

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

Period ended 31 March 2011

	Notes	Three months ended 31 March	
		2011 KD	2010 KD
Revenue:			
Gross premiums		9,745,217	7,755,882
Premiums ceded to reinsurers		(6,013,716)	(5,188,122)
Net premiums		3,731,501	2,567,760
Movement in unearned premiums		(218,488)	(249,764)
Net premiums earned		3,513,013	2,317,996
Commission received on ceded reinsurance		1,574,158	1,273,624
Policy issuance fees		144,605	136,309
Net investment income	4	152,730	1,867,284
Other income		104,428	38,955
Total Revenue		5,488,934	5,634,168
Expenses:			
Claims incurred		1,772,746	1,571,451
Commissions		524,258	434,807
Increase in life mathematical reserve		761,500	154,400
Maturity and cancellations of life insurance policies		59,727	42,228
General and administrative expenses		947,134	932,838
Total Expenses		4,065,365	3,135,724
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		1,423,569	2,498,444
Contribution to KFAS		(14,236)	(23,514)
NLST		(21,566)	(44,427)
Zakat		(8,627)	(17,771)
PROFIT FOR THE PERIOD		1,379,140	2,412,732
BASIC AND DILUTED EARNINGS PER SHARE	5	7.81 fils	13.69 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 2011

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	1,379,140	2,412,732
Other comprehensive income		
Net unrealised gain on financial assets available for sale	9,523	4,530,450
Impairment loss on financial assets available for sale	205,030	95,020
Share of other comprehensive income of associates (Note 6)	(51,740)	75,131
Foreign currency translation adjustment (Note 6)	(31,733)	8,679
Other comprehensive income for the period	131,080	4,709,280
Total comprehensive income for the period	1,510,220	7,122,012

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 2011

		(Audited)	
	<i>Notes</i>	<i>31 March 2011 KD</i>	<i>31 December 2010 KD</i>
		<i>31 March 2011 KD</i>	<i>31 March 2010 KD</i>
ASSETS			
Property and equipment		3,103,409	3,136,279
Investment in associates	6	13,239,058	13,765,141
Financial assets available for sale		72,690,635	69,397,716
Loans secured by life insurance policyholders		92,872	95,842
Premiums and insurance balances receivable		11,209,615	12,878,837
Reinsurance recoverable on outstanding claims		24,824,930	25,654,761
Other debit balances		1,901,078	2,156,683
Fixed deposits		17,206,098	15,008,048
Bank balances and cash	7	1,193,848	1,018,971
TOTAL ASSETS		145,461,543	143,112,278
EQUITY AND LIABILITIES			
Equity			
Share capital	8	17,191,155	17,191,155
Statutory reserve		15,450,580	15,450,580
General reserve		15,211,055	15,211,055
Special voluntary reserve		9,500,000	9,500,000
Treasury shares	9	(1,715,677)	(1,715,677)
Treasury shares reserve		1,370,511	1,370,511
Cumulative changes in fair values		7,861,099	7,698,286
Foreign currency translation reserve		67,546	99,279
Retained earnings		15,197,626	13,818,486
Total equity		80,133,895	78,623,675
Liabilities			
Liabilities arising from insurance contracts:			
Outstanding claims reserve		33,093,748	33,639,723
Unearned premiums reserve		3,254,713	3,036,225
Life mathematical reserve		4,400,000	3,638,500
Additional reserve		6,700,000	6,700,000
Total liabilities arising from insurance contracts		47,448,461	47,014,448
Insurance payable		6,991,698	6,427,229
Other credit balances		8,880,602	8,943,238
Premiums received in advance		2,006,887	2,103,688
Bank overdrafts	7	-	-
Total liabilities		65,327,648	64,488,603
TOTAL EQUITY AND LIABILITIES		145,461,543	143,112,278

