

AL-AHLEIA INSURANCE COMPANY S.A.K.

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2013

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 31 March 2013 and the related interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statement of cash flows and interim condensed statement of changes in equity for the three 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

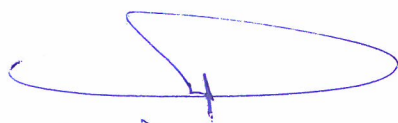
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 Company's Articles of Association and the Memorandum of Incorporation during the three months period ended 31 March 2013 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
ERNST & YOUNG
AL AIBAN, AL OSAIMI & PARTNERS



ABDULLATIF 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 31 March 2013

	Notes	Three months ended 31 March	
		2013 KD	2012 KD
Revenue:			
Gross premiums		8,846,180	10,288,089
Premiums ceded to reinsurers		(5,361,251)	(7,026,493)
Net premiums		3,484,929	3,261,596
Movement in unearned premiums		(114,230)	(378,745)
Net premiums earned		3,370,699	2,882,851
Commission received on ceded reinsurance		1,744,094	1,860,770
Policy issuance fees		152,014	150,787
Net investment income	4	1,366,302	449,984
Other income		124,652	123,115
Total Revenue		6,757,761	5,467,507
Expenses:			
Net claims incurred		(2,069,867)	(1,893,464)
Commissions		(772,477)	(734,101)
Increase in life mathematical Reserve		(445,500)	(461,000)
Maturity and cancellations of life insurance policies		(8,315)	(51,227)
Administrative expenses		(932,792)	(852,757)
Total Expenses		(4,228,951)	(3,992,549)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		2,528,810	1,474,958
Contribution to KFAS		(25,288)	(13,200)
NLST		(52,305)	(30,025)
Zakat		(20,922)	(12,010)
PROFIT FOR THE PERIOD		2,430,295	1,419,723
BASIC AND DILUTED EARNINGS PER SHARE	3	12.41 fils	7.26 fils

The attached notes 1 to 11 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 31 March 2013

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	2,430,295	1,419,723
Other comprehensive income:		
<i>Other comprehensive income to be reclassified to interim condensed statement of income in subsequent periods:</i>		
- Financial assets available for sale:		
Net unrealised gain	1,358,343	2,315,607
Transferred to interim condensed statement of income on sale (Note 4)	(457,302)	(16,286)
Impairment loss transferred to interim condensed statement of income (Note 4)	-	319,394
	901,041	2,618,715
- Share of other comprehensive (loss) income of associates	(28,877)	22,122
- Foreign currency translation adjustments	74,887	(7,462)
Net other comprehensive income to be reclassified to interim condensed statement of income in subsequent periods	947,051	2,633,375
Total comprehensive income for the period	3,377,346	4,053,098

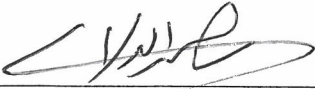
Al-Ahleia Insurance Company S.A.K.

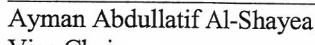
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

