

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

**INTERIM CONSOLIDATED FINANCIAL
INFORMATION**

31 MARCH 2007 (UNAUDITED)

Gulf Insurance Company K.S.C. And Subsidiaries

CONSOLIDATED INCOME STATEMENT

For the period ended 31 March 2007 (Unaudited)

	Notes	3 months ended 31 March	
		2007 KD	2006 KD
Revenue:			
Premiums written		20,584,781	15,408,434
Reinsurance premiums ceded		(9,060,239)	(5,654,517)
Net premiums written		11,524,542	9,753,917
Movement in unearned premiums		(1,083,441)	(512,167)
Net premiums earned		10,441,101	9,241,750
Commission received on ceded reinsurance		1,480,379	1,075,213
Policy issuance fees		275,439	215,776
Net investment income from life insurance	3	893,165	341,167
		13,090,084	10,873,906
Expenses:			
Claims incurred		5,034,074	3,481,708
Commission and discounts		1,296,028	838,702
Increase in life mathematical reserve		2,540,000	3,907,214
Increase in additional reserve		15,715	20,238
Maturity and cancellations of life insurance policies		78,778	285,636
General and administrative expenses		2,217,336	1,439,504
Provision for doubtful debts		-	24,205
		11,181,931	9,997,207
Net underwriting income		1,908,153	876,699
Net investment income	3	26,974,616	1,592,178
Sundry income		34,589	125,846
		28,917,358	2,594,723
Unallocated general and administrative expenses		(1,327,297)	(186,010)
Impairment of goodwill		(448,949)	-
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND NATIONAL LABOUR TAX (NLST)		27,141,112	2,408,713
Contribution to KFAS		(264,753)	(25,541)
Contribution to NLST		(656,258)	(63,215)
PROFIT FOR THE PERIOD		26,220,101	2,319,957
Attributable to:			
Equity holders of the parent company		25,554,301	2,465,375
Minority interest		665,800	(145,418)
		26,220,101	2,319,957
BASIC AND DILUTED EARNINGS PER SHARE	4	243.25 fils	23.33 fils

The attached notes 1 to 13 form part of the interim consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

CONSOLIDATED BALANCE SHEET

At 31 March 2007 (Unaudited)

		<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
		<i>31 March</i>	<i>31 December</i>	<i>31 March</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	80,016,752	54,514,057	22,420,119
Investments carried at fair value through income statement	6	10,834,306	12,205,923	11,104,121
Property held for sale		1,219,358	1,314,451	1,164,717
Investments available for sale	7	40,208,492	62,168,455	43,069,602
Debt securities (loans)		5,476,855	5,516,155	6,861,415
Investments in associated companies		981,671	981,671	5,907,113
Investments held to maturity		1,832,209	1,531,836	-
		<hr/>	<hr/>	<hr/>
Total cash and investments		140,569,643	138,232,548	90,527,087
Premiums and insurance balances receivable		24,874,091	18,668,400	17,271,844
Reinsurance recoverable on outstanding claims		14,912,491	15,805,880	14,979,970
Loans secured by life insurance policies		159,728	126,976	105,360
Other assets		11,064,205	6,229,618	6,572,076
Premises and equipment		5,800,643	5,666,059	3,903,089
Goodwill		2,250,715	2,699,664	597,664
		<hr/>	<hr/>	<hr/>
TOTAL ASSETS		199,631,516	187,429,145	133,957,090
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		33,424,923	33,946,971	24,765,185
Unearned premiums reserve		14,070,439	13,501,164	10,209,270
Life mathematical reserve		16,994,986	14,420,000	10,319,410
Additional reserve		3,049,102	2,957,525	2,895,349
		<hr/>	<hr/>	<hr/>
Total liabilities arising from insurance contracts:		67,539,450	64,825,660	48,189,214
Bank overdraft	5	628,142	8,726,980	7,423,539
Premiums received in advance		6,324,790	5,767,755	6,750,164
Accounts payable		11,583,102	14,698,725	3,887,138
Insurance and reinsurance companies		14,405,143	12,601,665	8,593,682
Other liabilities		13,955,354	6,772,550	9,214,938
		<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES		114,435,981	113,393,335	84,058,675
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	8	(4,330,643)	(3,151,943)	(3,151,943)
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		9,125,461	18,511,012	12,092,277
Foreign currency translation adjustments		14,853	23,323	(35,141)
Retained earnings		28,333,979	8,589,328	4,417,622
		<hr/>	<hr/>	<hr/>
Minority interest		69,737,380	60,565,450	48,167,291
		15,458,155	13,470,360	1,731,124
		<hr/>	<hr/>	<hr/>
Total equity		85,195,535	74,035,810	49,898,415
		<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY		199,631,516	187,429,145	133,957,090
		<hr/>	<hr/>	<hr/>

Farqad A. Al-Sane, Chairman

Faisal Hamad Al-Ayyar, Vice Chairman

The attached notes 1 to 13 form part of the interim consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2007 (Unaudited)

