

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2019 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Insurance Group K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 September 2019, 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 Financial Reporting Standard, IAS 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

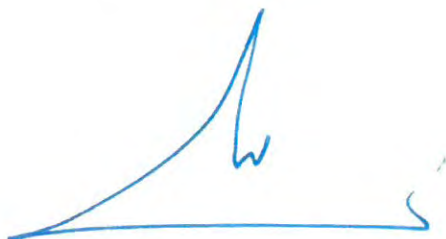
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons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

Conclusion

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

Report on review of 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 have occurred during the nine months period ended 30 September 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

11 November 2019
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 KD	2018 KD	2019 KD	2018 KD
Revenue:					
Premiums written		93,112,928	106,350,311	266,229,163	274,446,982
Reinsurance premiums ceded		(49,124,480)	(57,089,169)	(132,619,683)	(140,543,641)
Net premiums written		43,988,448	49,261,142	133,609,480	133,903,341
Movement in unearned premiums reserve		1,134,024	(6,958,056)	(506,234)	(13,468,809)
Movement in life mathematical reserve		(185,369)	(354,440)	(66,321)	(163,322)
Net premiums earned		44,937,103	41,948,646	133,036,925	120,271,210
Commission received on ceded reinsurance		4,226,828	4,316,653	13,515,726	12,968,464
Policy issuance fees		646,869	665,815	2,434,601	2,873,548
Net investment income from designated life insurance	3	428,903	412,678	2,059,714	561,830
		<u>50,239,703</u>	<u>47,343,792</u>	<u>151,046,966</u>	<u>136,675,052</u>
Expenses:					
Claims incurred		31,936,331	29,724,424	93,769,794	86,076,186
Commission and discounts		5,707,401	5,150,689	16,422,929	15,265,214
Maturity and cancellations of life insurance policies		1,045,984	956,173	4,796,540	2,466,542
General and administrative expenses		6,494,867	6,620,840	20,106,099	20,214,946
		<u>45,184,583</u>	<u>42,452,126</u>	<u>135,095,362</u>	<u>124,022,888</u>
Net underwriting income		5,055,120	4,891,666	15,951,604	12,652,164
Net investment income	3	1,947,303	575,792	8,065,567	5,059,855
Finance costs		(1,036,441)	(665,211)	(2,417,440)	(2,121,537)
Share of results of associates		(32,832)	504,846	1,024,491	2,333,496
Net sundry income		634,049	393,234	1,696,487	1,030,557
		<u>6,567,199</u>	<u>5,700,327</u>	<u>24,320,709</u>	<u>18,954,535</u>
Other charges:					
Unallocated general and administrative expenses		(3,071,038)	(1,124,020)	(9,631,726)	(5,943,532)
PROFIT FOR THE PERIOD BEFORE TAXATION		3,496,161	4,576,307	14,688,983	13,011,003
Contribution to KFAS		(30,536)	(29,937)	(87,676)	(110,529)
NLST		(133,800)	(95,646)	(329,215)	(286,449)
Zakat		(22,984)	(34,249)	(70,226)	(88,684)
Taxation from subsidiaries		(425,880)	111,546	(2,076,493)	(626,680)
PROFIT FOR THE PERIOD		2,882,961	4,528,021	12,125,373	11,898,661
Attributable to:					
Equity holders of the Parent Company		2,595,762	4,013,755	10,707,223	10,597,507
Non-controlling interests		287,199	514,266	1,418,150	1,301,154
		<u>2,882,961</u>	<u>4,528,021</u>	<u>12,125,373</u>	<u>11,898,661</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	4	<u>14.43 fils</u>	<u>22.42 fils</u>	<u>59.63 fils</u>	<u>59.20 fils</u>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2019

