

**GULF UNION ALAHLIA COOPERATIVE  
INSURANCE COMPANY (FORMERLY “GULF UNION  
COOPERATIVE INSURANCE COMPANY”)  
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE-MONTH AND SIX-MONTH  
PERIODS ENDED JUNE 30, 2021 (UNAUDITED)  
AND REPORT ON REVIEW OF  
INTERIM FINANCIAL INFORMATION**

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED FINANCIAL INFORMATION FOR THE THREE-MONTH AND**  
**SIX-MONTH PERIODS ENDED JUNE 30, 2021 (UNAUDITED)**

	<b>Page</b>
Report on review of interim financial information	2
Interim condensed statement of financial position	3
Interim condensed statement of income	4 - 6
Interim condensed statement of comprehensive income	7
Interim condensed statement of changes in equity	8
Interim condensed statement of cash flows	9 - 10
Notes to the interim condensed financial information	11 - 60



## Report on review of interim 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 June 30, 2021 and the related interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended and the interim condensed statements of changes in equity and cash flows for the six-month period ended June 30, 2021 and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

### Scope of review

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

### Conclusion

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

### Emphasis of matter

We draw attention to Note 18 to the accompanying interim condensed financial information. The Company has received a letter from the Saudi Central Bank ("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 Implementing Regulations of the Cooperative Insurance Companies Control Law (the "Regulations"). The Company has submitted its planned rectification measures to SAMA and has mentioned in its response that the solvency margin is expected to be in line with the Regulations by the end of the fourth quarter of 2021.

Our conclusion is not modified in respect of this matter.

### PricewaterhouseCoopers

P.O. Box 467  
Dhahran Airport 31932  
Kingdom of Saudi Arabia

Ali H. Al Basri  
License Number 409



August 18, 2021  
Muharram 10, 1443H

### RSM Allied Accountants (Dr. Abdelgadir Bannaga & Partners Co.)

P.O. Box 12333  
Riyadh 8335  
Kingdom of Saudi Arabia

Mohammed Farhan Bin Nader  
License Number 435



**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)

		June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	Note		
<b>ASSETS</b>			
Cash and cash equivalents	6	195,436,438	179,508,029
Short-term deposits	7	40,054,223	126,570,741
Premiums and reinsurers' receivable - net	8	177,724,670	206,568,729
Premiums receivable - related parties - net	14	8,969,428	8,311,277
Reinsurers' share of unearned premiums	9	47,243,347	36,474,798
Reinsurers' share of outstanding claims	9	50,212,495	48,489,107
Reinsurers' share of claims incurred but not reported	9	23,252,841	20,062,991
Deferred policy acquisition costs		24,821,636	29,474,599
Deferred excess of loss premiums		3,707,632	-
Investments	10	281,532,947	257,059,214
Prepaid expenses and other assets		38,957,931	30,821,365
Property and equipment		9,749,913	10,770,393
Right-of-use assets		8,288,926	9,278,773
Intangible assets		13,106,511	12,106,745
Goodwill	5	103,786,750	103,786,750
Statutory deposit		34,421,196	52,871,196
Accrued income on statutory deposit		7,675,662	7,562,956
<b>TOTAL ASSETS</b>		<b>1,068,942,546</b>	<b>1,139,717,663</b>
<b>LIABILITIES</b>			
Accounts payable		94,495,625	72,108,216
Accrued and other liabilities		42,327,625	27,905,430
Reinsurers' balances payable		22,552,321	15,379,852
Unearned premiums	9	309,407,474	375,588,801
Unearned reinsurance commission		10,927,560	8,825,885
Outstanding claims	9	114,931,204	104,742,560
Claims incurred but not reported	9	194,395,211	170,897,914
Additional premium reserves	9	28,877,326	11,295,391
Other technical reserves	9	13,062,285	11,211,593
Lease liabilities		7,454,695	7,500,772
Employee benefit obligations		19,583,688	20,659,103
Zakat and income tax	15	20,072,948	19,958,958
Surplus distribution payable		13,748,722	13,748,722
Accrued income payable to SAMA		7,675,662	7,562,956
<b>TOTAL LIABILITIES</b>		<b>899,512,346</b>	<b>867,386,153</b>
<b>EQUITY</b>			
Share capital	1, 16	229,474,640	229,474,640
Share premium	1, 4	-	89,488,445
Statutory reserve	17	4,885,691	4,885,691
Accumulated losses		(75,651,475)	(59,541,995)
Remeasurement reserve of employee benefit obligations		(2,203,061)	(2,203,061)
Fair value reserve on investments		12,924,405	10,227,790
<b>TOTAL EQUITY</b>		<b>169,430,200</b>	<b>272,331,510</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,068,942,546</b>	<b>1,139,717,663</b>

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

Osama Alawi Alhashim  
Chief Financial Officer

Meshael Al Shayea  
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 June 30, 2021 (Unaudited)	Three-month period ended June 30, 2020 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2020 (Unaudited)
	Note				
<b>REVENUES</b>					
Gross premiums written	13	128,214,067	92,459,018	305,293,178	226,111,769
Reinsurance premiums ceded:					
- Foreign		(19,238,197)	(14,272,802)	(53,340,342)	(44,526,663)
- Local		(3,564,041)	(3,133,183)	(7,200,600)	(7,151,920)
Excess of loss premiums:					
- Foreign		(9,395,350)	(1,096,403)	(12,359,731)	(2,192,805)
- Local		(505,099)	(121,544)	(1,072,559)	(243,088)
<b>Net premiums written</b>		<b>95,511,380</b>	<b>73,835,086</b>	<b>231,319,946</b>	<b>171,997,293</b>
Changes in unearned premiums	9	60,527,772	30,443,271	66,181,327	33,090,584
Changes in reinsurers' share of unearned premiums	9	(3,423,451)	(5,304,127)	10,768,549	1,321,811
<b>Net premiums earned</b>		<b>152,615,701</b>	<b>98,974,230</b>	<b>308,269,822</b>	<b>206,409,688</b>
Reinsurance commissions		5,950,855	5,188,791	11,627,257	11,374,785
Fee income from insurance		85,440	42,640	199,418	110,911
<b>Total revenues</b>		<b>158,651,996</b>	<b>104,205,661</b>	<b>320,096,497</b>	<b>217,895,384</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	13	(142,737,342)	(80,921,575)	(314,849,763)	(162,152,968)
Reinsurers' share of gross claims paid		22,390,586	9,515,879	36,041,548	28,851,172
Expenses incurred related to claims		(4,156,154)	(1,173,149)	(7,793,908)	(2,290,618)
<b>Net claims and other benefits paid</b>		<b>(124,502,910)</b>	<b>(72,578,845)</b>	<b>(286,602,123)</b>	<b>(135,592,414)</b>
Changes in outstanding claims	9	7,407,059	31,915,868	(10,188,644)	(4,243,905)
Changes in reinsurers' share of outstanding claims	9	(1,469,880)	(107,499)	1,723,388	498,531
Changes in claims incurred but not reported	9	(33,649,273)	(6,922,644)	(23,497,297)	5,172,076
Changes in reinsurers' share of claims incurred but not reported	9	3,901,785	(505,707)	3,189,850	(4,500,138)
<b>Net claims and other benefits incurred</b>		<b>(148,313,219)</b>	<b>(48,198,827)</b>	<b>(315,374,826)</b>	<b>(138,665,850)</b>

(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 June 30, 2021 (Unaudited)	Three-month period ended June 30, 2020 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2020 (Unaudited)
Note					
		<b>(14,328,020)</b>	(9,343,843)	<b>(28,139,176)</b>	(19,135,776)
Policy acquisition costs					
Changes in additional					
premium reserves	9	<b>(7,171,265)</b>	(8,593,626)	<b>(17,581,935)</b>	(4,646,561)
Changes in other					
technical reserves	9	<b>(1,920,264)</b>	435,101	<b>(1,850,692)</b>	134,119
Other underwriting					
expenses		<b>(3,526,700)</b>	(1,137,597)	<b>(3,799,695)</b>	(1,570,405)
<b>Total underwriting costs and expenses, net</b>		<b>(175,259,468)</b>	(66,838,792)	<b>(366,746,324)</b>	(163,884,473)
<b>NET UNDERWRITING (LOSS) INCOME</b>		<b>(16,607,472)</b>	37,366,869	<b>(46,649,827)</b>	54,010,911
<b>OTHER OPERATING (EXPENSES) INCOME</b>					
Allowance for doubtful					
debts	8, 14	<b>(3,044,068)</b>	(12,402,809)	<b>(6,757,435)</b>	(15,424,878)
General and					
administrative expenses		<b>(32,388,696)</b>	(21,266,083)	<b>(61,390,177)</b>	(44,745,465)
Investment and					
commission income -					
net		<b>4,515,625</b>	2,532,239	<b>8,722,344</b>	5,600,174
Finance costs on leases		<b>(72,908)</b>	(66,644)	<b>(146,981)</b>	(133,567)
Other income		<b>796,299</b>	4,435,923	<b>2,624,151</b>	5,192,301
<b>Total other operating expenses, net</b>		<b>(30,193,748)</b>	(26,767,374)	<b>(56,948,098)</b>	(49,511,435)
<b>Total (loss) income for the period before surplus attribution, zakat and income tax</b>		<b>(46,801,220)</b>	10,599,495	<b>(103,597,925)</b>	4,499,476
<b>Surplus attributed to the insurance operations</b>		-	(1,026,819)	-	(380,366)
<b>Total (loss) income for the period before zakat and income tax</b>		<b>(46,801,220)</b>	9,572,676	<b>(103,597,925)</b>	4,119,110
Zakat expense	15	<b>(1,000,000)</b>	(623,198)	<b>(2,000,000)</b>	(1,315,640)
Income tax expense	15	-	-	-	-
<b>Total (loss) income for the period attributable to the shareholders</b>		<b>(47,801,220)</b>	8,949,478	<b>(105,597,925)</b>	2,803,470

(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 June 30, 2021 (Unaudited)	Three-month period ended June 30, 2020 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2020 (Unaudited)
	Note				
<b>Weighted average number of outstanding shares</b>	19	<b>22,947,464</b>	15,000,000	<b>22,947,464</b>	15,000,000
<b>(Losses) earnings per share (expressed in Saudi Riyals per share)</b>					
Basic (losses) earnings per share	19	<b>(2.08)</b>	0.60	<b>(4.60)</b>	0.19
Diluted (losses) earnings per share	19	<b>(2.08)</b>	0.60	<b>(4.60)</b>	0.19

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

Osama Alawi Alhashim  
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)

		<b>Three-month period ended June 30, 2021 (Unaudited)</b>	<b>Three-month period ended June 30, 2020 (Unaudited)</b>	<b>Six-month period ended June 30, 2021 (Unaudited)</b>	<b>Six-month period ended June 30, 2020 (Unaudited)</b>
	<b>Note</b>				
Total (loss) income for the period attributable to the shareholders		<b>(47,801,220)</b>	8,949,478	<b>(105,597,925)</b>	2,803,470
<b>Other comprehensive income:</b>					
<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	<b>1,058,511</b>	9,161,690	<b>2,696,615</b>	2,364,727
Realized gain reclassified to interim condensed statement of income	10	-	(39,457)	-	(39,457)
		<b>1,058,511</b>	9,122,233	<b>2,696,615</b>	2,325,270
<b>Total comprehensive (loss) income for the period</b>		<b>(46,742,709)</b>	18,071,711	<b>(102,901,310)</b>	5,128,740

