
ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
(UNAUDITED)**

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

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INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The Shareholders
AlJaziraTakaful Taawuni Company
(A Saudi Joint Stock Company)
Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed statement of financial position of AlJazira Takaful Taawuni Company - a Saudi Joint Stock Company (the "Company") as of 31 March 2022, and the related condensed statements of income and other comprehensive income for the three-month period then ended and the condensed statements of changes in equity and cash flows for the three-month period then ended, and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements 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 ('ISAs'), 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services

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For Al Azem, Al Sudairy, Al Shaikh &
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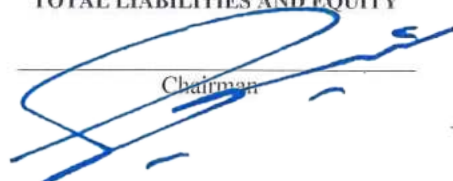
22 May 2022

Corresponding to 21 Shawwal 1443H

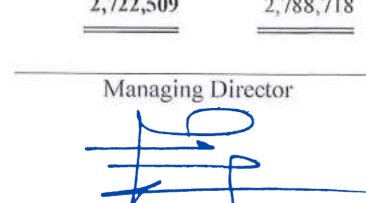


ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

		31 March 2022 (Unaudited) SAR'000	31 December 2021 (Audited) SAR'000
	Notes		
ASSETS			
Cash and cash equivalents	5	104,724	83,023
Premium receivable, net	6	21,486	20,286
Due from reinsurers, net		1,806	1,385
Reinsurers' share of unearned premium	11	24,309	25,716
Reinsurers' share of outstanding claims	12	47,098	52,471
Reinsurers' share of claims incurred but not reported	12	15,951	26,924
Deferred policy acquisition costs		1,769	2,686
Available for sale investments held to cover unit-linked liabilities	7	1,487,240	1,524,882
Investments	8	644,647	622,690
Due from a related party	13 (b)	3,201	60,788
Prepayments and other assets		71,981	79,261
Property and equipment		3,332	3,818
Intangible assets		3,211	3,562
Right of use assets		3,806	1,212
Goodwill	4	232,948	232,948
Statutory deposit	16	55,000	47,066
TOTAL ASSETS		2,722,509	2,788,718
LIABILITIES			
Accrued expenses and other liabilities		118,416	114,011
Lease liabilities		2,951	1,190
Payable to agents, policyholders and claimants		33,300	36,194
Unearned reinsurance commission		1,169	632
Reinsurance balances payable		32,755	34,389
Unearned premiums	11	65,946	76,567
Outstanding claims	12	69,112	81,740
Claims incurred but not reported	12	47,735	62,123
Premium deficiency reserve	10.2	11,010	9,617
Unit reserves	9	1,486,360	1,526,927
Mathematical reserve	10.1	4,911	5,468
Other technical reserves	10.3	170	259
Employee benefits		4,914	5,248
Zakat and income tax	14	2,562	2,182
Due to a related party	13 (c)	--	984
Surplus from Insurance Operations		18,159	17,215
TOTAL LIABILITIES		1,899,470	1,974,746
EQUITY			
Share capital		550,000	550,000
Share premium		197,286	197,286
Statutory reserve		42,632	42,632
Retained earnings		31,879	22,812
TOTAL SHAREHOLDERS' EQUITY		821,797	812,730
Remeasurement reserve of employee benefits - related to Insurance Operations		1,242	1,242
TOTAL EQUITY		823,039	813,972
TOTAL LIABILITIES AND EQUITY		2,722,509	2,788,718


Chairman


Chief Financial Officer


Managing Director

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF INCOME (UNAUDITED)
For the three-month period ended 31 March 2022

	Notes	31 March 2022 SAR'000	31 March 2021 SAR'000
REVENUE			
Gross written premium		64,088	49,376
Investible premium		(29,985)	(32,396)
Reinsurance premium ceded – local		(6,116)	--
Reinsurance premium ceded – foreign		(4,941)	(3,801)
Excess of loss premiums		(181)	(545)
Net premium written		22,865	12,634
Change in unearned premium, net		9,213	20,709
Net premium earned		32,078	33,343
Reinsurance commission earned		778	279
Other underwriting income		626	6,774
TOTAL REVENUES		33,482	40,396
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		(30,406)	(25,462)
Reinsurers' share of claims paid		12,529	5,588
Net claims paid		(17,877)	(19,874)
Changes in outstanding claims, net		5,288	1,919
Changes in claims incurred but not reported, net		5,381	(7,575)
Net claims incurred		(7,208)	(25,530)
Changes in mathematical reserve	10.1	557	(55)
Changes in premium deficiency reserve	10.2	(1,393)	(851)
Changes in other technical reserves	10.3	89	16,989
Policy acquisition costs		(3,092)	(2,061)
Supervision and inspection fees		--	(342)
Other direct underwriting expenses		(3,630)	(4,984)
TOTAL UNDERWRITING COSTS AND EXPENSES		(14,677)	(16,834)
NET UNDERWRITING INCOME		18,805	23,562

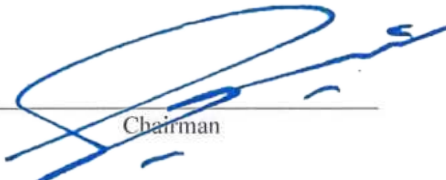

Chairman


Chief Financial Officer


Managing Director

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF INCOME (UNAUDITED) (continued)
For the three-month period ended 31 March 2022

	Notes	31 March 2022 SAR'000	31 March 2021 SAR'000
NET UNDERWRITING INCOME – B/F		18,805	23,562
OTHER OPERATING (EXPENSES)/INCOME			
Reversal / (impairment loss) on premium receivables	6	708	(138)
General and administrative expenses		(16,775)	(14,471)
Commission from held to maturity investments	8.1	3,515	2,385
Commission income on deposits		1	7
Unrealised gain on FVIS investments	8.2	1,163	1,114
Realised gain on FVIS investments		22	26
Dividend income on FVIS investments		38	31
Other income		2,712	2,818
TOTAL OTHER OPERATING EXPENSES, NET		(8,616)	(8,228)
Income before surplus, Zakat and income tax		10,189	15,334
Net income attributed to the Insurance Operations		(742)	(1,347)
Income for the period attributable to the Shareholders' before Zakat and income tax		9,447	13,987
Zakat	14	(235)	(451)
Income tax	14	(145)	(47)
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS		9,067	13,489
Weighted average number of ordinary shares outstanding (in thousands of shares)		55,000	39,022
Earnings per share for the period (SAR / per share) (Basic and diluted)	15	0.165	0.346


Chairman


Chief Financial Officer


Managing Director

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three-month period ended 31 March 2022

	<i>31 March 2022 SAR'000</i>	<i>31 March 2021 SAR'000</i>
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	9,067	13,489
Other comprehensive income	---	---
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,067	13,489



Chairman



Chief Financial Officer



Managing Director

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2022

	Shareholders' equity					Re-measurement reserve of employee benefits – related to insurance operations SAR'000	Total equity SAR'000
	Share capital SAR'000	Share premium SAR'000	Statutory reserve SAR'000	Retained earnings SAR'000	Total shareholders' equity SAR'000		
Balance at 01 January 2022	550,000	197,286	42,632	22,812	812,730	1,242	813,972
Net income for the period	--	--	--	9,067	9,067	--	9,067
Other comprehensive income	--	--	--	--	--	--	--
Total comprehensive income	--	--	--	9,067	9,067	--	9,067
Balance as at 31 March 2022 (Unaudited)	550,000	197,286	42,632	31,879	821,797	1,242	823,039
Balance at 01 January 2021	350,000	--	38,348	85,012	473,360	(412)	472,948
Net income for the period	--	--	--	13,489	13,489	--	13,489
Other comprehensive income	--	--	--	--	--	--	--
Total comprehensive income	--	--	--	13,489	13,489	--	13,489
Issue of share capital (note 4)	120,664	197,286	--	--	317,950	--	317,950
Balance as at 31 March 2021 (Unaudited)	470,664	197,286	38,348	98,501	804,799	(412)	804,387



Chairman



Chief Financial Officer

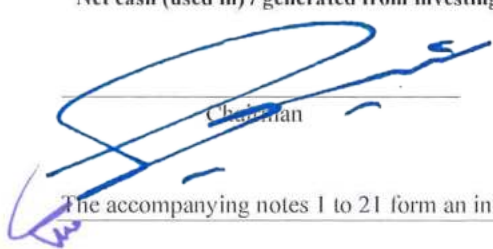


Managing Director

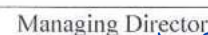
The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month period ended 31 March 2022

