

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

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

31 MARCH 2021



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Ahleia Insurance Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively “the Group”) as at 31 March 2021, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months 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, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2021 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 three months period ended 31 March 2021 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)

11 May 2021

Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 31 March 2021

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	<i>2021 KD</i>	<i>2020 KD</i>
Revenue:			
Gross premiums written		40,048,249	33,991,305
Premiums ceded to reinsurers		(6,625,062)	(5,826,772)
Net premiums written		33,423,187	28,164,533
Movement in unearned premiums		(15,671,329)	(12,935,125)
Net premiums earned		17,751,858	15,229,408
Commission income on ceded reinsurance		1,791,979	1,682,069
Policy issuance fees		-	77,610
Investment income	5	2,475,480	2,086,413
Rental income from investment properties		185,197	190,608
Other income		138,313	99,462
Total revenue		22,342,827	19,365,570
Expenses:			
Net claims incurred		(14,398,188)	(10,736,975)
Commissions and premiums' acquisition costs		(3,485,195)	(2,791,941)
Movement in life mathematical reserve		3,382,000	253,000
Maturity and cancellation of life insurance policies		(162,952)	(272,792)
Investment property operating expenses		(13,441)	(22,198)
Administrative expenses		(2,604,004)	(1,741,491)
Impairment loss on available-for-sale financial assets	6	(270,000)	(734,700)
Total expenses		(17,551,780)	(16,047,097)
Profit before share of results of associates		4,791,047	3,318,473
Loss from disposal of investment in associate		(87,198)	-
Share of results of associates		(1,016,364)	378,148
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KFAS, NATIONAL LABOUR SUPPORT (NLST) AND ZAKAT		3,687,485	3,696,621
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(36,100)	(32,102)
National Labour Support Tax (NLST)		(95,040)	(89,727)
Zakat		(38,016)	(35,891)
PROFIT FOR THE PERIOD		3,518,329	3,538,901
Attributable to:			
Equity holders of the Parent Company		3,663,836	3,295,566
Non-controlling interests		(145,507)	243,335
		3,518,329	3,538,901
BASIC AND DILUTED EARNINGS PER SHARE	3	16.91 fils	15.21 fils

The attached notes 1 to 15 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 31 March 2021

		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Notes</i>	2021 KD	2020 KD
PROFIT FOR THE PERIOD		3,518,329	3,538,901
Other comprehensive income (loss)			
<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 gain (loss) during the period		834,886	(5,068,951)
Recycling to the interim condensed consolidated statement of income for impairment loss on available-for-sale financial assets	6	270,000	734,700
Reclassification to the interim condensed consolidated statement of income on sale of available-for-sale financial assets	5	(864,530)	(796,439)
Net gain (loss) on available-for-sale financial assets		240,356	(5,130,690)
<u>Foreign currency translation:</u>			
Exchange differences on translation on foreign operations		(205,281)	539,080
Share of foreign exchange differences in associates		128,793	4,877
Net foreign currency translation adjustments		(76,488)	543,957
Other comprehensive income (loss) for the period		163,868	(4,586,733)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		3,682,197	(1,047,832)
Attributable to:			
Equity holders of the Parent Company		3,859,940	(1,239,266)
Non-controlling interests		(177,743)	191,434
		3,682,197	(1,047,832)

The attached notes 1 to 15 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 31 March 2021

