

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

Period ended 30 September 2010

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2010	2009	2010	2009
		KD	KD	KD	KD
Revenue:					
Gross premiums		6,137,358	4,725,611	22,139,813	18,713,573
Premiums ceded to reinsurers		(3,786,221)	(2,438,162)	(13,766,129)	(10,859,586)
Net premiums		2,351,137	2,287,449	8,373,684	7,853,987
Movement in unearned premiums		135,816	225,051	(94,806)	236,563
Net premiums earned		2,486,953	2,512,500	8,278,878	8,090,550
Commission received on ceded reinsurance		790,149	597,284	3,739,219	2,585,001
Policy issuance fees		118,065	120,555	394,299	395,921
Total Revenue		3,395,167	3,230,339	12,412,396	11,071,472
Expenses:					
Claims incurred		1,364,580	822,454	4,143,776	3,536,357
Commissions		399,952	351,397	1,538,330	1,144,424
Increase (decrease) in life mathematical reserve		2,790	(106,600)	317,190	(47,600)
Maturity and cancellations of life insurance policies		12,664	39,182	96,931	148,320
General and administrative expenses from insurance business		667,706	661,546	2,229,531	2,111,893
Total Expenses		2,447,692	1,767,979	8,325,758	6,893,394
NET UNDERWRITING RESULT	3	947,475	1,462,360	4,086,638	4,178,078
Investment income	4	777,084	2,367,440	4,356,974	9,133,792
Impairment of financial assets available for sale		(189,530)	(600,723)	(1,235,270)	(2,929,120)
Other general and administrative expenses		(241,619)	(348,455)	(810,258)	(1,329,684)
Other (expenses) income		(8,022)	30,209	75,843	195,262
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		1,285,388	2,910,831	6,473,927	9,248,328
Contribution to KFAS		(10,600)	(29,108)	(59,499)	(92,483)
NLST		(25,466)	(72,771)	(126,538)	(195,708)
Zakat		(11,135)	(29,108)	(51,564)	(78,283)
PROFIT FOR THE PERIOD		1,238,187	2,779,844	6,236,326	8,881,854
BASIC AND DILUTED EARNINGS PER SHARE	5	7.40 fils	16.60 fils	37.25 fils	53.11 fils

The attached notes 1 to 12 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 2010

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	1,238,187	2,779,844	6,236,326	8,881,854
Other comprehensive income				
- Net unrealised gain (loss) on financial assets available for sale	2,561,058	(1,741,544)	1,829,509	4,562,467
- Impairment loss on financial assets available for sale recognised in the statement of income	189,530	600,723	1,235,270	2,929,121
- Share of other comprehensive income of associates (Note 6)	44,732	-	91,639	-
- Foreign currency translation adjustment (Note 6)	(84,992)	10,907	(44,737)	166,778
Other comprehensive income (loss) for the period	2,710,328	(1,129,914)	3,111,681	7,658,366
Total comprehensive income for the period	3,948,515	1,649,930	9,348,007	16,540,220

The attached notes 1 to 12 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 2010

