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

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

30 September 2013

3rd Quarter Report

21 NOV 2013

إدارة مركز المعلومات والتوثيق الآلي

سوق الكويت للأوراق المالية

صفحة 1 من 1

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

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

30 September 2013

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**Warba Insurance Company K.S.C.
Kuwait****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 September 2013 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for three months and nine months period then ended and the related interim condensed consolidated statements of 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.

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.

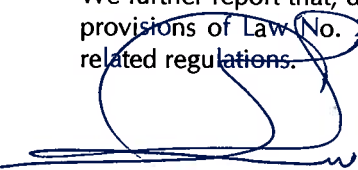
Conclusion

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.

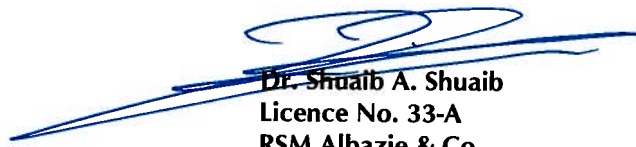
Report on Other Legal and Regulatory Requirements

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 nine month period ended 30 September 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
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Interim Condensed Consolidated Statement of Financial Position (Unaudited) as at 30 September 2013

	Note	Kuwaiti Dinars		
		30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited Restated)
ASSETS				
Cash and cash equivalents	3	3,287,369	2,346,420	1,679,589
Investments:				
Fixed deposits	4	7,272,000	4,379,000	3,879,000
Investments at fair value through profit or loss	5	2,211,123	2,219,054	3,260,766
Investments available for sale	6	19,458,882	19,567,759	18,237,182
Investment in associate		2,863,773	3,733,550	3,597,103
Investment properties		4,340,000	4,340,000	4,200,000
Loan secured by life insurance policies		19,549	13,681	14,733
Insurance and reinsurance receivables		15,667,555	19,287,805	17,799,381
Other receivables		2,095,048	5,013,699	4,911,945
Reinsurance share in reserve for outstanding claims		13,509,197	27,695,428	36,102,928
Goodwill		62,240	62,240	62,240
Property and equipment	8	8,574,244	8,664,155	8,616,819
Total Assets		79,360,980	97,322,791	102,361,686
LIABILITIES AND EQUITY				
Liabilities				
Insurance contract liabilities	9	20,055,234	32,683,307	41,162,035
Accounts payable		2,818,032	3,711,256	3,055,056
Insurance and reinsurance payables		6,445,285	9,763,091	8,319,157
Other payables		3,572,189	3,561,910	3,336,030
Total liabilities		32,890,740	49,719,564	55,872,278
Equity				
Share capital	10	17,278,874	17,278,874	17,278,874
Treasury shares	11	(1,255,986)	(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		6,324,905	5,812,843	4,475,336
Share of other comprehensive income of associate		26,483	27,740	5,825
Retained earnings		2,008,922	2,471,948	2,823,465
Equity attributable to the Parent Company's shareholders		46,259,456	47,427,077	46,312,333
Non-controlling interests		210,784	176,150	177,075
Total equity		46,470,240	47,603,227	46,489,408
Total Liabilities and Equity		79,360,980	97,322,791	102,361,686

The accompanying notes from 1 to 18 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 nine months ended 30 September 2013

