

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

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

30 JUNE 2020





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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Ahleia Insurance Company S.A.K.P. (the “Parent Company”) and its subsidiaries (collectively “the Group”) as at 30 June 2020, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income for the three-months and six-months periods then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-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, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-months period ended 30 June 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER

LICENCE NO. 207 A

EY

(AL AIBAN AL OSAIMI & PARTNERS)

12 August 2020
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 KD	2019 KD	2020 KD	2019 KD
Revenues:					
Gross premiums written		31,024,006	19,807,099	65,015,311	65,055,704
Premiums ceded to reinsurers		(4,561,819)	(4,409,718)	(10,388,591)	(9,989,715)
Net premiums written		26,462,187	15,397,381	54,626,720	55,065,989
Movement in unearned premiums		(603,627)	(2,395,916)	(13,538,752)	(16,329,467)
Net premiums earned		25,858,560	13,001,465	41,087,968	38,736,522
Commission income on ceded reinsurance		1,380,793	1,257,268	3,062,862	2,951,869
Policy issuance fees		29,012	96,840	106,622	196,395
Investment income	5	2,379,856	2,170,194	4,466,269	5,696,689
Rental income from investment properties		172,759	181,491	363,367	344,022
Other income		80,303	7,903	67,409	48,152
Total revenues		29,901,283	16,715,161	49,154,497	47,973,649
Expenses:					
Net claims incurred		(10,778,847)	(11,319,148)	(21,515,822)	(24,692,555)
Commissions and premiums' acquisition costs		(3,220,250)	(2,901,645)	(6,012,191)	(6,098,593)
Movement in life mathematical reserve		(8,766,000)	2,469,000	(8,513,000)	(5,185,000)
Maturity and cancellation of life insurance policies		(86,339)	(94,110)	(359,131)	(502,324)
Investment property operating expenses		(6,003)	(25,091)	(28,201)	(53,279)
Administrative expenses		(2,160,936)	(1,858,019)	(3,790,071)	(3,533,838)
Impairment loss on available-for-sale financial assets	6	(1,328,106)	(240,515)	(2,062,806)	(1,264,480)
Impairment loss on receivables		(150,000)	-	(150,000)	(200,000)
Total expenses		(26,496,481)	(13,969,528)	(42,431,222)	(41,530,069)
Profit before share of results associates		3,404,802	2,745,633	6,723,275	6,443,580
Share of results of associates		135,422	437,408	513,570	98,429
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		3,540,224	3,183,041	7,236,845	6,542,009
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(28,199)	(24,810)	(60,301)	(51,911)
National Labour Support Tax (NLST)		(79,725)	(70,127)	(169,452)	(148,968)
Zakat		(31,890)	(27,988)	(67,781)	(59,524)
PROFIT FOR THE PERIOD		3,400,410	3,060,116	6,939,311	6,281,606
Attributable to:					
Equity holders of the Parent Company		3,272,603	2,849,403	6,568,169	5,950,698
Non-controlling interests		127,807	210,713	371,142	330,908
		3,400,410	3,060,116	6,939,311	6,281,606
BASIC AND DILUTED EARNINGS PER SHARE	3	15.86 fils	13.81 fils	31.83 fils	28.83 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 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 KD	2019 KD	2020 KD	2019 KD
Profit for the period		3,400,410	3,060,116	6,939,311	6,281,606
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		355,091	1,091,730	(4,713,860)	(772,118)
Recycling to the interim condensed consolidated statement of income for impairment	6	1,328,106	240,515	2,062,806	1,264,480
Reclassification to the interim condensed consolidated statement of income on disposal	5	(622,247)	(675,523)	(1,418,686)	(2,722,816)
Net gain (loss) on available-for-sale financial assets		1,060,950	656,722	(4,069,740)	(2,230,454)
<u>Foreign currency translation:</u>					
Exchange differences on translation on foreign operations		(171,976)	(34,836)	367,104	(6,459)
Share of foreign exchange differences in associates		(103,425)	31,561	(98,548)	21,772
Net foreign currency translation adjustments		(275,401)	(3,275)	268,556	15,313
Other comprehensive income (loss) for the period		785,549	653,447	(3,801,184)	(2,215,141)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,185,959	3,713,563	3,138,127	4,066,465
Attributable to:					
Equity holders of the Parent Company		4,014,649	3,503,980	2,775,383	3,689,085
Non-controlling interests		171,310	209,583	362,744	377,380
		4,185,959	3,713,563	3,138,127	4,066,465


