

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTHS PERIOD ENDED
31 MARCH 2021**

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021**

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KPMG Professional Services



Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

The Shareholders
Gulf General Cooperative Insurance Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf General Cooperative Insurance Company - a Saudi Joint Stock Company (the "Company") as at 31 March 2021, and the related interim condensed statements of income, comprehensive income, the interim condensed statements of changes in equity and cash flows for the three-months period then ended, and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.


Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.


For KPMG Professional Services


Nasser Ahmed Al Shutairy

License No. 454



For Al-Bassam & Co.


Ibrahim A. Al-Bassam
License No. 337



Jeddah, Kingdom of Saudi Arabia
11 Shawwal 1442H
Corresponding to 23 May 2021

GULF GENERAL COOPERATIVE INSURANCE COMPANY

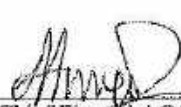
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

		31 March 2021	31 December 2020
	Notes	(Unaudited)	(Audited)
		SR'000	SR'000
ASSETS			
Cash and cash equivalents	4	157,736	161,394
Murabaha deposits	5	--	--
Premiums receivable – net	6	64,599	43,403
Due from reinsurers – net		18,317	16,246
Reinsurers' share of unearned premiums	10.1	38,850	37,666
Reinsurers' share of outstanding claims	10.2	11,830	10,295
Reinsurers' share of claims incurred but not reported	10.2	2,296	3,924
Reinsurers' excess of loss claims		407	443
Deferred policy acquisition costs		10,826	8,615
Investments	7	40,605	36,869
Prepayments and other assets	8	42,434	33,649
Right-of-use assets		2,371	2,644
Property and equipment		7,537	6,429
Intangible assets		7,691	7,621
Goodwill	1	36,260	36,260
Statutory deposit	9	20,000	20,000
Accrued income on statutory deposit	9	2,265	2,230
TOTAL ASSETS		464,024	427,688
LIABILITIES			
Due to policyholders		10,947	11,468
Accrued expenses and other liabilities		20,373	26,499
Due to reinsurers		7,099	2,503
Due to brokers		13,209	11,450
Unearned premiums	10.1	186,580	131,439
Unearned reinsurance commission		5,965	6,531
Outstanding claims	10.2	35,168	29,850
Claims incurred but not reported	10.2	20,177	20,411
Premium deficiency reserve	10.2	1,574	1,311
Other technical reserves	10.2	2,864	2,770
Employees' defined benefit obligations		4,499	4,171
Lease liabilities		1,764	1,911
Insurance operations' surplus payable		8,742	8,742
Accrued Zakat	17	4,024	3,268
Accrued income payable to SAMA	9	2,265	2,230
TOTAL LIABILITIES		325,250	264,554
EQUITY			
Share capital	18	200,000	200,000
Statutory reserve		2,165	2,165
Accumulated losses		(64,495)	(40,135)
TOTAL SHAREHOLDERS' EQUITY		137,670	162,030
Re-measurement reserve of defined benefit obligations		1,104	1,104
TOTAL EQUITY		138,774	163,134
TOTAL LIABILITIES AND EQUITY		464,024	427,688


 Director


 Chief Financial Officer


 Chief Executive Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

For the three-months period ended 31 March 2021

		31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
	Notes	SR'000	SR'000
REVENUES			
Gross written premiums	11	130,064	129,866
Less: Reinsurance contracts premiums ceded			
- Local reinsurance	12.1	(676)	(986)
- Foreign reinsurance	12.1	(22,235)	(33,598)
Excess of loss expenses	12.2	(3,101)	(2,300)
Net written premiums		104,052	92,982
Changes in unearned premiums, net		(53,958)	(37,558)
Net premiums earned		50,094	55,424
Reinsurance commissions		3,503	4,084
Other underwriting income		33	38
TOTAL REVENUES		53,630	59,546
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		53,627	52,360
Expenses incurred related to claims		2,093	3,171
Less: Reinsurers' share of claims paid		(9,403)	(13,418)
Net claims and other benefits paid		46,317	42,113
Change in outstanding claims, net		3,820	2,383
Changes in claims incurred but not reported, net		1,395	(3,863)
Net claims and other benefits incurred		51,532	40,633
Provision for/ (Reversal of) premium deficiency reserve		263	(3,705)
Other technical reserves		94	696
Policy acquisition costs		5,022	5,211
TOTAL UNDERWRITING COSTS AND EXPENSES		56,911	42,835
NET UNDERWRITING (LOSS)/ INCOME		(3,281)	16,711
OTHER OPERATING (EXPENSES) / INCOME			
Reversal of impairment of premium receivables	6	(699)	4,472
Allowance for impairment of reinsurance receivables		(93)	(403)
General and administration expenses		(24,336)	(18,937)
Commission income on deposits		211	648
Unrealized (loss) / gain on investments	7	3,736	(8,015)
Other income		1,049	1,792
TOTAL OTHER OPERATING EXPENSES, NET		(20,132)	(20,443)
Net Loss for the period before allocation		(23,413)	(3,732)
Net Loss attributed to the insurance operations	21	--	(523)
Net Loss for the period attributable to the shareholders		(23,413)	(4,255)
ZAKAT			
Zakat expense for the period	17	(947)	(501)
NET LOSS FOR THE PERIOD		(24,360)	(4,756)
Loss per share (expressed in SR per share)			
Weighted average number of shares (in thousands)		20,000	20,000
Loss per share	20	(1.22)	(0.24)

Director

Chief Financial Officer

Chief Executive Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the three-months period ended 31 March 2021

	<i>31 March 2021 (Unaudited)</i>	<i>31 March 2020 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS	(24,360)	(4,756)
Other comprehensive income / (loss)	---	---
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(24,360)</u>	<u>(4,756)</u>



Director



Chief Financial Officer



Chief Executive Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)


INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-months period ended 31 March 2021

	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Re- measurement reserve of defined benefit obligations SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2021 (audited)	200,000	2,165	(40,135)	1,104	163,134
<u>Total comprehensive Loss for the period</u>					
Net loss for the period attributable to shareholders	--	--	(24,360)	--	(24,360)
Balance as at 31 March 2021 (unaudited)	<u>200,000</u>	<u>2,165</u>	<u>(64,495)</u>	<u>1,104</u>	<u>138,774</u>

	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Re- measurement reserve of defined benefit obligations SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2020 (audited)	200,000	2,165	(43,888)	307	158,584
<u>Total comprehensive loss for the period</u>					
Net loss for the period attributed to shareholders	--	--	(4,756)	--	(4,756)
Balance as at 31 March 2020 (unaudited)	<u>200,000</u>	<u>2,165</u>	<u>(48,644)</u>	<u>307</u>	<u>153,828</u>


