

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2009 (UNAUDITED)

Gulf Insurance Company K.S.C. And Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

Period ended 30 September 2009

	Notes	3 months ended 30 September		9 months ended 30 September	
		2009 KD	2008 KD	2009 KD	2008 KD
Revenue:					
Premiums written		20,873,169	21,211,562	73,830,800	62,749,330
Reinsurance premiums ceded		(10,236,603)	(10,320,761)	(33,025,121)	(29,218,101)
Net premiums written		10,636,566	10,890,801	40,805,679	33,531,229
Movement in unearned premiums		1,007,384	15,820	(1,449,174)	(437,490)
Net premiums earned		11,643,950	10,906,621	39,356,505	33,093,739
Commission received on ceded reinsurance		2,024,369	1,624,682	6,115,654	5,205,168
Policy issuance fees		467,017	279,081	1,389,776	961,143
Net investment income from life insurance	3	587,992	39,970	1,735,243	837,294
		14,723,328	12,850,354	48,597,178	40,097,344
Expenses:					
Claims incurred		8,328,772	5,422,864	25,924,214	18,327,417
Commission and discounts		1,447,097	1,196,551	4,386,313	3,911,816
(Decrease) Increase in life mathematical reserve		(1,107,748)	(579,547)	2,407,539	2,367,108
Increase in additional reserve		57,233	237,554	70,091	237,244
Maturity and cancellations of life insurance policies		140,257	103,070	532,763	309,447
General and administrative expenses		3,475,527	3,263,182	10,044,574	8,657,264
		12,341,138	9,643,674	43,365,494	33,810,296
Net underwriting income		2,382,190	3,206,680	5,231,684	6,287,048
Net investment income	3	463,000	(36,815)	3,934,912	7,541,923
Net sundry income		36,090	100,011	95,944	153,461
		2,881,280	3,269,876	9,262,540	13,982,432
Other charges					
Unallocated general and administrative expenses		(651,163)	(275,055)	(1,902,045)	(1,378,130)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT					
		2,230,117	2,994,821	7,360,495	12,604,302
Contribution to KFAS		(18,379)	(25,736)	(61,040)	(112,568)
National Labour Support tax (NLST)		(45,949)	(64,342)	(149,870)	(218,921)
Zakat tax		(18,379)	(25,736)	(59,948)	(87,568)
PROFIT FOR THE PERIOD		2,147,410	2,879,007	7,089,637	12,185,245
Attributable to:					
Equity holders of the parent company		1,755,231	2,457,846	5,833,136	10,837,768
Non-controlling interests		392,179	421,161	1,256,501	1,347,477
		2,147,410	2,879,007	7,089,637	12,185,245
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
	4	10.6 fils	15.0 fils	35.4 fils	65.9 fils

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 FINANCIAL POSITION (UNAUDITED)

