

Al-Ahleia Insurance Company S.A.K.

INCOME STATEMENT (UNAUDITED)

Period ended 30 September 2007

	Notes	<u>Three months ended 30 September</u>		<u>Nine months ended 30 September</u>	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>
Revenue:					
Premiums written		4,332,560	4,902,853	18,287,905	17,838,555
Reinsurance premiums ceded		(2,031,360)	(2,566,618)	(10,732,243)	(10,842,501)
Net premiums written		2,301,200	2,336,235	7,555,662	6,996,054
Movement in unearned premiums		292,847	60,204	104,892	163,717
Net premiums earned		2,594,047	2,396,439	7,660,554	7,159,771
Commission received on ceded reinsurance		439,425	505,688	2,190,622	2,324,586
Policy issuance and transfer fees		135,502	139,339	414,315	434,858
Net investment income from life insurance	4	271,265	141,150	603,921	395,534
Other income		11,360	7,815	75,190	63,191
		3,451,599	3,190,431	10,944,602	10,377,940
Expenses:					
Claims incurred		1,417,875	1,716,644	4,058,748	4,670,132
Commissions and discounts		250,357	274,237	1,236,540	1,198,082
Increase in additional reserve (Decrease) increase in life mathematical reserve		80,899	51,941	138,428	80,104
Maturity and cancellations of life insurance policies		(20,800)	(185,000)	145,200	(183,000)
General and administrative expenses		95,744	3,084	150,305	196,975
		587,955	513,886	1,946,651	2,239,852
		2,412,030	2,374,792	7,675,872	8,202,145
Net underwriting income	3	1,039,569	815,639	3,268,730	2,175,795
Net investment income	4	2,722,884	2,327,099	10,118,976	11,074,815
Sundry income		-	14,819	20,481	25,098
Unallocated general and administrative expenses		(142,423)	(135,426)	(507,970)	(554,762)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND NATIONAL LABOUR SUPPORT TAX					
		3,620,030	3,022,131	12,900,217	12,720,946
Contribution to KFAS		(36,200)	(30,221)	(129,002)	(127,209)
National Labour Support Tax		(91,507)	(75,264)	(265,736)	(272,588)
PROFIT FOR THE PERIOD		3,492,323	2,916,646	12,505,479	12,321,149
BASIC AND DILUTED EARNINGS PER SHARE					
	5	25.24 fils	20.98 fils	90.30 fils	88.88 fils

The attached notes 1 to 13 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

BALANCE SHEET (UNAUDITED)

At 30 September 2007

		30 September 2007	(Audited) 31 December 2006	30 September 2006
	Notes	KD	KD	KD
ASSETS				
Cash and investments:				
Cash and cash equivalents	6	676,776	3,131,573	5,303,464
Fixed and short notice bank deposits		12,569,177	9,641,990	5,255,000
Investment in equities and bonds	7	89,909,555	78,283,983	75,825,120
Investment properties		1,304,398	1,300,634	1,311,748
Investment in associates	8	3,376,003	2,673,080	2,616,617
Loans to life policy holders		95,493	93,553	119,354
Total cash and investments		107,931,402	95,124,813	90,431,303
Premiums and insurance balances receivable		9,393,525	8,703,802	8,831,663
Reinsurance recoverable on outstanding claims		17,545,634	13,465,225	14,034,232
Other debit balances	9	28,399,244	4,613,029	5,597,331
Premises and equipment		3,431,014	3,543,180	3,593,779
TOTAL ASSETS		166,700,819	125,450,049	122,488,308
EQUITY AND LIABILITIES				
Equity				
Share capital	10	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		1,089,765	995,104	894,058
Cumulative changes in fair value		23,369,321	14,468,320	14,112,430
Foreign currency translation reserve		(153,573)	(42,114)	(42,114)
Retained earnings		21,018,104	17,348,473	19,476,031
Total equity		91,066,444	77,221,013	74,941,791
Treasury shares	11	(1,652,929)	(1,642,769)	(1,733,647)
Total equity		89,413,515	75,578,244	73,208,144
Liabilities				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		25,541,179	21,703,612	22,929,897
Unearned premiums reserve		2,453,784	2,558,676	2,534,412
Life mathematical reserve		2,865,200	2,720,000	2,700,000
Additional reserve		6,200,000	6,200,000	5,650,000
Total technical reserves		37,060,163	33,182,288	33,814,309
Insurance, reinsurance companies and brokers		5,681,461	5,364,925	5,567,854
Other credit balances		9,365,723	9,390,907	9,247,839
Term loan	12	25,000,000	-	-
Bank overdraft	6	179,957	1,933,685	650,162
Total liabilities		77,287,304	49,871,805	49,280,164
TOTAL EQUITY AND LIABILITIES		166,700,819	125,450,049	122,488,308

