INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

Period ended 30 September 2009

| renou chucu 50 september 2007 | | Three month 30 Septen | | Nine months ended 30 September | | |
|---|-----------|---|---|---|--|--|
| | Notes | 2009 KD | 2008 KD | 2009 KD | 2008 KD | |
| Revenue: Premiums written Reinsurance premiums ceded | 110105 | 4,725,611 (2,438,162) | 6,094,977 (3,525,884) | 18,713,573 (10,859,586) | 20,517,495 (11,977,364) | |
| Net premiums written Movement in unearned premiums | | 2,287,449 225,051 | 2,569,093 137,337 | 7,853,987 236,563 | 8,540,131 (48,890) | |
| Net premiums earned Commission received on ceded reinsurance Policy issuance and transfer fees Investment income from life insurance Other income | 4 | 2,512,500 597,284 120,555 135,558 19,014 3,384,911 | 2,706,430 693,416 131,430 148,765 24,394 3,704,435 | 8,090,550 2,585,001 395,921 397,701 76,826 11,545,999 | 8,491,241 2,480,557 423,262 519,791 72,506 11,987,357 | |
| Expenses: Claims incurred Commissions and discounts Increase in additional reserve (Decrease) increase in life mathematical reserve Maturity and cancellations of life insurance policies General and administrative expenses | | 808,571 351,397 13,883 (106,600) 39,182 661,546 1,767,979 | 1,526,302 275,443 - 154,000 252,507 569,609 2,777,861 | 3,511,603 1,144,424 24,754 (47,600) 148,320 2,111,893 6,893,394 | 4,543,375 1,030,837 29,967 504,000 293,176 2,050,319 8,451,674 | |
| Net underwriting income | 3 | 1,616,932 | 926,574 | 4,652,605 | 3,535,683 | |
| Investment income Impairment of available for sale investments Impairment of available for sale investments from life insurance General and administrative expenses of | 4 | 2,231,882 (600,723) | 1,596,459 - - | 8,736,091 (2,772,648) (156,472) | | |
| investment department Other income (expense) | | (25,685) 11,195 | (31,517) 4,968 | (74,857) 118,436 | (144,500) (14,907) | |
| | | 1,616,669 | 1,569,910 | 5,850,550 | 13,790,738 | |
| Other charges: Depreciation of investment properties Interest expense and financial charges Unallocated general and administrative | | (200,760) | (569,072) | (838,206) | (9,974) (1,626,403) | |
| expenses | | (122,010) | (115,786) | (416,621) | (641,226) | |
| | | (322,770) | (684,858) | (1,254,827) | (2,277,603) | |
| PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT Contribution to KFAS NLST Zakat PROFIT FOR THE PERIOD | | 2,910,831 (29,108) (72,771) (29,108) | 1,811,626 (18,116) (45,291) (18,117) 1,730,102 | 9,248,328 (92,483) (195,708) (78,283) 8,881,854 | 15,048,818 (150,488) (291,297) (116,519) 14,490,514 | |
| BASIC AND DILUTED EARNINGS PER | | | | , , , | , , | |
| SHARE | 5 | 18.30 fils | 11.40 fils | 58.59 fils | 95.26 fils | |
| The attached notes 1 to 11 form part of this int | erim cond | ensed financial int | formation | | | |

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited) Period ended 30 September 2009

| | Three months end | led 30 September | Nine months en | ded 30 September |
|--|------------------|------------------|----------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | KD | KD | KD | KD |
| Profit for the period | 2,779,844 | 1,730,102 | 8,881,854 | 14,490,514 |
| Other comprehensive income | | | | |
| Exchange differences on translation of | | | | |
| foreign operations | 10,907 | 14,344 | 166,778 | (76,267) |
| Transfer to the statement of income on sale | | | | |
| of available for sale investments | (1,807,438) | (12,544,016) | 4,549,121 | (13,527,933) |
| Net movement in fair values of available | | | | |
| for sale investments | 65,894 | 17,344 | 13,346 | (1,734,248) |
| Impairment of available for sale | | | | |
| investments | 600,723 | - | 2,929,121 | - |
| | | | | |
| Other comprehensive (loss) income for the | | | | |
| period | (1,129,914) | (12,512,328) | 7,658,366 | (15,338,448) |
| Total comprehensive income (loss) for | | | | |
| Total comprehensive income (loss) for the period | 1,649,930 | (10,782,226) | 16,540,220 | (847,934) |
| uie per iou | 1,049,930 | (10,782,220) | 10,340,220 | (047,934) |