At 30 September 2009

			<i>(Audited)</i>	
	<i>Notes</i>	30 September 2009	31 December 2008	30 September 2008
ASSETS				
Property and equipment		5,585,798	6,458,519	6,241,264
Investments in associated companies		5,551,022	5,370,810	5,370,200
Intangible assets	5	8,309,282	2,934,275	2,774,650
Financial instruments:				
Investments carried at fair value through statement of income	6	15,045,422	16,378,807	25,245,589
Investments available for sale	7	59,197,994	64,820,838	64,395,063
Debt securities (loans)		3,300,000	3,300,000	3,800,000
Investments held to maturity		7,641,312	6,320,460	6,157,118
Loans secured by life insurance policies		719,162	731,959	483,919
Premiums and insurance balances receivable		37,757,401	27,842,034	35,788,358
Reinsurance recoverable on outstanding claims		37,431,154	37,231,202	28,792,508
Property held for sale		192,049	228,932	513,437
Other assets		13,408,408	12,163,792	9,725,118
Cash and cash equivalents	8	59,312,562	56,194,609	53,956,987
TOTAL ASSETS		253,451,566	239,976,237	243,244,211
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities arising from insurance contracts:				
Outstanding claims reserve (gross)		66,882,029	61,502,416	53,427,208
Unearned premiums reserve (net)		19,378,343	14,188,193	13,554,293
Life mathematical reserve (net)		18,719,409	16,311,027	17,984,896
Additional reserve (net)		3,361,575	3,256,360	3,291,590
Total liabilities arising from insurance contracts		108,341,356	95,257,996	88,257,987
Bank overdraft	8	12,804,774	7,015,847	6,976,182
Premiums received in advance		6,836,268	6,319,613	2,670,257
Insurance payable		31,411,591	30,770,516	36,532,574
Other liabilities		10,581,097	11,196,155	10,205,226
Amount due to policyholders of Takaful Fund	15	290,340	-	-
TOTAL LIABILITIES		170,265,426	150,560,127	144,642,226
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	9	(1,761,518)	(2,045,871)	(2,045,871)
Treasury shares reserve		1,492,581	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		852,073	8,169,978	9,694,106
Foreign currency translation adjustments		(7,386)	(430,516)	(524,870)
Retained earnings		19,389,165	21,808,153	29,587,581
		67,861,426	76,976,564	85,427,668
Non-controlling interest		15,324,714	12,439,546	13,174,317
Total equity		83,186,140	89,416,110	98,601,985
TOTAL LIABILITIES AND EQUITY		253,451,566	239,976,237	243,244,211

Farqad A. Al-Sane
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 CHANGES IN EQUITY

For the period ended 30 September 2009 (Unaudited)

	Attributable to equity holders of the parent company											Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Treasury share reserve	Employees share option reserve	Statutory reserve	Voluntary reserve	Cumulative changes in fair values	Foreign currency translation adjustments	Retained earnings	Sub total		
	KD	KD	KD	KD	KD	KD	KD	KD	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	-	-	-	-	-	-	-	-	-	5,833,136	5,833,136	1,256,501	7,089,637
Other comprehensive (loss)/income	-	-	-	-	-	-	-	(7,317,905)	423,130	-	(6,894,775)	-	(6,894,775)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(7,317,905)	423,130	5,833,136	(1,061,639)	1,256,501	(194,862)
Dividend for 2008 (Note 11)	-	-	-	-	-	-	-	-	-	(8,252,124)	(8,252,124)	-	(8,252,124)
Cost of share based payment	-	-	-	-	42,562	-	-	-	-	-	42,562	-	42,562
Sale of treasury share (Note 9)	-	-	284,353	(85,728)	(42,562)	-	-	-	-	-	156,063	-	156,063
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,628,667	1,628,667
Balance at 30 September 2009	16,965,000	3,600,000	(1,761,518)	1,492,581	-	11,689,049	15,642,462	852,073	(7,386)	19,389,165	67,861,426	15,324,714	83,186,140
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	-	-	-	-	-	-	-	-	-	10,837,768	10,837,768	1,347,477	12,185,245
Other comprehensive (loss)/income	-	-	-	-	-	-	-	(2,390,366)	(28,063)	-	(2,418,399)	-	(2,418,429)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(2,390,366)	(28,063)	10,837,768	8,419,339	1,347,477	9,766,816
Dividend for 2008 (Note 11)	-	-	-	-	-	-	-	-	-	(11,151,127)	(11,151,127)	-	(11,151,127)
Cost of share based payment	-	-	-	-	383,560	-	-	-	-	-	383,560	-	383,560
Sale of treasury share (Note 9)	-	-	1,339,872	567,012	(702,068)	-	-	-	-	-	1,204,816	-	1,204,816
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(1,257,262)	(1,257,262)
Issue of bonus share (Note 11)	5,655,000	-	-	-	-	-	-	-	-	(5,655,000)	-	-	-
Balance at 30 September 2008	16,965,000	3,600,000	(2,045,871)	1,578,309	-	11,310,000	15,263,413	9,694,106	(524,870)	29,587,581	85,427,668	13,174,317	98,601,985

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 30 September 2009 (Unaudited)

