

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

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

31 MARCH 2020





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

Tel: +965 2295 5000 /
+965 2295 2880
Fax: +965 2245 6419
www.ey.com

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 31 March 2020, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the three-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended during the three-month period ended 31 March 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENSE 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 31 March 2020

	Notes	Three months ended 31 March	
		2020 KD	2019 KD
Revenue:			
Gross premiums written		33,991,305	45,248,605
Premiums ceded to reinsurers		(5,826,772)	(5,579,997)
Net premiums written		28,164,533	39,668,608
Movement in unearned premiums		(12,935,125)	(13,933,551)
Net premiums earned		15,229,408	25,735,057
Commission income on ceded reinsurance		1,682,069	1,694,601
Policy issuance fees		77,610	99,555
Investment income	5	2,086,413	3,526,495
Rental income from investment properties		190,608	162,531
Other income		99,462	40,249
Total revenue		19,365,570	31,258,488
Expenses:			
Net claims incurred		(10,736,975)	(13,373,407)
Commissions and premiums' acquisition costs		(2,791,941)	(3,196,948)
Movement in life mathematical reserve		253,000	(7,654,000)
Maturity and cancellation of life insurance Policies		(272,792)	(408,214)
Investment property operating expenses		(22,198)	(28,188)
Administrative expenses		(1,741,491)	(1,675,819)
Impairment loss on available-for-sale financial assets	6	(734,700)	(1,023,965)
Impairment loss on receivables		-	(200,000)
Total expenses		(16,047,097)	(27,560,541)
Profit before share of results of associates		3,318,473	3,697,947
Share of results of associates		378,148	(338,979)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		3,696,621	3,358,968
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(32,102)	(27,101)
National Labour Support Tax (NLST)		(89,727)	(78,841)
Zakat		(35,891)	(31,536)
PROFIT FOR THE PERIOD		3,538,901	3,221,490
Attributable to:			
Equity holders of the Parent Company		3,295,566	3,101,295
Non-controlling interests		243,335	120,195
		3,538,901	3,221,490
BASIC AND DILUTED EARNINGS PER SHARE	3	16.77 fils	15.78 fils

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2020

	<i>Three months ended</i>	
	<i>31 March</i>	
<i>Notes</i>	2020	2019
	KD	KD
Profit for the period	3,538,901	3,221,490
Other comprehensive (loss) / income		
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>		
<u>Available-for-sale financial assets:</u>		
Unrealized loss during the period	(5,068,951)	(1,863,848)
Recycling to the interim condensed consolidated statement of income for impairment	6 734,700	1,023,965
Reclassification to the interim condensed consolidated statement of income on disposal	5 (796,439)	(2,047,293)
Net losses on available-for-sale financial assets	(5,130,690)	(2,887,176)
<u>Foreign currency translation:</u>		
Exchange differences on translation on foreign operations	539,080	28,377
Share of foreign exchange differences in associates	4,877	(9,789)
Net foreign currency translation adjustments	543,957	18,588
Other comprehensive loss for the period	(4,586,733)	(2,868,588)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(1,047,832)	352,902
Attributable to:		
Equity holders of the Parent Company	(1,239,266)	185,105
Non-controlling interests	191,434	167,797
	(1,047,832)	352,902

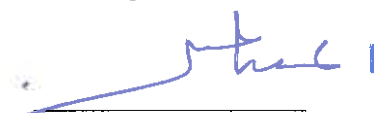
The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2020

		<i>31 March</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>
ASSETS				
Property and equipment		3,676,671	3,646,471	3,799,331
Investment properties		11,825,402	11,821,378	11,819,668
Investment in associates		20,849,634	20,218,699	19,241,660
Financial assets held to maturity		22,357,895	20,323,406	19,399,600
Loans secured by life insurance policyholders		103,308	108,307	99,208
Available-for-sale financial assets	6	50,818,356	56,675,860	58,408,839
Financial assets at fair value through profit or loss		922,309	905,895	1,199,767
Receivables arising from reinsurance contracts and premium accruals		41,692,390	31,974,017	35,578,700
Reinsurance recoverable on outstanding claims		52,519,082	52,205,065	54,121,263
Premiums and insurance balances receivable		14,463,556	23,262,891	19,922,734
Accounts receivable and other debit balances		12,285,734	8,345,029	11,540,565
Term deposits	4	80,403,431	76,727,694	70,197,700
Bank balances and cash	4	7,912,691	7,188,198	4,476,911
TOTAL ASSETS		319,830,459	313,402,910	309,805,946
EQUITY AND LIABILITIES				
Equity				
Share capital	7	20,000,000	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		3,170,189	8,244,101	5,466,849
Foreign currency translation reserve		665,922	126,842	40,699
Retained earnings		28,839,683	25,544,117	19,401,905
Other reserve		139,011	137,004	132,418
Equity attributable to equity holders of the Parent Company		108,010,548	109,247,807	99,237,614
Non-controlling interests		10,194,132	10,007,611	9,548,422
Total equity		118,204,680	119,255,418	108,786,036
Liabilities				
Technical reserves arising from insurance and reinsurance contracts:				
Outstanding claims reserve		117,886,188	116,984,635	110,472,633
Unearned premiums reserve		38,896,054	25,960,929	34,254,480
Life mathematical reserve		7,348,000	7,601,000	14,826,000
Incurred but not reported reserve		16,819,179	16,379,405	14,128,666
Total technical reserves arising from insurance and reinsurance contracts		180,949,421	166,925,969	173,681,779
Bank overdrafts	4	-	-	26,811
Insurance and reinsurance payables		10,386,369	17,896,211	11,817,363
Accounts payable and other credit balances		10,289,989	9,238,168	15,493,957
Premiums received in advance		-	87,144	-
Total liabilities		201,625,779	194,147,492	201,019,910
TOTAL EQUITY AND LIABILITIES		319,830,459	313,402,910	309,805,946


