

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2007 (UNAUDITED)

Gulf Insurance Company K.S.C. And Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2007 (Unaudited)

	Notes	3 months ended 30 September		9 months ended 30 September	
		2007 KD	2006 KD	2007 KD	2006 KD
Revenue:					
Premiums written		16,136,631	17,571,660	53,061,222	50,511,792
Reinsurance premiums ceded		(7,563,440)	(9,177,121)	(24,944,240)	(20,546,475)
Net premiums written		8,573,191	8,394,539	28,116,982	29,965,317
Movement in unearned premiums		(422,318)	367,270	(1,083,542)	(685,571)
Net premiums earned		8,150,873	8,761,809	27,033,440	29,279,746
Commission received on ceded reinsurance		1,372,589	1,263,224	4,575,361	3,506,863
Policy issuance fees		299,583	300,208	918,399	764,034
Net investment income from life insurance	3	542,511	394,191	2,136,180	893,481
		10,365,556	10,719,432	34,663,380	34,444,124
Expenses:					
Claims incurred		5,402,437	6,019,704	16,814,080	13,731,850
Commission and discounts		1,266,145	1,347,903	3,882,849	3,288,670
(Decrease) increase in life mathematical reserve		(854,120)	247,505	1,116,880	9,273,000
Increase (decrease) in additional reserve		145,688	(8,203)	122,559	29,141
Maturity and cancellations of life insurance policies		240,008	102,473	525,093	492,781
General and administrative expenses		2,776,981	1,812,219	8,286,048	4,741,500
		8,977,139	9,521,601	30,747,509	31,556,942
Net underwriting income		1,388,417	1,197,831	3,915,871	2,887,182
Net investment income	3	4,327,993	1,499,883	37,166,899	4,679,815
Net sundry income		18,447	181,797	33,872	187,197
		5,734,857	2,879,511	41,116,642	7,754,194
Unallocated general and administrative expenses		(707,901)	(575,925)	(2,492,312)	(1,073,927)
Impairment of goodwill		-	-	(448,949)	-
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND NATIONAL LABOUR TAX (NLST)		5,026,956	2,303,586	38,175,381	6,680,267
Contribution to KFAS		(46,603)	(20,742)	(366,881)	(66,671)
Contribution to NLST		(116,159)	(53,906)	(908,423)	(140,012)
PROFIT FOR THE PERIOD		4,864,194	2,228,938	36,900,077	6,473,584
Attributable to:					
Equity holders of the parent company		4,487,586	1,999,693	35,412,797	6,460,436
Minority interest		376,608	229,245	1,487,280	13,148
		4,864,194	2,228,938	36,900,077	6,473,584
BASIC AND DILUTED EARNINGS PER SHARE	4	40.32 fils	18.93 fils	332.03 fils	61.16 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 BALANCE SHEET

At 30 September 2007 (Unaudited)

