

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

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

30 June 2016

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**Warba Insurance Company K.S.C.P
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.P (the Parent Company) and its subsidiary (together called "the Group") as at 30 June 2016 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three months and six months periods then ended and the related interim condensed consolidated changes in equity and cash flows for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

Except as explained in the following paragraph, 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.

Basis for Qualified Conclusion

Adequate information is not currently available to assess the recoverability of claims of approximately KD 832,000 that the Group has recognized as receivable in the current quarter and to determine the fair value of an investment available for sale carried at KD 2,227,500 net of a fair value decline of KD 907,500 recognized in fair value reserve. Had we been able to obtain such information, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information.

Qualified Conclusion

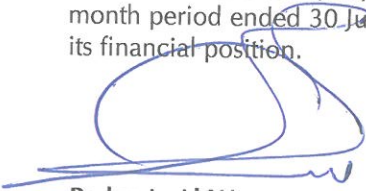
Except for the adjustments to the interim condensed consolidated financial information, that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 - Interim Financial Reporting.

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

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS (Continued)


Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the accompanying 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. 1 of 2016 and its Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the six month period ended 30 June 2016 that might have had a material effect on the business of the Parent Company or on its financial position.



**Bader A. Al-Wazzan
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Kuwait
14 August 2016



**Nayef M Al-Bazie
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Interim Condensed Consolidated Statement of Financial Position (Unaudited) as at 30 June 2016

| | Note | Kuwaiti Dinars | | |
|---|------|--------------------------------|----------------------------------|--------------------------------|
| | | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
| ASSETS | | | | |
| Cash and cash equivalents | | 3,439,662 | 4,505,901 | 4,003,776 |
| Fixed deposits | 3 | 6,855,000 | 6,007,000 | 9,248,500 |
| Investments at fair value through profit or loss | 4 | 4,767,005 | 5,072,144 | 4,196,214 |
| Insurance and reinsurance receivables | | 15,884,797 | 16,861,959 | 15,992,420 |
| Other receivables | | 2,096,775 | 2,189,389 | 2,263,515 |
| Loan secured by life insurance policies | | 27,417 | 23,903 | 25,879 |
| Reinsurance share in reserve for outstanding claims | | 17,529,912 | 18,146,184 | 17,673,088 |
| Investments available for sale | 5 | 17,577,092 | 18,330,927 | 18,119,155 |
| Investment in associates | | 5,688,452 | 5,529,104 | 5,497,485 |
| Goodwill | | 62,240 | 62,240 | 62,240 |
| Property and equipment | 6 | 8,032,273 | 8,129,091 | 8,269,964 |
| Total assets | | 81,960,625 | 84,857,842 | 85,352,236 |
| LIABILITIES AND EQUITY | | | | |
| Liabilities | | | | |
| Bank overdraft | | 218,888 | - | 809,842 |
| Accounts payable | | 4,348,209 | 4,022,763 | 3,516,191 |
| Insurance contract liabilities | 7 | 24,569,996 | 25,765,072 | 26,098,861 |
| Insurance and reinsurance payables | | 4,546,198 | 6,097,647 | 4,781,013 |
| Other payables | | 3,554,645 | 3,657,216 | 3,412,121 |
| Total liabilities | | 37,237,936 | 39,542,698 | 38,618,028 |
| Equity | | | | |
| Share capital | 8 | 17,278,874 | 17,278,874 | 17,278,874 |
| Treasury shares | 9 | (1,275,970) | (1,270,570) | (1,255,986) |
| Treasury shares reserve | | 164,760 | 164,760 | 164,760 |
| Statutory reserve | | 8,781,109 | 8,781,109 | 8,781,109 |
| Voluntary reserve | | 9,206,054 | 9,206,054 | 9,206,054 |
| General reserve | | 4,000,000 | 4,000,000 | 4,000,000 |
| Cumulative changes in fair value | | 2,744,480 | 3,972,815 | 4,927,104 |
| Share of other comprehensive income of associates | | 22,187 | 30,098 | 40,661 |
| Retained earnings | | 3,456,215 | 2,848,907 | 3,301,510 |
| Equity attributable to shareholders of the Parent Company | | 44,377,709 | 45,012,047 | 46,444,086 |
| Non-controlling interests | | 344,980 | 303,097 | 290,122 |
| Total equity | | 44,722,689 | 45,315,144 | 46,734,208 |
| Total liabilities and equity | | 81,960,625 | 84,857,842 | 85,352,236 |