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Unaudited) At 30 September 2009

| At 30 September 2009 | | | | |
|--|--------|---|---|---|
| | Notes | 30 September 2009 KD | (Audited) 31 December 2008 KD | 30 September 2008 KD |
| ASSETS Property and equipment Investment in associates Investment in equities and bonds Loans to life policy holders Premiums and insurance balances receivable Reinsurance recoverable on outstanding claims Other debit balances | 6 | 3,324,922 12,853,652 79,648,372 70,874 10,541,704 18,410,515 2,148,030 | 3,382,012 4,737,162 89,947,191 67,071 9,589,763 17,438,068 1,945,964 | 3,418,506 3,101,277 114,114,542 72,690 10,429,939 17,742,253 2,264,301 |
| Fixed deposits Bank balances and cash | 7 | 10,706,905 421,664 | 10,627,187 73,281 | 12,321,438 551,220 |
| TOTAL ASSETS | | 138,126,638 | 137,807,699 | 164,016,166 |
| EQUITY AND LIABILITIES Equity Share capital Statutory reserve General reserve Special voluntary reserve Treasury shares Treasury shares reserve Cumulative changes in fair values Foreign currency translation reserve Retained earnings | 8 | 15,628,323 13,712,799 13,473,274 9,000,000 (2,137,981) 1,327,932 10,134,833 95,647 14,840,836 | 15,628,323 13,712,799 13,473,274 9,000,000 (2,217,777) 1,335,437 2,643,245 (71,131) 5,958,982 | 15,628,323 13,712,799 13,473,274 9,000,000 (2,352,219) 1,297,097 3,218,662 (299,525) 24,265,964 |
| Total equity | | 76,075,663 | 59,463,152 | 77,944,375 |
| Liabilities Liabilities arising from insurance contracts: Outstanding claims reserve Unearned premiums reserve Life mathematical reserve Additional reserve | | 26,643,227 2,532,620 3,358,400 6,700,000 | 26,215,289 2,769,183 3,406,000 6,700,000 | 26,197,884 2,828,153 3,598,000 6,700,000 |
| Total liabilities arising from insurance contracts: Insurance payable Other credit balances Term loans Bank overdraft | 9 7 | 39,234,247 5,568,767 9,951,870 5,500,000 1,796,091 | 39,090,472 4,843,317 8,790,892 22,500,000 3,119,866 | 39,324,037 5,329,370 10,139,111 27,330,402 3,948,871 |
| Total liabilities | | 62,050,975 | 78,344,547 | 86,071,791 |
| TOTAL EQUITY AND LIABILITIES | | 138,126,638 | 137,807,699 | 164,016,166 |

Sulaiman Hamad Al-Dalali Chairman and Managing Director Ayman Abdullatif Al-Shayea Vice Chairman

