

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED INCOME STATEMENT (Unaudited)

Period ended 31 March 2009

	Notes	<i>Three months ended 31 March</i>	
		2009	2008
		KD	KD
Revenue:			
Premiums written		7,403,577	7,210,946
Reinsurance premiums ceded		(4,660,664)	(4,374,922)
Net premiums written		2,742,913	2,836,024
Movement in unearned premiums		(43,803)	(112,069)
Net premiums earned		2,699,110	2,723,955
Commission received on ceded reinsurance		1,009,561	939,579
Policy issuance and transfer fees		139,719	145,484
Net investment income from life insurance	4	139,650	154,325
Net impairment of available for sale investments		(156,472)	-
Other income		32,337	30,560
		3,863,905	3,993,903
Expenses:			
Claims incurred		1,228,852	1,505,632
Commissions and discounts		377,951	394,464
Increase in additional reserve		-	29,966
(Decrease) Increase in life mathematical reserve		(96,000)	3,000
Maturity and cancellations of life insurance policies		81,380	28,759
General and administrative expenses		769,273	774,996
		2,361,456	2,736,817
Net underwriting income	3	1,502,449	1,257,086
Net investment income	4	3,542,716	6,360,581
Net impairment of available for sale investments	4	(2,171,925)	-
Sundry income		119,345	1,990
Unallocated general and administrative expenses		(175,569)	(346,253)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		2,817,016	7,273,404
Contribution to KFAS		(28,170)	(72,734)
National Labour Support Tax		(46,473)	(147,982)
Zakat		(18,589)	(59,193)
PROFIT FOR THE PERIOD		2,723,784	6,993,495
BASIC AND DILUTED EARNINGS PER SHARE	5	17.95 fils	45.96 fils

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

Period ended 31 March 2009

	<i>3 months ended 31 March</i>	
	<i>2009</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	2,723,784	6,993,495
Other comprehensive income		
Exchange differences on translation of foreign operations	178,950	(83,276)
Net unrealised (loss) gain on investments available for sale	(1,921,138)	487,320
Total comprehensive income for the period	981,596	7,397,539

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Unaudited)

At 31 March 2009

ASSETS	Notes	<i>(Audited)</i>		
		31 March 2009 KD	31 December 2008 KD	31 March 2008 KD
Property and equipment		3,384,550	3,382,012	3,400,187
Investment in associates	6	13,033,304	4,737,162	3,268,489
Investment in unconsolidated subsidiaries		100,000	100,000	100,001
Investment in equities and bonds	7	78,618,826	89,947,191	123,418,674
Loans to life policy holders		72,580	67,071	100,709
Premiums and insurance balances receivable		11,353,332	9,589,763	9,280,290
Reinsurance recoverable on outstanding claims		17,237,283	17,438,068	17,076,717
Other debit balances		1,810,764	1,845,964	2,033,696
Fixed and short notice bank deposits		10,706,906	10,627,187	14,921,438
Bank balances and cash	8	136,119	73,281	3,736,914
TOTAL ASSETS		136,453,664	137,807,699	177,337,115
EQUITY AND LIABILITIES				
Equity				
Share capital	9	15,628,323	15,628,323	14,207,566
Statutory reserve		13,712,799	13,712,799	13,712,799
General reserve		13,473,274	13,473,274	13,473,274
Special voluntary reserve		9,000,000	9,000,000	9,000,000
Treasury shares	10	(2,217,777)	(2,217,777)	(1,819,004)
Treasury shares reserve		1,335,437	1,335,437	1,166,183
Cumulative changes in fair value		722,107	2,643,245	18,968,163
Foreign currency translation reserve		107,819	(71,131)	(306,534)
Retained earnings		8,682,766	5,958,982	27,176,994
Total equity		60,444,748	59,463,152	95,579,441
Liabilities				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		25,643,928	26,215,289	25,478,290
Unearned premiums reserve		2,812,986	2,769,183	2,891,332
Life mathematical reserve		3,310,000	3,406,000	3,097,000
Additional reserve		6,700,000	6,700,000	6,700,000
Total liabilities arising from insurance contracts		38,466,914	39,090,472	38,166,622
Insurance payable		6,056,225	4,843,317	5,500,122
Other credit balances		10,441,327	8,790,892	10,406,757
Term loans	11	19,500,000	22,500,000	27,330,402
Bank overdraft	8	1,544,450	3,119,866	353,771
Total liabilities		76,008,916	78,344,547	81,757,674
TOTAL EQUITY AND LIABILITIES		136,453,664	137,807,699	177,337,115

