

**GULF UNION ALAHLIA 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**

**GULF UNION ALAHLIA 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 condensed financial information

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf Union Alahlia Cooperative Insurance Company (the "Company") as of 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. The Directors are responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

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

Conclusion

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

Emphasis of matter

We draw attention to Note 1 (b) to the accompanying interim condensed financial information which indicates that the Company had accumulated losses of Saudi Riyals 132.1 million as of March 31, 2022, which exceeded one half of its share capital as of that date. This condition requires the Company to take necessary actions under the requirements of the Regulations for Companies which are currently being undertaken.

Our conclusion is not modified in respect of this matter.

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

		March 31, 2022	December 31, 2021
	Note	(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents	6	136,980,450	114,982,093
Premiums and reinsurers' receivable - net	8	129,699,937	161,223,340
Premiums receivable - related parties - net	14	11,113,419	4,452,622
Reinsurers' share of unearned premiums	9	47,409,512	44,001,521
Reinsurers' share of outstanding claims	9	35,445,559	34,230,197
Reinsurers' share of claims incurred but not reported	9	22,299,319	21,446,416
Deferred policy acquisition costs		17,559,426	17,232,872
Deferred excess of loss premiums		5,768,316	-
Investments	10	237,795,748	277,766,632
Prepaid expenses and other assets		40,325,234	45,713,164
Long term deposits	7	40,032,877	40,032,877
Property and equipment		8,241,478	8,854,908
Right-of-use assets		7,128,372	7,584,087
Intangible assets		43,577,145	43,378,547
Goodwill	5	67,697,750	67,697,750
Statutory deposit		34,421,196	34,421,196
Accrued income on statutory deposit		7,738,807	7,738,807
TOTAL ASSETS		893,234,545	930,757,029
LIABILITIES			
Accounts payable		130,580,022	117,346,288
Accrued and other liabilities		14,448,400	14,500,495
Reinsurers' balances payable		19,419,882	14,478,470
Unearned premiums	9	257,896,271	255,996,173
Unearned reinsurance commission		11,899,328	10,342,959
Outstanding claims	9	95,020,587	93,994,985
Claims incurred but not reported	9	153,207,228	186,847,969
Additional premium reserves	9	22,428,905	22,019,563
Other technical reserves	9	16,766,990	17,984,038
Lease liabilities		6,798,644	6,732,810
Employee benefit obligations		17,171,506	16,927,680
Zakat and income tax	15	20,572,948	20,072,948
Surplus distribution payable		12,711,527	13,748,722
Accrued income payable to SAMA		7,738,807	7,738,807
TOTAL LIABILITIES		786,661,045	798,731,907
EQUITY			
Share capital	1, 16	229,474,640	229,474,640
Statutory reserve	17	4,885,691	4,885,691
Accumulated losses		(132,129,796)	(111,242,809)
Remeasurement reserve of employee benefit obligations		(168,351)	(168,351)
Fair value reserve on investments		4,511,316	9,075,951
NET EQUITY		106,573,500	132,025,122
TOTAL LIABILITIES AND EQUITY		893,234,545	930,757,029

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.


Abdulaziz Al Turki
Chairman of the Board of Directors


Naji Al Mustafa
Chief Financial Officer


Meshael Al Shavea
Chief Executive Officer

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

		Three-month period ended March 31, 2022 (Unaudited)	Three-month period ended March 31, 2021 (Unaudited)
	Note		
REVENUES			
Gross premiums written	13	135,050,016	177,079,111
Reinsurance premiums ceded:			
- Foreign		(23,982,270)	(34,102,145)
- Local		(4,404,157)	(3,636,559)
Excess of loss premiums:			
- Foreign		(1,348,815)	(2,964,381)
- Local		(573,956)	(567,460)
Net premiums written		104,740,818	135,808,566
Changes in unearned premiums	9	(1,900,098)	5,653,555
Changes in reinsurers' share of unearned premiums	9	3,407,991	14,192,000
Net premiums earned		106,248,711	155,654,121
Reinsurance commissions		5,140,820	5,676,402
Fee income from insurance		152,031	113,978
Total revenues		111,541,562	161,444,501
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	13	(142,469,351)	(172,112,421)
Reinsurers' share of gross claims paid		18,287,154	13,650,962
Expenses incurred related to claims		(2,238,595)	(3,637,754)
Net claims and other benefits paid		(126,420,792)	(162,099,213)
Changes in outstanding claims	9	(1,025,602)	(17,595,703)
Changes in reinsurers' share of outstanding claims	9	1,215,362	3,193,268
Changes in claims incurred but not reported	9	33,640,741	10,151,976
Changes in reinsurers' share of claims incurred but not reported	9	852,903	(711,935)
Net claims and other benefits incurred		(91,737,388)	(167,061,607)
Policy acquisition costs		(9,046,605)	(13,811,156)
Changes in additional premium reserves	9	(409,342)	(10,410,670)
Changes in other technical reserves	9	1,217,048	69,572
Other underwriting expenses		(6,342,601)	(272,995)
Total underwriting costs and expenses, net		(106,318,888)	(191,486,856)
NET UNDERWRITING INCOME (LOSS)		5,222,674	(30,042,355)
			(continued)

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

		Three-month period ended March 31, 2022 (Unaudited)	Three-month period ended March 31, 2021 (Unaudited)
	Note		
OTHER OPERATING (EXPENSES) INCOME			
Allowance for doubtful debts	8, 14	(3,445,314)	(3,713,367)
General and administrative expenses		(27,833,919)	(29,001,481)
Investment and commission income - net		5,474,784	4,206,719
Finance costs on leases		(65,834)	(74,073)
Other income		260,622	1,827,852
Total other operating expenses, net		(25,609,661)	(26,754,350)
Total loss for the period before surplus attribution, zakat and income tax		(20,386,987)	(56,796,705)
Surplus attributed to the insurance operations		-	-
Total loss for the period before zakat and income tax		(20,386,987)	(56,796,705)
Zakat expense	15	(500,000)	(1,000,000)
Income tax expense	15	-	-
Total loss for the period attributable to the shareholders		(20,886,987)	(57,796,705)
Weighted average number of outstanding shares	19	22,947,464	22,947,464
Losses per share (expressed in Saudi Riyals per share)			
Basic losses per share	19	(0.91)	(2.52)
Diluted losses per share	19	(0.91)	(2.52)

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.


Abdulaziz Ali Al Turki
Chairman of the Board of
Directors

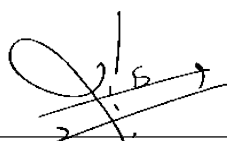

Naji Al Mustafa
Chief Financial Officer


Meshael Al Shayea
Chief Executive Officer

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

		Three-month period ended March 31, 2022 (Unaudited)	Three-month period ended March 31, 2021 (Unaudited)
	Note		
Total loss for the period attributable to the shareholders		(20,886,987)	(57,796,705)
Other comprehensive (loss) income:			
<i>Items that will be reclassified to the statement of income in subsequent periods</i>			
Net change in fair value of available-for-sale investments	10	(2,964,634)	1,638,104
Realized gain reclassified to interim condensed statement of income	10	(1,600,001)	-
Total other comprehensive (loss) income		(4,564,635)	1,638,104
Total comprehensive loss for the period		(25,451,622)	(56,158,601)

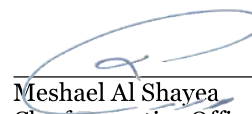
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Abdulaziz Ali Al Turki
Chairman of the Board of Directors



Naji Al Mustafa
Chief Financial Officer



Meshael Al Shayea
Chief Executive Officer

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Share premium	Statutory reserve	Accumulated losses	Remeasurement reserve of employee benefit obligations	Fair value reserve on investments	Total
At January 1, 2022 (Audited)		229,474,640	-	4,885,691	(111,242,809)	(168,351)	9,075,951	132,025,122
Total comprehensive (loss) income for the period								
Total loss for the period attributable to the shareholders		-	-	-	(20,886,987)	-	-	(20,886,987)
Realized gain reclassified to interim condensed statement of income	10	-	-	-	-	-	(1,600,001)	(1,600,001)
Net change in fair value of available-for-sale investments		-	-	-	-	-	(2,964,634)	(2,964,634)
Total comprehensive loss for the period		-	-	-	(20,886,987)	-	(4,564,635)	(25,451,622)
At March 31, 2022 (Unaudited)		229,474,640	-	4,885,691	(132,129,796)	(168,351)	4,511,316	106,573,500
At January 1, 2021 (Audited)		229,474,640	89,488,445	4,885,691	(59,541,995)	(2,203,061)	10,227,790	272,331,510
Total comprehensive (loss) income for the period								
Total loss for the period attributable to the shareholders		-	-	-	(57,796,705)	-	-	(57,796,705)
Net change in fair value of available-for-sale investments		-	-	-	-	-	1,638,104	1,638,104
Total comprehensive (loss) income for the period		-	-	-	(57,796,705)	-	1,638,104	(56,158,601)
At March 31, 2021 (Unaudited)		229,474,640	89,488,445	4,885,691	(117,338,700)	(2,203,061)	11,865,894	216,172,909

