

**KUWAIT REINSURANCE COMPANY K.S.C.
(CLOSED)**

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

30 SEPTEMBER 2011



REPORT ON THE REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT REINSURANCE COMPANY K.S.C. (CLOSED)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Kuwait Reinsurance Company K.S.C. (Closed) (“the company”) as at 30 September 2011, and the related interim condensed statements of income and comprehensive income for the three month and nine month periods then ended and the related interim condensed statements of cash flows and changes in equity for the nine month period then ended. The management of the company is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard IAS 34: ‘Interim Financial Reporting’ (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on other legal and regulatory requirements

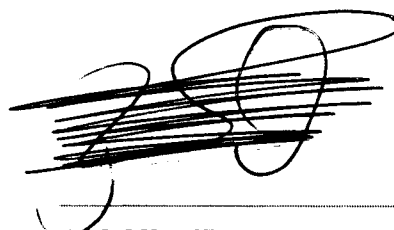
Furthermore, based on our review, the interim condensed financial information is in agreement with the books of account of the company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the company during the period ended 30 September 2011 that might have had a material effect on the business of the company or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
OF ERNST & YOUNG

14 November 2011

Kuwait



ALI OWAID RUKHAEYES
LICENCE NO. 72-A
MEMBER OF THE INTERNATIONAL
ACCOUNTING GROUP

Kuwait Reinsurance Company K.S.C. (Closed)

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2011

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2011	(Restated) 2010	2011	(Restated) 2010
		KD	KD	KD	KD
Premiums earned	3	8,141,350	6,955,727	22,579,268	23,994,573
Premiums ceded to reinsurers		(297,978)	(310,214)	(920,074)	(779,101)
Net premiums earned		7,843,372	6,645,513	21,659,194	23,215,472
Claims incurred		(5,240,430)	(8,284,621)	(16,353,261)	(17,761,229)
Reinsurers' share of claims incurred		(627)	82,749	(124,670)	52,238
Net claims incurred		(5,241,057)	(8,201,872)	(16,477,931)	(17,708,991)
Premiums acquisition costs		(2,070,992)	(1,352,639)	(5,612,811)	(5,048,341)
Commission received on reinsurance ceded		832	37,025	8,886	59,102
NET UNDERWRITING RESULT		532,155	(2,871,973)	(422,662)	517,242
Investment income	4	197,031	401,354	912,129	1,006,339
Rental income from investment properties		215,047	233,158	642,499	690,476
General and administrative expenses		(258,626)	(279,848)	(834,549)	(712,418)
Investment property expenses		(19,166)	(16,253)	(51,572)	(49,425)
Depreciation		(18,023)	(25,129)	(52,777)	(73,543)
Foreign exchange loss		(130,234)	(61,013)	(125,865)	(80,072)
Finance cost		-	(8,576)	(1,236)	(37,086)
PROFIT (LOSS) BEFORE TAXATION		518,184	(2,628,280)	65,967	1,261,513
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(594)	(5,660)	(594)	(16,333)
National Labour Support Tax ("NLST")		(3,019)	(11,029)	(3,019)	(40,672)
Zakat		(1,207)	(4,411)	(1,207)	(16,269)
PROFIT (LOSS) FOR THE PERIOD		513,364	(2,649,380)	61,147	1,188,239
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	5	4.40 fils	(22.72) fils	0.52 fils	10.19 fils

The attached notes 1 to 9 form part of this interim condensed financial information.

Kuwait Reinsurance Company K.S.C. (Closed)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the period ended 30 September 2011

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2011 KD</i>	<i>(Restated) 2010 KD</i>	<i>2011 KD</i>	<i>(Restated) 2010 KD</i>
Profit (loss) for the period	513,364	(2,649,380)	61,147	1,188,239
Other comprehensive income:				
Financial assets available for sale:				
- Net changes in fair value of financial assets available for sale	(161,682)	208,350	(197,612)	153,383
- Net gain on sale of financial assets available for sale transferred to statement of income	61,271	(90,047)	(58,101)	(119,734)
Foreign currency translation adjustment	(100,411) 46,240	118,303 30,515	(255,713) (113,198)	33,649 114,406
Other comprehensive (loss) income	(54,171)	148,818	(368,911)	148,055
Total comprehensive income (loss) for the period	459,193	(2,500,562)	(307,764)	1,336,294

The attached notes 1 to 9 form part of this interim condensed financial information.