	Notes	9 months ended 30 September	
		2009 KD	2008 KD
OPERATING ACTIVITIES			
Profit for the period		7,089,637	12,185,245
Adjustments for:			
Depreciation		362,752	304,645
Net investment income		(7,652,690)	(8,331,458)
Gain on sale from associate		-	(47,759)
Cost of share base payment		42,562	383,560
Impairment on investments available for sale		1,982,535	-
Contribution to KFAS		61,040	112,568
Contribution to NLST		149,870	218,921
Zakat		59,948	87,568
		<u>2,095,654</u>	<u>4,913,290</u>
Changes in operating assets and liabilities:			
Investments carried at fair value through income statement		1,333,385	(2,415,967)
Premiums and insurance balances receivable		(9,915,367)	(12,827,270)
Reinsurance recoverable on outstanding claims		(199,952)	(6,567,604)
Property held for sale		36,883	(222,188)
Other assets		278,467	(3,360,245)
Liabilities arising from insurance contracts		13,083,360	12,025,865
Premiums received in advance		516,655	(66,650)
Insurance payable		641,075	11,025,188
Other liabilities		(626,914)	256,375
		<u>7,243,246</u>	<u>2,760,794</u>
Cash from operations		7,243,246	2,760,794
Paid to directors		(80,000)	(120,000)
Paid in respect of KFAS		-	(391,555)
Paid to NLST		-	(981,470)
		<u>7,163,246</u>	<u>1,267,769</u>
Net cash from operating activities		7,163,246	1,267,769
INVESTING ACTIVITIES			
Net disposal (purchase) of property and equipment		509,969	(354,235)
Net movement in investments available for sale		(1,512,506)	(2,906,532)
Purchase of investments in associates		(180,212)	(2,072,655)
Proceeds from sale of investments in associate		-	800,000
Additions to investments held to maturity		(1,320,852)	(1,425,633)
Cash flow arising on acquisition of a subsidiary	5	(4,651,396)	(229,956)
Loans secured by life insurance policies		12,797	500,000
Interest received		262,237	(45,754)
Dividends received		2,928,579	2,058,602
Other investment income received		50,090	3,488,757
		<u>(3,901,294)</u>	<u>(187,406)</u>
Net cash used in investing activities		(3,901,294)	(187,406)
FINANCING ACTIVITIES			
Dividends paid		(8,140,786)	(11,139,056)
Net movement in treasury shares		156,063	1,204,816
Net movement of non-controlling interest		1,628,667	(1,257,262)
		<u>(6,356,056)</u>	<u>(11,191,502)</u>
Net cash used in financing activities		(6,356,056)	(11,191,502)
Net foreign exchange difference		423,130	(28,063)
DECREASE IN CASH AND CASH EQUIVALENTS		(2,670,974)	(10,139,202)
Cash and cash equivalents at 1 January		49,178,762	57,120,007
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	8	46,507,788	46,980,805

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

At 30 September 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 October 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 69.1% 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 nine month period ended 30 September 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 30 September 2009 (Unaudited)

3 NET INVESTMENT INCOME

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>Total 30 September 2009 KD</i>	<i>Total 30 September 2008 KD</i>	<i>Total 30 September 2009 KD</i>	<i>Total 30 September 2008 KD</i>
Net realised gain on sale of investments available for sale	291,844	11,092	1,816,528	2,830,190
Realised gain on sale of investments carried at fair value through income statement	244,318	187,258	394,280	891,533
Dividend income	393,125	143,766	3,321,705	3,632,523
Interest on debt securities (loans)	147,561	65,550	529,856	192,959
Changes in fair value of investments carried at fair value through income statement	355,038	(728,966)	559,889	(686,784)
Gain on sale of an associate	-	-	-	47,759
Interest on time and call deposits	745,840	628,085	2,238,928	2,282,449
Foreign exchange gain	17,185	-	181,412	-
Other investment (loss) income	(608,910)	(106,634)	109,524	(239,740)
Impairment loss of investments available for sale	(100,407)	-	(1,982,535)	-
Finance charges and interest	(434,602)	(196,996)	(1,499,432)	(571,672)
	1,050,992	3,155	5,670,155	8,379,217

