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Warba Insurance Company K.S.C.
Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
and
Independent Auditors' Review Report

30 June 2014

**Warba Insurance Company K.S.C.
Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)
and
Independent Auditors' Review Report**

30 June 2014

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INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Condensed Consolidated Financial Information

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 (together called "the Group") as at 30 June 2014 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for three months and six months period then ended and the related interim condensed consolidated statements of 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.

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.

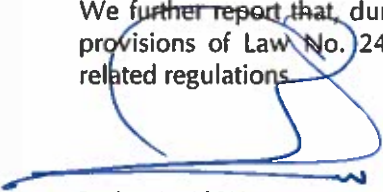
Conclusion

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.

Report on Other Legal and Regulatory Requirements


Furthermore, based on our review, the interim condensed 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 Memorandum and Articles of Association of the Parent Company during the six month period ended 30 June 2014 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.

Kuwait
23 July 2014



Dr. Shuaib A. Shuaib
Licence No. 33-A
RSM Albazie & Co.

Interim Condensed Consolidated Statement of Financial Position (Unaudited) as at 30 June 2014

	Note	Kuwaiti Dinars		
		30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
ASSETS				
Cash and cash equivalents	3	3,816,385	4,034,461	2,927,898
Fixed deposits	4	5,337,000	6,672,000	4,879,000
Investments at fair value through profit or loss	5	2,427,712	2,157,600	2,240,682
Insurance and reinsurance receivables		16,834,816	18,327,971	17,575,003
Other receivables	6	5,066,078	2,839,222	2,222,303
Loan secured by life insurance policies		27,145	20,010	20,575
Assets held for sale		-	-	12,303,357
Investments available for sale	7	18,750,810	18,888,479	19,032,393
Investment in associate		2,928,041	2,856,293	-
Investment properties		4,200,000	4,200,000	4,340,000
Reinsurance share in reserve for outstanding claims		14,432,651	16,539,611	14,428,459
Goodwill		62,240	62,240	62,240
Property and equipment	8	8,508,306	8,632,161	8,633,405
Total Assets		82,391,184	85,230,048	88,665,315
LIABILITIES AND EQUITY				
Liabilities				
Insurance contract liabilities	9	23,110,510	23,525,537	20,627,915
Liabilities held for sale		-	-	1,055,988
Accounts payable		3,211,783	3,537,770	4,196,862
Insurance and reinsurance payables		5,322,495	7,617,116	6,679,597
Other payables		3,514,852	3,977,855	3,494,317
Total liabilities		35,159,640	38,658,278	36,054,679
Equity				
Share capital	10	17,278,874	17,278,874	17,278,874
Treasury shares	11	(1,255,986)	(1,255,986)	(40,586)
Treasury shares reserve		164,760	164,760	164,760
Statutory reserve		8,781,109	8,781,109	8,781,109
Voluntary reserve		9,049,254	9,049,254	8,930,389
General reserve		4,000,000	4,000,000	4,000,000
Cumulative changes in fair value		5,558,759	5,696,428	5,898,415
Share of other comprehensive income of associate		25,774	21,101	(22,305)
Retained earnings		3,385,015	2,625,787	2,776,811
Equity attributable to the Parent Company's shareholders		46,987,559	46,361,327	47,767,467
Non-controlling interests		243,985	210,443	4,843,169
Total equity		47,231,544	46,571,770	52,610,636
Total Liabilities and Equity		82,391,184	85,230,048	88,665,315

The accompanying notes from 1 to 19 form an integral part of this Interim Condensed Consolidated Financial Information.

Anwar Jawad Bu-Khamseen
Chairman

Sheikh Mohammed Jarah Sabah Al-Sabah
Vice Chairman

Interim Condensed Consolidated Statement of Profit or Loss (Unaudited)
For the six months ended 30 June 2014

