

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 MARCH 2010 (UNAUDITED)



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF GULF INSURANCE COMPANY K.S.C

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Insurance Company K.S.C. ("the parent ") and its Subsidiaries (collectively "the Group") as at 31 March 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. The management of the parent company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Commercial Companies Law of 1960, as amended, nor of the articles of association of the parent company during the three month period ended 31 March 2010 have occurred that might have had a material effect on the business of the parent company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
OF ERNST & YOUNG

DR. SAUD AL-HUMAIDI
LICENSE NO. 51 A
DR. SAUD AL-HUMAIDI & PARTNERS
MEMBER OF BAKER TILLY
INTERNATIONAL

Gulf Insurance Company K.S.C. And Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

Period ended 31 March 2010

	Notes	3 months ended 31 March	
		2010 KD	2009 KD
Revenue:			
Premiums written		30,812,254	27,992,821
Reinsurance premiums ceded		(13,261,849)	(10,540,923)
Net premiums written		17,550,405	17,451,898
Movement in unearned premiums		(2,176,025)	(2,078,706)
Net premiums earned		15,374,380	15,373,192
Commission received on ceded reinsurance		2,498,783	2,083,841
Policy issuance fees		660,971	345,773
Net investment income from life insurance	3	509,293	82,573
		19,043,427	17,885,379
Expenses:			
Claims incurred		7,901,109	7,774,019
Commission and discounts		2,203,403	1,902,410
Increase in life mathematical reserve		3,274,541	4,103,428
Increase in additional reserve		23,030	(27,430)
Maturity and cancellations of life insurance policies		296,212	183,565
General and administrative expenses		3,000,993	2,757,416
		16,699,288	16,693,408
Net underwriting income		2,344,139	1,191,971
Net investment income	3	1,541,417	2,038,436
Net sundry income		61,258	8,207
		3,946,814	3,238,614
Other charges			
Unallocated general and administrative expenses		(775,634)	(629,759)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT			
Contribution to KFAS		3,171,180	2,608,855
National Labour Support tax (NLST)		(26,873)	(23,946)
Zakat tax		(65,754)	(59,866)
		(26,302)	(23,946)
PROFIT FOR THE PERIOD		3,052,251	2,501,097
Attributable to:			
Equity holders of the parent company		2,568,328	2,286,870
Non-controlling interests		483,923	214,227
		3,052,251	2,501,097
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY			
	4	15.6 fils	13.9 fils

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

Gulf Insurance Company K.S.C. And Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

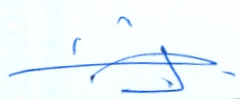
Period ended 31 March 2010

	<i>Note</i>	<i>3 months ended 31 March</i>	
		<i>2010</i>	<i>2009</i>
		<i>KD</i>	<i>KD</i>
Profit for the period		3,052,251	2,501,097
Other comprehensive income (loss)			
Net unrealised gain (loss) on available for sale investments		546,228	(3,367,849)
Net realised (gain) loss transferred to income statement on disposal of investments available for sale		(13,677)	50,183
Reversal due to impairment loss on available for sale investments	3	38,916	156,952
Exchange differences on translation of foreign operations		(78,522)	457,424
Other comprehensive income (loss) for the period included directly in equity		492,945	(2,703,290)
Total comprehensive income (loss) for the period		3,545,196	(202,193)
ATTRIBUTABLE TO:			
Equity holders of the parent company		3,061,273	(416,420)
Non-controlling interest		483,923	214,227
		3,545,196	(202,193)

The attached notes 1 to 13 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 2010

