	521,703	521,703	525,755
Managed funds	1,517,141	1,517,141	1,517,098
Managed portfolios	1,307,883	1,580,768	1,390,939
	3,739,090	3,878,566	3,723,628

Investments in unquoted securities amounting to KD346,853 (KD346,853 as at 31 December 2015 and 30 June 2015) were carried at cost less impairment in value due to non-availability of financial information enabling us to measure their fair value reliably. The Group's management believes that the information available for these investments does not indicate any impairment in value.

Managed funds are assessed in accordance with the assets net value of the unit received from the managers of those funds.

## Notes to the interim condensed consolidated financial information (continued)

### 9 Consolidated policyholders' results by line of business and fund

The Consolidated policyholders' results by line of business were as follows:

	Marine and aviation KD	General accident KD	Fire KD	Life KD	Total KD
<b>Three months period ended 30 June 2016</b>					
<b>(Unaudited):</b>					
Premiums written	135,259	650,461	112,549	186,034	1,084,303
Total revenues/(losses)	97,014	1,090,372	(436,544)	177,938	928,780
Net (deficit)/surplus from takaful operations	(40,552)	(89,529)	(23,278)	187,181	33,822
Investment and other (losses)/income	(72)	1,722	2,995	(24)	4,621
Net (deficit)/surplus by line of business	(40,624)	(87,807)	(20,283)	187,157	38,443
Income from leasing activities					45,183
Expenses in connection with leasing activities					(47,658)
Management fees to the shareholders					(216,861)
Net deficit transferred to policyholders' fund					(180,893)
<b>Six months period ended 30 June 2016</b>					
<b>(Unaudited):</b>					
Premiums written	210,186	1,462,267	841,659	305,697	2,819,809
Total revenues	64,249	1,152,587	94,607	231,441	1,542,884
Net surplus/(deficit) from takaful operations	7,136	(115,676)	(49,922)	219,907	61,445
Investment and other losses	(646)	(4,495)	(2,588)	(940)	(8,669)
Net surplus/(deficit) by line of business	6,490	(120,171)	(52,510)	218,967	52,776
Income from leasing activities					78,984
Expenses in connection with leasing activities					(91,978)
Management fees to the shareholders					(563,962)
Net deficit transferred to policyholders' fund					(524,180)
<b>Three months period ended 30 June 2015</b>					
<b>(Unaudited):</b>					
Premiums written	168,029	1,662,304	364,029	318,070	2,512,432
Total revenues	126,374	1,472,405	94,599	165,640	1,859,018
Net surplus/(deficit) from takaful operations	72,903	92,993	(54,949)	(169,783)	(58,836)
Investment and other 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
Expenses in connection with leasing activities					
Net shareholders' share of takaful surplus from a sold subsidiary					(47,837)
Management fees to the shareholders					(109,076)
					(243,815)
Net deficit transferred to policyholders' fund					(211,862)

## Notes to the interim condensed consolidated financial information (continued)

### 9 Consolidated policyholders' result by line of business and fund (continued)

	Marine and aviation KD	General accident KD	Fire KD	Life KD	Total KD
<b>Six months period ended 30 June 2015</b>					
<b>(Unaudited):</b>					
Premiums written	336,420	3,510,354	1,008,294	564,557	5,419,625
Total revenues	127,072	2,844,905	151,602	273,930	3,397,509
Net surplus/(deficit) from takaful operations	15,221	126,860	(139,913)	(4,389)	(2,221)
Investment and other 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)
Net shareholders' share of takaful surplus from a sold subsidiary					(239,491)
Management fees to the shareholders					(595,232)
Net deficit transferred to policyholders' fund					(440,480)

Consolidated policyholders' assets, liabilities and fund are as follows::