Kuwait Reinsurance Company K.S.C. (Closed)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at 30 September 2011

ASSETS	Notes	30 September	(Restated) (Audited) 31 December	(Restated) 30 September	(Restated) 1 January
		2011 KD	2010 KD	2010 KD	2010 KD
Bank balances, deposits and cash	6	32,380,624	29,787,968	27,241,878	26,409,975
Financial assets available for sale		7,688,581	9,455,000	9,939,297	8,764,104
Financial assets held to maturity		7,608,947	8,187,575	8,337,978	7,800,460
Receivables arising from reinsurance contracts		27,194,334	16,929,915	24,808,519	23,820,787
Reinsurance recoverable on outstanding claims		605,371	1,202,696	1,250,511	1,317,457
Other receivables		5,577,141	3,082,201	4,713,656	3,064,865
Investment property		12,829,313	13,502,142	13,694,700	13,519,800
Property and equipment		1,868,855	1,207,529	1,206,744	884,348
TOTAL ASSETS		95,753,166	83,355,026	91,193,283	85,581,796
EQUITY AND LIABILITIES					
EQUITY					
Share capital	7	11,660,000	11,000,000	11,000,000	10,453,353
Share premium		5,296,366	5,296,366	5,296,366	5,296,366
Statutory reserve		4,138,222	4,138,222	3,920,967	3,920,967
Voluntary reserve		4,138,222	4,138,222	3,920,967	3,920,967
General reserve		10,000,000	10,000,000	9,500,000	9,500,000
Cumulative changes in fair value		(305,901)	(50,188)	127,257	93,608
Foreign currency translation reserve		(167,364)	(54,166)	173,437	59,031
Retained earnings		1,384,516	2,643,369	3,304,538	3,185,614
TOTAL EQUITY		36,144,061	37,111,825	37,243,532	36,429,906
LIABILITIES					
Technical reserves		56,803,072	42,296,387	51,016,781	44,986,653
Payables arising from reinsurance contracts		1,949,180	2,585,158	1,491,542	1,381,151
Term loan		-	323,520	647,050	1,617,640
Other payables		856,853	1,038,136	794,378	1,166,446
TOTAL LIABILITIES		59,609,105	46,243,201	53,949,751	49,151,890
TOTAL EQUITY AND LIABILITIES		95,753,166	83,355,026	91,193,283	85,581,796

Fahad Rashed Al-Jorahim
Chairman

The attached notes 1 to 9 form part of this interim condensed financial information.

Kuwait Reinsurance Company K.S.C. (Closed)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2011

	Note	Nine months ended 30 September	
		2011 KD	(Restated) 2010 KD
OPERATING ACTIVITIES			
Profit before taxation		65,967	1,261,513
<i>Adjustments for:</i>			
Depreciation		52,777	73,543
Investment income		(912,129)	(1,006,339)
Rental income from investment properties		(642,499)	(690,476)
Provision for employees' end of service benefits		77,490	159,983
Finance cost		1,236	37,086
		<u>(1,357,158)</u>	<u>(164,690)</u>
Working capital changes:			
Receivables arising from reinsurance contracts		(10,264,419)	(987,732)
Reinsurance recoverable on outstanding claims		597,325	66,946
Other receivables		(2,496,191)	(1,678,198)
Technical reserves		14,506,685	6,030,128
Payables arising from reinsurance contracts		(635,978)	110,391
Other payables		(318,023)	(257,501)
		<u>32,241</u>	<u>3,119,344</u>
Cash from operations			
Employees' end of service benefits paid		(1,480)	(347,824)
		<u>30,761</u>	<u>2,771,520</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(43,605)	(397,874)
Net movement in time deposits		(5,632,055)	(5,310,807)
Proceeds from sale of financial assets available for sale		4,019,833	831,615
Proceeds from redemption of financial assets held to maturity		914,214	934,959
Purchase of financial assets available for sale		(2,451,026)	(1,853,425)
Purchase of financial assets held to maturity		(335,586)	(1,477,827)
Addition to investment properties		-	(174,900)
Proceeds from disposal of property and equipment		-	1,935
Interest received		834,045	915,908
Dividends received		21,234	104
Rent received		642,499	690,476
		<u>(2,030,447)</u>	<u>(5,839,836)</u>
FINANCING ACTIVITIES			
Dividends paid		(604,090)	(522,668)
Finance cost paid		(1,236)	(37,086)
Repayment of term loan		(323,520)	(970,590)
		<u>(928,846)</u>	<u>(1,530,344)</u>
DECREASE IN CASH AND CASH EQUIVALENTS			
		<u>(2,928,532)</u>	<u>(4,598,660)</u>
Cash and cash equivalents at the beginning of the period		6,638,017	7,834,708
Foreign currency translation adjustment		(110,867)	119,756
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
	6	<u>3,598,618</u>	<u>3,355,804</u>

The attached notes 1 to 9 form part of this interim condensed financial information.