At 31 March 2013

		31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 2012 KD
ASSETS				
Property and equipment		2,897,677	2,938,055	3,058,710
Investment in associates		15,449,350	15,349,179	13,508,974
Financial assets available for sale	5	75,202,291	74,708,867	77,126,000
Loans secured by life insurance policyholders		132,088	180,358	94,132
Premiums and insurance balances receivable		11,360,519	10,912,921	13,863,387
Reinsurance recoverable on outstanding claims		28,059,086	26,827,941	25,032,786
Accounts receivable and other debit balances		1,779,170	2,105,022	2,036,389
Fixed deposits		22,743,144	20,164,630	17,431,393
Bank balances and cash		1,119,073	6,514,831	600,863
TOTAL ASSETS		158,742,398	159,701,804	152,752,634
EQUITY AND LIABILITIES				
Equity				
Share capital	6	18,953,248	18,953,248	18,050,713
Statutory reserve		17,162,327	17,162,327	16,258,490
General reserve		16,922,802	16,922,802	16,018,965
Special voluntary reserve		10,500,000	10,500,000	10,000,000
Treasury shares	7	(1,560,996)	(1,579,956)	(1,610,308)
Treasury shares reserve		1,389,834	1,385,068	1,377,869
Cumulative changes in fair values		9,126,324	8,254,160	8,746,698
Foreign currency translation reserve		164,801	89,914	66,520
Retained earnings		17,520,799	15,090,504	15,636,954
Total equity		90,179,139	86,778,067	84,545,901
Liabilities				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		36,241,322	34,910,977	33,960,777
Unearned premiums reserve		4,303,512	4,189,282	3,850,640
Life mathematical reserve		4,221,500	3,776,000	3,901,900
Incurred but not reported reserve		6,700,000	6,700,000	6,700,000
Total liabilities arising from insurance contracts		51,466,334	49,576,259	48,413,317
Insurance payables		9,959,654	15,278,281	8,345,333
Accounts payable and other credit balances		7,052,592	6,883,574	10,261,227
Premiums received in advance		84,679	1,185,623	1,186,856
Total liabilities		68,563,259	72,923,737	68,206,733
TOTAL EQUITY AND LIABILITIES		158,742,398	159,701,804	152,752,634


Sulaiman Hamad Al-Dalali
Chairman and Managing Director


Ayman Abdullatif Al-Shayea
Vice Chairman

The attached notes 1 to 11 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 31 March 2013

	Note	Three months ended 31 March	
		2013 KD	2012 KD
OPERATING ACTIVITIES			
Profit for the period		2,430,295	1,419,723
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property and equipment		40,818	41,744
Share of results of associates	4	(54,161)	(114,430)
Gain on sale of financial assets available for sale	4	(457,302)	(16,286)
Impairment loss on financial assets available for sale	4	-	319,394
Interest income on bonds and fixed deposits	4	(116,836)	(120,526)
Dividend income	4	(718,163)	(477,622)
Interest expense		350	987
Provision for employees' end of service benefits		14,729	16,121
		<u>1,139,730</u>	<u>1,069,105</u>
Changes in operating assets and liabilities:			
Premiums and insurance balances receivable		(447,598)	(3,266,372)
Reinsurance recoverable on outstanding claims		(1,231,145)	117,948
Accounts receivable and other debit balances		461,008	367,338
Liabilities arising from insurance contracts		1,890,075	1,061,809
Insurance payable		(5,318,627)	2,312,798
Account payable and other credit balances		159,800	592,245
Premiums received in advance		(1,100,944)	(441,849)
		<u>(4,447,701)</u>	<u>1,813,022</u>
Cash (used in) from operations		(4,447,701)	1,813,022
Employees' end of service benefits paid		(5,861)	(6,569)
		<u>(4,453,562)</u>	<u>1,806,453</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(440)	(88,583)
Purchase of financial assets available for sale		(1,514,219)	(3,791,897)
Proceeds from sale of financial assets available for sale		2,379,138	3,954,821
Movement in loans secured by life insurance policyholders		48,270	99,400
Fixed deposits		(2,578,514)	(1,999,999)
Dividend income received		680,073	370,878
Interest income received		19,770	22,749
		<u>(965,922)</u>	<u>(1,432,631)</u>
FINANCING ACTIVITIES			
Purchase of treasury shares		-	(9,012)
Sale of treasury shares		23,726	49,484
		<u>23,726</u>	<u>40,472</u>
Net cash flows from financing activities		23,726	40,472
NET (DECREASE) INCREASE IN BANK BALANCES AND CASH		(5,395,758)	414,294
Bank balances and cash at the beginning of the period		6,514,831	186,569
BANK BALANCES AND CASH AT THE END OF THE PERIOD		1,119,073	600,863