		<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
		<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
		<i>2007</i>	<i>2006</i>	<i>2006</i>
	<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
ASSETS				
Cash and investments:				
Bank balances and short term deposits	5	70,416,831	54,514,057	45,747,972
Investments carried at fair value through income statement	6	17,911,006	12,205,923	19,139,456
Property held for sale		311,162	1,314,451	1,347,717
Investments available for sale	7	51,963,901	62,168,455	49,413,955
Debt securities (loans)		4,880,834	5,516,155	5,485,937
Investments in associated companies	8	4,050,680	981,671	965,572
Investments held to maturity		3,431,525	1,531,836	-
		<hr/>	<hr/>	<hr/>
Total cash and investments		152,965,939	138,232,548	122,100,609
Premiums and insurance balances receivable		23,379,094	18,668,400	23,226,715
Reinsurance recoverable on outstanding claims		24,257,231	15,805,880	19,872,630
Loans secured by life insurance policies		197,108	126,976	86,400
Other assets		6,665,630	6,229,618	6,224,683
Premises and equipment		6,164,963	5,666,059	4,843,379
Goodwill		2,725,109	2,699,664	2,655,268
		<hr/>	<hr/>	<hr/>
TOTAL ASSETS		216,355,074	187,429,145	179,009,684
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		42,709,791	33,946,971	35,733,046
Unearned premiums reserve		13,750,569	13,501,164	13,287,074
Life mathematical reserve		15,536,880	14,420,000	15,682,462
Additional reserve		3,026,146	2,957,525	2,891,016
		<hr/>	<hr/>	<hr/>
Total liabilities arising from insurance contracts		75,023,386	64,825,660	67,593,598
Bank overdraft	5	2,142,432	8,726,980	7,578,105
Premiums received in advance		5,753,115	5,767,755	5,506,137
Accounts payable		12,594,914	14,698,725	9,946,354
Insurance and reinsurance companies		12,626,057	12,601,665	12,693,465
Other liabilities		11,946,528	6,772,550	8,936,005
		<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES		120,086,432	113,393,335	112,253,664
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY				
Share capital		11,310,000	11,310,000	11,310,000
Share premium		3,600,000	3,600,000	3,600,000
Treasury shares	9	(3,385,743)	(3,151,943)	(3,151,943)
Treasury shares reserve		1,011,297	-	-
Statutory reserve		10,363,850	10,363,850	9,489,223
Voluntary reserve		11,319,880	11,319,880	10,445,253
Cumulative changes in fair values		9,562,076	18,511,012	13,830,778
Foreign currency translation adjustments		(98,021)	23,323	(73,960)
Retained earnings		38,192,471	8,589,328	8,408,242
		<hr/>	<hr/>	<hr/>
		81,875,810	60,565,450	53,857,593
Minority interest		14,392,832	13,470,360	12,898,427
		<hr/>	<hr/>	<hr/>
Total equity		96,268,642	74,035,810	66,756,020
		<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY		216,355,074	187,429,145	179,009,684
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Farqad A. Al-Sane, Chairman

Faisal Hamad Al-Ayyar, Vice 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 CASH FLOWS

For the period ended 30 September 2007 (Unaudited)

	<i>9 months ended 30 September</i>	
	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>
	<i>Note</i>	
OPERATING ACTIVITIES		
Profit for the period	36,900,077	6,473,584
Adjustments for:		
Depreciation	841,706	274,834
Net investment income	(39,303,079)	(5,573,296)
Impairment of goodwill	448,949	-
Contribution to KFAS	366,881	66,671
Contribution to NLST	908,423	140,012
	162,957	1,381,805
Changes in operating assets and liabilities:		
Investments carried at fair value through income statement	(5,705,083)	45,325
Premiums and insurance balances receivable	(4,710,694)	(9,722,028)
Reinsurance recoverable on outstanding claims	(8,451,351)	1,467,489
Property held for sale	1,003,289	124,881
Other assets	(436,012)	2,195,518
Technical reserves	10,197,727	10,516,589
Premiums received in advance	(14,640)	(1,657,509)
Accounts payable	(2,103,812)	5,099,141
Insurance and reinsurance companies	24,392	(367,546)
Other liabilities	873,111	(998,717)
	(9,160,116)	8,084,948
Cash (used in) from operations	(9,160,116)	8,084,948
Paid to directors	(80,000)	-
Paid in respect of KFAS	(85,802)	(72,826)
Paid in respect of NLST	(42,554)	(174,688)
	(9,368,472)	7,837,434
Net cash (used in) from operating activities	(9,368,472)	7,837,434
INVESTING ACTIVITIES		
Additions to property and equipment	(1,340,610)	(727,831)
Net movement in investments available for sale	8,471,203	2,391,086
Purchase of investment in associates	(3,278,070)	-
Decrease in debt securities (loans)	635,321	-
Additions to investments held to maturity	(1,899,589)	-
Acquisition of subsidiaries	(2,412,771)	1,530,928
Loans secured by life insurance policies	(70,132)	869
Interest received	291,118	871,676
Dividends received	971,160	1,719,699
Other investment income received	34,277,355	1,411,227
	35,644,985	7,197,654
Net cash from investing activities	35,644,985	7,197,654
FINANCING ACTIVITIES		
Dividends paid	(5,367,816)	(5,220,156)
Net movement in treasury shares	777,497	(34,686)
Net movement in minority interest	922,472	10,996,038
	(3,667,847)	5,741,196
Net cash (used in) from financing activities	(3,667,847)	5,741,196
INCREASE IN CASH AND CASH EQUIVALENTS	22,608,666	20,776,284
Net foreign exchange difference	(121,344)	(38,819)
Cash and cash equivalents at beginning of the period	45,787,077	17,432,402
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	68,274,399	38,169,867

