

Bahrain Kuwait Insurance Company B.S.C.

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

31 MARCH 2019 (REVIEWED)

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Commercial Registration : 30713
License : 23

PRINCIPAL BANKERS

BBK

Ahli United Bank

National Bank of Bahrain

Burgan Bank

Gulf Bank

SHARE REGISTRARS

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Bahrain Clear B.S.C. (c)

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Actuscope Actuaries

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DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

Murad Ali Murad	-	Chairman
Khalid Saoud Al Hasan	-	Vice-Chairman
Hassan Mohammed Zainalabedin	-	Director
Bijan Khosrowshahi	-	Director
Dr. Emad Jawad Ahmed Bukhamseen	-	Director
Shawqi Ali Yusuf Fakhroo	-	Director
Dr. Abdul Rahman Ali Saif	-	Director
Mohamed Ebrahim Zainal	-	Director
Thamer Ebrahim Arab	-	Director
Mubarak Othman Alayyar	-	Director
Ali Hasan Fardan	-	Secretary to the Board

EXECUTIVE COMMITTEE

Khalid Saoud Al Hasan	-	Chairman
Dr. Emad Jawad Ahmed Bukhamseen	-	Vice-Chairman
Bijan Khosrowshahi	-	Member
Dr. Abdul Rahman Ali Saif	-	Member
Mubarak Othman Alayyar	-	Member

AUDIT AND COMPLIANCE COMMITTEE

Hassan Mohammed Zainalabedin	-	Chairman
Shawqi Ali Yusuf Fakhroo	-	Vice-Chairman
Thamer Ebrahim Arab	-	Member
Mohamed Ebrahim Zainal	-	Member

NOMINATION, REMUNERATION AND GOVERNANCE COMMITTEE

Murad Ali Murad	-	Chairman
Dr. Abdul Rahman Ali Saif	-	Vice-Chairman
Hassan Mohammed Zainalabedin	-	Member
Khalid Saoud Al Hasan	-	Member

RISK COMMITTEE

Dr. Abdul Rahman Ali Saif	-	Chairman
Thamer Ebrahim Arab	-	Vice-Chairman
Mohamed Ebrahim Zainal	-	Member

GENERAL MANAGEMENT

Ebrahim Al-Rayes	-	Chief Executive Officer
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Bahrain

Waleed Ahmed Mahmood	-	Deputy Chief Executive Officer
K M Kurien	-	Assistant Chief Executive Officer - Technical Affairs
Ali Ebrahim Noor	-	Assistant Chief Executive Officer - Support and Development
R Sundaram	-	Chief Financial Officer
Ahmed Abdulrahman Bucheeri	-	Chief Investment Officer
Manoj Badoni	-	Chief Operating Officer

Kuwait

Abdulla Rabia Mohammed	-	Deputy Chief Executive Officer
K Gandhi	-	Chief Operating Officer

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF BAHRAIN KUWAIT INSURANCE COMPANY B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated and separate financial statements of Bahrain Kuwait Insurance Company B.S.C. (the "Company") and its subsidiaries (together the "Group") as at 31 March 2019, comprising of the interim consolidated and separate statement of financial position as at 31 March 2019 and the related interim consolidated and separate statements of profit or loss, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Board of Directors of the Group is responsible for the preparation and presentation of these interim condensed consolidated and separate financial statements in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed consolidated and separate financial statements 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 and separate financial statements are not prepared, in all material respects, in accordance with IAS 34.



23 April 2019
Manama, Kingdom of Bahrain

Bahrain Kuwait Insurance Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Reviewed 31 March 2019 BD '000	Audited 31 December 2018 BD '000	Reviewed 31 March 2018 BD '000
ASSETS			
Cash and balances with banks	36,593	39,845	34,129
Statutory deposits	4,586	4,950	5,078
Insurance receivables	41,800	33,112	22,410
Deferred acquisition costs	2,025	1,959	2,000
Reinsurers' share of insurance liabilities	95,488	101,425	68,504
Reinsurers' share of mathematical reserves	311	311	383
Investments	23,226	24,171	22,131
Property and equipment	4,928	4,970	5,133
Due from participants	613	805	830
Right of use asset	403	-	-
TOTAL ASSETS	209,973	211,548	160,598
LIABILITIES AND EQUITY			
Liabilities			
Insurance liabilities	127,232	130,878	98,186
Mathematical reserves	2,241	2,421	2,149
Unearned commissions	2,241	2,322	2,574
Payables and accrued liabilities			
Insurance and reinsurance companies	14,646	16,914	9,835
Policyholders	15,745	13,252	2,631
Others	11,552	8,097	9,231
Total liabilities	173,657	173,884	124,606
Equity			
Share capital	14,300	14,300	14,300
Treasury shares	(8)	(3)	(3)
Share premium	4,362	4,362	4,362
Statutory reserve	4,110	3,848	3,783
General reserve	1,358	1,354	1,354
Investments fair value reserve	1,100	1,111	1,482
Currency translation reserve	(967)	(942)	(716)
Retained earnings	10,334	11,945	9,399
Equity attributable to shareholders of the parent	34,589	35,975	33,961
Non-controlling interests	1,727	1,689	2,031
Total equity	36,316	37,664	35,992
TOTAL LIABILITIES AND EQUITY	209,973	211,548	160,598


Murad Ali Murad
Chairman


Hassan Mohammed Zainalabedin
Director


Ebrahim Al-Rayes
Chief Executive Officer

The attached notes 1 to 10 form part of these interim condensed consolidated and separate financial statements

Bahrain Kuwait Insurance Company B.S.C.

