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**WARBA INSURANCE COMPANY - K.S.C.
AND ITS SUBSIDIARY
STATE OF KUWAIT**

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(UNAUDITED)**

**WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION**

**WARBA INSURANCE COMPANY - K.S.C.
AND ITS SUBSIDIARY
STATE OF KUWAIT**

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Report on Review of Interim consolidated financial information

The Board of Directors
Warba Insurance Company – K.S.C.
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Warba Insurance Company – K.S.C. ("the Parent Company") and its subsidiary ("the Group") as of June 30, 2013 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six months 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 consolidated financial information.

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 consolidated 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 consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on other Legal and Regulatory Requirements


Furthermore, based on our review, the interim consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies' Law No. 25 of 2012 as amended, or of the Articles of Incorporation or Articles of Association of the Parent Company during the six months period ended June 30, 2013 that might have had a material effect on the business of the Group or on its financial position

We further report that, during the course of our review, we have not become aware of any material violation of the provisions of Law No. 24 of 1961, as amended, concerning Insurance Companies and Insurance Agents and its related regulations.



Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al Wazzan & Co.

State of Kuwait
August 4, 2013



Dr. Shuaib A. Shuaib
Licence No. 33-A
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WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2013
 (All amounts are in Kuwaiti Dinars)

	Note	June 30, 2013	December 31, 2012 (Audited)	June 30, 2012 (Restated)
ASSETS				
Cash and cash equivalents	3	2,927,898	2,346,420	2,028,881
Investment:				
Fixed deposits	4	4,879,000	4,379,000	3,879,000
Investments at fair value through statement of profit or loss	5	2,240,682	2,219,054	3,350,614
Investments available for sale	6	19,032,393	19,567,759	18,271,535
Investment in associate	7	-	3,733,550	3,551,019
Investment properties		4,340,000	4,340,000	4,200,000
Assets held for sale	7	12,303,357	-	-
Loans secured by life insurance policies		20,575	13,681	10,724
Insurance and reinsurance receivables		17,575,003	19,287,805	16,485,762
Other debit balances		2,222,303	5,013,699	4,919,882
Reinsurance share in reserve for outstanding claims		14,428,459	27,695,428	17,334,763
Goodwill		62,240	62,240	62,240
Property and equipment	8	8,633,405	8,664,155	8,680,873
Total assets		88,665,315	97,322,791	82,775,293
LIABILITIES AND EQUITY				
Liabilities:				
Insurance contract liabilities	9	20,627,915	32,683,307	22,733,009
Liabilities held for sale	7	1,055,988	-	-
Accounts payable		4,196,862	3,711,256	3,078,946
Insurance and reinsurance payables		6,679,597	9,763,091	7,410,597
Other credit balances		3,494,317	3,561,910	3,289,150
Total liabilities		36,054,679	49,719,564	36,511,702
Equity:				
Share capital	10	17,278,874	17,278,874	17,278,874
Treasury shares	11	(40,586)	(40,586)	(40,586)
Treasury shares reserve		164,760	164,760	164,760
Statutory reserve		8,781,109	8,781,109	8,781,109
Voluntary reserve		8,930,389	8,930,389	8,823,550
General reserve		4,000,000	4,000,000	4,000,000
Cumulative changes in fair value		5,898,415	5,812,843	4,235,789
Share of other comprehensive (loss) income of associate		(22,305)	27,740	(15,192)
Retained earnings		2,776,811	2,471,948	2,843,855
Equity attributable to shareholders of the Parent Company		47,767,467	47,427,077	46,072,159
Non-controlling interest		4,843,169	176,150	191,432
Total equity		52,610,636	47,603,227	46,263,591
Total liabilities and equity		88,665,315	97,322,791	82,775,293

The accompanying notes from (1) to (18) form an integral part of these interim consolidated financial information

