

**AL-AHLEIA INSURANCE COMPANY S.A.K.P.  
AND ITS SUBSIDIARIES**

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

**30 SEPTEMBER 2021**





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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL-AHLEIA INSURANCE COMPANY S.A.K.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Ahleia Insurance Company S.A.K.P. (the “Parent Company”) and its subsidiaries (collectively “the Group”) as at 30 September 2021, 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 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, as amended, during the nine-months period ended 30 September 2021 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 2021 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

EY

(AL AIBAN AL OSAIMI & PARTNERS)

4 November 2021

Kuwait

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)

For the period ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 KD	2020 KD	2021 KD	2020 KD
<b>Revenue:</b>					
Gross premiums written		17,516,604	17,584,400	94,750,330	82,599,711
Premiums ceded to reinsurers		(4,670,867)	(6,254,091)	(15,846,084)	(16,642,682)
Net premiums written		12,845,737	11,330,309	78,904,246	65,957,029
Movement in unearned premiums		5,859,460	4,812,020	(12,182,700)	(8,726,732)
Net premiums earned		18,705,197	16,142,329	66,721,546	57,230,297
Commission income on ceded reinsurance		1,472,564	1,630,699	4,433,401	4,693,561
Policy issuance fees		-	82,481	-	189,103
Investment income	5	2,631,865	1,569,601	7,147,729	6,035,870
Rental income from investment properties		195,408	144,805	579,633	508,172
Other income		51,193	203,850	310,467	271,259
<b>Total revenue</b>		<b>23,056,227</b>	<b>19,773,765</b>	<b>79,192,776</b>	<b>68,928,262</b>
<b>Expenses:</b>					
Net claims incurred		18,087,175	13,385,032	47,072,411	34,900,854
Commissions and premiums' acquisition costs		3,699,694	3,437,494	10,827,991	9,449,685
Movement in life mathematical reserve		(3,760,181)	(829,000)	1,920,119	7,684,000
Maturity and cancellation of life insurance Policies		132,690	61,786	339,150	420,917
Investment property operating expenses		16,779	24,695	44,106	52,896
Administrative expenses		1,714,739	1,463,597	6,256,015	5,253,668
Impairment loss on available for sale financial assets	6	300,005	350,000	1,233,857	2,412,806
Impairment loss on receivables		-	-	-	150,000
<b>Total expenses</b>		<b>20,190,901</b>	<b>17,893,604</b>	<b>67,693,649</b>	<b>60,324,826</b>
Profit before share of associates income		2,865,326	1,880,161	11,499,127	8,603,436
Loss from disposal of investment in associate		-	-	(87,198)	-
Share of results of associates		610,239	1,018,940	(3,362)	1,532,510
<b>PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KFAS, NLST AND ZAKAT</b>		<b>3,475,565</b>	<b>2,899,101</b>	<b>11,408,567</b>	<b>10,135,946</b>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(29,782)	(21,401)	(103,488)	(81,702)
National Labour Support Tax (NLST)		(82,891)	(63,067)	(285,258)	(232,519)
Zakat		(33,157)	(25,232)	(114,098)	(93,013)
<b>PROFIT FOR THE PERIOD</b>		<b>3,329,735</b>	<b>2,789,401</b>	<b>10,905,723</b>	<b>9,728,712</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		3,088,989	2,419,155	10,551,558	8,987,324
Non-controlling interests		240,746	370,246	354,165	741,388
		<b>3,329,735</b>	<b>2,789,401</b>	<b>10,905,723</b>	<b>9,728,712</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	3	<b>14.25 fils</b>	<b>11.16 fils</b>	<b>48.69 fils</b>	<b>41.47 fils</b>

