

Al-Ahleia Insurance Company S.A.K.

INTERIM CONDENSED INCOME STATEMENT (UNAUDITED)

Period ended 30 September 2008

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2008 KD	2007 KD	2008 KD	2007 KD
Revenue:					
Premiums written		6,094,977	4,332,560	20,517,495	18,287,905
Reinsurance premiums ceded		(3,525,884)	(2,031,360)	(11,977,364)	(10,732,243)
Net premiums written		2,569,093	2,301,200	8,540,131	7,555,662
Net movement in unearned premiums		137,337	292,847	(48,890)	104,892
Net premiums earned		2,706,430	2,594,047	8,491,241	7,660,554
Commission received on ceded reinsurance		693,416	439,425	2,480,557	2,190,622
Policy issuance and transfer fees		131,430	135,502	423,262	414,315
Net investment income from life insurance	4	145,481	271,265	516,508	603,921
Other income		24,394	11,360	72,506	75,190
		3,701,151	3,451,599	11,984,074	10,944,602
Expenses:					
Claims incurred		1,526,302	1,417,875	4,543,375	4,058,748
Commissions and discounts		275,443	250,357	1,030,837	1,236,540
Increase in additional reserve		-	80,899	29,967	138,428
Increase(decrease) in life mathematical reserve		154,000	(20,800)	504,000	145,200
Maturity and cancellations of life insurance policies		252,507	95,744	293,176	150,305
General and administrative expenses		569,609	587,955	2,050,319	1,946,651
		2,777,861	2,412,030	8,451,674	7,675,872
NET UNDERWRITING INCOME	3	923,290	1,039,569	3,532,400	3,268,730
Net investment income	4	1,003,066	2,722,884	12,148,441	10,118,976
Sundry income		1,056	-	9,203	20,481
Unallocated general and administrative expenses		(115,786)	(142,423)	(641,226)	(507,970)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		1,811,626	3,620,030	15,048,818	12,900,217
Contribution to KFAS		(18,116)	(36,200)	(150,488)	(129,002)
National Labour Support Tax		(45,291)	(91,507)	(291,297)	(265,736)
Zakat		(18,117)	-	(116,519)	-
PROFIT FOR THE PERIOD		1,730,102	3,492,323	14,490,514	12,505,479
BASIC AND DILUTED EARNINGS PER SHARE	5	11.40 fils	22.89 fils	95.26 fils	81.90 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 September 2008

ASSETS	Notes	30 September	(Audited) 31 December	30 September
		2008	2007	2007
		KD	KD	KD
Property and equipment		3,418,506	3,396,491	3,431,014
Investment properties		-	1,290,766	1,304,398
Investment in associates	6	3,101,277	3,352,539	3,376,003
Investment in unconsolidated subsidiaries		100,001	100,001	-
Investment in equities and bonds	7	114,114,542	120,152,981	89,909,555
Loans to life policyholders		72,690	97,013	95,493
Premiums and insurance balances receivable		10,429,939	8,341,033	9,393,525
Reinsurance recoverable on outstanding claims		17,742,253	17,269,695	17,545,634
Other debit balances		2,164,300	2,106,275	28,399,244
Fixed and short notice bank deposits		12,321,438	11,821,564	12,569,177
Bank balances and cash	8	551,220	2,063,393	676,776
TOTAL ASSETS		164,016,166	169,991,751	166,700,819
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	(2,352,219)	(1,823,665)	(1,652,929)
Treasury shares reserve		1,297,097	1,106,482	1,089,765
Cumulative changes in fair value		3,218,662	18,480,843	23,369,321
Foreign currency translation reserve		(299,525)	(223,258)	(153,573)
Retained earnings		24,265,964	20,183,499	21,018,104
Total equity		77,944,375	88,117,540	89,413,515
Liabilities				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		26,197,884	25,441,046	25,541,179
Unearned premiums reserve		2,828,153	2,779,264	2,453,784
Life mathematical reserve		3,598,000	3,094,000	2,865,200
Additional reserve		6,700,000	6,700,000	6,200,000
Total liabilities arising from insurance contracts		39,324,037	38,014,310	37,060,163
Insurance payable		5,329,370	5,801,010	5,681,461
Other credit balances		10,139,111	9,789,239	9,365,723
Term loans	11	27,330,402	27,330,402	25,000,000
Bank overdraft	8	3,948,871	939,250	179,957
Total liabilities		86,071,791	81,874,211	77,287,304
TOTAL EQUITY AND LIABILITIES		164,016,166	169,991,751	166,700,819

