

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

Period ended 30 September 2009

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2009	2008	2009	2008
		KD	KD	KD	KD
Revenue:					
Premiums written		4,725,611	6,094,977	18,713,573	20,517,495
Reinsurance premiums ceded		(2,438,162)	(3,525,884)	(10,859,586)	(11,977,364)
Net premiums written		2,287,449	2,569,093	7,853,987	8,540,131
Movement in unearned premiums		225,051	137,337	236,563	(48,890)
Net premiums earned		2,512,500	2,706,430	8,090,550	8,491,241
Commission received on ceded reinsurance		597,284	693,416	2,585,001	2,480,557
Policy issuance and transfer fees		120,555	131,430	395,921	423,262
Investment income from life insurance	4	135,558	148,765	397,701	519,791
Other income		19,014	24,394	76,826	72,506
		3,384,911	3,704,435	11,545,999	11,987,357
Expenses:					
Claims incurred		808,571	1,526,302	3,511,603	4,543,375
Commissions and discounts		351,397	275,443	1,144,424	1,030,837
Increase in additional reserve		13,883	-	24,754	29,967
(Decrease) increase in life mathematical reserve		(106,600)	154,000	(47,600)	504,000
Maturity and cancellations of life insurance policies		39,182	252,507	148,320	293,176
General and administrative expenses		661,546	569,609	2,111,893	2,050,319
		1,767,979	2,777,861	6,893,394	8,451,674
Net underwriting income	3	1,616,932	926,574	4,652,605	3,535,683
Investment income	4	2,231,882	1,596,459	8,736,091	13,950,145
Impairment of available for sale investments		(600,723)	-	(2,772,648)	-
Impairment of available for sale investments from life insurance		-	-	(156,472)	-
General and administrative expenses of investment department		(25,685)	(31,517)	(74,857)	(144,500)
Other income (expense)		11,195	4,968	118,436	(14,907)
		1,616,669	1,569,910	5,850,550	13,790,738
Other charges:					
Depreciation of investment properties		-	-	-	(9,974)
Interest expense and financial charges		(200,760)	(569,072)	(838,206)	(1,626,403)
Unallocated general and administrative 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					
		2,910,831	1,811,626	9,248,328	15,048,818
Contribution to KFAS		(29,108)	(18,116)	(92,483)	(150,488)
NLST		(72,771)	(45,291)	(195,708)	(291,297)
Zakat		(29,108)	(18,117)	(78,283)	(116,519)
PROFIT FOR THE PERIOD		2,779,844	1,730,102	8,881,854	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 interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

Period ended 30 September 2009

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2009</i> <i>KD</i>	<i>2008</i> <i>KD</i>	<i>2009</i> <i>KD</i>	<i>2008</i> <i>KD</i>
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 the period	1,649,930	(10,782,226)	16,540,220	(847,934)

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

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Unaudited)

At 30 September 2009

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

Sulaiman Hamad Al-Dalali
Chairman and Managing Director

Ayman Abdullatif Al-Shayea
Vice Chairman

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

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

Period ended 30 September 2009

	Notes	Nine months ended 30 September	
		2009 KD	2008 KD
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST and Zakat		9,248,328	15,048,818
Adjustments for:			
Provision for employees' end of service benefits		133,677	67,565
Gain on sale of investment properties		-	(3,719,208)
Share of results of associates	4	(6,180)	(61,318)
Excess of fair value of investment in an associate over acquisition price	4	(2,640,015)	-
Gain on sale of available for sale investments	4	(3,431,965)	(5,175,062)
Impairment of available for sale investments		2,929,121	-
Dividend income	4	(2,263,388)	(4,598,948)
Interest income		(462,959)	(807,876)
Interest expense		623,109	1,626,403
Depreciation of property and equipment		122,218	113,105
Depreciation of investment properties		-	9,974
		4,251,946	2,503,453
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		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		-	(9,049)
Paid to directors		-	(135,000)
Net cash from (used in) operating activities		3,536,770	(847,806)
INVESTING ACTIVITIES			
Purchase of property and equipment		(65,128)	(135,120)
Proceeds from sale of investment properties		-	5,000,000
Purchase of investment in associates		(133,636)	-
Redemption of bonds		-	500,000
Purchase of available for sale investments		(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)	(499,874)
Dividends received from investments in associates		552,293	236,313
Dividend income received		2,167,263	4,593,639
Interest income received		103,930	218,841
Net cash from investing activities		15,112,278	5,389,442
FINANCING ACTIVITIES			
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
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	(1,374,427)	(3,397,651)

