

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

**INTERIM CONDENSED FINANCIAL  
INFORMATION (UNAUDITED)**

**30 SEPTEMBER 2013**



**Building a better  
working world**

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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.**

### ***Introduction***

We have reviewed the accompanying interim condensed statement of financial position of Al-Ahleia Insurance Company S.A.K. (the "Company") as at 30 September 2013 and the related interim condensed statements of income and comprehensive income for the three months and nine months periods then ended, and the related interim condensed statements of cash flows and changes in equity for the nine months 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 are 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 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, or of the Articles of Association and the Memorandum of Incorporation of the Company during the nine months period ended 30 September 2013 that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2013.

WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

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

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2013

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013 KD	2012 KD	2013 KD	2012 KD
<b>Revenue:</b>					
Gross premiums		5,541,700	5,167,655	23,214,300	24,195,702
Premiums ceded to reinsurers		(2,676,729)	(2,613,024)	(13,602,168)	(14,459,587)
Net premiums		2,864,971	2,554,631	9,612,132	9,736,115
Movement in unearned premiums		91,978	270,241	116,125	(394,145)
Net premiums earned		2,956,949	2,824,872	9,728,257	9,341,970
Commission received on ceded reinsurance		925,840	914,674	5,221,820	4,134,336
Policy issuance fees		130,227	120,331	444,012	418,060
Net investment income	4	10,198	467,846	3,356,259	2,927,293
Other income		34,924	3,167	500,501	127,638
<b>Total Revenue</b>		<b>4,058,138</b>	<b>4,330,890</b>	<b>19,250,849</b>	<b>16,949,297</b>
<b>Expenses:</b>					
Net claims incurred		1,315,187	1,433,997	5,371,274	4,934,768
Commissions		621,982	458,953	2,950,128	1,960,291
(Decrease) Increase in life mathematical reserve		(296,580)	(217,000)	624,000	366,100
Maturity and cancellations of life insurance policies		25,903	19,207	139,459	135,138
Administrative expenses		746,781	909,256	2,393,902	2,545,117
<b>Total Expenses</b>		<b>2,413,273</b>	<b>2,604,413</b>	<b>11,478,763</b>	<b>9,941,414</b>
<b>PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT</b>					
		1,644,865	1,726,477	7,772,086	7,007,883
Contribution to KFAS		(14,227)	(15,618)	(73,093)	(66,883)
NLST		(32,969)	(36,384)	(163,377)	(154,848)
Zakat		(13,188)	(14,553)	(65,351)	(61,939)
<b>PROFIT FOR THE PERIOD</b>		<b>1,584,481</b>	<b>1,659,922</b>	<b>7,470,265</b>	<b>6,724,213</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	3	<b>8.09 fils</b>	<b>8.48 fils</b>	<b>38.15 fils</b>	<b>34.37 fils</b>

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

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)

For the period ended 30 September 2013

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>	<b>1,584,481</b>	1,659,922	<b>7,470,265</b>	6,724,213
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to interim condensed statement of income in subsequent periods:</i>				
- Financial assets available for sale:				
Net unrealized (loss) gain	(391,579)	2,063,735	1,242,013	651,435
Transferred to interim condensed statement of income on sale (Note 4)	(243,955)	(25,102)	(1,459,547)	(499,016)
Impairment loss transferred to interim condensed statement of income (Note 4)	762,720	43,038	762,720	546,066
	<b>127,186</b>	2,081,671	<b>545,186</b>	698,485
- Share of other comprehensive (loss) income of associates	(31,492)	(744)	(51,517)	21,378
- Foreign currency translation adjustments	(40,572)	21,016	43,119	31,723
<b>Net other comprehensive income to be reclassified to interim condensed statement of income in subsequent periods</b>	<b>55,122</b>	2,101,943	<b>536,788</b>	751,586
<b>Total comprehensive income for the period</b>	<b>1,639,603</b>	3,761,865	<b>8,007,053</b>	7,475,799

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

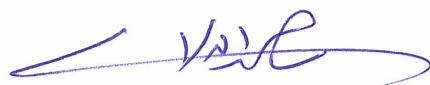
# Al-Ahleia Insurance Company S.A.K.