	30 June 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 June 2015 (Unaudited) KD
<b>Assets</b>			
Cash and bank balances	295,944	316,923	654,714
Investment deposits	1,608,250	1,892,887	8,424,120
Investments at fair value through profit or loss	467,000	479,380	518,896
Accounts receivable and repayments	2,609,685	813,302	1,107,255
Premiums receivable	824,177	1,195,522	1,055,531
Available for sale investments	182,656	182,656	733,906
Goodwill	409,766	409,766	409,766
Retakaful share of outstanding claims	1,898,940	3,963,899	5,024,559
Retakaful premiums receivable	2,025,648	1,014,601	1,453,187
Leasehold land	277,750	277,750	277,750
Equipment	271,851	287,066	850,272
<b>Total assets</b>	<b>10,871,667</b>	<b>10,833,752</b>	<b>20,509,956</b>
<b>Liabilities</b>			
Outstanding claims reserve (gross)	8,402,500	7,756,219	9,601,514
Unearned premiums	1,344,637	1,225,260	5,636,169
Incurred but not reported reserve	161,036	326,878	206,197
Additional reserves	-	-	2,286,468
Other liabilities	2,086,334	2,391,555	2,552,342
Amount due to shareholders	2,534,761	2,267,261	1,825,083
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611
<b>Total liabilities</b>	<b>16,154,879</b>	<b>15,592,784</b>	<b>23,733,384</b>
<b>Policyholders' fund</b>			
Policyholders' fund at the beginning of the period/year	(4,759,032)	(2,694,695)	(2,694,695)
Net deficit of policyholders for the period/year	(524,180)	(2,160,046)	(440,480)
Foreign currency translation reserve	-	95,709	(88,253)
<b>Total policyholders' fund at the end of the period/year</b>	<b>(5,283,212)</b>	<b>(4,759,032)</b>	<b>(3,223,428)</b>
<b>Total liabilities and policyholders' fund</b>	<b>10,871,667</b>	<b>10,833,752</b>	<b>20,509,956</b>



## Notes to the interim condensed consolidated financial information (continued)

### 10 Related parties transactions

Related parties represent the ultimate parent company, 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 group's management. Transactions between the parent company and its subsidiary which is a related party of the parent company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

	Three months ended		Six months ended	
	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD
<b>Shareholders:</b>				
<i>Interim condensed consolidated statement of profit or loss:</i>				
General and administrative expense	2,000	2,000	4,000	4,000
Provision for directors' remunerations	15,000	3,750	15,000	7,500
		30 June 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 June 2015 (Unaudited) KD
<i>Interim condensed consolidated statement of financial position:</i>				
Investments at fair value through profit or loss (ultimate parent company)		19,400	19,400	42,326
Available for sale investments (entities related to the parent company)		3,030,613	3,385,855	3,214,890
	Three months ended		Six months ended	
	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD	30 June 2016 (Unaudited) KD	30 June 2015 (Unaudited) KD
<b>Policyholders:</b>				
<i>Interim condensed consolidated statement of profit or loss:</i>				
Net investments income	34,777	(558)	12,379	18,639
<i>Key management compensation:</i>				
Salaries and other short term benefits	16,995	15,173	33,990	30,346
Terminal benefits	11,033	8,661	22,066	17,322
	28,028	23,834	56,056	47,668
		30 June 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 June 2015 (Unaudited) KD
<i>Interim condensed consolidated statement of financial position:</i>				
Available for sale investments (Ultimate parent company)		-	-	551,250
Investments at fair value through profit or loss (other related parties)		156,879	156,879	129,942

## Notes to the interim condensed consolidated financial information (continued)

### 11 Segmental analysis

During the year ended 31 December 2015, the Group has sold its entire share in its subsidiary “Wethaq Takaful Insurance Company – Egypt” and, accordingly, it has prepared the segmental analysis based on allocation of the operational segments instead of allocation of the geographical segments (previously applicable) so that presentation of the interim condensed financial information will be matching the basis of internal reports for the Group’s components which are regularly reviewed by the chief decision maker in order to assess their performance.