	Note	Kuwaiti Dinars			
		Three months ended		Nine months ended	
		30 September	30 September	30 September	30 September
		2013	2012	2013	2012
Revenue:					
Premiums written		4,471,942	7,171,574	21,009,003	19,881,956
Reinsurance share		(1,747,957)	(4,925,950)	(11,528,797)	(12,013,262)
Net premiums written		2,723,985	2,245,624	9,480,206	7,868,694
Reserve for unexpired risks		(135,787)	120,426	(273,492)	(109,694)
Net premiums earned		2,588,198	2,366,050	9,206,714	7,759,000
Reserve for life insurance fund		(49,360)	(155,451)	(220,317)	(16,408)
Net investment (loss)/ income	12	(46,128)	(191,959)	794,796	270,052
Net commission		(315,866)	91,384	(563,787)	134,355
Issue fees		52,189	35,978	144,166	122,761
Insurance services income		193,622	91,015	519,076	429,171
Other income		3,198	-	74,811	23,664
		<u>2,425,853</u>	<u>2,237,017</u>	<u>9,955,459</u>	<u>8,722,595</u>
Expenses:					
Net incurred claims		(1,695,821)	(1,011,772)	(5,604,429)	(3,419,293)
General and administrative expenses		(1,289,085)	(1,160,836)	(3,535,147)	(3,643,523)
Insurance services expenses		(165,849)	(123,967)	(443,912)	(423,197)
		<u>(3,150,755)</u>	<u>(2,296,575)</u>	<u>(9,583,488)</u>	<u>(7,486,013)</u>
(Loss)/ profit for the period from continuing operations		(724,902)	(59,558)	371,971	1,236,582
Discontinued operations:					
(Loss)/ profit for the period from discontinued operations	7	(63,987)	25,067	68,613	81,281
(Loss)/ profit for the period before Contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax and Zakat		(788,889)	(34,491)	440,584	1,317,863
Contribution to KFAS		7,710	452	(3,070)	(12,330)
National Labor Support Tax		18,840	(684)	(2,878)	(26,791)
Zakat		7,229	(24)	(162)	(9,904)
(Loss) / profit for the period		<u>(755,110)</u>	<u>(34,747)</u>	<u>434,474</u>	<u>1,268,838</u>
Attributable to:					
Shareholders of the Parent Company		(767,889)	(20,390)	399,840	1,265,235
Non-controlling interests		12,779	(14,357)	34,634	3,603
		<u>(755,110)</u>	<u>(34,747)</u>	<u>434,474</u>	<u>1,268,838</u>
(Loss)/ earnings per share from continuing operation (fils)	14	<u>(4.09)</u>	<u>(0.26)</u>	<u>1.93</u>	<u>6.86</u>
(Loss)/ earnings per share from discontinued operation (fils)	14	<u>(0.37)</u>	<u>0.15</u>	<u>0.40</u>	<u>0.47</u>

The accompanying notes from 1 to 18 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 nine months ended 30 September 2013

		Kuwaiti Dinars				
		Three months ended 30 September		Nine months ended 30 September		
Note		2013	2012	2013	2012	
	(Loss)/ profit for the period	(755,110)	(34,747)	434,474	1,268,838	
	Other comprehensive income:					
	Changes in fair value of investments available for sale	6	426,490	239,547	512,062	(56,361)
	Share of other comprehensive income of associate		26,483	21,017	26,483	4,560
	Share of other comprehensive income transfer to statement of profit or loss on disposal of discontinued operation		22,305	-	(27,740)	-
	Other comprehensive income/ (loss) for the period		475,278	260,564	510,805	(51,801)
	Total comprehensive (loss)/ income for the period		(279,832)	225,817	945,279	1,217,037
	Attributable to:					
	Shareholders of the Parent Company		(292,611)	240,174	910,645	1,213,434
	Non-controlling interests		12,779	(14,357)	34,634	3,603
	Total comprehensive (loss)/ income for the period		(279,832)	225,817	945,279	1,217,037

The accompanying notes from 1 to 18 form an integral part of this Interim Condensed Consolidated Financial Information.

Warba Insurance Company K.S.C.
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the nine months ended 30 September 2013

	Attributable to the 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 income of associate	Retained earnings	Total	Non-controlling interests	Total
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
Total comprehensive income/ (loss) for the period	-	-	-	-	-	-	512,062	(1,257)	399,840	910,645	34,634	945,279
Purchase of treasury shares	-	(1,215,400)	-	-	-	-	-	-	-	(1,215,400)	-	(1,215,400)
Cash dividend (Note 15)	-	-	-	-	-	-	-	-	(862,866)	(862,866)	-	(862,866)
Balance at 30 September 2013	17,278,874	(1,255,986)	164,760	8,781,109	8,930,389	4,000,000	6,324,905	26,483	2,008,922	46,259,456	210,784	46,470,240
Balance at 31 December 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 period adjustments (Note 18)	-	-	-	-	-	-	13,285,006	196,436	(11,532,549)	1,948,893	-	1,948,893
Balance as at 31 December 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	-	-	-	-	-	-	(56,361)	4,560	1,265,235	1,213,434	3,603	1,217,037
Dividend paid (Note 15)	-	-	-	-	-	-	-	-	(862,866)	(862,866)	-	(862,866)
Balance at 30 September 2012	17,278,874	(40,586)	164,760	8,781,109	8,823,550	4,000,000	4,475,336	5,825	2,823,465	46,312,333	177,075	46,489,408

The accompanying notes from 1 to 18 form an integral part of this Interim Condensed Consolidated Financial Information.