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

| Nome nonlike ended 30 Segmentation 2009 Notes 2009 2009 Notes KD KD KD OPERATING ACTIVITIES 9.248,325 15.048,818 Adjustments for: - G.(3,192,039) 5.643,000 6.15,192,039 Share of results of associates 4 (6.160) (61,318) Excess of fair value of investment in associate over acquisition price 4 (2,430,015) | Period ended 30 September 2009 | | | |
|--|--|-------|-------------------|------------------|
| NotesKDKDOPERATING ACTIVITIESProfit before contribution to KFAS, NLST and Zakat9,248,32815,048,818Adjusments for:Provision for employees' end of service benefits133,67767,565Gain on sale of investment properties-(3,719,208)Share of results of associates4(6,6100)(61,318)Excess of fair value of investments in an associate over acquisition price4(2,644,015)-Gain on sale of available for sale investments4(2,643,018)(4,5289)Interest income4(2,263,388)(4,598,948)Interest income4(2,263,388)(4,598,948)Interest expense(62,299)(62,299)(1,626,403)Depreciation of investment properties-9,974Premiums and insurance balances receivable(951,941)(2,088,906)Premiums and insurance contracts133,7751,309,727Insurance payable(72,447)(47,258)Other cedit balances222,230(1,617,401)Cash from (used in operations3,677,001(301,006)Employees' end of service benefits paid(135,331)(2,9116)NLST paid-(373,635)-Action as alse of available for sale investments-(3,636)Premiums and inserting activities3,536,770(847,800)Presting associates(13,630)-(373,635)Other cedit balances(135,200)-(3,630)Other cedit balances(13,630)-(3,636)< | | _ | Nine months ended | d 30 September |
| OPERATING ACTIVITIES 9,248,328 15,048,818 Adjustments for: 9,248,328 15,048,818 Adjustments for: 133,677 67,565 Provision for employees' end of service benefits 133,677 67,565 Gain on sale of investment properties 4 (6,180) (6,131) Excess of fir value of investments 4 (2,464,015) . Inpairment of available for sale investments 2,292,11 . . Dividend income 4 (2,263,388) (3,27,876) Interest income 4 (2,263,388) (42,263,388) (42,263,388) Depreciation of property and equipment 122,218 113,105 Depreciation of property and equipment 122,417 (47,258) Other debit balances 23,088 97,2447 (47,258) (41,640) Other debit balances 22,22,00 (41,640) . (41,640) Other debit balances 22,22,00 (41,640) . (40,99) Liabitities arising from insurance contracts 14,775 1,309,727 Insurance payable . | | _ | 2009 | 2008 |
| Profit hefore contribution to KFAS, NLST and Zakat 9,248,328 15,048,818 Adjustments for: 133,677 67,565 Gain on sale of investment properties 4 (6,180) (61,318) Excess of fair value of investment in an associate over acquisition price 4 (2,440,015) - Gain on sale of available for sale investments 2,929,121 - - Dividend income 4 (2,433,388) (4,459,9948) Interest expense (42,243,389) (4,25959) (42,264,03 Depreciation of property and equipment 122,218 113,105 - 9,974 Interest expense (2,243,389) (4,25,994) (42,251,946 2,503,453 Changes in opernting assets and liabilities: - 9,974 (47,25,58) Other celd balances 122,218 113,075 1,309,727 Insurance payable (72,34,01 (2,01,00) (3,01,00) Cash from (used in) operations 3,672,101 (301,000) (301,000) Fremiums and insurance contracts 3,576,770 (447,840) - (37,36,35) | | Notes | KD | KD |
| Adjustments for:133,67767,555Gain on sale of investment properties4(6,180)Share of results of associates4(6,180)Excess of fair value of investment in an associate over acquisition price4(2,464,0015)Gain on sale of available for sale investments4(2,263,388)Inpairment of available for sale investments2,292,11-Dividend income4(2,263,388)(807,876)Interest income4(2,263,388)(807,876)Interest income4(2,263,388)(807,876)Interest income4(2,263,388)(807,876)Interest income4(2,263,388)(807,876)Interest income4(2,263,388)(807,876)Interest income9,974(2,088,906)(807,876)Reinsurance recoverable on outstanding claims(97,2447)(2,088,906)Reinsurance recoverable on outstanding claims(97,2447)(472,558)Other debit balances223,200(16,17,401)Cash from (used in) operations3,672,101(20,89,906)Imployees' end of service benefits paid(135,331)(22,116)NLST paid.(9,049).Paid to directors.(135,000)Net cash from (used in) operating activities3,536,770(847,806)Purchase of property and equipmentPurchase of property and equipmentPurchase of property and equipmentNue cash fro | | | | |
| Provision for employees' end of service bencfits 133,677 67,565 Gain on sale of investment properties 4 (6,180) 6(1,318) Excess of fair value of investment in a associate over acquisition price 4 (2,640,015) . Gain on sale of available for sale investments 2,929,121 . . . Dividend income 4 (2,643,085) (4,63,989) . | | | 9,248,328 | 15,048,818 |
| Gain on sale of investment properties - (3,719,208) Share of results of associates 4 Gain on sale of available for sale investments 4 Inpairment of available for sale investments 2,221,21 Dividend income 4 Interest income 4 Interest income 4 Depreciation of property and equipment 122,218 Depreciation of property and equipment 122,218 Depreciation of property and equipment 122,218 Depreciation of property and equipment 9,974 Changes in operating assets and liabilities: - Premiums and insurance balances receivable (951,941) Other debilances 223,088 Distrate recoverable on outstanding claims (143,73,635) Other debilances 223,088 Distrate recoverable on outstanding claims (135,331) Other debilances 223,088 Distrate of any able 72,4471 Other debilances 223,088 Distrate of available for sale investments 143,077 Insurance payable 72,4450 Other credit balances 223,088 Dividend income | 5 | | 100 (88 | |
| Share of results of associates 4 (6,1318) (61,318) Excess of fair value of investment in an associate over acquisition price 4 (3,431,965) (5,175,062) Impairment of available for sale investments 2,292,121 - - Dividend income 4 (2,23,388) (4,598,948) Interest expense 623,109 1,626,403 Depreciation of property and equipment 122,218 113,105 Depreciation of investment properties 9,974 - Premiums and insurance balances receivable (951,941) (2,088,906) Reinsurance recoverable on outstanding claims (972,447) (472,558) Other debit balances 123,008 533,039 Liabilities arising from insurance contracts 143,775 1,309,727 Insurance payable 725,453 (471,640) Other credit balances 122,230 (1,617,401) Cash from (used in) operations 3,672,101 (301,006) Employees' end of service benefits paid (135,031) (29,116) NLST paid - (9,049) - | | | 133,677 | |
