

Arab Insurance Group (B.S.C.)

**Condensed consolidated interim
financial statements for the
six months ended 30 June 2022**



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Independent auditors' report on review of condensed consolidated interim financial statements

To the Board of Directors
Arab Insurance Group (B.S.C)
Manama
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 June 2022 condensed consolidated interim financial statements of Arab Insurance Group (B.S.C) (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2022;
- the condensed consolidated statement of profit or loss for the three-month and six month periods ended 30 June 2022;
- the condensed consolidated statement of comprehensive income for the three-month and six month periods ended 30 June 2022;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2022;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2022; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 30 June 2022 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis Matter

We draw attention to note 1 to the condensed consolidated interim financial statements, which indicates that in an Extraordinary General Meeting held on 13 August 2020 the shareholders approved the Board's recommendation of the cessation of the underwriting activities of the Company, subject to approval of the regulatory authorities. These events and conditions, along with other matters as set forth in note 1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

11 August 2022

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

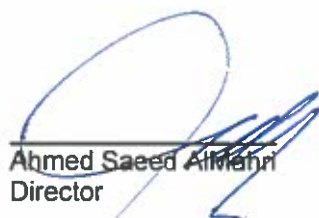
(In thousands of U.S. Dollars)

	Note	30 June 2022 (reviewed)	31 December 2021 (audited)	30 June 2021 (reviewed)
ASSETS				
Cash and bank balances		100,560	59,055	129,056
Investments	4	301,810	424,970	393,189
Accrued income	5	2,035	2,148	4,321
Insurance receivables		8,001	29,141	39,301
Insurance deposits		20,144	21,728	22,487
Deferred policy acquisition costs		60	365	1,436
Reinsurers' share of technical provisions	6	9,722	38,516	44,862
Other assets	7	8,899	21,422	15,908
Investment property	8	4,548	4,622	4,550
Property and equipment	9	11,643	11,725	11,789
TOTAL ASSETS		467,422	613,692	666,899
LIABILITIES AND EQUITY				
LIABILITIES				
Technical provisions	10	151,359	255,778	301,012
Insurance payables		26,963	49,863	66,391
Other liabilities	11	22,708	29,093	29,869
TOTAL LIABILITIES		201,030	334,734	397,272
EQUITY				
Attributable to shareholders of parent company				
Share capital		220,000	220,000	220,000
Treasury stock		(14,793)	(14,793)	(14,793)
Reserves		42,473	55,198	55,431
Retained earnings (accumulated losses)		6,241	5,738	(8,056)
		253,921	266,143	252,582
Non-controlling interests		12,471	12,815	17,045
TOTAL EQUITY		266,392	278,958	269,627
TOTAL LIABILITIES AND EQUITY		467,422	613,692	666,899

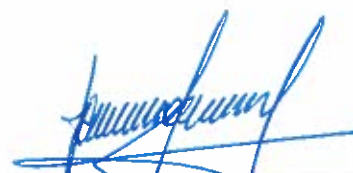
These condensed consolidated interim financial statements were approved by the Board of Directors on 11 August 2022 and signed on its behalf by:



Saeed Mohammed AlBahhar
Chairman



Ahmed Saeed AlMahri
Director



Samuel Verghese
Acting Chief Executive Officer

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2022

(In thousands of U.S. Dollars)

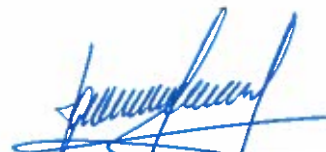
Note	For the three months ended 30 June 2022 (reviewed)	For the three months ended 30 June 2021 (reviewed)	For the financial year-to-date 30 June 2022 (reviewed)	For the financial year-to-date 30 June 2021 (reviewed)	For the year ended 31 December 2021 (audited)
Earned premiums	12	3,800	1,487	9,397	13,800
Claims and related provisions	12	4,744	659	(954)	14,961
Policy acquisition costs	12	(330)	(971)	(1,107)	(2,468)
Investment income attributable to insurance funds	13	399	1,501	(895)	4,269
Operating expenses	14	(1,439)	(1,643)	(2,704)	(6,845)
Underwriting result	12	3,702	3,346	8,020	23,717
Investment income attributable to shareholders' funds	13	437	1,455	(1,134)	5,339
Operating expenses - non underwriting activities	14	(984)	(806)	(1,860)	(4,148)
Other income	15	591	2,440	1,456	3,467
Other expenses and provisions	16	(1,041)	254	(1,225)	(3,964)
Profit for the period		2,705	6,689	5,257	24,411
Attributable to:					
Non-controlling interests		(2)	(28)	(28)	346
Shareholders of parent company		2,707	6,717	5,346	24,065
		2,705	6,689	5,257	24,411
Earnings per share attributable to shareholders (basic and diluted):	17 (US cents)	1.4	3.4	2.7	4.2
					12.1



Saeed Mohammed AlBahhar
Chairman



Ahmed Saeed AlMahri
Director



Samuel Verghese
Acting Chief Executive Officer

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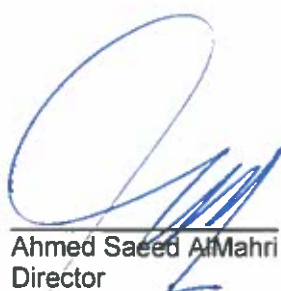
ARAB INSURANCE GROUP (B.S.C.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(In thousands of U.S. Dollars)