	Notes	31 March 2010	(Audited) 31 December 2009	31 March 2009
ASSETS				
Property and equipment		5,423,279	5,528,429	6,644,738
Investments in associated companies		2,272,257	2,272,257	5,571,717
Intangible assets		8,307,165	8,307,165	2,934,275
Financial instruments:				
Investments carried at fair value through statement of income	5	18,851,918	15,959,421	14,003,478
Investments available for sale	6	43,105,510	40,899,210	62,488,062
Debt securities (loans)		7,846,138	8,793,912	3,300,000
Investments held to maturity		9,552,889	9,072,468	6,520,861
Loans secured by life insurance policies		902,054	861,720	714,171
Premiums and insurance balances receivable		35,106,250	37,241,776	33,688,374
Reinsurance recoverable on outstanding claims		38,033,261	38,052,922	33,839,864
Property held for sale		175,571	175,971	225,288
Other assets	7	10,117,013	10,352,937	14,956,265
Time deposits	8	36,246,711	-	-
Cash and cash equivalents		33,081,493	76,872,500	56,267,103
TOTAL ASSETS		249,021,509	254,390,688	241,154,196
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities arising from insurance contracts:				
Outstanding claims reserve (gross)		65,432,402	67,208,293	59,701,675
Unearned premiums reserve (net)		19,808,796	18,632,455	16,697,668
Life mathematical reserve (net)		21,743,574	18,469,033	20,416,919
Additional reserve (net)		3,621,799	3,557,646	3,261,786
Total liabilities arising from insurance contracts	8	110,606,571	107,867,427	100,078,048
Bank overdraft		10,767,340	17,018,988	4,126,461
Premiums received in advance		1,323,617	1,265,325	6,432,815
Insurance payable		33,105,233	36,078,666	31,752,907
Other liabilities		9,423,663	10,717,795	9,594,805
Amount due to policyholders of Takaful Fund		-	-	369,441
TOTAL LIABILITIES		165,226,424	172,948,201	152,354,477
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY				
Share capital		16,965,000	16,965,000	16,965,000
Share premium	9	3,600,000	3,600,000	3,600,000
Treasury shares		(1,615,422)	(1,757,348)	(1,740,148)
Treasury shares reserve		1,536,494	1,493,072	1,500,781
Statutory reserve		12,223,868	12,223,868	11,689,049
Voluntary reserve		16,177,281	16,177,281	15,642,462
Cumulative changes in fair values		1,190,389	618,922	5,009,264
Foreign currency translation adjustments		(223,856)	(145,334)	26,908
Retained earnings		20,104,115	17,535,787	24,095,023
Non-controlling interest		69,957,869	66,711,248	76,788,339
		13,837,216	14,731,239	12,011,380
Total equity		83,795,085	81,442,487	88,799,719
TOTAL LIABILITIES AND EQUITY		249,021,509	254,390,688	241,154,196


 Farqad A. Al-Sane
 Chairman

The attached notes 1 to 13 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

Period ended 31 March 2010 (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	KD	KD
Balance at 31 December 2009	16,965,000	3,600,000	(1,757,348)	1,493,072	-	12,223,868	16,177,281	618,922	(145,334)	17,535,787	66,711,248	14,731,239	81,442,487
Profit for the period	-	-	-	-	-	-	-	-	-	2,568,328	2,568,328	483,923	3,052,251
Other comprehensive income (loss)	-	-	-	-	-	-	-	571,467	(78,522)	-	492,945	-	492,945
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	571,467	(78,522)	2,568,328	3,061,273	483,923	3,545,196
Cost of share based payment	-	-	-	-	43,422	-	-	-	-	-	43,422	-	43,422
Sale of treasury share (Note 9)	-	-	141,926	43,422	(43,422)	-	-	-	-	-	141,926	-	141,926
Net movement on non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(1,377,946)	(1,377,946)
Balance at 31 March 2010	16,965,000	3,600,000	(1,615,422)	1,536,494	-	12,223,868	16,177,281	1,190,389	(223,856)	20,104,115	69,957,869	13,837,216	83,795,085
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 (loss) income	-	-	-	-	-	-	-	(3,160,714)	457,424	-	(2,703,290)	-	(2,703,290)
Total comprehensive (loss) income 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 9)	-	-	305,723	(77,528)	(38,493)	-	-	-	-	-	189,702	-	189,702
Net movement on 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

The attached notes 1 to 13 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 2010 (Unaudited)