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

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)

Period ended 30 September 2009

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>General reserve KD</i>	<i>Special voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Cumulative changes in fair values KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total equity KD</i>
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	-	-	-	-	-	-	-	-	8,881,854	8,881,854
Other comprehensive income	-	-	-	-	-	-	7,491,588	166,778	-	7,658,366
Total comprehensive income for the period	-	-	-	-	-	-	7,491,588	166,778	8,881,854	16,540,220
Purchase of treasury shares	-	-	-	-	(134,733)	-	-	-	-	(134,733)
Sale of treasury shares	-	-	-	-	214,529	(7,505)	-	-	-	207,024
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	1,420,757	-	-	-	-	-	-	-	(1,420,757)	-
Cash dividends	-	-	-	-	-	-	-	-	(8,987,292)	(8,987,292)
Purchase of treasury shares	-	-	-	-	(951,542)	-	-	-	-	(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

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

1 ACTIVITIES

The interim condensed financial information of Al-Ahleia Insurance Company S.A.K. 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.

Al-Ahleia Insurance Company S.A.K.

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:

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

Nine months ended 30 September 2008:

	<i>General risk insurance</i>				
	<i>Marine and aviation KD</i>	<i>Accident KD</i>	<i>Fire KD</i>	<i>Life KD</i>	<i>Total KD</i>
Segment revenue	<u>2,488,258</u>	<u>4,771,892</u>	<u>770,964</u>	<u>3,956,243</u>	<u>11,987,357</u>
Segment results (net underwriting income)	<u>1,454,816</u>	<u>1,295,322</u>	<u>233,335</u>	<u>552,210</u>	<u>3,535,683</u>
Total assets	<u>44,823,507</u>	<u>85,960,911</u>	<u>13,888,154</u>	<u>19,343,594</u>	<u>164,016,166</u>
Total liabilities	<u>32,337,531</u>	<u>28,792,311</u>	<u>5,186,551</u>	<u>19,755,398</u>	<u>86,071,791</u>

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)

At 30 September 2009

4 NET INVESTMENT INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	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:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	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:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2009	2008	2009	2008
	KD	KD	KD	KD
Profit for the period	2,779,844	1,730,102	8,881,854	14,490,514
	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares outstanding during the period (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

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)

At 30 September 2009

6 INVESTMENT IN ASSOCIATES

Name of the company	Ownership %		Country of incorporation	(Audited)		
	30 September 2009	31 December 2008		30 September 2009	31 December 2008	30 September 2008
				KD	KD	KD
Arab Life Insurance Company S.A.L.	49.37	49.37	Lebanon	374,635	363,777	363,824
Trade Union Insurance Company E.C.	20.95	20.95	Bahrain	2,021,800	2,304,629	1,684,445
Arab Life and Accident Insurance Co. P.S.C.	27.70	27.20	Jordan	1,068,616	999,689	1,053,008
Kuwait Reinsurance Company K.S.C. (Closed) *	26.34	25.88	Kuwait	9,388,601	-	-
Industrial Electrical Projects Company K.S.C. (Closed) **	-	20.00	Kuwait	-	1,069,067	-
				<u>12,853,652</u>	<u>4,737,162</u>	<u>3,101,277</u>

* 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

	30 September 2009	31 December 2008	30 September 2008
	KD	KD	KD
Cash in hand and at banks	421,664	73,281	551,220
Bank overdraft	(1,796,091)	(3,119,866)	(3,948,871)
	<u>(1,374,427)</u>	<u>(3,046,585)</u>	<u>(3,397,651)</u>

8 TREASURY SHARES

	30 September 2009	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

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:

	<i>Associates</i> <i>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	30 September 2009 KD	<i>30 September</i> <i>2008</i> <i>KD</i>
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:

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

Key management personnel compensation

	30 September 2009 KD	<i>30 September</i> <i>2008</i> <i>KD</i>
Salaries and other short term benefits	102,308	361,196
Employees' end of service benefits	83,256	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