

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

Period ended 31 March 2010

	Notes	Three months ended 31 March	
		2010 KD	2009 KD
Revenue:			
Gross premiums		7,755,882	7,403,577
Premiums ceded to reinsurers		(5,188,122)	(4,660,664)
Net premiums		2,567,760	2,742,913
Movement in unearned premiums		(249,764)	(43,803)
Net premiums earned		2,317,996	2,699,110
Commission received on ceded reinsurance		1,273,624	1,009,561
Policy issuance fees		136,309	139,719
Total Revenue		3,727,929	3,848,390
Expenses:			
Claims incurred		1,571,451	1,228,852
Commissions		434,807	377,951
Decrease (increase) in life mathematical reserve		154,400	(96,000)
Maturity and cancellations of life insurance policies		42,228	81,380
General and administrative expenses from insurance business		644,884	769,273
Total Expenses		2,847,770	2,361,456
NET UNDERWRITING RESULT	3	880,159	1,486,934
Investment income	4	1,962,304	4,074,312
Impairment of financial assets available for sale		(95,020)	(2,328,397)
Other general and administrative expenses		(287,954)	(567,515)
Other income		38,955	151,682
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		2,498,444	2,817,016
Contribution to KFAS		(23,514)	(28,170)
NLST		(44,427)	(46,473)
Zakat		(17,771)	(18,589)
PROFIT FOR THE PERIOD		2,412,732	2,723,784
BASIC AND DILUTED EARNINGS PER SHARE	5	15.87 fils	17.95 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 31 March 2010

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2010</i>	<i>2009</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	2,412,732	2,723,784
Other comprehensive income		
- Net unrealized gain (loss) on financial assets available for sale	4,530,450	(1,921,138)
- Impairment loss on financial assets available for sale recognized in the statement of income	95,020	-
- Share of other comprehensive income for associates (Note 6)	75,131	-
- Foreign currency translation adjustment (Note 6)	8,679	178,950
Other comprehensive income (loss) for the period	4,709,280	(1,742,188)
Total comprehensive income for the period	7,122,012	981,596

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 31 March 2010

		(Audited)	
	Notes	31 March 2010 KD	31 December 2009 KD
			31 March 2009 KD
ASSETS			
Property and equipment		3,247,193	3,384,550
Investment in associates	6	13,116,784	13,033,304
Financial assets available for sale		76,192,114	78,618,826
Loans secured by life insurance policyholders		100,477	72,580
Premiums and insurance balances receivable		11,034,513	11,353,332
Reinsurance recoverable on outstanding claims		30,917,178	17,237,283
Other debit balances		1,911,736	1,910,764
Fixed deposits		11,552,187	10,706,906
Bank balances and cash	7	454,852	136,119
TOTAL ASSETS		148,527,034	136,453,664
EQUITY AND LIABILITIES			
Equity			
Share capital		15,628,323	15,628,323
Statutory reserve		14,575,372	13,712,799
General reserve		14,335,847	13,473,274
Special voluntary reserve		9,000,000	9,000,000
Treasury shares	8	(2,015,431)	(2,217,777)
Treasury shares reserve		1,334,165	1,335,437
Cumulative changes in fair values		10,637,992	722,107
Foreign currency translation reserve		123,178	107,819
Retained earnings		14,809,676	8,682,766
Total equity		78,429,122	60,444,748
Liabilities			
Liabilities arising from insurance contracts:			
Outstanding claims reserve		39,318,932	25,643,928
Unearned premiums reserve		2,764,116	2,812,986
Life mathematical reserve		3,469,400	3,310,000
Additional reserve		6,700,000	6,700,000
Total liabilities arising from insurance contracts:		52,252,448	38,466,914
Insurance payable		6,487,478	6,056,225
Other credit balances		7,948,957	8,751,100
Premiums received in advance		1,982,817	1,690,227
Term loans	9	-	19,500,000
Bank overdraft	7	1,426,212	1,544,450
Total liabilities		70,097,912	76,008,916
TOTAL EQUITY AND LIABILITIES		148,527,034	136,453,664