		31 March 2021 KD	(Audited) 31 December 2020 KD	31 March 2020 KD
	Notes			
ASSETS				
Property and equipment		3,489,041	3,534,812	3,676,671
Investment properties		11,816,900	11,818,076	11,825,402
Investment in associates		20,878,457	22,364,387	20,849,634
Financial assets held to maturity		25,610,435	29,099,299	22,357,895
Loans secured by life insurance policyholders		62,208	74,207	103,308
Available-for-sale financial assets	6	52,594,342	52,252,944	50,818,356
Financial assets at fair value through profit or loss		753,291	906,486	922,309
Receivables arising from reinsurance contracts and premium accruals		43,641,223	32,645,246	41,692,390
Reinsurance recoverable on outstanding claims		37,964,028	41,370,947	52,519,082
Premiums and insurance balances receivable		13,880,503	26,270,386	14,463,556
Accounts receivable and other debit balances		13,309,699	8,412,093	12,285,734
Term deposits	4	109,261,121	97,417,842	80,403,431
Bank balances and cash	4	7,833,771	9,498,300	7,912,691
TOTAL ASSETS		341,095,019	335,665,025	319,830,459
EQUITY AND LIABILITIES				
Equity				
Share capital	7	22,050,000	21,000,000	20,000,000
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	8	16,000,000	16,000,000	15,000,000
Treasury shares	9	(1,278,932)	(1,278,932)	(1,278,932)
Treasury shares reserve		1,474,675	1,474,675	1,474,675
Fair value reserve		6,791,608	6,390,223	3,170,189
Foreign currency translation reserve		(148,990)	56,291	665,922
Retained earnings		28,269,402	30,815,016	28,839,683
Other reserve		137,818	137,818	139,011
Equity attributable to equity holders of the Parent Company		113,295,581	114,595,091	108,010,548
Non-controlling interests		10,684,547	10,938,335	10,194,132
Total equity		123,980,128	125,533,426	118,204,680
Liabilities				
Technical reserves arising from insurance and reinsurance contracts:				
Outstanding claims reserve		120,092,519	120,136,953	117,886,188
Unearned premiums reserve		42,476,564	26,805,235	38,896,054
Life mathematical reserve		8,732,000	12,114,000	7,348,000
Incurred but not reported reserve		19,264,316	18,939,238	16,819,179
Total technical reserves arising from insurance and reinsurance contracts		190,565,399	177,995,426	180,949,421
Insurance and reinsurance payables		8,932,566	19,673,410	10,386,369
Accounts payable and other credit balances		17,616,926	12,338,147	10,289,989
Premiums received in advance		-	124,616	-
Total liabilities		217,114,891	210,131,599	201,625,779
TOTAL EQUITY AND LIABILITIES		341,095,019	335,665,025	319,830,459

Ayman Abdullatif Al-Shayea
Chairman

Yousef Saad Al Saad
Chief Executive Officer

The attached notes 1 to 15 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 31 March 2021

	<i>Equity attributable to equity holders of the Parent Company</i>												
	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Special voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Fair value reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Other reserve KD</i>	<i>Subtotal KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2021 (Audited)	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	-	-	-	-	-	-	-	-	3,663,836	-	3,663,836	(145,507)	3,518,329
Other comprehensive income (loss)	-	-	-	-	-	-	401,385	(205,281)	-	-	196,104	(32,236)	163,868
Total comprehensive Income (loss) for the period	-	-	-	-	-	-	401,385	(205,281)	3,663,836	-	3,859,940	(177,743)	3,682,197
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	(5,159,450)	-	(5,159,450)	(76,045)	(5,235,495)
Bonus share issue (Note 14)	1,050,000	-	-	-	-	-	-	-	(1,050,000)	-	-	-	-
As at 31 March 2021	22,050,000	20,000,000	20,000,000	16,000,000	(1,278,932)	1,474,675	6,791,608	(148,990)	28,269,402	137,818	113,295,581	10,684,547	123,980,128
	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Special voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Fair value reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Other reserve KD</i>	<i>Subtotal KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2020 (Audited)	20,000,000	20,000,000	20,000,000	15,000,000	(1,278,932)	1,474,675	8,244,101	126,842	25,544,117	137,004	109,247,807	10,007,611	119,255,418
Profit for the period	-	-	-	-	-	-	-	-	3,295,566	-	3,295,566	243,335	3,538,901
Other comprehensive (loss) Income for the period	-	-	-	-	-	-	(5,073,912)	539,080	-	-	(4,534,832)	(51,901)	(4,586,733)
Total comprehensive (loss) Income for the period	-	-	-	-	-	-	(5,073,912)	539,080	3,295,566	-	(1,239,266)	191,434	(1,047,832)
Change of ownership percentage of a subsidiary	-	-	-	-	-	-	-	-	-	2,007	2,007	(4,913)	(2,906)
As at 31 March 2020	20,000,000	20,000,000	20,000,000	15,000,000	(1,278,932)	1,474,675	3,170,189	665,922	28,839,683	139,011	108,010,548	10,194,132	118,204,680

