

**Gulf Insurance Company K.S.C.  
and Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**31 MARCH 2008 (UNAUDITED)**

Gulf Insurance Company K.S.C. And Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 31 March 2008 (Unaudited)

	Notes	3 months ended 31 March	
		2008 KD	2007 KD
<b>Revenue:</b>			
Premiums written		23,226,504	20,584,781
Reinsurance premiums ceded		(9,682,486)	(9,060,239)
Net premiums written		13,544,018	11,524,542
Movement in unearned premiums		(958,151)	(1,083,441)
Net premiums earned		12,585,867	10,441,101
Commission received on ceded reinsurance		2,005,755	1,480,379
Policy issuance fees		275,790	275,439
Net investment income from life insurance	3	598,933	893,165
		<b>15,466,345</b>	<b>13,090,084</b>
<b>Expenses:</b>			
Claims incurred		6,337,934	5,034,074
Commission and discounts		1,437,753	1,296,028
(Decrease) increase in life mathematical reserve		2,956,183	2,540,000
Increase (decrease) in additional reserve		42,905	15,715
Maturity and cancellations of life insurance policies		89,715	78,778
General and administrative expenses		2,874,044	2,217,336
		<b>13,738,534</b>	<b>11,181,931</b>
<b>Net underwriting income</b>		<b>1,727,811</b>	<b>1,908,153</b>
Net investment income	3	4,476,489	26,974,616
Net sundry income		189,451	34,589
		<b>6,393,751</b>	<b>28,917,358</b>
Unallocated general and administrative expenses		(916,001)	(1,327,297)
Impairment of goodwill		-	(448,949)
<b>PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR TAX (NLST) AND ZAKAT TAX</b>		<b>5,477,750</b>	<b>27,141,112</b>
Contribution to KFAS		(49,548)	(264,753)
Contribution to NLST		(61,370)	(656,258)
Zakat tax		(24,548)	-
<b>PROFIT FOR THE PERIOD</b>		<b>5,342,284</b>	<b>26,220,101</b>
<b>Attributable to:</b>			
Equity holders of the parent company		4,819,352	25,554,301
Minority interest		522,932	665,800
		<b>5,342,284</b>	<b>26,220,101</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	4	<b>29.2 fils</b>	<b>162.2 fils</b>

The attached notes 1 to 15 form part of the interim condensed consolidated financial information.

# Gulf Insurance Company K.S.C. And Subsidiaries

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

At 31 March 2008 (Unaudited)

		<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
		<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
		<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>ASSETS</b>				
Property and equipment		6,207,129	6,191,673	5,800,643
Investments in associated companies		4,050,680	4,050,680	981,671
Intangible assets		2,725,109	2,725,109	2,250,715
Investments carried at fair value through income statement	5	23,381,383	22,829,621	10,834,306
Investments available for sale	6	68,601,256	60,913,490	40,208,492
Debt securities (loans)		4,300,000	4,300,000	5,476,855
Investments held to maturity		4,962,336	4,731,485	1,832,209
Loans secured by life insurance policies		452,837	438,165	159,728
Premiums and insurance balances receivable		28,884,962	22,961,088	24,874,091
Reinsurance recoverable on outstanding claims		25,207,469	22,224,904	14,912,491
Property held for sale		269,642	291,249	1,219,358
Other assets		9,041,855	6,364,875	11,064,205
Cash and cash equivalents	7	68,067,380	65,008,645	80,016,752
<b>TOTAL ASSETS</b>		<b>246,152,038</b>	<b>223,030,984</b>	<b>199,631,516</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Liabilities arising from insurance contracts:</b>				
Outstanding claims reserve (gross)		48,801,947	44,263,271	33,424,923
Unearned premiums reserve (net)		14,117,582	13,287,003	14,070,439
Life mathematical reserve (net)		18,573,971	15,617,788	16,994,986
Additional reserve (net)		3,097,253	3,064,061	3,049,102
Total liabilities arising from insurance contracts		84,590,753	76,232,123	67,539,450
Bank overdraft	7	606,714	7,888,638	628,142
Term loan	8	7,000,000	-	-
Premiums received in advance		2,756,723	2,736,907	6,324,790
Insurance payable		27,826,081	25,507,388	25,988,245
Other liabilities		22,076,441	11,010,746	13,955,354
<b>TOTAL LIABILITIES</b>		<b>144,856,712</b>	<b>123,375,802</b>	<b>114,435,981</b>
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>				
Share capital		16,965,000	11,310,000	11,310,000
Share premium		3,600,000	3,600,000	3,600,000
Treasury shares	9	(2,045,871)	(3,385,743)	(4,330,643)
Treasury shares reserve		1,578,309	1,011,297	-
Employees Share Option reserve		-	318,508	-
Statutory reserve		11,310,000	11,310,000	10,363,850
Voluntary reserve		15,263,413	15,263,413	11,319,880
Cumulative changes in fair values		18,830,549	12,084,472	9,125,461
Foreign currency translation adjustments		(627,652)	(496,807)	14,853
Retained earnings		23,569,164	35,555,940	28,333,979
Minority interest		88,442,912	86,571,080	69,737,380
		12,852,414	13,084,102	15,458,155
<b>Total equity</b>		<b>101,295,326</b>	<b>99,655,182</b>	<b>85,195,535</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>246,152,038</b>	<b>223,030,984</b>	<b>199,631,516</b>

