

Interim Condensed Consolidated Financial Information and Review Report

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

30 September 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 September 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 nine-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 nine-month period ended 30 September 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 27 October 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 its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the nine-month period ended 30 September 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

3 November 2016

Hend Abdulla Al Surayea

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## Interim condensed consolidated statement of profit or loss

		Three months ended		Nine months ended	
	Notes	30 Sept. 2016 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD
<b>Continuing operations</b>					
<b>Revenue</b>					
Net investments income/(loss)	6	29,268	(35,951)	75,183	(73,356)
Management fees from policyholders	9	145,343	193,950	709,305	789,182
Loss on sale of a subsidiary	5	-	(1,107,582)	-	(1,107,582)
		174,611	(949,583)	784,488	(391,756)
<b>Expenses and other charges</b>					
General and administrative expenses		8,502	8,503	61,225	44,719
		8,502	8,503	61,225	44,719
<b>Profit/(loss) for the period before provisions for National Labour Support Tax (NLST), Zakat and directors' remuneration</b>					
Provision for NLST		166,109	(958,086)	723,263	(436,475)
Provision for Zakat		(4,153)	-	(18,082)	(23,049)
Provision for Directors' remuneration		(1,661)	-	(7,233)	(9,219)
		(7,500)	(3,750)	(22,500)	(11,250)
<b>Profit/(loss) for the period from continuing operations</b>		152,795	(961,836)	675,448	(479,993)
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	5	-	-	-	198,997
<b>Total profit/(loss) for the period</b>		152,795	(961,836)	675,448	(280,996)
<b>Profit/(loss) for the period attributable to :</b>					
Shareholders of the parent company		152,795	(961,836)	675,448	(360,595)
Non-controlling interests		-	-	-	79,599
<b>Total profit/(loss) for the period</b>		152,795	(961,836)	675,448	(280,996)
<b>Basic and diluted earnings/(loss) per share attributable to the shareholders of the parent company</b>					
From continuing operations (Fils)	7	1.39	(8.76)	6.15	(4.37)
From discontinued operations (Fils)	7	-	-	-	1.09
<b>Total (Fils)</b>		1.39	(8.76)	6.15	(3.28)

The notes set out on pages 7 to 19 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		Nine months ended	
	30 Sept. 2016 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD
Profit/(loss) for the period	152,795	(961,836)	675,448	(280,996)
<b>Other comprehensive income/(loss):</b>				
<i>Items that will be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
<i>Available for sale investments:</i>				
- Net change in fair value arising during the period	33,631	3,819	(101,613)	(72,296)
Exchange differences arising on translation of foreign operations	-	582,571	-	502,600
Total other comprehensive income/(loss)	33,631	586,390	(101,613)	430,304
Total comprehensive income/(loss) for the period	186,426	(375,446)	573,835	149,308
<b>Total comprehensive income/(loss) for the period attributable to:</b>				
Shareholders of the parent company	186,426	(386,603)	573,835	138,151
Non-controlling interests	-	11,157	-	11,157
Total comprehensive income/(loss) for the period	186,426	(375,446)	573,835	149,308

The notes set out on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
<b>Assets</b>				
Cash and bank balances		1,308,990	1,308,990	1,308,990
Investments at fair value through profit or loss		249,953	275,874	340,829
Available for sale investments	8	3,772,721	3,878,566	3,757,787
Amount due from policyholders	9	2,757,645	2,267,261	1,994,826
Qard Hassan to policyholders' Fund	9	1,625,611	1,625,611	1,625,611
Investment properties		3,192,470	2,945,358	2,713,476
Other assets		169,414	157,243	207,180
<b>Total assets</b>		<b>13,076,804</b>	<b>12,458,903</b>	<b>11,948,699</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		367,229	468,842	282,778
Employee share purchase plan reserve		65,964	65,964	65,964
Accumulated losses		(6,553,888)	(7,229,336)	(7,586,743)
<b>Total Equity</b>		<b>12,974,539</b>	<b>12,400,704</b>	<b>11,857,233</b>
<b>Liabilities</b>				
Other liabilities		102,265	58,199	91,466
<b>Total equity and liabilities</b>		<b>13,076,804</b>	<b>12,458,903</b>	<b>11,948,699</b>

