

AL-AHLEIA INSURANCE COMPANY S.A.K.P.

**INTERIM CONDENSED FINANCIAL
INFORMATION**

30 JUNE 2015 (UNAUDITED)



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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL-AHLEIA INSURANCE COMPANY S.A.K.P.

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Ahleia Insurance Company S.A.K.P. (the "Company") as at 30 June 2015, and the related interim condensed statement of income, interim condensed statement of comprehensive income for the three month and six month periods then ended, and the related interim condensed statements of changes in equity and cash flows for the six 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 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 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 International Accounting Standard 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 the 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 and its executive regulation, or of the company's Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2015 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
EY
AL AIBAN, AL OSAIMI & PARTNERS

ABDULLATIF A. H. AL-MAJID
(LICENCE NO. 70 A)
OF PARKER RANDALL (ALLIED ACCOUNTANTS)

5 August 2015
Kuwait

Al-Ahleia Insurance Company S.A.K.P.

INTERIM CONDENSED STATEMENT OF INCOME

For the period ended 30 June 2015 (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 KD	2014 KD	2015 KD	2014 KD
Revenue:					
Gross premiums		8,421,326	8,514,619	19,251,119	17,551,106
Premiums ceded to reinsurers		(5,073,116)	(5,482,000)	(12,378,781)	(10,893,139)
Net premiums		3,348,210	3,032,619	6,872,338	6,657,967
Movement in unearned premiums		207,965	71,189	(126,626)	178,409
Net premiums earned		3,556,175	3,103,808	6,745,712	6,836,376
Commission received on ceded reinsurance		1,390,455	1,936,748	3,792,118	4,123,977
Policy issuance fees		157,013	169,331	305,954	325,976
Net investment income	4	1,130,871	1,282,682	2,740,466	2,168,989
Other income		117,809	50,032	168,528	66,722
Total Revenue		6,352,323	6,542,601	13,752,778	13,522,040
Expenses:					
Net claims incurred		(1,753,935)	(2,168,533)	(3,298,937)	(2,696,242)
Commissions		(442,872)	(679,491)	(1,335,255)	(1,442,183)
Increase in life mathematical reserve		(239,500)	(5,000)	(490,200)	(917,000)
Maturity and cancellations of life insurance policies		(39,895)	(150,082)	(154,835)	(199,925)
Administrative expenses		(1,256,671)	(882,961)	(2,316,616)	(2,125,984)
Total Expenses		(3,732,873)	(3,886,067)	(7,595,843)	(7,381,334)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		2,619,450	2,656,534	6,156,935	6,140,706
Contribution to KFAS		(24,662)	(25,819)	(57,794)	(58,790)
NLST		(54,082)	(53,001)	(120,338)	(123,416)
Zakat		(21,633)	(21,200)	(48,135)	(49,366)
PROFIT FOR THE PERIOD		2,519,073	2,556,514	5,930,668	5,909,134
BASIC AND DILUTED EARNINGS PER SHARE	3	12.84 fils	13.04 fils	30.23 fils	30.14 fils

The attached notes 1 to 12 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.P.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2015 (UNAUDITED)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	2,519,073	2,556,514	5,930,668	5,909,134
Other comprehensive income:				
<i>Other comprehensive income (loss) to be reclassified to the interim condensed statement of income in subsequent periods:</i>				
Financial assets available for sale:				
- Net unrealised gain (loss) of financial assets available for sale	(1,762,055)	1,184,597	945,895	2,372,908
- Gain (loss) on sale of financial assets available for sale (Note 4)	55,809	(313,297)	(104,269)	(330,757)
- Impairment loss on financial assets available for sale (Note 4)	-	200,915	-	382,938
	(1,706,246)	1,072,215	841,626	2,425,089
- Share of other comprehensive income of associates	121,954	32,939	138,101	34,283
- Foreign currency translation adjustments	32,598	(16,705)	144,598	(34,015)
	(1,551,694)	1,088,449	1,124,325	2,425,357
Other comprehensive (loss) income for the period	(1,551,694)	1,088,449	1,124,325	2,425,357
Total comprehensive income for the period	967,379	3,644,963	7,054,993	8,334,491

The attached notes 1 to 12 form part of this interim condensed financial information.


