

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 MARCH 2009 (UNAUDITED)

Gulf Insurance Company K.S.C. And Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

Period ended 31 March 2009

	Notes	3 months ended 31 March	
		2009 KD	2008 KD
Revenue:			
Premiums written		27,992,821	23,226,504
Reinsurance premiums ceded		(10,540,923)	(9,682,486)
Net premiums written		17,451,898	13,544,018
Movement in unearned premiums		(2,078,706)	(958,151)
Net premiums earned		15,373,192	12,585,867
Commission received on ceded reinsurance		2,083,841	2,005,755
Policy issuance fees		345,773	275,790
Net investment income from life insurance	3	82,573	598,933
		<u>17,885,379</u>	<u>15,466,345</u>
Expenses:			
Claims incurred		7,774,019	6,337,934
Commission and discounts		1,902,410	1,437,753
Increase in life mathematical reserve		4,103,428	2,956,183
(Decrease) increase in additional reserve		(27,430)	42,905
Maturity and cancellations of life insurance policies		183,565	89,715
General and administrative expenses		2,757,416	2,874,044
		<u>16,693,408</u>	<u>13,738,534</u>
Net underwriting income		1,191,971	1,727,811
Net investment income	3	2,038,436	4,476,489
Net sundry income		8,207	189,451
		<u>3,238,614</u>	<u>6,393,751</u>
Other charges			
Unallocated general and administrative expenses		(629,759)	(916,001)
		<u>(629,759)</u>	<u>(916,001)</u>
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		2,608,855	5,477,750
Contribution to KFAS		(23,946)	(49,548)
National Labour Support tax (NLST)		(59,866)	(61,370)
Zakat tax		(23,946)	(24,548)
		<u>(107,704)</u>	<u>(135,466)</u>
PROFIT FOR THE PERIOD		2,501,097	5,342,284
Attributable to:			
Equity holders of the parent company		2,286,870	4,819,352
Non-controlling interests		214,227	522,932
		<u>2,501,097</u>	<u>5,342,284</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	4	13.9 fils	29.2 fils

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2009

		(Unaudited) 31 March 2009 KD	(Audited) 31 December 2008 KD	(Unaudited) 31 March 2008 KD
ASSETS				
Property and equipment		6,644,738	6,458,519	6,207,129
Investments in associated companies		5,571,717	5,370,810	4,050,680
Intangible assets		2,934,275	2,934,275	2,725,109
Financial instruments:				
Investments carried at fair value through statement of income	5	14,003,478	16,378,807	23,381,383
Investments available for sale	6	62,488,062	64,820,838	68,601,256
Debt securities (loans)		3,300,000	3,300,000	4,300,000
Investments held to maturity		6,520,861	6,320,460	4,962,336
Loans secured by life insurance policies		714,171	731,959	452,837
Premiums and insurance balances receivable		33,688,374	27,842,034	28,884,962
Reinsurance recoverable on outstanding claims		33,839,864	37,231,202	25,207,469
Property held for sale		225,288	228,932	269,642
Other assets		14,956,265	12,163,792	9,041,855
Cash and cash equivalents	7	56,267,103	56,194,609	68,067,380
TOTAL ASSETS		241,154,196	239,976,237	246,152,038
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities arising from insurance contracts:				
Outstanding claims reserve (gross)		59,701,675	61,502,416	48,801,947
Unearned premiums reserve (net)		16,697,668	14,188,193	14,117,582
Life mathematical reserve (net)		20,416,919	16,311,027	18,573,971
Additional reserve (net)		3,261,786	3,256,360	3,097,253
Total liabilities arising from insurance contracts		100,078,048	95,257,996	84,590,753
Bank overdraft	7	4,126,461	7,015,847	606,714
Term loan		-	-	7,000,000
Premiums received in advance		6,432,815	6,319,613	2,756,723
Insurance payable		31,752,907	30,770,516	27,826,081
Other liabilities		9,594,805	11,196,155	22,076,441
Amount due to policyholders of Takaful fund	14	369,441	-	-
TOTAL LIABILITIES		152,354,477	150,560,127	144,856,712
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY				
Share capital		16,965,000	16,965,000	16,965,000
Share premium		3,600,000	3,600,000	3,600,000
Treasury shares	8	(1,740,148)	(2,045,871)	(2,045,871)
Treasury shares reserve		1,500,781	1,578,309	1,578,309
Statutory reserve		11,689,049	11,689,049	11,310,000
Voluntary reserve		15,642,462	15,642,462	15,263,413
Cumulative changes in fair values		5,009,264	8,169,978	18,830,549
Foreign currency translation adjustments		26,908	(430,516)	(627,652)
Retained earnings		24,095,023	21,808,153	23,569,164
Non-controlling interest		76,788,339	76,976,564	88,442,912
		12,011,380	12,439,546	12,852,414
Total equity		88,799,719	89,416,110	101,295,326
TOTAL LIABILITIES AND EQUITY		241,154,196	239,976,237	246,152,038

