

**ARABIAN SHIELD COOPERATIVE INSURANCE COMPANY**

**A SAUDI JOINT STOCK COMPANY**

**INDEPENDENT AUDITORS' REVIEW REPORT**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

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## COMPANY DETAILS

### Chairman

HH Prince Naif Bin Sultan Bin Saud Al Kabeer

### Vice Chairman

Mr. Sameer Al Wazzan

### Board of Directors

HH Prince Naif Bin Sultan Bin Saud Al Kabeer

Mr. Sameer Al Wazzan

Mr. Abdallah Al Obeikan

Mr. Turki Al Mutawa

Mr. Mohammed Bin Ali

Mr. Raed Al Saif

Mr. Mohammed Alkinani

Mr. Saud Bajbair

### Chief Executive Officer

Mr. Bassel Al Abdulkarim

### Board Secretary

Mr. Abdulaziz Bin Saeed

### Head Office

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Saudi Arabia

Telephone

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Website

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### Commercial Registration

CR No. 1010234323

### Principal Bankers

The Saudi British Bank (SABB)

Riyadh, Saudi Arabia

### Auditors

Al Azem, Al Sudairy, Al Shaikh & Partners For Professional Consulting

Member Crowe Global

Riyadh, Saudi Arabia

Al Kharashi & Co.

Certified Accountants and Auditors

Riyadh, Saudi Arabia



**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF ARABIAN SHIELD COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)**

**INTRODUCTION**

We have reviewed the accompanying interim condensed statement of financial position of Arabian Shield Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as at 30 June 2022 and the related interim condensed statements of income and comprehensive income for the three and six month periods then ended and changes in equity and cash flows for the six month period then ended and other explanatory notes (the "interim condensed financial information"). Management is 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 that are 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.

Al Azem, Al Sudairy, Al Shaikh & Partners  
For Professional Consulting  
P. O. Box 10504  
Riyadh 11443  
Kingdom of Saudi Arabia



Abdullah M. Al Azem  
Certified Public Accountant  
License No. 335

AlKharashi & Co. Certified Accountants and  
Auditors  
P.O. Box 8306  
Riyadh 11482  
Kingdom of Saudi Arabia



Abdullah S. Al Mased  
Certified Public Accountant  
License No. 456

14 August 2022  
16 Muharram 1444H



UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	30 Jun 2022	Audited 31 Dec 2021
<b>ASSETS</b>			
Cash and cash equivalents	6	388,445	365,555
Short term fixed income deposits		81,079	0
Premiums and reinsurers' receivable – net	8	98,619	149,465
Reinsurers' share of unearned gross premiums	11	79,567	41,373
Reinsurers' share of outstanding gross claims	12	153,897	57,553
Reinsurers' share of gross claims incurred but not reported	12	50,862	41,599
Deferred excess of loss expenses		1,846	0
Deferred policy acquisition costs		10,169	10,126
Deferred third party administrator expenses		3,967	5,849
Deferred withholding tax		3,271	1,973
Deferred regulators' levies		1,724	2,199
Unit-linked investments	9	634,545	0
Investments	10	610,915	325,638
Due from related parties – net	8 & 18	81,207	12,949
Prepaid expenses and other assets		71,556	31,035
Property and equipment – net		6,401	2,713
Intangible assets – net		11,134	10,667
Goodwill	5 & 21	399,192	46,794
Statutory deposit	7	63,852	40,000
Accrued income on statutory deposit	7	5,804	3,134
<b>TOTAL ASSETS</b>		<b>2,758,052</b>	<b>1,148,622</b>
<b>LIABILITIES</b>			
Accrued and other liabilities		84,719	72,385
Reinsurers' balances payable		83,000	13,874
Unearned gross premiums	11	290,468	189,910
Unearned reinsurance commission		15,902	8,792
Outstanding gross claims	12	221,042	87,531
Gross claims incurred but not reported	12	192,584	160,342
Premium deficiency reserve	12	10,950	11,250
Unit reserves	12	613,541	0
Other technical reserves	12	9,076	6,700
Due to related parties	18	492	566
Accounts payable		41,832	43,864
Withholding tax provision		1,786	3,863
Regulators' levies provision		2,286	1,655
End-of-service indemnities		13,834	10,207
Policyholders' surplus distribution payable		28,097	5,120
Zakat	13	46,194	39,216
Income tax	13	888	1,500
Accrued commission income payable to SAMA	7	5,804	3,134
<b>TOTAL LIABILITIES</b>		<b>1,662,495</b>	<b>659,909</b>
<b>EQUITY</b>			
Share capital	14	638,525	400,000
Share premium	5	355,879	0
Statutory reserve		26,097	26,097
Retained earnings		71,144	64,386
Fair value reserve gain on investments	10	6,672	990
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,098,317</b>	<b>491,473</b>
Re-measurement reserve for end-of-service indemnities		(2,760)	(2,760)
<b>TOTAL EQUITY</b>		<b>1,095,557</b>	<b>488,713</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,758,052</b>	<b>1,148,622</b>

COMMITMENTS AND CONTINGENCIES

The accompanying Notes 1 to 25 form an integral part of these unaudited interim condensed financial statements.



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**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

ALL AMOUNTS IN SAR '000

**UNAUDITED INTERIM CONDENSED STATEMENT OF INCOME**

	Notes	Three months to		Year to date to	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
<b>REVENUES</b>					
Gross premiums written	11	205,383	70,483	585,387	329,344
Reinsurance premiums ceded – local		(24,968)	(3,299)	(57,000)	(14,299)
Reinsurance premiums ceded – foreign		(40,659)	(17,082)	(145,849)	(111,957)
Excess of loss expenses		(645)	(838)	(2,203)	(2,121)
<b>Net premiums written</b>		<b>139,111</b>	<b>49,264</b>	<b>380,335</b>	<b>200,967</b>
Change in unearned gross premiums	11	44,196	64,915	(98,473)	(59,334)
Change in reinsurers' share of unearned gross premiums	11	(18,528)	(30,474)	36,810	23,497
<b>Net premiums earned</b>		<b>164,779</b>	<b>83,705</b>	<b>318,672</b>	<b>165,130</b>
Reinsurance commissions		8,094	9,055	17,229	19,501
Other underwriting income		4,881	7,170	9,349	13,667
<b>TOTAL REVENUES</b>		<b>177,754</b>	<b>99,930</b>	<b>345,250</b>	<b>198,298</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid		(117,181)	(97,976)	(238,168)	(188,667)
Reinsurers' share of claims paid		27,425	23,827	53,805	46,370
<b>Net claims paid</b>		<b>(89,756)</b>	<b>(74,149)</b>	<b>(184,363)</b>	<b>(142,297)</b>
Change in outstanding gross claims		(54,324)	28,788	(49,539)	32,917
Change in reinsurers' share of outstanding gross claims		41,177	(25,545)	38,543	(31,994)
Change in gross IBNR		11,653	13,542	476	10,574
Change in reinsurers' share of gross IBNR		(18,667)	(7,801)	(16,488)	(6,762)
<b>Net claims incurred</b>		<b>(109,917)</b>	<b>(65,165)</b>	<b>(211,371)</b>	<b>(137,562)</b>
Investible contributions, net		(28,621)	0	(58,151)	0
Premium deficiency reserve		10,200	(1,300)	300	5,200
Other technical reserves		852	(1,598)	(1,939)	2,752
Policy acquisition costs		(6,292)	(3,329)	(12,157)	(6,637)
Third party administrator expenses		(2,476)	(1,615)	(4,658)	(3,243)
Withholding tax		(1,933)	(2,349)	(3,753)	(4,136)
Regulators' levies		(858)	(1,263)	(2,760)	(2,495)
Other underwriting expenses		(2,556)	(2,471)	(5,511)	(3,321)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>(141,601)</b>	<b>(79,090)</b>	<b>(300,000)</b>	<b>(149,442)</b>
<b>NET UNDERWRITING INCOME</b>		<b>36,153</b>	<b>20,840</b>	<b>45,250</b>	<b>48,856</b>
<b>OTHER OPERATING INCOME / (EXPENSE)</b>					
Allowance for doubtful debts		(9,232)	(5,690)	(3,184)	(9,190)
General and administrative expenses		(20,291)	(14,921)	(41,208)	(26,158)
Depreciation and amortisation		(1,505)	(1,142)	(2,921)	(2,292)
Commission income on deposits		1,891	1,372	2,897	2,773
Commission income on sukuk		1,715	1,097	3,001	2,092
Dividend income		(931)	614	6,833	1,037
Unrealised gain on FVIS investments		1,724	0	1,763	0
Realised gain on FVIS investments		119	0	119	0
Realised gains on investments	10	0	6,012	4,290	7,772
<b>TOTAL OTHER OPERATING EXPENSES</b>		<b>(26,510)</b>	<b>(12,658)</b>	<b>(28,410)</b>	<b>(23,966)</b>
<b>INCOME BEFORE ZAKAT AND INCOME TAX</b>		<b>9,643</b>	<b>8,182</b>	<b>16,840</b>	<b>24,890</b>
Attributable to Insurance Operations		(407)	(199)	(407)	(1,572)
<b>SHAREHOLDERS' INCOME BEFORE ZAKAT AND INCOME TAX</b>		<b>9,236</b>	<b>7,983</b>	<b>16,433</b>	<b>23,318</b>
Zakat charge		(4,963)	(3,010)	(9,491)	(6,413)
Income tax charge		(85)	(142)	(184)	(428)
<b>SHAREHOLDERS' INCOME AFTER ZAKAT AND INCOME TAX</b>		<b>4,188</b>	<b>4,831</b>	<b>6,758</b>	<b>16,477</b>

Basic and diluted SAR earnings per share

0.07

0.12

0.11

0.41

The accompanying Notes 1 to 25 form an integral part of these unaudited interim condensed Financial Statements.



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UNAUDITED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months to		Year to date to	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Shareholders' income after zakat and income tax		4,188	4,831	6,758	16,477
Other comprehensive income / (loss)					
<i>Items that are or may be reclassified to statements of income in subsequent periods:</i>					
Available for sale investments:					
Net change in fair value of investments		983	4,441	9,972	13,472
Realised gains transferred to statement of income	10	0	(6,012)	(4,290)	(7,772)
Net change in unrealised fair value of investments		983	(1,571)	5,682	5,700
COMPREHENSIVE INCOME FOR THE PERIOD		5,171	3,260	12,440	22,177



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UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Period to Date to 30 Jun 2022	Notes	Share Capital	Share Premium	Statutory Reserve	Retained Earnings	Fair Value Reserve gain/(loss) on investments	Total Shareholder Equity	Re- measurement for end-of service indemnities	Total Equity
Balance at start of the period		400,000	0	26,097	64,386	990	491,473	(2,760)	488,713
Shareholders' income after zakat and income tax					6,758		6,758	0	6,758
Net change in fair value of investments	10					9,972	9,972		9,972
Realised gain transferred to statement of income	10					(4,290)	(4,290)		(4,290)
Net change in unrealised fair value of investments						5,682	5,682		5,682
<b>Comprehensive income for the period</b>					<b>6,758</b>	<b>5,682</b>	<b>12,440</b>	<b>0</b>	<b>12,440</b>
Issuance of share capital	5	238,525					238,525		238,525
Share premium	5		355,879				355,879		355,879
<b>Balance at end of the period</b>		<b>638,525</b>	<b>355,879</b>	<b>26,097</b>	<b>71,144</b>	<b>6,672</b>	<b>1,098,317</b>	<b>(2,760)</b>	<b>1,095,557</b>

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Period to Date to 30 Jun 2021	Notes	Share Capital	Share Premium	Statutory Reserve	Retained Earnings	Fair Value Reserve gain/(loss) on investments	Total Shareholder Equity	Re- measurement for end-of service indemnities	Total Equity
Balance at start of the period		300,000	0	40,866	123,464	(2,426)	461,904	0	461,904
Shareholders' income after zakat and income tax					16,477		16,477		16,477
Net change in fair value of investments						13,472	13,472		13,472
Realised gain transferred to statement of income	10					(7,772)	(7,772)		(7,772)
Net change in unrealised fair value of investments						5,700	5,700		5,700
<b>Comprehensive income for the period</b>					<b>16,477</b>	<b>5,700</b>	<b>22,177</b>	<b>0</b>	<b>22,177</b>
Issuance of bonus shares	14	100,000		(20,000)	(80,000)		0		0
<b>Balance at end of the period</b>		<b>400,000</b>	<b>0</b>	<b>20,866</b>	<b>59,941</b>	<b>3,274</b>	<b>484,081</b>	<b>0</b>	<b>484,081</b>



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The accompanying Notes 1 to 25 form an integral part of these unaudited interim condensed Financial Statements.



UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS

Notes	Period to date to	
	30 Jun 2022	30 Jun 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Shareholders' income before zakat and income tax	16,433	23,318
Adjustments for non-cash items:		
Depreciation of property and equipment	1,147	869
Amortisation of intangible assets	1,774	1,423
Gain on disposal of property and equipment	(82)	(2)
Allowance for doubtful debts	3,184	9,190
Provision for withholding tax	5,051	5,200
Provision for regulators' levies	2,286	3,069
Provision for end-of-service indemnities	1,343	2,218
Unrealised gain on FVIS investments	(1,843)	0
Realised gain on disposal of investments	10 (4,290)	(7,772)
Changes in operating assets and liabilities:		
Premiums and reinsurers' receivable	86,938	3,053
Reinsurers' share of unearned gross premiums	(36,810)	(23,497)
Reinsurers' share of outstanding gross claims	(38,543)	31,994
Reinsurers' share of gross claims incurred but not reported	16,488	6,762
Deferred excess of loss expenses	(1,846)	(1,658)
Deferred policy acquisition costs	(43)	885
Deferred third party administrator expenses	1,882	(951)
Deferred withholding tax	(1,298)	(1,064)
Deferred regulators' levies	475	(574)
Due from related parties	(75,963)	(57,286)
Prepaid expenses and other assets	(27,104)	7,999
Accounts payable	1,358	(553)
Third party administrator payable	(3,837)	15
Policyholders' surplus	407	1,572
Accrued and other liabilities	(19,479)	(5,588)
Reinsurers' balances payable	31,837	(1,467)
Unearned gross premiums	98,473	59,334
Unearned reinsurance commission	7,110	2,129
Outstanding gross claims	49,539	(32,917)
Gross claims incurred but not reported	(476)	(10,574)
Premium deficiency reserve	(300)	(5,200)
Unit reserves	(36,210)	0
Other technical reserves	1,940	(2,752)
Due to related parties	(303)	(28,897)
Payments:		
End-of-service indemnities paid	(1,178)	(1,355)
Withholding tax paid	(9,907)	(5,123)
Regulators' levies paid	(1,654)	(3,723)
Zakat paid	(12,441)	(6,980)
Income tax paid	(796)	(993)
<b>Net cash from / (used in) operating activities</b>	<b>53,262</b>	<b>(39,896)</b>



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The accompanying Notes 1 to 25 form an integral part of these unaudited interim condensed Financial Statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS (Continued)

Notes	Period to date to	
	30 Jun 2022	30 Jun 2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of short term fixed income deposits	(81,079)	0
Additions of investments	(54,534)	(170,000)
Proceeds from disposal of investments	68,427	104,939
Additions of property and equipment	(1,483)	(360)
Proceeds from disposal of property and equipment	84	2
Additions of intangible assets	(1,411)	(481)
Cash & cash equivalent acquired through business combination	63,476	0
Increase in statutory deposit	(23,852)	0
<b>Net cash used in investing activities</b>	<b>(30,372)</b>	<b>(65,900)</b>
Net change in cash and cash equivalents	22,890	(105,796)
Cash and cash equivalents at start of the period	365,555	517,745
<b>Cash and cash equivalents at end of the period</b>	<b>388,445</b>	<b>411,949</b>
<b>NON-CASH INFORMATION</b>		
Net change in unrealised fair value of investments	5,682	5,700
Issuance of bonus shares	0	100,000



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The accompanying Notes 1 to 25 form an integral part of these unaudited interim condensed Financial Statements.

**1. GENERAL**

The insurance industry in Saudi Arabia is regulated by the Law on Supervision of Cooperative Insurance Companies ("Cooperative Insurance Law") together with the Implementing Regulations ("Implementing Regulations") promulgated by Royal Decree No. M32 dated 22 Jumad Thani 1424 corresponding to 21 August 2003. Supervision is under the auspices of the Saudi Central Bank ("SAMA" or "Regulator").

Arabian Shield Cooperative Insurance Company ("Company") is a Saudi Joint Stock Company incorporated in Riyadh, Saudi Arabia through Ministerial Resolution issued on 19 May 2007 with Commercial Registration No. 1010234323 issued on 13 June 2007 following on from Royal Decree No. M60 dated 18 Ramadan 1427 corresponding to 11 October 2006. The Commercial Registration Certificate was amended with effect from 12 August 2021 to reflect the increase in share capital following the bonus share issue. The Company was listed on the Saudi Stock Exchange (Tadawul) on 26 June 2007. The registered address of the head office is as follows: 5<sup>th</sup> Floor, Cercon Building No. 15, Olaya Street, PO Box 61352, Riyadh 11565, Saudi Arabia.

The principal activities for which the Company was licensed were the conducting of insurance and reinsurance business in general and medical classes in Saudi Arabia in accordance with License No. TMN/6/20079 issued on 11 September 2007 by SAMA and the License was renewed for three year periods on 10 August 2010, 07 July 2013, 03 June 2016 and 28 January 2020. SAMA gave approval to the Company to conduct business in the protection and savings class on 26 April 2018. At the Company's request, SAMA approved an amendment to the License to exclude reinsurance business with effect from 30 September 2013.

As per the Articles of Association ("Articles"), the Company may undertake all activities required to transact cooperative insurance operations and related activities and to invest its funds. Its principal lines of business include motor, medical, marine, property, engineering, casualty and protection and savings.

In accordance with the Implementing Regulations, within six months from the date of publication of the annual financial statements each year, the Board of Directors approve the distribution of the surplus from insurance operations as follows:

- The shareholders of the Company receive 90% of the surplus from insurance operations including any surplus from investment activities of the policyholders' invested funds and the policyholders retain the remaining 10%.
- Any deficit arising on insurance operations is transferred to shareholders' operations in full.

The Company and its shareholders own and retain custody of all net assets related to both insurance operations and shareholders' operations and funds are allocated to insurance operations as required.

The fiscal year of the Company runs from 1 January to 31 December.

Cooperative insurance operations commenced with effect from 1 January 2009 following acquisition of the insurance portfolio and related business, assets and liabilities from Arabian Shield Insurance Company EC.

During the period, the share capital increased from 400,000 to 638,525 by issuing of 23,852,462 new shares to acquire Al Ahli Takaful Company (refer to Note 5).

The interim condensed financial statements of the period have been prepared by combining the portfolios after the merger and the numbers are consolidated accordingly (refer Note 5).

The formalities to update the legal documents are under process.

**2. STATEMENT OF COMPLIANCE**

These interim condensed financial statements for the three and six month periods ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, therefore, these should be read in conjunction with the Company's annual audited financial statements as at and for the year ended 31 December 2021.

**3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and risk management policy used in the preparation of the interim condensed financial statements for the period ended 30 June 2022 are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2021.



**4. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Preparation**

The accounting policies, estimates and assumptions used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021 and no new or amended accounting policies or accounting standards were adopted by the Company during 2022 to date.

Interim condensed financial statements are prepared under the going concern convention using the accrual basis of accounting. The historical cost convention is followed except for the measurement at fair value of available for sale investments.

Financial assets and financial liabilities are offset and the net amount reported only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expense are not offset unless required or permitted by an accounting standard or interpretation as specifically disclosed in the accounting policies.

Presentation is in Saudi Arabian Riyals (SAR), the functional currency of the Company. All amounts are derived from Arabic and English computerised accounting records and except where otherwise indicated are rounded to thousands using the standard rounding convention.

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

In preparing interim condensed financial statements in compliance with IFRS, balances and transactions of insurance operations are amalgamated and combined with those of shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

The interim condensed statement of financial position and interim condensed statements of income, comprehensive income and cash flows of insurance operations and shareholders' operations presented in Note 25 of the interim condensed financial statements have been provided as supplementary financial information to comply with the Implementing Regulations which require the clear segregation of the assets, liabilities, income and expenses of insurance operations and shareholders' operations.

Accordingly, the interim condensed statement of financial position and interim condensed statements of income, comprehensive income and cash flows of insurance operations and shareholders' operations presented in Note 25 of the interim condensed financial statements reflect the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

The inclusion of separate information of insurance operations and shareholders' operations in the interim condensed statement of financial position and interim condensed statements of income, comprehensive income and cash flows as well as certain relevant notes to the interim condensed financial statements represent supplementary information required by the Implementing Regulations but not required by IFRS.

**b) Critical accounting judgments, estimates and assumptions**

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amount of assets and liabilities, contingent assets and liabilities, resultant provisions, changes in fair value and the reported amounts of income and expense.

These judgements and estimates are based on the Company's best knowledge of current events and actions and are continually evaluated and updated, however future events could result in outcomes requiring material adjustments to the reported amounts.

In preparing the interim condensed financial statements significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied for the year ended 31 December 2021. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic. For further details, please see Note 22 to these interim condensed financial statements. Management will continue to assess the situation, and reflect any required changes in future reporting periods.

The following judgments and estimates have the most significant effect on the amounts recognised.

**Impairment losses on receivables**

The Company assesses impairment for receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. This assessment of impairment requires judgement. In making this judgment, the Company establishes if there is objective evidence that all amounts due may not be collectible in accordance with the original terms of the contract and evaluates credit risk characteristics that consider past-due status being indicative of the ability to pay all amounts due as per contractual terms.





**Insurance contract liabilities**

For insurance contracts, 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 yet reported (IBNR) at the reporting date.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies IBNR claims form a significant part of the liability. The primary technique adopted by the Company in estimating the cost of reported and IBNR claims is that of using past claims settlement trends to predict future claims settlement trends.

Historical claims development is analyzed by underwriting year, accident year and further analyzed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected to reflect their future expected development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or other factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking into account all the uncertainties involved.

In addition a range of technical methods are used by the Company's actuaries to independently assess and critically review the estimates made by the Company.

Prior claims estimates are continually reviewed and adjusted as claims develop.

Insurance contract liabilities are not discounted for the time value of money as substantially all claims are expected to be paid within one year of the reporting date. The liabilities are derecognised when the obligation to pay a claim expires is discharged or is cancelled.

**Impairment of financial instruments**

Financial instruments are considered impaired when it is determined there has been a significant or prolonged decline in fair value relative to cost. This determination requires judgement. In making this judgement factors are considered such as normal share price volatility, financial status of the investee including cash flow and sector and technology status and development.