Sulaiman Hamad Al-Dalali
Chairman and Managing Director

Ayman Abdullatif Al-Shayea
Vice Chairman

The attached notes 1 to 13 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

STATEMENT OF CASH FLOWS (UNAUDITED)

Period ended 30 September 2007

	<i>Nine months ended 30 September</i>	
	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit before contribution to KFAS and taxation	12,900,217	12,720,946
Adjustments for:		
Provision for employees' end of service benefits	71,340	75,990
Depreciation of premises and equipment	123,410	151,921
Depreciation of investment properties	77,596	69,758
Gain on sale of available for sale investments	(7,665,367)	(8,114,894)
Dividend income	(3,038,846)	(2,679,502)
Interest income	(694,028)	(638,161)
Share of results of associates	57,767	(160,719)
	1,832,089	1,425,339
Changes in operating assets and liabilities:		
Receivables and other debit balances	(27,974,724)	1,485,264
Technical reserves	3,877,875	444,069
Payables and other credit balances	(643,279)	(1,961,168)
Cash (used in) from operations	(22,908,039)	1,393,504
Employees' end of service benefits paid	(8,594)	(29,394)
Paid to directors	-	(135,000)
Net cash (used in) from operating activities	(22,916,633)	1,229,110
INVESTING ACTIVITIES		
Purchase of premises and equipment	(11,244)	(7,499)
Purchase of available for sale investments	(32,053,751)	(39,566,000)
Proceeds from sale of available for sale investments	36,911,213	36,723,073
Redemption of bonds	83,334	1,125,001
Purchase of investment in associates	(921,370)	(19,741)
Purchase of investment properties	(81,360)	(101,335)
Dividends received from investments in associates	49,221	-
Movement in loans to life policy holders	(1,940)	(24,682)
Movement in fixed and short notice bank deposits	(2,927,187)	7,956,259
Dividends received	2,984,627	2,606,318
Interest income received	166,624	291,824
Net cash from investing activities	4,198,167	8,983,218
FINANCING ACTIVITIES		
Dividends paid	(7,067,104)	(6,974,522)
Purchase of treasury shares	(203,868)	(278,893)
Proceeds from sale of treasury shares	288,369	24,218
Term loan obtained	25,000,000	-
Net cash from (used in) financing activities	18,017,397	(7,229,197)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(701,069)	2,983,131
Cash and cash equivalents at the beginning of the period	1,197,888	1,670,171
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	496,819	4,653,302

The attached notes 1 to 13 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 September 2007

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>General reserve KD</i>	<i>Special voluntary reserve KD</i>	<i>Gain on sale of treasury shares KD</i>	<i>Cumulative changes in fair value KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Treasury shares KD</i>	<i>Total equity 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
Realised gain on sale of available for sale investments during the period	-	-	-	-	-	(2,459,512)	-	-	-	(2,459,512)
Net movement in fair value of available for sale investments during the period	-	-	-	-	-	11,360,513	-	-	-	11,360,513
Foreign currency translation adjustment	-	-	-	-	-	-	(111,459)	-	-	(111,459)
Total income and expense for the period recognised directly in equity	-	-	-	-	-	8,901,001	(111,459)	-	-	8,789,542
Profit for the period	-	-	-	-	-	-	-	12,505,479	-	12,505,479
Total income and expense for the period	-	-	-	-	-	8,901,001	(111,459)	12,505,479	-	21,295,021
Issue of bonus shares (Note 10)	1,291,597	-	-	-	-	-	-	(1,291,597)	-	-
Dividends (Note 10)	-	-	-	-	-	-	-	(7,544,251)	-	(7,544,251)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(203,868)	(203,868)
Sale of treasury shares	-	-	-	-	94,661	-	-	-	193,708	288,369
Balance at 30 September 2007	14,207,566	12,012,393	11,772,868	7,750,000	1,089,765	23,369,321	(153,573)	21,018,104	(1,652,929)	89,413,515