Farqad A. Al-Sane, Chairman

Faisal Hamad Al-Ayyar, Vice Chairman

The attached notes 1 to 15 form part of the interim condensed consolidated financial information.

# Gulf Insurance Company K.S.C. And Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2008 (Unaudited)

	<i>3 months ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
<i>Note</i>	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	5,342,284	26,220,101
Adjustments for:		
Depreciation	94,355	629,668
Net investment income	(5,075,422)	(27,867,781)
Impairment of goodwill	-	448,946
Contribution to KFAS	49,548	264,753
Contribution to NLST	61,370	656,258
	<u>472,135</u>	<u>351,945</u>
Changes in operating assets and liabilities:		
Investments carried at fair value through income statement	(551,762)	1,371,617
Premiums and insurance balances receivable	(5,923,874)	(6,205,691)
Reinsurance recoverable on outstanding claims	(2,982,565)	(893,389)
Property held for sale	21,607	95,093
Other assets	(2,676,980)	(4,834,583)
Technical reserves	8,358,630	2,713,790
Premiums received in advance	19,816	657,035
Insurance payable	2,318,693	(2,333,156)
Other liabilities	(53,070)	2,740,664
	<u>(997,370)</u>	<u>(6,336,675)</u>
Cash used in operations	(997,370)	(6,336,675)
Paid to directors	(120,000)	(80,000)
Paid in respect of KFAS	-	(85,802)
Paid in respect of NLST	(13,131)	-
	<u>(1,130,501)</u>	<u>(6,502,477)</u>
Net cash used in operating activities	<u>(1,130,501)</u>	<u>(6,502,477)</u>
<b>INVESTING ACTIVITIES</b>		
Additions to property and equipment	(109,811)	(764,252)
Net movement in investments available for sale	7,880,727	44,363,534
Decrease in debt securities (loans)	-	39,300
Additions to investments held to maturity	(230,851)	(300,373)
Loans secured by life insurance policies	(14,672)	(32,752)
Interest received	-	15,981
Dividends received	(2,038,710)	924,082
Other investment income received	(2,614,450)	-
	<u>2,872,233</u>	<u>44,245,520</u>
Net cash from investing activities	<u>2,872,233</u>	<u>44,245,520</u>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	54,576	(4,276,340)
Net movement in treasury shares	1,906,884	(1,178,700)
Term loan	7,000,000	-
Net movement in minority interest	(231,688)	1,322,000
	<u>8,729,772</u>	<u>(4,133,040)</u>
Net cash from (used in) financing activities	<u>8,729,772</u>	<u>(4,133,040)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>10,471,504</b>	<b>33,610,003</b>
Net foreign exchange difference	(130,845)	(8,470)
Cash and cash equivalents at beginning of the period	57,120,007	45,787,077
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>7</b> <u><u>67,460,666</u></u>	<u><u>79,388,610</u></u>

The attached notes 1 to 15 form part of the interim condensed consolidated financial information.