	Note	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		2019 KD	2018 KD	2019 KD	2018 KD
Profit for the period		2,882,961	4,528,021	12,125,373	11,898,661
Other comprehensive income (loss):					
<i>Items that are or may be subsequently reclassified to interim condensed consolidated statement of income:</i>					
- Investments available for sale:					
Net unrealised gain (loss)		2,110,628	(87,104)	3,282,558	(2,891,487)
Net realised gain transferred to interim condensed consolidated statement of income on sale of investments available for sale	3	(576,749)	(1,164,911)	(2,162,338)	(2,054,113)
Impairment loss on investments available for sale	3	189,043	2,443	220,933	964,089
		1,722,922	(1,249,572)	1,341,153	(3,981,511)
- Share of other comprehensive income of associates		170,252	136,898	4,202	37,347
- Exchange differences on translation of foreign operations		1,675,480	(2,049,804)	2,324,789	(4,672,107)
Other comprehensive income (loss) for the period		3,568,654	(3,162,478)	3,670,144	(8,616,271)
Total comprehensive income for the period		6,451,615	1,365,543	15,795,517	3,282,390
Attributable to:					
Equity holders of the Parent Company		5,668,635	631,025	13,600,906	1,975,471
Non-controlling interests		782,980	734,518	2,194,611	1,306,919
		6,451,615	1,365,543	15,795,517	3,282,390


The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2019

	Notes	30 September 2019 KD	(Audited) 31 December 2018 KD	30 September 2018 KD
ASSETS				
Property and equipment		30,296,642	29,270,773	17,840,776
Right-of-use assets		2,122,463	-	-
Investments in associates		43,566,549	43,269,439	42,669,169
Goodwill		15,104,460	15,104,460	15,104,460
Financial instruments:				
Investments held to maturity		29,863,256	23,229,055	23,971,238
Debt securities (loans)		13,632,487	16,651,860	16,633,243
Investments available for sale		44,022,601	41,426,526	36,167,164
Investments carried at fair value through profit or loss		24,133,230	24,618,304	26,234,145
Loans secured by life insurance policies		1,098,673	1,266,637	1,606,866
Premiums and insurance balances receivable		153,875,851	109,854,177	124,989,411
Reinsurance recoverable on outstanding claims		261,711,784	130,968,572	119,345,530
Investment properties		5,366,854	4,978,330	2,940,619
Other assets		29,464,638	28,880,275	25,059,240
Time deposits		40,150,049	32,678,083	39,519,944
Cash and bank balances	5	60,568,108	64,943,762	55,009,200
TOTAL ASSETS		754,977,645	567,140,253	547,091,005
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY				
Share capital		18,703,913	18,703,913	18,703,913
Share premium		3,600,000	3,600,000	3,600,000
Treasury shares		(429,455)	(4,203,067)	(4,203,067)
Treasury shares reserve		3,099,292	2,051,215	2,051,215
Statutory reserve		18,703,913	18,703,913	18,703,913
Voluntary reserve		26,149,664	26,149,664	24,888,125
Other reserve		(2,836,728)	(3,101,138)	(3,062,725)
Cumulative changes in fair values		(789,804)	(1,778,260)	(4,413,960)
Foreign currency translation adjustments		(18,998,471)	(20,903,698)	(21,552,382)
Revaluation reserve		8,939,446	8,939,446	2,559,760
Retained earnings		45,241,609	40,978,391	42,170,253
Equity attributable to the equity holders of the Parent Company		101,383,379	89,140,379	79,445,045
Non-controlling interests		24,405,317	23,282,933	20,123,216
TOTAL EQUITY		125,788,696	112,423,312	99,568,261
LIABILITIES				
Liabilities arising from insurance contracts:				
Outstanding claims reserve (gross)		332,300,160	195,390,920	178,838,073
Unearned premiums reserve (net)		60,358,868	59,467,577	64,142,633
Life mathematical reserve (net)		25,248,383	24,507,131	25,594,110
Incurred but not reported reserve (net)		2,503,358	1,650,000	1,650,000
Total liabilities arising from insurance contracts		420,410,769	281,015,628	270,224,816
Premiums received in advance		4,718,524	4,376,713	4,285,947
Insurance payable		114,397,795	75,301,741	69,417,341
Long term loans	6	31,250,000	-	-
Other liabilities		46,292,465	47,349,683	42,543,390
Bank overdrafts	5	12,119,396	46,673,176	61,051,250
TOTAL LIABILITIES		629,188,949	454,716,941	447,522,744
TOTAL EQUITY AND LIABILITIES		754,977,645	567,140,253	547,091,005


