

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED INCOME STATEMENT (UNAUDITED)

Period ended 30 June 2008

	Notes	Three months ended 30 June		Six months ended 30 June	
		2008 KD	2007 KD	2008 KD	2007 KD
Revenue:					
Premiums written		7,211,572	6,142,907	14,422,518	13,955,345
Reinsurance premiums ceded		(4,076,558)	(3,485,388)	(8,451,480)	(8,700,883)
Net premiums written		3,135,014	2,657,519	5,971,038	5,254,462
Movement in unearned premiums		(74,158)	25,994	(186,227)	(187,955)
Net premiums earned		3,060,856	2,683,513	5,784,811	5,066,507
Commission received on ceded reinsurance		847,562	734,661	1,787,141	1,751,197
Policy issuance and transfer fees		146,348	143,130	291,832	278,813
Net investment income from life insurance	4	216,702	158,070	371,027	332,656
Other income		17,552	37,192	48,112	63,830
		4,289,020	3,756,566	8,282,923	7,493,003
Expenses:					
Claims incurred		1,511,441	1,410,919	3,017,073	2,640,873
Commissions and discounts		360,930	474,789	755,394	986,183
Increase in additional reserve		-	-	29,966	57,529
Increase in life mathematical reserve		347,000	246,000	350,000	166,000
Maturity and cancellations of life insurance policies		11,910	3,300	40,669	54,561
General and administrative expenses		705,715	656,723	1,480,711	1,358,696
		2,936,996	2,791,731	5,673,813	5,263,842
NET UNDERWRITING INCOME	3	1,352,024	964,835	2,609,110	2,229,161
Net investment income	4	4,784,794	5,429,422	11,145,375	7,396,092
Sundry income		6,157	16,318	8,147	20,481
Unallocated general and administrative expenses		(179,187)	(228,719)	(525,440)	(365,547)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		5,963,788	6,181,856	13,237,192	9,280,187
Contribution to KFAS		(59,638)	(61,819)	(132,372)	(92,802)
National Labour Support Tax		(98,024)	(110,636)	(246,006)	(174,229)
Zakat		(39,209)	-	(98,402)	-
PROFIT FOR THE PERIOD		5,766,917	6,009,401	12,760,412	9,013,156
BASIC AND DILUTED EARNINGS PER SHARE	5	37.92 fils	39.37 fils	83.78 fils	59.01 fils

The attached notes 1 to 12 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED BALANCE SHEET (UNAUDITED)

At 30 June 2008

ASSETS	Notes	(Audited)		
		30 June 2008 KD	31 December 2007 KD	30 June 2007 KD
Property and equipment		3,373,092	3,396,491	3,469,731
Investment properties		-	1,290,766	1,254,198
Investment in associates	6	3,077,026	3,352,539	3,004,597
Investment in unconsolidated subsidiaries		100,001	100,001	-
Investment in equities and bonds	7	122,323,212	120,152,981	86,146,990
Loans to life policy holders		101,399	97,013	102,891
Premiums and insurance balances receivable		11,948,307	8,341,033	10,278,481
Reinsurance recoverable on outstanding claims		16,794,856	17,269,695	17,513,846
Other debit balances		2,746,198	2,106,275	5,261,751
Fixed and short notice bank deposits		13,921,438	11,821,564	12,396,989
Bank balances and cash	8	1,207,874	2,063,393	654,389
TOTAL ASSETS		175,593,403	169,991,751	140,083,863
EQUITY AND LIABILITIES				
Equity				
Share capital	9	15,628,323	14,207,566	14,207,566
Statutory reserve		13,712,799	13,712,799	12,012,393
General reserve		13,473,274	13,473,274	11,772,868
Special voluntary reserve		9,000,000	9,000,000	7,750,000
Treasury shares	10	(2,226,586)	(1,823,665)	(1,602,512)
Treasury shares reserve		1,226,319	1,106,482	1,076,727
Cumulative changes in fair value		15,745,334	18,480,843	18,934,699
Foreign currency translation reserve		(313,869)	(223,258)	(52,510)
Retained earnings		22,535,862	20,183,499	17,525,781
Total equity		88,781,456	88,117,540	81,625,012
Liabilities				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		25,048,263	25,441,046	25,423,121
Unearned premiums reserve		2,965,491	2,779,264	2,746,631
Life mathematical reserve		3,444,000	3,094,000	2,886,000
Additional reserve		6,700,000	6,700,000	6,200,000
Total liabilities arising from insurance contracts		38,157,754	38,014,310	37,255,752
Insurance payable		6,139,915	5,801,010	6,782,212
Other credit balances		10,699,848	9,789,239	10,303,472
Term loans	11	27,330,402	27,330,402	-
Bank overdraft	8	4,484,028	939,250	4,117,415
Total liabilities		86,811,947	81,874,211	58,458,851
TOTAL EQUITY AND LIABILITIES		175,593,403	169,991,751	140,083,863

