

**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 NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2021 (UNAUDITED)
AND REPORT ON REVIEW OF
INTERIM CONDENSED FINANCIAL
INFORMATION**

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

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**RSM**

Report on review of interim condensed financial information

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf Union Alahlia Cooperative Insurance Company (the "Company") as of September 30, 2021 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine-month period ended September 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 1 to the accompanying interim condensed financial information, which details communications received by the Company from the Saudi Central Bank ("SAMA") regarding its solvency margin falling below the minimum requirement under the Implementing Regulations of the Cooperative Insurance Companies Control Law (the "Regulations") and the requirement to address the solvency margin as per the Regulations. The Company has communicated its planned rectification measures to SAMA, including the recommendation of the Board of Directors to the shareholders of the Company, subsequent to the reporting period, to increase the share capital of the Company through a rights issue. Therefore, the Company's compliance with minimum solvency margin requirements, as per the Regulations, is dependent on the successful execution and favourable outcome of these planned rectification measures. These events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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

	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Cash and cash equivalents	6	120,946,352	179,508,029
Short-term deposits	7	-	126,570,741
Premiums and reinsurers' receivable - net	8	148,907,472	206,568,729
Premiums receivable - related parties - net	14	6,866,466	8,311,277
Reinsurers' share of unearned premiums	9	43,976,825	36,474,798
Reinsurers' share of outstanding claims	9	49,553,093	48,489,107
Reinsurers' share of claims incurred but not reported	9	22,011,404	20,062,991
Deferred policy acquisition costs		19,932,815	29,474,599
Deferred excess of loss premiums		1,853,815	-
Investments	10	288,748,437	257,059,214
Prepaid expenses and other assets		46,190,709	30,821,365
Long term deposits		40,033,333	-
Property and equipment		9,022,355	10,770,393
Right-of-use assets		7,841,168	9,278,773
Intangible assets		13,072,752	12,106,745
Goodwill	5	103,786,750	103,786,750
Statutory deposit		34,421,196	52,871,196
Accrued income on statutory deposit		7,738,807	7,562,956
TOTAL ASSETS		964,903,749	1,139,717,663
LIABILITIES			
Accounts payable		89,702,302	72,108,216
Accrued and other liabilities		25,331,876	27,905,430
Reinsurers' balances payable		11,395,597	15,379,852
Unearned premiums	9	256,253,197	375,588,801
Unearned reinsurance commission		10,104,201	8,825,885
Outstanding claims	9	110,061,286	104,742,560
Claims incurred but not reported	9	213,742,405	170,897,914
Additional premium reserves	9	18,568,923	11,295,391
Other technical reserves	9	14,166,805	11,211,593
Lease liabilities		7,507,374	7,500,772
Employee benefit obligations		18,597,245	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		7,738,807	7,562,956
TOTAL LIABILITIES		816,991,688	867,386,153
EQUITY			
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		(92,706,985)	(59,541,995)
Remeasurement reserve of employee benefit obligations		(2,203,061)	(2,203,061)
Fair value reserve on investments		8,461,776	10,227,790
TOTAL EQUITY		147,912,061	272,331,510
TOTAL LIABILITIES AND EQUITY		964,903,749	1,139,717,663

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

Abdulaziz Ali Al Turki
Chairman of the Board of Directors

Naji Al Mustafa
Chief Financial Officer

Meshael Al Shayea
Chief Executive Officer

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30, 2021 (Unaudited)	Three-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
REVENUES					
Gross premiums written	13	116,378,946	156,914,833	421,672,124	383,026,602
Reinsurance premiums ceded:					
- Foreign		(18,636,110)	(12,664,062)	(71,976,452)	(57,190,725)
- Local		(2,210,661)	(1,966,120)	(9,411,261)	(9,118,040)
Excess of loss premiums:					
- Foreign		(4,727,002)	(7,820,624)	(17,086,733)	(10,013,429)
- Local		(505,099)	(121,544)	(1,577,658)	(364,632)
Net premiums written		90,300,074	134,342,483	321,620,020	306,339,776
Changes in unearned premiums	9	53,154,277	(25,022,995)	119,335,604	8,067,589
Changes in reinsurers' share of unearned premiums	9	(3,266,522)	(6,697,190)	7,502,027	(5,375,379)
Net premiums earned		140,187,829	102,622,298	448,457,651	309,031,986
Reinsurance commissions		5,152,174	4,756,764	16,779,431	16,131,549
Fee income from insurance		90,080	46,390	289,498	157,301
Total revenues		145,430,083	107,425,452	465,526,580	325,320,836
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	13	(147,129,947)	(110,553,420)	(461,979,710)	(272,706,388)
Reinsurers' share of gross claims paid		23,468,547	16,278,519	59,510,095	45,129,691
Expenses incurred related to claims		(3,825,147)	(1,417,944)	(11,619,055)	(3,708,562)
Net claims and other benefits paid		(127,486,547)	(95,692,845)	(414,088,670)	(231,285,259)
Changes in outstanding claims	9	4,869,918	6,791,972	(5,318,726)	2,548,067
Changes in reinsurers' share of outstanding claims	9	(659,402)	3,644,885	1,063,986	4,143,416
Changes in claims incurred but not reported	9	(19,347,194)	(20,284,999)	(42,844,491)	(15,112,923)

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 September 30, 2021 (Unaudited)	Three-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
	Note				
Changes in reinsurers' share of claims incurred but not reported	9	(1,241,437)	484,757	1,948,413	(4,015,381)
Net claims and other benefits incurred		(143,864,662)	(105,056,230)	(459,239,488)	(243,722,080)
Policy acquisition costs		(13,112,353)	(10,541,082)	(41,251,529)	(29,676,858)
Changes in additional premium reserves	9	10,308,403	10,139,873	(7,273,532)	5,493,312
Changes in other technical reserves	9	(1,104,520)	(737,769)	(2,955,212)	(603,650)
Other underwriting expenses		(3,903,434)	(173,705)	(7,703,129)	(1,744,110)
Total underwriting costs and expenses, net		(151,676,566)	(106,368,913)	(518,422,890)	(270,253,386)
NET UNDERWRITING (LOSS) INCOME		(6,246,483)	1,056,539	(52,896,310)	55,067,450
OTHER OPERATING (EXPENSES) INCOME					
Reversal (allowance) for doubtful debts	8, 14	1,633,164	5,313,794	(5,124,271)	(10,111,084)
General and administrative expenses		(21,638,663)	(22,414,747)	(83,028,840)	(67,160,212)
Investment and commission income -net		4,611,520	2,172,863	13,333,864	7,773,037
Finance costs on leases		(72,679)	(58,289)	(219,660)	(191,856)
Other income		4,657,631	3,749,839	7,281,782	8,942,140
Total other operating expenses, net		(10,809,027)	(11,236,540)	(67,757,125)	(60,747,975)

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GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY


(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

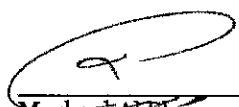
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2021 (Unaudited)	Three-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
	Note				
Total loss for the period before surplus attribution, zakat and income tax		(17,055,510)	(10,180,001)	(120,653,435)	(5,680,525)
Surplus attributed to the insurance operations		-	-	-	-
Total loss for the period before zakat and income tax		(17,055,510)	(10,180,001)	(120,653,435)	(5,680,525)
Zakat expense	15	-	(1,384,884)	(2,000,000)	(2,700,524)
Income tax expense	15	-	-	-	-
Total loss for the period attributable to the shareholders		(17,055,510)	(11,564,885)	(122,653,435)	(8,381,049)
Weighted average number of outstanding shares	19	22,947,464	15,000,000	22,947,464	15,000,000
Losses per share (expressed in Saudi Riyals per share)					
Basic losses per share	19	(0.74)	(0.77)	(5.34)	(0.56)
Diluted losses per share	19	(0.74)	(0.77)	(5.34)	(0.56)