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the nine months ended 30 September 2013**

	Kuwaiti Dinars	
	Nine months ended 30 September	
	2013	2012
Cash flows from operating activities		
Profit for the period before Contribution to KFAS, National Labor Support Tax and Zakat	440,584	1,317,863
Adjustments:		
Net investment income	(794,796)	(270,052)
Profit from discontinued operation	(68,613)	(81,281)
Depreciation	348,914	282,748
	<u>(73,911)</u>	<u>1,249,278</u>
Changes in operating assets and liabilities:		
Insurance and reinsurance receivables and other receivables	3,736,513	1,254,975
Net movement of insurance and reinsurance companies	10,868,425	(19,758,041)
Insurance contract liabilities	(12,628,073)	17,527,298
Accounts payable and other payables	(893,392)	(468,994)
Net cash from/ (used in) operating activities	<u>1,009,562</u>	<u>(195,484)</u>
Cash flows from investing activities		
Net movement of fixed deposits	(2,893,000)	(635,000)
Interest income received	62,256	84,522
Proceeds from sale of investments at fair value through profit or loss	-	30,210
Purchase of investments available for sale	-	(309,566)
Proceeds from sale of investments available for sale	861,807	544,500
Proceeds from disposal of discontinued operation	3,729,600	-
Dividend income received	497,356	427,251
Dividend received from associate	-	67,200
Rental income received	6,300	12,030
Purchase of property and equipment	(259,003)	(282,079)
Net cash from/ (used in) investing activities	<u>2,005,316</u>	<u>(60,932)</u>
Cash flows from financing activities		
Dividends paid to shareholders	(858,529)	(838,932)
Purchase of treasury shares	(1,215,400)	-
Net cash used in financing activities	<u>(2,073,929)</u>	<u>(838,932)</u>
Net increase/ (decrease) in cash and cash equivalents	940,949	(1,095,348)
Cash and cash equivalents at beginning of the period	<u>2,346,420</u>	<u>2,774,937</u>
Cash and cash equivalents at end of the period (Note 3)	<u>3,287,369</u>	<u>1,679,589</u>
Non-cash transaction		
Settlement of due from a related party against business combination (Note 7)	<u>2,786,100</u>	<u>-</u>

The accompanying notes from 1 to 18 form an integral part of this
Interim Condensed Consolidated Financial Information.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 September 2013

1. Incorporation and objectives

Warba Insurance 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 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) – State of Kuwait with and equity interest of 54.57% (31 December 2012 – 54.57%, 30 September 2012 - 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 publishing the executive regulation to comply with the new amended law.

The Interim Condensed Consolidated Financial Information has been approved for issue by the Board of Directors on 13 November 2013.

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 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 for the adoption of new and amended standards as noted below which are applicable for the Group from 1 January 2013:

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.

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this standard has not resulted in any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 September 2013

IFRS 10 – Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements' and SIC-12 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure or rights, to variable returns from its involvement with the investee and 3) the ability to use its power over the investee to affect the amount of the returns. The adoption of this standard has not resulted in any significant impact on the financial position or performance of the Group.

IFRS 12 – Disclosure of Involvement with Other Entities

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to disclose information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of the consolidated entities. The Group will provide the additional disclosures in the annual consolidated financial statements.

IFRS 13 – Fair Value measurement

IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. There are also additional disclosure requirements. The adoption of this standard has resulted in additional disclosure in the interim condensed consolidated financial statements.

IAS 1 Financial Statement Presentation

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The adoption of this standard has not resulted in presentation changes in statement of profit or loss and other comprehensive income. The amendments also preserve the amendments made to IAS 1 in 2007 to require profit or loss and OCI to be presented together, i.e. either as a single 'statement of profit or loss and comprehensive income', or a separate 'statement of profit or loss' and a 'statement of comprehensive income'.

Other amendments to International Financial Reporting Standards that are applicable to annual periods beginning on or after 1 January 2013 had no material effect on the accounting policies, financial position or performance of the Group.

This interim condensed consolidated financial information does not contain all of the information and notes 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 September 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the consolidated annual financial statements and notes thereto included in the Group's annual report for the year ended 31 December 2012.

Business Combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized either at the fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 September 2013

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of profit or loss. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably. The Group uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

3. Cash and cash equivalents

	Kuwaiti Dinars		
	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Cash on hand and at banks	3,233,131	2,295,178	1,628,624
Cash in portfolio	54,238	51,242	50,965
	<u>3,287,369</u>	<u>2,346,420</u>	<u>1,679,589</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 September 2013 include KD 2,919,000 (31 December 2012 – KD 2,919,000, 30 September 2012 - 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 1.8% (31 December 2012 – 1.7%, 30 September 2012 – 2.3%) per annum.