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 31 March 2009

	<i>Three months ended 31 March</i>	
	<i>2009</i>	<i>2008</i>
<i>Note</i>	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit before contribution to KFAS, NLST and Zakat	2,817,016	7,273,404
Adjustments for:		
Provision for employees' end of service benefits	16,250	23,829
Depreciation of property and equipment	40,497	37,609
Depreciation of investment properties	-	9,974
Gain on sale of investment properties	-	(3,719,208)
Share of results of associates	284,016	-
Excess of fair value of investment in an associate over acquisition price	(2,640,015)	-
Gain on sale of available for sale investments	(136,431)	(1,201,185)
Impairment of available for sale investments	2,328,397	-
Dividend income	(1,245,961)	(1,830,997)
Interest income	(154,674)	(302,108)
Interest expense	296,958	552,485
	1,606,053	843,803
Changes in operating assets and liabilities:		
Premiums and insurance balances receivable	(1,763,569)	(939,257)
Other debit balances	185,304	505,708
Reinsurance recoverable on outstanding claims	200,785	192,978
Liabilities arising from insurance contracts	(623,558)	152,312
Insurance payable	1,212,908	(300,888)
Other credit balances	1,253,126	(234,096)
Cash from operations	2,071,049	220,560
Employees' end of service benefits paid	(50)	(4,609)
Net cash from operating activities	2,070,999	215,951
INVESTING ACTIVITIES		
Purchase of property and equipment	(43,035)	(41,305)
Proceeds from sale of investment properties	-	5,000,000
Purchase of investment in associates	(39,020)	-
Purchase of available for sale investments	(3,724,693)	(10,495,749)
Proceeds from sale of available for sale investments	5,217,781	8,918,561
Movement in loans to life policy holders	(5,509)	(3,696)
Movement in fixed and short notice bank deposits	(79,719)	(3,099,874)
Dividends received from investments in associates	-	774
Dividends received	1,223,145	1,682,991
Interest income received	27,386	16,985
Net cash from investing activities	2,576,336	1,978,687
FINANCING ACTIVITIES		
Dividends paid	(9,081)	-
Purchase of treasury shares	-	(97,828)
Sale of treasury shares	-	162,190
Term loan obtained	(3,000,000)	-
Net cash (used in) from financing activities	(3,009,081)	64,362
INCREASE IN CASH AND CASH EQUIVALENTS	1,638,254	2,259,000
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	(1,408,331)	3,383,143

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 31 March 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 value 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
Total comprehensive income for the period	-	-	-	-	-	-	(1,921,138)	178,950	2,723,784	981,596
Balance at 31 March 2009	15,628,323	13,712,799	13,473,274	9,000,000	(2,217,777)	1,335,437	722,107	107,819	8,682,766	60,444,748
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
Total comprehensive income for the period	-	-	-	-	-	-	487,320	(83,276)	6,993,495	7,397,539
Purchase of treasury shares	-	-	-	-	(97,828)	-	-	-	-	(97,828)
Sale of treasury shares	-	-	-	-	102,489	59,701	-	-	-	162,190
Balance at 31 March 2008	14,207,566	13,712,799	13,473,274	9,000,000	(1,819,004)	1,166,183	18,968,163	(306,534)	27,176,994	95,579,441

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 31 March 2009 were authorised for issue by the Board of Directors on 12 May 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 three month period ended 31 March 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 requires all non-owner changes in equity (i.e. comprehensive income) to be presented separately in a consolidated statement of comprehensive income.