		31 March 2022 SAR'000	31 March 2021 SAR'000
	Notes		
OPERATING ACTIVITIES			
Net income attributable to the shareholders' before Zakat and income tax		9,447	13,987
Adjustments for the period:			
Net income attributed to the Insurance Operations		742	1,347
(Reversal) / impairment loss on premium receivables	6	(708)	138
Commission from held to maturity investments	8.1	(3,515)	(2,385)
Unrealised gain on FVIS investments	8.2	(1,163)	(1,114)
Realised gain on FVIS investments		(22)	(26)
Dividend income on FVIS investments		(38)	(31)
Depreciation and amortization		2,123	585
Finance cost of lease liabilities		21	28
Employee benefits		410	222
		7,297	12,751
<i>Changes in operating assets and liabilities:</i>			
Premium receivable, net		(492)	5,006
Due from reinsurers, net		(421)	(1,826)
Reinsurers' share of unearned premium		1,407	7,587
Unearned premium		(10,621)	(28,296)
Unearned reinsurance commission		537	(219)
Reinsurers' share of outstanding claims		5,373	(1,961)
Reinsurers' share of claims incurred but not reported		10,973	6,933
Available for sale investments held to cover unit-linked liabilities, net		37,642	(37,951)
Deferred policy acquisition costs		917	1,300
Due from a related party		57,587	(3,211)
Due to a related party		(984)	--
Prepayments and other assets		7,280	(3,455)
Accrued expenses and other liabilities		4,405	(5,713)
Payable to agents, policyholders and claimants		(2,894)	(13,673)
Reinsurers' balances payable		(1,634)	16
Outstanding claims		(12,628)	42
Claims incurred but not reported		(14,388)	642
Unit reserves		(40,567)	37,675
Mathematical reserve		(557)	55
Premium deficiency reserves		1,393	851
Other technical reserves		(89)	(16,989)
Cash generated from / (used in) operations		49,536	(40,436)
Surplus distributed to policy holders		(1,000)	(260)
Employee benefits paid		(744)	(389)
Net cash generated from / (used in) operating activities		47,792	(41,085)
INVESTING ACTIVITIES			
Proceeds from disposal of FVIS investments		44,991	44,999
Proceeds from maturity of held to maturity investments	8.1	3,441	167,818
Purchase of FVIS investments	8.2	(51,000)	(228,000)
Purchase of held to maturity investments	8.1	(20,000)	(50,000)
Commission received from held to maturity investments	8.1	5,302	5,813
Dividend income on FVIS investments		38	31
Cash and cash equivalents acquired through business combination (note 4)		--	140,850
Purchase of property and equipment		(74)	(43)
Increase in statutory deposit	16	(7,934)	--
Net cash (used in) / generated from investing activities		(25,236)	81,468


Chairman



Chief Financial Officer


Managing Director

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)
For the three-month period ended 31 March 2022

		31 March 2022 SAR'000	31 March 2021 SAR'000
	Notes		
FINANCING ACTIVITIES			
Repayment of lease liabilities		(855)	(52)
Net cash used in financing activities		(855)	(52)
Net increase in cash and cash equivalents		21,701	40,331
Cash and cash equivalents at the beginning of the period	5	83,023	106,032
Cash and cash equivalents at the end of the period	5	104,724	146,363


Chairman


Chief Financial Officer


Managing Director

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)
At 31 March 2022

1. GENERAL

AlJazira Takaful Taawuni Company (the "Company"), is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia pursuant to the Council of Ministers' resolution No. 137 dated 27 Rabi' Al-Thani 1431H (corresponding to 12 April 2010) and Royal Decree No. M/23 dated 28 Rabi' Al-Thani 1431H corresponding to 13 April 2010. The Company obtained its Commercial Registration 4030251980 on 2 Ramadan 1434H corresponding to 10 July 2013 and Ministry of Commerce and Industry's Resolution dated 24 Sha'baan 1434H corresponding to 03 July 2013. The Company operates only in the Kingdom of Saudi Arabia. The Company has the following branches and the assets, liabilities and results of operations of these branches and offices are included in these condensed interim financial statements:

<u>Branch</u>	<u>CR Number</u>	<u>Date</u>
Riyadh	1010519290	24 Jumada Al-Awal 1440
Riyadh	1010339648	01 Rajab 1433
Madinah	4650081845	21 Rabi' Al-Awal 1438
AlKhobar	2051224259	24 Jumada Al-Awal 1440

The registered office address of the Company is:

Al Musadia Plaza (3), Al Madinah Road,
P.O. Box 5215, Jeddah 21422,
Kingdom of Saudi Arabia.

The objectives of the Company are to engage in providing insurance products that include protection and saving insurance products and related services in accordance with its By-Laws and applicable regulations in the Kingdom of Saudi Arabia. On 13 Jumada al-Thani 1442H (corresponding to 26 January 2021), the Company amended its By-Laws to include the objective of practicing general insurance and health insurance business. The Company received license number TMN/34/201312 dated 15 Safar 1435H (corresponding to 18 December 2013) from the Saudi Central Bank (SAMA) to conduct insurance business. The Company is owned 98.03% by Saudi shareholders' and the general public subject to Zakat and 1.97% by non-Saudi shareholders' subject to income tax.

Further to receipt of regulatory approvals, shareholders of the Company and Solidarity Saudi Takaful Company ("Solidarity") in the Extra Ordinary General Meeting held on 13 Jumada al-Thani 1442H (corresponding to 26 January 2021) approved the proposed merger of the Company and Solidarity pursuant to Articles 191-193 of the Companies Law and Article 49 (a) (1) of the Merger and Acquisitions Regulations issued by the Capital Markets Authority of the Kingdom of Saudi Arabia (the "CMA"). On 16 Rajab 1442 (corresponding to 28 February 2021), the Company announced the enforcement of the decision to merge Solidarity into the Company and transferred all the assets and liabilities of Solidarity to the Company after both the Company and Solidarity had fulfilled the merger terms according to the merger agreement concluded between the two companies as described in the shareholders' circular and the offering document issued by the Company. Please refer to note 4 for details.

2. BASIS OF PREPARATION

a) Basis of presentation

The condensed interim financial statements of the Company as at and for the period ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA") (referred to as "IFRS as endorsed in KSA").

The condensed interim financial information is under the historical cost basis, except for available for sale investments held to cover unit-linked liabilities and fair value through income statement (FVIS) investments that are measured at fair value and defined benefits obligations, which are recognised at the present value of future obligation using Projected Unit Credit Method. Further, the financial statements are prepared using the accrual basis of accounting and the going concern assumption.

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)
At 31 March 2022

2. BASIS OF PREPARATION (continued)

a) Basis of presentation (continued)

The Company's condensed statement of financial position is presented in order of liquidity. Except for property and equipment, intangible assets, right of use assets, goodwill, statutory deposit, employee benefits, lease liabilities, outstanding claims, claims incurred but not reported, premium deficiency reserve, unit reserves, mathematical reserve, and other technical reserves, all other assets and liabilities are of short-term nature, unless, stated otherwise.

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operation, are recorded in the respective accounts.

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as of and for the year ended 31 December 2021. The condensed interim financial statements may not be considered indicative of the expected results for the full year. These condensed interim financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

b) Critical judgments, accounting estimates and assumptions

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2021. Management will continue to assess the situation and reflect any required changes in future reporting periods.

c) Seasonality of operations

Other than normal seasonality in the Medical Insurance Business in the Kingdom of Saudi Arabia, there are no seasonal changes that may affect the insurance operations of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021. Based on the adoption of amendments to existing standards and in consideration of the current economic environment, the following accounting policies are applicable effective 01 January 2022, replacing, amending, or adding to the corresponding accounting policies set out in the 2021 annual financial statements.

a) Amendments to existing accounting standards

The Company has adopted the following amendment and revision to existing standards and interpretations, which were issued by the International Accounting Standards Board (IASB), have been effective for the first time in 2022, and are accordingly adopted by the Company:

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)
At 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Amendments to existing accounting standards (continued)

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective date</u>
Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions may have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.	Annual periods beginning on or after 1 April 2021.
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<p>Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>Amendments to IAS 16, 'Property, plant and equipment' prohibit a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in the statement of income.</p> <p>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.</p> <p>Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IAS 41, 'Agriculture' and the Examples accompanying IFRS 16, 'Leases'.</p>	Annual periods beginning on or after 1 January 2022.

b) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's condensed interim financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at future date. The Company intends to adopt these standards when they are effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 1	Presentation of financial statements', on classification of liabilities as current or non-current.	Deferred until accounting periods starting not earlier than 01 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 01 January 2023
IFRS 17	Insurance contracts	See below
IFRS 9	Financial Instrument	See below
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction'	01 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts

Overview

This standard has been published on 18 May 2017, it establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts. The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- i) embedded derivatives, if they meet certain specified criteria;
- ii) distinct investment components; and
- iii) any promise to transfer distinct goods or non-insurance services.

These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

Measurement

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2015, IFRS 17 provides the following different measurement models:

The General model is based on the following “building blocks”:

- a) the fulfilment cash flows (FCF), which comprise:
 - probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
 - and a risk adjustment for non-financial risk;
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:
 - the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date;
 - and the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as ‘direct participating contracts’). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, the CSM is also adjusted for in addition to adjustment under general model;

- i) changes in the entity’s share of the fair value of underlying items,
- ii) changes in the effect of the time value of money and financial risks not relating to the underlying items.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The general model remains applicable for the measurement of incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective (continued)

Effective date

The Company intends to apply the Standard on its effective date i.e. 01 January 2023. The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 in June 2019 and received comments from various stakeholders. On 17 March 2020, the IASB completed its discussion on the amendments to IFRS 17 Insurance Contracts that were proposed for public consultation in June 2019. It decided that the effective date of the Standards will be deferred to annual reporting periods beginning on or after 01 January 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customer and IFRS 9 have also been applied.