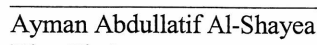
## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

At 30 September 2013

		<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Notes</i>			
<b>ASSETS</b>			
Property and equipment	<b>2,822,702</b>	2,938,055	2,978,877
Investment in associates	<b>15,842,402</b>	15,349,179	14,647,337
Financial assets available for sale	<b>72,817,167</b>	74,708,867	75,605,675
Loans secured by life insurance policyholders	<b>148,588</b>	180,358	160,632
Premiums and insurance receivables	<b>12,356,166</b>	10,912,921	11,783,694
Reinsurance recoverable on outstanding claims	<b>28,416,825</b>	26,827,941	25,128,718
Accounts receivable and other debit balances	<b>1,933,143</b>	2,105,022	1,935,648
Fixed deposits	<b>25,344,852</b>	20,164,630	17,460,931
Bank balances and cash	<b>675,353</b>	6,514,831	197,024
<b>TOTAL ASSETS</b>	<b>160,357,198</b>	159,701,804	149,898,536
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<b>20,000,000</b>	18,953,248	18,953,248
Statutory reserve	<b>17,162,327</b>	17,162,327	16,258,490
General reserve	<b>16,922,802</b>	16,922,802	16,018,965
Special voluntary reserve	<b>10,500,000</b>	10,500,000	10,000,000
Treasury shares	<b>(1,490,528)</b>	(1,579,956)	(1,591,686)
Treasury shares reserve	<b>1,410,937</b>	1,385,068	1,382,113
Cumulative changes in fair values reserve	<b>8,747,829</b>	8,254,160	6,825,724
Foreign currency translation reserve	<b>133,033</b>	89,914	105,705
Retained earnings	<b>16,875,563</b>	15,090,504	15,623,321
<b>Total equity</b>	<b>90,261,963</b>	86,778,067	83,575,880
<b>Liabilities</b>			
<b>Liabilities arising from insurance contracts:</b>			
Outstanding claims reserve	<b>37,183,711</b>	34,910,977	33,467,141
Unearned premiums reserve	<b>4,073,157</b>	4,189,282	3,866,040
Life mathematical reserve	<b>4,400,000</b>	3,776,000	3,807,000
Incurred but not reported reserve	<b>6,700,000</b>	6,700,000	6,700,000
Total liabilities arising from insurance contracts	<b>52,356,868</b>	49,576,259	47,840,181
Insurance payables	<b>10,361,369</b>	15,278,281	7,561,375
Accounts payable and other credit balances	<b>6,151,613</b>	6,883,574	9,379,072
Premiums received in advance	<b>-</b>	1,185,623	1,143,507
Bank overdraft	<b>1,225,385</b>	-	398,521
<b>Total liabilities</b>	<b>70,095,235</b>	72,923,737	66,322,656
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>160,357,198</b>	159,701,804	149,898,536

  
 Sulaiman Hamad Al-Dalali  
 Chairman and Managing Director

  
 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.

## INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2013

	Notes	Nine months ended 30 September	
		2013 KD	2012 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		7,470,265	6,724,213
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property and equipment		124,578	126,440
Share of results of associates	4	(497,925)	(1,189,876)
Gain on sale of financial assets available for sale	4	(1,459,547)	(499,016)
Impairment loss on financial assets available for sale	4	762,720	546,066
Interest income on bonds and fixed deposits	4	(353,687)	(329,658)
Dividend income	4	(1,745,222)	(1,316,682)
Interest expense		14,272	27,703
Provision for employees' end of service benefits		81,648	83,909
		<b>4,397,102</b>	<b>4,173,099</b>
Changes in operating assets and liabilities:			
Premiums and insurance receivables		(1,443,245)	(1,186,679)
Reinsurance recoverable on outstanding claims		(1,588,884)	22,016
Accounts receivable and other debit balances		429,576	488,297
Liabilities arising from insurance contracts		2,780,609	488,673
Insurance payables		(4,916,912)	(1,326,799)
Accounts payable and other credit balances		(889,543)	2,392,666
Premiums received in advance		(1,185,623)	(485,198)
Cash flows (used in) from operations		<b>(2,416,920)</b>	<b>4,566,075</b>
Employees' end of service benefits paid		<b>(27,426)</b>	<b>(29,337)</b>
Net cash flows (used in) from operating activities		<b>(2,444,346)</b>	<b>4,536,738</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(9,225)	(93,446)
Purchase of financial assets available for sale		(4,526,278)	(7,441,189)
Purchase of investment in associates		(3,696)	(24,476)
Proceeds from sale of financial assets available for sale		7,659,990	7,460,266
Movement in loans secured by life insurance policyholders		31,770	32,900
Fixed deposits		(5,180,223)	(2,029,537)
Dividend income received		1,745,222	1,316,682
Interest income received		95,992	104,919
Net cash flows used in investing activities		<b>(186,448)</b>	<b>(673,881)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(4,549,366)	(4,314,261)
Purchase of treasury shares		-	(16,578)
Sale of treasury shares		115,297	79,916
Net cash flows used in financing activities		<b>(4,434,069)</b>	<b>(4,250,923)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(7,064,863)</b>	<b>(388,066)</b>
Cash and cash equivalents at the beginning of the period		<b>6,514,831</b>	<b>186,569</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6	<b>(550,032)</b>	<b>(201,497)</b>

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

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2013

	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 2013	18,953,248	17,162,327	16,922,802	10,500,000	(1,579,956)	1,385,068	8,254,160	89,914	15,090,504	86,778,067
Profit for the period	-	-	-	-	-	-	-	-	7,470,265	7,470,265
Other comprehensive income	-	-	-	-	-	-	493,669	43,119	-	536,788
Total comprehensive income for the period	-	-	-	-	-	-	493,669	43,119	7,470,265	8,007,053
Issue of bounce shares (Note 7)	1,046,752	-	-	-	-	-	-	-	(1,046,752)	-
Cash dividends (Note 7)	-	-	-	-	-	-	-	-	(4,638,454)	(4,638,454)
Sale of treasury shares	-	-	-	-	89,428	25,869	-	-	-	115,297
<b>Balance at 30 September 2013</b>	<b>20,000,000</b>	<b>17,162,327</b>	<b>16,922,802</b>	<b>10,500,000</b>	<b>(1,490,528)</b>	<b>1,410,937</b>	<b>8,747,829</b>	<b>133,033</b>	<b>16,875,563</b>	<b>90,261,963</b>
Balance at 1 January 2012	18,050,713	16,258,490	16,018,965	10,000,000	(1,642,331)	1,369,420	6,105,861	73,982	14,217,231	80,452,331
Profit for the period	-	-	-	-	-	-	-	-	6,724,213	6,724,213
Other comprehensive income	-	-	-	-	-	-	719,863	31,723	-	751,586
Total comprehensive income for the period	-	-	-	-	-	-	719,863	31,723	6,724,213	7,475,799
Issue of bounce shares (Note 7)	902,535	-	-	-	-	-	-	-	(902,535)	-
Cash dividends (Note 7)	-	-	-	-	-	-	-	-	(4,415,588)	(4,415,588)
Purchase of treasury shares	-	-	-	-	(16,578)	-	-	-	-	(16,578)
Sale of treasury shares	-	-	-	-	67,223	12,693	-	-	-	79,916
<b>Balance at 30 September 2012</b>	<b>18,953,248</b>	<b>16,258,490</b>	<b>16,018,965</b>	<b>10,000,000</b>	<b>(1,591,686)</b>	<b>1,382,113</b>	<b>6,825,724</b>	<b>105,705</b>	<b>15,623,321</b>	<b>83,575,880</b>

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

## 1 ACTIVITIES

The interim condensed financial information of Al-Ahleia Insurance Company S.A.K. (the "Company") for the Nine months period ended 30 September 2013 were authorised for issue by the Board of Directors on 10 November 2013.