Khaled Saoud Al-Hassan
Chief Executive Officer

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) For the period ended 30 September 2019

Attributable to equity holders of the Parent Company

	Share capital		Share Premium		Treasury shares		Treasury shares reserve		Statutory reserve		Voluntary reserve		Other reserve		Cumulative changes in fair values		Foreign currency translation adjustments		Revaluation reserve		Retained earnings		Sub-total		Non-controlling interests		Total equity				
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD			
As at 1 January 2019 (Audited)	18,703,913	-	3,600,000	(4,203,067)	2,051,215	18,703,913	26,149,664	(3,101,138)	(1,778,260)	(20,903,698)	8,939,446	40,978,391	89,140,379	23,282,933	112,423,312																
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other comprehensive income for the period	-	-	-	-	-	-	-	-	988,456	1,905,227	-	10,707,223	10,707,223	1,418,150	12,125,373	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total comprehensive income for the Period	-	-	-	-	-	-	-	-	988,456	1,905,227	-	10,707,223	13,600,906	2,194,611	15,795,517																
Change in ownership of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Dividends paid (Note 1)	-	-	-	-	-	-	-	264,410	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sale of treasury shares	-	-	-	3,773,612	1,048,077	-	-	-	-	-	-	-	4,821,689	-	(455,033)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
As at 30 September 2019	18,703,913	-	3,600,000	(429,455)	3,099,292	18,703,913	26,149,664	(2,836,728)	(789,804)	(18,998,471)	8,939,446	45,241,609	101,383,379	24,405,317	125,788,696																
As at 1 January 2018 (Audited) (Restated)	18,703,913	-	3,600,000	(4,203,067)	2,051,215	18,703,913	24,888,125	(3,062,725)	(754,256)	(16,590,050)	2,559,760	36,942,750	82,839,578	19,548,317	102,387,895																
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	(3,659,704)	(4,962,332)	-	10,597,507	10,597,507	1,306,919	3,282,390	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	(3,659,704)	(4,962,332)	-	10,597,507	(5,370,004)	1,306,919	3,282,390																
Dividends paid (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Change in ownership of a Subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 September 2018	18,703,913	-	3,600,000	(4,203,067)	2,051,215	18,703,913	24,888,125	(3,062,725)	(4,413,960)	(21,552,382)	2,559,760	42,170,253	79,445,045	20,123,216	99,568,261																

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 September 2019

	Notes	Nine months ended 30 September	
		2019 KD	2018 KD
OPERATING ACTIVITIES			
Profit for the period before taxation		14,688,983	13,011,003
<i>Adjustments for:</i>			
Depreciation of property and equipment and right-of-use assets		1,358,739	960,663
Net investment income	3	(10,346,214)	(5,536,101)
Impairment loss on investments available for sale	3	220,933	-
Share of results of associates		(1,024,491)	(2,333,496)
Finance costs		2,417,440	2,121,537
		<u>7,315,390</u>	<u>8,223,606</u>
<i>Changes in operating assets and liabilities:</i>			
Investments carried at fair value through profit or loss		1,104,171	(880,681)
Premiums and insurance balances receivable		(44,021,674)	(31,518,538)
Reinsurance recoverable on outstanding claims		(130,743,212)	(15,602,219)
Other assets		(273,989)	(6,143,651)
Liabilities arising from insurance contracts		139,395,141	40,206,160
Premiums received in advance		341,811	(144,372)
Insurance payable		39,096,050	2,688,143
Other liabilities		(4,843,281)	7,731,771
		<u>7,370,407</u>	<u>4,560,219</u>
Paid to KFAS		(132,861)	-
Paid to NLST		(340,333)	(215,764)
Paid to Zakat		(93,637)	(39,398)
Remuneration paid to directors		(185,000)	(185,000)
		<u>6,618,576</u>	<u>4,120,057</u>
Net cash flows from (used in) operating activities			
INVESTING ACTIVITIES			
Purchase of property and equipment		(2,447,511)	(1,175,918)
Proceeds from sale of property and equipment		51,902	50,558
Purchase of investment properties		(237,742)	-
Net movement of investments held to maturity		(6,634,201)	(4,461,334)
Net movement of debt securities (loans)		3,019,373	1,696,746
Net movement of investments available for sale		333,786	(2,568,391)
Loans secured by life insurance policies		167,964	(2,831)
Movement in time deposits		(7,471,966)	(1,081,033)
Interest received		6,093,424	5,343,475
Dividends income received		1,117,218	1,818,382
Purchase of investment in associate		(125,575)	-
Dividends received from associates		857,158	556,142
		<u>(5,276,170)</u>	<u>175,796</u>
Net cash flows (used in) from investing activities			
FINANCING ACTIVITIES			
Term loan	6	31,250,000	-
Proceeds from sale of treasury shares		4,821,689	-
Payment of lease liability		(765,500)	-
Finance cost paid		(2,331,315)	(2,121,537)
Dividends paid		(6,444,005)	(5,370,004)
Dividends paid to non-controlling interests		(455,033)	(521,831)
Net movement in non-controlling interest		(352,784)	(210,189)
		<u>25,723,052</u>	<u>(8,223,561)</u>
Net cash flows from (used in) financing activities			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		27,065,458	(3,927,708)
Cash and cash equivalents at 1 January		3,112,668	(2,314,110)
		<u>18,270,586</u>	<u>199,768</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5	<u>48,448,712</u>	<u>(6,042,050)</u>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