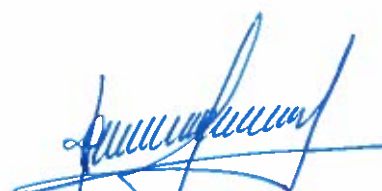
	For the three months ended 30 June 2022 (reviewed)	For the three months ended 30 June 2021 (reviewed)	For the financial year-to-date 30 June 2022 (reviewed)	For the financial year-to-date 30 June 2021 (reviewed)	For the year ended 31 December 2021 (audited)
Profit for the period	2,705	6,689	5,257	8,196	24,411
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Changes on fair value of available for sale Investments	(5,825)	1,724	(14,923)	665	(1,627)
Transfers for recognition of gains on disposal of available for sale investments	(1,081)	(1,200)	(367)	(2,219)	(2,515)
Transfers for impairment loss recognised on available for sale investments	615	299	2,420	558	862
Other comprehensive income for the period	(6,291)	823	(12,870)	(996)	(3,280)
Total comprehensive income for the period	(3,586)	7,512	(7,613)	7,200	21,131
Attributable to:					
Non-controlling interests	(59)	20	(344)	(21)	349
Shareholders of parent company	(3,527)	7,492	(7,269)	7,221	20,782
	(3,586)	7,512	(7,613)	7,200	21,131



Saeed Mohammed AlBahhar
Chairman



Ahmed Saeed AlMahri
Director



Samuel Verghese
Acting Chief Executive Office

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

(In thousands of U.S. Dollars)

	Share capital	Treasury Stock	Reserves			Retained earnings	Attributable to shareholders of parent company	Non-controlling interests	Total equity (reviewed)	
			Legal	Investment revaluation	Property revaluation					Total
Balances at 31 December 2021	220,000	(14,793)	40,332	10,527	4,339	55,198	5,738	266,143	12,815	278,958
Net profit for the period	-	-	-	-	-	-	5,346	5,346	(89)	5,257
Changes on fair value of available for sale investments	-	-	-	(14,689)	-	(14,689)	-	(14,689)	(234)	(14,923)
Transfers for recognition of gains on disposal of available for sale investments	-	-	-	(346)	-	(346)	-	(346)	(21)	(367)
Transfers for impairment loss recognised on available for sale investments	-	-	-	2,420	-	2,420	-	2,420	-	2,420
Total comprehensive income for the period	-	-	-	(12,615)	-	(12,615)	5,346	(7,269)	(344)	(7,613)
Dividends declared	-	-	-	-	-	-	(4,953)	(4,953)	-	(4,953)
Transfer of net depreciation on revalued property	-	-	-	-	(110)	(110)	110	-	-	-
Balances at 30 June 2022	220,000	(14,793)	40,332	(2,088)	4,229	42,473	6,241	253,921	12,471	266,392

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(In thousands of U.S. Dollars)

	Share Capital	Treasury Stock	Reserves				Retained earnings (accumulated losses)	Attributable to shareholders of parent company	Non-controlling interests	Total equity (audited)
			Legal	Investment revaluation	Property revaluation	Total				
Balances at 31 December 2020	220,000	(14,793)	37,925	13,810	4,561	56,296	(16,142)	245,361	17,066	262,427
Net profit for the year	-	-	-	-	-	-	24,065	24,065	346	24,411
Changes on fair value of available for sale investments	-	-	-	(1,614)	-	(1,614)	-	(1,614)	(13)	(1,627)
Transfers for recognition of (gains) losses on disposal of available for sale investments	-	-	-	(2,521)	-	(2,521)	-	(2,521)	6	(2,515)
Transfers for impairment loss recognised on available for sale investments	-	-	-	852	-	852	-	852	10	862
Total comprehensive income for the year	-	-	-	(3,283)	-	(3,283)	24,065	20,782	349	21,131
Transfer of net depreciation on revalued property	-	-	-	-	(222)	(222)	222	-	-	-
Transfer to (from) non-distributable reserves	-	-	2,407	-	-	2,407	(2,407)	-	-	-
Subsidiary's capital reduction	-	-	-	-	-	-	-	-	(4,600)	(4,600)
Balances at 31 December 2021	220,000	(14,793)	40,332	10,527	4,339	55,198	5,738	266,143	12,815	278,958

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021

(In thousands of U.S. Dollars)

	Share capital	Treasury stock	Reserves				Accumulated losses	Attributable to shareholders of parent company	Non-controlling interests	Total equity (reviewed)
			Legal	Investment revaluation	Property revaluation	Total				
Balances at 31 December 2020	220,000	(14,793)	37,925	13,810	4,561	56,296	(16,142)	245,361	17,066	262,427
Net profit (loss) for the period	-	-	-	-	-	-	8,224	8,224	(28)	8,196
Changes on fair value of available for sale investments	-	-	-	658	-	658	-	658	7	665
Transfers for recognition of gains on disposal of available for sale investments	-	-	-	(2,209)	-	(2,209)	-	(2,209)	(10)	(2,219)
Transfers for impairment loss recognised on available for sale investments	-	-	-	548	-	548	-	548	10	558
Total comprehensive income for the period	-	-	-	(1,003)	-	(1,003)	8,224	7,221	(21)	7,200
Transfer of net depreciation on revalued property	-	-	-	-	(110)	(110)	110	-	-	-
Transfer to (from) non-distributable reserves	-	-	248	-	-	248	(248)	-	-	-
Balances at 30 June 2021	220,000	(14,793)	38,173	12,807	4,451	55,431	(8,056)	252,582	17,045	269,627

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(In thousands of U.S. Dollars)