		Kuwaiti Dinars			
		Three months ended		Six months ended	
		30 June		30 June	
Note		2014	2013	2014	2013
Revenue:					
	Premiums written	6,648,428	7,778,857	16,646,154	16,537,061
	Reinsurance share	(2,617,624)	(5,220,549)	(7,384,840)	(9,780,840)
	Net premiums written	4,030,804	2,558,308	9,261,314	6,756,221
	Reserve for unexpired risks	(343,866)	111,214	(599,434)	(137,705)
	Reserve for life insurance fund	(168,090)	(431,281)	90,345	(170,957)
	Net premiums earned	3,518,848	2,238,241	8,752,225	6,447,559
	Net commission	(508,768)	(34,815)	(866,578)	(247,921)
	Issue fees	40,574	49,385	93,879	91,977
	Net investment income from life insurance	2,831	5,187	6,637	9,985
12					
14		3,053,485	2,257,998	7,986,163	6,301,600
Expenses:					
	Net incurred claims	(2,537,267)	(1,830,874)	(4,926,733)	(3,908,608)
	General and administrative expenses	(870,025)	(1,045,546)	(1,897,200)	(2,081,324)
		(3,407,292)	(2,876,420)	(6,823,933)	(5,989,932)
	Net underwriting income	(353,807)	(618,422)	1,162,230	311,668
14					
	Net investment income from non-life insurance	(6,355)	374,849	878,070	830,939
12					
	Insurance services income	233,817	148,724	439,108	325,454
	Other income	7,768	(1,720)	14,870	71,613
		(118,577)	(96,569)	2,494,278	1,539,674
Other expenses					
	Insurance services expenses	(204,465)	(140,746)	(365,270)	(278,063)
	Unallocated general and administrative expenses	(65,461)	(84,530)	(134,878)	(164,738)
		(269,926)	(225,276)	(500,148)	(442,801)
	(Loss) profit for the period from continuing operations	(388,503)	(321,845)	1,994,130	1,096,873
Discontinued operations:					
	Profit for the period from discontinued operations	-	101,843	-	132,600
13					
	(Loss) / profit for the period before Contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax and Zakat	(388,503)	(220,002)	1,994,130	1,229,473
	Contribution to KFAS	3,752	3,229	(19,331)	(10,780)
	National Labor Support Tax	13,175	3,268	(33,136)	(21,718)
	Zakat	5,002	2,295	(12,980)	(7,391)
	(Loss)/profit for the period	(366,574)	(211,210)	1,928,683	1,189,584
Attributable to:					
	Shareholders of the Parent Company	(379,961)	(215,207)	1,895,141	1,167,729
	Non-controlling interests	13,387	3,997	33,542	21,855
		(366,574)	(211,210)	1,928,683	1,189,584
	(Loss)/earnings per share from continuing operation (fils)	(2.34)	(1.84)	11.68	6.00
15					
	Earnings per share from discontinued operation (fils)	-	0.59	-	0.77
15					

The accompanying notes from 1 to 19 form an integral part of this Interim Condensed Consolidated Financial Information.

Warba Insurance Company K.S.C.
Kuwait

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
For the six months ended 30 June 2014

	Note	Kuwaiti Dinars			
		Three months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013
(Loss)/ profit for the period		(366,574)	(211,210)	1,928,683	1,189,584
Other comprehensive income:					
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss</i>					
Changes in fair value of investments available for sale	7	(253,224)	565,423	(137,669)	85,572
Share of comprehensive (loss)/income of associate		(14,296)	(37,544)	4,673	(50,045)
Other comprehensive (loss)/income for the period		(267,520)	527,879	(132,996)	35,527
Total comprehensive (loss)/ income for the period		(634,094)	316,669	1,795,687	1,225,111
Attributable to:					
Shareholders of the Parent Company		(647,481)	312,672	1,762,145	1,203,256
Non-controlling interests		13,387	3,997	33,542	21,855
Total comprehensive (loss)/income for the period		(634,094)	316,669	1,795,687	1,225,111

The accompanying notes from 1 to 19 form an integral part of this Interim Condensed Consolidated Financial Information.

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the six months ended 30 June 2014

	Attributable to the shareholders of the Parent Company										Non-controlling interests	Total
	Share capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	General reserve	Cumulative changes in fair value	Share of other comprehensive income of associate	Retained earnings	Total		
Balance at 31 December 2013	17,278,874	(1,255,986)	164,760	8,781,109	9,049,254	4,000,000	5,696,428	21,101	2,625,787	46,361,327	210,443	46,571,770
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(137,669)	4,673	1,895,141	1,762,145	33,542	1,795,687
Cash dividend (Note 16)	-	-	-	-	-	-	-	-	(1,135,913)	(1,135,913)	-	(1,135,913)
Balance at 30 June 2014	17,278,874	(1,255,986)	164,760	8,781,109	9,049,254	4,000,000	5,558,759	25,774	3,385,015	46,987,559	243,985	47,231,544
Balance at 31 December 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 associate became a subsidiary on acquisition of additional shares	-	-	-	-	-	-	-	-	-	-	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 16)	-	-	-	-	-	-	-	-	(862,866)	(862,866)	-	(862,866)
Balance at 30 June 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 19 form an integral part of this Interim Condensed Consolidated Financial Information.