Al-Ahleia Insurance Company S.A.K.P.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015 (UNAUDITED)

		(Audited)	
	Notes	30 June 2015 KD	31 December 2014 KD
		30 June 2014 KD	
ASSETS			
Property and equipment		2,595,595	2,649,174
Investment in associates		16,845,011	16,366,220
Financial assets available for sale	5	85,592,124	79,291,783
Loans secured by life insurance policyholders		185,348	216,448
Premiums and insurance balances receivable		13,220,452	10,979,968
Reinsurance recoverable on outstanding claims		28,527,543	28,582,341
Accounts receivable and other debit balances		1,937,383	1,995,805
Fixed deposits		19,359,315	22,149,263
Bank balances and cash		1,488,924	1,100,666
TOTAL ASSETS		169,751,695	163,331,668
EQUITY AND LIABILITIES			
Equity			
Share capital	6	20,000,000	20,000,000
Statutory reserve		18,171,431	18,171,431
General reserve		18,862,138	18,862,138
Special voluntary reserve		11,000,000	11,000,000
Treasury shares	7	(1,414,701)	(1,414,701)
Treasury shares reserve		1,434,528	1,434,528
Cumulative changes in fair values reserve		12,841,020	11,861,293
Foreign currency translation reserve		428,061	283,463
Retained earnings		17,363,848	17,710,933
Total equity		98,686,325	97,909,085
Liabilities			
Liabilities arising from insurance contracts:			
Outstanding claims reserve		38,082,768	38,115,762
Unearned premiums reserve		4,049,469	3,922,843
Life mathematical reserve		5,436,200	4,946,000
Incurred but not reported reserve		4,054,994	4,090,996
Total liabilities arising from insurance contracts		51,623,431	51,075,601
Insurance payables		9,881,849	7,936,348
Accounts payable and other credit balances		5,944,760	6,335,249
Premiums received in advance		-	75,385
Bank overdraft		615,330	-
Loan		3,000,000	-
Total liabilities		71,065,370	65,422,583
TOTAL EQUITY AND LIABILITIES		169,751,695	163,331,668


Sulaiman Hamad Al-Dalali
Chairman


Ayman Abdullatif Al-Shayea
Vice Chairman

The attached notes 1 to 12 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.P.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30 June 2015 (UNAUDITED)

	Note	Six months ended 30 June	
		2015 KD	2014 KD
OPERATING ACTIVITIES			
Profit for the period		5,930,668	5,909,134
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property and equipment		74,396	84,762
Share of results of associates	4	(515,898)	(267,586)
Gain on sale of financial assets available for sale	4	(104,269)	(330,757)
Impairment loss on financial assets available for sale	4	-	382,938
Interest income on bonds and fixed deposits	4	(208,501)	(215,051)
Dividend income	4	(1,854,085)	(1,714,689)
Interest expense		19,969	12,630
Provision for employees' end of service benefits		235,205	37,555
		3,577,485	3,898,936
Changes in operating assets and liabilities:			
Premiums and insurance balances receivable		(2,240,484)	(2,763,415)
Reinsurance recoverable on outstanding claims		54,798	(2,005,582)
Accounts receivable and other debit balances		266,194	772,115
Liabilities arising from insurance contracts		547,830	1,929,281
Insurance payable		1,945,501	(19,745)
Accounts payable and other credit balances		(535,529)	(363,187)
Premiums received in advance		(75,385)	(85,086)
Cash flows from operations		3,540,410	1,363,317
Employees' end of service benefits paid		(186,234)	(16,853)
Net cash flows from operating activities		3,354,176	1,346,464
INVESTING ACTIVITIES			
Purchase of property and equipment		(20,817)	(7,765)
Purchase of financial assets available for sale		(7,371,490)	(3,438,752)
Purchase of investment in associates		(137,274)	-
Proceeds from sale of financial assets available for sale		2,017,044	4,418,963
Movement in loans secured by life insurance policyholders		31,100	(115,470)
Fixed deposits		2,789,948	2,650,939
Dividend income received		1,802,140	1,680,995
Dividend income from investment in associates		457,080	449,974
Interest income received		52,674	45,234
Net cash flows (used in) from investing activities		(379,595)	5,684,118
FINANCING ACTIVITIES			
Dividend paid		(6,181,684)	(6,499,445)
Sale of treasury shares		-	53,879
interest expense paid		(19,969)	-
Term loan obtained		3,000,000	-
Net cash flows (used) in financing activities		(3,201,653)	(6,445,566)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(227,072)	585,016
Bank balances and cash at the beginning of the period		1,100,666	558,219
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		873,594	1,143,235

The attached notes 1 to 12 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.P.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2015 (UNAUDITED)