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2021

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2021 KD	2020 KD	2021 KD	2020 KD
<b>PROFIT FOR THE PERIOD</b>		<b>3,329,735</b>	2,789,401	<b>10,905,723</b>	9,728,712
<b>Other comprehensive income (loss)</b>					
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>					
<b><u>Available-for-sale financial assets:</u></b>					
Unrealized gain (loss) during the period		<b>3,064,238</b>	1,846,779	<b>8,120,446</b>	(2,867,081)
Recycling to the interim condensed consolidated statement of income for impairment	6	<b>300,005</b>	350,000	<b>1,233,857</b>	2,412,806
Reclassification to the interim condensed consolidated statement of income on disposal	5	<b>(897,589)</b>	(346,299)	<b>(2,552,416)</b>	(1,764,985)
Net gain (loss) on available-for-sale financial assets		<b>2,466,654</b>	1,850,480	<b>6,801,887</b>	(2,219,260)
<b><u>Foreign currency translation:</u></b>					
Exchange differences on translation on foreign operations		<b>(17,182)</b>	(136,630)	<b>(316,270)</b>	230,474
<b><u>Investment in associates:</u></b>					
Share of fair value from investment in associates		<b>41,405</b>	42,450	<b>222,459</b>	(56,098)
<b>Other comprehensive income (loss) for the period</b>		<b>2,490,877</b>	1,756,300	<b>6,708,076</b>	(2,044,884)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>5,820,612</b>	4,545,701	<b>17,613,799</b>	7,683,828
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>5,568,811</b>	4,204,394	<b>17,221,754</b>	6,979,777
Non-controlling interests		<b>251,801</b>	341,307	<b>392,045</b>	704,051
		<b>5,820,612</b>	4,545,701	<b>17,613,799</b>	7,683,828

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2021

		30 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
<b>ASSETS</b>				
Property and equipment		3,379,019	3,534,812	3,575,743
Investment properties		11,816,383	11,818,076	11,822,887
Investment in associates		21,941,480	22,364,387	21,824,759
Financial assets held to maturity		25,715,876	29,099,299	22,499,867
Loans secured by life insurance policyholders		62,207	74,207	88,007
Available-for-sale financial assets	6	58,490,047	52,252,944	52,508,087
Financial assets at fair value through profit or loss		751,050	906,486	915,289
Receivables arising from reinsurance contracts and premium accruals		41,734,806	32,645,246	40,001,960
Reinsurance recoverable on outstanding claims		37,725,784	41,370,947	46,820,115
Premiums and insurance balances receivable		12,885,640	26,270,386	21,438,650
Accounts receivable and other debit balances		12,072,110	8,412,093	10,974,177
Term deposits	4	120,116,749	97,417,842	89,913,172
Bank balances and cash	4	15,398,843	9,498,300	8,084,445
<b>TOTAL ASSETS</b>		<b>362,089,994</b>	<b>335,665,025</b>	<b>330,467,158</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	7	22,050,000	21,000,000	21,000,000
Statutory reserve		20,000,000	20,000,000	20,000,000
Voluntary reserve		20,000,000	20,000,000	20,000,000
Special voluntary reserve	8	16,000,000	16,000,000	15,000,000
Treasury shares	9	(1,278,932)	(1,278,932)	(1,278,932)
Treasury shares reserve		1,474,675	1,474,675	1,474,675
Fair value reserve		13,376,689	6,390,223	6,006,080
Foreign currency translation reserve		(259,979)	56,291	357,316
Retained earnings		35,157,124	30,815,016	28,617,673
Other reserve		137,818	137,818	137,698
<b>Equity attributable to equity holders of the Parent Company</b>		<b>126,657,395</b>	<b>114,595,091</b>	<b>111,314,510</b>
Non-controlling interests		11,254,335	10,938,335	10,639,191
<b>Total equity</b>		<b>137,911,730</b>	<b>125,533,426</b>	<b>121,953,701</b>
<b>Liabilities</b>				
<b>Technical reserves arising from insurance and reinsurance contracts:</b>				
Outstanding claims reserve		126,283,452	120,136,953	119,108,398
Unearned premiums reserve		38,987,935	26,805,235	34,687,661
Life mathematical reserve		14,034,119	12,114,000	15,285,000
Incurred but not reported reserve		23,554,146	18,939,238	20,139,238
<b>Total technical reserves arising from insurance and reinsurance contracts</b>		<b>202,859,652</b>	<b>177,995,426</b>	<b>189,220,297</b>
Insurance and reinsurance payables		8,656,783	19,673,410	9,609,158
Accounts payable and other credit balances		12,661,829	12,338,147	9,684,002
Premiums received in advance		-	124,616	-
<b>Total liabilities</b>		<b>224,178,264</b>	<b>210,131,599</b>	<b>208,513,457</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>362,089,994</b>	<b>335,665,025</b>	<b>330,467,158</b>