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 September 2008

	<i>Nine months ended 30 September</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	15,048,818	12,900,217
Adjustments for:		
Provision for employees' end of service benefits	67,565	71,340
Depreciation of property and equipment	113,105	123,410
Depreciation of investment properties	9,974	77,596
Gain on sale of investment properties	(3,719,208)	-
Share of results of associates	(61,318)	57,767
Gain on sale of available for sale investments	(5,175,062)	(7,665,367)
Dividend income	(4,598,948)	(3,038,846)
Interest income	(807,876)	(694,028)
Financial charges	1,626,403	337,161
	2,503,453	2,169,250
Changes in operating assets and liabilities:		
Premiums and insurance balances receivable	(2,088,906)	(689,723)
Reinsurance recoverable on outstanding claims	(472,558)	(4,080,409)
Other debit balances	536,319	(23,204,592)
Liabilities arising from insurance contracts	1,309,727	3,877,875
Insurance payable	(471,640)	316,536
Other credit balances	(1,617,401)	(1,296,976)
Cash used in operations	(301,006)	(22,908,039)
Employees' end of service benefits paid	(29,116)	(8,594)
National labor support tax paid	(373,635)	-
Zakat paid	(9,049)	-
Paid to directors	(135,000)	-
Net cash (used in) operating activities	(847,806)	(22,916,633)
INVESTING ACTIVITIES		
Purchase of property and equipment	(135,120)	(11,244)
Purchase of investment properties	-	(81,360)
Proceeds from sale of investment properties	5,000,000	-
Purchase of investment in associates	-	(921,370)
Redemption of bonds	500,000	83,334
Purchase of available for sale investments	(30,553,847)	(32,053,751)
Proceeds from sale of available for sale investments	26,005,167	36,911,213
Movement in loans to life policy holders	24,323	(1,940)
Movement in fixed and short notice bank deposits	(499,874)	(2,927,187)
Dividends received from investments in associates	236,313	49,221
Dividends received	4,593,639	2,984,627
Interest income received	218,841	166,624
Net cash from investing activities	5,389,442	4,198,167
FINANCING ACTIVITIES		
Dividends paid	(8,725,491)	(7,067,104)
Purchase of treasury shares	(951,542)	(203,868)
Sale of treasury shares	613,603	288,369
Term loan obtained	-	25,000,000
Net cash (used in) from financing activities	(9,063,430)	18,017,397
(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,521,794)	(701,069)
Cash and cash equivalents at the beginning of the period	1,124,143	1,197,888

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

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	<u>(3,397,651)</u>	<u>496,819</u>
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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 September 2008

	<i>Share capital</i> KD	<i>Statutory reserve</i> KD	<i>General reserve</i> KD	<i>Special voluntary reserve</i> KD	<i>Treasury shares</i> KD	<i>Treasury shares reserve</i> KD	<i>Cumulative changes in fair value</i> KD	<i>Foreign currency translation reserve</i> KD	<i>Retained earnings</i> KD	<i>Total equity</i> KD
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	-	-	-	-	-	-	(1,734,248)	-	-	(1,734,248)
Net movement in fair value of available for sale investments	-	-	-	-	-	-	(13,527,933)	-	-	(13,527,933)
Foreign currency translation adjustment	-	-	-	-	-	-	-	(76,267)	-	(76,267)
Total expense for the period recognized directly in equity	-	-	-	-	-	-	(15,262,181)	(76,267)	-	(15,338,448)
Profit for the period	-	-	-	-	-	-	-	-	14,490,514	14,490,514
Total (expense) and income for the period	-	-	-	-	-	-	(15,262,181)	(76,267)	14,490,514	(847,934)
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	-	-	-	-	(951,542)	-	-	-	-	(951,542)
Sale of treasury shares	-	-	-	-	422,988	190,615	-	-	-	613,603
Balance at 30 September 2008	15,628,323	13,712,799	13,473,274	9,000,000	(2,352,219)	1,297,097	3,218,662	(299,525)	24,265,964	77,944,375

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 September 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	-	-	-	-	-	-	(2,459,512)	-	-	(2,459,512)
Net movement in fair values of available for sale investments	-	-	-	-	-	-	11,360,513	-	-	11,360,513
Foreign currency translation adjustment	-	-	-	-	-	-	-	(111,459)	-	(111,459)
Total income and expense for the period recognized 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 9)	1,291,597	-	-	-	-	-	-	-	(1,291,597)	-
Cash dividends (Note 9)	-	-	-	-	-	-	-	-	(7,544,251)	(7,544,251)
Purchase of treasury shares	-	-	-	-	(203,868)	-	-	-	-	(203,868)
Sale of treasury shares	-	-	-	-	193,708	94,661	-	-	-	288,369
Balance at 30 September 2007	14,207,566	12,012,393	11,772,868	7,750,000	(1,652,929)	1,089,765	23,369,321	(153,573)	21,018,104	89,413,515

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 September 2008

1 ACTIVITIES

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.