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the six months ended 30 June 2014

	Kuwaiti Dinars	
	Six months ended	
	30 June	
	2014	2013
Cash flows from operating activities		
Profit for the period before Contribution to KFAS, National Labor Support Tax and Zakat	1,994,130	1,229,473
Adjustments:		
Net investment income	(884,707)	(840,924)
Result of discontinued operation	-	(132,600)
Depreciation	206,511	227,395
	<u>1,315,934</u>	<u>483,344</u>
Changes in operating assets and liabilities:		
Insurance and reinsurance receivables and other receivables	(847,430)	1,732,358
Net movement of insurance and reinsurance companies	(187,660)	5,909,223
Insurance contract liabilities	(415,027)	(12,055,392)
Accounts payable and other payables	(934,234)	362,016
Net cash used in operating activities	<u>(1,068,417)</u>	<u>(3,568,451)</u>
Cash flows from investing activities		
Net movement of fixed deposits	1,335,000	(500,000)
Interest income received	95,187	56,739
Purchase of investment at fair value through profit or loss	(28,084)	-
Proceeds from sale of investments available for sale	-	864,979
Net cash inflow on business combination	-	4,274,252
Dividend income received	582,811	493,162
Rental income received	4,200	4,200
Purchase of property and equipment	(82,657)	(196,645)
Net cash from investing activities	<u>1,906,457</u>	<u>4,996,687</u>
Cash flows from financing activities		
Dividends paid to shareholders	(1,056,116)	(846,758)
Net cash used in financing activities	<u>(1,056,116)</u>	<u>(846,758)</u>
Net (decrease)/increase in cash and cash equivalents	(218,076)	581,478
Cash and cash equivalents at beginning of the period	4,034,461	2,346,420
Cash and cash equivalents at end of the period (Note 3)	<u>3,816,385</u>	<u>2,927,898</u>
Non-cash transaction		
Settlement of due from a related party against business combination (Note 13)	-	2,786,100

The accompanying notes from 1 to 19 form an integral part of this
Interim Condensed Consolidated Financial Information.

1. Incorporation and objectives

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

The interim condensed consolidated financial information incorporate the interim financial information of Warba Insurance Company – K.S.C and its subsidiary WAPMED TPA Services Company – K.S.C (Closed) in which it has an equity interest of 54.57% (31 December 2013 – 54.57%, 30 June 2013 - 54.57%).

The objects of the Parent Company and its subsidiary (together, "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 address of the Parent Company's registered office is P.O. Box 24282 Safat, 13103 - State of Kuwait.

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).

The Executive Regulation of the new amended law was issued on 29 September 2013 and was published in the Official Gazette on 6 October 2013. As per article three of the executive regulation, the companies have one year from the date of its publication to comply with the new amended law.

This interim condensed consolidated financial information has been approved for issue by the Parent Company's Board of Directors on 23 July 2014.

2. Basis of preparation

This interim condensed consolidated financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting." The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated annual financial statements for the year ended 31 December 2013 except for the adoption of new and amended standards as noted below which are applicable for the Group from 1 January 2014:

Amendments to IAS 32 offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right of set off" and "simultaneous realization and settlement". These are effective for annual periods beginning on or after January 1, 2014.

Amendments to IFRS 10, IFRS 12 Investment Entities.

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through income statement in its consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2014.

These amendments do not have any impact on the interim condensed consolidated financial information.

This interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with 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 period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2013.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2014

3. Cash and cash equivalents

	Kuwaiti Dinars		
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Cash on hand and at banks	3,769,837	3,983,108	2,869,382
Cash in portfolio	46,548	51,353	58,516
	<u>3,816,385</u>	<u>4,034,461</u>	<u>2,927,898</u>

4. Fixed deposits

Fixed deposits represent deposits with banks whose maturity period exceeds three months but not more than one year from the date of placement.

Fixed deposits as at 30 June 2014 include KD 2,919,000 (31 December 2013 – KD 2,919,000, 30 June 2013 - KD 2,919,000) held in Kuwait under lien to the Ministry of Commerce and Industry in accordance with insurance regulations of Kuwait.

The effective interest rate on fixed deposits was 1.5% (31 December 2013 – 1.5%, 30 June 2013 – 1.6%) per annum.