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 30 June 2020

		30 June 2020 KD	(Audited) 31 December 2019 KD	30 June 2019 KD
ASSETS				
Property and equipment		3,635,427	3,646,471	3,737,738
Investment properties		11,823,642	11,821,378	11,819,718
Investment in associates		20,850,003	20,218,699	19,664,102
Financial assets held to maturity		22,476,578	20,323,406	20,136,397
Loans secured by life insurance policyholders		82,607	108,307	98,208
Available-for-sale financial assets	6	49,889,125	56,675,860	56,808,666
Financial assets at fair value through profit or loss		919,766	905,895	1,195,633
Receivables arising from reinsurance contracts and premium accruals		44,651,713	31,974,017	39,708,721
Reinsurance recoverable on outstanding claims		47,126,227	52,205,065	48,886,130
Premiums and insurance balances receivable		22,461,593	23,262,891	18,529,413
Accounts receivable and other debit balances		11,242,003	8,345,029	10,316,523
Term deposits	4	82,997,511	76,727,694	66,190,103
Bank balances and cash	4	11,640,472	7,188,198	6,040,187
TOTAL ASSETS		329,796,667	313,402,910	303,131,539
EQUITY AND LIABILITIES				
Equity				
Share capital	7	21,000,000	20,000,000	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	15,000,000	15,000,000	14,000,000
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		4,084,211	8,244,101	6,156,262
Foreign currency translation reserve		493,946	126,842	5,863
Retained earnings		26,198,518	25,544,117	22,251,308
Other reserve		139,036	137,004	136,892
Equity attributable to equity holders of the Parent Company		107,111,454	109,247,807	102,746,068
Non-controlling interests		10,295,010	10,007,611	9,681,793
Total equity		117,406,464	119,255,418	112,427,861
Liabilities				
Technical reserves arising from insurance and reinsurance contracts:				
Outstanding claims reserve		116,024,650	116,984,635	108,227,717
Unearned premiums reserve		39,499,681	25,960,929	36,650,396
Life mathematical reserve		16,114,000	7,601,000	12,357,000
Incurred but not reported reserve		18,864,037	16,379,405	14,303,941
Total technical reserves arising from insurance and reinsurance contracts		190,502,368	166,925,969	171,539,054
Bank overdrafts	4	-	-	734,687
Insurance and reinsurance payables		10,090,260	17,896,211	9,936,747
Accounts payable and other credit balances		11,797,575	9,238,168	8,493,190
Premiums received in advance		-	87,144	-
Total liabilities		212,390,203	194,147,492	190,703,678
TOTAL EQUITY AND LIABILITIES		329,796,667	313,402,910	303,131,539


Ayman Abdullatif Al-Shayea
Chairman


Emad Mohamed Al-Bahar
Vice Chairman

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 30 June 2020

Equity attributable to equity holders of the Parent Company

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Special voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Other reserve KD	Subtotal KD	Non-controlling interests KD	Total equity KD
Balance 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	-	-	-	-	-	-	-	-	6,568,169	-	6,568,169	371,142	6,939,311
Other comprehensive (loss) Income for the period	-	-	-	-	-	-	(4,159,890)	367,104	-	-	(3,792,786)	(8,398)	(3,801,184)
Total comprehensive (loss) Income for the period	-	-	-	-	-	-	(4,159,890)	367,104	6,568,169	-	2,775,383	362,744	3,138,127
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	(4,913,768)	-	(4,913,768)	(70,387)	(4,984,155)
Issuance of bonus shares (Notes 7 and 14)	1,000,000	-	-	-	-	-	-	-	(1,000,000)	-	-	-	-
Change of ownership percentage of a subsidiary	-	-	-	-	-	-	-	-	-	2,032	2,032	(4,958)	(2,926)
Balance s at 30 June 2020	21,000,000	20,000,000	20,000,000	15,000,000	(1,278,932)	1,474,675	4,084,211	493,946	26,198,518	139,036	107,111,454	10,295,010	117,406,464