The attached notes 1 to 13 form part of this interim condensed financial information.

Al-Ahleia Insurance Company S.A.K.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

Period ended 30 September 2007

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>General reserve KD</i>	<i>Special voluntary reserve KD</i>	<i>Gain on sale of treasury shares KD</i>	<i>Cumulative changes in fair value KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Treasury shares KD</i>	<i>Total equity KD</i>
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
Realised gain on sale of available for sale investments during the period	-	-	-	-	-	(9,102,856)	-	-	-	(9,102,856)
Net movement in fair value of available for sale investments during the period	-	-	-	-	-	(1,730,758)	-	-	-	(1,730,758)
Foreign currency translation adjustment	-	-	-	-	-	-	(22,597)	-	-	(22,597)
Total expense for the period recognised directly in equity	-	-	-	-	-	(10,833,614)	(22,597)	-	-	(10,856,211)
Profit for the period	-	-	-	-	-	-	-	12,321,149	-	12,321,149
Total income and expense for the period	-	-	-	-	-	(10,833,614)	(22,597)	12,321,149	-	1,464,938
Issue of bonus shares (Note 10)	1,174,179	-	-	-	-	-	-	(1,174,179)	-	-
Dividends (Note 10)	-	-	-	-	-	-	-	(6,858,774)	-	(6,858,774)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(278,893)	(278,893)
Sale of treasury shares	-	-	-	-	8,314	-	-	-	15,904	24,218
Balance at 30 September 2006	12,915,969	10,537,471	10,297,946	6,750,000	894,058	14,112,430	(42,114)	19,476,031	(1,733,647)	73,208,144

The attached notes 1 to 13 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 30 September 2007 were authorised for issue by the Board of Directors on 11 November 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 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 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 nine month period ended 30 September 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

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 2006, except as discussed in the following paragraphs:

Term loan

Term loan is carried on the balance sheet at its principal amount.

Finance costs

Finance costs are calculated and recognised on a time proportionate basis taking into account the outstanding balance payable and applicable interest rate.

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2007

3 DEPARTMENT RESULTS

a) Three months ended 30 September 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	825,418	1,473,009	307,028	1,727,105	4,332,560
Reinsurance premiums ceded	(562,152)	(303,513)	(231,227)	(934,468)	(2,031,360)
Net premiums written	263,266	1,169,496	75,801	792,637	2,301,200
Movement in unearned premiums	103,591	131,575	57,681	-	292,847
Net premiums earned	366,857	1,301,071	133,482	792,637	2,594,047
Commission received on ceded reinsurance	207,847	67,414	59,427	104,737	439,425
Policy issuance and transfer fees	-	135,502	-	-	135,502
Net investment income from life insurance	-	-	-	271,265	271,265
Other income	1,510	6,165	658	3,027	11,360
Total revenue	576,214	1,510,152	193,567	1,171,666	3,451,599
Expenses:					
Claims incurred	64,907	806,856	(2,745)	548,857	1,417,875
Commissions and discounts	47,883	156,450	12,195	33,829	250,357
Movement in additional reserve	-	80,899	-	-	80,899
Decrease in life mathematical reserve	-	-	-	(20,800)	(20,800)
Maturity and cancellations of life insurance policies	-	-	-	95,744	95,744
General and administrative expenses	136,142	197,255	55,717	198,841	587,955
Total expenses	248,932	1,241,460	65,167	856,471	2,412,030
Net underwriting income	327,282	268,692	128,400	315,195	1,039,569