The financial statements of the Company for the year ended 31 December 2012 were approved by the shareholders at the Annual General Meeting held on 23 April 2013.

Al-Ahleia Insurance Company S.A.K. is a Kuwaiti shareholding company 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 New Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the "Decree"). The Executive Regulations of the new amended law issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, the Companies have one year from the date of publishing the executive regulations to comply with the new amended law.

## 2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

- (a) The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".
- (b) 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 2012, except for the adoption of the following amendments and new International Financial and Reporting Standards effective for annual period beginning on 1 January 2013 :

### *IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities amendments to IFRS 7*

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Company is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Company.

### *IFRS 10 – Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The application of the standard does not have an impact on the financial position of the Company.



**2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

*IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures*

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of the standard does not have an impact on the financial position of the Company.

*IFRS 12 – Disclosure of Involvement with Other Entities*

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

*IFRS 13 – Fair Value measurement*

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company (Note 11).

*IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Company's financial position or performance.

*IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)*

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the management and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. The Company provides this disclosure as total segment assets were reported to the management. As a result of this amendment, the Company now also includes disclosure of total segment liabilities as these are reported to the management (Note 12).

- (c) The interim condensed financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed financial information. Further, results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the annual audited financial statements and notes thereto for the year ended 31 December 2012.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2013

**3 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The Company did not have any diluted shares as at 30 September.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	<b>1,584,481</b>	1,659,922	<b>7,470,265</b>	6,724,213
	<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)	<b>195,860,700</b>	195,684,854	<b>195,815,434</b>	195,658,815
Basic and diluted earnings per share	<b>8.09 fils</b>	8.48 fils	<b>38.15 fils</b>	34.37 fils

The basic and diluted earnings per share have been adjusted for the current and previous period following the shareholders' approval of bonus shares at the Extraordinary General Assembly meeting held on 23 April 2013 (Note 7).

**4 NET INVESTMENT INCOME**

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Share of results of associates	<b>172,911</b>	147,045	<b>497,925</b>	1,189,876
Gain on sale of financial assets available for sale	<b>243,955</b>	25,102	<b>1,459,547</b>	499,016
Impairment loss on financial assets available for sale	<b>(762,720)</b>	(43,038)	<b>(762,720)</b>	(546,066)
Interest on bonds and fixed deposits	<b>119,871</b>	100,382	<b>353,687</b>	329,658
Dividend income	<b>213,999</b>	195,799	<b>1,745,222</b>	1,316,682
Other investment income	<b>22,182</b>	42,556	<b>62,598</b>	138,127
	<b>10,198</b>	467,846	<b>3,356,259</b>	2,927,293

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2013

**5 FINANCIAL ASSETS AVAILABLE FOR SALE**

	<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
	<i>30 September</i>	<i>30 September</i>
	<i>2012</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
<i>Local equity securities:</i>		
Quoted	20,277,852	21,332,913
Unquoted	8,742,850	9,142,834
	<u>29,020,702</u>	<u>30,475,747</u>
<i>Foreign equity securities:</i>		
Quoted	4,624,681	5,030,695
Unquoted	18,493,812	18,820,397
	<u>23,118,493</u>	<u>23,851,092</u>
Unquoted foreign funds	20,327,972	20,032,028
Bonds	350,000	350,000
	<u>72,817,167</u>	<u>74,708,867</u>
	<u><u>72,817,167</u></u>	<u><u>75,605,675</u></u>

As at 30 September 2013, quoted equity securities are carried at fair value. Management has performed a review of these investments to assess whether any impairment has occurred in their value and accordingly, an impairment loss of KD Nil (31 December 2012: KD 252,682 and 30 September 2012: KD 252,682) has been recognised in the interim condensed statement of income.

As at 30 September 2013, Management has performed a review of its unquoted financial assets available for sale (Note 11) to assess whether any impairment has occurred in their value and accordingly, an impairment loss of KD 762,720 (31 December 2012: KD 823,951 and 30 September 2012: KD 293,384) has been recognised in the interim condensed statement of income.