| Excess of fair value of investments in an associate over acquisition price 4 (2,640,015) (5,175,062) Impairment of available for sale investments 4 (2,263,384) (4,598,948) Dividend income 4 (2,263,384) (4,598,948) Interest income (462,959) (807,876) Interest income (622,959) (807,876) Interest income (622,959) (807,876) Interest income (622,959) (807,876) Interest income (622,959) (807,876) Depreciation of property and equipment 122,218 113,105 Depreciation of investment properties 9,974 (2,688,906) Reinsurance tecoverable on outstanding claims (972,447) (472,558) Other debit balances 253,088 536,319 Liabilities arising from insurance contracts 143,775 1,309,727 Insurance payable (16,17,401) (201,006) (201,006) Cash from (used in) operating activities 3,672,101 (301,006) Insurance payable (135,301) (21,5120) Net cash from (| | 4 | - | |
| Gain on sale of available for sale investments 4 (3,431,965) (5,175,062) Dividend income 4 (2,263,388) (4,598,5948) Interest spense 623,109 1,626,403 Depreciation of property and equipment 122,218 113,105 Depreciation of investment properties 9,974 2,503,453 Changes in operating assets and liabilities: 4,251,946 2,503,453 Premiums and insurance balances receivable (912,447) (472,558) Other debit balances 133,775 1,309,727 Insurance payable (134,76,630) (972,447) (472,558) Other redit balances 222,230 (1,617,401) (2,088,906) Employees' end of service benefits paid (135,331) (29,116) (2,088,906) NLST paid (135,331) (29,113) (2,016,403) (2,17,401) Cash from (used in) operating activities 3,672,101 (301,006) (301,006) Employees' end of service benefits paid (135,331) (29,116) (29,499) Net cash from (used in) operating activitites 3,536,770 (847,806 | | | . , , | (01,318) |
| Impairment of available for sale investments 2.292,121 - Dividend income 4 (2,26,388) (4,598,948) Interest income 4 (2,26,388) (4,598,948) Interest income 1422,218 (13,019) 1,626,403 Depreciation of property and equipment 122,218 113,105 Depreciation of property and equipment 2,503,453 (4,251,946) 2,503,453 Changes in operating assets and liabilities: 9,974 (42,258) (4,251,946) 2,503,453 Other debit balances 223,088 (3,27,471) (42,258) (16,17,401) Cash from (used in) operations 2,471,64(7,258) (16,17,401) (20,100) Cash from (used in) operating activities 3,472,101 (30,000) (31,331) (29,116) NLST paid - (9,049) - (135,031) (21,331) (29,116) NLST paid - (37,3635) - (9,049) - (9,049) Proceeds from sale of investment properties - 5,000,000 - - (9,049) | | | | - (5 175 062) |
| Divided income 4 (2,263,388) (4,598,948) Interest income (462,959) (807,876) Interest expense (22,218) 113,105 Depreciation of property and equipment 122,18 113,105 Depreciation of investment properties 9,974 (20,88,906) Premiums and insurance balances receivable (951,941) (20,88,906) Reinsurance recoverable on outstanding claims (972,447) (472,558) Other debit balances 225,088 536,319 Liabilities arising from insurance contracts 143,775 1.309,727 Insurance payable 725,450 (471,640) Other credit balances 222,230 (1,617,401) Cash from (used in) operations 3,672,101 (301,006) Employees' end of service benefits paid (135,531) (29,144) Proceeds from sale of investment properties - (33,635) Purchase of property and equipment (65,128) - 500,000 Purchase of property and equipment - 500,000 - Purchase of property and equipment - <td></td> <td>4</td> <td></td> <td>(3,173,002)</td> | | 4 | | (3,173,002) |
| Interest income (462,959) (807,876) Interest expense 623,109 1.626,403 Depreciation of property and equipment 122,218 113,105 Depreciation of property and equipment 122,218 113,105 Depreciation of property and equipment 9,974 4,251,946 2,503,453 Changes in operating assets and liabilities: 9,974 4,251,946 2,503,453 Other debit balances 253,088 536,319 143,775 1,309,727 Insurance payable 00ther debit balances 222,230 (1,617,401) 0301,006 Cash from (used in) operations 3,672,101 (301,006) 113,105 233,233 (29,116) NLST paid 1 3,536,770 (847,806) 10,949) 13,100 10,949) 13,100 13,530,000 13,536,770 (847,806) 10,949) 13,100 13,530,000 13,536,770 (847,806) 13,536,770 (847,806) 13,530,000 13,536,970 (847,806) 13,520,000,000 13,536,970 (847,806) 13,536,970 (847,806) 13,536,970 13 | • | 1 | | - (1 598 918) |
| Interest expense623,1091,626,403Depreciation of property and equipment122,218113,105Depreciation of investment properties9,9749,974Changes in operating assets and liabilities:4,251,9462,503,453Premiums and insurance balances receivable(951,941)(2,088,906)Reinsurance recoverable on outstanding claims(972,447)(472,558)Other debit balances253,088536,319Liabilities arising from insurance contracts143,7751,309,727Insurance payable725,450(4,16,40)Other credit balances222,230(1,617,401)Cash from (used in) operations3,672,101(301,006)Employees' end of service benefits paid.(373,635)Zakat paid.(9,049)Paid to directors.(135,000)Net cash from (used in) operating activities3,536,770(847,806)INVESTING ACTIVITIESPurchase of investment in associatesProceeds from sale of available for sale investments(6,747,526)(30,553,847)Proceeds from sale of available for sale investments(9,747,1526)(30,533,847)Proceeds from sale of available for sale investments19,318,60326,005,167Movement in loans to life policy holdersNovement in fixed and short notice bank deposits(79,718)(49,874)Dividend income receivedInterest income received | | - | | |
| Depreciation of property and equipment122,218113,105Depreciation of investment properties9,9744,251,9462,503,453Changes in operating assets and liabilities:4,251,946Premiums and insurance balances receivable(951,941)Reinsurance recoverable on outstanding claims(972,447)Other debit balances253,08811surance payable13,3771,309,7271,309,727Insurance payable222,230(1,617,401)Cash from (used in) operations3,672,101Employees' end of service benefits paid(135,331)NLST paid-(13,009)Paid to directors-Net cash from (used in) operating activitiesINVESTING ACTIVITIESPurchase of property and equipmentPurchase of property and equipmentPurchase of property and equipmentPurchase of rom sale of available for sale investments19,318,603Purchase of rom sale of available for sale investments19,318,603Purchase of rom sale of available for sale investments19,318,603Purchase of rom sale of available for sale investments19,318,60320,104Purchase of rom sale of available for sale investments19,318,603Purchase of rom sale of available for sale investments19,318,603Purchase of rom sale of available for sale investments19,318,60320,105Purchase of rom sale of available for sale investments19,318,60320,023< | | | . , , | |