	Note	For the financial year-to-date 30 June 2022 (reviewed)	For the financial year-to-date 30 June 2021 (reviewed)	For the year ended 31 December 2021 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Premiums received		17,005	19,976	28,613
Reinsurance premiums paid		(63,465)	(5,868)	(21,947)
Claims and acquisition costs paid		(42,685)	(96,684)	(147,660)
Reinsurance receipts in respect of claims		27,362	34,433	72,762
Investment income		17	49	43
Interest received		564	722	1,872
Operating expenses paid		(5,383)	(5,410)	(11,716)
Other (expenses) income, net		(1,685)	(4,365)	(3,319)
Insurance deposits received (paid), net		1,572	(1,775)	102
Net cash used in operating activities	18	(66,698)	(58,922)	(81,250)
CASH FLOWS FROM INVESTING ACTIVITIES				
Maturity/sale of investments		133,771	70,424	115,744
Purchase of investments		(31,022)	(10,380)	(92,173)
Term deposits with bank		32	(5,001)	18,473
Interest received		3,511	4,060	7,398
Investment income		47	1,955	2,572
Collateralised cash deposits		6,850	21,423	10,790
Purchase of property and equipment		(33)	(2)	(5)
Purchase of intangible assets		(17)	-	-
Sale of associate / subsidiary		-	-	90
Net cash provided by investing activities		113,139	82,479	62,889
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(4,953)	-	-
Dividend received from associate		49	-	-
Subsidiary's capital reduction - minority interests		-	-	(4,600)
Net cash used in financing activities		(4,904)	-	(4,600)
Net increase (decrease) in cash and cash equivalents		41,537	23,557	(22,961)
Effect of exchange rate on cash and cash equivalents		-	(2)	(11)
Cash and cash equivalents, beginning of period		40,464	63,436	63,436
Cash and cash equivalents, end of period		82,001	86,991	40,464
Term deposits with bank		18,559	42,065	18,591
Cash and bank balances, end of period		100,560	129,056	59,055

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. INCORPORATION AND PRINCIPAL ACTIVITY

Arab Insurance Group (B.S.C.) (the “Company”, “parent company”) is an international insurance company registered as a Bahraini Shareholding Company having its registered office at Arig House, Manama, Kingdom of Bahrain. The parent company and its subsidiaries (the “Group”) are involved in provision of general (non-life) and life reinsurance and related service activities.

The Board in its meeting held on 13 May 2019 resolved to recommend to the shareholders the cessation of the Company's underwriting activities. In an Extraordinary General Meeting held on 13 August 2020 the shareholders approved the Board's recommendation and placed the insurance portfolio in run-off. The Company has sought the approval of CBB to implement the resolution of the shareholders.

The board of directors expect the proposed run-off of the existing insurance portfolio to take more than 12 months and have assessed that the Company will continue to operate as a going concern for at least 12 months from the date of these condensed consolidated interim financial statements. Therefore, these condensed consolidated interim financial statements have been prepared on going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements of the Group has been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting) which allows the interim financial statements to be prepared in condensed form. The condensed consolidated interim financial statements does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2021.

The Group's condensed consolidated interim financial statements are presented in U.S. Dollars, which is its functional currency as its share capital and a significant proportion of its business, assets and liabilities are denominated in that currency.

The accounting policies and methods of computation are consistent with the most recent consolidated financial statements of the Group at 31 December 2021 that were prepared in accordance with International Financial Reporting Standards (IFRS). Comparative figures have been reclassified, where necessary, to conform to the current period's presentation.

The Group has adopted all new and revised IFRS and interpretations applicable for accounting periods beginning on or after 1 January 2022 except IFRS 9 Financial Instruments, for which the Group has applied the temporary exemption available under IFRS 4 Insurance Contracts. Accordingly, the Group will apply this standard for annual period beginning 1 January 2023. The impact of adopting these standards and interpretations is not significant on the Group's condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

IMPACT OF COVID - 19

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. COVID 19 has also brought about significant uncertainties in the global economic environment. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

The Group has been closely monitoring the impact of the COVID 19 developments on the Group's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment etc. The Group has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans.

RUSSIA – UKRAINE CONFLICT

The current ongoing conflict between Russia - Ukraine has triggered a global economic disruption and has, amongst other impacts, led to increased volatility in financial markets and commodity prices due to disruption of supply chain which may affect a broad range of entities across different jurisdictions and industries.

The management has carried out an assessment of its portfolio and has concluded that it does not have any material exposures to / from the impacted countries. However, potential for indirect exposures continue to exist. At this stage it is difficult to quantify the full impact of this conflict since it depends largely on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The management will continue to closely monitor impact of this evolving situation on its portfolio to assess indirect impact, if any.

In preparing the condensed consolidated interim financial statements, judgements made by the management in applying the Group's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

The preparation of the condensed consolidated interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

3. MANAGEMENT OF RISKS

The Group's activities expose it to a variety of financial and other risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk, underwriting risk and liquidity risk.

These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 December 2021.

There have been no changes in the risk management function since the year end or in any risk management policies.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

4. A. INVESTMENTS

	US\$ '000		
	30 June 2022	31 December 2021	30 June 2021
<u>At fair value through profit or loss</u>			
Held for trading			
Common stock of listed companies	-	-	15,017
	-	-	15,017
Designated at fair value on initial recognition			
Debt securities			
- Investment grade	52,782	99,312	97,518
- Other	3,427	6,105	8,263
	56,209	105,417	105,781
<u>Held to maturity</u>			
Debt securities			
- Investment grade	6,012	6,002	3,964
- Other	8,060	8,060	3,975
	14,072	14,062	7,939
<u>Available for sale</u>			
Debt securities			
- Supra-nationals and OECD country governments	27,069	27,850	-
- Investment grade	137,405	162,946	160,312
- Other	50,619	96,494	84,613
Common stock of unlisted companies	2,781	3,205	3,359
Other equity type investment	13,115	14,111	15,407
	230,989	304,606	263,691
<u>Loans and receivables</u>	-	360	267
<u>Investment in associate</u>	540	525	494
	301,810	424,970	393,189

Debt securities amounting to US\$ nil (31 December 2021: US\$ 18.2 million; 30 June 2021: US\$ 43.2 million) have been pledged as security for reinsurance guarantees.