5. Investments at fair value through profit or loss

The movement during the period/ year is as follows:

	Kuwaiti Dinars		
	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Balance at the beginning of the period/ year	2,219,054	3,343,929	3,343,929
Disposals	-	(393,100)	(34,100)
Unrealized loss on change in fair value (Note 12)	(7,931)	(731,775)	(49,063)
Balance at the end of the period/ year	<u>2,211,123</u>	<u>2,219,054</u>	<u>3,260,766</u>

As of 30 September 2012 the investment at fair value through profit and loss include quoted shares with a fair value of KD 1,988,728 were under lien to Ministry of Commerce and Industry.

6. Investments available for sale

The movement during the period/ year is as follows:

	Kuwaiti Dinars		
	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Balance at the beginning of the period/ year	19,567,759	18,685,378	18,685,378
Additions	-	309,565	309,566
Disposals	(570,166)	(544,500)	(544,500)
Impairment loss (Note 12)	(50,773)	(163,830)	(156,901)
Changes in fair value	512,062	1,281,146	(56,361)
Balance at the end of the period/ year	<u>19,458,882</u>	<u>19,567,759</u>	<u>18,237,182</u>

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 September 2013

Quoted shares with a fair value of KD 2,790,000 (31 December 2012 - KD 2,635,000, 30 September 2012 - KD Nil) are under lien to the Ministry of Commerce and Industry.

It was not possible to reliably measure the fair value of unquoted securities amounting to KD 4,561,055 (31 December 2012 - KD 4,608,655, 30 September 2012 - KD 4,370,448) 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.

7. Business Combination, Discontinued Operations and Disposal of a Subsidiary

- a) On 25 June 2013 the Parent company acquired additional 25,100,000 shares of Ritaj Takaful Insurance Company K.S.C. (Closed) "an associate", from a related party which increased the ownership from 33.6% to 58.7%. The consideration for the acquisition was settled against due from a related party for KD 2,786,100 and the balance of KD 325,435 due from the related party was settled in cash.

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

	<u>Kuwaiti Dinars</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	(1,055,987)
Net assets	<u>11,247,370</u>
Represented by:	
Purchase consideration	2,786,100
Non-controlling interest	4,645,164
Fair value of previously held interest	3,816,106
	<u>11,247,370</u>

- b) The results of Ritaj Takaful Insurance Company KSC Closed up to 31 August 2013 have been classified as discontinuing operations since the Parent Company sold 33.6% of its ownership in this entity to a related party on 31 August 2013 (See C below).
- c) On 31 August 2013 the Parent Company sold 33.6% shareholding of Ritaj Takaful Insurance Company K.S.C. (Closed) to a related party for KD 3,729,600 and on that date it become an associate of the Parent Company with 25.1% shareholding for cash as follows.

	<u>Kuwaiti Dinars</u>
Net assets disposed	3,779,116
Loss on disposal (Note 16)	(49,516)
Cash consideration received	<u>3,729,600</u>

(Loss)/ profit for the period from discontinued operation:

	<u>Kuwaiti Dinars</u>			
	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>30 September</u>		<u>30 September</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
(Loss)/ profit from discontinued operation	(14,471)	25,067	118,129	81,281
Loss on disposal (Note 16)	(49,516)	-	(49,516)	-
	<u>(63,987)</u>	<u>25,067</u>	<u>68,613</u>	<u>81,281</u>

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 September 2013

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 2012 – KD 2,955,780; 30 September 2012 - KD 2,955,780), in accordance with insurance regulations in Kuwait.

9. Insurance contract liabilities

	Kuwaiti Dinars		
	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Reserve for outstanding claims	15,764,930	28,886,812	37,454,166
Reserve for unexpired risks (unearned premiums)	3,244,371	2,970,879	2,967,845
Reserve for life insurance fund	1,045,933	825,616	740,024
	<u>20,055,234</u>	<u>32,683,307</u>	<u>41,162,035</u>

10. Share capital

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

11. Treasury shares

	Kuwaiti Dinars		
	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Number of treasury shares	10,515,470	215,470	215,470
Percentage to issued shares (%)	6.08%	0.12%	0.12%
Market value (KD)	1,303,918	23,702	25,425
Cost	1,255,986	40,586	40,586