1 ACTIVITIES

The interim condensed consolidated financial information of Gulf Insurance Group K.S.C.P. (the "Parent Company") and its subsidiaries (the "Group") were authorised for issue by the Board of Directors on 11 November 2019. The Ordinary Annual General Assembly meeting of the Parent Company's shareholders held on 31 March 2019 approved the consolidated financial statements for the year ended 31 December 2018 and approved the proposed distribution of cash dividends of 36 fils per share (2017: 30 fils per share).

The Parent Company is a Kuwaiti Shareholding Company incorporated in the State of Kuwait in accordance with the Amiri Decree No. 25 of 9 April 1962, and is listed on the Kuwait Stock Exchange. The address of the Parent Company's registered office is Khaled Ibn Al-Waleed Street, KIPCO Tower, Floor No 42, Office No 1 & 2, Sharq, Kuwait City P.O. Box 1040 Safat, 13011 State of Kuwait. The Parent Company's objectives include all types of insurance, indemnities, compensations and investing its capital and assets in various financial and real estate investments, both locally and abroad.

The Parent Company is 45.99% (31 December 2018: 44.04% and 30 September 2018: 44.04%) owned by Kuwait Project Company Holding K.S.C.P. and 43.43% (31 December 2018: 41.42% and 30 September 2018: 41.42%) by Fairfax Financial Holding Limited as at 30 September 2019.

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

2.1 Basis of preparation

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

The interim condensed consolidated financial information are presented in Kuwaiti Dinars which is the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018. 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 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

Certain comparative figures have been reclassified/ represented to conform to current period's presentation. Such reclassifications/ representations have no effect on previously reported profit or total equity of the Group (Note 11).

2.2 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 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

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

2.2 New standards, interpretations, and amendments adopted by the Group (continued)

IFRS 16 'Leases' (continued)

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/ (decrease)) is as follows:

	<i>KD</i>
Assets	
Right-of-use assets	2,697,426
Prepayments	(43,763)
	<hr/>
	2,653,663
	<hr/>
Liabilities	
Lease liabilities (included under other liabilities)	2,653,663
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a) Nature of the effect of adoption of IFRS 16

Before the adoption of IFRS 16, the Group classified its leases (as lessee) at the inception date as operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- ▶ Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- ▶ Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- ▶ Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- ▶ Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- ▶ Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

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

2.2 New standards, interpretations, and amendments adopted by the Group (continued)

IFRS 16 'Leases' (continued)

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KD 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

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

2.2 New standards, interpretations, and amendments adopted by the Group (continued)

IFRS 16 'Leases' (continued)

c) Amounts recognised in the interim condensed consolidated statement of financial position and statement of income

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	<i>Right-of-use assets KD</i>	<i>Lease liabilities KD</i>
As at 1 January 2019	2,697,426	2,653,663
Depreciation expense	(574,963)	-
Finance cost	-	86,125
Payment	-	(765,500)
As at 30 September 2019	2,122,463	1,974,288

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2019 did not have any material impact on the accounting policies, financial position or performance of the Group.