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Special voluntary reserve KD	Treasury Shares KD	Treasury Reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Other reserve KD	Subtotal KD	Non-controlling interests KD	Total equity KD
Balance as at 1 January 2019 (Audited)	20,000,000	20,000,000	20,000,000	14,000,000	(1,278,932)	1,474,675	8,411,416	12,322	23,179,885	121,193	105,920,559	9,402,909	115,323,468
Profit for the period	-	-	-	-	-	-	-	-	5,950,698	-	5,950,698	330,908	6,281,606
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(2,255,154)	(6,459)	-	-	(2,261,613)	46,472	(2,215,141)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(2,255,154)	(6,459)	5,950,698	-	3,689,085	377,380	4,066,465
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	(6,879,275)	-	(6,879,275)	(66,662)	(6,945,937)
Change of ownership percentage of a subsidiary	-	-	-	-	-	-	-	-	-	15,699	15,699	(31,834)	(16,135)
Balance as at 30 June 2019	20,000,000	20,000,000	20,000,000	14,000,000	(1,278,932)	1,474,675	6,156,262	5,863	22,251,308	136,892	102,746,068	9,681,793	112,427,861

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 30 June 2020

	Notes	Six months ended 30 June	
		2020 KD	2019 KD
OPERATING ACTIVITIES			
Profit for the period before KFAS, NLST, and Zakat		7,236,845	6,542,009
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property and equipment		144,667	137,839
Share of results of associates		(513,570)	(98,429)
Gain on sale of available-for-sale financial assets	5	(1,418,686)	(2,722,816)
Impairment loss on available-for-sale financial assets	6	2,062,806	1,264,480
Interest income on bonds and term deposits	5	(2,155,438)	(1,619,321)
Dividend income	5	(808,858)	(1,244,176)
Income from funds	5	(83,287)	(110,376)
Impairment loss on receivables		150,000	200,000
Provision for employees' end of service benefits		123,212	194,325
		4,737,691	2,543,535
<i>Working capital adjustments:</i>			
Receivables arising from reinsurance contracts and premium accruals		(12,677,696)	(16,587,652)
Reinsurance recoverable on outstanding claims		5,072,295	(6,253,085)
Premiums and insurance balances receivable		651,298	1,828,716
Accounts receivable and other debit balances		(2,397,870)	(2,522,418)
Net change in insurance and reinsurance contract liabilities		23,845,693	34,676,796
Insurance and reinsurance payables		(7,805,951)	(6,136,258)
Accounts payable and other credit balances		1,042,242	(984,161)
Premiums received in advance		(87,144)	(62,261)
		12,380,558	6,503,212
Net cash flows from operations		(20,531)	(63,349)
Employees' end of service benefits paid			
Net cash flows from operating activities		12,360,027	6,439,863
INVESTING ACTIVITIES			
Purchase of property and equipment		(129,273)	(22,869)
Purchase of available-for-sale financial assets		(2,811,582)	(3,117,477)
Proceeds from investment in associates		-	53,619
Proceeds from sale of available-for-sale financial assets		4,811,006	9,426,535
Purchase of financial assets held to maturity		(2,153,172)	(712,773)
Net movement in loans secured by life insurance policyholders		25,700	76,499
Term deposits, net		(6,366,606)	(3,911,340)
Dividends received		805,887	1,193,436
Income received from funds		83,287	110,376
Interest income on bonds and term deposits received		1,646,871	1,294,500
Acquisition of non-controlling interest in a subsidiary		(2,926)	(16,135)
Net cash flows (used in) from investing activities		(4,090,808)	4,374,371
FINANCING ACTIVITIES			
Dividends paid		(3,867,206)	(6,800,204)
Net cash flows used in financing activities		(3,867,206)	(6,800,204)
Foreign currency translation adjustment		(46,528)	6,420
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,355,485	4,020,450
Cash and cash equivalents as at 1 January	4	7,284,987	3,435,050
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	4	11,640,472	7,455,500

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

1 CORPORATE INFORMATION

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

The interim condensed consolidated financial information of Al-Ahleia Insurance Company S.A.K.P. (the "Parent Company") and its subsidiaries – Kuwait Reinsurance Company K.S.C.P., and Trade Union Holding CO. B.S.C. (Closed), Bahrain, (collectively, the "Group") for the six-month period ended 30 June 2020 was authorized for issuance by the Board of Directors on 12 August 2020.

The consolidated financial statements of the Group for the year ended 31 December 2019 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting held on 27 April 2020.

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

The interim condensed consolidated financial information for the six-month period ended 30 June 2020 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 include all the information and disclosures required for annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

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 2019, except for the adoption of new standards effective as of 1 January 2020. 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 2020, but do not have an impact on the interim condensed consolidated financial information of the Group.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial information of the Group but may impact in the future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform:

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial information of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material:

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

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

**2.1 New standards, interpretations and amendments adopted by the Group (continued)
Amendments to IAS 1 and IAS 8: Definition of Material (continued)**

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial information of the Group, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed consolidated financial information of the Group.