Transition

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Presentation and Disclosures

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts together with amendments to presentation and disclosures.

Impact

The Company has completed the design of IFRS 17 requirements in May 2021 and the First Dry Run financial statements were submitted to SAMA on 15th December 2021. As of the date of the publication of these condensed interim financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. Following are the main areas under design phase and status of the progress made so far by the Company:

Impact Area	Summary of Impact
Governance and control framework	The Company has put in place a comprehensive IFRS 17 governance program which includes establishing an oversight steering committee for monitoring the progress of implementation and assigning roles and responsibilities to various stakeholders.
Operational area	The Company is in the progress of designing operational aspects of the design phase which includes establishing a comprehensive data policy and data dictionary. Also, the Company is finalizing architectural designs for various sub-systems. The Company has progressed through the assessment of business requirements and currently working on vendor selection while finalizing various processes needed for transition and assessment of new resources needed.
Technical and financial area	The Company has completed various policy papers encompassing various technical and financial matters after concluding on policy decisions required under the IFRS 17 standard. The policy decisions are taken after due deliberations among various stakeholders. Currently the majority of policy papers have been approved by the Company's IFRS 17 project steering committee.
Assurance plan	The Company is working along with other stakeholders to finalize the assurance plan for transitional and post-implementation periods.
Systems	The Company is considering an acquisition of IFRS 17 calculation system to accommodate the calculation of Insurance contracts and Reinsurance held contracts in-line with IFRS 17. The company has selected a system vendor to update the above through an IFRS 17 engine
Financial Impact	Work is in progress to calculate the full financial impact of IFRS 17 in comparison to IFRS 4.

The Company has started its implementation process and has set up a project team, supervised by a steering committee. Further the Company is preparing to submit second dry run financial statements and results with SAMA by 31 May 2022.

IFRS 9 - Financial Instruments

This standard was published on 24 July 2014 and has replaced IAS 39. The new standard addresses the following items related to financial instruments:

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective (continued)

Classification and measurement

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both:

- i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and;
- ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

The financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through profit or loss upon sale, if both conditions are met:

- i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale and;
- ii) the contractual terms of cash flows are SPPI.

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss. Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

Hedge accounting

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

Effective date

The published effective date of IFRS 9 was 01 January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12 September 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective.

The amendments introduce two alternative options:

- 1) apply a temporary exemption from implementing IFRS 9 until the earlier of
 - a) the effective date of a new insurance contract standard; or
 - b) annual reporting periods beginning on or after 01 January 2023. On 17 March 2020, the International Accounting Standards Board (IASB) decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from 01 January 2021 to 01 January 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominantly connected with insurance and have not applied IFRS 9 previously; or,

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective (continued)

Effective date (continued)

- 2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning 01 January 2021 which included below:

- 1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and
- 2) the total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

Impact assessment

As at 31 March 2022, the Company has total financial assets and insurance-related assets amounting to SAR 2,469,962 thousand (31 December 2021: SAR 1,937,676 thousand) and SAR 112,419 thousand (31 December 2021: SAR 129,468 thousand), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SAR 481,691 thousand (31 December 2021: SAR 784,474 thousand). Other financial assets consist of available for sale investments amounting to SAR 1,487,240 thousand (31 December 2021: SAR 1,524,882 thousand). The Company expects to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. Investment in funds classified under available for sale investments will be at FVOCI under IFRS 9. As at 31 March 2022, these securities are measured at a fair value of SAR 1,487,240 thousand (31 December 2021: SAR 1,524,882 thousand) with changes in fair value during the period of SAR 23,306 thousand (31 December 2021: SAR 216,905 thousand). Other financial assets have a fair value as at 31 March 2022 of SAR 163,060 thousand (31 December 2021: 155,875 thousand) with a fair value change during the year of SAR 1,163. The above is based on a high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. The Company is still finalizing its assessment to measure the impact of applying and implementing IFRS 9. The Company, however, does not expect IFRS 9 to have a material impact on the classification and measurement of financial assets. The management is in the process of building non-performance risk quantification for certain reinsurance held arrangements based on the IFRS 9 ECL simplified approach.

Further, SAMA has issued instructions dated 8th February 2022, where the Company was required to submit an Operational Gap Assessment by 31 March 2022, which the Company has duly submitted on 4 April 2022. Moreover, under the same instructions, SAMA has directed insurance companies to submit the results of first dry run of IFRS 9 together with IFRS 17 by 31 May 2022, which the Company is currently preparing.

4. BUSINESS COMBINATION

As disclosed in note 1, on 28 February 2021, the Company had completed a statutory merger with Solidarity during the year-ended 31 December 2021. Following the merger, the assets, liabilities, and all the business activities of Solidarity were transferred to the Company in exchange for newly issued shares of the Company.

The purchase consideration was determined to be SAR 317,950 thousand, which consisted of the issue of 12,066,403 new shares to the shareholders of Solidarity. The fair value of the newly issued shares of the Company was determined based on the closing market price of the ordinary shares of SAR 26.35 per share on the Saudi Exchange on the last trading date prior to the acquisition date of 28 February 2021. As a result, there was an increase in share capital and share premium of SAR 120,664 thousand and SAR 197,286 thousand, respectively during the year-ended 31 December 2021.

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4. BUSINESS COMBINATION (Continued)

The merger has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the “Standard”) with the Company being the acquirer and Solidarity being the acquiree. The Company has accounted for the acquisition based on fair values of the acquired assets and assumed liabilities as of 28 February 2021 (“acquisition date”). During the year ended 31 December 2021, the Company completed the process of allocating the purchase consideration to the identifiable assets and liabilities in accordance with the requirements of IFRS 3. Accordingly, Goodwill amounting to SAR 232,948 thousand is recognised in the statement of financial position as a net result of purchase consideration paid amounting to SAR 317,950 thousand and fair value of net assets acquired amounting to SAR 85,002 thousand (refer below).

Identifiable assets acquired and liabilities assumed

The following table summarises the fair value of assets acquired, and liabilities assumed as at 28 February 2021.

	Insurance Operations SAR'000	Shareholder Operations SAR'000	Total SAR'000
Assets			
Cash and cash equivalents	48,215	92,635	140,850
Short term deposits (note 4.1.1)	-	37,500	37,500
Premium receivable, net	29,081	-	29,081
Due from reinsurers', net	10,962	-	10,962
Investments	-	98,479	98,479
Reinsurers' share of unearned premiums	10,231	-	10,231
Reinsurers' share of outstanding claims	22,968	-	22,968
Reinsurers' share of claims incurred but not reported	8,281	-	8,281
Deferred policy acquisition costs	8,818	-	8,818
Prepayments and other assets	28,336	1,413	29,749
Right of use assets, net	7,743	-	7,743
Property and equipment	4,447	-	4,447
Due from a related party	-	56,291	56,291
Due from Shareholder operations	147,218	-	147,218
Intangible assets	4,760	-	4,760
TOTAL ASSETS	331,060	286,318	617,378
Liabilities			
Payable to agents, policyholders and claimants	31,447	-	31,447
Accrued expenses and other liabilities	41,141	49,887	91,028
Reinsurers' balances payable	8,173	-	8,173
Unearned premium	106,795	-	106,795
Unearned reinsurance commission	1,356	-	1,356
Outstanding claims	53,513	-	53,513
Claims incurred but not reported	40,491	-	40,491
Premium deficiency reserve	19,244	-	19,244
Other technical reserves	18,544	-	18,544
Lease liabilities	7,407	-	7,407
Due to insurance operations	-	147,218	147,218
Due to a related party	146	838	984
Employee benefits	2,738	-	2,738
Zakat and income tax	-	3,398	3,398
Surplus from insurance operations	40	-	40
TOTAL LIABILITIES	331,035	201,341	532,376
Purchase consideration			317,950
Fair value of Solidarity's net assets at Acquisition date			(85,002)
Goodwill arising from the acquisition			232,948

4.1.1 This amount represents the statutory deposit of Solidarity Saudi Takaful Company which was acquired through a business combination. During the year ended 31 December 2021, the amount was fully withdrawn upon receipt of SAMA approval.

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5. CASH AND CASH EQUIVALENTS

	<i>31 March 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
Cash in hand	--	30	30	35	--	35
Cash at banks	89,150	15,544	104,694	77,593	5,395	82,988
Total	89,150	15,574	104,724	77,628	5,395	83,023

- a) Cash and cash equivalents include amount SAR 64,995 thousand (31 December 2021: SAR 39,169 thousand) held with Bank AlJazira "the founding shareholder" as at 31 March 2022.

6. PREMIUM RECEIVABLE, NET

	<i>31 March 2022 (Unaudited) SAR'000</i>	<i>31 December 2021 (Audited) SAR'000</i>
<i>Insurance Operations</i>		
Policyholders	25,857	27,050
Brokers and agents	8,151	5,886
Related parties (note 13 (d))	8,653	9,233
Gross premium receivable	42,661	42,169
Provision for impairment loss	(21,175)	(21,883)
Premium receivable, net	21,486	20,286

Movement in provision for impairment loss during the period / year was as follows:

	<i>Three month period ended 31 March 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	21,883	202
Acquired through business combination (note 4)	--	15,505
(Reversal) / provision during the period / year	(708)	6,176
Balance at end of the period / year	21,175	21,883

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7. AVAILABLE FOR SALE INVESTMENTS HELD TO COVER UNIT-LINKED LIABILITIES

Investment of Insurance operations comprises of units of mutual funds denominated in Saudi Riyal (SAR) and United States Dollars (USD) managed by AlJazira Capital “the founding shareholder”.