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

Osama Alawi Alhashim  
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 SIX-MONTH PERIOD ENDED JUNE 30, 2021**  
(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
<b>At January 1, 2021 (Audited)</b>		<b>229,474,640</b>	<b>89,488,445</b>	<b>4,885,691</b>	<b>(59,541,995)</b>	<b>(2,203,061)</b>	<b>10,227,790</b>	<b>272,331,510</b>
<b>Total comprehensive (loss) income for the period</b>								
Total loss for the period attributable to the shareholders		-	-	-	(105,597,925)	-	-	(105,597,925)
Absorption of losses against share premium	1	-	(89,488,445)	-	89,488,445	-	-	-
Net change in fair value of available-for-sale investments	10	-	-	-	-	-	2,696,615	2,696,615
Total comprehensive (loss) income for the period		-	(89,488,445)	-	(16,109,480)	-	2,696,615	(102,901,310)
<b>At June 30, 2021 (Unaudited)</b>		<b>229,474,640</b>	<b>-</b>	<b>4,885,691</b>	<b>(75,651,475)</b>	<b>(2,203,061)</b>	<b>12,924,405</b>	<b>169,430,200</b>
<b>At January 1, 2020 (Audited)</b>		<b>150,000,000</b>	<b>-</b>	<b>4,885,691</b>	<b>(13,964,902)</b>	<b>(3,105,460)</b>	<b>6,687,364</b>	<b>144,502,693</b>
<b>Total comprehensive (loss) income for the period</b>								
Total income for the period attributable to the shareholders		-	-	-	2,803,470	-	-	2,803,470
Net change in fair value of available-for-sale investments		-	-	-	-	-	2,364,727	2,364,727
Realized gain reclassified to interim condensed statement of income		-	-	-	-	-	(39,457)	(39,457)
Total comprehensive income for the period		-	-	-	2,803,470	-	2,325,270	5,128,740
<b>At June 30, 2020 (Unaudited)</b>		<b>150,000,000</b>	<b>-</b>	<b>4,885,691</b>	<b>(11,161,432)</b>	<b>(3,105,460)</b>	<b>9,012,634</b>	<b>149,631,433</b>

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

Osama Alawi Alhashim  
Chief Financial Officer

Meshael Al Shayea  
Chief Executive Officer

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For six-month period ended June 30, 2021 (Unaudited)	For six-month period ended June 30, 2020 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total (loss) income for the period before surplus attribution, zakat and income tax		<b>(103,597,925)</b>	4,499,476
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		<b>1,148,898</b>	690,726
Amortization of intangible assets		<b>1,213,764</b>	982,243
Depreciation of right-of-use assets		<b>973,077</b>	521,454
Finance costs on leases		<b>146,981</b>	133,567
Allowance for doubtful debts	8, 14	<b>6,757,435</b>	15,424,878
Investment and commission income		<b>(8,722,344)</b>	(5,653,555)
Provision for employee benefit obligations		<b>606,928</b>	1,168,308
Realized losses on disposals of available-for-sale investments	10	-	53,381
(Gain) loss on termination of lease liabilities		<b>(112,288)</b>	772
		<b>(101,585,474)</b>	17,821,250
<u>Changes in operating assets and liabilities:</u>			
Premiums and reinsurers' receivable	8	<b>22,086,624</b>	21,476,220
Premium receivables - related parties	14	<b>(658,151)</b>	1,695,183
Reinsurers' share of unearned premiums	9	<b>(10,768,549)</b>	(1,321,811)
Reinsurers' share of outstanding claims	9	<b>(1,723,388)</b>	(498,531)
Reinsurers' share of claims incurred but not reported	9	<b>(3,189,850)</b>	4,500,138
Deferred policy acquisition costs		<b>4,652,963</b>	2,500,801
Deferred excess of loss premiums		<b>(3,707,632)</b>	(2,435,893)
Prepaid expenses and other assets		<b>(2,816,108)</b>	4,299,080
Accounts payable		<b>22,387,409</b>	(5,809,368)
Accrued and other liabilities		<b>8,872,195</b>	10,135,083
Reinsurers' balances payable		<b>7,172,469</b>	10,339,646
Unearned premiums	9	<b>(66,181,327)</b>	(33,090,584)
Unearned reinsurance commission		<b>2,101,675</b>	(282,760)
Outstanding claims	9	<b>10,188,644</b>	4,243,905
Claims incurred but not reported	9	<b>23,497,297</b>	(5,172,076)
Additional premium reserves	9	<b>17,581,935</b>	4,646,561
Other technical reserves	9	<b>1,850,692</b>	(134,119)
Employee benefit obligations paid		<b>(1,682,343)</b>	(978,038)
Zakat and income tax paid		<b>(1,886,010)</b>	-
<b>Net cash (used in) generated from operating activities</b>		<b>(73,806,929)</b>	31,934,687
			(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS** (continued)  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

		<b>For six-month period ended June 30, 2021 (Unaudited)</b>	<b>For six-month period ended June 30, 2020 (Unaudited)</b>
	<b>Note</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Placement of short-term deposits		<b>(131,077,083)</b>	(73,250,000)
Liquidation of short-term deposits		<b>217,648,629</b>	75,968,577
Purchases of available-for-sale investments	10	<b>(25,527,118)</b>	(800,000)
Purchases of held to maturity investments	10	-	(5,000,000)
Proceeds from disposal of available-for-sale investments	10	-	7,312,500
Proceeds from redemption of held-to-maturity investments	10	<b>3,750,000</b>	7,541,665
Investment and commission income received		<b>8,896,858</b>	2,959,545
Payments for purchase property and equipment		<b>(349,440)</b>	(1,487,329)
Additions to intangible assets		<b>(2,460,772)</b>	(2,182,091)
Proceeds from disposal of property and equipment		<b>468,264</b>	-
Liquidation of statutory deposit		<b>18,450,000</b>	-
<b>Net cash generated from investing activities</b>		<b>89,799,338</b>	11,062,867
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal elements of lease payments		<b>(60,982)</b>	(1,146,182)
Finance cost paid		<b>(3,018)</b>	(128,818)
<b>Net cash used in financing activities</b>		<b>(64,000)</b>	(1,275,000)
<b>Net increase in cash and cash equivalents</b>		<b>15,928,409</b>	41,722,554
Cash and cash equivalents at the beginning of the period		<b>179,508,029</b>	66,862,753
Cash and cash equivalents at end of the period	6	<b>195,436,438</b>	108,585,307
<b><u>Supplemental non-cash information:</u></b>			
Net change in fair value reserve for available-for-sale investments	10	<b>2,696,615</b>	2,325,270
Right of-use-assets and lease liabilities		-	86,794

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

Osama Alawi Alhashim  
Chief Financial Officer

Meshael Al Shaya  
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 AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**1. General information - legal status and principal activities**

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.

As at March 31, 2021, the Company had accumulated losses of Saudi Riyals 117.3 million which exceeded one half of its share capital. During the three-month period ended June 30, 2021, in order to reduce the accumulated losses to less than one half of the share capital, the shareholders of the Company, in their meeting held on June 29, 2021, have resolved to absorb the accumulated losses amounting to Saudi Riyals 89.5 million against the share premium.

The loss for the six-month period ended June 30, 2021 is mainly attributable to the net underwriting loss of Saudi Riyals 80.6 million in the medical segment during the three-month and six-month periods ended June 30, 2021 (Note 13). Management has formulated and implemented measures, as approved by the Company’s Board of Directors, which include better pricing strategies for both corporate and small and medium enterprises medical 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 remaining quarters of 2021 and such positive trend as a result of corrective measures are expected to continue, provided that the underlying projections of the business and economic conditions continue to be realized.

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:

<b>Branch type</b>	<b>Location</b>	<b>CR number</b>
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

**Shareholding percentage**

The shareholding percentage of the Company at June 30, 2021 and December 31, 2020 was as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Shareholding percentage subject to zakat	<b>95%</b>	95%
Shareholding percentage subject to income tax	<b>5%</b>	5%
	<b>100%</b>	100%

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**2. Basis of preparation**

*(a) Statement of Compliance*

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

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, 2020.

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, reinsurers' balances payable, zakat and income tax, surplus distribution payable, accrued commission 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, property and equipment, right-of-use assets, intangible assets, statutory deposit, and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include reinsurers' share of unearned premiums, deferred policy acquisition, unearned premiums, unearned reinsurance commission and lease liabilities.

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

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

*(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, 2020.

*(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, 2020.

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:

*(i) Impact of Covid-19*

*Medical technical reserves*

The Company's management believes that the Saudi Arabian government initiative of providing free healthcare to infected and suspected patients has helped in reducing any unfavourable impact. During the period of lockdowns and curfews as implemented by the Saudi Arabian government, the Company experienced a decline in medical reported claims (mainly elective and non-chronic treatment claims) which resulted in a decrease in claims experience which could have resulted from the deferral of certain medical treatments. Accordingly, the Company's management has duly considered the impact of such deferral of medical claims in the current estimate of future contractual cashflows of the insurance contracts in force as at June 30, 2021 for its liability adequacy test. Based on the results, no additional reserves were recognised by the Company as of June 30, 2021 (December 31, 2020: Nil) for the issued medical policies to account for the above explained deferral.

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

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

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

Motor technical reserves

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the “Circular”) dated May 8, 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the Circular instructed the insurance companies to extend the period of validity of all existing retail motor insurance policies by two months as well as providing two months of additional coverage for all new retail motor insurance policies written within one month of the date of the Circular.

Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and the Company prospectively assessed the sufficiency of its unexpired risk reserves in relation to those existing retail Motor policies impacted by the Circular. For new retail motor policies issued as per above circular, the premium is earned over the period of twelve months. The Company’s management has duly considered the impact of such existing and new retail motor policies impacted by the Circular in claims in the current estimate of future contractual cashflows of the insurance contracts in force as at June 30, 2021 for its liability adequacy test. Based on the assessment of the in-force policies as at June 30, 2021, management, in conjunction with its appointed actuary, recognized additional premium deficiency reserves amounting to Saudi Riyals 0.2 million were recognised as at June 30, 2021 (December 31, 2020: 4.5 million).

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 six-month period ended June 30, 2021. The Company continues to monitor the situation closely.

*(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.



**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

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

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

*(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.

*(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, 2020, except as explained below.

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

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

For detailed impact assessment of IFRS 9 adoption, reference to the annual financial statements for the year ended December 31, 2020 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.

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**3. Significant accounting policies (continued)**

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

For detailed impact assessment of IFRS 17 adoption, reference to the annual financial statements for the year ended December 31, 2020 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 Capital Market Authority. 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.

**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. Also see Note 1.

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**4. Business combination** (continued)

The provisional fair values of net assets acquired as at the Effective Date are as follows:

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

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**4. Business combination (continued)**

**4.1 Goodwill recognised as at the Effective Date**

Purchase consideration	168,963,085
Less: net identifiable assets acquired	<u>(65,176,335)</u>
Goodwill	<b><u>103,786,750</u></b>

**5. Goodwill**

The goodwill arising from the merger is attributable to the expected synergies from combining the operations of the Company 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:

<b>Key assumptions</b>	<b>%</b>
Gross premiums written growth	7.94
Average claims ratio	71.4
Discount rate	13.5
Terminal growth rate	2.0

**Sensitivity to the changes in assumptions**

**Gross premiums written growth**

The gross premiums written growth in the forecast period has been estimated to be compound annual growth rate of 7.94%. If all other assumptions kept the same, a reduction of this growth rate from 7.94% to 5.73% 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 71.4%. If all other assumptions kept the same, an increase of this ratio from 71.4% to 72.3% 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.

