

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

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

30 September 2014



Building a better
working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-21st 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

Abdullatif Al-Majid & Co.
Allied Accountants
Certified Public Accountants - Experts

P.O. Box : 5506 safat- 13056 Kuwait
Tel: 22432082/3/4
Fax: 22402640



E-mail: mail.kw@parkerrandall.com

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Ahleia Insurance Company S.A.K.P. (the "Company") as at 30 September 2014, and the related interim condensed statement of income, interim condensed statement of comprehensive income for the three months and nine months periods then ended and the interim condensed statement of changes in equity and interim condensed statement of cash flows for the nine months period then ended. The management of the Company is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended, or of the company's Memorandum of Incorporation and Articles of Association during the nine months period ended 30 September 2014 that might have had a material effect on the business of the Company or on its financial position.

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

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

13 November 2014
Kuwait

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

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2014

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2014	2013	2014	2013
		KD	KD	KD	KD
Revenue:					
Gross premiums written		6,597,489	5,541,700	24,148,595	23,214,300
Premiums ceded to reinsurers		(3,548,860)	(2,676,729)	(14,441,999)	(13,602,168)
Net premiums written		3,048,629	2,864,971	9,706,596	9,612,132
Movement in unearned premiums		291,838	91,978	470,247	116,125
Net premiums earned		3,340,467	2,956,949	10,176,843	9,728,257
Commission received on ceded reinsurance		864,459	925,840	4,988,436	5,221,820
Policy issuance fees		131,431	130,227	457,407	444,012
Net investment income	4	560,841	10,198	2,729,830	3,356,259
Other income		36,248	34,924	102,970	500,501
Total Revenue		4,933,446	4,058,138	18,455,486	19,250,849
Expenses:					
Net claims incurred		1,364,081	1,315,187	4,060,323	5,371,274
Commissions		379,480	621,982	1,821,663	2,950,128
(Decrease) increase in life mathematical reserve		(11,000)	(296,580)	906,000	624,000
Maturity and cancellations of life insurance					
Policies		90,891	25,903	290,816	139,459
Administrative expenses		1,467,241	746,781	3,593,225	2,393,902
Total Expenses		3,290,693	2,413,273	10,672,027	11,478,763
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT					
		1,642,753	1,644,865	7,783,459	7,772,086
Contribution to KFAS		(16,427)	(14,227)	(75,217)	(73,093)
NLST		(37,103)	(32,969)	(160,519)	(163,377)
Zakat		(14,841)	(13,188)	(64,207)	(65,351)
PROFIT FOR THE PERIOD		1,574,382	1,584,481	7,483,516	7,470,265
BASIC AND DILUTED EARNINGS PER SHARE	3	8.03 fils	8.09 fils	38.16 fils	38.15 fils

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

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(UNAUDITED)

For the period ended 30 September 2014

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Profit for the period	1,574,382	1,584,481	7,483,516	7,470,265
Other comprehensive income:				
<i>Other comprehensive income reclassified to interim condensed statement of income in subsequent periods:</i>				
<i>Financial assets available for sale:</i>				
- Transferred to the interim condensed statement of income on sale (Note 4)	(258,128)	(243,955)	(588,885)	(1,459,547)
- Impairment loss (Note 4)	202,884	762,720	585,822	762,720
	(55,244)	518,765	(3,063)	(696,827)
<i>Other comprehensive income to be reclassified to interim condensed statement of income in subsequent periods:</i>				
Share of other comprehensive (loss) income of associates	(4,895)	(31,492)	29,388	(51,517)
Net unrealized gain (loss) of financial assets available for sale	2,884,867	(391,579)	5,257,775	1,242,013
Foreign currency translation adjustments	98,924	(40,572)	64,909	43,119
	2,978,896	(463,643)	5,352,072	1,233,615
Net other comprehensive income for the period	2,923,652	55,122	5,349,009	536,788
Total comprehensive income for the period	4,498,034	1,639,603	12,832,525	8,007,053

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

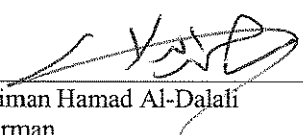
Al-Ahleia Insurance Company S.A.K.P.


INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at 30 September 2014

		(Audited)	
	30 September	31 December	30 September
	2014	2013	2013
	KD	KD	KD
ASSETS	Notes		
Property and equipment		2,687,813	2,805,026
Investment in associates		16,375,028	16,449,296
Financial assets available for sale	5	77,835,570	72,890,578
Loans secured by life insurance policyholders		231,198	155,088
Premiums and insurance balances receivable		11,922,739	11,790,946
Reinsurance recoverable on outstanding claims		28,749,835	27,186,890
Accounts receivable and other debit balances		1,928,773	2,374,254
Fixed deposits		24,133,822	25,135,948
Bank balances and cash	6	1,815,761	558,219
TOTAL ASSETS		165,680,539	159,346,245
EQUITY AND LIABILITIES			
Equity			
Share capital	7	20,000,000	20,000,000
Statutory reserve		18,171,431	18,171,431
General reserve		17,931,906	17,931,906
Special voluntary reserve		11,000,000	11,000,000
Treasury shares	8	(1,420,257)	(1,478,157)
Treasury shares reserve		1,432,820	1,414,775
Cumulative changes in fair values reserve		14,012,363	8,728,263
Foreign currency translation reserve		200,765	135,856
Retained earnings		17,601,522	16,393,187
Total equity		98,930,550	92,297,261
Liabilities			
Liabilities arising from insurance contracts:			
Outstanding claims reserve		38,190,331	35,948,524
Unearned premiums reserve		4,049,314	4,519,561
Life mathematical reserve		5,124,000	4,218,000
Incurred but not reported reserve		4,590,996	6,700,000
Total liabilities arising from insurance contracts		51,954,641	51,386,085
Insurance payables		8,927,619	9,119,457
Accounts payable and other credit balances		5,867,729	6,458,356
Premiums received in advance		-	85,086
Bank overdraft		-	1,225,385
Total liabilities		66,749,989	67,048,984
TOTAL EQUITY AND LIABILITIES		165,680,539	160,357,198


Sulaiman Hamad Al-Dalafi
Chairman


Ayman Abdullatif Al-Shayea
Vice Chairman

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

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2014

	Notes	Nine months ended 30 September	
		2014 KD	2013 KD
OPERATING ACTIVITIES			
Profit for the period		7,483,516	7,470,265
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property and equipment		127,861	124,578
Share of results of associates	4	(281,409)	(497,925)
Gain on sale of financial assets available for sale	4	(588,885)	(1,459,547)
Impairment loss on financial assets available for sale	4	585,822	762,720
Interest income on bonds and fixed deposits	4	(323,160)	(353,687)
Dividend income	4	(2,062,587)	(1,745,222)
Interest expense		14,261	14,272
Provision for employees' end of service benefits		243,258	81,648
		<u>5,198,677</u>	<u>4,397,102</u>
Changes in operating assets and liabilities:			
Premiums and insurance receivables		(131,793)	(2,217,934)
Reinsurance recoverable on outstanding claims		(1,562,945)	(1,588,884)
Accounts receivable and other debit balances		699,777	429,576
Liabilities arising from insurance contracts		568,556	2,780,609
Insurance payables		(191,838)	(4,916,912)
Accounts payable and other credit balances		(144,331)	(889,543)
Premiums received in advance		(85,086)	(410,934)
		<u>4,351,017</u>	<u>(2,416,920)</u>
Cash flows from (used in) operations		<u>4,351,017</u>	<u>(2,416,920)</u>
Employees' end of service benefits paid		(381,181)	(27,426)
		<u>3,969,836</u>	<u>(2,444,346)</u>
Net cash flows from (used in) operating activities		<u>3,969,836</u>	<u>(2,444,346)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(10,648)	(9,225)
Purchase of financial assets available for sale		(5,176,549)	(4,526,278)
Purchase of investment in associates		-	(3,696)
Proceeds from sale of financial assets available for sale		5,489,332	7,659,990
Movement in loans secured by life insurance policyholders		(76,110)	31,770
Fixed deposits		1,002,127	(5,180,223)
Dividend income received		2,062,587	1,745,222
Dividends received from associates		449,974	-
Interest income received		68,863	95,992
		<u>3,809,576</u>	<u>(186,448)</u>
Net cash flows from (used in) investing activities		<u>3,809,576</u>	<u>(186,448)</u>
FINANCING ACTIVITIES			
Dividends paid		(6,597,815)	(4,549,366)
Sale of treasury shares		75,945	115,297
		<u>(6,521,870)</u>	<u>(4,434,069)</u>
Net cash flows used in financing activities		<u>(6,521,870)</u>	<u>(4,434,069)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>1,257,542</u>	<u>(7,064,863)</u>
Cash and cash equivalents at the beginning of the period		<u>558,219</u>	<u>6,514,831</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	<u>1,815,761</u>	<u>(550,032)</u>