The attached notes 1 to 15 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 31 March 2021

		Three months ended 31 March	
		2021 KD	2020 KD
Notes			
	OPERATING ACTIVITIES		
	Profit before contribution to KFAS, NLST and Zakat	3,687,485	3,696,621
	Adjustments to reconcile profit for the period to net cash flows:		
	Depreciation of property and equipment	63,179	70,520
	Share of results of associates	1,016,364	(378,148)
	Loss from disposal of investment in associate	87,198	-
5	Gain on sale of available-for-sale financial assets	(864,530)	(796,439)
6	Impairment loss on available-for-sale financial assets	270,000	734,700
5	Interest income on bonds and term deposits	(915,814)	(1,061,032)
5	Dividend income	(653,818)	(184,779)
	Provision for employees' end of service benefits	249,389	70,694
		2,939,453	2,152,137
	Changes in operating assets and liabilities:		
	Receivables arising from reinsurance contracts and premium accruals	(10,995,977)	(9,718,373)
	Reinsurance recoverable on outstanding claims	3,410,774	(325,649)
	Premiums and insurance balances receivable	12,389,883	8,799,335
	Accounts receivable and other debit balances	(4,552,057)	(3,399,283)
	Net change in insurance and reinsurance contract liabilities	12,378,790	14,502,198
	Insurance and reinsurance payables	(10,740,844)	(7,509,842)
	Accounts payable and other credit balances	(1,271,934)	845,375
	Premiums received in advance	(124,616)	(87,144)
		3,433,472	5,258,754
	Cash flows from operations	(15,507)	(7,157)
	Employees' end of service benefits paid		
		3,417,965	5,251,597
	Net cash flows from operating activities		
	INVESTING ACTIVITIES		
	Purchase of property and equipment	(19,725)	(93,013)
	Purchase of available-for-sale financial assets	(2,430,512)	(1,615,139)
	Proceeds from sale of available-for-sale financial assets	2,950,902	2,264,875
	Proceed from investment in associates	404,520	-
	Proceed from investment at fair value through profit or loss	153,195	-
	Purchase of financial assets held to maturity	-	(2,000,000)
	Proceed from financial assets held to maturity	3,486,276	-
	Net movement in loans secured by life insurance policyholders	11,999	4,999
	Term deposits	(12,147,879)	(3,772,526)
	Dividends received	582,568	49,962
	Dividends received from investment in associates	64,843	-
	Dividends received from investment in subsidiary	935,764	-
	Interest income on bonds and term deposit received	648,294	632,321
	Acquisition of non-controlling interest in a subsidiary	-	(2,906)
		(5,359,755)	(4,531,427)
	Net cash flows used in investing activities		
	FINANCING ACTIVITIES		
	Dividends paid	(23,584)	(14,811)
		(23,584)	(14,811)
	Net cash flows used in financing activities		
	Foreign currency translation adjustment	(3,755)	(77,655)
	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,969,129)	627,704
4	Cash and cash equivalents as at 1 January	9,802,900	7,284,987
4	CASH AND CASH EQUIVALENTS AS AT 31 March	7,833,771	7,912,691

The attached notes 1 to 15 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 31 March 2021

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 three-month period ended 31 March 2021 was authorized for issuance by the Board of Directors on 11 May 2021.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting held on 23 March 2021.