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**6. Cash and cash equivalents**

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

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash in hand	<b>20,190</b>	20,190	-	-
Cash at bank - current accounts	<b>27,790,099</b>	36,768,829	<b>2,151,720</b>	5,152,503
Time deposits	<b>64,981,721</b>	31,063,175	<b>100,492,708</b>	106,503,332
	<b>92,792,010</b>	67,852,194	<b>102,644,428</b>	111,655,835

Cash at banks is placed with counterparties with sound credit ratings. As at June 30, 2021, 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 1.26% to 6% (December 31, 2020: 1.6% to 6%) per annum.

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

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earn commission income at an average rate of 1.26% to 6% (December 31, 2020: 1.10% to 6%) per annum.

**8. Premiums and reinsurers' receivable - net**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Premiums receivable from policyholders	<b>190,018,454</b>	197,986,057
Premiums receivable from brokers	<b>29,564,766</b>	36,557,633
Receivable from reinsurance companies	<b>12,130,041</b>	20,987,428
	<b>231,713,261</b>	255,531,118
Allowance for doubtful debts:		
- Receivable from policyholders	<b>(41,898,914)</b>	(37,890,232)
- Receivable from brokers	<b>(6,762,621)</b>	(5,593,981)
- Receivable from reinsurance companies	<b>(5,327,056)</b>	(5,478,176)
	<b>(53,988,591)</b>	(48,962,389)
	<b>177,724,670</b>	206,568,729

Movement in the allowance for doubtful debts was as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
At beginning of the period / year	<b>48,962,389</b>	43,787,305
Charge for the period / year	<b>5,907,999</b>	7,618,928
Write-off during the period / year	<b>(881,797)</b>	(2,443,844)
At end of the period / year	<b>53,988,591</b>	48,962,389

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**9. Technical reserves**

**9.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise the following:

	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Gross outstanding claims	<b>138,284,900</b>	126,139,520
Less: realizable value of salvage and subrogation	<b>(23,353,696)</b>	(21,396,960)
	<b>114,931,204</b>	104,742,560
Gross claims incurred but not reported	<b>194,395,211</b>	170,897,914
Less:		
Reinsurers' share of outstanding claims	<b>(50,212,495)</b>	(48,489,107)
Reinsurers' share of claims incurred but not reported	<b>(23,252,841)</b>	(20,062,991)
Net outstanding claims	<b>235,861,079</b>	207,088,376
Additional premium reserves - premium deficiency reserve	<b>28,877,326</b>	11,295,391
Other technical reserves	<b>13,062,285</b>	11,211,593
	<b>41,939,611</b>	22,506,984
Net outstanding claims and reserves	<b>277,800,690</b>	229,595,360

**9.2 Movement in net unearned premiums**

Movement in unearned premiums comprise the following:

	<b>Six-month period ended June 30, 2021 (Unaudited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the period	<b>375,588,801</b>	<b>(36,474,798)</b>	<b>339,114,003</b>
Balance as at the end of the period	<b>(309,407,474)</b>	<b>47,243,347</b>	<b>(262,164,127)</b>
Changes in unearned premiums	<b>66,181,327</b>	<b>10,768,549</b>	<b>76,949,876</b>
Premium written during the period	<b>305,293,178</b>	<b>(60,540,942)</b>	<b>244,752,236</b>
Excess of loss premiums	-	<b>(13,432,290)</b>	<b>(13,432,290)</b>
Net premium earned	<b>371,474,505</b>	<b>(63,204,683)</b>	<b>308,269,822</b>

Movement in unearned premiums comprise the following:

	<b>Year ended December 31, 2020 (Audited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the year	257,512,800	(39,619,088)	217,893,712
Additions from merger	107,975,551	(4,338,001)	103,637,550
Balance as at the end of the year	<b>(375,588,801)</b>	<b>36,474,798</b>	<b>(339,114,003)</b>
Changes in unearned premiums	(10,100,450)	(7,482,291)	(17,582,741)
Premium written during the year	557,123,448	(85,791,281)	471,332,167
Excess of loss premiums	-	(18,865,289)	(18,865,289)
Net premium earned	<b>547,022,998</b>	<b>(112,138,861)</b>	<b>434,884,137</b>



**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**10. Investments**

a) *Investments are classified as follows:*

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Available-for-sale	<b>125,029,959</b>	109,187,954	<b>127,199,256</b>	114,817,528
Held-to-maturity	<b>5,002,013</b>	5,002,013	<b>24,301,719</b>	28,051,719
	<b>130,031,972</b>	114,189,967	<b>151,500,975</b>	142,869,247

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

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Quoted	<b>123,106,881</b>	112,266,889	<b>132,276,178</b>	119,894,450
Unquoted	<b>6,925,091</b>	1,923,078	<b>19,224,797</b>	22,974,797
	<b>130,031,972</b>	114,189,967	<b>151,500,975</b>	142,869,247

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

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Mutual funds	<b>21,094,761</b>	19,138,912	<b>37,989,793</b>	25,365,082
Ordinary shares	<b>1,923,078</b>	1,923,078	<b>1,923,078</b>	1,923,078
Sukuks	<b>107,014,133</b>	93,127,977	<b>111,588,104</b>	115,581,087
	<b>130,031,972</b>	114,189,967	<b>151,500,975</b>	142,869,247

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 21.5 million were denominated in United States Dollars (December 31, 2020: Saudi Riyals 21.5 million).

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**10. Investments (continued)**

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

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
At the beginning of the period / year	<b>109,187,954</b>	34,425,766	<b>114,817,528</b>	104,417,562
Acquisitions during the period / year	<b>15,527,118</b>	75,291,548	<b>10,000,000</b>	15,436,583
Additions from merger	-	-	-	2,320,573
Disposals during the period / year	-	(5,325,983)	-	(7,312,500)
Unrealized gains	<b>314,887</b>	4,796,623	<b>2,381,728</b>	48,148
Realized gains (loss) on disposals	-	1,264,888	-	(53,381)
Reclassified from equity to interim condensed statement of income	-	(1,264,888)	-	(39,457)
At the end of period / year	<b>125,029,959</b>	109,187,954	<b>127,199,256</b>	114,817,528

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

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
At the beginning of the period / year	<b>5,002,013</b>	11,250,084	<b>28,051,719</b>	16,002,013
Transfer /acquisitions during the period / year	-	12,002,013	-	14,708,419
Additions from merger	-	-	-	12,093,300
Redemption/disposals / transfer during the period / year	-	(18,250,084)	<b>(3,750,000)</b>	(14,752,013)
At the end of period / year	<b>5,002,013</b>	5,002,013	<b>24,301,719</b>	28,051,719

Insurance operations

<b>Security</b>	<b>Issuer</b>	<b>Maturity</b>	<b>Location</b>	<b>Profit margin</b>	<b>Amortized cost</b>	
					<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
SEC - Sukuk	SEC	May 2022	Saudi Arabia	3.15%	<b>5,002,013</b>	5,002,013
					<b>5,002,013</b>	5,002,013

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**10. Investments (continued)**

Shareholders' operations

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

Security	Issuer	Maturity	Location	Profit margin	Amortized cost	
					June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
STC Sukuk Maaden phosphate company - Sukuks	STC Maaden phosphate company Sukuks	September 2024	Saudi Arabia	2.49%	2,000,000	2,000,000
		February 2025	Saudi Arabia	3.44%	5,000,000	5,000,000
Sukuk	Saudi Kuwait Finance House AlAwwal	December 2021	Saudi Arabia	6 months SIBOR plus 7.50%	5,208,419	8,958,419
Sukuk	Energy Fund	December 2028	Saudi Arabia	plus 8.2%	12,093,300	12,093,300
					<b>24,301,719</b>	<b>28,051,719</b>

g) *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	
	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Kingdom of Saudi Arabia	130,031,972	114,189,967	129,960,659	121,359,120
United Arab Emirates	-	-	10,881,687	10,906,559
France	-	-	7,242,203	7,184,046
Switzerland	-	-	3,416,426	3,419,522
	<b>130,031,972</b>	<b>114,189,967</b>	<b>151,500,975</b>	<b>142,869,247</b>

**11. Commitments and contingencies**

- 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.
- As at June 30, 2021 the Company does not have any capital commitments (December 31, 2020: Nil).
- See Note 15 for contingencies pertaining to zakat and income tax assessments.

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**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 June 30, 2021 and December 31, 2020, 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.

*a. Carrying amounts and fair value*

	<b>June 30, 2021</b>			
	<b>(Unaudited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value</b>				
Mutual funds - available-for-sale	<b>59,084,554</b>	-	-	<b>59,084,554</b>
Sukuks - available-for-sale	<b>189,298,505</b>	-	-	<b>189,298,505</b>
Ordinary shares - available-for-sale	-	-	<b>3,846,156</b>	<b>3,846,156</b>
<b>Total investments</b>	<b>248,383,059</b>	-	<b>3,846,156</b>	<b>252,229,215</b>
	<b>December 31, 2020</b>			
	<b>(Audited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value</b>				
Mutual funds - available-for-sale	44,503,994	-	-	44,503,994
Sukuks - available-for-sale	175,655,332	-	-	175,655,332
Ordinary shares-available-for-sale	-	-	3,846,156	3,846,156
<b>Total investments</b>	<b>220,159,326</b>	-	<b>3,846,156</b>	<b>224,005,482</b>

During the three-month and six-month periods ended June 30, 2021, there have been no transfers between level 1, level 2 and level 3.

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

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

*a. Carrying amounts and fair value (continued)*

Level 3 available-for-sale investment comprises equity investment of 384,616 shares of Najm for Insurance Services (Najm) (December 31, 2020: 384,616 shares). As at June 30, 2021 and December 31, 2020, 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.