Ibrahim Abbas Othman Sukhi  
Chairman

Abdullah Meshari Ahmed Al-Humaidhi  
Vice chairman

*The notes set out on pages 7 to 19 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										Non-controlling interests KD	Total KD
	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	
Balance at 1 January 2016	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	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(101,613)	-	-	675,448	675,448	675,448
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	(101,613)	-	-	-	(101,613)	(101,613)
Balance at 30 September 2016	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	367,229	-	65,964	(6,553,888)	12,974,539	12,974,539
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	12,983,851
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	(360,595)	(360,595)	(280,996)
Other comprehensive income/ (loss) for the period	-	-	-	-	-	-	(72,296)	571,042	-	-	498,746	430,304
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	(72,296)	571,042	-	(360,595)	138,151	149,308
Dividends paid by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Sale of a subsidiary	-	-	-	-	-	-	-	-	-	-	(13,369)	(13,369)
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

The notes set out on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows

	Nine months ended 30 Sept. 2016 (Unaudited) KD	Nine months ended 30 Sept. 2015 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) for the period from continuing operations	675,448	(479,993)
Adjustments for:		
Net investments (income)/loss	(75,183)	73,356
Loss on sale of a subsidiary	-	1,107,582
	600,265	700,945
Changes in operating assets and liabilities:		
Other assets	2,258	65,657
Other liabilities	44,066	(106,005)
Amount due from policyholders	(490,384)	(695,476)
Net cash from/(used in) continuing operating activities	156,205	(34,879)
Net cash from discontinued operating activities	-	198,997
<b>Net cash from operating activities</b>	<b>156,205</b>	<b>164,118</b>
<b>INVESTING ACTIVITIES</b>		
Proceed from sale of investments at fair value through profit or loss	86,675	-
Proceeds from sale of available for sale investments	4,232	-
Proceed from sale of a subsidiary	-	1,300,000
Additions to investment properties	(247,112)	-
<b>Net cash (used in)/from investing activities</b>	<b>(156,205)</b>	<b>1,300,000</b>
Differences from translating foreign currency	-	(395,988)
<b>Net change in cash and bank balances</b>	<b>-</b>	<b>1,068,130</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>1,308,990</b>

*The notes set out on pages 7 to 19 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 for the interim condensed consolidated financial information.

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 aboard 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. The executive regulations of Law No. 1 of 2016 have been issued on 12 July 2016.

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 nine-months period ended 30 September 2016 was authorised for issue by the parent company's board of directors on 3 November 2016.

### **2 Basis of presentation**

This interim condensed consolidated financial information of the group for the nine-month period ended 30 September 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 nine months ended 30 September 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 company

#### 5.1 Details of the subsidiary:

The details of the subsidiary company are as follows:

Subsidiary company	Country of incorporation	Voting Rights and Ownership Percentage			Activities
		30 Sept. 2016 (Unaudited) %	31 Dec. 2015 (Audited) %	30 Sept. 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

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.

#### 5.2 Disposal of a subsidiary:

On 30 June 2015, the Group disposed of its 60% ownership interest in Wethaq Takaful Insurance Company – Egypt (a previous subsidiary) for a total consideration of KD1,300,000. The sale transaction has resulted in a loss of KD1,107,582. Profit from discontinued operations for the period ended 30 September 2015 amounted to KD198,997.

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

### 6 Net investments income/(loss)

	Three months ended		Nine months ended	
	30 Sept. 2016 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD
Change in fair value of investments at fair value through profit or loss	23,093	(44,564)	54,579	(86,682)
Others	6,175	8,613	20,604	13,326
	29,268	(35,951)	75,183	(73,356)