The accompanying notes from 1 to 16 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 2016

| | | Kuwaiti Dinars | | | |
|-------------------------|---|-------------------------------|-------------|-----------------------------|-------------|
| | | Three months ended 30 June | | Six months ended 30 June | |
| Note | | 2016 | 2015 | 2016 | 2015 |
| Revenue: | | | | | |
| | Gross premiums written | 7,829,208 | 8,589,927 | 20,295,356 | 19,932,504 |
| | Premium ceded to reinsurers | (3,338,569) | (4,279,876) | (9,809,179) | (9,633,877) |
| | Net premiums written | 4,490,639 | 4,310,051 | 10,486,177 | 10,298,627 |
| | Movement in unearned premium reserve | 108,772 | (717,050) | 102,544 | (385,956) |
| | Movement in life actuarial reserve | (551,244) | (28,395) | (11,601) | 16,098 |
| | Net premiums earned | 4,048,167 | 3,564,606 | 10,577,120 | 9,928,769 |
| | Commission received on ceded reinsurance | 237,005 | 384,800 | 709,602 | 823,542 |
| | Policy Issuance fees | 59,327 | 51,663 | 118,355 | 98,454 |
| | Net investment income from life insurance | 67,964 | 16,033 | 82,124 | 42,762 |
| 10 | | 4,412,463 | 4,017,102 | 11,487,201 | 10,893,527 |
| Expenses: | | | | | |
| | Net claims incurred | (1,804,355) | (2,667,051) | (5,188,757) | (5,318,959) |
| | Commission and discounts | (497,211) | (695,791) | (1,452,764) | (1,688,228) |
| | General and administrative expenses | (1,312,294) | (1,324,706) | (2,868,668) | (2,554,595) |
| | | (3,613,860) | (4,687,548) | (9,510,189) | (9,561,782) |
| | Net underwriting income/(loss) | 798,603 | (670,446) | 1,977,012 | 1,331,745 |
| | Net investment (loss)/income from non-life | (59,762) | 238,427 | 329,969 | 767,412 |
| 10 | | 129,253 | 16,474 | 167,259 | 31,279 |
| | Share of results of associates | 253,784 | 238,253 | 512,132 | 466,944 |
| | Insurance services income | 568 | 3,559 | 644 | 6,794 |
| | Other income | (13,043) | 82,807 | 6,268 | 141,055 |
| | Foreign currency exchange (loss)/gain | 1,109,403 | (90,926) | 2,993,284 | 2,745,229 |
| Other expenses | | | | | |
| | Insurance services expenses | (223,963) | (211,724) | (418,348) | (386,416) |
| | Unallocated general and administrative expenses | (93,730) | (80,426) | (218,680) | (155,343) |
| | | (317,693) | (292,150) | (637,028) | (541,759) |
| | Profit/(loss) for the period before Contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax and Zakat | 791,710 | (383,076) | 2,356,256 | 2,203,470 |
| | Contribution to KFAS | (7,711) | 4,117 | (22,685) | (21,353) |
| | National Labor Support Tax | (18,013) | 9,296 | (45,666) | (39,108) |
| | Zakat | (7,127) | 3,884 | (17,808) | (15,330) |
| | Profit/(loss) for the period | 758,859 | (365,779) | 2,270,097 | 2,127,679 |
| Attributable to: | | | | | |
| | Shareholders of the Parent Company | 746,109 | (377,930) | 2,228,214 | 2,090,807 |
| | Non-controlling interests | 12,750 | 12,151 | 41,883 | 36,872 |
| | | 758,859 | (365,779) | 2,270,097 | 2,127,679 |
| | Earnings/(loss) per share (fils) | 4.6 | (2.33) | 13.75 | 12.88 |
| 12 | | | | | |