Ayman Abdullatif Al-Shayea  
Chairman

Yousef Saad Al Saad  
Chief Executive Officer

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

# Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2021

	Equity attributable to equity holders of the Parent Company											Non-controlling interests KD	Total equity KD
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Special voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Other reserve KD	Subtotal KD		
As at 1 January 2021 (Audited)	21,000,000	20,000,000	20,000,000	16,000,000	(1,278,932)	1,474,675	6,390,223	56,291	30,815,016	137,818	114,595,091	10,938,335	125,533,426
Profit for the period	-	-	-	-	-	-	-	-	10,551,558	-	10,551,558	354,165	10,905,723
Other comprehensive income (loss) for the period	-	-	-	-	-	-	6,986,466	(316,270)	-	-	6,670,196	37,880	6,708,076
Total comprehensive income (loss) for the period	-	-	-	-	-	-	6,986,466	(316,270)	10,551,558	-	17,221,754	392,045	17,613,799
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	(5,159,450)	-	(5,159,450)	(76,045)	(5,235,495)
Bonus share issue (Note 14)	1,050,000	-	-	-	-	-	-	-	(1,050,000)	-	-	-	-
<b>As at 30 September 2021</b>	<b>22,050,000</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>16,000,000</b>	<b>(1,278,932)</b>	<b>1,474,675</b>	<b>13,376,689</b>	<b>(259,979)</b>	<b>35,157,124</b>	<b>137,818</b>	<b>126,657,395</b>	<b>11,254,335</b>	<b>137,911,730</b>

	Equity attributable to equity holders of the Parent Company											Non-controlling interests KD	Total equity KD
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Special voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Other reserve KD	Subtotal KD		
As at 1 January 2020 (Audited)	20,000,000	20,000,000	20,000,000	15,000,000	(1,278,932)	1,474,675	8,244,101	126,842	25,544,117	137,004	109,247,807	10,007,611	119,255,418
Profit for the period	-	-	-	-	-	-	-	-	8,987,324	-	8,987,324	741,388	9,728,712
Other comprehensive (loss) Income for the period	-	-	-	-	-	-	(2,238,021)	230,474	-	-	(2,007,547)	(37,337)	(2,044,884)
Total comprehensive (loss) Income for the period	-	-	-	-	-	-	(2,238,021)	230,474	8,987,324	-	6,979,777	704,051	7,683,828
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	(4,913,768)	-	(4,913,768)	(70,387)	(4,984,155)
Bonus share issue (Note 14)	1,000,000	-	-	-	-	-	-	-	(1,000,000)	-	-	-	-
Change of ownership percentage of a subsidiary	-	-	-	-	-	-	-	-	-	694	694	(2,084)	(1,390)
<b>As at 30 September 2020</b>	<b>21,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>15,000,000</b>	<b>(1,278,932)</b>	<b>1,474,675</b>	<b>6,006,080</b>	<b>357,316</b>	<b>28,617,673</b>	<b>137,698</b>	<b>111,314,510</b>	<b>10,639,191</b>	<b>121,953,701</b>