The New Insurance Law issued on 1 September 2019 by Decree Law No. 125 of 2019 (the "Insurance Regulatory Law"), cancelled the Insurance Companies Law No. 24 of 1961. The Executive Regulations of the new amended law issued on 11 March 2021 and was published in the official Gazette on 21 March 2021. As per article two 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 PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The interim condensed consolidated financial information for the three-month period ended 31 March 2021 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 2020. 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 three months' period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

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

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial information are listed below. The Group intends to adopt these standards 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.

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 reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 on or before the date it first applies IFRS 17. The Group will apply these amendments when they become effective.

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>31 March</i>	
	2021	2020 (Restated)
Profit for the period attributable to equity holders of the Parent Company (KD)	3,663,836	3,295,566
	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares outstanding during the period*	216,696,640	216,696,640
Basic and diluted earnings per share (fils)	16.91 fils	15.21 fils

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

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical. The comparative basic and diluted earnings per share have been restated to reflect the impact of bonus shares issued in 2021. (Note 14).

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 31 March 2021

4 CASH AND CASH EQUIVALENTS

	31 March 2021 KD	<i>(Audited)</i> 31 December 2020 KD	31 March 2020 KD
Term deposits	109,261,121	97,417,842	80,403,431
Bank balances and cash	7,833,771	9,498,300	7,912,691
	117,094,892	106,916,142	88,316,122
Cash and short-term deposits			
Term deposits with original maturities of more than three months	(109,261,121)	(97,113,242)	(80,403,431)
Cash and cash equivalents	7,833,771	9,802,900	7,912,691

Term deposits amounting to KD 110,000 (31 December 2020: KD 110,000 and 31 March 2020: KD 900,090) are pledged as security to fulfill collateral requirements.

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

5 INVESTMENT INCOME

	<i>Three months ended 31 March</i>	
	2021 KD	2020 KD
Gain on sale of available-for-sale financial assets	864,530	796,439
Interest income on bonds and term deposits	915,814	1,061,032
Dividend income	653,818	184,779
Income from funds	41,318	44,163
	2,475,480	2,086,413

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 31 March 2021

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 March 2021 KD	(Audited) 31 December 2020 KD	31 March 2020 KD
<i>Local equity securities:</i>			
Quoted	22,126,923	20,614,153	18,486,698
Unquoted	3,127,839	3,127,839	3,677,839
	25,254,762	23,741,992	22,164,537
<i>Foreign equity securities:</i>			
Quoted	1,789	-	-
Unquoted	11,251,897	11,212,989	11,882,841
	11,253,686	11,212,989	11,882,841
<i>Managed funds</i>			
Quoted	-	-	432,471
Unquoted	15,792,179	17,004,248	16,044,792
Bonds	293,715	293,715	293,715
	16,085,894	17,297,963	16,770,978
	52,594,342	52,252,944	50,818,356

As at 31 March 2021, 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 270,000 (31 December 2020: KD 4,610,526 and 31 March 2020: KD 734,700) has been recorded in the interim condensed consolidated statement of income for the period then ended.

7 SHARE CAPITAL

Authorized, issued and fully paid-up share capital consists of 220,500,000 shares of 100 fils each (31 December 2020: 210,000,000 shares of 100 fils and 31 March 2020: 200,000,000 shares of 100 fils each).

8 SPECIAL VOLUNTARY RESERVE

On 23 March 2021, 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 2020 to the special voluntary reserve.

9 TREASURY SHARES

	31 March 2021	(Audited) 31 December 2020	31 March 2020
Number of treasury shares	3,803,360	3,622,000	3,449,275
Percentage of issued shares (%)	1.72	1.72	1.72
Cost (KD)	1,278,932	1,278,932	1,278,932
Market value (KD)	1,951,124	1,651,632	1,347,221

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As at and for the period ended 31 March 2021

9 TREASURY SHARES (continued)

Reserves amounting to KD 1,278,932 (31 December 2020: KD 1,278,932 and 31 March 2020: 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 31 March 2021 is 454 fils per share (31 December 2020: 426 fils per share and 31 March 2020: 426 fils per share).