3 NET INVESTMENT INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2019 KD</i>	<i>2018 KD</i>	<i>2019 KD</i>	<i>2018 KD</i>
Net realised gain on sale of investments available for sale	576,749	1,164,911	2,162,338	2,054,113
Realised gain on sale of investments at fair value through profit or loss	330,424	85,696	766,653	557,678
Unrealised loss on investments at fair value through profit or loss	(509,184)	(786,377)	(147,556)	(1,625,353)
Dividend income	168,603	226,658	1,117,218	1,818,382
Interest on investments held to maturity	869,007	656,801	2,550,510	1,728,218
Interest on debt securities (loans)	261,332	293,520	819,433	920,303
Interest on time and call deposits	948,607	943,025	2,723,481	2,694,954
Foreign exchange (loss) gain	(138,297)	(8,667)	345,617	12,969
Other investment income	242,336	177,724	568,641	463,491
Impairment loss on investments available for sale	(189,043)	(2,443)	(220,933)	(964,089)
Other investment expenses	(184,328)	(1,762,378)	(560,121)	(2,038,981)
	2,376,206	988,470	10,125,281	5,621,685

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2019 KD</i>	<i>2018 KD</i>	<i>2019 KD</i>	<i>2018 KD</i>
Net investment income from designated life Insurance	428,903	412,678	2,059,714	561,830
Net investment income	1,947,303	575,792	8,065,567	5,059,855
	2,376,206	988,470	10,125,281	5,621,685

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

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

Basic and diluted earnings per share are calculated by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares, less treasury shares, outstanding during the period.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2019 KD</i>	<i>2018 KD</i>	<i>2019 KD</i>	<i>2018 KD</i>
Profit attributable to equity holders of the Parent Company	2,595,762	4,013,755	10,707,223	10,597,507
	Shares	Shares	Shares	Shares
Weighted average number of shares, less treasury shares outstanding during the period	179,839,167	179,000,147	179,559,493	179,000,147
Basic and diluted earnings per share	14.43 fils	22.42 fils	59.63 fils	59.20 fils

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

5 CASH AND CASH EQUIVALENTS

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

	<i>30 September 2019 KD</i>	<i>(Audited) 31 December 2018 KD</i>	<i>30 September 2018 KD</i>
Bank balances and cash	14,123,524	15,188,446	14,603,594
Short term and call deposits	46,444,584	49,755,316	40,405,606
Cash and bank balances	60,568,108	64,943,762	55,009,200
Bank overdrafts	(12,119,396)	(46,673,176)	(61,051,250)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	48,448,712	18,270,586	(6,042,050)

6 TERM LOAN

During the current period, the Parent Company obtained two bank loans from local banks to be payables as follows:

a) First loan is payable six annual installments beginning on 1 January 2020 and carry interest rate of 4.25% per annum and the last installment is due on 31 January 2025.

b) Second loan is payable five annual installments beginning on 31 March 2020 and carry interest rate of 4.25% per annum and the last installment is due on 31 March 2024.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

7 SEGMENT INFORMATION

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

a) Segmental interim condensed consolidated statement of income:

	General risk insurance					Life and medical		Total KD
	Marine and aviation KD	Property KD	Motor KD	Engineering KD	General accidents KD	Life insurance KD	Medical insurance KD	
<i>Nine months ended 30 September 2019</i>								
Segment revenue	3,829,792	8,505,594	42,553,420	7,095,947	9,503,419	12,138,324	67,420,470	79,558,794
Segment results	1,646,093	3,802,956	(2,140,063)	881,489	1,622,991	2,398,459	7,739,679	10,138,138
net underwriting income (loss)								151,046,966
<i>Nine months ended 30 September 2018</i>								
Segment revenue	4,065,803	6,446,644	40,643,662	8,056,625	9,609,251	9,079,152	58,773,915	67,853,067
Segment results	1,405,562	834,949	(1,642,738)	2,034,610	2,434,749	1,239,290	6,345,742	7,585,032
net underwriting income (loss)								12,652,164