INTERIM COMPANY'S STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	Reviewed 31 March 2019 BD '000	Audited 31 December 2018 BD '000	Reviewed 31 March 2018 BD '000
ASSETS				
Cash and balances with banks		25,858	30,585	28,407
Statutory deposits		4,461	4,825	4,953
Insurance receivables		27,708	21,884	11,801
Deferred acquisition costs		1,392	1,359	1,378
Reinsurers' share of insurance liabilities		85,841	92,456	59,160
Investments		17,949	17,888	16,352
Investment in a subsidiary		6,683	6,683	3,999
Property and equipment		2,991	3,019	3,103
Right of use asset		346	-	-
TOTAL ASSETS		173,229	178,699	129,153
LIABILITIES AND EQUITY				
Liabilities				
Insurance liabilities		106,043	111,003	78,290
Unearned commissions		1,876	2,009	2,208
Payables and accrued liabilities				
Insurance and reinsurance companies		10,253	13,646	6,580
Policyholders		14,063	11,707	1,556
Others		7,545	5,267	6,572
Total liabilities		139,780	143,632	95,206
Equity				
Share capital	9	14,300	14,300	14,300
Treasury shares		(8)	(3)	(3)
Share premium		4,362	4,362	4,362
Statutory reserve		4,043	3,781	3,781
General reserve		1,358	1,354	1,354
Investments fair value reserve		1,148	1,196	1,584
Currency translation reserve		(967)	(942)	(716)
Retained earnings		9,213	11,019	9,285
Equity attributable to shareholders of the parent		33,449	35,067	33,947
Total equity		33,449	35,067	33,947
TOTAL LIABILITIES AND EQUITY		173,229	178,699	129,153


Murad Ali Murad
Chairman


Hassan Mohammed Zainalabedin
Director


Ebrahim Al-Rayes
Chief Executive Officer

The attached notes 1 to 10 form part of these interim condensed consolidated and separate financial statements

Bahrain Kuwait Insurance Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2019 (Reviewed)

	Note	Three months ended	
		31 March	
		2019	2018
		BD '000	BD '000
Gross premiums		17,626	16,858
Reinsurers' share of gross premiums		(7,449)	(7,049)
Retained premiums		10,177	9,809
Unearned premiums adjustment - gross		1,958	200
Unearned premiums adjustment - reinsurance		(3,705)	(2,499)
Net premiums		8,430	7,510
Gross claims paid		(14,246)	(19,383)
Reinsurers' share of claims paid		8,477	14,641
Outstanding claims adjustment - gross		1,626	9,121
Outstanding claims adjustment - reinsurance		(2,178)	(10,106)
Net claims		(6,321)	(5,727)
Premium deficiency reserves adjustment		-	101
Transfer to family takaful technical reserve		(30)	(85)
General and administration expenses		(1,785)	(1,814)
Amortisation of acquisition costs		(968)	(898)
Fee and commission income		1,159	1,550
		(1,624)	(1,146)
Underwriting profit		485	637
Investment income - net		752	691
Other income		204	212
Corporate expenses		(354)	(268)
Other expenses		(81)	(34)
		521	601
Profit including participants' share		1,006	1,238
Less: Participants' share (profit) loss		(182)	(136)
Profit for the period		824	1,102
Attributable to:			
Shareholders of the parent		794	1,044
Non-controlling interests		30	58
		824	1,102
Basic earnings per share	4	6 Fils	7 Fils



 Murad Ali Murad
 Chairman



 Hassan Mohammed Zainalabedin
 Director



 Ebrahim Al-Rayes
 Chief Executive Officer

The attached notes 1 to 10 form part of these interim condensed consolidated and separate financial statements

Bahrain Kuwait Insurance Company B.S.C.
INTERIM COMPANY'S STATEMENT OF PROFIT OR LOSS
For the three-month period ended 31 March 2019 (Reviewed)

	Note	Three months ended	
		31 March	
		2019	2018
		BD '000	BD '000
Gross premiums		11,032	10,394
Reinsurers' share of gross premiums		(5,150)	(4,827)
Retained premiums		5,882	5,567
Unearned premiums adjustment - gross		2,941	1,363
Unearned premiums adjustment - reinsurance		(4,427)	(2,851)
Net premiums		4,396	4,079
Gross claims paid		(10,950)	(16,202)
Reinsurers' share of claims paid		7,716	13,801
Outstanding claims adjustment - gross		1,956	8,872
Outstanding claims adjustment - reinsurance		(2,134)	(9,646)
Net claims		(3,412)	(3,175)
Premium deficiency reserves adjustment		-	101
General and administration expenses		(878)	(912)
Amortisation of acquisition costs		(651)	(646)
Fee and commission income		896	1,104
		(633)	(353)
Underwriting profit		351	551
Investment income - net		584	589
Other income		1	17
Corporate expenses		(256)	(235)
Other expenses		(81)	(34)
		248	337
Profit for the period		599	888
Attributable to:			
Shareholders of the company		599	888
Basic earnings per share	4	4 Fils	6 Fils


Murad Ali Murad
Chairman


Hassan Mohammed Zainalabedin
Director


Ebrahim Al-Rayes
Chief Executive Officer

The attached notes 1 to 10 form part of these interim condensed consolidated and separate financial statements

Bahrain Kuwait Insurance Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2019 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2019	2018
	BD '000	BD '000
Profit for the period	824	1,102
Other comprehensive (loss) income to be reclassified to statement of profit or loss in subsequent periods:		
<i>Available-for-sale investments:</i>		
Fair value changes arising during the period	45	(8)
Recycled to interim statement of profit or loss on disposal/impairment	(48)	(3)
	(3)	(11)
Currency translation differences	(25)	157
Other comprehensive (loss) income for the period to be reclassified to statement of profit or loss in subsequent periods	(28)	146
Total comprehensive income for the period	796	1,248
Attributable to:		
Shareholders of the parent	758	1,239
Non-controlling interests	38	9
	796	1,248

Bahrain Kuwait Insurance Company B.S.C.