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2007

3 DEPARTMENT RESULTS (continued)

b) Three months ended 30 September 2006:

	<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	1,015,929	1,608,320	403,967	1,874,637	4,902,853
Reinsurance premiums ceded	(792,195)	(384,605)	(335,816)	(1,054,002)	(2,566,618)
Net premiums written	223,734	1,223,715	68,151	820,635	2,336,235
Movement in unearned premiums	27,527	662	32,015	-	60,204
Net premiums earned	251,261	1,224,377	100,166	820,635	2,396,439
Commission received on ceded reinsurance	244,608	93,176	59,192	108,712	505,688
Policy issuance and transfer fees	-	139,339	-	-	139,339
Net investment income from life insurance	-	-	-	141,150	141,150
Other income	862	2,524	1,026	3,403	7,815
Total revenue	496,731	1,459,416	160,384	1,073,900	3,190,431
Expenses:					
Claims incurred	176,745	711,752	16,476	811,671	1,716,644
Commissions and discounts	39,122	192,794	15,597	26,724	274,237
Movement in additional reserve	-	51,941	-	-	51,941
Decrease in life mathematical reserve	-	-	-	(185,000)	(185,000)
Maturity and cancellations of life insurance policies	-	-	-	3,084	3,084
General and administrative expenses	102,433	194,307	49,496	167,650	513,886
Total expenses	318,300	1,150,794	81,569	824,129	2,374,792
Net underwriting income	178,431	308,622	78,815	249,771	815,639

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2007

3 DEPARTMENT RESULTS (continued)

c) Nine months ended 30 September 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	4,395,229	5,844,875	1,423,328	6,624,473	18,287,905
Reinsurance premiums ceded	(3,486,894)	(2,080,651)	(1,048,132)	(4,116,566)	(10,732,243)
Net premiums written	908,335	3,764,224	375,196	2,507,907	7,555,662
Movement in unearned premiums	70,909	(16,679)	50,662	-	104,892
Net premiums earned	979,244	3,747,545	425,858	2,507,907	7,660,554
Commission received on ceded reinsurance	937,789	466,874	252,143	533,816	2,190,622
Policy issuance and transfer fees	-	414,315	-	-	414,315
Net investment income from life insurance	-	-	-	603,921	603,921
Other income	6,532	49,539	2,880	16,239	75,190
Total revenue	1,923,565	4,678,273	680,881	3,661,883	10,944,602
Expenses:					
Claims incurred	178,903	2,023,994	55,338	1,800,513	4,058,748
Commissions and discounts	157,113	799,255	104,785	175,387	1,236,540
Increase in additional reserve	-	138,428	-	-	138,428
Increase in life mathematical reserve	-	-	-	145,200	145,200
Maturity and cancellations of life insurance policies	-	-	-	150,305	150,305
General and administrative expenses	498,135	701,837	181,093	565,586	1,946,651
Total expenses	834,151	3,663,514	341,216	2,836,991	7,675,872
Net underwriting income	1,089,414	1,014,759	339,665	824,892	3,268,730

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2007

3 DEPARTMENT RESULTS (continued)

d) Nine months ended 30 September 2006:

	<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	4,462,430	6,121,587	1,390,167	5,864,371	17,838,555
Reinsurance premiums ceded	(3,657,840)	(2,656,520)	(1,079,046)	(3,449,095)	(10,842,501)
Net premiums written	804,590	3,465,067	311,121	2,415,276	6,996,054
Movement in unearned premiums	(48,175)	179,302	32,590	-	163,717
Net premiums earned	756,415	3,644,369	343,711	2,415,276	7,159,771
Commission received on ceded reinsurance	968,723	617,261	231,542	507,060	2,324,586
Policy issuance and transfer fees	-	434,858	-	-	434,858
Net investment income from life insurance	-	-	-	395,534	395,534
Sundry income	15,249	31,239	3,452	13,251	63,191
Total revenue	1,740,387	4,727,727	578,705	3,331,121	10,377,940
Expenses:					
Claims incurred	312,867	2,569,055	98,578	1,689,632	4,670,132
Commissions and discounts	165,328	731,897	103,089	197,768	1,198,082
Movement in additional reserve	-	80,104	-	-	80,104
Movement in life mathematical reserve	-	-	-	(183,000)	(183,000)
Maturity and cancellations of life insurance policies	-	-	-	196,975	196,975
General and administrative expenses	577,004	797,444	192,720	672,684	2,239,852
Total expenses	1,055,199	4,178,500	394,387	2,574,059	8,202,145
Net underwriting income	685,188	549,227	184,318	757,062	2,175,795

