

# Al-Ahleia Insurance Company S.A.K.

## INCOME STATEMENT (UNAUDITED)

Period ended 30 June 2007

	Notes	Three months ended 30 June		Six months ended 30 June	
		2007 KD	2006 KD	2007 KD	2006 KD
<b>Revenue:</b>					
Premiums written		<b>6,142,907</b>	6,783,358	<b>13,955,345</b>	12,935,702
Reinsurance premiums ceded		<b>(3,485,388)</b>	(4,445,158)	<b>(8,700,883)</b>	(8,275,883)
Net premiums written		<b>2,657,519</b>	2,338,200	<b>5,254,462</b>	4,659,819
Movement in unearned premiums		<b>25,994</b>	(48,291)	<b>(187,955)</b>	103,513
Net premiums earned		<b>2,683,513</b>	2,289,909	<b>5,066,507</b>	4,763,332
Commission received on ceded reinsurance		<b>734,661</b>	1,061,183	<b>1,751,197</b>	1,818,898
Policy issuance and transfer fees		<b>143,130</b>	152,324	<b>278,813</b>	295,519
Net investment income from life insurance	4	<b>158,070</b>	131,844	<b>332,656</b>	254,384
Other income		<b>37,192</b>	44,893	<b>63,830</b>	55,376
		<b>3,756,566</b>	3,680,153	<b>7,493,003</b>	7,187,509
<b>Expenses:</b>					
Claims incurred		<b>1,410,919</b>	1,449,077	<b>2,640,873</b>	2,953,488
Commissions and discounts		<b>474,789</b>	611,907	<b>986,183</b>	923,845
Increase in additional reserve		-	-	<b>57,529</b>	28,163
Increase (decrease) in life mathematical reserve		<b>246,000</b>	(315,000)	<b>166,000</b>	2,000
Maturity and cancellations of life insurance policies		<b>3,300</b>	2,710	<b>54,561</b>	193,891
General and administrative expenses		<b>656,723</b>	684,545	<b>1,358,696</b>	1,725,966
		<b>2,791,731</b>	2,433,239	<b>5,263,842</b>	5,827,353
<b>Net underwriting income</b>	3	<b>964,835</b>	1,246,914	<b>2,229,161</b>	1,360,156
Net investment income	4	<b>5,429,422</b>	4,356,444	<b>7,396,092</b>	8,747,716
Sundry income		<b>16,318</b>	5,505	<b>20,481</b>	10,279
Unallocated general and administrative expenses		<b>(228,719)</b>	(208,316)	<b>(365,547)</b>	(419,336)
<b>PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND NATIONAL LABOUR SUPPORT TAX</b>					
		<b>6,181,856</b>	5,400,547	<b>9,280,187</b>	9,698,815
Contribution to KFAS		<b>(61,819)</b>	(54,005)	<b>(92,802)</b>	(96,988)
National Labour Support Tax		<b>(110,636)</b>	(101,344)	<b>(174,229)</b>	(197,324)
<b>PROFIT FOR THE PERIOD</b>		<b>6,009,401</b>	5,245,198	<b>9,013,156</b>	9,404,503
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>					
	5	<b>43.40 fils</b>	37.83 fils	<b>65.06 fils</b>	67.83 fils

The attached notes 1 to 10 form part of this interim financial information.