 Director


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GULF GENERAL COOPERATIVE INSURANCE COMPANY


(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the three-months period ended 31 March 2021

	Notes	31 March 2021 (Unaudited) SR'000	31 March 2020 (Unaudited) SR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss attributed to the shareholders before Zakat		(23,413)	(3,732)
<u>Adjustments for non-cash items:</u>			
Depreciation on property and equipment		688	517
Amortization on right-of-use assets		324	307
Amortization of intangible assets		272	266
Provision / (reversal) for impairment of premium receivables	6	699	(4,472)
Provision / (reversal) for impairment of reinsurance receivables		94	403
Unrealised gain on investments held at FVIS	7	(3,736)	8,015
		(25,072)	1,304
<u>Changes in operating assets and liabilities:</u>			
Premiums receivable - net		(21,895)	(38,532)
Due from reinsurers - net		(2,165)	(2,436)
Reinsurers' share of unearned premiums		(1,184)	(12,775)
Reinsurers' share of outstanding claims		(1,535)	2,749
Reinsurers' share of claims incurred but not reported		1,628	4,759
Reinsurers' excess of loss claims		36	(94)
Deferred policy acquisition costs		(2,211)	(1,931)
Prepayments and other assets		(8,785)	(2,677)
Due to policyholders		(521)	(2,292)
Accrued expenses and other liabilities		(7,297)	173
Due to reinsurers		4,597	9,790
Due to brokers		1,759	1,006
Unearned premiums		55,141	50,333
Unearned reinsurance commission		(566)	2,618
Outstanding claims		5,318	(272)
Claims incurred but not reported		(234)	(8,621)
Premium deficiency reserve		263	(3,705)
Other technical reserves		94	695
Employees defined benefit obligations		328	49
Lease liabilities		--	31
		22,771	(1,132)
Surplus paid to policy holders		--	(24)
Zakat paid	17	(191)	--
Net cash (used in) / generated from operating activities		(2,492)	148


 Director


 Chief Financial Officer


 Chief Executive Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited) (continued)

For the three-months period ended 31 March 2021

	Notes	31 March 2021 (Unaudited) SR'000	31 March 2020 (Unaudited) SR'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(970)	(741)
Additions to Intangibles		(49)	(827)
Proceeds from maturity of Murabaha deposits		--	8,000
Net cash (used in) / generated from investing activities		(1,019)	6,432
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(147)	(323)
Net cash used in financing activities		(147)	(323)
Net (decrease) / increase in cash and cash equivalents		(3,658)	6,257
Cash and cash equivalents at the beginning of the period	4	161,394	113,815
Cash and cash equivalents at the end of the period	4	157,736	120,072


Director
Chief Financial Officer
Chief Executive Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2021

1. ORGANIZATION AND PRINCIPLE ACTIVITIES

Gulf General Cooperative Insurance Company ("GGCI" or the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 12/Q dated 17 Muharram 1431H (corresponding to 3 January 2010) and registered under Commercial Registration number 4030196620 dated 9 Safar 1431H (corresponding to 25 January 2010). The registered address of the Company's head office is as follows:

Gulf General Cooperative Insurance Company
Al Gheithy Plaza, Second Floor,
Ameer Al Shoura'a Street
Jeddah, Kingdom of Saudi Arabia

The Company also has the following branches, which are operating under separate commercial registrations:

<u>Branch</u>	<u>Commercial Registration No.</u>	<u>Date of Registration</u>
Riyadh	1010316823	29 Shawwal 1432H (corresponding to 27 September 2011)
Al Khobar	2051046836	19 Dhul Qa'dah 1432H (corresponding to 17 October 2011)

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/85 dated 5 Thul Hujja 1429H (corresponding to 3 December 2008) pursuant to Council of Ministers' Resolution No. 365 dated 3 Thul Hujja 1429H (corresponding to 1 December 2008). The Company obtained a license to conduct insurance operations in the Kingdom of Saudi Arabia from the Saudi Arabian Monetary Authority ("SAMA") on 20 Rabi-al-Awwal 1431H (corresponding to 6 March 2010). The Company was listed on the Saudi Arabian Stock Exchange ("Tadawul") on 24 Safar 1431H (corresponding to 8 February 2010).

The objectives of the Company are to engage in providing insurance and related services, which include reinsurance, in accordance with its by-laws, and applicable regulations in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor, property, engineering, marine and accident & liability.

In accordance with the By-laws of the Company, the surplus arising from the insurance operations is distributed as follows:

Transfer to shareholders' operations	90%
Transfer to insurance operations	10%
	<u>100%</u>

In case of deficit arising from the insurance operations, the entire deficit is allocated and transferred to the shareholders' operations in full.

In accordance with the Implementing Regulations issued by SAMA, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders' surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2021

1. ORGANIZATION AND PRINCIPLE ACTIVITIES (continued)

Portfolio transfer

On 19 May 2012, the Company entered into an agreement with Saudi General Insurance Company E.C. ("SGI") and Gulf Cooperation Insurance Company Ltd. E.C. ("GCI") (the "Sellers") pursuant to which it acquired the sellers' insurance operations in the Kingdom of Saudi Arabia, effective 1 January 2009, at a goodwill amount of SR 36.26 million, as approved by SAMA, along with the related insurance assets and liabilities of an equivalent amount.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These interim condensed financial statements have been prepared under the going concern basis and historical cost convention, except for the measurement of investments held at fair value through income statement ("FVIS") and available-for-sale investment that are measured at fair value, and employees' defined benefit obligations which is recognized at the present value of future obligations using the projected unit credit method.

The Company's Board of Directors has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future. Furthermore, the Board of Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim condensed financial statements have been prepared on the going concern basis.

The Company's interim condensed statement of financial position is presented in order of liquidity. Except for available-for-sale investment, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit, employees' defined benefit obligations, lease liabilities and accrued income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

As required by Saudi Arabian Insurance Regulations ("the Implementing Regulations") the Company maintains separate books of accounts for "Insurance operations" and "Shareholders' operations". Accordingly, assets, liabilities, revenues and expenses attributable to either operation, are recorded in the respective accounts. Note 21 to these interim condensed financial statements provides the statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations, separately.

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2020.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2021

2. BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SR) and are rounded off to the nearest thousands.

2.2 Critical accounting judgements, estimates and assumptions

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

In preparing these interim condensed financial statements, 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 31 December 2020. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic (refer note 22). Based on these assessments, the Company believes that the COVID-19 pandemic has had no material effects on Company's reported results for the three-month periods ended 31 March 2021. The Company continues to monitor the situation closely.