		(Audited)	
	30 September	31 December	30 September
	2010	2009	2009
	KD	KD	KD
Notes			
ASSETS			
Property and equipment	3,173,937	3,286,717	3,324,922
Investment in associates	6 14,213,062	12,881,561	12,853,652
Financial assets available for sale	72,198,702	75,220,321	79,648,372
Loans secured by life insurance policyholders	93,177	56,227	70,874
Premiums and insurance balances receivable	11,137,207	8,530,188	10,541,704
Reinsurance recoverable on outstanding claims	26,455,142	21,990,984	18,410,515
Other debit balances	2,245,205	1,940,083	2,148,030
Fixed deposits	11,583,047	11,056,905	10,706,905
Bank balances and cash	7 248,204	333,749	421,664
TOTAL ASSETS	141,347,683	135,296,735	138,126,638
EQUITY AND LIABILITIES			
Equity			
Share capital	8 17,191,155	15,628,323	15,628,323
Statutory reserve	14,575,372	14,575,372	13,712,799
General reserve	14,335,847	14,335,847	13,473,274
Special voluntary reserve	9,000,000	9,000,000	9,000,000
Treasury shares	9 (1,941,384)	(2,043,712)	(2,137,981)
Treasury shares reserve	1,339,586	1,333,534	1,327,932
Cumulative changes in fair values	9,093,809	5,937,391	10,134,833
Foreign currency translation reserve	69,762	114,499	95,647
Retained earnings	14,029,789	12,396,944	14,840,836
Total equity	77,693,936	71,278,198	76,075,663
Liabilities			
Liabilities arising from insurance contracts:			
Outstanding claims reserve	34,794,942	30,349,407	26,643,227
Unearned premiums reserve	2,609,158	2,514,352	2,532,620
Life mathematical reserve	3,632,190	3,315,000	3,358,400
Additional reserve	6,700,000	6,700,000	6,700,000
Total liabilities arising from insurance contracts	47,736,290	42,878,759	39,234,247
Insurance payable	4,280,258	5,785,660	5,568,767
Other credit balances	8,198,551	8,366,647	8,302,600
Premiums received in advance	1,885,882	1,677,023	1,649,270
Term loans	10 -	2,500,000	5,500,000
Bank overdrafts	7 1,552,766	2,810,448	1,796,091
Total liabilities	63,653,747	64,018,537	62,050,975
TOTAL EQUITY AND LIABILITIES	141,347,683	135,296,735	138,126,638

Sulaiman Hamad Al-Dalali
Chairman and Managing Director

Ayman Abdullatif Al-Shayea
Vice Chairman

The attached notes 1 to 12 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 2010

	Notes	Nine months ended 30 September	
		2010 KD	2009 KD
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST and Zakat		6,473,927	9,248,328
Adjustments for:			
Share of results of associates		(514,766)	(6,180)
Excess of fair value of investment in an associate over acquisition price		-	(2,640,015)
Gain on sale of financial assets available for sale	4	(2,337,271)	(3,431,965)
Impairment of financial assets available for sale		1,235,270	2,929,121
Interest income		(309,485)	(462,959)
Dividend income	4	(1,065,143)	(2,263,388)
Interest expense		77,778	623,109
Provision for employees' end of service benefits		72,564	133,677
Depreciation of property and equipment		121,157	122,218
		3,754,031	4,251,946
Changes in operating assets and liabilities:			
Premiums and insurance balances receivable		(2,607,019)	(951,941)
Reinsurance recoverable on outstanding claims		(4,464,158)	(972,447)
Other debit balances		(29,584)	253,088
Liabilities arising from insurance contracts		4,857,531	143,775
Insurance payable		(1,505,402)	725,450
Other credit balances		(229,756)	420,728
Premiums received in advance		208,859	(198,498)
Cash (used in) from operations		(15,498)	3,672,101
Employees' end of service benefits paid		(81,241)	(135,331)
Paid to NLST		(174,122)	-
Paid to Zakat		(69,649)	-
Paid to directors		(135,000)	-
Net cash (used in) from operating activities		(475,510)	3,536,770
INVESTING ACTIVITIES			
Purchase of property and equipment		(8,377)	(65,128)
Purchase of investment in associates	6	(907,499)	(133,636)
Purchase of financial assets available for sale		(4,838,173)	(6,747,526)
Proceeds from sale of financial assets available for sale		12,026,572	19,318,603
Movement in loans secured by life insurance policyholders		(36,950)	(3,803)
Movement in fixed deposits		(526,142)	(79,718)
Dividends received from associates	6	137,666	552,293
Dividend income received		1,046,925	2,167,263
Interest income received		52,165	103,930
Net cash from investing activities		6,946,187	15,112,278
FINANCING ACTIVITIES			
Dividends paid		(2,906,920)	(49,181)
Purchase of treasury shares		(144,594)	(134,733)
Sale of treasury shares		252,974	207,024
Term loan repaid		(2,500,000)	(17,000,000)
Net cash used in financing activities		(5,298,540)	(16,976,890)
INCREASE IN CASH AND CASH EQUIVALENTS		1,172,137	1,672,158
Cash and cash equivalents at the beginning of the period		(2,476,699)	(3,046,585)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	(1,304,562)	(1,374,427)

The attached notes 1 to 12 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 2010