4 BASIC AND DILUTED EARNINGS 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 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 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 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2009 KD</i>	<i>2008 KD</i>	<i>2009 KD</i>	<i>2008 KD</i>
Profit attributable to equity holders of the parent company	1,755,231	2,457,846	5,833,136	10,837,768
	Shares	Shares	Shares	Shares
Number of shares outstanding at the beginning of the period	169,650,000	169,650,000	169,650,000	169,650,000
Weighted average number of treasury shares	(4,746,937)	(5,518,953)	(4,956,664)	(5,215,045)
Weighted average number of shares, less treasury shares, outstanding during the period	164,903,063	164,131,047	164,693,333	164,434,955
Basic and diluted earnings per share	10.6 fils	15.0 fils	35.4 fils	65.9 fils

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2009 (Unaudited)

5 ACQUISITION OF A SUBSIDIARY

Arab Orient Insurance Company J.S.C. (AOIC)

During the year, the parent company acquired 6,050,000 shares being 55% of “Arab Orient Insurance Company J.S.C.” (AOIC), an existing Jordanian Insurance Company for an amount of KD 8,790,711, from a related party (Note12). The parent company was able to exercise control over the company through board representations, accordingly it has been classified as a subsidiary company and has been consolidated from the date of acquisition. The purchase price allocation is based on fair value of the net assets which has been finalised in accordance with the requirements of IFRS 3.

The purchase consideration and the fair value of identifiable assets acquired and liabilities assumed were as follows:

	<i>KD</i>
Cash and cash equivalents	4,139,315
Investments available for sale	427,346
Cheques under collection	560,801
Premiums and insurance balances receivable	3,116,550
Other assets	232,290
Property and equipment	110,398
Technical reserves	(2,957,879)
Due to insurance and reinsurance companies	(1,528,376)
Accounts payable and other liabilities	(601,833)
Net assets acquired	<u>3,498,612</u>
Purchase consideration	<u>8,790,711</u>
Goodwill	<u>5,292,099</u>
Purchase consideration	8,790,711
Less: cash and cash equivalents acquired	<u>4,139,315</u>
Net cash outflow on acquisition	<u><u>4,651,396</u></u>

Arab Misr Insurance Group E.S.C.

During the three month period ended 30 September 2009, the parent company acquired additional equity interest in Arab Misr Insurance Group E.S.C. for KD 331,715. Accordingly the equity interest increased from 85.5% to 94.84% as at 30 September 2009.

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>30 September</i>	<i>(Audited)</i>	<i>30 September</i>
	<i>2009</i>	<i>31 December</i>	<i>2008</i>
	<i>KD</i>	<i>2008</i>	<i>2008</i>
		<i>KD</i>	<i>KD</i>
Held for trading:			
Quoted equity securities	1,462,755	3,538,653	8,339,877
Designated upon initial recognition:			
Quoted managed funds	13,582,667	12,840,154	16,905,712
	<u>15,045,422</u>	<u>16,378,807</u>	<u>25,245,589</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2009 (Unaudited)

7 INVESTMENTS AVAILABLE FOR SALE

	<i>30 September</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>30 September</i> <i>2008</i> <i>KD</i>
Quoted equity securities	38,905,776	47,793,908	41,610,159
Unquoted equity securities	15,601,844	15,127,125	19,883,864
Unquoted managed funds	4,690,374	1,899,805	2,901,040
	59,197,994	64,820,838	64,395,063

Included in investments available for sale are unquoted equity securities and managed funds with a carrying value of KD 12,866,119 (31 December 2008: KD 17,026,930 and 30 September 2008 KD: 12,407,557) 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.

An impairment loss of KD 1,982,535 (September 2008: Nil) has been recorded in respect of quoted equity securities classified as available for sale where there has been a significant decline in value of these securities.

