

**Gulf Insurance Group K.S.C.P. and its
Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
(UNAUDITED)**

31 MARCH 2022

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Insurance Group K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2022, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three months 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 condensed consolidated 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 IAS 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 account 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 Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association during the three months period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



ABDULKARIM AL SAMDAN
LICENCE NO. 208 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

11 May 2022
Kuwait

Gulf Insurance Group K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2022

	Notes	Three months ended 31 March	
		2022 KD 000's	2021 KD 000's
Revenue:			
Premiums written		232,610	119,466
Reinsurance premiums ceded		(83,063)	(61,190)
Net premiums written		149,547	58,276
Movement in unearned premiums reserve		(36,743)	(10,743)
Movement in life mathematical reserve		(3,685)	(1,284)
Net premiums earned		109,119	46,249
Commission received on ceded reinsurance		6,246	4,504
Policy issuance fees		932	954
Net investment income from designated life insurance	3	477	514
		116,774	52,221
Expenses:			
Claims incurred		73,749	30,585
Commission and discounts		15,795	6,219
Maturity and cancellations of life insurance policies		486	921
General and administrative expenses		10,500	7,890
		100,530	45,615
Net underwriting income		16,244	6,606
Net investment income	3	7,495	4,990
Finance costs		(603)	(362)
Other income, net		1,168	839
		24,304	12,073
Other charges:			
Unallocated general and administrative expenses		(11,570)	(4,604)
PROFIT FOR THE PERIOD BEFORE TAXATION		12,734	7,469
Contribution to KFAS		(91)	(72)
NLST		(204)	(114)
Zakat		(30)	(40)
Taxation from subsidiaries		(1,139)	(975)
PROFIT FOR THE PERIOD		11,270	6,268
Attributable to:			
Equity holders of the Parent Company		9,808	5,482
Non-controlling interests		1,462	786
		11,270	6,268
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	34.56 fils	24.93 fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Gulf Insurance Group K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the period ended 31 March 2022

	Note	Three months ended 31 March	
		2022 KD 000's	2021 KD 000's
Profit for the period		11,270	6,268
Other comprehensive loss:			
<i>Items that are or may be subsequently reclassified to interim condensed consolidated statement of income:</i>			
- Investments available for sale:			
Net unrealised loss		(1,579)	(1,465)
Net realised gain transferred to interim condensed consolidated statement of income on sale of investments available for sale	3	(571)	(685)
Impairment loss on investments available for sale	3	80	14
		(2,070)	(2,136)
- Share of other comprehensive loss of associates		(1,049)	(202)
- Exchange differences on translation of foreign operations		(4,527)	(3,063)
Other comprehensive loss for the period		(7,646)	(5,401)
Total comprehensive income for the period		3,624	867
Attributable to:			
Equity holders of the Parent Company		2,869	475
Non-controlling interests		755	392
		3,624	867


The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Gulf Insurance Group K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2022