# Al-Ahleia Insurance Company S.A.K.

## BALANCE SHEET (UNAUDITED)

At 30 June 2007

			(Audited)	
		30 June 2007	31 December 2006	30 June 2006
		KD	KD	KD
<b>ASSETS</b>				
Cash and investments:				
Cash and cash equivalents	6	654,389	3,131,573	2,602,589
Fixed and short notice bank deposits		12,396,989	9,641,990	7,611,259
Investment in equities and bonds	7	86,146,990	78,283,983	72,434,812
Investment properties		1,254,198	1,300,634	1,281,032
Investment in associates		3,004,597	2,673,080	2,562,367
Loans to life policy holders		102,891	93,553	75,560
		<u>103,560,054</u>	<u>95,124,813</u>	<u>86,567,619</u>
Total cash and investments				
Premiums and insurance balances receivable		10,278,481	8,703,802	10,451,395
Reinsurance recoverable on outstanding claims		17,513,846	13,465,225	14,200,633
Other debit balances		5,261,751	4,613,029	5,638,779
Premises and equipment		3,469,731	3,543,180	3,641,263
		<u>140,083,863</u>	<u>125,450,049</u>	<u>120,499,689</u>
<b>TOTAL ASSETS</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	8	14,207,566	12,915,969	12,915,969
Statutory reserve		12,012,393	12,012,393	10,537,471
General reserve		11,772,868	11,772,868	10,297,946
Special voluntary reserve		7,750,000	7,750,000	6,750,000
Gain on sale of treasury shares		1,076,727	995,104	894,058
Cumulative changes in fair value		18,934,699	14,468,320	11,462,665
Foreign currency translation reserve		(52,510)	(42,114)	(42,114)
Retained earnings		17,525,781	17,348,473	16,559,385
		<u>83,227,524</u>	<u>77,221,013</u>	<u>69,375,380</u>
Treasury shares	9	(1,602,512)	(1,642,769)	(1,545,497)
		<u>81,625,012</u>	<u>75,578,244</u>	<u>67,829,883</u>
<b>TOTAL EQUITY</b>				
<b>Liabilities</b>				
<b>Liabilities arising from insurance contracts:</b>				
Outstanding claims reserve		25,423,121	21,703,612	23,262,065
Unearned premiums reserve		2,746,631	2,558,676	2,594,616
Life mathematical reserve		2,886,000	2,720,000	2,885,000
Additional reserve		6,200,000	6,200,000	5,650,000
		<u>37,255,752</u>	<u>33,182,288</u>	<u>34,391,681</u>
Total technical reserves				
Insurance, reinsurance companies and brokers		6,782,212	5,364,925	7,014,707
Other credit balances		10,303,472	9,390,907	9,795,144
Bank overdraft	6	4,117,415	1,933,685	1,468,274
		<u>58,458,851</u>	<u>49,871,805</u>	<u>52,669,806</u>
<b>Total liabilities</b>				
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>140,083,863</u>	<u>125,450,049</u>	<u>120,499,689</u>

Sulaiman Hamad Al-Dalali  
Chairman and Managing Director

Ayman Abdullatif Al-Shayea  
Vice Chairman

The attached notes 1 to 10 form part of this interim financial information.

# Al-Ahleia Insurance Company S.A.K.

## STATEMENT OF CASH FLOWS (UNAUDITED)

Period ended 30 June 2007

	<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>		
Profit before contribution to KFAS and taxation	<b>9,280,187</b>	9,698,815
Adjustments for:		
Provision for employees' end of service benefits	<b>59,780</b>	60,594
Depreciation of premises and equipment	<b>82,281</b>	102,893
Depreciation of investment properties	<b>49,096</b>	42,639
Gain on sale of available for sale investments	<b>(4,661,807)</b>	(6,319,414)
Dividend income	<b>(2,839,606)</b>	(2,354,176)
Interest income	<b>(463,606)</b>	(444,560)
Share of results of associates	<b>46,218</b>	(117,720)
	<b>1,552,543</b>	669,071
Changes in operating assets and liabilities:		
Receivables and other debit balances	<b>(5,790,427)</b>	985,826
Technical reserves	<b>4,073,464</b>	1,021,441
Payables and other credit balances	<b>1,475,346</b>	(29,686)
Cash from operations	<b>1,310,926</b>	2,646,652
Employees' end of service benefits paid	<b>(5,993)</b>	(17,387)
Paid to directors	<b>-</b>	(135,000)
Net cash from operating activities	<b>1,304,933</b>	2,494,265
<b>INVESTING ACTIVITIES</b>		
Purchase of premises and equipment	<b>(8,832)</b>	(5,955)
Purchase of available for sale investments	<b>(21,746,604)</b>	(30,842,324)
Proceeds from sale of available for sale investments	<b>22,928,450</b>	26,858,127
Redemption of bonds	<b>83,333</b>	83,334
Purchase of investment in associates	<b>(388,131)</b>	(8,490)
Purchase of investment properties	<b>(2,660)</b>	(43,500)
Movement in loans to life policy holders	<b>(9,338)</b>	19,112
Movement in fixed and short notice bank deposits	<b>(2,754,999)</b>	5,600,000
Dividends received	<b>2,776,751</b>	2,058,628
Interest income received	<b>44,866</b>	120,444
Net cash from investing activities	<b>922,836</b>	3,839,376
<b>FINANCING ACTIVITIES</b>		
Dividends paid	<b>(7,010,563)</b>	(6,802,972)
Purchase of treasury shares	<b>(117,954)</b>	(90,743)
Proceeds from sale of treasury shares	<b>239,834</b>	24,218
Net cash used in financing activities	<b>(6,888,683)</b>	(6,869,497)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,660,914)</b>	(535,856)
Cash and cash equivalents at the beginning of the period	<b>1,197,888</b>	1,670,171
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>(3,463,026)</b>	1,134,315