Anwar Jawad Bu-Khamseen
Chairman

Sheikh Mohammed Jarah Sabah Al-Sabah
Vice Chairman

WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2013	2012	2013	2012
Continuing operations:					
Revenue:					
Premiums written		7,778,857	4,916,794	16,537,061	12,710,382
Reinsurance share		(5,220,549)	(2,594,302)	(9,780,840)	(7,087,312)
Net premiums written		2,558,308	2,322,492	6,756,221	5,623,070
Reserve for unexpired risks (unearned premium)		111,214	(136,139)	(137,705)	(230,120)
Net premiums earned		2,669,522	2,186,353	6,618,516	5,392,950
Reserves for life insurance fund		(431,281)	(137,509)	(170,957)	139,043
Net investment income (loss)	12	380,036	(154,743)	840,924	462,011
Net commission		(34,815)	80,284	(247,921)	42,971
Issue fees		49,385	42,973	91,977	86,783
Insurance service income		148,724	199,182	325,454	338,156
Other (expenses) income		(1,720)	2,014	71,613	23,664
		2,779,851	2,218,554	7,529,606	6,485,578
Expenses:					
Net incurred claims		(1,830,874)	(922,411)	(3,908,608)	(2,407,521)
General and administrative expenses		(1,130,076)	(1,427,122)	(2,246,062)	(2,482,687)
Insurance service expenses		(140,746)	(169,245)	(278,063)	(299,230)
		(3,101,696)	(2,518,778)	(6,432,733)	(5,189,438)
Net (loss) profit for the period from continuing operations		(321,845)	(300,224)	1,096,873	1,296,140
Discontinued operations:					
Profit for the period from discontinued operations	7	101,843	29,708	132,600	56,214
(Loss) profit for the period before Contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax and Zakat		(220,002)	(270,516)	1,229,473	1,352,354
Contribution to KFAS		3,229	3,139	(10,780)	(12,782)
National Labor Support Tax		3,268	4,572	(21,718)	(26,107)
Zakat		2,295	2,126	(7,391)	(9,880)
Net (loss) profit for the period		(211,210)	(260,679)	1,189,584	1,303,585
Attributable to:					
Shareholders of the parent company		(215,207)	(274,423)	1,167,729	1,285,625
Non-controlling interest		3,997	13,744	21,855	17,960
		(211,210)	(260,679)	1,189,584	1,303,585
(Loss) earnings per share from continuing operations (fils)	14	(1.84)	(1.76)	6.00	7.12
Earnings per share from discontinued operations (fils)	14	0.59	0.17	0.77	0.33

The accompanying notes from (1) to (18) form an integral part of this interim consolidated financial information

WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2013	2012	2013	2012
Net (loss) profit for the period		(211,210)	(260,679)	1,189,584	1,303,585
Other comprehensive income:					
Change in fair value of investment available for sale	6	565,423	(477,286)	85,572	(295,908)
Share of other comprehensive (loss) income of associate		(37,544)	(21,893)	(50,045)	(16,457)
Other comprehensive income (loss) for the period		527,879	(499,179)	35,527	(312,365)
Total comprehensive income (loss) for the period		316,669	(759,858)	1,225,111	991,220
Attributable to:					
Shareholders of the Parent Company		312,672	(773,602)	1,203,256	973,260
Non-controlling interests		3,997	13,744	21,855	17,960
Total comprehensive income (loss) for the period		316,669	(759,858)	1,225,111	991,220

The accompanying notes from (1) to (18) form an integral part of this interim consolidated financial information

**WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2013**

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company											
	Share capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	General reserve	Cumulative changes in fair value	Share of other comprehensive (loss) income of associate	Retained earnings	Total	Non-controlling interest	Total equity
Balance at December 31, 2011	17,278,874	(40,586)	164,760	8,781,109	8,823,550	4,000,000	(8,753,309)	(195,171)	13,953,645	44,012,872	173,472	44,186,344
Prior year adjustment (Note 18)	-	-	-	-	-	-	13,285,006	196,436	(11,532,549)	1,948,893	-	1,948,893
Balance at December 31, 2011 (restated)	17,278,874	(40,586)	164,760	8,781,109	8,823,550	4,000,000	4,531,697	1,265	2,421,096	45,961,765	173,472	46,135,237
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(295,908)	(16,457)	1,285,625	973,260	17,960	991,220
Cash dividend (Note 15)	-	-	-	-	-	-	-	-	(862,866)	(862,866)	-	(862,866)
Balance at June 30, 2012 (restated)	17,278,874	(40,586)	164,760	8,781,109	8,823,550	4,000,000	4,235,789	(15,192)	2,843,855	46,072,159	191,432	46,263,591
Balance at December 31, 2012	17,278,874	(40,586)	164,760	8,781,109	8,930,389	4,000,000	5,812,843	27,740	2,471,948	47,427,077	176,150	47,603,227
Effect of additional investment in associate become a subsidiary (Note 7)	-	-	-	-	-	-	-	-	-	-	4,645,164	4,645,164
Total comprehensive income (loss) for the period	-	-	-	-	-	-	85,572	(50,045)	1,167,729	1,203,256	21,855	1,225,111
Cash dividend (Note 15)	-	-	-	-	-	-	-	-	(862,866)	(862,866)	-	(862,866)
Balance at June 30, 2013	17,278,874	(40,586)	164,760	8,781,109	8,930,389	4,000,000	5,898,415	(22,305)	2,776,811	47,767,467	4,843,169	52,610,636

