

**AL-AHLEIA INSURANCE COMPANY S.A.K.P.
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
(UNAUDITED)**

30 JUNE 2022





Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Ahleia Insurance Company S.A.K.P. (the “Parent Company”) and its subsidiaries (collectively “the Group”) as at 30 June 2022, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six-month periods then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated 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 consolidated 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 consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent 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. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-months period ended 30 June 2022 that might have had a material effect on the business of the Parent 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 violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six-months period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

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

10 August 2022
Kuwait

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 KD	2021 KD	2022 KD	2021 KD
Revenues:					
Gross premiums written		38,871,365	37,185,477	79,538,792	77,233,726
Premiums ceded to reinsurers		(4,042,972)	(4,550,155)	(11,410,290)	(11,175,217)
Net premiums written		34,828,393	32,635,322	68,128,502	66,058,509
Movement in unearned premiums		(1,614,264)	(2,370,831)	(14,661,492)	(18,042,160)
Net premiums earned		33,214,129	30,264,491	53,467,010	48,016,349
Commission income on ceded reinsurance		1,252,670	1,168,858	3,084,322	2,960,837
Investment income	5	3,444,172	2,040,384	5,472,680	4,515,864
Rental income from investment properties		172,212	199,028	365,162	384,225
Other income		42,563	120,961	123,946	259,274
Total revenue		38,125,746	33,793,722	62,513,120	56,136,549
Expenses:					
Net claims incurred		(14,472,001)	(14,587,048)	(28,079,547)	(28,985,236)
Commissions and premiums' acquisition costs		(4,372,454)	(3,643,102)	(8,786,014)	(7,128,297)
Movement in life mathematical reserve		(10,300,098)	(9,062,300)	(9,555,664)	(5,680,300)
Maturity and cancellation of life insurance policies		(92,551)	(43,508)	(371,048)	(206,460)
Investment property operating expenses		(15,284)	(13,886)	(34,970)	(27,327)
Administrative expenses		(3,637,006)	(1,937,272)	(5,693,811)	(4,541,276)
Impairment loss on available for sale financial assets	6	(237,386)	(663,852)	(237,386)	(933,852)
Total expenses		(33,126,780)	(29,950,968)	(52,758,440)	(47,502,748)
Profit before share of income (loss) from associates		4,998,966	3,842,754	9,754,680	8,633,801
Gain (loss) from disposal of investment in associate		-	-	247,469	(87,198)
Share of results of associates		215,128	402,763	65,877	(613,601)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KFAS, NLST AND ZAKAT		5,214,094	4,245,517	10,068,026	7,933,002
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(42,456)	(37,606)	(87,288)	(73,706)
National Labour Support Tax (NLST)		(137,325)	(107,327)	(264,206)	(202,367)
Zakat		(54,930)	(42,925)	(105,670)	(80,941)
PROFIT FOR THE PERIOD		4,979,383	4,057,659	9,610,862	7,575,988
Attributable to:					
Equity holders of the Parent Company		4,802,547	3,798,733	9,208,818	7,462,569
Non-controlling interests		176,836	258,926	402,044	113,419
		4,979,383	4,057,659	9,610,862	7,575,988
BASIC AND DILUTED EARNINGS PER SHARE	3	22.16 fils	17.53 fils	42.50 fils	34.44 fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2022