Insurance Operations	Denomination	31 March 2022 (Unaudited) SAR'000	31 December 2021 (Audited) SAR'000
AlJazira Saudi Riyal Murabaha Fund	SAR	151,297	151,981
AlJazira Diversified Aggressive Fund	SAR	225,519	225,949
AlJazira Diversified Balanced Fund	SAR	66,495	65,262
AlJazira Diversified Conservative Fund	SAR	18,514	17,227
AlJazira International Equities Fund	USD	230,976	258,520
AlJazira Saudi Equities Fund	SAR	418,540	364,509
AlJazira European Equities Fund	USD	176,983	199,517
AlJazira Japanese Equities Fund	USD	198,916	241,917
Total		1,487,240	1,524,882

The movement in the available for sale investments held to cover unit-linked liabilities during the period / year is as follows:

	Three month period ended 31 March 2022 (Unaudited) SAR'000	Year ended 31 December 2021 (Audited) SAR'000
Balance at the beginning of the period / year	1,524,882	1,343,823
Redemption during the period / year, net	(14,336)	(35,846)
Changes in fair value during the period / year (note 9)	(23,306)	216,905
Balance at the end of the period / year	1,487,240	1,524,882

8. INVESTMENTS

	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations SAR'000	Shareholders' operations SAR'000	Total SAR'000	Insurance operations SAR'000	Shareholders' operations SAR'000	Total SAR'000
Held to maturity investments (8.1)	--	481,587	481,587	--	466,815	466,815
FVIS investments (8.2)	99,760	63,300	163,060	119,459	36,416	155,875
Total	99,760	544,887	644,647	119,459	503,231	622,690

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8. INVESTMENTS (continued)

8.1 Held to maturity investments

Held to maturity investments represents Sukuk of SAR 481,587 thousand (31 December 2021: SAR 466,815 thousand) with a maturity of 12 to 30 years. The average coupon rate on Sukuk is 1.83% to 5.65% per annum (31 December 2021: 1.83% to 5.65%).

The movement in the held to maturity investments for the period / year ended 31 March 2022 and 31 December 2021 is as follows:

<i>31 March 2022 (Unaudited)</i>			
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>Total SAR'000</i>
Balance at the beginning of the period	--	466,815	466,815
Placement during the period	--	20,000	20,000
Maturity of held to maturity investments	--	(3,441)	(3,441)
Commission from held to maturity investments	--	3,515	3,515
Commission received from held to maturity investments	--	(5,302)	(5,302)
Balance at the end of the period	--	481,587	481,587

<i>31 December 2021 (Audited)</i>			
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
Balance at the beginning of the year	16,370	378,978	395,348
Acquired through business combination (note 4)	--	93,500	93,500
Placements during the year	--	149,202	149,202
Commission from held to maturity investments	11	12,060	12,071
Commission received from held to maturity investments	(1,381)	(30,061)	(31,442)
Maturity of held to maturity investments	(15,000)	(136,864)	(151,864)
Balance at the end of the year	--	466,815	466,815

8.2 FVIS investments

The fair value through income statement ("FVIS") investments represent an investment in 'AlJazira Capital' managed by a founding shareholder, amounting to SAR 156,784 thousand (31 December 2021: SAR 150,388 thousand), investment in shares of companies listed on Tadawul, amounting to SAR 4,354 thousand (31 December 2021: SAR 3,564 thousand) and investment in Najm, amounting to SAR 1,923 thousand (31 December 2021: SAR 1,923 thousand).

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8. INVESTMENTS (continued)

8.2 FVIS investments (continued)

Movement in FVIS investments for the period/year ended 31 March 2022 and 31 December 2021 is as follows:

	<i>31 March 2022 (Unaudited)</i>		
	<i>Insurance operations SAR'000</i>	<i>Shareholders' Operations SAR'000</i>	<i>Total SAR'000</i>
Balance at beginning of the period	119,459	36,416	155,875
Purchases during the period	--	51,000	51,000
Disposals during the period	(19,991)	(24,987)	(44,978)
Changes in fair value	292	871	1,163
Balance at the end of the period	<u>99,760</u>	<u>63,300</u>	<u>163,060</u>

	<i>31 December 2021 (Audited)</i>		
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>Total SAR'000</i>
Balance at beginning of the year	53,479	2,984	56,463
Acquired through business combination (note 4)	--	4,979	4,979
Purchases during the year	89,950	175,000	264,950
Disposals during the year	(24,781)	(147,076)	(171,857)
Unrealized gain	811	529	1,340
Balance at the end of the year	<u>119,459</u>	<u>36,416</u>	<u>155,875</u>

9. UNIT RESERVES

	<i>Three month period ended 31 March 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	1,526,927	1,349,364
Investible premium, net	29,985	125,493
Surrenders	(40,425)	(132,884)
Maturities	(6,821)	(31,951)
Change in fair value of available for sale investments (note 7)	(23,306)	216,905
Balance at the end of the period / year	<u>1,486,360</u>	<u>1,526,927</u>

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10. MATHEMATICAL, PREMIUM DEFICIENCY AND OTHER TECHNICAL RESERVES

	<i>Three month period ended 31 March 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Mathematical reserve (note 10.1)	4,911	5,468
Premium deficiency reserves (note 10.2)	11,010	9,617
Other technical reserves (note 10.3)	170	259
	<u>16,091</u>	<u>15,344</u>

Mathematical, Premium deficiency and other technical reserves are created, as per the report received from the Independent Actuary.

10.1 *Mathematical reserve*

	<i>Three month period ended 31 March 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	5,468	9,160
Changes in mathematical reserve, net	(557)	(3,692)
Balance at the end of the period / year	<u>4,911</u>	<u>5,468</u>

10.2 *Premium deficiency reserve*

	<i>Three month period ended 31 March 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	9,617	--
Acquired through business combination (note 4)	--	19,244
Changes in premium deficiency reserve	1,393	(9,627)
Balance at the end of the period / year	<u>11,010</u>	<u>9,617</u>

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10. MATHEMATICAL AND OTHER RESERVES (continued)

10.3 *Other technical reserves*

	<i>Three month period ended 31 March 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	259	322
Acquired through business combination (note 4)	--	18,544
Changes in other technical reserves, net	(89)	(18,607)
	<u>170</u>	<u>259</u>
Balance at the end of the period / year	<u>170</u>	<u>259</u>

11. MOVEMENT IN UNEARNED PREMIUM

	<i>Three month period ended 31 March 2022 (Unaudited)</i>			<i>Year ended 31 December 2021 (Audited)</i>		
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
Balance at beginning of the period / year	76,567	(25,716)	50,851	34,533	(17,423)	17,110
Acquired through business combination (note 4)	--	--	--	106,795	(10,231)	96,564
Premium written / (ceded) during the period / year	64,088	(11,238)	52,850	299,031	(82,812)	216,219
	<u>140,655</u>	<u>(36,954)</u>	<u>103,701</u>	<u>440,359</u>	<u>(110,466)</u>	<u>329,893</u>
Investible premium and premium earned during the period / year	(74,709)	12,645	(62,064)	(363,792)	84,750	(279,042)
Balance at the end of the period / year	<u>65,946</u>	<u>(24,309)</u>	<u>41,637</u>	<u>76,567</u>	<u>(25,716)</u>	<u>50,851</u>

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12. OUTSTANDING CLAIMS INCLUDING CLAIMS INCURRED BUT NOT REPORTED (IBNR)

	<i>Three month period ended 31 March 2022 (Unaudited)</i>			<i>Year ended 31 December 2021 (Audited)</i>		
	<i>Reinsurers'</i>			<i>Reinsurers'</i>		
	<i>Gross</i>	<i>share</i>	<i>Net</i>	<i>Gross</i>	<i>share</i>	<i>Net</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
At beginning of the period / year						
Reported claims	81,740	(52,471)	29,269	49,226	(43,483)	5,743
IBNR	62,123	(26,924)	35,199	17,835	(15,164)	2,671
	<u>143,863</u>	<u>(79,395)</u>	<u>64,468</u>	<u>67,061</u>	<u>(58,647)</u>	<u>8,414</u>
Incurred during the period / year	3,390	3,817	7,207	160,539	(43,285)	117,254
Acquired through business combination (note 4)	--	--	--	94,004	(31,249)	62,755
(Paid) / recovered during the period / year	<u>(30,406)</u>	<u>12,529</u>	<u>(17,877)</u>	<u>(177,741)</u>	<u>53,786</u>	<u>(123,955)</u>
At end of the period / year	<u>116,847</u>	<u>(63,049)</u>	<u>53,798</u>	<u>143,863</u>	<u>(79,395)</u>	<u>64,468</u>
At end of the period / year						
Reported claims	69,112	(47,098)	22,014	81,740	(52,471)	29,269
IBNR	47,735	(15,951)	31,784	62,123	(26,924)	35,199
	<u>116,847</u>	<u>(63,049)</u>	<u>53,798</u>	<u>143,863</u>	<u>(79,395)</u>	<u>64,468</u>

13. RELATED PARTIES

The Company in the normal course of business, enters into transactions with other entities that fall within the definition of the related party contained in the International Accounting Standard (IAS) – 24. Related parties represent major shareholders', directors and key management personnel of the Company and entities controlled, jointly controlled, or significantly influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions approved by management.

