

**AL SAGR COOPERATIVE INSURANCE COMPANY  
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED  
MARCH 31, 2022 (UNAUDITED)  
AND REPORT ON REVIEW OF INTERIM  
CONDENSED FINANCIAL INFORMATION**

**AL SAGR COOPERATIVE INSURANCE COMPANY  
(A Saudi Joint Stock Company)  
INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**

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## *Report on review of interim financial information*

To the shareholders of Al Sagr Cooperative Insurance Company:  
(A Saudi Joint Stock Company)

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Al Sagr Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of March 31, 2022 and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

**Emphasis of matter**

We draw attention to Note 1 to the accompanying interim condensed financial information which indicates that the Company has incurred a total loss for the three-month period ended March 31, 2022 attributable to the shareholders of Saudi Riyals 26.7 million and had net operating cash outflow of Saudi Riyals 21.5 million and net cash outflow of Saudi Riyals 30.3 million for the period then ended. Also, as of March 31, 2022, the Company's solvency margin is below the minimum solvency requirements as mandated by the Saudi Central Bank ("SAMA"). Further, the Company had accumulated losses of Saudi Riyals 223.8 million, as at March 31, 2022 which reached 56.0% of its share capital as of that date, thereby exceeding one half of the Company's share capital. This condition requires the Company to take necessary measures under the requirements of the Regulations for Companies (the "Regulations") to reduce the accumulated losses to less than one half of the share capital. The Company's Board of Directors, in its meeting held on 5 Safar 1444H (corresponding to September 1, 2022), has resolved to call for an extraordinary general assembly meeting within the period specified in the Regulations to vote on the proposed resolution to absorb accumulated losses of Saudi Riyals 260 million as of June 30, 2022 against the share capital so as to reduce the accumulated losses to less than one half of the share capital. This reduction in accumulated losses will be subject to regulatory and shareholders' approval. These events and conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

**Al Kharashi & Co. Certified  
Accountants and Auditors.**  
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Kingdom of Saudi Arabia



Abdullah AlMsned  
License Number 456

**PricewaterhouseCoopers**  
P.O. Box 467  
Dhahran Airport 31932  
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Ali H. Al Basri  
License Number 409

29 Safar 1444H  
(September 25, 2022)



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

		As at March 31, 2022	At December 31, 2021
	Note	(Unaudited)	(Audited)
<b>ASSETS</b>			
Cash and cash equivalents	5	257,899,532	288,218,253
Short term deposits	6	40,000,000	-
Premiums and insurers' balances receivable - net	7	94,750,257	94,625,682
Reinsurers' share of unearned premiums	8	20,878,115	27,491,666
Reinsurers' share of outstanding claims	8	28,941,602	35,352,972
Reinsurers' share of claims incurred but not reported	8	8,606,378	7,335,432
Deferred policy acquisition costs		13,494,201	12,522,056
Investments:			
Financial assets at fair value through profit or loss	9	56,832,702	57,191,850
Available-for-sale investments	9	1,244,428	30,566,914
Prepaid expenses and other assets		25,838,134	27,536,663
Long-term deposits	6	86,250,000	86,250,000
Property and equipment		5,564,262	5,210,239
Right-of-use assets		3,952,626	4,405,468
Intangible assets		6,676,045	5,720,623
Goodwill	10	25,513,750	25,513,750
Statutory deposit	11	40,000,000	40,000,000
Accrued commission income on statutory deposit	11	5,932,228	5,840,536
<b>TOTAL ASSETS</b>		<b>722,374,260</b>	<b>753,782,100</b>
<b>LIABILITIES</b>			
Accounts payable		5,615,338	5,855,407
Accrued and other liabilities		34,701,856	32,321,408
Reinsurers' balances payable		14,564,256	17,934,876
Unearned premiums	8	248,107,917	246,505,182
Unearned reinsurance commission		2,026,020	2,776,212
Outstanding claims	8	60,556,277	73,835,656
Claims incurred but not reported	8	66,065,140	57,758,067
Additional premium reserves	8	21,947,840	16,210,289
Other technical reserves	8	6,098,829	5,133,997
Lease liabilities		3,403,423	3,805,657
Due to a related party	12	1,123,750	1,123,750
Employee benefit obligations		9,247,583	9,204,102
Zakat payable	13	43,852,370	42,652,370
Accrued commission income payable to SAMA	11	5,932,228	5,840,536
Dividend payable		370,349	370,349
Surplus distribution payable		19,177,304	19,177,304
<b>TOTAL LIABILITIES</b>		<b>542,790,480</b>	<b>540,505,162</b>
<b>EQUITY</b>			
Share capital	14	400,000,000	400,000,000
Accumulated losses	1	(223,791,450)	(197,043,022)
Remeasurement reserve of employee benefit obligations		3,375,230	3,375,230
Fair value reserve on investments		-	6,944,730
<b>NET EQUITY</b>		<b>179,583,780</b>	<b>213,276,938</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>722,374,260</b>	<b>753,782,100</b>

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

9/28/2022 CEO Sarran M. AbuSag

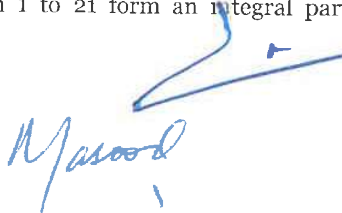
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**AL SAGR COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

		<b>Three-month period ended March 31, 2022 (Unaudited)</b>	<b>Three-month period ended March 31, 2021 (Unaudited)</b>
	<b>Note</b>		
<b>REVENUES</b>			
Gross premiums written	21	113,050,635	68,753,991
Reinsurance premiums ceded:			
- Foreign		(3,428,868)	(2,493,065)
- Local		(290,685)	(210,937)
Excess of loss premiums:			
- Foreign		(4,840,655)	(2,875,198)
- Local		(821,460)	(1,315,313)
<b>Net premiums written</b>		<b>103,668,967</b>	<b>61,859,478</b>
Changes in unearned premiums	8	(1,602,735)	21,129,890
Changes in reinsurers' share of unearned premiums	8	(6,613,547)	(6,970,162)
<b>Net premiums earned</b>		<b>95,452,685</b>	<b>76,019,206</b>
Reinsurance commissions		2,487,461	1,625,507
<b>Total revenues</b>		<b>97,940,146</b>	<b>77,644,713</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid	21	(99,020,631)	(97,656,840)
Reinsurers' share of claims paid		5,889,954	5,170,895
Claims handling expenses		(7,367,015)	(3,869,476)
<b>Net claims and other benefits paid</b>		<b>(100,497,692)</b>	<b>(96,355,421)</b>
Changes in outstanding claims	8	13,279,379	1,596,263
Changes in reinsurers' share of outstanding claims	8	(6,411,370)	4,007,610
Changes in claims incurred but not reported	8	(8,307,073)	(7,069,927)
Changes in reinsurers' share of claims incurred but not reported	8	1,270,946	(288,208)
<b>Net claims and other benefits incurred</b>		<b>(100,665,810)</b>	<b>(98,109,683)</b>
Policy acquisition costs		(5,867,277)	(5,070,054)
Changes in additional premium reserves	8	(5,737,551)	(1,780,744)
Changes in other technical reserves	8	(964,832)	212,238
Other underwriting expenses, net		(2,780,634)	(1,780,173)
<b>Total underwriting costs and expenses, net</b>		<b>(116,016,104)</b>	<b>(106,528,416)</b>
<b>NET UNDERWRITING LOSS</b>		<b>(18,075,958)</b>	<b>(28,883,703)</b>

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

  
9/28/2022 Sarra M. AbuSaq  
CEO

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

		Three-month period ended March 31, 2022 (Unaudited)	Three-month period ended March 31, 2021 (Unaudited)
	Note		
<b>OTHER OPERATING (EXPENSES) INCOME</b>			
Allowance for doubtful debts	7	(1,419,069)	(2,147,945)
General and administrative expenses		(19,010,003)	(15,603,658)
Investment and commission income		610,396	2,071,712
Changes in fair value of financial assets at fair value through profit or loss - net	9	(280,159)	1,770,707
Realized gain on available-for-sale investments	9	10,935,716	2,570,791
Finance costs on lease liabilities		(19,418)	-
Other income		1,710,067	343,923
<b>Total other operating expenses, net</b>		<b>(7,472,470)</b>	<b>(10,994,470)</b>
<b>Total loss for the period before surplus attribution and zakat</b>		<b>(25,548,428)</b>	<b>(39,878,173)</b>
Surplus attributed to the insurance operations		-	-
<b>Total loss for the period before zakat</b>		<b>(25,548,428)</b>	<b>(39,878,173)</b>
Zakat expense		(1,200,000)	(1,500,000)
<b>Total loss for the period attributable to the shareholders</b>		<b>(26,748,428)</b>	<b>(41,378,173)</b>
<b>Weighted average number of outstanding shares</b>	16	<b>40,000,000</b>	40,000,000
<b>Loss per share (expressed in Saudi Riyals per share)</b>			
Basic loss per share	16	(0.67)	(1.03)
Diluted loss per share	16	(0.67)	(1.03)

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

  
CEO Sarhan M. AbuSag  
9/28/2022



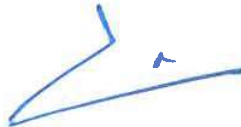
**AL SAGR COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Three-month period ended March 31, 2022 (Unaudited)	Three-month period ended March 31, 2021 (Unaudited)
Total loss for the period attributable to the shareholders	(26,748,428)	(41,378,173)
<b>Other comprehensive income (loss):</b>		
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>		
Net change in fair value of available-for-sale investments	(6,944,730)	2,640,873
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(33,693,158)</b>	<b>(38,737,300)</b>