2.3 Seasonality of operations

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020, except as explained below:

3.1. New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board ("IASB") have been effective from 1 January 2021 and accordingly adopted by the Company, as applicable:

<u>Standard / Amendments</u>	<u>Description</u>
Amendments to IAS 1 & IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards

The adoption of the amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The Company intends to adopt these standards, when they become effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<i>Effective from periods beginning on or after the following date</i>
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below

IFRS 17 – Insurance Contracts

Overview:

This standard has been published on 18 May 2017, it establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

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

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

Measurement:

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

The General Measurement Model (“GMM”) is based on the following “building blocks” of:

- a) the fulfilment cash flows (“FCF”), which comprises:
 - probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows; and
 - a risk adjustment for non-financial risk;

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

Measurement (continued):

- b) the Contractual Service Margin (“CSM”). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:
 - the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date;
 - and the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services. Since the CSM cannot be negative, changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss.

Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows).

Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

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

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

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

Effective date:

The IASB issued an Exposure Draft Amendments to IFRS 17 during September 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4, is currently 1 January 2021. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after 1 January 2023. This is a deferral of 1 year compared to the previous date of 1 January 2021. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intend to apply the standard on its effective date.

Transition:

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

Presentation and Disclosures:

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

Impact:

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of 31 March 2021, the financial impact of adopting the standard has yet to be fully assessed by the Company. The Company has started with their implementation process and have set up an implementation committee. Further, the Company has undertaken a Gap Analysis and the key areas of Gaps are as follows:

Impact area

Financial impact

Summary of impact

Not yet fully assessed by the Company.

Data impact

The Company believes that the data impact is not likely to be significant as a major proportion of the company's business would qualify for measurement under the premium allocation approach.

IT systems

The Company is already in the process of implementing a new upgraded IT system which will facilitate the implementation of IFRS 17

Process impact

The process impact is under evaluation, but no significant process changes are anticipated.

Impact on reinsurance arrangements

The Company's reinsurance arrangements are currently under testing to determine the suitable measurement approach

Impact on policies & control's frameworks

The Company is currently working with an external consultant to review and modify the current policy control framework

Human resources

The Company needs to recruit suitably qualified personnel who have a comprehensive understanding of IFRS 17

At the date of publication of these financial statements, it was not practicable to quantify the potential impact of adopting IFRS 17.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 9 – Financial Instruments

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

a) Classification and measurement:

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

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

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

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

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

a) Impairment:

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

b) Hedge accounting:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 9 – Financial Instruments (continued)

b) Hedge accounting (continued):

This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

Effective date:

The published effective date of IFRS 9 was 1 January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12 September 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

1. Apply a temporary exemption from implementing IFRS 9 until the earlier of
 - the effective date of a new insurance contract standard; or
 - annual reporting periods beginning on or after 1 January 2021. The IASB is proposing to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to 1 January 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
2. Adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning 1 January 2017: (1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the Company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

Impact assessment:

As at 31 March 2021, the Company has total financial assets and insurance related assets amounting to SR 310 million (31 December 2020: SR 294 million) and SR 72 million (31 December 2020: SR 70 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 188 million (31 December 2020: SR 163 million). Investments are carried currently at fair value through statement of income at SR 36 million (31 December 2020: SR 33 million).

The Company is yet to fully assess changes from the application and implementation of IFRS 9, however at this stage, the Company does not expect the classification and measurement of financial assets to be impacted by IFRS 9 implementation.

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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<i>31 March 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
<i>Insurance operations</i>		
Cash in hand	36	20
Cash at banks	24,793	19,530
Murabaha deposits with maturity less than three months (see note 5)	64,283	64,225
	<u>89,112</u>	<u>83,775</u>
<i>Shareholders' operations</i>		
Cash at banks	3,907	3,354
Murabaha deposits with maturity less than three months (see note 5)	64,717	74,265
	<u>68,624</u>	<u>77,619</u>
Total of cash and cash equivalents	<u>157,736</u>	<u>161,394</u>

5. MURABAHA DEPOSITS

Murabaha deposits comprises the following:

	<i>31 March 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
<i>Insurance operations</i>		
Murabaha deposits	64,283	64,225
Less: Murabaha deposits with maturity less than three months (see note 4)	(64,283)	(64,225)
	<u>--</u>	<u>--</u>
<i>Shareholders' operations</i>		
Murabaha deposits	64,717	74,265
Less: Murabaha deposits with maturity less than three months (see note 4)	(64,717)	(74,265)
	<u>--</u>	<u>--</u>
Total of Murabaha deposits	<u>--</u>	<u>--</u>

- a) These Murabaha deposits earn commission at an average rate of 0.69% per annum as at 31 March 2021 (31 December 2020: 0.69% per annum).

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6. PREMIUMS RECEIVABLE - NET

Premiums receivable due from the following:

	<i>31 March 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Policyholders	85,082	61,679
Related parties (note 16)	333	1,841
	<u>85,415</u>	<u>63,520</u>
Provision for impairment of premiums receivables	(20,816)	(20,117)
Total of premiums receivable – net	<u>64,599</u>	<u>43,403</u>

Movement in provision for impairment of premiums receivable during the period / year was as follows:

	<i>31 March 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Balance at beginning of the period / year	20,117	24,862
Provision / (Reversal) during the period / year	699	(4,091)
Write-off	--	(654)
Balance at end of the period / year	<u>20,816</u>	<u>20,117</u>

7. INVESTMENTS

	<i>31 March 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
<i>Shareholders' operations</i>		
Investments held at fair value through income statement ("FVIS") (note 7.1)		
- Equity securities	13,339	11,231
- Mutual funds	23,343	21,715
	<u>36,682</u>	<u>32,946</u>
Investments at amortized Cost	2000	2,000
Available-for-sale investment (note 7.2)	1,923	1,923
Total of investments	<u>40,605</u>	<u>36,869</u>

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7. INVESTMENTS (continued)**7.1. Investments held at FVIS**

Movement in investments classified as FVIS is as follows:

	<i>31 March 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Balance at beginning of the period / year	32,946	41,425
Disposals during the period / year	--	(10,742)
Realised loss during the period / year	--	(1,899)
Unrealised gain during the period / year	3,736	4,162
Balance at end of the period / year	<u>36,682</u>	<u>32,946</u>

The investments held at FVIS of Shareholders' operations comprise of portfolio amounting to SR 36.68 million (31 December 2020: SR 32.95 million) which is invested in mutual funds and equity shares in the Kingdom of Saudi Arabia. The investments are denominated in Saudi Arabian Riyals and US Dollars.

All investments held at FVIS are quoted. The portfolio is invested in securities and mutual funds issued by corporates and financial institutions in the Kingdom of Saudi Arabia.