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

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>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	2020 KD	2019 KD	2020 KD	2019 KD
Profit for the period attributable to equity holders of the Parent Company	3,272,603	2,849,403	6,568,169	5,950,698
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares outstanding during the period*	206,378,261	206,378,261	206,378,261	206,378,261
Basic and diluted earnings per share (fils)	15.86 fils	13.81 fils	31.83 fils	28.83 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 2020. (Note 14).

4 CASH AND CASH EQUIVALENTS

	<i>30 June</i> 2020 KD	<i>(Audited)</i> <i>31 December</i> 2019 KD	<i>30 June</i> 2019 KD
	Term deposits	82,997,511	76,727,694
Bank balances and cash	11,640,472	7,188,198	6,040,187
	94,637,983	83,915,892	72,230,290
Cash and short term deposits			
Term deposits with original maturities of more than three months	(82,997,511)	(76,630,905)	(64,040,103)
Bank overdraft	-	-	(734,687)
Cash and cash equivalents	11,640,472	7,284,987	7,455,500

Term deposits amounting to KD 900,090 (31 December 2019: KD 900,090 and 30 June 2019: KD 900,090) are pledged as security to fulfill collateral requirements.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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5 INVESTMENT INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Gain on sale of available-for-sale financial assets	622,247	675,523	1,418,686	2,722,816
Interest income on bonds and term deposits	1,094,406	836,238	2,155,438	1,619,321
Dividend income	624,079	597,857	808,858	1,244,176
Income from funds	39,124	60,576	83,287	110,376
	2,379,856	2,170,194	4,466,269	5,696,689

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2020</i>	<i>31 December</i>	<i>2019</i>
	<i>KD</i>	<i>2019</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Local equity securities:</i>			
Quoted	19,039,348	23,443,381	23,143,492
Unquoted	3,477,839	3,877,839	4,337,530
	22,517,187	27,321,220	27,481,022
<i>Foreign equity securities:</i>			
Quoted	-	-	4,131
Unquoted	11,418,523	12,072,005	12,472,790
	11,418,523	12,072,005	12,476,921
<i>Managed funds</i>			
Quoted	-	465,500	450,222
Unquoted	15,659,700	16,523,420	16,084,207
Bonds	293,715	293,715	316,294
	15,953,415	17,282,635	16,850,723
	49,889,125	56,675,860	56,808,666

As at 30 June 2020, 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 2,062,806 (31 December 2019: KD 3,693,492 and 30 June 2019: KD 1,264,480) 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 210,000,000 shares of 100 fils each (31 December 2019: 200,000,000 shares and 30 June 2019: 200,000,000 shares of 100 fils each).

8 SPECIAL VOLUNTARY RESERVE

On 27 April 2020, 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 2019 to the special voluntary reserve.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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9 TREASURY SHARES

	30 June 2020	<i>(Audited)</i> 31 December 2019	30 June 2019
Number of treasury shares	3,671,739	3,499,275	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)	1,505,413	1,476,290	1,465,942

Reserves amounting to KD 1,278,932 (31 December 2019: KD 1,278,932 and 30 June 2019: KD 1,278,932) equivalent to the cost of the treasury shares held, are not available for distribution during the holding period of such shares as per CMA guidelines.

The weighted average market price of the Parent Company's shares for the period ended 30 June 2020 is 424 fils per share (31 December 2019: 427 fils per share and 30 June 2019: 428 fils per share).

10 CAPITAL COMMITMENTS AND CONTINGENCIES

10.1 Commitments

As at 30 June 2020, the Group has commitments in respect of certain available-for-sale investment amounting to KD 4,974,486 (31 December 2019: KD 5,388,332 and 30 June 2019: KD 3,867,370).

10.2 Contingent liabilities

As at 30 June 2020, the Group's bankers have provided bank guarantees amounting to KD 2,057,056 (31 December 2019: KD 852,227 and 30 June 2019: KD 811,142) 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:

Six months period ended 30 June 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	14,864	525,471	927,131	5,428	1,472,894
Claims incurred	-	52,632	448,015	-	500,647

Six months period ended 30 June 2019

	<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	17,674	595,311	657,299	13,510	1,283,794
Claims incurred	-	333,795	166,482	13,048	513,325

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

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As at and for the period ended 30 June 2020

11 RELATED PARTY DISCLOSURES (continued)

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

30 June 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>
Premiums and insurance balances receivable	23,274	779,387	2,431,351	4,179	3,238,191
Other credit balances	-	-	2,102	375	2,477