10 CAPITAL COMMITMENTS AND CONTINGENCIES

10.1 Commitments

As at 31 March 2021, the Group has commitments in respect of certain available-for-sale investment amounting to KD 3,930,179 (31 December 2020: KD 4,314,239 and 31 March 2020: KD 5,002,771).

10.2 Contingent liabilities

As at 31 March 2021, the Group's bankers have provided bank guarantees amounting to KD 1,498,436 (31 December 2020: KD 1,467,106 and 31 March 2020: KD 792,716) from which it is anticipated that no material liabilities will arise.

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:

*Three months period ended
31 March 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	6,405	28,887	327,533	3,175	366,000
Claims incurred	-	76,956	275,678	-	352,634

*Three months period ended
31 March 2020*

	<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	3,567	17,424	286,087	3,345	310,423
Claims incurred	-	52,632	25,268	-	77,900

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

31 March 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	24,390	306,987	2,075,684	6,337	2,413,398
Other credit balances	-	-	4,649	-	4,649

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 31 March 2021

11 RELATED PARTY DISCLOSURES (continued)

31 December 2020 (Audited)	Key management and board members KD	Associates KD	Parent Company's shareholders KD	Others KD	Total KD
Premiums and insurance balances receivable	24,016	501,969	2,556,689	8,684	3,091,358
Other credit balances	-	-	2,089	-	2,089

31 March 2020	Key management and board members KD	Associates KD	Parent Company's shareholders KD	Others KD	Total KD
Premiums and insurance balances receivable	20,300	285,370	2,497,414	5,157	2,808,241
Other credit balances	-	-	-	5,649	5,649

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.

	Three months ended 31 March	
	2021 KD	2020 KD
Salaries and other short term benefits	331,830	165,059
Employees' end of service benefits	101,510	19,054
	433,340	184,113

On 22 February 2021, the Parent Company proposed board of directors' fees of KD 195,350 (2019: KD 180,680). This proposal was approved by the Annual Ordinary General Assembly Meeting of the Parent Company's shareholders on 23 March 2021.

The subsidiary's board of directors has proposed directors' fees of KD 185,495 (2019: KD 185,495) and was approved of the subsidiary's Annual Ordinary General Assembly Meeting on 21 March 2021.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 7,388,855 (31 December 2020: KD 8,527,453 and 31 March 2020: KD 9,668,418) 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) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
31 March 2021			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	22,128,712	-	22,128,712
Unquoted equity securities	-	7,769,279	7,769,279
Unquoted managed funds	-	15,307,496	15,307,496
Total	22,128,712	23,076,775	45,205,487
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	753,291	753,291
<i>Investment Properties</i>	-	11,816,900	11,816,900
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair value KD</i>
31 December 2020 (Audited)			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	20,614,153	-	20,614,153
Unquoted equity securities	-	6,625,324	6,625,324
Unquoted managed funds	-	16,486,014	16,486,014
Total	20,614,153	23,111,338	43,725,491
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	906,486	906,486
<i>Investment Properties</i>	-	11,818,076	11,818,076

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
31 March 2020			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	18,486,698	-	18,486,698
Quoted managed funds	432,471	-	432,471
Unquoted equity securities	-	6,762,345	6,762,345
Unquoted managed funds	-	15,468,424	15,468,424
Total	18,919,169	22,230,769	41,149,938
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	922,309	922,309
<i>Investment Properties</i>	-	11,825,402	11,825,402