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 31 March 2020

	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
As at 1 January 2020 (Audited)	20,000,000	20,000,000	20,000,000	15,000,000	(1,278,932)	1,474,675	8,244,101	126,842	25,544,117	137,004	109,247,807	10,007,611	119,255,418
Profit for the period	-	-	-	-	-	-	-	-	3,295,566	-	3,295,566	243,335	3,538,901
Other comprehensive (loss) Income for the period	-	-	-	-	-	-	(5,073,912)	539,080	-	-	(4,534,832)	(51,901)	(4,586,733)
Total comprehensive (loss) Income for the period	-	-	-	-	-	-	(5,073,912)	539,080	3,295,566	-	(1,239,266)	191,434	(1,047,832)
Change of ownership percentage of a subsidiary	-	-	-	-	-	-	-	-	-	2,007	2,007	(4,913)	(2,906)
As at 31 March 2020	20,000,000	20,000,000	20,000,000	15,000,000	(1,278,932)	1,474,675	3,170,189	665,922	28,839,683	139,011	108,010,548	10,194,132	118,204,680

	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
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	-	-	-	-	-	-	-	-	3,101,295	-	3,101,295	120,195	3,221,490
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(2,944,567)	28,377	-	-	(2,916,190)	47,602	(2,868,588)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(2,944,567)	28,377	3,101,295	-	185,105	167,797	352,902
Cash dividends	-	-	-	-	-	-	-	-	(6,879,275)	-	(6,879,275)	-	(6,879,275)
Change of ownership percentage of a subsidiary	-	-	-	-	-	-	-	-	-	11,225	11,225	(22,284)	(11,059)
Balance at 31 March 2019	20,000,000	20,000,000	20,000,000	14,000,000	(1,278,932)	1,474,675	5,466,849	40,699	19,401,905	132,418	99,237,614	9,548,422	108,786,036

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2020

		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Notes</i>	<i>2020</i>	<i>2019</i>
		<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES			
Profit for the period before KFAS, NLST, and Zakat		3,696,621	3,358,968
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property and equipment		70,520	68,245
Share of results of associates		(378,148)	338,979
Gain on sale of available-for-sale financial assets	5	(796,439)	(2,047,293)
Impairment loss on available-for-sale financial assets	6	734,700	1,023,965
Interest income on bonds and term deposits	5	(1,061,032)	(783,083)
Dividend income	5	(184,779)	(646,319)
Impairment loss on receivables		-	200,000
Provision for employees' end of service benefits		70,694	71,660
		2,152,137	1,585,122
<i>Working capital adjustments:</i>			
Receivables arising from reinsurance contracts and premium accruals		(9,718,373)	(12,457,631)
Reinsurance recoverable on outstanding claims		(325,649)	(11,488,025)
Premiums and insurance balances receivable		8,799,335	435,395
Accounts receivable and other debit balances		(3,399,283)	(3,703,451)
Net change in insurance and reinsurance contract liabilities		14,502,198	36,814,021
Insurance and reinsurance payables		(7,509,842)	(4,255,642)
Accounts payable and other credit balances		845,375	(528,218)
Premiums received in advance		(87,144)	(62,261)
Net cash flows from operations		5,258,754	6,339,310
Employees' end of service benefits paid		(7,157)	(1,147)
Net cash flows from operating activities		5,251,597	6,338,163
INVESTING ACTIVITIES			
Purchase of property and equipment		(93,013)	(14,968)
Purchase of available-for-sale financial assets		(1,615,139)	(2,386,110)
Purchase of financial assets held to maturity		(2,000,000)	-
Proceeds from sale of available-for-sale financial assets		2,264,875	6,013,715
Proceed from investment in associates		-	53,913
Net movement in loans secured by life insurance policyholders		4,999	75,499
Term deposits, net		(3,772,526)	(3,576,191)
Dividends received		49,962	514,271
Interest income on bonds and term deposits received		632,321	496,854
Acquisition of non-controlling interest in a subsidiary		(2,906)	(11,059)
Net cash flows (used in) from investing activities		(4,531,427)	1,165,924
FINANCING ACTIVITIES			
Dividends paid		(14,811)	(5,330)
Net cash flows used in financing activities		(14,811)	(5,330)
Foreign currency translation adjustment		(77,655)	9,039
NET INCREASE IN CASH AND CASH EQUIVALENTS		627,704	7,507,796
Cash and cash equivalents as at 1 January	4	7,284,987	3,435,050
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	4	7,912,691	10,942,846