**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, 2020.

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, short term deposits, 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 June 30, 2021 and December 31, 2020 and its total revenues, expenses, and net loss for the three-month and six-month periods ended June 30, 2021 and June 30, 2020, is as follows:

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

<b>June 30, 2021 (Unaudited)</b>	<b>Insurance operations</b>					<b>Shareholders' operations</b>	<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>	<b>Total</b>		
<b>Assets</b>							
Reinsurers' share of unearned premiums	-	26,296,773	20,946,574	-	47,243,347	-	47,243,347
Reinsurers' share of outstanding claims	53,684	12,574,536	37,584,275	-	50,212,495	-	50,212,495
Reinsurers' share of claims incurred but not reported	7,637,901	5,834,876	9,780,064	-	23,252,841	-	23,252,841
Deferred policy acquisition costs	12,480,359	8,157,215	4,184,062	-	24,821,636	-	24,821,636
Deferred excess of loss premiums	1,750,000	1,362,589	595,043	-	3,707,632	-	3,707,632
Segment assets	21,921,944	54,225,989	73,090,018	-	149,237,951	-	149,237,951
Unallocated assets				-	475,668,768	444,035,827	919,704,595
<b>Total assets</b>					<b>624,906,719</b>	<b>444,035,827</b>	<b>1,068,942,546</b>
<b>Total liabilities</b>							
Unearned premiums	151,869,525	115,198,579	42,339,370	-	309,407,474	-	309,407,474
Unearned reinsurance commission	-	5,178,350	5,749,210	-	10,927,560	-	10,927,560
Outstanding claims	27,872,587	24,304,350	62,754,267	-	114,931,204	-	114,931,204
Claims incurred but not reported	132,009,512	42,090,056	20,295,643	-	194,395,211	-	194,395,211
Additional premium reserves	27,832,696	1,044,630		-	28,877,326	-	28,877,326
Other technical reserves	8,511,427	3,000,677	1,550,181	-	13,062,285	-	13,062,285
Segment liabilities	348,095,747	190,816,642	132,688,671	-	671,601,060	-	671,601,060
Unallocated liabilities and equity					203,449,661	193,891,825	397,341,486
<b>Total liabilities and equity</b>					<b>875,050,721</b>	<b>193,891,825</b>	<b>1,068,942,546</b>

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

December 31, 2020 (Audited)	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
<b>Assets</b>						
Reinsurers' share of unearned premiums	-	16,855,455	19,619,343	-	36,474,798	- 36,474,798
Reinsurers' share of outstanding claims	557,911	14,849,485	33,081,711	-	48,489,107	- 48,489,107
Reinsurers' share of claims incurred but not reported	6,500,809	5,034,535	8,527,647	-	20,062,991	- 20,062,991
Deferred policy acquisition costs	17,797,650	7,239,163	4,437,786	-	29,474,599	- 29,474,599
Segment assets	24,856,370	43,978,638	65,666,487	-	134,501,495	- 134,501,495
Unallocated assets					541,950,312	463,265,856 1,005,216,168
<b>Total assets</b>					<b>676,451,807</b>	<b>463,265,856 1,139,717,663</b>
<b>Total liabilities</b>						
Unearned premiums	225,562,240	107,129,290	42,897,271	-	375,588,801	- 375,588,801
Unearned reinsurance commission	-	3,082,613	5,743,272	-	8,825,885	- 8,825,885
Outstanding claims	14,488,827	33,803,393	56,450,340	-	104,742,560	- 104,742,560
Claims incurred but not reported	115,591,905	39,869,734	15,436,275	-	170,897,914	- 170,897,914
Additional premium reserves	796,813	10,498,578	-	-	11,295,391	- 11,295,391
Other technical reserves	6,761,159	3,140,591	1,309,843	-	11,211,593	- 11,211,593
Segment liabilities	363,200,944	197,524,199	121,837,001		682,562,144	- 682,562,144
Unallocated liabilities and equity					160,193,697	296,961,822 457,155,519
<b>Total liabilities and equity</b>					<b>842,755,841</b>	<b>296,961,822 1,139,717,663</b>



**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the six-month period ended June 30, 2021 (Unaudited)**

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
<b>Revenues</b>						
Gross premiums written	136,243,779	119,398,150	49,651,249	-	305,293,178	- 305,293,178
Reinsurance premiums ceded:						
- Foreign	-	(26,253,238)	(27,087,104)	-	(53,340,342)	- (53,340,342)
- Local	-	(3,255,596)	(3,945,004)	-	(7,200,600)	- (7,200,600)
Excess of loss premiums:						
- Foreign	(9,496,365)	(1,753,371)	(1,109,995)	-	(12,359,731)	- (12,359,731)
- Local	(700,000)	(176,946)	(195,613)	-	(1,072,559)	- (1,072,559)
<b>Net premiums written</b>	<b>126,047,414</b>	<b>87,958,999</b>	<b>17,313,533</b>	<b>-</b>	<b>231,319,946</b>	<b>- 231,319,946</b>
Changes in unearned premiums	73,692,715	(8,069,288)	557,900	-	66,181,327	- 66,181,327
Changes in reinsurers' share of unearned premiums	-	9,441,321	1,327,228	-	10,768,549	- 10,768,549
<b>Net premiums earned</b>	<b>199,740,129</b>	<b>89,331,032</b>	<b>19,198,661</b>	<b>-</b>	<b>308,269,822</b>	<b>- 308,269,822</b>
Reinsurance commissions	-	3,941,283	7,685,974	-	11,627,257	- 11,627,257
Fee income from insurance	11,300	29,130	158,988	-	199,418	- 199,418
<b>Total revenues</b>	<b>199,751,429</b>	<b>93,301,445</b>	<b>27,043,623</b>	<b>-</b>	<b>320,096,497</b>	<b>- 320,096,497</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(215,061,049)	(92,838,117)	(6,950,597)	-	(314,849,763)	- (314,849,763)
Reinsurers' share of gross claims paid	12,972,409	19,914,835	3,154,304	-	36,041,548	- 36,041,548
Expenses incurred related to claims	(2,990,704)	(4,803,204)	-	-	(7,793,908)	- (7,793,908)
<b>Net claims and other benefits paid</b>	<b>(205,079,344)</b>	<b>(77,726,486)</b>	<b>(3,796,293)</b>	<b>-</b>	<b>(286,602,123)</b>	<b>- (286,602,123)</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the six-month period ended June 30, 2021 (Unaudited)** (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Changes in outstanding claims	(13,383,760)	9,589,041	(6,393,925)	-	(10,188,644)	(10,188,644)
Changes in reinsurers' share of outstanding claims	(504,227)	(2,319,951)	4,547,566	-	1,723,388	1,723,388
Changes in claims incurred but not reported	(16,417,607)	(2,220,322)	(4,859,368)	-	(23,497,297)	(23,497,297)
Changes in reinsurers' share of claims incurred but not reported	1,137,092	800,341	1,252,417	-	3,189,850	3,189,850
<b>Net claims and other benefits incurred</b>	<b>(234,247,846)</b>	<b>(71,877,377)</b>	<b>(9,249,603)</b>	<b>-</b>	<b>(315,374,826)</b>	<b>(315,374,826)</b>
Policy acquisition costs	(16,860,905)	(7,520,978)	(3,757,293)	-	(28,139,176)	(28,139,176)
Changes in additional premium reserves	(27,035,884)	9,453,949	-	-	(17,581,935)	(17,581,935)
Changes in other technical reserves	(1,750,268)	139,915	(240,339)	-	(1,850,692)	(1,850,692)
Other underwriting expenses	(454,330)	(3,345,365)	-	-	(3,799,695)	(3,799,695)
<b>Total underwriting costs and expenses, net</b>	<b>(280,349,233)</b>	<b>(73,149,856)</b>	<b>(13,247,235)</b>	<b>-</b>	<b>(366,746,324)</b>	<b>(366,746,324)</b>
<b>NET UNDERWRITING (LOSS) INCOME</b>	<b>(80,597,804)</b>	<b>20,151,589</b>	<b>13,796,388</b>	<b>-</b>	<b>(46,649,827)</b>	<b>(46,649,827)</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the six-month period ended June 30, 2021 (Unaudited)** (continued)

	<b>Insurance operations</b>				<b>Shareholders' operations</b>	<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>		
<b>OTHER OPERATING (EXPENSES) INCOME</b>						
Allowance for doubtful debts					-	(6,757,435)
General and administrative expenses					(1,369,907)	(61,390,177)
Investment and commission income - net					5,908,048	8,722,344
Finance costs - lease liabilities					-	(146,981)
Other income					-	2,624,151
<b>Total other operating (expenses) income, net</b>					<b>4,538,141</b>	<b>(56,948,098)</b>
<b>Total (loss) income for the period before surplus attribution, zakat and income tax</b>					<b>4,538,141</b>	<b>(103,597,925)</b>
<b>Surplus attributed to the insurance operations</b>					-	-
<b>Total (loss) income for the period before zakat and income tax</b>					<b>4,538,141</b>	<b>(103,597,925)</b>
Zakat expense					(2,000,000)	(2,000,000)
Income tax expense					-	-
<b>Total (loss) income for the period attributable to the shareholders</b>					<b>2,538,141</b>	<b>(105,597,925)</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the six-month period ended June 30, 2020 (Unaudited)**

	<b>Insurance operations</b>				<b>Shareholders' operations</b>	<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>		
<b>REVENUES</b>						
Gross premiums written	128,881,325	57,802,733	39,427,711	-	226,111,769	- 226,111,769
Reinsurance premiums ceded:	-					
- Foreign	-	(19,026,762)	(25,499,901)	-	(44,526,663)	- (44,526,663)
- Local	-	(3,292,912)	(3,859,008)	-	(7,151,920)	- (7,151,920)
Excess of loss expenses:						
- Foreign	(1,050,000)	(681,526)	(461,279)	-	(2,192,805)	- (2,192,805)
- Local	-	(139,180)	(103,908)	-	(243,088)	- (243,088)
<b>Net premiums written</b>	<b>127,831,325</b>	<b>34,662,353</b>	<b>9,503,615</b>	<b>-</b>	<b>171,997,293</b>	<b>- 171,997,293</b>
Changes in unearned premiums	32,206,787	2,041,077	(1,157,280)	-	33,090,584	- 33,090,584
Changes in reinsurers' share of unearned premiums	-	(814,187)	2,135,998	-	1,321,811	- 1,321,811
<b>Net premiums earned</b>	<b>160,038,112</b>	<b>35,889,243</b>	<b>10,482,333</b>	<b>-</b>	<b>206,409,688</b>	<b>- 206,409,688</b>
Reinsurance commissions	-	4,481,819	6,892,966	-	11,374,785	- 11,374,785
Fee income from insurance	16,200	27,641	67,070	-	110,911	- 110,911
<b>TOTAL REVENUES</b>	<b>160,054,312</b>	<b>40,398,703</b>	<b>17,442,369</b>	<b>-</b>	<b>217,895,384</b>	<b>- 217,895,384</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(107,146,367)	(52,177,248)	(2,829,353)	-	(162,152,968)	- (162,152,968)
Reinsurers' share of claims paid	6,194,025	20,861,097	1,796,050	-	28,851,172	- 28,851,172
Expenses incurred related to claims	(2,290,618)	-	-	-	(2,290,618)	- (2,290,618)
<b>Net claims and other benefits paid</b>	<b>(103,242,960)</b>	<b>(31,316,151)</b>	<b>(1,033,303)</b>	<b>-</b>	<b>(135,592,414)</b>	<b>- (135,592,414)</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the six-month period ended June 30, 2020 (Unaudited)** (continued)

	<b>Insurance operations</b>				<b>Shareholders' operations</b>	<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>		
Changes in outstanding claims	(1,438,497)	(636,526)	(2,168,882)	-	(4,243,905)	(4,243,905)
Changes in reinsurers' share of outstanding claims	(1,401,077)	254,708	1,644,900	-	498,531	498,531
Changes in claims incurred but not reported	(2,743,120)	9,281,565	(1,366,369)	-	5,172,076	5,172,076
Changes in reinsurers' share of claims incurred but not reported	(2,009,150)	(3,756,153)	1,265,165	-	(4,500,138)	(4,500,138)
<b>Net claims and other benefits incurred</b>	(110,834,804)	(26,172,557)	(1,658,489)	-	(138,665,850)	(138,665,850)
Policy acquisition costs	(11,870,096)	(5,041,810)	(2,223,870)	-	(19,135,776)	(19,135,776)
Changes in additional premium reserves	(4,875,792)	229,231	-	-	(4,646,561)	(4,646,561)
Changes in other technical reserves	(157,564)	318,495	(26,812)	-	134,119	134,119
Other underwriting expenses	(895,132)	(401,445)	(273,828)	-	(1,570,405)	(1,570,405)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES, NET</b>	(128,633,388)	(31,068,086)	(4,182,999)	-	(163,884,473)	(163,884,473)
<b>NET UNDERWRITING INCOME</b>	31,420,924	9,330,617	13,259,370	-	54,010,911	54,010,911

