

AL-AHLEIA INSURANCE COMPANY S.A.K.

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

30 JUNE 2013

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74 Safat
13001 Safat, Kuwait
Baitak Tower, 18-21st Floor
Safat Square
Ahmed Al Jaber Street
Tel : 2245 2880 / 2295 5000
Fax: 2245 6419
Email: kuwait@kw.ey.com

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.

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Ahleia Insurance Company S.A.K. (the "Company") as at 30 June 2013 and the related interim condensed statements of income and comprehensive income for the three months and six months periods then ended, and the interim condensed statements of cash flows and changes in equity for the six months period then ended. The management of the Company is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

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

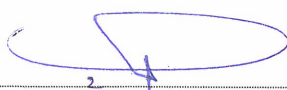
Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violations of the Companies Law No. 25 of 2012, as amended, or of the Company's Articles of Association and Memorandum of Incorporation have occurred during the six months period ended 30 June 2013, that might have had a material effect on the business of the Company or on its financial position.

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



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



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

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2013

	Notes	Three months ended 30 June		Six months ended 30 June	
		2013 KD	2012 KD	2013 KD	2012 KD
Revenue:					
Gross premiums		8,826,420	8,739,958	17,672,600	19,028,047
Premiums ceded to reinsurers		(5,564,188)	(4,820,070)	(10,925,439)	(11,846,563)
Net premiums		3,262,232	3,919,888	6,747,161	7,181,484
Movement in unearned premiums		138,377	(285,641)	24,147	(664,386)
Net premiums earned		3,400,609	3,634,247	6,771,308	6,517,098
Commission received on ceded reinsurance		2,551,886	1,358,892	4,295,980	3,219,662
Policy issuance fees		161,771	146,942	313,785	297,729
Net investment income	4	1,979,759	2,009,463	3,346,061	2,459,447
Other income		340,925	1,356	465,577	124,471
Total Revenue		8,434,950	7,150,900	15,192,711	12,618,407
Expenses:					
Net claims incurred		1,986,220	1,607,307	4,056,087	3,500,771
Commissions		1,555,669	767,237	2,328,146	1,501,338
Increase in life mathematical Reserve		475,080	122,100	920,580	583,100
Maturity and cancellations of life insurance policies		105,241	64,704	113,556	115,931
Administrative expenses		714,329	783,104	1,647,121	1,635,861
Total Expenses		4,836,539	3,344,452	9,065,490	7,337,001
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		3,598,411	3,806,448	6,127,221	5,281,406
Contribution to KFAS		(33,578)	(38,065)	(58,866)	(51,265)
NLST		(78,103)	(88,439)	(130,408)	(118,464)
Zakat		(31,241)	(35,376)	(52,163)	(47,386)
PROFIT FOR THE PERIOD		3,455,489	3,644,568	5,885,784	5,064,291
BASIC AND DILUTED EARNINGS PER SHARE	3	17.65 fils	18.62 fils	30.06 fils	25.89 fils

The attached notes 1 to 11 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the period ended 30 June 2013

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	2013	2012	2013	2012
	KD	KD	KD	KD
Profit for the period	3,455,489	3,644,568	5,885,784	5,064,291
Other comprehensive income (loss):				
<i>Other comprehensive income (loss) to be reclassified to interim condensed statement of income in subsequent periods:</i>				
- Financial assets available for sale:				
Net unrealised gain (loss)	275,249	(3,727,907)	1,633,592	(1,412,300)
Transferred to interim condensed statement of income on sale (Note 4)	(758,290)	(457,628)	(1,215,592)	(473,914)
Impairment loss transferred to interim condensed statement of income (Note 4)	-	183,634	-	503,028
	(483,041)	(4,001,901)	418,000	(1,383,186)
- Share of other comprehensive income (loss) of associates	8,852	-	(20,025)	22,122
- Foreign currency translation adjustments	8,804	18,169	83,691	10,707
Net other comprehensive (loss) income to be reclassified to interim condensed statement of income in subsequent periods	(465,385)	(3,983,732)	481,666	(1,350,357)
Total comprehensive income (loss) for the period	2,990,104	(339,164)	6,367,450	3,713,934


The attached notes 1 to 11 form part of this interim condensed financial information.