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


Abdulaziz Ali Al Turki
 Chairman of the Board of Directors


Naji Al Mustafa
 Chief Financial Officer


Meshael Al Shayea
 Chief Executive Officer

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2021 (Unaudited)	Three-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
Note					
	Total loss for the period attributable to the shareholders	(17,055,510)	(11,564,885)	(122,653,435)	(8,381,049)
	Other comprehensive (loss) income:				
	<i>Items that will be reclassified to the statement of income in subsequent periods</i>				
	Net change in fair value of available- for-sale investments	10 (4,462,629)	2,309,611	(1,766,014)	4,674,338
	Realized gain reclassified to interim condensed statement of income	10 -	-	-	(39,457)
		(4,462,629)	2,309,611	(1,766,014)	4,634,881
	Total comprehensive loss for the period	(21,518,139)	(9,255,274)	(124,419,449)	(3,746,168)

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

Abdulaziz Ali Al Turki
Chairman of the Board of
Directors

Naji Al Mustafa
Chief Financial Officer

Meshael Al Shayea
Chief Executive Officer

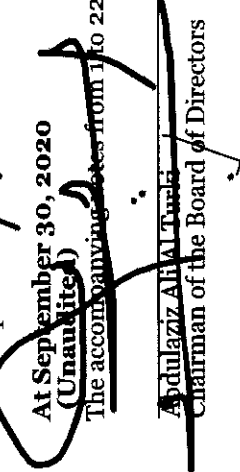
GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

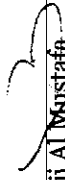
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Share premium	Statutory reserve	Accumulated losses	Remeasurement reserve of employee benefit obligations	Fair value reserve on investments	Total
At January 1, 2021 (Audited)		229,474,640	89,488,445	4,885,691	(59,541,995)	(2,203,061)	10,227,790	272,331,510
Total comprehensive loss for the period								
Total loss for the period attributable to the shareholders		-	-	-	(122,653,435)	-	-	(122,653,435)
Net change in fair value of available-for-sale investments	10	-	-	-	-	-	(1,766,014)	(1,766,014)
Total comprehensive loss for the period		-	-	-	(122,653,435)	-	(1,766,014)	(124,419,449)
Absorption of losses against share premium	1	-	(89,488,445)	-	89,488,445	-	-	-
At September 30, 2021 (Unaudited)		229,474,640	-	4,885,691	(92,706,985)	(2,203,061)	8,461,776	147,912,061
At January 1, 2020 (Audited)		150,000,000	-	4,885,691	(13,964,902)	(3,105,460)	6,687,364	144,502,693
Total comprehensive (loss) income for the period								
Total loss for the period attributable to the shareholders		-	-	-	(8,381,049)	-	-	(8,381,049)
Net change in fair value of available-for-sale investments		-	-	-	-	-	4,674,338	4,674,338
Realized gain reclassified to interim condensed statement of income		-	-	-	-	-	(39,457)	(39,457)
Total comprehensive (loss) income for the period	10	-	-	-	(8,381,049)	-	4,634,881	(3,746,168)
At September 30, 2020 (Unaudited)		150,000,000	-	4,885,691	(22,345,951)	(3,105,460)	11,322,245	140,756,525

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

At September 30, 2020 (Unaudited)


Abdulaziz Ali Al-Turki
Chairman of the Board of Directors


Naji Al-Mustafa
Chief Financial Officer


Meshael Al-Shayea
Chief Executive Officer

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

		For Nine-month period ended September 30, 2021 (Unaudited)	For Nine-month period ended September 30, 2020 (Unaudited)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Total loss for the period before surplus attribution, Zakat and income tax		(120,653,435)	(5,680,525)
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		1,928,661	1,056,783
Amortization of intangible assets		1,940,973	1,378,136
Depreciation of right-of-use assets		1,420,835	786,613
Finance costs on leases		219,660	191,856
Allowance for doubtful debts	8, 14	5,124,271	10,111,084
Investment and commission income		(13,333,864)	(7,826,418)
Provision for employee benefit obligations		847,802	2,111,783
Realized losses on disposals of available-for-sale investments	10		53,381
(Gain) loss on termination of lease liabilities		(112,288)	772
		(122,617,385)	2,183,465
<u>Changes in operating assets and liabilities:</u>			
Premiums and reinsurers' receivable	8	52,536,986	8,978,415
Premium receivables - related parties	14	1,444,811	2,786,915
Reinsurers' share of unearned premiums	9	(7,502,027)	5,375,379
Reinsurers' share of outstanding claims	9	(1,063,986)	(4,143,416)
Reinsurers' share of claims incurred but not reported	9	(1,948,413)	4,015,381
Deferred policy acquisition costs		9,541,784	(604,066)
Deferred excess of loss premiums		(1,714,499)	(1,217,946)
Prepaid expenses and other assets		(15,859,172)	3,391,299
Accounts payable		17,594,086	5,230,659
Accrued and other liabilities		(2,573,554)	220,030
Reinsurers' balances payable		(3,984,255)	9,916,719
Unearned premiums	9	(119,335,604)	(8,067,589)
Unearned reinsurance commission		1,278,316	(1,931,085)
Outstanding claims	9	5,318,726	(2,548,067)
Claims incurred but not reported	9	42,844,491	15,112,923
Additional premium reserves	9	7,273,532	(5,493,312)
Other technical reserves	9	2,955,212	603,650
Employee benefit obligations paid		(2,909,660)	(1,540,054)
Zakat and income tax paid		(1,886,010)	(4,645,002)
Net cash (used in) generated from operating activities		(140,606,621)	27,624,298 (continued)

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

		For Nine-month period ended September 30, 2021 (Unaudited)	For Nine-month period ended September 30, 2020 (Unaudited)
	Note		
CASH FLOWS FROM INVESTING ACTIVITIES			
Placements of short-term deposits		-	(192,869,633)
Liquidations of short-term deposits		126,570,741	250,002,874
Purchases of available-for-sale investments	10	(29,288,091)	(25,436,583)
Placement of long-term deposits		(40,033,333)	-
Purchase of held-to-maturity investments	10	(9,931,031)	(5,000,000)
Proceeds from disposal of available-for-sale investments	10	-	7,312,500
Proceeds from redemption of held-to-maturity investments		5,763,885	9,416,665
Investment and commission income received		13,684,376	4,914,260
Payments for purchases of property and equipment		(401,645)	(1,877,023)
Additions to intangible assets		(3,154,222)	(3,285,179)
Proceeds from disposals of property and equipment		468,264	-
Liquidation of statutory deposit		18,450,000	-
Net cash generated from investing activities		82,128,944	43,177,881
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(78,435)	(2,051,268)
Finance cost paid		(5,565)	(184,732)
Net cash used in financing activities		(84,000)	(2,236,000)
Net change in cash and cash equivalents		(58,561,677)	68,566,179
Cash and cash equivalents at the beginning of the period		179,508,029	66,862,753
Cash and cash equivalents at end of the period	6	120,946,352	135,428,932
Supplemental non-cash information:			
Net change in fair value reserve for available-for-sale investments	10	(1,766,014)	4,634,881
Right of-use-assets and lease liabilities		-	301,226

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

Abdulaziz Ali Al Turki
Chairman of the Board of Directors

Naji Al Mustafa
Chief Financial Officer

Meshael Al Shayea
Chief Executive Officer

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 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.

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

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

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 nine-month period ended September 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, resolved to absorb the accumulated losses amounting to Saudi Riyals 89.5 million against the share premium.

The total loss attributable to the shareholders of Saudi Riyals 122.6 million and net operating cash outflows of Saudi Riyals 140.6 million for the nine-month period ended September 30, 2021 are mainly attributable to the medical segment (Note 13). Management has formulated and implemented measures since the end of 2020, 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 quarter of 2021 and such trend, evidenced by the reduction in losses in the preceding two quarters, as a result of corrective measures is expected to continue, provided that the underlying projections of the business and economic conditions continue to be realized.