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

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2014

	Share capital KD	Statutory reserve KD	General reserve KD	Special voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Cumulative changes in fair values reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
Balance at 1 January 2014 (Audited)	20,000,000	18,171,431	17,931,906	11,000,000	(1,478,157)	1,414,775	8,728,263	135,856	16,393,187	92,297,261
Profit for the period	-	-	-	-	-	-	-	-	7,483,516	7,483,516
Other comprehensive income	-	-	-	-	-	-	5,284,100	64,909	-	5,349,009
Total comprehensive income for the period	-	-	-	-	-	-	5,284,100	64,909	7,483,516	12,832,525
Cash dividends (Note 7)	-	-	-	-	-	-	-	-	(6,275,181)	(6,275,181)
Sale of treasury shares	-	-	-	-	57,900	18,045	-	-	-	75,945
Balance at 30 September 2014	20,000,000	18,171,431	17,931,906	11,000,000	(1,420,257)	1,432,820	14,012,363	200,765	17,601,522	98,930,550
Balance at 1 January 2013 (Audited)	18,953,248	17,162,327	16,922,802	10,500,000	(1,579,956)	1,385,068	8,254,160	89,914	15,090,504	86,778,067
Profit for the period	-	-	-	-	-	-	-	-	7,470,265	7,470,265
Other comprehensive income	-	-	-	-	-	-	493,669	43,119	-	536,788
Total comprehensive income for the period	-	-	-	-	-	-	493,669	43,119	7,470,265	8,007,053
Issue of bonus shares (Note 7)	1,046,752	-	-	-	-	-	-	-	(1,046,752)	-
Cash dividends (Note 7)	-	-	-	-	-	-	-	-	(4,638,454)	(4,638,454)
Sale of treasury shares	-	-	-	-	89,428	25,869	-	-	-	115,297
Balance at 30 September 2013	20,000,000	17,162,327	16,922,802	10,500,000	(1,490,528)	1,410,937	8,747,829	133,033	16,875,563	90,261,963

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

1 ACTIVITIES

The interim condensed financial information of Al-Ahleia Insurance Company S.A.K.P. (the "Company") for the Nine months period ended 30 September 2014 were authorised for issue by the Board of Directors on 13 November 2014.

The financial statements of the Company for the year ended 31 December 2013 were approved by the shareholders at the Annual General Meeting held on 8 April 2014.

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

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013.

The interim condensed financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed financial information. Further, results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, refer to the annual audited financial statements and notes thereto for the year ended 31 December 2013.

New standards or amendments which are effective as of 1 January 2014

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment is not relevant to the Company, as none of the entities in the Company qualify to be an investment entity under IFRS 10.

IAS 32: Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)

These amendments are effective for annual periods beginning on or after 1 January 2014 and clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment has not resulted in material impact on the financial position or performance of the Company.

IAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The adoption of the above mentioned amendment did not have any material impact on the financial position or performance of the Company.

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**Standard issued but not yet effective***IFRS 15 – Revenue from Contracts with customers (“IFRS 15”)*

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

IFRS 9 Financial Instruments: Classification and Measurement

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

3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2014	2013	2014	2013
	KD	KD	KD	KD
Profit for the period	1,574,382	1,584,481	7,483,516	7,470,265
	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	196,126,918	195,860,700	196,088,999	195,815,434
Basic and diluted earnings per share	8.03 fils	8.09 fils	38.16 fils	38.15 fils

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2014

4 NET INVESTMENT INCOME

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Share of results of associates	13,823	172,911	281,409	497,925
Gain on sale of financial assets available for sale	258,128	243,955	588,885	1,459,547
Impairment loss on financial assets available for sale (Note 5)	(202,884)	(762,720)	(585,822)	(762,720)
Interest on bonds and fixed deposits	108,109	119,871	323,160	353,687
Dividend income	347,898	213,999	2,062,587	1,745,222
Other investment income	35,767	22,182	59,611	62,598
	<u>560,841</u>	<u>10,198</u>	<u>2,729,830</u>	<u>3,356,259</u>