**c) Seasonality of operations**

There are no seasonal changes that may affect insurance operations of the Company.

**d) Segmental reporting**

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

**5. BUSINESS COMBINATION**

The Company entered into a Memorandum of Understanding ("MoU") on 11 April 2021 (corresponding to 29 Sha'ban 1442) with Al Ahli Takaful Company ("ATC") to begin a reciprocal due diligence process and to negotiate the final terms and conditions of the potential Merger ("Merger" or "Transaction") between ATC and the Company.

Later on 12 July 2021 (corresponding to 02 Dhul Hijjah 1442), the Company announced its entry into a binding merger agreement with ATC ("Merger Agreement") in an effort to acquire all shares held by the shareholders of ATC through the submission of an offer to exchange shares without any cash considerations, such exchange to be effected by way of increasing the capital of the Company through the issuance of new ordinary shares to all shareholders in ATC. Accordingly, the Company received a no-objection from SAMA and other regulatory authorities on the merger transaction on 29 October 2021 (corresponding to 23 Rabi Al Awwal 1443).

The shareholders in the Extraordinary General Assembly meeting ("EGAM") held on 09 December 2021 (corresponding to 05 Jumada Al Oula 1443) approved the proposed merger of the Company and ATC to be affected by way of a merger pursuant to Article 191, 192, and 193 of the Companies Law issued under Royal Decree No. M3 dated 10 November 2015 (corresponding to 28 Muharram 1437), through the issuance of 1.43114769137705 new shares in the Company for each share in ATC subject to the terms and conditions of the Merger Agreement.

The Company has announced the effectiveness of the merger of ATC into the Company on 12 January 2022 (corresponding to 09 Jumada Al-Thani 1443) after satisfying the Merger conditions agreed between the two companies in the Merger agreement and set out in the Shareholder Circular and the Offer Document issued by the Company with respect to the Merger, including the expiry of the creditors' objection period with no outstanding or unsettled objections. The merger resulted in the increase of the paid-up capital from 400,000 to 638,325.



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The formalities to update the legal documents are under process.

The merger has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the "Standard") with the Company being the acquirer and ATC being the acquiree. The Company has accounted for the acquisition based on provisional fair values of the acquired assets and assumed liabilities as at 12 January 2022 "acquisition date"). Adjustment to the provisional values and their impact on the goodwill and acquired net assets of the Company will be finalised within twelve months of the date of acquisition as allowed by the Standard.

**Purchase consideration**

The purchase consideration was determined to be 594,404 which consisted of the issue of 23,852,462 new shares to the shareholders of ATC.

The fair value of the new issued shares of the Company was determined on the basis of the closing market price of the ordinary shares of SAR 24.92 per share on the Tadawul on the last trading date prior to the acquisition date of 12 January 2022. Issue costs which were directly attributable to the issue of the shares were not material. As a result, there was an increase in share capital and share premium of 238,525 and 355,879, respectively.

**Identifiable assets acquired and liabilities assumed**

The following table summarises the fair value of assets acquired and liabilities assumed as at 12 January 2022.

	Amount
<b>ASSETS</b>	
Cash and cash equivalents	63,476
Premiums and reinsurers' receivable – net	31,571
Reinsurers' share of unearned gross premiums	1,384
Reinsurers' share of outstanding gross claims	57,801
Reinsurers' share of gross claims incurred but not reported	25,751
Unit-linked investments	676,132
Investments	270,688
Prepaid expenses and other assets	13,417
Property and equipment – net	3,354
Intangible assets – net	830
Statutory deposit	16,667
Accrued income on statutory deposit	2,295
<b>TOTAL ASSETS</b>	<b>1,163,366</b>
<b>LIABILITIES</b>	
Accrued and other liabilities	31,813
Reinsurers' balances payable	37,289
Unearned gross premiums	2,085
Outstanding gross claims	83,972
Gross claims incurred but not reported	32,718
Unit reserves	691,338
Other technical reserves	436
Due to related parties	229
Accounts payable	446
Withholding tax provision	2,779
End-of-service indemnities	3,462
Policyholders' surplus distribution payable	22,570
Zakat	9,928
Accrued commission income payable to SAMA	2,295
<b>TOTAL LIABILITIES</b>	<b>921,360</b>
<b>ATC's net assets as at acquisition date</b>	<b>242,006</b>
<b>Goodwill arising from the acquisition</b>	<b>352,398</b>
<b>Purchase consideration</b>	<b>594,404</b>





**6. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	30 Jun 2022	Audited 31 Dec 2021
<b>Insurance operations</b>		
Bank balances and cash	31,118	50,146
Deposits maturing within 3 months from the acquisition date	286,660	180,916
<b>Total</b>	<b>317,778</b>	<b>231,062</b>
<b>Shareholders' operations</b>		
Bank balances and cash	667	326
Deposits maturing within 3 months from the acquisition date	70,000	134,167
<b>Total</b>	<b>70,667</b>	<b>134,493</b>
<b>Combined balances</b>		
Bank balances and cash	31,785	50,472
Deposits maturing within 3 months from the acquisition date	356,660	315,083
<b>Total</b>	<b>388,445</b>	<b>365,555</b>

All bank balances and deposits are placed with SAMA regulated local banks with sound credit ratings under Standard and Poor's and Moody's rating methodology. The deposits earn commission at an average rate of 2.69% per annum as at 30 June 2022 (31 December 2021: 2.81%).

**7. STATUTORY DEPOSIT**

In compliance with the Insurance Implementation Regulation of SAMA, the Company maintains a deposit of 63,852 (31 December 2021: 40,000) in a deposit account at The Saudi British Bank. During the period, the Company has increased its statutory deposit from 40,000 to 63,852 to comply with SAMA regulation due to increase in share capital (please refer to Note 14). This deposit cannot be withdrawn without SAMA's consent and the Company does not earn commission from the deposit.

The accrued income on the deposit as at 30 June 2022 is 5,804 (31 December 2021: 3,134) and has been disclosed as "Accrued income on statutory deposit" and the corresponding commission is shown in liabilities as "Accrued commission income payable to SAMA".



**8. PREMIUMS AND REINSURERS' RECEIVABLE – NET**

Receivable comprise amounts due from the following:

	30 Jun 2022	Audited 31 Dec 2021
<b>Non related parties</b>		
Policyholders	58,187	40,954
Brokers and agents	34,636	85,658
Receivables from reinsurers	16,036	36,486
Premiums and reinsurers' receivable – gross	108,859	163,098
Provision for doubtful receivables	(10,240)	(13,633)
<b>Premiums and reinsurers' receivable – net</b>	<b>98,619</b>	<b>149,465</b>
<b>Related parties</b>		
Policyholders	89,517	13,554
Provision for doubtful receivables	(8,310)	(605)
<b>Due from related parties – net</b>	<b>81,207</b>	<b>12,949</b>

**9. UNIT-LINKED INVESTMENTS****Insurance Operations**

Unit-linked investments comprise units of funds, denominated in United States Dollars, which are managed by Saudi National Bank Capital and are based in the Kingdom of Saudi Arabia.

	30 Jun 2022	Audited 31 Dec 2021
<b>Investments held to cover unit-linked liabilities</b>		
AlAhli Multi-Asset Conservative Fund	324,233	0
AlAhli Multi-Asset Moderate Fund	171,755	0
AlAhli Multi-Asset Growth Fund	138,557	0
<b>Total</b>	<b>634,545</b>	<b>0</b>

	30 Jun 2022	Audited 31 Dec 2021
<b>The movement in unit-linked investments during the period is as follows:</b>		
Balance at start of the period	0	0
Acquired through business combination	676,132	0
Change in fair value during the period	(41,587)	0
<b>Balance at end of the period</b>	<b>634,545</b>	<b>0</b>

**Carrying amounts and fair values**

All Unit-linked investments are classified under Level 2 fair value hierarchy.



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## 10. INVESTMENTS

Investments are classified as follows:

	30 Jun 2022	Audited 31 Dec 2021
<b>Insurance operations</b>		
Fair value through income statement (FVIS)	0	0
<b>Shareholders' operations</b>		
Fair value through income statement	267,228	0
Available for sale	343,687	325,638
<b>Total</b>	<b>610,915</b>	<b>325,638</b>

## 10.1 Insurance operations

	30 Jun 2022	Audited 31 Dec 2021
<b>Movement in FVIS investments</b>		
Balance at start of the period	0	0
Acquired through business combination	21,891	0
Purchases	0	0
Disposals	(21,891)	0
Unrealised gain during the period	0	0
<b>Balance at end of the period</b>	<b>0</b>	<b>0</b>

## 10.2 Shareholders' operations

	30 Jun 2022	Audited 31 Dec 2021
<b>Movement in FVIS investments</b>		
Balance at start of the period	0	0
Acquired through business combination	248,798	0
Purchases	16,667	0
Disposals	0	0
Unrealised gain during the period	1,763	0
<b>Balance at end of the period</b>	<b>267,228</b>	<b>0</b>

	30 Jun 2022	Audited 31 Dec 2021
<b>Movement in Available for Sale investments</b>		
Investments at cost	324,648	248,981
Cumulative unrealised gain / (losses)	990	(2,426)
<b>Total balance at start of the period</b>	<b>325,638</b>	<b>246,555</b>
Purchases at cost	54,534	215,000
Disposals at cost	(42,167)	(139,333)
<b>Net movement at cost</b>	<b>12,367</b>	<b>75,667</b>
Net change in fair value of investments	9,972	16,596
Net realised amounts transferred to statement of income	(4,290)	(13,180)
<b>Net change in unrealised fair value of investments</b>	<b>5,682</b>	<b>3,416</b>
Investments at cost	337,015	324,648
Cumulative unrealised gain	6,672	990
<b>Total balance at end of the period</b>	<b>343,687</b>	<b>325,638</b>

	Three Months to 30 Jun 2022	Year to Date to 30 Jun 2022	Three Months to 30 Jun 2021	Year to Date to 30 Jun 2021	Audited Full Year to 31 Dec 2021
<b>Realised gains to statement of income</b>					
Proceeds from disposal of investments	11,083	46,457	72,096	104,939	152,513
Costs of investments sold	(11,083)	(42,167)	(66,084)	(97,167)	(139,333)
<b>Realized gains</b>	<b>0</b>	<b>4,290</b>	<b>6,012</b>	<b>7,772</b>	<b>13,180</b>



**10.3 Fair Values of Financial Instruments****Determination of fair value**

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable and willing market participants at the measurement date.

Underlying the definition of fair value is a presumption that the enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms and that the transaction takes place either:

- in the accessible principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous accessible market for the asset or liability.

The fair value of financial instruments is based where possible on quoted prices for marketable securities. The fair value of commission bearing items is estimated based on discounted cash flows using commission rates for items with similar terms and risk characteristics.

For financial instruments where there is no active market, fair value is determined by reference to the market value of similar financial instruments or where this cannot be determined, they are calculated using a variety of valuation techniques. The assumptions are taken from observable market data where possible and where this is not possible judgment is relied upon to establish fair values.

**Fair value hierarchy**

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

- Level 1: Quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
- Level 2: Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial statements.

**Carrying amounts and fair values**

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

	Level 1	Level 2	Level 3	Carrying Value
Available for Sale	13,767	327,997	1,923	343,687
Fair Value Through Income Statement	19,477	247,751	0	267,228
<b>Total 30 June 2022</b>	<b>33,244</b>	<b>575,748</b>	<b>1,923</b>	<b>610,915</b>
Available for Sale	12,702	311,013	1,923	325,638
Fair Value Through Income Statement	0	0	0	0
<b>Total 31 Dec 2021 – Audited</b>	<b>12,702</b>	<b>311,013</b>	<b>1,923</b>	<b>325,638</b>

There were no transfers or reclassifications between or within levels during the six month period ended 30 June 2022 (31 December 2021: None).