The Board of Directors, in their meeting held on 13 Rabi-ul-Awal 1443H (corresponding to October 19, 2021), resolved to recommend rights issue to its shareholders to increase the share capital of Company.

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information - legal status and principal activities (continued)

The Company has not met the solvency margin requirements as required by the Implementing Regulations of the Cooperative Insurance Companies Control Law (the "Regulations") since March 31, 2021 which has further deteriorated during the reporting periods ended June 30, 2021 and September 30, 2021.

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

On September 13, 2021, SAMA issued another letter to the Company to comply with the solvency margin requirement within the stipulated time period as specified in Article 68 of the Regulations and intimated that failure to do so will result in regulatory action in line with clause 2(d) of Article 68 of the Regulations. In response to such letter, the Company has stated that in addition to its planned rectification measures, it has prepared a business plan that reflects the planned rectification measures and includes a proposed increase in the share capital of the Company by way of a rights issue amounting to Saudi Riyals 229.5 million. Such proposed increase in share capital is planned to be achieved during the second quarter of 2022. As explained above, subsequent to the reporting date, on October 19, 2021, the Board of Directors approved the aforementioned business plan and recommended to the shareholders of the Company to increase the share capital through a rights issue which is subject to the approval of the relevant regulatory authorities and shareholders of the Company as of the date of approval of this interim condensed financial information.

The success of the Company's expectation to meet the solvency margin requirements is dependent on the favorable outcome of the planned rectification measures and subscription of the proposed rights issue, including obtaining required approvals from the relevant regulatory authorities and the shareholders of the Company.

Management has performed an assessment of its going concern assumption and prepared this interim condensed financial information on a going concern basis. Based on the approved business plans of the Company, management believes that the Company will be able to continue its operations and meet its obligations as they fall due within the next 12 months. However, management's assessment is based on a number of assumptions including, but not limited to, the favorable outcome of planned rectification measures, continuity of the underwriting licenses and obtaining all the required approvals from relevant regulatory authorities and the shareholders, as mentioned in the paragraphs above. Accordingly, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Shareholding percentage

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

	September 30, 2021	December 31, 2020
Shareholding percentage subject to zakat	95%	95%
Shareholding percentage subject to income tax	5%	5%
	100%	100%

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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, zakat and income tax, surplus distribution payable, accrued income payable to SAMA, reinsurers' share of outstanding claims, outstanding claims, claims incurred but not reported, additional premium reserves, other technical reserves and reinsurers' share of claims incurred but not reported. The following balances would generally be classified as non-current: investments, goodwill property and equipment, right-of-use assets, intangible assets, statutory deposit, long term deposit and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include reinsurers' share of unearned premiums, deferred policy acquisition, unearned premiums, unearned reinsurance commission reinsurers' balances payable and lease liabilities.

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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 September 30, 2021 for its liability adequacy test. Based on the results, no additional reserves were recognised by the Company as of September 30, 2021 (December 31, 2020: Nil) for the issued medical policies to account for the above explained deferral.

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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 September 30, 2021 for its liability adequacy test. Based on the assessment of the in-force policies as at September 30, 2021, performed by management, in conjunction with its appointed actuary, no additional premium deficiency reserves were recognised as at September 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 nine-month period ended September 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.

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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.

(f) Seasonality of operations

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

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.

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3. Significant accounting policies

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

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

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

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

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

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

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.

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3. Significant accounting policies (continued)

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

- IFRS 17, 'Insurance Contracts' (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 1,547,663,506,245,51 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 1,547,663,506,245,51 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.

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4. Business combination (continued)**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.

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

	Total
ASSETS	
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
TOTAL ASSETS	334,231,174
LIABILITIES	
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
TOTAL LIABILITIES	269,054,839
 Net identifiable assets	 65,176,335

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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	<u>103,786,750</u>

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:

Key assumptions	%
Gross premiums written growth	17.9
Average claims ratio	80.5
Discount rate	11.5
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 17.9%. If all other assumptions kept the same, a reduction of this growth rate from 17.9% to 11.0% 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 80.5%. If all other assumptions kept the same, an increase of this ratio from 80.5% to 84.3% 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.

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6. Cash and cash equivalents

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

	Insurance operations		Shareholders' operations	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Cash in hand	20,190	20,190	-	-
Cash at bank - current accounts	17,279,234	36,768,829	2,567,969	5,152,503
Time deposits	30,279,792	31,063,175	70,799,167	106,503,332
	47,579,216	67,852,194	73,367,136	111,655,835

Cash at banks is placed with counterparties with sound credit ratings. As at September 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 4.25% 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 4.25% to 6% (December 31, 2020: 1.10% to 6%) per annum.

8. Premiums and reinsurers' receivable - net

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Premiums receivable from policyholders	147,218,484	197,986,057
Premiums receivable from brokers	38,515,976	36,557,633
Receivable from reinsurance companies	15,931,709	20,987,428
	201,666,169	255,531,118
Allowance for doubtful debts:		
- Receivable from policyholders	(38,381,139)	(37,890,232)
- Receivable from brokers	(9,039,960)	(5,593,981)
- Receivable from reinsurance companies	(5,337,598)	(5,478,176)
	(52,758,697)	(48,962,389)
	148,907,472	206,568,729

Movement in the allowance for doubtful debts was as follows:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
At beginning of the period / year	48,962,389	43,787,305
Charge for the period / year	4,678,105	7,618,928
Write-off during the period / year	(881,797)	(2,443,844)
At end of the period / year	52,758,697	48,962,389

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9. Technical reserves**9.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise the following:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Gross outstanding claims	134,378,860	126,139,520
Less: realizable value of salvage and subrogation	(24,317,574)	(21,396,960)
	110,061,286	104,742,560
Gross claims incurred but not reported	213,742,405	170,897,914
Less:		
Reinsurers' share of outstanding claims	(49,553,093)	(48,489,107)
Reinsurers' share of claims incurred but not reported	(22,011,404)	(20,062,991)
Net outstanding claims	252,239,194	207,088,376
Additional premium reserves - premium deficiency reserve	18,568,923	11,295,391
Other technical reserves	14,166,805	11,211,593
	32,735,728	22,506,984
Net outstanding claims and reserves	284,974,922	229,595,360

9.2 Movement in net unearned premiums

Movement in unearned premiums comprise the following:

	Nine-month period ended September 30, 2021 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	375,588,801	(36,474,798)	339,114,003
Balance as at the end of the period	(256,253,197)	43,976,825	(212,276,372)
Changes in unearned premiums	119,335,604	7,502,027	126,837,631
Premium written during the period	421,672,124	(81,387,713)	340,284,411
Excess of loss premiums	-	(18,664,391)	(18,664,391)
Net premium earned	541,007,728	(92,550,077)	448,457,651

Movement in unearned premiums comprise the following:

	Year ended December 31, 2020 (Audited)		
	Gross	Reinsurance	Net
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	(375,588,801)	36,474,798	(339,114,003)
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	547,022,998	(112,138,861)	434,884,137

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(All amounts expressed in Saudi Riyals unless otherwise stated)

10. Investments*a) Investments are classified as follows:*

	Insurance operations		Shareholders' operations	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Available-for-sale	124,646,204	109,187,954	126,881,355	114,817,528
Held-to-maturity	14,933,044	5,002,013	22,287,834	28,051,719
	139,579,248	114,189,967	149,169,189	142,869,247

b) Category wise investment analysis is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Quoted	122,723,126	112,266,889	131,958,280	119,894,450
Unquoted	16,856,122	1,923,078	17,210,909	22,974,797
	139,579,248	114,189,967	149,169,189	142,869,247

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

	Insurance operations		Shareholders' operations	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Mutual funds	18,448,058	19,138,912	38,985,053	25,365,082
Ordinary shares	1,923,078	1,923,078	1,923,078	1,923,078
Sukuks	119,208,112	93,127,977	108,261,058	115,581,087
	139,579,248	114,189,967	149,169,189	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 25.1 million were denominated in United States Dollars (December 31, 2020: Saudi Riyals 21.5 million).

