

Al-Ahleia Insurance Company S.A.K.

INCOME STATEMENT (UNAUDITED)

Period ended 31 March 2007

	Notes	3 months ended 31 March	
		2007 KD	2006 KD
Revenue:			
Premiums written		7,812,438	6,152,344
Reinsurance premiums ceded		(5,215,495)	(3,830,725)
Net premiums written		2,596,943	2,321,619
Movement in unearned premiums		(213,949)	151,804
Net premiums earned		2,382,994	2,473,423
Commission received on ceded reinsurance		1,016,536	757,715
Policy issuance and transfer fees		135,683	143,195
Other income		26,638	10,483
		3,561,851	3,384,816
Expenses:			
Claims incurred		1,229,954	1,504,411
Commissions and discounts		511,394	311,938
Increase in additional reserve		57,529	28,163
(Increase) decrease in life mathematical reserve		(80,000)	317,000
Maturity and cancellations of life insurance policies		51,261	191,181
General and administrative expenses		701,973	1,041,421
		2,472,111	3,394,114
Net underwriting income (loss)	3	1,089,740	(9,298)
Net investment income	4	2,141,256	4,513,812
Sundry income		4,163	4,774
Unallocated general and administrative expenses		(136,828)	(211,020)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND NATIONAL LABOUR TAX		3,098,331	4,298,268
Contribution to KFAS		(30,983)	(42,983)
National Labour tax		(63,593)	(95,980)
PROFIT FOR THE PERIOD		3,003,755	4,159,305
BASIC AND DILUTED EARNINGS PER SHARE	5	21.72 fils	29.99 fils

The attached notes 1 to 11 form part of these interim financial information.

Al-Ahleia Insurance Company S.A.K.

BALANCE SHEET (UNAUDITED)

At 31 March 2007

			(Audited)	
		<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
		<i>2007</i>	<i>2006</i>	<i>2006</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>
ASSETS				
Cash and investments:				
Cash and cash equivalents	6	919,755	3,131,573	513,300
Fixed and short notice bank deposits		12,396,989	9,641,990	12,261,259
Investment in equities and bonds	7	80,361,600	78,283,983	71,731,569
Investment properties		1,278,102	1,300,634	1,302,351
Investment in associates		3,039,033	2,673,080	2,470,479
Loans to life policy holders		101,891	93,553	65,592
		<hr/>	<hr/>	<hr/>
Total cash and investments		98,097,370	95,124,813	88,344,550
Premiums and insurance balances receivable		10,701,402	8,703,802	11,364,525
Reinsurance recoverable on outstanding claims		14,219,263	13,465,225	13,173,180
Other debit balances		4,302,403	4,613,029	5,846,413
Premises and equipment		3,506,313	3,543,180	3,690,991
		<hr/>	<hr/>	<hr/>
TOTAL ASSETS		130,826,751	125,450,049	122,419,659
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	8	12,915,969	12,915,969	11,741,790
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		1,039,631	995,104	887,328
Cumulative changes in fair value		14,515,326	14,468,320	13,478,620
Foreign currency translation adjustments		(42,114)	(42,114)	(19,517)
Retained earnings		20,352,228	17,348,473	19,347,140
		<hr/>	<hr/>	<hr/>
Treasury shares	9	80,316,301 (1,669,425)	77,221,013 (1,642,769)	73,020,778 (1,485,276)
		<hr/>	<hr/>	<hr/>
TOTAL SHAREHOLDERS' EQUITY		78,646,876	75,578,244	71,535,502
		<hr/>	<hr/>	<hr/>
LIABILITIES				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		22,335,871	21,703,612	22,640,818
Unearned premiums reserve		2,772,625	2,558,676	2,546,325
Life mathematical reserve		2,640,000	2,720,000	3,200,000
Additional reserve		6,200,000	6,200,000	5,650,000
		<hr/>	<hr/>	<hr/>
Total technical reserves		33,948,496	33,182,288	34,037,143
Insurance, reinsurance companies and brokers		8,908,520	5,364,925	6,241,320
Other credit balances		9,273,929	9,390,907	9,909,497
Bank overdraft	6	48,930	1,933,685	696,197
		<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES		52,179,875	49,871,805	50,884,157
		<hr/>	<hr/>	<hr/>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		130,826,751	125,450,049	122,419,659
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Sulaiman Hamad Al-Dalali
Chairman and Managing Director

Ayman Abdullatif Al-Shayea
Vice Chairman

The attached notes 1 to 11 form part of these interim financial information.