	Notes	3 months ended 31 March	
		2010 KD	2009 KD
OPERATING ACTIVITIES			
Profit for the period		3,052,251	2,501,097
Adjustments for:			
Depreciation		193,989	115,448
Net investment income		(2,089,626)	(2,277,961)
Impairment of investments available for sale	3	38,916	156,952
Contribution to KFAS		26,873	23,946
Contribution to NLST		65,754	59,866
		<u>1,288,157</u>	<u>579,348</u>
Changes in operating assets and liabilities:			
Investments carried at fair value through income statement		(2,105,109)	2,375,329
Premiums and insurance balances receivable		2,135,526	(5,846,340)
Reinsurance recoverable on outstanding claims		19,661	3,391,338
Property held for sale		400	3,644
Other assets		1,794,982	(1,269,391)
Liabilities arising from insurance contracts		2,739,144	4,820,052
Premiums received in advance		58,293	113,202
Insurance payable		(2,973,433)	1,351,832
Other liabilities		(1,333,061)	(1,605,162)
		<u>1,624,560</u>	<u>3,913,852</u>
Cash (used in) from operations		(80,000)	(80,000)
Paid to directors		(113,670)	-
Paid to NLST			
		<u>1,430,890</u>	<u>3,833,852</u>
Net cash (used in) from operating activities			
INVESTING ACTIVITIES			
Purchase of property and equipment		(88,839)	(301,667)
Net movement in investments available for sale		(2,537,326)	(827,937)
Purchase of investments in associates		-	(200,907)
Net movement in debt securities (loans)		947,774	-
Additions to investments held to maturity		(480,421)	(200,401)
Time deposits		(36,246,711)	-
Loans secured by life insurance policies		(40,334)	17,788
Interest received		262,302	162,237
Dividends received		432,212	424,091
Other investment income received		12,214	50,090
		<u>(37,739,129)</u>	<u>(876,706)</u>
Net cash used in investing activities			
FINANCING ACTIVITIES			
Net movement in treasury shares		185,348	189,703
Net movement in non-controlling interest		(1,337,946)	(642,393)
		<u>(1,152,598)</u>	<u>(452,690)</u>
Net cash used in financing activities			
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>(37,460,837)</u>	<u>2,504,456</u>
Net foreign exchange difference		(78,522)	457,424
Cash and cash equivalents at 1 January	8	59,853,512	49,178,762
CASH AND CASH EQUIVALENTS AT 31 MARCH	8	<u><u>22,314,153</u></u>	<u><u>52,140,642</u></u>

The attached notes 1 to 13 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 31 March 2010 (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 26 April 2010.

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 68.97% 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 2009 except as discussed in the following paragraphs.

Change in accounting policies

The following new standard is applicable for the Group effective from 1 January 2010.

IFRS 3 (Revised) – Business Combinations and consequential amendments to IAS 27 – Consolidated and Separate Financial Statements. The main changes in the Group’s accounting policies are as follows:

- Acquisition related costs are expensed in the consolidated statement of income in the periods in which the costs are incurred;
- Changes in ownership interest in a subsidiary that do not result in a loss of control are treated as transaction between equity holders and are accounted for within equity;
- Equity interest held prior to control being obtained are remeasured to fair value at the date of obtaining control, and any gain or loss is recognised in the statement of income.

The revised standard and new amendments have not had significant impact on the Group’s interim condensed consolidated financial information.

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.

The interim condensed consolidated financial information are presented in Kuwaiti Dinars (KD)

Operating results for the three month period ended 31 March 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010. For more details please refer to the consolidated financial statements for the year ended 31 December 2009.

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2010 (Unaudited)

3 NET INVESTMENT INCOME

	<i>Three months ended 31 March</i>	
	<i>2010</i>	<i>2009</i>
	<i>KD</i>	<i>KD</i>
Net realised gain (loss) on sale of investments available for sale	13,677	50,183
Realised gain on sale of investments carried at fair value through income statement	177,208	(100,273)
Dividend income	1,062,677	2,589,250
Interest on debt securities (loans)	372,041	271,246
Changes in fair value of investments carried at fair value through income statement	610,180	(1,198,535)
Interest on time and call deposits	594,708	756,668
Foreign exchange (loss) gain	(16,189)	168,925
Other investment income	25,670	25,311
Impairment loss of investments available for sale	(38,916)	(156,952)
Finance charges and interest	(146,293)	(166,187)
Other investment expenses	(604,053)	(118,627)
	<u>2,050,710</u>	<u>2,121,009</u>