31 December 2019 (Audited)	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	19,588	321,102	2,841,844	6,677	3,189,211

30 June 2019	<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	21,100	534,925	2,234,308	3,088	2,793,421

Key management personnel compensation:

Key management personnel

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

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2020 KD</i>	<i>2019 KD</i>	<i>2020 KD</i>	<i>2019 KD</i>
Salaries and other short term benefits	323,902	279,830	488,961	442,346
Employees' end of service benefits	11,287	61,615	30,341	80,113
	<u>335,189</u>	<u>341,445</u>	<u>519,302</u>	<u>522,459</u>

On 11 March 2020, the Parent Company proposed board of directors' fees of KD 180,680 (2018: KD 339,990). This proposal was approved by the Annual Ordinary General Assembly Meeting of the Parent Company's shareholders on 27 April 2020.

The subsidiary's board of directors has proposed directors' fees of KD 185,495 (2018: KD 173,250) and was approved of the subsidiary's Annual Ordinary General Assembly Meeting on 5 April 2020.

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of available-for-sale financial assets, 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

The fair values of financial instruments (financial assets and financial liabilities), with the exception of certain available-for-sale financial assets carried at cost amounting to KD 9,004,568 (31 December 2019: KD 10,219,567 and 30 June 2019: KD 11,248,193) are not materially different from their carrying values.

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

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
30 June 2020			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	19,039,348		19,039,348
Unquoted equity securities	-	6,748,026	6,748,026
Unquoted managed funds	-	15,097,183	15,097,183
Total	19,039,348	21,845,209	40,884,557
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	919,766	919,766
	-	919,766	919,766
31 December 2019 (Audited)			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	23,443,381	-	23,443,381
Quoted managed Funds	465,500	-	465,500
Unquoted equity securities	-	6,673,509	6,673,509
Unquoted managed funds	-	15,873,903	15,873,903
Total	23,908,881	22,547,412	46,456,293
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	905,895	905,895
	-	905,895	905,895

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

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12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

30 June 2019	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair Value KD</i>
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	23,147,623	-	23,147,623
Quoted managed funds	450,222	-	450,222
Unquoted equity securities	-	6,672,904	6,672,904
Unquoted managed funds	-	15,289,724	15,289,724
Total	23,597,845	21,962,628	45,560,473
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	1,195,633	1,195,633
	-	1,195,633	1,195,633

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

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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 2020 KD</i>	<i>Remeasurement recognized in OCI KD</i>	<i>Remeasurement recognized in the interim condensed consolidated statement of income KD</i>	<i>Purchases(sales), net KD</i>	<i>As at 30 June 2020 KD</i>
30 June 2020					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,673,509	74,517	-	-	6,748,026
Unquoted managed funds	15,873,903	(339,225)	(4,614)	(432,881)	15,097,183
	<u>22,547,412</u>	<u>(264,708)</u>	<u>(4,614)</u>	<u>(432,881)</u>	<u>21,845,209</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	905,895	-	13,871	-	919,766
	<u>905,895</u>	<u>-</u>	<u>13,871</u>	<u>-</u>	<u>919,766</u>

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12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

	<i>As at 1 January 2019 KD</i>	<i>Remeasurement recognized in OCI KD</i>	<i>Remeasurement in recognized in the consolidated statement of income KD</i>	<i>Purchases(sales), Net KD</i>	<i>As at 31 December 2019 KD</i>
<i>31 December 2019 (Audited)</i>					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	8,683,153	(2,009,644)	-	-	6,673,509
Unquoted managed funds	17,360,639	686,897	(514,530)	(1,659,103)	15,873,903
	<u>26,043,792</u>	<u>(1,322,747)</u>	<u>(514,530)</u>	<u>(1,659,103)</u>	<u>22,547,412</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	1,196,227	-	289,360	(579,692)	905,895
	<u>1,196,227</u>	<u>-</u>	<u>289,360</u>	<u>(579,692)</u>	<u>905,895</u>
	<i>As at 1 January 2019 KD</i>	<i>Remeasurement recognized in OCI KD</i>	<i>Remeasurement in recognized in the interim condensed consolidated statement of income KD</i>	<i>Purchases(sales), Net KD</i>	<i>As at 30 June 2019 KD</i>
<i>30 June 2019</i>					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	8,683,153	(2,010,249)	-	-	6,672,904
Unquoted managed funds	17,360,639	(211,505)	(1,340)	(1,858,070)	15,289,724
	<u>26,043,792</u>	<u>(2,221,754)</u>	<u>(1,340)</u>	<u>(1,858,070)</u>	<u>21,962,628</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	1,196,227	-	-	(594)	1,195,633
	<u>1,196,227</u>	<u>-</u>	<u>-</u>	<u>(594)</u>	<u>1,195,633</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2020.