		(Audited)		
	Notes	31 March 2022 KD 000's	31 December 2021 KD 000's	31 March 2021 KD 000's
ASSETS				
Property and equipment		45,982	47,497	36,755
Investments in associates		43,105	43,297	43,499
Goodwill		44,210	44,047	15,104
Financial instruments:				
Investments held to maturity		45,072	51,221	39,355
Debt securities (loans)		9,529	10,435	11,972
Investments available for sale		263,437	261,749	46,752
Investments carried at fair value through profit or loss		53,387	48,469	36,733
Loans secured by life insurance policies		940	499	778
Premiums and insurance balances receivable		293,993	227,692	168,418
Reinsurance recoverable on outstanding claims		161,678	216,638	270,973
Investment properties		9,937	10,493	8,088
Other assets		93,184	88,510	38,070
Time deposits		71,676	74,373	44,602
Cash and bank balances	5	213,650	231,601	72,408
TOTAL ASSETS		1,349,780	1,356,521	833,507
EQUITY AND LIABILITIES				
Equity				
Share capital	7	28,457	28,457	20,124
Share premium		50,947	50,947	9,280
Treasury shares	7	(429)	(429)	(429)
Treasury shares reserve		3,099	3,099	3,099
Statutory reserve		23,843	23,843	18,704
Voluntary reserve		34,424	34,424	29,285
Effect of changes in ownership interest of Subsidiaries		(2,837)	(2,837)	(2,837)
Other reserve		(505)	(481)	-
Cumulative changes in fair value reserve		(1,206)	1,135	1,442
Foreign currency translation adjustments		(40,039)	(35,441)	(28,087)
Revaluation reserve		14,667	14,667	14,907
Retained earnings		82,571	73,441	59,490
Equity attributable to the equity holders of the Parent Company		192,992	190,825	124,978
Subordinated perpetual Tier 2 bonds		60,000	60,000	-
Non-controlling interests		66,096	66,471	28,301
Total equity		319,088	317,296	153,279
Liabilities				
Liabilities arising from insurance contracts:				
Outstanding claims reserve (gross)		369,593	432,931	358,551
Unearned premiums reserve (net)		197,406	167,596	66,909
Life mathematical reserve (net)		62,560	56,161	34,352
Incurred but not reported reserve (net)		2,433	2,594	907
Total liabilities arising from insurance contracts		631,992	659,282	460,719
Premiums received in advance		2,754	3,216	3,514
Insurance payable		153,601	152,734	125,167
Other liabilities		139,738	148,509	69,128
Long term loans	6	75,735	75,484	-
Bank overdrafts	5	26,872	-	21,700
Total liabilities		1,030,692	1,039,225	680,228
TOTAL EQUITY AND LIABILITIES		1,349,780	1,356,521	833,507


Khaled Saoud Al-Hasan
Chief Executive Officer

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Gulf Insurance Group K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2022

	<i>Attributable to equity holders of the Parent Company</i>															
	<i>Share capital</i>	<i>Share Premium</i>	<i>Treasury shares</i>	<i>Treasury shares reserve</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Effect of changes in Interest of Subsidiaries</i>	<i>Other reserve</i>	<i>Cumulative changes in fair values</i>	<i>Foreign currency translation adjustments</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Sub-total</i>	<i>Subordinated perpetual tier 2 bonds</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
As at 1 January 2022 <i>(Audited)</i>	28,457	50,947	(429)	3,099	23,843	34,424	(2,837)	(481)	1,135	(35,441)	14,667	73,441	190,825	60,000	66,471	317,296
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	9,808	9,808	-	1,462	11,270
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	(2,341)	(4,598)	-	-	(6,939)	-	(707)	(7,646)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	(2,341)	(4,598)	-	9,808	2,869	-	755	3,624
Interest on subordinated perpetual tier 2 bonds	-	-	-	-	-	-	-	-	-	-	-	(647)	(647)	-	-	(647)
Amortization of subordinated Tier 2 Bonds transactions costs	-	-	-	-	-	-	-	-	-	-	-	(31)	(31)	-	-	(31)
Movement in other reserve	-	-	-	-	-	-	-	(24)	-	-	-	-	(24)	-	(2)	(26)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,128)	(1,128)
As at 31 March 2022	28,457	50,947	(429)	3,099	23,843	34,424	(2,837)	(505)	(1,206)	(40,039)	14,667	82,571	192,992	60,000	66,096	319,088
As at 1 January 2021 <i>(Audited)</i>	18,704	3,600	(429)	3,099	18,704	29,285	(2,837)	-	3,588	(25,226)	14,907	54,008	117,403	-	27,928	145,331
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	5,482	5,482	-	786	6,268
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	(2,146)	(2,861)	-	-	(5,007)	-	(394)	(5,401)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	(2,146)	(2,861)	-	5,482	475	-	392	867
Issue of rights shares (Note 7)	1,420	5,680	-	-	-	-	-	-	-	-	-	-	7,100	-	-	7,100
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19)	(19)
As at 31 March 2021	20,124	9,280	(429)	3,099	18,704	29,285	(2,837)	-	1,442	(28,087)	14,907	59,490	124,978	-	28,301	153,279

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Gulf Insurance Group K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 31 March 2022