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

# Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2021

		<i>Nine months ended</i> <i>30 September</i>	
		<i>2021</i>	<i>2020</i>
<b>OPERATING ACTIVITIES</b>	<i>Notes</i>	<i>KD</i>	<i>KD</i>
Profit before contribution to KFAS, NLST and Zakat		<b>11,408,567</b>	10,135,946
Adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property and equipment		<b>193,282</b>	207,556
Share of results of associates		<b>3,362</b>	(1,532,510)
Loss on disposal of associate		<b>87,198</b>	-
Gain on sale of available-for-sale financial assets	5	<b>(2,552,416)</b>	(1,764,985)
Impairment loss on available-for-sale financial assets	6	<b>1,233,857</b>	2,412,806
Interest income on bonds and term deposits	5	<b>(2,775,200)</b>	(3,075,827)
Income from funds	5	<b>(122,579)</b>	(118,903)
Dividend income	5	<b>(1,697,534)</b>	(1,076,155)
Impairment loss on receivables		-	150,000
Provision for employees' end of service benefits		<b>510,491</b>	246,932
		<b>6,289,028</b>	5,584,860
Changes in operating assets and liabilities:			
Receivables arising from reinsurance contracts and premium accruals		<b>(9,171,760)</b>	(8,027,943)
Reinsurance recoverable on outstanding claims		<b>3,650,713</b>	5,380,588
Premiums and insurance balances receivable		<b>13,384,746</b>	1,674,241
Accounts receivable and other debit balances		<b>(2,813,734)</b>	(2,223,936)
Net change in insurance and reinsurance contract liabilities		<b>24,588,923</b>	22,473,856
Insurance and reinsurance payables		<b>(11,016,627)</b>	(8,287,053)
Accounts payable and other credit balances		<b>(675,300)</b>	(157,576)
Premiums received in advance		<b>(124,616)</b>	(87,144)
Cash flows from operations		<b>24,111,373</b>	16,329,893
Employees' end of service benefits paid		<b>(54,308)</b>	(172,305)
Receipt of government grant		-	74,136
<b>Net cash flows from operating activities</b>		<b>24,057,065</b>	16,231,724
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		<b>(40,826)</b>	(133,938)
Purchase of available for sale financial assets		<b>(5,090,304)</b>	(5,551,235)
Proceeds from sale of available for sale financial assets		<b>7,021,205</b>	6,779,922
Proceed from investment in associates		<b>404,520</b>	-
Proceed from investment at fair value through profit or loss		<b>153,195</b>	-
Proceeds from redemption of financial assets held to maturity		<b>8,378,650</b>	-
Purchase of financial assets held to maturity		<b>(5,000,000)</b>	(2,153,172)
Net movement in loans secured by life insurance policyholders		<b>12,000</b>	20,300
Term deposits		<b>(23,003,507)</b>	(13,282,267)
Dividends received		<b>1,697,534</b>	1,076,155
Dividend income from investment in associates		<b>64,843</b>	-
Interest income on bonds & term deposit received		<b>1,938,680</b>	2,588,190
Income received from funds		<b>122,579</b>	118,903
Acquisition of non-controlling interest in a subsidiary		-	(1,390)
<b>Net cash flows used in investing activities</b>		<b>(13,341,431)</b>	(10,538,532)
<b>FINANCING ACTIVITIES</b>			
Dividends paid		<b>(5,195,540)</b>	(4,862,607)
<b>Net cash flows used in financing activities</b>		<b>(5,195,540)</b>	(4,862,607)
Foreign currency translation adjustment		<b>75,849</b>	(31,127)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>5,595,943</b>	799,458
Cash and cash equivalents as at 1 January	4	<b>9,802,900</b>	7,284,987
<b>CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER</b>	4	<b>15,398,843</b>	8,084,445

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

**1 CORPORATE INFORMATION**

The Parent Company is a Kuwaiti Shareholding Company registered in 1962 under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. The Parent Company is principally engaged in various insurance and reinsurance activities, as set forth in the Parent Company's Articles of Association. The Parent Company's head office is located at Ahmad Al-Jaber street and its registered postal address is P. O. Box 1602, Safat 13017, Kuwait.

The interim condensed consolidated financial information of Al-Ahleia Insurance Company S.A.K.P. (the "Parent Company") and its subsidiaries – Kuwait Reinsurance Company K.S.C.P., and Trade Union Holding CO. B.S.C. (Closed), Bahrain, (collectively, the "Group") for the nine-month period ended 30 September 2021 was authorized for issuance by the Board of Directors on 4 November 2021.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting held on 23 March 2021.

The New Insurance Law issued on 1 September 2019 by Decree Law No. 125 of 2019 (the "Insurance Regulatory Law"), cancelled the Insurance Companies Law No. 24 of 1961. The Executive Regulations of the new amended law issued on 11 March 2021 and was published in the official Gazette on 21 March 2021. As per article two of the executive regulations, the companies have one year from the date of publishing the executive regulations to comply with the new amended law.

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**

The interim condensed consolidated financial information for the nine-month period ended 30 September 2021 has been prepared in accordance with International Accounting Standard (IAS 34), *Interim Financial Reporting*.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) 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 IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020. 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 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

**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 followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

***Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16***

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)**

**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.

***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 BASIC AND DILUTED EARNINGS PER SHARE**

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2021</b>	2020 <i>(Restated)</i>	<b>2021</b>	2020 <i>(Restated)</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	<b>3,088,989</b>	2,419,155	<b>10,551,558</b>	8,987,324
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares outstanding during the period*	<b>216,696,640</b>	216,696,640	<b>216,696,640</b>	216,696,640
<b>Basic and diluted earnings per share (fils)</b>	<b>14.25 fils</b>	11.16 fils	<b>48.69 fils</b>	41.47 fils

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

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

The basic and diluted earnings per share for the three months and nine months periods ended 30 September 2020 have been restated to reflect the impact of bonus shares issued in 2021 (Note 14).