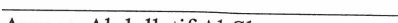
Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2013

		30 June 2013 KD	(Audited) 31 December 2012 KD	30 June 2012 KD
	Notes			
ASSETS				
Property and equipment		2,859,743	2,938,055	3,017,865
Investment in associates		15,737,860	15,349,179	14,480,020
Financial assets available for sale	5	73,017,302	74,708,867	74,338,807
Loans secured by life insurance policyholders		150,488	180,358	153,832
Premiums and insurance receivables		12,257,097	10,912,921	12,611,425
Reinsurance recoverable on outstanding claims		27,417,623	26,827,941	24,696,256
Accounts receivable and other debit balances		1,881,595	2,105,022	1,975,827
Fixed deposits		23,769,394	20,164,630	15,281,393
Bank balances and cash		1,473,061	6,514,831	353,483
TOTAL ASSETS		158,564,163	159,701,804	146,908,908
EQUITY AND LIABILITIES				
Equity				
Share capital	6	20,000,000	18,953,248	18,953,248
Statutory reserve		17,162,327	17,162,327	16,258,490
General reserve		16,922,802	16,922,802	16,018,965
Special voluntary reserve		10,500,000	10,500,000	10,000,000
Treasury shares	7	(1,538,771)	(1,579,956)	(1,601,458)
Treasury shares reserve		1,396,571	1,385,068	1,381,426
Cumulative changes in fair values reserve		8,652,135	8,254,160	4,744,797
Foreign currency translation reserve		173,605	89,914	84,689
Retained earnings		15,291,082	15,090,504	13,963,399
Total equity		88,559,751	86,778,067	79,803,556
Liabilities				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		36,295,957	34,910,977	33,369,771
Unearned premiums reserve		4,165,135	4,189,282	4,136,281
Life mathematical reserve		4,696,580	3,776,000	4,024,000
Incurred but not reported reserve		6,700,000	6,700,000	6,700,000
Total liabilities arising from insurance contracts		51,857,672	49,576,259	48,230,052
Insurance payables		11,925,161	15,278,281	7,763,177
Accounts payable and other credit balances		6,221,579	6,883,574	8,643,169
Premiums received in advance		-	1,185,623	1,131,024
Bank overdraft		-	-	1,337,930
Total liabilities		70,004,412	72,923,737	67,105,352
TOTAL EQUITY AND LIABILITIES		158,564,163	159,701,804	146,908,908


Sulaiman Hamad Al-Dalali
Chairman and Managing Director


Ayman Abdullatif Al-Shayea
Vice Chairman

The attached notes 1 to 11 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2013

		Six months ended 30 June	
		2013 KD	2012 KD
	Note		
OPERATING ACTIVITIES			
Profit for the period		5,885,784	5,064,291
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property and equipment		82,181	83,665
Share of results of associates	4	(325,014)	(1,042,831)
Gain on sale of financial assets available for sale	4	(1,215,592)	(473,914)
Impairment loss on financial assets available for sale	4	-	503,028
Interest income on bonds and fixed deposits	4	(233,816)	(229,276)
Dividend income	4	(1,531,223)	(1,120,883)
Interest expense		8,361	14,616
Provision for employees' end of service benefits		63,795	70,841
		<u>2,734,476</u>	<u>2,869,537</u>
Changes in operating assets and liabilities:			
Premiums and insurance receivables		(1,344,176)	(2,014,410)
Reinsurance recoverable on outstanding claims		(589,682)	454,478
Accounts receivable and other debit balances		414,702	383,404
Liabilities arising from insurance contracts		2,281,413	878,544
Insurance payables		(3,353,120)	1,730,642
Accounts payable and other credit balances		(857,848)	(1,191,595)
Premiums received in advance		(1,185,623)	(497,682)
		<u>(1,899,858)</u>	<u>2,612,918</u>
Cash flows (used in) from operations		<u>(1,899,858)</u>	<u>2,612,918</u>
Employees' end of service benefits paid		(14,126)	(18,987)
		<u>(1,913,984)</u>	<u>2,593,931</u>
Net cash flows (used in) from operating activities		<u>(1,913,984)</u>	<u>2,593,931</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(3,869)	(89,659)
Purchase of financial assets available for sale		(2,817,851)	(6,426,525)
Purchase of investment in associates		-	(24,476)
Proceeds from sale of financial assets available for sale		6,143,007	5,648,735
Movement in loans secured by life insurance policyholders		29,870	39,700
Fixed deposits		(3,604,764)	150,001
Dividend income received		1,531,223	1,120,883
Interest income received		42,541	69,251
		<u>1,320,157</u>	<u>487,910</u>
Net cash flows from investing activities		<u>1,320,157</u>	<u>487,910</u>
FINANCING ACTIVITIES			
Dividends paid		(4,500,631)	(4,305,736)
Purchase of treasury shares		-	(16,578)
Sale of treasury shares		52,688	69,457
		<u>(4,447,943)</u>	<u>(4,252,857)</u>
Net cash flows used in financing activities		<u>(4,447,943)</u>	<u>(4,252,857)</u>
NET DECREASE IN CASH AND CASH EQUIVALENT		<u>(5,041,770)</u>	<u>(1,171,016)</u>
Cash and cash equivalent at the beginning of the period		6,514,831	186,569
CASH AND CASH EQUIVALENT		<u>1,473,061</u>	<u>(984,447)</u>

