

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

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

30 SEPTEMBER 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 30 September 2022, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine 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.

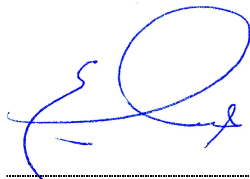
Conclusion

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 nine months period ended 30 September 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 nine months period ended 30 September 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



ABDULKARIM ALSAMDAN
LICENCE NO. 208 A

EY
AL AIBAN, AL OSAIMI & PARTNERS

13 November 2022
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2022

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2022	2021	2022	2021
		KD 000's	KD 000's	KD 000's	KD 000's
			(Restated)*		(Restated)*
Revenue:					
Premiums written		182,068	116,658	640,810	369,635
Reinsurance premiums ceded		(66,409)	(59,218)	(247,219)	(199,249)
Net premiums written		115,659	57,440	393,591	170,386
Movement in unearned premiums reserve		4,278	14,997	(39,521)	(1,212)
Movement in life mathematical reserve		(1,965)	(199)	(7,631)	(2,827)
Net premiums earned		117,972	72,238	346,439	166,347
Commission received on ceded reinsurance		6,519	6,330	18,247	15,366
Policy issuance fees		572	564	2,382	2,112
Net investment income from designated life insurance	3	424	500	534	1,832
		125,487	79,632	367,602	185,657
Expenses:					
Claims incurred		76,610	50,100	228,734	113,443
Commission and discounts		13,018	9,778	45,867	21,103
Maturity and cancellations of life insurance policies		425	1,274	1,554	3,090
General and administrative expenses		11,364	8,584	33,219	23,795
		101,417	69,736	309,374	161,431
Net underwriting income		24,070	9,896	58,228	24,226
Gain on remeasurement of a former associate from a step acquisition	5	-	25,787	-	25,787
Gain on bargain purchase from acquisition of subsidiaries	5	-	23,460	-	23,460
Gain on bargain purchase from acquisition of associate		-	1,267	-	1,267
Net investment income	3	7,692	3,882	21,967	13,018
Finance costs		(982)	(543)	(2,407)	(1,420)
Amortization of Intangible assets		(3,233)	(359)	(3,233)	(359)
Monetary loss from hyperinflation	13	(6,189)	-	(11,906)	-
Net sundry income		3,230	1,578	6,584	3,782
		24,588	64,968	69,233	89,761
Other charges:					
Unallocated general and administrative expenses		(13,456)	(6,136)	(36,514)	(14,455)
PROFIT FOR THE PERIOD BEFORE TAXATION		11,132	58,832	32,719	75,306
Contribution to KFAS		(81)	12	(245)	(222)
NLST		(113)	(231)	(435)	(396)
Zakat		(55)	(36)	(131)	(116)
Taxation from subsidiaries		(1,765)	(1,643)	(4,746)	(4,078)
PROFIT FOR THE PERIOD		9,118	56,934	27,162	70,494
Attributable to:					
Equity holders of the Parent Company		8,092	56,201	23,095	67,970
Non-controlling interests		1,026	733	4,067	2,524
		9,118	56,934	27,162	70,494
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	4	28.52 fils	274.75 fils	81.39 fils	332.28 fils

*The prior period figures have been restated to reflect the impact of purchase price allocation (note 5).

The attached notes 1 to 13 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 30 September 2022

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>Note</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
		<i>(Restated)*</i>		<i>(Restated)*</i>
Profit for the period	9,118	56,934	27,162	70,494
Other comprehensive income (loss):				
<i>Items that are or may be subsequently reclassified to interim condensed consolidated statement of income:</i>				
- Investments available for sale:				
Net unrealised gain (loss)	70	(1,458)	(7,840)	(1,539)
Net realised gain transferred to interim condensed consolidated statement of income on sale of investments available for sale	3	(1,756)	(731)	(3,575)
Impairment loss on investments available for sale	3	94	48	331
		(1,592)	(2,141)	(11,084)
- Share of other comprehensive income (loss) of associates		19	369	(868)
- Exchange differences on translation of foreign operations		1,978	528	(975)
Other comprehensive income (loss) for the period		405	(1,244)	(12,927)
Total comprehensive income for the period		9,523	55,690	14,235
Attributable to:				
Equity holders of the Parent Company		8,586	56,143	12,226
Non-controlling interests		937	(453)	2,009
		9,523	55,690	14,235

*The prior period figures have been restated to reflect the impact of purchase price allocation (note 5).