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 31 March 2021

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 2021 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 31 March 2021 KD</i>
31 March 2021					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,625,324	38,908		1,105,047	7,769,279
Unquoted managed funds	16,486,014	98,813	-	(1,277,331)	15,307,496
	<u>23,111,338</u>	<u>137,721</u>	<u>-</u>	<u>(172,284)</u>	<u>23,076,775</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	906,486	-	-	(153,195)	753,291
<i>Investment properties</i>	<u>11,818,076</u>	<u></u>	<u>(1,176)</u>	<u>-</u>	<u>11,816,900</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 31 March 2021

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

	As at 1 January 2020 KD	Net result recorded in the consolidated statement of comprehensive income KD	Remeasurement recognized in the consolidated statement of income KD	Purchases(sales),net KD	As at 31 December 2020 KD
<i>31 December 2020 (Audited)</i>					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,673,509	(48,185)	-	-	6,625,324
Unquoted managed funds	15,873,903	827,856	(110,296)	(105,449)	16,486,014
	<u>22,547,412</u>	<u>779,671</u>	<u>(110,296)</u>	<u>(105,449)</u>	<u>23,111,338</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	905,895	-	591	-	906,486
	<u>905,895</u>	<u>-</u>	<u>591</u>	<u>-</u>	<u>906,486</u>
Investment properties	11,821,378	-	(3,302)	-	11,818,076
	<u>11,821,378</u>	<u>-</u>	<u>(3,302)</u>	<u>-</u>	<u>11,818,076</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 31 March 2021

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	As at 1 January 2020 KD	Net result recorded in the interim condensed consolidated statement of comprehensive income KD	Remeasurement recognized in the interim condensed consolidated statement of income KD	Purchases(sales), net KD	As at 31 March 2020 KD
31 March 2020					
Available-for-sale financial assets:					
Unquoted equity securities	6,673,509	88,836	-	-	6,762,345
Unquoted managed funds	15,873,903	(135,200)	(4,614)	(265,665)	15,468,424
	<u>22,547,412</u>	<u>(46,364)</u>	<u>(4,614)</u>	<u>(265,665)</u>	<u>22,230,769</u>
Financial assets at fair value through profit or loss:					
Unquoted equity securities	905,895	-	16,414	-	922,309
Investment properties	<u>11,821,378</u>	<u>-</u>	<u>4,024</u>	<u>-</u>	<u>11,825,402</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 Three months ended 31 March 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Set out below are the significant unobservable inputs to valuation as at 31 March 2021:

	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted equity securities	Price to book value	Discount for lack of marketability (DLOM)	10%	An increase or (decrease) by 10% in the discount for lack of marketability & lack of control would result in (decrease) or increase in fair value by KD 668 thousands.
		PBV multiple derived from quoted prices of peers company adjusted for the effect of non-marketability of the equity securities	10%	An increase or (decrease) by 10% in the adjusted market multiple of the peer group would result in increase or (decrease) in fair value by KD 668 thousands.
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 would result in (decrease) or increase in fair value by KD 1,609 thousands.

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

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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>31 March 2021</i>	<i>General risk insurance</i>			<i>Life and medical insurance</i>	<i>Reinsurance</i>	<i>Investment</i>	<i>Unallocated</i>	<i>Total</i>
	<i>Marine and aviation</i>	<i>Accidents</i>	<i>Fire</i>					
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	<u>1,173,561</u>	<u>2,191,354</u>	<u>353,491</u>	<u>801,265</u>	<u>15,024,166</u>	<u>2,660,677</u>	<u>138,313</u>	<u>22,342,827</u>
Segment results	<u>673,448</u>	<u>634,887</u>	<u>170,411</u>	<u>13,428</u>	<u>1,907,316</u>	<u>340,745</u>	<u>(52,750)</u>	<u>3,687,485</u>
				<i>Life and medical insurance</i>	<i>Reinsurance</i>	<i>Investment</i>	<i>General risk insurance</i>	<i>Total</i>
				<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Assets				<u>15,273,727</u>	<u>177,415,075</u>	<u>109,337,897</u>	<u>39,068,320</u>	<u>341,095,019</u>
Liabilities				<u>44,663,874</u>	<u>121,931,553</u>	<u>1,724</u>	<u>50,517,740</u>	<u>217,114,891</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 31 March 2021