## Gulf Insurance Company K.S.C. And Subsidiaries

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2008 (Unaudited)

	Attributable to equity holders of the parent company											Minority interest	Total Equity
	Share capital KD	Share premium KD	Treasury shares KD	Treasury share reserve KD	Employees share option reserve KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair values KD	Foreign currency translation adjustments KD	Retained earnings KD	Sub total KD	KD	KD
Balance at 31 December 2007	11,310,000	3,600,000	(3,385,743)	1,011,297	318,508	11,310,000	15,263,413	12,084,472	(496,807)	35,555,940	86,571,080	13,084,102	99,655,182
Change in fair value of investments available for sale	-	-	-	-	-	-	-	6,746,077	-	-	6,746,077	-	6,746,077
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	(130,845)	-	(130,845)	-	(130,845)
Net income and expense recognised directly in equity	11,310,000	3,600,000	(338,5743)	1,011,297	318,508	11,310,000	15,263,413	18,830,549	(627,652)	35,555,940	93,186,312	13,084,102	106,270,414
Profit for the period	-	-	-	-	-	-	-	-	-	4,819,352	4,819,352	522,932	5,342,284
Total recognised income and expense for the period	11,310,000	3,600,000	(338,5743)	1,011,297	318,508	11,310,000	15,263,413	18,830,549	(627,652)	40,375,292	98,005,664	13,607,034	111,612,698
Dividend for 2007(note 11)	-	-	-	-	-	-	-	-	-	(11,151,128)	(11,151,128)	-	(11,151,128)
Issue of bonus shares (note 11)	5,655,000	-	-	-	-	-	-	-	-	(5,655,000)	-	-	-
Cost of share based payment	-	-	-	-	383,560	-	-	-	-	-	383,560	-	383,560
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	1,339,872	567,012	(702,068)	-	-	-	-	-	1,204,816	-	1,204,816
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	-	(754,620)	(754,620)
<b>Balance at 31 March 2008</b>	<b>16,965,000</b>	<b>3,600,000</b>	<b>(2,045,871)</b>	<b>1,578,309</b>	<b>-</b>	<b>11,310,000</b>	<b>15,263,413</b>	<b>18,830,549</b>	<b>(627,652)</b>	<b>23,569,164</b>	<b>88,442,912</b>	<b>12,852,414</b>	<b>101,295,326</b>

The attached notes 1 to 15 form part of the interim condensed consolidated financial information.

## Gulf Insurance Company K.S.C. And Subsidiaries

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2008 (Unaudited)

	Attributable to equity holders of the parent company										Minority interest	Total Equity	
	Share capital KD	Share premium KD	Treasury shares KD	Treasury share reserve KD	Employees share option reserve KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair values KD	Foreign currency translation adjustments KD	Retained earnings KD	Sub total KD	KD	KD
Balance at 31 December 2006	11,310,000	3,600,000	(3,151,943)	-	-	10,363,850	11,319,880	18,511,012	23,323	8,589,328	60,565,450	13,470,360	74,035,810
Changes in fair value of investments available for sale	-	-	-	-	-	-	-	2,949,637	(8,470)	-	2,941,167	-	2,941,167
Sale of investments available for sale	-	-	-	-	-	-	-	(12,335,188)	-	-	(12,335,188)	-	(12,335,188)
Net expense recognised directly in equity	-	-	-	-	-	-	-	(9,385,551)	(8,470)	-	(9,394,021)	-	(9,394,021)
Profit for the period	-	-	-	-	-	-	-	-	-	25,554,301	25,554,301	665,800	26,220,101
Total recognised income and expenses for the period	-	-	-	-	-	-	-	(9,385,551)	(8,470)	25,554,301	16,160,280	665,800	16,826,080
Dividends for 2006 at 55 fils per share (Note 11)	-	-	-	-	-	-	-	-	-	(5,809,650)	(5,809,650)	-	(5,809,650)
Purchase of treasury shares	-	-	(1,178,700)	-	-	-	-	-	-	-	(1,178,700)	-	(1,178,700)
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	-	1,321,995	1,321,995
Balance at 31 March 2007	11,310,000	3,600,000	(4,330,643)	-	-	10,363,850	11,319,880	9,125,461	14,853	28,333,979	69,737,380	15,458,155	85,195,535

The attached notes 1 to 15 form part of the interim condensed consolidated financial information.

