

**GULF UNION ALAHLIA COOPERATIVE
INSURANCE COMPANY
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL
INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED JUNE 30, 2022
(UNAUDITED)
AND REPORT ON REVIEW OF
INTERIM CONDENSED FINANCIAL
INFORMATION**

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022
(UNAUDITED)**

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Report on review of interim condensed financial information

To the shareholders of Gulf Union Alahlia Cooperative Insurance Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf Union Alahlia Cooperative Insurance Company (the "Company") as of June 30, 2022 and the related interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended and the interim condensed statements of changes in equity and cash flows for the six-month period ended 30 June 2022 and other explanatory notes. The Directors are responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, 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 financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

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GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals unless otherwise stated)

		June 30, 2022	December 31, 2021
	Note	(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents	5	228,442,405	114,982,093
Short-term deposits	6	70,000,000	-
Premiums and reinsurers' receivable - net	7	148,333,919	161,223,340
Premiums receivable - related parties - net	13	8,294,535	4,452,622
Reinsurers' share of unearned premiums	8	39,970,452	44,001,521
Reinsurers' share of outstanding claims	8	30,585,467	34,230,197
Reinsurers' share of claims incurred but not reported	8	18,646,533	21,446,416
Deferred policy acquisition costs		17,857,942	17,232,872
Deferred excess of loss premiums		3,845,544	-
Investments	9	236,557,296	277,766,632
Prepaid expenses and other assets		39,377,095	45,713,164
Long term deposits	6	40,032,877	40,032,877
Property and equipment		7,666,827	8,854,908
Right-of-use assets		6,659,093	7,584,087
Intangible assets		43,139,213	43,378,547
Goodwill	4	67,697,750	67,697,750
Statutory deposit		34,421,196	34,421,196
Accrued income on statutory deposit		7,931,050	7,738,807
TOTAL ASSETS		1,049,459,194	930,757,029
LIABILITIES			
Accounts payable		103,485,124	117,346,288
Accrued and other liabilities		23,815,805	14,500,495
Reinsurers' balances payable		13,132,436	14,478,470
Unearned premiums	8	249,562,850	255,996,173
Unearned reinsurance commission		9,955,920	10,342,959
Outstanding claims	8	88,141,152	93,994,985
Claims incurred but not reported	8	135,657,524	186,847,969
Additional premium reserves	8	23,158,421	22,019,563
Other technical reserves	8	15,085,583	17,984,038
Lease liabilities		6,853,465	6,732,810
Employee benefit obligations		17,424,168	16,927,680
Zakat and income tax	14	21,072,948	20,072,948
Surplus distribution payable		12,711,527	13,748,722
Accrued income payable to SAMA		7,931,050	7,738,807
TOTAL LIABILITIES		727,987,973	798,731,907
EQUITY			
Share capital	1, 15	458,949,280	229,474,640
Statutory reserve	1, 16	4,885,691	4,885,691
Accumulated losses		(133,847,825)	(111,242,809)
Remeasurement reserve of employee benefit obligations		(168,351)	(168,351)
Fair value reserve on investments		(8,347,574)	9,075,951
NET EQUITY		321,471,221	132,025,122
TOTAL LIABILITIES AND EQUITY		1,049,459,194	930,757,029

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

Abdulaziz Al Turki
Chairman of the Board of Directors

Nawaf Al-Otaibi
Chief Accountant

Meshael Al Shayea
Chief Executive Officer

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)


	Note	Three-month period ended June 30, 2022 (Unaudited)	Three-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2022 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)
REVENUES					
Gross premiums written	12	122,193,514	128,214,067	257,243,530	305,293,178
Reinsurance premiums ceded:					
- Foreign		(15,575,057)	(19,238,197)	(39,557,327)	(53,340,342)
- Local		(2,316,686)	(3,564,041)	(6,720,843)	(7,200,600)
Excess of loss premiums:					
- Foreign		(3,681,083)	(9,395,350)	(5,029,898)	(12,359,731)
- Local		(1,065,643)	(505,099)	(1,639,599)	(1,072,559)
Net premiums written		99,555,045	95,511,380	204,295,863	231,319,946
Changes in unearned premiums	8	8,333,421	60,527,772	6,433,323	66,181,327
Changes in reinsurers' share of unearned premiums	8	(7,439,060)	(3,423,451)	(4,031,069)	10,768,549
Net premiums earned		100,449,406	152,615,701	206,698,117	308,269,822
Reinsurance commissions		5,921,474	5,950,855	11,062,294	11,627,257
Fee income from insurance		118,980	85,440	271,011	199,418
Total revenues		106,489,860	158,651,996	218,031,422	320,096,497
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	12	(114,865,592)	(142,737,342)	(257,334,943)	(314,849,763)
Reinsurers' share of gross claims paid		24,027,376	22,390,586	42,314,530	36,041,548
Expenses incurred related to claims		(1,672,060)	(4,156,154)	(3,910,655)	(7,793,908)
Net claims and other benefits paid		(92,510,276)	(124,502,910)	(218,931,068)	(286,602,123)
Changes in outstanding claims	8	6,879,435	7,407,059	5,853,833	(10,188,644)
Changes in reinsurers' share of outstanding claims	8	(4,860,092)	(1,469,880)	(3,644,730)	1,723,388
Changes in claims incurred but not reported	8	17,549,704	(33,649,273)	51,190,445	(23,497,297)
Changes in reinsurers' share of claims incurred but not reported	8	(3,652,786)	3,901,785	(2,799,883)	3,189,850
Net claims and other benefits incurred		(76,594,015)	(148,313,219)	(168,331,403)	(315,374,826)
Policy acquisition costs		(8,475,631)	(14,328,020)	(17,522,236)	(28,139,176)
Changes in additional premium reserves	8	(729,516)	(7,171,265)	(1,138,858)	(17,581,935)
Changes in other technical reserves	8	1,681,407	(1,920,264)	2,898,455	(1,850,692)
Other underwriting expenses		(4,821,139)	(3,526,700)	(11,163,740)	(3,799,695)
Total underwriting costs and expenses, net		(88,938,894)	(175,259,468)	(195,257,782)	(366,746,324)
NET UNDERWRITING INCOME (LOSS)		17,550,966	(16,607,472)	22,773,640	(46,649,827)


(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME (continued)
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended June 30, 2022 (Unaudited)	Three-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2022 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)
	Note				
OTHER OPERATING (EXPENSES) INCOME					
Allowance for doubtful debts	7, 13	411,529	(3,044,068)	(3,033,783)	(6,757,435)
General and administrative expenses		(22,965,565)	(32,388,696)	(50,799,486)	(61,390,177)
Investment and commission income - net		3,773,619	4,515,625	9,248,403	8,722,344
Finance costs on leases		(54,821)	(72,908)	(120,655)	(146,981)
Other income		2,998,743	796,299	3,259,365	2,624,151
Total other operating expenses, net		(15,836,495)	(30,193,748)	(41,446,156)	(56,948,098)
Total income (loss) for the period before surplus attribution, zakat and income tax		1,714,471	(46,801,220)	(18,672,516)	(103,597,925)
Surplus attributed to the insurance operations		-	-	-	-
Total income (loss) for the period before zakat and income tax		1,714,471	(46,801,220)	(18,672,516)	(103,597,925)
Zakat expense	14	(500,000)	(1,000,000)	(1,000,000)	(2,000,000)
Income tax expense	14	-	-	-	-
Total income (loss) for the period attributable to the shareholders		1,214,471	(47,801,220)	(19,672,516)	(105,597,925)
Weighted average number of outstanding shares	18	41,517,221	24,919,184	31,061,253	24,919,184
Earnings (losses) per share (expressed in Saudi Riyals per share)					
Basic losses per share	18	0.03	(1.92)	(0.63)	(4.24)
Diluted losses per share	18	0.03	(1.92)	(0.63)	(4.24)

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.


Abdulaziz Ali Al Kurki
Chairman of the Board of Directors

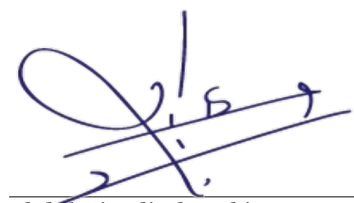

Nawaf Al-Otaibi
Chief Accountant


Meshael Al Shayea
Chief Executive Officer

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended June 30, 2022 (Unaudited)	Three-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2022 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)
	Note				
Total income (loss) for the period attributable to the shareholders		1,214,471	(47,801,220)	(19,672,516)	(105,597,925)
Other comprehensive (loss) income:					
<i>Items that will be reclassified to the statement of income in subsequent periods</i>					
Net change in fair value of available-for-sale investments	9	(12,858,890)	1,058,511	(15,823,524)	2,696,615
Realized gain reclassified to interim condensed statement of income	9	-	-	(1,600,001)	-
Total other comprehensive (loss) income		(12,858,890)	1,058,511	(17,423,525)	2,696,615
Total comprehensive loss for the period		(11,644,419)	(46,742,709)	(37,096,041)	(102,901,310)

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.