B. COMMITMENTS OUTSTANDING

The Group has commitments in respect of uncalled capital in available for sale investments amounting to US\$ 8.1 million (31 December 2021: US\$ 7.7 million; 30 June 2021: US\$ 7.0 million).

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

5. ACCRUED INCOME

	US\$ '000		
	30 June 2022	31 December 2021	30 June 2021
Accrued insurance premiums	361	404	2,346
Accrued interest	1,674	1,744	1,975
	2,035	2,148	4,321

6. REINSURERS' SHARE OF TECHNICAL PROVISIONS

	US\$ '000		
	30 June 2022	31 December 2021	30 June 2021
<u>General insurance business</u>			
- Claims outstanding	8,555	21,007	21,689
- Unreported claims	1,149	16,848	21,697
- Deferred retrocession premium reserve	3	645	1,450
	9,707	38,500	44,836
<u>Life insurance business</u>			
- Claims outstanding	14	15	10
- Unreported claims	1	1	16
	15	16	26
	9,722	38,516	44,862

7. OTHER ASSETS

	US\$ '000		
	30 June 2022	31 December 2021	30 June 2021
Intangible assets:			
- Computer software	9,994	9,977	9,977
	9,994	9,977	9,977
Less: Accumulated amortisation	(9,655)	(9,648)	(9,639)
	339	329	338
Other assets			
- Collateralised cash deposits	7,761	14,611	3,978
- Other receivables	363	5,996	11,123
- Prepayments	436	486	469
	8,560	21,093	15,570
	8,899	21,422	15,908

Collateralised cash deposits have been pledged as security for reinsurance trust agreements, and guarantees.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

8. INVESTMENT PROPERTY

	US\$ '000		
	30 June 2022	31 December 2021	30 June 2021
Carrying value at 1 January	4,622	4,622	4,622
Reversal of Impairment	-	143	-
Depreciation	(74)	(143)	(72)
Carrying value at period-end	4,548	4,622	4,550

Investment property is carried at cost less accumulated depreciation and impairment. The carrying value of investment property approximates its fair value as at 30 June 2022 and fair value measurement has been categorised as Level 3.

9. PROPERTY and EQUIPMENT

	US\$ '000		
	30 June 2022	31 December 2021	30 June 2021
Land	2,080	2,080	2,080
Building	9,833	9,833	9,459
Furniture & fixtures	6,921	6,921	6,921
Hardware	2,343	2,360	2,413
Office equipment	460	447	981
Others	397	397	397
	22,034	22,038	22,251
Less: Accumulated depreciation and Impairment			
Building	(412)	(222)	(174)
Furniture & fixtures	(6,907)	(6,906)	(6,905)
Hardware	(2,320)	(2,351)	(2,400)
Office equipment	(447)	(446)	(621)
Others	(305)	(388)	(362)
	(10,391)	(10,313)	(10,462)
	11,643	11,725	11,789

Land and Building comprise the head office property owned and occupied by the Company since 1984. Building also includes portion of office premises of Takaful Re Limited which is used for administration purpose.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

10. TECHNICAL PROVISIONS

	US\$ '000		
	30 June 2022	31 December 2021	30 June 2021
<u>General insurance business</u>			
· Claims outstanding	98,498	142,545	155,754
· Unreported losses	22,468	78,372	102,442
· Unearned premiums	1,074	3,956	9,744
	122,040	224,873	267,940
<u>Life insurance business</u>			
· Claims outstanding	8,357	10,973	11,638
· Unreported losses	20,951	19,767	21,158
· Unearned premiums	11	165	276
	29,319	30,905	33,072
	151,359	255,778	301,012

11. OTHER LIABILITIES

	US\$ '000		
	30 June 2022	31 December 2021	30 June 2021
Provision for probable loss estimates in subsidiary (note 21 (iii))	7,613	7,613	8,800
Non-reinsurance payables	2,764	6,990	6,645
Post-employment benefits	5,233	5,436	6,102
Accrued expense	4,873	6,719	5,699
Dividends payable	234	234	321
Reinsurance premiums accrued	1,219	1,219	1,189
Other	772	882	1,113
	22,708	29,093	29,869

12. SEGMENT INFORMATION

The Group's reinsurance business consists of two main business segments, Non-life and Life. Non-life business primarily consists of Property, Engineering, Marine, Accident, Whole Account and Other classes. Life business mainly involves short term group life policies and long term life policies. Life portfolio does not contain investment linked policies. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available. Segment assets and liabilities are reviewed by management only on aggregate basis.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

12. SEGMENT INFORMATION (CONTD.)

- ANALYSIS OF REVENUE BY PRIMARY BUSINESS SEGMENT:

	US\$ '000								
	Period ended 30 June 2022								
	Non-life					Life		Total	
	Property	Engineering	Marine	Accident	Whole account	Others	Short term		Long term
REVENUES :									
Gross premiums written	106	(55)	(17)	18	683	(62)	7	34	714
Outward reinsurance premiums	(42)	(388)	10	1	(1,066)	-	(15)	(9)	(1,509)
Change in unearned premiums - gross	-	181	-	49	1,822	875	-	153	3,080
Change in unearned premiums - reinsurance	-	(3)	-	-	(796)	1	-	-	(798)
Net earned premiums	64	(265)	(7)	68	643	814	(8)	178	1,487
Investment income attributable to insurance funds	(1,544)	2,033	(11)	(250)	(223)	(336)	(380)	(184)	(895)
	(1,480)	1,768	(18)	(182)	420	478	(388)	(6)	592
COSTS AND EXPENSES :									
Gross claims paid	(1,718)	(3,276)	(1,384)	(290)	(24,359)	(849)	(358)	(3)	(32,237)
Claims recovered from reinsurers	47	403	298	6	7,513	7	-	-	8,274
Change in provision for outstanding claims - gross	3,387	2,054	2,354	105	10,203	501	2,392	225	21,221
Change in provision for outstanding claims - reinsurance	(174)	(117)	(324)	(72)	(2,541)	-	-	(1)	(3,229)
Change in provision for unreported losses - gross	1,415	3,435	(193)	1,014	15,725	489	(574)	(611)	20,700
Change in provision for unreported losses - reinsurance	-	(168)	6	6	(4,424)	(3)	-	-	(4,583)
Claims and related provisions	2,957	2,331	757	769	2,117	145	1,460	(390)	10,146
Policy acquisition costs	69	94	(113)	23	(249)	57	106	-	(13)
Policy acquisition costs recovered from reinsurers	1	34	15	-	-	-	-	-	50
Change in deferred policy acquisition costs - gross	-	(39)	-	(11)	-	-	-	(1)	(51)
Change in deferred policy acquisition costs - reinsurance	-	-	-	-	-	-	-	-	-
Policy acquisition costs	70	89	(98)	12	(249)	57	106	(1)	(14)
Operating expenses	(1,237)	(12)	(295)	(242)	(68)	(471)	(305)	(74)	(2,704)
Underwriting result	310	4,176	346	357	2,220	209	873	(471)	8,020

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12. SEGMENT INFORMATION (CONTD.)

- ANALYSIS OF REVENUE BY PRIMARY BUSINESS SEGMENT:

	US\$ '000								
	Year ended 31 December 2021								
	Non-life					Life		Total	
	Property	Engineering	Marine	Accident	Whole account	Others	Short term		Long term
REVENUES :									
Gross premiums written*	(1,134)	(253)	(1,285)	(775)	69	(459)	222	146	(3,469)
Outward reinsurance premiums	(1,121)	(501)	66	26	643	9	(17)	(104)	(999)
Change in unearned premiums - gross	49	2,584	255	243	14,343	5,182	-	150	22,806
Change in unearned premiums - reinsurance	-	(207)	(10)	-	(4,321)	-	-	-	(4,538)
Net earned premiums	(2,206)	1,623	(974)	(506)	10,734	4,732	205	192	13,800
Investment income attributable to insurance funds	1,519	124	171	256	19	1,054	803	323	4,269
	(687)	1,747	(803)	(250)	10,753	5,786	1,008	515	18,069
COSTS AND EXPENSES :									
Gross claims paid	(10,704)	(6,983)	(2,493)	(833)	(66,476)	(4,565)	(2,203)	(167)	(94,424)
Claims recovered from reinsurers	416	590	319	47	23,523	18	-	1	24,914
Change in provision for outstanding claims - gross	9,958	5,286	5,880	1,283	16,995	2,553	1,605	(175)	43,385
Change in provision for outstanding claims - reinsurance	(538)	(230)	(297)	(12)	(6,222)	(202)	(2)	1	(7,502)
Change in provision for unreported losses - gross	9,768	4,565	3,891	1,916	39,487	3,409	6,164	(4,164)	65,036
Change in provision for unreported losses - reinsurance	(426)	(667)	(223)	(72)	(14,235)	(818)	(7)	-	(16,448)
Claims and related provisions	8,474	2,561	7,077	2,329	(6,928)	395	5,557	(4,504)	14,961
Policy acquisition costs	1,259	165	363	437	(3,842)	238	(196)	67	(1,509)
Policy acquisition costs recovered from reinsurers	23	(78)	(36)	(26)	12	(1)	-	-	(106)
Change in deferred policy acquisition costs - gross	(14)	(828)	(70)	(59)	-	35	-	(2)	(938)
Change in deferred policy acquisition costs - reinsurance	-	82	3	-	-	-	-	-	85
Policy acquisition costs	1,268	(659)	260	352	(3,830)	272	(196)	65	(2,468)
Operating expenses	(2,388)	(1,214)	(759)	(497)	(102)	(1,048)	(709)	(128)	(6,845)
Underwriting result	6,667	2,435	5,775	1,934	(107)	5,405	5,660	(4,052)	23,717

*Gross premiums written are negative due to reversal of excess pipeline estimates of prior years and cessation of new business underwriting by the Company effective 13 August 2020.

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12. SEGMENT INFORMATION (CONTD.)

- ANALYSIS OF REVENUE BY PRIMARY BUSINESS SEGMENT:

	US\$ '000								
	Period ended 30 June 2021								
	Non-life					Life		Total	
	Property	Engineering	Marine	Accident	Whole account	Others	Short term		Long term
REVENUES :									
Gross premiums written*	(639)	(485)	(873)	(358)	(423)	(677)	(173)	178	(3,450)
Outward reinsurance premiums	(543)	(218)	60	12	1,039	1	(20)	(76)	255
Change in unearned premiums - gross	46	1,672	219	167	10,759	3,212	-	39	16,114
Change in unearned premiums - reinsurance	-	(170)	(10)	-	(3,342)	-	-	-	(3,522)
Net earned premiums	(1,136)	799	(604)	(179)	8,033	2,536	(193)	141	9,397
Investment income attributable to insurance funds	1,110	74	123	187	22	768	589	237	3,110
	(26)	873	(481)	8	8,055	3,304	396	378	12,507
COSTS AND EXPENSES :									
Gross claims paid	(7,662)	(3,231)	(1,647)	(357)	(28,478)	(3,220)	(1,658)	(10)	(46,263)
Claims recovered from reinsurers	160	228	268	21	12,946	(4)	-	-	13,619
Change in provision for outstanding claims - gross	4,051	1,679	4,007	373	3,787	1,389	952	(186)	16,052
Change in provision for outstanding claims - reinsurance	(137)	(156)	(244)	52	(5,994)	(11)	-	-	(6,490)
Change in provision for unreported losses - gross	5,169	2,752	1,348	528	15,355	2,040	3,714	(3,105)	27,801
Change in provision for unreported losses - reinsurance	(280)	(346)	(46)	(3)	(4,160)	(840)	2	-	(5,673)
Claims and related provisions	1,301	926	3,686	614	(6,544)	(646)	3,010	(3,301)	(954)
Policy acquisition costs	1,053	205	426	284	(2,659)	226	14	(7)	(458)
Policy acquisition costs recovered from reinsurers	32	(82)	(37)	(13)	5	(1)	-	-	(96)
Change in deferred policy acquisition costs - gross	(13)	(547)	(57)	(42)	-	36	-	(2)	(625)
Change in deferred policy acquisition costs - reinsurance	-	68	3	-	-	1	-	-	72
Policy acquisition costs	1,072	(356)	335	229	(2,654)	262	14	(9)	(1,107)
Operating expenses	(1,261)	(636)	(392)	(259)	(47)	(583)	(495)	(86)	(3,759)
Underwriting result	1,086	807	3,148	592	(1,190)	2,337	2,925	(3,018)	6,687

*Gross premiums written are negative due to reversal of excess pipeline estimates of prior years and cessation of new business underwriting by the Company effective 13 August 2020.

ARAB INSURANCE GROUP (B.S.C.)
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13. INVESTMENT INCOME

US\$ '000					
Financial year-to-date 30 June 2022			Financial year-to-date 30 June 2021	Year ended 31 December 2021	
Insurance funds	Shareholders' funds	Total			
Interest income					
- Investments designated at fair value through profit or loss	174	260	434	484	900
- Others	1,367	2,204	3,571	4,253	8,094
Realised gains on available for sale	129	238	367	2,219	2,515
(Loss) gain on remeasurement of investments at fair value through profit or loss					
- Held for trading investments	-	-	-	471	469
- Investments designated at fair value through profit or loss	(1,506)	(2,317)	(3,823)	(329)	(973)
Impairment loss - available for Sale					
- Debt Securities	(930)	(1,390)	(2,320)	(150)	(416)
- Other	(40)	(60)	(100)	(408)	(446)
Income from associate	-	64	64	3	125
Other	(89)	(133)	(222)	(766)	(660)
	(895)	(1,134)	(2,029)	5,777	9,608

14. OPERATING EXPENSES

US\$ '000					
Financial year-to-date 30 June 2022			Financial year-to-date 30 June 2021	Year ended 31 December 2021	
Underwriting	Non- Underwriting	Total			
Salaries and benefits	1,609	1,143	2,752	3,466	6,321
General and administration	1,095	717	1,812	2,130	4,672
	2,704	1,860	4,564	5,596	10,993

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

15. OTHER INCOME

	US\$ '000		
	Financial year-to-date 30 June 2022	Financial year-to-date 30 June 2021	Year ended 31 December 2021
Third party administration services	303	217	356
Reversal of provisions	500	2,162	2,200
Other	653	343	911
	1,456	2,722	3,467

16. OTHER EXPENSES AND PROVISIONS

	US\$ '000		
	Financial year-to-date 30 June 2022	Financial year-to-date 30 June 2021	Year ended 31 December 2021
Foreign exchange loss	711	1,836	2,772
Investment property impairment and depreciation	74	72	-
(Write back) provision for doubtful receivable & deposits	-	-	(24)
Other, net	440	135	1,216
	1,225	2,043	3,964

17. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

Basic and diluted earnings per share has been computed as follows:

		Financial year-to-date 30 June 2022	Financial year-to-date 30 June 2021	Year ended 31 December 2021
Weighted average number of shares outstanding	'000	198,115	198,032	198,115
Net profit	US\$'000	5,346	8,224	24,065
Earnings per share	US cents	2.7	4.2	12.1

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

18. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	US\$ '000		
	Financial year-to-date 30 June 2022	Financial year-to-date 30 June 2021	Year ended 31 December 2021
Profit for the period	5,257	8,196	24,411
Change in insurance funds	(73,736)	(76,608)	(113,666)
Change in insurance receivable/payable, net	(1,760)	19,158	12,790
Change in accrued income	113	4,465	6,638
Change in other assets/liabilities, net	3,428	(14,133)	(11,423)
Net cash used in operating activities	(66,698)	(58,922)	(81,250)

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	US\$'000	
	Dividends	Non-controlling Interest
Balances at 31 December 2021	234	12,815
Share of comprehensive income	-	(344)
Balances at 30 June 2022	234	12,471
Balances at 31 December 2020	321	17,066
Share of comprehensive income	-	(21)
Balances at 30 June 2021	321	17,045
Balances at 31 December 2020	321	17,066
Share of comprehensive income	-	349
Exchange adjustments on dividends	(87)	-
Subsidiary's capital reduction	-	(4,600)
Balances at 31 December 2021	234	12,815

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

20. FAIR VALUE DISCLOSURE

The following table presents the fair values of the Group's financial instruments:

US\$ '000							
30 June 2022							
Book Value						Fair value	
At fair value through profit or loss	Loans and receivables	Held to maturity	Available for sale	Amortised cost	Total		
ASSETS							
Cash and bank balances	-	100,560	-	-	-	100,560	100,560
Investments	56,209	-	14,072	230,989	-	301,270	300,734
Accrued income	-	2,035	-	-	-	2,035	2,035
Insurance receivables	-	8,001	-	-	-	8,001	8,001
Insurance deposits	-	20,144	-	-	-	20,144	20,144
Other assets	-	8,124	-	-	-	8,124	8,124
LIABILITIES							
Insurance payables	-	-	-	-	26,963	26,963	26,963
Other liabilities	-	-	-	-	10,222	10,222	10,222

US\$ '000							
31 December 2021							
Book Value						Fair value	
At fair value through profit or loss	Loans and receivables	Held to maturity	Available for sale	Amortised cost	Total		
ASSETS							
Cash and bank balances	-	59,055	-	-	-	59,055	59,055
Investments	105,417	360	14,062	304,606	-	424,445	424,664
Accrued income	-	2,148	-	-	-	2,148	2,148
Insurance receivables	-	29,141	-	-	-	29,141	29,141
Insurance deposits	-	21,728	-	-	-	21,728	21,728
Other assets	-	20,607	-	-	-	20,607	20,607
LIABILITIES							
Insurance payables	-	-	-	-	49,863	49,863	49,863
Other liabilities	-	-	-	-	14,761	14,761	14,761

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

20. FAIR VALUE DISCLOSURE (CONTD.)

US\$ '000							
30 June 2021							
Book Value						Fair value	
At fair value through profit or loss	Loans and receivables	Held to maturity	Available for sale	Amortised cost	Total		
ASSETS							
Cash and bank balances	-	129,056	-	-	-	129,056	129,056
Investments	120,798	267	7,939	263,691	-	392,695	393,148
Accrued income	-	4,321	-	-	-	4,321	4,321
Insurance receivables	-	39,301	-	-	-	39,301	39,301
Insurance deposits	-	22,487	-	-	-	22,487	22,487
Other assets	-	15,101	-	-	-	15,101	15,101
LIABILITIES							
Insurance payables	-	-	-	-	66,391	66,391	66,391
Other liabilities	-	-	-	-	15,370	15,370	15,370

The information disclosed in the table above is not indicative of the net worth of the Group.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The following methods and assumptions were used to estimate the fair value of the financial instruments:

i) General:

The book values of the Group's financial instruments except investments and forward foreign exchange contracts were deemed to approximate fair value due to the immediate or short term maturity of these financial instruments.

Hence, the fair value measurement details are not disclosed.

ii) Investments:

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. as derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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20. FAIR VALUE DISCLOSURE (CONTD.)

- Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models and other valuation models. Assumptions and inputs used in valuation includes risk free and benchmark interest rates, bond and equity prices, and foreign exchange rates. The objective of valuations technique is to arrive at fair value measurement that reflects the price that would be received on sale of the asset at the measurement date.

The table below analyses financial instruments, measured at fair value as at the end of the period, by level in the fair value hierarchy into which the fair value measurement is categorized:

US\$'000				
30 June 2022	Level 1	Level 2	Level 3	Total
<u>At fair value through profit or loss</u>				
<u>Designated at fair value on initial recognition</u>				
Debt securities	17,239	38,970	-	56,209
<u>Available for sale</u>				
Debt securities	78,930	136,163	-	215,093
Common stock of unlisted companies	-	-	2,781	2,781
Other	-	-	13,115	13,115
<u>Forward foreign exchange contracts</u>	-	190	-	190
	96,169	175,323	15,896	287,388

US\$'000				
31 December 2021	Level 1	Level 2	Level 3	Total
<u>At fair value through profit or loss</u>				
<u>Designated at fair value on initial recognition</u>				
Debt securities	18,383	87,034	-	105,417
<u>Available for sale</u>				
Debt securities	146,308	140,982	-	287,290
Common stock of unlisted companies	-	-	3,205	3,205
Other	-	-	14,111	14,111
<u>Forward foreign exchange contracts</u>	-	304	-	304
	164,691	228,320	17,316	410,327

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20. FAIR VALUE DISCLOSURE (CONTD.)

US\$'000				
	Level 1	Level 2	Level 3	Total
30 June 2021				
<u>At fair value through profit or loss</u>				
Held for trading				
Common stock of listed companies	15,017	-	-	15,017
Designated at fair value on initial recognition				
Debt securities	52,343	53,438	-	105,781
<u>Available for sale</u>				
Debt securities	90,287	154,638	-	244,925
Common stock of unlisted companies	-	-	3,359	3,359
Other	-	-	15,407	15,407
<u>Forward foreign exchange contracts</u>	-	471	-	471
	157,647	208,547	18,766	384,960

The tables below show movements in the Level 3 financial assets measured at fair value:

US\$ '000			
30 June 2022	Unlisted equity	Other	Total
Balances at 1 January 2022	3,205	14,111	17,316
(Loss) gain recognised in:			
- Other comprehensive income	(115)	66	(49)
Investments made during the period	16	51	67
Investments redeemed during the period	(325)	(1,113)	(1,438)
Balances at 30 June 2022	2,781	13,115	15,896

US\$'000			
31 December 2021	Unlisted equity	Other	Total
Balances at 1 January 2021	3,349	16,236	19,585
Gain recognised in:			
- Other comprehensive income	179	1,180	1,359
Investments made during the year	12	518	530
Investments redeemed during the year	(335)	(3,823)	(4,158)
Balances at 31 December 2021	3,205	14,111	17,316

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20. FAIR VALUE DISCLOSURE (CONTD.)