**6 CASH AND CASH EQUIVALENTS**

	<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
	<i>30 September</i>	<i>30 September</i>
	<i>2012</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Bank balances and cash	675,353	6,514,831
Bank overdraft	(1,225,385)	-
	<u>(550,032)</u>	<u>6,514,831</u>
	<u><u>(550,032)</u></u>	<u><u>(201,497)</u></u>

Bank overdraft carry effective interest rates of 2.5% (31 December 2012: Nil and 30 September 2012: 2.5%) per annum over Central Bank of Kuwait discount rate.

**7 SHARE CAPITAL AND DIVIDENDS**

Authorised, issued and fully paid-up share capital consists of 200,000,000 shares of 100 fils each (31 December 2012: 189,532,484 and 30 September 2012: 189,532,484 shares).

On 23 April 2013, the Ordinary Annual General Assembly of the Company's shareholders approved the payment of cash dividends of 25% for the year ended 31 December 2012 (2011: 25%), totaling KD 4,638,454 (2011: KD 4,415,588) and board of directors' remuneration of KD 180,000 (2011: KD 172,500).

On the same date, the Extraordinary General Assembly of the Company's shareholders approved the increase of share capital from KD 18,953,248 to KD 20,000,000 through issuance of 10,467,516 bonus shares of 100 fils each for the year ended 31 December 2012 (2011: 9,025,354 bonus shares).

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

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2013

### 8 TREASURY SHARES

	<b>30 September 2013</b>	<i>(Audited)</i> 31 December 2012	30 September 2012
Number of treasury shares (shares)	<b>4,023,943</b>	4,042,130	4,072,140
Percentage of issued shares (%)	<b>2.01</b>	2.13	2.15
Market value (KD)	<b>1,971,732</b>	2,263,593	1,812,102

### 9 CAPITAL COMMITMENTS

As at 30 September 2013, the Company had future capital commitments with respect to financial assets available for sale of KD 3,779,558 (31 December 2012: KD 5,041,387 and 30 September 2012: KD 5,246,567).

### 10 RELATED PARTY TRANSACTIONS

These represent 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</i> <b>KD</b>	<i>Major shareholders</i> <b>KD</b>	<i>Nine months ended 30 September</i>	
			<b>2013</b>	2012
			<b>KD</b>	<b>KD</b>
Gross premiums	<b>877,693</b>	<b>1,989,977</b>	<b>2,867,670</b>	4,275,247
Claims incurred	<b>302,131</b>	<b>1,051,416</b>	<b>1,353,547</b>	733,194
			<i>Three months ended</i>	
			<i>30 September</i>	
			<b>2013</b>	2012
			<b>KD</b>	<b>KD</b>
Gross premiums	<b>312,196</b>	<b>249,529</b>	<b>561,725</b>	2,141,428
Claims incurred	<b>147,414</b>	<b>367,564</b>	<b>514,978</b>	232,833

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

	<i>Associates</i> <b>KD</b>	<i>Major shareholders</i> <b>KD</b>	<b>30 September 2013</b>	<i>(Audited)</i> 31 December 2012	30 September 2012
			<b>KD</b>	<b>KD</b>	<b>KD</b>
Premiums and insurance receivables	<b>555,143</b>	<b>2,903,850</b>	<b>3,458,993</b>	3,402,698	3,191,045
Accounts payable and other credit balances	<b>104,731</b>	<b>146,431</b>	<b>251,162</b>	208,313	164,158

#### **Key management personnel compensations:**

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Salaries and other short term benefits	<b>73,394</b>	75,160	<b>234,936</b>	233,890
Employees' end of service benefits	<b>3,025</b>	2,992	<b>11,675</b>	30,197
	<b>76,419</b>	78,152	<b>246,611</b>	264,087

**11 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities.

The fair value of financial assets and financial liabilities that are not carried at fair value is not materially different from their carrying amounts except for financial assets available for sale which are carried at cost less impairment amounting to KD 18,396,198 as at 30 September 2013 (31 December 2012: KD 19,173,072 and 30 September 2012: KD 21,413,950).