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10. Investments (continued)

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

	Insurance operations		Shareholders' operations	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of the period / year	109,187,954	34,425,766	114,817,528	104,417,562
Acquisitions during the period / year	19,288,091	75,291,548	10,000,000	15,436,583
Additions from merger	-	-	-	2,320,573
Disposals during the period / year	-	(5,325,983)	-	(7,312,500)
Unrealized (losses) gains	(3,829,841)	4,796,623	2,063,827	48,148
Realized gains (losses) 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	124,646,204	109,187,954	126,881,355	114,817,528

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

	Insurance operations		Shareholders' operations	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of the period / year	5,002,013	11,250,084	28,051,719	16,002,013
Transfer / acquisitions during the period / year	9,931,031	12,002,013	-	14,708,419
Additions from merger	-	-	-	12,093,300
Redemption/disposals / transfer during the period / year	-	(18,250,084)	(5,763,885)	(14,752,013)
At the end of period / year	14,933,044	5,002,013	22,287,834	28,051,719

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10. Investments (continued)

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

Insurance operations

Security	Issuer	Maturity	Location	Profit margin	Amortized cost	
					September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
SEC - Sukuk Islamic Leasing and Finance Fund 21	SEC	May 2022	Saudi Arabia	3.15%	5,002,013	5,002,013
	NBK Wealth Management	August 2026	Saudi Arabia	6.0%	9,931,031	-
					14,933,044	5,002,013

Shareholders' operations

Security	Issuer	Maturity	Location	Profit margin	Amortized cost	
					September 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
				6 months SIBOR plus		
Sukuk	Saudi Kuwait Finance House	December 2021	Saudi Arabia	7.50% SIBOR plus	3,194,534	8,958,419
				8.2%		
Sukuk	AlAwwal Energy Fund	December 2028	Saudi Arabia		12,093,300	12,093,300
					22,287,834	28,051,719

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	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Kingdom of Saudi Arabia	135,790,060	114,189,967	127,831,228	121,359,120
United Arab Emirates	-	-	10,777,304	10,906,559
France	-	-	7,171,455	7,184,046
Switzerland	-	-	3,389,202	3,419,522
United Kingdom	3,789,188	-	-	-
	139,579,248	114,189,967	149,169,189	142,869,247

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11. Commitments and contingencies

i) The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these cases will have a material impact on the Company's financial performance.

ii) As at September 30, 2021 the Company has capital commitments amounting to Saudi Riyals 1.8 million pertaining to implementation of a new software (December 31, 2020: Nil).

iii) See Note 15 for contingencies pertaining to zakat and income tax assessments.

iv) At at September 30, 2021, the Company was contingently liable for financial guarantees issued against litigation in the normal course of business amounting to Saudi Riyals 1 million (December 31, 2020: Nil).

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 September 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

	September 30, 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - available-for-sale	57,433,111	-	-	57,433,111
Sukuks - available-for-sale	190,248,292	-	-	190,248,292
Ordinary shares - available-for-sale	-	-	3,846,156	3,846,156
Total investments	247,681,403	-	3,846,156	251,527,559
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
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
Total investments	220,159,326	-	3,846,156	224,005,482

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12. Fair value of financial instruments (continued)

a. Carrying amounts and fair value (continued)

During the three-month and nine-month periods ended September 30, 2021, there have been no transfers between level 1, level 2 and level 3. available-for-sale investment comprises equity investment of 384,616 shares of Najm for Insurance Services (Najm) (December 31, 2020: 384,616 shares). As at September 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 September 30, 2021 and December 31, 2020 and its total revenues, expenses, and net loss for the three-month and nine-month periods ended September 30, 2021 and September 30, 2020, is as follows:

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13. Segmental information (continued)

September 30, 2021 (Unaudited)	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
ASSETS						
Reinsurers' share of unearned premiums	-	26,231,663	17,745,162	-	-	43,976,825
Reinsurers' share of outstanding claims	24,256	11,371,269	38,157,568	-	-	49,553,093
Reinsurers' share of claims incurred but not reported	8,829,143	5,225,286	7,956,975	-	-	22,011,404
Deferred policy acquisition costs	8,932,979	7,205,254	3,794,582	-	-	19,932,815
Deferred excess of loss premiums	875,000	681,294	297,521	-	-	1,853,815
Segment assets	18,661,378	50,714,766	67,951,808	-	-	137,327,952
Unallocated assets					412,221,199	827,575,797
TOTAL ASSETS					412,221,199	964,903,749
Liabilities						
Unearned premiums	113,330,753	106,831,269	36,091,175	-	-	256,253,197
Unearned reinsurance commission	-	5,141,553	4,962,648	-	-	10,104,201
Outstanding claims	24,046,007	20,558,679	65,456,600	-	-	110,061,286
Claims incurred but not reported	149,814,646	43,609,405	20,318,354	-	-	213,742,405
Additional premium reserves	18,568,923	-	-	-	-	18,568,923
Other technical reserves	9,594,285	2,981,122	1,591,398	-	-	14,166,805
Segment liabilities	315,354,614	179,122,028	128,420,175	-	-	622,896,817
Unallocated liabilities and equity					176,234,751	342,006,932
Total liabilities and equity					176,234,751	964,903,749

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13. Segmental information (continued)

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

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13. Segmental information (continued)

For the nine-month period ended September 30, 2021 (Unaudited)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
REVENUES						
Gross premiums written	189,006,979	169,311,360	63,353,785	-	-	421,672,124
Reinsurance premiums ceded:						
- Foreign	-	(37,312,895)	(34,663,557)	-	-	(71,976,452)
- Local	-	(4,623,804)	(4,787,457)	-	-	(9,411,261)
Excess of loss premiums:						
- Foreign	(13,113,997)	(2,564,880)	(1,407,856)	-	-	(17,086,733)
- Local	(1,050,000)	(251,653)	(276,005)	-	-	(1,577,658)
Net premiums written	174,842,982	124,558,128	22,218,910	-	-	321,620,020
Changes in unearned premiums	112,231,486	298,022	6,806,096	-	-	119,335,604
Changes in reinsurers' share of unearned premiums	-	9,376,209	(1,874,182)	-	-	7,502,027
Net premiums earned	287,074,468	134,232,359	27,150,824	-	-	448,457,651
Reinsurance commissions	-	6,186,032	10,593,399	-	-	16,779,431
Fee income from insurance	19,950	38,830	230,718	-	-	289,498
Total revenues	287,094,418	140,457,221	37,974,941	-	-	465,526,580
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(305,587,975)	(142,586,322)	(13,805,413)	-	-	(461,979,710)
Reinsurers' share of gross claims paid	23,090,659	29,908,564	6,510,872	-	-	59,510,095
Expenses incurred related to claims	(5,315,682)	(6,303,373)	-	-	-	(11,619,055)
Net claims and other benefits paid	(287,812,998)	(118,981,131)	(7,294,541)	-	-	(414,088,670)

(continued)

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13. Segmental information (continued)