Kuwait Reinsurance Company K.S.C. (Closed)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2011

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	General reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
At 1 January 2011 (as previously reported)	11,000,000	5,296,366	4,138,222	4,138,222	10,000,000	(50,188)	(54,166)	3,169,719	37,638,175
Change in accounting policies (Note 2)	-	-	-	-	-	-	-	(526,350)	(526,350)
At 1 January 2011 (restated)	11,000,000	5,296,366	4,138,222	4,138,222	10,000,000	(50,188)	(54,166)	2,643,369	37,111,825
Profit for the period	-	-	-	-	-	-	-	61,147	61,147
Other comprehensive loss	-	-	-	-	-	(255,713)	(113,198)	-	(368,911)
Total comprehensive (loss) income for the period	-	-	-	-	-	(255,713)	(113,198)	61,147	(307,764)
Bonus shares (Note 7)	660,000	-	-	-	-	-	-	(660,000)	-
Dividends (Note 7)	-	-	-	-	-	-	-	(660,000)	(660,000)
At 30 September 2011	11,660,000	5,296,366	4,138,222	4,138,222	10,000,000	(305,901)	(167,364)	1,384,516	36,144,061
At 1 January 2010	10,453,353	5,296,366	3,920,967	3,920,967	9,500,000	93,608	59,031	3,185,614	36,429,906
Profit for the period (restated)	-	-	-	-	-	-	-	1,188,239	1,188,239
Other comprehensive income	-	-	-	-	-	33,649	114,406	-	148,055
Total comprehensive income for the period (restated)	-	-	-	-	-	33,649	114,406	1,188,239	1,336,294
Bonus shares	546,647	-	-	-	-	-	-	(546,647)	-
Dividends	-	-	-	-	-	-	-	(522,668)	(522,668)
At 30 September 2010 (restated)	11,000,000	5,296,366	3,920,967	3,920,967	9,500,000	127,257	173,437	3,304,538	37,243,532

The attached notes 1 to 9 form part of this interim condensed financial information.

Kuwait Reinsurance Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

As at 30 September 2011

1 GENERAL

Kuwait Reinsurance Company K.S.C. (Closed) ("the company") is a Kuwaiti shareholding company incorporated and registered in Kuwait on 2 February 1972 and is listed on the Kuwait Stock Exchange. The registered office of the company is located at KRE Tower, Al Shuhada'a Street, Sharq, State of Kuwait.

The company is engaged in, providing reinsurance products and services to insurance companies and investment activities.

The company operates a Far East regional office ("the branch") in Labuan, Malaysia registered as a foreign offshore company under the Offshore Companies Act, 1990 on 11 August 2006.

The interim condensed financial information of the company was authorised for issue by the board of directors on 14 November 2011.

2 BASIS OF PREPARATION

- a) The interim condensed financial information of the company has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the guidelines issued by the Kuwait Stock Exchange.

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2010, except for the adoption of the following revised International Financial Reporting Standards ("IFRS") effective for annual periods beginning on or after 1 January 2011.

IAS 24 Related party disclosures (Revised)

The amended Standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities.

IAS 34 Interim Financial Reporting (Revised)

Improvement to IAS 34 introduces the concept of "Significant events and transactions" and has brought in additional disclosures for changes in business and economic circumstances, transfers between levels of the fair value hierarchy used and changes in the classification of financial assets resulting from change in the purpose or use of those assets.

Application of the above standards did not have any impact on the interim condensed financial information of the company.

Change in accounting policy

The company has reassessed its accounting policy for the recognition of premium earned. The company previously recognised the premium earned based on premiums reported by the cedants to the company. However, following best practice and industry practices, the company determined that it would change its accounting policy to recognise premium earned based on pipeline premium (being the premium written but not reported to the company as at the reporting date) and premium reported by the cedants to the company. The management of the company believes that the new accounting policy is more consistent with the practice of its immediate peers. Changes have been applied retrospectively in accordance with IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*, resulting in the restatement of prior period financial information.