Abdulaziz Ali Al Turki
Chairman of the Board of Directors



Nawaf Al-Otaibi
Chief Accountant



Meshael Al Shayea
Chief Executive Officer

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Share premium	Statutory reserve	Accumulated losses	Remeasurement reserve of employee benefit obligations	Fair value reserve on investments	Total
At January 1, 2022 (Audited)		229,474,640	-	4,885,691	(111,242,809)	(168,351)	9,075,951	132,025,122
Total comprehensive loss for the period								
Total loss for the period attributable to the shareholders		-	-	-	(19,672,516)	-	-	(19,672,516)
Realized gain reclassified to the interim condensed statement of income		-	-	-	-	-	(1,600,001)	(1,600,001)
Net change in fair value of available-for-sale investments		-	-	-	-	-	(15,823,524)	(15,823,524)
Total comprehensive loss for the period		-	-	-	(19,672,516)	-	(17,423,525)	(37,096,041)
Issuance of share capital	1	229,474,640	-	-	(2,932,500)	-	-	226,542,140
At June 30, 2022 (Unaudited)		458,949,280	-	4,885,691	(133,847,825)	(168,351)	(8,347,574)	321,471,221
At January 1, 2021 (Audited)		229,474,640	89,488,445	4,885,691	(59,541,995)	(2,203,061)	10,227,790	272,331,510
Total comprehensive (loss) income for the period								
Total loss for the period attributable to the shareholders		-	-	-	(105,597,925)	-	-	(105,597,925)
Net change in fair value of available-for-sale investments		-	-	-	-	-	2,696,615	2,696,615
Total comprehensive (loss) income for the period		-	-	-	(105,597,925)	-	2,696,615	(102,901,310)
Absorption of losses against share premium		-	(89,488,445)	-	89,488,445	-	-	-
At June 30, 2021 (Unaudited)		229,474,640	-	4,885,691	(75,651,475)	(2,203,061)	12,924,405	169,430,200

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

Abdulaziz Ali Al Turki
Chairman of the Board of Directors

Nawaf Al-Otaibi
Chief Accountant

Meshael Al Shayea
Chief Executive Officer

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For six-month period ended June 30, 2022 (Unaudited)	For six-month period ended June 30, 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Total loss for the period before surplus attribution, zakat and income tax		(18,672,516)	(103,597,925)
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		1,266,990	1,148,898
Amortization of intangible assets		4,102,128	1,213,764
Depreciation of right-of-use assets		924,994	973,077
Finance costs on leases		120,655	146,981
Allowance for doubtful debts	7, 13	3,033,783	6,757,435
Investment and commission income		(9,248,403)	(8,722,344)
Provision for employee benefit obligations		496,490	606,928
Gain on termination of lease liabilities		-	(112,288)
		(17,975,879)	(101,585,474)
<u>Changes in operating assets and liabilities:</u>			
Premiums and reinsurers' receivable	7	9,855,636	22,086,624
Premium receivables - related parties	13	(3,841,913)	(658,151)
Reinsurers' share of unearned premiums	8	4,031,069	(10,768,549)
Reinsurers' share of outstanding claims	8	3,644,730	(1,723,388)
Reinsurers' share of claims incurred but not reported	8	2,799,883	(3,189,850)
Deferred policy acquisition costs		(625,070)	4,652,963
Deferred excess of loss premiums		(3,845,544)	(3,707,632)
Prepaid expenses and other assets		38,596,612	(2,816,108)
Accounts payable		(13,861,164)	22,387,409
Accrued and other liabilities		(22,995,621)	8,872,195
Reinsurers' balances payable		(1,346,034)	7,172,469
Unearned premiums	8	(6,433,323)	(66,181,327)
Unearned reinsurance commission		(387,039)	2,101,675
Outstanding claims	8	(5,853,833)	10,188,644
Claims incurred but not reported	8	(51,190,445)	23,497,297
Additional premium reserves	8	1,138,858	17,581,935
Other technical reserves	8	(2,898,455)	1,850,692
Employee benefit obligations paid		-	(1,682,343)
Zakat and income tax paid		-	(1,886,010)
Surplus paid to the policy holders		(1,037,195)	-
Net cash used in operating activities		(72,224,727)	(73,806,929)
			(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

		For six-month period ended June 30, 2022 (Unaudited)	For six-month period ended June 30, 2021 (Unaudited)
	Note		
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of short-term deposits		(70,000,000)	(131,077,083)
Liquidations of short-term deposits		-	217,648,629
Purchases of available-for-sale investments		(17,039,115)	(25,527,118)
Proceeds from sales of available-for-sale investments	9	36,381,251	-
Proceeds from redemption of held-to-maturity investments		6,043,676	3,750,000
Investment and commission income received		7,698,790	8,896,858
Payments for purchases of property and equipment		(78,909)	(349,440)
Additions to intangible assets		(3,862,794)	(2,460,772)
Proceeds from disposal of property and equipment		-	468,264
Liquidation of statutory deposit		-	18,450,000
Net cash (used in) generated from investing activities		(40,857,101)	89,799,338
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		-	(60,982)
Finance cost paid		-	(3,018)
Issue of share capital, net of expenses	1	226,542,140	-
Net cash generated from (used in) financing activities		226,542,140	(64,000)
Net increase in cash and cash equivalents		113,460,312	15,928,409
Cash and cash equivalents at the beginning of the period		114,982,093	179,508,029
Cash and cash equivalents at end of the period	5	228,442,405	195,436,438
Supplemental non-cash information:			
Net change in fair value reserve for available-for-sale Investments	9	(17,453,802)	2,696,615

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.



Abdulaziz Ali Al Turki
Chairman of the Board of Directors



Nawaf Al-Otaibi
Chief Accountant



Meshael Al Shayea
Chief Executive Officer

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information - legal status and principal activities

(a) General information

Gulf Union Alahlia Cooperative Insurance Company (the "Company") is a Saudi joint stock company registered on 13 Sha'aban 1428H (corresponding to August 26, 2007) under Commercial Registration ("CR") number 2050056228. The Company's principal place of business is in Dammam, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities. Its principal lines of business include medical, motor, marine, fire and engineering insurance.

On 2 Jumada II 1424H, (corresponding to July 31, 2003), the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). On 29 Shaban 1428 H, (corresponding to September 11, 2007), the Saudi Central Bank ("SAMA"), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

On 27 Jumada II 1435H, (corresponding to April 27, 2014), the Company received SAMA's approval of its request to change its license of transacting insurance and reinsurance business to insurance business.

The Company operates through six main branches and various point-of-sale stores located in the Kingdom of Saudi Arabia. Following are the CR numbers of the six branches:

Branch type	Location	CR number
Regional branch	Dammam	2050118944
Regional branch	Riyadh	1010247518
Regional branch	Jeddah	4030177933
Regional branch	Riyadh	1010238441
Regional branch	Al Khobar	2051048012
Regional branch	Jeddah	4030224075

(b) Accumulated losses

On June 8, 2022, the Company completed its rights issue amounting to Saudi Riyals 229.5 million, gross of expenses of Saudi Riyals 2.9 million. On June 30, 2022, the accumulated losses of the Company amounted to Saudi Riyals 133.8 million and were 29.1% of the share capital of the Company as of that date.

The total loss attributable to the shareholders of Saudi Riyals 19.6 million and net operating cash outflows of Saudi Riyals 72.2 million for the six-month period ended June 30, 2022 are mainly attributable to the underwriting loss amounting to Saudi Riyals 17.0 million in the motor segment (Note 12). Management has formulated and implemented measures since the end of 2021, as approved by the Company's Board of Directors, which include better pricing strategies for motor policies, diversification of insurance portfolio and improvement in claims management processes, among others. Management expects that this will reflect positively in the operational results and cash flows for the remainder of 2022 provided that the underlying projections of the business and economic conditions continue to be realized.

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information - legal status and principal activities (continued)

(b) Going concern and shareholding percentage

Management has performed an assessment of its going concern assumption and prepared this interim condensed financial information on a going concern basis. Based on the approved business plan of the Company, management believes that the Company will be able to continue its operations and meet its obligations as they fall due within the next 12 months.

Shareholding percentage

The shareholding percentage of the Company at June 30, 2022 and December 31, 2021 was as follows:

	June 30, 2022	December 31, 2021
Shareholding percentage subject to zakat	95%	95%
Shareholding percentage subject to income tax	5%	5%
	100%	100%

2. Basis of preparation

(a) Statement of Compliance

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders' operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity is recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by management of the Company and the Board of Directors.

In accordance with the requirements of Implementing Regulation for Co-operative Insurance Companies (the "Regulations") issued by SAMA and as per by-laws of the Company, shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders' operations in full.

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders' operations are presented in Note 19 of the interim condensed financial information as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, income, comprehensive income and cash flows prepared for the insurance operations and shareholders' operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company's financial information in compliance with IAS 34, as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022
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2. Basis of preparation (continued)

(b) Basis of measurement

The interim condensed financial information is prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual financial statements for the year ended December 31, 2021.

The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, short-term deposits, premiums and reinsurers' receivable - net, premiums receivable - related parties - net, deferred excess of loss premiums, prepaid expenses and other assets, accrued income on statutory deposit, accounts payable, accrued and other liabilities, zakat and income tax, surplus distribution payable, accrued income payable to SAMA, reinsurers' share of outstanding claims, outstanding claims, claims incurred but not reported, additional premium reserves, other technical reserves and reinsurers' share of claims incurred but not reported. The following balances would generally be classified as non-current: investments, goodwill property and equipment, right-of-use assets, intangible assets, statutory deposit, long term deposit and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include reinsurers' share of unearned premiums, deferred policy acquisition, unearned premiums, unearned reinsurance commission reinsurers' balances payable and lease liabilities.

(c) Basis of presentation

The interim condensed financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2021.

(d) Functional and presentation currency

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company.

(e) Critical accounting judgments, estimates and assumptions

The preparation of interim financial information requires management to make judgments, 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 this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2021.

Following are the accounting judgments and estimates that are critical in preparation of this interim condensed financial information:

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2. Basis of preparation (continued)

(e) Critical accounting judgments, estimates and assumptions (continued)

(i) Liability arising from claims under insurance contracts

Considerable judgement by management is required in the estimation of amounts due to policyholders arising from claims made under insurance policies. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported ("IBNR") claims at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions, if any, are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and claims incurred but not reported, on a quarterly basis. The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

(ii) Impairment of premiums and reinsurers' receivable

An estimate of the uncollectible amount of premiums receivable, if any, is made when collection of the full amount of the receivables as per the original terms of the insurance policy is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due and Company's past experience.

(iii) Impairment of available-for-sale investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Company evaluates other factors, including normal volatility in share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

(iv) Right-of-use assets and lease liabilities

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(v) Impairment testing of goodwill

The Company's management tests, at each reporting date, whether goodwill arising on merger has suffered any impairment. This requires an estimation of the recoverable amount of the cash generating unit ("CGU") to which goodwill has been allocated. The key assumptions used in determining the recoverable amounts are set out in Note 4.

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2. Basis of preparation (continued)

(f) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company. The interim results may not represent a proportionate share of the annual results due to cyclical variability in premiums and uncertainty of claims occurrences.

The accounting policies, estimates and assumptions used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2021, except as explained below.

3. Significant accounting policies

3.1 New standards, amendments and interpretations not yet applied by the Company

- IFRS 9, 'Financial Instruments' (including amendments to IFRS 4, Insurance Contracts)

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized or at fair value through other comprehensive income, if certain conditions are met. Assets not meeting either of the above categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle-based approach.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2023. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

The Company is eligible and has chosen to apply the deferral approach under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

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3. Significant accounting policies (continued)

3.1 New standards, amendments and interpretations not yet applied by the Company (continued)

- IFRS 9, 'Financial Instruments' (including amendments to IFRS 4, Insurance Contracts) (continued)

For detailed impact assessment of IFRS 9 adoption, reference to the annual financial statements for the year ended December 31, 2021 should be made.