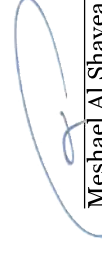
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Abdulaziz Ali Al Turki
Chairman of the Board of Directors



Naji Al Mustafa
Chief Financial Officer



Meshael Al Shavea
Chief Executive Officer

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

		For three- month period ended March 31, 2022 (Unaudited)	For three- month period ended March 31, 2021 (Unaudited)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Total loss for the period before surplus attribution, zakat and income tax		(20,386,987)	(56,796,705)
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		643,960	712,170
Amortization of intangible assets		1,978,573	647,268
Depreciation of right-of-use assets		455,715	506,746
Finance costs on leases		65,834	74,073
Allowance for doubtful debts	8, 14	3,445,314	3,713,367
Investment and commission income		(3,874,783)	(4,206,719)
Provision for employee benefit obligations		243,826	352,884
Realized gains on disposals of available-for-sale investments	10	(1,600,001)	-
		(19,028,549)	(54,996,916)
<u>Changes in operating assets and liabilities:</u>			
Premiums and reinsurers' receivable	8	28,078,089	13,896,051
Premium receivables - related parties	14	(6,660,797)	(8,190,299)
Reinsurers' share of unearned premiums	9	(3,407,991)	(14,192,000)
Reinsurers' share of outstanding claims	9	(1,215,362)	(3,193,268)
Reinsurers' share of claims incurred but not reported	9	(852,903)	711,935
Deferred policy acquisition costs		(326,554)	(97,369)
Deferred excess of loss premiums		(5,768,316)	(5,422,133)
Prepaid expenses and other assets		36,490,970	4,607,420
Accounts payable		13,233,734	23,769,853
Accrued and other liabilities		(33,400,221)	(5,155,338)
Reinsurers' balances payable		4,941,412	8,319,801
Unearned premiums	9	1,900,098	(5,653,555)
Unearned reinsurance commission		1,556,369	3,331,539
Outstanding claims	9	1,025,602	17,595,703
Claims incurred but not reported	9	(33,640,741)	(10,151,976)
Additional premium reserves	9	409,342	10,410,670
Other technical reserves	9	(1,217,048)	(69,572)
Employee benefit obligations paid		-	(1,321,363)
Zakat and income tax paid		-	(1,886,010)
Net cash used in operating activities		(17,882,866)	(27,686,827)
			<i>(continued)</i>

GULF UNION ALAHLIA 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)

		For three- month period ended March 31, 2022 (Unaudited)	For three- month period ended March 31, 2021 (Unaudited)
	Note		
CASH FLOWS FROM INVESTING ACTIVITIES			
Liquidations of short-term deposits		-	50,169,055
Purchases of available-for-sale investments	10	-	(15,527,118)
Proceeds from disposal of available-for-sale investments	10	36,381,251	-
Proceeds from redemption of held-to-maturity investments		624,999	1,875,000
Investment and commission income received		5,082,674	5,199,722
Payments for purchases of property and equipment		(30,530)	(93,428)
Additions to intangible assets		(2,177,171)	(571,016)
Liquidation of statutory deposit		-	18,450,000
Net cash generated from investing activities		39,881,223	59,314,086
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		-	(41,925)
Finance cost paid		-	(2,075)
Net cash used in financing activities		-	(44,000)
Net increase in cash and cash equivalents		21,998,357	31,627,259
Cash and cash equivalents at the beginning of the period		114,982,093	179,508,029
Cash and cash equivalents at end of the period	6	136,980,450	211,135,288
<u>Supplemental non-cash information:</u>			
Net change in fair value reserve for available-for-sale Investments	10	(4,645,578)	1,638,104
Surplus distribution payable against Premiums and reinsurers' receivable		(1,037,195)	-

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.


Abdulaziz Ali Al Turki
Chairman of the Board of
Directors


Naji Al Mustafa
Chief Financial Officer


Meshael Al Shayea
Chief Executive Officer

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

1. General information - legal status and principal activities

(a) General information

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

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

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

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

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

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

(b) Accumulated losses

The Company had accumulated losses of Saudi Riyals 132.1 million as of March 31, 2022, which exceeded one half of its share capital as of that date.

This condition requires the Company’s Board of Directors, as per the requirements of the Regulations for Companies, to invite an extraordinary general assembly meeting (“EOGM”) within 15 days of becoming aware of the situation 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 for Companies, the Company shall be deemed terminated in the following cases:

- i. Extraordinary general assembly fails to meet within the period specified in the Regulations for Companies;
- 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 for Companies, are insufficient to reduce the losses to less than one half of the share capital.

The Company is in the process of meeting the aforementioned requirements of the Regulations for Companies. Also refer to Note 1 (c).

GULF UNION ALAHLIA 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 information - legal status and principal activities (continued)

(b) Accumulated losses (continued)

The total loss attributable to the shareholders of Saudi Riyals 20.9 million and net operating cash outflows of Saudi Riyals 17.9 million for the three-month period ended March 31, 2022 are mainly attributable to the underwriting loss amounting to Saudi Riyals 22.8 million in the motor segment (Note 13). Management has formulated and implemented measures since the end of 2021, as approved by the Company's Board of Directors, which include better pricing strategies for motor policies, diversification of insurance portfolio and improvement in claims management processes, among others. Management expects that this will reflect positively in the operational results and cash flows for the remainder of 2022 provided that the underlying projections of the business and economic conditions continue to be realized.

(c) Solvency

The Company has not met the solvency margin requirements as required by the Implementing Regulations of the Cooperative Insurance Companies Control Law (the "Regulations") since March 31, 2021 which has further deteriorated as of March 31, 2022.

The Company received a letter from SAMA dated June 25, 2021 stating the Company's deteriorating solvency margin and requiring the Company to submit its rectification measures according to Article 68 of the Regulations. In response to SAMA's letter, the Company submitted its planned rectification measures and mentioned that the solvency margin was expected to be in line with the Regulations by the fourth quarter of 2021. The planned rectification measures proposed by the Company also include, amongst other things, the optimization of asset admissibility profile, improvement of premium payment warranty schemes, improvement in underwriting policies and processes, expansion of digital sales platforms, reduction in general and administrative expenses due to the synergies from the merger and improvement in claims management processes.

On September 13, 2021, SAMA issued another letter to the Company to comply with the solvency margin requirement within the stipulated time period as specified in Article 68 of the Regulations and intimated that failure to do so will result in regulatory action in line with clause 2(d) of Article 68 of the Regulations. In response to such a letter, the Company stated that it has prepared a business plan that reflects the planned rectification measures and includes a proposed increase in the share capital of the Company by way of a rights issue amounting to Saudi Riyals 229.5 million.

On December 2, 2021, and March 8, 2022, SAMA and the Capital Market Authority ("CMA"), respectively, approved the Company's plan to pursue the proposed increase in the share capital by way of a rights issue.

On April 20, 2022, the Company's shareholders, in an EOGM, approved the Company's plan to pursue the proposed increase in the share capital by way of a rights issue.

The success of the Company's expectation to meet the solvency margin requirements is dependent on the favorable outcome of the planned rectification measures and subscription of the proposed rights issue which is currently underway as of the date of approval of the interim condensed financial information.