The accompanying notes from 1 to 16 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
For the six months ended 30 June 2016

| | | Kuwaiti Dinars | | | |
|------|--|-------------------------------|-----------|-----------------------------|-----------|
| | | Three months ended 30 June | | Six months ended 30 June | |
| Note | | 2016 | 2015 | 2016 | 2015 |
| | Profit/(loss) for the period | 758,859 | (365,779) | 2,270,097 | 2,127,679 |
| | 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 | 5 (299,632) | (467,449) | (1,228,335) | (369,359) |
| | Share of other comprehensive income/(loss) from associate | 3,997 | (8,568) | (7,911) | (5,364) |
| | Other comprehensive loss for the period | (295,635) | (476,017) | (1,236,246) | (374,723) |
| | Total comprehensive income/(loss) for the period | 463,224 | (841,796) | 1,033,851 | 1,752,956 |
| | Attributable to: | | | | |
| | Shareholders of the Parent Company | 450,474 | (853,947) | 991,968 | 1,716,084 |
| | Non-controlling interests | 12,750 | 12,151 | 41,883 | 36,872 |
| | Total comprehensive income/(loss) for the period | 463,224 | (841,796) | 1,033,851 | 1,752,956 |

The accompanying notes from 1 to 16 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 2016

| | Kuwaiti Dinars | | | | | | | | | | Total Equity | |
|--|--|--------------------|-------------------------------|----------------------|----------------------|--------------------|--|--|----------------------|-------------------|----------------------------------|-------------------|
| | 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 associates | Retained earnings | Total | Non- controlling interests | |
| Balance at 31 December 2015 | 17,278,874 | (1,270,570) | 164,760 | 8,781,109 | 9,206,054 | 4,000,000 | 3,972,815 | 30,098 | 2,848,907 | 45,012,047 | 303,097 | 45,315,144 |
| Purchase of treasury shares | - | (5,400) | - | - | - | - | - | - | - | (5,400) | - | (5,400) |
| Total comprehensive income for the period | - | - | - | - | - | - | (1,228,335) | (7,911) | 2,228,214 | 991,968 | 41,883 | 1,033,851 |
| Cash Dividend (Note 13) | - | - | - | - | - | - | - | - | (1,620,906) | (1,620,906) | - | (1,620,906) |
| Balance at 30 June 2016 | <u>17,278,874</u> | <u>(1,275,970)</u> | <u>164,760</u> | <u>8,781,109</u> | <u>9,206,054</u> | <u>4,000,000</u> | <u>2,744,480</u> | <u>22,187</u> | <u>3,456,215</u> | <u>44,377,709</u> | <u>344,980</u> | <u>44,722,689</u> |
| Balance at 31 December 2014 | 17,278,874 | (1,255,986) | 164,760 | 8,781,109 | 9,206,054 | 4,000,000 | 5,296,463 | 46,025 | 2,833,436 | 46,350,735 | 253,250 | 46,603,985 |
| Total comprehensive income for the period | - | - | - | - | - | - | (369,359) | (5,364) | 2,090,807 | 1,716,084 | 36,872 | 1,752,956 |
| Cash Dividend (Note 13) | - | - | - | - | - | - | - | - | (1,622,733) | (1,622,733) | - | (1,622,733) |
| Balance at 30 June 2015 | <u>17,278,874</u> | <u>(1,255,986)</u> | <u>164,760</u> | <u>8,781,109</u> | <u>9,206,054</u> | <u>4,000,000</u> | <u>4,927,104</u> | <u>40,661</u> | <u>3,301,510</u> | <u>46,444,086</u> | <u>290,122</u> | <u>46,734,208</u> |

The accompanying notes from 1 to 16 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 2016