7.2. Available-for-sale investment

The Company holds 3.85% of the equity in Najm for Insurance Services Company ("Najm"), a Saudi Closed Joint Stock Company. The investment is classified as an available-for-sale investment and is stated at cost (see note 14).

8. PREPAYMENTS AND OTHER ASSETS

	<i>31 March 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
<i>Insurance operations</i>		
Prepayments	13,757	3,909
Other assets (note 8.1)	28,436	29,416
	<u>42,193</u>	<u>33,325</u>
<i>Shareholders' operations</i>		
Advances	174	250
Other assets	67	74
	<u>241</u>	<u>324</u>
Total of prepayments and other assets	<u>42,434</u>	<u>33,649</u>

8.1 Other assets include payment made by the Company in relation to VAT assessment raised by General Authority of Zakat and Tax ("GAZT") for 2018 and 2019 financial years amounting to SR 7.3 million. The payments were made to GAZT to avoid penalties. However, subsequent to period end, the Company has submitted objections to the GAZT assessment. The Company's management believes that there is strong basis that the assessment raised by the GAZT will be reversed and the full amount will be returned in due course.

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9. STATUTORY DEPOSIT

As required by SAMA Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid-up share capital, amounting to SR 20 million, in a bank designated by SAMA. Accrued income on this deposit is payable to SAMA and this deposit cannot be withdrawn without approval from SAMA.

10. TECHNICAL RESERVES**10.1 Movement in unearned premiums**

Movement in unearned premiums are as follows:

<i>Three-months period ended 31 March 2021</i>			
<i>(Unaudited)</i>			
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at the beginning of the period	131,439	(37,666)	93,773
Premiums written / (ceded) during the period	130,064	(26,012)	104,052
Premiums earned during the period	(74,922)	24,828	(50,094)
Balance at the end of the period	186,580	(38,850)	147,731

<i>Year ended 31 December 2020</i>			
<i>(Audited)</i>			
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at the beginning of the year	126,260	(33,197)	93,063
Premiums written / (ceded) during the year	320,955	(103,589)	217,366
Premiums earned during the year	(315,776)	99,120	(216,656)
Balance at the end of the year	131,439	(37,666)	93,773

10.2 Net outstanding claims and other technical reserves

Net outstanding claims and other technical reserves comprise of the following:

	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Outstanding claims	35,168	29,850
Claims incurred but not reported	20,177	20,411
Premium deficiency reserve	1,574	1,311
Other technical reserves	2,864	2,770
	59,783	54,342
Less:		
Reinsurers' share of outstanding claims	11,830	10,295
Reinsurers' share of claims incurred but not reported	2,296	3,924
	14,126	14,219
Net outstanding claims and reserves	45,657	40,123

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11. GROSS WRITTEN PREMIUMS

<i>Three-months period ended 31 March 2021 (Unaudited)</i>						
Corporate						Total Gross written premiums
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000	Individual SR '000	SR '000
Medical	4,179	5,511	22,300	31,990	385	32,375
Motor	3,594	1,777	24,795	30,166	47,667	77,833
Property, accident and others	1,495	749	16,350	18,595	99	18,694
Life	648	152	361	1,161	--	1,161
	9,916	8,190	63,807	81,913	48,151	130,064

<i>Three-months period ended 31 March 2020 (Unaudited)</i>						
Corporate						Total Gross written premiums
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000	Individual SR '000	SR '000
Medical	5,492	4,581	27,108	37,181	--	37,181
Motor	3,646	2,441	47,322	53,409	12,286	65,695
Property, accident and others	2,204	720	22,901	25,825	270	26,095
Life	--	581	314	895	--	895
	11,342	8,323	97,645	117,310	12,556	129,866

12. REINSURANCE PREMIUMS AND EXCESS OF LOSS PREMIUM CEDED**12.1 Reinsurance premiums ceded**

	<i>For the three-months period ended 31 March 2021 (Unaudited) SR'000</i>	<i>For the three-months period ended 31 March 2020 (Unaudited) SR'000</i>
<u>Reinsurance premiums ceded - General</u>		
- Local reinsurance brokers to foreign companies	20,148	31,023
- Direct foreign reinsurance companies	1,266	1,935
- Local reinsurance brokers to local companies	470	566
- Direct to local reinsurance companies	206	421
	22,090	33,945
<u>Reinsurance premiums ceded - Life</u>		
- Local reinsurance brokers to foreign companies	821	639
	22,911	34,584

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12.2 Excess of loss expenses

	<i>For the three- months period ended 31 March 2021 (Unaudited) SR'000</i>	<i>For the three- months period ended 31 March 2020 (Unaudited) SR'000</i>
Local reinsurance brokers to foreign companies	3,035	2,231
Local reinsurance brokers to local companies	66	69
	3,101	2,300

13. COMMITMENTS AND CONTINGENCIES

a) The Company's commitments and contingencies are as follows:

	<i>31 March 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Letters of guarantees	300	300

b) Zakat and withholding tax contingencies have been disclosed in note 17.2.

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

a) *Determination of fair value and fair value hierarchy*

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

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

b) *Carrying amounts and fair value*

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

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14. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31 March 2021 (Unaudited)	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
Shareholders' operations					
Investments held at FVIS					
- Equity securities	13,339	13,339	--	--	13,339
- Mutual funds	23,343	--	23,343	--	23,343
Available for sale investment					
- Equity Shares	1,923	--	--	1,923	1,923
At Amortized cost	2000	--	--	2000	2000
	40,605	13,339	23,343	3,923	40,605

31 December 2020 (Audited)	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
Shareholders' operations					
Investments held at FVIS					
- Equity securities	11,231	11,231	--	--	11,231
- Mutual funds	21,715	--	21,715	--	21,715
Available for sale investment					
-Equity Shares	1,923	---	---	1,923	1,923
At Amortized cost	2,000	--	--	2,000	2,000
	36,869	22,721	21,715	3,923	36,869

The fair value of investments in mutual funds at level 2 is based on the net assets values communicated by the fund manager, and the daily prices are available on Tadawul. The fair value of investments in equity securities at level 1 is based on quoted prices that are available on Tadawul.

As at 31 March 2021, the Company has an investment amounting to SR 1.9 million (31 December 2020: SR 1.9 million) in an unquoted available for sale investment. This investment is held as part of Company's shareholder operations and is stated at cost in the absence of active markets or other means of reliably measuring their fair value.

There were no transfers between levels during the three-month period ended 31 March 2021 and the year ended 31 December 2020. Further, there were no changes in the valuation techniques during the period from previous periods.

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15. OPERATING SEGMENTS

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 the chief operating decision maker in order to allocate resources to the segments and to assess its performance. All of the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management purposes, the operations are monitored in nine major lines of business.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed statement of income. Segment assets and liabilities comprise operating assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2020.