(d) Going concern and shareholding percentage

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

GULF UNION ALAHLIA 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 information - legal status and principal activities (continued)

Shareholding percentage

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

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

2. Basis of preparation

(a) Statement of Compliance

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

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

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

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders' operations are presented in Note 20 of the interim condensed financial information as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, income, comprehensive income and cash flows prepared for the insurance operations and shareholders' operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

(b) Basis of measurement

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

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
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2. Basis of preparation (continued)

(b) Basis of measurement (continued)

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

(c) Basis of presentation

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

(d) Functional and presentation currency

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

(e) Critical accounting judgments, estimates and assumptions

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

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

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

In response to the spread of Covid-19 in the Kingdom of Saudi Arabia and its consequential disruption to social and economic activities, the Company's management has assessed its impact on the Company's operations and has taken a series of proactive and preventive measures to ensure:

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

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) 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. In particular, the Company is closely monitoring the current surge in cases due to the outbreak of a new variant - Omicron. The preventive measures taken by the Company in April 2020 are still in effect including the creation of ongoing crisis management teams and processes, to ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity of its operations. Employee health continues to be a key area of focus with programs being implemented to assist with increasing awareness, identification, support and monitoring of employee health. A majority of the employees of the Company have been fully vaccinated for at least two doses of vaccine and the management is working on a plan to encourage booster shots in line with the government initiatives related to Covid-19.

The management of the Company believes that any potential lockdown measures being reintroduced will not materially affect the underlying demand for the Company's insurance products and forecast.

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 year ended December 31, 2021 including the significant accounting judgements and estimates.

The Company continues to monitor the surge of the new variant closely 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.

Financial assets - investments and loans and receivables

For held-to-maturity investments and financial assets designated as loans and receivables, the Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. These include factors such as significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization etc. For available-for-sale investments, the Company has performed an assessment to determine whether there is a significant decline in the fair value of available-for-sale investments to below cost along with other qualitative factors such as prolonged decline in the value of investments for equity instruments and / or occurrence of a credit default event in case of debt instruments. Based on these assessments, the Company believes that the Covid-19 pandemic has had no material effect on the Company's reported results for the three-month period ended March 31, 2022. The Company continues to monitor the situation closely.

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2. Basis of preparation (continued)

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

(ii) Liability arising from claims under insurance contracts

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

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

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

(iii) Impairment of premiums and reinsurers' receivable

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

(iv) Impairment of available-for-sale investments

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

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

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

(vi) Impairment testing of goodwill

The Company's management tests, at each reporting date, whether goodwill arising on merger has suffered any impairment. This requires an estimation of the recoverable amount of the cash generating unit ("CGU") to which goodwill has been allocated. The key assumptions used in determining the recoverable amounts are set out in Note 5.

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2. Basis of preparation (continued)

(e) Seasonality of operations

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

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

3. Significant accounting policies

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

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

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

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

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

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

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3. Significant accounting policies (continued)

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

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

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

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

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

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

3.2 Risk management

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

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

4. Business combination

On 12 Shawwal 1441H (corresponding to June 4, 2020), the Company signed a binding merger agreement (the "Agreement") with Al Ahlia Cooperative Insurance Company ("Al Ahlia"), operating as a Saudi joint stock company (licensed to transact cooperative insurance business across the Kingdom of Saudi Arabia). On 20 Dhul Hijja 1441H (August 10, 2020), the Company received SAMA's approval for the merger with Al Ahlia. On 22 Muharram 1442H (September 10, 2020), the Company obtained the approval from the CMA. Further, the Company's and Al Ahlia's shareholders approved the merger on 18 Safar 1442H (October 5, 2020) and 16 Rabi' I 1442H (November 2, 2020), respectively. As per the Agreement, the effective date of the merger was 21 Rabi' I 1442H (December 6, 2020) (the "Effective Date"). As at the Effective Date, the Company acquired all the issued shares of Al Ahlia by virtue of a share exchange offer by issuing one share in the Company for every 1.54766350624551 shares in Al Ahlia. This resulted in issuance of 7,947,464 new ordinary shares with a par value of Saudi Riyals 10 per share. The Company issued new shares by increasing its share capital from Saudi Riyals 150,000,000 to Saudi Riyals 229,474,640.

The Company has accounted for the merger using the acquisition method under IFRS 3- Business Combination ("IFRS 3") with the Company being the acquirer and Al Ahlia being the acquiree, based on the provisional fair values of the acquired net assets as at the Effective Date. The adjustments to the provisional values will be finalized within twelve months from the Effective Date as permitted by IFRS 3, as the Company will get a reasonable time to obtain the information necessary to identify and measure the net assets acquired. Subsequent to the Effective Date, Al Ahlia has been delisted from Tadawul, Saudi Stock Exchange and other legal formalities are currently in progress. This interim condensed financial information includes the results of Al Ahlia from the Effective Date.

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4. Business combination (continued)

Purchase consideration

The Company acquired all the issued shares of Al Ahlia by issuing one share in the Company for every 1.54766350624551 shares in Al Ahlia on the Effective Date. This resulted in issuance of 7,947,464 new shares of the Company to the shareholders of Al Ahlia at fair value (Saudi Riyal 21.26 per share), amounting to Saudi Riyals 168,963,085, as the purchase consideration.

Share capital and share premium

The issuance of new shares, as mentioned in the preceding paragraph, resulted in an increase in the share capital of the Company by Saudi Riyals 79,474,640 (7,947,464 shares at par value of Saudi Riyals 10 per share) and recognition of share premium of Saudi Riyals 89,488,445, as at the Effective Date. The Company has allocated and completed the purchase price allocation ("PPA") of the identified assets acquired and the liabilities and contingent liabilities assumed. The fair values of net assets acquired as at the Effective Date are as follows:

	Carrying values on acquisition at December 5, 2020	Adjustments from purchase price allocation	Fair values on December 5, 2020
ASSETS			
Cash and cash equivalents	147,359,189	-	147,359,189
Short-term deposits	40,368,219	-	40,368,219
Premiums and reinsurers' receivable - net	45,906,604	-	45,906,604
Reinsurers' share of unearned premiums	4,338,001	-	4,338,001
Reinsurers' share of outstanding claims	15,980,527	-	15,980,527
Reinsurers' share of claims incurred but not reported	1,528,473	-	1,528,473
Deferred policy acquisition costs	7,540,381	-	7,540,381
Investments	14,413,873	-	14,413,873
Due from related parties	2,394,461	-	2,394,461
Prepaid expenses and other assets	13,369,069	-	13,369,069
Property and equipment	3,673,191	-	3,673,191
Right-of-use assets	2,791,322	-	2,791,322
Intangible assets - (Note 16)	7,052,576	36,089,000	43,141,576
Statutory deposit	24,000,000	-	24,000,000
Accrued income on statutory deposit	3,515,288	-	3,515,288
TOTAL ASSETS	334,231,174	36,089,000	370,320,174
LIABILITIES			
Accounts payable	18,701,160	-	18,701,160
Accrued and other liabilities	14,851,401	-	14,851,401
Reinsurers' balances payable	3,919,445	-	3,919,445
Unearned premiums	107,975,551	-	107,975,551
Unearned reinsurance commission	1,083,764	-	1,083,764
Outstanding claims	36,792,956	-	36,792,956
Claims incurred but not reported	40,751,611	-	40,751,611
Additional premium reserves	14,247,658	-	14,247,658
Other technical reserves	2,216,738	-	2,216,738
Lease liabilities	1,321,462	-	1,321,462
Employee benefit obligations	6,585,890	-	6,585,890
Zakat	15,621,219	-	15,621,219
Surplus distribution payable	1,470,696	-	1,470,696
Accrued commission income payable to SAMA	3,515,288	-	3,515,288
TOTAL LIABILITIES	269,054,839	-	269,054,839
Net identifiable assets	65,176,335	36,089,000	101,265,335

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4. Business combination (continued)

The Company has not revised the comparative information in the statements of income, comprehensive income, cash flows and changes in equity for the year ended December 31, 2020, as the impact of the completion of purchase price allocation exercise on the comparative statements was not material.

Purchase consideration	168,963,085
Less: net identifiable assets acquired	(101,265,335)
Goodwill	<u>67,697,750</u>

The Company has completed the PPA during 2021 and has identified the following intangible assets.

Intangible assets acquired

Motor pricing model	23,428,000
Customer relationships	<u>12,661,000</u>
	<u>36,089,000</u>

Valuation approach and methodologies - *Intangible assets acquired*

Motor pricing model

As a result of the merger, the Company has acquired a motor pricing model which is identified as an intangible asset. The model has embedded risk parameters that provide meaningful insights for the underwriting practices. Management has used the "Comparative Income Differential Method" for valuing the motor pricing model with an estimated useful life of 7 years. The key assumption used in the model is the expected improvement in the loss ratio of 5%. If the expected improvement in the loss ratio is increased or decreased by 1%, the total value of the motor pricing model increases or decreases by Saudi Riyals 6.6 million.