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 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 three-month period ended 31 March 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 three-month period ended 31 March 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 31 March 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 2022, 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 31 March 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>31 March</i>	
	2020	2019
	KD	KD
Profit for the period attributable to equity holders of the Parent Company	3,295,566	3,101,295
	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares outstanding during the period (shares) *	196,550,725	196,550,725
Basic and diluted earnings per share (fils)	16.77 fils	15.78 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.

There have been no transactions involving ordinary shares between the reporting date and the date of authorization of this interim condensed consolidated financial information which require the restatement of EPS.

4 CASH AND CASH EQUIVALENTS

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	2020	<i>31 December</i>	<i>2019</i>
	KD	KD	KD
Term deposits	80,403,431	76,727,694	70,197,700
Bank balances and cash	7,912,691	7,188,198	4,476,911
	88,316,122	83,915,892	74,674,611
Cash and short term deposits			
Term deposits with original maturities of more than three months	(80,403,431)	(76,630,905)	(63,704,954)
Bank overdraft	-	-	(26,811)
Cash and cash equivalents	7,912,691	7,284,987	10,942,846

Term deposits amounting to KD 900,090 (31 December 2019: KD 900,090 and 31 March 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)

As at and for the period ended 31 March 2020

5 INVESTMENT INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	2020	2019
	KD	KD
Gain on sale of available-for-sale financial assets	796,439	2,047,293
Interest income on bonds and term deposits	1,061,032	783,083
Dividend income	184,779	646,319
Income from funds	44,163	49,800
	2,086,413	3,526,495

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2020</i>	<i>31 December</i>	<i>31 March</i>
	KD	KD	KD
<i>Local equity securities:</i>			
Quoted	18,486,698	23,443,381	23,787,093
Unquoted	3,677,839	3,877,839	4,337,530
	22,164,537	27,321,220	28,124,623
<i>Foreign equity securities:</i>			
Quoted	-	-	812,447
Unquoted	11,882,841	12,072,005	12,517,459
	11,882,841	12,072,005	13,329,906
<i>Managed funds</i>			
Quoted	432,471	465,500	446,444
Unquoted	16,044,792	16,523,420	16,167,277
Bonds	293,715	293,715	340,589
	16,770,978	17,282,635	16,954,310
	50,818,356	56,675,860	58,408,839

As at 31 March 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 734,700 (31 December 2019: KD 3,693,492 and 31 March 2019: KD 1,023,965) 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 200,000,000 shares of 100 fils each (31 December 2019: 200,000,000 shares and 31 March 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)

As at and for the period ended 31 March 2020

9 TREASURY SHARES

	31 March 2020	<i>(Audited)</i> 31 December 2019	31 March 2019
Number of treasury shares	3,499,275	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)	1,347,221	1,476,290	1,483,188

Reserves amounting to KD 1,278,932 (31 December 2019: KD 1,278,932 and 31 March 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 31 March 2020 is 426 fils per share (31 December 2019: 427 fils per share and 31 March 2019: 429 fils per share).

10 CAPITAL COMMITMENTS AND CONTINGENCIES

10.1 Commitments

As at 31 March 2020, the Group has commitments in respect of certain available-for-sale investment amounting to KD 5,002,771 (31 December 2019: KD 5,388,332 and 31 March 2019: KD 4,078,581).

10.2 Contingent liabilities

As at 31 March 2020, the Group's bankers have provided bank guarantees amounting to KD 792,716 (31 December 2019: KD 852,227 and 31 March 2019: KD 3,577,679) from which it is anticipated that no material liabilities will arise.