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

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**4 CASH AND CASH EQUIVALENTS**

	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 September</i> <i>2020</i> <i>KD</i>
Term deposits	<b>120,116,749</b>	97,417,842	89,913,172
Bank balances and cash	<b>15,398,843</b>	9,498,300	8,084,445
	<b>135,515,592</b>	106,916,142	97,997,617
<b>Cash and short-term deposits</b>			
Term deposits with original maturities of more than three months	<b>(120,116,749)</b>	(97,113,242)	(89,913,172)
<b>Cash and cash equivalents</b>	<b>15,398,843</b>	9,802,900	8,084,445

Term deposits amounting to KD 110,000 (31 December 2020: KD 110,000 and 30 September 2020: KD 110,000) are pledged as security to fulfill collateral requirements.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

**5 INVESTMENT INCOME**

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>
Gain on sale of available-for-sale financial assets	<b>897,589</b>	346,299	<b>2,552,416</b>	1,764,985
Interest income on bonds and term deposits	<b>946,602</b>	920,389	<b>2,775,200</b>	3,075,827
Dividend income	<b>747,413</b>	267,297	<b>1,697,534</b>	1,076,155
Income from funds	<b>40,261</b>	35,616	<b>122,579</b>	118,903
	<b>2,631,865</b>	1,569,601	<b>7,147,729</b>	6,035,870

# Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

### 6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>30 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Local equity securities:</i>			
Quoted	<b>27,443,541</b>	20,614,153	21,629,876
Unquoted	<b>3,027,839</b>	3,127,839	3,377,839
	<b>30,471,380</b>	23,741,992	25,007,715
<i>Foreign equity securities:</i>			
Quoted	<b>1,783</b>	-	-
Unquoted	<b>11,714,810</b>	11,212,989	10,585,489
	<b>11,716,593</b>	11,212,989	10,585,489
<i>Managed funds</i>			
Unquoted	<b>16,028,710</b>	17,004,248	16,621,168
<i>Bonds</i>	<b>273,364</b>	293,715	293,715
	<b>58,490,047</b>	52,252,944	52,508,087

As at 30 September 2021, the management has performed a review of its available-for-sale financial assets to assess whether any impairment has occurred in their value. Accordingly, an impairment loss of KD 1,233,857 (31 December 2020: KD 4,610,526 and 30 September 2020: KD 2,412,806) has been recorded in the interim condensed consolidated statement of income for the period then ended.

### 7 SHARE CAPITAL

Authorized, issued and fully paid-up share capital consists of 220,500,000 shares of 100 fils each (31 December 2020: 210,000,000 shares of 100 fils and 30 September 2020: 210,000,000 shares of 100 fils each).

### 8 SPECIAL VOLUNTARY RESERVE

On 23 March 2021, the Ordinary Annual General Assembly of the shareholders of the Parent Company approved the transfer of an amount of KD 1,000,000 from the profit for the year ended 31 December 2020 to the special voluntary reserve.

### 9 TREASURY SHARES

	<i>30 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
Number of treasury shares	<b>3,803,360</b>	3,622,000	3,622,000
Percentage of issued shares (%)	<b>1.72</b>	1.72	1.72
Cost (KD)	<b>1,278,932</b>	1,278,932	1,278,932
Market value (KD)	<b>1,901,680</b>	1,651,632	1,448,800

# Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

### 9 TREASURY SHARES (continued)

Reserves amounting to KD 1,278,932 (31 December 2020: KD 1,278,932 and 30 September 2020: KD 1,278,932) equivalent to the cost of the treasury shares held, are not available for distribution during the holding period of such shares as per CMA guidelines.

The weighted average market price of the Parent Company's shares for the period ended 30 September 2021 is 495 fils per share (31 December 2020: 426 fils per share and 30 September 2020: 412 fils per share).

### 10 CAPITAL COMMITMENTS AND CONTINGENCIES

#### 10.1 Commitments

As at 30 September 2021, the Group has commitments in respect of certain available-for-sale investment amounting to KD 3,412,154 (31 December 2020: KD 4,314,239 and 30 September 2020: KD 4,607,247).

#### 10.2 Contingent liabilities

As at 30 September 2021, the Group's bankers have provided bank guarantees amounting to KD 1,477,304 (31 December 2020: KD 1,467,106 and 30 September 2020: KD 1,603,247) from which it is anticipated that no material liabilities will arise.

### 11 RELATED PARTY DISCLOSURES

Related parties represent i.e. 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 and the board of directors.