| Depreciation of investment properties. $9,974$ Changes in operating assets and liabilities: Premiums and insurance balances receivable $(951,941)$ $(2,088,906)$ Reinsurance recoverable on outstanding claims $(972,447)$ $(472,558)$ Other debit balances $253,088$ $536,319$ Liabilities arising from insurance contracts $143,775$ $1,309,727$ Insurance payable $722,447)$ $(472,558)$ Other recdit balances $222,230$ $(16,17,401)$ Cash from (used in) operations $3,672,101$ $(301,006)$ Employees' end of service benefits paid $(135,331)$ $(29,116)$ NLST paid- $(373,635)$ $(23,300)$ Net cash from (used in) operating activities $3,536,770$ $(847,806)$ INVESTING ACTIVITIES- $(135,000)$ Proceeds from sale of investment properties- $5,000,000$ Purchase of property and equipment $(65,128)$ $(135,120)$ Proceeds from sale of available for sale investments $19,318,603$ $26,005,167$ Novement in faxed and short notice bank deposits $(79,718)$ $(499,874)$ Dividends received $2,167,263$ $236,313$ Interest income received $21,67,263$ $45,93,639$ Interest income received $13,930$ 218 | | | | |
| Changes in operating assets and liabilities: 4,251,946 2,503,453 Premiums and insurance balances receivable (951,941) (2,088,906) Reinsurance recoverable on outstanding claims (972,447) (472,258) Other debit balances 233,088 536,319 Liabilities arising from insurance contracts 143,775 1,309,727 Insurance payable 725,450 (471,640) Other credit balances 222,230 (1,617,401) Cash from (used in) operations 3,672,101 (301,006) Employees: end of service benefits paid (135,331) (29,116) NLST paid - (9,049) Paid to directors - (135,000) Net cash from (used in) operating activities 3,536,770 (847,806) INVESTING ACTIVITIES - 5,000,000 Purchase of property and equipment (65,128) (135,130) Proceeds from sale of available for sale investments 19,318,603 26,005,167 Movement in loss to life policy holders (3,303) 24,233 Dividends received 103,930 218,841 | | | | |
| Changes in operating assets and liabilities:(2,088,906)Premiums and insurance balances receivable(951,941)(2,088,906)Reinsurance recoverable on outstanding claims(972,447)(472,558)Other debit balances253,088536,319Liabilities arising from insurance contracts143,7751,309,727Insurance payable725,450(471,640)Other credit balances222,230(1,617,401)Cash from (used in) operations3,672,101(301,006)Employees' end of service benefits paid(135,331)(29,116)NLST paid-(73,635)Zakat paid-(135,000)Net cash from (used in) operating activities3,536,770(847,806)INVESTING ACTIVITIES-(135,000)Purchase of property and equipment(65,128)(135,120)Proceeds from sale of investment properties-5,000,000Purchase of available for sale investments(6,747,526)(30,553,847)Proceeds from sale of available for sale investments(5,747,526)(30,553,847)Proceeds from sale of available for sale investments(52,23)236,313Dividends received from investing activities552,293236,313Dividends received2,167,2634,593,639Interest income received103,930218,841Net cash from investing activities552,293236,313Dividends received from investing activities552,293236,313Dividends received from investing activities553,847)(49,181) <td>1 1 1</td> <td></td> <td></td> <td></td> | 1 1 1 | | | |
| Premiums and insurance balances receivable (951,941) (2,088,906) Reinsurance recoverable on outstanding claims (972,447) (472,558) Other debit balances 253,088 536,319 Liabilities arising from insurance contracts 143,775 1.309,727 Insurance payable 725,450 (471,640) Other credit balances 222,230 (1.617,401) Cash from (used in) operations 3,672,101 (301,006) Employees' end of service benefits paid (135,331) (29,116) NLST paid - (9,049) Paid to directors - (135,000) Net cash from (used in) operating activities 3,536,770 (847,806) INVESTING ACTIVITIES - 5,000,000 Purchase of property and equipment (65,128) (135,120) Proceeds from sale of available for sale investments 13,318,003 26,005,167 Proceeds from sale of available for sale investments (3,403) 24,323 Movement in loans to life policy holders (3,303) 24,323 Movement in income received 103,930 218,841 | | | 4,251,946 | 2,503,453 |
| Reinsurance recoverable on outstanding claims (972,447) (472,558) Other debit balances 233,088 536,319 Liabilities arising from insurance contracts 143,775 1,309,727 Insurance payable 725,450 (471,640) Other credit balances 222,230 (1,617,401) Cash from (used in) operations 3,672,101 (301,006) Employees' end of service benefits paid (135,331) (29,116) NLST paid - (373,635) Zakat paid - (135,000) Net cash from (used in) operating activities 3,536,770 (847,806) INVESTING ACTIVITIES - 5,000,000 Purchase of property and equipment (65,128) (135,120) Proceeds from sale of investment properties - 5,000,000 Purchase of available for sale investments (9,6,747,526) (30,553,847) Proceeds from sale of available for sale investments 19,318,603 26,005,167 Movement in loans to life policy holders (3,803) 24,323 Movement in fixed and short notice bank deposits (79,718) (49,874) Dividends readi 103,930 <t< td=""><td></td><td></td><td>(051 041)</td><td></td></t<> | | | (051 041) | |
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| Dividends paid (49,181) (8,725,491) Purchase of treasury shares (134,733) (951,542) Sale of treasury shares 207,024 613,603 Term loan repaid (17,000,000) - Net cash used in financing activities (16,976,890) (9,063,430) INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS 1,672,158 (4,521,794) Cash and cash equivalents at the beginning of the period (3,046,585) 1,124,143 | Net cash from investing activities | | 15,112,278 | 5,389,442 |
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| Term loan repaid (17,000,000) - Net cash used in financing activities (16,976,890) (9,063,430) INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS 1,672,158 (4,521,794) Cash and cash equivalents at the beginning of the period (3,046,585) 1,124,143 | | | . , , | (951,542) |
| Net cash used in financing activities(16,976,890)(9,063,430)INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS1,672,158(4,521,794)Cash and cash equivalents at the beginning of the period(3,046,585)1,124,143 | | | , | 613,603 |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS1,672,158Cash and cash equivalents at the beginning of the period(3,046,585)1,124,143 | Term loan repaid | | (17,000,000) | - |
| Cash and cash equivalents at the beginning of the period (3,046,585) 1,124,143 | Net cash used in financing activities | | (16,976,890) | (9,063,430) |
| | INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 1,672,158 | (4,521,794) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD7(1,374,427)(3,397,651) | Cash and cash equivalents at the beginning of the period | | (3,046,585) | 1,124,143 |
| | CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 7 | (1,374,427) | (3,397,651) |