Kuwait Reinsurance Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

As at 30 September 2011

2 BASIS OF PREPARATION (continued)

As result of the change in accounting policy, the following adjustments are made to the financial information:

	<i>Increase (decrease)</i>	
	<i>Three months ended 30 September 2010</i>	<i>Nine months ended 30 September 2010</i>
	<i>KD</i>	<i>KD</i>
Premiums earned	(1,522,871)	1,239,835
Claims incurred	2,325,851	1,694,071
Premiums acquisition costs	(591,450)	99,077
Profit before taxation	(3,257,272)	(553,313)

The effect on basic and diluted earnings per share related to the restatement for three month and nine month periods ended 30 September 2010 were decrease by 27.94 fils and 4.75 fils respectively (Note 5).

The following adjustments were also made to the interim condensed statements of financial position:

	<i>Increase (decrease)</i>		
	<i>31 December 2010</i>	<i>30 September 2010</i>	<i>1 January 2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Receivables arising from reinsurance contracts	8,899,960	14,180,052	14,707,229
Other receivables	(16,208)	1,563,104	632,848
Retained earnings	(526,350)	(553,313)	-
Technical reserves	9,410,102	16,296,469	15,340,077

The new policy is as follows:

Insurance premium

Written premium on insurance contracts comprises premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premium earned for the period includes adjustments to premiums written in prior accounting periods and estimates for pipeline or premium not yet advised by the cedant for contracts in force at the end of the period. Where statements of insurance contract accounts have not been received at the end of the period, pipeline premiums are estimated on the basis of the latest available information. An estimate is made at the reporting date to recognise retrospective adjustments to premium. Premium relating to the expired risk period is taken as earned and recognised as revenue for the period while premium relating to the unexpired risk period is treated as a reserve for unexpired risks. Pipeline premium (being the premium written but not reported to the company as at the reporting date) are reported as accrued insurance premium under 'Receivables arising from reinsurance contracts'.

- b) The interim condensed financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRSs and should be read in conjunction with the company's annual financial statements for the year ended 31 December 2010. 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 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. The interim condensed financial information is presented in Kuwaiti Dinars (KD).

Kuwait Reinsurance Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

As at 30 September 2011

3 SEGMENT INFORMATION

For management purposes, the company is organised into three operating segments based on business units as follows:

- Fire policy reinsurance: provides risk coverage on damage/loss caused to residential, commercial and industrial property due to fire and other allied perils. All risks policies underwritten are on treaty, facultative and excess of loss basis.
- General accident policy reinsurance: provides risk coverage on damage/loss caused to person/property due to accidents. All risks policies underwritten are on treaty, facultative and excess of loss basis.
- Marine policy reinsurance: provides risk coverage on damage/loss caused to cargo and ships due to accident. All risks policies underwritten are on treaty, facultative and excess of loss basis.

The company also operates in the life segment which is insignificant and its net result is included in the life fund which forms part of the technical reserves.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental profit or loss.

The following table presents segment revenue, profit before taxation and total assets information in respect of the company's business segments:

Nine months ended 30 September 2011	<i>Fire</i>	<i>General accident</i>	<i>Marine and aviation</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	15,130,146	3,579,620	3,869,502	22,579,268
Segment results	(2,038,595)	2,240,042	(508,393)	(306,946)
Unallocated investment income				721,834
Other unallocated expenses				(169,043)
Depreciation				(52,777)
Foreign exchange loss				(125,865)
Finance cost				(1,236)
Profit before taxation				65,967
Segment assets	39,499,208	12,481,510	8,413,641	60,394,359
Unallocated assets				35,358,807
				95,753,166
Nine months ended 30 September 2010 (Restated)	<i>Fire</i>	<i>General accident</i>	<i>Marine and aviation</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	12,640,656	7,522,700	3,831,217	23,994,573
Segment results	519,878	227,915	50,401	798,194
Unallocated investment income				813,813
Other unallocated expenses				(159,793)
Depreciation				(73,543)
Foreign exchange loss				(80,072)
Finance cost				(37,086)
Profit before taxation				1,261,513
Segment assets	31,717,590	13,219,230	8,263,813	53,200,633
Unallocated assets				37,992,650
				91,193,283

Kuwait Reinsurance Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

As at 30 September 2011

4 INVESTMENT INCOME

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2011</i> <i>KD</i>	<i>2010</i> <i>KD</i>	<i>2011</i> <i>KD</i>	<i>2010</i> <i>KD</i>
Realised (loss) gain on sale of financial assets available for sale	(61,271)	90,047	58,101	119,734
Interest on deposits	144,674	191,307	479,268	517,600
Dividend income	-	-	21,234	104
Interest on bonds	113,628	120,000	353,526	365,402
Others	-	-	-	3,499
	<u>197,031</u>	<u>401,354</u>	<u>912,129</u>	<u>1,006,339</u>