- IFRS 17, 'Insurance Contracts'

Applicable for the period beginning on or after January 1, 2023 and will supersede IFRS 4. Earlier adoption is permitted if IFRS 9 has also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance contracts that will affect the interim condensed statements of financial position, income and comprehensive income. The Company has decided not to early adopt this new standard.

For detailed impact assessment of IFRS 17 adoption, reference to the annual financial statements for the year ended December 31, 2021 should be made.

3.2 Risk management

The Company's activities expose it to variety of financial risks: market risk (including commission rate risk, currency risk and price risk), credit risk and liquidity risk.

The interim condensed financial information does not include all financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020. There have been no changes in the risk management department or in any risk management policies since the year end except that the Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required.

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4. Goodwill

The goodwill arising from the merger is attributable to the expected synergies from combining the operations of the Gulf Union and Al Ahlia Cooperative Insurance Company ("Al Ahlia") and cannot be assigned to any other determinable and separate provisional intangible asset. Goodwill is allocated to the Company as a single CGU, being the combined operations of the Company and Al Ahlia. Management's judgment to allocate goodwill to the Company considered the broader reason for which acquisition was made, i.e. synergies from combining the operations. The Company tests the goodwill for impairment at each reporting date. For the impairment testing, management determines the recoverable amount of the CGU based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows, based on the most recent five years' approved business plan, and use of an appropriate discount rate applicable to the circumstances of the Company. Cash flows beyond the five-years period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with the forecasts included in industry reports specific to the industry in which the CGU operates. The calculation of value in use is most sensitive to the assumptions of gross premiums written growth and average claims ratio. Key assumptions underlying the projections are:

Key assumptions	%
Gross premiums written growth	5.2
Average claims ratio	85.0
Discount rate	10.5
Terminal growth rate	2.0

Sensitivity to the changes in assumptions

The estimated recoverable amount of the CGU exceeded its carrying value by approximately Saudi Riyals 40.9 million. Management has identified that a reasonably possible change in the below given key assumptions could cause the carrying amount to exceed the recoverable amount.

Gross premiums written growth

The gross premiums written growth in the forecast period has been estimated to be a compound annual growth rate of 5.19%. If all other assumptions kept the same, a reduction of this growth rate from 5.19% to 4.70% would give a value in use equal to the current carrying amount.

Average claims ratio

The average claims ratio in the forecast period has been estimated to be 85.0%. If all other assumptions kept the same, an increase of this ratio from 85.0% to 85.6% would give a value in use equal to the current carrying amount.

Discount rate

The discount rate used to calculate the present value of future cashflows in the forecast period has been estimated to be 10.5%. If all other assumptions kept the same, an increase of this ratio from 10.5% to approximately 11.3% would give a value in use equal to the current carrying amount.

Terminal Growth rate

The terminal gross premiums written growth in the forecast period has been estimated to be 2.0%. If all other assumptions kept the same, a decrease of this ratio from 2.0% to 1.02% would give a value in use equal to the current carrying amount.

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the other key assumptions above would cause the carrying value of CGU including goodwill to materially exceed its recoverable amount.

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5. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	Insurance operations		Shareholders' operations	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Cash in hand	-	20,190	-	-
Cash at bank - current accounts	10,559,526	10,366,715	51,530,079	2,999,940
Time deposits	30,276,250	30,279,792	136,076,550	71,315,456
	40,835,776	40,666,697	187,606,629	74,315,396

Cash at banks is placed with counterparties with sound credit ratings. As at June 30, 2022, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned commission income at an average rate of 1.8% to 6% (December 31, 2021: 1.6% to 6%) per annum.

6. Short-term and long-term deposits

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement and a commission income rate of 3.1%. Long-term deposits represents deposit with maturity of more than one year from the date of placement and is placed with the financial institution carrying commission income at the rate of 6% per annum and will mature by September 2024.

7. Premiums and reinsurers' receivable - net

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Premiums receivable from policyholders	158,611,365	148,699,770
Premiums receivable from brokers	17,079,740	27,934,934
Receivable from reinsurance companies	26,884,549	35,540,016
	202,575,654	212,174,720
Allowance for doubtful debts:		
- Receivable from policyholders	(44,807,114)	(41,393,582)
- Receivable from brokers	(3,941,136)	(4,273,816)
- Receivable from reinsurance companies	(5,493,485)	(5,283,982)
	(54,241,735)	(50,951,380)
	148,333,919	161,223,340

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7. Premiums and reinsurers' receivable - net (continued)

Movement in the allowance for doubtful debts was as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At beginning of the period / year	50,951,380	48,962,389
Charge for the period / year	3,290,355	2,870,788
Write-off during the period / year	-	(881,797)
At end of the period / year	54,241,735	50,951,380

8. Technical reserves

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise the following:

	Six-month period ended June 30, 2022 (Unaudited)		
	Gross	Reinsurance	Net
January 1	93,994,985	(34,230,197)	59,764,788
Claims paid	(261,245,598)	42,314,530	(218,931,068)
Claims incurred	282,281,649	(40,717,469)	241,564,180
June 30	115,031,036	(32,633,136)	82,397,900
Salvage and subrogation	(26,889,884)	2,047,669	(24,842,215)
Gross outstanding claims	88,141,152	(30,585,467)	57,555,685
Claims incurred but not reported	135,657,524	(18,646,533)	117,010,991
Additional premium reserves	23,158,421	-	23,158,421
Other technical reserves	15,085,583	-	15,085,583
June 30	262,042,680	(49,232,000)	212,810,680
	Year ended December 31, 2021 (Audited)		
	Gross	Reinsurance	Net
January 1	104,742,560	(48,489,107)	56,253,453
Claims paid	(635,933,259)	89,703,315	(546,229,944)
Claims incurred	658,128,475	(77,779,426)	580,349,049
December 31	126,937,776	(36,565,218)	90,372,558
Salvage and subrogation	(32,942,791)	2,335,021	(30,607,770)
Gross outstanding claims	93,994,985	(34,230,197)	59,764,788
Claims incurred but not reported	186,847,969	(21,446,416)	165,401,553
Additional premium reserves	22,019,563	-	22,019,563
Other technical reserves	17,984,038	-	17,984,038
December 31	320,846,555	(55,676,613)	265,169,942

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8. Technical reserves (continued)

8.2 Movement in net unearned premiums

Movement in unearned premiums comprise the following:

	Six-month period ended June 30, 2022 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	255,996,173	(44,001,521)	211,994,652
Balance as at the end of the period	(249,562,850)	39,970,452	(209,592,398)
Changes in unearned premiums	6,433,323	(4,031,069)	2,402,254
Premium written during the period	257,243,530	(46,278,170)	210,965,360
Excess of loss premiums	-	(6,669,497)	(6,669,497)
Net premium earned	263,676,853	(56,978,736)	206,698,117

	Year ended December 31, 2021 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	375,588,801	(36,474,798)	339,114,003
Balance as at the end of the year	(255,996,173)	44,001,521	(211,994,652)
Changes in unearned premiums	119,592,628	7,526,723	127,119,351
Premium written during the year	572,523,050	(107,358,473)	465,164,577
Excess of loss premiums	-	(22,451,425)	(22,451,425)
Net premium earned	692,115,678	(122,283,175)	569,832,503

9. Investments

(a) *Investments are classified as follows:*

	Insurance operations		Shareholders' operations	
	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Available-for-sale	121,305,287	124,878,010	85,810,916	117,403,853
Held-to-maturity	9,931,031	14,933,044	19,510,062	20,551,725
	131,236,318	139,811,054	105,320,978	137,955,578

(b) *Category wise investment analysis is as follows:*

	Insurance operations		Shareholders' operations	
	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Quoted	119,382,209	127,956,945	90,470,988	122,480,777
Unquoted	11,854,109	11,854,109	14,849,990	15,474,801
	131,236,318	139,811,054	105,320,978	137,955,578

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9. Investments (continued)

(c) *The analysis of the composition of investments is as follows:*

	Insurance operations		Shareholders' operations	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Mutual funds	22,571,409	19,355,265	12,718,522	28,783,585
Ordinary shares	1,923,078	1,923,078	1,923,078	1,923,078
Sukuks	106,741,831	118,532,711	90,679,378	107,248,915
	131,236,318	139,811,054	105,320,978	137,955,578

Management has performed a review of the impairment indicators for available-for-sale investments and based on specific information, management did not identify any impairment indicators in respect of the available-for-sale investments.

All investments are denominated in Saudi Riyals and United States Dollars. As at the reporting date, investments amounting to Saudi Riyals 32.2 million were denominated in United States Dollars (December 31, 2021: Saudi Riyals 24.7 million).

(d) *Movement in available-for-sale investments is as follows:*

	Insurance operations		Shareholders' operations	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
At the beginning of the period / year	124,878,010	109,187,954	117,403,853	114,817,528
Acquisitions during the period / year	6,661,897	19,288,091	10,377,218	10,000,000
Additions from merger	-	-	-	-
Disposals during the period / year	-	-	(36,381,251)	(10,000,000)
Unrealized (losses) gains	(10,234,620)	(3,598,035)	(5,588,904)	2,586,325
Realized (losses) gains on disposals	-	-	(1,600,001)	140,129
Reclassified from equity to interim condensed statement of income	-	-	1,600,001	(140,129)
At the end of period / year	121,305,287	124,878,010	85,810,916	117,403,853

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9. Investments (continued)

(e) *Movement in held-to-maturity investments is as follows:*

	Insurance operations		Shareholders' operations	
	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	14,933,044	5,002,013	20,551,725	28,051,719
Transfer / acquisitions during the period / year	-	9,931,031	-	-
Redemption/disposals / transfer during the period / year	(5,002,013)	-	(1,041,663)	(7,499,994)
At the end of period / year	9,931,031	14,933,044	19,510,062	20,551,725

Insurance operations

Security	Issuer	Maturity	Location	Profit margin	Amortized cost	
					June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
SEC - Sukuk 'Islamic Leasing and Finance Fund 21	SEC	May 2022	Saudi Arabia	3.15%	-	5,002,013
	NBK Wealth Management	August 2026	Saudi Arabia	6.0%	9,931,031	9,931,031
					9,931,031	14,933,044

Shareholders' operations

Security	Issuer	Maturity	Location	Profit margin	Amortized cost	
					June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
STC Sukuk Maaden phosphate company - Sukuks	STC Maaden phosphate company - Sukuks	September 2024	Saudi Arabia	2.49%	2,000,000	2,000,000
		February 2025	Saudi Arabia	3.44% 6 months SIBOR	5,000,000	5,000,000
Sukuk	Saudi Kuwait Finance House	June 2021	Saudi Arabia	plus 7.50% SIBOR	416,762	1,458,425
Sukuk	AlAwwal Energy Fund	December 2028	Saudi Arabia	plus 8.2%	12,093,300	12,093,300
					19,510,062	20,551,725

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9. Investments (continued)

(f) *Geographical concentration:*

The maximum exposure to credit and price risk for available-for-sale and held-to-maturity investments at the reporting date by geographic region is as follows:

	Insurance operations		Shareholders' operations	
	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Kingdom of Saudi Arabia	127,932,680	136,030,860	94,994,933	117,036,409
United Arab Emirates	-	-	-	10,663,253
France	-	-	-	7,089,263
Switzerland	-	-	-	3,166,653
United Kingdom	3,303,638	3,780,194	10,326,045	-
	131,236,318	139,811,054	105,320,978	137,955,578

10. Commitments and contingencies

- i) The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these cases will have a material impact on the Company's financial performance.
- ii) See Note 14 for contingencies pertaining to zakat and income tax assessments.
- iii) As at June 30, 2022, the Company was contingently liable for financial guarantees issued against litigation in the normal course of business amounting to Saudi Riyals 1.0 million (December 31, 2021: Saudi Riyals 1.0 million).