INTERIM COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2019 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2019	2018
	BD '000	BD '000
Profit for the period	599	888
Other comprehensive income to be reclassified to statement of profit or loss in subsequent periods:		
<i>Available-for-sale investments:</i>		
Fair value changes arising during the period	1	138
Recycled to the statement of profit or loss on disposal/impairment	(49)	-
	(48)	138
Currency translation differences	(25)	157
Other comprehensive (loss) income for the period to be reclassified to statement of profit or loss in subsequent periods	(73)	295
Total comprehensive income for the period	526	1,183
Attributable to:		
Shareholders of the parent	526	1,183
	526	1,183

Bahrain Kuwait Insurance Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2019 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>BD '000</i>	<i>BD '000</i>
OPERATING ACTIVITIES		
Premiums received net of commission	20,122	16,344
Paid to insurance and reinsurance companies	(17,600)	(9,023)
Claims paid	(14,134)	(19,704)
Claims recovered	8,540	14,993
General and administration expenses paid	(2,243)	(2,694)
Interest and other payments	86	348
Statutory deposits	364	(46)
Net cash (used in) from operating activities	(4,865)	218
INVESTING ACTIVITIES		
Dividends and interest received	658	717
Proceeds from sale of investments	3,260	465
Payments for investments purchased	(2,261)	(5,042)
Proceeds from sale of property and equipment	2	45
Purchase of property and equipment	(42)	(5)
Bank deposits with maturities more than three months	976	709
Net cash from (used in) investing activities	2,593	(3,111)
FINANCING ACTIVITIES		
Dividends paid	(5)	(17)
Cash (used in) financing activities	(5)	(17)
DECREASE IN CASH AND CASH EQUIVALENTS	(2,277)	(2,910)
Cash and cash equivalents at beginning of the period	16,158	19,463
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	13,881	16,553
COMPRISING:		
CASH AND BALANCES WITH BANKS		
Cash and balances in current accounts	10,580	10,510
Bank deposits with maturity of three months or less	3,301	6,043
CASH AND CASH EQUIVALENTS	13,881	16,553
Bank deposits with maturity of more than three months	22,712	17,576
Cash and balances with banks as per the interim consolidated statement of financial position	36,593	34,129

The attached notes 1 to 10 form part of these interim condensed consolidated and separate financial statements

Bahrain Kuwait Insurance Company B.S.C.
INTERIM COMPANY'S STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2019 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>BD '000</i>	<i>BD '000</i>
OPERATING ACTIVITIES		
Premiums received net of commission	15,973	10,213
Paid to insurance and reinsurance companies	(16,580)	(6,574)
Claims paid	(10,995)	(16,127)
Claims recovered	7,734	13,693
General and administration expenses paid	(1,790)	(1,654)
Interest and other payments	181	51
Statutory deposits	364	(46)
Net cash used in operating activities	(5,113)	(444)
INVESTING ACTIVITIES		
Dividends and interest received	462	571
Proceeds from sale of investments	2,201	-
Payments for investments purchased	(2,261)	(3,947)
Proceeds from sale of property and equipment	2	34
Purchase of property and equipment	(13)	(3)
Bank deposits with maturities more than three months	2,300	(181)
Net cash from (used in) investing activities	2,691	(3,526)
FINANCING ACTIVITIES		
Dividends paid	(5)	(17)
Cash (used in) financing activities	(5)	(17)
DECREASE IN CASH AND CASH EQUIVALENTS	(2,427)	(3,987)
Cash and cash equivalents at beginning of the period	11,711	16,147
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9,284	12,160
COMPRISING:		
CASH AND BALANCES WITH BANKS		
Cash and balances in current accounts	5,983	8,159
Bank deposits with maturity of three months or less	3,301	4,001
CASH AND CASH EQUIVALENTS	9,284	12,160
Bank deposits with maturity of more than three months	16,574	16,247
Cash and balances with banks as per the interim Company's statement of financial position	25,858	28,407

The attached notes 1 to 10 form part of these interim condensed consolidated and separate financial statements

Bahrain Kuwait Insurance Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2019 (Reviewed)

	Share capital BD '000	Treasury shares BD '000	Share premium BD '000	Statutory reserve BD '000	General reserve BD '000	Investments fair value reserve BD '000	Currency translation reserve BD '000	Retained earnings BD '000	Equity attributable to shareholders of the Parent BD '000	Non- controlling interests BD '000	Total equity BD '000
Balance at 1 January 2019	14,300	(3)	4,362	3,848	1,354	1,111	(942)	11,945	35,975	1,689	37,664
Profit for the period	-	-	-	-	-	-	-	794	794	30	824
Other comprehensive (loss) / income	-	-	-	-	-	(11)	(25)	-	(36)	8	(28)
Non-controlling interests' share of other comprehensive (loss) / income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) income	-	-	-	-	-	(11)	(25)	794	758	38	796
Transfer to statutory reserve	-	-	-	262	-	-	-	(262)	-	-	-
Transfer to general reserve	-	(5)	-	-	4	-	-	1	-	-	-
Dividends for the year 2018 (note 9)	-	-	-	-	-	-	-	(2,144)	(2,144)	-	(2,144)
Balance as at 31 March 2019	14,300	(8)	4,362	4,110	1,358	1,100	(967)	10,334	34,589	1,727	36,316
Balance at 1 January 2018	7,150	(3)	4,362	3,783	8,504	1,444	(873)	10,142	34,509	2,022	36,531
Profit for the period	-	-	-	-	-	-	-	1,044	1,044	58	1,102
Other comprehensive (loss) / income	-	-	-	-	-	(11)	157	-	146	-	146
Non-controlling interests' share of other comprehensive (loss) / income	-	-	-	-	-	49	-	-	49	(49)	-
Total comprehensive income	-	-	-	-	-	38	157	1,044	1,239	9	1,248
Dividends for the year 2017 (note 9)	-	-	-	-	-	-	-	(1,787)	(1,787)	-	(1,787)
Transfer to share capital	7,150	-	-	-	(7,150)	-	-	-	-	-	-
Balance as at 31 March 2018	14,300	(3)	4,362	3,783	1,354	1,482	(716)	9,399	33,961	2,031	35,992

The attached notes 1 to 10 form part of these interim condensed consolidated and separate financial statements

Bahrain Kuwait Insurance Company B.S.C.