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	4,979,383	4,057,659	9,610,862	7,575,988
Other comprehensive (loss) income				
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>				
<u>Available-for-sale financial assets:</u>				
Unrealized (loss) gain during the period	(3,110,942)	4,221,322	(1,644,464)	5,056,208
Recycling to the interim condensed consolidated statement of income for impairment	6 237,386	663,852	237,386	933,852
Reclassification to the interim condensed consolidated statement of income on disposal	5 (1,272,526)	(790,297)	(1,642,399)	(1,654,827)
Net (loss) gain on available-for-sale financial assets	(4,146,082)	4,094,877	(3,049,477)	4,335,233
<u>Investment in associates:</u>				
Share of fair value from investment in associates	106,525	52,261	26,807	181,054
<u>Foreign currency translation:</u>				
Exchange differences on translation from foreign operations	372,044	(93,807)	438,283	(299,088)
Other comprehensive (loss) income for the period	(3,667,513)	4,053,331	(2,584,387)	4,217,199
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,311,870	8,110,990	7,026,475	11,793,187
Attributable to:				
Equity holders of the Parent Company	1,173,042	7,793,003	6,495,899	11,652,943
Non-controlling interests	138,828	317,987	530,576	140,244
	1,311,870	8,110,990	7,026,475	11,793,187

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2022

		(Audited)	
	30 June	31 December	30 June
	2022	2021	2021
	KD	KD	KD
ASSETS			
Property and equipment	3,298,637	3,328,430	3,434,470
Investment properties	11,816,349	11,814,673	11,816,618
Investment in associates	22,595,221	22,327,643	21,268,072
Financial assets held to maturity	34,691,387	34,737,151	25,718,405
Loans secured by life insurance policyholders	60,207	60,207	62,207
Available-for-sale financial assets	52,745,397	56,925,792	57,025,733
Financial assets at fair value through profit or loss	1,120,069	753,534	749,934
Receivables arising from reinsurance contracts and premium accruals	52,354,232	35,911,173	47,498,296
Reinsurance recoverable on outstanding claims	42,121,427	38,506,828	36,088,669
Premiums and insurance balances receivable	20,824,657	24,609,780	19,909,988
Accounts receivable and other debit balances	13,679,397	9,656,266	12,029,222
Term deposits	131,991,720	125,483,302	115,497,277
Bank balances and cash	6,186,307	7,650,924	7,093,835
TOTAL ASSETS	393,485,007	371,765,703	358,192,726
EQUITY AND LIABILITIES			
Equity			
Share capital	22,050,000	22,050,000	22,050,000
Statutory reserve	20,000,000	20,000,000	20,000,000
Voluntary reserve	20,000,000	20,000,000	20,000,000
Special voluntary reserve	17,000,000	17,000,000	16,000,000
Treasury shares	(1,278,932)	(1,278,932)	(1,278,932)
Treasury shares reserve	1,474,675	1,474,675	1,474,675
Fair value reserve	10,804,450	13,955,652	10,879,685
Foreign currency translation reserve	350,154	(88,129)	(242,797)
Retained earnings	39,196,314	37,571,878	32,068,135
Other reserve	395,065	242,563	137,818
Equity attributable to equity holders of the Parent Company	129,991,726	130,927,707	121,088,584
Non-controlling interests	8,777,271	9,904,128	11,002,534
Total equity	138,768,997	140,831,835	132,091,118
Liabilities			
Technical reserves arising from insurance and reinsurance contracts:			
Outstanding claims reserve	135,910,439	128,130,051	119,550,197
Unearned premiums reserve	45,536,582	30,875,090	44,847,395
Life mathematical reserve	22,441,957	12,886,293	17,794,300
Incurred but not reported reserve	27,854,281	25,654,046	22,214,247
Total technical reserves arising from insurance and reinsurance contracts	231,743,259	197,545,480	204,406,139
Insurance and reinsurance payables	10,843,735	20,404,532	9,336,346
Accounts payable and other credit balances	12,129,016	12,857,705	12,359,123
Premiums received in advance	-	126,151	-
Total liabilities	254,716,010	230,933,868	226,101,608
TOTAL EQUITY AND LIABILITIES	393,485,007	371,765,703	358,192,726