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)

Period ended 30 September 2009

| | Share capital KD | Statutory reserve KD | General reserve KD | Special voluntary reserve KD | Treasury shares KD | Treasury shares reserve KD | Cumulative changes in fair values KD | Foreign currency translation reserve KD | Retained earnings KD | Total equity KD |
|--|------------------------|----------------------------|--------------------------|---------------------------------------|--------------------------|-------------------------------------|---|---|----------------------------|--------------------------|
| Balance at 1 January 2009 | 15,628,323 | 13,712,799 | 13,473,274 | 9,000,000 | (2,217,777) | 1,335,437 | 2,643,245 | (71,131) | 5,958,982 | 59,463,152 |
| Profit for the period Other comprehensive income | - | - | - | - | - | - | - 7,491,588 | - 166,778 | 8,881,854 | 8,881,854 7,658,366 |
| - | | | <u> </u> | | | | | | | |
| Total comprehensive income for the period | - | - | - | - | - | - | 7,491,588 | 166,778 | 8,881,854 | 16,540,220 |
| Purchase of treasury shares Sale of treasury shares | - | - | - | - | (134,733) 214,529 | (7,505) | - | - | - | (134,733) 207,024 |
| Sale of treasury shales | | | | | | | | | | |
| Balance at 30 September 2009 | 15,628,323 | 13,712,799 | 13,473,274 | 9,000,000 | (2,137,981) | 1,327,932 | 10,134,833 | 95,647 | 14,840,836 | 76,075,663 |
| | | | | | | | | | | |
| Balance at 1 January 2008 | 14,207,566 | 13,712,799 | 13,473,274 | 9,000,000 | (1,823,665) | 1,106,482 | 18,480,843 | (223,258) | 20,183,499 | 88,117,540 |
| Profit for the period | - | - | - | - | - | - | - | - | 14,490,514 | 14,490,514 |
| Other comprehensive loss | | - | | - | | - | (15,262,181) | (76,267) | | (15,338,448) |
| Total comprehensive (loss) income for | | | | | | | | | | |
| the period | - | - | - | - | - | - | (15,262,181) | (76,267) | 14,490,514 | (847,934) |
| Issue of bonus shares Cash dividends | 1,420,757 | - | - | - | - | - | - | - | (1,420,757) | - (8,987,292) |
| Purchase of treasury shares | - | - | - | - | (951,542) | - | - | - | (8,987,292) | (8,987,292) (951,542) |
| Sale of treasury shares | - | - | - | - | 422,988 | 190,615 | - | - | - | 613,603 |
| Balance at 30 September 2008 | 15,628,323 | 13,712,799 | 13,473,274 | 9,000,000 | (2,352,219) | 1,297,097 | 3,218,662 | (299,525) | 24,265,964 | 77,944,375 |
| - | | | | | | | | | | |

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited) At 30 September 2009

1 ACTIVITIES

The interim condensed financial information of Al-Ahleia Insurance Company S.A.K. for the period ended 30 September 2009 were authorised for issue by the Board of Directors on 12 November 2009.

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

2 BASIS OF PREPARATION

The interim condensed financial information of the company has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" and the guidelines issued by the Kuwait Stock Exchange.