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2022

		(Audited)	(Restated)*	(Restated)*
	Notes	30 September 2022 KD 000's	31 December 2021 KD 000's	30 September 2021 KD 000's
ASSETS				
Property and equipment		44,627	47,497	45,978
Investments in associates		41,993	43,297	46,126
Goodwill	5	33,514	32,706	36,580
Intangible assets	5	42,536	45,772	47,192
Financial instruments:				
Investments held to maturity		51,317	51,221	51,267
Debt securities (loans)		10,442	10,435	6,426
Investments available for sale		263,212	261,749	261,193
Investments carried at fair value through profit or loss		50,971	48,469	45,357
Loans secured by life insurance policies		532	499	545
Premiums and insurance balances receivable		242,211	227,692	280,522
Reinsurance recoverable on outstanding claims		149,330	216,638	234,217
Investment properties		10,035	10,493	10,511
Other assets		92,517	86,294	80,326
Time deposits		77,013	74,373	69,994
Cash and bank balances	6	231,072	231,601	213,696
TOTAL ASSETS		1,341,322	1,388,736	1,429,930
EQUITY AND LIABILITIES				
Equity				
Share capital	8	28,457	28,457	28,457
Share premium		50,947	50,947	50,947
Treasury shares	8	(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		(624)	(481)	-
Cumulative changes in fair value reserve		(7,683)	1,135	2,094
Foreign currency translation adjustments		(37,484)	(35,433)	(30,641)
Revaluation reserve		14,667	14,667	14,907
Retained earnings		108,523	95,809	121,978
Equity attributable to the equity holders of the Parent Company		214,903	213,201	235,564
Subordinated perpetual Tier 2 bonds		60,000	60,000	-
Non-controlling interests		75,055	76,310	75,604
Total equity		349,958	349,511	311,168
Liabilities				
Liabilities arising from insurance contracts:				
Outstanding claims reserve (gross)		358,991	432,931	457,335
Unearned premiums reserve (net)		207,005	167,596	188,137
Life mathematical reserve (net)		65,899	56,161	60,292
Incurred but not reported reserve (net)		2,609	2,594	2,579
Total liabilities arising from insurance contracts		634,504	659,282	708,343
Premiums received in advance		2,835	3,216	3,602
Insurance payable		164,973	152,734	154,753
Other liabilities		130,975	148,509	126,366
Long term loans	7	58,077	75,484	125,480
Bank overdrafts	6	-	-	218
Total liabilities		991,364	1,039,225	1,118,762
TOTAL EQUITY AND LIABILITIES		1,341,322	1,388,736	1,429,930

*The prior year period figures have been restated to reflect the impact of purchase price allocation (note 5).

Khaled Saoud Al-Hasan
Chief Executive Officer

The attached notes 1 to 13 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 30 September 2022

	Attributable to equity holders of the Parent Company													Subordinated		Total
	Share capital	Share Premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Effect of changes in Interest of Subsidiaries	Other reserve	Cumulative changes in fair values	Foreign currency translation adjustments	Revaluation reserve	Retained earnings	Sub-total	perpetual tier 2 bonds	Non-controlling interests	equity
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
As at 1 January 2022 (Audited)	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
Impact of purchase price allocation (Note 5)	-	-	-	-	-	-	-	-	-	8	-	22,368	22,376	-	9,839	32,215
As at 1 January 2022 (Restated)*	28,457	50,947	(429)	3,099	23,843	34,424	(2,837)	(481)	1,135	(35,433)	14,667	95,809	213,201	60,000	76,310	349,511
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	23,095	23,095	-	4,067	27,162
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	(8,818)	(2,051)	-	-	(10,869)	-	(2,058)	(12,927)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	(8,818)	(2,051)	-	23,095	12,226	-	2,009	14,235
Dividend Paid (Note 8)	-	-	-	-	-	-	-	-	-	-	-	(9,931)	(9,931)	-	-	(9,931)
Interest on subordinated perpetual Tier 2 bonds	-	-	-	-	-	-	-	-	-	-	-	(2,015)	(2,015)	-	-	(2,015)
Amortization of subordinated Tier 2 Bonds transactions costs	-	-	-	-	-	-	-	-	-	-	-	(94)	(94)	-	-	(94)
Movement in other reserve	-	-	-	-	-	-	-	(143)	-	-	-	-	(143)	-	(67)	(210)
Hyperinflation adjustments (Note 13)	-	-	-	-	-	-	-	-	-	-	-	1,659	1,659	-	13	1,672
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,210)	(3,210)
As at 30 September 2022	28,457	50,947	(429)	3,099	23,843	34,424	(2,837)	(624)	(7,683)	(37,484)	14,667	108,523	214,903	60,000	75,055	349,958