Ayman Abdullatif Al-Shayea
Chairman

Yousef Saad Al Saad
Chief Executive Officer

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2022

	<i>Equity attributable to equity holders of the Parent Company</i>											<i>Non-controlling Interests</i> KD	<i>Total equity</i> KD
	<i>Share Capital</i> KD	<i>Statutory reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Special voluntary reserve</i> KD	<i>Treasury Shares</i> KD	<i>Treasury shares reserve</i> KD	<i>Fair value reserve</i> KD	<i>Foreign currency translation reserve</i> KD	<i>Retained earnings</i> KD	<i>Other Reserve</i> KD	<i>Subtotal</i> KD		
As at 1 January 2022 <i>(Audited)</i>	22,050,000	20,000,000	20,000,000	17,000,000	(1,278,932)	1,474,675	13,955,652	(88,129)	37,571,878	242,563	130,927,707	9,904,128	140,831,835
Profit for the period	-	-	-	-	-	-	-	-	9,208,818	-	9,208,818	402,044	9,610,862
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(3,151,202)	438,283	-	-	(2,712,919)	128,532	(2,584,387)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(3,151,202)	438,283	9,208,818	-	6,495,899	530,576	7,026,475
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	(7,584,382)	-	(7,584,382)	(82,128)	(7,666,510)
Change of ownership percentage of a subsidiary	-	-	-	-	-	-	-	-	-	152,502	152,502	(1,575,305)	(1,422,803)
As at 30 June 2022	22,050,000	20,000,000	20,000,000	17,000,000	(1,278,932)	1,474,675	10,804,450	350,154	39,196,314	395,065	129,991,726	8,777,271	138,768,997

	<i>Equity attributable to equity holders of the Parent Company</i>											<i>Non-controlling interests</i> KD	<i>Total equity</i> KD
	<i>Share capital</i> KD	<i>Statutory reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Special voluntary reserve</i> KD	<i>Treasury shares</i> KD	<i>Treasury shares reserve</i> KD	<i>Fair value reserve</i> KD	<i>Foreign currency translation reserve</i> KD	<i>Retained earnings</i> KD	<i>Other reserve</i> KD	<i>Subtotal</i> KD		
As at 1 January 2021 <i>(Audited)</i>	21,000,000	20,000,000	20,000,000	16,000,000	(1,278,932)	1,474,675	6,390,223	56,291	30,815,016	137,818	114,595,091	10,938,335	125,533,426
Profit for the period	-	-	-	-	-	-	-	-	7,462,569	-	7,462,569	113,419	7,575,988
Other comprehensive income (loss) for the period	-	-	-	-	-	-	4,489,462	(299,088)	-	-	4,190,374	26,825	4,217,199
Total comprehensive income (loss) for the period	-	-	-	-	-	-	4,489,462	(299,088)	7,462,569	-	11,652,943	140,244	11,793,187
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	(5,159,450)	-	(5,159,450)	(76,045)	(5,235,495)
Bonus share issue	1,050,000	-	-	-	-	-	-	-	(1,050,000)	-	-	-	-
As at 30 June 2021	22,050,000	20,000,000	20,000,000	16,000,000	(1,278,932)	1,474,675	10,879,685	(242,797)	32,068,135	137,818	121,088,584	11,002,534	132,091,118