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 30 September 2007 (Unaudited)

Attributable to equity holders of the parent company

	Share capital KD	Share premium KD	Treasury shares KD	Treasury share 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	Minority interest KD	Total equity 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
Foreign currency translation adjustments	-	-	-	-	-	-	-	(121,344)	-	(121,344)	-	(121,344)
Changes in fair value of investments available for sale	-	-	-	-	-	-	5,441,920	-	-	5,441,920	-	5,441,920
Sale of investments available for sale	-	-	-	-	-	-	(14,390,856)	-	-	(14,390,856)	-	(14,390,856)
Net expense recognised directly in equity	-	-	-	-	-	-	(8,948,936)	(121,344)	-	(9,070,280)	-	(9,070,280)
Profit for the period	-	-	-	-	-	-	-	-	35,412,797	35,412,797	1,487,280	36,900,077
Total recognised income and expenses for the period	-	-	-	-	-	-	(8,948,936)	(121,344)	35,412,797	26,342,517	1,487,280	27,829,797
Dividends for 2006 (Note 10)	-	-	-	-	-	-	-	-	(5,809,654)	(5,809,654)	-	(5,809,654)
Purchase of treasury shares	-	-	(2,569,057)	-	-	-	-	-	-	(2,569,057)	-	(2,569,057)
Sale of treasury shares	-	-	2,335,257	1,011,297	-	-	-	-	-	3,346,554	-	3,346,554
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	(564,808)	(564,808)
Balance at 30 September 2007	11,310,000	3,600,000	(3,385,743)	1,011,297	10,363,850	11,319,880	9,562,076	(98,021)	38,192,471	81,875,810	14,392,832	96,268,642
Balance at 31 December 2005	11,310,000	3,600,000	(3,117,257)	-	9,489,223	10,445,253	21,634,473	(35,141)	7,235,684	60,562,235	1,889,241	62,451,476
Change in fair value of available for sale investments	-	-	-	-	-	-	(5,520,308)	(38,819)	-	(5,559,127)	-	(5,559,127)
Sale of available for sale investments	-	-	-	-	-	-	(2,283,387)	-	-	(2,283,387)	-	(2,283,387)
Net expense recognised directly in equity	-	-	-	-	-	-	(7,803,695)	(38,819)	-	(7,842,514)	-	(7,842,514)
Profit for the period	-	-	-	-	-	-	-	-	6,460,436	6,460,436	13,148	6,473,584
Total recognised income and expenses for the period	-	-	-	-	-	-	(7,803,695)	(38,819)	6,460,436	(1,382,078)	13,148	(1,368,930)
Dividends for 2005 (Note 8)	-	-	-	-	-	-	-	-	(5,287,878)	(5,287,878)	-	(5,287,878)
Purchase of treasury shares	-	-	(34,686)	-	-	-	-	-	-	(34,686)	-	(34,686)
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	10,996,038	10,996,038
Balance at 30 September 2006	11,310,000	3,600,000	(3,151,943)	-	9,489,223	10,445,253	13,830,778	(73,960)	8,408,242	53,857,593	12,898,427	66,756,020

The attached notes 1 to 14 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 30 September 2007 (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 30 October 2007.

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 73.96% 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 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 2006.

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 nine month period ended 30 September 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007. For more details please refer to the consolidated financial statements and its related disclosure for the year ended 31 December 2006. Due to the effect of cyclical variations (as disclosed in note 3), the Nine month results reported in the interim condensed consolidated financial information may not represent a proportionate share of the overall annual results.