*The prior year figures have been restated to reflect the impact of purchase price allocation (note 5).

The attached notes 1 to 13 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 30 September 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>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>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>
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 (<i>Restated</i>)*	-	-	-	-	-	-	-	-	-	-	67,970	67,970	2,524	70,494
Other comprehensive loss for the period	-	-	-	-	-	-	-	(1,494)	(5,415)	-	-	(6,909)	(2,598)	(9,507)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(1,494)	(5,415)	-	67,970	61,061	(74)	60,987
Issue of rights shares (Note 8)	9,753	47,347	-	-	-	-	-	-	-	-	-	57,100	-	57,100
Non- controlling interest arising from acquisition of subsidiaries (Note 5)	-	-	-	-	-	-	-	-	-	-	-	-	48,059	48,059
Capital increase in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	608	608
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(917)	(917)
As at 30 September 2021	<u>28,457</u>	<u>50,947</u>	<u>(429)</u>	<u>3,099</u>	<u>18,704</u>	<u>29,285</u>	<u>(2,837)</u>	<u>2,094</u>	<u>(30,641)</u>	<u>14,907</u>	<u>121,978</u>	<u>235,564</u>	<u>75,604</u>	<u>311,168</u>

*The prior period figures have been restated to reflect the impact of purchase price allocation (note 5).

The attached notes 1 to 13 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 30 September 2022

	<i>Nine months ended 30 September</i>	
	2022	2021
<i>Notes</i>	KD 000's	KD 000's
		<i>(Restated)*</i>
OPERATING ACTIVITIES		
Profit for the period before taxation	32,719	75,306
<i>Adjustments for:</i>		
Depreciation of property and equipment	1,620	2,409
Amortisation of intangible assets	3,233	359
Net investment income	(21,184)	(11,828)
Impairment loss on investments available for sale	331	383
Share of results of associates	(301)	(499)
Change in fair value of a former associate from a step acquisition	-	(25,787)
Gain on bargain purchase from acquisition of subsidiaries	-	(23,460)
Finance costs	2,407	1,420
Gain on bargain purchase from acquisition of associate	-	(1,267)
Monetary loss from hyperinflation	11,906	-
	30,731	17,036
<i>Changes in operating assets and liabilities:</i>		
Investments carried at fair value through profit or loss	(2,269)	(6,691)
Premiums and insurance balances receivable	(14,519)	(60,467)
Reinsurance recoverable on outstanding claims	67,308	78,333
Other assets	(6,380)	(10,957)
Liabilities arising from insurance contracts	(29,012)	(66,982)
Premiums received in advance	(381)	(9,451)
Insurance payable	12,239	6,324
Other liabilities	(27,163)	14,711
Remuneration paid to directors	(185)	(185)
Net cash flows from (used in) operating activities	30,369	(38,329)
INVESTING ACTIVITIES		
Purchase of property and equipment	(2,537)	(4,560)
Proceeds from sale of property and equipment	56	2,587
Additions of investment in associates	-	(1,581)
Net movement of investments held to maturity	(96)	(1,790)
Net movement of debt securities (loans)	(7)	8,898
Net movement of investments available for sale	(6,238)	(4,185)
Loans secured by life insurance policies	(33)	321
Movement in time deposits	(2,640)	1,223
Interest received	14,825	6,697
Dividend income received	1,733	607
Acquisition of a subsidiary, net of cash acquired	-	(966)
Dividend received from associates	737	492
Net cash flows from investing activities	5,800	7,743
FINANCING ACTIVITIES		
Proceeds from issuance of right shares	-	57,100
Proceeds from long term loans	-	125,480
Term loans paid	(17,407)	-
Payment of lease liability	-	(404)
Finance costs paid	(2,407)	(1,420)
Interest on subordinated perpetual Tier 2 bonds	(938)	-
Dividends paid	(9,931)	-
Dividends paid to non-controlling interests	(3,210)	(917)
Net movement in non-controlling interests arising on acquisition of subsidiaries	-	608
Net cash flows (used in) from financing activities	(33,893)	180,447
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Net foreign exchange difference	(2,805)	(7,721)
Cash and cash equivalents at 1 January	231,601	71,338
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	231,072	213,478

*The prior period figures have been restated to reflect the impact of purchase price allocation (note 5).