	<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 2010	15,628,323	14,575,372	14,335,847	9,000,000	(2,043,712)	1,333,534	5,937,391	114,499	12,396,944	71,278,198
Profit for the period	-	-	-	-	-	-	-	-	6,236,326	6,236,326
Other comprehensive income (loss)	-	-	-	-	-	-	3,156,418	(44,737)	-	3,111,681
Total comprehensive income (loss) for the period	-	-	-	-	-	-	3,156,418	(44,737)	6,236,326	9,348,007
Issue of bonuce shares (Note 8)	1,562,832	-	-	-	-	-	-	-	(1,562,832)	-
Cash dividends (Note 8)	-	-	-	-	-	-	-	-	(3,040,649)	(3,040,649)
Purchase of treasury shares	-	-	-	-	(144,594)	-	-	-	-	(144,594)
Sale of treasury shares	-	-	-	-	246,922	6,052	-	-	-	252,974
Balance at 30 September 2010	17,191,155	14,575,372	14,335,847	9,000,000	(1,941,384)	1,339,586	9,093,809	69,762	14,029,789	77,693,936
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

The attached notes 1 to 12 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 2010 were authorised for issue by the Board of Directors on 9 November 2010.

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 is prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2009.

The interim condensed financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The interim condensed financial information is presented in Kuwaiti Dinars (KD).

Operating results for the nine month period ended 30 September 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010. For more details please refer to the financial statements for the year ended 31 December 2009.

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2010

3 DEPARTMENT RESULTS

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

Nine months ended 30 September 2010:

	<i>General risk insurance</i>			<i>Life and health insurance</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accident</i> KD	<i>Fire</i> KD		
Segment revenue	<u>2,627,864</u>	<u>4,952,782</u>	<u>926,398</u>	<u>3,905,352</u>	<u>12,412,396</u>
Segment results (net underwriting income)	<u>1,489,035</u>	<u>1,233,979</u>	<u>306,413</u>	<u>1,057,211</u>	<u>4,086,638</u>
			<i>General risk insurance</i> KD	<i>Life and health insurance</i> KD	<i>Total</i> KD
Assets			<u>119,787,262</u>	<u>21,560,421</u>	<u>141,347,683</u>

Nine months ended 30 September 2009:

	<i>General risk insurance</i>			<i>Life and health insurance</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accident</i> KD	<i>Fire</i> KD		
Segment revenue	<u>2,325,101</u>	<u>4,472,100</u>	<u>906,706</u>	<u>3,367,565</u>	<u>11,071,472</u>
Segment results (net underwriting income)	<u>1,390,797</u>	<u>1,503,861</u>	<u>248,621</u>	<u>1,034,799</u>	<u>4,178,078</u>
			<i>General risk insurance</i> KD	<i>Life and health insurance</i> KD	<i>Total</i> KD
Assets			<u>116,473,475</u>	<u>21,653,163</u>	<u>138,126,638</u>

4 INVESTMENT INCOME

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2010</i> KD	<i>2009</i> KD	<i>2010</i> KD	<i>2009</i> KD
Share of results of associates (Note 6)	232,118	72,309	514,766	6,180
Excess of fair value of investment in an associate over acquisition price	-	-	-	2,640,015
Gain on sale of financial assets available for sale	287,830	1,914,867	2,337,271	3,431,965
Interest on bonds	7,247	7,247	21,622	21,621
Interest on fixed deposits	97,141	145,701	287,863	441,338
Dividend income	107,074	142,351	1,065,143	2,263,388
Other investment income	45,674	84,965	130,309	329,285
	<u>777,084</u>	<u>2,367,440</u>	<u>4,356,974</u>	<u>9,133,792</u>

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2010

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</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2010 KD	2009 KD	2010 KD	2009 KD
Profit for the period	1,238,187	2,779,844	6,236,326	8,881,854
	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	167,252,230	167,492,177	167,429,864	167,222,315
Basic and diluted earnings per share	7.40 fils	16.60 fils	37.25 fils	53.11 fils

The comparative basic and diluted earnings per share have been restated due to the issuance of bonus shares (see Note 8).