5. Investments at fair value through profit or loss

The movement during the period/ year is as follows:

	Kuwaiti Dinars		
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Balance at the beginning of the period/ year	2,157,600	2,219,054	2,219,054
Additions	32,538	-	-
Disposals	(4,454)	-	-
Unrealized gain/(loss) on change in fair value (Note 12)	242,028	(61,454)	21,628
Balance at the end of the period/ year	<u>2,427,712</u>	<u>2,157,600</u>	<u>2,240,682</u>

6. Other receivables

Other receivables include advance payment of KD 2,430,000 for 40.5% holding in a Kuwaiti shareholding company which is under incorporation.

7. Investments available for sale

The movement during the period/ year is as follows:

	Kuwaiti Dinars		
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Balance at the beginning of the period/ year	18,888,479	19,567,759	19,567,759
Additions	-	58,074	-
Disposals	-	(570,166)	(573,338)
Impairment loss (Note 12)	-	(50,773)	(47,600)
Changes in fair value	(137,669)	(116,415)	85,572
Balance at the end of the period/ year	<u>18,750,810</u>	<u>18,888,479</u>	<u>19,032,393</u>

Quoted shares with a fair value of KD 2,610,000 (31 December 2013 – KD 2,610,000, 30 June 2013 – KD 2,700,000) are under lien to the Ministry of Commerce and Industry in accordance with insurance regulations of Kuwait.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2014

It was not possible to reliably measure the fair value of unquoted securities amounting to KD 3,653,555 (31 December 2013 - KD 4,561,055, 30 June 2013 – KD 4,226,848) due to non – availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they are stated at their cost less impairment losses.

8. Property and equipment

The Head office building and related land are under lien to the Ministry of Commerce and Industry, Kuwait for an amount of KD 2,955,780 (31 December 2013 – KD 2,955,780; 30 June 2013 - KD 2,955,780), in accordance with insurance regulations in Kuwait.

9. Insurance contract liabilities

	Kuwaiti Dinars		
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Reserve for outstanding claims	18,200,967	19,125,085	16,522,758
Reserve for unexpired risks (unearned premiums)	3,912,225	3,312,790	3,108,584
Reserve for life insurance fund	997,318	1,087,662	996,573
	<u>23,110,510</u>	<u>23,525,537</u>	<u>20,627,915</u>

10. Share capital

The authorized, issued and paid-up capital is 172,788,740 shares (31 December 2013 - 172,788,740 shares, 30 June 2013 – 172,788,740 shares) of 100 fils each.

11. Treasury shares

	Kuwaiti Dinars		
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Number of treasury shares	10,515,470	10,515,470	215,470
Percentage to issued shares (%)	6.08%	6.08%	0.12%
Market value (KD)	1,388,042	1,198,764	26,287
Cost	1,255,986	1,255,986	40,586

12. Net investment (loss)/ income

	Kuwaiti Dinars			
	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Interest income	(34,525)	19,044	4,632	37,750
Changes in fair value of investments at fair value through profit or loss (Note 5)	(58,120)	51,253	242,028	21,628
Gain on sale of investments available for sale	-	291,641	-	291,641
Impairment loss of investments available for sale (Note 6)	-	-	-	(47,600)
Dividend income	80,068	7,200	582,811	493,162
Share of results of associate	12,864	-	67,074	-
Rental income	2,100	2,100	4,200	4,200
Foreign currency exchange	(5,911)	8,798	(16,038)	40,143
	<u>(3,524)</u>	<u>380,036</u>	<u>884,707</u>	<u>840,924</u>

The classification of net investment income is as follows:

Net investment income for life insurance	2,831	5,187	6,637	9,985
Net investment income for non-life insurance	(6,355)	374,849	878,070	830,939
	<u>(3,524)</u>	<u>380,036</u>	<u>884,707</u>	<u>840,924</u>

13. Non cash transaction/ Profit for the period from discontinued operation

Non cash transaction

In June 2013 the Parent Company acquired additional shares of Ritaj Takaful Insurance Company KSCC (associate) for total consideration of KD 2,786,100 which was set off against the due from a related party.

Profit for the period from discontinued operation

This represents the Parent Company's share of the results of Ritaj Takaful Insurance Company – KSCC (associate) for the period from 1 January 2013 to 30 June 2013, as the Parent Company sold 33.6% of its investment in associate to a related party in 31 August 2013. Accordingly, the Parent Company's share of results for the prior periods to that date has been classified as a discontinued operation.