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2007

4 NET INVESTMENT INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2007 KD</i>	<i>2006 KD</i>	<i>2007 KD</i>	<i>2006 KD</i>
Interest on bonds	14,829	41,251	47,455	144,151
Dividend income	199,240	325,326	3,038,846	2,679,502
Interest on fixed and short notice bank deposits	215,593	152,350	646,573	494,010
Rental income	82,935	78,040	155,646	234,430
Gain on sale of available for sale investments	3,003,560	1,795,480	7,665,367	8,114,894
Other investment income	42,863	194,683	139,245	327,075
Share of results of associates	(11,549)	42,999	(57,767)	160,719
	3,547,471	2,630,129	11,635,365	12,154,781
General and administrative expenses	(22,678)	(20,088)	(131,049)	(158,882)
Depreciation of investment properties	(28,500)	(27,119)	(77,596)	(69,758)
Financial charges and other expenses	(135,482)	(114,673)	(337,161)	(455,792)
Foreign exchange loss	(366,662)	-	(366,662)	-
	(553,322)	(161,880)	(912,468)	(684,432)
	2,994,149	2,468,249	10,722,897	11,470,349

Included in general and administrative expenses is an amount of KD 123,410 (30 September 2006: KD 155,110) which represents depreciation of premises and equipment.

Net investment income reported in the income statement as follows:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2007 KD</i>	<i>2006 KD</i>	<i>2007 KD</i>	<i>2006 KD</i>
Net investment income	2,722,884	2,327,099	10,118,976	11,074,815
Net investment income from life insurance	271,265	141,150	603,921	395,534
	2,994,149	2,468,249	10,722,897	11,470,349

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 September</i>		<i>Nine months ended 30 September</i>	
	<i>2007 KD</i>	<i>2006 KD</i>	<i>2007 KD</i>	<i>2006 KD</i>
Profit for the period	3,492,323	2,916,646	12,505,479	12,321,149
	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	138,382,032	139,047,076	138,486,147	138,629,812
Basic and diluted earnings per share	25.24 fils	20.98 fils	90.30 fils	88.88 fils

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2007

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 2006 that have been approved on 9 April 2007 (Note 10).

6 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2007</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2006</i> <i>KD</i>	<i>30 September</i> <i>2006</i> <i>KD</i>
Cash in hand and at banks	676,776	39,899	148,658
Short notice bank deposits	-	3,091,674	5,154,806
	676,776	3,131,573	5,303,464
Bank overdraft	(179,957)	(1,933,685)	(650,162)
	496,819	1,197,888	4,653,302

Bank overdrafts are denominated in Kuwaiti dinars and carry an average effective interest rate of approximately 2% per annum (31 December 2006 and 30 September 2006: 2% per annum) over the Central Bank of Kuwait discount rate.

7 INVESTMENT IN EQUITIES AND BONDS

	<i>30 September</i> <i>2007</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2006</i> <i>KD</i>	<i>30 September</i> <i>2006</i> <i>KD</i>
Available for sale investments:			
Quoted equity securities	56,383,668	51,671,275	48,429,832
Unquoted equity securities	32,484,218	25,487,706	25,228,620
	88,867,886	77,158,981	73,658,452
Investment in a subsidiary	1	1	1
Loans:			
Bonds	1,041,667	1,125,000	2,166,666
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)
	1	1	1
	89,909,555	78,283,983	75,825,120

Included in available for sale investments are unquoted securities with a value of KD 25,503,752 (31 December 2006: KD 25,487,706 and 30 September 2006: KD 25,228,620) 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.

