

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2021**

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS’
REVIEW REPORT (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2021**

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**INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED
FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Chubb Arabia Cooperative Insurance Company** (the "Company") as at 30 June 2021, and the related interim condensed statements of income and comprehensive income for the three and six month periods then ended and the interim condensed statement of changes in equity and cash flows for the six month period ended 30 June 2021, and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

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Ibrahim Ahmed Al Bassam
Certified Public Accountant
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Certified Public Accountant
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9 Muharram 1443H
17 August 2021G

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Cash and cash equivalents	5	100,082,607	135,793,642
Premiums and reinsurance balances receivable, net	6	112,365,970	134,980,791
Reinsurers' share of unearned premiums	17.2	89,243,108	100,063,940
Reinsurers' share of outstanding claims	17.1	55,923,920	41,858,691
Reinsurers' share of claims incurred but not reported	17.1	37,115,108	29,724,574
Deferred policy acquisition costs	17.3	7,262,934	5,630,498
Investments held for trading	7	101,189,321	101,641,429
Investments available for sale	7	1,932,078	1,932,078
Prepaid expenses and other assets		14,737,480	15,395,789
Term deposits		169,536,755	124,348,532
Property and equipment		890,682	906,441
Right-of-use-assets		539,249	1,078,499
Intangible assets		3,453,231	537,919
Goodwill	8	43,774,750	43,774,750
Statutory deposit	11	20,000,000	20,000,000
Accrued income on statutory deposit	11	2,314,386	2,216,249
TOTAL ASSETS		760,361,579	759,883,822



Chief Financial Officer



Chief Executive Officer



Board Member



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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
LIABILITIES			
Accounts payable		27,910,207	24,539,616
Accrued and other liabilities		8,814,580	20,116,469
Lease liabilities		-	1,118,664
Surplus distribution payable	15	5,860,017	5,005,180
Reinsurers' balances payable	10	62,774,183	86,038,909
Unearned premiums	17.2	139,544,759	130,833,967
Unearned reinsurance commission income		10,611,287	8,340,689
Outstanding claims	17.1	69,297,913	51,295,966
Claims incurred but not reported	17.1	49,332,523	41,874,437
Additional premium reserves	17.1	4,294,717	5,629,118
Other technical reserves	17.1	4,828,935	3,882,539
End-of-service indemnities		9,987,780	9,336,979
Provision for zakat and income tax	14	9,356,991	19,536,736
Accrued commission income payable to SAMA	11	2,314,386	2,216,249
TOTAL LIABILITIES		404,928,278	409,765,518
EQUITY			
Share capital	12	200,000,000	200,000,000
Statutory reserve		39,558,247	38,495,248
Retained earnings		118,459,003	114,207,005
Re-measurement reserve of end-of-service indemnities		(2,583,949)	(2,583,949)
TOTAL EQUITY		355,433,301	350,118,304
TOTAL LIABILITIES AND EQUITY		760,361,579	759,883,822
Commitments and contingencies	13	-	-

The interim condensed financial statements appearing on pages 1 to 40 were approved by the Board of Directors of the Company and have been signed on their behalf by:

 _____ Chief Financial Officer	 _____ Chief Executive Officer	 _____ Board Member
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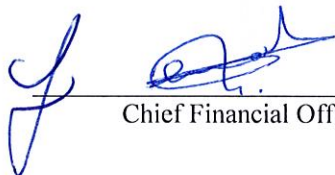
The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	For the three month period ended 30 June		For the six month period ended 30 June	
		2021	2020	2021	2020
REVENUE					
Gross premiums written	9,16	57,325,949	49,508,882	149,166,035	146,602,269
Less: Reinsurance premiums ceded					
- Local		(2,618,729)	(2,198,568)	(4,966,696)	(4,610,207)
- Foreign		(33,590,897)	(28,642,987)	(73,377,597)	(82,930,380)
Excess of loss expenses		(1,225,000)	(968,566)	(2,642,548)	(2,172,828)
Net premiums written		19,891,323	17,698,761	68,179,194	56,888,854
Changes in unearned premiums		15,739,759	14,247,582	(8,710,792)	(20,871,663)
Changes in reinsurers' share of unearned premiums		(9,424,728)	(9,968,513)	(10,820,832)	7,615,181
Net premiums earned		26,206,354	21,977,830	48,647,570	43,632,372
Reinsurance commission income		6,056,753	5,902,605	11,495,115	11,871,098
TOTAL REVENUE		32,263,107	27,880,435	60,142,685	55,503,470
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(21,505,398)	(5,150,940)	(33,449,825)	(13,132,486)
Expenses incurred related to claims		(402,901)	(853,852)	(809,347)	(1,504,291)
Reinsurers' share of gross claims paid		10,272,924	1,353,186	14,207,158	3,289,475
Net claims and other benefits paid		(11,635,375)	(4,651,606)	(20,052,014)	(11,347,302)
Changes in outstanding claims		(5,634,367)	3,117,332	(18,001,947)	(6,319,764)
Changes in reinsurers' share of outstanding claims		4,993,471	(1,393,541)	14,065,229	6,631,118
Changes in claims incurred but not reported ("IBNR")		(6,424,915)	6,811,088	(7,458,086)	6,130,877
Changes in reinsurance share of IBNR		4,989,463	(3,608,493)	7,390,534	(3,259,179)
Net claims and other benefits incurred		(13,711,723)	274,780	(24,056,284)	(8,164,250)
Additional premium reserves		225,486	(3,384,042)	1,334,401	(2,869,107)
Other technical reserves		(531,421)	286,935	(946,396)	5,607
Policy acquisition costs	17.3	(4,202,150)	(4,168,506)	(8,063,767)	(8,203,993)
Other underwriting expenses		(1,167,863)	(733,353)	(2,444,170)	(1,539,286)
TOTAL UNDERWRITING COSTS AND EXPENSES		(19,387,671)	(7,724,186)	(34,176,216)	(20,771,029)
NET UNDERWRITING INCOME		12,875,436	20,156,249	25,966,469	34,732,441