The attached notes 1 to 10 form part of this interim financial information.

# Al-Ahleia Insurance Company S.A.K.

## STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 June 2007

	<i>Share capital</i> <i>KD</i>	<i>Statutory reserve</i> <i>KD</i>	<i>General reserve</i> <i>KD</i>	<i>Special voluntary reserve</i> <i>KD</i>	<i>Gain on sale of treasury shares</i> <i>KD</i>	<i>Cumulative changes in fair value</i> <i>KD</i>	<i>Foreign currency translation reserve</i> <i>KD</i>	<i>Retained earnings</i> <i>KD</i>	<i>Treasury shares</i> <i>KD</i>	<i>Total equity</i> <i>KD</i>
Balance at 1 January 2007	12,915,969	12,012,393	11,772,868	7,750,000	995,104	14,468,320	(42,114)	17,348,473	(1,642,769)	75,578,244
Transfer to income statement on sale of available for sale investments during the period	-	-	-	-	-	(1,934,778)	-	-	-	(1,934,778)
Changes in fair values of available for sale investments	-	-	-	-	-	6,401,157	-	-	-	6,401,157
Gain on sale of treasury shares	-	-	-	-	81,623	-	-	-	-	81,623
Foreign currency translation adjustment	-	-	-	-	-	-	(10,396)	-	-	(10,396)
Total income and expense for the period recognised directly in equity	-	-	-	-	81,623	4,466,379	(10,396)	-	-	4,537,606
Profit for the period	-	-	-	-	-	-	-	9,013,156	-	9,013,156
Total income and expense for the period	-	-	-	-	81,623	4,466,379	(10,396)	9,013,156	-	13,550,762
Issue of bonus shares (Note 8)	1,291,597	-	-	-	-	-	-	(1,291,597)	-	-
Dividends (Note 8)	-	-	-	-	-	-	-	(7,544,251)	-	(7,544,251)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(117,954)	(117,954)
Sale of treasury shares	-	-	-	-	-	-	-	-	158,211	158,211
<b>Balance at 30 June 2007</b>	<b>14,207,566</b>	<b>12,012,393</b>	<b>11,772,868</b>	<b>7,750,000</b>	<b>1,076,727</b>	<b>18,934,699</b>	<b>(52,510)</b>	<b>17,525,781</b>	<b>(1,602,512)</b>	<b>81,625,012</b>
Balance at 1 January 2006	11,741,790	10,537,471	10,297,946	6,750,000	885,744	24,946,044	(19,517)	15,187,835	(1,470,658)	78,856,655
Transfer to income statement on sale of available for sale investments during the period	-	-	-	-	-	(7,406,101)	-	-	-	(7,406,101)
Changes in fair values of available for sale investments	-	-	-	-	-	(6,077,278)	-	-	-	(6,077,278)
Gain on sale of treasury shares	-	-	-	-	8,314	-	-	-	-	8,314
Foreign currency translation adjustment	-	-	-	-	-	-	(22,597)	-	-	(22,597)
Total income and expense for the period recognised directly in equity	-	-	-	-	8,314	(13,483,379)	(22,597)	-	-	(13,497,662)
Profit for the period	-	-	-	-	-	-	-	9,404,503	-	9,404,503
Total income and expense for the period	-	-	-	-	8,314	(13,483,379)	(22,597)	9,404,503	-	(4,093,159)
Issue of bonus shares (Note 8)	1,174,179	-	-	-	-	-	-	(1,174,179)	-	-
Dividends (Note 8)	-	-	-	-	-	-	-	(6,858,774)	-	(6,858,774)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(90,743)	(90,743)
Sale of treasury shares	-	-	-	-	-	-	-	-	15,904	15,904
Balance at 30 June 2006	12,915,969	10,537,471	10,297,946	6,750,000	894,058	11,462,665	(42,114)	16,559,385	(1,545,497)	67,829,883