- a) In addition to the disclosures set out in notes 5, 6, 7, 8 and 16, following are the details of major related party transactions during the three-month period ended:

<i>Related parties</i>	<i>Nature of transaction</i>	<i>Amount of transactions</i>	
		<i>31 March 2022 SAR'000</i>	<i>31 March 2021 SAR'000</i>
<i>Bank AlJazira</i>	Commission earned from held to maturity		
	Investment	--	41
	Commission income on deposits	1	10
	Gross written premium	(182)	739
	Paid claims	11,066	3,594
<i>AlJazira Capital</i>	Profit earned on mutual funds	396	582
	Other income	2,642	--
	Custodian charges	109	--
<i>Durrah Advanced Development Company</i>	Gross written premium	2,756	--
<i>Consolidated Brothers Company</i>	Gross written premium	23	--
<i>Board of directors and committee Members</i>	Gross written premium	152	14
	Salaries, benefits and allowances, net	1,354	1,186
<i>Key management personnel</i>	Gross written premium	3	2

ALJAZIRA TAKAFUL TAAWUNI COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)
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13. RELATED PARTIES (continued)

b) Amount due from a related party

<i>31 March 2022 (Unaudited) SAR'000</i>	<i>31 December 2021 (Audited) SAR'000</i>
AlJazira Capital	
3,201	60,788
3,201	60,788

c) Amount due to a related party

<i>31 March 2022 (Unaudited) SAR'000</i>	<i>31 December 2021 (Audited) SAR'000</i>
Solidarity Group Holding	
--	984
--	984

d) Premium receivable, net shown in the condensed interim statement of financial position includes SAR 8,653 thousand (31 December 2021: SAR 9,233 thousand) from Bank AlJazira (the founding shareholder).

e) Outstanding claims shown in the statement of financial position includes SAR 29,268 thousand (2021: SAR 41,974 thousand) to Bank AlJazira (the founding shareholder).

14. ZAKAT AND INCOME TAX

The Zakat and income tax payable by the Company has been calculated in accordance with Zakat and income tax regulations in the Kingdom of Saudi Arabia. The movement in the Zakat and income tax payable during the three-month period ended 31 March 2022 and year ended 31 December 2021 is as follows:

a) **Zakat**

	<i>31 March 2022 (Unaudited) SAR'000</i>	<i>31 December 2021 (Audited) SAR'000</i>
Balance at the beginning of period / year	2,838	1,137
Acquired through business combination (note 4)	--	4,119
Zakat for the period / year	235	490
Zakat paid during the period / year	--	(2,908)
Balance at the end of the period / year	3,073	2,838

ALJAZIRA TAKAFUL TAAWUNI COMPANY
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At 31 March 2022

14. ZAKAT AND INCOME TAX (continued)

b) Income tax

	<i>31 March 2022 (Unaudited) SAR'000</i>	<i>31 December 2021 (Audited) SAR'000</i>
Balance at the beginning of period / year	(656)	145
Acquired through business combination (note 4)	--	(721)
Income tax for the period / year	145	51
Income tax paid during the period / year	--	(131)
	<hr/>	<hr/>
Balance at the end of the period / year	(511)	(656)
	<hr/>	<hr/>
Total Zakat and income tax	2,562	2,182
	<hr/>	<hr/>

Status of assessments

The Company has submitted its Zakat and income tax returns for the years 2014 to 2021 with Zakat, Tax and Customs Authority (Formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZATCA") and obtained restricted certificates.

During 2019, ZATCA has issued initial assessments for the years 2014 through 2018, disallowing investments from the Zakat base and withholding tax liability with additional Zakat liability of SAR 41,166 thousand. The Company has filed an appeal against these initial assessments. The Preliminary Appeal Committee ("PAC") issued their decision upholding ZATCA's treatment. The Company has filed an appeal against the PAC decision with the Higher Appeal Committee ("HAC"). The management and their independent Zakat and income tax consultant strongly believe that the Company is in a strong position with respect to the aforementioned appeal.

In addition, Solidarity has also submitted its Zakat and income tax returns for the years 2014 to 2020 with ZATCA and obtained restricted certificates. During the previous years, ZATCA has issued the following initial assessments in respect of Solidarity:

Income tax, zakat and withholding tax for the years amounting to SAR 18.5 million;
Zakat and income tax assessment for the years from 2013 to 2016 amounting to SAR 22.1 million;
Withholding tax assessment for 2017 and 2018 amounting to SAR 1.9 million;
VAT assessment for the year 2018 and for November and December 2019 amounting to SAR 2.8 million;
Zakat assessment for the year 2017 amounting to SAR 4.2 million.

Solidarity has filed an appeal against these initial assessments and is confident of a favorable outcome. The management of the Company and their independent Zakat and income tax consultant strongly believe that Solidarity is in a strong position with respect to the aforementioned appeal.

15. EARNINGS PER SHARE

The basic and diluted earnings per share have been calculated by dividing the net income for the period by the weighted average number of ordinary shares issued and outstanding at the period / year end. Diluted earnings per share is not applicable to the Company.

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16. STATUTORY DEPOSIT

As required by the Implementation Regulations, the Company is required to deposit 10% of its paid-up capital in a bank designated by SAMA which amounted to SAR 55,000 thousand as at 31 March 2022 (31 December 2021: SAR 47,066 thousand). As a result of the bonus share issue on 30 November 2021, the Company deposited a further amount of SAR 7,934 thousand during the period ended 31 March 2022. The amount of statutory deposit cannot be withdrawn without SAMA's approval. This deposit is held with Bank AlJazira "the founding shareholder".

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

- a) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's financial assets consist of Cash and cash equivalents, premium receivable, due from reinsurers, available for sale investments held to cover unit-linked liabilities, FVIS investments, held to maturity investments, other receivables, and its financial liabilities consist of other liabilities, reinsurance balances payable, lease liabilities, due to a related party, payable to agents, policyholders and claimants, and outstanding claims. The fair values of financial instruments are not materially different from their carrying values. As at 31 March 2022, apart from the investments which are carried at fair value (note 7 and 8), there were no other financial instruments held by the Company that were measured at fair value.

- b) 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 instrument (i.e. without modification or repackaging);
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 following table presents the Company's financial assets that are measured at fair values:

		31 March 2022 (SAR'000)				
		<u>Fair Value (Unaudited)</u>				
	<u>Carrying Value</u>	<u>Amortised cost</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value:</u>						
Available for sale investments held to cover unit-linked liabilities	1,487,240			1,487,240	--	1,487,240
Held to maturity investments	481,587	481,587	--	--	--	481,587
FVIS investments	163,060	--	4,353	156,784	1,923	163,060
Total	2,131,887	481,587	4,353	1,644,024	1,923	2,131,887

		31 December 2021 (SAR'000)				
		<u>Fair value (Audited)</u>				
	<u>Carrying value</u>	<u>Amortised cost</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value:</u>						
Available for sale investments held to cover unit-linked liabilities	1,524,882	--	--	1,524,882	--	1,524,882
Held to maturity investments	466,815	466,815	--	--	--	466,815
FVIS investments	155,875	--	3,564	150,388	1,923	155,875
Total	2,147,572	466,815	3,564	1,675,270	1,923	2,147,572

There are no transfers between Level 1, Level 2 and Level 3 during the period / year.

18. OPERATING SEGMENT INFORMATION

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 the performance of the operating segments, has been identified as Managing Director that makes strategic decisions. For management purposes, the activities of Insurance Operations, which are all in the Kingdom of Saudi Arabia, are reported under four business units, as detailed below:

The medical segment offers comprehensive medical care to the members of organizations and their dependents on a group basis and individuals in a wide network of hospitals and medical centers throughout the Kingdom of Saudi Arabia.

The Motor Segment offers a Third-Party Liability Vehicle Insurance product, which solely covers the amounts payable to third parties by the insured and a Vehicle comprehensive Insurance product, which covers all losses or damages incurred to the vehicle, including third party liability.

The general segment offers Fire and property insurance products, Marine insurance products, Engineering insurance products, Other liability insurance contracts, and others.

Life segment offers life insurance products on an individual basis, including unit-linked investment-oriented products to individuals and offers life protection programmers to the members of organizations on a group basis, and credit protection benefits in respect of personal loan given by financing organization. This segment also includes protection benefits in respect of various credit facilities other than personal loans extended by the financing organizations to its customers.

The unallocated assets and liabilities are not reported to the Chief Operating Decision Maker under related segments and are monitored on a centralized basis.

Operating segments do not include Shareholders' operations of the Company.