Chief Financial Officer



Chief Executive Officer



Board Member



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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED) (CONTINUED)
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

		For the three month period ended 30 June		For the six month period ended 30 June	
	Notes	2021	2020	2021	2020
OTHER (EXPENSES) / INCOME					
Reversal of / (allowance) for impairment of doubtful debts	6	737,176	(7,564,296)	(1,145,379)	(6,880,765)
General and administrative expenses		(10,031,949)	(8,587,702)	(19,632,962)	(17,720,952)
Dividend, interest and commission income		1,526,121	1,870,910	2,960,970	4,133,519
Realized gains / (losses) on disposal of investments held for trading		16,849	(173,654)	12,147	(233,898)
Unrealised (losses) / gains on investments held for trading		(292,113)	4,492,667	(855,941)	(513,069)
Other income, net		4,150	2,855,910	296,265	3,588,078
TOTAL OTHER EXPENSES		(8,039,766)	(7,106,165)	(18,364,900)	(17,627,087)
Income before surplus attribution, zakat and income tax		4,835,670	13,050,084	7,601,569	17,105,354
Income attributed to insurance operations		(517,947)	(1,020,564)	(856,547)	(1,698,964)
Income attributed to shareholders before zakat and income tax		4,317,723	12,029,520	6,745,022	15,406,390
Zakat charge	14	(329,432)	(889,015)	(1,013,671)	(1,510,820)
Income tax charge	14	(236,055)	(843,327)	(416,354)	(1,054,789)
Net income attributable to shareholders		3,752,236	10,297,178	5,314,997	12,840,781
Earnings per share					
Basic and Diluted EPS	20	0.19	0.51	0.27	0.64
Weighted average number of outstanding shares	12	20,000,000	20,000,000	20,000,000	20,000,000

The interim condensed financial statements appearing on pages 1 to 40 were approved by the Board of Directors of the Company and have been signed on their behalf by:


Chief Financial Officer


Chief Executive Officer


Board Member

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



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

	<u>For the three month period ended 30 June</u>		<u>For the six month period ended 30 June</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Total income for the period	4,270,183	11,317,742	6,171,544	14,539,745
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,270,183	11,317,742	6,171,544	14,539,745
Net comprehensive income attributed to the insurance operations	(517,947)	(1,020,564)	(856,547)	(1,698,964)
Net comprehensive income for the period attributable to the shareholders	3,752,236	10,297,178	5,314,997	12,840,781

The interim condensed financial statements appearing on pages 1 to 40 were approved by the Board of Directors of the Company and have been signed on their behalf by:

 _____ Chief Financial Officer	 _____ Chief Executive Officer	 _____ Board Member
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The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Re-measurement reserve of end-of-service indemnities	Total Equity
Balance at 1 January 2021 (Audited)	200,000,000	38,495,248	114,207,005	(2,583,949)	350,118,304
Net income for the period attributable to shareholders	-	-	5,314,997	-	5,314,997
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	5,314,997	-	5,314,997
Transfer to statutory reserve	-	1,062,999	(1,062,999)	-	-
Balance at 30 June 2021 (Unaudited)	200,000,000	39,558,247	118,459,003	(2,583,949)	355,433,301
Balance at 1 January 2020 (Audited)	200,000,000	32,437,651	89,976,615	(1,846,305)	320,567,961
Net income for the period attributable to shareholders	-	-	12,840,781	-	12,840,781
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	12,840,781	-	12,840,781
Transfer to statutory reserve	-	2,568,156	(2,568,156)	-	-
Balance at 30 June 2020 (Unaudited)	200,000,000	35,005,807	100,249,240	(1,846,305)	333,408,742

The interim condensed financial statements appearing on pages 1 to 40 were approved by the Board of Directors of the Company and have been signed on their behalf by:


Chief Financial Officer


Chief Executive Officer


Board Member

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



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

	30 June 2021	30 June 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net income before zakat and income tax for the period	7,601,569	17,105,354
Adjustments for:		
Depreciation of property and equipment	138,768	165,573
Amortization of intangible assets	131,034	65,517
Depreciation of right-of-use-assets	539,250	539,250
Gain on sale of property and equipment	(4,000)	-
Allowance for impairment of doubtful debts	1,145,379	6,880,765
Unrealised losses on investments held for trading	855,941	513,069
Realised (gains) / losses on investments held for trading	(12,147)	233,898
Interest on lease obligations	3,563	24,300
Provision for end-of-service indemnities	722,695	707,068
	11,122,052	26,234,794
Changes in operating assets and liabilities:		
Premiums and insurance balances receivable	21,469,442	2,176,423
Reinsurers' share of unearned premiums	10,820,832	(7,615,181)
Reinsurers' share of outstanding claims	(14,065,229)	(6,631,118)
Reinsurers' share of claims incurred but not reported	(7,390,534)	3,259,179
Deferred policy acquisition costs	(1,632,436)	(1,619,932)
Prepaid expenses and other assets	658,309	(1,112,353)
Accounts payable	3,370,591	802,809
Accrued and other liabilities	(11,301,889)	(4,646,103)
Reinsurers' balances payable	(23,264,726)	(1,479,093)
Unearned premiums	8,710,792	20,871,663
Unearned reinsurance commission income	2,270,598	1,254,295
Outstanding claims	18,001,947	6,319,764
Claims incurred but not reported	7,458,086	(6,130,877)
Additional premium reserves	(1,334,401)	2,869,107
Other technical reserves	946,396	(5,607)
Cash generated from operations	25,839,830	34,547,770
Surplus paid to policyholders	(1,710)	(5,003,795)
Zakat and income tax paid	(11,609,770)	-
End-of-service indemnities paid	(71,894)	(232,599)
Net cash generated from operating activities	14,156,456	29,311,376




Chief Financial Officer


Chief Executive Officer


Board Member

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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED) (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

(All amounts expressed in Saudi Riyals unless otherwise stated)