8 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>30 September</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>30 September</i> <i>2008</i> <i>KD</i>
Bank balances and cash	5,554,514	6,329,136	5,716,756
Time and call deposits	53,758,048	49,865,473	48,240,231
Cash and cash equivalents in the statement of financial position	59,312,562	56,194,609	53,956,987
Bank overdraft	(12,804,774)	(7,015,847)	(6,976,182)
Cash and cash equivalents in the statement of cash flows	46,507,788	49,178,762	46,980,805

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2009 (Unaudited)

9 TREASURY SHARES

	<i>30 September 2009</i>	<i>(Audited) 31 December 2008</i>	<i>30 September 2008</i>
Number of shares (share)	<u>4,746,937</u>	<u>5,518,953</u>	<u>5,518,953</u>
Percentage of issued shares (%)	<u>2.80</u>	<u>3.25</u>	<u>3.2</u>
Market value (KD)	<u>2,064,918</u>	<u>4,139,215</u>	<u>4,304,783</u>
Cost (KD)	<u>1,761,518</u>	<u>2,045,871</u>	<u>2,045,871</u>

During the nine month period ended 30 September 2009, the employees exercised all the shares granted of 608,010 (30 September 2008: 2,409,632 shares) from the treasury shares realising net gain (loss) of KD 85,728 (31 December 2008: KD (567,012) and 30 September 2008: KD 567,012), which has been debited to treasury share reserve.

10 SEGMENT INFORMATION

For the management purpose 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 2009:

	<u><i>General risk insurance</i></u>					
	<i>Marine & aviation KD</i>	<i>Property KD</i>	<i>Casualty KD</i>	<i>Total general risk insurance KD</i>	<i>Life insurance KD</i>	<i>Total KD</i>
Segment revenue	<u>2,637,995</u>	<u>2,514,629</u>	<u>25,616,098</u>	<u>30,768,722</u>	<u>17,828,456</u>	<u>48,597,178</u>
Segment results (net underwriting income)	<u>1,191,031</u>	<u>602,837</u>	<u>1,147,593</u>	<u>2,941,461</u>	<u>2,290,223</u>	<u>5,231,684</u>
Total assets	<u>18,657,072</u>	<u>17,784,573</u>	<u>181,168,423</u>	<u>217,610,068</u>	<u>35,841,498</u>	<u>253,451,566</u>
Total liabilities	<u>11,535,506</u>	<u>10,996,047</u>	<u>112,014,864</u>	<u>134,546,417</u>	<u>35,719,009</u>	<u>170,265,426</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2009 (Unaudited)

10 SEGMENT INFORMATION (continued)

Nine months ended 30 September 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	2,825,083	2,042,299	20,510,658	25,378,040	14,719,304	40,097,344
Segment results (net underwriting income)	858,714	255,110	2,574,237	3,688,061	2,598,987	6,287,048
Total asset	23,143,888	16,731,097	168,029,170	207,904,161	35,340,050	243,244,211
Total liabilities	12,178,826	8,812,273	88,416,670	109,407,769	35,234,457	144,642,226

The following are the details of the Geographical segments:

	<i>Kuwait</i>		<i>GCC Countries</i>		<i>Other ME Countries</i>		<i>Total</i>	
	<i>30 September 2009</i>	<i>30 September 2008</i>	<i>30 September 2009</i>	<i>30 September 2008</i>	<i>30 September 2009</i>	<i>30 September 2008</i>	<i>30 September 2009</i>	<i>30 September 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)	2,659,755	4,120,696	2,883,973	1,941,580	(312,044)	224,772	5,231,684	6,287,048
Profit for the period	4,437,725	10,453,421	1,618,607	1,450,705	1,033,305	281,119	7,089,637	12,185,245

11 PROPOSED DIVIDENDS

On 1 April 2009, general assembly approved 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 (2007: 100% cash dividends representing 100 fils per share and bonus shares of 50%).

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2009 (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.