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 31 March 2010

	Notes	Three months ended 31 March	
		2010 KD	2009 KD
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST and Zakat		2,498,444	2,817,016
Adjustments for:			
Provision for employees' end of service benefits		29,599	16,250
Share of results of associates	4	(151,413)	284,016
Excess of fair value of investment in an associate over acquisition price		-	(2,640,015)
Interest income		(102,338)	(154,674)
Dividend income	4	(655,619)	(1,245,961)
Gain on sale of financial assets available for sale	4	(1,006,178)	(136,431)
Impairment of financial assets available for sale		95,020	2,328,397
Interest expense		47,186	296,958
Depreciation of property and equipment		39,878	40,497
		794,579	1,606,053
Changes in operating assets and liabilities:			
Premiums and insurance balances receivable		(2,504,325)	(1,763,569)
Reinsurance recoverable on outstanding claims		(8,926,194)	200,785
Other debit balances		116,149	185,304
Liabilities arising from insurance contracts		9,373,689	(623,558)
Insurance payable		701,818	1,212,908
Other credit balances		(545,730)	1,050,667
Premiums received in advance		305,794	202,459
Cash (used in) from operations		(684,220)	2,071,049
Employees' end of service benefits paid		(34,457)	(50)
Net cash (used in) from operating activities		(718,677)	2,070,999
INVESTING ACTIVITIES			
Purchase of property and equipment		(354)	(43,035)
Purchase of investment in associates	6	-	(39,020)
Purchase of financial assets available for sale		(1,230,240)	(3,724,693)
Proceeds from sale of financial assets available for sale		5,795,075	5,217,781
Movement in loans secured by life insurance policyholders		(44,250)	(5,509)
Movement in fixed deposits		(495,282)	(79,719)
Dividend income received		655,619	1,223,145
Interest income received		14,536	27,386
Net cash from investing activities		4,695,104	2,576,336
FINANCING ACTIVITIES			
Dividends paid		-	(9,081)
Sale of treasury shares		28,912	-
Term loan repaid		(2,500,000)	(3,000,000)
Net cash used in financing activities		(2,471,088)	(3,009,081)
INCREASE IN CASH AND CASH EQUIVALENTS		1,505,339	1,638,254
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	(971,360)	(1,408,331)

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 31 March 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	-	-	-	-	-	-	-	-	2,412,732	2,412,732
Other comprehensive income	-	-	-	-	-	-	4,700,601	8,679	-	4,709,280
Total comprehensive income for the period	-	-	-	-	-	-	4,700,601	8,679	2,412,732	7,122,012
Sale of treasury shares	-	-	-	-	28,281	631	-	-	-	28,912
Balance at 31 March 2010	15,628,323	14,575,372	14,335,847	9,000,000	(2,015,431)	1,334,165	10,637,992	123,178	14,809,676	78,429,122
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	-	-	-	-	-	-	-	-	2,723,784	2,723,784
Other comprehensive (loss) income	-	-	-	-	-	-	(1,921,138)	178,950	-	(1,742,188)
Total comprehensive (loss) 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

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 31 March 2010 were authorised for issue by the Board of Directors on 12 May 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 three month period ended 31 March 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 31 March 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:

Three months ended 31 March 2010:

	<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>899,155</u>	<u>1,446,688</u>	<u>320,471</u>	<u>1,061,615</u>	<u>3,727,929</u>
Segment results (net underwriting income)	<u>408,730</u>	<u>127,584</u>	<u>171,167</u>	<u>172,678</u>	<u>880,159</u>
			<i>General risk insurance KD</i>	<i>Life and health insurance KD</i>	<i>Total KD</i>
Assets			<u>126,799,269</u>	<u>21,727,765</u>	<u>148,527,034</u>

Three months ended 31 March 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>909,713</u>	<u>1,528,909</u>	<u>306,730</u>	<u>1,103,038</u>	<u>3,848,390</u>
Segment results (net underwriting income)	<u>518,453</u>	<u>432,417</u>	<u>27,650</u>	<u>508,414</u>	<u>1,486,934</u>
			<i>General risk insurance KD</i>	<i>Life and health insurance KD</i>	<i>Total KD</i>
Assets			<u>116,455,611</u>	<u>19,998,053</u>	<u>136,453,664</u>