	Notes	Three months ended 31 March	
		2022 KD 000's	2021 KD 000's
OPERATING ACTIVITIES			
Profit for the period before taxation		12,734	7,469
<i>Adjustments for:</i>			
Depreciation of property and equipment		889	1,526
Net investment income		(6,845)	(4,395)
Impairment loss on investments available for sale	3	80	14
Share of results of associates	3	(952)	(204)
Finance costs		603	362
		6,509	4,772
<i>Changes in operating assets and liabilities:</i>			
Investments carried at fair value through profit or loss		(5,280)	(3,079)
Premiums and insurance balances receivable		(66,301)	(36,196)
Reinsurance recoverable on outstanding claims		54,960	11,443
Other assets		(4,674)	(5,941)
Liabilities arising from insurance contracts		(27,290)	(631)
Premiums received in advance		(462)	323
Insurance payable		867	(2,034)
Other liabilities		(10,050)	4,462
Remuneration paid to directors		(185)	(185)
Net cash flows used in operating activities		(51,906)	(27,066)
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,425)	(2,946)
Proceeds from sale of property and equipment		63	587
Net movement of investments held to maturity		6,149	(1,008)
Net movement of debt securities (loans)		906	3,352
Net movement of investments available for sale		(1,197)	737
Loans secured by life insurance policies		(441)	88
Movement in time deposits		2,697	(1,620)
Interest received		4,503	1,681
Dividend income received		1,437	556
Dividend received from associates		96	-
Net cash flows from investing activities		12,788	1,427
FINANCING ACTIVITIES			
Proceeds from issuance of right shares	7	-	7,100
Finance costs paid		(603)	(347)
Dividends paid to non-controlling interests		(1,128)	(19)
Net cash flows (used in) from financing activities		(1,731)	6,734
NET DECREASE IN CASH AND CASH EQUIVALENTS		(40,849)	(18,905)
Net foreign exchange difference		(3,974)	(1,725)
Cash and cash equivalents at 1 January		231,601	71,338
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	186,778	50,708

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Gulf Insurance Group K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

1 ACTIVITIES

The interim condensed consolidated financial information of Gulf Insurance Group K.S.C.P. (the “Parent Company”) and its subsidiaries (the “Group”) were authorised for issue by the Board of Directors on 11 May 2022.

The Ordinary Annual General Assembly meeting of the Parent Company’s shareholders held on 6 April 2022, approved the consolidated financial statements for the year ended 31 December 2021 and approved the Board of Director’s proposal for distributing cash dividends to the shareholders of 35 fils per share.

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 Bursa Kuwait. The address of the Parent Company’s registered office is Khaled Ibn Al-Waleed Street, KIPCO Tower, Floor No 40, Office No 49 & 50, Sharq, Kuwait City P.O. Box 1040 Safat, 13011 State of Kuwait. 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.

The Parent Company is 46.32% (31 December 2021: 46.32% and 31 March 2021: 45.99%) owned by Kuwait Projects Company Holding K.S.C. and 43.69% (31 December 2021: 43.69% and 31 March 2021: 43.43%) by Fairfax Middle East Limited Company.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard (IAS 34), Interim Financial Reporting.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars to the nearest thousand, which is the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021. 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 period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The group has not early adopted standards, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s interim condensed consolidated financial information are listed below. The Group intends to adopt these standards when they become effective.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach).
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 on or before the date it first applies IFRS 17. The Group will apply these amendments when they become effective.

3 NET INVESTMENT INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Share of results from associates	952	204
Net realised gain on sale of investments available for sale	571	685
Realised gain on sale of investments at fair value through profit or loss	513	414
Unrealised (loss) gain on investments at fair value through profit or loss	(362)	1,264
Dividend income	1,437	556
Interest on investments held to maturity	852	795
Interest on debt securities (loans)	2,032	270
Interest on time and call deposits	1,619	615
Foreign exchange gain	255	919
Other investment income (expenses)	183	(204)
Impairment loss on investments available for sale	(80)	(14)
	7,972	5,504

Net investment income is presented in the interim condensed consolidated statement of income as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Net investment income from designated life insurance	477	514
Net investment income	7,495	4,990
	7,972	5,504

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic and 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.

	<i>Three months ended</i>	
	<i>31 March</i>	
	2022	2021
	KD 000's	KD 000's
Profit attributable to equity holders of the Parent Company	9,808	5,482
	Shares	Shares
Weighted average number of shares, less treasury shares outstanding during the period	283,751,062	219,946,416
Basic and diluted earnings per share	34.56 fils	24.93 fils*

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

*Earnings per share for the three months period ended 31 March 2021 was 27.35 fils before retroactive adjustment to the number of shares following the rights issue (Note 7).