The accompanying notes from (1) to (18) form an integral part of this interim consolidated financial information

WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2013

(All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2013	2012
Cash flows from operating activities		
Profit for the period before Contribution to KFAS, National Labor Support		
Tax and Zakat	1,229,473	1,352,354
Adjustments:		
Net investment income	(840,924)	(462,011)
Result of discontinued operations	(132,600)	(56,214)
Depreciation	227,395	185,781
	<u>483,344</u>	<u>1,019,910</u>
Changes in operating assets and liabilities:		
Insurance and reinsurance receivable and other debit balances	1,732,358	2,521,852
Net movement of insurance and reinsurance companies	5,909,223	(1,898,436)
Insurance contract liabilities	(12,055,392)	(901,728)
Accounts payable and Other credit balances	362,016	(497,924)
Net cash (used in) generated from operating activities	<u>(3,568,451)</u>	<u>243,674</u>
Cash flows from investing activities		
Net movement of fixed deposits	(500,000)	(635,000)
Cash dividend received	493,162	427,251
Cash dividend received from associate	-	67,200
Proceeds from sale of investment at fair value through statement of profit or loss	-	30,210
Purchase of investments available for sale	-	(148,966)
Proceeds from sale of investment available for sale	864,979	260,000
Rental income received	4,200	9,030
Net cash inflow on business combination (Note 7)	4,274,252	-
Interest income received	56,739	82,447
Purchase of property and equipment	(196,645)	(249,166)
Net cash generated from (used in) investing activities	<u>4,996,687</u>	<u>(156,994)</u>
Cash flows from financing activities		
Dividends paid to shareholders	(846,758)	(832,736)
Net cash used in financing activities	<u>(846,758)</u>	<u>(832,736)</u>
Net increase (decrease) in cash and cash equivalents	581,478	(746,056)
Cash and cash equivalents at the beginning of the period	2,346,420	2,774,937
Cash and cash equivalents at the end of the period (Note 3)	<u>2,927,898</u>	<u>2,028,881</u>
Non-cash transaction		
Settlement of due from related party against business combination (Note 7)	<u>2,786,100</u>	-

The accompanying notes from (1) to (18) form an integral part of this interim consolidated financial information

WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2013

(All amounts are in Kuwaiti Dinars)

1. Incorporation and objectives of the Parent Company

Warba Insurance Company was incorporated as a Public Kuwaiti Shareholding Company in State of Kuwait in accordance with the Amiri Decree of October 24, 1976.

The interim consolidated financial information include the interim financial information of Warba Insurance Company – K.S.C “the Parent Company” and its subsidiary WAPMED TPA Services Company – K.S.C (Closed) – State of Kuwait with and equity interest of 54.57% (December 31, 2012 - 54.57%, June 30, 2012 - 54.57%).

The objectives of the Parent Company and its subsidiary “the Group” are to underwrite life and non- life insurance risks such as fire, general accidents, marine and aviation and others; lend funds against life insurance policies; and to invest in permitted securities.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the “Companies Law”), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Industry and Commerce by 26 September 2013 will determine the basis and rules which the Company shall adopt to regularize its affairs with the Companies Law, as amended.

The address of the Parent Company registered office is P.O. Box 24282 Safat, 13103 - State of Kuwait.

The interim condensed consolidated financial information have been approved for issue by the Board of Directors on August 4, 2013.