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>(Audited)</i>		
	<i>30 September</i> <i>2014</i> <i>KD</i>	<i>31 December</i> <i>2013</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
<i>Local equity securities:</i>			
Quoted	22,296,580	20,086,608	20,277,852
Unquoted	8,015,112	8,264,321	8,742,850
	<u>30,311,692</u>	<u>28,350,929</u>	<u>29,020,702</u>
<i>Foreign equity securities:</i>			
Quoted	7,360,972	4,693,854	4,624,681
Unquoted	18,654,139	19,078,049	18,493,812
	<u>26,015,111</u>	<u>23,771,903</u>	<u>23,118,493</u>
Unquoted foreign funds	21,158,767	20,417,746	20,327,972
Bonds	350,000	350,000	350,000
	<u>77,835,570</u>	<u>72,890,578</u>	<u>72,817,167</u>

As at 30 September 2014, quoted equity securities are carried at fair value. Management has performed a review of these investments to assess whether any impairment has occurred in their value and accordingly, an impairment loss of KD Nil (31 December 2013: KD 82,714 and 30 September 2013: KD Nil) has been recognised in the interim condensed statement of income.

As at 30 September 2014, Management has performed a review of its unquoted financial assets available for sale to assess whether any impairment has occurred in their value and accordingly, an impairment loss of KD 585,822 (31 December 2013: KD 1,357,412 and 30 September 2013: KD 762,720) has been recognised in the interim condensed statement of income.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2014

6 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
Bank balances and cash	1,815,761	558,219	675,353
Bank overdraft	-	-	(1,225,385)
	<u>1,815,761</u>	<u>558,219</u>	<u>(550,032)</u>

Bank overdraft carry effective interest rates of Nil% (31 December 2013: Nil and 30 September 2013: 2.5%) per annum over Central Bank of Kuwait discount rate.

7 SHARE CAPITAL

Authorised, issued and fully paid-up share capital consists of 200,000,000 shares of 100 fils each (31 December 2013: 200,000,000 and 30 September 2013: 200,000,000 shares of 100 fils).

On 8 April 2014, the Ordinary Annual General Assembly of the Company's shareholders approved the payment of cash dividend of 32% for the year ended 31 December 2013, totaling KD 6,275,181 (25% for the year ended 31 December 2012, totaling KD 4,638,454 and 5.52280843% bonus share of paid up share capital) and board of directors' remuneration of KD 180,000 (2012: KD180,000).

On 23 April 2013, the Extraordinary General Assembly of the Company's Shareholders approved the increase of share capital from KD 18,953,248 to KD 20,000,000 through issuance of 10,467,516 bonus shares of 100 fils each for the year ended 31 December 2012, mark has also been in the commercial register on 7 May 2013.

8 TREASURY SHARES

	<i>30 September</i> <i>2014</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i>	<i>30 September</i> <i>2013</i>
Number of treasury shares	<u>3,834,235</u>	<u>3,990,545</u>	<u>4,023,943</u>
Percentage of issued shares (%)	<u>1.92</u>	<u>2.00</u>	<u>2.01</u>
Market value (KD)	<u>1,897,946</u>	<u>1,895,509</u>	<u>1,971,732</u>

9 CAPITAL COMMITMENTS

As at 30 September 2014, the Company had future capital commitments with respect to financial assets available for sale of KD 4,512,332 (31 December 2013: KD 4,736,393 and 30 September 2013: KD 3,779,558).

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2014

10 RELATED PARTY TRANSACTIONS

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

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

	<i>Associates</i> <i>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	<i>Nine months ended 30 September</i>	
			<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Gross premiums	758,203	2,045,731	2,803,934	2,867,670
Claims incurred	439,864	803,060	1,242,924	1,353,547
			<i>Three months ended 30 September</i>	
			<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Gross premiums	65,818	679,985	745,803	561,725
Claims incurred	25,113	378,661	403,774	514,978

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

	<i>Associates</i> <i>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	<i>30 September</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i>	
				<i>31 December</i> <i>2013</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
Premiums and insurance balances receivable	598,811	3,166,127	3,764,938	3,857,534	3,458,993
Accounts payable and other credit balances	237,834	106,840	344,674	229,467	251,162

Key management personnel compensation:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Salaries and other short term benefits	527,952	73,394	649,937	234,936
Employees' end of service benefits	190,155	3,025	195,727	11,675
	718,107	76,419	845,664	246,611