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

7 SEGMENT INFORMATION (continued)

b) Segmental interim condensed consolidated statement of financial position:

<i>As at 30 September 2019</i>	<i>General risk insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Un-allocated KD</i>	<i>Total KD</i>
Total assets	<u>515,760,366</u>	<u>102,580,787</u>	<u>136,636,492</u>	<u>754,977,645</u>
Total liabilities	<u>436,520,279</u>	<u>104,357,323</u>	<u>88,311,347</u>	<u>629,188,949</u>
<i>31 December 2018</i>	<i>General risk Insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Un-allocated KD</i>	<i>Total KD</i>
Total assets	<u>356,641,802</u>	<u>103,109,862</u>	<u>107,388,589</u>	<u>567,140,253</u>
Total liabilities	<u>285,060,014</u>	<u>105,855,084</u>	<u>63,801,843</u>	<u>454,716,941</u>
<i>As at 30 September 2018</i>	<i>General risk insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Un-allocated KD</i>	<i>Total KD</i>
Total assets	<u>323,796,409</u>	<u>105,013,627</u>	<u>118,280,969</u>	<u>547,091,005</u>
Total liabilities	<u>261,991,183</u>	<u>116,462,415</u>	<u>69,069,146</u>	<u>447,522,744</u>

8 RELATED PARTY DISCLOSURES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

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

	<i>Nine months ended 30 September 2019</i>		<i>Nine months ended 30 September 2018</i>	
	<i>Premiums KD</i>	<i>Claims KD</i>	<i>Premiums KD</i>	<i>Claims KD</i>
Directors and key management personnel	242,276	5,046	277,030	13,721
Other related parties	2,954,709	921,092	2,890,864	414,040
	<u>3,197,485</u>	<u>926,138</u>	<u>3,167,894</u>	<u>427,761</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

8 RELATED PARTY DISCLOSURES (continued)

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

	30 September 2019		(Audited) 31 December 2018		30 September 2018	
	Amounts owed by related parties KD	Amounts owed to related Parties KD	Amounts owed by related parties KD	Amounts owed to related parties KD	Amounts owed by related parties KD	Amounts owed to related parties KD
Directors and key management personnel	329,713	7,920	163,696	20,703	294,798	9,282
Other related parties	1,329,207	1,552,068	1,158,652	667,900	1,263,809	1,059,670
	1,658,920	1,559,988	1,322,348	688,603	1,558,607	1,068,952

The Group holds certain deposits and call accounts with a related party financial institution amounting to KD 5,536,155 (31 December 2018: KD 4,987,605 and 30 September 2018: KD 5,740,709). The Group also holds bonds issued by a major shareholder and other related companies amounting to KD 4,817,000 (31 December 2018: KD 7,855,250 and 30 September 2018: KD 7,844,000).

Compensation of key management personnel is as follows:

	Nine months ended 30 September	
	2019 KD	2018 KD
Salaries and other short-term benefits	438,669	421,284
Employees' end of service benefits	133,761	210,663
	572,430	631,947

9 CONTINGENT LIABILITIES

As at 30 September 2019, the Group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 55,019,974 (31 December 2018: KD 16,393,283 and 30 September 2018: KD 17,091,997).