The attached notes 1 to 11 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2013

	Share capital KD	Statutory reserve KD	General reserve KD	Special voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Cumulative changes in fair values reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
Balance at 1 January 2013	18,953,248	17,162,327	16,922,802	10,500,000	(1,579,956)	1,385,068	8,254,160	89,914	15,090,504	86,778,067
Profit for the period	-	-	-	-	-	-	-	-	5,885,784	5,885,784
Other comprehensive income	-	-	-	-	-	-	397,975	83,691	-	481,666
Total comprehensive income for the period	-	-	-	-	-	-	397,975	83,691	5,885,784	6,367,450
Issue of bonus shares (Note 6)	1,046,752	-	-	-	-	-	-	-	(1,046,752)	-
Cash dividends (Note 6)	-	-	-	-	-	-	-	-	(4,638,454)	(4,638,454)
Sale of treasury shares	-	-	-	-	41,185	11,503	-	-	-	52,688
Balance at 30 June 2013	20,000,000	17,162,327	16,922,802	10,500,000	(1,538,771)	1,396,571	8,652,135	173,605	15,291,082	88,559,751
Balance at 1 January 2012	18,050,713	16,258,490	16,018,965	10,000,000	(1,642,331)	1,369,420	6,105,861	73,982	14,217,231	80,452,331
Profit for the period	-	-	-	-	-	-	-	-	5,064,291	5,064,291
Other comprehensive (loss) income	-	-	-	-	-	-	(1,361,064)	10,707	-	(1,350,357)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(1,361,064)	10,707	5,064,291	3,713,934
Issue of bounce shares (Note 6)	902,535	-	-	-	-	-	-	-	(902,535)	-
Cash dividends (Note 6)	-	-	-	-	-	-	-	-	(4,415,588)	(4,415,588)
Purchase of treasury shares	-	-	-	-	(16,578)	-	-	-	-	(16,578)
Sale of treasury shares	-	-	-	-	57,451	12,006	-	-	-	69,457
Balance at 30 June 2012	18,953,248	16,258,490	16,018,965	10,000,000	(1,601,458)	1,381,426	4,744,797	84,689	13,963,399	79,803,556

The attached notes 1 to 11 form part of this interim condensed financial information.

1 ACTIVITIES

The interim condensed financial information of Al-Ahleia Insurance Company S.A.K. (the "Company") for the Three months period ended 30 June 2013 were authorised for issue by the Board of Directors on 6 August 2013.

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

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

The Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree).

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

- (a) The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".
- (b) The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2012, except for the adoption of the following amendments and new International Financial and Reporting Standards effective for annual period beginning on 1 January 2013 :

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

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

IFRS 10 – Consolidated Financial Statements

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

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

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

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

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

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 12 – Disclosure of Involvement with Other Entities

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

IFRS 13 – Fair Value measurement

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company (Note10).