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



Sarhan M. AbuSag  
CEO  
9/28/2022



**AL SAGR COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Accumulated losses (Note 1)	Remeasurement reserve of employee benefit obligations	Fair value reserve on investments	Total
<b>At January 1, 2022 (Audited)</b>		400,000,000	(197,043,022)	3,375,230	6,944,730	213,276,938
<b>Total comprehensive loss for the period</b>						
Total loss for the period attributable to the shareholders		-	(26,748,428)	-	-	(26,748,428)
Net change in fair value of available-for-sale investments	9	-	-	-	(6,944,730)	(6,944,730)
Total comprehensive loss for the period		-	(26,748,428)	-	(6,944,730)	(33,693,158)
<b>At March 31, 2022 (Unaudited)</b>		400,000,000	(223,791,450)	3,375,230	-	179,583,780
<b>At January 1, 2021 (Audited)</b>		400,000,000	(122,571,875)	2,296,547	8,057,585	287,782,257
<b>Total comprehensive (loss) income for the period</b>						
Total loss for the period attributable to the shareholders		-	(41,378,173)	-	-	(41,378,173)
Net change in fair value of available-for-sale investments	9	-	-	-	2,640,873	2,640,873
Total comprehensive (loss) income for the period		-	(41,378,173)	-	2,640,873	(38,737,300)
<b>At March 31, 2021 (Unaudited)</b>		400,000,000	(163,950,048)	2,296,547	10,698,458	249,044,957

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

  
Sarrah M. AbuSaq  
CEO  
9/28/2022

**AL SAGR COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended March 31, 2022 (Unaudited)	Three-month period ended March 31, 2021 (Unaudited)
	Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total loss for the period before surplus attribution and zakat		(25,548,428)	(39,878,173)
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		197,597	224,001
Amortization of intangible assets		145,603	167,256
Depreciation of right-of-use assets		452,842	-
Finance costs on lease liabilities		19,418	-
Provision for employee benefit obligations		506,474	559,943
Changes in fair value on financial assets at fair value through profit or loss	9	280,159	(1,770,707)
Realized gain on available-for-sale investments	9	(10,935,716)	(2,570,791)
Realized loss on financial assets at fair value through profit or loss		188,744	-
Allowance for doubtful debts	7	1,419,069	2,147,945
<u>Changes in operating assets and liabilities:</u>			
Unearned premiums		1,602,735	(21,129,890)
Premiums and insurance balances receivable - net	7	(1,543,644)	(1,577,928)
Reinsurers' share of unearned premiums	8	6,613,547	6,970,162
Reinsurers' share of outstanding claims	8	6,411,370	(4,007,610)
Reinsurers' share of claims incurred but not reported	8	(1,270,946)	288,208
Deferred policy acquisition costs		(972,145)	1,094,165
Prepaid expenses and other assets		1,698,529	(3,375,299)
Accrued commission income on statutory deposit		(91,692)	(74,096)
Accounts payable		(240,069)	(2,142,607)
Accrued and other liabilities		2,380,448	(2,484,937)
Reinsurers' balances payable		(3,370,620)	661,121
Unearned reinsurance commission		(750,192)	(1,202,006)
Outstanding claims	8	(13,279,379)	(1,596,263)
Claims incurred but not reported	8	8,307,073	7,069,927
Additional premium reserves	8	5,737,551	1,780,744
Other technical reserves	8	964,832	(212,238)
Employee benefit obligations paid		(462,993)	(86,894)
Accrued commission income payable to SAMA		91,692	74,096
Finance cost paid on lease liabilities		(19,418)	-
<b>Net cash utilized in operating activities</b>		<b>(21,467,559)</b>	<b>(61,071,871)</b>

Sarran M. AbuSag  
CEO  
9/28/2022

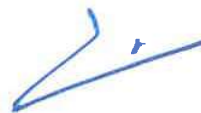
**AL SAGR COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

		<b>Three-month period ended March 31, 2022 (Unaudited)</b>	<b>Three-month period ended March 31, 2021 (Unaudited)</b>
	<b>Note</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Placement in short-term deposits		<b>(40,000,000)</b>	-
Purchases of financial assets at fair value through profit or loss		<b>(285,114)</b>	-
Purchases of property and equipment		<b>(551,620)</b>	(282,755)
Purchases of intangible assets		<b>(1,101,025)</b>	(2,932,994)
Purchases of available-for-sale investments	9	<b>(3,496,984)</b>	(12,422,493)
Proceeds from disposal of financial assets at fair value through profit or loss	9	<b>175,359</b>	1,039,838
Proceeds from disposal of available-for-sale investments	9	<b>36,810,456</b>	12,394,549
<b>Net cash utilized in investing activities</b>		<b>(8,448,928)</b>	<b>(2,277,951)</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Principal elements of lease payments		<b>(402,234)</b>	-
<b>Net change in cash and cash equivalents</b>		<b>(30,318,721)</b>	<b>(63,275,726)</b>
Cash and cash equivalents, beginning of the period		<b>288,218,253</b>	<b>343,337,078</b>
Cash and cash equivalents, end of the period		<b>257,899,532</b>	<b>280,061,352</b>
<b>Supplemental non-cash information:</b>			
Net change in fair value reserve for available-for-sale investments		<b>(6,944,730)</b>	<b>2,640,873</b>

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

  
9/28/2022  
Sarrah M. AbuSaq  
CEO





**AL SAGR COOPERATIVE INSURANCE COMPANY  
(A Saudi Joint Stock Company)  
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022  
(All amounts expressed in Saudi Riyals unless otherwise stated)**

**1. General - Legal status and principal activities**

Al Sagr Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Dammam, Kingdom of Saudi Arabia and incorporated on 26 Muharram 1429H (corresponding to February 4, 2008) under commercial registration ("CR") number 1010243765 which was later amended to 2051036871 dated 22 Rabi' I 1429H (corresponding to March 30, 2008). The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to October 11, 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to October 9, 2006). The Company's registered address is P.O. Box 3501, Dammam 32241, Kingdom of Saudi Arabia.

The purpose of the Company is to transact in cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia (the "Law") and its implementing regulations. The Company obtained license from the Saudi Central Bank (formerly known as Saudi Arabian Monetary Authority) ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/13/20083, dated 23 Rabi' I 1429H (corresponding to March 31, 2008). The Company commenced insurance operations on 4 Muharram 1430H (corresponding to January 1, 2009). On 11 Ramadan 1436H (corresponding to June 28, 2015), the Company received approval from SAMA to cancel its reinsurance license.

The Company has incurred a total loss for the three-month period ended March 31, 2022 attributable to the shareholders of Saudi Riyals 26.7 million and had net operating cash outflow of Saudi Riyals 21.5 million and net cash outflow of Saudi Riyals 30.3 million for the period then ended. Also, the Company had accumulated losses of Saudi Riyals 223.8 million as at March 31, 2022 which reached 56.0% of its share capital, thereby exceeding one half of the Company's share capital (65.0% as of June 30, 2022 based on management accounts). This condition, as per the requirements of Article 150 of the Regulations for Companies (the "Regulations"), requires the Company's Board of Directors to invite an extraordinary general assembly meeting ("EOGM") within the period specified by the Regulations to reduce the accumulated losses to less than one half of the share capital or to dissolve the Company before its term set in its By-laws. In accordance with the Regulations, the Company shall be deemed terminated in the following cases:

- (i) Extraordinary general assembly fails to meet within the period specified in the Regulations;
- (ii) Extraordinary general assembly meets and fails to issue a resolution in this regard; and
- (iii) Subscriptions raised, in pursuance of the resolution passed in the EOGM within the period specified by the Regulations, are insufficient to reduce the losses to less than one half of the share capital.

The Company's Board of Directors, in its meeting held on 5 Safar 1444H (corresponding to September 1, 2022), have recommended to absorb accumulated losses of Saudi Riyals 260 million as of June 30, 2022 against the share capital so as to reduce the accumulated losses to less than one half of the share capital. It has also resolved to call for an EOGM within the period specified in the Regulations to vote on the resolution. The reduction of accumulated losses against the share capital is dependent upon obtaining the required approvals from the relevant regulatory authorities and the vote of the shareholders of the Company during the EOGM.

Further, the Company's solvency margin has reduced to 78.4% as of March 31, 2022 (71.9% as of June 30, 2022 based on management accounts) which is below the minimum solvency requirements as mandated by SAMA. This solvency margin was 120.8% as at December 31, 2021. Based on preliminary information submitted to SAMA as part of the capital adequacy report, management anticipates that the solvency margin would improve to meet the required regulatory ratio of 100% by December 31, 2022. The ability to meet the solvency margin requirement is dependent on the favourable outcome of planned rectification measures which include certain operational improvement measures, including improved recoverability of premium receivable balances and implementation of better investment strategies. Refer Note 19 for further details on the regulatory requirements with respect to the solvency margin.