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2022

	Notes	<i>Six months ended</i> <i>30 June</i>	
		<u>2022</u> <i>KD</i>	<u>2021</u> <i>KD</i>
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST and Zakat		10,068,026	7,933,002
Adjustments to reconcile profit before contribution to KFAS, NLST, and Zakat:			
Depreciation of property and equipment		65,416	127,433
Share of results of associates		(65,877)	613,601
(Gain) loss on disposal of investment in associate		(247,469)	87,198
Gain on sale of available-for-sale financial assets	5	(1,642,399)	(1,654,827)
Unrealized gain on investment carried at fair value through profit or loss	5	(352,849)	-
Interest income on bonds and term deposits	5	(2,183,334)	(1,828,598)
Dividend income	5	(1,220,817)	(950,121)
Income from funds	5	(73,281)	(82,318)
Impairment loss on available-for-sale financial assets	6	237,386	933,852
Provision for employees' end of service benefits		392,577	456,762
		4,977,379	5,635,984
Changes in operating assets and liabilities:			
Receivables arising from reinsurance contracts and premium accruals		(16,348,492)	(14,923,760)
Reinsurance recoverable on outstanding claims		(3,619,056)	5,287,057
Premiums and insurance balances receivable		3,785,123	6,360,398
Accounts receivable and other debit balances		(3,244,935)	(3,243,713)
Net change in insurance and reinsurance contract liabilities		34,501,267	26,173,647
Insurance and reinsurance payables		(9,560,797)	(10,337,064)
Accounts payable and other credit balances		(2,005,426)	(877,878)
Premiums received in advance		(126,151)	(124,616)
Cash flows from operations		8,358,912	13,950,055
Employees' end of service benefits paid		(108,338)	(40,782)
Net cash flows from operating activities		8,250,574	13,909,273
INVESTING ACTIVITIES			
Purchase of property and equipment		(32,315)	(29,965)
Purchase of available for sale financial assets		(2,617,385)	(4,459,957)
Proceeds from sale of available for sale financial assets		5,004,610	4,793,219
Proceed from investment in associates		392,586	404,520
Proceed from investment at fair value through profit or loss		-	153,195
Purchase of financial assets held to maturity		(1,191,314)	(5,000,000)
Proceed from financial assets held to maturity		1,223,862	8,378,650
Net movement in loans secured by life insurance policyholders		-	12,000
Term deposits		(6,508,418)	(18,384,035)
Dividends received		1,116,254	950,121
Dividend income from investment in associates		-	64,843
Interest income on bonds & term deposit received		1,474,490	1,463,589
Income received from funds		73,281	82,318
Acquisition of non-controlling interest in a subsidiary		(1,422,803)	-
Net cash flows used in investing activities		(2,487,152)	(11,571,502)
FINANCING ACTIVITIES			
Dividends paid		(7,131,176)	(5,109,635)
Net cash flows used in financing activities		(7,131,176)	(5,109,635)
Foreign currency translation adjustment		(96,863)	62,799
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,464,617)	(2,709,065)
Cash and cash equivalents as at 1 January	4	7,650,924	9,802,900
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	4	6,186,307	7,093,835

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

1 CORPORATE INFORMATION

The Parent Company is a Kuwaiti Shareholding Company registered in 1962 under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. The Parent Company is principally engaged in various insurance and reinsurance activities, as set forth in the Parent Company's Articles of Association. The Parent Company's head office is located at Ahmad Al-Jaber street and its registered postal address is P. O. Box 1602, Safat 13017, Kuwait.

The interim condensed consolidated financial information of Al-Ahleia Insurance Company S.A.K.P. (the "Parent Company") and its subsidiaries – Kuwait Reinsurance Company K.S.C.P., and Trade Union Holding CO. B.S.C. (Closed), Bahrain, (collectively, the "Group") for the six-month period ended 30 June 2022 was authorized for issuance by the Board of Directors on 10 August 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting held on 5 April 2022.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The interim condensed consolidated financial information for the Six-month period ended 30 June 2022 has been prepared in accordance with International Accounting Standard (IAS 34), *Interim Financial Reporting*.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six months' period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2 Standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial information are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 Standards issued but not yet effective (continued)

The core of IFRS 17 is the general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach).
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group plans to adopt the new standard on the required effective date together with IFRS 9. The Group started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2022	<i>2021</i>	2022	<i>2021</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	4,802,547	3,798,733	9,208,818	7,462,569
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares outstanding during the period*	216,696,640	216,696,640	216,696,640	216,696,640
Basic and diluted earnings per share	22.16 fils	17.53 fils	42.50 fils	34.44 fils

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

4 CASH AND CASH EQUIVALENTS

	30 June	<i>(Audited)</i> 31 December	30 June
	2022	2021	2021
	KD	KD	KD
Term deposits	131,991,720	125,483,302	115,497,277
Bank balances and cash	6,186,307	7,650,924	7,093,835
	138,178,027	133,134,226	122,591,112
Cash and short-term deposits			
Term deposits with original maturities of more than six months	(131,991,720)	(125,483,302)	(115,497,277)
Cash and cash equivalents	6,186,307	7,650,924	7,093,835

Term deposits amounting to KD 110,000 (31 December 2021: KD 110,000 and 30 June 2021: KD 110,000) are pledged as security to fulfill collateral requirements.