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

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

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

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the management and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. The Company provides this disclosure as total segment assets were reported to the management. As a result of this amendment, the Company now also includes disclosure of total segment liabilities as these are reported to the management (see Note 11).

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

3 BASIC AND DILUTED EARNINGS PER SHARE

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 June 2013

3 BASIC AND DILUTED EARNINGS PER SHARE (continued)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2013 KD</i>	<i>2012 KD</i>	<i>2013 KD</i>	<i>2012 KD</i>
Profit for the period	3,455,489	3,644,568	5,885,784	5,064,291
	<i>Shares</i>	Shares	<i>Shares</i>	Shares
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	195,790,567	195,690,339	195,780,355	195,645,652
Basic and diluted earnings per share	17.65 fils	18.62 fils	30.06 fils	25.89 fils

The basic and diluted earnings per share have been adjusted for the current and previous period following the shareholders' approval of bonus shares at the Extraordinary General Assembly meeting held on 23 April 2013 (Note 6).

4 NET INVESTMENT INCOME

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2013 KD</i>	<i>2012 KD</i>	<i>2013 KD</i>	<i>2012 KD</i>
Share of results of associates	270,853	928,401	325,014	1,042,831
Gain on sale of financial assets available for sale	758,290	457,628	1,215,592	473,914
Impairment loss on financial assets available for sale	-	(183,634)	-	(503,028)
Interest on bonds and fixed deposits	116,980	108,750	233,816	229,276
Dividend income	813,060	643,261	1,531,223	1,120,883
Other investment income	20,576	55,057	40,416	95,571
	1,979,759	2,009,463	3,346,061	2,459,447

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>30 June 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>30 June 2012 KD</i>
<i>Local equity securities:</i>			
Quoted	20,135,610	21,332,913	21,691,639
Unquoted	9,142,843	9,142,834	9,142,843
	29,278,453	30,475,747	30,834,482
<i>Foreign equity securities:</i>			
Quoted	4,355,496	5,030,695	4,443,758
Unquoted	18,492,805	18,820,397	18,107,455
	22,848,301	23,851,092	22,551,213
Unquoted foreign funds	20,540,548	20,032,028	20,603,112
Bonds	350,000	350,000	350,000
	73,017,302	74,708,867	74,338,807

5 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

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

As at 30 June 2013, Management has performed a review of its unquoted financial assets available for sale (Note 10) to assess whether any impairment has occurred in their value and accordingly, an impairment loss of KD Nil (31 December 2012: KD 823,951 and 30 June 2012: KD 250,346) has been recognised in the interim condensed statement of income.

6 SHARE CAPITAL AND DIVIDENDS

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

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

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

7 TREASURY SHARES

	30 June 2013	<i>(Audited)</i> 31 December 2012	30 June 2012
Number of treasury shares (shares)	4,154,183	4,042,130	4,097,140
Percentage of issued shares (%)	2.08	2.13	2.16
Market value (KD)	2,035,550	2,263,593	1,577,399

8 CAPITAL COMMITMENTS

As at 30 June 2013, the Company had future capital commitments with respect to financial assets available for sale of KD 3,956,178 (31 December 2012: KD 5,041,387 and 30 June 2012: KD 5,540,432).

9 RELATED PARTY TRANSACTIONS

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 June 2013

9 RELATED PARTY TRANSACTIONS (continued)

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

	<i>Associates</i>	<i>Major</i>	<i>Six months ended 30 June</i>	
	<i>KD</i>	<i>shareholders</i>	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Gross premiums	565,497	1,740,448	2,305,945	2,133,819
Claims incurred	154,717	683,852	838,569	500,361
			<i>Three months ended 30 June</i>	
			<i>2013</i>	<i>2012</i>
			<i>KD</i>	<i>KD</i>
Gross premiums	129,992	1,157,599	1,287,591	(95,178)
Claims incurred	45,885	340,265	386,150	273,190

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

	<i>Associates</i>	<i>Major</i>	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>KD</i>	<i>shareholders</i>	<i>2013</i>	<i>31 December</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Premiums and insurance receivables	577,248	3,406,038	3,983,286	3,402,698	3,486,493
Accounts payable and other credit balances	53,320	265,340	318,660	208,313	108,061

Key management personnel compensations:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short term benefits	75,757	88,993	161,542	158,730
Employees' end of service benefits	5,671	24,711	8,630	27,205
	<u>81,428</u>	<u>113,704</u>	<u>170,172</u>	<u>185,935</u>

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

The fair value of financial assets and financial liabilities that are not carried at fair value is not materially different from their carrying amounts except for financial assets available for sale which are carried at cost less impairment amounting to KD 18,704,296 as at 30 June 2013 (31 December 2012: KD 19,173,072 and 30 June 2012: KD 21,745,410).