# Gulf Insurance Company K.S.C. And Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2008 (Unaudited)

### 1 ACTIVITIES

The interim condensed consolidated financial information of Gulf Insurance Company K.S.C. (the “parent company”) and subsidiaries (the “group”) were authorised for issue by the Board of Directors on April 24, 2008.

The parent company is a Kuwaiti Shareholding Company incorporated in the State of Kuwait in accordance with the Amiri Decree No. 25 of 9 April 1962, and is listed on the Kuwait Stock Exchange. The address of the parent company’s registered office is P.O. Box 1040 Safat, 13011 State of Kuwait. The parent company is 75.2% owned by Kuwait Projects Company Holding K.S.C. (the “Group”). The parent company’s objectives include all types of insurance, indemnities, compensations and investing its capital and assets in various financial and real estate investments, both locally and abroad.

### 2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the group is prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2007 except as discussed in the following paragraphs.

#### Term loans

The term loans are carried on the balance sheet at their principal amounts and the instalments is due within one year. Interest is charged as an expense as it accrues, with unpaid amounts included in ‘Other liabilities’.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards. 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 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008. For more details please refer to the consolidated financial statements and its related disclosure for the year ended 31 December 2007.

### 3 NET INVESTMENT INCOME

	<i>Three months ended 31 March</i>	
	<i>Total 2008 KD</i>	<i>Total 2007 KD</i>
Net realised gain on sale of investments available for sale	135,358	25,042,522
Realised gain on sale of investments carried at fair value through income statement	530,814	69,272
Dividend income	3,045,842	1,205,037
Interest on debt securities (loans)	198,599	124,486
Changes in fair value of investments carried at fair value through income statement	590,474	547,622
Realised profit from investment portfolios	77,373	392,528
Interest on time and call deposits	877,338	654,504
Other investment income	30,321	15,288
Finance charges and interest	(167,663)	(93,123)
Other investment expenses	(243,034)	(90,355)
	<u>5,075,422</u>	<u>27,867,781</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2008 (Unaudited)

**4 BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY**

Basic earnings per share are calculated by dividing profit for the period attributable to equity holders of the parent company by the weighted average number of shares outstanding during the period. Diluted earning per share are calculated by dividing profit for the period attributable to equity holders of the parent company by the weighted average number of ordinary shares, less treasury shares, outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares which is reserved from employee share option scheme.

	<i>Three month ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>
Profit for the year attributable to equity holders of the parent company	<b>4,819,352</b>	25,554,301
	<b>Shares</b>	Shares
Number of shares outstanding at the beginning of the period	<b>169,650,000</b>	169,650,000
Weighted average number of treasury shares	<b>(4,635,720)</b>	(12,068,000)
Weighted average number of shares outstanding during the period	<b>165,014,280</b>	157,582,000
<b>Basic and Diluted earnings per share</b>	<b>29.2 Fils</b>	162.2 Fils

Basic and diluted earnings per share for the period ended 31 March 2007 have been restated for bonus shares issued in 2008 (Note 11).