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18. OPERATING SEGMENT INFORMATION (continued)

	As at 31 March 2022 (Unaudited)					
	Medical SAR'000	Motor SAR'000	General SAR'000	Individual Life SAR'000	Group Life SAR'000	Total SAR'000
ASSETS						
Reinsurers' share of unearned premium	--	--	7,630	--	16,679	24,309
Reinsurers' share of outstanding claims	806	1,059	11,656	6,226	27,351	47,098
Reinsurers' share of claims incurred but not reported	--	--	6,704	--	9,247	15,951
Deferred policy acquisition costs	951	265	553	--	--	1,769
Available for sale investments held to cover unit-linked liabilities	--	--	--	1,487,240	--	1,487,240
Total segment assets	1,757	1,324	26,543	1,493,466	53,277	1,576,367
Unallocated assets						
Cash and cash equivalents						104,724
Premium receivable, net						21,486
Due from reinsurers, net						1,806
Investments						644,647
Due from a related party						3,201
Prepayments and other assets						71,981
Property and equipment						3,332
Intangible assets						3,211
Right of use assets						3,806
Goodwill						232,948
Statutory deposit						55,000
Total assets						2,722,509
LIABILITIES						
Unearned reinsurance commission	--	--	1,169	--	--	1,169
Unearned premium	15,585	4,821	18,796	--	26,744	65,946
Outstanding claims	3,199	8,716	18,367	6,708	32,122	69,112
Claims incurred but not reported	12,990	14,970	8,915	--	10,860	47,735
Premium deficiency reserve	4,747	4,738	1,525	--	--	11,010
Unit reserves	--	--	--	1,486,360	--	1,486,360
Mathematical reserve	--	--	--	4,911	--	4,911
Other technical reserves	--	--	--	--	170	170
Total segment liabilities	36,521	33,245	48,772	1,497,979	69,896	1,686,413
Unallocated liabilities and surplus						
Reinsurance balances payable						32,755
Accrued expenses and other liabilities						118,416
Lease liabilities						2,951
Payable to agents, policyholders and claimants						33,300
Employee benefits						4,914
Zakat and income tax						2,562
Surplus from Insurance Operations						18,159
TOTAL LIABILITIES						1,899,470
EQUITY						
Share capital						550,000
Share Premium						197,286
Statutory reserve						42,632
Retained earnings						31,879
TOTAL SHAREHOLDERS' EQUITY						821,797
Remeasurement reserve of employee benefits - related to Insurance Operations						1,242
TOTAL EQUITY						823,039
TOTAL LIABILITIES AND EQUITY						2,722,509

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)
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18. OPERATING SEGMENT INFORMATION (continued)

	As at 31 December 2021 (Audited)					
	Medical SAR'000	Motor SAR'000	General SAR'000	Individual Life SAR'000	Group Life SAR'000	Total SAR'000
ASSETS						
Reinsurers' share of unearned premium	--	--	5,252	--	20,464	25,716
Reinsurers' share of outstanding claims	1,883	1,749	12,710	3,373	32,756	52,471
Reinsurers' share of claims incurred but not reported	--	--	6,767	--	20,157	26,924
Deferred policy acquisition costs	1,737	426	523	--	--	2,686
Available for sale investments held to cover unit-linked liabilities	--	--	--	1,524,882	--	1,524,882
Total segment assets	3,620	2,175	25,252	1,528,255	73,377	1,632,679
Unallocated assets						
Cash and cash equivalents						83,023
Premium receivable, net						20,286
Due from reinsurers, net						1,385
Investments						622,690
Due from a related party						60,788
Prepayments and other assets						79,261
Property and equipment						3,818
Intangible assets						3,562
Right of use assets						1,212
Goodwill						232,948
Statutory deposit						47,066
Total assets						<u>2,788,718</u>
LIABILITIES						
Unearned reinsurance commission	--	--	632	--	--	632
Unearned premium	20,944	8,138	7,404	--	40,081	76,567
Outstanding claims	6,086	13,030	20,100	3,837	38,687	81,740
Claims incurred but not reported	14,751	14,628	9,146	--	23,598	62,123
Premium deficiency reserve	6,980	1,048	1,589	--	--	9,617
Unit reserves	--	--	--	1,526,927	--	1,526,927
Mathematical reserve	--	--	--	5,468	--	5,468
Other technical reserves	--	--	--	--	259	259
Total segment liabilities	48,761	36,844	38,871	1,536,232	102,625	1,763,333
Unallocated liabilities and surplus						
Reinsurance balances payable						34,389
Accrued expenses and other liabilities						114,011
Lease liabilities						1,190
Payable to agents, policyholders and claimants						36,194
Employee benefits						5,248
Zakat and income tax						2,182
Due to a related party						984
Surplus from Insurance Operations						17,215
TOTAL LIABILITIES						<u>1,974,746</u>
EQUITY						
Share capital						550,000
Share Premium						197,286
Statutory reserve						42,632
Retained earnings						22,812
TOTAL SHAREHOLDERS' EQUITY						<u>812,730</u>
Remeasurement reserve of employee benefits - related to Insurance Operations						1,242
TOTAL EQUITY						<u>813,972</u>
TOTAL LIABILITIES AND EQUITY						<u>2,788,718</u>

ALJAZIRA TAKAFUL TAAWUNI COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)
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18. OPERATING SEGMENT INFORMATION (continued)

	For the three months period ended 31 March 2022 (Unaudited)					
	Medical	Motor	General	Individual Life	Group Life	Total Insurance Operations
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
REVENUES						
Gross written premium:						
Individual	--	8,138	123	40,302	--	48,563
Very Small Enterprises	783	--	--	--	--	783
Small Enterprises	1,524	--	--	--	--	1,524
Medium Enterprises	2,488	2,171	7,197	--	34	11,890
Corporate	198	1,312	-	--	(182)	1,328
Total gross written premium	4,993	11,621	7,320	40,302	(148)	64,088
Investible premium	--	--	--	(29,985)	--	(29,985)
Reinsurance premium ceded:						
Local	--	--	(6,116)	--	--	(6,116)
Foreign	(344)	(68)	(603)	(2,856)	(1,070)	(4,941)
Excess of loss premiums	(61)	(112)	(8)	--	--	(181)
Net premium written	4,588	11,441	593	7,461	(1,218)	22,865
Change in unearned premium, net	5,360	(5,704)	6	--	9,551	9,213
Net premium earned	9,948	5,737	599	7,461	8,333	32,078
Reinsurance commission earned	--	--	778	--	--	778
Other underwriting income	332	13	1	280	--	626
TOTAL REVENUES	10,280	5,750	1,378	7,741	8,333	33,482
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(11,101)	(7,535)	(264)	(440)	(11,066)	(30,406)
Reinsurers' share of claims paid	1,841	915	254	348	9,171	12,529
Net claims paid	(9,260)	(6,620)	(10)	(92)	(1,895)	(17,877)
Changes in outstanding claims, net	1,810	1,657	680	(19)	1,160	5,288
Changes in claims incurred but not reported, net	1,760	1,626	168	--	1,827	5,381
Net claims incurred	(5,690)	(3,337)	838	(111)	1,092	(7,208)
Changes in mathematical reserve	--	--	--	557	--	557
Changes in premium deficiency reserve	2,232	(3,690)	65	--	--	(1,393)
Change in other technical reserve	--	--	--	--	89	89
Policy acquisition costs	(787)	(1,375)	(554)	(187)	(189)	(3,092)
Other direct underwriting expenses	(3,267)	(363)	--	--	--	(3,630)
TOTAL UNDERWRITING COSTS AND EXPENSES	(7,512)	(8,765)	349	259	992	(14,677)
NET UNDERWRITING (LOSS) / INCOME	2,768	(3,015)	1,727	8,000	9,325	18,805
OTHER OPERATING INCOME / (EXPENSES)						
Reversal on premium receivable						708
General and administrative expenses						(16,775)
Commission from held to maturity investments						3,515
Commission income on deposits						1
Unrealized gain on FVIS investments						1,163
Realized gain on FVIS investments						22
Dividends from FVIS investments						38
Other income						2,712
TOTAL OTHER OPERATING EXPENSES, NET						(8,616)
Income before surplus, Zakat and income tax						10,189
Net income attributed to the Insurance Operations						(742)
Income for the year attributable to the shareholders' before Zakat and income tax						9,447
Zakat						(235)
Income tax						(145)
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS'						9,067