11 RELATED PARTY DISCLOSURES

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

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

Three months period ended 31 March 2020

	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Gross premiums	3,567	17,424	286,087	3,345	310,423
Claims incurred	-	52,632	25,268	-	77,900

Three months period ended 31 March 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	1,692	18,990	465,713	-	486,395
Claims incurred	-	127,119	49,969	-	177,088

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

11 RELATED PARTY DISCLOSURES (continued)

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

31 March 2020	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	20,300	285,370	2,497,414	5,157	2,808,241
Other credit balances	-	-	-	5,649	5,649
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
31 March 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	23,305	199,288	2,506,482	1,860	2,730,935

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 31 March</i>	
	2020 KD	2019 KD
Salaries and other short-term benefits	165,059	162,516
Employees' end of service benefits	19,054	18,498
	184,113	181,014

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)

As at and for the period ended 31 March 2020

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 categorised 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 9,668,418 (31 December 2019: KD 10,219,567 and 31 March 2019: KD 11,561,387) 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>KD</i>	<i>Significant unobservable inputs (Level 3)</i> <i>KD</i>	<i>Total</i> <i>KD</i>
31 March 2020			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	18,486,698	-	18,486,698
Quoted managed funds	432,471	-	432,471
Unquoted equity securities	-	6,762,345	6,762,345
Unquoted managed funds	-	15,468,424	15,468,424
Total	18,919,169	22,230,769	41,149,938
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	922,309	922,309
	-	922,309	922,309
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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

31 March 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	24,599,540	-	24,599,540
Quoted managed funds	446,444	-	446,444
Unquoted equity securities	-	6,717,574	6,717,574
Unquoted managed funds	-	15,083,894	15,083,894
Total	<u>25,045,984</u>	<u>21,801,468</u>	<u>46,847,452</u>
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	1,199,767	1,199,767
	<u>-</u>	<u>1,199,767</u>	<u>1,199,767</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

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 31 March 2020 KD</i>
31 March 2020					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,673,509	88,836	-	-	6,762,345
Unquoted managed funds	15,873,903	(135,200)	(4,614)	(265,665)	15,468,424
	<u>22,547,412</u>	<u>(46,364)</u>	<u>(4,614)</u>	<u>(265,665)</u>	<u>22,230,769</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	905,895	-	16,414	-	922,309
	<u>905,895</u>	<u>-</u>	<u>16,414</u>	<u>-</u>	<u>922,309</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

	As at 1 January 2019 KD	Remeasurement recognized in OCI KD	Remeasurement in recognized in the interim condensed consolidated statement of income KD	Purchases(sales), Net KD	As at 31 December 2019 KD
<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>
	As at 1 January 2019 KD	Remeasurement recognized in OCI KD	Remeasurement in recognized in the interim condensed consolidated statement of income KD	Purchases(sales), Net KD	As at 31 March 2019 KD
<i>31 March 2019</i>					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	8,683,153	(1,965,579)	-	-	6,717,574
Unquoted managed funds	17,360,639	(337,026)	-	(1,939,719)	15,083,894
	<u>26,043,792</u>	<u>(2,302,605)</u>	<u>-</u>	<u>(1,939,719)</u>	<u>21,801,468</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	1,196,227	3,540	-	-	1,199,767
	<u>1,196,227</u>	<u>3,540</u>	<u>-</u>	<u>-</u>	<u>1,199,767</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the three months ended 31 March 2020.

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 March 2020

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Set out below are the significant unobservable inputs to valuation as at 31 March 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 676 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 676 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 1,600 thousands.

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 March 2020

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

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 March 2020

13 SEGMENT INFORMATION (continued)

31 March 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	909,788	2,040,381	336,892	12,220,598	12,021,554	3,689,026	40,249	31,258,488
Segment results	196,347	159,127	117,014	302,880	1,714,326	1,222,224	(352,950)	3,358,968
				<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				20,662,970	147,545,104	96,205,088	45,392,784	309,805,946
Liabilities				42,075,211	97,997,564	16,807	60,930,328	201,019,910

14 ANNUAL GENERAL ASSEMBLY (AGM)

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.

15 COVID IMPACT

The existence of novel corona virus 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 a significant increase in the credit risk of companies within the economy as a result of operational disruption.

Based on management's, the Group has not identified a material impact to the recoverability of receivables for the period ended 31 March 2020.

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 management's, the Group has not identified a material impact to the fair values of financial assets and liabilities for the period ended 31 March 2020 except for what is disclosed in the condensed consolidated interim financial information under financial assets available for sale.

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 management's, 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 31 March 2020. The Group will consistently monitor the market and ensure that the prices used by the Group are an accurate representation of fair values.

Outstanding claims

The Group expected that there is no material impact on its risk position and provision balances for outstanding claims for the period ended 31 March 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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