	<u>30 September 2009</u>		<u>30 September 2008</u>	
	<i>Premiums</i> <i>KD</i>	<i>Claims</i> <i>KD</i>	<i>Premiums</i> <i>KD</i>	<i>Claims</i> <i>KD</i>
Ultimate parent company	77,921	4,574	63,077	4,012
Directors and key management personnel	703,126	89,865	662,756	155,471
Other related parties	2,350,896	756,209	1,603,069	450,986
	<u>3,131,943</u>	<u>850,648</u>	<u>2,328,902</u>	<u>610,469</u>

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

	<u>30 September 2009</u>		<u>30 September 2008</u>	
	<i>Amounts owed</i> <i>by related</i> <i>parties</i> <i>KD</i>	<i>Amounts owed</i> <i>to related</i> <i>parties</i> <i>KD</i>	<i>Amounts owed</i> <i>by related</i> <i>parties</i> <i>KD</i>	<i>Amounts owed</i> <i>to related</i> <i>parties</i> <i>KD</i>
Ultimate parent company	122,832	-	47,268	-
Directors and key management personnel	470,084	(15,436)	442,162	(8,805)
Other related parties	823,351	(33,484)	711,229	(11,136)
	<u>1,416,267</u>	<u>(48,920)</u>	<u>1,200,659</u>	<u>(19,941)</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 party transactions amounted to KD 3,356,256 (31 December 2008: 3,522,663 and 30 September 2008: KD 2,831,176). Total expenses from related party transactions amounted to KD 897,413 (31 December 2008: KD 1,062,704 and 30 September 2008: KD 700,298).
- The group holds certain deposits and call accounts with a related party 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 30 September 2008: KD 2,050,000).
- Loans granted to a related party amounted to KD 1,402,000 (31 December 2008: KD 1,402,000 and 30 September 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.
- During the three month period ended 30 September 2009, the parent company acquired a new subsidiary from a related party bank for an amount of KD 8,790,711 (Note 5).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2009 (Unaudited)

12 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel is as follows:

	<i>30 September</i>	<i>(Audited)</i>	<i>30 September</i>
	<i>2009</i>	<i>31 December</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Short-term employee benefits	572,475	760,944	565,323
Termination benefits	1,817,660	1,702,638	1,583,514
	<u>2,390,135</u>	<u>2,463,582</u>	<u>2,148,837</u>

13 COMMITMENTS

At 30 September 2009, the group had future commitments in respect of investments amounting to KD 117,000 (31 December 2008: KD 117,000 and 30 September 2008: KD 2,313,000).

14 CONTINGENT LIABILITIES

At 30 September 2009, the group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 731,177 (31 December 2008: KD 711,403 and 30 September 2008: KD 3,217,283).

15 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 30 September 2009 (Unaudited)

15 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 nine month ended 30 September 2009

	<i>Marine and aviation KD</i>	<i>Property KD</i>	<i>Motor KD</i>	<i>General Accidents</i>	<i>Life & Medical KD</i>	<i>Total KD</i>
Revenue:						
Premium written	374,636	175,991	98,640	184,016	1,086,515	1,919,798
Reinsurance premiums ceded	(96,902)	(98,085)	-	(40,756)	(321,444)	(557,187)
Net premiums written	<u>277,734</u>	<u>77,906</u>	<u>98,640</u>	<u>143,260</u>	<u>765,071</u>	1,362,611
Movement in unearned premiums	(51,000)	(23,500)	(28,600)	(52,250)	(178,000)	(333,350)
Net premiums earned	<u>226,734</u>	<u>54,406</u>	<u>70,040</u>	<u>91,010</u>	<u>587,071</u>	1,029,261
Policy issuance fees	1,558	522	6,137	130	4,589	12,936
	<u>228,292</u>	<u>54,928</u>	<u>76,177</u>	<u>91,140</u>	<u>591,660</u>	<u>1,042,197</u>
Expenses:						
Claims incurred	1,465	3,006	34,207	35,430	530,898	605,006
Other insurance expenses	369	213	1,579	200	1,102	3,463
Commission and discounts	55,971	16,208	12,200	14,400	53,743	152,522
	<u>57,805</u>	<u>19,427</u>	<u>47,986</u>	<u>50,030</u>	<u>585,743</u>	<u>760,991</u>
Surplus from insurance operations	170,487	35,501	28,191	41,110	5,917	281,206
Allocation of general and administrative expenses	23,677	12,493	21,569	26,067	57,408	141,214
Net surplus(deficit) from insurance operations	<u>146,810</u>	<u>23,008</u>	<u>6,622</u>	<u>15,043</u>	<u>(51,491)</u>	139,992
Net investment loss	(15,436)	(3,704)	(4,768)	(6,196)	(39,967)	(70,071)
Net surplus (deficit) of takaful fund	<u>131,374</u>	<u>19,304</u>	<u>1,854</u>	<u>8,847</u>	<u>(91,458)</u>	<u>69,921</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2009 (Unaudited)