3 NET INVESTMENT INCOME

	<i>Nine month ended 30 September</i>			<i>2006</i>
	<i>2007</i>		<i>Total</i>	
	<i>General risk insurance</i>	<i>Life and health insurance</i>		<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Net realised gain on sale of investments available for sale	31,929,483	-	31,929,483	2,096,669
Realised gain on sale of investments carried at fair value through income statement	610,097	645,716	1,255,813	594,657
Dividend income	1,457,029	87,995	1,545,024	1,966,457
Interest on debt securities (loans)	80,561	211,241	291,802	408,885
Changes in fair value of investments carried at fair value through income statement	2,294,877	282,895	2,577,772	(355,214)
Share of loss from associates	(209,061)	-	(209,061)	281,121
Interest on time and call deposits	1,478,423	835,932	2,314,355	890,068
Other investment income	301,764	72,401	374,165	116,033
Finance charges and interest	(315,757)	-	(315,757)	(323,541)
Other investment expenses	(460,517)	-	(460,517)	(101,839)
	37,166,899	2,136,180	39,303,079	5,573,296

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2007 (Unaudited)

3 NET INVESTMENT INCOME (CONTINUED)

During the three month period ended 31 March 2007, the ultimate parent company led and administered a group of sellers' (the sellers) holding (including the parent company's holding), in aggregate, a majority share interest in National Mobile Telecommunication Company K.S.C. (Wataniya). The sellers sold their 51% interest in Wataniya to Qtel International Investments L.L.C, a subsidiary of Qatar Telecom Q.S.C. The parent company's investment was partly included under investments at fair value through income statement and partly under investments available for sale. This sale resulted in a realized gain to the parent company of KD 26,243,713 (after deducting transaction costs), but before considering any recovery from a joint escrow account. This amount is included in the net realised gain on sale of "investments carried at fair value through income statement" and "investments available for sale".

4 BASIC AND DILUTED EARNING PER SHARE

Basic and diluted earnings per share amounts 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.

There are no dilutive potential ordinary shares. The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding, less treasury shares, during the period is as follows:

	<i>Three month ended</i>		<i>Nine month ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	4,487,586	1,999,693	35,412,797	6,460,436
	Shares	Shares	Shares	Shares
Number of shares outstanding at the beginning of the period	113,100,000	113,100,000	113,100,000	113,100,000
Weighted average number of treasury shares	(1,813,946)	(7,470,000)	(6,443,582)	(7,463,828)
Weighted average number of shares, less treasury shares, outstanding during the period	111,286,054	105,630,000	106,656,418	105,636,172
Basic and diluted earnings per share	40.32 fils	18.93 fils	332.03 fils	61.16 fils

5 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>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2007</i>	<i>2006</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank balances and cash	8,064,572	8,011,277	7,477,846
Time and call deposits	62,352,259	40,502,780	38,270,126
Money market fund	-	6,000,000	-
Bank balances and short term deposits	70,416,831	54,514,057	45,747,972
Bank overdraft	(2,142,432)	(8,726,980)	(7,578,105)
	68,274,399	45,787,077	38,169,867

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2007 (Unaudited)

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>(Unaudited)</i> 30 September 2007 KD	<i>(Audited)</i> 31 December 2006 KD	<i>(Unaudited)</i> 30 September 2006 KD
Quoted securities	428,429	11,530,612	937,993
Managed funds	17,482,577	675,311	18,201,463
	<u>17,911,006</u>	<u>12,205,923</u>	<u>19,139,456</u>

7 INVESTMENTS AVAILABLE FOR SALE

	<i>(Unaudited)</i> 30 September 2007 KD	<i>(Audited)</i> 31 December 2006 KD	<i>(Unaudited)</i> 30 September 2006 KD
Quoted securities	34,453,117	46,308,411	37,407,831
Unquoted securities	15,080,207	14,270,994	10,941,261
Unquoted funds	2,430,577	1,589,050	1,064,863
	<u>51,963,901</u>	<u>62,168,455</u>	<u>49,413,955</u>

Included in investments available for sale are unquoted securities with a carrying value of KD 9,863,979 (31 December 2006: KD 9,543,525 and 30 September 2006 KD: 13,549,959) 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 30 September 2007.

8 INVESTMENT IN ASSOCIATED COMPANIES

During the period, the parent company acquired 7,000,000 shares for an amount of KD 3,278,070 being 20% of the share capital of a newly formed Real Estate Company: "United Real Estate Company (Jordan) J.S.C.", a company incorporated in Kingdom of Jordan.

9 TREASURY SHARES

	<i>(Unaudited)</i> 30 September 2007	<i>(Audited)</i> 31 December 2006	<i>(Unaudited)</i> 30 September 2006
Number of shares (share)	6,088,934	7,470,000	7,470,000
Percentage of issued shares (%)	5.38	6.60	6.60
Market value (KD)	4,932,037	4,108,500	3,959,100
Cost (KD)	3,385,743	3,151,943	3,151,943

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2007 (Unaudited)

During the nine month period ended 30 September 2007, the parent company sold 5,001,066 million treasury shares realizing a gain of KD 1,011,297.