14. Segment results

A. Six months ended 30 June 2014

	Kuwaiti Dinars				Total
	Marine & aviation	Fire	General accident	Life and medical	
Revenue	434,338	363,638	3,602,816	3,585,371	7,986,163
Net results	209,175	146,507	(31,682)	838,230	1,162,230
Unallocated items					831,900
Profit from operations					1,994,130

B. Six months ended 30 June 2013

	Kuwaiti Dinars				Total
	Marine & aviation	Fire	General accident	Life and medical	
Revenue	433,566	214,936	3,140,606	2,512,492	6,301,600
Net results	81,532	(56,561)	(616,628)	903,325	311,668
Unallocated items					785,205
Profit from operations					1,096,873

15. (Loss)/earnings per share

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

(Loss)/earning per share from continuing operation:

	Kuwaiti Dinars			
	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
(Loss)/profit for the period from continuing operation attributable to the Parent Company's shareholders	(379,961)	(317,050)	1,895,141	1,035,129
Number of outstanding shares	172,788,740	172,788,740	172,788,740	172,788,740
Less: Weighted average number of outstanding treasury shares	(10,515,470)	(215,470)	(10,515,470)	(215,470)
Weighted average number of outstanding shares	162,273,270	172,573,270	162,273,270	172,573,270
(Loss)/earnings per share (fils)	(2.34)	(1.84)	11.68	6.00

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2014

Earnings per share from discontinued operation:

	Kuwaiti Dinars			
	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
Profit for the period from discontinued operation	-	101,843	-	132,600
Number of outstanding shares	-	172,788,740	-	172,788,740
Less: Weighted average number of outstanding treasury shares	-	(215,470)	-	(215,470)
Weighted average number of outstanding shares	-	172,573,270	-	172,573,270
Earnings per share (fils)	-	0.59	-	0.77

16. Dividends

The Parent Company's shareholders at their general assembly meeting held on 28 April 2014, approved a cash dividend of 7 fils per share, for the year ended 31 December 2013 (2012 – 5 fils per share), to all the registered shareholders as of the date of the meeting.

17. 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:

A. Balances included in the interim condensed consolidated statement of financial position

	Kuwaiti Dinars		
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Insurance activities			
Insurance services receivable	929,077	1,157,262	770,164
Insurance services payable	96,953	80,583	84,418
Investment activities			
Investments at fair value through profit or loss	199,150	175,341	173,997
Investments available for sale	10,335,623	10,410,077	10,741,489
Deposits and bank balances	6,433,289	7,482,711	6,304,359
Other activities			
Current account	400,000	500,000	800,000

B. Transactions included in the interim condensed consolidated statement of profit or loss

	Kuwaiti Dinars			
	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
Premiums written	48,713	53,702	161,669	308,843

C. Compensation to key management personnel

	Kuwaiti Dinars			
	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
Short term employee benefits	108,027	44,621	136,054	97,949
Post-employment benefits	1,726	2,301	3,432	8,800
	109,753	46,922	139,486	106,749

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2014

18. Capital commitments and contingent liabilities

	Kuwaiti Dinars		
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Letter of guarantee for others	61,512	1,512	210,495
Capital commitments	510,630	472,343	132,348
	<u>572,142</u>	<u>473,855</u>	<u>342,843</u>

19. Financial risk management

Fair value measurement:

The Group measures financial assets such as investments available for sale, investments at fair value through profit or loss and non – financial assets such as investment properties at fair value at each reporting date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents the Group's assets and liabilities that are measured at fair value

	Kuwaiti Dinars		
	Level 1	Level 2	Total
30 June 2014			
Investments at fair value through income statement	<u>2,427,712</u>	<u>-</u>	<u>2,427,712</u>
Investments available for sale:			
Quoted shares	14,969,896	-	14,969,896
Investment portfolio	-	127,359	127,359
Total investments available for sale	<u>14,969,896</u>	<u>127,359</u>	<u>15,097,255</u>
	<u>17,397,608</u>	<u>127,359</u>	<u>17,524,967</u>
31 December 2013			
Investments at fair value through income statement	<u>2,157,600</u>	<u>-</u>	<u>2,157,600</u>
Investments available for sale:			
Quoted shares	14,222,728	-	14,222,728
Investment portfolio	-	104,696	104,696
Total investments available for sale	<u>14,222,728</u>	<u>104,696</u>	<u>14,327,424</u>
	<u>16,380,328</u>	<u>104,696</u>	<u>16,485,024</u>
30 June 2013			
Investments at fair value through income statement	<u>2,240,682</u>	<u>-</u>	<u>2,240,682</u>
Investments available for sale:			
Quoted shares	14,714,231	-	14,714,231
Investment portfolio	-	91,314	91,314
Total investments available for sale	<u>14,714,231</u>	<u>91,314</u>	<u>14,805,545</u>
	<u>16,954,913</u>	<u>91,314</u>	<u>17,046,227</u>