The interim condensed financial information of Al-Ahleia Insurance Company S.A.K. for the period ended 30 September 2008 were authorised for issue by the Board of Directors on 10 November 2008.

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 nine month period ended 30 September 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 September 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	1,232,529	2,769,238	380,424	1,712,786	6,094,977
Reinsurance premiums ceded	(756,211)	(1,673,144)	(256,306)	(840,223)	(3,525,884)
Net premiums written	476,318	1,096,094	124,118	872,563	2,569,093
Net movement in unearned premiums	18,862	48,756	69,719	-	137,337
Net premiums earned	495,180	1,144,850	193,837	872,563	2,706,430
Commission received on ceded reinsurance	262,818	280,582	50,644	99,372	693,416
Policy issuance and transfer fees	-	131,430	-	-	131,430
Net investment income from life insurance	-	-	-	145,481	145,481
Other income(expense)	108	14,452	(162)	9,996	24,394
Total revenue	758,106	1,571,314	244,319	1,127,412	3,701,151
Expenses:					
Claims incurred	20,359	690,442	58,670	756,831	1,526,302
Commissions and discounts	56,127	176,576	24,921	17,819	275,443
Increase in life mathematical reserve	-	-	-	154,000	154,000
Maturity and cancellations of life insurance policies	-	-	-	252,507	252,507
General and administrative expenses	172,624	277,459	52,262	67,264	569,609
Total expenses	249,110	1,144,477	135,853	1,248,421	2,777,861
NET UNDERWRITING INCOME(LOSS)	508,996	426,837	108,466	(121,009)	923,290

At 30 September 2008

3 DEPARTMENT RESULTS (continued)

b) 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
Net 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 reinsuranc	207,847	67,414	59,427	104,737	439,425
Policy issuance and transfer fees	-	135,502	-	-	135,502
Net investment income from life insuranc	-	-	-	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

At 30 September 2008

3 DEPARTMENT RESULTS (continued)

c) Nine months ended 30 September 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	5,468,453	6,550,676	1,612,998	6,885,368	20,517,495
Reinsurance premiums ceded	(4,086,467)	(2,703,004)	(1,148,927)	(4,038,966)	(11,977,364)
Net premiums written	1,381,986	3,847,672	464,071	2,846,402	8,540,131
Net movement in unearned premiums	(83,929)	(21,988)	57,027	-	(48,890)
Net premiums earned	1,298,057	3,825,684	521,098	2,846,402	8,491,241
Commission received on ceded reinsurance	1,183,093	486,913	247,550	563,001	2,480,557
Policy issuance and transfer fees	-	423,262	-	-	423,262
Net investment income from life insurance	-	-	-	516,508	516,508
Other income	7,108	36,033	2,316	27,049	72,506
Total revenue	2,488,258	4,771,892	770,964	3,952,960	11,984,074
Expenses:					
Claims incurred	217,256	2,044,701	257,297	2,024,121	4,543,375
Commissions and discounts	211,835	601,801	111,234	105,967	1,030,837
Increase in additional reserve	-	29,967	-	-	29,967
Increase in life mathematical reserve	-	-	-	504,000	504,000
Maturity and cancellations of life insurance policies	-	-	-	293,176	293,176
General and administrative expenses	604,351	800,101	169,098	476,769	2,050,319
Total expenses	1,033,442	3,476,570	537,629	3,404,033	8,451,674
Net underwriting income	1,454,816	1,295,322	233,335	548,927	3,532,400

At 30 September 2008

3 DEPARTMENT RESULTS (continued)

d) 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
Net 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

At 30 September 2008

4 NET INVESTMENT INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2008	2007	2008	2007
	KD	KD	KD	KD
Gain on sale of investment properties	-	-	3,719,208	-
Share of results of associates	74,219	(11,549)	61,318	(57,767)
Gain on sale of available for sale investments	1,239,723	3,003,560	5,175,062	7,665,367
Interest on bonds	7,247	14,829	29,471	47,455
Interest on fixed and short notice bank deposits	195,517	215,593	778,405	646,573
Dividend income	192,564	199,240	4,598,948	3,038,846
Rental income	-	82,935	27,720	155,646
Other investment income	35,954	42,863	79,804	139,245
	1,745,224	3,547,471	14,469,936	11,635,365
General and administrative expenses	(31,517)	(22,678)	(144,500)	(131,049)
Depreciation of investment properties	-	(28,500)	(9,974)	(77,596)
Financial charges	(569,072)	(135,482)	(1,626,403)	(337,161)
Foreign exchange loss	3,912	(366,662)	(24,110)	(366,662)
	(596,677)	(553,322)	(1,804,987)	(912,468)
	1,148,547	2,994,149	12,664,949	10,722,897