**AL SAGR COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**1. General - Legal status and principal activities (continued)**

The accumulated losses were mainly attributable to the adverse results of the Medical segment in prior years and the net underwriting position and loss ratio of the Motor segment. Management has prepared a detailed business plan and various performance improvement measures which, among others, include better pricing strategies for both these major business segments, diversification of insurance portfolio, replacement of its medical third-party administrator and improvement in controls over processing of claims. However, management's assessment and realisation of its planned measures and actions outlined in the business plan is dependent on a number of factors, estimates and assumptions including but not limited to the approval of the Board of Directors' recommendation by the shareholders in the EOGM and required approvals by the regulatory authorities in addressing the accumulated losses and solvency margin situation of the Company. In addition, the going concern assessment is sensitive to any material change and loss incurred by the motor segment. A reasonably possible decline of above 5% in motors loss ratio against projected ratio can result in the accumulated losses again exceeding 50% of the share capital within the next 12 months, even after the implementation of current recommendation of absorption of losses against the share capital. Accordingly, these events and conditions and realisation of planned measures and actions indicate existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Notwithstanding this, the interim condensed financial information has been prepared on a going concern basis based on the detailed business plan and projected cash flows of the Company which management believes will be adequate for the Company to continue its operations and meet its obligations as they fall due within the next 12 months. Management expects that results will gradually start reflecting positively on the Company's financial results and such trend is evidenced by favourable underwriting results and significant improvement in loss ratio of the Medical segment since the second quarter of 2021. The underwriting losses from the Motor segment are expected to start improving gradually towards the later part of 2022 as the Motor retail third-party liability policies from the previous year expire and the average pricing as recommended by the Company's appointed actuary for the Motor retail third-party liability business will be followed. The results are further expected to improve through the adjustment of insurance portfolio mix with gradual increase in gross written premiums from Motor corporate business instead of the retail third-party liability business, as evidenced from Q4 2021 through to the first half of 2022. Management continues to monitor performance indicators of all lines of business and prevailing market conditions and will take the necessary corrective actions and amend its business plan, if necessary.

On 15 Jumada I 1443H (corresponding to December 19, 2021), the Board of Directors of the Company resolved to start initial discussions with Gulf Union Al Ahlia Cooperative Insurance Company ("GUACI") to explore the possibility of merging the two companies. Subsequent to the three-month period ended March 31, 2022, the Company signed a non-binding memorandum of understanding with GUACI to evaluate a potential merger between GUACI and the Company. The merger of the two companies is subject to completing the feasibility of the merger and obtaining the required approvals of the regulatory authorities and the shareholders of both GUACI and the Company.

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**1. General - Legal status and principal activities (continued)**

The annual financial statements of the Company for the year ended December 31, 2021 were authorized for issue by the Board of Directors of the Company on 17 Sha'ban 1443H (corresponding to March 20, 2022). However, such annual financial statements of the Company have not yet been approved by the shareholders as of the date of approval of this interim condensed financial information since the Company subsequent to the approval of such financial statements by the previous Board of Directors did not have the required quorum to call for an ordinary general assembly meeting. The Company's Board of Directors comprised 4 members (without a designated Chairman) with effect from 12 Ramadan 1443H (corresponding to April 13, 2022) instead of 9 members required as per the Company's By-laws. The minimum quorum required for the Board of Directors is 5 members in accordance with the requirements of the Company's By-laws. The Company, in accordance with the requirements of Capital Market Authority's Corporate Governance Regulations, elected and appointed 5 new Board members in the ordinary general assembly meeting held on 2 Safar 1444H (corresponding to August 29, 2022). The Company is in the process of obtaining approval of the annual financial statements for the year ended December 31, 2021 from the shareholders in the general assembly meeting, which is expected to be obtained before the issuance of interim condensed financial information for the six-month period ended June 30, 2022.

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

<b>Branch type</b>	<b>Location</b>	<b>CR number</b>
Regional branch	Dammam	2051036871
Regional branch	Jeddah	4030182618
Regional branch	Riyadh	1010243765

**2. Basis of preparation**

*(a) Statement of compliance*

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting' ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented on pages 40 to 49 of the interim condensed financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations require clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, income, comprehensive income and cash flows prepared for the insurance operations and shareholders' operations, as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company's financial information in compliance with IAS 34 as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders' operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by management of the Company and the Board of Directors.



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**2. Basis of preparation (continued)**

*(a) Statement of compliance (continued)*

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

*(b) Basis of measurement*

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of employee benefit obligations, financial assets at fair value through profit or loss and available-for-sale investments.

*(c) Basis of presentation*

The Company’s interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, premiums and insurers’ balances receivable - net, prepaid expenses and other assets, available-for-sale investments, financial assets at fair value through profit or loss, accrued commission income on statutory deposit, accounts payable, accrued and other liabilities, reinsurers’ balances payable, due to a related party, outstanding claims, claims incurred but not reported (“IBNR”), reinsurers’ share of outstanding claims, reinsurers’ share of IBNR, additional premium reserves, other technical reserves, zakat payable, accrued commission income payable to SAMA, dividend payable and surplus distribution payable. The following balances would generally be classified as non-current: long-term deposits, property and equipment, intangible assets, right-of-use assets, goodwill, statutory deposit and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include reinsurers’ share of unearned premiums, deferred policy acquisition costs, unearned premiums, unearned reinsurance commission and lease liabilities.

The inclusion of separate information of the insurance operations with the interim condensed financial information of the Company in the interim condensed statements of financial position, income, comprehensive income and cash flows as well as certain relevant notes to the financial information represents additional supplementary information as required by the Implementing Regulations.

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

*(d) Functional and presentation currency*

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

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

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

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

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

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**2. Basis of preparation (continued)**

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

*(i) Liability arising from claims under insurance contracts*

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of statement of financial position and for the expected ultimate cost of IBNR claims at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions, if any, are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and claims incurred but not reported, on a quarterly basis.

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

*(ii) Impairment of premiums and insurance balances receivable and goodwill*

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

The recoverable amount of goodwill is estimated based on the present value of the future cash flows expected to be derived from the asset. In case, the recoverable amount is less than carrying value, the difference is charged to statement of income as impairment loss.

*(iii) Impairment of investments*

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

*(iv) Impact of Covid-19*

In response to the spread of the Covid-19 in the Kingdom of Saudi Arabia where the Company operates and its resulting disruptions to the social and economic activities in those markets over the last two years, management continues to proactively assess its impacts on its operations. Globally, there has been significant drop in the number of registered cases including the Kingdom of Saudi Arabia. As a result, restrictions related to Covid-19 pandemic such as social distancing, travel bans, requirement for travelers to present a negative PCR or rapid antigen test on arrival test have been lifted. The Company closely monitors the situation and will apply the necessary preventive measures whenever there is a surge in cases due to outbreak of any new variants.

Based on these factors, management believes that the Covid-19 pandemic has had no material effect on the Company's reported financial results for the three-month period ended 31 March 2022 including the significant accounting judgements and estimates. The Company continues to monitor the surge in cases whenever there is a new variant although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Company's operations during 2022 or beyond.

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**2. Basis of preparation (continued)**

*(f) Seasonality of operations*

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

**3. Significant Accounting Policies**

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

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

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

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

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

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

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

For detailed impact assessment of IFRS 9 adoption, refer to Note 3.2 to the annual financial statements for the year ended December 31, 2021.

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**3. Significant Accounting Policies (continued)**

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

**- IFRS 17, 'Insurance Contracts'**

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

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

**3.2 Risk management**

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

The interim condensed financial information does not include all the financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021. There have been no changes in any risk management policies since the year end except that the Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required.

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**4. Segmental information**

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

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

Segment results do not include general and administration expenses, allowances for doubtful debts, investment and commission income, changes in fair value of financial assets at fair value through profit or loss - net, realized gain (loss) on available-for-sale investments and other income.

Segment assets do not include cash and cash equivalents, term deposits, premiums and insurers' balances receivable - net, investments, prepaid expenses and other assets, property and equipment, intangible assets, goodwill, statutory deposits, accrued commission income on statutory deposit and, accordingly, they are included in unallocated assets.

Segment liabilities do not include accounts payable, accrued and other liabilities, reinsurer's balances payable, due to a related party, employee benefit obligations, zakat payable, accrued commission income payable to SAMA, dividend payable and surplus distribution payable and, accordingly, they are included in unallocated liabilities.

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

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

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

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

Where intersegment transactions were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments, which will then be eliminated at the level of financial statements of the Company.

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

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**4. Segmental information (continued)**

	Insurance operations				
	Medical	Motor	Property and casualty	Protection and savings	Shareholders' operations
For the three-month period ended March 31, 2022 (Unaudited)					
<b>REVENUES</b>					
Gross premiums written	56,867,073	50,900,448	5,283,114	-	113,050,635
Reinsurance premiums ceded:					
- Foreign	(1,119)	-	(3,427,749)	-	(3,428,868)
- Local	-	(109,071)	(181,614)	-	(290,685)
Excess of loss premiums:					
- Foreign	(3,044,360)	(1,191,976)	(604,319)	-	(4,840,655)
- Local	(537,240)	(239,679)	(44,541)	-	(821,460)
<b>Net premiums written</b>	<b>53,284,354</b>	<b>49,359,722</b>	<b>1,024,891</b>	<b>-</b>	<b>103,668,967</b>
Changes in unearned premiums					
Changes in reinsurers' share of unearned premiums	(17,169,858)	8,941,695	6,625,428	-	(1,602,735)
<b>Net premiums earned</b>	<b>(45,013)</b>	<b>52,474</b>	<b>(6,621,008)</b>	<b>-</b>	<b>(6,613,547)</b>
Reinsurance commissions	36,069,483	58,353,891	1,029,311	-	95,452,685
	7,612	11,320	2,468,529	-	2,487,461
<b>Total revenues</b>	<b>36,077,095</b>	<b>58,365,211</b>	<b>3,497,840</b>	<b>-</b>	<b>97,940,146</b>

(Continued)



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**4. Segmental information (continued)**