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 2011

	Notes	Three months ended 31 March	
		2011 KD	2010 KD
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST and Zakat		1,423,569	2,498,444
Adjustments for:			
Share of results of associates		442,610	(151,413)
Loss (gain) on sale of financial assets available for sale	4	441	(1,006,178)
Impairment of financial assets available for sale		205,030	95,020
Interest income		(114,095)	(102,338)
Dividend income	4	(652,921)	(655,619)
Interest expense		3,662	47,186
Provision for employees' end of service benefits		13,473	29,599
Depreciation of property and equipment		37,295	39,878
		1,359,064	794,579
Changes in operating assets and liabilities:			
Premiums and insurance balances receivable		1,669,222	(2,504,325)
Reinsurance recoverable on outstanding claims		829,831	(8,926,194)
Other debit balances		380,067	116,149
Liabilities arising from insurance contracts		434,013	9,373,689
Insurance payable		564,469	701,818
Other credit balances		130,330	(545,730)
Premiums received in advance		(96,801)	305,794
Cash from (used in) operations		5,270,195	(684,220)
Employees' end of service benefits paid		(408)	(34,457)
Paid to NLST		(181,516)	-
Paid to Zakat		(72,606)	-
Net cash from (used in) operating activities		5,015,665	(718,677)
INVESTING ACTIVITIES			
Purchase of property and equipment		(4,425)	(354)
Purchase of financial assets available for sale		(4,655,043)	(1,230,240)
Proceeds from sale of financial assets available for sale		1,371,206	5,795,075
Movement in loans secured by life insurance policyholders		2,970	(44,250)
Movement in fixed deposits		(2,198,050)	(495,282)
Dividend income received		616,965	655,619
Interest income received		25,589	14,536
Net cash (used in) from investing activities		(4,840,788)	4,695,104
FINANCING ACTIVITIES			
Sale of treasury shares		-	28,912
Term loan repaid		-	(2,500,000)
Net cash used in financing activities		-	(2,471,088)
INCREASE IN CASH AND CASH EQUIVALENTS		174,877	1,505,339
Cash and cash equivalents at the beginning of the period		1,018,971	(2,476,699)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	1,193,848	(971,360)

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 2011

	<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 2011	17,191,155	15,450,580	15,211,055	9,500,000	(1,715,677)	1,370,511	7,698,286	99,279	13,818,486	78,623,675
Profit for the period	-	-	-	-	-	-	-	-	1,379,140	1,379,140
Other comprehensive income (loss)	-	-	-	-	-	-	162,813	(31,733)	-	131,080
Total comprehensive income for the period	-	-	-	-	-	-	162,813	(31,733)	1,379,140	1,510,220
Balance at 31 March 2011	17,191,155	15,450,580	15,211,055	9,500,000	(1,715,677)	1,370,511	7,861,099	67,546	15,197,626	80,133,895
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

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 2011 were authorised for issue by the Board of Directors on 11 May 2011.

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 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 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. For more details please refer to the financial statements for the year ended 31 December 2010.

Changes in accounting policy and disclosures

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 2010 except as discussed in the following paragraphs:

The following new and amended standards and interpretations are applicable for the company effective from 1 January 2011:

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

The revised standards and new amendments above have not had significant impact on the company's interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2011

3 SEGMENT 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 2011:

	<i>General risk insurance</i>			<i>Life and health insurance</i> KD	<i>Unallocated</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accident</i> KD	<i>Fire</i> KD			
Segment revenue	<u>935,012</u>	<u>2,032,081</u>	<u>308,199</u>	<u>1,956,484</u>	<u>257,158</u>	<u>5,488,934</u>
Segment results (net underwriting income)	<u>489,912</u>	<u>616,319</u>	<u>54,168</u>	<u>197,419</u>	<u>65,751</u>	<u>1,423,569</u>
				<i>General risk insurance</i> KD	<i>Life and health insurance</i> KD	<i>Total</i> KD
Assets				<u>123,424,873</u>	<u>22,036,670</u>	<u>145,461,543</u>

Three months ended 31 March 2010:

	<i>General risk insurance</i>			<i>Life and health insurance</i> KD	<i>Unallocated</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accident</i> KD	<i>Fire</i> KD			
Segment revenue	<u>899,155</u>	<u>1,446,688</u>	<u>320,471</u>	<u>1,061,615</u>	<u>1,906,239</u>	<u>5,634,168</u>
Segment results (net underwriting income)	<u>408,730</u>	<u>127,584</u>	<u>171,167</u>	<u>172,678</u>	<u>1,618,285</u>	<u>2,498,444</u>
				<i>General risk insurance</i> KD	<i>Life and health insurance</i> KD	<i>Total</i> KD
Assets				<u>126,799,269</u>	<u>21,727,765</u>	<u>148,527,034</u>