11. Fair value of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

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

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. As at June 30, 2022 and December 31, 2021, the face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values. The fair values of the non-current financial liabilities are considered to approximate to their carrying amounts as these carry interest rates which are based on market interest rates.

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11. Fair value of financial instruments (continued)

(a) *Carrying amounts and fair value*

June 30, 2022 (Unaudited)				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - available-for-sale	35,289,931	-	-	35,289,931
Sukuks - available-for-sale	167,980,116	-	-	167,980,116
Ordinary shares - available-for-sale	-	-	3,846,156	3,846,156
Financial assets not measured at fair value				
Held-to-maturity	7,000,000	22,441,093	-	29,441,093
Total investments	210,270,047	22,441,093	3,846,156	236,557,296

December 31, 2021 (Audited)				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - available-for-sale	48,138,850	-	-	48,138,850
Sukuks - available-for-sale	190,296,857	-	-	190,296,857
Ordinary shares - available-for-sale	-	-	3,846,156	3,846,156
Financial assets not measured at fair value				
Held-to-maturity	12,002,013	23,482,756	-	35,484,769
Total investments	250,437,720	23,482,756	3,846,156	277,766,632

During the six-month ended June 30, 2022, there have been no transfers between level 1, level 2 and level 3. Available-for-sale investment comprises equity investment of 384,616 shares of Najm for Insurance Services (Najm) (December 31, 2021: 384,616 shares). As at June 30, 2022 and December 31, 2021, the investment is carried at cost as management considers that the recent available information is insufficient to determine fair value and the cost represents the best estimate of fair value in the current circumstances.

Cash and cash equivalents, deposits, premiums and reinsurers' balances receivable - net, premium receivable - related parties - net, reinsurers' share of outstanding claims, statutory deposit, accrued income on statutory deposits and the financial liabilities except employee benefit obligations are measured at amortized cost.

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12. Segmental information

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2021.

Segment results do not include other underwriting expenses, general and administration expenses, allowances for doubtful debts, investment and commission income, realized gain (loss) on investments and other income.

Segment assets do not include cash and cash equivalents, premiums and reinsurers' receivable - net, premiums receivable - related parties, net, investments, prepaid expenses and other assets, long term deposits, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit. Accordingly, they are included in unallocated assets. Segment liabilities do not include accounts payable, accrued and other liabilities, reinsurer's balances payable, lease liabilities, employee benefit obligations, zakat and income tax, surplus distribution payable, accrued commission income payable to SAMA. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:

- Medical;
- Motor;
- Property and casualty; and
- Protection and savings.

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities as at June 30, 2022 and December 31, 2021 and its total revenues, expenses, and net loss for the six-month ended June 30, 2022 and June 30, 2021 is as follows:

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12. Segmental information (continued)

June 30, 2022 (Unaudited)	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Assets						
Reinsurers' share of unearned Premiums	-	19,595,519	20,374,933	-	-	39,970,452
Reinsurers' share of outstanding Claims	175,989	10,508,354	19,901,124	-	-	30,585,467
Reinsurers' share of claims incurred but not reported	5,415,155	7,264,652	5,966,726	-	-	18,646,533
Deferred policy acquisition costs	4,991,081	7,780,906	5,085,955	-	-	17,857,942
Deferred excess of loss premiums	1,652,500	1,334,416	858,628	-	-	3,845,544
Segment assets	12,234,725	46,483,847	52,187,366	-	-	110,905,938
Unallocated assets					589,468,696	938,553,256
Total assets					700,374,634	1,049,459,194
Total liabilities						
Unearned premiums	95,383,735	109,460,161	44,718,954	-	-	249,562,850
Unearned reinsurance commission	-	3,811,213	6,144,707	-	-	9,955,920
Outstanding claims	20,131,056	25,637,170	42,372,926	-	-	88,141,152
Claims incurred but not reported	74,866,769	44,402,626	16,388,129	-	-	135,657,524
Additional premium reserves	-	22,816,204	342,217	-	-	23,158,421
Other technical reserves	8,500,159	4,393,920	2,191,504	-	-	15,085,583
Segment liabilities	198,881,719	210,521,294	112,158,437	-	-	521,561,450
Unallocated liabilities and equity					168,943,486	527,897,744
Total liabilities and equity					690,504,936	1,049,459,194

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12. Segmental information (continued)

	December 31, 2021 (Audited)	Insurance operations			Shareholders' operations	Total
		Medical	Motor	Property and casualty and savings		
Assets						
Reinsurers' share of unearned Premiums	-	26,910,825	17,090,696	-	-	44,001,521
Reinsurers' share of outstanding Claims	175,989	12,977,197	21,077,011	-	-	34,230,197
Reinsurers' share of claims incurred but not reported	7,679,230	5,852,711	7,914,475	-	-	21,446,416
Deferred policy acquisition costs	6,847,593	6,478,136	3,907,143	-	-	17,232,872
Segment assets	14,702,812	52,218,869	49,989,325	-	-	116,911,006
Unallocated assets					365,906,596	813,846,023
Total assets					365,906,596	930,757,029
Total liabilities						
Unearned premiums	112,185,331	108,065,758	35,745,084	-	-	255,996,173
Unearned reinsurance commission	-	5,255,283	5,087,676	-	-	10,342,959
Outstanding claims	21,366,735	26,238,457	46,389,793	-	-	93,994,985
Claims incurred but not reported	126,019,918	41,810,839	19,017,212	-	-	186,847,969
Additional premium reserves	7,338,707	14,114,751	566,105	-	-	22,019,563
Other technical reserves	10,718,891	4,803,164	2,461,983	-	-	17,984,038
Segment liabilities	277,629,582	200,288,252	109,267,853	-	-	587,185,687
Unallocated liabilities and equity					158,081,296	343,571,342
Total liabilities and equity					158,081,296	930,757,029

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12. Segmental information (continued)

For the six-month period ended June 30, 2022 (Unaudited)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
REVENUES						
Gross premiums written	91,632,145	113,506,641	52,104,744	-	-	257,243,530
Reinsurance premiums ceded:						
- Foreign	-	(17,225,183)	(22,332,144)	-	-	(39,557,327)
- Local	-	(76,295)	(6,644,548)	-	-	(6,720,843)
Excess of loss expenses:						
- Foreign	(3,505,021)	(870,589)	(654,288)	-	-	(5,029,898)
- Local	(971,433)	(463,826)	(204,340)	-	-	(1,639,599)
Net premiums written	87,155,691	94,870,748	22,269,424	-	-	204,295,863
Changes in unearned premiums						
Changes in reinsurers' share of unearned premiums	16,801,598	(1,394,403)	(8,973,872)	-	-	6,433,323
Net premiums earned	103,957,289	86,161,036	16,579,792	-	-	206,698,117
Reinsurance commissions	-	4,405,100	6,657,194	-	-	11,062,294
Fee income from insurance	7,305	29,666	234,040	-	-	271,011
TOTAL REVENUES	103,964,594	90,595,802	23,471,026	-	-	218,031,422
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(130,260,121)	(120,000,688)	(7,074,134)	-	-	(257,334,943)
Reinsurers' share of claims paid	8,565,365	30,741,567	3,007,598	-	-	42,314,530
Expenses incurred related to claims	(3,710,655)	(200,000)	-	-	-	(3,910,655)
Net claims and other benefits paid	(125,405,411)	(89,459,121)	(4,066,536)	-	-	(218,931,068)

(continued)

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12. Segmental information (continued)

For the six-month period ended June 30, 2022 (Unaudited) (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Changes in outstanding claims	1,235,679	559,537	4,058,617	-	5,853,833	5,853,833
Changes in reinsurers' share of outstanding claims	-	(2,457,968)	(1,186,762)	-	(3,644,730)	(3,644,730)
Changes in claims incurred but not reported	51,153,151	(2,591,786)	2,629,080	-	51,190,445	51,190,445
Changes in reinsurers' share of claims incurred but not reported	(2,264,076)	1,411,940	(1,947,747)	-	(2,799,883)	(2,799,883)
Net claims and other benefits incurred	(75,280,657)	(92,537,398)	(513,348)	-	(168,331,403)	(168,331,403)
Policy acquisition costs	(6,910,368)	(6,800,524)	(3,811,344)	-	(17,522,236)	(17,522,236)
Changes in additional premium reserves	7,338,707	(8,701,452)	223,887	-	(1,138,858)	(1,138,858)
Changes in other technical reserves	2,218,733	409,243	270,479	-	2,898,455	2,898,455
Other underwriting expenses	-	(11,163,740)	-	-	(11,163,740)	(11,163,740)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET	(72,633,585)	(118,793,871)	(3,830,326)	-	(195,257,782)	(195,257,782)
NET UNDERWRITING INCOME (LOSS)	31,331,009	(28,198,069)	19,640,700	-	22,773,640	22,773,640

(continued)

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12. Segmental information (continued)

For the six-month period ended June 30, 2022 (Unaudited) (continued)