INTERIM COMPANY'S STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2019 (Reviewed)

	Share capital BD '000	Treasury shares BD '000	Share premium BD '000	Statutory reserve BD '000	General reserve BD '000	Investments fair value reserve BD '000	Currency translation reserve BD '000	Retained earnings BD '000	Total equity BD '000
Balance at 1 January 2019	14,300	(3)	4,362	3,781	1,354	1,196	(942)	11,019	35,067
Profit for the period	-	-	-	-	-	-	-	599	599
Other comprehensive loss	-	-	-	-	-	(48)	(25)	-	(73)
Total comprehensive (loss) income	-	-	-	-	-	(48)	(25)	599	526
Transfer to statutory reserve	-	-	-	262	-	-	-	(262)	-
Transfer to general reserve	-	(5)	-	-	4	-	-	1	-
Dividends for the year 2018 (note 9)	-	-	-	-	-	-	-	(2,144)	(2,144)
Balance as at 31 March 2019	14,300	(8)	4,362	4,043	1,358	1,148	(967)	9,213	33,449
Balance at 1 January 2018	7,150	(3)	4,362	3,781	8,504	1,446	(873)	10,184	34,551
Profit for the period	-	-	-	-	-	-	-	888	888
Other comprehensive income	-	-	-	-	-	138	157	-	295
Total comprehensive income	-	-	-	-	-	138	157	888	1,183
Dividends for the year 2017 (note 9)	-	-	-	-	-	-	-	(1,787)	(1,787)
Transfer to share capital	7,150	-	-	-	(7,150)	-	-	-	-
Balance as at 31 March 2018	14,300	(3)	4,362	3,781	1,354	1,584	(716)	9,285	33,947

The attached notes 1 to 10 form part of these interim condensed consolidated and separate financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

At 31 March 2019

1 INCORPORATION AND ACTIVITIES

Bahrain Kuwait Insurance Company B.S.C. [the "Company"] was formed pursuant to Amiri Decree 3 of 1975 under commercial registration number 4745 and is listed on the stock exchanges of the Kingdom of Bahrain and the State of Kuwait. The registered office of the Company is at BKIC Tower 2775, Road 2835, Seef District 428, Kingdom of Bahrain. The Company and its subsidiaries (together the "Group") provide general insurance, takaful and related products and services.

The Group primarily conducts general insurance business through its head office and branches in the Kingdom of Bahrain [the Head Office] and a branch office in the State of Kuwait [the Kuwait Branch].

The majority shareholder of the Group is Gulf Insurance Group K.S.C., a listed entity registered and incorporated in the State of Kuwait. The ultimate holding company is Kuwait Projects Company Holding K.S.C. (c), a listed entity registered and incorporated in the State of Kuwait.

The interim condensed consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors dated 23 April 2019.

2 ACCOUNTING POLICIES

The interim condensed consolidated and separate financial statements of the Group have been prepared in accordance with International Accounting Standard 34 [IAS 34], Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated and separate financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018, except for IFRS 16 which became effective 1 January 2019.

IFRS 16 Leases

IFRS 16 is effective for periods beginning on or after 1 January 2019. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This is in contrast to the current standard which differentiates between operating and finance leases. Lessees must adopt IFRS 16 using either a full retrospective or modified retrospective approach. Refer to note 10 for further details.

IFRS 17 Insurance Contracts

The effective date for IFRS 17 is 1 January 2022. Following the issuance of the full and final version of IFRS 17, the Group plans to perform a detailed impact assessment of the implementation of IFRS 17 and IFRS 9 on its results, financial position and cash flows during 2019.

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3 BASIS OF CONSOLIDATION

The interim condensed consolidated and separate financial statements comprise the financial statements of the Company and its subsidiaries, together (the "Group") as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The following are the subsidiaries of the Group:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Effective ownership</i>		<i>Principal activity</i>
		<i>Reviewed 2019</i>	<i>Reviewed 2018</i>	
Takaful International B.S.C	Bahrain	81.9%	67.3%	Takaful provider
Health 360 Ancillary	Bahrain	49.2%	40.4%	Third Party administration

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4 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the three-month period ended 31 March 2019 of [Group: BD 794 thousand] and [Company: BD 599 thousand] (31 March 2018 Group: BD 1,044 thousand and Company: BD 888 thousand) attributable to 143 million (2018: 143 million) ordinary shares, being the number of ordinary shares outstanding at the period end.

5 SEASONALITY OF RESULTS

Dividend income of [Group: BD 309 thousand] and [Company: BD 309 thousand] (2018 Group: BD 449 thousand and Company: BD 425 thousand) included in the investment income for the three-month period ended 31 March 2019 is of a seasonal nature.

6 SEGMENTAL INFORMATION

For management purposes, the Group is organised into departments based on the classes of insured risks. The reportable operating segments of the Group are as follows:

- **Fire and general** offers insurance policies to cover various risks of fire, general accident and engineering, medical, group life and special contingency;
- **Motor** offers insurance policies to cover risks of motor third party, motor comprehensive and extended warranty;
- **Marine and aviation** offers insurance policies to cover risks of marine cargo, marine hull and marine aviation; and
- **Family Takaful** offers insurance policies to cover risks of group life, education, protection and savings.

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The following table presents disclosure of segment revenues, measurement of segment profit for the period and their reconciliation to the Group's income and profit for the period.

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6 SEGMENTAL INFORMATION (continued)

Three-month period ended 31 March 2019 - Group

	<i>Reviewed</i>				<i>Total</i> <i>BD '000</i>
	<i>Fire and</i> <i>general</i> <i>BD '000</i>	<i>Motor</i> <i>BD '000</i>	<i>Marine and</i> <i>aviation</i> <i>BD '000</i>	<i>Family</i> <i>Takaful</i> <i>BD '000</i>	
Gross premiums from external customers	10,745	5,052	1,460	369	17,626
Retained premiums	5,116	4,855	74	132	10,177
Net premiums	3,302	4,899	84	145	8,430
Fee and commission income	1,006	51	102		1,159
Segment revenue	4,308	4,950	186	145	9,589
Net claims	(2,136)	(4,098)	(16)	(71)	(6,321)
Premium deficiency reserves adjustment					-
Transfer to family takaful technical reserve				(30)	(30)
General and administration expenses	(925)	(729)	(101)	(30)	(1,785)
Amortisation of acquisition costs	(509)	(420)	(25)	(14)	(968)
Underwriting profit (loss)	738	(297)	44	-	485
Unallocable income*					956
Unallocable expenses**					(435)
Profit including participants' share					1,006
Less: Participants' share of profits					(182)
Profit for the period					824

