

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
(UNAUDITED)**

WITH

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

WARBA INSURANCE COMPANY - K.S.C.P.
AND ITS SUBSIDIARY
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**Deloitte & Touche
Al-Wazzan & Co.**

Ahmed Al-Jaber Street, Shang
Dar Al-Awadi Complex, Floors 7 & 8
P.O. Box 20174 Safat 13062 or
P.O. Box 23049 Safat 13091
Kuwait
Tel: +965 22408844, 22438000
Fax: +965 22408855, 22452000
www.deloitte.com



RSM Albazie & Co.

Public Accountants

Kuwait Airways Building, 7th floor, Shuhada Street,
P.O. Box 2115, Safat - 13022, State of Kuwait
T +965 22961000 F +965 22412761
E mail@albazie.com W www.albazie.com

Report on Review of Interim consolidated financial information

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

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 (the Group) as of September 30, 2014 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim consolidated financial information.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim financial information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

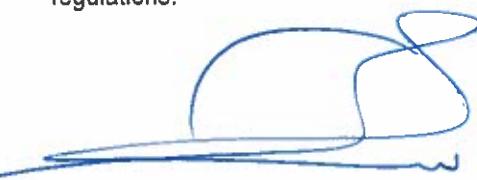
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.



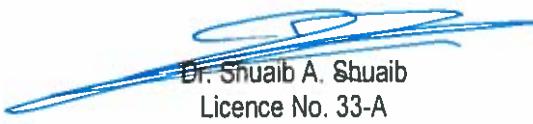
Report on other Legal and Regulatory Requirements

Based on our review, the interim consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 as amended or of the Articles of Association or Memorandum of Association of the Parent Company have occurred during the nine months period ended September 30, 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.



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

State of Kuwait
November 12, 2014

WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 AS OF SEPTEMBER 30, 2014
 (All amounts are in Kuwaiti Dinars)

	Note	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
ASSETS				
Cash and cash equivalents		3,124,495	4,034,461	3,287,369
Fixed deposits	3	5,337,000	6,672,000	7,272,000
Investments at fair value through profit or loss		2,499,297	2,157,600	2,211,123
Insurance and reinsurance receivable		16,805,434	18,327,971	15,667,555
Other receivables		2,501,015	2,839,222	2,095,048
Loan secured by life insurance policies		19,164	20,010	19,549
Investments available for sale	4	19,628,871	18,888,479	19,458,882
Investments in associates	5	5,412,964	2,856,293	2,863,773
Investment properties		4,200,000	4,200,000	4,340,000
Reinsurance share in reserve for outstanding claims		15,196,208	16,539,611	13,509,197
Goodwill		62,240	62,240	62,240
Property and equipment	6	8,442,157	8,632,161	8,574,244
		83,228,845	85,230,048	79,360,980
LIABILITIES AND EQUITY				
Liabilities:				
Insurance contract liabilities	7	23,711,939	23,525,537	20,055,234
Accounts payable		3,452,561	3,537,770	2,818,032
Insurance and reinsurance payables		4,933,229	7,617,116	6,445,285
Other payables		3,493,513	3,977,855	3,572,189
Total liabilities		35,591,242	38,658,278	32,890,740
Equity:				
Share capital	8	17,278,874	17,278,874	17,278,874
Treasury shares	9	(1,255,986)	(1,255,986)	(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		9,049,254	9,049,254	8,930,389
General reserve		4,000,000	4,000,000	4,000,000
Cumulative changes in fair value		6,436,820	5,696,428	6,324,905
Share of other comprehensive income of associate		68,655	21,101	26,483
Retained earnings		2,866,898	2,625,787	2,008,922
Equity attributable to shareholders of the Parent Company		47,390,384	46,361,327	46,259,456
Non-controlling interest		247,219	210,443	210,784
Total equity		47,637,603	46,571,770	46,470,240
		83,228,845	85,230,048	79,360,980

The accompanying notes from (1) to (16) form an integral part of these interim consolidated financial information