IFRS 8 'Operating segments':

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

(Unaudited)

At 31 March 2009

3 DEPARTMENT RESULTS

a) Three months ended 31 March 2009:

	<i>Marine and Aviation KD</i>	<i>Accident KD</i>	<i>Fire KD</i>	<i>Life KD</i>	<i>Total KD</i>
Revenue:					
Premiums written	2,815,826	1,752,651	682,992	2,152,108	7,403,577
Reinsurance premiums ceded	(2,407,936)	(471,045)	(474,888)	(1,306,795)	(4,660,664)
Net premiums written	407,890	1,281,606	208,104	845,313	2,742,913
Movement in unearned premiums	(29,213)	8,979	(23,569)	-	(43,803)
Net premiums earned	378,677	1,290,585	184,535	845,313	2,699,110
Commission received on ceded reinsurance	531,036	98,605	122,195	257,725	1,009,561
Policy issuance and transfer fees	-	139,719	-	-	139,719
Net investment income from life Insurance	-	-	-	139,650	139,650
Net impairment of available for sale investments				(156,472)	(156,472)
Other income	2,690	6,764	1,308	21,575	32,337
Total revenue	912,403	1,535,673	308,038	1,107,791	3,863,905
Expenses:					
Claims incurred	89,229	612,079	182,417	345,127	1,228,852
Commissions and discounts	69,667	222,439	46,853	38,992	377,951
Increase in additional reserve	-	-	-	-	-
Increase in life mathematical reserve	-	-	-	(96,000)	(96,000)
Maturity and cancellations of life insurance policies	-	-	-	81,380	81,380
General and administrative expenses	232,364	261,974	49,810	225,125	769,273
Total expenses	391,260	1,096,492	279,080	594,624	2,361,456
NET UNDERWRITING INCOME	521,143	439,181	28,958	513,167	1,502,449

(Unaudited)

At 31 March 2009

3 DEPARTMENT RESULTS (continued)

b) Three months ended 31 March 2008:

	<i>Marine and Aviation KD</i>	<i>Accident KD</i>	<i>Fire KD</i>	<i>Life KD</i>	<i>Total KD</i>
Revenue:					
Premiums written	2,571,839	1,876,702	676,136	2,086,269	7,210,946
Reinsurance premiums ceded	(2,100,431)	(483,802)	(481,668)	(1,309,021)	(4,374,922)
Net premiums written	471,408	1,392,900	194,468	777,248	2,836,024
Movement in unearned premiums	(68,732)	(21,065)	(22,272)	-	(112,069)
Net premiums earned	402,676	1,371,835	172,196	777,248	2,723,955
Commission received on ceded reinsurance	489,114	88,807	109,811	251,847	939,579
Policy issuance and transfer fees	-	145,484	-	-	145,484
Net investment income from life insurance	-	-	-	154,325	154,325
Other income	5,060	13,918	1,364	10,218	30,560
Total revenue	896,850	1,620,044	283,371	1,193,638	3,993,903
Expenses:					
Claims incurred	49,198	676,993	159,489	619,952	1,505,632
Commissions and discounts	58,332	224,383	64,111	47,638	394,464
Increase in additional reserve	-	29,966	-	-	29,966
Increase in life mathematical reserve	-	-	-	3,000	3,000
Maturity and cancellations of life insurance policies	-	-	-	28,759	28,759
General and administrative expenses	251,621	263,856	52,839	206,680	774,996
Total expenses	359,151	1,195,198	276,439	906,029	2,736,817
NET UNDERWRITING INCOME	537,699	424,846	6,932	287,609	1,257,086

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(Unaudited)