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(33,693,828)	(62,264,912)	(3,061,891)	-	(99,020,631)	- (99,020,631)
Reinsurers' share of claims paid	2,986,848	653,604	2,249,502	-	5,889,954	- 5,889,954
Claims handling expenses	-	(7,367,015)	-	-	(7,367,015)	- (7,367,015)
<b>Net claims and other benefits paid</b>	<b>(30,706,980)</b>	<b>(68,978,323)</b>	<b>(812,389)</b>	<b>-</b>	<b>(100,497,692)</b>	<b>- (100,497,692)</b>
Changes in outstanding claims	(1,393,028)	8,659,651	6,012,756	-	13,279,379	- 13,279,379
Changes in reinsurers' share of outstanding claims	(279,048)	(1,350,523)	(4,781,799)	-	(6,411,370)	- (6,411,370)
Changes in claims incurred but not reported	3,393,262	(13,237,871)	1,537,536	-	(8,307,073)	- (8,307,073)
Changes in reinsurers' share of claims incurred but not reported	1,769,486	994,016	(1,492,556)	-	1,270,946	- 1,270,946
<b>Net claims and other benefits incurred</b>	<b>(27,216,308)</b>	<b>(73,913,050)</b>	<b>463,548</b>	<b>-</b>	<b>(100,665,810)</b>	<b>- (100,665,810)</b>
Policy acquisition costs	(1,550,709)	(3,016,209)	(1,300,359)	-	(5,867,277)	- (5,867,277)
Changes in additional premium reserves	-	(6,043,943)	306,392	-	(5,737,551)	- (5,737,551)
Changes in other technical reserves	1,566	(1,259,741)	293,343	-	(964,832)	- (964,832)
Other underwriting expenses, net	(1,205,906)	(1,472,378)	(102,350)	-	(2,780,634)	- (2,780,634)
<b>Total underwriting costs and expenses, net</b>	<b>(29,971,357)</b>	<b>(85,705,321)</b>	<b>(339,426)</b>	<b>-</b>	<b>(116,016,104)</b>	<b>- (116,016,104)</b>
<b>NET UNDERWRITING INCOME (LOSS)</b>	<b>6,105,738</b>	<b>(27,340,110)</b>	<b>3,158,414</b>	<b>-</b>	<b>(18,075,958)</b>	<b>- (18,075,958)</b>

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**4 Segmental information (continued)**

	Insurance operations			
	Medical	Motor	Property and casualty	Protection and savings
			Total	Shareholders' operations
				Total
<b>OTHER OPERATING (EXPENSES) INCOME</b>				
Allowance for doubtful debts			(1,419,069)	-
General and administrative expenses			(18,581,367)	(428,636)
Investment and commission income			(652,397)	1,262,793
Changes in fair value of financial assets at fair value through profit or loss - net				610,396
Realized gain on available-for-sale investments			(168,187)	(111,972)
Finance costs on lease liabilities			1,551,676	10,935,716
Other income			(19,418)	-
<b>Total other operating (expenses) income, net</b>			<b>1,710,067</b>	<b>-</b>
			<b>(17,578,695)</b>	<b>10,106,225</b>
				<b>(7,472,470)</b>
<b>Total (loss) income for the period before surplus attribution and zakat</b>			<b>(35,654,653)</b>	<b>10,106,225</b>
<b>Surplus attributed to the insurance operations</b>			<b>-</b>	<b>-</b>
<b>Total (loss) income for the period before zakat</b>			<b>(35,654,653)</b>	<b>10,106,225</b>
<b>Zakat expense</b>			<b>-</b>	<b>(1,200,000)</b>
				<b>(1,200,000)</b>
<b>Total (loss) income for the period attributable to the shareholders</b>			<b>(35,654,653)</b>	<b>8,906,225</b>
				<b>(26,748,428)</b>

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**4. Segmental information (continued)**

	Insurance operations				
	Medical	Motor	Property and casualty	Protection and savings	Shareholders' operations
					Total
					Total
<b>For the three-month period ended March 31, 2021 (Unaudited)</b>					
<b>REVENUES</b>					
Gross premiums written	28,447,290	36,264,778	4,041,923	-	68,753,991
Reinsurance premiums ceded:					
- Foreign	(55,469)	-	(2,437,596)	-	(2,493,065)
- Local	-	(88,835)	(122,102)	-	(210,937)
Excess of loss premiums:					
- Foreign	(2,363,831)	(317,453)	(193,914)	-	(2,875,198)
- Local	(1,315,313)	-	-	-	(1,315,313)
<b>Net premiums written</b>	24,712,677	35,858,490	1,288,311	-	61,859,478
Changes in unearned premiums	18,996,805	(4,646,177)	6,779,262	-	21,129,890
Changes in reinsurers' share of unearned premiums	33,234	20,950	(7,024,346)	-	(6,970,162)
<b>Net premiums earned</b>	43,742,716	31,233,263	1,043,227	-	76,019,206
Reinsurance commissions	3,668	13,577	1,608,262	-	1,625,507
<b>Total revenues</b>	43,746,384	31,246,840	2,651,489	-	77,644,713

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**4. Segmental information (continued)**

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(74,733,189)	(22,632,166)	(291,485)	-	(97,656,840)	- (97,656,840)
Reinsurers' share of claims paid	4,899,712	91,188	179,995	-	5,170,895	- 5,170,895
Claims handling expenses	(1,905,862)	(1,963,614)	-	-	(3,869,476)	- (3,869,476)
<b>Net claims and other benefits paid</b>	(71,739,339)	(24,504,592)	(111,490)	-	(96,355,421)	- (96,355,421)
Changes in outstanding claims						
Changes in reinsurers' share of outstanding claims	6,495,409	268,104	(5,167,250)	-	1,596,263	- 1,596,263
Changes in claims incurred but not reported	(781,379)	316,439	4,472,550	-	4,007,610	- 4,007,610
Changes in reinsurers' share of claims incurred but not reported	(4,755,004)	(2,748,678)	433,755	-	(7,069,927)	- (7,069,927)
<b>Net claims and other benefits incurred</b>	285,301	(66,747)	(506,762)	-	(288,208)	- (288,208)
Policy acquisition costs	(70,495,012)	(26,735,474)	(879,197)	-	(98,109,683)	- (98,109,683)
Changes in additional premium reserves	(2,855,957)	(1,251,407)	(962,690)	-	(5,070,054)	- (5,070,054)
Changes in other technical reserves	(4,084,250)	2,244,591	58,915	-	(1,780,744)	- (1,780,744)
Other underwriting expenses, net	1,103,589	(7,453)	(883,898)	-	212,238	- 212,238
<b>Total underwriting costs and expenses, net</b>	(77,226,023)	(26,581,864)	(2,720,529)	-	(106,528,416)	- (106,528,416)
<b>NET UNDERWRITING (LOSS) INCOME</b>	(33,479,639)	4,664,976	(69,040)	-	(28,883,703)	- (28,883,703)

(Continued)

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**4. Segmental information (continued)**

	Insurance operations			Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings	
<b>OTHER OPERATING (EXPENSES) INCOME</b>					
Allowance for doubtful debts			(2,147,945)	-	(2,147,945)
General and administrative expenses			(15,081,071)	(522,587)	(15,603,658)
Investment and commission income			914,243	1,157,469	2,071,712
Changes in fair value of financial assets at fair value through profit or loss - net					
Realized gain on available-for-sale investments		285,360		1,485,347	1,770,707
Other income		1,481,402		1,089,389	2,570,791
<b>Total other operating expenses (income), net</b>		343,923		-	343,923
		(14,204,088)		3,209,618	(10,994,470)
<b>Total (loss) income for the period before surplus attribution and zakat</b>		(43,087,791)		3,209,618	(39,878,173)
<b>Surplus transferred to the insurance operations</b>		-		-	-
<b>Total (loss) income for the period before zakat</b>		(43,087,791)		3,209,618	(39,878,173)
Zakat expense		-		(1,500,000)	(1,500,000)
<b>Total (loss) income for the period attributed to the shareholders</b>		(43,087,791)		1,709,618	(41,378,173)

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**4. Segmental information (continued)**

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
<b>March 31, 2022 (Unaudited)</b>						
<b>Assets</b>						
Reinsurers' share of unearned premiums	47,372	145,909	20,684,834	-	-	20,878,115
Reinsurers' share of outstanding claims	2,923,400	7,827	26,010,375	-	-	28,941,602
Reinsurers' share of claims incurred but not reported	2,012,357	256,210	6,337,811	-	-	8,606,378
Deferred policy acquisition costs	4,429,117	6,359,420	2,705,664	-	-	13,494,201
Segment assets	9,412,246	6,769,366	55,738,684	-	-	71,920,296
Unallocated assets					351,164,392	650,453,964
<b>Total assets</b>					<b>351,164,392</b>	<b>722,374,260</b>
<b>Total liabilities and equity</b>						
Unearned premiums	106,889,151	116,483,780	24,734,986	-	-	248,107,917
Unearned reinsurance commission	7,816	29,181	1,989,023	-	-	2,026,020
Outstanding claims	29,712,126	(130,219)	30,974,370	-	-	60,556,277
Claims incurred but not reported	22,445,687	35,863,394	7,756,059	-	-	66,065,140
Additional premium reserves	-	20,785,944	1,161,896	-	-	21,947,840
Other technical reserves	275,421	4,322,886	1,500,522	-	-	6,098,829
Segmental liabilities	159,330,201	177,354,966	68,116,856	-	-	404,802,023
Unallocated liabilities and equity					231,510,318	317,572,237
<b>Total liabilities and equity</b>					<b>231,510,318</b>	<b>722,374,260</b>