Included in general and administrative expenses is an amount of KD 113,105 (30 September 2007: KD 123,410) which represents depreciation of property 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>	
	2008	2007	2008	2007
	KD	KD	KD	KD
Net investment income	1,003,066	2,722,884	12,148,441	10,118,976
Net investment income from life insurance	145,481	271,265	516,508	603,921
	1,148,547	2,994,149	12,664,949	10,722,897

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>	
	2008	2007	2008	2007
	KD	KD	KD	KD
Profit for the period	1,730,102	3,492,323	14,490,514	12,505,479
	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	151,754,612	152,589,598	152,123,246	152,693,713
Basic and diluted earnings per share	11.40 fils	22.89 fils	95.26 fils	81.90 fils

At 30 September 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 September	(Audited) 31 December	30 September
			2008	2007	2007
			<i>KD</i>	<i>KD</i>	<i>KD</i>
Arab Life Insurance Company S.A.L.	49.37%	Lebanon	363,824	344,475	343,986
Trade Union Insurance Company E.C.	20%	KSA	1,684,445	1,929,875	1,686,350
Arab Life and Accident Insurance Co. P.S.C.	27.20%	Jordan	1,053,008	1,078,189	1,345,667
			<u>3,101,277</u>	<u>3,352,539</u>	<u>3,376,003</u>

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

7 INVESTMENT IN EQUITIES AND BONDS

	30 September	(Audited) 31 December	30 September
	2008	2007	2007
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Available for sale investments:			
Quoted equity securities	69,321,899	80,930,612	56,383,668
Unquoted equity securities	44,292,641	38,222,368	32,484,219
	<u>113,614,540</u>	<u>119,152,980</u>	<u>88,867,887</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>114,114,541</u>	<u>120,152,981</u>	<u>89,909,555</u>

Included in available for sale investments are unquoted securities with a value of KD 22,317,738 (31 December 2007: KD 32,270,458 and 30 September 2007: KD 25,503,752) 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 has commenced a detailed review of its unquoted investment to assess whether impairment has occurred in the value of these investments due to the impact of the global financial crisis.

At 30 September 2008

8 CASH AND CASH EQUIVALENTS

	<i>30 September 2008</i>	<i>(Audited) 31 December 2007</i>	<i>30 September 2007</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Fixed and short notice bank deposits	-	1,930,025	-
Bank balances and cash	551,220	133,368	676,776
	551,220	2,063,393	676,776
Bank overdraft	(3,948,871)	(939,250)	(179,957)
	(3,397,651)	1,124,143	496,819

Bank overdrafts are denominated in Kuwaiti dinars and carry an average effective interest rate of approximately 2% per annum (31 December 2007 and 30 September 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 September 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

	<i>30 September 2008</i>	<i>(Audited) 31 December 2007</i>	<i>30 September 2007</i>
Number of treasury shares (shares)	4,830,571	3,914,610	3,709,610
Percentage of issued shares (%)	3.09	2.76	2.61
Market value (KD)	1,714,853	2,935,958	2,337,054

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 September 2007: 0.75%).

At 30 September 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>Associates</i> <i>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	30 September 2008 KD	<i>30 September</i> <i>2007</i> <i>KD</i>
Premium written	261,249	1,523,501	1,784,750	1,295,418
Claims incurred	116,384	697,768	814,152	415,745
Share of results of associates	61,318	-	61,318	(57,767)

Key management personnel compensation

	30 September 2008 KD	<i>30 September</i> <i>2007</i> <i>KD</i>
Salaries and other short term benefits	361,196	294,547
Employees' end of service benefits	73,586	63,586

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

	<i>Unconsolidated</i> <i>subsidiaries</i> <i>KD</i>	<i>Associates</i> <i>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	30 September 2008 KD	<i>(Audited)</i> <i>31 December</i> <i>2007</i> <i>KD</i>	<i>30 September</i> <i>2007</i> <i>KD</i>
Investment in unconsolidated subsidiaries	100,001	-	-	100,001	100,001	1
Investment in associates	-	2,827,453	-	2,827,453	3,352,539	3,376,003
Premiums and insurance balances	-	437,533	1,644,761	2,082,294	1,650,697	1,599,007
Other credit balances	103,527	195,456	66,165	363,698	80,574	61,085

AL-AHLEIA INSURANCE COMPANY S.A.K.

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

30 SEPTEMBER 2008