5 CASH AND CASH EQUIVALENTS

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

	<i>(Audited)</i>		
	31 March	31 December	31 March
	2022	2021	2021
	KD 000's	KD 000's	KD 000's
Cash and bank balances	60,532	51,066	18,596
Short term and call deposits	153,118	180,535	53,812
Cash and bank balances	213,650	231,601	72,408
Bank overdrafts	(26,872)	-	(21,700)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	186,778	231,601	50,708

Bank overdrafts represent a facility obtained from a local bank and carries an average interest rate of 2.6 % (31 December 2021: Nil and 31 March 2021: 2.35 %) over Central Bank of Kuwait discount rate.

6 LONG TERM LOANS

During the period ended 31 March 2022, the Parent Company has obtained two bank loans from local banks to be payable as follows:

- a) First loan is payable on annual installment basis for a period of seven years beginning on 14 January 2023 and carries an interest rate of 3 months LIBOR +1.25% per annum and the last installment is due on 14 January 2030.
- b) Second loan is payable on quarterly installment basis for a period of five years beginning on 31 December 2022 and carries an interest rate of 1.25% per annum over Central Bank of Kuwait discount rate and the last installment is due on 31 December 2027.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

7 SHARE CAPITAL AND TREASURY SHARES

a) Share Capital

The authorised share capital of the Parent Company comprises of 350,000,000 shares (31 December 2021: 350,000,000 shares and 31 March 2021: 350,000,000 shares) of 100 fils each. The issued and fully paid-up share capital consists of 284,572,458 shares (31 December 2021: 284,572,458 shares and 31 March 2021: 201,239,125 shares) of 100 fils each.

b) Issuance of Rights shares

On 14 January 2021, the Parent Company made a rights issue to its shareholders at KD 0.500 per share made up of KD 0.100 share capital and KD 0.400 share premium. A total of 14,200,000 shares were issued resulting in an increase in share capital by KD 1,420,000 and an increase in the share premium account by KD 5,680,000. This amendment has been notarized in the commercial register dated 7 February 2021.

c) Treasury shares

	<i>31 March 2022</i>	<i>(Audited) 31 December 2021</i>	<i>31 March 2021</i>
Number of treasury shares	821,396	821,396	821,396
Percentage of issued shares	0.29%	0.29%	0.41%
Cost (KD 000's)	429	429	429
Market value (KD 000's)	878	878	515

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

Gulf Insurance Group K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

8 SEGMENT INFORMATION

For the management purpose, the Group operates in two segments, general risk insurance and life and medical insurance; there are no inter-segment transactions. The following are the details of these two segments:

a) Segmental interim condensed consolidated statement of income:

	<i>Conventional</i>							<i>Takaful</i>		<i>Total</i> KD 000's	
	<i>Marine and aviation</i> KD 000's	<i>Property</i> KD 000's	<i>Motor</i> KD 000's	<i>Engineering</i> KD 000's	<i>General accidents</i> KD 000's	<i>Life insurance</i> KD 000's	<i>Medical insurance</i> KD 000's	<i>Sub-total</i> KD 000's	<i>Takaful insurance</i> KD 000's		<i>Sub-total</i> KD 000's
<i>Three months ended 31 March 2022</i>											
Segment revenue	2,946	5,521	17,711	3,307	4,290	2,742	46,380	82,897	33,877	33,877	116,774
Segment results net underwriting income	1,267	981	583	547	1,193	292	5,323	10,186	6,058	6,058	16,244
<i>Three months ended 31 March 2021</i>											
Segment revenue	1,195	2,808	10,869	2,304	2,818	1,303	22,963	44,260	7,961	7,961	52,221
Segment results net underwriting income	592	281	417	842	179	(730)	3,010	4,591	2,015	2,015	6,606

Gulf Insurance Group K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

8 SEGMENT INFORMATION (continued)

b) Segmental interim condensed consolidated statement of financial position:

<i>As at 31 March 2022</i>	<i>Conventional KD 000's</i>	<i>Takaful KD 000's</i>	<i>Total KD 000's</i>
Total assets	1,006,072	343,708	1,349,780
Total liabilities	784,686	246,006	1,030,692
<i>(Audited)</i>			
<i>As at 31 December 2021</i>	<i>Conventional KD 000's</i>	<i>Takaful KD 000's</i>	<i>Total KD 000's</i>
Total assets	1,023,256	333,265	1,356,521
Total liabilities	978,494	60,731	1,039,225
<i>As at 31 March 2021</i>			
<i>As at 31 March 2021</i>	<i>Conventional KD 000's</i>	<i>Takaful KD 000's</i>	<i>Total KD 000's</i>
Total assets	754,518	78,989	833,507
Total liabilities	626,258	53,970	680,228

9 RELATED PARTY DISCLOSURES

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 Parent Company's management.

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<i>Three months ended 31 March 2022</i>		<i>Three months ended 31 March 2021</i>	
	<i>Premiums KD 000's</i>	<i>Claims KD 000's</i>	<i>Premiums KD 000's</i>	<i>Claims KD 000's</i>
Directors and key management personnel	165	3	140	7
Other related parties	2,688	52	2,085	247
	2,853	55	2,225	254

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9 RELATED PARTY DISCLOSURES (continued)

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

	31 March 2022		(Audited) 31 December 2021		31 March 2021	
	Amounts owed by related parties KD 000's	Amounts owed to related Parties KD 000's	Amounts owed by related parties KD 000's	Amounts owed to related parties KD 000's	Amounts owed by related parties KD 000's	Amounts owed to related parties KD 000's
Directors and key management personnel	386	10	375	16	435	3
Other related parties	3,385	239	1,234	923	1,972	1,099
	<u>3,771</u>	<u>249</u>	<u>1,609</u>	<u>939</u>	<u>2,407</u>	<u>1,102</u>

The Group holds certain deposits and call accounts with a related party financial institution amounting to KD 9,396 thousand (31 December 2021: KD 30,637 thousand and 31 March 2021: KD 10,693 thousand). The Group also holds bonds issued by Kuwait Projects Company Holding Company K.S.C and other related entity amounting to KD 1,519 thousand (31 December 2021: KD 1,511 thousand and 31 March 2021: KD 1,511 thousand).

Compensation of key management personnel is as follows:

	Three months ended 31 March	
	2022 KD 000's	2021 KD 000's
Salaries and other short-term benefits	165	164
Employees' end of service benefits	101	120
	<u>266</u>	<u>284</u>

10 CONTINGENT LIABILITIES

As at 31 March 2022, the Group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 65,224 thousand (31 December 2021: KD 68,014 thousand and 31 March 2021: KD 59,942 thousand).

11 FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of investments held to maturity, debt securities (loans), investments available for sale, investments carried at fair value through profit or loss, loans secured by life insurance policies, premiums and insurance balances receivable, reinsurance on outstanding claims, time deposits, bank balances and short-term deposits. Financial liabilities consist of bank overdrafts, insurance payable and certain other liabilities.

The fair values of financial instruments, with the exception of certain available for sale investments carried at cost, are not materially different from their carrying values. The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

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11 FAIR VALUE MEASUREMENT (continued)

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's assets carried at fair value.

	<i>Fair value measurement using</i>			Total <i>KD 000's</i>
	Level 1 <i>KD 000's</i>	Level 2 <i>KD 000's</i>	Level 3 <i>KD 000's</i>	
31 March 2022				
Assets measured at fair value				
Investments available for sale:				
Quoted equity securities	30,600	-	-	30,600
Unquoted equity securities	-	17	8,301	8,318
Quoted managed funds	5,619	-	-	5,619
Quoted bonds	218,263	-	-	218,263
Unquoted managed funds	-	559	78	637
Investments carried at fair value through profit or loss:				
<i>Held for trading:</i>				
Quoted securities	10,538	-	-	10,538
<i>Designated upon initial recognition:</i>				
Managed funds of quoted securities	42,849	-	-	42,849
Property and equipment				
Land	-	17,030	-	17,030
Buildings	-	21,539	-	21,539
Investment properties	-	9,937	-	9,937
Total	307,869	49,082	8,379	365,330