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**4. Segmental information (continued)**

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
<b>December 31, 2021 (audited)</b>						
<b>Assets</b>						
Reinsurers' share of unearned premiums	92,385	93,435	27,305,842	-	-	27,491,662
Reinsurers' share of outstanding claims	3,202,448	1,358,350	30,792,174	-	-	35,352,972
Reinsurers' share of claims incurred but not reported	242,871	(737,806)	7,830,367	-	-	7,335,432
Deferred policy acquisition costs	3,392,086	5,549,648	3,580,322	-	-	12,522,056
Segment assets	6,929,790	6,263,627	69,508,705	-	-	82,702,122
Unallocated assets					358,609,464	671,079,978
<b>Total assets</b>					<b>358,609,464</b>	<b>753,782,100</b>
<b>Total liabilities and equity</b>						
Unearned premiums	89,719,293	125,425,475	31,360,414	-	-	246,505,182
Unearned reinsurance commission	15,243	18,687	2,742,282	-	-	2,776,212
Outstanding claims	28,319,098	8,529,432	36,987,126	-	-	73,835,656
Claims incurred but not reported	25,838,949	22,625,523	9,293,595	-	-	57,758,067
Additional premium reserves	-	14,742,001	1,468,288	-	-	16,210,289
Other technical reserves	276,987	3,063,145	1,793,865	-	-	5,133,997
Segment liabilities	144,169,570	174,404,263	83,645,570	-	-	402,219,403
Unallocated liabilities and equity					263,452,609	351,562,697
<b>Total liabilities and equity</b>					<b>263,452,609</b>	<b>753,782,100</b>

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**4. Segmental information** (continued)

**4.1 Gross premiums written - categorization**

	<b>Three-month period ended March 31, 2022 (Unaudited)</b>				<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>	
Large corporates	<b>15,512,003</b>	<b>7,419,200</b>	<b>2,071,029</b>	-	<b>25,002,232</b>
Medium corporates	<b>11,002,382</b>	<b>4,324,689</b>	<b>2,516,290</b>	-	<b>17,843,361</b>
Small enterprises	<b>18,956,315</b>	<b>2,790,385</b>	<b>546,720</b>	-	<b>22,293,420</b>
Micro enterprises	<b>8,272,930</b>	<b>286,832</b>	<b>12,500</b>	-	<b>8,572,262</b>
Retail	<b>3,123,443</b>	<b>36,079,342</b>	<b>136,575</b>	-	<b>39,339,360</b>
	<b>56,867,073</b>	<b>50,900,448</b>	<b>5,283,114</b>	-	<b>113,050,635</b>

	<b>Three-month period ended March 31, 2021 (Unaudited)</b>				<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>	
Large corporates	5,003,642	5,969,277	1,638,021	-	12,610,940
Medium corporates	3,926,494	3,079,221	854,821	-	7,860,536
Small enterprises	11,254,928	2,449,226	1,216,187	-	14,920,341
Micro enterprises	8,164,328	111,764	14,198	-	8,290,290
Retail	97,898	24,655,290	318,696	-	25,071,884
	28,447,290	36,264,778	4,041,923	-	68,753,991

**5. Cash and cash equivalents**

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash in hand	<b>47,000</b>	38,257	-	-
Cash at banks - current accounts	<b>21,659,960</b>	51,603,335	<b>53,022,898</b>	42,012,973
Money market funds	<b>80,484,888</b>	92,506,592	<b>102,684,786</b>	102,057,096
	<b>102,191,848</b>	144,148,184	<b>155,707,684</b>	144,070,069

Cash at banks and units in money market funds are placed with counterparties that have investment grade credit ratings.

**6. Short-term and long-term deposits**

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earn commission income at an average rate of 1.10% to 1.90% per annum (December 31, 2021: Nil).

Long-term deposits represent deposits with maturity of more than one year from the date of placement and are placed with banks carrying commission income at an average rate of 2.85% to 2.90% (December 31, 2021: 2.85% to 2.90%) per annum.

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**7. Premiums and insurers' balances receivable - net**

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Premiums receivable	<b>123,873,760</b>	123,844,800
Premiums receivable from related parties (Note 12)	<b>8,792,200</b>	8,933,939
Receivable from insurance and reinsurance companies	<b>2,988,177</b>	1,331,754
	<b>135,654,137</b>	134,110,493
Less: allowance for doubtful debts	<b>(40,903,880)</b>	(39,484,811)
	<b>94,750,257</b>	94,625,682

Movement in the allowance for doubtful debts is as follows:

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
At the beginning of period / year	<b>39,484,811</b>	36,275,368
Charge for the period / year	<b>1,419,069</b>	3,209,443
At the end of period / year	<b>40,903,880</b>	39,484,811

**8. Technical reserves**

**8.1 Net outstanding claims and reserves**

Movement in outstanding claims and reserves is as follows:

	<b>As at March 31, 2022</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
January 1	<b>131,593,723</b>	<b>(42,688,404)</b>	<b>88,905,319</b>
Claims paid	<b>(99,020,631)</b>	<b>5,889,954</b>	<b>(93,130,677)</b>
Claims incurred	<b>94,048,325</b>	<b>(749,530)</b>	<b>93,298,795</b>
March 31	<b>126,621,417</b>	<b>(37,547,980)</b>	<b>89,073,437</b>
Outstanding claims	<b>60,556,277</b>	<b>(28,941,602)</b>	<b>31,614,675</b>
Claims incurred but not reported	<b>66,065,140</b>	<b>(8,606,378)</b>	<b>57,458,762</b>
	<b>126,621,417</b>	<b>(37,547,980)</b>	<b>89,073,437</b>
Additional premium reserves:			
Premium deficiency reserve	<b>21,947,840</b>	-	<b>21,947,840</b>
Other technical reserves:			
Unallocated loss adjustment expense reserve	<b>6,098,829</b>	-	<b>6,098,829</b>
<b>Outstanding claims and reserves</b>	<b>154,668,086</b>	<b>(37,547,980)</b>	<b>117,120,106</b>

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**8. Technical reserves (continued)**

**8.1 Outstanding claims and reserves (continued)**

	<b>As at December 31, 2021</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
January 1	182,674,254	(38,904,128)	143,770,126
Claims paid	(373,257,696)	16,772,451	(356,485,245)
Claims incurred	322,177,165	(20,556,727)	301,620,438
December 31	131,593,723	(42,688,404)	88,905,319
Outstanding claims	73,835,656	(35,352,972)	38,482,684
Claims incurred but not reported	57,758,067	(7,335,432)	50,422,635
	131,593,723	(42,688,404)	88,905,319
Additional premium reserves:			
Premium deficiency reserve	16,210,289	-	16,210,289
Other technical reserves:			
Unallocated loss adjustment expense reserve	5,133,997	-	5,133,997
<b>Outstanding claims and reserves</b>	<b>152,938,009</b>	<b>(42,688,404)</b>	<b>110,249,605</b>

**8.2 Movement in net unearned premiums**

Movement in net unearned premiums comprise of the following:

	<b>As at March 31, 2022</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance at beginning of the period	246,505,182	(27,491,662)	219,013,520
Premium written during the period	113,050,635	(3,719,553)	109,331,082
Premium earned during the period	(111,447,900)	10,333,100	(101,114,800)
Balance at end of the period	248,107,917	(20,878,115)	227,229,802

	<b>As at December 31, 2021</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance at beginning of the year	171,428,813	(18,949,044)	152,479,769
Premium written during the year	438,300,420	(65,317,069)	372,983,351
Premium earned during the year	(363,224,051)	56,774,451	(306,449,600)
Balance at end of the year	246,505,182	(27,491,662)	219,013,520

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**9. Investments**

(a) Investments are classified as follows:

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Financial assets at fair value through profit or loss	<b>10,329,012</b>	10,861,302	<b>46,503,690</b>	46,330,548
Available-for-sale investments	<b>1,244,428</b>	10,408,278	-	20,158,636
	<b>11,573,440</b>	21,269,580	<b>46,503,690</b>	66,489,184

(b) Category wise investment analysis is as follows:

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Quoted	-	9,163,850	<b>28,592,484</b>	49,785,557
Unquoted	<b>11,573,440</b>	12,105,730	<b>17,911,206</b>	16,703,627
	<b>11,573,440</b>	21,269,580	<b>46,503,690</b>	66,489,184

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Mutual funds	<b>56,832,702</b>	57,191,850
Ordinary shares	<b>1,244,428</b>	30,566,914
Total	<b>58,077,130</b>	87,758,764

Management has performed a review of the available-for-sale investments to assess whether impairment has occurred in the value of these investments. Based on specific information, management is of the view that no impairment is required in respect of the available-for-sale investments. All investments are denominated in Saudi Riyals and United States Dollars. As at the reporting date investments amounting to Saudi Riyals 56.8 million (December 31, 2021: Saudi Riyals 57.2 million) are denominated in United States Dollars.