Three-month period ended 31 March 2019 - Company

	<i>Reviewed</i>				<i>Total</i> <i>BD '000</i>
	<i>Fire and</i> <i>general</i> <i>BD '000</i>	<i>Motor</i> <i>BD '000</i>	<i>Marine and</i> <i>aviation</i> <i>BD '000</i>	<i>Family</i> <i>Takaful</i> <i>BD '000</i>	
Gross premiums from external customers	6,795	2,896	1,341	-	11,032
Retained premiums	3,033	2,798	51	-	5,882
Net premiums	1,430	2,905	61	-	4,396
Fee and commission income	761	51	84	-	896
Segment revenue	2,191	2,956	145	-	5,292
Net claims	(779)	(2,617)	(16)	-	(3,412)
Premium deficiency reserves adjustment					-
General and administration expenses	(419)	(379)	(80)	-	(878)
Amortisation of acquisition costs	(336)	(300)	(15)	-	(651)
Underwriting profit (loss)	657	(340)	34	-	351
Unallocable income*					585
Unallocable expenses**					(337)
Profit for the period					599

*Includes investment income - net and other income.

**Includes corporate expenses and other expenses.

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6 SEGMENTAL INFORMATION (continued)

Three-month period ended 31 March 2018 - Group

	<i>Reviewed</i>				<i>Total</i> <i>BD '000</i>
	<i>Fire and</i> <i>general</i> <i>BD '000</i>	<i>Motor</i> <i>BD '000</i>	<i>Marine and</i> <i>aviation</i> <i>BD '000</i>	<i>Family</i> <i>Takaful</i> <i>BD '000</i>	
Gross premiums from external customers	10,457	5,408	565	428	16,858
Retained premiums	4,459	5,067	91	192	9,809
Net premiums	2,793	4,408	91	218	7,510
Fee and commission income	1,367	85	98	-	1,550
Segment revenue	4,160	4,493	189	218	9,060
Net claims	(1,981)	(3,660)	7	(93)	(5,727)
Premium deficiency reserves adjustment	-	101	-	-	101
Transfer to family takaful technical reserve	-	-	-	(85)	(85)
General and administration expenses	(956)	(707)	(105)	(46)	(1,814)
Amortisation of acquisition costs	(498)	(340)	(24)	(36)	(898)
Underwriting profit (loss)	725	(113)	67	(42)	637
Unallocable income*					903
Unallocable expenses**					(302)
Profit for the period including participants' share					1,238
Less: Participants' share					(136)
Profit for the period					1,102

Three-month period ended 31 March 2018 - Company

	<i>Reviewed</i>				<i>Total</i> <i>BD '000</i>
	<i>Fire and</i> <i>general</i> <i>BD '000</i>	<i>Motor</i> <i>BD '000</i>	<i>Marine and</i> <i>aviation</i> <i>BD '000</i>	<i>Family</i> <i>Takaful</i> <i>BD '000</i>	
Gross premiums from external customers	6,704	3,279	411	-	10,394
Retained premiums	2,441	3,062	64	-	5,567
Net premiums	1,249	2,761	69	-	4,079
Fee and commission income	942	85	77	-	1,104
Segment revenue	2,191	2,846	146	-	5,183
Net claims	(784)	(2,400)	9	-	(3,175)
Premium deficiency reserves adjustment	-	101	-	-	101
Transfer to family takaful technical reserve	-	-	-	-	-
General and administration expenses	(435)	(395)	(82)	-	(912)
Amortisation of acquisition costs	(348)	(284)	(14)	-	(646)
Underwriting profit (loss)	624	(132)	59	-	551
Unallocable income*					606
Unallocable expenses**					(269)
Profit for the period including participants' share					888

*Includes investment income - net, share of results of an associate and other income.

**Includes corporate expenses and other expenses.

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6 SEGMENTAL INFORMATION (continued)

The following table presents disclosure of segment assets and liabilities:

	<i>Fire and general BD '000</i>	<i>Motor BD '000</i>	<i>Marine and aviation BD '000</i>	<i>Family Takaful BD '000</i>	<i>Unallocable assets * / liabilities** BD '000</i>	<i>Total BD '000</i>
<i>Segment assets</i>						
31 March 2019 (reviewed)						
Group	88,270	7,124	1,556	874	112,149	209,973
Company	80,119	5,651	1,463	-	85,996	173,229
31 December 2018 (audited)						
Group	94,816	6,614	1,469	796	107,853	211,548
Company	87,213	5,232	1,370	-	84,884	178,699
31 March 2018 (reviewed)						
Group	63,077	5,588	1,392	830	89,711	160,598
Company	55,325	3,932	1,281	-	68,615	129,153
	<i>Fire and general BD '000</i>	<i>Motor BD '000</i>	<i>Marine and aviation BD '000</i>	<i>Family Takaful BD '000</i>	<i>Unallocable assets * / liabilities** BD '000</i>	<i>Total BD '000</i>
<i>Segment liabilities</i>						
31 March 2019 (reviewed)						
Group	101,212	25,743	1,789	2,970	41,943	173,657
Company	88,328	17,931	1,660	-	31,861	139,780
31 December 2018 (audited)						
Group	106,114	24,758	1,701	3,048	38,263	173,884
Company	94,165	17,282	1,565	-	30,620	143,632
31 March 2018 (reviewed)						
Group	75,237	23,285	1,628	2,759	21,697	124,606
Company	63,316	15,713	1,469	-	14,708	95,206

* Segment assets do not include cash and balances with banks, statutory deposits, insurance receivables, investments, investment in a subsidiary and property and equipment as these assets are managed on an integrated basis.

** Segment liabilities do not include payable and accrued liabilities as these liabilities are managed on an integrated basis.

Cash flows relating to segments are not disclosed separately as these are managed on an integrated basis.