	<i>Fair value measurement using</i>			Total <i>KD 000's</i>
	Level 1 <i>KD 000's</i>	Level 2 <i>KD 000's</i>	Level 3 <i>KD 000's</i>	
31 December 2021 (Audited)				
Assets measured at fair value				
Investments available for sale:				
Quoted equity securities	25,654	-	-	25,654
Unquoted equity securities	-	18	8,224	8,242
Quoted managed funds	5,906	-	-	5,906
Quoted bonds	221,298	-	-	221,298
Unquoted managed funds	-	571	78	649
Investments carried at fair value through profit or loss:				
<i>Held for trading:</i>				
Quoted securities	7,158	3	-	7,161
<i>Designated upon initial recognition:</i>				
Managed funds of quoted securities	41,308	-	-	41,308
Property and equipment				
Land	-	18,166	-	18,166
Buildings	-	23,031	-	23,031
Investment properties	-	10,493	-	10,493
Total	301,324	52,282	8,302	361,908

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11 FAIR VALUE MEASUREMENT (continued)

	<i>Fair value measurement using</i>			Total KD 000's
	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	
<i>31 March 2021</i>				
Assets measured at fair value				
Investments available for sale:				
Quoted equity securities	15,012	-	-	15,012
Unquoted equity securities	-	18	5,975	5,993
Quoted managed funds	206	-	-	206
Quoted bonds	25,231	-	-	25,231
Unquoted managed funds	-	290	20	310
Investments carried at fair value through profit or loss:				
<i>Held for trading:</i>				
Quoted securities	7,203	-	-	7,203
Unquoted securities	-	239	-	239
<i>Designated upon initial recognition:</i>				
Managed funds of quoted securities	29,291	-	-	29,291
Property and equipment				
Land	-	15,798	-	15,798
Buildings	-	17,790	-	17,790
Investment properties	-	8,088	-	8,088
Total	76,943	42,223	5,995	125,161

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	<i>As at 1 January 2021 KD 000's</i>	<i>Arising from acquisition of subsidiaries KD 000's</i>	<i>Loss recorded in the interim condensed consolidated statement of comprehensive income KD 000's</i>	<i>Net purchases and disposals KD 000's</i>	<i>As at 31 March 2022 KD 000's</i>
<i>Financial assets available for sale:</i>					
Unquoted equity securities	8,224	-	90	(13)	8,301
Unquoted managed funds	78	-	-	-	78
	8,302	-	90	(13)	8,379
<i>Financial assets available for sale:</i>					
Unquoted equity securities	5,956	2,567	(297)	(2)	8,224
Unquoted managed funds	20	105	-	(47)	78
	5,976	2,672	(297)	(49)	8,302

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11 FAIR VALUE MEASUREMENT (continued)

	<i>As at 1 January 2021 KD 000's</i>	<i>Arising on acquisition of subsidiaries KD 000's</i>	<i>Gain recorded in the interim condensed consolidated statement of comprehensive income KD 000's</i>	<i>Net purchases and disposals KD 000's</i>	<i>As at 31 March 2021 KD 000's</i>
<i>Financial assets available for sale:</i>					
Unquoted equity securities	5,956	-	1	19	5,975
Unquoted managed funds	20	-	-	-	20
	<u>5,976</u>	<u>-</u>	<u>1</u>	<u>19</u>	<u>5,995</u>

12 SUBSEQUENT EVENT

Subsequent to the balance sheet date, based on the inflation data published as of March 2022, by Turkey Statistical Institute on 4 April 2022, the three-year cumulative increase in Consumer Price Index has been 109.4%. Accordingly, as per one of the characteristics of IAS 29 - Financial Reporting in Hyperinflationary Economies' ("IAS 29"), the Turkish economy will be defined as hyperinflationary economy as on the date of these interim condensed consolidated financial information and consequently IAS 29 will be implemented for reporting periods ending 30 June 2022.

In accordance with IAS 29, financial statements would be expressed in terms of the measuring unit current at the end of the reporting period with the application of IAS 29. Non-monetary items which are not already expressed in terms of the measuring unit current at the end of the reporting period and components of shareholders' equity in the statement of financial position, and all items in the statement of profit or loss and other comprehensive income would be restated by applying a general price index. In addition, gains or losses arising from net monetary position would be recognized in profit or loss and other comprehensive income. The Group is in the process of assessing the impact of IAS 29 on financial position or performance of the Group.