The attached notes 1 to 10 form part of this interim financial information.

# Al-Ahleia Insurance Company S.A.K.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2007

### 1 ACTIVITIES

The interim financial information of Al-Ahleia Insurance Company S.A.K. for the period ended 30 June 2007 were authorised for issue by the Board of Directors on 7 August 2007.

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 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 accounting policies used in preparation of this interim financial information are consistent with those used in preparation of the annual financial statements for the year ended 31 December 2006.

The interim 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 2006.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six month period ended 30 June 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

### 3 DEPARTMENT RESULTS

a) Three months ended 30 June 2007:

	<i>Marine and aviation KD</i>	<i>Accident KD</i>	<i>Fire KD</i>	<i>Life KD</i>	<i>Total KD</i>
<b>Revenue:</b>					
Premiums written	1,108,779	1,618,957	497,030	2,918,141	<b>6,142,907</b>
Reinsurance premiums ceded	(827,031)	(387,776)	(320,590)	(1,949,991)	<b>(3,485,388)</b>
Net premiums written	281,748	1,231,181	176,440	968,150	<b>2,657,519</b>
Movement in unearned premiums	15,675	16,654	(6,335)	-	<b>25,994</b>
Net premiums earned	297,423	1,247,835	170,105	968,150	<b>2,683,513</b>
Commission received on ceded reinsurance	326,054	84,554	77,461	246,592	<b>734,661</b>
Policy issuance and transfer fees	-	143,130	-	-	<b>143,130</b>
Net investment income from life insurance	-	-	-	158,070	<b>158,070</b>
Other income	2,615	23,598	857	10,122	<b>37,192</b>
<b>Total revenue</b>	<b>626,092</b>	<b>1,499,117</b>	<b>248,423</b>	<b>1,382,934</b>	<b>3,756,566</b>
<b>Expenses:</b>					
Claims incurred	102,471	622,517	8,986	676,945	<b>1,410,919</b>
Commissions and discounts	55,478	252,368	51,590	115,353	<b>474,789</b>
Increase in life mathematical reserve	-	-	-	246,000	<b>246,000</b>
Maturity and cancellations of life insurance policies	-	-	-	3,300	<b>3,300</b>
General and administrative expenses	158,916	247,844	67,168	182,795	<b>656,723</b>
<b>Total expenses</b>	<b>316,865</b>	<b>1,122,729</b>	<b>127,744</b>	<b>1,224,393</b>	<b>2,791,731</b>
<b>Net underwriting income</b>	<b>309,227</b>	<b>376,388</b>	<b>120,679</b>	<b>158,541</b>	<b>964,835</b>

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2007

**3 DEPARTMENT RESULTS (continued)**

b) Three months ended 30 June 2006:

	<i>Marine and aviation KD</i>	<i>Accident KD</i>	<i>Fire KD</i>	<i>Life KD</i>	<i>Total KD</i>
<b>Revenue:</b>					
Premiums written	1,254,142	2,973,846	456,955	2,098,415	6,783,358
Reinsurance premiums ceded	(962,872)	(1,827,532)	(314,462)	(1,340,292)	(4,445,158)
Net premiums written	291,270	1,146,314	142,493	758,123	2,338,200
Movement in unearned premiums	(22,360)	(21,886)	(4,045)	-	(48,291)
Net premiums earned	268,910	1,124,428	138,448	758,123	2,289,909
Commission received on ceded reinsurance	344,155	417,676	75,974	223,378	1,061,183
Policy issuance and transfer fees	-	152,324	-	-	152,324
Net investment income from life insurance	-	-	-	131,844	131,844
Other income	12,895	23,544	1,235	7,219	44,893
<b>Total revenue</b>	<b>625,960</b>	<b>1,717,972</b>	<b>215,657</b>	<b>1,120,564</b>	<b>3,680,153</b>
<b>Expenses:</b>					
Claims incurred	46,252	1,008,508	53,066	341,251	1,449,077
Commissions and discounts	53,733	374,205	43,524	140,445	611,907
Decrease in life mathematical reserve	-	-	-	(315,000)	(315,000)
Maturity and cancellations of life insurance policies	-	-	-	2,710	2,710
General and administrative expenses	131,740	277,084	46,483	229,238	684,545
<b>Total expenses</b>	<b>231,725</b>	<b>1,659,797</b>	<b>143,073</b>	<b>398,644</b>	<b>2,433,239</b>
<b>Net underwriting income</b>	<b>394,235</b>	<b>58,175</b>	<b>72,584</b>	<b>721,920</b>	<b>1,246,914</b>

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2007

**3 DEPARTMENT RESULTS (continued)**

c) Six months ended 30 June 2007:

	<i>Marine and aviation KD</i>	<i>Accident KD</i>	<i>Fire KD</i>	<i>Life KD</i>	<i>Total KD</i>
<b>Revenue:</b>					
Premiums written	3,569,811	4,371,866	1,116,300	4,897,368	<b>13,955,345</b>
Reinsurance premiums ceded	(2,924,742)	(1,777,138)	(816,905)	(3,182,098)	<b>(8,700,883)</b>
Net premiums written	645,069	2,594,728	299,395	1,715,270	<b>5,254,462</b>
Movement in unearned premiums	(32,682)	(148,254)	(7,019)	-	<b>(187,955)</b>
Net premiums earned	612,387	2,446,474	292,376	1,715,270	<b>5,066,507</b>
Commission received on ceded reinsurance	729,942	399,461	192,715	429,079	<b>1,751,197</b>
Policy issuance and transfer fees	-	278,813	-	-	<b>278,813</b>
Net investment income from life insurance	-	-	-	332,656	<b>332,656</b>
Other income	5,022	43,374	2,222	13,212	<b>63,830</b>
<b>Total revenue</b>	<b>1,347,351</b>	<b>3,168,122</b>	<b>487,313</b>	<b>2,490,217</b>	<b>7,493,003</b>
<b>Expenses:</b>					
Claims incurred	113,996	1,217,138	58,083	1,251,656	<b>2,640,873</b>
Commissions and discounts	109,230	642,805	92,590	141,558	<b>986,183</b>
Increase in additional reserve	-	57,529	-	-	<b>57,529</b>
Increase in life mathematical reserve	-	-	-	166,000	<b>166,000</b>
Maturity and cancellations of life insurance policies	-	-	-	54,561	<b>54,561</b>
General and administrative expenses	361,993	504,582	125,376	366,745	<b>1,358,696</b>
<b>Total expenses</b>	<b>585,219</b>	<b>2,422,054</b>	<b>276,049</b>	<b>1,980,520</b>	<b>5,263,842</b>
<b>Net underwriting income</b>	<b>762,132</b>	<b>746,068</b>	<b>211,264</b>	<b>509,697</b>	<b>2,229,161</b>

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2007

**3 DEPARTMENT RESULTS (continued)**

d) Six months ended 30 June 2006:

	<i>Marine and aviation KD</i>	<i>Accident KD</i>	<i>Fire KD</i>	<i>Life KD</i>	<i>Total KD</i>
<b>Revenue:</b>					
Premiums written	3,446,501	4,513,267	986,200	3,989,734	12,935,702
Reinsurance premiums ceded	(2,865,645)	(2,271,915)	(743,230)	(2,395,093)	(8,275,883)
Net premiums written	580,856	2,241,352	242,970	1,594,641	4,659,819
Movement in unearned premiums	(75,702)	178,640	575	-	103,513
Net premiums earned	505,154	2,419,992	243,545	1,594,641	4,763,332
Commission received on ceded reinsurance	724,115	524,085	172,350	398,348	1,818,898
Policy issuance and transfer fees	-	295,519	-	-	295,519
Net investment income from life insurance	-	-	-	254,384	254,384
Other income	14,387	28,715	2,426	9,848	55,376
<b>Total revenue</b>	<b>1,243,656</b>	<b>3,268,311</b>	<b>418,321</b>	<b>2,257,221</b>	<b>7,187,509</b>
<b>Expenses:</b>					
Claims incurred	136,122	1,857,303	82,102	877,961	2,953,488
Commissions and discounts	126,206	539,103	87,492	171,044	923,845
Increase in additional reserve	-	28,163	-	-	28,163
Increase in life mathematical reserve	-	-	-	2,000	2,000
Maturity and cancellations of life insurance policies	-	-	-	193,891	193,891
General and administrative expenses	474,571	603,137	143,224	505,034	1,725,966
<b>Total expenses</b>	<b>736,899</b>	<b>3,027,706</b>	<b>312,818</b>	<b>1,749,930</b>	<b>5,827,353</b>
<b>Net underwriting income</b>	<b>506,757</b>	<b>240,605</b>	<b>105,503</b>	<b>507,291</b>	<b>1,360,156</b>

At 30 June 2007

**4 NET INVESTMENT INCOME**

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interest on bonds	<b>16,202</b>	50,435	<b>32,626</b>	102,900
Dividend income	<b>2,099,811</b>	1,764,938	<b>2,839,606</b>	2,354,176
Interest on fixed and short notice bank deposits	<b>221,356</b>	154,691	<b>430,980</b>	341,660
Rental income	<b>72,711</b>	76,931	<b>72,711</b>	156,390
Gain on sale of available for sale investments	<b>3,360,422</b>	2,582,149	<b>4,661,807</b>	6,319,414
Other investment income	<b>34,114</b>	76,807	<b>96,382</b>	132,392
Share of results of associates	<b>(46,218)</b>	105,995	<b>(46,218)</b>	117,720
	<b>5,758,398</b>	4,811,946	<b>8,087,894</b>	9,524,652
General and administrative expenses	<b>(38,145)</b>	(30,182)	<b>(108,371)</b>	(138,794)
Depreciation of investment properties	<b>(24,564)</b>	(21,318)	<b>(49,096)</b>	(42,639)
Financial charges and other expenses	<b>(108,197)</b>	(272,158)	<b>(201,679)</b>	(341,119)
	<b>(170,906)</b>	(323,658)	<b>(359,146)</b>	(522,552)
	<b>5,587,492</b>	4,488,288	<b>7,728,748</b>	9,002,100

Included in general and administrative expenses is an amount of KD 82,281 (30 June 2006: KD 102,893) which represents depreciation of premises and equipment.

Net investment income reported in the income statement as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Net investment income	<b>5,429,422</b>	4,356,444	<b>7,396,092</b>	8,747,716
Net investment income from life insurance	<b>158,070</b>	131,844	<b>332,656</b>	254,384
	<b>5,587,492</b>	4,488,288	<b>7,728,748</b>	9,002,100

**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 as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	<b>6,009,401</b>	5,245,198	<b>9,013,156</b>	9,404,503
	<b>Shares</b>	Shares	<b>Shares</b>	Shares
Weighted average number of ordinary shares outstanding during the period	<b>138,448,596</b>	138,655,761	<b>138,539,067</b>	138,655,761
Basic and diluted earnings per share	<b>43.40 fils</b>	37.83 fils	<b>65.06 fils</b>	67.83 fils

The earnings per share for the current and previous periods have been restated to reflect the bonus shares for 2006 that have been approved on 9 April 2007 (Note 8).