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

*Nine months period ended  
30 September 2021*

	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
<b>Gross premiums</b>	<b>35,559</b>	<b>509,544</b>	<b>912,472</b>	<b>15,684</b>	<b>1,473,259</b>
<b>Claims incurred</b>	<b>(126)</b>	<b>248,044</b>	<b>825,026</b>	<b>-</b>	<b>1,072,944</b>

*Nine months period ended  
30 September 2020*

	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Gross premiums	23,964	536,620	1,146,564	13,671	1,720,819
Claims incurred	-	112,438	656,490	-	768,928

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

<b>30 September 2021</b>	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
<b>Premiums and insurance balances receivable</b>	<b>31,598</b>	<b>582,267</b>	<b>1,502,819</b>	<b>6,754</b>	<b>2,123,438</b>
<b>Other credit balances</b>	<b>21</b>	<b>-</b>	<b>4,372</b>	<b>-</b>	<b>4,393</b>

# Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

### 11 RELATED PARTY DISCLOSURES (continued)

31 December 2020 (Audited)	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	24,016	501,969	2,556,689	8,684	3,091,358
Other credit balances	-	-	2,089	-	2,089

30 September 2020	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	22,837	613,818	2,055,423	5,441	2,697,519
Other credit balances	-	-	2,109	-	2,109

#### Key management personnel compensation:

##### Key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021 KD</i>	<i>2020 KD</i>	<i>2021 KD</i>	<i>2020 KD</i>
Salaries and other short term benefits	<b>167,230</b>	159,778	<b>676,758</b>	648,739
Employees' end of service benefits	<b>20,832</b>	17,606	<b>144,212</b>	47,947
	<b>188,062</b>	177,384	<b>820,970</b>	696,686

On 22 February 2021, the Parent Company proposed board of directors' fees of KD 195,350 (2019: KD 180,680). This proposal was approved by the Annual Ordinary General Assembly Meeting of the Parent Company's shareholders on 23 March 2021.

The subsidiary's board of directors has proposed directors' fees of KD 185,495 (2019: KD 185,495) and was approved of the subsidiary's Annual Ordinary General Assembly Meeting on 21 March 2021.

### 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of available-for-sale financial assets, financial assets at fair value through profit or loss, financial assets held for maturity, loans secured by life insurance policyholders, premiums and insurance balances receivable, reinsurance recoverable on outstanding claims, accounts receivable and other debit balances, term deposits and bank balances and cash. Financial liabilities consist of insurance and reinsurance payables and accounts payable and other credit balances.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

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**12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The fair values of financial instruments (financial assets and financial liabilities), with the exception of certain available-for-sale financial assets carried at cost amounting to KD 6,982,585 (31 December 2020: KD 8,527,453 and 30 September 2020: KD 8,091,343) are not materially different from their carrying values.

The following table provides the fair value measurement hierarchy of the Group's financial assets measured at fair value on a recurring basis:

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
<b>30 September 2021</b>			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	27,445,324	-	27,445,324
Unquoted equity securities	-	8,432,192	8,432,192
Unquoted managed funds	-	15,629,946	15,629,946
<b>Total</b>	<b>27,445,324</b>	<b>24,062,138</b>	<b>51,507,462</b>
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	751,050	751,050
<i>Investment Properties</i>	-	11,816,383	11,816,383
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair value KD</i>
<b>31 December 2020 (Audited)</b>			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	20,614,153	-	20,614,153
Unquoted equity securities	-	6,625,324	6,625,324
Unquoted managed funds	-	16,486,014	16,486,014
<b>Total</b>	<b>20,614,153</b>	<b>23,111,338</b>	<b>43,725,491</b>
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	906,486	906,486
<i>Investment Properties</i>	-	11,818,076	11,818,076

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
30 September 2020			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	21,629,876	-	21,629,876
Unquoted equity securities	-	6,687,444	6,687,444
Unquoted managed funds	-	16,099,424	16,099,424
Total	<u>21,629,876</u>	<u>22,786,868</u>	<u>44,416,744</u>
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	915,289	915,289
<i>Investment Properties</i>	-	11,822,887	11,822,887

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As at and for the period ended 30 September 2021

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurement categorized within level three of the fair value hierarchy:

	<i>As at 1 January 2021 KD</i>	<i>Net result recorded in the interim condensed statement of comprehensive income KD</i>	<i>Remeasurement recognized in the interim condensed statement of income KD</i>	<i>Purchases(sales), net KD</i>	<i>As at 30 September 2021 KD</i>
<b>30 September 2021</b>					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,625,324	886,921	(185,100)	1,105,047	8,432,192
Unquoted managed funds	16,486,014	496,496	(236,963)	(1,115,601)	15,629,946
	<u>23,111,338</u>	<u>1,383,417</u>	<u>(422,063)</u>	<u>(10,554)</u>	<u>24,062,138</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	906,486	-	-	(155,436)	751,050
<i>Investment properties</i>	<u>11,818,076</u>	<u>-</u>	<u>(1,693)</u>	<u>-</u>	<u>11,816,383</u>