The attached notes 1 to 13 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 30 September 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 13 November 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.

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 30 September 2021: 46.32%) owned by Kuwait Projects Company Holding K.S.C. and 43.69% (31 December 2021: 43.69% and 30 September 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 nine months period ended 30 September 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 30 September 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Share of results from associates	1	177	301	499
Net realised gain on sale of investments available for sale	671	731	3,575	2,844
Realised gain on sale of investments at fair value through profit or loss	1,193	638	2,243	1,521
Unrealised gain (loss) on investments at fair value through profit or loss	40	(327)	(2,010)	1,269
Dividend income	195	155	1,733	607
Interest on investments held to maturity	1,184	1,127	3,312	3,249
Interest on debt securities (loans)	1,961	720	5,980	1,150
Interest on time and call deposits	1,829	778	5,390	2,298
Foreign exchange gain	711	316	1,315	2,906
Gain on sale of associates held for sale	32	-	32	-
Other investment income (expenses)	393	115	961	(1,110)
Impairment loss on investments available for sale	(94)	(48)	(331)	(383)
	8,116	4,382	22,501	14,850

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Net investment income from designated life insurance	424	500	534	1,832
Net investment income	7,692	3,882	21,967	13,018
	8,116	4,382	22,501	14,850

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

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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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2022	2021	2022	2021
	KD 000's	KD 000's	KD 000's	KD 000's
		<i>(Restated)</i>		<i>(Restated)</i>
Profit attributable to equity holders of the Parent Company	8,092	56,201	23,095	67,970
	Shares	Shares	Shares	Shares
Weighted average number of shares, less treasury shares outstanding during the period	283,751,062	204,554,494	283,751,062	204,554,494
Basic and diluted earnings per share	28.52 fils	274.75 fils	81.39 fils	332.28 fils

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

5 BUSINESS COMBINATION

5.1 Acquisition of AXA Insurance B.S.C.C

- a) On 29 November 2020, the Parent Company has entered into a sale and purchase agreement to acquire 100% equity interest of AXA Insurance B.S.C.C (a Closed Joint Stock Company located at Kingdom of Bahrain) (AXA Gulf) for a total consideration of USD 409,564,005 (equivalent to KD 123,196,853).

The Acquisition date has been determined to be 6 September 2021, when the Parent Company has evidenced its control over AXA Gulf.

At the time the 30 September 2021 interim condensed consolidated financial information were authorised for issue, the Group had not completed the accounting for the acquisition of Al AXA Gulf, and therefore the net assets recognised in the 30 September 2021 interim condensed consolidated financial information have only been determined provisionally. The Group completed the Purchase Price Allocation ("PPA") exercise during the period ended 30 September 2022 and accordingly the 2021 comparative information was restated to reflect the PPA adjustment to the provisional amounts.

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

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5 BUSINESS COMBINATION (continued)