Farqad A. Al-Sane, Chairman

The attached notes 1 to 14 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 2009 (Unaudited)

	Attributable to equity holders of the parent company											Non-controlling 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 2008	16,965,000	3,600,000	(2,045,871)	1,578,309	-	11,689,049	15,642,462	8,169,978	(430,516)	21,808,153	76,976,564	12,439,546	89,416,110
Profit for the period	-	-	-	-	-	-	-	-	-	2,286,870	2,286,870	214,227	2,501,097
Other comprehensive income	-	-	-	-	-	-	-	(3,160,714)	457,424	-	(2,703,290)	-	(2,703,290)
Total comprehensive income/ (loss) for the period	-	-	-	-	-	-	-	(3,160,714)	457,424	2,286,870	(416,420)	214,227	(202,193)
Cost of share based payment	-	-	-	-	38,493	-	-	-	-	-	38,493	-	38,493
Sale of treasury share (Note 8)	-	-	305,723	(77,528)	(38,493)	-	-	-	-	-	189,702	-	189,702
Net change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(642,393)	(642,393)
Balance at 31 March 2009	16,965,000	3,600,000	(1,740,148)	1,500,781	-	11,689,049	15,642,462	5,009,264	26,908	24,095,023	76,788,339	12,011,380	88,799,719
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
Profit for the period	-	-	-	-	-	-	-	-	-	4,819,352	4,819,352	522,932	5,342,284
Other comprehensive income	-	-	-	-	-	-	-	6,746,077	(130,845)	-	6,615,232	-	6,615,232
Total comprehensive income/ loss for the period	-	-	-	-	-	-	-	6,746,077	(130,845)	4,819,352	11,434,584	522,932	11,957,516
Dividend for 2007(Note 10)	-	-	-	-	-	-	-	-	-	(11,151,128)	(11,151,128)	-	(11,151,128)
Issue of bonus shares (Note 10)	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 change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(754,620)	(754,620)
Balance at 31 March 2008	16,965,000	3,600,000	(2,045,871)	1,578,309	-	11,310,000	15,263,413	18,830,549	(627,652)	23,569,164	88,442,912	12,852,414	101,295,326

The attached notes 1 to 14 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 2009 (Unaudited)