Customer relationships

IAS 38 - Intangible assets' specifies that if an entity can evidence that it can control economic benefits from non-contractual relationships, those customer relationships are identified as separable and can be recognized as an intangible asset. Management has used the "Multi-Period Excess Earning Method" for the valuation of non-contractual customer relationships and has considered a useful life of 7 years. Management believes that the customer portfolio acquired from Al Ahlia will provide economic benefit to the Company and will contribute in the overall business growth. The key assumption used by the management is the average expected loss ratio of 73%. An increase or decrease in the average expected loss ratio of 2% results in change in the valuation of customer relationships by Saudi Riyals 6.0 million.

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5. Goodwill

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

Key assumptions	%
Gross premiums written growth	5.19
Average claims ratio	85.0
Discount rate	10.5
Terminal growth rate	2.0

Sensitivity to the changes in assumptions

The estimated recoverable amount of the CGU exceeded its carrying value by approximately Saudi Riyals 32.7 million. Management has identified that a reasonably possible change in the below given key assumptions could cause the carrying amount to exceed the recoverable amount.

Gross premiums written growth

The gross premiums written growth in the forecast period has been estimated to be a compound annual growth rate of 5.19%. If all other assumptions kept the same, a reduction of this growth rate from 5.19% to 3.89% would give a value in use equal to the current carrying amount.

Average claims ratio

The average claims ratio in the forecast period has been estimated to be 85.0%. If all other assumptions kept the same, an increase of this ratio from 85.0% to 86.7% would give a value in use equal to the current carrying amount.

Discount rate

The discount rate used to calculate the present value of future cashflows in the forecast period has been estimated to be 10.5%. If all other assumptions kept the same, an increase of this ratio from 10.5% to approximately 11.1% would give a value in use equal to the current carrying amount.

Terminal Growth rate

The terminal gross premiums written growth in the forecast period has been estimated to be 2.0%. If all other assumptions kept the same, a decrease of this ratio from 2.0% to 1.2% would give a value in use equal to the current carrying amount.

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

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6. Cash and cash equivalents

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

	Insurance operations		Shareholders' operations	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Cash in hand	20,190	20,190	-	-
Cash at bank - current accounts	34,632,808	10,366,715	460,372	2,999,940
Time deposits	30,272,708	30,279,792	71,594,372	71,315,456
	64,925,706	40,666,697	72,054,744	74,315,396

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

7. Long-term deposits

Long-term deposit represents deposit with maturity of more than one year from the date of placement and is placed with the financial institution carrying commission income at the rate of 6% per annum and will mature by September 2024.

8. Premiums and reinsurers' receivable - net

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Premiums receivable from policyholders	136,663,551	148,699,770
Premiums receivable from brokers	19,168,883	27,934,934
Receivable from reinsurance companies	28,398,132	35,540,016
	184,230,566	212,174,720
Allowance for doubtful debts:		
- Receivable from policyholders	(44,719,401)	(41,393,582)
- Receivable from brokers	(4,355,721)	(4,273,816)
- Receivable from reinsurance companies	(5,455,507)	(5,283,982)
	(54,530,629)	(50,951,380)
	129,699,937	161,223,340

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

Movement in the allowance for doubtful debts was as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At beginning of the period / year	50,951,380	48,962,389
Charge for the period / year	3,579,249	2,870,788
Write-off during the period / year	-	(881,797)
At end of the period / year	54,530,629	50,951,380

9. Technical reserves

9.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise the following:

	Three-month period ended March 31, 2022 (Unaudited)		
	Gross	Reinsurance	Net
January 1	93,994,985	(34,230,197)	59,764,788
Claims paid	(144,707,946)	18,287,154	(126,420,792)
Claims incurred	177,618,816	(21,952,225)	155,666,591
March 31	126,905,855	(37,895,268)	89,010,587
Salvage and subrogation	(31,880,268)	2,449,709	(29,430,559)
Gross outstanding claims	95,025,587	(35,445,559)	59,580,028
Claims incurred but not reported	153,207,228	(22,299,319)	130,907,909
Additional premium reserves	22,428,905	-	22,428,905
Other technical reserves	16,766,990	-	16,766,990
March 31	287,428,710	(57,744,878)	229,683,832
	Year ended December 31, 2021 (Audited)		
	Gross	Reinsurance	Net
January 1	104,742,560	(48,489,107)	56,253,453
Claims paid	(635,933,259)	89,703,315	(546,229,944)
Claims incurred	658,128,475	(77,779,426)	580,349,049
December 31	126,937,776	(36,565,218)	90,372,558
Salvage and subrogation	(32,942,791)	2,335,021	(30,607,770)
Gross outstanding claims	93,994,985	(34,230,197)	59,764,788
Claims incurred but not reported	186,847,969	(21,446,416)	165,401,553
Additional premium reserves	22,019,563	-	22,019,563
Other technical reserves	17,984,038	-	17,984,038
December 31	320,846,555	(55,676,613)	265,169,942

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9. Technical reserves (continued)

9.2 Movement in net unearned premiums

Movement in unearned premiums comprise the following:

	Three-month period ended March 31, 2022		
	(Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	255,996,173	(44,001,521)	211,994,652
Balance as at the end of the period	(257,896,271)	47,409,512	(210,486,759)
Changes in unearned premiums	(1,900,098)	3,407,991	1,507,893
Premium written during the period	135,050,016	(28,386,427)	106,663,589
Excess of loss premiums	-	(1,922,771)	(1,922,771)
Net premium earned	133,149,918	(26,901,207)	106,248,711
	Year ended December 31, 2021		
	(Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	375,588,801	(36,474,798)	339,114,003
Balance as at the end of the year	(255,996,173)	44,001,521	(211,994,652)
Changes in unearned premiums	119,592,628	7,526,723	127,119,351
Premium written during the year	572,523,050	(107,358,473)	465,164,577
Excess of loss premiums	-	(22,451,425)	(22,451,425)
Net premium earned	692,115,678	(122,283,175)	569,832,503

10. Investments

(a) *Investments are classified as follows:*

	Insurance operations		Shareholders' operations	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Available-for-sale	122,511,549	124,878,010	80,424,429	117,403,853
Held-to-maturity	14,933,044	14,933,044	19,926,726	20,551,725
	137,444,593	139,811,054	100,351,155	137,955,578

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

	Insurance operations		Shareholders' operations	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Quoted	125,590,484	127,956,945	85,501,349	122,480,777
Unquoted	11,854,109	11,854,109	14,849,806	15,474,801
	137,444,593	139,811,054	100,351,155	137,955,578

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10. Investments (continued)

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

	Insurance operations		Shareholders' operations	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Mutual funds	18,826,556	19,355,265	14,394,373	28,783,585
Ordinary shares	1,923,078	1,923,078	1,923,078	1,923,078
Sukuks	116,694,959	118,532,711	84,033,704	107,248,915
	137,444,593	139,811,054	100,351,155	137,955,578

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

All investments are denominated in Saudi Riyals and United States Dollars. As at the reporting date, investments amounting to Saudi Riyals 23.1 million were denominated in United States Dollars (December 31, 2021: Saudi Riyals 24.7 million).

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

	Insurance operations		Shareholders' operations	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
At the beginning of the period / year	124,878,010	109,187,954	117,403,853	114,817,528
Acquisitions during the period / year	-	19,288,091	-	10,000,000
Additions from merger	-	-	-	-
Disposals during the period / year	-	-	(36,381,251)	(10,000,000)
Unrealized (losses) gains	(2,366,461)	(3,598,035)	(598,173)	2,586,325
Realized gains on disposals	-	-	(1,600,001)	140,129
Reclassified from equity to interim condensed statement of income	-	-	1,600,001	(140,129)
At the end of period / year	122,511,549	124,878,010	80,424,429	117,403,853

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10. Investments (continued)

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

	Insurance operations		Shareholders' operations	
	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	14,933,044	5,002,013	20,551,725	28,051,719
Transfer /acquisitions during the period / year	-	9,931,031	-	-
Redemption/disposals / transfer during the period / year	-	-	(624,999)	(7,499,994)
At the end of period / year	14,933,044	14,933,044	19,926,726	20,551,725

Insurance operations

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

Shareholders' operations

Security	Issuer	Maturity	Location	Profit margin	Amortized cost	
					March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
STC Sukuk Maaden phosphate company - Sukuks	STC Maaden phosphate company	September 2024	Saudi Arabia	2.49%	2,000,000	2,000,000
	Saudi Kuwait Finance House	February 2025	Saudi Arabia	3.44%	5,000,000	5,000,000
Sukuk		June 2021	Saudi Arabia	6 month SIBOR plus 7.50%	833,426	1,458,425
Sukuk	AlAwwal Energy Fund	December 2028	Saudi Arabia	SIBOR plus 8.2%	12,093,300	12,093,300
					19,926,726	20,551,725

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10. Investments (continued)

(f) Geographical concentration:

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

	Insurance operations		Shareholders' operations	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Kingdom of Saudi Arabia	133,885,468	136,030,860	100,351,155	117,036,409
United Arab Emirates	-	-	-	10,663,253
France	-	-	-	7,089,263
Switzerland	-	-	-	3,166,653
United Kingdom	3,559,125	3,780,194	-	-
	137,444,593	139,811,054	100,351,155	137,955,578

11. Commitments and contingencies

- i) The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these cases will have a material impact on the Company's financial performance.
- ii) As at March 31, 2022 the Company has capital commitments amounting to Saudi Riyals 1.7 million pertaining to implementation of a new software (December 31, 2021: Saudi Riyals 1.8 million).
- iii) See Note 15 for contingencies pertaining to zakat and income tax assessments.
- iv) At at March 31, 2022, the Company was contingently liable for financial guarantees issued against litigation in the normal course of business amounting to Saudi Riyals 1 million (December 31, 2021: Saudi Riyals 1 million).