The attached notes 1 to 11 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 31 March 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 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	-	-	-	-	-	-	-	-	2,430,295	2,430,295
Other comprehensive income	-	-	-	-	-	-	872,164	74,887	-	947,051
Total comprehensive income for the period	-	-	-	-	-	-	872,164	74,887	2,430,295	3,377,346
Sale of treasury shares	-	-	-	-	18,960	4,766	-	-	-	23,726
Balance at 31 March 2013	18,953,248	17,162,327	16,922,802	10,500,000	(1,560,996)	1,389,834	9,126,324	164,801	17,520,799	90,179,139
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	-	-	-	-	-	-	-	-	1,419,723	1,419,723
Other comprehensive income (loss)	-	-	-	-	-	-	2,640,837	(7,462)	-	2,633,375
Total comprehensive income (loss) for the period	-	-	-	-	-	-	2,640,837	(7,462)	1,419,723	4,053,098
Purchase of treasury shares	-	-	-	-	(9,012)	-	-	-	-	(9,012)
Sale of treasury shares	-	-	-	-	41,035	8,449	-	-	-	49,484
Balance at 31 March 2012	18,050,713	16,258,490	16,018,965	10,000,000	(1,610,308)	1,377,869	8,746,698	66,520	15,636,954	84,545,901

The attached notes 1 to 11 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 Three months period ended 31 March 2013 were authorised for issue by the Board of Directors on 7 May 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.

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

- (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.

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.

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 (see Note 11).

- (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.

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 31 March.

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2013

3 BASIC AND DILUTED EARNINGS PER SHARE (continued)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	2,430,295	1,419,723
	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	195,765,277	195,600,966
Basic and diluted earnings per share	12.41 fils	7.26 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 6).

4 NET INVESTMENT INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Share of results of associates	54,161	114,430
Gain on sale of financial assets available for sale	457,302	16,286
Impairment loss on financial assets available for sale	-	(319,394)
Interest on bonds and fixed deposits	116,836	120,526
Dividend income	718,163	477,622
Other investment income	19,840	40,514
	1,366,302	449,984

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>31 March</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Local equity securities:</i>			
Quoted	22,385,874	21,332,913	23,540,035
Unquoted	9,142,843	9,142,834	10,267,070
	31,528,717	30,475,747	33,807,105
<i>Foreign equity securities:</i>			
Quoted	5,119,406	5,030,695	5,486,360
Unquoted	18,466,361	18,820,397	17,175,423
	23,585,767	23,851,092	22,661,783
Unquoted foreign funds	19,737,807	20,032,028	20,307,112
Bonds	350,000	350,000	350,000
	75,202,291	74,708,867	77,126,000

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2013

5 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

As at 31 March 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 31 March 2012: KD 156,258) has been recognised in the interim condensed statement of income.

As at 31 March 2013, Management has performed a review of its unquoted financial assets available for sale (Note 10) to assess whether any impairment has occurred in their value and accordingly, an impairment loss of KD Nil (31 December 2012: KD 823,951 and 31 March 2012: KD 163,136) has been recognised in the interim condensed statement of income.

6 SHARE CAPITAL

Authorised, issued and fully paid-up share capital consists of 189,532,484 shares of 100 fils each (31 December 2012: 189,532,484 and 31 March 2012: 180,507,130 shares).

On 23 April 2013, the Ordinary Annual General Assembly of the Company's shareholders approved the payment of cash dividend of 25% for the year ended 31 December 2012 (2011: 25%), totaling KD 4,638,454 (2011: KD 4,415,587) 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).

7 TREASURY SHARES

	<i>31 March</i> <i>2013</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i>	<i>31 March</i> <i>2012</i>
Number of treasury shares (shares)	<u>3,993,624</u>	<u>4,042,130</u>	<u>3,923,634</u>
Percentage of issued shares (%)	<u>2.11</u>	<u>2.13</u>	<u>2.17</u>
Market value (KD)	<u>1,996,812</u>	<u>2,263,593</u>	<u>1,961,817</u>

8 CAPITAL COMMITMENTS

As at 31 March 2013, the Company had future capital commitments with respect to financial assets available for sale of KD 4,766,032 (31 December 2012: KD 5,041,387 and 31 March 2012: KD 5,103,029).