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2007

8 INVESTMENT IN ASSOCIATES

Name of the company	Ownership percentage	Country of incorporation	30 September 2007 KD	(Audited)	30 September 2006 KD
				31 December 2006 KD	
Arab Life Insurance Company S.A.L.	49.37%	Lebanon	343,986	368,866	377,734
Trade Union Insurance Company E.C.	20%	KSA	1,686,350	1,467,011	1,403,664
Arab Life and Accident Insurance Co. P.S.C.	27.20%	Jordan	1,345,667	837,203	835,219
			<u>3,376,003</u>	<u>2,673,080</u>	<u>2,616,617</u>

Goodwill included in the carrying value of the associates amounted to KD 273,824 (31 December 2006: KD 273,824 and 30 September 2006: KD 273,824).

During the period, the company subscribed in the increase of capital of Trade Union Insurance Company E.C. by an amount of KD 364,120.

In addition, the company acquired new shares in Arab Life and Accident Insurance Co. P.S.C. for a total consideration of KD 557,250. As a result, the equity holding of the company in this entity increased to 27.20%.

	30 September 2007 KD	(Audited)	30 September 2006 KD
		31 December 2006 KD	
Share of associates' balance sheet:			
Assets	7,449,438	6,528,068	4,674,005
Liabilities	(4,073,435)	(3,854,988)	(2,057,388)
Net assets	<u>3,376,003</u>	<u>2,673,080</u>	<u>2,616,617</u>
Share of associates' results	<u>(57,767)</u>	<u>215,197</u>	<u>160,719</u>

Share of associates' results was calculated based on management accounts. The management does not expect any material differences in the figures in case interim reviewed financial information would have been available as at 30 September 2007 in respect of the associates.

9 OTHER DEBIT BALANCES

Other debit balances include an amount of KD 25,000,000 which represents advance payment related to the acquisition of an available for sale investment.

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2007

10 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 September 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%).

11 TREASURY SHARES

	<i>30 September 2007</i>	<i>(Audited) 31 December 2006</i>	<i>30 September 2006</i>
Number of treasury shares (shares)	<u>3,709,610</u>	<u>3,477,176</u>	<u>3,722,176</u>
Percentage of issued shares (%)	<u>2.611</u>	<u>2.7</u>	<u>2.9</u>
Market value (KD)	<u>2,337,054</u>	<u>3,025,143</u>	<u>2,940,519</u>

12 TERM LOAN

This represents a long term loan obtained from a local bank to finance the acquisition of an available for sale investment (Note 9). The term loan is repayable in full on 19 September 2010 and carries interest at an effective rate of 0.75% per annum over the Central Bank of Kuwait discount rate (31 December 2006 and 30 September 2006: Nil).

13 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.

Transactions with related parties included in the income statement are as follows:

	<i>Associates KD</i>	<i>Major shareholders KD</i>	<i>30 September 2007 KD</i>	<i>30 September 2006 KD</i>
Premium written	-	1,295,418	1,295,418	1,500,384
Claims incurred	-	415,745	415,745	506,210
Share of results of associates	(57,767)	-	(57,767)	160,719

13 RELATED PARTY TRANSACTIONS (continued)

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

	<i>Associates</i>	<i>Major</i>	<i>30 September</i>	<i>(Audited)</i>	<i>30 September</i>
	<i>KD</i>	<i>shareholders</i>	<i>2007</i>	<i>31 December</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>2006</i>	<i>2006</i>
				<i>KD</i>	<i>KD</i>
Investment in associates	3,376,003	-	3,376,003	2,673,080	2,616,617
Accounts receivable	-	1,599,007	1,599,007	2,126,520	1,920,972
Accounts payable	-	61,085	61,085	104,310	48,582

Key management personnel compensation

	<i>30 September</i>	<i>30 September</i>
	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>
Salaries and other short term benefits	294,547	265,394
Employees' end of service benefits	63,586	42,913

AL-AHLEIA INSURANCE COMPANY S.A.K.

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

30 SEPTEMBER 2007