Term deposits include an amount of KD 4,020,000 related to the Parent Company held in State of Kuwait under lien to the Insurance Regulatory Unit (IRU) in accordance with insurance regulations of State of Kuwait (31 December 2021: KD 7,255,000 and 30 June 2021: KD 7,255,000).

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

5 INVESTMENT INCOME

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	2022	2021	2022	2021
	KD	KD	KD	KD
Gain on sale of available-for-sale financial assets	1,272,526	790,297	1,642,399	1,654,827
Unrealized gain on investment carried at fair value through profit or loss	-	-	352,849	-
Interest income on bonds and term deposits	1,048,634	912,784	2,183,334	1,828,598
Dividend income	1,088,354	296,303	1,220,817	950,121
Income from funds	34,658	41,000	73,281	82,318
	3,444,172	2,040,384	5,472,680	4,515,864

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2022 KD	<i>(Audited)</i> 31 December 2021 KD	30 June 2021 KD
<i>Local equity securities:</i>			
Quoted	23,211,037	26,298,190	27,125,256
Unquoted	3,031,178	3,027,839	3,027,839
	26,242,215	29,326,029	30,153,095
<i>Foreign equity securities:</i>			
Quoted	-	1,790	1,782
Unquoted	11,248,465	11,130,152	10,105,833
	11,248,465	11,131,942	10,107,615
<i>Managed funds</i>			
Unquoted	15,022,053	16,194,457	16,491,659
Bonds	232,664	273,364	273,364
	15,254,717	16,467,821	16,765,023
	52,745,397	56,925,792	57,025,733

As at 30 June 2022, the management has performed a review of its available-for-sale financial assets to assess whether any impairment has occurred in their value. Accordingly, an impairment loss of KD 237,386 (31 December 2021: KD 1,383,827 and 30 June 2021: KD 933,852) has been recorded in the interim condensed consolidated statement of income for the period then ended.

7 SHARE CAPITAL

Issued and fully paid-up share capital consists of 220,500,000 shares of 100 fils each (31 December 2021: 220,500,000 shares of 100 fils and 30 June 2021: 220,500,000 shares of 100 fils each).

On 5 April 2022, the Parent Company held an Extraordinary General Assembly Meeting of the shareholders and approved to increase the authorized capital to be KD 30,000,000 from KD 22,050,000.

8 SPECIAL VOLUNTARY RESERVE

On 5 April 2022, the Ordinary Annual General Assembly of the shareholders of the Parent Company approved the transfer of an amount of KD 1,000,000 from the profit for the year ended 31 December 2021 to the special voluntary reserve.

9 TREASURY SHARES

	30 June 2022	<i>(Audited)</i> 31 December 2021	30 June 2021
Number of treasury shares	3,803,360	3,803,360	3,803,360
Percentage of issued shares (%)	1.72	1.72	1.72
Cost (KD)	1,278,932	1,278,932	1,278,932
Market value (KD)	2,129,882	1,909,287	1,935,910

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

9 TREASURY SHARES (continued)

Reserves amounting to KD 1,278,932 (31 December 2021: KD 1,278,932 and 30 June 2021: KD 1,278,932) equivalent to the cost of the treasury shares held, are not available for distribution during the holding period of such shares as per CMA guidelines.

The weighted average market price of the Parent Company's shares for the period ended 30 June 2022 is 520 fils per share (31 December 2021: 494 fils per share and 30 June 2021: 473 fils per share).