	<i>3 months ended 31 March</i>	
	<i>2007</i>	<i>2006</i>
<i>Note</i>	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit for the period	26,220,101	2,319,957
Adjustments for:		
Depreciation	629,668	77,549
Net investment income	(27,867,781)	(1,933,345)
Impairment of goodwill	448,946	-
Contribution to KFAS	264,753	25,541
Contribution to NLST	656,258	63,215
	<u>351,945</u>	<u>552,917</u>
Changes in operating assets and liabilities:		
Investments carried at fair value through income statement	1,371,617	97,161
Premiums and insurance balances receivable	(6,205,691)	(3,767,157)
Reinsurance recoverable on outstanding claims	(893,389)	(569,594)
Property held for sale	95,093	5,734
Other assets	(4,834,583)	(2,901,718)
Liabilities arising from insurance contracts	2,713,790	5,839,772
Premiums received in advance	557,035	376,537
Accounts payable	(4,036,634)	(880,075)
Insurance and reinsurance companies	1,803,478	(280,447)
Other liabilities	2,740,664	(576,520)
	<u>(6,336,675)</u>	<u>(2,103,390)</u>
Cash used in operations	(6,336,675)	(2,103,390)
Paid to directors	(80,000)	(80,000)
Paid in respect of KFAS	(85,802)	(25,541)
Paid in respect of NLST	-	(57,333)
	<u>(6,502,477)</u>	<u>(2,266,264)</u>
Net cash used in operating activities	(6,502,477)	(2,266,264)
INVESTING ACTIVITIES		
Additions to property and equipment	(764,252)	(189,798)
Net movement in investments available for sale	44,363,534	2,261,376
Purchase of investments in associates	-	(1,169,711)
Additions to investments held to maturity	(300,373)	-
Net movement in debt securities (loans)	39,300	35,749
Loans secured by life insurance policies	(32,752)	(18,091)
Interest received	15,981	98,814
Dividends received	924,082	431,331
	<u>44,245,520</u>	<u>1,449,670</u>
Net cash from investing activities	44,245,520	1,449,670
FINANCING ACTIVITIES		
Dividends paid	(4,276,340)	(1,571,843)
Purchase of treasury shares	(1,178,700)	(34,686)
Minority interest	1,322,000	(12,699)
	<u>(4,133,040)</u>	<u>(1,619,228)</u>
Net cash used in financing activities	(4,133,040)	(1,619,228)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,610,003	(2,435,822)
Net foreign exchange difference	(8,470)	-
Cash and cash equivalents at beginning of the period	45,787,077	17,432,402
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5 <u><u>79,388,610</u></u>	<u><u>14,996,580</u></u>

The attached notes 1 to 13 form part of the interim consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 31 March 2007 (Unaudited)

	Attributable to equity holders of the parent company									Minority interest KD	Total equity KD
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair values KD	Foreign currency translation adjustments KD	Retained earnings KD	Sub total 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)	-	(9,623,982)
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 10)	-	-	-	-	-	-	-	(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
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
Changes in fair value of investments available for sale	-	-	-	-	-	(8,719,029)	-	-	(8,719,029)	-	(8,719,029)
Sale of investments available for sale	-	-	-	-	-	(823,167)	-	-	(823,167)	-	(823,167)
Net expense recognised directly in equity	-	-	-	-	-	(9,542,196)	-	-	(9,542,196)	-	(9,542,196)
Profit for the period	-	-	-	-	-	-	-	2,465,375	2,465,375	(145,418)	2,319,957
Total recognised income and expenses for the period	-	-	-	-	-	(9,542,196)	-	2,465,375	(7,076,821)	(145,418)	(7,222,239)
Dividends for 2005 at 50 fils per share (Note 10)	-	-	-	-	-	-	-	(5,283,437)	(5,283,437)	-	(5,283,437)
Purchase of treasury shares	-	-	(34,686)	-	-	-	-	-	(34,686)	-	(34,686)
Net movement in minority interest	-	-	-	-	-	-	-	-	-	(12,699)	(12,699)
Balance at 31 March 2006	11,310,000	3,600,000	(3,151,943)	9,489,223	10,445,253	12,092,277	(35,141)	4,417,622	48,167,291	1,731,124	49,898,415

The attached notes 1 to 13 form part of the interim consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2007 (Unaudited)

1 ACTIVITIES

The interim 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 25 April 2007.

Gulf Insurance Company K.S.C. 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 55.14% 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 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 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 consolidated financial information does not contain all information and disclosures required for full financial information 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 months ended 31 March 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 three month results reported in the interim consolidated financial information may not represent a proportionate share of the overall annual results.