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the six-month period ended June 30, 2020 (Unaudited)** (continued)

	<b>Insurance operations</b>			<b>Shareholders' operations</b>	<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>	
<b>OTHER OPERATING (EXPENSES) INCOME</b>					
Allowance for doubtful debts				(15,424,878)	(15,424,878)
General and administrative expenses				(43,506,833)	(44,745,465)
Investment and commission income				3,665,730	5,600,174
Finance costs on leases				(133,567)	(133,567)
Other income				5,192,301	5,192,301
<b>Total other operating (expenses) income, net</b>				(50,207,247)	(49,511,435)
<b>Total income for the period before surplus attribution, zakat and income tax</b>				3,803,664	4,499,476
<b>Surplus attributed to the insurance operations</b>				(380,366)	(380,366)
<b>Total income for the period before zakat and income tax</b>				3,423,298	4,119,110
Zakat expense				-	(1,315,640)
Income tax expense				-	-
<b>Total income (loss) for the period attributable to the shareholders</b>				3,423,298	2,803,470

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**Gross premiums written for the six-month period ended June 30, 2021 can be categorised in the following client categories:**

	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>	<b>Total</b>
Large corporates	<b>20,428,687</b>	<b>52,553,765</b>	<b>28,797,632</b>	-	<b>101,780,084</b>
Medium corporates	<b>8,599,284</b>	<b>53,328,051</b>	<b>11,642,191</b>	-	<b>73,569,526</b>
Small enterprises	<b>6,514,886</b>	<b>8,847,868</b>	<b>3,963,207</b>	-	<b>19,325,961</b>
Micro enterprises	<b>15,214,705</b>	<b>3,622,546</b>	<b>375,075</b>	-	<b>19,212,326</b>
Retail	<b>85,486,217</b>	<b>1,045,920</b>	<b>4,873,144</b>	-	<b>91,405,281</b>
	<b>136,243,779</b>	<b>119,398,150</b>	<b>49,651,249</b>	-	<b>305,293,178</b>

**Gross premiums written for the three-month period ended June 30, 2021 can be categorized in following client categories:**

	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>	<b>Total</b>
Large corporates	<b>15,057,380</b>	<b>25,473,504</b>	<b>9,212,203</b>	-	<b>49,743,087</b>
Medium corporates	<b>5,333,124</b>	<b>23,496,794</b>	<b>2,800,959</b>	-	<b>31,630,877</b>
Small enterprises	<b>2,587,641</b>	<b>2,741,340</b>	<b>1,317,330</b>	-	<b>6,646,311</b>
Micro enterprises	<b>5,089,898</b>	<b>1,385,883</b>	<b>176,871</b>	-	<b>6,652,652</b>
Retail	<b>30,904,631</b>	<b>564,371</b>	<b>2,072,138</b>	-	<b>33,541,140</b>
	<b>58,972,674</b>	<b>53,661,892</b>	<b>15,579,501</b>	-	<b>128,214,067</b>



**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**Gross premiums written for the six-month period ended June 30, 2020 can be categorised in the following client categories:**

	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>	<b>Total</b>
Large corporates	15,681,085	25,210,401	25,798,548	-	66,690,034
Medium corporates	17,754,397	13,380,700	10,219,336	-	41,354,433
Small enterprises	3,794,516	6,292,353	3,020,868	-	13,107,737
Micro enterprises	16,141,979	6,303,782	372,930	-	22,818,691
Retail	75,509,348	6,615,497	16,029	-	82,140,874
	<b>128,881,325</b>	<b>57,802,733</b>	<b>39,427,711</b>	<b>-</b>	<b>226,111,769</b>

**Gross written premium for the three-month period ended June 30, 2020 can be categorized in following client categories:**

	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>	<b>Total</b>
Large corporates	16,394,296	7,173,482	8,537,362	-	32,105,140
Medium corporates	13,011,711	5,215,485	2,415,855	-	20,643,051
Small enterprises	1,488,514	1,006,012	907,862	-	3,402,388
Micro enterprises	4,830,925	1,453,338	148,603	-	6,432,866
Retail	23,364,166	6,507,941	3,466	-	29,875,573
	<b>59,089,612</b>	<b>21,356,258</b>	<b>12,013,148</b>	<b>-</b>	<b>92,459,018</b>

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the three-month period ended June 30, 2021 (Unaudited)**

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
<b>Revenues</b>						
Gross premiums written	58,972,674	53,661,892	15,579,501	-	128,214,067	128,214,067
Reinsurance premiums ceded:						
- Foreign	-	(11,831,472)	(7,406,725)	-	(19,238,197)	(19,238,197)
- Local	-	(1,461,499)	(2,102,542)	-	(3,564,041)	(3,564,041)
Excess of loss premiums:						
- Foreign	(8,285,981)	(811,507)	(297,862)	-	(9,395,350)	(9,395,350)
- Local	(350,000)	(74,707)	(80,392)	-	(505,099)	(505,099)
<b>Net premiums written</b>	<b>50,336,693</b>	<b>39,482,707</b>	<b>5,691,980</b>	<b>-</b>	<b>95,511,380</b>	<b>95,511,380</b>
Changes in unearned premiums	47,007,394	3,482,896	10,037,482	-	60,527,772	60,527,772
Changes in reinsurers' share of unearned premiums	-	2,422,815	(5,846,266)	-	(3,423,451)	(3,423,451)
<b>Net premiums earned</b>	<b>97,344,087</b>	<b>45,388,418</b>	<b>9,883,196</b>	<b>-</b>	<b>152,615,701</b>	<b>152,615,701</b>
Reinsurance commissions	-	1,908,510	4,042,345	-	5,950,855	5,950,855
Fee income from insurance	7,250	11,275	66,915	-	85,440	85,440
<b>Total revenues</b>	<b>97,351,337</b>	<b>47,308,203</b>	<b>13,992,456</b>	<b>-</b>	<b>158,651,996</b>	<b>158,651,996</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(89,141,789)	(50,902,068)	(2,693,485)	-	(142,737,342)	(142,737,342)
Reinsurers' share of gross claims paid	8,806,184	12,380,516	1,203,886	-	22,390,586	22,390,586
Expenses incurred related to claims	(1,469,176)	(2,686,978)	-	-	(4,156,154)	(4,156,154)
<b>Net claims and other benefits Paid</b>	<b>(81,804,781)</b>	<b>(41,208,530)</b>	<b>(1,489,599)</b>	<b>-</b>	<b>(124,502,910)</b>	<b>(124,502,910)</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the three-month period ended June 30,2021 (Unaudited)** (continued)

	Insurance operations					Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings	Total		
Changes in outstanding claims	(5,621,962)	11,798,066	1,230,955	-	7,407,059	-	7,407,059
Changes in reinsurers' share of outstanding claims	(226,189)	(3,036,735)	1,793,044	-	(1,469,880)	-	(1,469,880)
Changes in claims incurred but not reported	(29,763,024)	(2,876,275)	(1,009,974)	-	(33,649,273)	-	(33,649,273)
Changes in reinsurers' share of claims incurred but not reported	1,891,635	509,442	1,500,708	-	3,901,785	-	3,901,785
<b>Net claims and other benefits incurred</b>	<b>(115,524,321)</b>	<b>(34,814,032)</b>	<b>2,025,134</b>	<b>-</b>	<b>(148,313,219)</b>	<b>-</b>	<b>(148,313,219)</b>
Policy acquisition costs	(8,592,034)	(3,875,096)	(1,860,890)	-	(14,328,020)	-	(14,328,020)
Changes in additional premium reserves	(11,583,528)	4,412,263	-	-	(7,171,265)	-	(7,171,265)
Changes in other technical reserves	(2,064,825)	155,045	(10,484)	-	(1,920,264)	-	(1,920,264)
Other underwriting expenses	(181,335)	(3,345,365)	-	-	(3,526,700)	-	(3,526,700)
<b>Total underwriting costs and expenses, net</b>	<b>(137,946,043)</b>	<b>(37,467,185)</b>	<b>153,760</b>	<b>-</b>	<b>(175,259,468)</b>	<b>-</b>	<b>(175,259,468)</b>
<b>NET UNDERWRITING (LOSS) INCOME</b>	<b>(40,594,706)</b>	<b>9,841,018</b>	<b>14,146,216</b>	<b>-</b>	<b>(16,607,472)</b>	<b>-</b>	<b>(16,607,472)</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the three-month period ended June 30,2021 (Unaudited)** (continued)

	<b>Insurance operations</b>			<b>Shareholders' operations</b>	<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>	
<b>OTHER OPERATING (EXPENSES) INCOME</b>					
Allowance for doubtful debts					(3,044,068)
General and administrative expenses					(31,937,987)
Investment and commission income - net					1,604,099
Finance costs on leases					(72,908)
Other income					796,299
<b>Total other operating (expenses) income, net</b>					<b>(32,654,565)</b>
<b>Total (loss) income for the period before surplus attribution, zakat and income tax</b>					<b>(49,262,037)</b>
<b>Surplus attributed to the insurance operations</b>					<b>-</b>
<b>Total (loss) income for the period before zakat and income tax</b>					<b>(49,262,037)</b>
Zakat expense					-
Income tax expense					-
<b>Total (loss) income for the period attributable to the shareholders</b>					<b>(49,262,037)</b>

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information (continued)**

**For the three-month period ended June 30, 2020 (Unaudited)**

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
<b>Revenues</b>						
Gross premiums written	59,089,612	21,356,258	12,013,148	-	92,459,018	92,459,018
Reinsurance premiums ceded:						
- Foreign	-	(7,257,537)	(7,015,265)	-	(14,272,802)	(14,272,802)
- Local	-	(1,278,255)	(1,854,928)	-	(3,133,183)	(3,133,183)
Excess of loss premiums:						
- Foreign	(525,000)	(340,763)	(230,640)	-	(1,096,403)	(1,096,403)
- Local	-	(69,590)	(51,954)	-	(121,544)	(121,544)
<b>Net premiums written</b>	<b>58,564,612</b>	<b>12,410,113</b>	<b>2,860,361</b>	<b>-</b>	<b>73,835,086</b>	<b>73,835,086</b>
Changes in unearned premiums	20,277,744	5,053,976	5,111,551	-	30,443,271	30,443,271
Changes in reinsurers' share of unearned premiums	-	(2,080,383)	(3,223,744)	-	(5,304,127)	(5,304,127)
<b>Net premiums earned</b>	<b>78,842,356</b>	<b>15,383,706</b>	<b>4,748,168</b>	<b>-</b>	<b>98,974,230</b>	<b>98,974,230</b>
Reinsurance commissions	-	2,052,569	3,136,222	-	5,188,791	5,188,791
Fee income from insurance	7,500	8,505	26,635	-	42,640	42,640
<b>Total revenues</b>	<b>78,849,856</b>	<b>17,444,780</b>	<b>7,911,025</b>	<b>-</b>	<b>104,205,661</b>	<b>104,205,661</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(64,128,625)	(15,543,671)	(1,249,279)	-	(80,921,575)	(80,921,575)
Reinsurers' share of gross claims paid	2,638,584	6,208,044	669,251	-	9,515,879	9,515,879
Expenses incurred related to claims	(1,173,149)	-	-	-	(1,173,149)	(1,173,149)
<b>Net claims and other benefits paid</b>	<b>(62,663,190)</b>	<b>(9,335,627)</b>	<b>(580,028)</b>	<b>-</b>	<b>(72,578,845)</b>	<b>(72,578,845)</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the three-month period ended June 30,2020 (Unaudited)** (continued)