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## 11. MOVEMENT IN UNEARNED PREMIUMS

	Gross	Reinsurance	Net
<b>Three Months to 30 Jun 2022</b>			
Balance at start of period	334,664	(98,095)	236,569
Acquired through business combination	0	0	0
Premium written during period	205,383	(66,272)	139,111
Premium earned during period	(249,579)	84,800	(164,779)
<b>Balance at end of period</b>	<b>290,468</b>	<b>(79,567)</b>	<b>210,901</b>
<b>Change in unearned premiums</b>	<b>(44,196)</b>	<b>18,528</b>	<b>(25,668)</b>
<b>Year to Date to 30 Jun 2022</b>			
Balance at start of period	189,910	(41,373)	148,537
Acquired through business combination	2,085	(1,384)	701
Premium written during period	585,387	(205,052)	380,335
Premium earned during period	(486,914)	168,242	(318,672)
<b>Balance at end of period</b>	<b>290,468</b>	<b>(79,567)</b>	<b>210,901</b>
<b>Change in unearned premiums</b>	<b>98,473</b>	<b>(36,810)</b>	<b>61,663</b>
<b>Three Months to 30 Jun 2021</b>			
Balance at start of period	314,702	(125,502)	189,200
Premium written during period	70,483	(21,219)	49,264
Premium earned during period	(135,398)	51,693	(83,705)
<b>Balance at end of period</b>	<b>249,787</b>	<b>(95,028)</b>	<b>154,759</b>
<b>Change in unearned premiums</b>	<b>(64,915)</b>	<b>30,474</b>	<b>(34,441)</b>
<b>Year to Date to 30 Jun 2021</b>			
Balance at start of period	190,453	(71,532)	118,921
Premium written during period	329,344	(128,377)	200,967
Premium earned during period	(270,010)	104,880	(165,130)
<b>Balance at end of period</b>	<b>249,787</b>	<b>(95,029)</b>	<b>154,758</b>
<b>Change in unearned premiums</b>	<b>59,334</b>	<b>(23,497)</b>	<b>35,837</b>
<b>Full Year ended 31 Dec 2021 – Audited</b>			
Balance at start of year	190,453	(71,532)	118,921
Premium written during year	558,166	(167,356)	390,810
Premium earned during year	(558,709)	197,515	(361,194)
<b>Balance at end of year</b>	<b>189,910</b>	<b>(41,373)</b>	<b>148,537</b>
<b>Change in unearned premiums</b>	<b>(543)</b>	<b>30,159</b>	<b>29,616</b>

## 12. NET OUTSTANDING CLAIMS AND TECHNICAL RESERVES

	30 Jun 2022	Audited 31 Dec 2021
Outstanding gross claims	221,042	87,531
Gross claims incurred but not reported	192,584	160,342
Premium deficiency reserve	10,950	11,250
Unit reserves	613,541	0
Other technical reserves	9,076	6,700
<b>Outstanding gross claims and technical reserves</b>	<b>1,047,193</b>	<b>265,823</b>
Less reinsurers' share of outstanding gross claims	(153,897)	(57,553)
Less reinsurers' share of gross claims incurred but not reported	(50,862)	(41,599)
<b>Outstanding claims and technical reserves, net</b>	<b>842,434</b>	<b>166,671</b>



**13. PROVISION FOR ZAKAT AND INCOME TAX**

Zakat and income tax have been provided in accordance with regulations currently in force in Saudi Arabia.

The temporary and permanent differences between financial and adjusted taxable results are mainly due to adjustments to depreciation, provisions and other items in accordance with the income tax regulations. Deferred tax arising out of these differences is not significant and accordingly was not provided for.

Zakat is calculated on Saudi shareholders' share of adjusted equity subject to a minimum base equal to the relevant share of adjusted net profit. Foreign shareholders are subject to income tax calculated on the relevant share of adjusted net profit.

	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
<b><u>Percentages applicable to zakat and income tax</u></b>		
Shareholding percentage subject to zakat	97%	94%
Shareholding percentage subject to income tax	3%	6%
 <b><u>Movement on zakat account</u></b>		
Balance 31 Dec 2020		36,483
Provided		9,713
Paid		(6,980)
<b>Balance 31 Dec 2021 – Audited</b>		<b>39,216</b>
 Balance 31 Dec 2021 – Audited		39,216
Acquired through business combination		9,928
Provided		9,491
Paid		(12,441)
<b>Balance 30 Jun 2022</b>		<b>46,194</b>
 <b><u>Movement on income tax account</u></b>		
Balance 31 Dec 2020		1,752
Provided		741
Paid		(993)
<b>Balance 31 Dec 2021 – Audited</b>		<b>1,500</b>
 Balance 31 Dec 2021 – Audited		1,500
Provided		184
Paid		(796)
<b>Balance 30 Jun 2022</b>		<b>888</b>

**Status of assessments**

The Company has filed zakat and income tax returns for the period from incorporation to 31 December 2008 and for each of the years ended 31 December 2009 to 31 December 2021.

The returns filed covering periods to 31 December 2014 have been agreed and finalised with Zakat, Tax and Customs Authority (ZATCA) and zakat and income tax liabilities arising thereon have been discharged in full. Final assessments are awaited for the remaining outstanding years.







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The Company is in compliance with all externally imposed capital requirements. The capital structure of the Company as shown in the statement of interim condensed financial position as at 30 June 2022 totals 1,095,557 consisting of paid-up share capital 638,525, share premium 355,879, statutory reserves 26,097, retained earnings 71,144, fair value reserve gain on investments 6,672 and re-measurement reserve for end of service indemnities (2,760) (31 December 2021 totals 488,713 consisting of paid-up share capital 400,000, statutory reserves 26,097, retained earnings 64,386, fair value reserve loss on investments 990 and re-measurement reserve for end of service indemnities (2,760).

In the opinion of the Board of Directors, the Company has fully complied with all externally imposed capital requirements during the reported financial period.

# 18. RELATED PARTY TRANSACTIONS AND BALANCES

## Definitions and explanations

Related parties represent shareholders, both individual and corporate, directors, members of the audit, executive, investment, risk and nomination and remuneration committees, the board secretary, key executives and entities controlled (including jointly controlled) or significantly influenced by such parties. The immediate families of the above are related parties.

All transactions with related parties are made on an arm's length basis and no conflicts or potential conflicts of interest were identified during the six month period ended 30 June 2022 and 2021. Amounts due to related parties do not include amounts provided for outstanding claims under processing or IBNR. Balances due to or from related parties are unsecured, interest free and are settled in cash and no guarantees have been made or received in relation to any related party transaction or balance.

The following are the details of the major related party transactions during the period and the related balances.

## Salaries and Allowances of Key Executives and Board Secretary

Salaries and Allowances encompass all elements of compensation including provision for end of service benefit.

Salaries and Allowances	Three Months to		Year to Date to	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Provided and paid for key executives	2,238	2,087	3,915	4,089

## Transactions with and amounts due to and from related parties

Transactions with related parties	Three Months to		Year to Date to	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
<b>Gross written premiums from related parties</b>				
Shareholders	4,715	0	4,939	231
Committees, board secretary and key executives	9	0	11	24
Entities controlled or significantly influenced	79,859	26,102	314,880	206,672
<b>Ceded written premiums to related parties</b>				
Entities controlled or significantly influenced	0	19	105	57
<b>Commissions from related parties</b>				
Entities controlled or significantly influenced	0	5	10	13
<b>Commissions to related parties</b>				
Entities controlled or significantly influenced	0	0	0	0
<b>Gross claims paid by related parties</b>				
Shareholders	7,083	11	7,100	35
Entities controlled or significantly influenced	22,777	29,522	61,168	61,676

Amounts due to and from related parties	Audited	
	30 Jun 2022	31 Dec 2021
<b>Amounts due from related parties</b>		
Shareholders	0	0
Entities controlled or significantly influenced	89,517	13,554
Provision	(8,310)	(605)
<b>Total due from related parties, net</b>	<b>81,207</b>	<b>12,949</b>
<b>Amounts due to related parties</b>		
Entities controlled or significantly influenced	492	566
<b>Total due to related parties</b>	<b>492</b>	<b>566</b>



**19. SEGMENT REPORTING**

Segment reporting is not undertaken for shareholders' operations, assets and liabilities.

**Insurance operations - geographic segments:**

The Company has since incorporation operated primarily in Saudi Arabia.

**Insurance operations - operating segments:**

Operating segments are identified on the basis of internal reports concerning 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 segments and assess performance.

Transactions between operating segments are on normal commercial terms and conditions.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of income.

There have been no changes to the basis of segmentation or the measurement basis for segment profits or losses since 31 December 2021.

Unallocated assets not subject to segmentation are cash and cash equivalents, short term fixed income deposits, premiums and reinsurers' receivable – net, investments, due from related parties – net, prepaid expenses and other assets, property and equipment – net, intangible assets – net, goodwill, statutory deposits and accrued income on statutory deposits.

Unallocated liabilities not subject to segmentation are accrued and other liabilities, due to related parties, accounts payable, withholding tax provision, regulators' levies provision, end-of-service indemnities, policyholders' surplus distribution payable, zakat, income tax and accrued commission income payable to SAMA.

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



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

Operating segments 30 Jun 2022	Motor	Medical	Property & Casualty	Protection & Savings	Total Insurance Operations	Total Shareholders' Operations	Total
<b>ASSETS</b>							
<b>Allocated assets:</b>							
Reinsurers' share of unearned gross premiums	21,148	0	48,531	9,888	79,567	0	79,567
Reinsurers' share of outstanding gross claims	26,965	0	15,714	111,218	153,897	0	153,897
Reinsurers' share of gross claims incurred but not reported	27,500	0	4,365	18,997	50,862	0	50,862
Deferred excess of loss expenses	680	0	986	180	1,846	0	1,846
Deferred policy acquisition costs	2,923	5,726	743	777	10,169	0	10,169
Deferred third party administrator expenses	0	3,967	0	0	3,967	0	3,967
Deferred withholding tax	803	0	2,194	274	3,271	0	3,271
Deferred regulators' levies	0	1,724	0	0	1,724	0	1,724
Unit-linked investments	0	0	0	634,545	634,545	0	634,545
Investments	0	0	0	0	0	0	0
<b>Total allocated assets</b>	<b>80,019</b>	<b>11,417</b>	<b>72,533</b>	<b>775,879</b>	<b>939,848</b>	<b>0</b>	<b>939,848</b>
<b>Unallocated assets:</b>							
Cash and cash equivalents					317,778	70,667	388,445
Short term fixed income deposits					81,079	0	81,079
Premiums and reinsurers' receivable – net					98,619	0	98,619
Investments					0	610,915	610,915
Due from related parties – net					81,207	0	81,207
Prepaid expenses and other assets					60,650	10,906	71,556
Property and equipment – net					6,401	0	6,401
Intangible assets – net					11,134	0	11,134
Goodwill					0	399,192	399,192
Statutory deposit					0	63,852	63,852
Accrued income and statutory deposit					0	5,804	5,804
<b>Total unallocated assets</b>					<b>656,868</b>	<b>1,161,336</b>	<b>1,818,204</b>
<b>TOTAL ASSETS</b>					<b>1,596,716</b>	<b>1,161,336</b>	<b>2,758,052</b>
<b>LIABILITIES</b>							
<b>Allocated liabilities:</b>							
Reinsurers' balances payable	2,413	0	12,856	67,731	83,000	0	83,000
Unearned gross premiums	50,982	172,364	53,418	13,704	290,468	0	290,468
Unearned reinsurance commission	4,187	0	9,921	1,794	15,902	0	15,902
Outstanding gross claims	45,480	3,000	22,712	149,850	221,042	0	221,042
Gross claims incurred but not reported	55,000	107,500	5,957	24,127	192,584	0	192,584
Premium deficiency reserve	5,750	5,000	200	0	10,950	0	10,950
Unit reserves	0	0	0	613,541	613,541	0	613,541
Other technical reserves	2,750	2,575	750	3,001	9,076	0	9,076
<b>Total allocated liabilities</b>	<b>166,562</b>	<b>290,439</b>	<b>105,814</b>	<b>873,748</b>	<b>1,436,563</b>	<b>0</b>	<b>1,436,563</b>
<b>Unallocated liabilities:</b>							
Accrued and other liabilities					81,609	3,110	84,719
Due to related parties					492	0	492
Accounts payable					41,832	0	41,832
Withholding tax provision					1,786	0	1,786
Regulators' levies provision					2,286	0	2,286
End-of-service indemnities					13,834	0	13,834
Policyholders' surplus distribution payable					28,097	0	28,097
Zakat					0	46,194	46,194
Income tax					0	888	888
Accrued commission income payable to SAMA					0	5,804	5,804
<b>Total unallocated liabilities</b>					<b>169,936</b>	<b>55,996</b>	<b>225,932</b>
<b>TOTAL LIABILITIES</b>					<b>1,606,499</b>	<b>55,996</b>	<b>1,662,495</b>