At 31 March 2009

4 NET INVESTMENT INCOME

	<i>Three months ended</i> <i>31 March</i>	
	2009 KD	2008 KD
Gain on sale of investment properties	-	3,719,208
Share of results of associates	(284,016)	-
Excess of fair value of investment in an associate over acquisition price	2,640,015	-
Gain on sale of available for sale investments	136,431	1,201,185
Net impairment of available for sale investments	(2,328,397)	-
Interest on bonds	7,089	14,586
Interest on fixed and short notice bank deposits	147,585	287,522
Dividend income	1,245,961	1,830,997
Rental income	-	27,253
Other investment income	181,247	27,573
	1,745,915	7,108,324
General and administrative expenses	(26,564)	(30,959)
Depreciation of investment properties	-	(9,974)
Interest expense	(68,424)	-
Financial charges	(296,958)	(552,485)
	(391,946)	(593,418)
	1,353,969	6,514,906

Included in general and administrative expenses is an amount of KD Nil (31 March 2008: KD 9,974) which represents depreciation of premises and equipment.

Net investment income reported in the income statement as follows:

	<i>Three months ended</i> <i>31 March</i>	
	2009 KD	2008 KD
Net investment income	3,542,716	6,360,581
Impairment of available for sale investments	(2,171,925)	-
Net investment income from life insurance	139,650	154,325
Impairment of available for sale investments from life insurance	(156,472)	-
	1,353,969	6,514,906

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(Unaudited)

At 31 March 2009

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>31 March</i>	
	2009	2008
	KD	KD
Profit for the period	2,723,784	6,993,495
	Shares	Shares
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	151,737,655	152,153,266
Basic and diluted earnings per share	17.95 fils	45.96 fils

6 INVESTMENT IN ASSOCIATES

<i>Name of the company</i>	<i>Ownership percentage</i>	<i>Country of incorporation</i>	31 March	<i>(Audited)</i>	
				<i>31 December</i>	<i>31 March</i>
			2009	2008	2008
			KD	KD	KD
Arab Life Insurance Company S.A.L.	49.37%	Lebanon	379,180	363,777	336,166
Trade Union Insurance Company E.C.	20.95%	Bahrain	2,152,922	2,304,629	1,884,057
Arab Life and Accident Insurance Co. P.S.C.	27.20%	Jordan	1,080,367	999,689	1,048,266
Kuwait Reinsurance Company K.S.C (Closed)	26.03%	Kuwait	9,420,835	-	-
Industrial Electrical Projects Co. K.S.C. (Closed)	20.00%	Kuwait	-	1,069,067	-
			13,033,304	4,737,162	3,268,489

Goodwill included in the carrying value of the associates amounted to KD 549,295 (31 December 2008: KD 384,853 and 31 March 2008: KD 273,824).

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(Unaudited)

At 31 March 2009

7 INVESTMENT IN EQUITIES AND BONDS

	31 March 2009 KD	<i>(Audited)</i> 31 December 2008 KD	31 March 2008 KD
Available for sale investments:			
Quoted equity securities	41,153,547	47,780,386	82,407,531
Unquoted equity securities	36,965,278	41,666,804	40,011,142
	<u>78,118,825</u>	<u>89,447,190</u>	<u>122,418,673</u>
Loans:			
Bonds	500,000	500,000	1,000,000
Bonds of corporation for settlement of forward share transactions:			
Nominal value	459,701	459,701	459,701
Provision for impairment	(459,700)	(459,700)	(459,700)
	<u>1</u>	<u>1</u>	<u>1</u>
	<u>78,618,826</u>	<u>89,947,191</u>	<u>123,418,674</u>

Included in available for sale investments are unquoted securities and managed funds with a value of KD 36,965,278 (31 December 2008: KD 41,666,804 and 31 March 2008: KD 40,011,142) which are carried at cost due to the unpredictable nature of future cash flows and the lack of suitable other methods for arriving at a reliable measure of fair value. Management has performed a review of its unquoted investments to assess whether impairment has occurred in the value of the investments due to the impact of the global financial crisis, based on information available in respect of these investments and their operations.