Segment assets do not include cash and cash equivalents, Murabaha deposits, premiums receivable-net, due from reinsurers-net, investments, prepayments and other assets, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets.

Segment liabilities do not include due to policyholders, accrued expenses and other liabilities, due to reinsurers, due to brokers, employees' defined benefit obligations, lease liabilities, Insurance operations' surplus payable, accrued Zakat and accrued 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. The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 31 March 2021 and 31 December 2020, its total revenues, expenses, and net income for the three-month period then ended, are as follows:

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15. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 (Unaudited)	Insurance Operations					
	Medical SR'000	Motor SR'000	Property SR'000	Engineering SR'000	Marine SR'000	Total Insurance Operations SR'000
						Shareholders' Operations SR'000
						Total SR'000
ASSETS						
Reinsurers' share of unearned premiums	--	18,944	12,018	2,711	2,467	38,850
Reinsurers' share of outstanding claims	--	2,185	770	2,269	2,828	11,830
Reinsurers' share of claims incurred but not reported	18	2,940	(167)	(69)	(29)	2,296
Reinsurers' excess of loss claims	--	407	--	--	--	407
Deferred policy acquisition costs	968	6,893	1,314	354	389	908
Unallocated assets	--	--	--	--	--	--
TOTAL ASSETS	986	31,369	13,935	5,265	5,655	6,999
						296,029
						167,995
						464,024
LIABILITIES						
Unearned premiums	35,211	123,031	13,825	3,098	3,742	7,673
Unearned reinsurance commission	--	2,155	1,669	700	805	636
Outstanding claims	10,424	11,499	900	2,510	3,533	6,302
Claims incurred but not reported	8,890	12,037	(222)	(87)	(79)	(362)
Premium deficiency reserve	--	1,574	--	--	--	--
Other technical reserves	193	2,296	20	73	104	178
Unallocated liabilities	--	--	--	--	--	--
TOTAL LIABILITIES	54,718	152,592	16,192	6,294	8,105	14,427
						316,209
						9,041
						325,250

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15. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	Insurance Operations						Total
	Medical	Motor	Property	Engineering	Marine	Accident & liability	
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
As at 31 December 2020 (Audited)							
ASSETS							
Reinsurers' share of unearned premiums	--	18,416	10,364	3,478	3,161	2,247	37,666
Reinsurers' share of outstanding claims	--	1,568	654	2,493	2,111	3,469	10,295
Reinsurers' share of claims incurred but not reported	245	5,198	(776)	(125)	(55)	(563)	3,924
Reinsurers' excess of loss claims	--	443	--	--	--	--	443
Deferred policy acquisition costs	917	5,299	1,207	325	285	582	8,615
Unallocated assets							193,443
TOTAL ASSETS	1,162	30,924	11,449	6,171	5,502	7,208	254,386
							173,302
							427,688
LIABILITIES							
Unearned premiums	18,336	88,637	11,372	3,885	4,118	5,091	131,439
Unearned reinsurance commission	--	2,071	2,394	651	755	660	6,531
Outstanding claims	10,880	7,370	703	2,758	2,549	5,590	29,850
Claims incurred but not reported	5,671	16,768	(987)	(153)	(163)	(725)	20,411
Premium deficiency reserve	--	1,311	--	--	--	--	--
Other technical reserves	145	1,959	171	127	137	231	2,770
Unallocated liabilities	--	--	--	--	--	--	64,444
TOTAL LIABILITIES	35,032	118,116	13,653	7,268	7,396	10,847	256,756
							7,798
							264,554

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15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME**

	<i>For the three-months period ended 31 March 2021 (Unaudited)</i>						
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
REVENUES							
Gross written premiums	32,375	77,834	10,468	1,371	3,049	4,967	130,064
Less: Reinsurance contracts premiums ceded							
-Local reinsurance	--	--	(385)	(60)	(146)	(84)	(676)
-Foreign reinsurance	--	(8,642)	(8,751)	(1,113)	(1,644)	(2,086)	(22,235)
Excess of loss expenses	(1,330)	(894)	(325)	(50)	(321)	(181)	(3,101)
Net written premiums	31,045	68,298	1,007	148	938	2,616	104,052
Changes in unearned premiums – net	(16,875)	(33,865)	(800)	20	(319)	(2,119)	(53,958)
Net premiums earned	14,170	34,433	207	168	619	497	50,094
Reinsurance commissions		895	1,365	259	550	434	3,503
Other underwriting income	7	8	3	1	5	9	33
TOTAL REVENUES	14,177	35,336	1,575	428	1,174	940	53,630
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	15,923	37,258	--	118	144	184	53,627
Expenses incurred related to claims	955	1,138	--	--	--	--	2,093
Less: Reinsurers' share of claims paid	(2,146)	(6,960)	17	(102)	(71)	(141)	(9,403)
Net claims and other benefits paid	14,732	31,436	17	16	73	43	46,317
Changes in outstanding claims – net	(456)	3,548	81	(24)	265	406	3,820
Changes in claims incurred but not reported – net	3,446	(2,472)	156	10	59	196	1,395
Net claims and other benefits incurred	17,722	32,512	254	2	397	645	51,532
Reversal of premium deficiency reserve	1,574	(1,311)	--	--	--	--	263
Other technical reserves	48	337	(151)	(57)	(33)	(50)	94
Policy acquisition costs	596	2,996	774	125	232	299	5,022
TOTAL UNDERWRITING COSTS AND EXPENSES	19,940	34,534	877	70	596	894	56,911
NET UNDERWRITING (LOSS) / INCOME	(5,763)	802	698	358	578	46	(3,281)

	<i>Medical</i> SR '000	<i>Motor</i> SR '000	<i>Property</i> SR '000	<i>Engineering</i> SR '000	<i>Marine</i> SR '000	<i>Accident & liability</i> SR '000	<i>Total</i> SR '000
NET UNDERWRITING (LOSS) / INCOME	(5,763)	802	698	358	578	46	(3,281)
<u>OTHER OPERATING (EXPENSES) / INCOME</u>							
Reversal for impairment of premium receivables							(699)
Reversal for impairment of reinsurance receivables							(93)
General and administration expenses							(24,336)
Commission income on deposits							211
Unrealized gain on investments							3,736
Other income							<u>1,049</u>
TOTAL OTHER OPERATING (EXPENSES) - NET							<u>(20,132)</u>
Loss before Surplus and Zakat							(23,413)
Income attributed to the insurance operations (transfer to surplus payable)							<u>--</u>
Loss attributed to the shareholders before Zakat							(23,413)
Zakat charge							<u>(947)</u>
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(24,360)

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15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME (continued)**