The interim condensed financial information does not include all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the company's annual financial statements as at 31 December 2008. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the Nine month period ended 30 September 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

The accounting policies used in preparation of this interim condensed financial information are consistent with those used in preparation of the annual financial statements for the year ended 31 December 2008, except as noted below:

During the period, the company has adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1 'Presentation of Financial Statements' (Revised):

The revised standard separates owner and non owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income. It presents all items of recognised income and expense, either in one single statement, or in two linked statements. The company has elected to present two statements.

IFRS 8 '*Operating segments*':

The new standard which replaced IAS 14: Segment reporting requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in the segments being reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker.

The application of other IASB standards issued and adopted by the company did not have material impact on the interim condensed financial information of the company.

The company has not adopted any new or revised Standards and Interpretations before their effective dates.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited) At 30 September 2009

3 DEPARTMENT RESULTS

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

Nine months ended 30 September 2009:

| | Gen | eral risk insurd | _ | | |
|--|------------------------------|------------------|------------|------------|-------------|
| | Marine and aviation KD | Accident KD | Fire KD | Life KD | Total KD |
| Segment revenue | 2,338,292 | 4,492,320 | 910,085 | 3,805,302 | 11,545,999 |
| Segment results (net underwriting income) | 1,403,988 | 1,524,081 | 252,000 | 1,472,536 | 4,652,605 |
| Total assets | 35,184,644 | 67,596,640 | 13,694,191 | 21,651,163 | 138,126,638 |
| Total liabilities | 17,858,082 | 19,385,610 | 3,205,324 | 21,601,959 | 62,050,975 |

Nine months ended 30 September 2008:

| Nine monuis ended 50 Septem | Del 2008. | | | | |
|--|------------------------------|------------------|------------|------------|-------------|
| | Gen | eral risk insura | nce | | |
| | Marine and aviation KD | Accident KD | Fire KD | Life KD | Total KD |
| Segment revenue | 2,488,258 | 4,771,892 | 770,964 | 3,956,243 | 11,987,357 |
| Segment results (net underwriting income) | 1,454,816 | 1,295,322 | 233,335 | 552,210 | 3,535,683 |
| Total assets | 44,823,507 | 85,960,911 | 13,888,154 | 19,343,594 | 164,016,166 |
| Total liabilities | 32,337,531 | 28,792,311 | 5,186,551 | 19,755,398 | 86,071,791 |

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited) At 30 September 2009

4 NET INVESTMENT INCOME

| | Three months ended 30 September | | Nine mont 30 Sept | |
|--|------------------------------------|-----------|----------------------|------------|
| - | 2009 | 2008 | 2009 | 2008 |
| | KD | KD | KD | KD |
| Gain on sale of investment properties | - | - | - | 3,719,208 |
| Share of results of associates | 72,309 | 74,219 | 6,180 | 61,318 |
| Excess of fair value of investment in an associate over acquisition price (Note 6) | _ | - | 2,640,015 | - |
| Gain on sale of available for sale investments | 1,914,867 | 1,239,723 | 3,431,965 | 5,175,062 |
| Interest on bonds | 7,247 | 7,247 | 21,621 | 29,471 |
| Interest on fixed and short notice bank deposits | 145,701 | 195,517 | 441,338 | 778,405 |
| Dividend income | 142,351 | 192,564 | 2,263,388 | 4,598,948 |
| Rental Income | _ | - | - | 27,720 |
| Other investment income | 84,965 | 35,954 | 329,285 | 79,804 |
| | 2,367,440 | 1,745,224 | 9,133,792 | 14,469,936 |

Investment income reported in the statement of income as follows:

| | Three months ended 30 September | | | ths ended tember |
|---------------------------------------|------------------------------------|-----------|-----------|---------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | KD | KD | KD | KD |
| Investment income | 2,231,882 | 1,596,459 | 8,736,091 | 13,950,145 |
| Investment income from life insurance | 135,558 | 148,765 | 397,701 | 519,791 |
| | 2,367,440 | 1,745,224 | 9,133,792 | 14,469,936 |

5 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) as follows:

| | Three months ended 30 September | | Nine mont 30 Sept | |
|--|------------------------------------|-------------|----------------------|-------------|
| | 2009 KD | 2008 KD | 2009 KD | 2008 KD |
| Profit for the period | 2,779,844 | 1,730,102 | 8,881,854 | 14,490,514 |
| Weighted average number of ordinary shares outstanding during the period | Shares | Shares | Shares | Shares |
| (excluding treasury shares) | 151,863,854 | 151,754,612 | 151,594,068 | 152,123,246 |
| Basic and diluted earnings per share | 18.30 fils | 11.40 fils | 58.59 fils | 95.26 fils |