3 NET INVESTMENT INCOME

	<i>Three month ended 31 March</i>			
	<i>2007</i>			<i>2006</i>
	<i>General risk insurance KD</i>	<i>Life and health insurance KD</i>	<i>Total KD</i>	<i>Total KD</i>
Net realised gain on sale of investments available for sale	25,037,509	5,013	25,042,522	294,899
Realised gain on sale of investments carried at fair value through income statement	69,272	-	69,272	322,741
Dividend income	1,133,690	71,347	1,205,037	1,492,517
Interest on debt securities (loans)	36,779	87,707	124,486	126,907
Changes in fair value of investments carried at fair value through income statement	406,887	140,735	547,622	(760,935)
Realised profit from investment portfolios	68,548	323,980	392,528	206,235
Share of results from associates	-	-	-	101,788
Interest on time and call deposits	390,121	264,383	654,504	161,401
Other investment income	15,288	-	15,288	146,490
Finance charges and interest	(93,123)	-	(93,123)	(123,535)
Other investment expenses	(90,355)	-	(90,355)	(35,163)
	26,974,616	893,165	27,867,781	1,933,345

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2007 (Unaudited)

3 NET INVESTMENT INCOME (CONTINUED)

During the period, 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 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 31 March</i>	
	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	25,554,301	2,465,375
	Shares	Shares
Number of shares outstanding at the beginning of the period	113,100,000	113,100,000
Weighted average number of treasury shares	(8,045,333)	(7,437,051)
Weighted average number of shares, less treasury shares, outstanding during the period	105,054,667	105,662,949
Basic and diluted earnings per share (fils)	243.25	23.32

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>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2007</i>	<i>2006</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank balances and cash	8,861,423	8,011,277	2,117,012
Time and call deposits	60,655,329	40,502,780	20,303,107
Money market fund	10,500,000	6,000,000	-
Bank balances and short term deposits	80,016,752	54,514,057	22,420,119
Bank overdraft	(628,142)	(8,726,980)	(7,423,539)
	79,388,610	45,787,077	14,996,580

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2007 (Unaudited)

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>(Unaudited)</i> 31 March 2007 <i>KD</i>	<i>(Audited)</i> 31 December 2006 <i>KD</i>	<i>(Unaudited)</i> 31 March 2006 <i>KD</i>
Quoted securities	7,042,833	11,530,612	3,083,018
Managed funds	3,791,473	675,311	8,021,103
	10,834,306	12,205,923	11,104,121

7 INVESTMENTS AVAILABLE FOR SALE

	<i>(Unaudited)</i> 31 March 2007 <i>KD</i>	<i>(Audited)</i> 31 December 2006 <i>KD</i>	<i>(Unaudited)</i> 31 March 2006 <i>KD</i>
Quoted securities	23,818,253	46,308,411	33,860,406
Unquoted securities	13,948,480	14,270,994	8,240,229
Unquoted funds	2,441,759	1,589,050	968,967
	40,208,492	62,168,455	43,069,602

Included in investments available for sale are unquoted securities with a carrying value of KD 9,752,799 (31 December 2006: KD 9,543,525 and 31 March 2006 KD 10,034,970) 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 2007.

8 TREASURY SHARES

	<i>(Unaudited)</i> 31 March 2007	<i>(Audited)</i> 31 December 2006	<i>(Unaudited)</i> 31 March 2006
Number of shares (share)	9,275,000	7,470,000	7,470,000
Percentage of issued shares (%)	8.20	6.60	6.60
Market value (KD)	5,843,250	4,108,500	3,735,000

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2007 (Unaudited)

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 2007:

	<i>General risk insurance</i>					
	<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	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

Three months ended 31 March 2006:

	<i>General risk insurance</i>					
	<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	426,359	362,831	3,250,127	4,039,317	6,834,589	10,873,906
Segment results (net underwriting income)	42,234	40,138	147,836	230,208	646,491	876,699

10 DIVIDEND DISTRIBUTION

On 12 March 2007, the general assembly approved the distribution of 55% cash dividend amounting to KD 5,809,650 proposed by the Board of Directors for the year ended 31 December 2006 (2005: 50% cash dividend amounting to KD 5,283,437).

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2007 (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 2007</i>		<i>31 March 2006</i>	
	<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	22,888	433	20,195	36
Directors and key management personnel	406,306	43,041	241,163	25,752
Other related parties	866,193	252,836	1,157,405	223,000
	1,295,387	296,310	1,418,763	248,788

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

	<i>31 March 2007</i>		<i>31 March 2006</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>	<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	-	156,773	-	5,235
Directors and key management personnel	507,952	1,333	316,599	875
Other related parties	1,091,259	393,733	1,200,676	305,757
	1,599,211	551,839	1,517,275	311,867

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. The results of these transactions which arose as a result of sale of investments amounted to KD 25,285,802 (31 December 2006: KD 3,131,746 and 31 March 2006: KD 653,512) and the portfolios include shares in Kuwait Projects Company Holding and other related companies.
- 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 2,630,000 (31 December 2006: KD 2,630,000 and 31 March 2006: KD 4,104,000).
- Loans granted to an associated company and a related party amounted to 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.

Key management personnel compensation

	<i>31 March</i> <i>2007</i> <i>KD</i>	<i>31 March</i> <i>2006</i> <i>KD</i>
Salaries and other short term benefits	167,777	160,541
Employees' end of service benefits	746,296	468,880
	914,073	629,421

As at 31 March 2007 (Unaudited)

12 COMMITMENTS

At 31 March 2007, the group had future commitments in respect of investments amounting to KD 349,000 (31 December 2006: KD 349,000 and 31 March 2006: KD 898,288).

13 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 31 March 2007 the group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 3,422,628 (31 December 2006: KD 3,434,838 and 31 March 2006: KD 3,449,235).