	<i>For the three-months period ended 31 March 2020 (Unaudited)</i>						
	<i>Medical</i> SR '000	<i>Motor</i> SR '000	<i>Property</i> SR '000	<i>Engineering</i> SR '000	<i>Marine</i> SR '000	<i>Accident & liability</i> SR '000	<i>Total</i> SR '000
REVENUES							
Gross written premiums	37,181	65,695	13,174	1,970	5,446	6,400	129,866
Reinsurance premiums ceded							
-Local reinsurance	--	--	(598)	(74)	(233)	(81)	(986)
-Foreign reinsurance		(13,771)	(11,790)	(1,688)	(4,130)	(2,219)	(33,598)
Excess of loss expenses	(529)	(849)	(731)	(41)	(65)	(85)	(2,300)
Net written premiums	36,652	51,075	55	167	1,018	4,015	92,982
Changes in unearned premiums – net	(15,597)	(21,371)	(94)	(72)	(198)	(226)	(37,558)
Net premiums earned	21,055	29,704	(39)	95	820	3,789	55,424
Reinsurance commissions	--	906	1,708	323	714	433	4,084
Other underwriting income	13	7	3	2	7	6	38
TOTAL REVENUES	21,068	30,617	1,672	420	1,541	4,228	59,546
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	13,063	33,100	2,877	260	1,237	1,823	52,360
Expenses incurred related to claims	1,386	1,785	--	--	--	--	3,171
Less: Reinsurers' share of claims paid	(1,615)	(6,487)	(2,625)	(239)	(1,011)	(1,441)	(13,418)
Net claims and other benefits paid	12,834	28,398	252	21	226	382	42,113
Changes in outstanding claims, net	805	1,404	(211)	6	92	287	2,383
Changes in claims incurred but not reported – net	1,299	(3,959)	(217)	(71)	(368)	(547)	(3,863)
Net claims and other benefits incurred	14,938	25,843	(176)	(44)	(50)	122	40,633
Reversal of premium deficiency reserve	(2,355)	(1,000)	96	(376)	(70)	--	(3,705)
Other technical reserves	17	205	163	97	79	135	696
Policy acquisition costs	870	2,682	790	142	411	316	5,211
TOTAL UNDERWRITING COSTS AND EXPENSES	13,470	27,730	873	(181)	370	573	42,835
NET UNDERWRITING INCOME	7,598	2,887	799	601	1,171	3,655	16,711

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16. 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 the Board of Directors. The following are the details of the major related party transactions during the period and the related balances:

<u>Related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Transactions for the three-months period ended</u>		<u>Balance receivable / (payable) as at</u>	
			<u>31 March 2021</u> <i>(Unaudited)</i> SR '000	<u>31 March 2020</u> <i>(Unaudited)</i> SR '000	<u>31 March 2021</u> <i>(Unaudited)</i> SR '000	<u>31 December 2020 (Audited)</u> SR '000
<i>Insurance operations</i>						
Gulf Cooperation Insurance Company Ltd. E.C.	Shareholder	Expenses paid	--	--	--	--
Saudi General Insurance Company Ltd. E.C.	Shareholder	Expenses paid	--	--	--	(309)
Rolaco Group	Related to shareholders	Premiums underwritten (note 6) Claims paid	95 (1)	119 (2)	58 --	8 (1)
Dabbagh Group	Related to shareholders	Premiums underwritten (note 6) Claims paid	343 (3,091)	545 (543)	275 (813)	1,833 (1,275)
Farouk, Maamoun Tamer & Company	Shareholder	Premiums underwritten (note 6) Claims paid	-- --	10,677 (1,016)	-- --	-- --
Raghaf Establishment	Related to shareholders	Premiums underwritten (note 6) Claims paid	18 (16)	26 (33)	(40) --	-- --
Key Management Personnel		Short-term benefits Long-term benefits	(768) (37)	(768) (37)	-- (741)	-- (705)
<i>Shareholders' operations</i>						
Board of Directors		Board of Directors remuneration and related expenses	(450)	450	(2,250)	(1,800)

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17. ZAKAT**17.1 Zakat provision**

Movements in the Zakat provision during the three-month period ended 31 March 2021 and year ended 31 December 2020 are as follows:

	<i>31 March 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Balance as at beginning of the period / year	3,268	3,342
Provided during the period / year	947	3,114
Provided for prior periods / years	--	1,995
Paid during the period / year	(191)	(5,183)
Balance as at end of the period / year	<u>4,024</u>	<u>3,268</u>

17.2 Status of assessments

The Company has finalized its Zakat and withholding status for the period/years from December 31, 2010 to 2015, after reaching a final settlement for Zakat and withholding tax of SR 2,846,754, at the Dispute Resolution Committee. The Company filed its Zakat returns for years December 31, 2016 and 2017 and obtained the related Zakat certificates. In line with the disclosure initiative, the Company obtained the GAZT approval to apply the same withholding tax treatment for the above years and settled additional withholding tax of SR 1,805,884. The Company filed its Zakat return for the year December 31, 2018 and obtained the related Zakat certificate. GAZT issued the Zakat and WHT assessment for the years ended December 31, 2016 to 2018 and claimed additional Zakat and withholding liabilities of SR 19,934,124.75. The Company settled the amount of SR 1,824,414.26 related to the Zakat differences and objected against the remaining WHT differences. The GAZT issued the revised assessment claiming the same WHT differences of SR 18,109,710.49. The Company escalated the said objection to the Committee for Resolution of Tax Violations and Disputes "CRTVD", to assign a hearing session. The Company filed its Zakat return for the year December 31, 2019 and 2020 and obtained the related Zakat certificate. The GAZT didn't finalize the assessment of the said year.

18. SHARE CAPITAL

The share capital of the Company is SR 200 million divided into 20 million shares of SR 10 each (31 December 2020: 20 million shares of SR 10 each). The shareholding structure of the Company is as below.

	<i>31 March 2021 (Unaudited)</i>		<i>31 December 2020 (Audited)</i>	
	<i>Percentage of holding</i>	<i>Amount SR '000</i>	<i>Percentage of holding</i>	<i>Amount SR '000</i>
Founding shareholders	35%	75,800	35%	75,800
General public	65%	124,200	65%	124,200
	<u>100%</u>	<u>200,000</u>	<u>100%</u>	<u>200,000</u>

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18. SHARE CAPITAL (continued)

On 24 Shabaan 1440H, corresponding to 29 April 2019, the Board of Directors recommended an increase in the Company's capital through offering a rights issue with a total value of SR 300 million. During 2019, the Company received approval from Saudi Arabian Monetary Authority ("SAMA") and is currently in the process of finalizing the remaining regulatory and legal formalities underlying such increase.