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited) At 30 September 2009

6 INVESTMENT IN ASSOCIATES

| 30 | 31 | | | (Audited) | 20.5 |
|-------|-------------------------|--|---|--|--|
| 1 | | | - | 31 December 2008 | 30 September 2008 |
| | | | KD | KD | KD |
| | | | | | |
| 49.37 | 49.37 | Lebanon | 374,635 | 363,777 | 363,824 |
| | | | | | |
| 20.95 | 20.95 | Bahrain | 2,021,800 | 2,304,629 | 1,684,445 |
| | | | | | |
| 27.70 | 27.20 | Jordan | 1,068,616 | 999,689 | 1,053,008 |
| | 25.00 | T Z • | 0.000 (01 | | |
| 26.34 | 25.88 | Kuwait | 9,388,601 | - | - |
| | 20.00 | IZ | | 1.000.007 | |
| - | 20.00 | Kuwait | - | 1,069,067 | - |
| | | | 12,853,652 | 4,737,162 | 3,101,277 |
| | 30 September 2009 | September 2009 December 2008 49.37 49.37 20.95 20.95 27.70 27.20 | 30 31 September December Country of incorporation 49.37 49.37 Lebanon 20.95 20.95 Bahrain 27.70 27.20 Jordan 26.34 25.88 Kuwait | 30 31 September December Country of incorporation 30 September 2009 2009 2008 incorporation 30 September 2009 49.37 49.37 Lebanon 374,635 20.95 20.95 Bahrain 2,021,800 27.70 27.20 Jordan 1,068,616 26.34 25.88 Kuwait 9,388,601 - 20.00 Kuwait - | 30 31 (Audited) September December Country of incorporation 30 September 31 December 2008 49.37 49.37 Lebanon 374,635 363,777 20.95 20.95 Bahrain 2,021,800 2,304,629 27.70 27.20 Jordan 1,068,616 999,689 26.34 25.88 Kuwait 9,388,601 - - 20.00 Kuwait - 1,069,067 |

* At 31 December 2008, the company had 25.88% equity investment in of Kuwait Reinsurance Company K.S.C. (Closed) (a company listed on the Kuwait Stock Exchange), this investment was treated as available for sale investment as the company did not have significant influence over the investee company. During the period, the company was able to exercise significant influence by way of representation on board of director, and accordingly, this investment has been accounted for as an associate in accordance with International Accounting Standard 28 ("Investments in Associates"). As a result of this classification an amount of KD 2,640,015 which represents the difference between the fair value and the cost of the investment at the date of the investee company became an associate was recognised in the interim condensed statement of income.

** During the period, one of the associates, namely Industrial Electrical Projects Company K.S.C. (Closed), increased its share capital in which the company did not participate. As a result the company's ownership percentage decreased to 13.33% and the company ceased to exercise significant influence over Industrial Electrical Projects Company K.S.C. (Closed). Accordingly, the investment has been reclassified to available for sale investment.

7 CASH AND CASH EQUIVALENTS

| | (Audited) | |
|--------------|--------------------------------------|---|
| 30 September | 31 December | 30 September |
| 2009 | 2008 | 2008 |
| KD | KD | KD |
| 421,664 | 73,281 | 551,220 |
| (1,796,091) | (3,119,866) | (3,948,871) |
| (1,374,427) | (3,046,585) | (3,397,651) |
| | 2009 KD 421,664 (1,796,091) | 30 September 31 December 2009 2008 KD KD 421,664 73,281 (1,796,091) (3,119,866) |

8 TREASURY SHARES

| | 30 September 2009 | (Audited) 31 December 2008 | 30 September 2008 |
|------------------------------------|----------------------|----------------------------------|----------------------|
| Number of treasury shares (shares) | 4,510,571 | 4,545,571 | 4,830,571 |
| Percentage of issued shares (%) | 2.89 | 2.90 | 3.09 |
| Market value (KD) | 2,142,521 | 2,500,064 | 1,714,853 |

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited) At 30 September 2009

9 TERM LOANS

During the period, an amount of KD 17,000,000 was repaid against the outstanding loan obtained from a local bank of KD 25,000,000.

10 RELATED PARTY TRANSACTIONS

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

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

| | Associates KD | Major shareholders KD | 30 September 2009 KD | 30 September 2008 KD |
|-----------------|------------------|-----------------------------|----------------------------|----------------------------|
| Premium written | 113,893 | 1,068,141 | 1,182,034 | 1,295,418 |
| Claims incurred | 419,478 | 283,444 | 702,922 | 415,745 |

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

| | Associates KD | Major shareholders KD | 30 September 2009 KD | (Audited) 31 December 2008 KD | 30 September 2008 KD |
|--|---------------------------------|-----------------------------|-----------------------------------|--|-----------------------------------|
| Investment in associates Premiums and insurance balances Other credit balances | 12,853,652 444,659 25,087 | 1,432,680 18,118 | 12,853,652 1,877,339 43,205 | 4,737,162 1,659,732 162,808 | 3,101,277 2,082,294 363,698 |

Key management personnel compensation

| | 30 September 2009 KD | 30 September 2008 KD |
|--|----------------------------|----------------------------|
| Salaries and other short term benefits Employees' end of service benefits | 102,308 83,256 | 361,196 73,586 |
| | 185,564 | 434,782 |

11 CAPITAL COMMITMENTS

At the statement of financial position date, the company had future capital commitments with respect to purchase of available for sale investments amounting to KD 9,284,561 (31 December 2008: KD 10,195,851 and 30 September 2008: KD 9,572,819) and had contingent liabilities in respect of letter of credit granted by a bank amounting to KD 500,000 (31 December 2008: KD 500,000 and 30 September 2008: KD 500,000) from which it is anticipated that no material liabilities will arise.

AL-AHLEIA INSURANCE COMPANY S.A.K.

INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2009