	Insurance operations			Shareholders' operations	Total
	Medical	Motor	Property and casualty and savings		
OTHER OPERATING (EXPENSES) INCOME					
Allowance for doubtful debts			(3,033,785)	-	(3,033,785)
General and administrative expenses			(49,058,458)	(1,741,026)	(50,799,484)
Investment and commission income			2,928,473	6,319,930	9,248,403
Finance costs on leases			(120,655)	-	(120,655)
Other income			3,259,365	-	3,259,365
Total other operating (expenses) income, net			(46,025,060)	4,578,904	(41,446,156)
Total (loss) income for the period before surplus attribution, zakat and income tax			(23,251,420)	4,578,904	(18,672,516)
Surplus attributed to the shareholders' operations			-	-	-
Total (loss) income for the period before zakat and income tax			(23,251,420)	4,578,904	(18,672,516)
Zakat expense			-	(1,000,000)	(1,000,000)
Income tax expense			-	-	-
Total (loss) income for the period attributable to the shareholders			(23,251,420)	3,578,904	(19,672,516)

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12. Segmental information (continued)

For the six-month period ended June 30, 2021 (Unaudited)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
REVENUES						
Gross premiums written	136,243,779	119,398,150	49,651,249	-	-	305,293,178
Reinsurance premiums ceded:						
- Foreign	-	(26,253,238)	(27,087,104)	-	-	(53,340,342)
- Local	-	(3,255,596)	(3,945,004)	-	-	(7,200,600)
Excess of loss expenses:						
- Foreign	(9,496,365)	(1,753,371)	(1,109,995)	-	-	(12,359,731)
- Local	(700,000)	(176,946)	(195,613)	-	-	(1,072,559)
Net premiums written	126,047,414	87,958,999	17,313,533	-	-	231,319,946
Changes in unearned premiums	73,692,715	(8,069,288)	557,900	-	-	66,181,327
Changes in reinsurers' share of unearned premiums	-	9,441,321	1,327,228	-	-	10,768,549
Net premiums earned	199,740,129	89,331,032	19,198,661	-	-	308,269,822
Reinsurance commissions	-	3,941,283	7,685,974	-	-	11,627,257
Fee income from insurance	11,300	29,130	158,988	-	-	199,418
TOTAL REVENUES	199,751,429	93,301,445	27,043,623	-	-	320,096,497
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(215,061,049)	(92,838,117)	(6,950,597)	-	-	(314,849,763)
Reinsurers' share of claims paid	12,972,409	19,914,835	3,154,304	-	-	36,041,548
Expenses incurred related to claims	(2,990,704)	(4,803,204)	-	-	-	(7,793,908)
Net claims and other benefits paid	(205,079,344)	(77,726,486)	(3,796,293)	-	-	(286,602,123)

(continued)

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12. Segmental information (continued)

For the six-month period ended June 30, 2021 (Unaudited) (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Changes in outstanding claims	(13,383,760)	9,589,041	(6,393,925)	-	(10,188,644)	(10,188,644)
Changes in reinsurers' share of outstanding claims	(504,227)	(2,319,951)	4,547,566	-	1,723,388	1,723,388
Changes in claims incurred but not reported	(16,417,607)	(2,220,322)	(4,859,368)	-	(23,497,297)	(23,497,297)
Changes in reinsurers' share of claims incurred but not reported	1,137,092	800,341	1,252,417	-	3,189,850	3,189,850
Net claims and other benefits incurred	(234,247,846)	(71,877,377)	(9,249,603)	-	(315,374,826)	(315,374,826)
Policy acquisition costs	(16,860,905)	(7,520,978)	(3,757,293)	-	(28,139,176)	(28,139,176)
Changes in additional premium reserves	(27,035,884)	9,453,949	-	-	(17,581,935)	(17,581,935)
Changes in other technical reserves	(1,750,268)	139,915	(240,339)	-	(1,850,692)	(1,850,692)
Other underwriting expenses	(454,330)	(3,345,365)	-	-	(3,799,695)	(3,799,695)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET	(280,349,233)	(73,149,856)	(13,247,235)	-	(366,746,324)	(366,746,324)
NET UNDERWRITING (LOSS) INCOME	(80,597,804)	20,151,589	13,796,388	-	(46,649,827)	(46,649,827)

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12. Segmental information (continued)

For the six-month period ended June 30, 2021 (Unaudited) (continued)

	Insurance operations			Shareholders'	Total
	Medical	Motor	Property and casualty and savings	operations	
OTHER OPERATING (EXPENSES) INCOME					
Allowance for doubtful debts			(6,757,435)	-	(6,757,435)
General and administrative expenses			(60,020,270)	(1,369,907)	(61,390,177)
Investment and commission income			2,814,296	5,908,048	8,722,344
Finance costs on leases			(146,981)	-	(146,981)
Other income			2,624,151	-	2,624,151
Total other operating (expenses) income, net			(61,486,239)	4,538,141	(56,948,098)
Total (loss) income for the period before surplus attribution, zakat and income tax			(108,136,066)	4,538,141	(103,597,925)
Surplus attributed to the shareholders' operations			-	-	-
Total (loss) income for the period before zakat and income tax			(108,136,066)	4,538,141	(103,597,925)
Zakat expense			-	(2,000,000)	(2,000,000)
Income tax expense			-	-	-
Total (loss) income for the period attributable to the shareholders			(108,136,066)	2,538,141	(105,597,925)

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12. Segmental information (continued)

Gross premiums written for the six-month period ended June 30, 2022 can be categorised in the following client categories:

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	19,914,733	40,996,846	28,624,015	-	89,535,594
Medium corporates	10,038,039	54,319,107	9,522,312	-	73,879,458
Small enterprises	16,937,707	10,477,458	3,288,326	-	30,703,491
Micro enterprises	21,756,260	2,199,742	758,116	-	24,714,118
Retail	22,985,406	5,513,488	9,911,975	-	38,410,869
	91,632,145	113,506,641	52,104,744	-	257,243,530

Gross premiums written for the three-month period ended June 30, 2022 can be categorized in following client categories:

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	12,142,444	24,001,909	9,515,034	-	45,659,387
Medium corporates	6,555,965	18,599,713	3,728,932	-	28,884,610
Small enterprises	8,523,357	3,553,054	1,281,339	-	13,357,750
Micro enterprises	11,422,097	632,539	613,323	-	12,667,959
Retail	13,800,599	3,305,206	4,518,003	-	21,623,808
	52,444,462	50,092,421	19,656,631	-	122,193,514

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12. Segmental information (continued)

Gross premiums written for the six-month period ended June 30, 2021 can be categorised in the following client categories:

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	20,428,687	52,553,765	28,797,632	-	101,780,084
Medium corporates	8,599,284	53,328,051	11,642,191	-	73,569,526
Small enterprises	6,514,886	8,847,868	3,963,207	-	19,325,961
Micro enterprises	15,214,705	3,622,546	375,075	-	19,212,326
Retail	85,486,217	1,045,920	4,873,144	-	91,405,281
	136,243,779	119,398,150	49,651,249	-	305,293,178

Gross premiums written for the three-month period ended June 30, 2021 can be categorized in following client categories:

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	15,057,380	25,473,504	9,212,203	-	49,743,087
Medium corporates	5,333,124	23,496,794	2,800,959	-	31,630,877
Small enterprises	2,587,641	2,741,340	1,317,330	-	6,646,311
Micro enterprises	5,089,898	1,385,883	176,871	-	6,652,652
Retail	30,904,631	564,371	2,072,138	-	33,541,140
	58,972,674	53,661,892	15,579,501	-	128,214,067

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12. Segmental information (continued)

For the three-month period ended June 30, 2022 (Unaudited)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
REVENUES						
Gross premiums written	52,444,462	50,092,421	19,656,631	-	-	122,193,514
Reinsurance premiums ceded:						
- Foreign	-	(7,582,421)	(7,992,636)	-	-	(15,575,057)
- Local	-	(26,324)	(2,290,362)	-	-	(2,316,686)
Excess of loss expenses:						
- Foreign	(2,802,708)	(449,061)	(429,314)	-	-	(3,681,083)
- Local	(847,496)	(218,147)	-	-	-	(1,065,643)
Net premiums written	48,794,258	41,816,468	8,944,319	-	-	99,555,045
Changes in unearned premiums	(310,043)	5,810,451	2,833,013	-	-	8,333,421
Changes in reinsurers' share of unearned premiums	-	(4,189,664)	(3,249,396)	-	-	(7,439,060)
Net premiums earned	48,484,215	43,437,255	8,527,936	-	-	100,449,406
Reinsurance commissions	-	2,123,893	3,797,581	-	-	5,921,474
Fee income from insurance	5,455	13,330	100,195	-	-	118,980
TOTAL REVENUES	48,489,670	45,574,478	12,425,712	-	-	106,489,860
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(50,731,851)	(60,445,176)	(3,688,565)	-	-	(114,865,592)
Reinsurers' share of claims paid	4,642,346	17,359,226	2,025,804	-	-	24,027,376
Expenses incurred related to claims	(1,672,060)	-	-	-	-	(1,672,060)
Net claims and other benefits paid	(47,761,565)	(43,085,950)	(1,662,761)	-	-	(92,510,276)

(continued)

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12. Segmental information (continued)

For the three-month period ended June 30, 2022 (Unaudited) (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Changes in outstanding claims	1,833,032	2,086,835	2,959,568	-	-	6,879,435
Changes in reinsurers' share of outstanding claims	-	(4,563,018)	(297,074)	-	-	(4,860,092)
Changes in claims incurred but not reported	8,950,060	6,049,301	2,550,343	-	-	17,549,704
Changes in reinsurers' share of claims incurred but not reported	(724,728)	(2,515,697)	(412,361)	-	-	(3,652,786)
Net claims and other benefits incurred	(37,703,201)	(42,028,529)	3,137,715	-	-	(76,594,015)
Policy acquisition costs	(3,047,088)	(3,414,878)	(2,013,665)	-	-	(8,475,631)
Changes in additional premium reserves	-	(567,501)	(162,015)	-	-	(729,516)
Changes in other technical reserves	480,623	965,730	235,054	-	-	1,681,407
Other underwriting expenses	-	(4,821,139)	-	-	-	(4,821,139)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET	(40,269,666)	(49,866,317)	1,197,089	-	-	(88,938,894)
NET UNDERWRITING INCOME (LOSS)	8,220,004	(4,291,839)	13,622,801	-	-	17,550,966

(continued)

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12. Segmental information (continued)

For the three-month period ended June 30, 2022 (Unaudited) (continued)