Al-Ahleia Insurance Company S.A.K.

CASH FLOWS STATEMENT (UNAUDITED)

Period ended 31 March 2007

	<i>3 months ended 31 March</i>	
	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit before contribution to KFAS and taxation	3,098,331	4,298,268
Adjustments for:		
Provision for employees' end of service benefits	12,693	10,179
Depreciation of property and equipment	41,040	50,293
Depreciation of investment properties	24,532	21,320
Gain on sale of available-for-sale investments	(1,301,385)	(3,737,265)
Dividend income	(739,795)	(589,238)
Interest income	(226,048)	(239,434)
Rental income	-	(79,459)
Share in the associated companies' results	-	(11,725)
	909,368	(277,061)
Changes in operating assets and liabilities:		
Receivables and other debit balances	(2,027,495)	(525,209)
Technical reserves	766,208	666,903
Payables and other credit balances	3,321,041	(570,024)
Cash from (used in) operations	2,969,122	(705,391)
Employees' end of service benefits paid	(1,693)	(433)
Net cash from (used in) operating activities	2,967,429	(705,824)
INVESTING ACTIVITIES		
Purchase of property and equipment	(4,173)	(3,083)
Purchase of available-for -sale investments	(8,082,308)	(19,154,701)
Proceeds from sale of available-for-sale investments	7,311,415	16,629,796
Redemption of bonds	41,667	-
Purchase of investment in associates	(365,953)	-
Purchase of investment properties	(2,000)	(43,500)
Movement in loans to life policy holders	(8,338)	29,080
Movement in fixed and short notice bank deposits	(2,754,999)	950,000
Dividends received	537,073	357,544
Interest received	15,253	30,280
Rental income received	-	79,459
Net cash used in investing activities	(3,312,363)	(1,125,125)
FINANCING ACTIVITIES		
Dividends paid	-	(9,085)
Purchase of treasury shares	(97,627)	(19,425)
Sale of treasury shares	115,498	6,391
Net cash from (used in) financing activities	17,871	(22,119)
DECREASE IN CASH AND CASH EQUIVALENTS	(327,063)	(1,853,068)
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	870,825	(182,897)

The attached notes 1 to 11 form part of these interim financial information.

Al-Ahleia Insurance Company S.A.K.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

Period ended 31 March 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 adjustments KD</i>	<i>Retained earnings KD</i>	<i>Treasury shares KD</i>	<i>Total shareholders' equity KD</i>
Balance at 31 December 2006	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
Sale of available-for-sale-investments	-	-	-	-	-	(901,736)	-	-	-	(901,736)
Changes in fair values of available-for-sale investments	-	-	-	-	-	948,742	-	-	-	948,742
Gain on sale of treasury shares	-	-	-	-	44,527	-	-	-	-	44,527
Net income recognised directly in shareholders' equity	-	-	-	-	44,527	47,006	-	-	-	91,533
Profit for the period	-	-	-	-	-	-	-	3,003,755	-	3,003,755
Total income (expense) for the period	-	-	-	-	44,527	47,006	-	3,003,755	-	3,095,288
Purchase of treasury shares	-	-	-	-	-	-	-	-	(97,627)	(97,627)
Sale of treasury shares	-	-	-	-	-	-	-	-	70,971	70,971
Balance at 31 March 2007	12,915,969	12,012,393	11,772,868	7,750,000	1,039,631	14,515,326	(42,114)	20,352,228	(1,669,425)	78,646,876
Balance at 31 December 2005	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
Sale of available-for-sale investments	-	-	-	-	-	(3,316,981)	-	-	-	(3,316,981)
Changes in fair values of available-for-sale investments	-	-	-	-	-	(8,150,443)	-	-	-	(8,150,443)
Gain on sale of treasury shares	-	-	-	-	1,584	-	-	-	-	1,584
Net income and (expense) recognised directly in shareholders' equity	-	-	-	-	1,584	(11,467,424)	-	-	-	(11,465,840)
Profit for the period	-	-	-	-	-	-	-	4,159,305	-	4,159,305
Total income (expense) for the period	-	-	-	-	1,584	(11,467,424)	-	4,159,305	-	(7,306,535)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(19,425)	(19,425)
Sale of treasury shares	-	-	-	-	-	-	-	-	4,807	4,807
Balance at 31 March 2006	11,741,790	10,537,471	10,297,946	6,750,000	887,328	13,478,620	(19,517)	19,347,140	(1,485,276)	71,535,502