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**9. Investments (continued)**

(d) Movement in financial assets at fair value through profit or loss is as follows:

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
At the beginning of the period / year	<b>10,861,302</b>	26,064,650	<b>46,330,548</b>	74,400,053
Acquisitions during the period / year	-	-	<b>285,114</b>	2,171,620
Disposals during the period / year	<b>(175,359)</b>	(9,440,797)	-	(26,024,610)
Changes in fair value - net	<b>(168,187)</b>	(4,719,777)	<b>(111,972)</b>	14,329,397
Realised losses on disposal	<b>(188,744)</b>	(1,042,774)	-	(18,545,912)
At the end of period / year	<b>10,329,012</b>	10,861,302	<b>46,503,690</b>	46,330,548

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

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
At the beginning of the period / year	<b>10,408,278</b>	13,938,299	<b>20,158,636</b>	30,146,945
Acquisitions during the period / year	<b>3,101,213</b>	32,933,817	<b>395,771</b>	24,744,901
Disposals during the period / year	<b>(13,105,896)</b>	(40,905,864)	<b>(23,704,560)</b>	(43,744,901)
Unrealised loss	<b>(710,843)</b>	(772,355)	<b>(6,233,887)</b>	(340,500)
Realised gains on disposal	<b>1,551,676</b>	5,214,381	<b>9,384,040</b>	9,352,191
At the end of period / year	<b>1,244,428</b>	10,408,278	-	20,158,636

(f) Movement in fair value reserve on available-for-sale investments is as follows:

	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As of January 1, 2021	1,483,198	6,574,387	8,057,585
Change in fair value	4,442,026	9,011,691	13,453,717
Realized gains on disposal of investments	(5,214,381)	(9,352,191)	(14,566,572)
As at December 31, 2021	<b>710,843</b>	<b>6,233,887</b>	<b>6,944,730</b>
As of January 1, 2022	<b>710,843</b>	<b>6,233,887</b>	<b>6,944,730</b>
Change in fair value	<b>840,833</b>	<b>3,150,153</b>	<b>3,990,986</b>
Realized gains on disposal of investments	<b>(1,551,676)</b>	<b>(9,384,040)</b>	<b>(10,935,716)</b>
<b>As at March 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>



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**9. Investments (continued)**

(g) Geographical concentration:

The maximum exposure to credit and price risk for financial assets at fair value through profit or loss and available-for-sale investments at the reporting date by geographic region is as follows:

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Kingdom of Saudi Arabia	<b>9,215,009</b>	18,428,094	-	20,158,636
Singapore	<b>2,358,431</b>	2,841,486	-	-
United States of America	-	-	<b>17,911,206</b>	16,703,627
United Arab Emirates	-	-	<b>28,592,484</b>	29,626,921
	<b>11,573,440</b>	21,269,580	<b>46,503,690</b>	66,489,184

**10. Goodwill**

The Company commenced its insurance operations on January 1, 2009. The Company's General Assembly approved on February 1, 2009 for the Company to enter into an agreement whereby it acquired the entire business (net identifiable assets) of Al Sagr Saudi Insurance Company with effect from January 1, 2009 at a goodwill of Saudi Riyals 39 million as set forth in SAMA's letter in this respect after completing the related procedures as required under SAMA's letter on November 10, 2008. The Company has later adjusted goodwill amount by reducing Saudi Riyals 13.5 million in line with SAMA correspondence in this respect bringing it to Saudi Riyals 25.5 million. The Company has paid Saudi Riyals 9.9 million during 2011 and Saudi Riyals 15.6 million in 2012 against goodwill to the shareholders of Al Sagr Saudi Insurance Company.

For the impairment testing, management determines the recoverable amount of the CGU based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows, based on the most recent five years' business plan, and use of an appropriate discount rate. Cash flows beyond five-years' period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with the forecasts included in industry reports specific to the industry in which the CGU operates. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The calculation of value in use is most sensitive to the assumptions related to the compound annual growth in gross premiums written and average claims ratio, which are determined keeping in view the historical performance, recent market and industry trends and expected outcome of various performance improvement measures being implemented by the management. The key significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

<b>Key assumptions</b>	<b>%</b>
Compound annual growth in gross premiums written	12.0
Average claims ratio	86.0
Weighted average cost of capital	12.0
Long-term growth rate	2.0

Although management believes that the assumptions used to evaluate potential impairment are reasonable, such assumptions are inherently subjective. Based on the assumptions made, the expected discounted future cash flows exceed the carrying amount of goodwill and accordingly no impairment has been recognised.

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**10. Goodwill (continued)**

**Sensitivity to the changes in key assumptions**

The estimated recoverable amount of the CGU exceeded its carrying value by approximately Saudi Riyals 83.6 million. Management has identified that a reasonably possible change in the below given key assumptions could cause the carrying amount to exceed the recoverable amount.

**Compound annual growth in gross premiums written**

The gross premiums written growth in the forecast period has been estimated to be compound annual growth rate of 12.0%. If all other assumptions kept the same, a reduction of this growth rate from 12.0% to 7.48% would give a value-in-use equal to the current carrying amount.

**Average claims ratio**

The average claims ratio in the forecast period has been estimated to be 86.0%. If all other assumptions kept the same, an increase of this ratio from 86.0% to 89.9% would give a value-in-use equal to the current carrying amount.

**Weighted average cost of capital**

The weighted average cost of capital in the forecast period has been estimated to be 12.0%. If all other assumptions kept the same, a increase of this discount rate from 12.0% to 14.4% would give a value in use equal to the current carrying amount.

**11. Statutory deposit**

The statutory deposit represents 10% of the paid-up share capital which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent.

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**12. Related party transactions and balances**

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

- (a) The following are the details of major related party transactions during the period, and the related balances at the end of the period/year:

	<b>Transactions for the three-month period ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>Shareholders</u></b>		
Gross premiums written	<b>1,129,691</b>	1,565,561
Rent expense	<b>(291,902)</b>	(289,135)
Reinsurance commission income	<b>7,612</b>	4,050
Reinsurance share of claims paid	<b>15,400</b>	23,758
Reinsurance premium ceded	<b>(1,119)</b>	(80,906)
Gross claims incurred	<b>(111,145)</b>	(1,987,761)
	<b>Balances receivable (payable) as at</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>Shareholders</u></b>		
Premiums receivable from related parties	<b>8,792,200</b>	8,933,939
Directors' remuneration and meeting fee payable	<b>(3,986,944)</b>	(4,238,611)
Gross outstanding claims payable	<b>(645,194)</b>	(874,603)
Reinsurance premium payable	<b>(514,731)</b>	(529,196)

- (b) The compensation of key management personnel during the period is as follows:

	<b>Three-month period ended March 31, 2022</b>	<b>Three-month period ended March 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries and benefits	<b>2,584,631</b>	2,655,265
Employee benefit obligations	<b>121,774</b>	161,816
	<b>2,706,405</b>	2,817,081

- (c) Due to a related party

Due to a related party represents amounts payable to Al SAGR Saudi Insurance Company (B.S.C).

- (d) The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is on employment terms and as per the by-laws of the Company.

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**13. Zakat**

(a) Zakat charge for the period

The charge for the period for zakat is as follows:

	Three-month period ended March 31, 2022 (Unaudited)	Three-month period ended March 31, 2021 (Unaudited)
Charge for the period	<b>1,200,000</b>	1,500,000

(b) Zakat base

The principal elements of zakat base are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening shareholders' equity	<b>213,276,938</b>	287,782,257
Non-current assets	<b>144,422,535</b>	143,021,398
Goodwill	<b>25,513,750</b>	25,513,750
Loss for the period / year before zakat	<b>(27,480,347)</b>	(72,701,085)

The difference between the financial results and adjusted net loss is mainly due to adjustments for certain costs based on relevant regulations.

(c) Movement in the provision for zakat during the period / year

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	<b>42,652,370</b>	46,857,518
Provision for the period / year		
- For current year	<b>1,200,000</b>	3,676,614
- Adjustments related to prior years	-	(1,906,552)
	<b>1,200,000</b>	1,770,062
Paid during the period / year	-	(5,975,210)
At the end of the period / year	<b>43,852,370</b>	42,652,370

(d) Shareholding subject to zakat

The following is the shareholding percentage subject to zakat in the interim condensed financial information and financial statements as at the end of the period/year:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Shareholding subject to zakat	<b>100%</b>	100%

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**13. Zakat (continued)**

(e) Zakat assessments

During the year ended December 31, 2020, the Company received final zakat assessments for the years from 2012 to 2018. Total additional zakat liability as per the assessments amounted to Saudi Riyals 36.3 million for such years. The Company had filed an appeal with General Secretariat of Zakat Committees (high committees) against the assessments and in-parallel had submitted a settlement request with the Zakat, Tax and Customs Authority ("ZATCA")-Settlement committee. During the year ended December 31, 2021, the ZATCA-Settlement committee offered to decrease the zakat assessments to Saudi Riyals 36.2 million, which the Company did not accept and, accordingly, continued with the appeal filed with General Secretariat of Zakat Committees (high committees), which also issued the decision and the final additional zakat liability was assessed at Saudi Riyals 36.2 million. The Company has filed an appeal with the Appellate Committee for the resolution of tax disputes against the assessment.

During the year ended December 31, 2021, the Company had received preliminary assessment from ZATCA for the years 2019 and 2020, with an additional liability amounting to Saudi Riyals 9.6 million. The Company has filed an appeal with General Secretariat of Zakat Committees (high committees) against such assessments.

Management is of the view that ZATCA will reconsider the above assessments and will allow for certain deductions from the zakat base and believes that the level of the existing provision for zakat maintained by the Company is presently sufficient to cover such uncertain zakat positions.

**14. Share capital**

The authorized, issued and paid up share capital of the Company was 400 million at March 31, 2022, consisting of 40 million shares (December 31, 2021: Saudi Riyals 400 million consisting of 40 million shares) of Saudi Riyals 10 each.