**Fair value hierarchy**

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; and

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>Level 1</i> <i>KD</i>	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total fair value</i> <i>KD</i>
<b>30 September 2013</b>				
<i>Financial assets available for sale:</i>				
Quoted	24,902,533	-	-	24,902,533
Unquoted	-	-	29,518,436	29,518,436
<b>Total</b>	<b>24,902,533</b>	<b>-</b>	<b>29,518,436</b>	<b>54,420,969</b>
<b>31 December 2012</b>				
<i>Financial assets available for sale:</i>				
Quoted	26,363,608	-	-	26,363,608
Unquoted	-	-	29,172,187	29,172,187
<b>Total</b>	<b>26,363,608</b>	<b>-</b>	<b>29,172,187</b>	<b>55,535,795</b>
<b>30 September 2012</b>				
<i>Financial assets available for sale:</i>				
Quoted	27,318,453	-	-	27,318,453
Unquoted	-	-	26,873,272	26,873,272
<b>Total</b>	<b>27,318,453</b>	<b>-</b>	<b>26,873,272</b>	<b>54,191,725</b>

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2013

## 11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

## Fair value hierarchy (continued)

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.

	<i>At the beginning of the period / year KD</i>	<i>Net results recorded in the interim condensed statement of comprehensive income KD</i>	<i>Net results recorded in the interim condensed statement of income KD</i>	<i>Net purchases, transfer, sales and settlements KD</i>	<i>At the end of the period / year KD</i>
<b>30 September 2013</b>					
<i>Financial assets available for sale:</i>					
Unquoted	<u>29,172,187</u>	<u>522,264</u>	<u>(97,474)</u>	<u>(78,541)</u>	<u>29,518,436</u>
<b>31 December 2012</b>					
<i>Financial assets available for sale:</i>					
Unquoted	<u>27,140,004</u>	<u>3,462,694</u>	<u>(414,170)</u>	<u>(1,016,341)</u>	<u>29,172,187</u>
<b>30 September 2012</b>					
<i>Financial assets available for sale:</i>					
Unquoted	<u>27,140,004</u>	<u>631,594</u>	<u>(293,384)</u>	<u>(604,942)</u>	<u>26,873,272</u>

## 12 SEGMENT RESULTS

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

## Nine months ended 30 September 2013:

	<i>General risk insurance</i>			<i>Life and health insurance KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
	<i>Marine and aviation KD</i>	<i>Accident KD</i>	<i>Fire KD</i>			
Segment revenue	<u>3,169,170</u>	<u>6,408,757</u>	<u>1,237,601</u>	<u>4,578,561</u>	<u>3,856,760</u>	<u>19,250,849</u>
Segment results (net underwriting income)	<u>1,520,681</u>	<u>1,580,867</u>	<u>536,937</u>	<u>915,816</u>	<u>2,915,964</u>	<u>7,470,265</u>
Assets				<u>138,414,873</u>	<u>21,942,325</u>	<u>160,357,198</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2013

**12 SEGMENT RESULTS (continued)**

Nine months ended 30 September 2012:

	<i>General risk insurance</i>			<i>Life and health insurance</i> KD	<i>Unallocated</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accident</i> KD	<i>Fire</i> KD			
Segment revenue	<u>3,299,949</u>	<u>6,208,380</u>	<u>1,098,979</u>	<u>3,287,058</u>	<u>3,054,931</u>	<u>16,949,297</u>
Segment results (net underwriting income)	<u>2,020,431</u>	<u>1,264,729</u>	<u>459,096</u>	<u>876,669</u>	<u>2,103,288</u>	<u>6,724,213</u>
Assets				<i>General risk insurance</i> KD	<i>Life and health insurance</i> KD	<i>Total</i> KD
				<u>128,099,117</u>	<u>21,799,419</u>	<u>149,898,536</u>