The attached notes 1 to 11 form part of these interim financial information.

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2007

1 ACTIVITIES

The interim financial information of Al-Ahleia Insurance Company S.A.K. for the period ended 31 March 2007 were authorised for issue by the Board of Directors on 14 May 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

These interim financial information have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, and the guidelines issued by the Kuwait Stock Exchange. The accounting policies used in the preparation of these interim financial information are consistent with those used in the most recent audited financial statements for the year ended 31 December 2006. For further information refer to the financial statements and notes thereto included in the Company's published audited financial statements for the year ended 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 three month period ended 31 March 2007 are not necessarily indicative of the results that may be expected for the year ending 31 December 2007.

3 DEPARTMENT RESULTS

a) Three months ended 31 March 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	2,461,032	2,752,909	619,270	1,979,227	7,812,438
Reinsurance premiums ceded	(2,097,711)	(1,389,362)	(496,315)	(1,232,107)	(5,215,495)
Net premiums written	363,321	1,363,547	122,955	747,120	2,596,943
Movement in unearned premiums	(48,357)	(164,907)	(684)	-	(213,948)
Net premiums earned	314,964	1,198,640	122,271	747,120	2,382,995
Commission received on ceded reinsurance	403,888	314,907	115,254	182,487	1,016,536
Policy issuance and transfer fees	-	135,683	-	-	135,683
Sundry income	2,407	19,776	1,365	3,090	26,638
Total revenue	721,259	1,669,006	238,890	932,697	3,561,852
Expenses:					
Claims incurred	11,525	594,621	49,097	574,711	1,229,954
Commissions and discounts	53,752	390,437	41,000	26,205	511,394
Movement in additional reserve	-	57,529	-	-	57,529
Movement in life mathematical reserve	-	-	-	(80,000)	(80,000)
Maturity and cancellations of life insurance policies	-	-	-	51,261	51,261
General and administrative expenses	203,077	256,739	58,208	183,950	701,974
Total expenses	268,354	1,299,326	148,305	756,127	2,472,112
Net underwriting income	452,905	369,680	90,585	176,570	1,089,740

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2007

3 DEPARTMENT RESULTS (continued)

b) Three months ended 31 March 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	2,192,359	1,539,421	529,245	1,891,319	6,152,344
Reinsurance premiums ceded	(1,902,773)	(444,383)	(428,768)	(1,054,801)	(3,830,725)
Net premiums written	289,586	1,095,038	100,477	836,518	2,321,619
Movement in unearned premiums	(53,342)	200,526	4,620	-	151,804
Net premiums earned	236,244	1,295,564	105,097	836,518	2,473,423
Commission received on ceded reinsurance	379,960	106,409	96,376	174,970	757,715
Policy issuance and transfer fees	-	143,195	-	-	143,195
Sundry income	1,492	5,171	1,191	2,629	10,483
Total revenue	617,696	1,550,339	202,664	1,014,117	3,384,816
Expenses:					
Claims incurred	89,870	848,795	29,036	536,710	1,504,411
Commissions and discounts	72,473	164,898	43,968	30,599	311,938
Movement in additional reserve	-	28,163	-	-	28,163
Movement in life mathematical reserve	-	-	-	317,000	317,000
Maturity and cancellations of life insurance policies	-	-	-	191,181	191,181
General and administration expenses	342,831	326,053	96,741	275,796	1,041,421
Total expenses	505,174	1,367,909	169,745	1,351,286	3,394,114
Net underwriting income (loss)	112,522	182,430	32,919	(337,169)	(9,298)