	Share capital KD	Statutory Reserve KD	General Reserve KD	Special voluntary reserve KD	Treasury shares KD	Treasury Shares Reserve KD	Cumulative changes in fair values reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
Balance at 1 January 2015 (Audited)	20,000,000	18,171,431	18,862,138	11,000,000	(1,414,701)	1,434,528	11,861,293	283,463	17,710,933	97,909,035
Profit for the period	-	-	-	-	-	-	-	-	5,930,668	5,930,668
Other comprehensive income	-	-	-	-	-	-	979,727	144,598	-	1,124,325
Total comprehensive income for the period	-	-	-	-	-	-	979,727	144,598	5,930,668	7,054,993
Cash dividends (Note 6)	-	-	-	-	-	-	-	-	(6,277,753)	(6,277,753)
Balance at 30 June 2015	20,000,000	18,171,431	18,862,138	11,000,000	(1,414,701)	1,434,528	12,841,020	428,061	17,363,848	98,686,325
Balance at 1 January 2014 (Audited)	20,000,000	18,171,431	17,931,906	11,000,000	(1,478,157)	1,414,775	8,728,263	135,856	16,393,187	92,297,261
Profit for the period	-	-	-	-	-	-	-	-	5,909,134	5,909,134
Other comprehensive income (loss)	-	-	-	-	-	-	2,459,372	(34,015)	-	2,425,357
Total comprehensive income (loss) for the period	-	-	-	-	-	-	2,459,372	(34,015)	5,909,134	8,334,491
Cash dividends (Note 6)	-	-	-	-	-	-	-	-	(6,275,181)	(6,275,181)
Sale of treasury shares	-	-	-	-	41,196	12,683	-	-	-	53,879
Balance at 30 June 2014	20,000,000	18,171,431	17,931,906	11,000,000	(1,436,961)	1,427,458	11,187,635	101,841	16,027,140	94,410,450

The attached notes 1 to 12 form part of this interim condensed financial information.

1 COMPANY INFORMATION

Al-Ahleia Insurance Company S.A.K.P. is a Kuwaiti shareholding company listed in the Kuwaiti stock exchange, registered under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. It is engaged in various insurance activities, including reinsurance. Its registered head office is at P.O. Box 1602, Safat 13017, Kuwait.

The interim condensed financial information of Al-Ahleia Insurance Company S.A.K.P. (the "Company") for the six months period ended 30 June 2015 were authorised for issuance by the Board of Directors on 5 August 2015.

The financial statements of the Company for the year ended 31 December 2014 were approved by the shareholders at the Annual General Meeting held on 6 April 2015.

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed financial information of the Company is prepared in accordance with International Accounting Standard (IAS 34), Interim Financial Reporting.

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014.

Amendments to International Financial Reporting Standards ("IFRS") which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Company.

The interim condensed financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the 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.

The interim condensed financial information is presented in Kuwaiti Dinars (KD).

Operating results for the six months period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Standards issued but not yet effective

The following IASB Standards relevant to the Company have been issued but are not yet mandatory are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9: Financial Instruments

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Company's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Company is in the process of quantifying the impact of this standard on the Company's financial statements, when adopted.

IFRS 15: Revenue from Contracts with customers

IFRS 15 was issued by IASB on 28 May 2014 is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 Construction contracts and IAS 18 Revenue along with related IFRIC 13, IFRS 15, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Company is in the process of evaluating the effect of IFRS 15 on the Company's financial statements, when it will be adopted, and do not expect any significant impact on adoption of this standard.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

As at 30 June 2015 (UNAUDITED)

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the period by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by dividing profit for the period by the weighted average number of ordinary shares, less treasury shares, outstanding during the period.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	2,519,073	2,556,514	5,930,668	5,909,134
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	196,180,765	196,102,573	196,180,765	196,064,555
Basic and diluted earnings per share	12.84 fils	13.04 fils	30.23 fils	30.14 fils

4 NET INVESTMENT INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Share of results of associates	237,751	138,676	515,898	267,586
(Loss) gain on sale of financial assets available for sale	(55,809)	313,297	104,269	330,757
Impairment loss on financial assets available for sale (Note 5)	-	(200,915)	-	(382,938)
Interest on bonds and fixed deposits	99,234	103,148	208,501	215,051
Dividend income	817,183	916,964	1,854,085	1,714,689
Other investment income	32,512	11,512	57,713	23,844
	1,130,871	1,282,682	2,740,466	2,168,989

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>(Audited)</i>		<i>30 June</i>
	<i>30 June</i>	<i>31 December</i>	
	<i>2015</i>	<i>2014</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Local equity securities:</i>			
Quoted	26,097,262	23,128,020	20,237,049
Unquoted	7,765,112	7,765,112	8,087,362
	33,862,374	30,893,132	28,324,411
<i>Foreign equity securities:</i>			
Quoted	7,779,435	7,400,871	6,229,006
Unquoted	21,638,732	18,737,635	18,264,154
	29,418,167	26,138,506	24,493,160
Unquoted foreign funds	21,961,583	21,910,145	21,115,704
Bonds	350,000	350,000	350,000
	85,592,124	79,291,783	74,283,275

5 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

As at 30 June 2015, Management has performed a review of its unquoted financial assets available for sale to assess whether any impairment has occurred in their value and accordingly, an impairment loss of KD Nil (31 December 2014: KD 702,884 and 30 June 2014: KD 382,938) has been recognised in the interim condensed statement of income.