	<i>3 months ended 31 March</i>	
	2009	2008
<i>Note</i>	KD	KD
OPERATING ACTIVITIES		
Profit for the period	2,501,097	5,342,284
Adjustments for:		
Depreciation	115,448	94,355
Net investment income	(2,121,009)	(5,075,422)
Impairment of investments available for sale	156,952	-
Contribution to KFAS	23,946	49,548
Contribution to NLST	59,866	61,370
	736,300	472,135
Changes in operating assets and liabilities:		
Investments carried at fair value through income statement	2,375,329	(551,762)
Premiums and insurance balances receivable	(5,846,340)	(5,923,874)
Reinsurance recoverable on outstanding claims	3,391,338	(2,982,565)
Property held for sale	3,644	21,607
Other assets	(1,269,391)	(2,676,980)
Liabilities arising from insurance contracts	4,820,052	8,358,630
Premiums received in advance	113,202	19,816
Insurance payable	1,351,832	2,318,693
Other liabilities	(1,605,162)	(53,070)
Cash from (used in) operations	4,070,804	(997,370)
Paid to directors	(80,000)	(120,000)
Paid to NLST	-	(13,131)
Net cash from (used in) operating activities	3,990,804	(1,130,501)
INVESTING ACTIVITIES		
Purchase of property and equipment	(301,667)	(109,811)
Net movement in investments available for sale	(984,889)	7,880,727
Purchase of investments in associates	(200,907)	-
Decrease in debt securities (loans)	-	-
Proceeds from sale of associate	-	-
Additions to investments held to maturity	(200,401)	(230,851)
Acquisition of subsidiary	-	-
Net movement in debt securities (loans)	-	-
Loans secured by life insurance policies	17,788	(14,672)
Interest received	162,237	(2,038,710)
Dividends received	424,091	-
Other investment income received	50,090	(2,614,450)
Net cash (used in) from investing activities	(1,033,658)	2,872,233
FINANCING ACTIVITIES		
Dividends paid	-	54,576
Net movement in treasury shares	189,703	1,906,884
Term loan	-	7,000,000
Net movement in non-controlling interest	(642,393)	(231,688)
Net cash (used in) from financing activities	(452,690)	8,729,772
INCREASE IN CASH AND CASH EQUIVALENTS	2,504,456	10,471,504
Net foreign exchange difference	457,424	(130,845)
Cash and cash equivalents at 1 January	49,178,762	57,120,007
CASH AND CASH EQUIVALENTS AT 31 MARCH	7 52,140,642	67,460,666

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

At 31 March 2009 (Unaudited)

1 ACTIVITIES

The interim condensed consolidated financial information of Gulf Insurance Company K.S.C. (the “parent company”) and its subsidiaries (the “group”) were authorised for issue by the Board of Directors on 22 April 2009.

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 68.46% owned by Kuwait Projects Company Holding K.S.C. (the “ultimate parent company”). 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 SIGNIFICANT ACCOUNTING POLICIES

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 2008 except as discussed in the following paragraphs.

During the period, the Group adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1 ‘Presentation of Financial Statements’ (Revised):

The revised standard requires only owner changes in equity to be presented in the statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented separately from owner changes in equity in a performance statement (consolidated statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

IFRS 8 ‘Operating segments’:

The new standard which replaced IAS 14 ‘Segment reporting’ requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an additional disclosure as the secondary segment. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the decision makers.

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 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009. For more details please refer to the consolidated financial statements for the year ended 31 December 2008

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2009 (Unaudited)

3 NET INVESTMENT INCOME

	<i>Three months ended 31 March</i>	
	<i>Total 2009 KD</i>	<i>Total 2008 KD</i>
Net realised gain on sale of investments available for sale	50,183	135,358
Realised (loss) gain on sale of investments carried at fair value through income statement	(100,273)	530,814
Dividend income	2,589,250	3,045,842
Interest on debt securities (loans)	271,246	198,599
Changes in fair value of investments carried at fair value through income statement	(1,198,535)	590,474
Realised profit from investment portfolios	-	77,373
Interest on time and call deposits	756,668	877,338
Foreign exchange gain	168,925	30,321
Other investment income	25,311	-
Impairment loss of investments available for sale	(156,952)	-
Finance charges and interest	(166,187)	(167,663)
Other investment expenses	(118,627)	(243,034)
	<u>2,121,009</u>	<u>5,075,422</u>

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 months ended 31 March</i>	
	<i>2009 KD</i>	<i>2008 KD</i>
Profit attributable to equity holders of the parent company	<u>2,286,870</u>	<u>4,819,352</u>
	Shares	Shares
Number of shares outstanding at the beginning of the period	169,650,000	169,650,000
Weighted average number of treasury shares	<u>(5,204,521)</u>	<u>(4,635,720)</u>
Weighted average number of shares, less treasury shares, outstanding during the period	<u>164,445,479</u>	<u>165,014,280</u>
Basic and diluted earnings per share	<u>13.9 fils</u>	<u>29.2 Fils</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2009 (Unaudited)

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>(Unaudited)</i> 31 March 2009 KD	<i>(Audited)</i> 31 December 2008 KD	<i>(Unaudited)</i> 31 March 2008 KD
Held for trading:			
Quoted equity securities	2,044,344	3,538,653	8,954,542
Designated upon initial recognition:			
Quoted managed funds	11,959,134	12,840,154	14,426,841
	14,003,478	16,378,807	23,381,383