The Group operates in the sectors of investment, takaful insurance and car rental. The segmental analysis of total revenue, net profits and total assets and liabilities of the sectors are as follows:

	Investment KD	Takaful insurance KD	Unallocated KD	Total KD
<b>Shareholders</b>				
<b>Six months ended at 30 June 2016</b>				
Total income	45,915	563,962	-	609,877
Profit/(loss) for the period	45,915	563,962	(87,224)	522,653
<b>As of 30 June 2016</b>				
Total assets	7,235,284	4,160,372	1,462,970	12,858,626
Total liabilities	-	-	(70,513)	(70,513)
Net assets	7,235,284	4,160,372	1,392,457	12,788,113
<b>Year ended at 31 December 2015</b>				
Total income	134,154	45,179	9,426	188,759
Profit/(loss) for the period	134,154	45,179	(102,922)	76,411
<b>As of 31 December 2015</b>				
Total assets	7,099,798	3,892,872	1,466,233	12,458,903
Total liabilities	-	-	(58,198)	(58,198)
Net assets	7,099,798	3,892,872	1,408,035	12,400,705
<b>Six months ended at 30 June 2015</b>				
Total income	131,567	834,723	17,130	983,420
Profit/(loss) for the period	131,567	834,723	(285,450)	680,840
<b>As of 30 June 2015</b>				
Total assets	10,325,399	3,450,694	343,096	14,119,189
Total liabilities	-	-	(623,953)	(623,953)
Net assets	10,325,399	3,450,694	(280,857)	13,495,236

## Notes to the interim condensed consolidated financial information (continued)

### 11 Segmental analysis (continued)

	Investment KD	Takaful insurance KD	Cars rental KD	Unallocated KD	Total KD
<b>Policyholders</b>					
<b>Six months ended at 30 June 2016</b>					
Total income	(8,669)	1,542,884	78,984	-	1,613,199
Loss for the period	(8,669)	(502,517)	(12,994)	-	(524,180)
<b>As of 30 June 2016</b>					
Total assets	2,535,656	4,748,765	449,089	3,138,157	10,871,667
Total liabilities	-	(14,068,545)	(19,766)	(2,066,568)	(16,154,879)
Net assets	2,535,656	(9,319,780)	429,323	1,071,589	(5,283,212)
<b>Year ended at 31 December 2015</b>					
Total (loss)/income	(85,620)	3,238,024	204,931	-	3,357,335
(Loss)/profit for the period	(85,620)	(841,796)	4,764	(1,237,394)	(2,160,046)
<b>As of 31 December 2015</b>					
Total assets	2,832,673	6,174,022	442,768	1,384,289	10,833,752
Total liabilities	-	(13,201,229)	(71,385)	(2,320,170)	(15,592,784)
Net assets	2,832,673	(7,027,207)	371,383	(935,881)	(4,759,032)
<b>Six months ended at 30 June 2015</b>					
Total income	418,041	3,397,509	83,820	-	3,899,370
Profit/(loss) for the period	418,041	(836,944)	(21,577)	-	(440,480)
<b>As of 30 June 2015</b>					
Total assets	9,954,672	7,533,277	409,719	2,612,288	20,509,956
Total liabilities	-	(21,181,042)	(10,365)	(2,541,977)	(23,733,384)
Net assets	9,954,672	(13,647,765)	399,354	70,311	(3,223,428)

### 12 General Assembly of shareholders

On 30 March 2016, the general assembly approved the audited consolidated financial statements of the group for the year ended 31 December 2015 and the proposal of the board of directors not to distribute dividends for the year ended 31 December 2015.

### 13 Contingent liabilities

The group is a defendant in a number of legal cases filed by Takaful contract holders in respect to claims subject of dispute with the group and as it is not possible to predict the eventual outcome of such legal actions, management has made provisions which, in their opinion, are adequate to cover any resultant liabilities.