5.1 Acquisition of AXA Insurance B.S.C.C (continued)

	<i>Provisional values KD 000's</i>	<i>Adjustments KD 000's</i>	<i>Fair value recognized after adjustment KD 000's</i>
Assets			
Property and equipment	9,426	-	9,426
Investment properties	1,626	-	1,626
Investments in associates	24,286	-	24,286
Right-of-use assets	759	-	759
Reinsurance recoverable on outstanding claims	13,638	-	13,638
Premiums and insurance balances receivable	59,061	-	59,061
Other assets	20,392	-	20,392
Intangible assets*	-	24,591	24,591
Investments available for sale	114,251	-	114,251
Investments carried at fair value through profit or loss	6,690	-	6,690
Time deposits	14,543	-	14,543
Cash and cash equivalents	77,705	-	77,705
	<u>342,377</u>	<u>24,591</u>	<u>366,968</u>
Liabilities			
Outstanding claims reserve (gross)	72,580	-	72,580
Unearned premiums reserve (net)	82,866	-	82,866
Life mathematical reserve (net)	23,918	-	23,918
Incurred but not reported reserve (net)	1,473	-	1,473
Premiums received in advance	9,862	-	9,862
Insurance payable	16,521	-	16,521
Other liabilities	13,091	-	13,091
	<u>220,311</u>	<u>-</u>	<u>220,311</u>
Net assets acquired	<u>122,066</u>	<u>24,591</u>	<u>146,657</u>
Purchase consideration transferred	123,197	-	123,197
Provisional Goodwill	<u>1,131</u>	<u>(24,591)</u>	<u>(23,460)</u>
			<i>Cash flow on acquisition</i>
Cash paid			123,197
Less: net cash acquired in subsidiary acquired			(77,705)
Net cash outflow			<u>45,492</u>

*Upon completion of the PPA, the Group recognized definite intangible assets which represents distribution network and customer relationship with total amount of KD 23,564 thousand and KD 1,027 thousand respectively as of 1 September 2021. The amortization charge on these intangible assets for the period ended 30 September 2022 is KD 1,606 thousand (for the year ended 31 December 2021 is KD 714,036 and KD 178,509 for the period ended 30 September 2021).

5.2 Step acquisition of AXA Cooperative Insurance Company

- b) On 6 September 2021, AXA Insurance B.S.C.C (a Closed Joint Stock Company located at Kingdom of Bahrain) (AXA Gulf) had acquired additional 18% equity interest in AXA Cooperative Insurance Company (a Saudi Joint Stock Company) (AXA KSA) which was previously held as an investment in associate with an effective equity holding of 32%, resulting in total effective equity holding of 50% in AXA KSA.

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5 BUSINESS COMBINATION (continued)

5.2 Step acquisition of AXA Cooperative Insurance Company (continued)

As this transaction met the criteria of IFRS 3 business combination for the business combination achieved in stages, AXA Gulf reclassified its investment in AXA KSA to investment in subsidiary since it obtained control, and consolidated AXA KSA from the effective date of control. AXA Gulf has elected to measure the non-controlling interest in the acquirees at the proportionate share of its interest in the acquirees' identifiable net assets.

At the time the 30 September 2021 interim condensed consolidated financial information were authorised for issue, the Group had not completed the accounting for the acquisition of AXA KSA, and therefore the net assets recognised in the 30 September 2021 interim condensed consolidated financial information have only been determined provisionally. The Group completed the Purchase Price Allocation ("PPA") exercise during the period ended 30 September 2022 and accordingly the 2021 comparative information was restated to reflect the PPA adjustment to the provisional amounts.

	<i>Provisional values KD 000's</i>	<i>Adjustments KD 000's</i>	<i>Fair value recognized after adjustment KD 000's</i>
Assets			
Property and equipment	2,404	-	2,404
Right-of-use assets	1,753	-	1,753
Reinsurance recoverable on outstanding claims	16,496	-	16,496
Premiums and insurance balances receivable	28,772	-	28,772
Other assets	14,558	-	14,558
Intangible assets*	-	20,401	20,401
Investment held to maturity	11,130	-	11,130
Investments available for sale	93,735	-	93,735
Time deposits	13,692	-	13,692
Cash and cash equivalents	62,039	-	62,039
	<u>244,579</u>	<u>20,401</u>	<u>264,980</u>
Liabilities			
Outstanding claims reserve (gross)	86,083	-	86,083
Unearned premiums reserve (net)	47,055	-	47,055
Insurance payable	4,708	-	4,708
Other liabilities	34,926	-	34,926
	<u>172,772</u>	<u>-</u>	<u>172,772</u>
Net assets acquired	71,807	20,401	92,208
Less: Non-controlling interest	(35,903)	(10,200)	(46,103)
Proportionate share of fair value of the acquirer's previously held interest**	(49,980)	-	(49,980)
Consideration paid	(17,513)	-	(17,513)
Provisional Goodwill	31,589	(10,201)	21,388
	<u><u>31,589</u></u>	<u><u>(10,201)</u></u>	<u><u>21,388</u></u>
			<i>Cash flow on acquisition</i>
Consideration paid by cash			(17,513)
Less: net cash acquired in subsidiary acquired			62,039
Net cash inflow			<u><u>(44,526)</u></u>

*Upon completion of the PPA, the Group recognized definite intangible assets which represents distribution network and customer relationship with total amount of KD 16,162 thousand and KD 4,239 thousand respectively as of 1 September 2021. The amortization charge on these intangible assets for the period ended 30 September 2022 is KD 1,626 thousand (for the year ended 31 December 2021 is KD 722,695 and KD 180,674 for the period ended 30 September 2021).