6 INVESTMENTS AVAILABLE FOR SALE

	<i>(Unaudited)</i> 31 March 2009 KD	<i>(Audited)</i> 31 December 2008 KD	<i>(Unaudited)</i> 31 March 2008 KD
Quoted equity securities	42,037,494	47,793,908	47,045,772
Unquoted equity securities	16,435,912	15,127,125	18,300,438
Unquoted managed funds	4,014,656	1,899,805	3,255,046
	62,488,062	64,820,838	68,601,256

Included in investments available for sale are unquoted equity securities and managed funds with a carrying value of KD 20,450,568 (31 December 2008: KD 17,026,930 and 31 March 2008 KD: 9,545,525) which are carried at cost because fair value could not be reliably measured. Information for such investments is usually restricted to periodic investment performance reports from the investment managers. Management has performed a review of its unquoted investments to assess whether impairment has occurred in the value of these investments due to the impact of the global financial crisis. Based on specific information available in respect of these investments and their operations, management is of the view that these investments have not suffered any impairment.

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows include the following interim condensed consolidated statement of financial position amounts:

	<i>(Unaudited)</i> 31 March 2009 KD	<i>(Audited)</i> 31 December 2008 KD	<i>(Unaudited)</i> 31 March 2008 KD
Bank balances and cash	8,474,112	6,329,136	5,408,645
Time and call deposits	47,607,672	49,865,473	56,658,735
Money market fund	185,319	-	6,000,000
Cash and cash equivalents in the statement of financial position	56,267,103	56,194,609	68,067,380
Bank overdraft	(4,126,461)	(7,015,847)	(606,714)
Cash and cash equivalents in the cash flow	52,140,642	49,178,762	67,460,666

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2009 (Unaudited)

8 TREASURY SHARES

	31 March 2009	<i>(Audited)</i> 31 December 2008	31 March 2008
Number of shares (share)	<u>4,694,159</u>	<u>5,518,953</u>	<u>5,518,953</u>
Percentage of issued shares (%)	<u>2.76</u>	<u>3.25</u>	<u>3.25</u>
Market value (KD)	<u>1,948,076</u>	<u>4,139,215</u>	<u>4,194,404</u>
Cost (KD)	<u>1,740,148</u>	<u>2,045,871</u>	<u>2,045,871</u>

During the three month period ended 31 March 2009, the employees exercised all the shares granted of 824,794 (31 March 2008: 2,409,632) shares from the treasury shares realising net (loss) gain of KD (77,528) (31 March 2008: 567,012), which has been debited to treasury share reserve.

9 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 2009:

	<u><i>General risk insurance</i></u>			<i>Total general risk insurance</i>	<i>Life insurance</i>	<i>Total</i>
	<i>Marine & aviation KD</i>	<i>Property KD</i>	<i>Casualty KD</i>			
Segment revenue	<u>793,493</u>	<u>1,215,900</u>	<u>7,624,784</u>	<u>9,634,177</u>	<u>8,251,202</u>	<u>17,885,379</u>
Segment results (net underwriting income)	<u>413,571</u>	<u>540,832</u>	<u>(73,676)</u>	<u>880,727</u>	<u>311,244</u>	<u>1,191,971</u>
Total assets	<u>16,825,604</u>	<u>25,782,524</u>	<u>161,679,560</u>	<u>204,287,688</u>	<u>36,866,508</u>	<u>241,154,196</u>
Total liabilities	<u>54,280,293</u>	<u>51,313,177</u>	<u>10,000,030</u>	<u>115,593,500</u>	<u>36,760,977</u>	<u>152,354,477</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2009 (Unaudited)

9 SEGMENT INFORMATION (continued)

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 & 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	867,808	1,115,952	6,491,352	8,475,112	6,991,233	15,466,345
Segment results (net underwriting income)	283,452	390,172	635,398	1,309,022	418,789	1,727,811
Total assets	21,248,761	27,324,705	158,944,361	207,517,827	38,634,211	246,152,038
Total liabilities	23,018,202	31,684,581	51,598,576	106,301,359	38,555,353	144,856,712