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 31 March</i>	
	<i>2010</i>	<i>2009</i>
	<i>KD</i>	<i>KD</i>
Profit attributable to equity holders of the parent company	<u>2,568,328</u>	<u>2,286,870</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	(4,990,755)	(5,204,521)
Weighted average number of shares, less treasury shares, outstanding during the period	<u>164,659,245</u>	<u>164,445,479</u>
Basic and diluted earnings per share	<u>15.6 fils</u>	<u>13.9 fils</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2010 (Unaudited)

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>31 March</i>	<i>(Audited)</i>	
	<i>2010</i>	<i>31 December</i>	<i>31 March</i>
	<i>KD</i>	<i>2009</i>	<i>2009</i>
		<i>KD</i>	<i>KD</i>
Held for trading:			
Quoted equity securities	10,207,534	7,798,791	2,044,344
Designated upon initial recognition:			
Quoted managed funds	8,644,384	8,160,630	11,959,134
	18,851,918	15,959,421	14,003,478

6 INVESTMENTS AVAILABLE FOR SALE

	<i>31 March</i>	<i>(Audited)</i>	
	<i>2010</i>	<i>31 December</i>	<i>31 March</i>
	<i>KD</i>	<i>2009</i>	<i>2009</i>
		<i>KD</i>	<i>KD</i>
Quoted equity securities	15,856,789	15,285,067	42,037,494
Unquoted equity securities	19,983,668	19,154,998	16,435,912
Unquoted managed funds	7,265,053	6,459,145	4,014,656
	43,105,510	40,899,210	62,488,062

Included in investments available for sale are unquoted equity securities and managed funds with a carrying value of KD 27,248,721 (31 December 2009: KD 25,614,143 and 31 March 2009 KD: 20,450,568) 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 38,916 (31 December 2009: KD 2,118,527 and 31 March 2009: 156,952) 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.

7 TIME DEPOSITS

Time deposits represent short term bank deposits placed with local and foreign banks with an effective interest rate of 2 % per annum.

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2010 (Unaudited)

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:

	31 March 2010 KD	<i>(Audited)</i> 31 December 2009 KD	31 March 2009 KD
Bank balances and cash	5,348,479	5,690,854	8,474,112
Time and call deposits	27,733,014	71,181,646	47,607,672
Money market fund	-	-	185,319
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the statement of financial position	33,081,493	76,872,500	56,267,103
Bank overdraft	(10,767,340)	(17,018,988)	(4,126,461)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the statement of cash flows	22,314,153	59,853,512	52,140,642
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9 TREASURY SHARES

	31 March 2010	<i>(Audited)</i> 31 December 2009	31 March 2009
Number of shares (share)	4,293,785	4,735,699	4,694,159
Percentage of issued shares (%)	2.53	2.79	2.76
Market value (KD)	1,910,734	2,083,707	1,948,076
Cost (KD)	1,615,422	1,757,348	1,740,148
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the three month period ended 31 March 2010, the employees exercised all the shares granted of 991,914 (31 March 2009: 824,794 shares) from the treasury shares realising net gain (loss) of KD 43,422 (31 December 2009: KD 43,053 and 31 March 2009: KD (77,528), which has been debited to treasury share reserve.

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 31 March 2010 (Unaudited)

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:

<i>Three months ended 31 March 2010</i>	<i>General risk insurance</i>				<i>Total general risk insurance KD</i>	<i>Medical insurance KD</i>	<i>Life insurance KD</i>	<i>Total KD</i>
	<i>Marine & aviation KD</i>	<i>Property KD</i>	<i>Motor KD</i>	<i>Casualty KD</i>				
Segment revenue	<u>747,646</u>	<u>1,065,086</u>	<u>6,559,050</u>	<u>1,910,629</u>	<u>10,282,411</u>	<u>3,686,919</u>	<u>5,074,097</u>	<u>19,043,427</u>
Segment results (net underwriting income)	<u>365,643</u>	<u>271,539</u>	<u>102,638</u>	<u>597,085</u>	<u>1,336,905</u>	<u>553,149</u>	<u>453,085</u>	<u>2,343,139</u>