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022

ALL AMOUNTS IN SAR '000

Operating segments 31 Dec 2021 – Audited	Motor	Medical	Property & Casualty	Protection & Savings	Total Insurance Operations	Total Shareholders' Operations	Total
<b>ASSETS</b>							
<b>Allocated assets:</b>							
Reinsurers' share of unearned gross premiums	18,871	0	17,273	5,229	41,373	0	41,373
Reinsurers' share of outstanding gross claims	23,140	0	30,054	4,359	57,553	0	57,553
Reinsurers' share of gross claims incurred but not reported	35,001	0	5,726	872	41,599	0	41,599
Deferred policy acquisition costs	2,095	6,830	733	468	10,126	0	10,126
Deferred third party administrator expenses	0	5,849	0	0	5,849	0	5,849
Deferred withholding tax	945	0	767	261	1,973	0	1,973
Deferred regulators' levies	191	1,888	86	34	2,199	0	2,199
<b>Total allocated assets</b>	<b>80,243</b>	<b>14,567</b>	<b>54,639</b>	<b>11,223</b>	<b>160,672</b>	<b>0</b>	<b>160,672</b>
<b>Unallocated assets:</b>							
Cash and cash equivalents					231,062	134,493	365,555
Premiums and reinsurers' receivable – net					149,465	0	149,465
Investments					0	325,638	325,638
Due from related parties – net					12,949	0	12,949
Prepaid expenses and other assets					28,669	2,366	31,035
Property and equipment – net					2,713	0	2,713
Intangible assets – net					10,667	0	10,667
Goodwill					0	46,794	46,794
Statutory deposit					0	40,000	40,000
Accrued income and statutory deposit					0	3,134	3,134
<b>Total unallocated assets</b>					<b>435,525</b>	<b>552,425</b>	<b>987,950</b>
<b>TOTAL ASSETS</b>					<b>596,197</b>	<b>552,425</b>	<b>1,148,622</b>
<b>LIABILITIES</b>							
<b>Allocated liabilities:</b>							
Reinsurers' balances payable	412	0	8,971	4,491	13,874	0	13,874
Unearned gross premiums	38,049	125,854	19,194	6,813	189,910	0	189,910
Unearned reinsurance commission	3,774	0	3,870	1,148	8,792	0	8,792
Outstanding gross claims	40,660	4,420	37,678	4,773	87,531	0	87,531
Gross claims incurred but not reported	70,000	81,750	7,401	1,191	160,342	0	160,342
Premium deficiency reserve	1,600	9,650	0	0	11,250	0	11,250
Other technical reserves	3,000	2,600	920	180	6,700	0	6,700
<b>Total allocated liabilities</b>	<b>157,495</b>	<b>224,274</b>	<b>78,034</b>	<b>18,596</b>	<b>478,399</b>	<b>0</b>	<b>478,399</b>
<b>Unallocated liabilities:</b>							
Accrued and other liabilities					69,873	2,512	72,385
Due to related parties					566	0	566
Accounts payable					43,864	0	43,864
Withholding tax provision					3,863	0	3,863
Regulators' levies provision					1,655	0	1,655
End-of-service indemnities					10,207	0	10,207
Policyholders' surplus distribution payable					5,120	0	5,120
Zakat					0	39,216	39,216
Income tax					0	1,500	1,500
Accrued commission income payable to SAMA					0	3,134	3,134
<b>Total unallocated liabilities</b>					<b>135,148</b>	<b>46,362</b>	<b>181,510</b>
<b>TOTAL LIABILITIES</b>					<b>613,547</b>	<b>46,362</b>	<b>659,909</b>





NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022

ALL AMOUNTS IN SAR '000

Operating segments For the three month period ended 30 Jun 2022	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
<b>REVENUES</b>					
Gross premiums written:					
• Individuals	12,894	17,126	2,024	35,611	67,655
• Very small corporate entities	452	8,978	50	0	9,480
• Small corporate entities	2,451	3,197	218	1	5,867
• Medium corporate entities	3,369	9,347	1,791	8	14,515
• Large corporate entities	1,248	36,413	5,329	64,876	107,866
<b>Gross premiums written – total</b>	<b>20,414</b>	<b>75,061</b>	<b>9,412</b>	<b>100,496</b>	<b>205,383</b>
Reinsurance premiums ceded – local	(2,051)	0	(1,202)	(21,715)	(24,968)
Reinsurance premiums ceded – foreign	(6,103)	0	(5,947)	(28,609)	(40,659)
Excess of loss expenses	(165)	0	(368)	(112)	(645)
<b>Net premiums written</b>	<b>12,095</b>	<b>75,061</b>	<b>1,895</b>	<b>50,060</b>	<b>139,111</b>
Change in unearned gross premiums	4,707	22,894	14,778	1,817	44,196
Change in reinsurers' share of unearned gross premiums	(2,996)	0	(14,700)	(832)	(18,528)
<b>Net premiums earned</b>	<b>13,806</b>	<b>97,955</b>	<b>1,973</b>	<b>51,045</b>	<b>164,779</b>
Reinsurance commissions	2,217	0	4,817	1,060	8,094
Other underwriting income	0	1,698	1,929	1,254	4,881
<b>TOTAL REVENUES</b>	<b>16,023</b>	<b>99,653</b>	<b>8,719</b>	<b>53,359</b>	<b>177,754</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	(20,976)	(73,890)	(1,206)	(21,109)	(117,181)
Reinsurers' share of gross claims paid	9,520	0	957	16,948	27,425
<b>Net claims paid</b>	<b>(11,456)</b>	<b>(73,890)</b>	<b>(249)</b>	<b>(4,161)</b>	<b>(89,756)</b>
Change in outstanding gross claims	(5,145)	635	8,322	(58,136)	(54,324)
Change in reinsurers' share of outstanding gross claims	2,226	0	(8,191)	47,142	41,177
Change in gross IBNR	0	(14,000)	189	25,464	11,653
Change in reinsurers' share of gross IBNR	0	0	(228)	(18,439)	(18,667)
<b>Net claims incurred</b>	<b>(14,375)</b>	<b>(87,255)</b>	<b>(157)</b>	<b>(8,130)</b>	<b>(109,917)</b>
Investible Contribution, net	0	0	0	(28,621)	(28,621)
Premium deficiency reserve	300	9,750	150	0	10,200
Other technical reserves	100	(325)	100	977	852
Policy acquisition costs	(1,267)	(3,494)	(148)	(1,383)	(6,292)
Third party administrator expenses	0	(2,476)	0	0	(2,476)
Withholding tax	(439)	0	(939)	(555)	(1,933)
Regulators' levies	(53)	(1,188)	31	352	(858)
Other underwriting expenses	(732)	(722)	(832)	(270)	(2,556)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(16,466)</b>	<b>(85,710)</b>	<b>(1,795)</b>	<b>(37,630)</b>	<b>(141,601)</b>
<b>NET UNDERWRITING INCOME</b>	<b>(443)</b>	<b>13,943</b>	<b>6,924</b>	<b>15,729</b>	<b>36,153</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>					
Allowance for doubtful debts					(9,232)
General and administrative expenses					(18,334)
Depreciation and amortisation					(1,505)
Commission income on deposits					1,635
Unrealised gain on FVIS investments					(39)
Realised gain on FVIS investments					80
<b>TOTAL OTHER OPERATING EXPENSES</b>					<b>(27,395)</b>
<b>NET SURPLUS FROM INSURANCE OPERATIONS</b>					<b>8,758</b>
Transfer of surplus to Shareholders' Operations					(8,351)
<b>NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</b>					<b>407</b>





NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022

ALL AMOUNTS IN SAR '000

Operating segments For the period to date 30 Jun 2022	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
<b>REVENUES</b>					
Gross premiums written:					
• Individuals	25,047	25,893	2,714	75,512	129,166
• Very small corporate entities	760	17,554	137	0	18,451
• Small corporate entities	7,332	6,324	1,095	(19)	14,732
• Medium corporate entities	10,226	16,553	4,042	8	30,829
• Large corporate entities	20,965	162,302	75,112	133,830	392,209
<b>Gross premiums written – total</b>	<b>64,330</b>	<b>228,626</b>	<b>83,100</b>	<b>209,331</b>	<b>585,387</b>
Reinsurance premiums ceded – local	(6,456)	0	(5,958)	(44,586)	(57,000)
Reinsurance premiums ceded – foreign	(19,254)	0	(70,136)	(56,459)	(145,849)
Excess of loss expenses	(679)	0	(987)	(537)	(2,203)
<b>Net premiums written</b>	<b>37,941</b>	<b>228,626</b>	<b>6,019</b>	<b>107,749</b>	<b>380,335</b>
Change in unearned gross premiums	(12,932)	(46,510)	(34,224)	(4,807)	(98,473)
Change in reinsurers' share of unearned gross premiums	2,275	0	31,259	3,276	36,810
<b>Net premiums earned</b>	<b>27,284</b>	<b>182,116</b>	<b>3,054</b>	<b>106,218</b>	<b>318,672</b>
Reinsurance commissions	4,666	0	10,505	2,058	17,229
Other underwriting income	0	5,084	1,951	2,314	9,349
<b>TOTAL REVENUES</b>	<b>31,950</b>	<b>187,200</b>	<b>15,510</b>	<b>110,590</b>	<b>345,250</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	(51,150)	(149,359)	(1,979)	(35,680)	(238,168)
Reinsurers' share of gross claims paid	24,403	0	1,589	27,813	53,805
<b>Net claims paid</b>	<b>(26,747)</b>	<b>(149,359)</b>	<b>(390)</b>	<b>(7,867)</b>	<b>(184,363)</b>
Change in outstanding gross claims	(4,821)	1,420	14,966	(61,104)	(49,539)
Change in reinsurers' share of outstanding gross claims	3,826	0	(14,341)	49,058	38,543
Change in gross IBNR	15,000	(25,750)	1,444	9,782	476
Change in reinsurers' share of gross IBNR	(7,500)	0	(1,361)	(7,627)	(16,488)
<b>Net claims incurred</b>	<b>(20,242)</b>	<b>(173,689)</b>	<b>318</b>	<b>(17,758)</b>	<b>(211,371)</b>
Investible Contribution, net	0	0	0	(58,151)	(58,151)
Premium deficiency reserve	(4,150)	4,650	(200)	0	300
Other technical reserves	250	25	170	(2,384)	(1,939)
Policy acquisition costs	(2,417)	(6,227)	(465)	(3,048)	(12,157)
Third party administrator expenses	0	(4,658)	0	0	(4,658)
Withholding tax	(1,132)	0	(1,484)	(1,137)	(3,753)
Regulators' levies	(190)	(2,450)	(86)	(34)	(2,760)
Other underwriting expenses	(1,679)	(1,530)	(1,688)	(614)	(5,511)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(29,560)</b>	<b>(183,879)</b>	<b>(3,435)</b>	<b>(83,126)</b>	<b>(300,000)</b>
<b>NET UNDERWRITING INCOME</b>	<b>2,390</b>	<b>3,321</b>	<b>12,075</b>	<b>27,464</b>	<b>45,250</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>					
Allowance for doubtful debts					(3,184)
General and administrative expenses					(37,583)
Depreciation and amortisation					(2,921)
Commission income on deposits					2,428
Realised gain on FVIS investments					80
<b>TOTAL OTHER OPERATING EXPENSES</b>					<b>(41,180)</b>
<b>NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS</b>					<b>4,070</b>
Absorption of deficit by / transfer of surplus to Shareholders' Operations					(3,663)
<b>NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS</b>					<b>407</b>