**5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT**

	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Quoted equity securities	<b>8,954,542</b>	3,848,041	7,042,833
Managed funds	<b>14,426,841</b>	18,981,580	3,791,473
	<b>23,381,383</b>	22,829,621	10,834,306

**6 INVESTMENTS AVAILABLE FOR SALE**

	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Quoted equity securities	<b>47,045,772</b>	46,780,049	23,818,253
Unquoted equity securities	<b>18,300,438</b>	11,870,211	13,948,480
Unquoted funds	<b>3,255,046</b>	2,263,230	2,441,759
	<b>68,601,256</b>	60,913,490	40,208,492

Included in investments available for sale are unquoted equity securities with a carrying value of KD 9,545,525 (31 December 2007: KD 9,545,525 and 31 March 2007 KD: 9,752,799) 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 not aware of any circumstances that would indicate impairment in the value of these investments at 31 March 2008.



# Gulf Insurance Company K.S.C. And Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2008 (Unaudited)

### 7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows include the following consolidated balance sheet amounts:

	<i>(Unaudited)</i> <b>31 March</b> <b>2008</b> <b>KD</b>	<i>(Audited)</i> <b>31 December</b> <b>2007</b> <b>KD</b>	<i>(Unaudited)</i> <b>31 March</b> <b>2007</b> <b>KD</b>
Bank balances and cash	<b>5,408,645</b>	7,616,889	8,861,423
Time and call deposits	<b>56,658,735</b>	57,391,756	60,655,329
Money market fund	<b>6,000,000</b>	-	10,500,000
	<hr/>	<hr/>	<hr/>
Bank balances and short term deposits	<b>68,067,380</b>	65,008,645	80,016,752
Bank overdraft	<b>(606,714)</b>	(7,888,638)	(628,142)
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	<b>67,460,666</b>	57,120,007	79,388,610
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### 8 TERM LOAN

Term loan of KD 7 million has been obtained from the ultimate parent company Kuwait Project Company Holding K.S.C. at an interest rate of 7% per annum and is repayable on demand.

### 9 TREASURY SHARES

	<i>(Unaudited)</i> <b>31 March</b> <b>2008</b>	<i>(Audited)</i> <b>31 December</b> <b>2007</b>	<i>(Unaudited)</i> <b>31 March</b> <b>2007</b>
Number of shares (share)	<b>5,518,953</b>	6,088,934	9,275,000
	<hr/>	<hr/>	<hr/>
Percentage of issued shares (%)	<b>3.25</b>	5.3	8.20
	<hr/>	<hr/>	<hr/>
Market value (KD)	<b>4,194,404</b>	5,175,594	5,843,250
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the three month period ended 31 March 2008, the employees exercised all the shares granted of 2,409,632 shares from the treasury shares realising net gain of KD 567,012, which has been credited to treasury share reserve.

# Gulf Insurance Company K.S.C. And Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2008 (Unaudited)

### 10 SEGMENT INFORMATION

The group operates in two segments, general risk insurance and life insurance; there are no inter-segment transactions. The following are the details of these two primary segments:

Three months ended 31 March 2008:

	<i>General risk insurance</i>			<i>Total general risk insurance</i>	<i>Life insurance</i>	<i>Total</i>
	<i>Marine &amp; aviation</i>	<i>Property</i>	<i>Casualty</i>			
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	<b>867,808</b>	<b>1,115,952</b>	<b>6,491,352</b>	<b>8,475,112</b>	<b>6,991,233</b>	<b>15,466,345</b>
Segment results (net underwriting income)	<b>283,452</b>	<b>390,172</b>	<b>635,398</b>	<b>1,309,022</b>	<b>418,789</b>	<b>1,727,811</b>

Three months ended 31 March 2007:

	<i>General risk insurance</i>			<i>Total general risk insurance</i>	<i>Life insurance</i>	<i>Total</i>
	<i>Marine &amp; aviation</i>	<i>Property</i>	<i>Casualty</i>			
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	635,970	1,574,934	4,798,234	7,009,138	6,080,946	13,090,084
Segment results (net underwriting income)	272,405	627,708	360,517	1,260,630	647,523	1,908,153

### 11 DIVIDEND DISTRIBUTION

On 23 March 2008, the general assembly approved the distribution of cash dividend of 100% amounting to KD 11,151,128 representing 100 fils per share and bonus shares of 50% (50 shares for each 100 share) proposed by the Board of Directors for the year ended 31 December 2007 (2007: 55% cash dividend amounting to KD 5,809,650).