<i>Three months ended 31 March 2009</i>	<i>General risk insurance</i>				<i>Total general risk insurance KD</i>	<i>Medical insurance KD</i>	<i>Life insurance KD</i>	<i>Total KD</i>
	<i>Marine & aviation KD</i>	<i>Property KD</i>	<i>Motor KD</i>	<i>Casualty KD</i>				
Segment revenue	<u>793,493</u>	<u>1,215,900</u>	<u>5,725,308</u>	<u>1,899,476</u>	<u>9,634,177</u>	<u>2,659,645</u>	<u>5,591,557</u>	<u>17,885,379</u>
Segment results (net underwriting income)	<u>413,571</u>	<u>540,832</u>	<u>(712,467)</u>	<u>638,791</u>	<u>880,727</u>	<u>126,300</u>	<u>184,944</u>	<u>1,191,971</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 31 March 2010 (Unaudited)

10 SEGMENT INFORMATION (continued)

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>31 March 2010 KD</i>	<i>31 March 2009 KD</i>	<i>31 March 2010 KD</i>	<i>31 March 2009 KD</i>	<i>31 March 2010 KD</i>	<i>31 March 2009 KD</i>	<i>31 March 2010 KD</i>	<i>31 March 2009 KD</i>
Segment revenue	9,940,051	10,810,299	2,990,462	3,709,086	6,112,914	3,365,994	19,043,427	17,885,379
Segment results (net underwriting income)	1,049,490	805,003	935,767	1,117,151	358,882	(730,183)	2,344,139	1,191,971
Profit for the period	1,550,420	1,805,838	561,101	675,795	456,807	(194,763)	2,568,328	2,286,870
Segment assets	162,663,618	159,177,733	40,914,034	54,735,234	45,443,857	27,241,229	249,021,509	241,154,196
Segment liabilities	92,611,718	82,283,863	32,744,864	46,451,947	39,869,843	23,618,667	165,226,425	152,354,477

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2010 (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.

	<u>31 March 2010</u>		<u>31 March 2009</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	27,054	971	10,408	2,552
Directors and key management personnel	380,743	62,152	523,270	31,559
Other related parties	1,357,051	175,360	1,568,790	321,143
	<u>1,764,848</u>	<u>238,483</u>	<u>2,102,468</u>	<u>355,254</u>

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

	<u>31 March 2010</u>		<u>31 March 2009</u>	
	<i>Amounts owed by related parties</i> <i>KD</i>	<i>Amounts owed to related parties</i> <i>KD</i>	<i>Amounts owed by related parties</i> <i>KD</i>	<i>Amounts owed to related parties</i> <i>KD</i>
Ultimate parent company	138,559	-	28,728	-
Directors and key management personnel	599,431	(61,062)	628,101	(13,256)
Other related parties (see below)	1,341,695	(10,345)	1,307,600	(13,264)
	<u>2,079,685</u>	<u>(71,407)</u>	<u>1,964,429</u>	<u>(26,520)</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 1,950,160 (31 December 2009: KD 4,169,437 and 31 March 2009: KD 2,928,110). Total expenses from related party transactions amounted to KD 248,410 (31 December 2009: KD 925,588 and 31 March 2009: KD 371,669).
- The group holds certain deposits and call accounts with a related party amounting to KD 8,000,000, the group also holds bonds issued by the ultimate parent company and other related companies amounting to KD 6,346,138 (31 December 2009: KD 7,293,912 and 31 March 2009: KD 1,300,000).
- Loans granted to a related party amounted to KD 1,402,689 (31 December 2009: KD 1,402,689 and 31 March 2009: 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2010 (Unaudited)

11 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel is as follows:

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2010</i>	<i>2009</i>	<i>2009</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Short-term employee benefits	190,825	763,300	251,666
Termination benefits	1,912,622	1,865,140	1,795,772
	<u>2,103,447</u>	<u>2,628,440</u>	<u>2,047,438</u>

12 COMMITMENTS

At 31 March 2010, the group had future commitments in respect of investments amounting to KD 9,880,820 (31 December 2009: KD 9,987,817 and 31 March 2009: KD 117,000).

13 CONTINGENT LIABILITIES

At 31 March 2010, the group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 757,588 (31 December 2009: KD 1,253,042 and 31 March 2009: KD 711,677).