Net impairment loss of KD 2,328,397 (31 December 2008: KD 21,901,756 and 31 March 2008: KD Nil) has been made against available for sale investments on which there has been a significant or prolonged decline in fair value below cost.

Movements in cumulative changes in fair values arising from available for sale investments are as follows:

	31 March 2009 KD	<i>(Audited)</i> 31 December 2008 KD	31 March 2008 KD
Net unrealised loss	(97,026)	(5,102,905)	(190,050)
Net realised loss (gain) reclassified to the income statement on disposal	(4,152,509)	(32,636,449)	677,370
Net impairment	2,328,397	21,901,756	-
	<u>(1,921,138)</u>	<u>(15,837,598)</u>	<u>487,320</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(Unaudited)

At 31 March 2009

8 CASH AND CASH EQUIVALENTS

	31 March 2009 KD	<i>(Audited)</i> 31 December 2008 KD	31 March 2008 KD
Cash in hand and at banks	136,119	73,281	175,052
Fixed and short notice bank deposits	-	-	3,561,862
	136,119	73,281	3,736,914
Bank overdraft	(1,544,450)	(3,119,866)	(353,771)
	(1,408,331)	(3,046,585)	3,383,143

Bank overdrafts are denominated in Kuwaiti dinars and carry an average effective interest rate of approximately 2.5% per annum (31 December 2008: 2.5% per annum and 31 March 2008: 2% per annum) over the Central Bank of Kuwait discount rate.

9 SHARE CAPITAL

Authorized, issued and fully paid capital consist of 156,283,229 shares of 100 fils each (31 December 2008: 156,283,229 and 31 March 2008: 142,075,660 shares).

10 TREASURY SHARES

	31 March 2009	<i>(Audited)</i> 31 December 2008	31 March 2008
Number of treasury shares (shares)	4,545,571	4,545,571	4,129,960
Percentage of issued shares (%)	2.90	2.90	2.91
Market value (KD)	1,159,121	2,500,064	3,303,968

11 TERM LOAN

This represents one loan of KD 25,000,000 obtained from a local bank to finance the acquisition of an available for sale investment. On 9 November 2008, management agreed of negotiating the terms of settlement of some of the long term loan of KD 25,000,000 to short term loan with the bank whereby a minimum of KD 2,000,000 will be paid on quarterly basis. The outstanding balance as of 31 March 2009 is KD 19,500,000 and carries interest at an effective rate of 0.75% per annum above the Central Bank of Kuwait discount rate (31 December 2008: 0.75% per annum and 31 March 2008: 0.75% per annum).

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(Unaudited)

At 31 March 2009

12 RELATED PARTY TRANSACTIONS

These represent unconsolidated subsidiaries, associated companies, 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 income statement are as follows:

	<i>Associates</i> <i>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	31 March 2009 KD	<i>31 March</i> <i>2008</i> <i>KD</i>
Premium written	89,770	183,354	273,124	245,544
Claims incurred	435,470	101,518	536,988	412,270

Balances with related parties included in the balance sheet are as follows:

	<i>Unconsoli- dated</i> <i>subsidiaries</i> <i>KD</i>	<i>Associates</i> <i>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	31 March 2009 KD	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>31 March</i> <i>2008</i> <i>KD</i>
Investment in unconsolidated subsidiaries	100,000	-	-	100,000	100,000	100,001
Investment in associates	-	5,664,672	-	5,664,672	4,737,162	3,268,489
Premiums and insurance balances	-	286,159	1,378,656	1,664,815	1,659,732	610,078
Other credit balances	-	170,711	139,975	310,686	162,808	335,015

Key management personnel compensation

	31 March 2009 KD	<i>31 March</i> <i>2008</i> <i>KD</i>
Salaries and other short term benefits	26,154	30,000
Employees' end of service benefits	78,572	68,600

AL-AHLEIA INSURANCE COMPANY S.A.K.

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2009