2. Basis of presentation:

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34. The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2012, except for the accounting policy relating to discontinued operations / disposal groups held for sale (as defined in IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”) and implementation of IAS 1 (revised), IFRS 7 (revised), IFRS 10, IFRS 12 and IFRS 13 which are effective January 1, 2013 as noted below:

Discontinued operations / disposal groups held for sale

A component of an entity is classified as a discontinued operation when the criteria to be classified as held for sale has been met or it has been disposed of. An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such a component represents a major line of business or geographical area of operation.

Disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
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(All amounts are in Kuwaiti Dinars)

IAS 1 Presentation of items of other comprehensive income

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories

- a) Items that will not be reclassified, subsequently to consolidated statement of profit or loss.
- b) Items that may be reclassified to consolidated statement of profit or loss when specific conditions are met.

IFRS 7 Financial Instruments Disclosures

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

IFRS 10 Consolidated Financial Statements

The new Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns.

IFRS 12 Disclosure of Interests in other entities

The new Standard combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement

This IFRS

- a) defines fair value
- b) sets out in a single IFRS a framework for measuring fair value and
- c) requires disclosures about fair value measurements.

IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value.

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information.

Interim condensed consolidated financial information does not include all of the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of Management of the Parent Company, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended June 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2012.

WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2013

(All amounts are in Kuwaiti Dinars)

3. Cash and cash equivalents

	June 30, 2013	December 31, 2012 (Audited)	June 30, 2012
Cash on hand and at banks	2,869,382	2,295,178	1,967,645
Cash in portfolio	58,516	51,242	61,236
	<u>2,927,898</u>	<u>2,346,420</u>	<u>2,028,881</u>

4. Fixed deposits

Fixed deposits represent deposits with banks whose maturity period exceeds three months from deposit date.

Fixed deposits include an amount of KD 2,919,000 held in State of Kuwait under lien to the Ministry of Commerce and Industry in accordance with insurance regulations of State of Kuwait (December 31, 2012 – KD 2,919,000, June 30, 2012 - KD 2,919,000).

The average interest rate on fixed deposits was 1.6% per annum (December 31, 2012 – 1.7%, June 30, 2012 – 1.9%).

5. Investments at fair value through statement of profit or loss

The movement during the period / year is as follows:

	June 30, 2013	December 31, 2012 (Audited)	June 30, 2012
Balance at the beginning of the period / year	2,219,054	3,343,929	3,343,929
Disposals	-	(393,100)	(34,100)
Unrealized gain (loss) from investments at fair value through statement of profit or loss (Note 12)	21,628	(731,775)	40,785
Balance at the end of the period / year	<u>2,240,682</u>	<u>2,219,054</u>	<u>3,350,614</u>

As of June 30, 2012, the investments at fair value through statement of profit or loss include quoted shares with a carrying value of KD 2,048,992 are under lien to the Ministry of Commerce and Industry.

6. Investments available for sale

The movement during the period / year is as follows:

	June 30, 2013	December 31, 2012 (Audited)	June 30, 2012
Balance at the beginning of the period / year	19,567,759	18,685,378	18,685,378
Additions	-	309,565	148,966
Disposals	(573,338)	(544,500)	(260,000)
Impairment loss (Note 12)	(47,600)	(163,830)	(6,901)
Changes in fair value	85,572	1,281,146	(295,908)
Balance at the end of the period / year	<u>19,032,393</u>	<u>19,567,759</u>	<u>18,271,535</u>

WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2013

(All amounts are in Kuwaiti Dinars)

Investments available for sale include quoted securities amounting to KD 2,700,000 (December 31, 2012 – 2,635,000, June 30, 2012 – Nil) are under line to the Ministry of Commerce and Industry.

It was not possible to reliably measure the fair value of unquoted securities amounting to KD 4,226,848 (December 31, 2012 – KD 4,608,655, June 30, 2012 – KD 4,704,654) due to non-availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they were stated at their cost less impairment loss in value.

7. Business Combination and Assets held for sale and Discontinued operations

On June 25, 2013 the Parent company acquired additional 25,100,000 shares of Ritaj Takaful Insurance Company K.S.C. (Closed) “an associate”, which increased the ownership from 33.6% to 58.7%. The consideration for the acquisition was settled against due from related party. This related party also paid KD 325,435 to the Company and settled the amount payable to the parent company in full.