# Al-Ahleia Insurance Company S.A.K.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2007

### 6 CASH AND CASH EQUIVALENTS

	<i>30 June</i> <i>2007</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2006</i> <i>KD</i>	<i>30 June</i> <i>2006</i> <i>KD</i>
Cash in hand and at banks	<b>654,389</b>	39,899	79,329
Short notice bank deposits	-	3,091,674	2,523,260
	<b>654,389</b>	3,131,573	2,602,589
Bank overdraft	<b>(4,117,415)</b>	(1,933,685)	(1,468,274)
	<b>(3,463,026)</b>	1,197,888	1,134,315

Bank overdrafts are denominated in Kuwaiti dinars and carry an average effective interest rate of approximately 2% per annum over the Central Bank of Kuwait discount rate.

### 7 INVESTMENT IN EQUITIES AND BONDS

	<i>30 June</i> <i>2007</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2007</i> <i>KD</i>	<i>30 June</i> <i>2007</i> <i>KD</i>
Available for sale investments:			
Quoted equity securities	<b>52,701,937</b>	51,671,275	42,835,725
Unquoted equity securities	<b>32,403,384</b>	25,487,706	26,390,752
	<b>85,105,321</b>	77,158,981	69,226,477
Investment in a subsidiary	<b>1</b>	1	1
Loans:			
Bonds	<b>1,041,667</b>	1,125,000	3,208,333
Bonds of corporation for settlement of forward share transactions:			
Nominal value	<b>459,701</b>	459,701	459,701
Provision for impairment	<b>(459,700)</b>	(459,700)	(459,700)
	<b>1</b>	1	1
	<b>86,146,990</b>	78,283,983	72,434,812

Included in available for sale investments are unquoted securities with a value of KD 25,606,314 (31 December 2006: KD 25,487,706 and 30 June 2006: KD 26,390,752) 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 is of the opinion that there has been no impairment in value of these investments and, given the difficulty in obtaining reliable valuations, believes it is more appropriate to carry them at cost.

## 8 SHARE CAPITAL AND DIVIDENDS

Authorised, issued and fully paid-up share capital consists of 142,075,660 shares of 100 fils each (31 December 2006: 129,159,694 and 30 June 2006: 129,159,690 shares).

On 9 April 2007, the Annual General Assembly of the company's shareholders approved the following:

- Increase of share capital from KD 12,915,969 to KD 14,207,566 through issuance of 12,915,969 bonus shares of 100 fils each for the year ended 31 December 2006 equivalent to 10% of paid-up share capital (2005: 10% of paid-up share capital).
- Payment of cash dividends related to the year ended 31 December 2006 of 60% of paid-up share capital (2005: 60%).

## 9 TREASURY SHARES

	<b>30 June 2007</b>	<i>(Audited)</i> 31 December 2006	30 June 2006
Number of treasury shares (share)	<b>3,639,610</b>	3,477,176	3,477,176
Percentage of issued shares (%)	<b>2.56</b>	2.7	2.7
Market value (KD)	<b>2,110,974</b>	3,025,143	2,503,567

## 10 RELATED PARTY TRANSACTIONS

Related parties represent 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.

In the normal course of business, the company provides insurance services to related parties. Premiums written from related parties during the six months ended 30 June 2007 amounted to KD 796,736 and accounts receivable and payable resulting from these services amounted to KD 1,856,800 and KD 166,937 respectively at 30 June 2007 (30 June 2006: premiums of KD 762,564 and accounts receivable and payables of KD 1,791,270 and KD 79,550 respectively).

### Key management personnel compensation

	<b>30 June 2007 KD</b>	30 June 2006 KD
Salaries and other short term benefits	<b>264,547</b>	251,548
Employees' end of service benefits	<b>61,065</b>	40,896

**AL-AHLEIA INSURANCE COMPANY S.A.K.**

**INTERIM FINANCIAL INFORMATION  
(UNAUDITED)**

**30 JUNE 2007**