6 SHARE CAPITAL

Authorised, issued and fully paid-up share capital consists of 200,000,000 shares of 100 fils each (31 December 2014: 200,000,000 and 30 June 2014: 200,000,000 shares).

On 6 April 2015, the Ordinary Annual General Assembly of the Company's shareholders approved the payment of cash dividend of 32 % for the year ended 31 December 2014, totaling KD 6,277,753 (2013: 32% totaling KD 6,275,181) and board of directors' remuneration of KD 409,847 (2013: KD180,000).

7 TREASURY SHARES

	<i>30 June 2015</i>	<i>(Audited) 31 December 2014</i>	<i>30 June 2014</i>
Number of treasury shares	<u>3,819,235</u>	<u>3,819,235</u>	<u>3,879,331</u>
Percentage of issued shares (%)	<u>1.91</u>	<u>1.91</u>	<u>1.94</u>
Market value (KD)	<u>1,680,463</u>	<u>1,890,521</u>	<u>1,862,079</u>

8 CAPITAL COMMITMENTS

As at 30 June 2015, the Company had future capital commitments with respect to financial assets available for sale of KD 5,311,392 (31 December 2014: KD 4,276,722 and 30 June 2014: KD 4,972,039).

9 RELATED PARTY TRANSACTIONS

Related parties represent i.e. major shareholders, directors and key management personnel of the company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the interim condensed statement of income are as follows:

	<i>Associates KD</i>	<i>Major shareholders KD</i>	<i>Six months ended 30 June</i>	
			<i>2015 KD</i>	<i>2014 KD</i>
Gross premiums	1,061,115	2,853,966	3,915,081	2,058,131
Claims incurred	377,049	529,292	906,341	839,150
			<i>Three months ended 30 June</i>	
			<i>2015 KD</i>	<i>2014 KD</i>
Gross premiums	788,471	1,533,554	2,322,025	1,558,847
Claims incurred	207,673	279,379	487,052	471,294

9 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in the interim condensed statement of financial position are as follows:

	<i>Associates</i>	<i>Major</i>	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>KD</i>	<i>shareholders</i>	<i>2015</i>	<i>31 December</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>2014</i>	<i>2014</i>
				<i>KD</i>	<i>KD</i>
Premiums and insurance balances					
Receivable	856,138	4,852,228	5,708,366	4,008,721	3,711,047
Accounts payable and other credit					
Balances	91,330	56,259	147,589	158,438	276,564

Key management personnel compensation:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short term benefits	55,522	43,602	106,725	121,985
Employees' end of service benefits	181,580	2,992	181,580	5,951
	<u>237,102</u>	<u>46,594</u>	<u>288,305</u>	<u>127,936</u>

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets available for sale, loans secured by life insurance policyholders, premiums and insurance balances receivable, reinsurance recoverable on outstanding claims, accounts receivables and other debit balances, fixed deposits and bank balances. Financial liabilities consist of insurance payables and other credit balances.

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Quoted prices in</i>	<i>Significant</i>	<i>Significant</i>	
	<i>active markets</i>	<i>observable</i>	<i>unobservable</i>	<i>Total fair</i>
	<i>(Level 1)</i>	<i>inputs</i>	<i>inputs</i>	<i>Value</i>
	<i>KD</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>KD</i>
		<i>KD</i>	<i>KD</i>	
30 June 2015				
<i>Financial assets available for sale:</i>				
Quoted	33,876,697	-	-	33,876,697
Unquoted	-	12,429,930	39,285,497	51,715,427
Total	<u>33,876,697</u>	<u>12,429,930</u>	<u>39,285,497</u>	<u>85,592,124</u>

10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Quoted prices in active markets Level 1 KD	Significant observable inputs Level 2 KD	Significant unobservable inputs Level 3 KD	Total fair value KD
31 December 2014 (Audited)				
<i>Financial assets available for sale:</i>				
Quoted	30,528,891	-	-	30,528,891
Unquoted	-	12,337,816	36,425,076	48,762,892
Total	30,528,891	12,337,816	36,425,076	79,291,783

	Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD	Total fair Value KD
30 June 2014				
<i>Financial assets available for sale:</i>				
Quoted	26,466,055	-	-	26,466,055
Unquoted	-	12,745,254	35,071,966	47,817,220
Total	26,466,055	12,745,254	35,071,966	74,283,275

Level 3 includes investments in unquoted foreign funds amounting to KD 21,961,583 (31 December 2014: KD 21,910,145 and 30 June 2014: 21,115,704) that have been valued using the Net Asset Value provided by the investment managers.