31 March 2019 (reviewed)	<i>Bahrain BD '000</i>	<i>Kuwait BD '000</i>	<i>Takaful BD '000</i>	<i>Total BD '000</i>
Gross premiums from external customers*	7,393	3,639	6,594	17,626
Non-current assets**	3,045	350	1,936	5,331
31 March 2018 reviewed)	<i>Bahrain BD '000</i>	<i>Kuwait BD '000</i>	<i>Takaful BD '000</i>	<i>Total BD '000</i>
Gross premiums from external customers*	6,663	3,731	6,464	16,858
Non-current assets**	3,082	21	2,030	5,133

* The gross premium information is based on the location of the customer.

** Non-current assets for this purpose consist of property and equipment and right of use asset.

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7 FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments held by the Group and the Company as at 31 March 2019, 31 December 2018 and 31 March 2018:

7.1 Group

	31 March 2019 (reviewed)			
	<i>Available- for-sale</i>	<i>Financial assets at amortised cost</i>	<i>Loans and receivables</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Cash and balances with banks	-	-	36,593	36,593
Statutory deposits	-	-	4,586	4,586
Insurance receivables	-	-	41,800	41,800
Reinsurers' share of insurance liabilities				
- Outstanding claims - reported claims	-	-	61,728	61,728
Investments	18,543	4,683	.	23,226
	18,543	4,683	144,707	167,933

	31 March 2019 (reviewed)
	<i>Financial liabilities BD '000</i>
Insurance liabilities	
- Outstanding claims - reported claims	71,024
Payables and accrued liabilities	41,943
	112,967

7.2 Company

	31 March 2019 (reviewed)			
	<i>Available- for-sale</i>	<i>Financial assets at amortised cost</i>	<i>Loans and receivables</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Cash and balances with banks	-	-	25,858	25,858
Statutory deposits	-	-	4,461	4,461
Insurance receivables	-	-	27,708	27,708
Reinsurers' share of insurance liabilities				
- Outstanding claims - reported claims	-	-	55,755	55,755
Investments	13,266	4,683	-	17,949
	13,266	4,683	113,782	131,731

	31 March 2019 (reviewed)
	<i>Financial liabilities BD '000</i>
Insurance liabilities	
- Outstanding claims - reported claims	62,419
Payables and accrued liabilities	31,861
	94,280

Bahrain Kuwait Insurance Company B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

At 31 March 2019

7 FINANCIAL INSTRUMENTS (continued)

7.3 Group

31 December 2018 (audited)

	<i>Available- for-sale</i>	<i>Financial assets at amortised cost</i>	<i>Loans and receivables</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Cash and balances with banks	-	-	39,845	39,845
Statutory deposits	-	-	4,950	4,950
Insurance receivables	-	-	33,112	33,112
Reinsurers' share of insurance liabilities				
- Outstanding claims - reported claims	-	-	63,944	63,944
Investments	19,437	4,734	-	24,171
	<u>19,437</u>	<u>4,734</u>	<u>141,851</u>	<u>166,022</u>

31 December 2018 (audited)

	<i>Financial liabilities</i>
	<i>BD '000</i>
Insurance liabilities	
- Outstanding claims - reported claims	72,830
Payables and accrued liabilities	38,263
	<u>111,093</u>

7.4 Company

31 December 2018 (audited)

	<i>Available- for-sale</i>	<i>Financial assets at amortised cost</i>	<i>Loans and receivables</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Cash and balances with banks	-	-	30,585	30,585
Statutory deposits	-	-	4,825	4,825
Insurance receivables	-	-	21,884	21,884
Reinsurers' share of insurance liabilities				
- Outstanding claims - reported claims	-	-	57,927	57,927
Investments	13,154	4,734	-	17,888
	<u>13,154</u>	<u>4,734</u>	<u>115,221</u>	<u>133,109</u>

31 December 2018 (audited)

	<i>Financial liabilities</i>
	<i>BD '000</i>
Insurance liabilities	
- Outstanding claims - reported claims	64,416
Payables and accrued liabilities	30,620
	<u>95,036</u>

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7 FINANCIAL INSTRUMENTS (continued)

7.5 Group

	31 March 2018 (Reviewed)			
	Available- for-sale BD '000	Financial assets at amortised cost BD '000	Loans and receivables BD '000	Total BD '000
Cash and balances with banks	-	-	34,129	34,129
Statutory deposits	-	-	5,078	5,078
Insurance receivables	-	-	22,410	22,410
Reinsurers' share of insurance liabilities				
- Outstanding claims - reported claims	-	-	44,919	44,919
Investments	18,324	3,807	-	22,131
	18,324	3,807	106,536	128,667

	31 March 2018 (reviewed)	
	Financial liabilities BD '000	
Insurance liabilities		
- Outstanding claims - reported claims		53,913
Payables and accrued liabilities		21,697
		75,610

7.6 Company

	31 March 2018 (reviewed)			
	Available- for-sale BD '000	Financial assets at amortised cost BD '000	Loans and receivables BD '000	Total BD '000
Cash and balances with banks	-	-	28,407	28,407
Statutory deposits	-	-	4,953	4,953
Insurance receivables	-	-	11,801	11,801
Reinsurers' share of insurance liabilities				
- Outstanding claims - reported claims	-	-	38,686	38,686
Investments	12,545	3,807	-	16,352
	12,545	3,807	83,847	100,199

	31 March 2018 (Reviewed)	
	Financial liabilities BD '000	
Insurance liabilities		
- Outstanding claims - reported claims		44,916
Payables and accrued liabilities		14,708
		59,624

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7 FINANCIAL INSTRUMENTS (continued)**Valuation methods and assumptions**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

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

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

7.7 Group

	31 March 2019 (Reviewed)			
	Level 1	Level 2	Level 3	Total
	BD '000	BD '000	BD '000	BD '000
Available-for-sale investments				
<i>Quoted equities</i>				
Banking	5,353	-	-	5,353
Industrial	3,379	-	-	3,379
Infrastructure	1,853	-	-	1,853
Communications	-	-	-	-
Consumer service	4,090	-	-	4,090
Other sectors	478	-	-	478
Government	589	-	-	589
<i>Unquoted equity investments</i>				
Insurance	-	154	1,334	1,488
Infrastructure	-	378	-	378
Consumer service	-	273	60	333
Other sectors	-	-	-	-
<i>Other managed funds</i>				
Infrastructure	-	174	-	174
Consumer service	-	342	-	342
Industrial	-	47	-	47
Other sectors	-	39	-	39
	15,742	1,407	1,394	18,543