### 7 Basic and diluted earnings/(loss) per share attributable to the shareholders of the parent company

Basic and diluted earnings/(loss) per share attributable to the shareholders of the Parent Company is computed by dividing the profit/(loss) 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		Nine months ended	
	30 Sept. 2016 (Unaudited)	30 Sept. 2015 (Unaudited)	30 Sept. 2016 (Unaudited)	30 Sept. 2015 (Unaudited)
Profit/(loss) for the period attributable to shareholders of the parent company from continuing operations (KD)	152,795	(961,836)	675,448	(479,993)
Profit for the period attributable to shareholders of the parent company from discontinued operations (KD)		-		119,398
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/(loss) per share attributable to the shareholders of the parent company from continuing operations (Fils)	1.39	(8.76)	6.15	(4.37)
Basic and diluted earnings per share attributable to the shareholders of the parent company from discontinued operations (Fils)	-	-	-	1.09

### 8 Available for sale investments

Available for sale investments consist of the following:

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Quoted securities	425,994	258,954	325,352
Unquoted securities	521,703	521,703	550,848
Managed funds	1,517,141	1,517,141	1,517,100
Managed portfolios	1,307,883	1,580,768	1,364,487
	3,772,721	3,878,566	3,757,787

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

### 8 Available for sale investments (continued)

Investments in unquoted securities amounting to KD346,853 (KD346,853 as at 31 December 2015 and 30 September 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.

### 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 September 2016 (Unaudited):</b>					
Premiums written	27,298	530,038	97,990	71,389	726,715
Total revenues	11,724	1,275,101	134,756	84,518	1,506,099
Net (deficit)/surplus from takaful operations	(33,093)	271,362	115,983	(391,656)	(37,404)
Investment and other income	2,372	18,971	9,415	3,680	34,438
Net (deficit)/surplus by line of business	(30,721)	290,333	125,398	(387,976)	(2,966)
Income from leasing activities					37,535
Expenses in connection with leasing activities					(40,903)
Management fees to the shareholders					(145,343)
Net deficit transferred to policyholders' fund					(151,677)
<b>Nine months period ended 30 September 2016 (Unaudited):</b>					
Premiums written	237,484	1,992,305	939,649	377,086	3,546,524
Total revenues	75,973	2,427,688	229,363	315,959	3,048,983
Net (deficit)/surplus from takaful operations	(25,957)	155,686	66,061	(171,749)	24,041
Investment and other income	1,726	14,476	6,827	2,740	25,769
Net (deficit)/surplus by line of business	(24,231)	170,162	72,888	(169,009)	49,810
Income from leasing activities					116,519
Expenses in connection with leasing activities					(132,881)
Management fees to the shareholders					(709,305)
Net deficit transferred to policyholders' fund					(675,857)

## 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>Three months period ended 30 September 2015 (Unaudited):</b>					
Premiums written	123,700	559,387	137,557	151,956	972,600
Total revenues	55,614	212,264	76,791	111,231	455,900
Net surplus/(deficit) from takaful operations	17,408	(59,641)	53,325	11,212	22,304
Investment and other losses	(11,369)	(53,456)	(30,717)	(16,347)	(111,889)
Net surplus/(deficit) by line of business	6,039	(113,097)	22,608	(5,135)	(89,585)
Income from leasing activities					55,436
Expenses in connection with leasing activities					(44,467)
Management fees to the shareholders					(193,950)
Net deficit transferred to policyholders' fund					(272,566)
<b>Nine months period ended 30 September 2015 (Unaudited):</b>					
<b>Continuing operations</b>					
Premiums written	417,484	1,918,588	1,023,374	586,464	3,945,910
Total revenues	159,764	1,431,453	171,836	363,983	2,127,036
Net surplus/(deficit) from takaful operations	37,043	70,853	(82,987)	45,090	69,999
Investment and other losses	(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 the shareholders					(789,182)
Net deficit from continuing operations transferred to policyholders' fund					(789,739)
<b>Discontinued operations:</b>					
Net surplus from discontinued operations					76,693
Net deficit transferred to policyholders' fund					(713,046)