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

For the three month ended 30 September 2009

	<i>Marine and Aviation KD</i>	<i>Property KD</i>	<i>Motor KD</i>	<i>General Accidents KD</i>	<i>Life & Medical KD</i>	<i>Total KD</i>
Revenue:						
Premium written	55,530	62,404	35,408	23,594	133,011	309,947
Reinsurance premiums ceded	(12,163)	(33,099)	-	(2,295)	(26,714)	(74,271)
Net premiums written	43,367	29,305	35,408	21,299	106,297	235,676
Movement in unearned premiums	12,000	(5,500)	(13,100)	(4,300)	30,500	19,600
Net premiums earned	55,367	23,805	22,308	16,999	136,797	255,276
Policy issuance fees	330	43	2,100	47	441	2,961
	55,697	23,848	24,408	17,046	137,238	258,237
Expenses:						
Claims incurred	(2,570)	2,999	5,330	13,433	165,841	185,033
Other insurance expenses	-	-	334	-	-	334
Commission and discounts	8,276	5,826	6,340	2,778	10,229	33,449
	5,706	8,825	12,004	16,211	176,070	218,816
Surplus from insurance operations	49,661	15,023	12,404	835	(38,832)	39,421
Allocation of general and administrative expenses	1,366	2,111	2,232	2,620	3,554	11,883
Net Surplus from insurance operations	48,625	12,912	10,172	(1,785)	(42,386)	27,538
Net investment income	(132)	(57)	(53)	(40)	(326)	(608)
Net surplus (deficit) of takaful fund	48,493	12,855	10,119	(1,825)	(42,712)	26,930

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2009 (Unaudited)

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

Policyholders' assets, liabilities and fund:

	<i>30 September 2009</i>
	<i>Marine and aviation, general accident, motor vehicles, property, medical and life</i>
	<i>KD</i>
ASSETS	
Bank balances and cash	137,776
Premiums receivable	410,982
Investment held for trading (Income statement)	53,040
Available for sale investments	165,800
Property and equipment	3,843
Re-insurance recoverable on outstanding claims	173,342
Amount due from Takaful fund manager	290,340
TOTAL ASSETS	<u>1,235,123</u>
LIABILITIES	
Unearned premiums(net)	333,350
Outstanding claims reserve (gross)	375,659
Reinsurers payable	229,168
Premium received in advance	-
Insurance payables	172,651
Other liabilities	93,374
TOTAL LIABILITIES	<u>1,204,202</u>
POLICYHOLDERS' FUND	
Cumulative changes in fair values	(39,000)
Net surplus from takaful fund to be distributed between policyholders and manager of takaful fund	69,921
	<u>30,921</u>
TOTAL LIABILITIES AND POLICYHOLDERS' FUND	<u>1,235,123</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2009 (Unaudited)

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

Movement in policyholders' fund:

	<i>30 September 2009 KD</i>
At 1 January	-
Net surplus from insurance operations	<u>69,921</u>
	<u><u>69,921</u></u>

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 at year end. Management fee should not exceed 35% of the investment income from the policyholders' results.