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12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurement categorized within level three of the fair value hierarchy (continued):

	<i>As at 1 January 2020 KD</i>	<i>Net result recorded in the consolidated statement of comprehensive income KD</i>	<i>Remeasurement recognized in the consolidated statement of income KD</i>	<i>Purchases (sales), net KD</i>	<i>As at 31 December 2020 KD</i>
<i>31 December 2020 (Audited)</i>					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,673,509	(48,185)	-	-	6,625,324
Unquoted managed funds	15,873,903	827,856	(110,296)	(105,449)	16,486,014
	<u>22,547,412</u>	<u>779,671</u>	<u>(110,296)</u>	<u>(105,449)</u>	<u>23,111,338</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	905,895	-	591	-	906,486
	<u>905,895</u>	<u>-</u>	<u>591</u>	<u>-</u>	<u>906,486</u>
<i>Investment properties</i>	11,821,378	-	(3,302)	-	11,818,076
	<u>11,821,378</u>	<u>-</u>	<u>(3,302)</u>	<u>-</u>	<u>11,818,076</u>

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12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>As at 1 January 2020 KD</i>	<i>Net result recorded in the interim condensed statement of comprehensive income KD</i>	<i>Remeasurement recognized in the interim condensed statement of income KD</i>	<i>Purchases(sales), net KD</i>	<i>As at 30 September 2020 KD</i>
30 September 2020					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,673,509	13,935	-	-	6,687,444
Unquoted managed funds	15,873,903	587,476	(4,614)	(357,341)	16,099,424
	<u>22,547,412</u>	<u>601,411</u>	<u>(4,614)</u>	<u>(357,341)</u>	<u>22,786,868</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	905,895	-	9,394	-	915,289
	<u>905,895</u>	<u>-</u>	<u>9,394</u>	<u>-</u>	<u>915,289</u>
<i>Investment properties</i>	11,821,378	-	1,509	-	11,822,887
	<u>11,821,378</u>	<u>-</u>	<u>1,509</u>	<u>-</u>	<u>11,822,887</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2021.

Set out below are the significant unobservable inputs to valuation as at 30 September 2021:

	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted managed funds	Adjusted net assets value	Discount for lack of marketability	10%	An increase or (decrease) by 10% in the discount for lack of marketability would result in (decrease) or increase in fair value by KD 1,474 thousands.

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**13 SEGMENT INFORMATION**

For management purposes, the Group is organized into business units based on their products and services and has four reportable segments: General risk insurance, life and medical insurance, reinsurance and investment. The following table presents revenue, results, assets, and liabilities information of the Group's reportable segments:

<i>30 September 2021</i>	<i>General risk insurance</i>			<i>Life and medical insurance</i> <i>KD</i>	<i>Reinsurance</i> <i>KD</i>	<i>Investment</i> <i>KD</i>	<i>Unallocated</i> <i>KD</i>	<i>Total</i> <i>KD</i>
	<i>Marine and aviation</i> <i>KD</i>	<i>Accidents</i> <i>KD</i>	<i>Fire</i> <i>KD</i>					
Segment revenue	<u>2,743,622</u>	<u>6,145,346</u>	<u>1,115,703</u>	<u>14,071,882</u>	<u>47,078,394</u>	<u>7,727,362</u>	<u>310,467</u>	<u>79,192,776</u>
Segment results	<u>1,086,382</u>	<u>1,235,319</u>	<u>240,682</u>	<u>508,914</u>	<u>4,858,710</u>	<u>3,621,092</u>	<u>(142,532)</u>	<u>11,408,567</u>
				<i>Life and medical insurance</i> <i>KD</i>	<i>Reinsurance</i> <i>KD</i>	<i>Investment</i> <i>KD</i>	<i>General risk insurance</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Assets				<u>15,928,297</u>	<u>189,770,655</u>	<u>115,883,343</u>	<u>40,507,699</u>	<u>362,089,994</u>
Liabilities				<u>51,287,473</u>	<u>129,644,299</u>	<u>-</u>	<u>43,246,492</u>	<u>224,178,264</u>

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**13 SEGMENT INFORMATION (continued)**