10 CAPITAL COMMITMENTS AND CONTINGENCIES

10.1 Commitments

As at 30 June 2022, the Group has commitments in respect of certain available-for-sale investment amounting to KD 1,576,024 (31 December 2021: KD 4,117,240 and 30 June 2021: KD 3,579,041).

10.2 Contingent liabilities

As at 30 June 2022, the Group's bankers have provided bank guarantees amounting to KD 1,576,024 (31 December 2021: KD 1,413,329 and 30 June 2021: KD 1,523,986) from which it is anticipated that no material liabilities will arise.

The Group is subject to litigation in the normal course of its business. The Group based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Group's interim condensed consolidated income or interim condensed consolidated financial position.

11 RELATED PARTY DISCLOSURES

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

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

Six months period ended 30 June 2022

	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Gross premiums	59,341	366,532	955,443	5,626	1,386,942
Claims incurred	-	80,611	203,204	-	283,815

Six months period ended 30 June 2021

	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Gross premiums	32,273	486,502	667,824	4,676	1,191,275
Claims incurred	(126)	118,324	783,114	-	901,312

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

11 RELATED PARTY DISCLOSURES (continued)

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

30 June 2022	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	43,639	513,164	1,387,088	4,441	1,948,332
Other credit balances	-	2,587	5,572	375	8,534
31 December 2021 (Audited)	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	33,405	524,624	2,007,015	9,260	2,574,304
Other credit balances	464	-	4,283	250	4,997
30 June 2021	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	29,000	758,679	1,623,106	4,359	2,415,144
Other credit balances	269	-	3,361	375	4,005

Key management personnel compensation:

Key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2022	2021	2022	2021
	KD	KD	KD	KD
Salaries and other short term benefits	384,170	177,698	546,954	509,528
Employees' end of service benefits	110,121	21,870	181,299	123,380
	494,291	199,568	728,253	632,908

On 23 February 2022, the Parent Company proposed board of directors' fees of KD 298,039 (2020: KD 285,350). This proposal was approved by the Annual Ordinary General Assembly Meeting of the Parent Company's shareholders on 5 April 2022.

The subsidiary's board of directors has proposed directors' fees of KD 206,500 (2021: KD 185,495) and was approved of the subsidiary's Annual Ordinary General Assembly Meeting on 17 April 2022.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of available-for-sale financial assets, financial assets at fair value through profit or loss, financial assets held for maturity, loans secured by life insurance policyholders, premiums and insurance balances receivable, reinsurance recoverable on outstanding claims, accounts receivable and other debit balances, term deposits and bank balances and cash. Financial liabilities consist of insurance and reinsurance payables and accounts payable and other credit balances.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair values of financial instruments (financial assets and financial liabilities), with the exception of certain available-for-sale financial assets carried at cost amounting to KD 6,143,776 (31 December 2021: KD 6,188,181 and 30 June 2021: KD 6,985,827 are not materially different from their carrying values.

The following table provides the fair value measurement hierarchy of the Group's financial assets measured at fair value on a recurring basis:

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
30 June 2022			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	23,211,037	-	23,211,037
Unquoted equity securities	-	8,577,847	8,577,847
Unquoted managed funds	-	14,812,737	14,812,737
Total	23,211,037	23,390,584	46,601,621
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	1,120,069	1,120,069
<i>Investment Properties</i>	-	11,816,349	11,816,349

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

31 December 2021 (Audited)	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair value KD</i>
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	26,299,980	-	26,299,980
Unquoted equity securities	-	8,459,533	8,459,533
Unquoted managed funds	-	15,978,098	15,978,098
Total	26,299,980	24,437,631	50,737,611
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	753,534	753,534
<i>Investment Properties</i>			
	-	11,814,673	11,814,673
<i>Fair value measurement using</i>			
30 June 2021	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	27,127,038	-	27,127,038
Unquoted equity securities	-	6,823,214	6,823,214
Unquoted managed funds	-	16,089,654	16,089,654
Total	27,127,038	22,912,868	50,039,906
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	749,934	749,934
<i>Investment Properties</i>			
	-	11,816,618	11,816,618