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2014

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost (Note 5), are not materially different from their carrying values. The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

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

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

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

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

	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total fair Value</i>
30 September 2014	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Financial assets available for sale:</i>				
Quoted	29,657,552	-	-	29,657,552
Unquoted	-	10,697,055	35,434,981	46,132,036
Total	<u>29,657,552</u>	<u>10,697,055</u>	<u>35,434,981</u>	<u>75,789,588</u>

	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total fair Value</i>
31 December 2013 (Audited)	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Financial assets available for sale:</i>				
Quoted	24,780,462	-	-	24,780,462
Unquoted	-	11,462,776	34,424,399	45,887,175
Total	<u>24,780,462</u>	<u>11,462,776</u>	<u>34,424,399</u>	<u>70,667,637</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2014

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair Value KD</i>
30 September 2013				
<i>Financial assets available for sale:</i>				
Quoted	24,902,533	-	-	24,902,533
Unquoted	-	11,309,079	34,382,614	45,691,693
Total	<u>24,902,533</u>	<u>11,309,079</u>	<u>34,382,614</u>	<u>70,594,226</u>

Level 3 includes investments in unquoted foreign funds amounting to KD 21,158,767 (31 December 2013: KD 20,417,746 and 30 September 2013: 20,327,972) that have been valued using the Net Asset Value provided by the investment managers.

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

	<i>At the beginning of the period / year KD</i>	<i>Net gains recorded in the interim condensed statement of comprehensive income KD</i>	<i>Net results recorded in the interim condensed statement of income KD</i>	<i>Net purchases, transfer, sales and settlements KD</i>	<i>Transfer to level 2 KD</i>	<i>At the end of the period / year KD</i>
30 September 2014						
<i>Financial assets available for sale:</i>						
Unquoted	<u>34,424,399</u>	<u>1,948,935</u>	<u>(382,938)</u>	<u>(555,415)</u>	<u>-</u>	<u>35,434,981</u>
31 December 2013 (Audited)						
<i>Financial assets available for sale:</i>						
Unquoted	<u>45,439,106</u>	<u>509,103</u>	<u>(352,962)</u>	<u>291,928</u>	<u>(11,462,776)</u>	<u>34,424,399</u>
30 September 2013						
<i>Financial assets available for sale:</i>						
Unquoted	<u>45,439,106</u>	<u>558,693</u>	<u>(97,474)</u>	<u>(208,632)</u>	<u>(11,309,079)</u>	<u>34,382,614</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2014

12 SEGMENT RESULTS

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

Nine months ended 30 September 2014:

	<i>General risk insurance</i>			<i>Life and health insurance</i> KD	<i>Unallocated</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accident</i> KD	<i>Fire</i> KD			
Segment revenue	<u>2,818,732</u>	<u>7,690,919</u>	<u>1,344,053</u>	<u>3,768,982</u>	<u>2,832,800</u>	<u>18,455,486</u>
Segment results (net underwriting income)	<u>1,634,662</u>	<u>2,251,053</u>	<u>753,378</u>	<u>1,244,414</u>	<u>1,600,009</u>	<u>7,483,516</u>
				<i>General risk insurance</i> KD	<i>Life and health insurance</i> KD	<i>Total</i> KD
Assets				<u>144,525,416</u>	<u>21,155,123</u>	<u>165,680,539</u>
Liabilities				<u>45,594,092</u>	<u>21,155,897</u>	<u>66,749,989</u>

Nine months ended 30 September 2013:

	<i>General risk insurance</i>			<i>Life and health insurance</i> KD	<i>Unallocated</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accident</i> KD	<i>Fire</i> KD			
Segment revenue	<u>3,169,170</u>	<u>6,408,757</u>	<u>1,237,601</u>	<u>4,578,561</u>	<u>3,856,760</u>	<u>19,250,849</u>
Segment results (net underwriting income)	<u>1,520,681</u>	<u>1,580,867</u>	<u>536,937</u>	<u>915,816</u>	<u>2,915,964</u>	<u>7,470,265</u>
				<i>General risk insurance</i> KD	<i>Life and health insurance</i> KD	<i>Total</i> KD
Assets				<u>138,414,873</u>	<u>21,942,325</u>	<u>160,357,198</u>
Liabilities				<u>48,316,662</u>	<u>21,778,573</u>	<u>70,095,235</u>