31 December 2020 (Audited)	<i>General risk insurance</i>			<i>Life and medical insurance KD</i>	<i>Reinsurance KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
	<i>Marine and aviation KD</i>	<i>Accidents KD</i>	<i>Fire KD</i>					
Segment revenue	3,727,311	7,356,827	1,639,515	17,165,224	50,701,607	9,108,035	593,746	90,292,265
Segment results	1,956,760	2,997,930	767,148	440,087	5,665,560	2,750,468	(369,968)	14,207,985
				<i>Life and medical insurance KD</i>	<i>Reinsurance KD</i>	<i>Investment KD</i>	<i>General risk insurance KD</i>	<i>Total KD</i>
Assets				15,707,845	159,936,036	108,346,958	51,674,186	335,665,025
Liabilities				46,691,625	104,446,724	603	58,992,647	210,131,599

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13 SEGMENT INFORMATION (continued)

30 September 2020	<i>General risk insurance</i>			<i>Life and medical insurance</i> KD	<i>Reinsurance</i> KD	<i>Investment</i> KD	<i>Unallocated</i> KD	<i>Total</i> KD
	<i>Marine and aviation</i> KD	<i>Accidents</i> KD	<i>Fire</i> KD					
Segment revenue	2,816,350	5,322,265	1,197,258	15,853,334	36,923,754	6,544,042	271,259	68,928,262
Segment results	1,037,088	1,504,160	334,781	548,946	4,408,834	2,699,618	(397,481)	10,135,946
Assets				22,111,642	163,907,886	100,249,225	44,198,405	330,467,158
Liabilities				48,851,327	110,035,760	1,667	49,624,703	208,513,457

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

**14 ANNUAL GENERAL ASSEMBLY (AGM) and EXTRA-ORDINARY GENERAL ASSEMBLY (EGM)**

The General Assembly meeting of the shareholders of the Parent Company held on 23 March 2021 approved the consolidated financial statements for the year ended 31 December 2020 and approved the cash dividends of 25% for the year ended 31 December 2020 (31 December 2019: 25%), totaling to KD 5,159,450 (31 December 2019: KD 4,913,768). Accordingly, cash dividends were recorded as dividends payable in the Parent Company's records as of the date of the Ordinary Annual General Assembly and was paid to the shareholders starting from the payment date of 29 April 2021 which was defined in accordance with Capital Market Authority regulations.

During the period, the ordinary general assembly meeting ("AGM") of the Parent Company's shareholders held on 23 March 2021 also approved to a bonus shares issue of 5% (2019: 5%) of the authorised, issued, and fully paid share capital for the year ended 31 December 2020.

The extra-ordinary general assembly ("EGM") of the Parent Company's shareholders held on 23 March 2021 approved the increase of Parent Company's authorised, issued, and fully paid share capital by issuing 10,500,000 bonus shares (KD 1,050,000) (2020: KD 1,000,000) at 5% of the authorised and paid-up share capital.

**15 COVID IMPACT**

The existence of novel coronavirus was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty as a result of measures taken by governments to contain or delay the spread of the virus. As of to date, the actual scope of the impact is very difficult to measure.

*Recoverability of receivables*

The COVID-19 outbreak led to an increase in the credit risk of companies within the economy as a result of operational disruption. Based on the management, the Group has not identified a material impact to the recoverability of receivables for the period ended 30 September 2021 except for what is disclosed in the interim condensed consolidated interim financial information in relation to the receivables of the Group.

*Fair value measurement of financial instruments*

COVID-19 outbreak led to significant market turmoil and price volatility on the global financial markets. The Group is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current scenario.

Based on the management, the Group has not identified a material impact to the fair values of financial assets and liabilities for the period ended 30 September 2021 except for what is disclosed in the interim condensed consolidated interim financial information under available for sale financial assets and financial assets at fair value through profit or loss.

*Fair value measurement of investment properties*

As the real estate market becomes slower moving, adjustments may be required to adjust the fair values of the properties in order to reflect the current economic circumstances.

The Group has not identified any significant impact to the fair values of investment properties for the period ended 30 September 2021 since the most recent external valuation performed in December 2020. The Group will consistently monitor the market and ensure that the prices used by the Group are an accurate representation of fair values.

*Outstanding claims*

The Group expected that there is no material impact on its risk position and provision balances for outstanding claims for the period ended 30 September 2021. It will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

**15.1 Going concern**

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital, and liquidity. The impact of COVID-19 may continue to evolve, but at the present time, the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, the interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

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