## Notes to the interim condensed consolidated financial information (continued)

### 14 Fair value measurement

#### 14.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of the Group's financial assets and liabilities stated in the interim condensed consolidated statement of financial position may be classified as follows:

	30 June 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 June 2015 (Unaudited) KD
<b>Shareholders' assets and liabilities</b>			
<b>Financial assets:</b>			
<b><i>Loans and receivables at amortised cost:</i></b>			
Cash and bank balances	1,308,990	1,308,990	89,636
Investment deposits	-	-	3,492,470
Amount due from policyholders	2,534,761	2,267,261	1,825,083
Qard Hassan to policyholders' fund	1,625,611	1,625,611	1,625,611
Other assets	153,980	157,243	253,460
<b><i>Available for sale investments:</i></b>			
At fair value	3,392,237	3,531,713	3,376,775
At cost	346,853	346,853	346,853
<b>Investments at fair value through profit or loss</b>			
At fair value	307,360	275,874	390,106
	<b>9,669,792</b>	<b>9,513,545</b>	<b>11,399,994</b>
<b>Financial liabilities:</b>			
<b><i>Financial liabilities at amortised cost:</i></b>			
Other liabilities	70,513	58,199	623,953
	<b>70,513</b>	<b>58,199</b>	<b>623,953</b>

## Notes to the interim condensed consolidated financial information (continued)

### 14 Fair value measurement (continued)

#### 14.1 Fair value hierarchy (continued)

	30 June 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 June 2015 (Unaudited) KD
<b>Policyholders' assets and liabilities</b>			
<b>Financial assets:</b>			
<i>Loans and receivables at amortised cost:</i>			
Cash and bank balances	295,944	316,923	654,714
Investment deposits	1,608,250	1,892,887	8,424,120
Accounts receivable and prepayments	2,609,685	813,302	1,107,255
Premiums receivable	824,177	1,195,522	1,055,531
Retakaful share of outstanding claims	1,898,940	3,963,899	5,024,559
Retakaful contributions receivable	2,025,648	1,014,601	1,453,187
<i>Available for sale investments:</i>			
At cost	182,656	182,656	733,906
<b>Investment at fair value through profit or loss</b>			
At fair value	467,000	479,380	518,896
	<b>9,912,300</b>	<b>9,859,170</b>	<b>18,972,168</b>
<b>Financial liabilities:</b>			
<i>Financial liabilities at amortised cost:</i>			
Unearned premiums	1,344,637	1,225,260	5,636,169
Accounts payable and accruals	2,086,334	2,391,555	2,552,342
Amount due to shareholders	2,534,761	2,267,261	1,825,083
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611
	<b>7,591,343</b>	<b>7,509,687</b>	<b>11,639,205</b>

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated financial position are grouped into the fair value hierarchy as follows:

30 June 2016 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>SHAREHOLDERS</b>				
Investments at fair value through profit or loss	307,360	-	-	307,360
Available for sale investments	187,215	3,205,022	-	3,392,237
	<b>494,575</b>	<b>3,205,022</b>	<b>-</b>	<b>3,699,597</b>
<b>POLICYHOLDERS</b>				
Investments at fair value through profit or loss	37,445	429,555	-	467,000
	<b>37,445</b>	<b>429,555</b>	<b>-</b>	<b>467,000</b>

## Notes to the interim condensed consolidated financial information (continued)

### 14 Fair value measurement (continued)

#### 14.1 Fair value hierarchy (continued)

31 December 2015 (Audited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>SHAREHOLDERS</b>				
Investments at fair value through profit or loss	275,874	-	-	275,874
Available for sale investments	258,954	3,272,759	-	3,531,713
	534,828	3,272,759	-	3,807,587
<b>POLICYHOLDERS</b>				
Investments at fair value through profit or loss	34,040	445,340	-	479,380
	34,040	445,340	-	479,380

30 June 2015 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>SHAREHOLDERS</b>				
Investments at fair value through profit or loss	390,106	-	-	390,106
Available for sale investments	289,836	3,086,939	-	3,376,775
	679,942	3,086,939	-	3,766,881
<b>POLICYHOLDERS</b>				
Investments at fair value through profit or loss	51,705	467,191	-	518,896
	51,705	467,191	-	518,896

There have been no significant transfers between levels 1 and 2 during the reporting period.

#### Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

### 15 Financial risk management

All aspects of the financial risk management objectives and policies of the Group are consistent with those disclosed in the audited annual consolidated statements for the year ended 31 December 2015.

### 16 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation of the interim condensed consolidated financial information for the current period. This reclassification did not affect the results and equity for the previous periods.