For the nine-month period ended September 30, 2021 (Unaudited) (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Changes in outstanding claims	(9,557,180)	13,334,715	(9,096,261)	-	-	(5,318,726)
Changes in reinsurers' share of outstanding claims	(533,657)	(3,523,219)	5,120,862	-	-	1,063,986
Changes in claims incurred but not reported	(34,222,741)	(3,739,671)	(4,882,079)	-	-	(42,844,491)
Changes in reinsurers' share of claims incurred but not reported	2,328,334	190,751	(570,672)	-	-	1,948,413
Net claims and other benefits incurred	(329,798,242)	(112,718,555)	(16,722,691)	-	-	(459,239,488)
Policy acquisition costs	(24,341,535)	(11,424,040)	(5,485,954)	-	-	(41,251,529)
Changes in additional premium reserves	(17,772,110)	10,498,578	-	-	-	(7,273,532)
Changes in other technical reserves	(2,833,126)	159,470	(281,556)	-	-	(2,955,212)
Other underwriting expenses	(535,798)	(827,259)	(6,340,072)	-	-	(7,703,129)
Total underwriting costs and expenses, net	(375,280,811)	(114,311,806)	(28,830,273)	-	-	(518,422,890)
NET UNDERWRITING (LOSS) INCOME	(88,186,393)	26,145,415	9,144,668	-	-	(52,896,310)

(continued)

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13. Segmental information (continued)

For the nine-month period ended September 30, 2021 (Unaudited) (continued)

	Insurance operations			Shareholders' operations	Total
	Medical	Motor	Property and casualty and savings		
OTHER OPERATING (EXPENSES) INCOME					
Allowance for doubtful debts			(5,124,271)	-	(5,124,271)
General and administrative expenses			(81,084,827)	(1,944,013)	(83,028,840)
Investment and commission income - net			4,808,785	8,525,079	13,333,864
Finance costs on leases			(219,660)	-	(219,660)
Other income			7,281,782	-	7,281,782
Total other operating (expenses) income, net			(74,338,191)	6,581,066	(67,757,125)
Total (loss) income for the period before (deficit) surplus attribution, zakat and income tax			(127,234,501)	6,581,066	(120,653,435)
Deficit attributed to the shareholders' operations			127,234,501	(127,234,501)	-
Total loss for the period before zakat and income tax			-	(120,653,435)	(120,653,435)
Zakat expense			-	-	-
Income tax expense			-	(2,000,000)	(2,000,000)
Total loss for the period attributable to the shareholders			-	(122,653,435)	(122,653,435)

(continued)

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13. Segmental information (continued)

For the nine-month period ended September 30, 2020 (Unaudited)

	Insurance operations				Shareholder
	Medical	Motor	Property and casualty	Protection and savings	Total s' operations
REVENUES					
Gross premiums written	256,912,551	77,313,358	48,800,693	-	383,026,602
Reinsurance premiums ceded:					
- Foreign	-	(25,662,576)	(31,528,149)	-	(57,190,725)
- Local	-	(4,461,348)	(4,656,692)	-	(9,118,040)
Excess of loss expenses:					
- Foreign	(8,299,221)	(1,022,289)	(691,919)	-	(10,013,429)
- Local	-	(208,770)	(155,862)	-	(364,632)
Net premiums written	248,613,330	45,958,375	11,768,071	-	306,339,776
Changes in unearned premiums					
Changes in reinsurers' share of unearned premiums	(5,327,628)	8,902,473	4,492,744	-	8,067,589
Net premiums earned	243,285,702	51,221,416	14,524,868	-	309,031,986
Reinsurance commissions	-	6,532,346	9,599,203	-	16,131,549
Fee income from insurance	26,750	36,621	93,930	-	157,301
TOTAL REVENUES	243,312,452	57,790,383	24,218,001	-	325,320,836
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(196,123,908)	(72,385,323)	(4,197,157)	-	(272,706,388)
Reinsurers' share of claims paid	13,415,103	28,938,513	2,776,075	-	45,129,691
Expenses incurred related to claims	(3,708,562)	-	-	-	(3,708,562)
Net claims and other benefits paid	(186,417,367)	(43,446,810)	(1,421,082)	-	(231,285,259)

(continued)

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13. Segmental information (continued)

For the nine-month period ended September 30, 2020 (Unaudited) (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Changes in outstanding claims	11,571,040	(4,545,030)	(4,477,943)	-	2,548,067	2,548,067
Changes in reinsurers' share of outstanding claims	(1,495,819)	1,816,336	3,822,899	-	4,143,416	4,143,416
Changes in claims incurred but not reported	(31,784,934)	15,632,688	1,039,323	-	(15,112,923)	(15,112,923)
Changes in reinsurers' share of claims incurred but not reported	3,203,929	(6,392,525)	(826,785)	-	(4,015,381)	(4,015,381)
Net claims and other benefits incurred	(204,923,151)	(36,935,341)	(1,863,588)	-	(243,722,080)	(243,722,080)
Policy acquisition costs	(18,912,552)	(7,316,489)	(3,447,817)	-	(29,676,858)	(29,676,858)
Changes in additional premium reserves	2,953,141	2,540,171	-	-	5,493,312	5,493,312
Changes in other technical reserves	(1,070,919)	479,121	(11,852)	-	(603,650)	(603,650)
Other underwriting expenses	(895,132)	(401,445)	(447,533)	-	(1,744,110)	(1,744,110)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET	(222,848,613)	(41,633,983)	(5,770,790)	-	(270,253,386)	(270,253,386)
NET UNDERWRITING INCOME	20,463,839	16,156,400	18,447,211	-	55,067,450	55,067,450

(continued)

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13. Segmental information (continued)

For the nine-month period ended September 30, 2020 (Unaudited) (continued)

	Insurance operations			
	Medical	Motor and casualty	Protection and savings	Shareholders' operations
				Total
OTHER OPERATING (EXPENSES)				
INCOME				
Allowance for doubtful debts		(10,111,084)		-
General and administrative expenses		(64,257,327)		(2,902,885)
Investment and commission income		4,815,519		2,957,518
Finance costs on leases		(191,856)		-
Other income		8,942,140		-
Total other operating (expenses) income, net		(60,802,608)		54,633
				(60,747,975)
Total (loss) income for the period before (deficit) surplus attribution, zakat and income tax		(5,735,158)		54,633
Deficit attributed to the shareholders' operations		5,735,158		(5,735,158)
Total loss for the period before zakat and income tax		-		(5,680,525)
Zakat expense		-		(2,700,524)
Income tax expense		-		-
Total loss for the period attributable to the shareholders		-		(8,381,049)
				(8,381,049)

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13. Segmental information (continued)

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

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	34,457,134	57,850,123	34,659,900	-	126,967,157
Medium corporates	15,740,724	90,664,337	15,768,549	-	122,173,610
Small enterprises	50,175,262	14,871,667	5,061,762	-	70,108,691
Micro enterprises	86,587,426	4,227,277	645,904	-	91,460,607
Retail	2,046,433	1,697,956	7,217,670	-	10,962,059
	189,006,979	169,311,360	63,353,785	-	421,672,124

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

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	13,306,053	5,296,358	5,862,268	-	24,464,679
Medium corporates	5,520,101	37,336,286	4,126,358	-	46,982,745
Small enterprises	14,042,783	6,023,799	1,098,555	-	21,165,137
Micro enterprises	18,355,672	604,731	270,828	-	19,231,231
Retail	1,538,591	652,036	2,344,527	-	4,535,154
	52,763,200	49,913,210	13,702,536	-	116,378,946

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13. Segmental information (continued)

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

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	25,057,151	28,282,289	30,487,602	-	83,827,042
Medium corporates	24,122,830	27,567,869	13,406,614	-	65,097,313
Small enterprises	16,520,138	7,403,262	4,226,862	-	28,150,262
Micro enterprises	49,184,907	6,688,777	650,700	-	56,524,384
Retail	142,027,525	7,371,161	28,915	-	149,427,601
	256,912,551	77,313,358	48,800,693	-	383,026,602

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

	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	9,376,066	3,071,888	4,689,054	-	17,137,008
Medium corporates	6,368,433	14,187,169	3,187,278	-	23,742,880
Small enterprises	12,725,622	1,110,909	1,205,994	-	15,042,525
Micro enterprises	33,042,928	384,995	277,770	-	33,705,693
Retail	66,518,177	755,664	12,886	-	67,286,727
	128,031,226	19,510,625	9,372,982	-	156,914,833