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022

ALL AMOUNTS IN SAR '000

Operating segments For the three month period ended 30 Jun 2021	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
<b>REVENUES</b>					
Gross premiums written:					
• Individuals	18,805	2,835	3,888	0	25,528
• Very small corporate entities	3,110	907	467	0	4,484
• Small corporate entities	135	533	1,004	0	1,672
• Medium corporate entities	63	1,024	6	0	1,093
• Large corporate entities	321	31,120	1,660	4,605	37,706
<b>Gross premiums written – total</b>	<b>22,434</b>	<b>36,419</b>	<b>7,025</b>	<b>4,605</b>	<b>70,483</b>
Reinsurance premiums ceded – local	(2,245)	0	(1,024)	(30)	(3,299)
Reinsurance premiums ceded – foreign	(8,879)	0	(4,524)	(3,679)	(17,082)
Excess of loss expenses	(360)	0	(403)	(75)	(838)
<b>Net premiums written</b>	<b>10,950</b>	<b>36,419</b>	<b>1,074</b>	<b>821</b>	<b>49,264</b>
Change in unearned gross premiums	19,956	24,206	19,496	1,257	64,915
Change in reinsurers' share of unearned gross premiums	(12,441)	0	(17,150)	(883)	(30,474)
<b>Net premiums earned</b>	<b>18,465</b>	<b>60,625</b>	<b>3,420</b>	<b>1,195</b>	<b>83,705</b>
Reinsurance commissions	4,584	0	3,461	1,010	9,055
Other underwriting income	1,858	5,312	0	0	7,170
<b>TOTAL REVENUES</b>	<b>24,907</b>	<b>65,937</b>	<b>6,881</b>	<b>2,205</b>	<b>99,930</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	(38,159)	(57,397)	(1,215)	(1,205)	(97,976)
Reinsurers' share of gross claims paid	21,696	0	1,084	1,047	23,827
<b>Net claims paid</b>	<b>(16,463)</b>	<b>(57,397)</b>	<b>(131)</b>	<b>(158)</b>	<b>(74,149)</b>
Change in outstanding gross claims	(297)	2,022	4,720	22,343	28,788
Change in reinsurers' share of outstanding gross claims	(120)	0	(4,212)	(21,213)	(25,545)
Change in gross IBNR	5,000	3,000	1,211	4,331	13,542
Change in reinsurers' share of gross IBNR	(2,500)	0	(1,056)	(4,245)	(7,801)
<b>Net claims incurred</b>	<b>(14,380)</b>	<b>(52,375)</b>	<b>532</b>	<b>1,058</b>	<b>(65,165)</b>
Premium deficiency reserve	0	(1,300)	0	0	(1,300)
Other technical reserves	(252)	361	(1,619)	(88)	(1,598)
Policy acquisition costs	(1,196)	(1,265)	(364)	(504)	(3,329)
Third party administrator expenses	(31)	(1,584)	0	0	(1,615)
Withholding tax	(1,081)	0	(1,036)	(232)	(2,349)
Regulators' levies	(201)	(909)	(123)	(30)	(1,263)
Other underwriting expenses	(1,563)	(307)	(365)	(236)	(2,471)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(18,704)</b>	<b>(57,379)</b>	<b>(2,975)</b>	<b>(32)</b>	<b>(79,090)</b>
<b>NET UNDERWRITING INCOME</b>	<b>6,203</b>	<b>8,558</b>	<b>3,906</b>	<b>2,173</b>	<b>20,840</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>					
Allowance for doubtful debts					(5,690)
General and administrative expenses					(12,943)
Depreciation and amortisation					(1,142)
Commission income on deposits					913
Investment income					0
<b>TOTAL OTHER OPERATING EXPENSES</b>					<b>(18,862)</b>
<b>NET SURPLUS FROM INSURANCE OPERATIONS</b>					<b>1,978</b>
Transfer of surplus to Shareholders' Operations					(1,779)
<b>NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</b>					<b>199</b>



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022

ALL AMOUNTS IN SAR '000

Operating segments For the period to dated 30 Jun 2021	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
<b>REVENUES</b>					
Gross premiums written:					
• Individuals	40,508	6,234	4,128	0	50,870
• Very small corporate entities	5,817	2,150	975	0	8,942
• Small corporate entities	4,770	1,282	7,758	0	13,810
• Medium corporate entities	2,013	1,104	904	0	4,021
• Large corporate entities	19,967	138,634	77,286	15,814	251,701
<b>Gross premiums written – total</b>	<b>73,075</b>	<b>149,404</b>	<b>91,051</b>	<b>15,814</b>	<b>329,344</b>
Reinsurance premiums ceded – local	(7,291)	0	(6,894)	(114)	(14,299)
Reinsurance premiums ceded – foreign	(28,876)	0	(71,493)	(11,588)	(111,957)
Excess of loss expenses	(918)	0	(921)	(282)	(2,121)
<b>Net premiums written</b>	<b>35,990</b>	<b>149,404</b>	<b>11,743</b>	<b>3,830</b>	<b>200,967</b>
Change in unearned gross premiums	10,780	(28,852)	(37,890)	(3,372)	(59,334)
Change in reinsurers' share of unearned gross premiums	(11,125)	0	32,966	1,656	23,497
<b>Net premiums earned</b>	<b>35,645</b>	<b>120,552</b>	<b>6,819</b>	<b>2,114</b>	<b>165,130</b>
Reinsurance commissions	9,169	0	8,224	2,108	19,501
Other underwriting income	5,710	7,957	0	0	13,667
<b>TOTAL REVENUES</b>	<b>50,524</b>	<b>128,509</b>	<b>15,043</b>	<b>4,222</b>	<b>198,298</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	(70,384)	(111,029)	(1,721)	(5,533)	(188,667)
Reinsurers' share of gross claims paid	40,672	0	1,510	4,188	46,370
<b>Net claims paid</b>	<b>(29,712)</b>	<b>(111,029)</b>	<b>(211)</b>	<b>(1,345)</b>	<b>(142,297)</b>
Change in outstanding gross claims	680	(1,065)	7,196	26,106	32,917
Change in reinsurers' share of outstanding gross claims	(497)	0	(6,620)	(24,877)	(31,994)
Change in gross IBNR	1,200	3,000	1,293	5,081	10,574
Change in reinsurers' share of gross IBNR	(598)	0	(1,189)	(4,975)	(6,762)
<b>Net claims incurred</b>	<b>(28,927)</b>	<b>(109,094)</b>	<b>469</b>	<b>(10)</b>	<b>(137,562)</b>
Premium deficiency reserve	1,250	3,950	0	0	5,200
Other technical reserves	2,098	1,241	(1,379)	792	2,752
Policy acquisition costs	(2,301)	(2,443)	(804)	(1,089)	(6,637)
Third party administrator expenses	(97)	(3,146)	0	0	(3,243)
Withholding tax	(2,038)	0	(1,587)	(511)	(4,136)
Regulators' levies	(383)	(1,808)	(242)	(62)	(2,495)
Other underwriting expenses	(1,714)	(650)	(693)	(264)	(3,321)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(32,112)</b>	<b>(111,950)</b>	<b>(4,236)</b>	<b>(1,144)</b>	<b>(149,442)</b>
<b>NET UNDERWRITING INCOME</b>	<b>18,412</b>	<b>16,559</b>	<b>10,807</b>	<b>3,078</b>	<b>48,856</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>					
Allowance for doubtful debts					(9,190)
General and administrative expenses					(23,596)
Depreciation and amortisation					(2,292)
Commission income on deposits					1,945
<b>TOTAL OTHER OPERATING EXPENSES</b>					<b>(33,133)</b>
<b>NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS</b>					<b>15,723</b>
Absorption of deficit by / transfer of surplus to Shareholders' Operations					(14,151)
<b>NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS</b>					<b>1,572</b>



**20. COMMITMENTS AND CONTINGENCIES**

At 30 June 2022 Letters of Guarantee were outstanding in favour of various beneficiaries as follows:

	30 Jun 2022	Audited 31 Dec 2021
Medical provider	801	1,000
Capital commitments for systems software	1,500	1,884
ZATCA - VAT and Zakat Assessment	25,358	0
<b>Total</b>	<b>27,659</b>	<b>2,884</b>

The Company is subject to legal proceedings in the ordinary course of business.

At 30 June 2022 there were no other commitments, contingencies or outstanding legal proceedings or disputes of a material nature.

**21. PURCHASE OF INSURANCE PORTFOLIO AND RELATED BUSINESS, ASSETS AND LIABILITIES OF ARABIAN SHIELD INSURANCE COMPANY EC**

The insurance portfolio and related business of Arabian Shield Insurance Company EC was acquired by the Company effective 1 January 2009 at a purchase consideration approved by SAMA resulting in a Goodwill amount of 49,100.

The related assets and liabilities of Arabian Shield Insurance Company EC were also acquired at book value amounting to 20,826 as per the audited financial statements of Arabian Shield Insurance Company EC at 31 December 2008.

The combined sum due to Arabian Shield Insurance Company EC in consideration for goodwill and net assets acquired amounted to 69,926.

Based on criteria related to the Company's earnings up to 31 December 2015 the Goodwill amount was subsequently reduced by 2,306 to 46,794. This in turn resulted in a reduction in the combined sum due to Arabian Shield Insurance Company EC from 69,926 to 67,619 which has been fully paid with no further amounts owing.

The company carried out an assessment of impairment, annually concluding the fair value less cost to sell approach to determine the reasonable value, based on the assessment the goodwill is not consider to be impaired.

**22. IMPACT OF COVID-19**

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the spread of the Covid-19 virus in the GCC and other territories where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating
- the continuity of its business throughout the Kingdom is protected and kept intact.

The major impact of Covid-19 pandemic is seen in medical and motor line of business as explained below. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental and the Company will continue to reassess its position and the related impact on a regular basis.