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12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Set out below are the significant unobservable inputs to valuation as at 30 June 2020:

	<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 (decrease) by 10% in the discount for lack of marketability & lack of control would result in increase (decrease) in fair value by KD 674 thousands.
		PBV multiple derived from quoted prices of peers company adjusted for the effect of non-marketability of the equity securities	10%	An increase (decrease) by 10% in the adjusted market multiple of the peer group would result in increase (decrease) in fair value by KD 674 thousands.
Unquoted managed funds	Adjusted net assets value	Discount for lack of marketability	10%	An increase (decrease) by 10% in the Discount for lack of would result in increase (decrease) in fair value by KD 1,509 thousands.

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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>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					
30 June 2020								
Segment revenue	<u>1,901,582</u>	<u>3,547,324</u>	<u>720,530</u>	<u>14,563,306</u>	<u>23,524,710</u>	<u>4,829,636</u>	<u>67,409</u>	<u>49,154,497</u>
Segment results	<u>759,629</u>	<u>1,236,824</u>	<u>218,659</u>	<u>689,040</u>	<u>3,231,142</u>	<u>1,425,329</u>	<u>(323,778)</u>	<u>7,236,845</u>
				<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				<u>23,442,039</u>	<u>163,759,283</u>	<u>96,700,235</u>	<u>45,895,110</u>	<u>329,796,667</u>
Liabilities				<u>50,270,450</u>	<u>110,881,843</u>	<u>3,220</u>	<u>51,234,690</u>	<u>212,390,203</u>
	<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					
31 December 2019 <i>(Audited)</i>								
Segment revenue	<u>3,615,615</u>	<u>7,152,629</u>	<u>1,823,659</u>	<u>15,434,369</u>	<u>45,468,410</u>	<u>10,522,214</u>	<u>130,735</u>	<u>84,147,631</u>
Segment results	<u>1,447,525</u>	<u>1,374,362</u>	<u>968,252</u>	<u>(111,530)</u>	<u>5,136,823</u>	<u>3,548,642</u>	<u>(643,992)</u>	<u>11,720,082</u>
				<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				<u>14,806,102</u>	<u>148,822,257</u>	<u>94,549,391</u>	<u>55,225,160</u>	<u>313,402,910</u>
Liabilities				<u>36,532,082</u>	<u>96,013,170</u>	<u>16,084</u>	<u>61,586,156</u>	<u>194,147,492</u>

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13 SEGMENT INFORMATION (continued)

30 June 2019	<i>General risk insurance</i>			<i>Life and medical insurance</i> KD	<i>Reinsurance</i> KD	<i>Investment</i> KD	<i>Unallocated</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accidents</i> KD	<i>Fire</i> KD					
Segment revenue	1,710,314	3,709,252	678,205	13,530,109	22,256,906	6,040,711	48,152	47,973,649
Segment results	528,618	337,247	323,202	206,872	3,007,370	2,597,604	(458,904)	6,542,009
				<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				20,613,932	151,289,636	91,449,861	39,778,110	303,131,539
Liabilities				40,134,620	100,510,884	18,844	50,039,330	190,703,678

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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 27 April 2020 approved the consolidated financial statements for the year ended 31 December 2019 and approved the cash dividends of 25% for the year ended 31 December 2019 (31 December 2018: 35%), totaling to KD 4,913,768 (31 December 2018: KD 6,879,275). 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 9 June 2020 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 27 April 2020 approved to a bonus shares issue of 5% (2018: Nil%) of the authorised, issued, and fully paid share capital for the year ended 31 December 2019.

The extra-ordinary general assembly ("EGM") of the Parent Company's shareholders held on 30 June 2020 approved the increase of Parent Company's authorised, issued, and fully paid share capital by issuing 1,000,000 bonus shares 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 30 June 2020 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 30 June 2020 except for what is disclosed in the condensed consolidated interim financial information under financial assets available for sale 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.

Based on the management, this is in early stages and there is limited information available on the 2020 outlook for the real estate market and how the situation will progress in light of COVID-19. The Group has not identified any significant impact to the fair values of investment properties for the period ended 30 June 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 30 June 2020. It will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

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