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value.

	At the beginning of the period / year KD	Net gains recorded in the interim condensed statement of comprehensive income KD	Net results recorded in the interim condensed statement of income KD	Net purchases, transfer, sales and settlements KD	At the end of the period / year KD
30 June 2015					
<i>Financial assets available for sale:</i>					
Unquoted equity securities	14,514,931	2,808,980	-	-	17,323,911
Unquoted managed funds	21,910,145	551,369	-	(499,928)	21,961,586
	36,425,076	3,360,349	-	(499,928)	39,285,497
31 December 2014 (Audited)					
<i>Financial assets available for sale:</i>					
Unquoted equity securities	14,006,653	508,278	-	-	14,514,931
Unquoted managed funds	20,417,746	1,474,204	(382,938)	401,133	21,910,145
	34,424,399	1,982,482	(382,938)	401,133	36,425,076
30 June 2014					
<i>Financial assets available for sale:</i>					
Unquoted equity securities	14,006,653	(50,391)	-	-	13,956,262
Unquoted managed funds	20,417,746	1,826,833	(382,938)	(745,937)	21,115,704
	34,424,399	1,776,442	(382,938)	(745,937)	35,071,966

Al-Ahleia Insurance Company S.A.K.P.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

As at 30 June 2015 (UNAUDITED)

11 SEGMENT RESULTS

The Company operates in two segments, general risk insurance and life and medical insurance; there are no inter-segment transactions. The following are the details of these two primary segments:

Six Months ended 30 June 2015:

	<i>General risk insurance</i>			<i>Life and medical insurance</i> <i>KD</i>	<i>Unallocated</i> <i>KD</i>	<i>Total</i> <i>KD</i>
	<i>Marine and aviation</i> <i>KD</i>	<i>Accident</i> <i>KD</i>	<i>Fire</i> <i>KD</i>			
Segment revenue	<u>2,029,506</u>	<u>4,914,726</u>	<u>1,007,407</u>	<u>2,892,145</u>	<u>2,908,994</u>	<u>13,752,778</u>
Segment results (net underwriting income)	<u>1,014,541</u>	<u>1,477,835</u>	<u>470,961</u>	<u>853,674</u>	<u>2,339,924</u>	<u>6,156,935</u>
				<i>General risk insurance</i> <i>KD</i>	<i>Life and medical insurance</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Assets				<u>148,614,175</u>	<u>21,137,520</u>	<u>169,751,695</u>
Liabilities				<u>49,919,469</u>	<u>21,145,901</u>	<u>71,065,370</u>

Six Months ended 30 June 2014:

	<i>General risk insurance</i>			<i>Life and medical insurance</i> <i>KD</i>	<i>Unallocated</i> <i>KD</i>	<i>Total</i> <i>KD</i>
	<i>Marine and aviation</i> <i>KD</i>	<i>Accident</i> <i>KD</i>	<i>Fire</i> <i>KD</i>			
Segment revenue	<u>2,085,045</u>	<u>5,434,236</u>	<u>924,002</u>	<u>2,843,046</u>	<u>2,235,711</u>	<u>13,522,040</u>
Segment results (net underwriting income)	<u>1,028,415</u>	<u>1,513,407</u>	<u>477,902</u>	<u>1,290,248</u>	<u>1,830,734</u>	<u>6,140,706</u>
				<i>General risk insurance</i> <i>KD</i>	<i>Life and medical insurance</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Assets				<u>141,738,321</u>	<u>20,991,444</u>	<u>162,729,765</u>
Liabilities				<u>47,327,097</u>	<u>20,992,218</u>	<u>68,319,315</u>

12 SUBSEQUENT EVENT

During the period, the Company has offered the shareholders of Kuwait Reinsurance Company K.S.C.P. ("the associate") a mandatory acquisition proposal in accordance with the regulations of Capital Markets Authority "CMA" to acquire the shares of the associate for 200 fils per share. Subsequent to the reporting date, the period of mandatory acquisition proposal had been completed and the manager of the acquisition is in process to complete formal procedures.