12. Fair value of financial instruments

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

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

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

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12. Fair value of financial instruments (continued)

(a) *Carrying amounts and fair value*

	March 31, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - available-for-sale	33,220,929	-	-	33,220,929
Sukuks - available-for-sale	165,868,893	-	-	165,868,893
Ordinary shares - available-for-sale	-	-	3,846,156	3,846,156
Financial assets not measured at fair value				
Held-to-maturity	12,002,013	22,024,331	833,426	34,859,770
Total investments	211,091,835	22,024,331	4,679,582	237,795,748

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

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

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

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13. Segmental information

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

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

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

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

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

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

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

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

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13. Segmental information (continued)

March 31, 2022 (Unaudited)	Insurance operations				Shareholders'	operations	Total
	Medical	Motor	Property and casualty	Protection and savings			
Assets							
Reinsurers' share of unearned Premiums	-	23,785,182	23,624,330	-	47,409,512	-	47,409,512
Reinsurers' share of outstanding claims	175,989	15,071,373	20,198,197	-	35,445,559	-	35,445,559
Reinsurers' share of claims incurred but not reported	6,139,883	9,780,349	6,379,087	-	22,299,319	-	22,299,319
Deferred policy acquisition costs	5,402,503	7,330,340	4,826,583	-	17,559,426	-	17,559,426
Deferred excess of loss premiums	2,478,750	2,001,624	1,287,942	-	5,768,316	-	5,768,316
Segment assets	14,197,125	57,968,868	56,316,139	-	128,482,132	-	128,482,132
Unallocated assets					438,858,746	325,893,667	764,752,413
Total assets					567,340,878	325,893,667	893,234,545
Total liabilities							
Unearned premiums	95,073,690	115,270,612	47,551,969	-	257,896,271	-	257,896,271
Unearned reinsurance commission	-	4,664,441	7,234,887	-	11,899,328	-	11,899,328
Outstanding claims	21,964,088	27,724,005	45,332,494	-	95,020,587	-	95,020,587
Claims incurred but not reported	83,816,830	50,451,927	18,938,471	-	153,207,228	-	153,207,228
Additional premium reserves	-	22,248,703	180,202	-	22,428,905	-	22,428,905
Other technical reserves	8,980,782	5,359,652	2,426,556	-	16,766,990	-	16,766,990
Segment liabilities	209,835,390	225,719,340	121,664,579	-	557,219,309	-	557,219,309
Unallocated liabilities and equity					200,519,101	135,496,135	336,015,236
Total liabilities and equity					757,738,410	135,496,135	893,234,545

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13. Segmental information (continued)

December 31, 2021 (Audited)	Insurance operations					Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings	Total		
Assets							
Reinsurers' share of unearned premiums	-	26,910,825	17,090,696	-	44,001,521	-	44,001,521
Reinsurers' share of outstanding claims	175,989	12,977,197	21,077,011	-	34,230,197	-	34,230,197
Reinsurers' share of claims incurred but not reported	7,679,230	5,852,711	7,914,475	-	21,446,416	-	21,446,416
Deferred policy acquisition costs	6,847,593	6,478,136	3,907,143	-	17,232,872	-	17,232,872
Segment assets	14,702,812	52,218,869	49,989,325	-	116,911,006	-	116,911,006
Unallocated assets					447,939,427	365,906,596	813,846,023
Total assets					564,850,433	365,906,596	930,757,029
Total liabilities							
Unearned premiums	112,185,331	108,065,758	35,745,084	-	255,996,173	-	255,996,173
Unearned reinsurance commission	-	5,255,283	5,087,676	-	10,342,959	-	10,342,959
Outstanding claims	21,366,735	26,238,457	46,389,793	-	93,994,985	-	93,994,985
Claims incurred but not reported	126,019,918	41,810,839	19,017,212	-	186,847,969	-	186,847,969
Additional premium reserves	7,338,707	14,114,751	566,105	-	22,019,563	-	22,019,563
Other technical reserves	10,718,891	4,803,164	2,461,983	-	17,984,038	-	17,984,038
Segment liabilities	277,629,582	200,288,252	109,267,853	-	587,185,687	-	587,185,687
Unallocated liabilities and equity					185,490,046	158,081,296	343,571,342
Total liabilities and equity					772,675,733	158,081,296	930,757,029

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13. Segmental information (continued)

For the three-month period ended March 31, 2022 (Unaudited)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
REVENUES						
Gross premiums written	39,187,683	63,414,220	32,448,113	-	135,050,016	135,050,016
Reinsurance premiums ceded:						
- Foreign	-	(9,642,762)	(14,339,508)	-	(23,982,270)	(23,982,270)
- Local	-	(49,971)	(4,354,186)	-	(4,404,157)	(4,404,157)
Excess of loss expenses:						
- Foreign	(702,313)	(421,528)	(224,974)	-	(1,348,815)	(1,348,815)
- Local	(123,937)	(245,679)	(204,340)	-	(573,956)	(573,956)
Net premiums written	38,361,433	53,054,280	13,325,105	-	104,740,818	104,740,818
Changes in unearned premiums	17,111,641	(7,204,854)	(11,806,885)	-	(1,900,098)	(1,900,098)
Changes in reinsurers' share of unearned premiums	-	(3,125,645)	6,533,636	-	3,407,991	3,407,991
Net premiums earned	55,473,074	42,723,781	8,051,856	-	106,248,711	106,248,711
Reinsurance commissions	-	2,281,207	2,859,613	-	5,140,820	5,140,820
Fee income from insurance	1,850	16,336	133,845	-	152,031	152,031
TOTAL REVENUES	55,474,924	45,021,324	11,045,314	-	111,541,562	111,541,562
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(79,528,270)	(59,555,512)	(3,385,569)	-	(142,469,351)	(142,469,351)
Reinsurers' share of claims paid	3,923,019	13,382,341	981,794	-	18,287,154	18,287,154
Expenses incurred related to claims	(2,038,595)	(200,000)	-	-	(2,238,595)	(2,238,595)
Net claims and other benefits paid	(77,643,846)	(46,373,171)	(2,403,775)	-	(126,420,792)	(126,420,792)

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13. Segmental information (continued)

For the three-month period ended March 31, 2022 (Unaudited) (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Changes in outstanding claims	(597,353)	(1,527,298)	1,099,049	-	(1,025,602)	(1,025,602)
Changes in reinsurers' share of outstanding claims	-	2,105,050	(889,688)	-	1,215,362	1,215,362
Changes in claims incurred but not reported	42,203,091	(8,641,087)	78,737	-	33,640,741	33,640,741
Changes in reinsurers' share of claims incurred but not reported	(1,539,348)	3,927,637	(1,535,386)	-	852,903	852,903
Net claims and other benefits incurred	(37,577,456)	(50,508,869)	(3,651,063)	-	(91,737,388)	(91,737,388)
Policy acquisition costs	(3,863,280)	(3,385,646)	(1,797,679)	-	(9,046,605)	(9,046,605)
Changes in additional premium reserves	7,338,707	(8,133,951)	385,902	-	(409,342)	(409,342)
Changes in other technical reserves	1,738,110	(556,487)	35,425	-	1,217,048	1,217,048
Other underwriting expenses	-	(5,229,569)	(1,113,032)	-	(6,342,601)	(6,342,601)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET	(32,363,919)	(67,814,522)	(6,140,447)	-	(106,318,888)	(106,318,888)
NET UNDERWRITING INCOME (LOSS)	23,111,005	(22,793,198)	4,904,867	-	5,222,674	5,222,674