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 30 June 2008

	<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>
<i>Note</i>	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit before contribution to KFAS, NLST and Zakat	13,237,192	9,280,187
Adjustments for:		
Provision for employees' end of service benefits	40,687	59,780
Depreciation of property and equipment	76,804	82,281
Depreciation of investment properties	9,974	49,096
Gain on sale of investment properties	(3,719,208)	-
Gain on sale of available for sale investments	(3,935,339)	(4,661,807)
Share of results of associates	12,901	46,218
Dividend income	(4,406,384)	(2,839,606)
Interest income	(600,348)	(463,606)
Interest expense	1,057,331	201,679
	1,773,610	1,754,222
Changes in operating assets and liabilities:		
Premiums and insurance balances receivable	(3,607,274)	(1,574,679)
Reinsurance recoverable on outstanding claims	474,839	(4,048,621)
Other debit balances	(155,904)	(167,127)
Liabilities arising from insurance contracts	143,444	4,073,464
Insurance payable	338,905	1,417,287
Other credit balances	(853,265)	(143,620)
Cash (used in) from operations	(1,885,645)	1,310,926
Employees' end of service benefits paid	(7,139)	(5,993)
National Labour Support Tax paid	(373,635)	-
Zakat paid	(9,049)	-
Paid to directors	(135,000)	-
Net cash (used in) from operating activities	(2,410,468)	1,304,933
INVESTING ACTIVITIES		
Purchase of property and equipment	(53,405)	(8,832)
Purchase of investment properties	-	(2,660)
Proceeds from sale of investment properties	5,000,000	-
Purchase of investment in associates	-	(388,131)
Redemption of bonds	500,000	83,333
Purchase of available for sale investments	(25,254,126)	(21,746,604)
Proceeds from sale of available for sale investments	23,783,725	22,928,450
Movement in loans to life policy holders	(4,386)	(9,338)
Movement in fixed and short notice bank deposits	(2,099,874)	(2,754,999)
Dividends received from investments in associates	172,001	-
Dividends received	4,401,103	2,776,751
Interest income received	121,610	44,866
Net cash from investing activities	6,566,648	922,836
FINANCING ACTIVITIES		
Dividends paid	(8,273,393)	(7,010,563)
Purchase of treasury shares	(618,807)	(117,954)
Sale of treasury shares	335,723	239,834
Net cash used in financing activities	(8,556,477)	(6,888,683)
DECREASE IN CASH AND CASH EQUIVALENTS	(4,400,297)	(4,660,914)
Cash and cash equivalents at the beginning of the period	1,124,143	1,197,888
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8 (3,276,154)	(3,463,026)