| | Kuwaiti Dinars | |
|--|-----------------------------|--------------------|
| | Six months ended 30 June | |
| | 2016 | 2015 |
| Cash flows from operating activities | | |
| Profit for the period before Contribution to KFAS, National Labor Support Tax and Zakat | 2,356,256 | 2,203,470 |
| Adjustments: | | |
| Net investment income | (412,093) | (810,174) |
| Share of result of associates | (167,259) | (31,279) |
| Depreciation | 153,555 | 159,644 |
| | <u>1,930,459</u> | <u>1,521,661</u> |
| Changes in operating assets and liabilities: | | |
| Insurance and reinsurance receivables | 977,162 | 2,498,046 |
| Other receivables | 36,490 | 250,919 |
| Reinsurance share in reserve for outstanding claims | 616,272 | (2,391,015) |
| Insurance contract liabilities | (1,195,076) | 2,238,218 |
| Accounts payable | 325,446 | (85,765) |
| Insurance and reinsurance payable | (1,551,449) | (2,063,040) |
| Other payables | (227,343) | (256,756) |
| Net cash from operating activities | <u>911,961</u> | <u>1,712,268</u> |
| Cash flows from investing activities | | |
| Net movement in fixed deposits | (848,000) | 835,000 |
| Payments for purchase of investments at fair value through profit or loss | - | (4,505,764) |
| Proceeds from disposal of investment at fair value through profit or loss | - | 2,560,048 |
| Purchase of investment available for sale | (500,000) | - |
| Movements in loans secured by life insurance policies | (3,514) | (5,730) |
| Payments for purchase of property and equipment | (56,737) | (61,070) |
| Dividends received | 627,090 | 640,062 |
| Rental income received | 4,200 | 4,200 |
| Interest income received | 167,566 | 121,181 |
| Net cash used in investing activities | <u>(609,395)</u> | <u>(412,073)</u> |
| Cash flows from financing activities | | |
| Bank overdraft repaid | 218,888 | 19,309 |
| Dividends paid to shareholders | (1,582,293) | (1,513,002) |
| Purchase of treasury shares | (5,400) | - |
| Net cash used in financing activities | <u>(1,368,805)</u> | <u>(1,493,693)</u> |
| Net decrease in cash and cash equivalents | (1,066,239) | (193,498) |
| Cash and cash equivalents at beginning of the period | 4,505,901 | 4,197,274 |
| Cash and cash equivalents at end of the period | <u>3,439,662</u> | <u>4,003,776</u> |

The accompanying notes from 1 to 16 form an integral part of this interim condensed consolidated financial information.

1. Incorporation and objectives

Warba Insurance Company K.S.C.P. (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.P and its subsidiary WAPMED TPA Services Company K.S.C.C. in which it has an equity interest of 54.57% (31 December 2015: 54.57%, 30 June 2015: 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 and investment properties.

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

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 which cancelled the Companies Law No. 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on July 12, 2016 and was published in the Official Gazette on July 17, 2016 which cancelled the Executive Regulations of Law No. 25 of 2012. The adoption of the new Companies Law and its executive regulations is not expected to have any effect on the reporting entity.

This interim condensed consolidated financial information has been approved for issue by the Parent Company's Board of Directors on 14 August 2016.

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 2015.

The interim condensed consolidated financial information are presented in Kuwaiti Dinars which is the functional and reporting currency of the Group.

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 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2015.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2016 and amendments issued but not effective did not have any material impact on the accounting policies, financial position or performance of the Group.

3. 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 2016 include KD 4,669,000 (31 December 2015: KD 4,169,000, 30 June 2015: KD 4,169,000) 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 0.875% to 2.9% (31 December 2015: 0.875% to 1.813%, 30 June 2015: 0.871% to 2%) per annum.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2016

4. Investments at fair value through profit or loss

The movement during the period/year is as follows:

| | Kuwaiti Dinars | | |
|--|--------------------------------|----------------------------------|-----------------------------|
| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
| Balance at the beginning of the period/year | 5,072,144 | 2,253,984 | 2,253,984 |
| Additions | - | 6,039,613 | 4,505,764 |
| Disposals | - | (3,062,484) | (2,564,851) |
| Unrealized (loss)/gain on change in fair value (Note 10) | (305,139) | (158,969) | 1,317 |
| Balance at the end of the period/year | <u>4,767,005</u> | <u>5,072,144</u> | <u>4,196,214</u> |

5. Investments available for sale

The movement during the period/year is as follows:

| | Kuwaiti Dinars | | |
|---|--------------------------------|----------------------------------|-----------------------------|
| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
| Balance at the beginning of the period/year | 18,330,927 | 18,488,514 | 18,488,514 |
| Additions | 500,000 | 2,000,000 | - |
| Disposals | - | (1,125,016) | - |
| Impairment loss | (25,500) | - | - |
| Changes in fair value | (1,228,335) | (1,032,571) | (369,359) |
| Balance at the end of the period/year | <u>17,577,092</u> | <u>18,330,927</u> | <u>18,119,155</u> |

Quoted shares with a fair value of KD 1,638,000 (31 December 2015: KD 2,016,000, 30 June 2015: KD 2,160,000) are under lien to the Ministry of Commerce and Industry in accordance with insurance regulations of Kuwait.

It was not possible to reliably measure the fair value of unquoted securities amounting to KD 844,104 (31 December 2015: KD 964,805, 30 June 2015: KD 964,805) 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.

6. 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 2015: KD 2,955,780; 30 June 2015: KD 2,955,780), in accordance with insurance regulations in Kuwait.