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7 FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

7.8 Company

31 March 2019 (Reviewed)

	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Available-for-sale investments				
<i>Quoted equities</i>				
Banking	3,849	-	-	3,849
Industrial	3,379	-	-	3,379
Communications	-	-	-	-
Consumer service	3,868	-	-	3,868
Other sectors	148	-	-	148
Government	589	-	-	589
<i>Unquoted equity investments</i>				
Insurance	-	-	1,334	1,334
Consumer service	-	-	60	60
<i>Other managed funds</i>				
Other sectors	-	38	-	38
	11,833	38	1,394	13,265

7.9 Group

31 December 2018 (Audited)

	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Available-for-sale investments				
<i>Quoted equities</i>				
Banking	4,048	-	-	4,048
Trade and commerce	-	-	-	-
Industrial	3,448	-	-	3,448
Communications	-	-	-	-
Consumer Service	4,303	1,914	-	6,217
Other sectors	2,273	1,126	-	3,399
<i>Unquoted equity investments</i>				
Insurance	-	120	1,430	1,550
Industrial	-	-	-	-
Consumer Service	-	299	60	359
Other sectors	-	378	-	378
<i>Other managed funds</i>				
Other sectors	-	38	-	38
	14,072	3,875	1,490	19,437

7.10 Company

31 December 2018 (Audited)

	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Available-for-sale investments				
<i>Quoted equities</i>				
Banking	3,803	-	-	3,803
Trade and commerce	-	-	-	-
Industrial	3,448	-	-	3,448
Communications	-	-	-	-
Consumer Service	3,645	-	-	3,645
Other sectors	730	-	-	730
<i>Unquoted equity investments</i>				
Insurance	-	-	1,430	1,430
Consumer Service	-	-	60	60
Other sectors	-	-	-	-
<i>Other managed funds</i>				
Other sectors	-	38	-	38
	11,626	38	1,490	13,154

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7 FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

7.11 Group	31 March 2018 (Reviewed)			
	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Available-for-sale investments				
<i>Quoted equities</i>				
Banking	5,761	-	-	5,761
Industrial	3,256	-	-	3,256
Communications	-	-	-	-
Consumer service	4,119	-	-	4,119
Other sectors	2,419	-	-	2,419
<i>Unquoted equity investments</i>				
Insurance	-	200	1,430	1,630
Consumer service	-	107	59	166
Other sectors	-	228	-	228
<i>Other managed funds</i>				
Consumer service	-	358	-	358
Other sectors	-	387	-	387
	15,555	1,280	1,489	18,324
7.12 Company	31 March 2018 (Reviewed)			
	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Available-for-sale investments				
<i>Quoted equities</i>				
Banking	3,869	-	-	3,869
Trade and commerce	-	-	-	-
Industrial	3,256	-	-	3,256
Communications	-	-	-	-
Consumer service	3,725	-	-	3,725
Other sectors	166	-	-	166
<i>Unquoted equity investments</i>				
Insurance	-	-	1,431	1,431
Consumer service	-	-	59	59
<i>Other managed funds</i>				
Other sectors	-	39	-	39
	11,016	39	1,490	12,545

The date of valuation was 31 March 2019 for the current period and 31 December 2018 and 31 March 2018 for the comparative years/ period respectively.

Reconciliation of movement in level 3 financial instruments measured at fair value

	Gain recognised		Gain recognised		At 31 March 2019 BD '000
	At 31 March 2018 BD '000	in other comprehensive income BD '000	At 31 December 2018 BD '000	in other comprehensive income BD '000	
Available-for-sale investments					
Unquoted equity investments	1,490	-	1,490	(96)	1,394

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7 FINANCIAL INSTRUMENTS (continued)**Transfers between Level 1, Level 2 and Level 3**

During the three-month period ended 31 March 2019 there were no transfers between Level 1 and Level 2 fair value hierarchies, and no transfers into or out of Level 3 fair value hierarchy (2018: No transfers). In the case of available-for-sale investments, the impairment charge in the interim consolidated and Company statements of profit or loss would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity (through other comprehensive income) and, would not have an effect on the interim consolidated or company statements of profit or loss.

Carrying amount and fair values of financial instruments not carried at fair value

Management assessed that the fair values of cash and bank balances, insurance receivables, reinsurers' share of insurance liabilities - reported claims, insurance liabilities - reported claims, payables to insurance and reinsurance companies, and policyholders and other payables, approximate their carrying amounts largely due to the short-term maturities of these instruments.

A majority of the Company's held-to-maturity investments are in quasi-sovereign bonds. Following the impairment allowance recognised on certain of these bonds, management has assessed that the fair values of held-to-maturity investments approximate their carrying amounts as at the reporting date.

8 RELATED PARTIES

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions.

Transactions with related parties included in the interim consolidated and Company statements of profit or loss are as follows:

8.1 Group*(Reviewed)**Three months ended 31 March 2019*

	<i>Key management personnel</i>	<i>Shareholders</i>	<i>Subsidiary</i>	<i>Entities related to shareholders</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Gross premiums	2	775	5	32
Reinsurers' share of gross premiums	-	761	43	-
Gross claims paid	-	272	-	4
Reinsurers' share of claims paid	-	955	89	-
Fee and commission income	-	200	8	-
Acquisition costs	-	-	4	-

8.2 Company*(Reviewed)**Three months ended 31 March 2019*

	<i>Key management personnel</i>	<i>Shareholders</i>	<i>Subsidiary</i>	<i>Entities related to shareholders</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Gross premiums	2	775	5	32
Reinsurers' share of gross premiums	-	761	43	-
Gross claims paid	-	272	-	4
Reinsurers' share of claims paid	-	955	89	-
Fee and commission income	-	200	8	-
Acquisition costs	-	-	4	-