**Medical technical reserves**

Based on the management's assessment, the management believes that the Government's decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavourable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since 21 June 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company's management. The Company's management has duly considered the impact of surge in claims in the current estimate of future contractual cashflows of the insurance contracts in force as at 30 June 2022 for its liability adequacy test.



**Motor technical reserves**

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the "circular") dated 08 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this circular.

The Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and concluded, that the Company considers the extension of two months in exiting motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended 2 months period.

For new policies written as per above circular, the premium is earned over the period of coverage i.e. 14 month as per the Company accounting policy. There is no significant impact of two months extension in earned premium as of 30 June 2022 as no material amounts of premium have been written during the one month period.

**Financial assets**

To cater for any potential impacts, the Covid-19 pandemic may have had on the financial assets of the Company, the Company has performed an assessment in accordance with its accounting policy, to determine whether there is an objective evidence that a financial asset or a group of financial assets has been impaired. For debt financial assets, these include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant or prolonged decline in the fair value of financial assets below their cost.

Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the six month period ended 30 June 2022.

**23. COMPARATIVE FIGURES**

Certain prior period amounts or balances may have been reclassified to conform with the current presentation.

**24. BOARD OF DIRECTORS' APPROVAL**

The interim condensed financial statements were approved by the Company's Board of Directors on 11 August 2022 (corresponding to 13 Muharram 1444).





NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
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## 25. SUPPLEMENTARY INFORMATION

UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION	30 Jun 2022			Audited 31 Dec 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	317,778	70,667	388,445	231,062	134,493	365,555
Short term fixed income deposits	81,079	0	81,079	0	0	0
Premiums and reinsurers' receivable – net	98,619	0	98,619	149,465	0	149,465
Reinsurers' share of unearned gross premiums	79,567	0	79,567	41,373	0	41,373
Reinsurers' share of outstanding gross claims	153,897	0	153,897	57,553	0	57,553
Reinsurers' share of gross claims incurred but not reported	50,862	0	50,862	41,599	0	41,599
Deferred excess of loss expenses	1,846	0	1,846	0	0	0
Deferred policy acquisition costs	10,169	0	10,169	10,126	0	10,126
Deferred third party administrator expenses	3,967	0	3,967	5,849	0	5,849
Deferred withholding tax	3,271	0	3,271	1,973	0	1,973
Deferred regulators' levies	1,724	0	1,724	2,199	0	2,199
Unit-linked investments	634,545	0	634,545	0	0	0
Investments	0	610,915	610,915	0	325,638	325,638
Due to / from shareholders / insurance operations	7,023	(7,023)	0	14,590	(14,590)	0
Due from related parties – net	81,207	0	81,207	12,949	0	12,949
Prepaid expenses and other assets	60,650	10,906	71,556	28,669	2,366	31,035
Property and equipment – net	6,401	0	6,401	2,713	0	2,713
Intangible assets – net	11,134	0	11,134	10,667	0	10,667
Goodwill	0	399,192	399,192	0	46,794	46,794
Statutory deposit	0	63,852	63,852	0	40,000	40,000
Accrued income on statutory deposit	0	5,804	5,804	0	3,134	3,134
<b>TOTAL ASSETS</b>	<b>1,603,739</b>	<b>1,154,313</b>	<b>2,758,052</b>	<b>610,787</b>	<b>537,835</b>	<b>1,148,622</b>
<b>LIABILITIES</b>						
Accrued and other liabilities	81,609	3,110	84,719	69,873	2,512	72,385
Reinsurers' balances payable	83,000	0	83,000	13,874	0	13,874
Unearned gross premiums	290,468	0	290,468	189,910	0	189,910
Unearned reinsurance commission	15,902	0	15,902	8,792	0	8,792
Outstanding gross claims	221,042	0	221,042	87,531	0	87,531
Gross claims incurred but not reported	192,584	0	192,584	160,342	0	160,342
Premium deficiency reserve	10,950	0	10,950	11,250	0	11,250
Unit reserves	613,541	0	613,541	0	0	0
Other technical reserves	9,076	0	9,076	6,700	0	6,700
Due to related parties	492	0	492	566	0	566
Accounts payable	41,832	0	41,832	43,864	0	43,864
Withholding tax provision	1,786	0	1,786	3,863	0	3,863
Regulators' levies provision	2,286	0	2,286	1,655	0	1,655
End-of-service indemnities	13,834	0	13,834	10,207	0	10,207
Policyholders' surplus distribution payable	28,097	0	28,097	5,120	0	5,120
Zakat	0	46,194	46,194	0	39,216	39,216
Income tax	0	888	888	0	1,500	1,500
Accrued commission income payable to SAMA	0	5,804	5,804	0	3,134	3,134
<b>TOTAL LIABILITIES</b>	<b>1,606,499</b>	<b>55,996</b>	<b>1,662,495</b>	<b>613,547</b>	<b>46,362</b>	<b>659,909</b>
<b>EQUITY</b>						
Share capital	0	638,525	638,525	0	400,000	400,000
Share premium	0	355,879	355,879	0	0	0
Statutory reserve	0	26,097	26,097	0	26,097	26,097
Retained earnings	0	71,144	71,144	0	64,386	64,386
Fair value reserve gain on investments	0	6,672	6,672	0	990	990
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>0</b>	<b>1,098,317</b>	<b>1,098,317</b>	<b>0</b>	<b>491,473</b>	<b>491,473</b>
Re-measurement reserve for end of service indemnities	(2,760)	0	(2,760)	(2,760)	0	(2,760)
<b>TOTAL EQUITY</b>	<b>(2,760)</b>	<b>1,098,317</b>	<b>1,095,557</b>	<b>(2,760)</b>	<b>491,473</b>	<b>488,713</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,603,739</b>	<b>1,154,313</b>	<b>2,758,052</b>	<b>610,787</b>	<b>537,835</b>	<b>1,148,622</b>



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
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UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME	Three Months to 30 Jun 2022			Three Months to 30 Jun 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
<b>REVENUES</b>						
Gross premiums written	205,383	0	205,383	70,483	0	70,483
Reinsurance premiums ceded – local	(24,968)	0	(24,968)	(3,299)	0	(3,299)
Reinsurance premiums ceded – foreign	(40,659)	0	(40,659)	(17,082)	0	(17,082)
Excess of loss expenses	(645)	0	(645)	(838)	0	(838)
<b>Net premiums written</b>	<b>139,111</b>	<b>0</b>	<b>139,111</b>	<b>49,264</b>	<b>0</b>	<b>49,264</b>
Change in unearned gross premiums	44,196	0	44,196	64,915	0	64,915
Change in reinsurers' share of unearned gross premiums	(18,528)	0	(18,528)	(30,474)	0	(30,474)
<b>Net premiums earned</b>	<b>164,779</b>	<b>0</b>	<b>164,779</b>	<b>83,705</b>	<b>0</b>	<b>83,705</b>
Reinsurance commissions	8,094	0	8,094	9,055	0	9,055
Other underwriting income	4,881	0	4,881	7,170	0	7,170
<b>TOTAL REVENUES</b>	<b>177,754</b>	<b>0</b>	<b>177,754</b>	<b>99,930</b>	<b>0</b>	<b>99,930</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(117,181)	0	(117,181)	(97,976)	0	(97,976)
Reinsurers' share of gross claims paid	27,425	0	27,425	23,827	0	23,827
<b>Net claims paid</b>	<b>(89,756)</b>	<b>0</b>	<b>(89,756)</b>	<b>(74,149)</b>	<b>0</b>	<b>(74,149)</b>
Change in outstanding gross claims	(54,324)	0	(54,324)	28,788	0	28,788
Change in reinsurers' share of outstanding gross claims	41,177	0	41,177	(25,545)	0	(25,545)
Change in gross IBNR	11,653	0	11,653	13,542	0	13,542
Change in reinsurers' share of gross IBNR	(18,667)	0	(18,667)	(7,801)	0	(7,801)
<b>Net claims incurred</b>	<b>(109,917)</b>	<b>0</b>	<b>(109,917)</b>	<b>(65,165)</b>	<b>0</b>	<b>(65,165)</b>
Investible contribution, net	(28,621)	0	(28,621)	0	0	0
Premium deficiency reserve	10,200	0	10,200	(1,300)	0	(1,300)
Other technical reserves	852	0	852	(1,598)	0	(1,598)
Policy acquisition costs	(6,292)	0	(6,292)	(3,329)	0	(3,329)
Third party administrator expenses	(2,476)	0	(2,476)	(1,615)	0	(1,615)
Withholding tax	(1,933)	0	(1,933)	(2,349)	0	(2,349)
Regulators' levies	(858)	0	(858)	(1,263)	0	(1,263)
Other underwriting expenses	(2,556)	0	(2,556)	(2,471)	0	(2,471)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(141,601)</b>	<b>0</b>	<b>(141,601)</b>	<b>(79,090)</b>	<b>0</b>	<b>(79,090)</b>
<b>NET UNDERWRITING INCOME</b>	<b>36,153</b>	<b>0</b>	<b>36,153</b>	<b>20,840</b>	<b>0</b>	<b>20,840</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>						
Allowance for doubtful debts	(9,232)	0	(9,232)	(5,690)	0	(5,690)
General and administrative expenses	(18,334)	(1,957)	(20,291)	(12,943)	(1,978)	(14,921)
Depreciation and amortisation	(1,505)	0	(1,505)	(1,142)	0	(1,142)
Commission income on deposits	1,635	256	1,891	913	459	1,372
Commission income on sukuk	0	1,715	1,715	0	1,097	1,097
Dividend income	0	(931)	(931)	0	614	614
Unrealised gain on FVIS investment	(39)	1,763	1,724	0	0	0
Realised gain on FVIS investment	80	39	119	0	0	0
Realised gain on available for sale investments	0	0	0	0	6,012	6,012
<b>TOTAL OTHER OPERATING INCOME / (EXPENSES)</b>	<b>(27,395)</b>	<b>885</b>	<b>(26,510)</b>	<b>(18,862)</b>	<b>6,204</b>	<b>(12,658)</b>
<b>INCOME BEFORE SURPLUS, ZAKAT AND INCOME TAX</b>	<b>8,758</b>	<b>885</b>	<b>9,643</b>	<b>1,978</b>	<b>6,204</b>	<b>8,182</b>
Absorption of deficit by / transfer of surplus to Shareholders	(8,351)	8,351	0	(1,779)	1,779	0
<b>INCOME BEFORE ZAKAT AND INCOME TAX</b>	<b>407</b>	<b>9,236</b>	<b>9,643</b>	<b>199</b>	<b>7,983</b>	<b>8,182</b>
Zakat charge	0	(4,963)	(4,963)	0	(3,010)	(3,010)
Income tax charge	0	(85)	(85)	0	(142)	(142)
<b>INCOME AFTER ZAKAT AND INCOME TAX</b>	<b>407</b>	<b>4,188</b>	<b>4,595</b>	<b>199</b>	<b>4,831</b>	<b>5,030</b>
<b>Basic and diluted SAR earnings per share</b>		<b>0.07</b>			<b>0.12</b>	

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UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME	Three Months to 30 Jun 2022			Three Months to 30 Jun 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
Income after zakat and income tax	407	4,188	4,595	199	4,831	5,030
Other comprehensive income / (loss)						
<i>Items that are or may be reclassified to statement of income in subsequent periods:</i>						
Available for sale investments:						
Net change in fair value of investments	0	983	983	0	4,441	4,441
Realised gain transferred to statement of income	0	0	0	0	(6,012)	(6,012)
Net change in unrealised fair value of investments	0	983	983	0	(1,571)	(1,571)
COMPREHENSIVE INCOME FOR THE PERIOD	407	5,171	5,578	199	3,260	3,459