	Insurance operations			Shareholders' operations	Total
	Medical	Motor	Property and casualty and savings		
OTHER OPERATING (EXPENSES) INCOME					
Allowance for doubtful debts		411,529	-	-	411,529
General and administrative expenses		(22,054,992)	(910,573)	(22,965,565)	
Investment and commission income		1,578,375	2,195,244	3,773,619	
Finance costs on leases		(54,821)	-	(54,821)	
Other income		2,998,743	-	2,998,743	
Total other operating (expenses) income, net		(17,121,166)	1,284,671	(15,836,495)	
Total income for the period before surplus attribution, zakat and income tax		429,800	1,284,671	1,714,471	
Surplus attributed to the shareholders' operations		-	-	-	-
Total income for the period before zakat and income tax		429,800	1,284,671	1,714,471	
Zakat expense		-	(500,000)	(500,000)	
Income tax expense		-	-	-	-
Total income for the period attributable to the shareholders		429,800	784,671	1,214,471	

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12. Segmental information (continued)

For the three-month period ended June 30, 2021 (Unaudited)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
REVENUES						
Gross premiums written	58,972,674	53,661,892	15,579,501	-	-	128,214,067
Reinsurance premiums ceded:						
- Foreign	-	(11,831,472)	(7,406,725)	-	-	(19,238,197)
- Local	-	(1,461,499)	(2,102,542)	-	-	(3,564,041)
Excess of loss expenses:						
- Foreign	(8,285,981)	(811,507)	(297,862)	-	-	(9,395,350)
- Local	(350,000)	(74,707)	(80,392)	-	-	(505,099)
Net premiums written	50,336,693	39,482,707	5,691,980	-	-	95,511,380
Changes in unearned premiums	47,007,394	3,482,896	10,037,482	-	-	60,527,772
Changes in reinsurers' share of unearned premiums	-	2,422,815	(5,846,266)	-	-	(3,423,451)
Net premiums earned	97,344,087	45,388,418	9,883,196	-	-	152,615,701
Reinsurance commissions	-	1,908,510	4,042,345	-	-	5,950,855
Fee income from insurance	7,250	11,275	66,915	-	-	85,440
TOTAL REVENUES	97,351,337	47,308,203	13,992,456	-	-	158,651,996
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(89,141,789)	(50,902,068)	(2,693,485)	-	-	(142,737,342)
Reinsurers' share of claims paid	8,806,184	12,380,516	1,203,886	-	-	22,390,586
Expenses incurred related to claims	(1,469,176)	(2,686,978)	-	-	-	(4,156,154)
Net claims and other benefits paid	(81,804,781)	(41,208,530)	(1,489,599)	-	-	(124,502,910)

(continued)

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12. Segmental information (continued)

For the three-month period ended June 30, 2021 (Unaudited) (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Changes in outstanding claims	(5,621,962)	11,798,066	1,230,955	-	-	7,407,059
Changes in reinsurers' share of outstanding claims	(226,189)	(3,036,735)	1,793,044	-	-	(1,469,880)
Changes in claims incurred but not reported	(29,763,024)	(2,876,275)	(1,009,974)	-	-	(33,649,273)
Changes in reinsurers' share of claims incurred but not reported	1,891,635	509,442	1,500,708	-	-	3,901,785
Net claims and other benefits incurred	(115,524,321)	(34,814,032)	2,025,134	-	-	(148,313,219)
Policy acquisition costs	(8,592,034)	(3,875,096)	(1,860,890)	-	-	(14,328,020)
Changes in additional premium reserves	(11,583,528)	4,412,263	-	-	-	(7,171,265)
Changes in other technical reserves	(2,064,825)	155,045	(10,484)	-	-	(1,920,264)
Other underwriting expenses	(181,335)	(3,345,365)	-	-	-	(3,526,700)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET	(137,946,043)	(37,467,185)	153,760	-	-	(175,259,468)
NET UNDERWRITING INCOME (LOSS)	(40,594,706)	9,841,018	14,146,216	-	-	(16,607,472)

(continued)

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12. Segmental information (continued)

For the three-month period ended June 30, 2021 (Unaudited) (continued)

	Insurance operations			Shareholders' operations	Total
	Medical	Motor	Property and casualty and savings		
OTHER OPERATING (EXPENSES) INCOME					
Allowance for doubtful debts			(3,044,068)	-	(3,044,068)
General and administrative expenses			(31,937,987)	(450,709)	(32,388,696)
Investment and commission income			1,604,099	2,911,526	4,515,625
Finance costs on leases			(72,908)	-	(72,908)
Other income			796,299	-	796,299
Total other operating (expenses) income, net			(32,654,565)	2,460,817	(30,193,748)
Total (loss) income for the period before surplus attribution, zakat and income tax			(49,262,037)	2,460,817	(46,801,220)
Surplus attributed to the shareholders' operations			-	-	-
Total (loss) income for the period before zakat and income tax			(49,262,037)	2,460,817	(46,801,220)
Zakat expense			-	(1,000,000)	(1,000,000)
Income tax expense			-	-	-
Total (loss) income for the period attributable to the shareholders			(49,262,037)	1,460,817	(47,801,220)

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13. Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances:

Nature of transactions	Transactions for the three-month period ended		Transactions for the six-month period ended	
	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Major shareholders				
Insurance premium written	2,635,223	4,716,434	7,902,782	10,467,527
Claims paid	(569,713)	(4,945,345)	(864,045)	(7,058,263)
Others				
Rent charged	-	-	-	448,525
Services	-	-	-	-
Directors' remuneration and meeting fee	(501,000)	(338,000)	(1,032,000)	(338,000)

The compensation of key management personnel during three-month and six-month periods then ended is as follows:

	Three-month period ended June 30, 2022 (Unaudited)	Three-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2022 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)
Salaries and benefits	1,314,450	1,775,550	2,567,650	3,804,896
Employee benefit obligations	26,978	115,921	95,830	231,843
	1,341,428	1,891,471	2,663,480	4,036,739

Premium receivable - related parties, net

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Premium receivable from related parties	9,521,501	5,936,160
Less: allowance for doubtful debts	(1,226,966)	(1,483,538)
	8,294,535	4,452,622

Movement in the allowance for doubtful debts is as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At beginning of the period / year	1,483,538	1,726,798
Reversal for the period / year	(256,572)	(243,260)
At end of the period / year	1,226,966	1,483,538

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14. Zakat and income tax

The Company has obtained zakat and income tax certificates from the Zakat, Tax and Customs Authority ("ZATCA") for the years through 2021. In July 2020, the Company received zakat and income tax assessment for the year 2014 amounting to Saudi Riyals 7.1 million. The zakat differences as per the initial assessments were mainly due to the disallowances by ZATCA of certain balances related to outstanding claims, IBNR, accounts and reinsurance payable and amounts due to related parties from the zakat base. The Company filed an appeal against the ZATCA's initial assessment and received an updated assessment amounting to Saudi Riyals 3.3 million. The Company has further filed an appeal to the Committee for Resolution of Tax Violations and Disputes and believes that the outcome of such appeal will be in favor of the Company. During 2020, the Company also received zakat and income tax assessment for the years 2015 through 2018 amounting to Saudi Riyals 10.25 million. The zakat differences as per the initial assessments were mainly due to the disallowances by ZATCA of certain balances related to term deposits and investments from the zakat base. The Company has recognised an additional provision amounting to Saudi Riyals 1.9 million under protest and paid such amount to ZATCA, and in parallel filed an appeal against the ZATCA's initial assessment. During the three-month period ended March 31, 2022, the Company received revised assessments for the years 2015 through 2018 with additional zakat liability of Saudi Riyals 8.36 million. The Company has filed an appeal with the Tax Violations and Disputes Resolution Committees against ZATCA's revised assessment and believes that the outcome of such appeal will be in favor of the Company. Accordingly, no further provision for such additional assessments has been made in the accompanying financial statements. No provision for income tax was made for the three-month period ended June 30, 2022, due to adjusted net loss for such period.

The Company's zakat and income tax assessments for the years 2019 and 2020 are currently under review by the ZATCA. The zakat and income tax liability as computed by the Company could be different from zakat and income tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

In 2018, Al Ahlia received zakat and income tax assessments for the years 2011 and 2012 amounting to Saudi Riyals 2.1 million. Al Ahlia filed an appeal against the ZATCA's assessment to General Secretariat of the Tax Committees ("GSTC") for which the outcome is pending. Further, during 2020, Al Ahlia received zakat and income tax assessments for the years 2015 through 2018 amounting to Saudi Riyals 9.5 million against which Al Ahlia filed an appeal to the GSTC and the outcome is pending. The zakat differences as per the initial assessments for the years 2011, 2012 and 2015 through 2018 were mainly due to the disallowances by ZATCA of certain balances related to investments, statutory deposit and adjusted accumulated losses from the zakat base. Management believes that ZATCA will reconsider the initial assessments and will allow certain deductions from the zakat base in the final assessments. However, Al Ahlia's management has submitted a settlement request to the ZATCA for all pending assessments with an amount of Saudi Riyals 7.8 million and is of the view that the level of the existing provisions for zakat is presently sufficient. Al Ahlia had obtained zakat and income tax certificates from the ZATCA for the years through 2019 and its zakat and income tax assessment for the year 2019 is currently under review by the ZATCA.

15. Share capital

The authorized, issued and paid up capital of the Company was Saudi Riyals 458.9 million at June 30, 2022 (December 31, 2021: Saudi Riyals 229.4 million) consisting of 45.8 million shares (December 31, 2021: 22.9 million shares) of Saudi Riyals 10 each. Also refer to Notes 1 and 18.

Shareholding structure of the Company as of June 30, 2022, is as below:

	Authorized and issued		Paid up
	No. of Shares		Saudi Riyals
Yaqeen Capital	12,560,668	125,606,680	125,606,680
Gulf Union Insurance and Projects			
Management Holding Company B.S.C. (c.)	2,475,000	24,750,000	24,750,000
Others	30,859,260	308,592,600	308,592,600
	45,894,928	458,949,280	458,949,280

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16. Statutory reserve

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

17. Capital risk management

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

As per Article 66 of the Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following three methods:

- Minimum Capital Requirement
- Premium solvency margin; or
- Claims solvency margin.

As stated in Note 1, the Company completed its rights issue on June 8, 2022 amounting to Saudi Riyals 229.5 million. As a result and at June 30, 2022, the Company is in compliance with the solvency margin requirements as stipulated by the Law.

18. Basic and diluted losses per share

Basic and diluted losses per share for the three-month and six-month periods ended June 30, 2022 and 2021 is calculated by dividing total loss for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

The weighted average number of shares has been retrospectively adjusted for the prior period to reflect the element of the right issue as required by IAS 33, 'Earnings per share' as follows:

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Issued ordinary shares at January 1, 2022	22,947,464	22,947,464	22,947,464	22,947,464
Rights issue adjustment	18,569,757	1,971,720	8,113,789	1,971,720
Weighted average number of ordinary shares	41,517,221	24,919,184	31,061,253	24,919,184

The weighted average number of ordinary shares for prior year is computed using an adjustment factor of 1.09 which is a ratio of the theoretical ex-rights of Saudi Riyals 10.94 and closing price per share of Saudi Riyals 11.88 on May 8, 2022, the last day on which the shares were traded before the rights issue.