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

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

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

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
<b>Assets</b>			
Cash and bank balances	372,534	316,923	550,662
Investment deposits	1,608,250	1,892,887	1,896,000
Investments at fair value through profit or loss	470,141	479,380	465,487
Accounts receivable and other debit balances	1,180,049	813,302	757,858
Premiums receivable	1,526,616	2,210,123	2,263,554
Available for sale investments	182,656	182,656	182,656
Goodwill	409,766	409,766	409,766
Retakaful share of outstanding claims	3,527,280	3,963,899	4,508,216
Leasehold land	277,750	277,750	277,750
Equipment	229,581	287,066	283,177
<b>Total assets</b>	<b>9,784,623</b>	<b>10,833,752</b>	<b>11,595,126</b>
<b>Liabilities</b>			
Outstanding claims reserve	8,068,600	7,756,219	6,587,354
Unearned premiums	491,662	1,225,260	3,131,170
Incurred but not reported reserve	234,170	326,878	255,625
Accounts payable and accrued expenses	2,041,824	2,391,555	2,301,310
Amount due to shareholders	2,757,645	2,267,261	1,994,826
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611
<b>Total liabilities</b>	<b>15,219,512</b>	<b>15,592,784</b>	<b>15,895,896</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	(675,857)	(2,160,046)	(713,046)
Foreign currency translation reserve	-	95,709	(88,253)
Sale of subsidiary	-	-	(804,776)
<b>Total policyholders' fund at the end of the period/year</b>	<b>(5,434,889)</b>	<b>(4,759,032)</b>	<b>(4,300,770)</b>
<b>Total liabilities and policyholders' fund</b>	<b>9,784,623</b>	<b>10,833,752</b>	<b>11,595,126</b>

### 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		Nine months ended	
	30 Sept. 2016 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD
<b>Shareholders:</b>				
<i>Interim condensed consolidated statement of profit or loss:</i>				
General and administrative expense	-	2,000	4,000	4,000
Provision for directors' remunerations	7,500	3,750	22,500	11,250

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

### 10 Related parties transactions (continued)

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 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	38,710
Available for sale investments (entities related to the parent company)	3,030,654	3,385,855	3,176,736
	Three months ended		Nine months ended
	30 Sept. 2016 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2016 (Unaudited) KD
			30 Sept. 2015 (Unaudited) KD
Policyholders:			
<i>Interim condensed consolidated statement of profit or loss:</i>			
Net investments income/(loss)	12,540	(53,409)	25,769
			(34,770)
<i>Key management compensation:</i>			
Salaries and other short term benefits	16,995	15,173	50,985
Terminal benefits	11,033	8,661	33,099
	28,028	23,834	84,084
			71,502
	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
<i>Interim condensed consolidated statement of financial position:</i>			
Investments at fair value through profit or loss (other related parties)	156,879	156,879	129,941

### 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
<i>Shareholders</i>				
<i>Nine months ended at 30 September 2016</i>				
Total income	75,183	709,305	-	784,488
Profit/(loss) for the period	75,183	709,305	(109,040)	675,448
<i>As of 30 September 2016</i>				
Total assets	7,215,144	4,383,256	1,478,404	13,076,804
Total liabilities	-	-	(102,265)	(102,265)
Net assets	7,215,144	4,383,256	1,376,139	12,974,539

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

### 11 Segmental analysis (continued)

	Investment KD	Takaful insurance KD	Unallocated KD	Total KD	
<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	-	-	(58,199)	(58,199)	
Net assets	7,099,798	3,892,872	1,408,034	12,400,704	
<b>Nine months ended at 30 September 2015</b>					
Total (loss)/income	(73,356)	789,182	-	715,826	
Profit/(loss) for the period	(73,356)	789,182	(996,822)	(280,996)	
<b>As of 30 September 2015</b>					
Total assets	6,812,092	3,620,437	1,516,170	11,948,699	
Total liabilities	-	-	(91,466)	(91,466)	
Net assets	6,812,092	3,620,437	1,424,704	11,857,233	
	Investment KD	Takaful insurance KD	Cars rental KD	Unallocated KD	Total KD
<b>Policyholders</b>					
<b>Nine months ended at 30 September 2016</b>					
Total income	25,769	3,048,983	116,519	-	3,191,271
Profit/(loss) for the period	25,769	(685,264)	(16,362)	-	(675,857)
<b>As of 30 September 2016</b>					
Total assets	2,538,797	5,053,441	444,073	1,748,312	9,784,623
Total liabilities	-	(13,177,688)	(21,204)	(2,020,620)	(15,219,512)
Net assets	2,538,797	(8,124,247)	422,869	(272,308)	(5,434,889)
<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)