5 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share are calculated by dividing the profit (loss) for the period by the weighted average number of shares outstanding during the period, as follows:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2011</i> <i>KD</i>	<i>(Restated)</i> <i>2010</i> <i>KD</i>	<i>2011</i> <i>KD</i>	<i>(Restated)</i> <i>2010</i> <i>KD</i>
Profit (loss) for the period	<u>513,364</u>	<u>(2,649,380)</u>	<u>61,147</u>	<u>1,188,239</u>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of shares outstanding during the period	<u>116,600,000</u>	<u>116,600,000</u>	<u>116,600,000</u>	<u>116,600,000</u>
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Basic and diluted earnings (loss) per share	<u>4.40</u>	<u>(22.72)</u>	<u>0.52</u>	<u>10.19</u>

The basic and diluted earnings (loss) per share of the prior period have been restated as a result of:

- approval of bonus shares by annual general meeting/ extraordinary general meeting of the shareholders held on 13 April 2011 (Note 7); and
- restatement of profit for the period ended 30 September 2010 as a result of change in accounting policy as disclosed in Note 2.

6 BANK BALANCES, DEPOSITS AND CASH

	<i>(Audited)</i>			
	<i>30 September</i> <i>2011</i> <i>KD</i>	<i>31 December</i> <i>2010</i> <i>KD</i>	<i>30 September</i> <i>2010</i> <i>KD</i>	<i>1 January</i> <i>2010</i> <i>KD</i>
Bank balances, deposits and cash	32,380,624	29,787,968	27,241,878	26,409,975
Less: Time deposits with original maturities of more than 3 months	<u>(28,782,006)</u>	<u>(23,149,951)</u>	<u>(23,886,074)</u>	<u>(18,575,267)</u>
Cash and cash equivalents	<u>3,598,618</u>	<u>6,638,017</u>	<u>3,355,804</u>	<u>7,834,708</u>

Time deposits amounting to KD 10,091,323 (31 December 2010: KD 7,229,377 and 30 September 2010: KD 7,211,078) are held as security against letter of credit granted by a bank (Note 9).

Kuwait Reinsurance Company K.S.C. (Closed)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

As at 30 September 2011

7 CASH DIVIDENDS, BONUS SHARES AND BOARD OF DIRECTORS' FEES

The annual general meeting/extraordinary general meeting of the shareholders of the company held on 13 April 2011, approved the increase of authorised, issued and paid up share capital from KD 11,000,000 to KD 11,660,000 by issuing 6,600,000 bonus shares (31 December 2009: 5,466,463 bonus shares) for the year ended 31 December 2010. The annual general meeting of the shareholders of the company also approved cash dividend of 6 fils (31 December 2009: 5 fils) per share and the directors' fees of KD 95,000 (31 December 2009: KD 85,000) for the year ended 31 December 2010.

8 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the company and entities controlled, jointly controlled or significantly influenced by such parties. In the normal course of business, the company conducts mutual reinsurance services with related parties. The company also has deposits with banks who are shareholders in the company. Related party balances and transactions consist of the following:

	<i>Major shareholders</i>	30 September 2011 Total	<i>(Restated) (Audited)</i> 31 December 2010 Total	<i>(Restated)</i> 30 September 2010 Total
Interim condensed statement of financial position	<i>KD</i>	KD	<i>KD</i>	<i>KD</i>
Receivables arising from reinsurance contracts	346,132	346,132	786,283	479,186
Payable arising from reinsurance contracts	5,142	5,142	149	176
			<i>Nine months ended 30 September</i>	
			2011 Total	<i>(Restated) 2010 Total</i>
Interim condensed statement of income	<i>Major shareholders KD</i>	KD	KD	<i>KD</i>
Premiums earned		252,022	252,022	224,793
Claims incurred and premium acquisition costs		134,975	134,975	157,251
			<i>Nine months ended 30 September</i>	
			2011 KD	<i>2010 KD</i>
Salaries and other short term benefits			290,424	174,024
Employees end of services benefit			50,705	115,876
			341,129	289,900

9 CAPITAL COMMITMENTS AND CONTINGENCIES

As at the reporting date, the company had future capital commitments with respect to purchase of financial assets available for sale amounting to KD 1,530,798 (31 December 2010: KD 1,875,477 and 30 September 2010: KD 1,930,474) and had contingent liabilities in respect of letter of credit granted by a bank amounting to KD 8,854,745 (31 December 2010: KD 6,374,160 and 30 September 2010: KD 6,528,520) from which it is anticipated that no material liabilities will arise.