9 RELATED PARTY TRANSACTIONS

These 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</i> <i>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	<i>Three months ended 31 March</i>	
			<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>
Gross premiums	435,505	2,038,018	2,473,523	2,228,997
Claims incurred	108,832	617,514	726,346	227,171

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2013

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>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>KD</i>	<i>shareholders</i>	<i>2013</i>	<i>31 December</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>2012</i>	<i>2012</i>
				<i>KD</i>	<i>KD</i>
Premiums and insurance balances receivable	407,275	2,684,215	3,091,490	3,402,698	4,504,725
Accounts payable and other credit balances	261,575	139,004	400,579	208,313	145,403

Key management personnel compensation:

	<i>Three months ended 31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Salaries and other short term benefits	33,231	25,769
Employees' end of service benefits	142,287	108,600
	<u>175,518</u>	<u>134,369</u>

10 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 18,342,461 as at 31 March 2013 (31 December 2012: KD 18,823,074 and 31 March 2012: KD 21,587,605).

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>Level 2</i>	<i>Level 3</i>	<i>Total fair</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>Value</i>
31 March 2013				<i>KD</i>
<i>Financial assets available for sale:</i>				
Quoted	27,505,280	-	-	27,505,280
Unquoted	-	-	29,004,550	29,004,550
Total	<u>27,505,280</u>	<u>-</u>	<u>29,004,550</u>	<u>56,509,830</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2013

10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total fair Value
	KD	KD	KD	KD
31 December 2012				
<i>Financial assets available for sale:</i>				
Quoted	26,363,608	-	-	26,363,608
Unquoted	-	-	29,172,186	29,172,186
Total	<u>26,363,608</u>	<u>-</u>	<u>29,172,186</u>	<u>55,535,794</u>
31 March 2012				
<i>Financial assets available for sale:</i>				
Quoted	29,026,395	-	-	29,026,395
Unquoted	-	-	26,161,999	26,161,999
Total	<u>29,026,395</u>	<u>-</u>	<u>26,161,999</u>	<u>55,188,394</u>

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	Net gains(losses) recorded in the interim condensed statement of comprehensive income	Net results recorded in the interim condensed statement of income	Net purchases, transfer, sales and settlements	At the end of the period / year
	KD	KD		KD	KD
31 March 2013					
<i>Financial assets available for sale:</i>					
Unquoted	<u>29,172,186</u>	<u>200,038</u>	<u>50,651</u>	<u>(418,325)</u>	<u>29,004,550</u>
31 December 2012					
<i>Financial assets available for sale:</i>					
Unquoted	<u>27,140,004</u>	<u>3,462,694</u>	<u>(342,026)</u>	<u>(1,088,486)</u>	<u>29,172,186</u>
31 March 2012					
<i>Financial assets available for sale:</i>					
Unquoted	<u>27,140,004</u>	<u>488,022</u>	<u>(197,860)</u>	<u>(1,268,167)</u>	<u>26,161,999</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2013

11 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:

Three months ended 31 March 2013:

	<i>General risk insurance</i>			<i>Life and health 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>1,271,200</u>	<u>2,242,641</u>	<u>546,700</u>	<u>1,206,266</u>	<u>1,490,954</u>	<u>6,757,761</u>
Segment results (net underwriting income)	<u>561,311</u>	<u>491,378</u>	<u>222,008</u>	<u>(29,658)</u>	<u>1,185,256</u>	<u>2,430,295</u>
				<i>General risk insurance</i> <i>KD</i>	<i>Life and health insurance</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Assets				<u>136,409,854</u>	<u>22,332,544</u>	<u>158,742,398</u>
Liabilities				<u>46,299,652</u>	<u>22,263,607</u>	<u>68,563,259</u>

Three months ended 31 March 2012:

	<i>General risk insurance</i>			<i>Life and health 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>1,196,826</u>	<u>2,103,171</u>	<u>390,178</u>	<u>1,204,233</u>	<u>573,099</u>	<u>5,467,507</u>
Segment results (net underwriting income)	<u>691,925</u>	<u>277,281</u>	<u>197,472</u>	<u>(76,939)</u>	<u>329,984</u>	<u>1,419,723</u>
				<i>General risk insurance</i> <i>KD</i>	<i>Life and health insurance</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Assets				<u>130,538,342</u>	<u>22,214,292</u>	<u>152,752,634</u>
Liabilities				<u>45,934,121</u>	<u>22,272,612</u>	<u>68,206,733</u>