**15. Statutory reserve**

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

**16. Basic and diluted loss per share**

Basic and diluted loss per share for the three-month period ended March 31, 2022 and 2021 is calculated by dividing total loss for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

	<b>For the three-month period ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Total loss for the period attributable to the shareholders	<b>(26,748,428)</b>	(41,378,173)
Weighted average number of ordinary shares for basic and diluted loss per share	<b>40,000,000</b>	40,000,000
Basic and diluted loss per share	<b>(0.67)</b>	(1.03)

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**17. Fair value of financial instruments**

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

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

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

<b>March 31, 2022</b>				
<b>(Unaudited)</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value</b>				
Mutual funds - financial assets at fair value through profit or loss	<b>28,592,484</b>	<b>28,240,218</b>	-	<b>56,832,702</b>
Ordinary shares - available-for-sale	-	-	<b>1,244,428</b>	<b>1,244,428</b>
	<b>28,592,484</b>	<b>28,240,218</b>	<b>1,244,428</b>	<b>58,077,130</b>
<b>Financial assets not measured at fair value</b>				
Sukuks - held-to-maturity	-	-	-	-
	<b>28,592,484</b>	<b>28,240,218</b>	<b>1,244,428</b>	<b>58,077,130</b>
<b>December 31, 2021</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value</b>				
Mutual funds - financial assets at fair value through profit or loss	29,626,921	27,564,929	-	57,191,850
Ordinary shares - available-for-sale	29,322,486	-	1,244,428	30,566,914
	58,949,407	27,564,929	1,244,428	87,758,764
<b>Financial assets not measured at fair value</b>				
Sukuks - held-to-maturity	-	-	-	-
<b>Total investments</b>	<b>58,949,407</b>	<b>27,564,929</b>	<b>1,244,428</b>	<b>87,758,764</b>

During the period, there have been no transfers between level 1, level 2 and level 3.

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**17. Fair value of financial instruments (continued)**

The valuation of publicly traded investments classified under level 1 is based upon the closing market price of that security as of the valuation date, less a discount if the security is restricted. Fair values of private mutual funds classified in Level 2 are determined based on the investees' latest reported net assets values as at the date of statement of financial position taking into account the fair value of underlying investments by the fund. The fair value of Level 2 fixed income investments and funds are taken from the holding statements issued by the respective fund managers. Fair values of other investments classified in Level 3 are, where applicable, determined based on discounted cash flows, which incorporate assumptions regarding an appropriate credit spread. Level 3 available-for-sale investment comprises equity investment of 4,444 shares of Najm for Insurance Services (Najm) (December 31, 2021: 4,444 shares) and 80,000 shares of Saudi NextCare (December 31, 2021: 80,000 shares), respectively. As at March 31, 2022 and December 31, 2021, the investment is carried at cost less impairment as management considers that the recent available information is insufficient to determine fair value and the cost represents the best estimate of fair value in the current circumstances.

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

**18. Commitments and contingencies**

**(a) Legal proceedings**

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have material impact on the Company's results or financial position.

**(b) Capital commitments**

At March 31, 2022, the Company had outstanding commitment of Saudi Riyals 8.5 million in respect of purchase of investments relating to a mutual fund and costs towards implementation of new software (December 31, 2021: Saudi Riyals 8.8 million).

**19. Capital risk management**

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

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

- Minimum capital requirement of Saudi Riyals 100 million;
- Premium solvency margin; or
- Claims solvency margin.

As at March 31, 2022, the Company's solvency margin has reduced to 78.4% (71.9% as at June 30, 2022 based on management accounts), which is less than the minimum solvency margin required by the Implementing Regulations of the Cooperative Insurance Companies Control Law.

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**19. Capital risk management (continued)**

As per Article 68 of the SAMA Implementing Regulations, the company shall maintain a solvency margin according to the standards specified, and implement the following measures when its solvency margin falls below the required margin(s):

a. The company shall restore, in a period not exceeding the next financial quarter, its solvency margin when it falls between the range of 75% to 100% of the required solvency margin.

b. The company shall restore its solvency margin when it falls between 50% and 75% of the required margin. The company shall apply measures stated in paragraph (a) of this Article. If the required solvency margin is not restored to its appropriate level for two consecutive financial quarters, the company shall formulate and provide SAMA with a corrective action plan to be taken and the period necessary to restore its solvency.

The Company is taking measures to rectify the deficiency and the measures considered by the management include certain operational improvement measures, such as improved recoverability of premium receivable balances and implementation of better investment strategies.

**20. Approval of the interim condensed financial information**

The interim condensed financial information has been approved by the Board of Directors on 16 Safar 1444H (corresponding to September 12, 2022).



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**21. Supplementary information**

As required by the SAMA Implementing Regulations, the interim condensed statement of financial position, interim condensed statement of income, interim condensed statement of comprehensive income and interim condensed statement of cash flows are separately disclosed for both insurance operations and shareholders' operations as follows:

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

	Note	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)			
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS							
Cash and cash equivalents	5	102,191,848	155,707,684	257,899,532	144,148,184	144,070,069	288,218,253
Short term deposits		40,000,000	-	40,000,000	-	-	-
Premiums and insurers' balances receivable - net	7	94,750,257	-	94,750,257	94,625,682	-	94,625,682
Reinsurers' share of unearned premiums	8	20,878,115	-	20,878,115	27,491,662	-	27,491,662
Reinsurers' share of outstanding claims	8	28,941,602	-	28,941,602	35,352,972	-	35,352,972
Reinsurers' share of claims incurred but not reported	8	8,606,378	-	8,606,378	7,335,432	-	7,335,432
Deferred policy acquisition costs		13,494,201	-	13,494,201	12,522,056	-	12,522,056
Financial assets at fair value through profit or loss	9	10,329,012	46,503,690	56,832,702	10,861,302	46,330,548	57,191,850
Available-for-sale investments	9	1,244,428	-	1,244,428	10,408,278	20,158,636	30,566,914
Prepaid expenses and other assets		23,331,094	2,507,040	25,838,134	25,840,738	1,695,925	27,536,663
Long-term deposits	6	11,250,000	75,000,000	86,250,000	11,250,000	75,000,000	86,250,000
Property and equipment		5,564,262	-	5,564,262	5,210,239	-	5,210,239
Right-of-use assets		3,952,626	-	3,952,626	4,405,468	-	4,405,468
Intangible assets		6,676,045	-	6,676,045	5,720,623	-	5,720,623
Goodwill	10	-	25,513,750	25,513,750	-	25,513,750	25,513,750
Statutory deposit	11	-	40,000,000	40,000,000	-	40,000,000	40,000,000
Accrued commission income on statutory deposit	11	-	5,932,228	5,932,228	-	5,840,536	5,840,536
Amounts due from shareholders' operations		119,654,074	-	119,654,074	95,156,855	-	95,156,855
TOTAL ASSETS		490,863,942	351,164,392	842,028,334	490,329,491	358,609,464	848,938,955
Less: inter-operations elimination		(119,654,074)	-	(119,654,074)	(95,156,855)	-	(95,156,855)
TOTAL ASSETS		371,209,868	351,164,392	722,374,260	395,172,636	358,609,464	753,782,100
(Continued)							

(Continued)

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**21. Supplementary information (continued)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)**

	Note	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
		Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable		5,615,338	-	5,615,338	-
Accrued and other liabilities		30,678,785	4,023,071	34,701,856	4,274,739
Reinsurers' balances payable		14,564,256	-	14,564,256	-
Unearned premiums	8	248,107,917	-	248,107,917	-
Unearned reinsurance commission		2,026,020	-	2,026,020	-
Outstanding claims	8	60,556,277	-	60,556,277	-
Claims incurred but not reported	8	66,065,140	-	66,065,140	-
Additional premium reserves	8	21,947,840	-	21,947,840	-
Other technical reserves	8	6,098,829	-	6,098,829	-
Lease liabilities		3,403,423	-	3,403,423	-
Due to a related party	12	-	1,123,750	1,123,750	-
Employee benefit obligations		9,247,583	-	9,247,583	-
Zakat payable	13	-	43,852,370	43,852,370	-
Accrued commission income payable to SAMA	11	-	5,932,228	5,932,228	-
Dividend payable		-	370,349	370,349	-
Amounts due to insurance operations		-	119,654,074	119,654,074	-
Surplus distribution payable		19,177,304	-	19,177,304	-
<b>TOTAL LIABILITIES</b>		487,488,712	174,955,842	662,444,554	149,418,599
<b>Less: inter-operations elimination</b>		-	(119,654,074)	(119,654,074)	(95,156,855)
<b>TOTAL LIABILITIES</b>		487,488,712	55,301,768	542,790,480	54,261,744

(Continued)

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**21. Supplementary information (continued)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)**

	Note	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
		Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
<b>EQUITY</b>					
Share capital	14	-	400,000,000	-	400,000,000
Accumulated losses		-	(223,791,450)	-	(197,043,022)
Remeasurement reserve of employee benefit obligations		3,375,230	-	3,375,230	-
Fair value reserve on investments		-	-	710,843	6,233,887
<b>NET EQUITY</b>		<b>3,375,230</b>	<b>179,583,780</b>	<b>4,086,073</b>	<b>213,276,938</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>490,863,942</b>	<b>231,510,318</b>	<b>490,329,491</b>	<b>753,782,100</b>