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2007

4 NET INVESTMENT INCOME

	<i>3 months ended 31 March</i>	
	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>
Interest on bonds	16,424	52,465
Dividend income	739,795	589,238
Interest on fixed and short notice bank deposits	209,624	186,969
Rental income	-	79,459
Gain on sale of available-for-sale investments	1,301,385	3,737,265
Other investment income	62,268	55,585
Share in the associated companies' results	-	11,725
	2,329,496	4,712,706
General and administrative expenses	(70,226)	(108,612)
Depreciation	(24,532)	(21,320)
Financial charges and other expenses	(93,482)	(68,962)
	(188,240)	(198,894)
	2,141,256	4,513,812

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 shares outstanding during the period as follows:

	<i>3 months ended 31 March</i>	
	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	3,003,755	4,159,305
	Shares	Shares
Weighted average number of shares outstanding during the period	138,288,326	138,682,163
Basic and diluted earnings per share	21.72 fils	29.99 fils

The earnings per share for the current and previous period have been restated for bonus shares for 2006 that have been approved on 9 April 2007 (Note 11).

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2007

6 CASH AND CASH EQUIVALENTS

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2007</i>	<i>2006</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cash in hand and at banks	102,366	39,899	202,133
Short notice bank deposits	817,389	3,091,674	311,167
	919,755	3,131,573	513,300
Bank overdraft	(48,930)	(1,933,685)	(696,197)
	870,825	1,197,888	(182,897)

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

7 INVESTMENT IN EQUITIES AND BONDS

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2007</i>	<i>2006</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Available-for-sale investments:			
Quoted equity securities	51,959,296	51,671,275	44,308,112
Unquoted equity securities	27,318,969	25,487,706	24,173,455
	79,278,265	77,158,981	68,481,567
Investment in subsidiary	1	1	1
Loans:			
Bonds	1,083,333	1,125,000	3,250,000
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
	80,361,600	78,283,983	71,731,569

Included under available for sale investments are unquoted securities with a value of KD 27,318,969 (31 December 2006: KD 25,487,706 and 31 March 2006: KD 24,173,455) 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, believe it is more appropriate to carry these at cost.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(UNAUDITED)

At 31 March 2007

8 SHARE CAPITAL

Authorized, issued and fully paid capital consists of 129,159,694 shares of 100 fils each (31 December 2006: 129,159,694 and 31 March 2006: 117,417,904 shares).

9 TREASURY SHARES

	31 March 2007	<i>(Audited)</i> 31 December 2006	31 March 2006
Number of treasury shares (share)	<u>3,457,176</u>	<u>3,477,176</u>	<u>3,085,000</u>
Percentage of issued shares (%)	<u>2.7</u>	<u>2.7</u>	<u>2.6</u>
Market value (KD)	<u>2,662,026</u>	<u>3,025,143</u>	<u>2,313,750</u>

10 RELATED PARTY TRANSACTIONS

In the normal course of business, the company provides insurance services to related parties. Premiums written from related parties during the three months ended 31 March 2007 amounted to KD 249,934 and accounts receivable and payable resulting from these services amounted to KD 1,483,000 and KD 68,610 respectively at 31 March 2007 (31 March 2006: premiums of KD 230,963 and accounts receivable and payables of KD 1,868,402 and KD 58,825 respectively).

Key management personnel compensation

	31 March 2007 KD	31 March 2006 KD
Salaries and other short term benefits	16,308	24,000
Employees' end of service benefits	46,858	29,143

11 SUBSEQUENT EVENT

The general assembly held on 9 April 2007 approved the distribution of 60 fils per share in addition to bonus shares of 10% of paid up share capital proposed by the board of directors for the year 2006.

AL-AHLEIA INSURANCE COMPANY S.A.K.

**INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

31 MARCH 2007