**Upon additional acquisition of 18% stake and obtaining control, the Group has fair valued its previously held interest in AXA KSA which resulted in a gain with an amount of USD 85,500,203 (equivalent to KD 25,786,861) that has been recorded in the interim condensed consolidated statement of income for the period ended 30 September 2021.

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

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6 CASH AND CASH EQUIVALENTS

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

	30 September 2022	<i>(Audited)</i> 31 December 2021	30 September 2021
	KD 000's	KD 000's	KD 000's
Cash and bank balances	90,848	51,066	56,438
Short term and call deposits	140,224	180,535	157,258
	<hr/>	<hr/>	<hr/>
Cash and bank balances	231,072	231,601	213,696
Bank overdrafts	-	-	(218)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	231,072	231,601	213,478
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Bank overdrafts represent a facility obtained from a local bank and carries an average interest rate of Nil (31 December 2021: Nil and 30 September 2021: 0.75%) over Central Bank of Kuwait discount rate.

7 LONG TERM LOANS

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 carry interest rate of 3 months LIBOR +1.25% per annum and the last installment is due on 14 January 2030.

On 21 August 2022, The Parent Company has agreed with the local financial institution to change the terms and interest rate of this facility as follows:

- Changing interest rate to be 1.25% per annum over Central Bank of Kuwait discount rate.
- Changing the loan tenure to be on annual installment basis beginning on 26 December 2023 with last installment to be due on 26 December 2027.

- b) Second loan is payable on quarterly installment basis for a period of five years beginning on 31 March 2024 and carries an interest rate of 1.25% per annum over Central Bank of Kuwait discount rate and the last installment is due on 30 September 2027.

8 SHARE CAPITAL, TREASURY SHARES AND DIVIDENDS

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 30 September 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 30 September 2021: 284,572,458 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.

On 2 September 2021, the Parent Company made a rights issue to its shareholders at KD 0.600 per share made up of KD 0.100 share capital and KD 0.500 share premium. A total of 83,333,333 shares were issued resulting in an increase in share capital by KD 8,333,333 and an increase in the share premium account by KD 41,666,667. This amendment has been notarized in the commercial register dated 14 September 2021.

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

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8 SHARE CAPITAL, TREASURY SHARES AND DIVIDENDS (continued)

c) Treasury shares

	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
Number of treasury shares	821,396	821,396	821,396
Percentage of issued shares	0.29%	0.29%	0.289%
Cost (KD 000's)	429	429	429
Market value (KD 000's)	817	878	729

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

d) Dividends

The Ordinary Annual General Assembly meeting of the Parent Company's shareholders held on 6 April 2022, approved the Board of Director's proposal for distributing cash dividends to the shareholders of 35 fils per share with total amount of KD 9,931 thousand.

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

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9 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>	<i>Property</i>	<i>Motor</i>	<i>Engineering</i>	<i>General accidents</i>	<i>Life insurance</i>	<i>Medical insurance</i>	<i>Sub-total</i>	<i>Takaful insurance</i>		<i>Sub-total</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>Nine months ended 30 September 2022</i>											
Segment revenue	<u>9,015</u>	<u>16,923</u>	<u>55,072</u>	<u>14,790</u>	<u>14,432</u>	<u>10,565</u>	<u>141,603</u>	<u>262,400</u>	<u>105,202</u>	<u>105,202</u>	<u>367,602</u>
Segment results											
Net underwriting income	<u>3,212</u>	<u>5,059</u>	<u>4,099</u>	<u>8,590</u>	<u>4,097</u>	<u>2,500</u>	<u>12,335</u>	<u>39,892</u>	<u>18,336</u>	<u>18,336</u>	<u>58,228</u>
	<i>Conventional</i>							<i>Takaful</i>		<i>Total</i> KD 000's	
	<i>Marine and aviation</i>	<i>Property</i>	<i>Motor</i>	<i>Engineering</i>	<i>General accidents</i>	<i>Life insurance</i>	<i>Medical insurance</i>	<i>Sub-total</i>	<i>Takaful insurance</i>		<i>Sub-total</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>Nine months ended 30 September 2021</i>											
Segment revenue	<u>4,205</u>	<u>8,711</u>	<u>36,955</u>	<u>7,433</u>	<u>9,154</u>	<u>6,733</u>	<u>80,894</u>	<u>154,085</u>	<u>31,572</u>	<u>31,572</u>	<u>185,657</u>
Segment results											
Net underwriting income	<u>1,750</u>	<u>1,707</u>	<u>1,220</u>	<u>1,951</u>	<u>1,478</u>	<u>(986)</u>	<u>11,601</u>	<u>18,721</u>	<u>5,505</u>	<u>5,505</u>	<u>24,226</u>