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13. Segmental information (continued)

For the three-month period ended March 31, 2022 (Unaudited) (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
OTHER OPERATING (EXPENSES) INCOME						
Allowance for doubtful debts					-	(3,445,314)
General and administrative expenses					(830,453)	(27,833,919)
Investment and commission income					4,124,686	5,474,784
Finance costs on leases					-	(65,834)
Other income					-	260,622
Total other operating (expenses) income, net					3,294,233	(25,609,661)
Total (loss) income for the period before surplus attribution, zakat and income tax					3,294,233	(20,386,987)
Surplus attributed to the shareholders' operations					-	-
Total (loss) income for the period before zakat and income tax					3,294,233	(20,386,987)
Zakat expense					(500,000)	(500,000)
Income tax expense					-	-
Total (loss) income for the period attributable to the shareholders					2,794,233	(20,886,987)

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13. Segmental information (continued)

For the three-month period ended March 31, 2021 (Unaudited)

	Insurance operations					Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings	Total		
REVENUES							
Gross premiums written	77,271,105	65,736,258	34,071,748	-	177,079,111	-	177,079,111
Reinsurance premiums ceded:							
- Foreign	-	(14,421,766)	(19,680,379)	-	(34,102,145)	-	(34,102,145)
- Local	-	(1,794,097)	(1,842,462)	-	(3,636,559)	-	(3,636,559)
Excess of loss expenses:							
- Foreign	(1,210,384)	(941,864)	(812,133)	-	(2,964,381)	-	(2,964,381)
- Local	(350,000)	(102,239)	(115,221)	-	(567,460)	-	(567,460)
Net premiums written	75,710,721	48,476,292	11,621,553	-	135,808,566	-	135,808,566
Changes in unearned premiums	26,685,321	(11,552,184)	(9,479,582)	-	5,653,555	-	5,653,555
Changes in reinsurers' share of unearned premiums	-	7,018,506	7,173,494	-	14,192,000	-	14,192,000
Net premiums earned	102,396,042	43,942,614	9,315,465	-	155,654,121	-	155,654,121
Reinsurance commissions	-	2,032,773	3,643,629	-	5,676,402	-	5,676,402
Fee income from insurance	4,050	17,855	92,073	-	113,978	-	113,978
TOTAL REVENUES	102,400,092	45,993,242	13,051,167	-	161,444,501	-	161,444,501
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(125,919,260)	(41,936,049)	(4,257,112)	-	(172,112,421)	-	(172,112,421)
Reinsurers' share of claims paid	4,166,225	7,534,319	1,950,418	-	13,650,962	-	13,650,962
Expenses incurred related to claims	(1,521,528)	(2,116,226)	-	-	(3,637,754)	-	(3,637,754)
Net claims and other benefits paid	(123,274,563)	(36,517,956)	(2,306,694)	-	(162,099,213)	-	(162,099,213)

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13. Segmental information (continued)

For the three-month period ended March 31, 2021 (Unaudited) (continued)

	Insurance operations					Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings	Total		
Changes in outstanding claims	(7,761,798)	(2,209,025)	(7,624,880)	-	(17,595,703)	-	(17,595,703)
Changes in reinsurers' share of outstanding claims	(278,038)	716,784	2,754,522	-	3,193,268	-	3,193,268
Changes in claims incurred but not reported	13,345,417	655,953	(3,849,394)	-	10,151,976	-	10,151,976
Changes in reinsurers' share of claims incurred but not reported	(754,543)	290,899	(248,291)	-	(711,935)	-	(711,935)
Net claims and other benefits incurred	(118,723,525)	(37,063,345)	(11,274,737)	-	(167,061,607)	-	(167,061,607)
Policy acquisition costs	(8,268,871)	(3,645,882)	(1,896,403)	-	(13,811,156)	-	(13,811,156)
Changes in additional premium reserves	(15,452,356)	5,041,686	-	-	(10,410,670)	-	(10,410,670)
Changes in other technical reserves	314,557	(15,130)	(229,855)	-	69,572	-	69,572
Other underwriting expenses	(272,995)	-	-	-	(272,995)	-	(272,995)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET	(142,403,190)	(35,682,671)	(13,400,995)	-	(191,486,856)	-	(191,486,856)
NET UNDERWRITING (LOSS) INCOME	(40,003,098)	10,310,571	(349,828)	-	(30,042,355)	-	(30,042,355)

(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
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13. Segmental information (continued)

For the three-month period ended March 31, 2021 (Unaudited) (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
OTHER OPERATING (EXPENSES) INCOME						
Allowance for doubtful debts					-	(3,713,367)
General and administrative expenses					(919,198)	(29,001,481)
Investment and commission income					2,996,522	4,206,719
Finance costs on leases					-	(74,073)
Other income					-	1,827,852
Total other operating (expenses) income, net					2,077,324	(26,754,350)
Total (loss) income for the period before surplus attribution, zakat and income tax					2,077,324	(56,796,705)
Surplus attributed to the shareholders' operations					-	-
Total (loss) income for the period before zakat and income tax					2,077,324	(56,796,705)
Zakat expense					(1,000,000)	(1,000,000)
Income tax expense					-	-
Total (loss) income for the period attributable to the shareholders					1,077,324	(57,796,705)

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13. Segmental information (continued)

Gross premiums written for the three-month period ended March 31, 2022 can be categorised in the following client categories:

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	7,772,289	16,994,937	19,108,981	-	43,876,207
Medium corporates	3,482,074	35,719,394	5,793,380	-	44,994,848
Small enterprises	8,414,350	6,924,404	2,006,987	-	17,345,741
Micro enterprises	10,334,163	1,567,203	144,793	-	12,046,159
Retail	9,184,807	2,208,282	5,393,972	-	16,787,061
	39,187,683	63,414,220	32,448,113	-	135,050,016

Gross premiums written for the three-month period ended March 31, 2021 can be categorised in the following client categories:

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	5,371,306	27,080,261	19,585,429	-	52,036,996
Medium corporates	3,266,160	29,831,257	8,841,232	-	41,938,649
Small enterprises	3,927,245	6,106,528	2,645,877	-	12,679,650
Micro enterprises	10,124,807	2,236,663	198,204	-	12,559,674
Retail	54,581,587	481,549	2,801,006	-	57,864,142
	77,271,105	65,736,258	34,071,748	-	177,079,111

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14. Related party transactions and balances

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

Nature of transactions	Transactions for the three-month period ended		Balance receivable / (payable) as at	
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Major shareholders				
Insurance premium written	5,267,559	5,751,093	-	-
Claims paid	294,332	(2,112,918)	-	-
Premium receivable from related parties	-	-	12,463,022	18,058,095
Others				
Rent charged	-	-	-	-
Services	-	-	-	-
Directors' remuneration and meeting fee	531,000	(332,000)	-	-

The compensation of key management personnel during the three-month period ended is as follows:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Salaries and benefits	1,253,200	2,029,346
Employee benefit obligations	68,852	115,922
	1,322,052	2,145,268

Premium receivable - related parties, net

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Premium receivable from related parties	12,463,022	5,936,160
Less: allowance for doubtful debts	(1,349,603)	(1,483,538)
	11,113,419	4,452,622

Movement in the allowance for doubtful debts is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At beginning of the period / year	1,483,538	1,726,798
Reversal for the period / year	(133,935)	(243,260)
At end of the period / year	1,349,603	1,483,538

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15. Zakat and income tax

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

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

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

16. Share capital

The authorized, issued and paid up capital of the Company was Saudi Riyals 229.4 million at March 31, 2022 (December 31, 2021: Saudi Riyals 229.4 million) consisting of 22.9 million shares (December 31, 2021: 22.9 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as of March 31, 2022 and December 31, 2021 is as below:

	Authorized and issued		Paid up
	No. of Shares		Saudi Riyals
Gulf Union Insurance and Projects			
Management Holding Company B.S.C. (c.)	2,475,000	24,750,000	24,750,000
Others	20,472,464	204,724,640	204,724,640
	<u>22,947,464</u>	<u>229,474,640</u>	<u>229,474,640</u>

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17. Statutory reserve

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

18. Capital risk management

The Company's objectives when managing capital are:

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

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

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

Also see Note 1.