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18. Basic and diluted losses per share (continued)

The basic and diluted loss per share is calculated as follows:

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Total income (loss) for the period attributable to the shareholders	1,214,471	(47,801,220)	(19,672,516)	(105,597,925)
Weighted average number of ordinary shares for basic and diluted income (losses) per share	41,517,221	24,919,184	31,601,253	24,919,184
Basic and diluted income (losses) per share	0.03	(1.92)	(0.63)	(4.24)

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19. Supplementary information

Interim condensed statement of financial position

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
		Total		Total
ASSETS				
Cash and cash equivalents	40,835,776	187,606,629	228,442,405	40,666,697
Short-term deposits	-	70,000,000	70,000,000	-
Premiums and reinsurers' receivable - net	148,333,919	-	148,333,919	161,223,340
Premiums receivable - related parties - net	8,294,535	-	8,294,535	4,452,622
Reinsurers' share of unearned premiums	39,970,452	-	39,970,452	44,001,521
Reinsurers' share of outstanding claims	30,585,467	-	30,585,467	34,230,197
Reinsurers' share of claims incurred but not reported	18,646,533	-	18,646,533	21,446,416
Deferred policy acquisition costs	17,857,942	-	17,857,942	17,232,872
Deferred excess of loss premiums	3,845,544	-	3,845,544	-
Investments	131,236,318	105,320,978	236,557,296	137,955,578
Prepaid expenses and other assets	33,223,428	6,153,667	39,377,095	3,744,992
Long term deposits	-	40,032,877	40,032,877	40,032,877
Property and equipment	7,666,827	-	7,666,827	8,854,908
Right-of-use assets	6,659,093	-	6,659,093	7,584,087
Intangible assets	43,139,213	-	43,139,213	43,378,547
Goodwill	-	67,697,750	67,697,750	67,697,750
Statutory deposit	-	34,421,196	34,421,196	34,421,196
Accrued income on statutory deposit	-	7,931,050	7,931,050	7,738,807
Due from shareholders' operations	160,209,889	-	160,209,889	207,825,300
TOTAL ASSETS	690,504,936	519,164,147	1,209,669,083	772,675,733
Less: inter-operations elimination	(160,209,889)	-	(160,209,889)	(207,825,300)
TOTAL ASSETS	530,295,047	519,164,147	1,049,459,194	564,850,433
				365,906,596
				930,757,029

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19. Supplementary information (continued)

Interim condensed statement of financial position (continued)

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
LIABILITIES				
Accounts payable	103,485,124	-	117,346,288	-
Accrued and other liabilities	23,463,345	352,460	14,148,035	352,460
Reinsurers' balances payable	13,132,436	-	14,478,470	-
Unearned premiums	249,562,850	-	255,996,173	-
Unearned reinsurance commission	9,955,920	-	10,342,959	-
Outstanding claims	88,141,152	-	93,994,985	-
Claims incurred but not reported	135,657,524	-	186,847,969	-
Additional premium reserves	23,158,421	-	22,019,563	-
Other technical reserves	15,085,583	-	17,984,038	-
Lease liabilities	6,853,465	-	6,732,810	-
Employee benefit obligations	17,424,168	-	16,927,680	-
Zakat and income tax	-	21,072,948	-	20,072,948
Surplus distribution payable	12,711,527	-	13,748,722	-
Accrued income payable to SAMA	-	7,931,050	-	7,738,807
Due to insurance operations	-	160,209,889	-	207,825,300
TOTAL LIABILITIES	698,631,515	189,566,347	770,567,692	235,989,515
Less: inter-operations elimination	-	(160,209,889)	-	(207,825,300)
TOTAL LIABILITIES	698,631,515	29,356,458	770,567,692	28,164,215
EQUITY				
Share capital	-	458,949,280	-	229,474,640
Statutory reserve	-	4,885,691	-	4,885,691
Accumulated losses	-	(133,847,825)	-	(111,242,809)
Remeasurement reserve of employee benefit obligations	(168,351)	-	(168,351)	-
Fair value reserve on investments	(7,958,228)	(389,346)	2,276,392	6,799,559
TOTAL EQUITY	(8,126,579)	329,597,800	2,108,041	129,917,081
TOTAL LIABILITIES AND EQUITY	690,504,936	358,954,258	772,675,733	158,081,296

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19. Supplementary information (continued)

Interim condensed statement of income for the six-month period ended

	June 30, 2022 (Unaudited)			June 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	257,243,530	-	257,243,530	305,293,178	-	305,293,178
Reinsurance premiums ceded:						
- Foreign	(39,557,327)	-	(39,557,327)	(53,340,342)	-	(53,340,342)
- Local	(6,720,843)	-	(6,720,843)	(7,200,600)	-	(7,200,600)
Excess of loss premiums:						
- Foreign	(5,029,898)	-	(5,029,898)	(12,359,731)	-	(12,359,731)
- Local	(1,639,599)	-	(1,639,599)	(1,072,559)	-	(1,072,559)
Net premiums written	204,295,863	-	204,295,863	231,319,946	-	231,319,946
Changes in unearned premiums	6,433,323	-	6,433,323	66,181,327	-	66,181,327
Changes in reinsurers' share of unearned premiums	(4,031,069)	-	(4,031,069)	10,768,549	-	10,768,549
Net premiums earned	206,698,117	-	206,698,117	308,269,822	-	308,269,822
Reinsurance commissions	11,062,294	-	11,062,294	11,627,257	-	11,627,257
Fee income from insurance	271,011	-	271,011	199,418	-	199,418
Total revenues	218,031,422	-	218,031,422	320,096,497	-	320,096,497

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19. Supplementary information (continued)

Interim condensed statement of income for the six-month period ended (continued)

	June 30, 2022 (Unaudited)		June 30, 2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
	Total	Total	Total	Total
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(257,334,943)	-	(257,334,943)	(314,849,763)
Reinsurers' share of gross claims paid	42,314,530	-	42,314,530	36,041,548
Expenses incurred related to claims	(3,910,655)	-	(3,910,655)	(7,793,908)
Net claims and other benefits paid	(218,931,068)	-	(218,931,068)	(286,602,123)
Changes in outstanding claims	5,853,833	-	5,853,833	(10,188,644)
Changes in reinsurers' share of outstanding claims	(3,644,730)	-	(3,644,730)	1,723,388
Changes in claims incurred but not reported	51,190,445	-	51,190,445	(23,497,297)
Changes in reinsurers' share of claims incurred but not reported	(2,799,883)	-	(2,799,883)	3,189,850
Net claims and other benefits incurred	(168,331,403)	-	(168,331,403)	(315,374,826)
Policy acquisition costs	(17,522,236)	-	(17,522,236)	(28,139,176)
Changes in additional premium reserves	(1,138,858)	-	(1,138,858)	(17,581,935)
Changes in other technical reserves	2,898,455	-	2,898,455	(1,850,692)
Other underwriting expenses	(11,163,740)	-	(11,163,740)	(3,799,695)
Total underwriting costs and expenses, net	(195,257,782)	-	(195,257,782)	(366,746,324)
NET UNDERWRITING INCOME (LOSS)	22,773,640	-	22,773,640	(46,649,827)

(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022**

(All amounts expressed in Saudi Riyals unless otherwise stated)

19. Supplementary information (continued)

Interim condensed statement of income for the six-month period ended (continued)

	June 30, 2022 (Unaudited)		June 30, 2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
OTHER OPERATING (EXPENSES)				
INCOME				
Allowance for doubtful debts	(3,033,783)	-	(6,757,435)	-
General and administrative expenses	(49,058,460)	(1,741,026)	(60,020,270)	(1,369,907)
Investment and commission income - net	2,928,473	6,319,930	2,814,296	5,908,048
Finance costs on leases	(120,655)	-	(146,981)	-
Other income	3,259,365	-	2,624,151	-
Total other operating (expenses) income, net	(46,025,060)	4,578,904	(61,486,239)	4,538,141
Total (loss) income for the period before surplus attribution, zakat and income tax	(23,251,420)	4,578,904	(18,672,516)	4,538,141
Zakat expense	-	(1,000,000)	-	(2,000,000)
Income tax expense	-	-	-	-
Total (loss) income for the period attributable to the shareholders	(23,251,420)	3,578,904	(19,672,516)	2,538,141
Deficit transferred to the shareholders' operations	23,251,420	(23,251,420)	-	(108,136,066)
Total loss for the period after transfer of deficit	-	(19,672,516)	-	(105,597,925)
Weighted average number of outstanding shares	-	-	-	-
Losses per share (expressed in Saudi Riyals per share)	-	-	-	-
Basic losses per share	-	(0.63)	-	(4.24)
Diluted losses per share	-	(0.63)	-	(4.24)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

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(All amounts expressed in Saudi Riyals unless otherwise stated)

19. Supplementary information (continued)

Interim condensed statement of comprehensive income for the six-month period ended

	June 30, 2022 (Unaudited)		June 30, 2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Total loss for the period after transfer of deficit	-	(19,672,516)	(19,672,516)	(105,597,925)
				(105,597,925)
Other comprehensive income:				
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>				
Net change in fair value of available-for-sale investments	(10,234,620)	(5,588,904)	(15,823,524)	2,696,615
Realized gain reclassified to interim condensed statement of income	-	(1,600,001)	(1,600,001)	-
Total other comprehensive (loss) income	(10,234,620)	(7,188,905)	(17,423,525)	2,696,615
Total comprehensive income (loss) for the period	(10,234,620)	(26,861,421)	(37,096,041)	(102,901,310)

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19. Supplementary information (continued)

Interim condensed statement of income for the three-month period ended

	June 30, 2022 (Unaudited)			June 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	122,193,514	-	122,193,514	128,214,067	-	128,214,067
Reinsurance premiums ceded:						
- Foreign	(15,575,057)	-	(15,575,057)	(19,238,197)	-	(19,238,197)
- Local	(2,316,686)	-	(2,316,686)	(3,564,041)	-	(3,564,041)
Excess of loss premiums:						
- Foreign	(3,681,083)	-	(3,681,083)	(9,395,350)	-	(9,395,350)
- Local	(1,065,643)	-	(1,065,643)	(505,099)	-	(505,099)
Net premiums written	99,555,045	-	99,555,045	95,511,380	-	95,511,380
Changes in unearned premiums	8,333,421	-	8,333,421	60,527,772	-	60,527,772
Changes in reinsurers' share of unearned premiums	(7,439,060)	-	(7,439,060)	(3,423,451)	-	(3,423,451)
Net premiums earned	100,449,406	-	100,449,406	152,615,701	-	152,615,701
Reinsurance commissions	5,921,474	-	5,921,474	5,950,855	-	5,950,855
Fee income from insurance	118,980	-	118,980	85,440	-	85,440
Total revenues	106,489,860	-	106,489,860	158,651,996	-	158,651,996