Anwar Jawad Bu Khamseen
Chairman

Sheikh Mohammed Jarah Sabah Al-Sabah
Vice Chairman

WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
 (All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Revenue:					
Premiums written		5,597,078	4,471,942	22,243,232	21,009,003
Reinsurance share		(2,847,209)	(1,747,957)	(10,232,049)	(11,528,797)
Net premiums written		2,749,869	2,723,985	12,011,183	9,480,206
Movement in reserve for unexpired risks		216,371	(135,787)	(383,063)	(273,492)
Movement in reserve for life insurance fund		(64,189)	(49,360)	26,156	(220,317)
Net premiums earned		2,902,051	2,538,838	11,654,276	8,986,397
Net commission		(233,604)	(315,866)	(1,100,182)	(563,787)
Issue fees		37,389	52,189	131,268	144,166
Net investment income from life insurance	10	16,892	4,224	23,529	14,209
		2,722,728	2,279,385	10,708,891	8,580,985
Expenses:					
Net incurred claims		(2,262,081)	(1,695,821)	(7,188,814)	(5,604,429)
General and administrative expenses		(1,129,827)	(1,206,066)	(3,027,027)	(3,287,390)
		(3,391,908)	(2,901,887)	(10,215,841)	(8,891,819)
Net underwriting (loss) income	11	(669,180)	(622,502)	493,050	(310,834)
Net investment income (loss) from non-life insurance	10	197,907	(50,352)	1,075,977	780,587
Insurance services income		174,156	193,622	613,264	519,076
Other income		1,150	3,198	16,020	74,811
		(295,967)	(476,034)	2,198,311	1,063,640
Other expenses:					
Insurance services expense		(166,481)	(165,849)	(531,751)	(443,912)
Unallocated general and administrative expenses		(75,015)	(83,019)	(209,893)	(247,757)
		(241,496)	(248,868)	(741,644)	(691,669)
(Loss) profit for the period from continued operation		(537,463)	(724,902)	1,456,667	371,971
Discontinued operations:					
(Loss) profit for the period from discontinued operation		-	(63,987)	-	68,613
(Loss) profit for the period before Contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax and Zakat					
Contribution to KFAS		(537,463)	(788,889)	1,456,667	440,584
National Labor Support Tax		5,527	7,710	(13,804)	(3,070)
Zakat		12,094	18,840	(21,042)	(2,878)
Net (loss) profit for the period		4,959	7,229	(8,021)	(162)
		(514,883)	(755,110)	1,413,800	434,474
Attributable to:					
Shareholders of the parent company		(518,117)	(767,889)	1,377,024	399,840
Non-controlling interest		3,234	12,779	36,776	34,634
		(514,883)	(755,110)	1,413,800	434,474
(Loss) earnings per share from continuing operations (fils)	12	(3.19)	(4.09)	8.49	1.93
(Loss) earnings per share from discontinued operations (fils)	12	-	(0.37)	-	0.40

The accompanying notes from (1) to (16) form an integral part of these interim consolidated financial information

WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
 (All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Net (loss) profit for the period		(514,883)	(755,110)	1,413,800	434,474
Other comprehensive income:					
<u>Items that may be reclassified subsequently to statement of income</u>					
Changes in fair value of investment available for sale	4	878,061	426,490	740,392	512,062
Group's share of associate's cumulative changes in fair value	5	42,881	26,483	47,554	26,483
Group's share of associate's cumulative changes in fair value transfer to statement of income on disposal of discontinued operation	5	-	22,305	-	(27,740)
Other comprehensive income for the period		920,942	475,278	787,946	510,805
Total comprehensive income (loss) for the period		<u>406,059</u>	<u>(279,832)</u>	<u>2,201,746</u>	<u>945,279</u>
Attributable to:					
Shareholders of the Parent Company		402,825	(292,611)	2,164,970	910,645
Non-controlling interests		3,234	12,779	36,776	34,634
		<u>406,059</u>	<u>(279,832)</u>	<u>2,201,746</u>	<u>945,279</u>

The accompanying notes from (1) to (16) form an integral part of these interim consolidated financial information

**WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

The accompanying notes from (1) to (16) form an integral part of these interim consolidated financial information.

WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
 (All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2014	2013
Cash flows from operating activities		
Profit for the period before Contribution to KFAS, National Labor Support Tax and Zakat	1,456,667	440,584
Adjustments:		
Net investment income	(1,099,506)	(794,796)
Profit from discontinued operation	-	(68,613)
Depreciation	293,565	348,914
	<u>650,726</u>	<u>(73,911)</u>
Changes in operating assets and liabilities:		
Insurance and reinsurance receivable and other receivables	1,878,520	3,736,513
Net movement of insurance and reinsurance companies	(1,340,484)	10,868,425
Insurance contract liabilities	186,402	(12,628,073)
Accounts payable and Other payables	(667,302)	(893,392)
Net cash generated from operating activities	<u>707,862</u>	<u>1,009,562</u>
Cash flows from investing activities		
Net movement of fixed deposits	1,335,000	(2,893,000)
Purchase of investments at fair value through profit or loss	(51,361)	-
Proceeds from sale investments at fair value through profit or loss	15,239	-
Proceeds from disposal of discontinued operation	-	3,729,600
Proceeds from sale investments available for sale	-	861,807
Paid for investment in associate	(2,430,000)	-
Interest income received	51,522	62,256
Cash dividend received	640,062	497,356
Rental income received	6,300	6,300
Purchase of property and equipment	(103,561)	(259,003)
Net cash (used in) generated from investing activities	<u>(536,799)</u>	<u>2,005,316</u>
Cash flows from financing activities		
Dividends paid to shareholders	(1,081,029)	(858,529)
Purchase of treasury shares	-	(1,215,400)
Net cash used in financing activities	<u>(1,081,029)</u>	<u>(2,073,929)</u>
Net (decrease) increase in cash and cash equivalents	(909,966)	940,949
Cash and cash equivalents at the beginning of the period	4,034,461	2,346,420
Cash and cash equivalents at the end of the period	<u>3,124,495</u>	<u>3,287,369</u>
Non-cash transaction		
Settlement of due from a related party against business combination (Note 5)	-	2,786,100

The accompanying notes from (1) to (16) form an integral part of these interim consolidated financial information

WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2014
(All amounts are in Kuwaiti Dinars)

1. Incorporation and objectives of the Parent Company

Warba Insurance Company was incorporated as a Kuwaiti Public Shareholding Company in State of Kuwait in accordance with the Amiri Decree of October 24, 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% (December 31, 2013 – 54.57%, September 30, 2013 – 54.57%).

The Parent Company is listed on the Kuwait stock exchange.

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 which resulted from issuance of insurance policies and to invest in permitted securities

As per the letter issued from the Shareholding Companies Department Administration No. 391 dated June 18, 2014 pursuant to the Extraordinary General Assembly meeting held on May 12, 2014 it has been approved to add and amend some articles of the Memorandum of Incorporation and the Article of Association to comply with the Companies Law No. 25 of 2012, its subsequent amendments and executive regulations. Those amendments have been registered in the Parent Company's Commercial Register on June 18, 2014.

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

The interim condensed consolidated financial information have been approved for issue by the Board of Directors on November 12, 2014.

2. Basis of presentation

The interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2013, except for the implementation of the following standards which are effective January 1, 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 and 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 profit or loss in its consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2014.

These amendments are not expected to have material impact on the interim consolidated financial information.

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

WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 SEPTEMBER 30, 2014
 (All amounts are in Kuwaiti Dinars)

3. Fixed deposits

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

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

The average interest rate on fixed deposits was 1.6% per annum (December 31, 2013 – 1.5%, September 30, 2013 – 1.8%).

4. Investments available for sale

The movement during the period / year is as follows:

	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
Balance at the beginning of the period / year	18,888,479	19,567,759	19,567,759
Additions	-	58,074	-
Disposals	-	(570,166)	(570,166)
Impairment loss (Note 10)	-	(50,773)	(50,773)
Changes in fair value	740,392	(116,415)	512,062
Balance at the end of the period / year	19,628,871	18,888,479	19,458,882

Quoted securities amounting to KD 2,835,500 (December 31, 2013 – KD 2,610,000, September 30, 2013 KD 2,790,000) which 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 3,653,555 (December 31, 2013 – KD 4,561,055, September 30, 2013 – KD 4,561,055) due to non-availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they were stated at their cost less impairment losses.