# Gulf Insurance Company K.S.C. And Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2008 (Unaudited)

### 12 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management.

	<i>31 March 2008</i>		<i>31 March 2007</i>	
	<i>Premiums KD</i>	<i>Claims KD</i>	<i>Premiums KD</i>	<i>Claims KD</i>
Ultimate parent company	27,004	2,232	22,888	433
Directors and key management personnel	276,536	26,680	406,306	43,041
Other related parties	1,227,370	227,524	866,193	252,836
	<b>1,530,910</b>	<b>256,436</b>	<b>1,295,387</b>	<b>296,310</b>

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

	<i>31 March 2008</i>		<i>31 March 2007</i>	
	<i>Amounts owed by related parties KD</i>	<i>Amounts owed to related parties KD</i>	<i>Amounts owed by related parties KD</i>	<i>Amounts owed to related parties KD</i>
Ultimate parent company	49,759	-	-	156,773
Directors and key management personnel	393,952	(10,105)	507,952	1,333
Other related parties	1,248,338	(59,526)	1,091,259	393,733
	<b>1,692,049</b>	<b>(69,631)</b>	<b>1,599,211</b>	<b>551,839</b>

The group has also engaged with related parties in its investment activities as follows:

- a) Most of the group's investment transactions are made through portfolios managed by a related company. Total income from related parties' transaction amounted to KD 1,761,849 (31 December 2007: 4,574,850 and 31 March 2007: KD 1,425,664).

Total expenses from related parties' transactions amounted to KD 281,362 (31 December 2007: KD 1,418,140 and 31 March 2007: KD 311,948).

- b) The group holds certain deposits and call accounts with Burgan Bank. The group also holds bonds issued by the ultimate parent company and other related companies amounting to KD 1,800,000 (31 December 2007: KD 1,800,000 and 31 March 2007: KD 2,630,000).

# Gulf Insurance Company K.S.C. And Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2008 (Unaudited)

### 12 RELATED PARTY TRANSACTIONS (continued)

- c) Loans granted to an associated company and a related party amounted to KD 1,402,000 (31 December 2007: KD 1,402,000 and 31 March 2007: KD 1,698,689). These loans are repayable on demand. The interest rate is calculated based on prevailing discount rate of the Central Bank of Kuwait.
- d) Loan acquired from the Ultimate parent company amounted to KD 7,000,000 (31 December 2007: Nil and 31 March 2007: KD Nil). This loans is repayable on demand with interest rate of 7% per annum. The interest expense recognised during the three month period ended 31 March 2008 is KD 91,287

### Key management personnel compensation

	<i>31 March 2008 KD</i>	<i>31 March 2007 KD</i>
Salaries and other short term benefits	<b>184,841</b>	167,777
Employees' end of service benefits	<b>1,352,711</b>	746,296
	<b><u>1,537,552</u></b>	<u>914,073</u>

### 13 COMMITMENTS

At 31 March 2008, the group had future commitments in respect of investments amounting to KD 184,500 (31 December 2007: KD 185,750 and 31 March 2007: KD 349,000).

### 14 CONTINGENT LIABILITIES

At 31 March 2008, the group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 3,316,903 (31 December 2007: KD 3,316,903 and 31 March 2007: KD 3,422,628).

### 15 FORMATION OF SUBSIDIARY

#### Gulf Insurance for Life Company K.S.C. (Closed)

During 2007, the parent company established a new entity for life and health insurance in Kuwait where it has equity interest of 98.60%. This new entity started its operations as a separate legal entity on 1 January 2008 after obtaining the necessary licensing and certification from the Kuwait authorities. Effectively, from 1 January 2008 the assets and liabilities relating to life and health business managed by a separate division within the parent company, Gulf Insurance Company K.S.C. (Closed), have been transferred to the newly established subsidiary, Gulf Insurance for Life Company K.S.C. (Closed). The parent company has consolidated this subsidiary from 1 January 2008 and there is no material impact on the financial statements because of this change.