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13. Segmental information (continued)

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

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
REVENUES						
Gross premiums written	52,763,200	49,913,210	13,702,536	-	-	116,378,946
Reinsurance premiums ceded:						
- Foreign	-	(11,059,657)	(7,576,453)	-	-	(18,636,110)
- Local	-	(1,368,208)	(842,453)	-	-	(2,210,661)
Excess of loss premiums:						
- Foreign	(3,617,632)	(811,509)	(297,861)	-	-	(4,727,002)
- Local	(350,000)	(74,707)	(80,392)	-	-	(505,099)
Net premiums written	48,795,568	36,599,129	4,905,377	-	-	90,300,074
Changes in unearned premiums	38,538,771	8,367,310	6,248,196	-	-	53,154,277
Changes in reinsurers' share of unearned premiums	-	(65,112)	(3,201,410)	-	-	(3,266,522)
Net premiums earned	87,334,339	44,901,327	7,952,163	-	-	140,187,829
Reinsurance commissions	-	2,244,749	2,907,425	-	-	5,152,174
Fee income from insurance	8,650	9,700	71,730	-	-	90,080
Total revenues	87,342,989	47,155,776	10,931,318	-	-	145,430,083
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(90,526,926)	(49,748,205)	(6,854,816)	-	-	(147,129,947)
Reinsurers' share of gross claims paid	10,118,250	9,993,729	3,356,568	-	-	23,468,547
Expenses incurred related to claims	(2,324,978)	(1,500,169)	-	-	-	(3,825,147)
Net claims and other benefits paid	(82,733,654)	(41,254,645)	(3,498,248)	-	-	(127,486,547)

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13. Segmental information (continued)

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

	Insurance operations				
	Medical	Motor	Property and casualty	Protection and savings	Shareholders' operations
					Total
Changes in outstanding claims	3,826,580	3,745,674	(2,702,336)	-	4,869,918
Changes in reinsurers' share of outstanding claims	(29,430)	(1,203,268)	573,296	-	(659,402)
Changes in claims incurred but not reported	(17,805,134)	(1,519,349)	(22,711)	-	(19,347,194)
Changes in reinsurers' share of claims incurred but not reported	1,191,242	(609,590)	(1,823,089)	-	(1,241,437)
Net claims and other benefits incurred	(95,550,396)	(40,841,178)	(7,473,088)	-	(143,864,662)
Policy acquisition costs	(7,480,630)	(3,903,062)	(1,728,661)	-	(13,112,353)
Changes in additional premium reserves	9,263,774	1,044,629	-	-	10,308,403
Changes in other technical reserves	(1,082,858)	19,555	(41,217)	-	(1,104,520)
Other underwriting expenses	(81,468)	2,518,106	(6,340,072)	-	(3,903,434)
Total underwriting costs and expenses, net	(94,931,578)	(41,161,950)	(15,583,038)	-	(151,676,566)
NET UNDERWRITING (LOSS) INCOME	(7,588,589)	5,993,826	(4,651,720)	-	(6,246,483)

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13. Segmental information (continued)

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

	Insurance operations			
	Medical	Motor	Property and casualty and savings	Shareholders' operations
OTHER OPERATING INCOME (EXPENSES)				
Reversal of allowance for doubtful debts		1,633,164		-
General and administrative expenses		(21,064,557)		(574,106)
Investment and commission income - net		1,994,489		2,617,031
Finance costs on leases		(72,679)		-
Other income		4,657,631		-
Total other operating (loss) income, net		(12,851,952)		2,042,925
Total (loss) income for the period before (deficit) surplus attribution, zakat and income tax		(19,098,435)		(17,055,510)
Deficit attributed to the shareholders' operations		19,098,435		(19,098,435)
Total loss for the period before zakat and income tax		-		(17,055,510)
Zakat expense		-		-
Income tax expense		-		-
Total loss for the period attributable to the shareholders		-		(17,055,510)

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13. Segmental information (continued)

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

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Revenues						
Gross premiums written	128,031,226	19,510,625	9,372,982	-	-	156,914,833
Reinsurance premiums ceded:						
- Foreign	-	(6,635,814)	(6,028,248)	-	-	(12,664,062)
- Local	-	(1,168,436)	(797,684)	-	-	(1,966,120)
Excess of loss premiums:						
- Foreign	(7,249,221)	(340,763)	(230,640)	-	-	(7,820,624)
- Local	-	(69,590)	(51,954)	-	-	(121,544)
Net premiums written	120,782,005	11,296,022	2,264,456	-	-	134,342,483
Changes in unearned premiums	(37,534,415)	6,861,396	5,650,024	-	-	(25,022,995)
Changes in reinsurers' share of unearned premiums	-	(2,825,245)	(3,871,945)	-	-	(6,697,190)
Net premiums earned	83,247,590	15,332,173	4,042,535	-	-	102,622,298
Reinsurance commissions	-	2,050,527	2,706,237	-	-	4,756,764
Fee income from insurance	10,550	8,980	26,860	-	-	46,390
Total revenues	83,258,140	17,391,680	6,775,632	-	-	107,425,452
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(88,977,541)	(20,208,075)	(1,367,804)	-	-	(110,553,420)
Reinsurers' share of gross claims paid	7,221,078	8,077,416	980,025	-	-	16,278,519
Expenses incurred related to claims	(1,417,944)	-	-	-	-	(1,417,944)
Net claims and other benefits paid	(83,174,407)	(12,130,659)	(387,779)	-	-	(95,692,845)

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13. Segmental information (continued)

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

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
Changes in outstanding claims	13,009,537	(3,908,504)	(2,309,061)	-	-	6,791,972
Changes in reinsurers' share of outstanding claims	(94,742)	1,561,628	2,177,999	-	-	3,644,885
Changes in claims incurred but not reported	(29,041,814)	6,351,123	2,405,692	-	-	(20,284,999)
Changes in reinsurers' share of claims incurred but not reported	5,213,079	(2,636,372)	(2,091,950)	-	-	484,757
Net claims and other benefits incurred	(94,088,347)	(10,762,784)	(205,099)	-	-	(105,056,230)
Policy acquisition costs	(7,042,456)	(2,274,679)	(1,223,947)	-	-	(10,541,082)
Changes in additional premium reserves	7,828,933	2,310,940	-	-	-	10,139,873
Changes in other technical reserves	(913,355)	160,626	14,960	-	-	(737,769)
Other underwriting expenses	-	-	(173,705)	-	-	(173,705)
Total underwriting costs and expenses, net	(94,215,225)	(10,565,897)	(1,587,791)	-	-	(106,368,913)
NET UNDERWRITING (LOSS) INCOME	(10,957,085)	6,825,783	5,187,841	-	-	1,056,539

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13. Segmental information (continued)

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

	Insurance operations			
	Medical	Motor	Property and casualty	Protection and savings
	Total			Shareholders' operations
	Total			Total
OTHER OPERATING INCOME (EXPENSES)				
Reversal of allowance for doubtful debts		5,313,794	-	5,313,794
General and administrative Expenses		(20,750,494)	(1,664,253)	(22,414,747)
Investment and commission				
Income - net		1,149,789	1,023,074	2,172,863
Finance costs on leases		(58,289)	-	(58,289)
Other income		3,749,839	-	3,749,839
Total other operating expenses, net		(10,595,361)	(641,179)	(11,236,540)
Total loss for the period before deficit attribution, zakat and income tax		(9,538,822)	(641,179)	(10,180,001)
Deficit attributed to the insurance operations		9,538,822	(9,538,822)	-
Total loss for the period before zakat and income tax		-	(10,180,001)	(10,180,001)
Zakat expense		-	(1,384,884)	(1,384,884)
Income tax expense		-	-	-
Total loss for the period attributable to the shareholders		-	(11,564,885)	(11,564,885)