12. Net investment (loss)/ income

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Interest income	22,972	21,189	60,722	62,343
Changes in fair value of investments at fair value through profit or loss (Note 5)	(29,559)	(89,848)	(7,931)	(49,063)
Loss on sale of investments at fair value through profit or loss	-	-	-	(3,890)
Gain on sale of investments available for sale	-	-	291,641	-
Impairment loss of investments available for sale (Note 6)	(3,173)	(150,000)	(50,773)	(156,901)
Dividend income	4,194	-	497,356	427,251
Share of results of associate	6,367	-	6,367	-
Rental income	2,100	3,000	6,300	12,030
Foreign currency exchange	(49,029)	23,700	(8,886)	(21,718)
	<u>(46,128)</u>	<u>(191,959)</u>	<u>794,796</u>	<u>270,052</u>

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 September 2013

13. Segment results

A. Nine months ended 30 September 2013

	Kuwaiti Dinars				Total
	Marine & aviation	Fire	General accident	Life	
Revenue	599,516	250,888	4,430,864	3,299,717	8,580,985
Net results	154,323	(36,654)	(579,085)	150,582	(310,834)
Unallocated items					751,418
Profit from operations					440,584

B. Nine months ended 30 September 2012

	Kuwaiti Dinars				Total
	Marine & aviation	Fire	General accident	Life	
Revenue	593,124	238,554	4,365,756	2,825,258	8,022,692
Net results	(71,811)	(73,247)	528,311	825,032	1,208,285
Unallocated items					109,578
Profit from operations					1,317,863

14. (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 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
(Loss)/ profit for the period from continuing operation attributable to the Parent Company's shareholders	(703,902)	(45,457)	331,227	1,183,954
Weighted average number of outstanding shares	172,788,740	172,788,740	172,788,740	172,788,740
Less: Weighted average number of outstanding treasury shares	(781,404)	(215,470)	(781,404)	(215,470)
(Loss)/ earnings per share (fils)	(4.09)	(0.26)	1.93	6.86

(Loss)/ earning per share from discontinued operation:

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
(Loss)/ profit for the period from discontinued operation	(63,987)	25,067	68,613	81,281
Weighted average number of outstanding shares	172,788,740	172,788,740	172,788,740	172,788,740
Less: Weighted average number of outstanding treasury shares	(781,404)	(215,470)	(781,404)	(215,470)
(Loss)/ earnings per share (fils)	(0.37)	0.15	0.40	0.47

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 September 2013

15. Dividends

The Parent Company's shareholders at their general assembly meeting held on 8 April 2013, approved cash dividend of 5 fils per share, for the year ended 31 December 2012 (2011 – 5 fils per share), 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:

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

	Kuwaiti Dinars		
	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Insurance activities			
Insurance services receivable	778,718	841,007	731,285
Insurance services payable	79,549	131,337	70,584
Investment activities			
Investments at fair value through profit or loss	182,748	186,450	177,500
Investments available for sale	11,046,790	10,315,211	9,291,115
Deposits and bank balances	9,201,830	4,615,336	4,624,395
Other activities			
Current account	800,000	3,861,534	3,861,534

B. Transactions included in condensed consolidated statement profit or loss

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Premiums written	96,374	57,699	405,217	330,890
Loss on disposal of discontinued operation (Note 7)	(49,516)	-	(49,516)	-

C. Compensation to key management personnel

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Short term employee benefits	47,261	36,172	145,210	101,717
Post-employment benefits	24,791	-	33,591	-
	<u>72,052</u>	<u>36,172</u>	<u>178,801</u>	<u>101,717</u>

17. Capital commitments and contingent liabilities

	Kuwaiti Dinars		
	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Letter of guarantee for others	210,634	5,495	495
Capital commitments	132,348	98,632	98,632
	<u>342,982</u>	<u>104,127</u>	<u>99,127</u>

18. Prior year adjustments

During the previous years and up to 31 December 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 profit or loss and other comprehensive income" rather than in the consolidated statement of profit or loss. During the period ended 30 September 2013 the Group has restated comparative figures as follows:

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

During the previous years and up to 31 December 2011, Ritaj Takaful Insurance Company K.S.C.C (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 profit or loss and other comprehensive income" rather than in the statement of profit or loss. During the year ended 31 December 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 31 December 2011 by KD 196,436.
- Increased share of profit or loss and other comprehensive income from associate balance as of 31 December 2011 by KD 196,436.

During the year ended 31 December 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 31 December 2011 by KD 1,948,893.
- Increased investment properties balance as of 31 December 2011 by KD 1,948,893.

Accordingly, the cumulative effect in the consolidated statement of financial position as of 31 December 2011 was as follows:

- Retained earnings decreased by KD 11,532,549.
- Cumulative change in fair value increased by 13,285,006.
- Share of profit or loss and other comprehensive income of associate increased by KD 196,436.
- Investment property increased by KD 1,948,893.