5. Investment in associates

The investment in associates consists of the following:

Name of the associate	Country of Incorporation	Percentage of ownership (%)			December 31, 2013 (Audited)	September 30, 2013
		September 30, 2014	December 31, 2013 (Audited)	September 30, 2014		
Ritaj Takaful Insurance Company - K.S.C. (Closed)	Kuwait	25.1%	25.1%	25.1%	2,982,964	2,856,293
Partners For Real Estate Company W.L.L.	Kuwait	40.5%	-	-	2,430,000	-
					5,412,964	2,856,293
						2,863,773

WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 SEPTEMBER 30, 2014
 (All amounts are in Kuwaiti Dinars)

The movement during the period / year is as follows:

	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
Balance at the beginning of the period / year	2,856,293	3,733,550	3,733,550
Additions	2,430,000	2,786,100	2,786,100
Disposals	-	(3,779,116)	(3,779,116)
Profit from discontinued operations	-	118,129	118,129
Group's share of results from associate (Note 10)	79,117	4,269	6,367
Group's share of associate's cumulative changes in fair value	47,554	21,101	26,483
Group's share of associate's cumulative changes in fair value transfer to statement of income on disposal of discontinued operation	-	(27,740)	(27,740)
Balance at the end of the period / year	<u>5,412,964</u>	<u>2,856,293</u>	<u>2,863,773</u>

There is no share of result from Partners for Real Estate Company – W.L.L since it is recently incorporated and there are no financial statements.

Non-cash transaction

As of June 26, 2013, the Parent company acquired additional shares of Ritaj Takaful Insurance Company – K.S.C.C. (associate) for total consideration of KD 2,786,100 which was set off against due from a related party.

Profit for the period from discontinued operation

This represents the Parent Company's share of results from Ritaj Takaful Insurance Company – K.S.C.C. (associate) for the period from January 1, 2013 to August 31, 2013, as the Parent Company sold 33.6% of its investment in associate to a related party in August 31, 2013. Accordingly, the Parent Company's share of results for the prior periods to that date has been classified as discontinued operation in addition to loss on disposal. Profit for the period from discontinued operation is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
(Loss) gain from discontinued operation	-	(14,471)	-	118,129
Loss on disposal (Note 14)	-	(49,516)	-	(49,516)
	-	(63,987)	-	68,613

6. Property and equipment

Land and buildings with a carrying value of KD 2,955,780 (December 31, 2013 – KD 2,955,780, September 30, 2013 – KD 2,955,780) are pledged to the Ministry of Commerce and Industry in accordance with insurance regulations in Kuwait.

7. Insurance contract liabilities

	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
Reserve for outstanding claims	18,954,579	19,125,085	15,764,930
Reserve for unexpired risks	3,695,854	3,312,790	3,244,371
Reserve for life insurance fund	1,061,506	1,087,662	1,045,933
	<u>23,711,939</u>	<u>23,525,537</u>	<u>20,055,234</u>

WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 SEPTEMBER 30, 2014
 (All amounts are in Kuwaiti Dinars)

8. Share capital

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

9. Treasury shares

	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
Number of treasury shares	10,515,470	10,515,470	10,515,470
Percentage to issued shares (%)	6.08%	6.08%	6.08%
Market value (KD)	1,556,290	1,198,764	1,303,918
Cost (KD)	1,255,986	1,255,986	1,255,986

10. Net investment income (loss)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Interest income	19,030	22,972	23,662	60,722
Changes in fair value of investments at fair value through profit or loss	61,774	(29,559)	303,802	(7,931)
Gain on sale of investments at fair value through profit or loss	1,773	-	1,773	-
Gain on sale of investments available for sale	-	-	-	291,641
Impairment loss for investment available for sale (Note 4)	-	(3,173)	-	(50,773)
Dividend income	57,251	4,194	640,062	497,356
Group's share of results from associate (Note 5)	12,043	6,367	79,117	6,367
Rental income	2,100	2,100	6,300	6,300
Foreign exchange gain (loss)	60,828	(49,029)	44,790	(8,886)
	214,799	(46,128)	1,099,506	794,796

The classification of net investment income (loss) is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net investment income from life insurance	16,892	4,224	23,529	14,209
Net investment income (loss) from non – life insurance	197,907	(50,352)	1,075,977	780,587
	214,799	(46,128)	1,099,506	794,796

WARBA INSURANCE COMPANY - K.S.C.P. AND ITS SUBSIDIARY
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 SEPTEMBER 30, 2014
 (All amounts are in Kuwaiti Dinars)