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14. Related party transactions and balances

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

Nature of transactions	Transactions for the three-month period ended		Transactions for the nine-month period ended	
	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2021 (Unaudited)
Major shareholders				
Insurance premium written	1,509,379	1,668,645	11,976,906	14,680,233
Claims paid	3,286,828	(5,862,125)	10,345,091	(7,753,690)
Others				
Rent charged	-	(80,830)	-	(2,140,317)
Services	-	-	-	(267,267)
Directors' remuneration and meeting fee	233,500	(2,069,817)	571,500	(2,170,317)

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

	Transactions for the three-month period ended		Transactions for the nine-month period ended	
	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Salaries and benefits	1,034,375	1,273,399	4,839,271	3,931,689
Employee benefit obligations	115,922	77,969	347,765	233,907
	1,150,297	1,351,368	5,187,036	4,165,596

Premium receivable - related parties, net

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Premium receivable from related parties	9,039,430	10,038,075
Less: allowance for doubtful debts	(2,172,964)	(1,726,798)
	6,866,466	8,311,277

Movement in the allowance for doubtful debts is as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At beginning of the period / year	1,726,798	393,511
Charge for the period / year	446,166	1,333,287
At end of the period / year	2,172,964	1,726,798

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15. Zakat and income tax

The Company has obtained zakat and income tax certificates from the Zakat, Tax and Customs Authority ("ZATCA") for the years through 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 nine-month period ended September 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 September 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 September 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 September 30, 2021 and December 31, 2020 is as below.

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

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17. Statutory reserve

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

18. Capital risk management

The Company's objectives when managing capital are:

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

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

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

Also see Note 1.

19. Basic and diluted losses per share

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

	For the three-month period ended September 30,	
	2021	2020
Total losses for the period attributable to the shareholders	(17,055,510)	(11,564,885)
Weighted average number of ordinary shares for basic and diluted losses per share	22,947,464	15,000,000
Basic and diluted losses per share	(0.74)	(0.77)
	For the nine-month period ended September 30,	
	2021	2020
Total losses for the period attributable to the shareholders	(122,653,435)	(8,381,049)
Weighted average number of ordinary shares for basic and diluted losses per share	22,947,464	15,000,000
Basic and diluted losses per share	(5.34)	(0.56)

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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**
(All amounts expressed in Saudi Riyals unless otherwise stated)

20. Supplementary information

Interim condensed statement of financial position

	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	47,579,216	73,367,136	120,946,352	67,852,194	111,655,835	179,508,029
Short-term deposits	-	-	-	86,516,962	40,053,779	126,570,741
Premiums and reinsurers' receivable - net	148,907,472	-	148,907,472	206,568,729	-	206,568,729
Premiums receivable - related parties - net	6,866,466	-	6,866,466	8,311,277	-	8,311,277
Reinsurers' share of unearned premiums	43,976,825	-	43,976,825	36,474,798	-	36,474,798
Reinsurers' share of outstanding claims	49,553,093	-	49,553,093	48,489,107	-	48,489,107
Reinsurers' share of claims incurred but not reported	22,011,404	-	22,011,404	20,062,991	-	20,062,991
Deferred policy acquisition costs	19,932,815	-	19,932,815	29,474,599	-	29,474,599
Deferred excess of loss premiums	1,853,815	-	1,853,815	-	-	-
Investments	139,579,248	149,169,189	288,748,437	114,189,967	142,869,247	257,059,214
Prepaid expenses and other assets	42,485,921	3,704,788	46,190,709	26,355,272	4,466,093	30,821,365
Long term deposits	-	40,033,333	40,033,333	-	-	-
Property and equipment	9,022,355	-	9,022,355	10,770,393	-	10,770,393
Right-of-use assets	7,841,168	-	7,841,168	9,278,773	-	9,278,773
Intangible assets	13,072,752	-	13,072,752	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	-	7,738,807	7,738,807	-	7,562,956	7,562,956
Due from shareholders' operations	235,986,448	-	235,986,448	166,304,034	-	166,304,034
TOTAL ASSETS	788,668,998	412,221,199	1,200,890,197	842,755,841	463,265,856	1,306,021,697
Less: inter-operations elimination	(235,986,448)	-	(235,986,448)	(166,304,034)	-	(166,304,034)
TOTAL ASSETS	552,682,550	412,221,199	964,903,749	676,451,807	463,265,856	1,139,717,663

(continued)

(All amounts expressed in Saudi Rivals unless otherwise stated)

December 31, 2020 (Audited)

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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**
(All amounts expressed in Saudi Rivals unless otherwise stated)

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

(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

20. Supplementary information (continued)

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

	September 30, 2021 (Unaudited)		September 30, 2020 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
		Total		Total
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(461,979,710)	-	(272,706,388)	-
Reinsurers' share of gross claims paid	59,510,095	59,510,095	45,129,691	45,129,691
Expenses incurred related to claims	(11,619,055)	-	(3,708,562)	-
Net claims and other benefits paid	(414,088,670)	(414,088,670)	(231,285,259)	(231,285,259)
Changes in outstanding claims	(5,318,726)	-	2,548,067	-
Changes in reinsurers' share of outstanding claims	1,063,986	1,063,986	4,143,416	4,143,416
Changes in claims incurred but not reported	(42,844,491)	-	(15,112,923)	-
Changes in reinsurers' share of claims incurred but not reported	1,948,413	1,948,413	(4,015,381)	(4,015,381)
Net claims and other benefits incurred	(459,239,488)	(459,239,488)	(243,722,080)	(243,722,080)
Policy acquisition costs	(41,251,529)	-	(29,676,858)	-
Changes in additional premium reserves	(7,273,532)	-	5,493,312	-
Changes in other technical reserves	(2,955,212)	-	(603,650)	-
Other underwriting expenses	(7,703,129)	-	(1,744,110)	-
Total underwriting costs and expenses, net	(518,422,890)	(518,422,890)	(270,253,386)	(270,253,386)
NET UNDERWRITING (LOSS) INCOME	(52,896,310)	(52,896,310)	55,067,450	55,067,450

(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

20. Supplementary information (continued)

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

	September 30, 2021 (Unaudited)		September 30, 2020 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
OTHER OPERATING (EXPENSES)				
INCOME				
Allowance for doubtful debts	(5,124,271)	-	(5,124,271)	(10,111,084)
General and administrative expenses	(81,084,827)	(1,944,013)	(83,028,840)	(2,902,885)
Investment and commission income – net	4,808,785	8,525,079	13,333,864	2,957,518
Finance costs on leases	(219,660)	-	(219,660)	(191,856)
Other income	7,281,782	-	7,281,782	-
Total other operating (expenses)	(74,338,191)	6,581,066	(67,757,125)	54,633
income, net				
Total (loss) income for the period before (deficit) surplus attribution, zakat and income tax	(127,234,501)	6,581,066	(120,653,435)	54,633
Zakat expense	-	(2,000,000)	(2,000,000)	(2,700,524)
Income tax expense	-	-	-	-
Total (loss) income for the period attributable to the shareholders	(127,234,501)	4,581,066	(122,653,435)	(2,645,891)
Deficit transferred to the shareholders' operations	127,234,501	(127,234,501)	-	(5,735,158)
Total loss for the period after transfer of deficit	-	(122,653,435)	(122,653,435)	(8,381,049)
Weighted average number of outstanding shares		22,947,464		15,000,000
Losses per share (expressed in Saudi Riyals per share)				
Basic losses per share		(5.34)		(0.56)
Diluted losses per share		(5.34)		(0.56)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