The fair values assigned to the identifiable assets, liabilities and contingent liabilities acquired as of the date of acquisition are as follows:

	<u>Amount</u>
Cash and cash equivalents	4,274,252
Investments	5,376,713
Trade and other receivables	273,563
Due from related party	96,065
Insurance and reinsurance receivables	2,259,848
Property, plant and equipment	22,916
Total assets	<u>12,303,357</u>
Trade and other payables	<u>(1,055,988)</u>
Net assets	<u>11,247,369</u>
Represented by:	
Purchase consideration	2,786,100
Non-controlling interest	4,645,164
Fair value of previously held interest	<u>3,816,105</u>
	<u>11,247,369</u>
Cash inflow on acquisition	4,274,252
Cash outflow on acquisition	-
Net cash inflow on acquisition	<u>4,274,252</u>

The interim condensed consolidated statement of profit or loss for the period includes revenue of Nil (June 30, 2012: Nil) and profit attributable to Parent Company shareholders amounting to Nil (June 30, 2012: Nil) arising from this acquisition.

If the business combination had taken place at the beginning of the period, the profit for the Group would have been KD 76,079 higher and revenue would have been KD 348,341 higher.

WARBA INSURANCE COMPANY - K.S.C. AND ITS SUBSIDIARY
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2013

(All amounts are in Kuwaiti Dinars)

The Group's interest in Ritaj Takaful Insurance Company K.S.C. (Closed) has been classified as assets held for sale and liabilities held for sale and the results of this entity have been classified as discontinued operations since the Parent Company is currently negotiating sale of up to 33.6% of its investment in the entity and such sale is highly probable.

Assets and liabilities classified as held for sale:

	Amount
<u>Assets held for sale:</u>	
Cash and cash equivalents	4,274,252
Investments	5,376,713
Trade and other receivables	273,563
Due from related party	96,065
Insurance and reinsurance receivables	2,259,848
Property, plant and equipment	22,916
	<u>12,303,357</u>
<u>Liabilities classified as held for sale:</u>	
Trade and other payables	<u>1,055,988</u>

8. Property and equipment

Land and buildings of the Parent Company with a carrying value of KD 2,955,780 (December 31, 2012 – KD 2,955,780, June 30, 2012 – KD 2,955,780) are under lien to the Ministry of Commerce and Industry in accordance with insurance regulations in Kuwait.

9. Insurance contract liabilities

	June 30, 2013	December 31, 2012 (Audited)	June 30, 2012
Reserve for outstanding claims	16,522,758	28,886,812	19,060,165
Reserve for unexpired risks (unearned premiums)	3,108,584	2,970,879	3,088,271
Reserve for life insurance fund	996,573	825,616	584,573
	<u>20,627,915</u>	<u>32,683,307</u>	<u>22,733,009</u>

10. Share capital

The authorized, issued and paid-up capital is 172,788,740 shares (December 31, 2012 – 172,788,740 shares, June 30, 2012 – 172,788,740 shares) of 100 fils each.

11. Treasury shares

	June 30, 2013	December 31, 2012 (Audited)	June 30, 2012
Number of treasury shares	215,470	215,470	215,470
Percentage to issued shares (%)	0.12%	0.12%	0.12%
Market value (KD)	26,287	23,702	21,978
Cost	40,586	40,586	40,586

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12. Net investment income (loss)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Interest income	19,044	19,182	37,750	41,154
Changes in fair value of investments at fair value through statement of profit or loss (Note 5)	51,253	(140,268)	21,628	40,785
Loss on sale of investment at fair value through statement of profit or loss	-	-	-	(3,890)
Impairment loss in investment available for sale (Note 6)	-	(1,127)	(47,600)	(6,901)
Gain on sale of investment available for sale	291,641	-	291,641	-
Dividend income	7,200	7,050	493,162	427,251
Rental income	2,100	4,212	4,200	9,030
Foreign exchange gain (loss)	8,798	(43,792)	40,143	(45,418)
	<u>380,036</u>	<u>(154,743)</u>	<u>840,924</u>	<u>462,011</u>

13. Segment results

A. Six months ended June 30, 2013:

	Marine & aviation	Fire	General accidents	Life	Total
Revenue	433,566	214,936	3,140,606	2,683,449	6,472,557
Net results	81,532	(56,561)	(616,628)	903,325	311,668
Unallocated item					917,805
Profit from operations					<u>1,229,473</u>