	30 June 2021	30 June 2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments held for trading	(7,331,787)	(22,590,910)
Proceeds from disposal of investments held for trading	6,940,101	23,111,117
(Additions) / maturity of term deposits - net	(45,188,223)	37,621,892
Proceeds from sale of property and equipment	4,000	-
Purchase of property and equipment	(123,009)	(189,900)
Purchase of intangible assets	(3,046,346)	-
Net cash (used in) / generated from investing activities	(48,745,264)	37,952,199
CASH FLOWS FROM FINANCING ACTIVITY		
Payment under lease obligations	(1,122,227)	(1,122,227)
Net cash used in financing activity	(1,122,227)	(1,122,227)
Net (decrease) / increase in cash and cash equivalents	(35,711,035)	66,141,348
Cash and cash equivalents at 1 January	135,793,642	105,651,008
CASH AND CASH EQUIVALENTS AT 30 JUNE	100,082,607	171,792,356



The interim condensed financial statements appearing on pages 1 to 40 were approved by the Board of Directors of the Company and have been signed on their behalf by:


Chief Financial Officer


Chief Executive Officer


Board Member

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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

CHUBB Arabia Cooperative Insurance Company (“the Company”) is a Saudi Joint Stock Company registered on 28 Rajab 1430H (corresponding to 21 July 2009) under commercial registration number 2050066029 which was later amended to 2051043431 dated 9 Sha’aban 1431H (corresponding to 21 July 2010), issued in Al-Khobar, Kingdom of Saudi Arabia. The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

The activities of the Company are to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 21 Dhul-Hijjah, 1430H (corresponding to 8 December 2009), the Company received the license from Saudi Central Bank (“SAMA”) to transact insurance business in the Kingdom of Saudi Arabia.

Surplus from insurance operations is distributed in accordance with the Implementing Regulations issued by SAMA, whereby the 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 on insurance operations is transferred to the shareholders’ operations in full.

2. ASSET PURCHASE AGREEMENT AND TRANSFER OF INSURANCE PORTFOLIO

The Company started its insurance operations on 1 February 2010. The Company acquired the insurance portfolio and the net assets of Ace Arabia Insurance Company BSC and International Insurance Company BSC with effect from 1 January 2009 as set forth in SAMA’s guidelines in this respect, following the approval on the transfer from the respective authorities in 2012.

3. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements of the Company as at and for the period ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The Company’s statement of interim condensed financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: available for sale investments, right-of-use assets, property and equipment, intangible asset, goodwill, statutory deposit, accrued income on statutory deposit, provision for end-of-service indemnities, lease liabilities, certain engineering related unearned premiums, reinsurance share of unearned premiums, reinsurance unearned commission, deferred policy acquisition cost and accrued commission income payable to SAMA. All other financial statement line items would generally be classified as current unless, stated otherwise.

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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

3. BASIS OF PREPARATION (CONTINUED)

(a) Basis of presentation (continued)

The interim condensed statement of financial position, interim condensed statements of income, comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in note 21 of the financial statements have been provided only as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations require 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, statements of 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-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised 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.

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

Amounts in this interim condensed financial statements are expressed in Saudi Arabian Riyals ("SR") unless otherwise stated.

(b) Seasonality of operations

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

(c) Critical accounting judgements estimates and assumptions

The preparation of interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these interim condensed financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020. There is no change in the following key accounting judgements and estimates from 31 December 2020:

- The ultimate liability arising from claims made under insurance contracts.
- Impairment of financial assets
- Fair value of financial instruments
- Impairment losses on premium and reinsurance receivables
- Deferred policy acquisition costs ("DAC")
- Useful life of property and equipment, intangible and right of use assets
- Goodwill impairment testing
- Zakat and income tax
- End of service indemnities

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting and risk management policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020.

4.1 Standards issued but not yet effective

The Company has chosen not to early adopt the following new standards which have been issued but not yet effective for the Company's accounting year beginning on January 1, 2021 and is currently assessing their impact:

i) IFRS 9 Financial Instruments

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

Classification and measurement

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

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

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

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

Assets not meeting either of these categories are measured at fair value through interim condensed statement of income. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through statement of income 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 interim condensed statement of income.

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

i) IFRS 9 Financial Instruments (continued)

Impairment

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

Hedge accounting

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

Effective date

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

- 1) apply a temporary exemption from implementing IFRS 9 until the earlier of:
 - a) the effective date of a new insurance contract standard; or
 - b) annual reporting periods beginning on or after 1 January 2023. On 17 March 2020, the International Accounting Standards Board (“IASB”) decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from 1 January 2021 to 1 January 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or;
- 2) adopt IFRS 9 but, for designated financial assets, remove from interim condensed statement of income the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The company is eligible and has chosen to apply temporary exemption under IFRS 9.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

i) IFRS 9 Financial Instruments (continued)

The Company has performed a detailed assessment beginning January 1, 2018: (1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. The Company's total liabilities were SAR 409.8 million and liabilities connected with insurance in the statement of financial position primarily included the liabilities arising in the course of writing insurance business and were valued at SAR 327.9 million. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

As at 30 June 2021, the Company has total financial assets and insurance related assets amounting to SAR 575.4 million (31 December 2020: SAR 575.8 million) and SAR 301.9 million (31 December 2020: SAR 312.3 million), respectively. Currently, financial assets held at amortized cost consist of loans and receivable (cash and cash equivalents, terms deposit, premiums and reinsurance balances receivable and certain other receivables) amounting to SAR 472.3 million (31 December 2020: SAR 472.2 million). Financial assets held at amortized cost are expected to meet the SPPI test as required by IFRS 9 and the Company expects to measure such assets at amortized cost. Financial assets consist of available for sale investment amounting to SAR 1.9 million (31 December 2020: SAR 1.9 million), the Company expect to use the FVOCI classification of financial assets based on the business model of the Company for these strategic nature of equity investments.

The Company's financial assets have low credit risk as at 30 June 2021 and 31 December 2020. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9: However, the impact of the same is not expected to be significant.

At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

ii) IFRS 17 Insurance Contracts

Overview

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

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

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

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

ii) IFRS 17 Insurance Contracts (continued)

Measurement

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

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

- a) the fulfilment cash flows (FCF), which comprise:
 - probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
 - and a risk adjustment for non-financial risk;
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in interim condensed statement of income.

Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into interim condensed statement of income based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

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

- i) the entity’s share of the changes in the fair value of underlying items;
 - ii) the effect of changes in the time value of money and in financial risks not relating to the underlying items.
- In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the General Measurement Model for the group of contracts or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The General Measurement Model remains applicable for the measurement of the liability for incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

ii) IFRS 17 Insurance Contracts (continued)

Effective date

The effective date of IFRS 17 is currently 1 January 2023 and will supersede IFRS 4 “Insurance Contracts”. Earlier adoption is permitted if both IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the interim condensed statement of income and the interim condensed statement of financial position. The Company has decided not to early adopt this new standard.

Transition

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

Impact assessment:

Presentation and Disclosures

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

Impact

The Company has performed an operational gap assessment which has focused on the impact of IFRS 17 across data, systems, processes and people. The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company.

Impact Area	Summary of Impact
Financial Impact	<p>Based on the initial assessment, the majority of Company’s products (which provide cover for annual periods or less) are expected to be measured using the simplified approach (PAA) which requires less changes to the existing approach under IFRS 4.</p> <p>As a result, the financial impact of measuring contracts under IFRS 17 is not expected to be significant.</p>
Data Impact	<p>Where the GMM is applied to measure the Liability for Remaining Coverage, additional data to inform the assumptions made will be required to generate cash-flow models.</p> <p>Yield curves and other financial market information will also be required to determine suitable discount rates and the credit risk of reinsurers.</p>

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

iii) IFRS 17 Insurance Contracts (continued)

Impact Area	Summary of Impact
IT Systems	Cash-flow models will be required to cater for the calculation of the Liability for Remaining Coverage. In addition, model development will be required to allow for the calculation, updating and amortization of the Contractual Service Margin. Amendments will also be required to the current chart of accounts and reporting disclosures.
Process Impact	A process will need to be established to assess the expected profitability of contracts issued, at the issuing date. Cost allocation processes will need refinement to ensure directly attributable costs are identified according to the requirements of IFRS 17 and are then used as part of cash flow projections. The financial statement close process will also require changes to allow for more frequent interaction between the finance and actuarial teams.
Impact on RI Arrangements	IFRS 17 is not expected to significantly impact the structure of the reinsurance arrangements currently in place for the Company. It is however expected that further insight into the expected (and subsequently actual) performance of reinsurance treaties will be derived under IFRS 17.
Impact on Policies & Control Frameworks	Various decisions need to be made and policies drafted which cover the below (amongst other items): <ul style="list-style-type: none"> • Allocating directly attributable expenses • Onerous contract identification and measurement • Risk adjustment

The Company has started with a detailed data gap assessment as well as the development of an implementation plan which considers the key IFRS 17 design principles. In addition, the Company has set up an IFRS 17 Steering Committee.

Amendments to standard	Description	Effective for annual years beginning on or after
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January, 2022
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	1 January, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January, 2022
IFRS 3	Reference to the Conceptual Framework	1 January, 2022
IAS 1	Classification of Liabilities as Current or Non-current, Amendment to defer the effective date of the January 2020 amendments, Amendments regarding the disclosure of accounting policies	1 January, 2023
IAS 8	Amendments regarding the definition of accounting estimates	1 January, 2023
IAS 12	Amendments regarding deferred tax on leases and decommissioning obligations	1 January, 2023

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5. CASH AND CASH EQUIVALENTS

	Insurance operations	
	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Cash in hand	20,000	-
Cash at banks		
- Current accounts	21,902,072	4,875,037
- Time deposits	16,191,728	34,389,382
Total	38,113,800	39,264,419
	Shareholders' operations	
	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Cash at banks		
- Current accounts	2,370,366	1,505,384
- Time deposits	59,598,441	95,023,839
Total	61,968,807	96,529,223
Total cash and cash equivalents	100,082,607	135,793,642

Deposits are placed with local banks with original maturities of less than three-months and earn financial income at rates ranging from 0.66% to 1.01% per annum (31 December 2020: 0.65% to 1.15% per annum). Bank balances are placed with counterparties with sound credit ratings.

6. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET

	Insurance operations	
	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Policyholders	47,108,956	19,186,256
Brokers	73,080,546	122,227,507
Receivables from insurance and reinsurance companies	2,659,945	2,678,563
Premiums and reinsurance receivables from related parties (note 9)	12,983	239,546
	122,862,430	144,331,872
Less: allowance for impairment of doubtful debts	(10,496,460)	(9,351,081)
Premium and reinsurance account receivable, net	112,365,970	134,980,791
Movement in provision for impairment of doubtful receivables		
	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Balance at 1 January	9,351,081	11,820,991
Allowance for impairment of doubtful debts for the period / year	1,145,379	(2,469,910)
Closing balance	10,496,460	9,351,081

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7. INVESTMENTS

		Insurance operations	
		30 June 2021	31 December 2020
		(Unaudited)	(Audited)
Investments held for trading		39,930,294	40,105,314
Total		39,930,294	40,105,314
		Shareholders' operations	
		30 June 2021	31 December 2020
		(Unaudited)	(Audited)
Investments held for trading		61,259,027	61,536,115
Investments available for sale *		1,932,078	1,932,078
Total		63,191,105	63,468,193
Total investments held for trading		101,189,321	101,641,429
Total investments available for sale		1,932,078	1,932,078
Total investments		103,121,399	103,573,507

*This represents an investment in respect of the Company's shareholding in Najm for Insurance Services which provides loss determination services for motor class. This investment has been carried at cost in the absence of an active market or other means of reliably measuring its fair value. There has been no movement in this investment between the period ended 30 June 2021 and during the year ended 31 December 2020.

i) Investments held for trading:

a) Category wise analysis is as follows:

	Insurance Operations		Domestic		International		Total	
			30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
			(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Sukuk and bonds			19,245,675	19,424,178	9,865,784	9,646,799	29,111,459	29,070,977
Equity securities			10,818,835	11,034,337	-	-	10,818,835	11,034,337
Total			30,064,510	30,458,515	9,865,784	9,646,799	39,930,294	40,105,314
	Shareholders' Operations		Domestic		International		Total	
			30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
			(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Sukuk and bonds			32,864,378	33,154,855	12,798,549	12,514,467	45,662,927	45,669,322
Equity securities			17,528,178	17,798,871	-	-	17,528,178	17,798,871
Total			50,392,556	50,953,726	12,798,549	12,514,467	63,191,105	63,468,193

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7. INVESTMENTS (CONTINUED)

Movement in the investment held for trading balance is as follows

	Insurance operations		Shareholders' operations	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
At the beginning of the period / year	40,105,314	38,013,460	61,536,115	58,493,236
Purchase during the period / year	3,194,267	11,661,873	4,137,520	15,128,556
Disposals during the period / year	(3,021,026)	(10,060,269)	(3,919,075)	(13,050,848)
Unrealised (losses) / gains	(353,559)	592,066	(502,382)	1,097,253
Realised gains / (losses)	5,298	(101,816)	6,849	(132,082)
At the end of the period / year	39,930,294	40,105,314	61,259,027	61,536,115

8. GOODWILL

The Company entered into a purchase agreement whereby it has purchased the insurance business operations in the Kingdom of Saudi Arabia of Ace Arabia Insurance Company BSC and International Insurance Company BSC. The purchase price was based on a valuation study conducted in accordance with the due diligence and valuation guidelines issued by SAMA and the value of goodwill was estimated at SR 43.77 million.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, companies related to shareholders ("affiliates") and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of major related parties' transactions during the period and the related balances at the end of the period:

<i>Related parties</i>	<i>Nature of transactions</i>	For the six months period ended 30 June	
		2021	2020
		(Unaudited)	
Affiliates	Gross written premiums	381,643	320,703
	Rent	737,381	643,750
	Claim expenses	1,419,956	947,181
Board of Directors	Remuneration	712,500	712,500
	Meeting fee and expenses	724,000	931,237
Shareholders	Reinsurance premiums ceded	31,089,546	24,165,072
	Reinsurers' share of gross claims	2,450,876	1,214,976
	Reinsurance commission income	5,030,198	4,077,927

The following are the details of related parties balances as at:

<i>Nature</i>	<i>Relationship</i>	30 June 2021	31 December 2020
		(Unaudited)	(Audited)
Premiums and reinsurance receivables	Affiliates	12,983	239,546
Reinsurance payables	Affiliates	23,386,952	12,139,740

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9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Remuneration and compensation of BOD Members and Executives

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The following table shows the salaries, remuneration and allowances obtained by the Board members and key management personnel for the period ended 30 June 2021 and 2020:

<u>Period-ended 30 June 2021</u>	BOD members (Executives) (Unaudited)	BOD members (Non- Executive) (Unaudited)	Key management (Unaudited)
Salaries and compensation	-	-	2,298,041
End of service indemnities	-	-	196,084
Annual remuneration and meeting fees	162,500	1,274,000	-
Total	162,500	1,274,000	2,494,125
<u>Period-ended 30 June 2020</u>	BOD members (Executives) (Unaudited)	BOD members (Non- Executive) (Unaudited)	Key management (Unaudited)
Salaries and compensation	-	-	1,892,256
End of service indemnities	-	-	169,004
Traveling expenses	13,695	131,042	-
Annual remuneration and meeting fees	172,500	1,326,500	-
Total	186,195	1,457,542	2,061,260

10. REINSURERS' BALANCES PAYABLE

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Related parties (note 9)	23,386,952	12,139,740
Others	39,387,231	73,899,169
	62,774,183	86,038,909

11. STATUTORY DEPOSIT

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

In accordance with the instruction received from the Saudi Central Bank (SAMA) vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit as at 30 June 2021 as an asset and a liability in these interim condensed financial statements.

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12. SHARE CAPITAL

The authorised, issued and paid-up share capital is SR 200 million at 30 June 2021 consisting of 20 million shares (31 December 2020: SR 200 million consisting of 20 million shares) of SR 10 each.

Shareholding structure of the Company as at 30 June 2021 and 31 December 2020 are as below.

Shareholder	Country	Shareholding percentage
Chubb International Holding Co.	USA	30
El-Khereiji Investment Company	Saudi Arabia	10
International Corporation For Trade and Contract Services	Saudi Arabia	5
El-Khereiji Construction Company	Saudi Arabia	5
El-Khereiji Trading & Electronics Company	Saudi Arabia	5
El-Khereiji Real Estate	Saudi Arabia	5
General Public	Saudi Arabia	40
		100

On Sha'ban 11, 1442 AH, corresponding to 24 March 2021G, the Board of Directors decided to increase the Company's capital through bonus shares by granting one share for every two shares owned. The increase will be made by capitalizing SAR 100 million Saudi Riyals from the retained earnings and will be issued once legal formalities are completed. The Company has received approval from Saudi Central Bank for increase in Share Capital. Subsequent to the period ended 30 June 2021, the shareholders of the Company have approved the increase in Extra Ordinary General Assembly meeting, however obtaining the final approval from Ministry of Commerce (MOC) is in progress, to update the commercial registration and by-laws of the Company. The revised number of shares after bonus issue will be 30 million.

13. COMMITMENTS AND CONTINGENCIES

Legal proceedings

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

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Letter of Guarantees	9,500,821	9,601,940

14. ZAKAT AND INCOME TAX

- (a) Income tax has been provided for based on the estimated taxable profit at the rate of 20% per annum for foreign shareholders.