10 FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities.

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

10 FAIR VALUE MEASUREMENT (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Fair value measurement using</i>			Total KD
	Level 1 KD	Level 2 KD	Level 3 KD	
30 September 2019				
Assets measured at fair value				
Investments available for sale:				
Quoted equity securities	11,539,520	-	-	11,539,520
Unquoted equity securities	-	20,440	5,768,753	5,789,193
Quoted managed funds	225,666	-	-	225,666
Quoted bonds	25,796,683	-	-	25,796,683
Unquoted managed funds	-	649,096	22,443	671,539
Investments carried at fair value through profit or loss:				
<i>Held for trading:</i>				
Quoted securities	4,561,223	-	-	4,561,223
<i>Designated upon initial recognition:</i>				
Managed funds of quoted securities	19,572,007	-	-	19,572,007
Property and equipment				
Land	-	13,396,001	-	13,396,001
Buildings	-	16,515,680	-	16,515,680
Investment properties	-	5,366,854	-	5,366,854
Total	61,695,099	35,948,071	5,791,196	103,434,366

	<i>Fair value measurement using</i>			Total KD
	Level 1 KD	Level 2 KD	Level 3 KD	
31 December 2018				
Assets measured at fair value				
Investments available for sale:				
Quoted equity securities	11,451,612	-	-	11,451,612
Unquoted equity securities	-	20,504	5,478,676	5,499,180
Quoted managed funds	212,109	-	-	212,109
Quoted bonds	23,700,744	-	-	23,700,744
Unquoted managed funds	-	507,231	55,650	562,881
Investments carried at fair value through profit or loss:				
<i>Held for trading:</i>				
Quoted securities	11,490,711	-	-	11,490,711
<i>Designated upon initial recognition:</i>				
Managed funds of quoted securities	13,127,593	-	-	13,127,593
Property and equipment				
Land	-	12,738,867	-	12,738,867
Buildings	-	13,959,374	-	13,959,374
Investment properties	-	4,978,330	-	4,978,330
Total	59,982,769	32,204,306	5,534,326	97,721,401

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

10 FAIR VALUE MEASUREMENT (continued)

	<i>Fair value measurement using</i>			<i>Total fair value KD</i>
	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	
<i>30 September 2018</i>				
<i>Assets measured at fair value</i>				
<i>Investments available for sale:</i>				
Quoted equity securities	11,835,748	-	-	11,835,748
Unquoted equity securities	-	-	5,749,960	5,749,960
Quoted managed funds	218,367	-	-	218,367
Quoted bonds	17,486,514	-	-	17,486,514
Unquoted managed funds	-	838,669	37,906	876,575
<i>Investments carried at fair value through profit or loss:</i>				
<i>Held for trading:</i>				
Quoted securities	8,187,919	-	-	8,187,919
<i>Designated upon initial recognition:</i>				
Managed funds of quoted securities	18,046,226	-	-	18,046,226
<i>Investment properties</i>	-	2,940,619	-	2,940,619
	<u>55,774,774</u>	<u>3,779,288</u>	<u>5,787,866</u>	<u>65,341,928</u>

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

	<i>As at 1 January 2019 KD</i>	<i>Loss recorded in the interim condensed consolidated statement of income KD</i>	<i>Gain (loss) recorded in the interim condensed consolidated statement of comprehensive income KD</i>	<i>As at 30 September 2019 KD</i>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	5,478,676	-	290,077	5,768,753
Unquoted managed funds	55,650	(14,836)	(18,371)	22,443
	<u>5,534,326</u>	<u>(14,836)</u>	<u>271,706</u>	<u>5,791,196</u>
	<i>As at 1 January 2018 KD</i>	<i>Gain recorded in the consolidated statement of income KD</i>	<i>Gain recorded in the consolidated statement of comprehensive income KD</i>	<i>As at 31 December 2018 KD</i>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	5,289,391	-	189,285	5,478,676
Unquoted managed funds	37,906	-	17,744	55,650
	<u>5,327,297</u>	<u>-</u>	<u>207,029</u>	<u>5,534,326</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

10 FAIR VALUE MEASUREMENT (continued)

	<i>As at 1 January 2018 KD</i>	<i>Gain recorded in the interim condensed statement of income KD</i>	<i>Gain recorded in the interim condensed statement of comprehensive income KD</i>	<i>As at 30 September 2018 KD</i>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	5,289,391	-	460,569	5,749,960
Unquoted managed funds	37,906	-	-	37,906
	<u>5,327,297</u>	<u>-</u>	<u>460,569</u>	<u>5,787,866</u>

11 COMPARATIVE INFORMATION

In the prior years, the Group has presented the net position of takaful policyholders as Qard Hasan under other assets. During the current period, the management has decided to present the balances and related results of takaful policyholders on gross basis.