11. Segment results

A. Nine months ended September 30, 2014:

	Marine & aviation	Fire	General accidents	Life & medical	Total
Revenue	654,748	414,588	4,860,016	4,779,539	10,708,891
Net underwriting income	156,815	17,315	104,232	214,688	493,050

B. Nine months ended September 30, 2013:

	Marine & aviation	Fire	General accidents	Life and medical	Total
Revenue	599,516	250,888	4,430,864	3,299,717	8,580,985
Net underwriting income (loss)	154,323	(36,654)	(579,085)	150,582	(310,834)

12. (Loss) earnings per share

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net (loss) profit for the period from continuing operation attributable to the Parent Company's shareholders	(518,117)	(703,902)	1,377,024	331,227
Net (loss) profit for the period from discontinued operation to the Parent Company's shareholders	-	(63,987)	-	68,613
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)	(781,404)	(10,515,470)	(781,404)
Weighted average number of outstanding shares	162,273,270	172,007,336	162,273,270	172,007,336
(Loss) earnings per share from continuing operations (fils)	(3.19)	(4.09)	8.49	1.93
(Loss) earnings per share from discontinued operations (fils)	-	(0.37)	-	0.40

13. General Assembly

The General Assembly meeting held on April 28, 2014, approved cash dividend of 7 fils per share for the year ended December 31, 2013 (2012 – 5 fils per share) to all the shareholders registered as of the date of the meeting and Board of Directors' remuneration of KD 10,500 for the financial year ended December 31, 2013 (2012 – KD 10,500).

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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. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Interim condensed consolidated statement of financial position

	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
Insurance activities			
Insurance services receivable	989,600	1,157,262	778,718
Insurance services payable	90,188	80,583	79,549
Other activities			
Current account	400,000	500,000	800,000
Investment activities			
Deposits and bank balances	6,117,322	7,482,711	9,201,130
Investments at fair value through profit or loss	220,985	175,341	182,748
Investments available for sale	11,155,046	10,410,077	11,046,790
Investment in associates	450,000	-	-

Interim condensed consolidated statement of income

A. Transactions:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Premiums written	93,641	96,374	255,310	405,217
Loss on disposal of discontinued operation (Note 5)	-	(49,516)	-	(49,516)

B. Compensation to key management personnel

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Short term benefits	48,027	47,261	184,081	145,210
Post-employment benefits	1,746	24,791	5,178	33,591

15. Capital commitments and contingent liabilities

	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
Letter of guarantee for others	1,074	1,512	210,634
Capital commitments	510,630	472,348	132,348
	511,704	473,860	342,982

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16. Financial Risk Management

Fair value measurement:

The Group measures financial assets such as investments available for sale and 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.

All assets and liabilities for which fair value is measured or disclosed in the 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

<u>September 30, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments at fair value through profit or loss	<u>2,499,297</u>	-	<u>2,499,297</u>
Investments available for sale:			
Quoted shares	<u>15,868,403</u>	-	<u>15,868,403</u>
Investment portfolio	-	<u>106,913</u>	<u>106,913</u>
Total investments available for sale	<u>15,868,403</u>	<u>106,913</u>	<u>15,975,316</u>
	<u>18,367,700</u>	<u>106,913</u>	<u>18,474,613</u>
<u>December 31, 2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments at fair value through profit or loss	<u>2,157,600</u>	-	<u>2,157,600</u>
Investments available for sale:			
Quoted shares	<u>14,222,728</u>	-	<u>14,222,728</u>
Investment portfolio	-	<u>104,696</u>	<u>104,696</u>
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>
<u>September 30, 2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments at fair value through profit or loss	<u>2,211,123</u>	-	<u>2,211,123</u>
Investments available for sale:			
Quoted shares	<u>14,795,549</u>	-	<u>14,795,549</u>
Investment portfolio	-	<u>102,279</u>	<u>102,279</u>
Total investments available for sale	<u>14,795,549</u>	<u>102,279</u>	<u>14,897,828</u>
	<u>17,006,672</u>	<u>102,279</u>	<u>17,108,951</u>

During the period ended September 30, 2014, there were no transfers between different levels of the fair value.