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9 SEGMENT INFORMATION (continued)

b) Segmental interim condensed consolidated statement of financial position:

<i>As at 30 September 2022</i>	<i>Conventional KD 000's</i>	<i>Takaful KD 000's</i>	<i>Total KD 000's</i>
Total assets	990,240	351,082	1,341,322
Total liabilities	754,795	236,569	991,364
<i>(Audited)</i>			
<i>As at 31 December 2021 (restated)</i>	<i>Conventional KD 000's</i>	<i>Takaful KD 000's</i>	<i>Total KD 000's</i>
Total assets	1,035,793	352,943	1,388,736
Total liabilities	978,494	60,731	1,039,225
<i>As at 30 September 2021 (restated)</i>	<i>Conventional KD 000's</i>	<i>Takaful KD 000's</i>	<i>Total KD 000's</i>
Total assets	1,080,134	349,796	1,429,930
Total liabilities	887,476	231,286	1,118,762

10 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>Nine months ended 30 September 2022</i>		<i>Nine months ended 30 September 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	226	16	190	27
Other related parties	4,378	1,234	3,409	1,244
	4,604	1,250	3,599	1,271

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10 RELATED PARTY DISCLOSURES (continued)

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

	30 September 2022		(Audited) 31 December 2021		30 September 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	461	1	375	16	268	11
Other related parties	2,398	63	1,234	923	2,061	1,380
	2,859	64	1,609	939	2,329	1,391

The Group holds certain deposits and call accounts with a related party financial institution amounting to KD 22,598 thousand (31 December 2021: KD 30,637 thousand and 30 September 2021: KD 25,036 thousand). The Group also holds bonds issued by Kuwait Projects Company Holding Company K.S.C and other related entity amounting to KD 1,550 thousand (31 December 2021: KD 1,511 thousand and 30 September 2021: KD 1,508 thousand).

Compensation of key management personnel is as follows:

	Nine months ended 30 September	
	2022 KD 000's	2021 KD 000's
Salaries and other short-term benefits	477	492
Employees' end of service benefits	795	263
	1,272	755

11 CONTINGENT LIABILITIES

As at 30 September 2022, the Group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 95,840 thousand (31 December 2021: KD 68,014 thousand and 30 September 2021: KD 65,402 thousand).

12 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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12 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>	
30 September 2022				
Assets measured at fair value				
Investments available for sale:				
Quoted equity securities	27,413	-	-	27,413
Unquoted equity securities	-	17	8,244	8,261
Quoted managed funds	4,599	-	-	4,599
Quoted bonds	222,318	-	-	222,318
Unquoted managed funds	-	565	56	621
Investments carried at fair value through profit or loss:				
<i>Held for trading:</i>				
Quoted securities	7,351	-	-	7,351
<i>Designated upon initial recognition:</i>				
Managed funds of quoted securities	43,620	-	-	43,620
Property and equipment				
Land	-	16,779	-	16,779
Buildings	-	21,123	-	21,123
Investment properties	-	10,035	-	10,035
Total	305,301	48,519	8,300	362,120
	<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) (restated)				
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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12 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>30 September 2021 (restated)</i>				
Assets measured at fair value				
Investments available for sale:				
Quoted equity securities	25,705	-	-	25,705
Unquoted equity securities	-	18	8,567	8,585
Quoted managed funds	6,540	-	-	6,540
Quoted bonds	219,961	-	-	219,961
Unquoted managed funds	-	277	125	402
Investments carried at fair value through profit or loss:				
<i>Held for trading:</i>				
Quoted securities	13,277	-	-	13,277
Unquoted securities	-	239	-	239
<i>Designated upon initial recognition:</i>				
Managed funds of quoted securities	31,841	-	-	31,841
Property and equipment				
Land	-	13,974	-	13,974
Buildings	-	25,789	-	25,789
Investment properties	-	10,511	-	10,511
Total	297,324	50,808	8,692	356,824