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At 31 March 2019

8 RELATED PARTIES (continued)

8.3 Group

(Reviewed)
Three months ended 31 March 2018

	Key management personnel BD '000	Shareholders BD '000	Associate BD '000	Entities related to shareholders BD '000
Gross premiums	2	975	35	36
Reinsurers' share of gross premiums	-	1,058	-	-
Gross claims paid	-	139	2	9
Reinsurers' share of claims paid	-	353	-	-
Fee and commission income	-	251	8	-
Acquisition costs	-	11	-	-

8.4 Company

(Reviewed)
Three months ended 31 March 2018

	Key management personnel BD '000	Shareholders BD '000	Associate BD '000	Entities related to shareholders BD '000
Gross premiums	2	927	35	36
Reinsurers' share of gross premiums	-	1,039	-	-
Gross claims paid	-	137	2	9
Reinsurers' share of claims paid	-	353	-	-
Fee and commission income	-	248	8	-
Acquisition costs	-	-	-	-

Balances with related parties included in the interim consolidated and Company statements of financial position are as follows:

8.5 Group

(Reviewed)
31 March 2019

	Key management personnel BD '000	Shareholders BD '000	Subsidiary BD '000	Entities related to shareholders BD '000
Insurance receivables	1	1,171	8	34
Reinsurers' share of insurance liabilities	-	10,674	398	-
Insurance liabilities	-	4,123	10	-
Payables and accrued liabilities	-	-	63	-
Available for sale investments	-	155	-	-
Takaful and retakaful balances receivable	-	59	-	-

Bahrain Kuwait Insurance Company B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE
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8 RELATED PARTIES (continued)

8.6 Company

(Reviewed)
31 March 2019

	Key management personnel BD '000	Shareholders BD '000	Subsidiary BD '000	Entities related to shareholders BD '000
Insurance receivables	1	1,171	8	34
Reinsurers' share of insurance liabilities	-	10,674	398	-
Insurance liabilities	-	4,123	10	-
Payables and accrued liabilities	-	-	63	-

8.7 Group

(Audited)
31 December 2018

	Key management personnel BD '000	Shareholders BD '000	Entities related to shareholders BD '000
Insurance receivables	1	461	8
Reinsurers' share of insurance liabilities	-	12,646	-
Insurance liabilities	-	4,400	-
Payables and accrued liabilities	-	198	2
Available for sale investments	-	155	-

8.8 Company

(Audited)
31 December 2018

	Key management personnel BD '000	Shareholders BD '000	Entities related to shareholders BD '000
Insurance receivables	1	461	8
Reinsurers' share of insurance liabilities	-	12,646	-
Insurance liabilities	-	4,400	-
Payables and accrued liabilities	-	-	2
Available for sale investments	-	-	-

8.9 Group

(Reviewed)
31 March 2018

	Key management personnel BD '000	Shareholders BD '000	Subsidiary BD '000	Entities related to shareholders BD '000
Insurance receivables	3	470	73	38
Reinsurers' share of insurance liabilities	-	4,857	157	-
Insurance liabilities	-	4,549	-	-
Payables and accrued liabilities	-	44	12	1
Available for sale investments	-	80	-	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS

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8 RELATED PARTIES (continued)

8.10 Company

(Reviewed)
31 March 2018

	<i>Key management personnel</i>	<i>Shareholders</i>	<i>Subsidiary</i>	<i>Entities related to shareholders</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Insurance receivables	3	237	73	38
Reinsurers' share of insurance liabilities	-	4,857	157	-
Insurance liabilities	-	4,549	-	-
Payables and accrued liabilities	-	44	12	1
Available for sale investments	-	-	-	-

Compensation of directors and key management personnel

The remuneration of directors and other members of key management personnel during the period was as follows:

8.11 Group*Three months ended
31 March*

	<i>2019</i>	<i>2018</i>
	<i>BD '000</i>	<i>BD '000</i>
Salaries and benefits	217	257
Remuneration to directors	34	31
Attendance fees	32	28
Employees' end of service benefits	24	26
	307	342

8.12 Company*Three months ended
31 March*

	<i>2019</i>	<i>2018</i>
	<i>BD '000</i>	<i>BD '000</i>
Salaries and benefits	173	172
Remuneration to directors	34	31
Attendance fees	10	12
Employees' end of service benefits	11	24
	228	239

9 EQUITY

At the Annual General Meeting held on 25 March 2019, the shareholders of the Company approved a dividend relating to 2018 of BD 2,144 thousand (15 fils per share) [for 2018: BD 1,787 thousand (25 fils per share)].

NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS

At 31 March 2019

10 LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets;
- Leases with a term of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, in rare circumstances, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments, dependent on a rate or index, is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE
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At 31 March 2019

10 LEASES (continued)

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

The Group leases a number of properties in the countries from which it operates. The Group's lease payments are fixed over the lease terms and are therefore not sensitive to uplifts due to variable lease payments.

10.1 Right of use asset

	<i>31 March 2019</i>	
	<i>Bahrain BD'000</i>	<i>Kuwait BD'000</i>
At 1 January 2019	95	342
Amortisation	(10)	(25)
At 31 March 2019	85	317

10.2 Lease liability

	<i>31 March 2019</i>	
	<i>Bahrain BD'000</i>	<i>Kuwait BD'000</i>
At 1 January 2019	90	342
Interest expense	2	3
Lease payments	(7)	(26)
At 31 March 2019	85	319

The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 8.5% for Bahrain and 4% for Kuwait.

The aggregate lease liability recognised in the statement of financial position at 1 January 2019 and the group's operating lease commitment at 1 January 2019 can be reconciled as follows:

	<i>31 March 2019</i>	
	<i>Bahrain BD'000</i>	<i>Kuwait BD'000</i>
Operating lease commitments as at 1 January 2019	102	366
Effects of discounting lease commitments at an annual rate of 8.5%/4%	(12)	(23)
At 1 January 2019	90	342

In applying the modified retrospective approach, the Group has used the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases (i.e. not recognised on balance sheet) even though the initial term of the leases from lease commencement date may have been more than 12 months.
- For the purposes of measuring the right-of-use asset hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as the term of leases) based on circumstances on or after the lease commencement date.