Movement in the provision for zakat and income tax during the period / year

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
At the beginning of the period / year	19,536,736	16,501,196
Zakat charge for the period / year	1,013,671	4,596,805
Tax charge for the period / year	416,354	1,937,429
Paid during the period / year	(11,609,770)	(3,498,694)
At the end of the period / year	9,356,991	19,536,736

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14. ZAKAT AND INCOME TAX (CONTINUED)**(b) Shareholding subject to Zakat and income tax**

The following is the founding shareholding percentage:

	30 June 2021 %	31 December 2020 %
Shareholding subject to Zakat	70	70
Shareholding subject to income tax	30	30

(c) Status of assessments

In 2015, the Zakat, Tax and Customs Authority (“the ZATCA”) raised final assessments for the years ended 31 December 2009 to 2012 and claimed additional Zakat and income tax liability including withholding tax amounting to SAR 13.79 million. The management has filed an appeal against these assessments and believes that the outcome of this appeal will be in the favor of the Company. However, the Company has paid SAR 14.9 million (including delay penalties and withholding tax) and also furnished a bank guarantee of SAR 3.3 million in favor of ZATCA to avoid any further delay penalties until the appeal against the assessments is finalized. Subsequent to period ended June 30, 2021, the Company has received final decision from GSTC – Appellate Committee with final settlement amount of SR 12.78 million (SR 2.1 million refundable from the additional amount of SR 14.9 million paid).

The Company has also received a provisional assessment for the years 2013 to 2015 where GAZT had requested for an additional Zakat and income tax liability of SAR 6.2 million. The management has also filed an appeal against this assessment. However, the Company has submitted an additional bank guarantee amounting to SAR 6.2 million to cover the full additional liability and to avoid delay penalties.

Furthermore, in 2020, the ZATCA raised final assessments for the years ended 31 December 2016 to 2018 and assessed additional Zakat and income tax liability amounting to SAR 10.6 million. The management filed an appeal with the ZATCA and the ZATCA issued a revised assessment with the additional Zakat and Income tax liability amounting to SAR 8.5 million. The management has filed appeals against these assessments with the General secretariat of tax committees (GSTC) and believes that the outcome of these appeals will be in the favor of the Company. The ZATCA in 2020 also raised a Withholding tax assessment for the years 2016 and 2017 amounting to SAR 9.5 million. The management has filed an appeal against this assessment and believes that the outcome of this appeal will be in favor of the Company.

Additionally, in March 2021, the Company settled the additional WHT liability amounting to SR 6.8 million under the tax amnesty scheme of waiving the delay fine if the principal amount is paid, the company will request a refund of this amount after favorable outcome of the case

The Company has filed Zakat and tax returns up to year ended 31 December 2020 and obtained Zakat and tax clearance certificate valid till 30 April 2022. Zakat and income tax assessments have not been raised by the ZATCA for the years 2019 and 2020.

15. SURPLUS DISTRIBUTION PAYABLE

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Opening surplus distribution payable	5,005,180	9,184,671
Total income attributed to the insurance operations	856,547	3,981,949
Surplus paid to policy holders	(1,710)	(8,161,440)
Closing surplus distribution payable	5,860,017	5,005,180

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(All amounts expressed in Saudi Riyals unless otherwise stated)

16. GROSS PREMIUMS WRITTEN

Gross Premiums Written - For the three months period 30 June 2021 (Unaudited)						
Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	2,766,483	357,103	650,499	1,028,215	6,470,371	11,272,671
Property, casualty and others	17,044	929,121	2,132,417	1,374,705	41,599,991	46,053,278
Total	2,783,527	1,286,224	2,782,916	2,402,920	48,070,362	57,325,949

Gross Premiums Written - For the three months period 30 June 2020 (Unaudited)						
Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	875,731	220,556	908,728	1,934,277	6,403,912	10,343,204
Property, casualty and others	24,593	2,215,013	2,567,498	1,812,718	32,545,856	39,165,678
Total	900,324	2,435,569	3,476,226	3,746,995	38,949,768	49,508,882

Gross Premiums Written - For the six months period 30 June 2021 (Unaudited)						
Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	6,145,466	780,556	1,352,790	5,000,055	31,049,376	44,328,243
Property, casualty and others	205,838	1,065,674	3,702,239	5,043,833	94,820,208	104,837,792
Total	6,351,304	1,846,230	5,055,029	10,043,888	125,869,584	149,166,035

Gross Premiums Written - For the six months period 30 June 2020 (Unaudited)						
Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	4,021,996	1,155,637	2,164,660	6,408,329	20,550,166	34,300,788
Property, casualty and others	146,268	2,995,647	6,110,421	5,518,880	97,530,265	112,301,481
Total	4,168,264	4,151,284	8,275,081	11,927,209	118,080,431	146,602,269

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(All amounts expressed in Saudi Riyals unless otherwise stated)

17. TECHNICAL RESERVES**17.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Outstanding claims	71,952,973	53,173,383
Less: Realizable value of salvage and subrogation	(2,655,060)	(1,877,417)
	69,297,913	51,295,966
Claims incurred but not reported	49,332,523	41,874,437
Additional premium reserve	4,294,717	5,629,118
Other technical reserve	4,828,935	3,882,539
	127,754,088	102,682,060
Less:		
- Reinsurers' share of outstanding claims	(55,923,920)	(41,858,691)
- Reinsurers' share of claims incurred but not reported	(37,115,108)	(29,724,574)
Net outstanding claims and reserves	34,715,060	31,098,795

17.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Six months ended 30 June 2021 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	130,833,967	(100,063,940)	30,770,027
Premium written / ceded during the period	149,166,035	(80,986,841)	68,179,194
Premium earned during the period	(140,455,243)	91,807,673	(48,647,570)
Balance as at the end of the period	139,544,759	(89,243,108)	50,301,651

	Year ended 31 December 2020 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	101,027,961	(74,196,879)	26,831,082
Premium written / (ceded) during the year	274,663,053	(185,324,105)	89,338,948
Premium earned during the year	(244,857,047)	159,457,044	(85,400,003)
Balance as at the end of the year	130,833,967	(100,063,940)	30,770,027

17.3 Deferred policy acquisition costs

Movement in deferred policy acquisition costs comprise of the following:

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	5,630,498	5,323,677
Incurred during the period / year	9,696,203	16,288,743
Amortised during the period / year	(8,063,767)	(15,981,922)
Balance at the end of the period / year	7,262,934	5,630,498

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18. OPERATING SEGMENTS

For management purposes, the Company is organized into business segments classified as: Property, Engineering, Motor, Casualty and Others. Others include marine and other general insurance. These segments are the basis on which the Company reports its primary segment information.