	<b>Insurance operations</b>				<b>Shareholders' operations</b>	<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>		
Changes in outstanding claims	32,689,632	924,879	(1,698,643)	-	-	31,915,868
Changes in reinsurers' share of outstanding claims	(1,270,655)	(371,765)	1,534,921	-	-	(107,499)
Changes in claims incurred but not reported	(7,331,113)	370,184	38,285	-	-	(6,922,644)
Changes in reinsurers' share of claims incurred but not reported	(669,970)	47,477	116,786	-	-	(505,707)
<b>Net claims and other benefits incurred</b>	(39,245,296)	(8,364,852)	(588,679)	-	-	(48,198,827)
Policy acquisition costs	(6,026,817)	(2,362,128)	(954,898)	-	-	(9,343,843)
Changes in additional premium reserves	(6,282,685)	(2,310,941)	-	-	-	(8,593,626)
Changes in other technical reserves	410,190	29,586	(4,675)	-	-	435,101
Other underwriting expenses	(895,132)	(401,445)	158,980	-	-	(1,137,597)
<b>Total underwriting costs and expenses, net</b>	(52,039,740)	(13,409,780)	(1,389,272)	-	-	(66,838,792)
<b>NET UNDERWRITING INCOME</b>	27,705,248	4,436,445	5,225,176	-	-	37,366,869

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**13. Segmental information** (continued)

**For the three-month period ended June 30,2020 (Unaudited)** (continued)

	<b>Insurance operations</b>				<b>Shareholders' operations</b>	<b>Total</b>
	<b>Medical</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Protection and savings</b>		
<b>OTHER OPERATING (EXPENSES) INCOME</b>						
Allowance for doubtful debts					-	(12,402,809)
General and administrative Expenses					(564,778)	(21,266,083)
Investment and commission Income - net					896,086	2,532,239
Finance costs on leases					-	(66,644)
Other income					-	4,435,923
<b>Total other operating (expenses) income, net</b>					331,308	(26,767,374)
<b>Total income for the period before surplus attribution, zakat and income tax</b>					331,308	10,599,495
<b>Surplus attributed to the insurance operations</b>					-	(1,026,819)
<b>Total income for the period before zakat and income tax</b>					331,308	9,572,676
Zakat expense					(623,198)	(623,198)
Income tax expense					-	-
<b>Total income (loss) for the period attributable to the shareholders</b>					(291,890)	8,949,478

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**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 six-month period ended		Balance receivable / (payable) as at	
	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2020 (Audited)
<b>Major shareholders</b>				
Insurance premium written	10,467,527	13,011,588	-	-
Claims paid	(7,058,263)	(1,891,565)	-	-
Premium receivable from related parties	-	-	11,545,662	10,357,101
<b>Others</b>				
Rent charged	448,525	(2,140,317)	-	-
Services	-	(186,437)	-	(372,874)
Directors' remuneration and meeting fee	(338,000)	(100,500)	-	-

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

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Salaries and benefits	3,804,896	2,658,290
Employee benefit obligations	231,843	155,938
	<b>4,036,739</b>	<b>2,814,228</b>

*a) Premium receivable - related parties, net*

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Premium receivable from related parties	11,545,662	10,038,075
Less: allowance for doubtful debts	(2,576,234)	(1,726,798)
	<b>8,969,428</b>	<b>8,311,277</b>

Movement in the allowance for doubtful debts is as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At beginning of the period / year	1,726,798	393,511
Charge for the period / year	849,436	1,333,287
At end of the period / year	<b>2,576,234</b>	<b>1,726,798</b>



**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**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 2020. 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 six-month period ended June 30, 2021, 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 six-month period ended June 30, 2021, 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 June 30, 2021 (December 31, 2020: Saudi Riyals 229.4 million) consisting of 22.9 million shares (December 31, 2020: 22.9 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as of June 30, 2021 and December 31, 2020 is as below.

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

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**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 of Saudi Riyals 200 million;
- Premium solvency margin; or
- Claims solvency margin.

As at June 30, 2021, the Company's solvency margin is less than the minimum solvency margin required by the Implementing Regulations of the Cooperative Insurance Companies Control Law (the "Regulations"). The Company has 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. The Company has submitted its planned rectification measures to SAMA and has mentioned in its response that the solvency margin is expected to be in line with the Regulations by the end of the fourth quarter of 2021. The planned rectification measures include, amongst other things, the optimization of asset admissibility profile, improvement of premium payment warranty schemes, improvement in underwriting policies and processes, expanding online selling channels, reduction in general and administration expenses due to the synergies from the merger and improvement in claim management processes.

**19. Basic and diluted (losses) earnings per share**

Basic and diluted (losses) earnings per share for the three-month and six-month periods ended June 30, 2021 and 2020 is calculated by dividing total (loss) income for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

	<b>For the three-month period ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Total (losses) income for the period attributable to the shareholders	<b>(47,801,220)</b>	8,949,478
Weighted average number of ordinary shares for basic and diluted losses per share	<b>22,947,464</b>	15,000,000
Basic and diluted (losses) earnings per share	<b>(2.08)</b>	0.60
	<b>For the six-month period ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Total (losses) income for the period attributable to the shareholders	<b>(105,597,925)</b>	2,803,470
Weighted average number of ordinary shares for basic and diluted losses per share	<b>22,947,464</b>	15,000,000
Basic and diluted (losses) earnings per share	<b>(4.60)</b>	0.19

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information**

**Interim condensed statement of financial position**

	June 30, 2021			December 31, 2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>Assets</b>						
Cash and cash equivalents	92,792,010	102,644,428	195,436,438	67,852,194	111,655,835	179,508,029
Short-term deposits	-	40,054,223	40,054,223	86,516,962	40,053,779	126,570,741
Premiums and reinsurers' receivable - net	177,724,670	-	177,724,670	206,568,729	-	206,568,729
Premiums receivable - related parties - net	8,969,428	-	8,969,428	8,311,277	-	8,311,277
Reinsurers' share of unearned premiums	47,243,347	-	47,243,347	36,474,798	-	36,474,798
Reinsurers' share of outstanding claims	50,212,495	-	50,212,495	48,489,107	-	48,489,107
Reinsurers' share of claims incurred but not reported	23,252,841	-	23,252,841	20,062,991	-	20,062,991
Deferred policy acquisition costs	24,821,636	-	24,821,636	29,474,599	-	29,474,599
Deferred excess of loss premiums	3,707,632	-	3,707,632	-	-	-
Investments	130,031,972	151,500,975	281,532,947	114,189,967	142,869,247	257,059,214
Prepaid expenses and other assets	35,005,338	3,952,593	38,957,931	26,355,272	4,466,093	30,821,365
Property and equipment	9,749,913	-	9,749,913	10,770,393	-	10,770,393
Right-of-use assets	8,288,926	-	8,288,926	9,278,773	-	9,278,773
Intangible assets	13,106,511	-	13,106,511	12,106,745	-	12,106,745
Goodwill	-	103,786,750	103,786,750	-	103,786,750	103,786,750
Statutory deposit	-	34,421,196	34,421,196	-	52,871,196	52,871,196
Accrued income on statutory deposit	-	7,675,662	7,675,662	-	7,562,956	7,562,956
Due from shareholders' operations	250,144,002	-	250,144,002	166,304,034	-	166,304,034
<b>Total assets</b>	<b>875,050,721</b>	<b>444,035,827</b>	<b>1,319,086,548</b>	<b>842,755,841</b>	<b>463,265,856</b>	<b>1,306,021,697</b>
<b>Less: inter-operations elimination</b>	<b>(250,144,002)</b>	<b>-</b>	<b>(250,144,002)</b>	<b>(166,304,034)</b>	<b>-</b>	<b>(166,304,034)</b>
<b>Total assets</b>	<b>624,906,719</b>	<b>444,035,827</b>	<b>1,068,942,546</b>	<b>676,451,807</b>	<b>463,265,856</b>	<b>1,139,717,663</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information (continued)**

**Interim condensed statement of financial position (continued)**

	June 30, 2021			December 31, 2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>Liabilities</b>						
Accounts payable	94,495,625	-	94,495,625	72,108,216	-	72,108,216
Accrued and other liabilities	41,628,357	699,268	42,327,625	27,125,666	779,764	27,905,430
Reinsurers' balances payable	22,552,321	-	22,552,321	15,379,852	-	15,379,852
Unearned premiums	309,407,474	-	309,407,474	375,588,801	-	375,588,801
Unearned reinsurance commission	10,927,560	-	10,927,560	8,825,885	-	8,825,885
Outstanding claims	114,931,204	-	114,931,204	104,742,560	-	104,742,560
Claims incurred but not reported	194,395,211	-	194,395,211	170,897,914	-	170,897,914
Additional premium reserves	28,877,326	-	28,877,326	11,295,391	-	11,295,391
Other technical reserves	13,062,285	-	13,062,285	11,211,593	-	11,211,593
Lease liabilities	7,454,695	-	7,454,695	7,500,772	-	7,500,772
Employee benefit obligations	19,583,688	-	19,583,688	20,659,103	-	20,659,103
Zakat and income tax	-	20,072,948	20,072,948	-	19,958,958	19,958,958
Surplus distribution payable	13,748,722	-	13,748,722	13,748,722	-	13,748,722
Accrued income payable to SAMA	-	7,675,662	7,675,662	-	7,562,956	7,562,956
Due to insurance operations	-	250,144,002	250,144,002	-	166,304,034	166,304,034
<b>Total liabilities</b>	<b>871,064,468</b>	<b>278,591,880</b>	<b>1,149,656,348</b>	<b>839,084,475</b>	<b>194,605,712</b>	<b>1,033,690,187</b>
<b>Less: inter-operations elimination</b>	<b>-</b>	<b>(250,144,002)</b>	<b>(250,144,002)</b>	<b>-</b>	<b>(166,304,034)</b>	<b>(166,304,034)</b>
<b>Total liabilities</b>	<b>871,064,468</b>	<b>28,447,878</b>	<b>899,512,346</b>	<b>839,084,475</b>	<b>28,301,678</b>	<b>867,386,153</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information** (continued)