The following are the details of the secondary segments:

	<i>Kuwait</i>		<i>GCC Countries</i>		<i>Other ME Countries</i>		<i>Total</i>	
	<i>31 March 2009</i>	<i>31 March 2008</i>	<i>31 March 2009</i>	<i>31 March 2008</i>	<i>31 March 2009</i>	<i>31 March 2008</i>	<i>31 March 2009</i>	<i>31 March 2008</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment results (net underwriting income)	805,003	1,205,541	1,117,151	795,019	(730,183)	(272,749)	1,191,971	1,727,811
Profit for the period	1,806,929	4,220,694	1,245,030	1,176,563	(550,862)	(54,973)	2,501,097	5,342,284

10 PROPOSED DIVIDENDS

Subsequent to the period end, the general assembly approved on 1 April 2009 the distribution of cash dividend of 50% representing 50 fils per share proposed by the Board of Directors for the year ended 31 December 2008 (2008: 100% cash dividends and bonus shares of 50%).

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2009 (Unaudited)

11 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 2009</i>		<i>31 March 2008</i>	
	<i>Premiums KD</i>	<i>Claims KD</i>	<i>Premiums KD</i>	<i>Claims KD</i>
Ultimate parent company	10,408	2,552	27,004	2,232
Directors and key management personnel	523,270	31,559	276,536	26,680
Other related parties	1,568,790	321,143	1,227,370	227,524
	2,102,468	355,254	1,530,910	256,436

Balances with related parties included in the interim condensed consolidated statement of financial positions are as follows:

	<i>31 March 2009</i>		<i>31 March 2008</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	28,728	-	49,759	-
Directors and key management personnel	628,101	(13,256)	393,952	(10,105)
Other related parties	1,307,600	(13,264)	1,248,338	(59,526)
	1,964,429	(26,520)	1,692,049	(69,631)

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

- 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 2,928,110 (31 December 2008: 3,522,663 and 31 March 2008: KD 1,761,849). Total expenses from related parties' transactions amounted to KD 371,669 (31 December 2008: KD 1,062,704 and 31 March 2008: KD 281,362).
- 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 1,300,000 (31 December 2008: KD 1,300,000 and 31 March 2008: KD 1,800,000).
- Loans granted to a related party amounted to KD 1,402,000 (31 December 2008: KD 1,402,000 and 31 March 2008: KD 1,402,000). These loans are repayable on demand. The interest rate is calculated based on prevailing discount rate of the Central Bank of Kuwait.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2009 (Unaudited)

11 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel is as follows:

	<i>(Unaudited)</i> 31 March 2009 KD	<i>(Audited)</i> 31 December 2008 KD	<i>(Unaudited)</i> 31 March 2008 KD
Short-term employee benefits	251,666	760,944	184,841
Termination benefits	1,795,772	1,702,638	1,352,711
	2,047,438	2,463,582	1,537,552

12 COMMITMENTS

At 31 March 2009, the group had future commitments in respect of investments amounting to KD 117,000 (31 December 2008: KD 117,000 and 31 March 2008: KD 184,500).

13 CONTINGENT LIABILITIES

At 31 March 2009, the group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 711,677 (31 December 2008: KD 711,403 and 31 March 2008: KD 3,316,903).

14 TAKAFUL INSURANCE POLICYHOLDERS' RESULT BY LINE OF BUSINESS AND FUND

The parent company has established a new insurance unit providing Takaful Insurance for life and non life. Takaful is an Islamic alternative to a conventional insurance and investment program, based on the mutual funds concept, where each policyholder will receive his share in the surplus arising from the insurance activities, in accordance with the Takaful Fund's articles of association and the approval of Fatwa and Sharee'a Supervisory Board.

The parent company (Manager of Takaful Fund) conducts business on behalf of the policyholders and advances funds to the policyholders' operations as and when required. The Manager of Takaful Fund is responsible for liabilities incurred by policyholders in the event the policyholders' fund is in deficit and the operations are liquidated. The Manager holds the physical custody and title of all assets related to the policyholders' operations however such assets and liabilities together with the results of policyholders' lines of business are presented as due to policyholders of Takaful fund in the parent company's balance sheet and the details are disclosed in the notes.