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)
At 31 March 2022

18. OPERATING SEGMENT INFORMATION (continued)

	For the three months period ended 31 March 2021 (Unaudited)					
	Medical	Motor	General	Individual Life	Group Life	Total Insurance Operations
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
REVENUES						
Gross written premium:						
Individual	--	788	61	43,142	--	43,991
Very Small Enterprises	700	--	--	--	--	700
Small Enterprises	1,362	--	--	--	16	1,378
Medium Enterprises	1,011	330	53	--	27	1,421
Corporate	650	--	--	--	1,236	1,886
Total gross written premium	3,723	1,118	114	43,142	1,279	49,376
Investible premium	--	--	--	(32,396)	--	(32,396)
Reinsurance premium ceded:						
Local	--	--	--	--	--	--
Foreign	(19)	(192)	(353)	(2,742)	(495)	(3,801)
Excess of loss premiums	(498)	(4)	(43)	--	--	(545)
Net premium written	3,206	922	(282)	8,004	784	12,634
Change in unearned premium, net	10,388	4,792	243	--	5,286	20,709
Net premium earned	13,594	5,714	(39)	8,004	6,070	33,343
Reinsurance commission earned	--	--	279	--	--	279
Other underwriting income	855	6	--	5,913	--	6,774
TOTAL REVENUES	14,449	5,720	240	13,917	6,070	40,396
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(12,750)	(8,064)	(9)	--	(4,639)	(25,462)
Reinsurers' share of claims paid	1,740	38	--	--	3,810	5,588
Net claims paid	(11,010)	(8,026)	(9)	--	(829)	(19,874)
Changes in outstanding claims, net	500	1,416	19	--	(16)	1,919
Changes in claims incurred but not reported, net	4,702	(13,588)	1,435	--	(124)	(7,575)
Net claims incurred	(5,808)	(20,198)	1,445	--	(969)	(25,530)
Changes in mathematical reserve	--	--	--	(55)	--	(55)
Changes in premium deficiency reserve	(8,041)	8,329	(833)	--	(306)	(851)
Change in other technical reserve	16,989	--	--	--	--	16,989
Policy acquisition costs	(1,015)	(172)	(213)	--	(661)	(2,061)
Other direct underwriting expenses	(3,841)	(1,145)	--	--	(340)	(5,326)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,716)	(13,186)	399	(55)	(2,276)	(16,834)
NET UNDERWRITING (LOSS) / INCOME	12,733	(7,466)	639	13,862	3,794	23,562
OTHER OPERATING INCOME / (EXPENSES)						
Impairment loss on premium receivable						(138)
General and administrative expenses						(14,471)
Commission from held to maturity investments						2,385
Commission income on deposits						7
Unrealized gain on FVIS investments						1,114
Realized gain on FVIS investments						26
Dividends from FVIS investments						31
Other income						2,818
TOTAL OTHER OPERATING EXPENSES, NET						(8,228)
Income before surplus, Zakat and income tax						15,334
Net income attributed to the Insurance Operations						(1,347)
Income for the year attributable to the shareholders' before Zakat and income tax						13,987
Zakat						(451)
Income tax						(47)
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS'						13,489

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)
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19. SUPPLEMENTARY INFORMATION

a) CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>31 March 2022 (Unaudited) SAR'000</i>	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>31 December 2021 (Audited) SAR'000</i>
ASSETS						
Cash and cash equivalents	92,351	12,373	104,724	77,628	5,395	83,023
Premium receivable, net	21,486	--	21,486	20,286	--	20,286
Due from reinsurers, net	1,806	--	1,806	1,385	--	1,385
Reinsurers' share of unearned premium	24,309	--	24,309	25,716	--	25,716
Reinsurers' share of outstanding claims	47,098	--	47,098	52,471	--	52,471
Reinsurers' share of claims incurred but not reported	15,951	--	15,951	26,924	--	26,924
Deferred policy acquisition costs	1,769	--	1,769	2,686	--	2,686
Available for sale investments held to cover unit-linked liabilities	1,487,240	--	1,487,240	1,524,882	--	1,524,882
Investments	99,760	544,887	644,647	119,459	503,231	622,690
Due from a related party	--	3,201	3,201	--	60,788	60,788
Prepayments and other assets	16,279	55,702	71,981	23,105	56,156	79,261
Property and equipment	3,332	--	3,332	3,818	--	3,818
Intangible assets	3,211	--	3,211	3,562	--	3,562
Right of use assets	3,806	--	3,806	1,212	--	1,212
Goodwill	--	232,948	232,948	--	232,948	232,948
Statutory deposit	--	55,000	55,000	--	47,066	47,066
Due from Shareholder / Insurance operations	22,738	--	22,738	33,478	--	33,478
	<u>1,841,136</u>	<u>904,111</u>	<u>2,745,247</u>	<u>1,916,612</u>	<u>905,584</u>	<u>2,822,196</u>
Less: Inter-operations eliminations	(22,738)	--	(22,738)	(33,478)	--	(33,478)
TOTAL ASSETS	<u>1,818,398</u>	<u>904,111</u>	<u>2,722,509</u>	<u>1,883,134</u>	<u>905,584</u>	<u>2,788,718</u>
LIABILITIES						
Accrued expenses and other liabilities	61,402	57,014	118,416	57,655	56,356	114,011
Lease liabilities	2,951	--	2,951	1,190	--	1,190
Due to agents and third-party service providers	33,300	--	33,300	36,194	--	36,194
Unearned reinsurance commission	1,169	--	1,169	632	--	632
Reinsurance balances payable	32,755	--	32,755	34,389	--	34,389
Unearned premium	65,946	--	65,946	76,567	--	76,567
Outstanding claims	69,112	--	69,112	81,740	--	81,740
Claims incurred but not reported	47,735	--	47,735	62,123	--	62,123
Premium Deficiency Reserve	11,010	--	11,010	9,617	--	9,617
Unit reserves	1,486,360	--	1,486,360	1,526,927	--	1,526,927
Mathematical reserve	4,911	--	4,911	5,468	--	5,468
Other technical reserves	170	--	170	259	--	259
Employee benefits	4,914	--	4,914	5,248	--	5,248
Zakat and income tax	--	2,562	2,562	--	2,182	2,182
Due to a related party	--	--	--	146	838	984
Surplus from Insurance Operations	18,159	--	18,159	17,215	--	17,215
Due to Shareholders' / insurance operations	--	22,738	22,738	--	33,478	33,478
	<u>1,839,894</u>	<u>82,314</u>	<u>1,922,208</u>	<u>1,915,370</u>	<u>92,854</u>	<u>2,008,224</u>
Less: Inter-operations eliminations	--	(22,738)	(22,738)	--	(33,478)	(33,478)
TOTAL LIABILITIES	<u>1,839,894</u>	<u>59,576</u>	<u>1,899,470</u>	<u>1,915,370</u>	<u>59,376</u>	<u>1,974,746</u>
EQUITY						
Share capital	--	550,000	550,000	--	550,000	550,000
Share Premium	--	197,286	197,286	--	197,286	197,286
Statutory reserve	--	42,632	42,632	--	42,632	42,632
Retained earnings	--	31,879	31,879	--	22,812	22,812
Re-measurement reserve of employee benefits – related to Insurance Operations	1,242	--	1,242	1,242	--	1,242
TOTAL EQUITY	<u>1,242</u>	<u>821,797</u>	<u>823,039</u>	<u>1,242</u>	<u>812,730</u>	<u>813,972</u>
TOTAL LIABILITIES AND EQUITY	<u>1,841,136</u>	<u>881,373</u>	<u>2,722,509</u>	<u>1,916,612</u>	<u>872,106</u>	<u>2,788,718</u>

ALJAZIRA TAKAFUL TAAWUNI COMPANY
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19. SUPPLEMENTARY INFORMATION (continued)

b) CONDENSED INTERIM STATEMENT OF INCOME

	<i>Three-month period ended 31 March (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2022</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2021</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
REVENUE						
Gross written premium	64,088	--	64,088	49,376	--	49,376
Investible premium	(29,985)	--	(29,985)	(32,396)	--	(32,396)
Reinsurance premium ceded:						
Local	(6,116)	--	(6,116)	--	--	--
Foreign	(4,941)	--	(4,941)	(3,801)	--	(3,801)
Excess of loss premiums	(181)	--	(181)	(545)	--	(545)
Net written premium	22,865	--	22,865	12,634	--	12,634
Change in unearned premium, net	9,213	--	9,213	20,709	--	20,709
Net premium earned	32,078	--	32,078	33,343	--	33,343
Reinsurance commission earned	778	--	778	279	--	279
Other underwriting income	626	--	626	6,774	--	6,774
TOTAL REVENUES	33,482	--	33,482	40,396	--	40,396
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(30,406)	--	(30,406)	(25,462)	--	(25,462)
Reinsurers' share of claims paid	12,529	--	12,529	5,588	--	5,588
Net claims paid	(17,877)	--	(17,877)	(19,874)	--	(19,874)
Changes in outstanding claims, net	5,288	--	5,288	1,919	--	1,919
Changes in IBNR, net	5,381	--	5,381	(7,575)	--	(7,575)
Net claims incurred	(7,208)	--	(7,208)	(25,530)	--	(25,530)
Changes in mathematical reserve	557	--	557	(55)	--	(55)
Changes in premium deficiency reserves	(1,393)	--	(1,393)	(851)	--	(851)
Changes in other technical reserves	89	--	89	16,989	--	16,989
Policy acquisition costs	(3,092)	--	(3,092)	(2,061)	--	(2,061)
Supervision and inspection fees	--	--	--	(342)	--	(342)
Other direct underwriting expenses	(3,630)	--	(3,630)	(4,984)	--	(4,984)
TOTAL UNDERWRITING COSTS AND EXPENSES	(14,677)	--	(14,677)	(16,834)	--	(16,834)
NET UNDERWRITING INCOME	18,805	--	18,805	23,562	--	23,562
OTHER OPERATING (EXPENSES)/ INCOME						
Impairment of premium receivables	708	--	708	(138)	--	(138)
General and administrative expenses	(15,097)	(1,678)	(16,775)	(13,045)	(1,426)	(14,471)
Commission from held to maturity Investments	--	3,515	3,515	8	2,377	2,385
Commission income on deposits	1	--	1	5	2	7
Unrealized gain on FVIS investments	292	871	1,163	277	837	1,114
Realized gain on FVIS investments	9	13	22	--	26	26
Dividend income on FVIS investments	--	38	38	--	31	31
Other income	2,706	6	2,712	2,801	17	2,818
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(11,381)	2,765	(8,616)	(10,092)	1,864	(8,228)