19. CAPITAL MANAGEMENT

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

Capital requirements are set and regulated by SAMA. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital to ensure that it is able to continue as going concern and comply with the SAMA's capital requirements while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising of paid-up capital, statutory reserve, and retained earnings.

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

The Company has fully complied with the externally imposed capital requirements during the reported financial period.

20. LOSS PER SHARE

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Net loss for the period attributable to the shareholders of the Company (SR '000')	(24,360)	(4,756)
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000')	20,000	20,000
Basic and diluted loss per share based on net loss for the period attributable to shareholders of the Company (SR)	(1.22)	(0.24)

The basic loss per share have been calculated by dividing the net loss for the period by the weighted average number of ordinary shares issued and outstanding at the period-end. In the absence of any convertible liability, the diluted loss per share do not differ from the basic loss per share.

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21. SUPPLEMENTARY INFORMATION

As required by the Implementing Regulations, the statement of financial position, statement of income and statement of cash flows separately for insurance operations and shareholders operations are as follows:

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Insurance operations SR'000	Shareholders' operations SR'000	Total SR'000	Insurance operations SR'000	Shareholders' operations SR'000	Total SR'000
ASSETS						
Cash and cash equivalents	89,112	68,624	157,736	83,775	77,619	161,394
Murabaha deposits	--	--	--	--	--	--
Premiums receivable – net	64,599	--	64,599	43,403	--	43,403
Due from reinsurers – net	18,317	--	18,317	16,246	--	16,246
Reinsurers' share of unearned premiums	38,850	--	38,850	37,666	--	37,666
Reinsurers' share of outstanding claims	11,830	--	11,830	10,295	--	10,295
Reinsurers' share of claims incurred but not reported	2,296	--	2,296	3,924	--	3,924
Reinsurers' excess of loss claims	407	--	407	443	--	443
Deferred policy acquisition costs	10,826	--	10,826	8,615	--	8,615
Investments	--	40,605	40,605	--	36,869	36,869
Prepayments and other assets	42,193	241	42,434	33,325	324	33,649
Property and equipment	7,537	--	7,537	6,429	--	6,429
Right-of-use assets	2,371	--	2,371	2,644	--	2,644
Intangible assets	7,691	--	7,691	7,621	--	7,621
Goodwill	--	36,260	36,260	--	36,260	36,260
Statutory deposit	--	20,000	20,000	--	20,000	20,000
Accrued income on statutory deposit	--	2,265	2,265	--	2,230	2,230
TOTAL OPERATIONS ASSETS	296,029	167,995	464,024	254,386	173,302	427,688
Less: Inter-operations eliminations	--	--	--	--	--	--
TOTAL ASSETS	296,029	167,995	464,024	254,386	173,302	427,688

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
LIABILITIES						
Due to policyholders	10,947	--	10,947	11,468	--	11,468
Accrued expenses and other liabilities	17,621	2,752	20,373	24,199	2,300	26,499
Due to reinsurers	7,099	--	7,099	2,503	--	2,503
Due to brokers	13,209	--	13,209	11,450	--	11,450
Unearned premiums	186,580	--	186,580	131,439	--	131,439
Unearned reinsurance commission	5,965	--	5,965	6,531	--	6,531
Outstanding claims	35,168	--	35,168	29,850	--	29,850
Claims incurred but not reported	20,177	--	20,177	20,411	--	20,411
Premium deficiency reserve	1,574	--	1,574	1,311	--	1,311
Other technical reserves	2,864	--	2,864	2,770	--	2,770
Due to / (from) shareholders' operations	(21,287)	21,287	--	(3,470)	3,470	--
Employees' defined benefit obligations	4,499	--	4,499	4,171	--	4,171
Lease liabilities	1,764	--	1,764	1,911	--	1,911
Insurance operations' surplus payable	8,742	--	8,742	8,742	--	8,742
Accrued Zakat	--	4,024	4,024	--	3,268	3,268
Accrued income payable to SAMAA	--	2,265	2,265	--	2,230	2,230
TOTAL OPERATIONS LIABILITIES	294,922	30,328	325,250	253,286	11,268	264,554
Less: Inter-operations eliminations	21,287	(21,287)	--	3,470	(3,470)	--
TOTAL LIABILITIES	316,209	9,041	325,250	256,756	7,798	264,554
EQUITY						
Share capital	--	200,000	200,000	--	200,000	200,000
Statutory reserve	--	2,165	2,165	--	2,165	2,165
Accumulated losses	--	(64,495)	(64,495)	--	(40,135)	(40,135)
Re-measurement reserve of defined benefit obligations	1,104	--	1,104	1,104	--	1,104
TOTAL EQUITY	1,104	137,670	138,774	1,104	162,030	163,134
TOTAL LIABILITIES AND EQUITY	317,313	146,711	464,024	257,860	169,828	427,688

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME

For the three-months period ended

	31 March 2021 (Unaudited)		31 March 2020 (Unaudited)	
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
REVENUES				
Gross written premiums	130,064	--	130,064	--
Less: Reinsurance contracts premiums ceded				
-Local reinsurance	(676)	--	(676)	--
-Foreign reinsurance	(22,235)	--	(22,235)	--
Excess of loss expenses	(3,101)	--	(3,101)	--
Net written premiums	104,052	--	104,052	--
Changes in unearned premiums – net	(53,958)	--	(53,958)	--
Net premiums earned	50,094	--	50,094	--
Commission earned on ceded reinsurance	3,503	--	3,503	--
Other underwriting income	33	--	33	--
TOTAL REVENUES	53,630	--	53,630	--
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	53,627	--	53,627	--
Expenses incurred related to claims	2,093	--	2,093	--
Less: Reinsurers' share of claims paid	(9,403)	--	(9,403)	--
Net claims and other benefits paid	46,317	--	46,317	--
Change in net outstanding claims - net	3,820	--	3,820	--
Changes in claims incurred but not reported - net	1,395	--	1,395	--
Net claims and other benefits incurred	51,532	--	51,532	--
Reversal of premium deficiency reserve	263	--	263	--
Other technical reserves	94	--	94	--
Policy acquisition costs	5,022	--	5,022	--
TOTAL UNDERWRITING COSTS AND EXPENSES	56,911	--	56,911	--
NET UNDERWRITING (LOSS) / INCOME	(3,281)	--	(3,281)	--