13 SEGMENT INFORMATION (continued)

31 December 2020 (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	3,727,311	7,356,827	1,639,515	17,165,224	50,701,607	9,108,035	593,746	90,292,265
Segment results	1,956,760	2,997,930	767,148	440,087	5,665,560	2,750,468	(369,968)	14,207,985
				<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				15,707,845	159,936,036	108,346,958	51,674,186	335,665,025
Liabilities				46,691,625	104,446,724	603	58,992,647	210,131,599

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 31 March 2021

13 SEGMENT INFORMATION (continued)

31 March 2020	<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	940,312	1,999,649	390,331	2,382,401	11,276,394	2,277,021	99,462	19,365,570
Segment results	492,037	857,005	237,968	(384,813)	1,732,407	795,936	(33,919)	3,696,621
				<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				15,151,808	162,757,259	95,166,991	46,754,401	319,830,459
Liabilities				37,807,136	109,989,082	3,228	53,826,333	201,625,779

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14 ANNUAL GENERAL ASSEMBLY (AGM) and EXTRA-ORDINARY GENERAL ASSEMBLY (EGM)

The General Assembly meeting of the shareholders of the Parent Company held on 23 March 2021 approved the consolidated financial statements for the year ended 31 December 2020 and approved the cash dividends of 25% for the year ended 31 December 2020 (31 December 2019: 25%), totaling to KD 5,159,450 (31 December 2019: KD 4,913,769). Accordingly, cash dividends were recorded as dividends payable in the Parent Company's recorded as of the date of the Ordinary Annual General Assembly and was paid to the shareholders as starting from the payment date of 29 April 2021 which was defined in accordance with Capital Market Authority regulations.

During the period, the ordinary general assembly meeting ("AGM") of the Parent Company's shareholders held on 23 March 2021 approved to a bonus shares issue of 5% (2019: 5%) of the authorised, issued, and fully paid share capital for the year ended 31 December 2020.

The extra-ordinary general assembly ("EGM") of the Parent Company's shareholders held on 23 March 2021 approved the increase of Parent Company's authorised, issued, and fully paid share capital by issuing 10,500,000 bonus shares (KD 1,050,000) at 5% of the authorised and paid-up share capital.

15 COVID IMPACT

The existence of novel coronavirus was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty as a result of measures taken by governments to contain or delay the spread of the virus. As of to date, the actual scope of the impact is very difficult to measure.

Recoverability of receivables

The COVID-19 outbreak led to an increase in the credit risk of companies within the economy as a result of operational disruption. Based on the management, the Group has not identified a material impact to the recoverability of receivables for the period ended 31 March 2021 except for what is disclosed in the condensed consolidated interim financial information in relation to the receivables of the Group.

Fair value measurement of financial instruments

COVID-19 outbreak led to significant market turmoil and price volatility on the global financial markets.

The Group is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current scenario.

Based on the management, the Group has not identified a material impact to the fair values of financial assets and liabilities for the period ended 31 March 2021 except for what is disclosed in the condensed consolidated interim financial information under available for sale financial assets and financial assets at fair value through profit or loss.

Fair value measurement of investment properties

As the real estate market becomes slower moving, adjustments may be required to adjust the fair values of the properties in order to reflect the current economic circumstances.

The Group has not identified any significant impact to the fair values of investment properties for the period ended 31 March 2021 since the most recent external valuation performed in December 2020. The Group will consistently monitor the market and ensure that the prices used by the Group are an accurate representation of fair values.

Outstanding claims

The Group expected that there is no material impact on its risk position and provision balances for outstanding claims for the period ended 31 March 2021. It will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

15.1 Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital, and liquidity. The impact of COVID-19 may continue to evolve, but at the present time, the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, the interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

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