**Interim condensed statement of financial position** (continued)

<b>Equity</b>	<b>June 30, 2021</b>			<b>December 31, 2020</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
Share capital	-	<b>229,474,640</b>	<b>229,474,640</b>	-	229,474,640	229,474,640
Share premium	-	-	-	-	89,488,445	89,488,445
Statutory reserve	-	<b>4,885,691</b>	<b>4,885,691</b>	-	4,885,691	4,885,691
Accumulated losses	-	<b>(75,651,475)</b>	<b>(75,651,475)</b>	-	(59,541,995)	(59,541,995)
Remeasurement reserve of employee benefit obligations	<b>(2,203,061)</b>	-	<b>(2,203,061)</b>	(2,203,061)	-	(2,203,061)
Fair value reserve on investments	<b>6,189,314</b>	<b>6,735,091</b>	<b>12,924,405</b>	5,874,427	4,353,363	10,227,790
<b>Total equity</b>	<b>3,986,253</b>	<b>165,443,947</b>	<b>169,430,200</b>	<b>3,671,366</b>	<b>268,660,144</b>	<b>272,331,510</b>
<b>Total liabilities and equity</b>	<b>875,050,721</b>	<b>193,891,825</b>	<b>1,068,942,546</b>	<b>842,755,841</b>	<b>296,961,822</b>	<b>1,139,717,663</b>

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information (continued)**

**Interim condensed statement of income for the six-month period ended**

	<b>June 30, 2021 (Unaudited)</b>			<b>June 30, 2020 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
<b>Revenues</b>						
Gross premiums written	<b>305,293,178</b>	-	<b>305,293,178</b>	226,111,769	-	226,111,769
Reinsurance premiums ceded:						
- Foreign	<b>(53,340,342)</b>	-	<b>(53,340,342)</b>	(44,526,663)	-	(44,526,663)
- Local	<b>(7,200,600)</b>	-	<b>(7,200,600)</b>	(7,151,920)	-	(7,151,920)
Excess of loss premiums:						
- Foreign	<b>(12,359,731)</b>	-	<b>(12,359,731)</b>	(2,192,805)	-	(2,192,805)
- Local	<b>(1,072,559)</b>	-	<b>(1,072,559)</b>	(243,088)	-	(243,088)
<b>Net premiums written</b>	<b>231,319,946</b>	-	<b>231,319,946</b>	171,997,293	-	171,997,293
Changes in unearned premiums	<b>66,181,327</b>	-	<b>66,181,327</b>	33,090,584	-	33,090,584
Changes in reinsurers' share of unearned premiums	<b>10,768,549</b>	-	<b>10,768,549</b>	1,321,811	-	1,321,811
<b>Net premiums earned</b>	<b>308,269,822</b>	-	<b>308,269,822</b>	206,409,688	-	206,409,688
Reinsurance commissions	<b>11,627,257</b>	-	<b>11,627,257</b>	11,374,785	-	11,374,785
Fee income from insurance	<b>199,418</b>	-	<b>199,418</b>	110,911	-	110,911
<b>Total revenues</b>	<b>320,096,497</b>	-	<b>320,096,497</b>	217,895,384	-	217,895,384

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information (continued)**

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

	June 30, 2021 (Unaudited)			June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(314,849,763)	-	(314,849,763)	(162,152,968)	-	(162,152,968)
Reinsurers' share of gross claims paid	36,041,548	-	36,041,548	28,851,172	-	28,851,172
Expenses incurred related to claims	(7,793,908)	-	(7,793,908)	(2,290,618)	-	(2,290,618)
<b>Net claims and other benefits paid</b>	<b>(286,602,123)</b>	<b>-</b>	<b>(286,602,123)</b>	<b>(135,592,414)</b>	<b>-</b>	<b>(135,592,414)</b>
Changes in outstanding claims	(10,188,644)	-	(10,188,644)	(4,243,905)	-	(4,243,905)
Changes in reinsurers' share of outstanding claims	1,723,388	-	1,723,388	498,531	-	498,531
Changes in claims incurred but not reported	(23,497,297)	-	(23,497,297)	5,172,076	-	5,172,076
Changes in reinsurers' share of claims incurred but not reported	3,189,850	-	3,189,850	(4,500,138)	-	(4,500,138)
<b>Net claims and other benefits incurred</b>	<b>(315,374,826)</b>	<b>-</b>	<b>(315,374,826)</b>	<b>(138,665,850)</b>	<b>-</b>	<b>(138,665,850)</b>
Policy acquisition costs	(28,139,176)	-	(28,139,176)	(19,135,776)	-	(19,135,776)
Changes in additional premium reserves	(17,581,935)	-	(17,581,935)	(4,646,561)	-	(4,646,561)
Changes in other technical reserves	(1,850,692)	-	(1,850,692)	134,119	-	134,119
Other underwriting expenses	(3,799,695)	-	(3,799,695)	(1,570,405)	-	(1,570,405)
<b>Total underwriting costs and expenses, net</b>	<b>(366,746,324)</b>	<b>-</b>	<b>(366,746,324)</b>	<b>(163,884,473)</b>	<b>-</b>	<b>(163,884,473)</b>
<b>NET UNDERWRITING (LOSS) INCOME</b>	<b>(46,649,827)</b>	<b>-</b>	<b>(46,649,827)</b>	<b>54,010,911</b>	<b>-</b>	<b>54,010,911</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information (continued)**

**Interim condensed statement of income for the six-month period ended, (continued)**

	<b>June 30, 2021 (Unaudited)</b>			<b>June 30, 2020 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
<b>OTHER OPERATING (EXPENSES) INCOME</b>						
Allowance for doubtful debts	(6,757,435)	-	(6,757,435)	(15,424,878)	-	(15,424,878)
General and administrative expenses	(60,020,270)	(1,369,907)	(61,390,177)	(43,506,833)	(1,238,632)	(44,745,465)
Investment and commission income - net	2,814,296	5,908,048	8,722,344	3,665,730	1,934,444	5,600,174
Finance costs on leases	(146,981)	-	(146,981)	(133,567)	-	(133,567)
Other income	2,624,151	-	2,624,151	5,192,301	-	5,192,301
<b>Total other operating (expenses) income, net</b>	<b>(61,486,239)</b>	<b>4,538,141</b>	<b>(56,948,098)</b>	<b>(50,207,247)</b>	<b>695,812</b>	<b>(49,511,435)</b>
<b>Total (loss) income for the period before surplus attribution, zakat and income tax</b>	<b>(108,136,066)</b>	<b>4,538,141</b>	<b>(103,597,925)</b>	<b>3,803,664</b>	<b>695,812</b>	<b>4,499,476</b>
Zakat expense	-	(2,000,000)	(2,000,000)	-	(1,315,640)	(1,315,640)
Income tax expense	-	-	-	-	-	-
<b>Total (loss) income for the period attributable to the shareholders</b>	<b>(108,136,066)</b>	<b>2,538,141</b>	<b>(105,597,925)</b>	<b>3,803,664</b>	<b>(619,828)</b>	<b>3,183,836</b>
<b>Deficit / surplus transferred to the shareholders' operations</b>	<b>108,136,066</b>	<b>(108,136,066)</b>	<b>-</b>	<b>(3,423,298)</b>	<b>3,423,298</b>	<b>-</b>
<b>Total (loss) income for the period after transfer of deficit</b>	<b>-</b>	<b>(105,597,925)</b>	<b>(105,597,925)</b>	<b>380,366</b>	<b>2,803,470</b>	<b>3,183,836</b>
<b>Weighted average number of outstanding shares</b>	<b>-</b>	<b>-</b>	<b>22,947,464</b>	<b>-</b>	<b>15,000,000</b>	<b>-</b>
<b>(Losses) earnings per share (expressed in Saudi Riyals per share)</b>						
Basic (losses) earnings per share	-	-	(4.60)	-	0.19	-
Diluted (losses) earnings per share	-	-	(4.60)	-	0.19	-



**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information** (continued)

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

	<b>June 30, 2021 (Unaudited)</b>			<b>June 30, 2020 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
Total (loss) income for the period after transfer of (deficit) surplus	-	(105,597,925)	(105,597,925)	380,366	2,803,470	3,183,836
<b>Other comprehensive income:</b>						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>						
Net change in fair value of available-for-sale investments	314,887	2,381,728	2,696,615	1,457,797	906,930	2,364,727
Realized gain reclassified to interim condensed statement of income	-	-	-	-	(39,457)	(39,457)
	<b>314,887</b>	<b>2,381,728</b>	<b>2,696,615</b>	<b>1,457,797</b>	<b>867,473</b>	<b>2,325,270</b>
<b>Total comprehensive income (loss) for the period</b>	<b>314,887</b>	<b>(103,216,197)</b>	<b>(102,901,310)</b>	<b>1,838,163</b>	<b>3,670,943</b>	<b>5,509,106</b>

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information (continued)**

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

	<b>June 30, 2021 (Unaudited)</b>			<b>June 30, 2020 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
<b>Revenues</b>						
Gross premiums written	128,214,067	-	128,214,067	92,459,018	-	92,459,018
Reinsurance premiums ceded						
- Foreign	(19,238,197)	-	(19,238,197)	(14,272,802)	-	(14,272,802)
- Local	(3,564,041)	-	(3,564,041)	(3,133,183)	-	(3,133,183)
Excess of loss premiums:						
- Foreign	(9,395,350)	-	(9,395,350)	(1,096,403)	-	(1,096,403)
- Local	(505,099)	-	(505,099)	(121,544)	-	(121,544)
<b>Net premiums written</b>	<b>95,511,380</b>	<b>-</b>	<b>95,511,380</b>	<b>73,835,086</b>	<b>-</b>	<b>73,835,086</b>
Changes in unearned premiums	60,527,772	-	60,527,772	30,443,271	-	30,443,271
Changes in reinsurers' share of unearned premiums	(3,423,451)	-	(3,423,451)	(5,304,127)	-	(5,304,127)
<b>Net premiums earned</b>	<b>152,615,701</b>	<b>-</b>	<b>152,615,701</b>	<b>98,974,230</b>	<b>-</b>	<b>98,974,230</b>
Reinsurance commissions	5,950,855	-	5,950,855	5,188,791	-	5,188,791
Fee income from insurance	85,440	-	85,440	42,640	-	42,640
<b>Total revenues</b>	<b>158,651,996</b>	<b>-</b>	<b>158,651,996</b>	<b>104,205,661</b>	<b>-</b>	<b>104,205,661</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(142,737,342)	-	(142,737,342)	(80,921,575)	-	(80,921,575)
Reinsurers' share of gross claims paid	22,390,586	-	22,390,586	9,515,879	-	9,515,879
Expenses incurred related to claims	(4,156,154)	-	(4,156,154)	(1,173,149)	-	(1,173,149)
<b>Net claims and other benefits paid</b>	<b>(124,502,910)</b>	<b>-</b>	<b>(124,502,910)</b>	<b>(72,578,845)</b>	<b>-</b>	<b>(72,578,845)</b>
Changes in outstanding claims	7,407,059	-	7,407,059	31,915,868	-	31,915,868
Changes in reinsurers' share of outstanding claims	(1,469,880)	-	(1,469,880)	(107,499)	-	(107,499)
Changes in claims incurred but not reported	(33,649,273)	-	(33,649,273)	(6,922,644)	-	(6,922,644)
Changes in reinsurers' share of claims incurred but not reported	3,901,785	-	3,901,785	(505,707)	-	(505,707)
<b>Net claims and other benefits incurred</b>	<b>(148,313,219)</b>	<b>-</b>	<b>(148,313,219)</b>	<b>(48,198,827)</b>	<b>-</b>	<b>(48,198,827)</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information (continued)**