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

For the three-months period ended

	31 March 2021 (Unaudited)			31 March 2020 (Unaudited)		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
(provision) / Reversal for impairment of premium receivables	(699)	--	(699)	4,472	--	4,472
Provision for impairment of reinsurance receivables	(93)	--	(93)	(403)	--	(403)
General and administration expenses	(23,251)	(1,085)	(24,336)	(17,666)	(1,271)	(18,937)
Commission income on deposits	102	109	211	328	320	648
Unrealized gain on investments		3,736	3,736	--	(8,015)	(8,015)
Other income	1,024	25	1,049	1,791	1	1,792
TOTAL OTHER OPERATING EXPENSES – NET	(22,917)	2,785	(20,132)	(11,478)	(8,965)	(20,443)
Income before Surplus and Zakat	(26,198)	2,785	(23,413)	5,233	(8,965)	(3,732)
Surplus transferred to Shareholders (note 1)	26,198	(26,198)	--	(4,710)	4,710	--
NET INCOME FOR THE PERIOD AFTER TRANSFER OF SURPLUS TO THE SHAREHOLDERS BEFORE ZAKAT	--	(23,413)	(23,413)	523	(4,255)	(3,732)
Zakat charge	--	(947)	(947)	--	(501)	(501)
NET (LOSS) / INCOME FOR THE PERIOD	--	(24,360)	(24,360)	523	(4,756)	(4,233)
LOSS PER SHARE (Expressed in SR per share)						
Weighted average number of shares (in thousands)		20,000			20,000	
		(1.22)			(0.24)	
Basic and diluted loss per share (SR per share)						

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-months period ended

	31 March 2021 (Unaudited)			31 March 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
NET INCOME FOR THE PERIOD	--	(24,360)	(24,360)	523	(4,756)	(4,233)
Other comprehensive income / (loss)	--	--	--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(24,360)	(24,360)	523	(4,756)	(4,233)
Less: net income attributable to insurance operations						(523)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS			(24,360)			(4,756)

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended

CASH FLOWS FROM OPERATING ACTIVITIES

Net (loss) / income for the period

Adjustments for non-cash items:

Depreciation on property and equipment

Amortization on intangible assets

Amortization on right-of-use assets

Provision / (Reversal) for impairment of premium receivables

Provision for impairment of reinsurance receivables

Unrealized loss / (gain) on investments held at FVIF

	31 March 2021 (Unaudited)			31 March 2020 (Unaudited)		
	Insurance operations SR'000	Shareholders' operations SR'000	Total SR'000	Insurance operations SR'000	Shareholders' operations SR'000	Total SR'000
Net (loss) / income for the period	--	(23,413)	(23,413)	523	(4,255)	(3,732)
Adjustments for non-cash items:						
Depreciation on property and equipment	688		688	517	--	517
Amortization on intangible assets	324		324	307		307
Amortization on right-of-use assets	272		272	266		266
Provision / (Reversal) for impairment of premium receivables	699		699	(4,472)		(4,472)
Provision for impairment of reinsurance receivables	94		94	403		403
Unrealized loss / (gain) on investments held at FVIF		(3,736)	(3,736)		8,015	8,015
	2,077	(27,149)	(25,072)	(2,456)	3,760	1,304

Changes in operating assets and liabilities:

Premiums receivable – net

Due from reinsurers – net

Reinsurers' share of unearned premiums

Reinsurer's share of outstanding claims

Reinsurer's share of claims incurred but not reported

Deferred excess of loss claims

Deferred policy acquisition costs

Prepayments and other assets

Due from shareholders' operations

Due to policyholders

Accrued expenses and other liabilities

Due to reinsurers

Due to brokers

Unearned premiums

(21,895)	--	(21,895)	(38,532)		(38,532)
(2,165)	--	(2,165)	(2,436)		(2,436)
(1,184)	--	(1,184)	(12,775)		(12,775)
(1,535)	--	(1,535)	2,749		2,749
1,628	--	1,628	4,759		4,759
36	--	36	(94)		(94)
(2,211)	--	(2,211)	(1,931)		(1,931)
(8,868)	83	(8,785)	(2,420)	(257)	(2,677)
(17,817)	17,817	--	3,834	(3,834)	--
(521)	--	(521)	(2,292)		(2,292)
(7,742)	445	(7,297)	(315)	488	173
4,597	--	4,597	9,790		9,790
1,759	--	1,759	1,006		1,006
55,141	--	55,141	50,333		50,333

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)

For the three-month period ended

	31 March 2020 (Unaudited)			31 March 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)						
Changes in operating assets and liabilities (continued)						
Unearned reinsurance commission	(566)	--	(566)	2,618	--	2,618
Outstanding claims	5,318	--	5,318	(272)	--	(272)
Claims incurred but not reported	(234)	--	(234)	(8,621)	--	(8,621)
Premium deficiency reserve	263	--	263	(3,705)	--	(3,705)
Other technical reserves	94	--	94	695	--	695
Employees defined benefit obligations	328	--	328	49	--	49
Lease liabilities	--	--	--	31	--	31
	4,426	18,345	22,771	2,471	(3,603)	(1,132)
Surplus paid to policy holders	--	--	--	(24)	--	(24)
Zakat paid	--	(191)	(191)	--	--	(3,847)
Net cash generated from / (used in) operating activities	6,503	(8,995)	(2,492)	(9)	157	148
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to property and equipment	(970)		(970)	(741)		(741)
Additions to intangible assets	(49)		(49)	(827)		(827)
Proceeds from maturity of Murabaha deposits	--	--	--	30,000	(22,000)	8,000
Net cash generated from investing activities	(1,019)	--	(1,019)	28,432	(22,000)	6,432
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of lease liabilities	(147)		(147)	(323)	--	(323)
Net cash used in financing activities	(147)		(147)	(323)	--	(323)
Net increase / (Decrease) in cash and cash equivalents	5,337	(8,995)	(3,658)	28,100	(21,843)	6,257
Cash and cash equivalents at the beginning of the period	83,775	77,619	161,394	45,258	68,557	113,815
Cash and cash equivalents at the end of the period	89,112	68,624	157,736	73,358	46,714	120,072

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2021

22. IMPACT OF COVID 19 OUTBREAK AND SUBSEQUENT EVENTS

The outbreak of novel coronavirus (COVID-19) since early 2020, its spread across mainland China and then globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope; has led to significant disruptions in the retail, travel and hospitality industries, and in global trade. It has resulted in decreased economic activity and lowered estimates for future economic growth and has caused global financial markets to experience significant volatility. The Company has considered the following while assessing the impact of COVID-19 outbreak:

- **Financial assets**

The Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. These include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant decline in the fair value of financial assets below their cost. Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three months ended 31 March 2021. The Company's management continues to monitor the situation closely.

- **Credit risk management**

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required. Based on the review, the Company has identified the following sectors being impacted significantly by the Covid-19 pandemic and lower oil prices:

- Foods
- Airlines
- Freight companies
- Hotels
- Retail
- Construction
- Entertainment
- Tourism

- **Liquidity Risk**

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

23. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on 24 Ramadan 1442H, corresponding to 6 May 2021.