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 30 June 2008

	<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 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
Transfer to income statement on sale of available for sale investments during the period	-	-	-	-	-	-	(983,917)	-	-	(983,917)
Net movement in fair value of available for sale investments	-	-	-	-	-	-	(1,751,592)	-	-	(1,751,592)
Foreign currency translation adjustment	-	-	-	-	-	-	-	(90,611)	-	(90,611)
Total expense for the period recognised directly in equity	-	-	-	-	-	-	(2,735,509)	(90,611)	-	(2,826,120)
Profit for the period	-	-	-	-	-	-	-	-	12,760,412	12,760,412
Total income and expense for the period	-	-	-	-	-	-	(2,735,509)	(90,611)	12,760,412	9,934,292
Issue of bonus shares (Note 9)	1,420,757	-	-	-	-	-	-	-	(1,420,757)	-
Cash dividends (Note 9)	-	-	-	-	-	-	-	-	(8,987,292)	(8,987,292)
Purchase of treasury shares	-	-	-	-	(618,807)	-	-	-	-	(618,807)
Sale of treasury shares	-	-	-	-	215,886	119,837	-	-	-	335,723
Balance at 30 June 2008	15,628,323	13,712,799	13,473,274	9,000,000	(2,226,586)	1,226,319	15,745,334	(313,869)	22,535,862	88,781,456

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) (Continued)

Period ended 30 June 2008

	<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 2007	12,915,969	12,012,393	11,772,868	7,750,000	(1,642,769)	995,104	14,468,320	(42,114)	17,348,473	75,578,244
Transfer to income statement on sale of available for sale investments during the period	-	-	-	-	-	-	(1,934,778)	-	-	(1,934,778)
Net movement in fair values of available for sale investments	-	-	-	-	-	-	6,401,157	-	-	6,401,157
Foreign currency translation adjustment	-	-	-	-	-	-	-	(10,396)	-	(10,396)
Total income and expense for the period recognized directly in equity	-	-	-	-	-	-	4,466,379	(10,396)	-	4,455,983
Profit for the period	-	-	-	-	-	-	-	-	9,013,156	9,013,156
Total income and expense for the period	-	-	-	-	-	-	4,466,379	(10,396)	9,013,156	13,469,139
Issue of bonus shares (Note 9)	1,291,597	-	-	-	-	-	-	-	(1,291,597)	-
Cash dividends (Note 9)	-	-	-	-	-	-	-	-	(7,544,251)	(7,544,251)
Purchase of treasury shares	-	-	-	-	(117,954)	-	-	-	-	(117,954)
Sale of treasury shares	-	-	-	-	158,211	81,623	-	-	-	239,834
Balance at 30 June 2007	14,207,566	12,012,393	11,772,868	7,750,000	(1,602,512)	1,076,727	18,934,699	(52,510)	17,525,781	81,625,012

The attached notes 1 to 12 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

1 ACTIVITIES

The interim condensed financial information of Al-Ahleia Insurance Company S.A.K. for the period ended 30 June 2008 were authorised for issue by the Board of Directors on 3 August 2008.

Al-Ahleia Insurance Company S.A.K (the "company") 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 2007.

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 six month period ended 30 June 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

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 2007.

3 DEPARTMENT RESULTS

a) Three months ended 30 June 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	1,664,085	1,904,736	556,438	3,086,313	7,211,572
Reinsurance premiums ceded	(1,229,825)	(546,058)	(410,953)	(1,889,722)	(4,076,558)
Net premiums written	434,260	1,358,678	145,485	1,196,591	3,135,014
Movement in unearned premiums	(34,059)	(49,679)	9,580	-	(74,158)
Net premiums earned	400,201	1,308,999	155,065	1,196,591	3,060,856
Commission received on ceded Reinsurance	431,161	117,524	87,095	211,782	847,562
Policy issuance and transfer fees	-	146,348	-	-	146,348
Net investment income from life insurance	-	-	-	216,702	216,702
Other income	1,940	7,663	1,114	6,835	17,552
Total revenue	833,302	1,580,534	243,274	1,631,910	4,289,020
Expenses:					
Claims incurred	147,699	677,266	39,138	647,338	1,511,441
Commissions and discounts	97,376	200,842	22,202	40,510	360,930
Increase in life mathematical reserve	-	-	-	347,000	347,000
Maturity and cancellations of life insurance policies	-	-	-	11,910	11,910
General and administrative expenses	180,106	258,787	63,997	202,825	705,715
Total expenses	425,181	1,136,895	125,337	1,249,583	2,936,996
NET UNDERWRITING INCOME	408,121	443,639	117,937	382,327	1,352,024

At 30 June 2008

3 DEPARTMENT RESULTS (continued)

b) Three months ended 30 June 2007:

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

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

3 DEPARTMENT RESULTS (continued)

c) Six months ended 30 June 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	4,235,924	3,781,438	1,232,574	5,172,582	14,422,518
Reinsurance premiums ceded	(3,330,256)	(1,029,860)	(892,621)	(3,198,743)	(8,451,480)
Net premiums written	905,668	2,751,578	339,953	1,973,839	5,971,038
Movement in unearned premiums	(102,791)	(70,744)	(12,692)	-	(186,227)
Net premiums earned	802,877	2,680,834	327,261	1,973,839	5,784,811
Commission received on ceded reinsurance	920,275	206,331	196,906	463,629	1,787,141
Policy issuance and transfer fees	-	291,832	-	-	291,832
Net investment income from Life insurance	-	-	-	371,027	371,027
Other income	7,000	21,581	2,478	17,053	48,112
Total revenue	1,730,152	3,200,578	526,645	2,825,548	8,282,923
Expenses:					
Claims incurred	196,897	1,354,259	198,627	1,267,290	3,017,073
Commissions and discounts	155,708	425,225	86,313	88,148	755,394
Increase in additional reserve	-	29,966	-	-	29,966
Increase in life mathematical reserve	-	-	-	350,000	350,000
Maturity and cancellations of life insurance policies	-	-	-	40,669	40,669
General and administrative expenses	431,727	522,643	116,836	409,505	1,480,711
Total expenses	784,332	2,332,093	401,776	2,155,612	5,673,813
Net underwriting income	945,820	868,485	124,869	669,936	2,609,110

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

3 DEPARTMENT RESULTS (continued)

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

At 30 June 2008

4 NET INVESTMENT INCOME

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interest on bonds	7,638	16,202	22,224	32,626
Dividend income	2,575,387	2,099,811	4,406,384	2,839,606
Interest on fixed and short notice bank deposits	295,366	221,356	582,888	430,980
Rental income	467	72,711	27,720	72,711
Gain on sale of available for sale investments	2,734,154	3,360,422	3,935,339	4,661,807
Gain on sale of investment properties	-	-	3,719,208	-
Other investment income	16,278	34,114	43,851	96,382
Share of results of associates	-	(46,218)	(12,901)	(46,218)
	5,629,290	5,758,398	12,724,713	8,087,894
General and administrative expenses	(82,024)	(38,145)	(112,983)	(108,371)
Depreciation of investment properties	-	(24,564)	(9,974)	(49,096)
Financial charges	(504,846)	(108,197)	(1,057,331)	(201,679)
Other expenses	(40,924)	-	(28,023)	-
	(627,794)	(170,906)	(1,208,311)	(359,146)
	5,001,496	5,587,492	11,516,402	7,728,748

Included in general and administrative expenses is an amount of KD 76,804 (30 June 2007: KD 82,281) which represents depreciation of property and equipment.

Net investment income reported in the income statement as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Net investment income	4,784,794	5,429,422	11,145,375	7,396,092
Net investment income from life insurance	216,702	158,070	371,027	332,656
	5,001,496	5,587,492	11,516,402	7,728,748

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 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	5,766,917	6,009,401	12,760,412	9,013,156
	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	152,090,866	152,656,162	152,309,588	152,746,633
Basic and diluted earnings per share	37.92 fils	39.37 fils	83.78 fils	59.01 fils

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

5 BASIC AND DILUTED EARNINGS PER SHARE (continued)

The earnings per share for the current and previous periods have been restated to reflect the bonus shares for 2007 that have been approved on 9 April 2008 (Note 9).

6 INVESTMENT IN ASSOCIATES

Name of the company	Ownership percentage	Country of incorporation	30 June	(Audited)	30 June
			2008	31 December	2007
			KD	KD	KD
Arab Life Insurance Company S.A.L.	49.37%	Lebanon	354,866	344,475	324,609
Trade Union Insurance Company E.C.	20%	KSA	1,676,845	1,929,875	1,825,185
Arab Life and Accident Insurance Co. P.S.C.	27.20%	Jordan	1,045,315	1,078,189	854,803
			<u>3,077,026</u>	<u>3,352,539</u>	<u>3,004,597</u>

Goodwill included in the carrying value of the associates amounted to KD 273,824 (31 December 2007: KD 273,824 and 30 June 2007: KD 273,824).