7. Insurance contract liabilities

| | Kuwaiti Dinars | | |
|---|--------------------------------|----------------------------------|-----------------------------|
| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
| Reserve for outstanding claims | 19,312,501 | 20,416,634 | 20,745,443 |
| Reserve for unexpired risks (unearned premiums) | 2,248,736 | 2,336,757 | 2,288,198 |
| Reserve for life insurance fund | 3,008,759 | 3,011,681 | 3,065,220 |
| | <u>24,569,996</u> | <u>25,765,072</u> | <u>26,098,861</u> |

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2016

8. Share capital

The authorized, issued and paid-up capital of the Parent Company is 172,788,740 shares (31 December 2015: 172,788,740 shares, 30 June 2015: 172,788,740 shares) of 100 fils each.

9. Treasury shares

| | Kuwaiti Dinars | | |
|---------------------------------|--------------------------------|----------------------------------|-----------------------------|
| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
| Number of treasury shares | 10,698,171 | 10,648,171 | 10,515,470 |
| Percentage to issued shares (%) | 6.19% | 6.16% | 6.08% |
| Market value (KD) | 1,091,213 | 1,086,113 | 1,156,702 |
| Cost | 1,275,970 | 1,270,570 | 1,255,986 |

The Parent Company's management has allotted an amount equal to treasury shares balance from the voluntary reserve as of the interim consolidated financial information date. Such amount will not be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

10. Net investment income

| | Kuwaiti Dinars | | | |
|---|-------------------------------|----------------|-----------------------------|----------------|
| | Three months ended 30 June | | Six months ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Interest income | 60,799 | 42,330 | 111,442 | 93,174 |
| Changes in fair value of investments at fair value through profit or loss (Note 4) | (83,262) | 150,571 | (305,139) | 1,317 |
| Loss on sale of investments at fair value through profit or loss | - | (4,803) | - | (4,803) |
| Impairment loss on available for sale investment | - | - | (25,500) | - |
| Dividend income | 28,565 | 64,262 | 627,090 | 716,286 |
| Rental income | 2,100 | 2,100 | 4,200 | 4,200 |
| | <u>8,202</u> | <u>254,460</u> | <u>412,093</u> | <u>810,174</u> |
| Disclosed in the statement of income is as follows: | | | | |
| Net investment income for life insurance | 67,964 | 16,033 | 82,124 | 42,762 |
| Net investment income for Non-life insurance | (59,762) | 238,427 | 329,969 | 767,412 |
| | <u>8,202</u> | <u>254,460</u> | <u>412,093</u> | <u>810,174</u> |

11. Segment results

A. Six months ended 30 June 2016

| | Kuwaiti Dinars | | | | | Total |
|-------------------------|----------------------|----------------|---------------------|------------------------------------|---------------------|-------------------|
| | Marine & aviation | Fire | General accident | Total general risk insurance | Life and medical | |
| Revenue | <u>378,410</u> | <u>590,152</u> | <u>4,211,024</u> | <u>5,179,586</u> | <u>6,307,615</u> | <u>11,487,201</u> |
| Net underwriting income | <u>80,904</u> | <u>297,963</u> | <u>213,460</u> | <u>592,327</u> | <u>1,384,685</u> | <u>1,977,012</u> |
| Assets | | | | <u>66,755,250</u> | <u>15,205,375</u> | <u>81,960,625</u> |
| Liabilities | | | | <u>24,880,032</u> | <u>12,357,904</u> | <u>37,237,936</u> |

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2016

B. Six months ended 30 June 2015

| | Kuwaiti Dinars | | | | | Total |
|-------------------------|-------------------|-----------|------------------|------------------------------|------------------|------------|
| | Marine & aviation | Fire | General accident | Total general risk insurance | Life and medical | |
| Revenue | 494,941 | 500,552 | 4,482,822 | 5,478,315 | 5,415,212 | 10,893,527 |
| Net underwriting income | 124,892 | (158,211) | 222,469 | 189,150 | 1,142,595 | 1,331,745 |
| Assets | | | | 71,038,397 | 14,313,839 | 85,352,236 |
| Liabilities | | | | 25,734,407 | 12,883,621 | 38,618,028 |