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities.

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

Segment assets do not include cash and cash equivalents, premiums and insurance balances receivable - net, due from shareholders' operations, prepayments investments and other assets, term deposits, property and equipment, rights-to-use assets, intangible assets, goodwill, statutory reserves and accrued commission income. Accordingly, they are included in unallocated assets.

Segment liabilities do not include accounts payables, accrued expenses and other liabilities, lease liabilities, reinsurance balances payable, due to shareholders' operations, end-of-service indemnities, statutory deposit commission income payable, provision for zakat and income tax and accumulated surplus from insurance. Accordingly, they are included in unallocated liabilities.

Segments do not include shareholders' assets and liabilities hence these are presented under unallocated assets/liabilities accordingly.

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

The segment statements provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 June 2021 and 31 December 2020, its total revenues, expenses, and net income for the three and six month periods ended 30 June 2021 and 30 June 2020 as follows:

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(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
for the three - months period ended 30 June
2021

	Property	Engineering	Motor	Casualty	Others	Total
	(Unaudited)					
REVENUE						
Gross written premiums	23,973,616	5,138,018	11,272,671	12,362,901	4,578,743	57,325,949
Less: Reinsurance premiums ceded						
Local	(1,884,640)	(547,040)	-	-	(187,049)	(2,618,729)
Foreign	(20,246,927)	(3,281,181)	-	(7,285,603)	(2,777,186)	(33,590,897)
Excess of loss expenses	(587,347)	(111,403)	(188,910)	(149,340)	(188,000)	(1,225,000)
Net premiums written	1,254,702	1,198,394	11,083,761	4,927,958	1,426,508	19,891,323
Change in unearned premiums,	5,291,861	2,630,178	4,313,744	(396,390)	3,900,366	15,739,759
Changes in reinsurer share of unearned premiums	(5,125,092)	(2,740,344)	-	574,235	(2,133,527)	(9,424,728)
Net premiums earned	1,421,471	1,088,228	15,397,505	5,105,803	3,193,347	26,206,354
Reinsurance commission	3,035,789	1,320,199	-	704,505	996,260	6,056,753
TOTAL REVENUE	4,457,260	2,408,427	15,397,505	5,810,308	4,189,607	32,263,107
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(8,436,909)	(13,881)	(10,469,151)	(830,034)	(1,755,423)	(21,505,398)
Expenses incurred related to claims	(118,531)	-	(173,183)	(11,445)	(99,742)	(402,901)
Reinsurers' share of gross claims paid	8,178,601	(42,512)	51,385	799,873	1,285,577	10,272,924
Net claims and other benefits paid	(376,839)	(56,393)	(10,590,949)	(41,606)	(569,588)	(11,635,375)
Changes in outstanding claims	(2,797,132)	(1,579,503)	(1,083,216)	3,754,522	(3,929,038)	(5,634,367)
Changes in reinsurers' share of outstanding claims	2,422,680	1,596,557	104,886	(2,940,254)	3,809,602	4,993,471
Changes in claims incurred but not reported ("IBNR")	774,382	(3,286,309)	(205,789)	(3,734,403)	27,204	(6,424,915)
Changes in reinsurance share of IBNR	(606,520)	3,047,517	(13,036)	2,836,713	(275,211)	4,989,463
Net claims and other benefits incurred	(583,429)	(278,131)	(11,788,104)	(125,028)	(937,031)	(13,711,723)
Additional premium reserve	(435,643)	365,908	372,812	-	(77,591)	225,486
Other technical reserves	(35,890)	(234,374)	(42,976)	(106,786)	(111,395)	(531,421)
Policy acquisition costs	(1,388,402)	(473,299)	(1,089,378)	(759,213)	(491,858)	(4,202,150)
Other underwriting expenses	(232,329)	37,115	(825,957)	(103,426)	(43,266)	(1,167,863)
TOTAL UNDERWRITING COSTS AND EXPENSES	(2,675,693)	(582,781)	(13,373,603)	(1,094,453)	(1,661,141)	(19,387,671)
NET UNDERWRITING INCOME	1,781,567	1,825,646	2,023,902	4,715,855	2,528,466	12,875,436
OTHER INCOME / (EXPENSES)						
Reversal in impairment of doubtful debts						737,176
General and administrative expenses						(10,031,949)
Dividend, interest and commission Income						1,526,121
Realized gains on disposal of investments held for trading						16,849
Unrealised losses on investments held for trading						(292,113)
Other income, net						4,150
TOTAL OTHER EXPENSES						(8,039,766)
Income before surplus attribution, zakat and income tax						4,835,670
Income attributed to insurance operations						(517,947)
Income attributed to shareholders before zakat and income tax						4,317,723
Zakat						(329,432)
Income tax						(236,055)
NET INCOME ATTRIBUTED TO SHAREHOLDERS						3,752,236

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(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
for the three - months period ended 30 June 2020