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 2022 KD 000's</i>	<i>Arising from acquisition of subsidiaries KD 000's</i>	<i>Gain (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 30 September 2022 KD 000's</i>
<i>Financial assets available for sale:</i>					
Unquoted equity securities	8,224	-	142	(122)	8,244
Unquoted managed funds	78	-	(22)	-	56
	8,302	-	120	(122)	8,300

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12 FAIR VALUE MEASUREMENT (continued)

	<i>At 1 January 2021 KD 000's</i>	<i>Arising on acquisition of subsidiaries KD 000's</i>	<i>Loss recorded in the consolidated statement of comprehensive income KD 000's</i>	<i>Net purchases and disposals KD 000's</i>	<i>At 31 December 2021 KD 000's</i>
<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
	<u>5,976</u>	<u>2,672</u>	<u>(297)</u>	<u>(49)</u>	<u>8,302</u>

	<i>As at 1 January 2021 KD 000's</i>	<i>Arising on 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 30 September 2021 KD 000's</i>
<i>Financial assets available for sale:</i>					
Unquoted equity securities	5,956	2,742	(131)	-	8,567
Unquoted managed funds	20	105	-	-	125
	<u>5,976</u>	<u>2,847</u>	<u>(131)</u>	<u>-</u>	<u>8,692</u>

13 HYPERINFLATION ADJUSTMENTS OF FOREIGN SUBSIDIARIES

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the statement of financial position date and that corresponding figures for previous periods be stated in the same terms to the latest statement of financial position date. This has been applied in Gulf Sigorta A.S. a subsidiary, and the restatement has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) provided by Turkey Statistical Institute. The conversion factors used to restate the financial statements of the subsidiary are as follows:

	Index	Conversion factor
30 September 2022	1,046.89	1.524
31 December 2021	686.95	1.361
31 December 2020	504.81	1.146
31 December 2019	440.50	1.118
31 December 2018	393.88	1.203

The above-mentioned restatement has been accounted for as follows:

- i. Financial statements prepared in the currency of a hyperinflationary economy are stated after applying the measuring unit current at the statement of financial position date and corresponding figures for the previous period are stated on the same basis. Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held and items to be recovered or paid in money;
- ii. Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and components of shareholders' equity are restated by applying the relevant conversion factors.
- iii. All items in the income statement are restated by applying the relevant quarterly average or year-end conversion factors, and
- iv. The effect on the net monetary position of the Group is included in the interim condensed consolidated statement of profit or loss as a monetary gain or loss from hyperinflation.

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 30 September 2022

13 HYPERINFLATION ADJUSTMENTS OF FOREIGN SUBSIDIARIES (continued)

The hyperinflation adjustment of KD 1,672 thousand in the books of Gulf Sigorta, up to 31 December 2021, has been adjusted directly in the interim condensed consolidated statement of changes in equity.

The movement in assets and liabilities due to hyperinflation is as follows:

	30 September 2022 KD 000's
Property and equipment	133
Unearned premium reserve	(4,652)
Other assets	(2,564)
Other impact on the interim condensed consolidated statement of income and consolidated statement of changes in equity	(3,151)
Total impact of hyperinflation	(10,234)

Interim condensed consolidated statement of changes in equity:

	30 September 2022 KD 000's
Hyperinflation adjustment	
Attributable to:	
Equity holders of the Parent Company	1,659
Non-controlling interests	13
	1,672

Interim condensed consolidated statement of income:

	Three months ended 30 September 2022 KD 000's	Nine months ended 30 September 2022 KD 000's
Monetary loss from hyperinflation		
Attributable to:		
Equity holders of the Parent Company	(6,142)	(11,813)
Non-controlling interests	(47)	(93)
	(6,189)	(11,906)
Total impact of hyperinflation	(5,877)	(10,234)