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurement categorized within level three of the fair value hierarchy:

	<i>As at 1 January 2022 KD</i>	<i>Net result recorded in the interim condensed statement of comprehensive income KD</i>	<i>Remeasurement recognized in the interim condensed statement of income KD</i>	<i>Purchases(sales), net KD</i>	<i>As at 30 June 2022 KD</i>
30 June 2022					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	8,459,533	123,714	(5,400)	-	8,577,847
Unquoted managed funds	15,978,098	(81,745)	(231,986)	(851,630)	14,812,737
	<u>24,437,631</u>	<u>41,969</u>	<u>(237,386)</u>	<u>(851,630)</u>	<u>23,390,584</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	753,534	-	352,849	13,686	1,120,069
<i>Investment properties</i>	<u>11,814,673</u>	<u>-</u>	<u>1,676</u>	<u>-</u>	<u>11,816,349</u>

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurement categorized within level three of the fair value hierarchy (continued):

	<i>As at 1 January 2021 KD</i>	<i>Net result recorded in the consolidated statement of comprehensive income KD</i>	<i>Remeasurement recognized in the consolidated statement of income KD</i>	<i>Purchases (sales), net KD</i>	<i>As at 31 December 2021 KD</i>
<i>31 December 2021 (Audited)</i>					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,625,324	914,262	(185,100)	1,105,047	8,459,533
Unquoted managed funds	16,486,014	624,818	(236,963)	(895,771)	15,978,098
	<u>23,111,338</u>	<u>1,539,080</u>	<u>(422,063)</u>	<u>209,276</u>	<u>24,437,631</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	906,486	-	-	(152,952)	753,534
	<u>906,486</u>	<u>-</u>	<u>-</u>	<u>(152,952)</u>	<u>753,534</u>
<i>Investment properties</i>	11,818,076	-	(3,403)	-	11,814,673
	<u>11,818,076</u>	<u>-</u>	<u>(3,403)</u>	<u>-</u>	<u>11,814,673</u>

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurement categorized within level three of the fair value hierarchy (continued):

	<i>As at 1 January 2021 KD</i>	<i>Net result recorded in the interim condensed consolidated statement of comprehensive income KD</i>	<i>Remeasurement recognized in the interim condensed consolidated statement of income KD</i>	<i>Purchases(sales), net KD</i>	<i>As at 30 June 2021 KD</i>
30 June 2021					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,625,324	(907,157)	-	1,105,047	6,823,214
Unquoted managed funds	16,486,014	723,326	(122,058)	(997,628)	16,089,654
	<u>23,111,338</u>	<u>(183,831)</u>	<u>(122,058)</u>	<u>107,419</u>	<u>22,912,868</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	906,486	-	-	(156,552)	749,934
<i>Investment properties</i>	<u>11,818,076</u>	<u>-</u>	<u>(1,458)</u>	<u>-</u>	<u>11,816,618</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2022.

Set out below are the significant unobservable inputs to valuation as at 30 June 2022:

	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted managed funds	Adjusted net assets value	Discount for lack of marketability	10%	An increase or (decrease) by 10% in the discount for lack of marketability would result in (decrease) increase in fair value by KD 1,474 thousand.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

13 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has four reportable segments: General risk insurance, life and medical insurance, reinsurance and investment. The following table presents revenue, results, assets, and liabilities information of the Group's reportable segments:

<i>30 June 2022</i>	<i>General risk insurance</i>			<i>Life and medical insurance</i> <i>KD</i>	<i>Reinsurance</i> <i>KD</i>	<i>Investment</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>Accidents</i> <i>KD</i>	<i>Fire</i> <i>KD</i>					
Segment revenue	<u>2,233,547</u>	<u>4,238,697</u>	<u>752,515</u>	<u>17,119,883</u>	<u>32,206,690</u>	<u>5,837,842</u>	<u>123,946</u>	<u>62,513,120</u>
Segment results	<u>1,116,409</u>	<u>1,329,744</u>	<u>176,935</u>	<u>448,338</u>	<u>4,190,569</u>	<u>2,952,256</u>	<u>(146,225)</u>	<u>10,068,026</u>
				<i>Life and medical insurance</i> <i>KD</i>	<i>Reinsurance</i> <i>KD</i>	<i>Investment</i> <i>KD</i>	<i>General risk insurance</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Assets				<u>22,877,570</u>	<u>213,666,772</u>	<u>119,806,795</u>	<u>37,133,870</u>	<u>393,485,007</u>
Liabilities				<u>60,297,274</u>	<u>148,766,747</u>	<u>2,037</u>	<u>45,649,952</u>	<u>254,716,010</u>

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

13 SEGMENT INFORMATION (continued)

31 December 2021 (Audited)	<i>General risk insurance</i>			<i>Life and medical insurance KD</i>	<i>Reinsurance KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
	<i>Marine and aviation KD</i>	<i>Accidents KD</i>	<i>Fire KD</i>					
Segment revenue	3,602,369	8,143,807	1,672,463	15,272,374	62,886,577	10,302,836	419,502	102,299,928
Segment results	1,584,838	1,839,711	512,254	218,629	6,881,353	4,919,242	(216,944)	15,739,083
				<i>Life and medical insurance KD</i>	<i>Reinsurance KD</i>	<i>Investment KD</i>	<i>General risk insurance KD</i>	<i>Total KD</i>
Assets				16,115,161	190,229,279	121,747,833	43,673,430	371,765,703
Liabilities				48,462,550	128,291,712	-	54,179,606	230,933,868

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

13 SEGMENT INFORMATION (continued)

30 June 2021	<i>General risk insurance</i>			<i>Life and medical insurance</i> KD	<i>Reinsurance</i> KD	<i>Investment</i> KD	<i>Unallocated</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accidents</i> KD	<i>Fire</i> KD					
Segment revenue	1,991,531	4,052,282	720,808	13,035,279	31,177,286	4,900,089	259,274	56,136,549
Segment results	1,032,420	1,269,258	275,266	374,650	3,658,192	1,391,456	(68,240)	7,933,002
				<i>Life and medical insurance</i> KD	<i>Reinsurance</i> KD	<i>Investment</i> KD	<i>General risk insurance</i> KD	<i>Total</i> KD
Assets				23,250,779	187,773,052	113,847,535	33,321,360	358,192,726
Liabilities				54,779,859	129,177,180	1,680	42,142,889	226,101,608

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

14 ANNUAL GENERAL ASSEMBLY (AGM)

The Annual General Assembly meeting of the shareholders of the Parent Company held on 5 April 2022 approved the consolidated financial statements for the year ended 31 December 2021 and approved the cash dividends of 35% for the year ended 31 December 2021 (31 December 2020: 25%).

The Annual General Assembly of the shareholders of the Parent Company approved the transfer of an amount of KD 1,000,000 from the profit for the year ended 31 December 2021 to the special voluntary reserve.

On 5 April 2022, the Parent Company held an Extraordinary General Assembly Meeting of the shareholders and approved to increase the authorized capital to be KD 30,000,000 from KD 22,050,000.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over.

We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

The MENA practice of EY has been operating in the region since 1923. For more than 90 years, we have grown to more than 6,000 people united across 20 offices and 15 countries, sharing the same values and an unwavering commitment to quality. As an organization, we continue to develop outstanding leaders who deliver exceptional services to our clients and who contribute to our communities. We are proud of our accomplishments over the years, reaffirming our position as the largest and most established professional services organization in the region.

© 2017 EYGM Limited.
All Rights Reserved.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com/mena