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2009 (Unaudited)

14 TAKAFUL INSURANCE POLICYHOLDERS' RESULT BY LINE OF BUSINESS AND FUND (continued)

Policyholders' result by line of business:

The following tables summarise the policyholders' results by line of business and fund:

For the three month ended 31 March 2009

	<i>Marine and aviation</i>	<i>Property</i>	<i>Motor</i>	<i>General Accidents</i>	<i>Life & Medical</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>		<i>KD</i>	<i>KD</i>
Revenue:						
Premium written	233,490	93,609	56,208	90,256	841,919	1,315,482
Reinsurance premiums ceded	(61,636)	(53,217)	-	(4,297)	(293,785)	(412,935)
Net premiums written	171,854	40,392	56,208	85,959	548,134	902,547
Movement in unearned premiums	(44,558)	(21,399)	(18,621)	(40,398)	(231,815)	(356,791)
Net premiums earned	127,296	18,993	37,587	45,561	316,319	545,756
Policy issuance fees	776	438	3726	51	3740	8,731
	128,072	19,431	41,313	45,612	320,059	554,487
Expenses:						
Claims incurred	18,476	-	18,016	14,497	205,673	256,662
Increase in additional reserve	-	-	-	-	6,000	6,000
Commission and discounts	371	213	1,205	202	1,102	3,093
Other insurance expenses	34,889	8,888	5,548	7,185	40,249	96,759
	53,736	9,101	24,769	21,884	253,024	362,514
Surplus from insurance operations	74,336	10,330	16,544	23,728	67,035	191,973
Allocation of general and administrative expenses	16,580	6,883	14,964	17,073	47,045	102,545
Surplus from insurance operations	57,756	3,447	1,580	6,655	19,990	89,428
Net investment loss	(18,940)	(2,826)	(5,592)	(6,779)	(47,063)	(81,200)
Net surplus (deficit) of Takaful fund	38,816	621	(4,012)	(124)	(27,073)	8,228

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2009 (Unaudited)

14 TAKAFUL INSURANCE DEPARTMENT POLICYHOLDERS' RESULT BY LINE OF BUSINESS AND FUND (continued)

Policyholders' assets, liabilities and fund:

	<i>31 March 2009 Marine and aviation, general accident, motor vehicles, property, medical and life KD</i>
ASSETS	
Bank balances and cash	45,748
Premiums receivable	159,976
Accounts receivable and prepayments	9,505
Available for sale investments	50,000
Property and equipment	4,635
Re-insurance recoverable on outstanding claims	18,974
Amount due from Takaful fund manager	369,441
	<hr/>
TOTAL ASSETS	658,279
	<hr/> <hr/>
LIABILITIES	
Unearned premiums(net)	356,791
Outstanding claims reserve (gross)	146,843
Reinsurers payable	50,984
Premium received in advance	180
Insurance payables	60,336
Other liabilities	34,917
	<hr/>
TOTAL LIABILITIES	650,051
	<hr/>
POLICYHOLDERS' FUND	
Net surplus from Takaful fund to be distributed between policyholders and manager of Takaful fund	8,228
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	8,228
	<hr/>
TOTAL LIABILITIES AND POLICYHOLDERS' FUND	658,279
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Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2009 (Unaudited)

14 TAKAFUL INSURANCE DEPARTMENT POLICYHOLDERS' RESULT BY LINE OF BUSINESS AND FUND (continued)

Movement in policyholders' fund:

	<i>31 March 2009 KD</i>
At 1 January	-
Net surplus from insurance operations	8,228
	<hr/> 8,228 <hr/>

Takaful fund manager's share of insurance surplus will be distributed in accordance with Article (10) of the Takaful fund's articles of association based on the results at year end. This article requires fund surplus to be allocated between the Takaful fund manager and policyholders equally. Share of policyholders should be not less than 50% of net insurance surplus and should be approved by the Fatwa and Sharee'a Supervisory Board.

In accordance with Article (12) of the Takaful fund's articles of association, Takaful fund manager receives management fees for managing the investment on behalf of policyholders. Management fee should not exceed 35% of the investment income from the policyholders' results.