## 21. Supplementary information (continued)

Note	2022 (Unaudited)		2021 (Unaudited)			
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross written premiums	113,050,635	-	113,050,635	68,753,991	-	68,753,991
Reinsurance premiums ceded:						
- Foreign	(3,428,868)	-	(3,428,868)	(2,493,065)	-	(2,493,065)
- Local	(290,685)	-	(290,685)	(210,937)	-	(210,937)
Excess of loss premiums:						
- Foreign	(4,840,655)	-	(4,840,655)	(2,875,198)	-	(2,875,198)
- Local	(821,460)	-	(821,460)	(1,315,313)	-	(1,315,313)
<b>Net premiums written</b>	<b>103,668,967</b>	<b>-</b>	<b>103,668,967</b>	<b>61,859,478</b>	<b>-</b>	<b>61,859,478</b>
Changes in unearned premiums	(1,602,735)	-	(1,602,735)	21,129,890	-	21,129,890
Changes in reinsurers' share of unearned premiums	(6,613,547)	-	(6,613,547)	(6,970,162)	-	(6,970,162)
<b>Net premiums earned</b>	<b>95,452,685</b>	<b>-</b>	<b>95,452,685</b>	<b>76,019,206</b>	<b>-</b>	<b>76,019,206</b>
Reinsurance commissions	2,487,461	-	2,487,461	1,625,507	-	1,625,507
<b>Total revenues</b>	<b>97,940,146</b>	<b>-</b>	<b>97,940,146</b>	<b>77,644,713</b>	<b>-</b>	<b>77,644,713</b>

<b>EXPENSES</b>			
Gross claims paid	(99,020,631)	-	(99,020,631)
Reinsurers' share of claims paid	5,889,954	-	5,889,954
Claims handling expenses	(7,367,015)	-	(7,367,015)
<b>Net claims and other benefits paid</b>	<b>(100,497,692)</b>	<b>-</b>	<b>(100,497,692)</b>
			(97,656,840)
			5,170,895
			(3,869,476)
			(96,355,421)
			(97,656,840)
			5,170,895
			(3,869,476)
			(96,355,421)
			(97,656,840)

**AL SAGR COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. Supplementary information (continued)**

**INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED MARCH 31, (continued)**

Note	2022 (Unaudited)			2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
8	13,279,379	-	13,279,379	1,596,263	-	1,596,263
Changes in outstanding claims						
Changes in reinsurers' share of outstanding claims	(6,411,370)	-	(6,411,370)	4,007,610	-	4,007,610
8	(8,307,073)	-	(8,307,073)	(7,069,927)	-	(7,069,927)
Changes in claims incurred but not reported						
Changes in reinsurers' share of claims incurred but not reported	1,270,946	-	1,270,946	(288,208)	-	(288,208)
8	(100,665,810)	-	(100,665,810)	(98,109,683)	-	(98,109,683)
<b>Net claims and other benefits incurred</b>						
Policy acquisition costs	(5,867,277)	-	(5,867,277)	(5,070,054)	-	(5,070,054)
Changes in additional premium reserves	(5,737,551)	-	(5,737,551)	(1,780,744)	-	(1,780,744)
Changes in other technical reserves	(964,832)	-	(964,832)	212,238	-	212,238
Other underwriting expenses, net	(2,780,634)	-	(2,780,634)	(1,780,173)	-	(1,780,173)
<b>Total underwriting costs and expenses, net</b>	<b>(116,016,104)</b>	<b>-</b>	<b>(116,016,104)</b>	<b>(106,528,416)</b>	<b>-</b>	<b>(106,528,416)</b>
<b>NET UNDERWRITING LOSS</b>	<b>(18,075,958)</b>	<b>-</b>	<b>(18,075,958)</b>	<b>(28,883,703)</b>	<b>-</b>	<b>(28,883,703)</b>
<b>OTHER OPERATING (EXPENSES) INCOME</b>						
Allowance for doubtful debts	(1,419,069)	-	(1,419,069)	(2,147,945)	-	(2,147,945)
General and administrative expenses	(18,581,367)	(428,636)	(19,010,003)	(15,081,071)	(522,587)	(15,603,658)
Investment and commission income	(652,397)	1,262,793	610,396	914,243	1,157,469	2,071,712
Changes in fair value of financial assets at fair value through profit or loss - net	(168,187)	(111,972)	(280,159)	285,360	1,485,347	1,770,707
Realized gain on available-for-sale investments						
Finance costs on lease liabilities	1,551,676	9,384,040	10,935,716	1,481,402	1,089,389	2,570,791
Other income	(19,418)	-	(19,418)	-	-	-
	1,710,067	-	1,710,067	343,923	-	343,923
<b>Total other operating (expenses) income, net</b>	<b>(17,578,695)</b>	<b>10,106,225</b>	<b>(7,472,470)</b>	<b>(14,204,088)</b>	<b>3,209,618</b>	<b>(10,994,470)</b>

(Continued)

**AL SAGR COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. Supplementary information (continued)**

**INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED MARCH 31, (continued)**

	Note	2022 (Unaudited)		2021 (Unaudited)	
		Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
					Total
<b>Total (loss) income for the period before surplus attribution and zakat</b>		(35,654,653)	10,106,225	(25,548,428)	(39,878,173)
<b>Zakat expense</b>		-	(1,200,000)	(1,200,000)	(1,500,000)
<b>Total (loss) income for the period</b>		(35,654,653)	8,906,225	(26,748,428)	(41,378,173)
<b>Deficit transferred to the shareholders' operations</b>		35,654,653	(35,654,653)	43,087,791	(43,087,791)
<b>Total loss for the period after transfer of deficit</b>		-	(26,748,428)	(26,748,428)	(41,378,173)
<b>Weighted average number of outstanding shares</b>	16	-	40,000,000	40,000,000	40,000,000
<b>Loss per share (expressed in Saudi Riyals per share)</b>	16	-	(0.67)	(0.67)	(1.03)
<b>Basic loss per share</b>	16	-	(0.67)	(0.67)	(1.03)
<b>Diluted loss per share</b>		-	(0.67)	(0.67)	(1.03)

**AL SAGR COOPERATIVE INSURANCE COMPANY**  
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(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. Supplementary information (continued)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED MARCH 31, (continued)**

	2022 (Unaudited)		2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
			Total	Total
Total loss for the period attributable to the shareholders	-	(26,748,428)	(26,748,428)	(41,378,173)
<b>Other comprehensive income (loss)</b>				
<i>Items that will be reclassified to interim condensed statement of income in subsequent periods</i>				
Net change in fair value of available-for-sale investments	(710,843)	(6,233,887)	(6,944,730)	2,001,140
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>(710,843)</b>	<b>(32,982,315)</b>	<b>(33,693,158)</b>	<b>(38,737,300)</b>

(Continued)





## 21. Supplementary information (continued)

	2022 (Unaudited)		2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Shareholders' operations	Total
<b>Changes in operating assets and liabilities:</b>					
Accrued commission income on statutory deposit	-	(91,692)	(91,692)	-	(74,096)
Amounts due to (from) insurance operations	106,314,289	(106,314,289)	-	103,499,493	(103,499,493)
Amounts due (from) to shareholders' operations	(130,811,508)	130,811,508	-	(158,290,122)	158,290,122
Outstanding claims	(13,279,379)	-	(13,279,379)	(1,596,263)	(1,596,263)
Claims incurred but not reported	8,307,073	-	8,307,073	7,069,927	7,069,927
Additional premium reserves	5,737,551	-	5,737,551	1,780,744	1,780,744
Other technical reserves	964,832	-	964,832	(212,238)	(212,238)
Employee benefit obligations paid	(462,993)	-	(462,993)	(86,894)	(86,894)
Accrued commission income payable to SAMA	-	91,692	91,692	-	74,096
Finance cost paid on lease liabilities	(19,418)	-	(19,418)	-	-

(10,081,499)	(11,386,060)	(21,467,559)	(71,823,269)	10,751,398	(61,071,871)
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Placement in short-term deposits	(40,000,000)	-	(40,000,000)	-	-
Purchases of property and equipment	(551,620)	-	(551,620)	(282,755)	(282,755)
Purchases of intangible assets	(1,101,025)	-	(1,101,025)	(2,932,994)	(2,932,994)
Purchases of available-for-sale investments	(3,101,213)	(395,771)	(3,496,984)	(8,316,057)	(12,422,493)
Proceeds from disposal of financial assets at fair value through profit or loss	175,359	-	175,359	107,813	1,039,838
Purchases of financial assets at fair value through profit or loss	-	(285,114)	(285,114)	-	-
Proceeds from disposal of available-for-sale investments	13,105,896	23,704,560	36,810,456	8,288,104	12,394,549

<b>(31,472,603)</b>	<b>23,023,675</b>	<b>(8,448,928)</b>	<b>(3,135,889)</b>	<b>932,034</b>	<b>(2,203,855)</b>
					(Continued)

**AL SAGR COOPERATIVE INSURANCE COMPANY**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**

(All amounts expressed in Saudi Rivals unless otherwise stated)

## 21. Supplementary information (continued)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, (continued)**

ACTIVITY	2022 (Unaudited)		2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Total	Shareholders' operations
<b>CASH FLOW FROM FINANCING</b>				
Principal elements of lease payments	(402,234)	-	(402,234)	-
<b>Net change in cash and cash equivalents</b>	(41,956,336)	11,637,615	(30,318,721)	11,683,432
Cash and cash equivalents, beginning of the period	144,148,184	144,070,069	288,218,253	193,807,173
<b>Cash and cash equivalents, end of the period</b>	<b>102,191,848</b>	<b>155,707,684</b>	<b>257,899,532</b>	<b>205,490,605</b>
<b>Supplemental non-cash information:</b>				
Net change in fair value reserve for available-for-sale investments	(710,843)	(6,233,887)	(6,944,730)	639,733
				2,001,140
				2,640,873