B. Six months ended June 30, 2012:

	Marine & aviation	Fire	General accidents	Life	Total
Revenue	436,592	193,674	3,562,775	1,483,595	5,676,636
Net results	(83,449)	(75,377)	252,073	867,363	960,610
Unallocated item					391,744
Profit from operations					<u>1,352,354</u>

14. (Loss) earnings per share

(Loss) earnings per share is computed based on profit for the period attributable to the Parent Company's shareholders and the weighted average number of outstanding shares during the period as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Net (loss) profit for the period from continuing operations attributable to the Parent Company's shareholders	(317,050)	(304,131)	1,035,129	1,229,411
Weighted average number of outstanding shares	172,573,270	172,573,270	172,573,270	172,573,270
(Loss) earnings per share (Fils)	<u>(1.84)</u>	<u>(1.76)</u>	<u>6.00</u>	<u>7.12</u>

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Earnings per share from discontinued operations:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Net profit for the period from discontinued operations	101,843	29,708	132,600	56,214
Weighted average number of shares outstanding	172,573,270	172,573,270	172,573,270	172,573,270
Earnings per share (fils)	0.59	0.17	0.77	0.33

15. Dividends

The General Assembly meeting held on April 8, 2013, approved cash dividend of 5 fils per share for the year ended December 31, 2012 (5 fils per share - 2011) to all the registered shareholders as of the date of the meeting.

16. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, key management personnel, associates and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Interim condensed consolidated statement of financial position

	June 30, 2013	December 31, 2012 (Audited)	June 30, 2012
<u>Insurance activities</u>			
Insurance services receivable	770,164	841,007	992,104
Insurance services payable	84,418	131,337	66,176
<u>Investment activities</u>			
Deposits and bank balances	6,304,359	4,615,336	4,698,720
Investments at fair value through statement of profit or loss	173,997	186,450	178,550
Investments available for sale	10,741,489	10,315,211	8,885,706
<u>Other activities</u>			
Current account	800,000	3,861,534	3,611,534
Acquisition of subsidiary (Note 7)	2,786,100	-	-

Interim condensed consolidated statement of profit or loss

A. Transactions:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Premiums written	53,702	14,765	308,843	273,191

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B. Compensation to key management personnel

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Short term benefits	44,621	31,800	97,949	65,545
Termination benefits	2,301	-	8,800	-
	46,922	31,800	106,749	65,545

17. Capital commitments and contingent liabilities

	June 30,	December 31,	June 30,
	2013	2012 (Audited)	2012
Letter of guarantee for others	210,495	5,495	4,378
Capital commitments	132,348	98,632	98,632
	342,843	104,127	103,010

18. Prior year adjustment

During the previous years and up to December 31, 2011, the Group recognized impairment losses of investments available for sale below its initial cost amounted to KD 13,285,006 in cumulative change in fair value under "consolidated statement of comprehensive income" rather than in the consolidated statement of profit or loss. During the period ended June 30, 2012 the Group has restated comparative figures as follows:

- Decreased retained earnings balance as of December 31, 2011 by KD 13,285,006.
- Increased the cumulative change in fair value balance as of December 31, 2011 by KD 13,285,006.

During the previous years and up to December 31, 2011, Ritaj Takaful Insurance Company K.S.C.(Closed) "associate" recognized impairment losses of investments available for sale below its initial cost amounted to KD 584,631 in cumulative change in fair value under "statement of comprehensive income" rather than in the statement of income. During the year ended December 31, 2012 the associate has restated comparative figures, accordingly, the Group has restated comparative figures related to its share of result and its share of other comprehensive income of associate as follows:

- Decreased retained earnings balance as of December 31, 2011 by KD 196,436.
- Increased share of other comprehensive income from associate balance as of 31 December 2011 by KD 196,436.

During the year ended December 31, 2012 the Group has changed the accounting policy for investment property from cost to fair value method. Accordingly, the Group has restated comparative figures as follows:

- Increased retained earnings balance as of December 31, 2011 by KD 1,948,893.
- Increased investment properties balance as of December 31, 2011 by KD 1,948,893.

Accordingly, the cumulative effect as of December 31, 2011 as follows:

- The retained earnings balance has been decreased by KD 11,532,549.
- Cumulative change in fair value has been increased by 13,285,006.
- Share of other comprehensive income of associate increased by KD 196,436.
- Investment property balance increased by KD 1,948,893.