	US\$ '000		
	Unlisted equity	Other	Total
30 June 2021			
Balances at 1 January 2021	3,349	16,236	19,585
Gain recognised in:			
- Other comprehensive income	69	532	601
Investments made during the period	13	391	404
Investments redeemed during the period	(72)	(1,752)	(1,824)
Balances at 30 June 2021	3,359	15,407	18,766

The carrying values of the investment held in level 3 are based on unobservable inputs and reflects proportional share of the fair values of the respective companies and their underlying net assets. The Group does not expect the fair value of assets under level 2 & level 3 to change significantly on changing one or more of the observable / unobservable inputs. The valuations of these investments are reviewed quarterly and updated as necessary on the basis of information received from investee and investment managers. The Group recognises transfers between levels of the fair value hierarchy at the end of reporting period during which the change occurred. For the period ended 30 June 2022, there were no transfers in and out of level 1, level 2 and level 3 (31 December 2021: nil; 30 June 2021: nil). The fair values are estimates and do not necessarily represent the price at which the investment would sell. As the determination of fair values involve subjective judgments, and given the inherent uncertainty of assumptions regarding capitalisation rates, discount rates, leasing and other factors, the amount which will be realized by the Company on the disposal of its investments may differ significantly from the values at which they are carried in the condensed consolidated interim financial statements, and the difference could be material.

iii. Forward foreign exchange contracts:

The fair value of forward foreign exchange contracts, used for hedging purposes, is based on quoted market prices.

iv. Fair value less than carrying amounts:

The fair value of fixed interest debt securities fluctuates with changes in market interest rates. The book value of financial assets held to maturity has not been reduced to fair value where lower, because such market rate variations are considered temporary in nature and management intends, and has the financial resources and capacity, to generally hold such investments to maturity.

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21. PRINCIPAL SUBSIDIARIES & ASSOCIATES

i) Subsidiaries and associates

At 30 June 2022, the principal subsidiaries of the Company were:

	<u>Country of incorporation</u>	<u>Ownership</u>	<u>Non- controlling Interests</u>	<u>Principal Activities</u>
Arig Capital Limited (under run-off)	United Kingdom	100%	Nil	Reinsurance
Gulf Warranties W.L.L. (under voluntary liquidation)	Kingdom of Bahrain	100%	Nil	Warranty
Takaful Re Limited (under run-off)	United Arab Emirates	54%	46%	Retakaful Insurance

All holdings are in the ordinary share capital of the subsidiaries concerned and are unchanged from 31 December 2021. The Company holds 49% of the equity shares in its associate company Arima Insurance software W.L.L.

Financial statements of Takaful Re Limited (TRL), Gulf Warranties W.L.L. (GWL) and Arig Capital Limited (ACL) are not prepared on going concern basis as TRL and ACL are under run-off and GWL is under voluntary liquidation.

ii) Interest in subsidiaries: Takaful Re Limited

	US\$ '000		
	Financial year-to-date 30 June 2022	Financial year-to-date 30 June 2021	Year ended 31 December 2021
Non-controlling interests	46%	46%	46%
Total assets	38,482	50,746	39,417
Total liabilities	11,370	13,692	11,558
Net assets	27,112	37,054	27,859
Revenue	19	31	109
(Loss) profit for the period	(193)	(61)	753
Total comprehensive income	(747)	(47)	758
Comprehensive income attributable to non-controlling interests	(344)	(21)	349
Net cash used in operating activities	(203)	(592)	(1,972)
Net cash provided by investing activities	124	127	3,664
Net cash used in financing activities	-	-	(10,000)
Net decrease in cash and cash equivalents	(79)	(465)	(8,308)

The subsidiary's policyholders funds are consolidated as these funds are controlled and managed by the subsidiary which is in a position to direct activities and operations

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21. PRINCIPAL SUBSIDIARIES & ASSOCIATES (CONTD.)

iii) Interest in subsidiaries: Gulf Warranties W.L.L.

The Group's subsidiary's GWL in 2018, based on management's assessments had provided for probable loss of US\$ 21.5 million. Following settlement of certain liabilities the provision has been reduced to US\$ 7.6 million in the books of the subsidiary and consequently in the condensed consolidated interim financial statements of the Group for the period ended 30 June 2022. This does not constitute admission of any liability beyond the share capital of Gulf Warranties W.L.L.

22. RELATED PARTY TRANSACTIONS

Related parties represent the Company's major shareholders, associate companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties.

Government of UAE controls 31.3% of issued shares in the Group through major shareholders Emirates Investment Authority, General Pension and Social Security Authority and Emirates Development Bank while Government of Libya controls 14.4% of issued shares in the Group through Central Bank of Libya. The Group does not have any significant transactions with these governments and entities controlled, jointly controlled or significantly influenced by these governments.

The following is the summary of transactions with related parties:

i) Associate companies:

	US\$ '000		
	Financial year-to-date 30 June 2022	Financial year-to-date 30 June 2021	Year ended 31 December 2021
a) Service fees for administration services provided by associate	191	227	447
b) Balances outstanding - Payables	57	130	198

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22. RELATED PARTY TRANSACTIONS (CONTD.)

ii) Compensation to directors and key management personnel:

	US\$ '000		
	Financial year-to-date 30 June 2022	Financial year-to-date 30 June 2021	Year ended 31 December 2021
a) Directors			
- Remuneration proposed	-	-	500
- Attendance fees	135	129	267
- Travel expenses	34	-	4
b) Key management compensation			
- Salaries and other short-term employee benefits	173	173	347
- Post-employment benefits	95	25	49
- Others	9	-	15
c) Balances payable to key management	661	542	566