20. Supplementary information (continued)

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

	September 30, 2021 (Unaudited)		September 30, 2020 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Total loss for the period after transfer of deficit	-	(122,653,435)	-	(8,381,049)
		(122,653,435)		(8,381,049)
Other comprehensive (loss) income:				
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>				
Net change in fair value of available-for-sale investments	(3,829,841)	2,063,827	4,524,111	150,227
Realized gain reclassified to interim condensed statement of income	-	-	-	(39,457)
	(3,829,841)	2,063,827	4,524,111	110,770
		(1,766,014)		4,634,881
Total comprehensive (loss) income for the period	(3,829,841)	(120,589,608)	4,524,111	(8,270,279)
		(124,419,449)		(3,746,168)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 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

	September 30, 2021 (Unaudited)		September 30, 2020 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
REVENUES				
Gross premiums written	116,378,946	-	116,378,946	-
Reinsurance premiums ceded:				
- Foreign	(18,636,110)	-	(18,636,110)	-
- Local	(2,210,661)	-	(2,210,661)	-
Excess of loss premiums:				
- Foreign	(4,727,002)	-	(4,727,002)	-
- Local	(505,099)	-	(505,099)	-
Net premiums written	90,300,074	-	90,300,074	-
Changes in unearned premiums	53,154,277	-	53,154,277	-
Changes in reinsurers' share of unearned premiums	(3,266,522)	-	(3,266,522)	-
Net premiums earned	140,187,829	-	140,187,829	-
Reinsurance commissions	5,152,174	-	5,152,174	-
Fee income from insurance	90,080	-	90,080	-
Total revenues	145,430,083	-	145,430,083	-
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(147,129,947)	-	(147,129,947)	-
Reinsurers' share of gross claims paid	23,468,547	-	23,468,547	-
Expenses incurred related to claims	(3,825,147)	-	(3,825,147)	-
Net claims and other benefits paid	(127,486,547)	-	(127,486,547)	-
Changes in outstanding claims	4,869,918	-	4,869,918	-
Changes in reinsurers' share of outstanding claims	(659,402)	-	(659,402)	-
Changes in claims incurred but not reported	(19,347,194)	-	(19,347,194)	-
Changes in reinsurers' share of claims incurred but not reported	(1,241,437)	-	(1,241,437)	-
Net claims and other benefits incurred	(143,864,662)	-	(143,864,662)	-

(continued)

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 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)

	September 30, 2021 (Unaudited)		September 30, 2020 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Policy acquisition costs	(13,112,353)	-	(13,112,353)	(10,541,082)
Changes in additional premium reserves	10,308,403	-	10,308,403	10,139,873
Changes in other technical reserves	(1,104,520)	-	(1,104,520)	(737,769)
Other underwriting expenses	(3,903,434)	-	(3,903,434)	(173,705)
Total underwriting costs and expenses, net	(51,676,566)	-	(51,676,566)	(106,368,913)
NET UNDERWRITING (LOSS) INCOME	(6,246,483)	-	(6,246,483)	-
OTHER OPERATING (EXPENSES) INCOME				
Reversal of allowance for doubtful debts	1,633,164	-	1,633,164	5,313,794
General and administrative expenses	(21,064,557)	(574,106)	(21,638,663)	(1,664,253)
Investment and commission income - net	1,994,489	2,617,031	4,611,520	1,149,789
Finance costs on leases	(72,679)	-	(72,679)	(58,289)
Other income	4,657,631	-	4,657,631	3,749,839
Total other operating (expenses) income, net	(12,851,952)	2,042,925	(10,809,027)	(641,179)
Total (loss) income for the period before (deficit) surplus attribution, zakat and income tax	(19,098,435)	2,042,925	(17,055,510)	(10,180,001)
Surplus attributed to the insurance operations	-	-	-	-
Total (loss) income for the period before zakat and income tax	(19,098,435)	2,042,925	(17,055,510)	(10,180,001)
Zakat expense	-	-	-	(1,384,884)
Income tax expense	-	-	-	-
Total (loss) income for the period	(19,098,435)	2,042,925	(17,055,510)	(11,564,885)
Deficit attributed to the shareholders' operations	19,098,435	(19,098,435)	-	(9,538,822)
Total loss for the period after transfer of deficit	-	(17,055,510)	(17,055,510)	(11,564,885)
Weighted average number of outstanding shares		22,947,464		15,000,000

GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 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

	September 30, 2021 (Unaudited)		September 30, 2020 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
		Total		Total
Losses per share (expressed in Saudi Riyals per share)				
Basic losses per share		(0.74)		(0.77)
Diluted losses per share		(0.74)		(0.77)
Total loss for the period after transfer of deficit	-	(17,055,510)	-	(11,564,885)

Other comprehensive (loss) income:

Items that will be reclassified to the interim condensed statement of income in subsequent periods

Net change in fair value of available-for-sale investments

Total comprehensive (loss) income for the period

(4,144,728)	(317,901)	(4,462,629)	3,066,314	(756,703)	2,309,611
(4,144,728)	(17,373,411)	(21,518,139)	3,066,314	(12,321,588)	(9,255,274)

(All amounts expressed in Saudi Rivals unless otherwise stated)

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

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GULF UNION ALAHILIA COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

20. Supplementary information (continued)

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

	September 30, 2021 (Unaudited)		September 30, 2020 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
		Total		Total
Deferred policy acquisition costs	9,541,784	-	9,541,784	-
Deferred excess of loss premiums	(1,714,499)	-	(1,714,499)	-
Prepaid expenses and other assets	(21,683,928)	5,824,756	(15,859,172)	(55,933)
Accounts payable	17,594,086	-	17,594,086	-
Accrued and other liabilities	(2,146,250)	(427,304)	(2,573,554)	-
Reinsurers' balances payable	(3,984,255)	-	(3,984,255)	-
Unearned premiums	(119,335,604)	-	(119,335,604)	-
Unearned reinsurance commission	1,278,316	-	1,278,316	-
Outstanding claims	5,318,726	-	5,318,726	-
Claims incurred but not reported	42,844,491	-	42,844,491	-
Additional premium reserves	7,273,532	-	7,273,532	-
Other technical reserves	2,955,212	-	2,955,212	-
Employee benefit obligations paid	(2,909,660)	-	(2,909,660)	-
Zakat and income tax paid	-	(1,886,010)	(1,886,010)	-
Net cash (used in) generated from operating activities	(14,939,549)	(125,667,072)	(140,606,621)	(43,338,978)
			40,963,276	27,624,298
				(continued)

(A Saudi Joint Stock Company)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

20 **Supplementary information (continued)**

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

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GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

20 Supplementary information (continued)

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

	September 30, 2021 (Unaudited)		September 30, 2020 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
	operations	operations	operations	operations
	Total	Total	Total	Total
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal elements of lease payments	(78,435)	-	(78,435)	(2,051,268)
Finance cost paid	(5,565)	-	(5,565)	(184,732)
Due from / to shareholders' operations	(64,132,414)	64,132,414	-	9,084,264
Net cash (used in) generated from financing activities	(64,216,414)	64,132,414	(84,000)	(2,236,000)
Net change in cash and cash equivalents	(20,272,978)	(38,288,699)	(58,561,677)	68,566,179
Cash and cash equivalents at the beginning of the period	67,852,194	111,655,835	179,508,029	2,468,375
Cash and cash equivalents at end of the period	47,579,216	73,367,136	120,946,352	2,468,375
Supplemental non-cash information:				
Net change in fair value reserve for available-for-sale investments	(3,829,841)	2,063,827	(1,766,014)	4,524,111
Right of-use-assets and lease liabilities	-	-	-	301,226

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

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(All amounts expressed in Saudi Riyals unless otherwise stated)

21. Subsequent event

Subsequent to period ended September 30, 2021, the Board of Directors recommended to the shareholders of the Company to increase the share capital through a rights issue which is subject to the approval of the shareholders and relevant regulatory authorities.

22. Approval of the interim condensed financial information

This interim condensed financial information has been approved by the Board of Directors on 1 Rabi Al-Akhar 1443 H; corresponding to November 6, 2021.