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Al Khazna Insurance Company P S C



AL KHAZNA ANNOUNCES STRONG THIRD QUARTER RESULTS AND COMMENTS ON ITS INTENTION TO PROVIDE MARKET-LEADING TRANSPARENCY

Al Khazna Insurance Company PSC (AKIC.ADX) is pleased to have released its third quarter financial reports for 2009 together with condensed consolidated interim financial information for the 9 months ended 30 September 2009. The financial statements were accompanied by a report from Mohammed Jassim Al Jassim, Al Khazna's General Manager, which described the results as very encouraging considering the volatile market conditions that continued to impact global markets.

At the same time, in line with Al Khazna's strategic vision to lead the market in transparency and operational excellence, Khalifa Mohamed Abdulaziz Rubaya Al Muhairi, Al Khazna's Chairman, issued a statement announcing Al Khazna's intention to be the first UAE listed insurance company to indicate its commitment to being fully IFRS (International Financial Reporting Standards) compliant by the end of 2009.

Statement of Khalifa M. A. Rubaya Al Muhairi:

"Al Khazna has issued its third quarterly report of 2009 together with condensed consolidated interim financial information for the nine months ended 30 September 2009. Mohammed Jassim Al Jassim, Al Khazna's General Manager, also issued his report commenting on Al Khazna's encouraging financial results

Separately, I, on behalf of the Board of Directors of Al Khazna Insurance Company PSC, would like to announce a significant step to market-leading transparency and operational excellence, the intention of Al Khazna to be fully IFRS compliant by the end this year. I believe we are the first UAE listed insurance company to make this commitment to the public.

This year has been a year of volatility and transition for all UAE insurance companies. Volatility because of the ups and downs of the investment environment, which clearly affect all insurance company performance. Transition because some accounting principles and regulatory reporting requirements here in the UAE, which affect most industries, have changed.

One new regulatory requirement, that all listed companies begin to adhere to IFRS reporting standards, offers its own opportunities and challenges. IFRS compliance is an opportunity to increase transparency because IFRS is used worldwide and allows investors to understand and compare company financials around the globe. This is a wonderful achievement, and we welcome the opportunity to make it easier for our investors to understand our performance versus our peers, domestic and international.

The challenge of IFRS compliance, especially on a quarterly basis, is that, unfortunately, the fluctuations in investment values are reported and many hit the income statement in an unbalanced way. It is unbalanced because increases in investment values will not necessarily result in profits, as the increase will be booked in reserves, but reductions in value are booked directly as losses, hurting company performance and creating a large amount of accounting "noise" that will not be easy to understand for the typical investor.

In fact, in order to deliver the utmost value to our investors, Al Khazna is in the process of developing deep team expertise in investment structuring and will seek ways to reduce the impact of these particular impairment rules on its investments. In addition, our team will lend

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a hand in educating investors, industry players, and local regulators on the UAE-specific impacts of recent changes. We welcome any questions or requests for additional information on this subject.

Thankfully our results for this year so far have been very encouraging given the market conditions, and while next year will no doubt also be a year of change for the industry as improved corporate governance requirements come into force in the UAE, Al Khazna has not only mobilized to reach full regulatory compliance, we have already invested in all required systems to ensure that we will be fully compliant with IFRS in respect of our accounts for the twelve month period ending on 31 December 2009. Aligned with our vision of market-leading transparency and operational excellence, we welcome the new financial transparency and corporate governance standards being implemented by the Emirates Securities and Commodities Authority."

Dated November 15 2009. Signed Khalifa Mohamed Abdulaziz Rubaya Al Muhairi.

Commenting on Mr. Rubaya Al Muhairi's statement, Jacques Fakhoury of PricewaterhouseCoopers, the auditors of Al Khazna, welcomed the commitment to being fully IFRS compliant. "IFRS is a global standard. Some of its requirements can have short-term implications for companies and can be difficult in the current environment. Against that background we welcome Mr Al Muhairi's comments and the commitment of Al Khazna to be fully IFRS compliant in time for its annual results for the twelve month period ended 31 December 2009. We have worked closely with the Board and Management of Al Khazna to achieve this objective and we applaud the great efforts made by the company in this respect."

For further information, please do not hesitate to contact Al Khazna Insurance, info@akic.ae

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