4 INVESTMENT INCOME

	<i>Three months ended 31 March</i>	
	<i>2010 KD</i>	<i>2009 KD</i>
Share of results of associates (Note 6)	151,413	(284,016)
Excess of fair value of investment in an associate over acquisition price	-	2,640,015
Gain on sale of financial assets available for sale	1,006,178	136,431
Interest on bonds	7,089	7,089
Interest on fixed deposits	95,249	147,585
Dividend income	655,619	1,245,961
Other investment income	46,756	181,247
	<u>1,962,304</u>	<u>4,074,312</u>

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 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>31 March</i>	
	2010	2009
	KD	KD
Profit for the period	2,412,732	2,723,784
	Shares	Shares
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	152,007,325	151,737,655
Basic and diluted earnings per share	15.87 fils	17.95 fils

6 INVESTMENT IN ASSOCIATES

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

	31 March	<i>(Audited)</i> 31 December	31 March
	2010	2009	2009
	KD	KD	KD
Carrying value at the beginning of the period/year	12,881,561	4,737,162	4,737,162
Additions	-	133,693	39,020
Share of results of associates (Note 4)	151,413	15,181	(284,016)
Foreign currency translation adjustment	8,679	185,630	178,950
Transfers to financial assets available for sale	-	(1,069,067)	(1,069,067)
Transfers from financial assets available for sale	-	6,791,240	6,791,240
Excess of fair value of investment in an associate over acquisition price	-	2,640,015	2,640,015
Dividends received	-	(552,293)	-
Share of other comprehensive income from associates	75,131	-	-
Carrying value at the end of the period/year	13,116,784	12,881,561	13,033,304

7 CASH AND CASH EQUIVALENTS

	31 March	<i>(Audited)</i> 31 December	31 March
	2010	2009	2009
	KD	KD	KD
Cash in hand and at banks	454,852	333,749	136,119
Bank overdrafts	(1,426,212)	(2,810,448)	(1,544,450)
	(971,360)	(2,476,699)	(1,408,331)

8 PROPOSED DIVIDENDS AND TREASURY SHARES

	31 March 2010	<i>(Audited)</i> 31 December 2009	31 March 2009
Number of treasury shares (shares)	<u>4,250,571</u>	<u>4,310,571</u>	<u>4,545,571</u>
Percentage of issued shares (%)	<u>2.72</u>	<u>2.76</u>	<u>2.90</u>
Market value (KD)	<u>2,061,527</u>	<u>2,284,603</u>	<u>1,159,121</u>

The board of directors of the company have proposed a cash dividend of 20 fils per share and bonus shares of 10% of paid up share capital. This proposal is subject to the approval of the shareholders' General Assembly.

9 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.

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> KD	<i>Major shareholders</i> KD	<i>Three months ended 31 March</i> 2010 KD	2009 KD
Premium written	85,610	135,423	221,033	273,124
Claims incurred	230,102	75,620	305,722	536,988

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

	<i>Associates</i> KD	<i>Major shareholders</i> KD	31 March 2010 KD	<i>(Audited)</i> 31 December 2009 KD	31 March 2009 KD
Investment in associates	13,116,784	-	13,116,784	12,881,561	5,664,672
Premiums and insurance balances	317,121	1,230,710	1,547,831	1,172,999	1,664,815
Other credit balances	120,072	110,235	230,307	1,027,452	310,686

Key management personnel compensation

	<i>Three months ended 31 March</i> 2010 KD	2009 KD
Salaries and other short term benefits	25,769	26,154
Employees' end of service benefits	88,572	78,572
	<u>114,341</u>	<u>104,726</u>

11 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 8,320,061 (31 December 2009: KD 8,130,183 and 31 March 2009: KD 10,160,814) and had contingent liabilities in respect of letter of credit granted by a bank amounting to KD 500,000 (31 December 2009: KD 500,000 and 31 March 2009: 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)**

31 MARCH 2010