19. Basic and diluted losses per share

Basic and diluted losses per share for the three-month periods 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.

	For the three-month period ended March 31,	
	2022	2021
Total losses for the period attributable to the shareholders	(20,886,987)	(57,796,705)
Weighted average number of ordinary shares for basic and diluted losses per share	22,947,464	22,947,464
Basic and diluted losses per share	(0.91)	(2.52)

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20. Supplementary information

Interim condensed statement of financial position

	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	64,925,706	72,054,744	136,980,450	40,666,697	74,315,396	114,982,093
Premiums and reinsurers' receivable - net	129,699,937	-	129,699,937	161,223,340	-	161,223,340
Premiums receivable - related parties - net	11,113,419	-	11,113,419	4,452,622	-	4,452,622
Reinsurers' share of unearned premiums	47,409,512	-	47,409,512	44,001,521	-	44,001,521
Reinsurers' share of outstanding claims	35,445,559	-	35,445,559	34,230,197	-	34,230,197
Reinsurers' share of claims incurred but not reported	22,299,319	-	22,299,319	21,446,416	-	21,446,416
Deferred policy acquisition costs	17,559,426	-	17,559,426	17,232,872	-	17,232,872
Deferred excess of loss premiums	5,768,316	-	5,768,316	-	-	-
Investments	137,444,593	100,351,155	237,795,748	139,811,054	137,955,578	277,766,632
Prepaid expenses and other assets	36,728,096	3,597,138	40,325,234	41,968,172	3,744,992	45,713,164
Long term deposits	-	40,032,877	40,032,877	-	40,032,877	40,032,877
Property and equipment	8,241,478	-	8,241,478	8,854,908	-	8,854,908
Right-of-use assets	7,128,372	-	7,128,372	7,584,087	-	7,584,087
Intangible assets	43,577,145	-	43,577,145	43,378,547	-	43,378,547
Goodwill	-	67,697,750	67,697,750	-	67,697,750	67,697,750
Statutory deposit	-	34,421,196	34,421,196	-	34,421,196	34,421,196
Accrued income on statutory deposit	-	7,738,807	7,738,807	-	7,738,807	7,738,807
Due from shareholders' operations	190,397,532	-	190,397,532	207,825,300	-	207,825,300
TOTAL ASSETS	757,738,410	325,893,667	1,083,632,077	772,675,733	365,906,596	1,138,582,329
Less: inter-operations elimination	(190,397,532)	-	(190,397,532)	(207,825,300)	-	(207,825,300)
TOTAL ASSETS	567,340,878	325,893,667	893,234,545	564,850,433	365,906,596	930,757,029

(continued)

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20. Supplementary information (continued)

Interim condensed statement of financial position (continued)

	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES						
Accounts payable	130,580,022	-	130,580,022	117,346,288	-	117,346,288
Accrued and other liabilities	14,095,940	352,460	14,448,400	14,148,035	352,460	14,500,495
Reinsurers' balances payable	19,419,882	-	19,419,882	14,478,470	-	14,478,470
Unearned premiums	257,896,271	-	257,896,271	255,996,173	-	255,996,173
Unearned reinsurance commission	11,899,328	-	11,899,328	10,342,959	-	10,342,959
Outstanding claims	95,020,587	-	95,020,587	93,994,985	-	93,994,985
Claims incurred but not reported	153,207,228	-	153,207,228	186,847,969	-	186,847,969
Additional premium reserves	22,428,905	-	22,428,905	22,019,563	-	22,019,563
Other technical reserves	16,766,990	-	16,766,990	17,984,038	-	17,984,038
Lease liabilities	6,798,644	-	6,798,644	6,732,810	-	6,732,810
Employee benefit obligations	17,171,506	-	17,171,506	16,927,680	-	16,927,680
Zakat and income tax	-	20,572,948	20,572,948	-	20,072,948	20,072,948
Surplus distribution payable	12,711,527	-	12,711,527	13,748,722	-	13,748,722
Accrued income payable to SAMA	-	7,738,807	7,738,807	-	7,738,807	7,738,807
Due to insurance operations	-	190,397,532	190,397,532	-	207,825,300	207,825,300
TOTAL LIABILITIES	757,996,830	219,061,747	977,058,577	770,567,692	235,989,515	1,006,557,207
Less: inter-operations elimination	-	(190,397,532)	(190,397,532)	-	(207,825,300)	(207,825,300)
TOTAL LIABILITIES	757,996,830	28,664,215	786,661,045	770,567,692	28,164,215	798,731,907
EQUITY						
Share capital	-	229,474,640	229,474,640	-	229,474,640	229,474,640
Statutory reserve	-	4,885,691	4,885,691	-	4,885,691	4,885,691
Accumulated losses	-	(132,129,796)	(132,129,796)	-	(111,242,809)	(111,242,809)
Remeasurement reserve of employee benefit obligations	(168,351)	-	(168,351)	(168,351)	-	(168,351)
Fair value reserve on investments	(90,069)	4,601,385	4,511,316	2,276,392	6,799,559	9,075,951
TOTAL EQUITY	(258,420)	106,831,920	106,573,500	2,108,041	129,917,081	132,025,122
TOTAL LIABILITIES AND EQUITY	757,738,410	135,496,135	893,234,545	772,675,733	158,081,296	930,757,029

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20. Supplementary information (continued)

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

	March 31, 2022 (Unaudited)			March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	135,050,016	-	135,050,016	177,079,111	-	177,079,111
Reinsurance premiums ceded:						
- Foreign	(23,982,270)	-	(23,982,270)	(34,102,145)	-	(34,102,145)
- Local	(4,404,157)	-	(4,404,157)	(3,636,559)	-	(3,636,559)
Excess of loss premiums:						
- Foreign	(1,348,815)	-	(1,348,815)	(2,964,381)	-	(2,964,381)
- Local	(573,956)	-	(573,956)	(567,460)	-	(567,460)
Net premiums written	104,740,818	-	104,740,818	135,808,566	-	135,808,566
Changes in unearned premiums	(1,900,098)	-	(1,900,098)	5,653,555	-	5,653,555
Changes in reinsurers' share of unearned premiums	3,407,991	-	3,407,991	14,192,000	-	14,192,000
Net premiums earned	106,248,711	-	106,248,711	155,654,121	-	155,654,121
Reinsurance commissions	5,140,820	-	5,140,820	5,676,402	-	5,676,402
Fee income from insurance	152,031	-	152,031	113,978	-	113,978
Total revenues	111,541,562	-	111,541,562	161,444,501	-	161,444,501

(continued)

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20. Supplementary information (continued)

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

	March 31, 2022 (Unaudited)			March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(142,469,351)	-	(142,469,351)	(172,112,421)	-	(172,112,421)
Reinsurers' share of gross claims paid	18,287,154	-	18,287,154	13,650,962	-	13,650,962
Expenses incurred related to claims	(2,238,595)	-	(2,238,595)	(3,637,754)	-	(3,637,754)
Net claims and other benefits paid	(126,420,792)	-	(126,420,792)	(162,099,213)	-	(162,099,213)
Changes in outstanding claims	(1,025,602)	-	(1,025,602)	(17,595,703)	-	(17,595,703)
Changes in reinsurers' share of outstanding claims	1,215,362	-	1,215,362	3,193,268	-	3,193,268
Changes in claims incurred but not reported	33,640,741	-	33,640,741	10,151,976	-	10,151,976
Changes in reinsurers' share of claims incurred but not reported	852,903	-	852,903	(711,935)	-	(711,935)
Net claims and other benefits incurred	(91,737,388)	-	(91,737,388)	(167,061,607)	-	(167,061,607)
Policy acquisition costs	(9,046,605)	-	(9,046,605)	(13,811,156)	-	(13,811,156)
Changes in additional premium reserves	(409,342)	-	(409,342)	(10,410,670)	-	(10,410,670)
Changes in other technical reserves	1,217,048	-	1,217,048	69,572	-	69,572
Other underwriting expenses	(6,342,601)	-	(6,342,601)	(272,995)	-	(272,995)
Total underwriting costs and expenses, net	(106,318,888)	-	(106,318,888)	(191,486,856)	-	(191,486,856)
NET UNDERWRITING INCOME (LOSS)	5,222,674	-	5,222,674	(30,042,355)	-	(30,042,355)

(continued)

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FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