ALJAZIRA TAKAFUL TAAWUNI COMPANY
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19. SUPPLEMENTARY INFORMATION (continued)

b) CONDENSED INTERIM STATEMENT OF INCOME (continued)

	<i>Three month period ended 31 March (Unaudited)</i>					
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2022 SAR'000</i>	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2021 SAR'000</i>
NET SURPLUS FROM OPERATIONS	7,424	2,765	10,189	13,470	1,864	15,334
Surplus transferred to shareholders'	<u>(6,682)</u>	<u>6,682</u>	<u>--</u>	<u>(12,123)</u>	<u>12,123</u>	<u>--</u>
NET INCOME FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX	742	9,447	10,189	1,347	13,987	15,334
Zakat	--	(235)	(235)	--	(451)	(451)
Income tax	<u>--</u>	<u>(145)</u>	<u>(145)</u>	<u>--</u>	<u>(47)</u>	<u>(47)</u>
NET INCOME FOR THE PERIOD	742	9,067	9,809	1,347	13,489	14,836
Weighted average number of ordinary shares outstanding (in thousands)	<u>--</u>	<u>55,000</u>	<u>55,000</u>	<u>--</u>	<u>39,022</u>	<u>39,022</u>
Basic and diluted earnings per share for the period (SAR)	<u>--</u>	<u>0.165</u>	<u>--</u>	<u>---</u>	<u>0.346</u>	<u>--</u>

c) CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>Three month period ended 31 March (Unaudited)</i>					
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2022 SAR'000</i>	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2021 SAR'000</i>
NET INCOME FOR THE PERIOD	742	9,067	9,809	1,347	13,489	14,836
Other comprehensive income	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	742	9,067	9,809	1,347	13,489	14,836

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19. SUPPLEMENTARY INFORMATION (continued)

d) CONDENSED INTERIM STATEMENT OF CASH FLOWS

	<i>Three month period ended 31 March (Unaudited)</i>					
	<i>Insurance operation s SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2022 SAR'000</i>	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2021 SAR'000</i>
OPERATING ACTIVITIES						
Net income for the period before Zakat and income tax	742	9,447	10,189	1,347	13,987	15,334
Adjustments for the period:						
(Reversal)/Impairment of premium receivables	(708)	--	(708)	138	--	138
Commission from held to maturity investments	--	(3,515)	(3,515)	(8)	(2,377)	(2,385)
Unrealized gain on FVIS investments	(292)	(871)	(1,163)	(277)	(837)	(1,114)
Realized gain on FVIS investments	(9)	(13)	(22)	--	(26)	(26)
Dividend income on FVIS investments	--	(38)	(38)	--	(31)	(31)
Depreciation and amortisation	2,123	--	2,123	585	--	585
Finance cost of lease liability	21	--	21	28	--	28
Employee benefits	410	--	410	222	--	222
	<u>2,287</u>	<u>5,010</u>	<u>7,297</u>	<u>2,035</u>	<u>10,716</u>	<u>12,751</u>
Changes in operating assets and liabilities:						
Premium receivables	(492)	--	(492)	5,006	--	5,006
Due from reinsurers, net	(421)	--	(421)	(1,826)	--	(1,826)
Reinsurers' share of unearned premium	1,407	--	1,407	7,587	--	7,587
Unearned premium	(10,621)	--	(10,621)	(28,296)	--	(28,296)
Unearned reinsurance commission	537	--	537	(219)	--	(219)
Reinsurers' share of outstanding claims	5,373	--	5,373	(1,961)	--	(1,961)
Reinsurers' share of claims IBNR	10,973	--	10,973	6,933	--	6,933
Available for sale investments held to cover unit-linked liabilities	37,642	--	37,642	(37,951)	--	(37,951)
Deferred policy acquisition costs	917	--	917	1,300	--	1,300
Due from a related party	--	57,587	57,587	(3,207)	(4)	(3,211)
Due to a related party	(146)	(838)	(984)	--	--	--
Prepayments and other receivables	6,826	454	7,280	(720)	(2,735)	(3,455)
Accrued expenses and other liabilities	3,747	658	4,405	(4,379)	(1,334)	(5,713)
Due to agents and third-party service providers	(2,894)	--	(2,894)	(13,673)	--	(13,673)
Reinsurers' balances payable	(1,634)	--	(1,634)	16	--	16
Outstanding claims	(12,628)	--	(12,628)	42	--	42
Claims incurred but not reported	(14,388)	--	(14,388)	642	--	642
Unit reserves	(40,567)	--	(40,567)	37,675	--	37,675
Mathematical reserve	(557)	--	(557)	55	--	55
Premium deficiency reserves	1,393	--	1,393	851	--	851
Other technical reserves	(89)	--	(89)	(16,989)	--	(16,989)
Due to Shareholders' Operations / Insurance Operations	10,740	(10,740)	--	17,619	(17,619)	--
Cash used in operations	(2,595)	52,131	49,536	(29,460)	(10,976)	(40,436)
Surplus distributed to policy holders	(1,000)	--	(1,000)	(260)	--	(260)
Employee benefits paid	(744)	--	(744)	(389)	--	(389)
Net cash (used in) / from operating activities	<u>(4,339)</u>	<u>52,131</u>	<u>47,792</u>	<u>(30,109)</u>	<u>(10,976)</u>	<u>(41,085)</u>
INVESTING ACTIVITIES						
Proceeds from disposal of FVIS investments	19,991	25,000	44,991	--	44,999	44,999
Proceeds from maturity of held to maturity investments	--	3,441	3,441	16,378	151,440	167,818
Purchase of FVIS investments	--	(51,000)	(51,000)	(60,000)	(168,000)	(228,000)
Purchase of held to maturity investments	--	(20,000)	(20,000)	--	(50,000)	(50,000)
Commission received from held to maturity investments	--	5,302	5,302	--	5,813	5,813
Dividend income on FVIS investments	--	38	38	--	31	31
Cash and cash equivalents acquired through Business combination	--	--	--	48,215	92,635	140,850
Purchase of property and equipment	(74)	--	(74)	(43)	--	(43)
Increase in statutory deposit	--	(7,934)	(7,934)	--	--	--
Net cash from / (used in) investing activities	<u>19,917</u>	<u>(45,153)</u>	<u>(25,236)</u>	<u>4,550</u>	<u>76,918</u>	<u>81,468</u>
FINANCING ACTIVITIES						
Rentals paid against lease liability	(855)	--	(855)	(52)	--	(52)
Net increase / (decrease) in Cash and Cash equivalents	<u>14,723</u>	<u>6,978</u>	<u>21,701</u>	<u>(25,611)</u>	<u>65,942</u>	<u>40,331</u>
Cash and Cash equivalents at the beginning of the period	<u>77,628</u>	<u>5,395</u>	<u>83,023</u>	<u>72,500</u>	<u>33,532</u>	<u>106,032</u>
Cash and Cash equivalents at the end of the period	<u>92,351</u>	<u>12,373</u>	<u>104,724</u>	<u>46,889</u>	<u>99,474</u>	<u>146,363</u>

ALJAZIRA TAKAFUL TAAWUNI COMPANY
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20. IMPACT OF COVID-19

The outbreak of novel coronavirus (COVID-19) since early 2020, its spread across mainland China and then globally, including the Kingdom of Saudi Arabia, and the declaration of this pandemic by the World Health Organization has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope. This has led to significant disruptions in the retail, travel, and hospitality industries and in global trade. It has resulted in decreased economic activity and lowered estimates for future economic growth and has caused global financial markets to experience significant volatility. On 11 March 2020, the World Health Organisation (“WHO”) declared COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe.

In response to the spread of the COVID-19 virus in the Kingdom of Saudi Arabia where the Company operates, and its consequential disruption to the social and economic activities in the Saudi Arabia market, the Company’s management believes that it has taken appropriate and sufficient measures to address the impact of COVID-19. Given the Company’s existing liquidity position, it believes that it will be able to meet its liabilities as and when they fall due and will allow the Company to reasonably handle the liquidity risks presented by the current climate.

The Company has considered the following while assessing the impact of COVID-19 outbreak:

- **Financial assets**

The Company has performed an assessment in accordance with its accounting policy due to the COVID-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. These include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, the probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In the case of sukuks classified under held to maturity, the Company has performed an assessment to determine whether there is a significant 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 period ended 31 March 2022. The Company’s management continues to monitor the situation closely.

- **Credit risk management**

The Company has strengthened its credit risk management policies to address the fast-changing and evolving risks posed by the current circumstances. These include reviewing credit concentrations at the granular economic sector, region, and counterparty level and taking appropriate action where required.

- **Liquidity Risk**

The Company is aware of the need to focus on liquidity management during this period. It has enhanced its monitoring of current liquidity needs as well as the pandemic in its entirety. The Company regularly reviews and updates the liquidity forecast based on the individual liquidity balance and the continued development of external economic factors.

The Company’s management believes that the COVID-19 pandemic has had no material effects on Company’s reported results for the period ended 31 March 2022. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situations 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 an uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

21. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements have been approved by the Board of Directors on 17 May 2022, corresponding to 16 Shawwal 1443H.