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

	<b>June 30, 2021 (Unaudited)</b>			<b>June 30, 2020 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
Policy acquisition costs	<b>(14,328,020)</b>	-	<b>(14,328,020)</b>	(9,343,843)	-	(9,343,843)
Change in additional premium reserves	<b>(7,171,265)</b>	-	<b>(7,171,265)</b>	(8,593,626)	-	(8,593,626)
Change in other technical reserves	<b>(1,920,264)</b>	-	<b>(1,920,264)</b>	435,101	-	435,101
Other underwriting expenses	<b>(3,526,700)</b>	-	<b>(3,526,700)</b>	(1,137,597)	-	(1,137,597)
<b>Total underwriting costs and expenses, net</b>	<b>(175,259,468)</b>	-	<b>(175,259,468)</b>	(66,838,792)	-	(66,838,792)
<b>NET UNDERWRITING (LOSS) INCOME</b>	<b>(16,607,472)</b>	-	<b>(16,607,472)</b>	37,366,869	-	37,366,869
<b>OTHER OPERATING (EXPENSES) INCOME</b>						
Allowance for doubtful debts	<b>(3,044,068)</b>	-	<b>(3,044,068)</b>	(12,402,809)	-	(12,402,809)
General and administrative expenses	<b>(31,937,987)</b>	<b>(450,709)</b>	<b>(32,388,696)</b>	(20,701,305)	(564,778)	(21,266,083)
Investment and commission income - net	<b>1,604,099</b>	<b>2,911,526</b>	<b>4,515,625</b>	1,636,153	896,086	2,532,239
Finance costs on leases	<b>(72,908)</b>	-	<b>(72,908)</b>	(66,644)	-	(66,644)
Other income	<b>796,299</b>	-	<b>796,299</b>	4,435,923	-	4,435,923
<b>Total other operating (expenses) income, net</b>	<b>(32,654,565)</b>	<b>2,460,817</b>	<b>(30,193,748)</b>	(27,098,682)	331,308	(26,767,374)
<b>Total (loss) income for the period before surplus attribution, zakat and income tax</b>	<b>(49,262,037)</b>	<b>2,460,817</b>	<b>(46,801,220)</b>	10,268,187	331,308	10,599,495
Zakat expense	-	<b>(1,000,000)</b>	<b>(1,000,000)</b>	-	(623,198)	(623,198)
Income tax expense	-	-	-	-	-	-
<b>Total (loss) income for the period</b>	<b>(49,262,037)</b>	<b>1,460,817</b>	<b>(47,801,220)</b>	10,268,187	(291,890)	9,976,297
<b>Surplus (Deficit) attributed to the shareholders' operations</b>	<b>49,262,037</b>	<b>(49,262,037)</b>	-	(9,241,368)	9,241,368	-
<b>Total (loss) income for the period after transfer of (deficit) surplus</b>	-	<b>(47,801,220)</b>	<b>(47,801,220)</b>	1,026,819	8,949,478	9,976,297
<b>Weighted average number of outstanding shares</b>	-	-	<b>22,947,464</b>	-	15,000,000	-
<b>(Losses) earnings per share (expressed in Saudi Riyals per share)</b>						
Basic (losses) earnings per share	-	-	<b>(2.08)</b>	-	0.60	-
Diluted (losses) earnings per share	-	-	<b>(2.08)</b>	-	0.60	-

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information (continued)**

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

	<b>June 30, 2021 (Unaudited)</b>			<b>June 30, 2020 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
Total (loss) income for the period after transfer of (deficit) surplus	-	(47,801,220)	(47,801,220)	1,026,819	8,949,478	9,976,297
<b>Other comprehensive (loss) income:</b>						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>						
Net change in fair value of available-for-sale investments	(421,078)	1,479,589	1,058,511	3,357,693	5,803,997	9,161,690
Realized gain reclassified to interim condensed statement of income	-	-	-	-	(39,457)	(39,457)
	<b>(421,078)</b>	<b>1,479,589</b>	<b>1,058,511</b>	<b>3,357,693</b>	<b>5,764,540</b>	<b>9,122,233</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(421,078)</b>	<b>(46,321,631)</b>	<b>(46,742,709)</b>	<b>4,384,512</b>	<b>14,714,018</b>	<b>19,098,530</b>

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information (continued)**

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

	June 30, 2021 (Unaudited)			June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Total (loss) income for the period before surplus attribution, zakat and income tax	-	(103,597,925)	(103,597,925)	380,366	4,119,110	4,499,476
<u>Adjustments for non-cash items:</u>						
Depreciation of property and equipment	1,148,898	-	1,148,898	690,726	-	690,726
Amortization of intangible assets	1,213,764	-	1,213,764	982,243	-	982,243
Depreciation of right-of-use assets	973,077	-	973,077	521,454	-	521,454
Finance costs on leases	146,981	-	146,981	133,567	-	133,567
Allowance for doubtful debts	6,757,435	-	6,757,435	15,424,878	-	15,424,878
Investment and commission income	(2,814,296)	(5,908,048)	(8,722,344)	(3,665,730)	(1,987,825)	(5,653,555)
Provision for employee benefit obligations	606,928	-	606,928	1,168,308	-	1,168,308
Realized losses on disposals of available-for-sale investments	-	-	-	-	53,381	53,381
(Gain) loss on termination of lease liabilities	(112,288)	-	(112,288)	772	-	772
	<b>7,920,499</b>	<b>(109,505,973)</b>	<b>(101,585,474)</b>	<b>15,636,584</b>	<b>2,184,666</b>	<b>17,821,250</b>
<b><u>Changes in operating assets and liabilities:</u></b>						
Premiums and reinsurers' receivable	22,086,624	-	22,086,624	21,476,220	-	21,476,220
Premium receivables - related parties	(658,151)	-	(658,151)	1,695,183	-	1,695,183
Reinsurers' share of unearned premiums	(10,768,549)	-	(10,768,549)	(1,321,811)	-	(1,321,811)
Reinsurers' share of outstanding claims	(1,723,388)	-	(1,723,388)	(498,531)	-	(498,531)
Reinsurers' share of claims incurred but not reported	(3,189,850)	-	(3,189,850)	4,500,138	-	4,500,138

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20. Supplementary information (continued)**

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

	<b>June 30, 2021 (Unaudited)</b>			<b>June 30, 2020 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
Deferred policy acquisition costs	4,652,963	-	4,652,963	2,500,801	-	2,500,801
Deferred excess of loss premiums	(3,707,632)	-	(3,707,632)	(2,435,893)	-	(2,435,893)
Prepaid expenses and other assets	(8,021,117)	5,205,009	(2,816,108)	4,342,595	(43,515)	4,299,080
Accounts payable	22,387,409	-	22,387,409	(5,809,368)	-	(5,809,368)
Accrued and other liabilities	8,952,691	(80,496)	8,872,195	10,135,083	-	10,135,083
Reinsurers' balances payable	7,172,469	-	7,172,469	10,339,646	-	10,339,646
Unearned premiums	(66,181,327)	-	(66,181,327)	(33,090,584)	-	(33,090,584)
Unearned reinsurance commission	2,101,675	-	2,101,675	(282,760)	-	(282,760)
Outstanding claims	10,188,644	-	10,188,644	4,243,905	-	4,243,905
Claims incurred but not reported	23,497,297	-	23,497,297	(5,172,076)	-	(5,172,076)
Additional premium reserves	17,581,935	-	17,581,935	4,646,561	-	4,646,561
Other technical reserves	1,850,692	-	1,850,692	(134,119)	-	(134,119)
Employee benefit obligations paid	(1,682,343)	-	(1,682,343)	(978,038)	-	(978,038)
Zakat and income tax paid	-	(1,886,010)	(1,886,010)	-	-	-
<b>Net cash generated from (used in) operating activities</b>	<b>32,460,541</b>	<b>(106,267,470)</b>	<b>(73,806,929)</b>	<b>29,793,536</b>	<b>2,141,151</b>	<b>31,934,687</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20 Supplementary information (continued)**

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

	<b>June 30, 2021 (Unaudited)</b>			<b>June 30, 2020 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Placement of short-term deposits	(30,584,375)	(100,492,708)	(131,077,083)	(73,250,000)	-	(73,250,000)
Liquidation of short-term deposits	116,793,212	100,855,417	217,648,629	74,896,368	1,072,209	75,968,577
Purchases of available-for-sale investments	(15,527,118)	(10,000,000)	(25,527,118)	-	(800,000)	(800,000)
Purchases of held-to-maturity investments	-	-	-	(5,000,000)	-	(5,000,000)
Proceeds from disposal of available-for-sale investments	-	-	-	-	7,312,500	7,312,500
Proceeds from redemption of held-to-maturity investment	-	3,750,000	3,750,000	3,541,665	4,000,000	7,541,665
Investment and commission income received	2,493,472	6,403,386	8,896,858	1,145,251	1,814,294	2,959,545
Payments for purchases property and equipment	(349,440)	-	(349,440)	(1,487,329)	-	(1,487,329)
Additions to intangible assets	(2,460,772)	-	(2,460,772)	(2,182,091)	-	(2,182,091)
Proceeds from disposal of property and equipment	468,264	-	468,264	-	-	-
Liquidation of statutory deposit	-	18,450,000	18,450,000	-	-	-
<b>Net cash generated from (used in) investing activities</b>	<b>70,833,243</b>	<b>18,966,095</b>	<b>89,799,338</b>	<b>(2,336,136)</b>	<b>13,399,003</b>	<b>11,062,867</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Principal elements of lease payments	(60,982)	-	(60,982)	(1,146,182)	-	(1,146,182)
Finance cost paid	(3,018)	-	(3,018)	(128,818)	-	(128,818)
Due from / to shareholders' operations	(78,289,968)	78,289,968	-	7,329,852	(7,329,852)	-
<b>Net cash (used in) generated from financing activities</b>	<b>(78,353,968)</b>	<b>78,289,968</b>	<b>(64,000)</b>	<b>6,054,852</b>	<b>(7,329,852)</b>	<b>(1,275,000)</b>

(Continued)

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**20 Supplementary information (continued)**

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

	<b>June 30, 2021 (Unaudited)</b>			<b>June 30, 2020 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
<b>Net increase (decrease) cash and cash equivalents</b>	<b>24,939,816</b>	<b>(9,011,407)</b>	<b>15,928,409</b>	33,512,252	8,210,302	41,722,554
Cash and cash equivalents, beginning of the period	<b>67,852,194</b>	<b>111,655,835</b>	<b>179,508,029</b>	64,394,378	2,468,375	66,862,753
Cash and cash equivalents at end of the period	<b>92,792,010</b>	<b>102,644,428</b>	<b>195,436,438</b>	97,906,630	10,678,677	108,585,307
<b>Supplemental non-cash information:</b>						
Net change in fair value reserve for available-for-sale investments	<b>314,887</b>	<b>2,381,728</b>	<b>2,696,615</b>	1,457,797	867,473	2,325,270
Right-of-use assets and lease liabilities	-	-	-	86,794	-	86,794



**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. Subsequent event**

No events have arisen subsequent to June 30, 2021 and before the date of signing the independent auditor's review report, that could have a significant impact on the interim condensed financial information as at June 30, 2021.

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

This interim condensed financial information has been approved by the Board of Directors on 7 Muharram 1443 H; corresponding to August 15, 2021.