20. Supplementary information (continued)

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

	March 31, 2022 (Unaudited)			March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES) INCOME						
Allowance for doubtful debts	(3,445,314)	-	(3,445,314)	(3,713,367)	-	(3,713,367)
General and administrative expenses	(27,003,466)	(830,453)	(27,833,919)	(28,082,283)	(919,198)	(29,001,481)
Investment and commission income - net	1,350,098	4,124,686	5,474,784	1,210,197	2,996,522	4,206,719
Finance costs on leases	(65,834)	-	(65,834)	(74,073)	-	(74,073)
Other income	260,622	-	260,622	1,827,852	-	1,827,852
Total other operating (expenses) income, net	(28,903,894)	3,294,233	(25,609,661)	(28,831,674)	2,077,324	(26,754,350)
Total (loss) income for the period before (deficit) surplus attribution, zakat and income tax	(23,681,220)	3,294,233	(20,386,987)	(58,874,029)	2,077,324	(56,796,705)
Zakat expense	-	(500,000)	(500,000)	-	(1,000,000)	(1,000,000)
Income tax expense	-	-	-	-	-	-
Total (loss) income for the period attributable to the shareholders	(23,681,220)	2,794,233	(20,886,987)	(58,874,029)	1,077,324	(57,796,705)
Deficit transferred to the shareholders' operations	23,681,220	(23,681,220)	-	58,874,029	(58,874,029)	-
Total loss for the period after transfer of deficit	-	(20,886,987)	(20,886,987)	-	(57,796,705)	(57,796,705)
Weighted average number of outstanding shares	-	-	22,947,464	-	-	22,947,464
Losses per share (expressed in Saudi Riyals per share)	-	-	-	-	-	-
Basic losses per share	-	-	(0.91)	-	-	(2.52)
Diluted losses per share	-	-	(0.91)	-	-	(2.52)

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20. Supplementary information (continued)

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

	March 31, 2022 (Unaudited)			March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total loss for the period after transfer of deficit	-	(20,886,987)	(20,886,987)	-	(57,796,705)	(57,796,705)
Other comprehensive (loss) income:						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>						
Net change in fair value of available-for-sale investments	(2,366,461)	(598,173)	(2,964,634)	735,965	902,139	1,638,104
Realized gain reclassified to interim condensed statement of income	-	(1,600,001)	(1,600,001)	-	-	-
Total other comprehensive (loss) income	(2,366,461)	(2,198,174)	(4,564,635)	735,965	902,139	1,638,104
Total comprehensive (loss) income for the period	(2,366,461)	(23,085,161)	(25,451,622)	735,965	(56,894,566)	(56,158,601)

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20. Supplementary information (continued)

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

	March 31, 2022 (Unaudited)			March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total loss for the period before surplus attribution, zakat and income tax	-	(20,386,987)	(20,386,987)	-	(56,796,705)	(56,796,705)
<u>Adjustments for non-cash items:</u>						
Depreciation of property and equipment	643,960	-	643,960	712,170	-	712,170
Amortization of intangible assets	1,978,573	-	1,978,573	647,268	-	647,268
Depreciation of right-of-use assets	455,715	-	455,715	506,746	-	506,746
Finance costs on leases	65,834	-	65,834	74,073	-	74,073
Allowance for doubtful debts	3,445,314	-	3,445,314	3,713,367	-	3,713,367
Investment and commission income	(1,350,098)	(2,524,685)	(3,874,783)	(1,210,197)	(2,996,522)	(4,206,719)
Provision for employee benefit obligations	243,826	-	243,826	352,884	-	352,884
Realized gains on disposals of available-for-sale investments	-	(1,600,001)	(1,600,001)	-	-	-
	5,483,124	(24,511,673)	(19,028,549)	4,796,311	(59,793,227)	(54,996,916)
<u>Changes in operating assets and liabilities:</u>						
Premiums and reinsurers' receivable	28,078,089	-	28,078,089	13,896,051	-	13,896,051
Premium receivables - related parties	(6,660,797)	-	(6,660,797)	(8,190,299)	-	(8,190,299)
Reinsurers' share of unearned premiums	(3,407,991)	-	(3,407,991)	(14,192,000)	-	(14,192,000)
Reinsurers' share of outstanding claims	(1,215,362)	-	(1,215,362)	(3,193,268)	-	(3,193,268)
Reinsurers' share of claims incurred but not reported	(852,903)	-	(852,903)	711,935	-	711,935
						(continued)

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20. Supplementary information (continued)

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

	March 31, 2022 (Unaudited)			March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Deferred policy acquisition costs	(326,554)	-	(326,554)	(97,369)	-	(97,369)
Deferred excess of loss premiums	(5,768,316)	-	(5,768,316)	(5,422,133)	-	(5,422,133)
Prepaid expenses and other assets	37,031,035	(540,065)	36,490,970	(960,298)	5,567,718	4,607,420
Accounts payable	13,233,734	-	13,233,734	23,769,853	-	23,769,853
Accrued and other liabilities	(33,400,221)	-	(33,400,221)	(5,454,513)	299,175	(5,155,338)
Reinsurers' balances payable	4,941,412	-	4,941,412	8,319,801	-	8,319,801
Unearned premiums	1,900,098	-	1,900,098	(5,653,555)	-	(5,653,555)
Unearned reinsurance commission	1,556,369	-	1,556,369	3,331,539	-	3,331,539
Outstanding claims	1,025,602	-	1,025,602	17,595,703	-	17,595,703
Claims incurred but not reported	(33,640,741)	-	(33,640,741)	(10,151,976)	-	(10,151,976)
Additional premium reserves	409,342	-	409,342	10,410,670	-	10,410,670
Other technical reserves	(1,217,048)	-	(1,217,048)	(69,572)	-	(69,572)
Employee benefit obligations paid	-	-	-	(1,321,363)	-	(1,321,363)
Zakat and income tax paid	-	-	-	-	(1,886,010)	(1,886,010)
Net cash generated from (used in) operating activities	7,168,872	(25,051,738)	(17,882,866)	28,125,517	(55,812,344)	(27,686,827)

(continued)

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FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

20. Supplementary information (continued)

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

	March 31, 2022 (Unaudited)			March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM INVESTING ACTIVITIES						
Liquidations of short-term deposits	-	-	-	50,169,055	-	50,169,055
Purchases of available-for-sale investments	-	-	-	(15,527,118)	-	(15,527,118)
Proceeds from disposal of available-for-sale investments	-	36,381,251	36,381,251	-	-	-
Proceeds from redemption of held-to-maturity investments	-	624,999	624,999	-	1,875,000	1,875,000
Investment and commission income received	1,870,070	3,212,604	5,082,674	1,685,306	3,514,416	5,199,722
Payments for purchases of property and equipment	(30,530)	-	(30,530)	(93,428)	-	(93,428)
Additions to intangible assets	(2,177,171)	-	(2,177,171)	(571,016)	-	(571,016)
Liquidation of statutory deposit	-	-	-	-	18,450,000	18,450,000
Net cash (used in) generated from investing activities	(337,631)	40,218,854	39,881,223	35,518,670	23,839,416	59,358,086
						(continued)

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20. Supplementary information (continued)

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

	March 31, 2022 (Unaudited)			March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal elements of lease payments	-	-	-	(41,925)	-	(41,925)
Finance cost paid	-	-	-	(2,075)	-	(2,075)
Due from / to shareholders' operations	17,427,768	(17,427,768)	-	(23,056,974)	23,056,974	-
Net cash generated from (used in) financing activities	17,427,768	(17,427,768)	-	(23,100,974)	23,056,974	(44,000)
Net change in cash and cash equivalents	24,259,009	(2,260,652)	21,998,357	40,543,213	(8,915,954)	31,627,259
Cash and cash equivalents at the beginning of the period	40,666,697	74,315,396	114,982,093	67,852,194	111,655,835	179,508,029
Cash and cash equivalents at end of the period	64,925,706	72,054,744	136,980,450	108,395,407	102,739,881	211,135,288
Supplemental non-cash information:						
Net change in fair value reserve for available-for-sale investments	(2,366,461)	(2,279,117)	(4,645,578)	735,965	902,139	1,638,104
Surplus distribution payable against Premiums and reinsurers' receivable	(1,037,195)	-	(1,037,195)	-	-	-

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21. Subsequent event

Subsequent to the reporting date, the Company received the shareholders' approval to increase the share capital through rights issue (see Note 1). No other events have arisen subsequent to March 31, 2022, and before the date of signing the independent auditors' review report, that could have a significant effect on the financial statements as at March 31, 2022.

22. Approval of the interim condensed financial information

This interim condensed financial information has been approved by the Board of Directors on 17 May 2022.