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UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME	Period to date to 30 Jun 2022			Period to date to 30 Jun 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
<b>REVENUES</b>						
Gross premiums written	585,387	0	585,387	329,344	0	329,344
Reinsurance premiums ceded – local	(57,000)	0	(57,000)	(14,299)	0	(14,299)
Reinsurance premiums ceded – foreign	(145,849)	0	(145,849)	(111,957)	0	(111,957)
Excess of loss expenses	(2,203)	0	(2,203)	(2,121)	0	(2,121)
<b>Net premiums written</b>	<b>380,335</b>	<b>0</b>	<b>380,335</b>	<b>200,967</b>	<b>0</b>	<b>200,967</b>
Change in unearned gross premiums	(98,473)	0	(98,473)	(59,334)	0	(59,334)
Change in reinsurers' share of unearned gross premiums	36,810	0	36,810	23,497	0	23,497
<b>Net premiums earned</b>	<b>318,672</b>	<b>0</b>	<b>318,672</b>	<b>165,130</b>	<b>0</b>	<b>165,130</b>
Reinsurance commissions	17,229	0	17,229	19,501	0	19,501
Other underwriting income	9,349	0	9,349	13,667	0	13,667
<b>TOTAL REVENUES</b>	<b>345,250</b>	<b>0</b>	<b>345,250</b>	<b>198,298</b>	<b>0</b>	<b>198,298</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(238,168)	0	(238,168)	(188,667)	0	(188,667)
Reinsurers' share of gross claims paid	53,805	0	53,805	46,370	0	46,370
<b>Net claims paid</b>	<b>(184,363)</b>	<b>0</b>	<b>(184,363)</b>	<b>(142,297)</b>	<b>0</b>	<b>(142,297)</b>
Change in outstanding gross claims	(49,539)	0	(49,539)	32,917	0	32,917
Change in reinsurers' share of outstanding gross claims	38,543	0	38,543	(31,994)	0	(31,994)
Change in gross IBNR	476	0	476	10,574	0	10,574
Change in reinsurers' share of gross IBNR	(16,488)	0	(16,488)	(6,762)	0	(6,762)
<b>Net claims incurred</b>	<b>(211,371)</b>	<b>0</b>	<b>(211,371)</b>	<b>(137,562)</b>	<b>0</b>	<b>(137,562)</b>
Investible contribution, net	(58,151)	0	(58,151)	0	0	0
Premium deficiency reserve	300	0	300	5,200	0	5,200
Other technical reserves	(1,939)	0	(1,939)	2,752	0	2,752
Policy acquisition costs	(12,157)	0	(12,157)	(6,637)	0	(6,637)
Third party administrator expenses	(4,658)	0	(4,658)	(3,243)	0	(3,243)
Withholding tax	(3,753)	0	(3,753)	(4,136)	0	(4,136)
Regulators' levies	(2,760)	0	(2,760)	(2,495)	0	(2,495)
Other underwriting expenses	(5,511)	0	(5,511)	(3,321)	0	(3,321)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(300,000)</b>	<b>0</b>	<b>(300,000)</b>	<b>(149,442)</b>	<b>0</b>	<b>(149,442)</b>
<b>NET UNDERWRITING INCOME</b>	<b>45,250</b>	<b>0</b>	<b>45,250</b>	<b>48,856</b>	<b>0</b>	<b>48,856</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>						
Allowance for doubtful debts	(3,184)	0	(3,184)	(9,190)	0	(9,190)
General and administrative expenses	(37,583)	(3,625)	(41,208)	(23,596)	(2,562)	(26,158)
Depreciation and amortisation	(2,921)	0	(2,921)	(2,292)	0	(2,292)
Commission income on deposits	2,428	469	2,897	1,945	828	2,773
Commission income on sukuk	0	3,001	3,001	0	2,092	2,092
Dividend income	0	6,833	6,833	0	1,037	1,037
Unrealised gain on FVIS investment	0	1,763	1,763	0	0	0
Realised gain on FVIS investment	80	39	119	0	0	0
Realised gain on available for sale investments	0	4,290	4,290	0	7,772	7,772
<b>TOTAL OTHER OPERATING INCOME / (EXPENSES)</b>	<b>(41,180)</b>	<b>12,770</b>	<b>(28,410)</b>	<b>(33,133)</b>	<b>9,167</b>	<b>(23,966)</b>
<b>INCOME BEFORE SURPLUS, ZAKAT AND INCOME TAX</b>	<b>4,070</b>	<b>12,770</b>	<b>16,840</b>	<b>15,723</b>	<b>9,167</b>	<b>24,890</b>
Absorption of deficit by / transfer of surplus to Shareholders	(3,663)	3,663	0	(14,151)	14,151	0
<b>INCOME BEFORE ZAKAT AND INCOME TAX</b>	<b>407</b>	<b>16,433</b>	<b>16,840</b>	<b>1,572</b>	<b>23,318</b>	<b>24,890</b>
Zakat charge	0	(9,491)	(9,491)	0	(6,413)	(6,413)
Income tax charge	0	(184)	(184)	0	(428)	(428)
<b>INCOME AFTER ZAKAT AND INCOME TAX</b>	<b>407</b>	<b>6,758</b>	<b>7,165</b>	<b>1,572</b>	<b>16,477</b>	<b>18,049</b>

Basic and diluted SAR earnings per share

0.11

0.41



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME	Period to date to 30 Jun 2022			Period to date to 30 Jun 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
Income after zakat and income tax	407	6,758	7,165	1,572	16,477	18,049
Other comprehensive income / (loss)						
<i>Items that are or may be reclassified to statement of income in subsequent periods:</i>						
Available for sale investments:						
Net change in fair value of investments	0	9,972	9,972	0	13,472	13,472
Realised gain transferred to statement of income	0	(4,290)	(4,290)	0	(7,772)	(7,772)
Net change in unrealised fair value of investments	0	5,682	5,682	0	5,700	5,700
COMPREHENSIVE INCOME FOR THE PERIOD	407	12,440	12,847	1,572	22,177	23,749



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS	30 Jun 2022			30 Jun 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Income before zakat and income tax	407	16,433	16,840	1,572	23,318	24,890
Adjustments for non-cash items:						
Depreciation of property and equipment	1,147	0	1,147	869	0	869
Amortisation of intangible assets	1,774	0	1,774	1,423	0	1,423
Gain on disposal of property and equipment	(82)	0	(82)	(2)	0	(2)
Allowance for doubtful debts	3,184	0	3,184	9,190	0	9,190
Provisions for withholding tax	5,051	0	5,051	5,200	0	5,200
Provisions for regulatory levies	2,286	0	2,286	3,069	0	3,069
Provision for end-of-service indemnities	1,343	0	1,343	2,218	0	2,218
Unrealised gain on FVIS investment	(80)	(1,763)	(1,843)	0	0	0
Realised gain on disposal of investments	0	(4,290)	(4,290)	0	(7,772)	(7,772)
<b>Changes in operating assets and liabilities:</b>						
Premiums and reinsurers' receivable	86,938	0	86,938	3,053	0	3,053
Reinsurers' share of gross unearned premiums	(36,810)	0	(36,810)	(23,497)	0	(23,497)
Reinsurers' share of outstanding gross claims	(38,543)	0	(38,543)	31,994	0	31,994
Reinsurers' share of gross claims incurred but not reported	16,488	0	16,488	6,762	0	6,762
Deferred excess of loss expenses	(1,846)	0	(1,846)	(1,658)	0	(1,658)
Deferred policy acquisition costs	(43)	0	(43)	885	0	885
Deferred third party administrator expenses	1,882	0	1,882	(951)	0	(951)
Deferred withholding tax	(1,298)	0	(1,298)	(1,064)	0	(1,064)
Deferred regulators' levies	475	0	475	(574)	0	(574)
Due from related parties	(75,963)	0	(75,963)	(57,286)	0	(57,286)
Prepaid expenses and other assets	(23,114)	(3,990)	(27,104)	2,298	5,701	7,999
Accounts payable	1,358	0	1,358	(553)	0	(553)
Third party administrator payable	(3,837)	0	(3,837)	15	0	15
Accrued and other liabilities	(18,512)	(967)	(19,479)	(4,336)	(1,252)	(5,588)
Reinsurers' balances payable	31,837	0	31,837	(1,467)	0	(1,467)
Unearned gross premiums	98,473	0	98,473	59,334	0	59,334
Unearned reinsurance commission	7,110	0	7,110	2,129	0	2,129
Outstanding gross claims	49,539	0	49,539	(32,917)	0	(32,917)
Gross claims incurred but not reported	(476)	0	(476)	(10,574)	0	(10,574)
Premium deficiency reserve	(300)	0	(300)	(5,200)	0	(5,200)
Unit reserves	(36,210)	0	(36,210)	0	0	0
Other technical reserves	1,940	0	1,940	(2,752)	0	(2,752)
Due to shareholders' operations	24,096	(24,096)	0	(33,394)	33,394	0
Due to related parties	(303)	0	(303)	(28,897)	0	(28,897)
<b>Payments:</b>						
End-of-service indemnities paid	(1,178)	0	(1,178)	(1,355)	0	(1,355)
Withholding tax paid	(9,907)	0	(9,907)	(5,123)	0	(5,123)
Regulators' levies paid	(1,654)	0	(1,654)	(3,723)	0	(3,723)
Zakat paid	0	(12,441)	(12,441)	0	(6,980)	(6,980)
Income tax paid	0	(796)	(796)	0	(993)	(993)
<b>Net cash from / (used in) operating activities</b>	<b>85,172</b>	<b>(31,910)</b>	<b>53,262</b>	<b>(85,312)</b>	<b>45,416</b>	<b>(39,896)</b>



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS (continued)	Period to date to 30 Jun 2022			Period to date to 30 Jun 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Additions of short term fixed income deposits	(81,079)	0	(81,079)	0	0	0
Additions of investments	0	(54,534)	(54,534)	0	(170,000)	(170,000)
Proceeds from disposal of investments	21,970	46,457	68,427	0	104,939	104,939
Additions of property and equipment	(1,483)	0	(1,483)	(360)	0	(360)
Proceeds from disposal of property and equipment	84	0	84	2	0	2
Additions of intangible assets	(1,411)	0	(1,411)	(481)	0	(481)
Cash and cash equivalent acquired through business combination	63,463	13	63,476	0	0	0
Increase in statutory deposit	0	(23,852)	(23,852)	0	0	0
<b>Net cash from / (used in) investing activities</b>	<b>1,544</b>	<b>(31,916)</b>	<b>(30,372)</b>	<b>(839)</b>	<b>(65,061)</b>	<b>(65,900)</b>
Net change in cash and cash equivalents	86,716	(63,826)	22,890	(86,151)	(19,645)	(105,796)
Cash and cash equivalents at start of the period	231,062	134,493	365,555	358,503	159,242	517,745
<b>Cash and cash equivalents at end of the period</b>	<b>317,778</b>	<b>70,667</b>	<b>388,445</b>	<b>272,352</b>	<b>139,597</b>	<b>411,949</b>
<b>NON-CASH INFORMATION</b>						
Net change in unrealised fair value of investments	0	5,682	5,682	0	5,700	5,700
Issuance of bonus shares	0	0	0	0	100,000	100,000