## 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>Nine months ended at 30 September 2015</b>					
Total (loss)/income	(59,949)	2,127,036	139,256	-	2,206,343
Loss for the period	(59,949)	(642,490)	(10,607)	-	(713,046)
<b>As of 30 September 2015</b>					
Total assets	2,821,893	6,771,770	431,630	1,569,833	11,595,126
Total liabilities	-	(13,594,586)	(19,716)	(2,281,594)	(15,895,896)
Net assets	2,821,893	(6,822,816)	411,914	(711,761)	(4,300,770)

### 12 General Assembly of shareholders

On 30 March 2016, the general assembly approved the audited consolidated financial statements of the group for the financial 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.

### 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).

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

### 14 Fair value measurement (continued)

#### 14.1 Fair value hierarchy (continued)

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 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
<b>Shareholders' assets and liabilities</b>			
<b>Financial assets:</b>			
<i>Loans and receivables at amortised cost:</i>			
Cash and bank balances	1,308,990	1,308,990	1,308,990
Amount due from policyholders	2,757,645	2,267,261	1,994,826
Qard Hassan to policyholders' fund	1,625,611	1,625,611	1,625,611
Other assets	169,414	157,243	207,180
<i>Available for sale investments:</i>			
At fair value	3,425,868	3,531,713	3,410,934
At cost	346,853	346,853	346,853
<b>Investments at fair value through profit or loss</b>			
At fair value	249,953	275,874	340,829
	<b>9,884,334</b>	<b>9,513,545</b>	<b>9,235,223</b>
<b>Financial liabilities:</b>			
<i>Financial liabilities at amortised cost:</i>			
Accounts payable and accrued expenses	102,265	58,199	91,466
	<b>102,265</b>	<b>58,199</b>	<b>91,466</b>
<b>Policyholders' assets and liabilities</b>			
<b>Financial assets:</b>			
<i>Loans and receivables at amortised cost:</i>			
Cash and bank balances	372,534	316,923	550,662
Investment deposits	1,608,250	1,892,887	1,896,000
Accounts receivable and other debit balance	1,180,049	813,302	757,858
Premiums receivable	1,526,616	2,210,123	2,263,554
Retakaful share of outstanding claims	3,527,280	3,963,899	4,508,216
<i>Available for sale investments:</i>			
At cost	182,656	182,656	182,656
<b>Investment at fair value through profit or loss</b>			
At fair value	470,141	479,380	465,487
	<b>8,867,526</b>	<b>9,859,170</b>	<b>10,624,433</b>
<b>Financial liabilities:</b>			
<i>Financial liabilities at amortised cost:</i>			
Unearned premiums	491,662	1,225,260	3,131,170
Accounts payable and accrued expenses	2,041,824	2,391,555	2,301,310
Amount due to shareholders	2,757,645	2,267,261	1,994,826
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611
	<b>6,916,742</b>	<b>7,509,687</b>	<b>9,052,917</b>

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

### 14 Fair value measurement (continued)

#### 14.1 Fair value hierarchy (continued)

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 September 2016 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>SHAREHOLDERS</b>				
Investments at fair value through profit or loss	249,953	-	-	249,953
Available for sale investments	425,994	2,999,874	-	3,425,868
	675,947	2,999,874	-	3,675,821
<b>POLICYHOLDERS</b>				
Investments at fair value through profit or loss	35,405	434,736	-	470,141
	35,405	434,736	-	470,141

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	445,346	-	479,381
	34,040	445,346	-	479,381

30 September 2015 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>SHAREHOLDERS</b>				
Investments at fair value through profit or loss	340,829	-	-	340,829
Available for sale investments	325,352	3,085,582	-	3,410,934
	666,181	3,085,582	-	3,751,763
<b>POLICYHOLDERS</b>				
Investments at fair value through profit or loss	43,640	421,847	-	465,487
	43,640	421,847	-	465,487

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



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

### **14 Fair value measurement (continued)**

#### **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 financial 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.