6 INVESTMENT IN ASSOCIATES

The movement of the investment in associates during the period/year is as follows:

	<i>30 September</i> 2010 KD	<i>(Audited)</i> <i>31 December</i> 2009 KD	<i>30 September</i> 2009 KD
	Carrying value at the beginning of the period/year	12,881,561	4,737,162
Additions	907,499	133,693	133,636
Share of results of associates (Note 4)	514,766	15,181	6,180
Foreign currency translation adjustment	(44,737)	185,630	166,778
Transfers to financial assets available for sale	-	(1,069,067)	(1,069,067)
Transfers from financial assets available for sale	-	6,791,240	6,791,241
Excess of fair value of investment in an associate over acquisition price (Note 4)	-	2,640,015	2,640,015
Dividends received	(137,666)	(552,293)	(552,293)
Share of other comprehensive income of associates	91,639	-	-
Carrying value at the end of the period/year	14,213,062	12,881,561	12,853,652

During the period ended 30 September 2010, the company acquired additional 3.75% equity interest in Kuwait Reinsurance Company K.S.C. (Closed).

7 CASH AND CASH EQUIVALENTS

	<i>30 September</i> 2010 KD	<i>(Audited)</i> <i>31 December</i> 2009 KD	<i>30 September</i> 2009 KD
	Cash in hand and at banks	248,204	333,749
Bank overdrafts	(1,552,766)	(2,810,448)	(1,796,091)
	(1,304,562)	(2,476,699)	(1,374,427)

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2010

8 SHARE CAPITAL

Authorised, issued and fully paid-up share capital consists of 171,911,550 shares of 100 fils each (31 December 2009: 156,283,230 and 30 September 2009: 156,283,230 shares).

- On 20 April 2010, the Ordinary Annual General Assembly of the company's shareholders approved the payment of cash dividends related to the year ended 31 December 2009 of 20% of paid-up share capital (2008: Nil).
- On 10 May 2010, the Extraordinary General Assembly of the company's shareholders approved the increase of share capital from KD 15,628,323 to KD 17,191,155 through issuance of 15,628,320 bonus shares of 100 fils each for the year ended 31 December 2009 which is equivalent to 10% of paid-up share capital (2008: Nil).

9 TREASURY SHARES

	<i>30 September 2010</i>	<i>(Audited) 31 December 2009</i>	<i>30 September 2009</i>
Number of treasury shares (shares)	<u>4,485,842</u>	<u>4,310,571</u>	<u>4,510,571</u>
Percentage of issued shares (%)	<u>2.61</u>	<u>2.76</u>	<u>2.89</u>
Market value (KD)	<u>2,332,638</u>	<u>2,284,603</u>	<u>2,142,521</u>

10 TERM LOANS

During the period, the balance outstanding of KD 2,500,000 was repaid against the loan obtained from a local bank of KD 25,000,000.

11 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 KD</i>	<i>Major shareholders KD</i>	<i>Nine months ended 30 September 2010 KD</i>	<i>2009 KD</i>
Premium written	514,761	1,992,195	2,506,956	1,182,034
Claims incurred	122,442	925,041	1,047,483	702,922

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

	<i>Associates KD</i>	<i>Major shareholders KD</i>	<i>30 September 2010 KD</i>	<i>(Audited) 31 December 2009 KD</i>	<i>30 September 2009 KD</i>
Premiums and insurance balances receivable	521,711	1,818,868	2,340,579	1,172,999	1,877,339
Other credit balances	7,141	9,514	16,655	1,027,452	43,205

11 RELATED PARTY TRANSACTIONS (continued)

Key management personnel compensation:

	<i>Nine months ended 30 September</i>	
	<i>2010</i>	<i>2009</i>
	<i>KD</i>	<i>KD</i>
Salaries and other short term benefits	220,823	102,308
Employees' end of service benefits	93,256	83,256
	314,079	185,564

12 CAPITAL COMMITMENTS

At the reporting date, the company had future capital commitments with respect to purchase of financial assets available for sale amounting to KD 7,334,996 (31 December 2009: KD 8,130,183 and 30 September 2009: KD 9,284,561) and had contingent liabilities in respect of letter of credit granted by a bank amounting to KD Nil (31 December 2009: KD 500,000 and 30 September 2009: KD 500,000).

AL-AHLEIA INSURANCE COMPANY S.A.K.

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

30 SEPTEMBER 2010