12. Earnings/(loss) per share

Earnings/(loss) 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:

| | Kuwaiti Dinars | | | |
|--|----------------------------|---------------|--------------------------|--------------|
| | Three months ended 30 June | | Six months ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Profit/(loss) for the period attributable to the Parent Company's shareholders | 746,109 | (377,930) | 2,228,214 | 2,090,807 |
| Number of shares outstanding: | | | | |
| Number of issued shares at beginning of the year | 172,788,740 | 172,788,740 | 172,788,740 | 172,788,740 |
| Less: Weighted average number of treasury shares | (10,684,984) | (10,515,470) | (10,684,984) | (10,515,470) |
| Weighted average number of outstanding shares | 162,103,756 | 162,273,270 | 162,103,756 | 162,273,270 |
| Earnings/(loss) per share (fils) | 4.6 | (2.33) | 13.75 | 12.88 |

13. Dividends

The Parent Company's shareholders at their general assembly meeting held on 22 March 2016 approved the consolidated financial statements for the year ended 31 December 2015 and cash dividend of 10 fils per share, for the year ended 31 December 2015 to all the registered shareholders as of the date of the meeting.

The Parent Company's shareholders at their general assembly meeting held on 19 May 2015 approved the consolidated financial statements for the year ended 31 December 2014 and cash dividend of 10 fils per share, for the year ended 31 December 2014 to all the registered shareholders as of the date of the meeting.

14. 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:

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2016

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

| | Kuwaiti Dinars | | |
|--|--------------------------------|----------------------------------|-----------------------------|
| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
| Insurance activities | | | |
| Insurance services receivable | 1,405,764 | 1,965,054 | 1,281,514 |
| Insurance services payable | 118,189 | 104,723 | 101,967 |
| Investment activities | | | |
| Deposits and bank balances | 5,376,492 | 6,685,415 | 5,711,233 |
| Investments at fair value through profit or loss | 12,740 | 15,680 | 16,800 |
| Investments available for sale | 10,922,273 | 8,944,226 | 11,625,395 |

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

| | Kuwaiti Dinars | | | |
|------------------|-------------------------------|--------|-----------------------------|---------|
| | Three months ended 30 June | | Six months ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Premiums written | 57,773 | 38,427 | 174,323 | 150,272 |

C. Compensation to key management personnel

| | Kuwaiti Dinars | | | |
|------------------------------|-------------------------------|--------|-----------------------------|---------|
| | Three months ended 30 June | | Six months ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Short term employee benefits | 68,590 | 77,768 | 147,599 | 150,390 |
| Post-employment benefits | 1,452 | 2,373 | 28,946 | 4,698 |
| | 70,042 | 80,141 | 176,545 | 155,088 |

15. Capital commitments and contingent liabilities

| | Kuwaiti Dinars | | |
|--------------------------------|--------------------------------|----------------------------------|-----------------------------|
| | 30 June 2016 (Unaudited) | 31 December 2015 (Audited) | 30 June 2015 (Unaudited) |
| Letter of guarantee for others | 1,502,000 | 1,002,000 | 1,326 |
| Capital commitments | 984,769 | 984,769 | - |
| | 2,486,769 | 1,986,769 | 1,326 |

16. 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 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.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2016

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information 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 | | | Total |
|--|-------------------|------------------|------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | |
| 30 June 2016 | | | | |
| Investments at fair value through profit or loss | 4,767,005 | - | - | 4,767,005 |
| Investments available for sale | 10,461,193 | 2,526,355 | 3,745,440 | 16,732,988 |
| | <u>15,228,198</u> | <u>2,526,355</u> | <u>3,745,440</u> | <u>21,499,993</u> |
| 31 December 2015 | | | | |
| Investments at fair value through profit or loss | 5,072,144 | - | - | 5,072,144 |
| Investments available for sale | 11,766,185 | 2,032,997 | 3,566,940 | 17,366,122 |
| | <u>16,838,329</u> | <u>2,032,997</u> | <u>3,566,940</u> | <u>22,438,266</u> |
| 30 June 2015 | | | | |
| Investments at fair value through profit or loss | 4,196,214 | - | - | 4,196,214 |
| Investments available for sale | 13,553,544 | 33,866 | 3,566,940 | 17,154,350 |
| | <u>17,749,758</u> | <u>33,866</u> | <u>3,566,940</u> | <u>21,350,564</u> |

During the period ended 30 June 2016, there were no transfers between different levels of the fair value measurement.

For assets and liabilities that are recognized in the financial information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.