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

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

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

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

10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy (continued)**

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

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value</i>
30 June 2013	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Financial assets available for sale:</i>				
Quoted	24,491,106	-	-	24,491,106
Unquoted	-	-	29,821,900	29,821,900
Total	24,491,106	-	29,821,900	54,313,006
31 December 2012	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Financial assets available for sale:</i>				
Quoted	26,363,608	-	-	26,363,608
Unquoted	-	-	29,172,187	29,172,187
Total	26,363,608	-	29,172,187	55,535,795
30 June 2012	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Financial assets available for sale:</i>				
Quoted	26,135,397	-	-	26,135,397
Unquoted	-	-	26,458,000	26,458,000
Total	26,135,397	-	26,458,000	52,593,397

10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy (continued)**

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

	<i>At the beginning of the period / year KD</i>	<i>Net gains(losses) recorded in the interim condensed statement of comprehensive income KD</i>	<i>Net results recorded in the interim condensed statement of income</i>	<i>Net purchases, transfer, sales and settlements KD</i>	<i>At the end of the period / year KD</i>
30 June 2013					
<i>Financial assets available for sale:</i>					
Unquoted	<u>29,172,187</u>	<u>491,328</u>	<u>-</u>	<u>158,385</u>	<u>29,821,900</u>
31 December 2012					
<i>Financial assets available for sale:</i>					
Unquoted	<u>27,140,004</u>	<u>3,462,694</u>	<u>(414,170)</u>	<u>(1,016,341)</u>	<u>29,172,187</u>
30 June 2012					
<i>Financial assets available for sale:</i>					
Unquoted	<u>27,140,004</u>	<u>95,194</u>	<u>(250,346)</u>	<u>(526,852)</u>	<u>26,458,000</u>

11 SEGMENT RESULTS

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

Six months ended 30 June 2013:

	<i>General risk insurance</i>			<i>Life and health</i>	<i>Unallocated</i>	<i>Total</i>
	<i>Marine and aviation KD</i>	<i>Accident KD</i>	<i>Fire KD</i>	<i>insurance KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	<u>2,340,963</u>	<u>4,354,718</u>	<u>902,208</u>	<u>3,783,184</u>	<u>3,811,638</u>	<u>15,192,711</u>
Segment results (net underwriting income)	<u>1,013,165</u>	<u>882,793</u>	<u>392,855</u>	<u>472,434</u>	<u>3,365,974</u>	<u>6,127,221</u>
				<i>General risk insurance KD</i>	<i>Life and health insurance KD</i>	<i>Total KD</i>
Assets				<u>135,967,106</u>	<u>22,597,057</u>	<u>158,564,163</u>

11 SEGMENT RESULTS (continued)

Six months ended 30 June 2012:

	<i>General risk insurance</i>			<i>Life and health insurance</i>	<i>Unallocated</i>	<i>Total</i>
	<i>Marine and aviation</i>	<i>Accident</i>	<i>Fire</i>			
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	<u>2,377,484</u>	<u>4,277,732</u>	<u>807,875</u>	<u>2,571,398</u>	<u>2,583,918</u>	<u>12,618,407</u>
Segment results (net underwriting income)	<u>1,493,783</u>	<u>810,942</u>	<u>407,327</u>	<u>453,122</u>	<u>2,116,232</u>	<u>5,281,406</u>
				<i>General risk insurance</i>	<i>Life and health insurance</i>	<i>Total</i>
				<i>KD</i>	<i>KD</i>	<i>KD</i>
Assets				<u>124,333,721</u>	<u>22,575,187</u>	<u>146,908,908</u>