4 NET INVESTMENT INCOME

	<i>Three months ended</i> <i>31 March</i>	
	<i>2011</i> KD	<i>2010</i> KD
Share of results of associates (Note 6)	(442,610)	151,413
(Loss) gain on sale of financial assets available for sale	(441)	1,006,178
Interest on bonds	-	7,089
Interest on fixed deposits	114,095	95,249
Dividend income	652,921	655,619
Other investment income	33,795	46,756
Impairment loss on financial assets available for sale	(205,030)	(95,020)
	<u>152,730</u>	<u>1,867,284</u>

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2011

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>	
	2011	2010
	KD	KD
Profit for the period	1,379,140	2,412,732
	Shares	Shares
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	176,551,286	176,231,223
Basic and diluted earnings per share	7.81 fils	13.69 fils

The basic and diluted earnings per share have been adjusted for the current and previous period due to the approval of bonus shares including the Extraordinary General Assembly held on 20 April 2011 (see Note 8).

6 INVESTMENT IN ASSOCIATES

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

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 March</i>	<i>31 March</i>
	2011	2010	2010
	KD	KD	KD
Carrying value at the beginning of the period/year	13,765,141	12,881,561	12,881,561
Additions	-	907,498	-
Disposals	-	(30,669)	-
Share of results of associates (Note 4)	(442,610)	211,690	151,413
Foreign currency translation adjustment	(31,733)	(15,220)	8,679
Dividends received	-	(137,666)	-
Share of other comprehensive income of associates	(51,740)	(52,053)	75,131
Carrying value at the end of the period/year	13,239,058	13,765,141	13,116,784

7 CASH AND CASH EQUIVALENTS

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 March</i>	<i>31 March</i>
	2011	2010	2010
	KD	KD	KD
Cash in hand and at banks	1,193,848	1,018,971	454,852
Bank overdrafts	-	-	(1,426,212)
	1,193,848	1,018,971	(971,360)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2011

8 SHARE CAPITAL

Authorised, issued and fully paid-up share capital consists of 171,911,550 shares of 100 fils each (31 December 2010: 171,911,550 and 31 March 2010: 156,283,230 shares).

On 20 April 2011, the Ordinary Annual General Assembly of the company's shareholders approved the payment of cash dividends related to the year ended 31 December 2010 of 25% of paid-up share capital (2009: 20%). On the same date, the Extraordinary General Assembly of the company's shareholders approved the increase of share capital from KD 17,191,155 to KD 18,050,713 through issuance of 8,595,580 bonus shares of 100 fils each for the year ended 31 December 2010 equivalent to 5% of paid-up share capital (2009: 10%).

9 TREASURY SHARES

	<i>31 March 2011</i>	<i>(Audited) 31 December 2010</i>	<i>31 March 2010</i>
Number of treasury shares (shares)	<u>3,955,842</u>	<u>3,955,842</u>	<u>4,250,571</u>
Percentage of issued shares (%)	<u>2.30</u>	<u>2.30</u>	<u>2.72</u>
Market value (KD)	<u>2,017,479</u>	<u>2,057,038</u>	<u>2,061,527</u>

10 RELATED PARTY TRANSACTIONS

These represent major shareholders, directors and key management personnel of the company, and entities controlled, jointly controlled or significantly influenced by such parties. 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>Three months ended 31 March 2011 KD</i>	<i>2010 KD</i>
Premium written	72,374	365,966	438,340	221,033
Claims incurred	30,882	195,817	226,699	305,722

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>31 March 2011 KD</i>	<i>(Audited) 31 December 2010 KD</i>	<i>31 March 2010 KD</i>
Investment in associates	13,239,058	-	13,239,058	13,765,141	13,116,784
Premiums and insurance balances receivable	375,392	2,755,918	3,131,310	3,207,443	1,547,831
Other credit balances	31,411	22,507	53,918	210,186	230,307

Key management personnel compensation:

	<i>Three months ended 31 March 2011 KD</i>	<i>2010 KD</i>
Salaries and other short term benefits	27,308	25,769
Employees' end of service benefits	98,572	88,572
	<u>125,880</u>	<u>114,341</u>

11 CAPITAL COMMITMENTS

At the reporting date, the company had future capital commitments with respect to financial assets available for sale of KD 6,101,223 (31 December 2010: KD 6,490,463 and 31 March 2010: KD 8,320,061) and had contingent liabilities in respect of letter of credit granted by a bank amounting to KD Nil (31 December 2010: KD Nil and 31 March 2010: KD 500,000).

AL-AHLEIA INSURANCE COMPANY S.A.K.

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2011