(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
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(All amounts expressed in Saudi Riyals unless otherwise stated)

19. Supplementary information (continued)

Interim condensed statement of income for the three-month period ended (continued)

	June 30, 2022 (Unaudited)		June 30, 2021 (Unaudited)	
	Shareholder s'			
	Insurance operations	Total	Insurance operations	Total
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(114,865,592)	-	(142,737,342)	-
Reinsurers' share of gross claims paid	24,027,376	24,027,376	22,390,586	22,390,586
Expenses incurred related to claims	(1,672,060)	(1,672,060)	(4,156,154)	(4,156,154)
Net claims and other benefits paid	(92,510,276)	(92,510,276)	(124,502,910)	(124,502,910)
Changes in outstanding claims	6,879,435	-	7,407,059	-
Changes in reinsurers' share of outstanding claims	(4,860,092)	-	(1,469,880)	-
Changes in claims incurred but not reported	17,549,704	-	(33,649,273)	-
Changes in reinsurers' share of claims incurred but not reported	(3,652,786)	-	3,901,785	-
Net claims and other benefits incurred	(76,594,015)	(76,594,015)	(148,313,219)	(148,313,219)
Policy acquisition costs	(8,475,631)	-	(14,328,020)	-
Changes in additional premium reserves	(729,516)	-	(7,171,265)	-
Changes in other technical reserves	1,681,407	-	(1,920,264)	-
Other underwriting expenses	(4,821,139)	-	(3,526,700)	-
Total underwriting costs and expenses, net	(88,938,894)	(88,938,894)	(175,259,468)	(175,259,468)
NET UNDERWRITING INCOME (LOSS)	17,550,966	17,550,966	(16,607,472)	(16,607,472)

(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
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19. Supplementary information (continued)

Interim condensed statement of income for the three-month period ended (continued)

	June 30, 2022 (Unaudited)		June 30, 2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
OTHER OPERATING (EXPENSES)		Total		Total
INCOME				
Allowance for doubtful debts	411,529	-	(3,044,068)	-
General and administrative expenses	(22,054,992)	(910,573)	(31,937,987)	(450,709)
Investment and commission income - net	1,578,375	2,195,244	1,604,099	2,911,526
Finance costs on leases	(54,821)	-	(72,908)	-
Other income	2,998,743	-	796,299	-
Total other operating (expenses) income, net	(17,121,166)	1,284,671	(32,654,565)	2,460,817
Total income (loss) for the period before surplus attribution, zakat and income tax	429,800	1,284,671	(49,262,037)	2,460,817
Zakat expense	-	(500,000)	-	(1,000,000)
Income tax expense	-	-	-	-
Total income (loss) for the period	429,800	784,671	(49,262,037)	1,460,817
Surplus (deficit) attributed to the shareholders' operations	(429,800)	429,800	49,262,037	(49,262,037)
Total income (loss) for the period after transfer of deficit	-	1,214,471	-	(47,801,220)
Weighted average number of outstanding shares	-	41,517,221	-	24,919,184
Income (losses) per share (expressed in Saudi Riyals per share)	-	0.03	-	(1.92)
Basic income (losses) per share	-	-	-	-
Diluted income (losses) per share	-	-	-	-

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19. Supplementary information (continued)

Interim condensed statement of comprehensive income for the three-month period ended

	June 30, 2022 (Unaudited)			June 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income (loss) for the period after transfer of surplus (deficit)	-	1,214,471	1,214,471	-	(47,801,220)	(47,801,220)
Other comprehensive (loss) income:						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>						
Net change in fair value of available-for-sale investments	(7,868,159)	(4,990,731)	(12,858,890)	(421,078)	1,479,589	1,058,511
Realized gain reclassified to interim condensed statement of income	-	-	-	-	-	-
	(7,868,159)	(4,990,731)	(12,858,890)	(421,078)	1,479,589	1,058,511
Total comprehensive loss for the period	(7,868,159)	(3,776,260)	(11,644,419)	(421,078)	(46,321,631)	(46,742,709)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

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19. Supplementary information (continued)

Interim condensed statement of cash flows for the six-month period ended

	June 30, 2022 (Unaudited)		June 30, 2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
	Total		Total	
				Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Total loss for the period before surplus attribution, zakat and income tax	-	(18,672,516)	(18,672,516)	(103,597,925)
Adjustments for non-cash items:				
Depreciation of property and equipment	1,266,990	-	1,266,990	1,148,898
Amortization of intangible assets	4,102,128	-	4,102,128	1,213,764
Depreciation of right-of-use assets	924,994	-	924,994	973,077
Finance costs on leases	120,655	-	120,655	146,981
Allowance for doubtful debts	3,033,783	-	3,033,783	6,757,435
Investment and commission income	(2,928,473)	(6,319,930)	(9,248,403)	(8,722,344)
Provision for employee benefit obligations	496,490	-	496,490	606,928
Realized losses on disposals of available-for-sale investments	-	-	-	-
Gain on termination of lease liabilities	-	-	(112,288)	(112,288)
	7,016,567	(24,992,446)	(17,975,879)	(101,585,474)
Changes in operating assets and liabilities:				
Premiums and reinsurers' receivable	9,855,636	-	9,855,636	22,086,624
Premium receivables - related parties	(3,841,913)	-	(3,841,913)	(658,151)
Reinsurers' share of unearned premiums	4,031,069	-	4,031,069	(10,768,549)
Reinsurers' share of outstanding claims	3,644,730	-	3,644,730	(1,723,388)
Reinsurers' share of claims incurred but not reported	2,799,883	-	2,799,883	(3,189,850)

(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
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19. Supplementary information (continued)

Interim condensed statement of cash flows for the six-month period ended (continued)

	June 30, 2022 (Unaudited)		June 30, 2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Deferred policy acquisition costs	(625,070)	-	4,652,963	-
Deferred excess of loss premiums	(3,845,544)	-	(3,707,632)	-
Prepaid expenses and other assets	41,441,719	(2,845,107)	(8,021,117)	5,205,009
Accounts payable	(13,861,164)	-	22,387,409	-
Accrued and other liabilities	(22,995,621)	-	8,952,691	(80,496)
Reinsurers' balances payable	(1,346,034)	-	7,172,469	-
Unearned premiums	(6,433,323)	-	(66,181,327)	-
Unearned reinsurance commission	(387,039)	-	2,101,675	-
Outstanding claims	(5,853,833)	-	10,188,644	-
Claims incurred but not reported	(51,190,445)	-	23,497,297	-
Additional premium reserves	1,138,858	-	17,581,935	-
Other technical reserves	(2,898,455)	-	1,850,692	-
Employee benefit obligations paid	-	-	(1,682,343)	-
Zakat and income tax paid	-	-	-	(1,886,010)
Surplus paid to the policy holders	(1,037,195)	-	-	-
Net cash (used in) generated from operating activities	(44,387,174)	(27,837,553)	32,460,541	(106,267,470)

(73,806,929)
(continued)

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
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19. Supplementary information (continued)

Interim condensed statement of cash flows for the six-month period ended (continued)

	June 30, 2022 (Unaudited)			June 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM INVESTING ACTIVITIES						
Placement of short-term deposits	-	(70,000,000)	(70,000,000)	(30,584,375)	(100,492,708)	(131,077,083)
Liquidation of short-term deposits	-	-	-	116,793,212	100,855,417	217,648,629
Purchases of available-for-sale investments	(6,661,897)	(10,377,218)	(17,039,115)	(15,527,118)	(10,000,000)	(25,527,118)
Purchases of held-to-maturity investments	-	1,041,663	1,041,663	-	-	-
Proceeds from sales of available-for-sale investments	-	36,381,251	36,381,251	-	-	-
Proceeds from disposal of available-for-sale investments	-	-	-	-	-	-
Proceeds from redemption of held-to-maturity investment	5,002,013	-	5,002,013	-	3,750,000	3,750,000
Investment and commission income received	2,542,429	5,156,361	7,698,790	2,493,472	6,403,386	8,896,858
Payments for purchases property and equipment	(78,909)	-	(78,909)	(349,440)	-	(349,440)
Additions to intangible assets	(3,862,794)	-	(3,862,794)	(2,460,772)	-	(2,460,772)
Proceeds from disposal of property and equipment	-	-	-	468,264	-	468,264
Liquidation of statutory deposit	-	-	-	-	18,450,000	18,450,000
Net cash (used in) generated from investing activities	(3,059,158)	(37,797,943)	(40,857,101)	70,833,243	18,966,095	89,799,338
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal elements of lease payments	-	-	-	(60,982)	-	(60,982)
Finance cost paid	-	-	-	(3,018)	-	(3,018)
Issue of share capital, net of expenses	-	226,542,140	226,542,140	-	-	-
Due from / to shareholders' operations	47,615,411	(47,615,411)	-	(78,289,968)	78,289,968	-
Net cash generated from (used in) financing activities	47,615,411	178,926,729	226,542,140	(78,353,968)	78,289,968	(64,000)

(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
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19. Supplementary information (continued)

Interim condensed statement of cash flows for the six-month period ended (continued)

	June 30, 2022 (Unaudited)		June 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations
Net increase cash and cash equivalents	169,079	113,291,233	113,460,312	24,939,816	(9,011,407)
Cash and cash equivalents, beginning of the period	40,666,697	74,315,396	114,982,093	67,852,194	111,655,835
Cash and cash equivalents at end of the period	40,835,776	187,606,629	228,442,405	92,792,010	102,644,428
Supplemental non-cash information:					
Net change in fair value reserve for available-for-sale investments	(10,234,620)	(7,219,182)	(17,453,802)	314,887	2,381,728
					2,696,615

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20. Subsequent event

No events have arisen subsequent to June 30, 2022, and before the date of signing the independent auditors' review report, that could have a significant effect on the financial statements as at June 30, 2022.

21. Approval of the interim condensed financial information

This interim condensed financial information has been approved by the Board of Directors on 18 Muharram 1444H (corresponding to August 16, 2022)