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2007 (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:

Nine months ended 30 September 2007:

	<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	2,194,412	1,827,975	17,624,496	21,646,883	13,016,497	34,663,380
Segment results (net underwriting income)	651,969	301,877	1,564,295	2,518,141	1,397,730	3,915,871

Nine months ended 30 September 2006:

				<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	1,487,172	2,204,798	10,995,209	14,687,179	19,756,945	34,444,124
Segment results	459,064	163,777	751,083	1,373,924	1,513,258	2,887,182

11 DIVIDEND DISTRIBUTION

On 12 March 2007, the general assembly approved the distribution of cash dividend amounting to KD 5,809,653 proposed by the Board of Directors for the year ended 31 December 2006 (2005: 50% cash dividend amounting to KD 5,283,437).

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>30 September 2007</i>		<i>30 September 2006</i>	
	<i>Premiums</i>	<i>Claims</i>	<i>Premiums</i>	<i>Claims</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Ultimate parent company	74,385	3,951	24,331	1,553
Directors and key management personnel	554,949	130,611	508,037	305,715
Other related parties	1,455,102	415,226	1,721,775	168,366
	2,084,436	549,788	2,254,143	475,634

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2007 (Unaudited)

12 RELATED PARTY TRANSACTIONS (continued)

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

	<i>30 September 2007</i>		<i>30 September 2006</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	-	(4,014)	-	(146,345)
Directors and key management personnel	352,771	(16,868)	242,864	(67)
Other related parties	663,068	(4,931)	1,151,490	(526,921)
	<u>1,015,839</u>	<u>(25,813)</u>	<u>1,394,354</u>	<u>(673,333)</u>

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 336,824 (31 December 2006: 302,801 and 30 September 2006: KD 212,331). Total expenses from related parties transaction amounted to KD 31,260 (31 December 2006: KD 77,834 and 30 September 2006: KD 49,688).
- 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 2,610,000 (31 December 2006: KD 2,630,000 and 30 September 2006: KD 2,378,000).
- Loans granted to an associated company and a related party amounted to KD 1,698,689 (31 December 2006: KD 1,402,689 and 30 September 2006: KD 1,402,689). These loans are repayable on demand. The interest rate is calculated based on prevailing discount rate of the Central Bank of Kuwait.
- Gain on sale of National Mobile Telecommunication Company K.S.C. (Wataniya) has been disclosed in Note 3.

Key management personnel compensation

	<i>30 September 2007 KD</i>	<i>30 September 2006 KD</i>
Salaries and other short term benefits	424,395	503,333
Employees' end of service benefits	1,534,436	598,036
	<u>1,958,831</u>	<u>1,101,369</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 30 September 2007 (Unaudited)

13 COMMITMENTS

At 30 September 2007, the group had future commitments in respect of investments amounting to KD 187,000 (31 December 2006: KD 349,000 and 30 September 2006: KD 334,000).

14 CONTINGENCIES

Contingent assets

The escrow amount which arose as a result of the sale of the interest in Wataniya (note 3) will be released in whole or part to either party (as mentioned in note 3), as appropriate, based on the following:

- (a) Receipt by Wataniya of proceeds arising in connection with the realization of Wataniya's interest in Asia Cell Telecommunication Company Limited in respect of the latter's activity in Iraq;
- (b) Determination of the outcome of existing litigation in respect of Wataniya's interest in Orascom Telecom Tunisie S.A.; and
- (c) Determination of the outcome of existing litigation to which Wataniya is a party.

The group's entitlement to any receipts derived from this escrow will be recognized as profit on receipt.

Contingent liabilities

The sale agreement in relation to the Wataniya shareholding contained normal warranties relating to the Wataniya sale; any claims against the sellers in respect of these warranties must be submitted by 31 March 2008. The group's share of such claims is limited to KD 2,005,445. The group does not have any reason to believe that these warranties will give rise to claims in future.

At 30 September 2007, the group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 3,188,863 (31 December 2006: KD 3,434,838 and 30 September 2006: KD 3,449,235).