7 INVESTMENT IN EQUITIES AND BONDS

	30 June	(Audited)	30 June
	2008	31 December	2007
	KD	KD	KD
Available for sale investments:			
Quoted equity securities	80,082,466	80,930,612	52,701,937
Unquoted equity securities	41,740,745	38,222,368	32,403,385
	<u>121,823,211</u>	<u>119,152,980</u>	<u>85,105,322</u>
Loans:			
Bonds	500,000	1,000,000	1,041,667
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>122,323,212</u>	<u>120,152,981</u>	<u>86,146,990</u>

Included in available for sale investments are unquoted securities with a value of KD 22,878,600 (31 December 2007: KD 32,270,458 and 30 June 2007: KD 25,606,314) 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.

At 30 June 2008

8 CASH AND CASH EQUIVALENTS

	30 June	<i>(Audited)</i> 31 December	30 June
	2008	2007	2007
	KD	KD	KD
Cash in hand and at banks	1,207,874	133,368	654,389
Fixed and short notice bank deposits	-	1,930,025	-
	1,207,874	2,063,393	654,389
Bank overdraft	(4,484,028)	(939,250)	(4,117,415)
	(3,276,154)	1,124,143	(3,463,026)

Bank overdrafts are denominated in Kuwaiti dinars and carry an average effective interest rate of approximately 2% per annum (31 December 2007 and 30 June 2007: 2% per annum) over the Central Bank of Kuwait discount rate.

9 SHARE CAPITAL

Authorised, issued and fully paid-up share capital consists of 156,283,230 shares of 100 fils each (31 December 2007: 142,075,660 and 30 June 2007: 142,075,660 shares).

On 9 April 2008, the Annual General Assembly of the company's shareholders approved the following:

- Increase of share capital from KD 14,207,566 to KD 15,628,323 through issuance of 14,207,570 bonus shares of 100 fils each for the year ended 31 December 2007 equivalent to 10% of paid-up share capital (2006: 10% of paid-up share capital).
- Payment of cash dividends related to the year ended 31 December 2007 of 65% of paid-up share capital (2006: 60%).

10 TREASURY SHARES

	30 June	<i>(Audited)</i> 31 December	30 June
	2008	2007	2007
Number of treasury shares (shares)	4,720,571	3,914,610	3,639,610
Percentage of issued shares (%)	3.02	2.76	2.56
Market value (KD)	3,351,605	2,935,958	2,110,974

11 TERM LOANS

These represents two loans of KD 2,330,402 and KD 25,000,000 obtained from a local bank to finance the acquisition of an available for sale investment. Term loans are repayable in full on 25 December 2008 and 19 September 2010 respectively, and carries interest at an effective rate of 1.25% and 0.75% per annum respectively, above the Central Bank of Kuwait discount rate (31 December 2007: 1.25% and 0.75% per annum respectively, and 30 June 2007: Nil).

At 30 June 2008

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>Major shareholders KD</i>	30 June 2008 KD	<i>30 June 2007 KD</i>
Premium written	1,143,945	1,143,945	796,736
Claims incurred	655,555	655,555	340,720

Key management personnel compensation

	<i>30 June 2008 KD</i>	<i>30 June 2007 KD</i>
Salaries and other short term benefits	337,735	264,547
Employees' end of service benefits	71,065	61,065

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

	<i>Unconsolidated subsidiaries KD</i>	<i>Associates KD</i>	<i>Major shareholders KD</i>	30 June 2008 KD	<i>(Audited) 31 December 2007 KD</i>	<i>30 June 2007 KD</i>
Investment in unconsolidated subsidiaries	100,001	-	-	100,001	100,001	-
Investment in associates	-	3,077,026	-	3,077,026	3,352,539	3,004,597
Premiums and insurance balances	-	-	1,664,544	1,664,544	1,650,697	1,856,800
Other credit balances	102,077	-	119,962	222,039	80,574	166,937

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**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

30 JUNE 2008