Accordingly, the comparative figures in this interim condensed consolidated financial information have been represented to conform to the current period's presentation. This representation did not result in and change in previously reported profits and total equity. The impact of representation is summarised as follows:

	<i>As previously reported KD</i>	<i>Effect of representation KD</i>	<i>After representation KD</i>
<i>Interim condensed consolidated statement of financial position</i>			
<i>As at 30 September 2018</i>			
ASSETS			
Investments held to maturity	22,537,109	1,434,129	23,971,238
Investments available for sale	33,027,075	3,140,089	36,167,164
Investments carried at fair value through profit or loss	21,270,510	4,963,635	26,234,145
Premiums and insurance balances receivable	114,201,384	10,788,027	124,989,411
Reinsurance recoverable on outstanding claims	113,668,815	5,676,715	119,345,530
Investment properties	2,637,819	302,800	2,940,619
Other assets	24,164,898	894,342	25,059,240
Time deposits	36,495,378	3,024,566	39,519,944
Cash and cash equivalents	52,772,745	2,236,455	55,009,200
LIABILITIES			
Outstanding claims reserve (gross)	169,264,992	9,573,081	178,838,073
Unearned premiums reserve (net)	56,312,586	7,830,047	64,142,633
Life mathematical reserve (net)	19,359,982	6,234,128	25,594,110
Insurance payable	64,595,754	4,821,587	69,417,341
Other liabilities	38,541,471	4,001,919	42,543,390

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

11 COMPARATIVE INFORMATION (continued)

	<i>As previously reported KD</i>	<i>Effect of representation KD</i>	<i>After representation KD</i>
<i>Consolidated statement of financial position</i>			
<i>As at 31 December 2018</i>			
ASSETS			
Investments held to maturity	21,793,233	1,435,822	23,229,055
Investments available for sale	38,400,265	3,026,261	41,426,526
Investments carried at fair value through profit or loss	19,369,175	5,249,129	24,618,304
Premiums and insurance balances receivable	99,497,076	10,357,101	109,854,177
Reinsurance recoverable on outstanding claims	123,620,660	7,347,912	130,968,572
Investment properties	4,522,780	455,550	4,978,330
Other assets	24,219,696	4,660,579	28,880,275
Time deposits	29,488,863	3,189,220	32,678,083
Cash and cash equivalents	62,785,001	2,158,761	64,943,762
LIABILITIES			
Outstanding claims reserve (gross)	184,137,808	11,253,112	195,390,920
Unearned premiums reserve (net)	52,143,506	7,324,071	59,467,577
Life mathematical reserve (net)	17,443,014	7,064,117	24,507,131
Insurance payable	66,200,677	9,101,064	75,301,741
Other liabilities	44,211,712	3,137,971	47,349,683
	<i>As previously reported KD</i>	<i>Effect of representation KD</i>	<i>After representation KD</i>
<i>Interim condensed consolidated statement of income</i>			
<i>As at 30 September 2018</i>			
Revenue:			
Premiums written	252,907,297	21,539,685	274,446,982
Reinsurance premiums ceded	(134,054,831)	(6,488,810)	(140,543,641)
Movement in unearned premiums reserve	(11,875,907)	(1,592,902)	(13,468,809)
Movement in life mathematical reserve	830,149	(993,471)	(163,322)
Commission received on ceded reinsurance	12,279,179	689,285	12,968,464
Policy issuance fees	2,668,400	205,148	2,873,548
Net investment loss from designated life insurance	120,357	441,473	561,830
Expenses:			
Claims incurred	77,513,323	(8,562,863)	86,076,186
Commission and discounts	11,413,836	(3,851,378)	15,265,214
General and administrative expenses	21,461,401	1,246,455	20,214,946
Net investment income	4,810,253	249,602	5,059,855
Unallocated general and administrative expenses	(3,061,308)	2,882,224	(5,943,532)