	Property	Engineering	Motor	Casualty	Others	Total
	(Unaudited)					
REVENUE						
Gross written premiums	20,904,893	3,464,902	10,343,204	12,163,660	2,632,223	49,508,882
Less: Reinsurance premiums ceded						
Local	(1,747,902)	(323,069)	(19,889)	(14,251)	(93,457)	(2,198,568)
Foreign	(17,730,661)	(2,502,659)	(9,324)	(7,084,666)	(1,315,677)	(28,642,987)
Excess of loss expenses	(360,782)	(79,969)	(198,990)	(142,511)	(186,314)	(968,566)
Net premiums written	1,065,548	559,205	10,115,001	4,922,232	1,036,775	17,698,761
Change in unearned premiums	2,578,756	2,792,154	1,737,950	(705,816)	7,844,538	14,247,582
Changes in reinsurers' share of unearned premiums	(2,488,860)	(2,637,714)	(628,559)	1,180,783	(5,394,163)	(9,968,513)
Net premiums earned	1,155,444	713,645	11,224,392	5,397,199	3,487,150	21,977,830
Reinsurance commission income	2,847,273	1,121,696	201,091	631,472	1,101,073	5,902,605
TOTAL REVENUE	4,002,717	1,835,341	11,425,483	6,028,671	4,588,223	27,880,435
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	2,620	(53,975)	(4,089,920)	(654,478)	(355,187)	(5,150,940)
Expenses incurred related to claims	(13,923)	(9,765)	(239,365)	(543,876)	(46,923)	(853,852)
Reinsurers' share of gross claims paid	10,045	53,473	440,616	683,080	165,972	1,353,186
Net claims and other benefits paid	(1,258)	(10,267)	(3,888,669)	(515,274)	(236,138)	(4,651,606)
Changes in outstanding claims	(4,635,422)	(967,293)	1,694,434	6,954,260	71,353	3,117,332
Changes in reinsurers' share of outstanding claims	4,569,934	504,113	(566,878)	(5,507,640)	(393,070)	(1,393,541)
Changes in claims incurred but not reported ("IBNR")	3,538,283	(981,889)	2,253,346	1,216,318	785,030	6,811,088
Changes in reinsurance share of IBNR	(3,147,063)	979,010	(754,137)	(697,729)	11,426	(3,608,493)
Net claims and other benefits incurred	324,474	(476,326)	(1,261,904)	1,449,935	238,601	274,780
Additional premium reserve	(35,174)	-	(2,337,070)	(1,011,798)	-	(3,384,042)
Other technical reserves	74,575	(27,099)	80,737	128,293	30,429	286,935
Policy acquisition costs	(1,309,067)	(333,072)	(1,059,126)	(795,291)	(671,950)	(4,168,506)
Other underwriting expenses	(175,199)	(95,124)	(151,351)	(140,159)	(171,520)	(733,353)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,120,391)	(931,621)	(4,728,714)	(369,020)	(574,440)	(7,724,186)
NET UNDERWRITING INCOME	2,882,326	903,720	6,696,769	5,659,651	4,013,783	20,156,249
OTHER (EXPENSES) / INCOME						
Allowance for impairment of doubtful debts						(7,564,296)
General and administrative expenses						(8,587,702)
Dividend , interest and commission Income						1,870,910
Realized losses on disposal of investment held for trading						(173,654)
Unrealised gains on investments held for trading						4,492,667
Other income, net						2,855,910
TOTAL OTHER EXPENSES						(7,106,165)
Income before surplus attribution, zakat and income tax						13,050,084
Income attributed to insurance operations						(1,020,564)
Income attributed to shareholders before zakat and income tax						12,029,520
Zakat						(889,015)
Income tax						(843,327)
Net income attributable to shareholders						10,297,178

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18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income

for the six months period ended 30 June 2021

	Property	Engineering	Motor	Casualty	Others	Total
	(Unaudited)					
REVENUE						
Gross written premiums	52,766,186	11,959,880	44,328,243	25,969,448	14,142,278	149,166,035
Less: Reinsurance premiums ceded						
Local	(3,554,706)	(973,906)	-	-	(438,084)	(4,966,696)
Foreign	(44,517,963)	(7,865,642)	(142)	(12,990,322)	(8,003,528)	(73,377,597)
Excess of loss expenses	(1,174,694)	(222,806)	(377,820)	(298,680)	(568,548)	(2,642,548)
Net premiums written	3,518,823	2,897,526	43,950,281	12,680,446	5,132,118	68,179,194
Change in unearned premiums, net	6,046,075	2,681,725	(14,681,495)	(2,450,253)	(306,844)	(8,710,792)
Changes in reinsurer share of unearned premiums	(6,754,187)	(3,739,542)	(3,471)	(197,679)	(125,953)	(10,820,832)
Net premiums earned	2,810,711	1,839,709	29,265,315	10,032,514	4,699,321	48,647,570
Reinsurance commission income	6,030,801	2,502,247	298	1,352,433	1,609,336	11,495,115
TOTAL REVENUE	8,841,512	4,341,956	29,265,613	11,384,947	6,308,657	60,142,685

UNDERWRITING COSTS AND EXPENSES

Gross claims paid and other expenses	(10,932,903)	(831,888)	(17,820,452)	(928,627)	(2,935,955)	(33,449,825)
Expenses incurred related to claims	(215,756)	(39,767)	(394,168)	(11,445)	(148,211)	(809,347)
Reinsurers' share of gross claims paid	10,659,378	665,184	115,654	827,359	1,939,583	14,207,158
Net claims and other benefits paid	(489,281)	(206,471)	(18,098,966)	(112,713)	(1,144,583)	(20,052,014)
Changes in outstanding claims	(7,431,901)	(1,859,116)	(3,978,368)	(1,530,780)	(3,201,782)	(18,001,947)
Changes in reinsurers' share of outstanding Claims	6,978,478	1,549,734	121,558	1,997,068	3,418,391	14,065,229
Changes in claims incurred but not reported ("IBNR")	61,350	(3,616,500)	2,364,638	(4,198,920)	(2,068,654)	(7,458,086)
Changes in reinsurance share of IBNR	(248,515)	3,213,374	(176,608)	3,286,670	1,315,613	7,390,534
Net claims and other benefits incurred	(1,129,869)	(918,979)	(19,767,746)	(558,675)	(1,681,015)	(24,056,284)
Additional premium reserve	129,516	632,072	409,949	309,421	(146,557)	1,334,401
Other technical reserves	(210,139)	(261,398)	21,588	(285,448)	(210,999)	(946,396)
Policy acquisition costs	(2,710,918)	(886,330)	(2,152,042)	(1,532,535)	(781,942)	(8,063,767)
Other underwriting expenses	(363,642)	6,002	(1,819,563)	(161,535)	(105,432)	(2,444,170)
TOTAL UNDERWRITING COSTS AND EXPENSES	(4,285,052)	(1,428,633)	(23,307,814)	(2,228,772)	(2,925,945)	(34,176,216)
NET UNDERWRITING INCOME	4,556,460	2,913,323	5,957,799	9,156,175	3,382,712	25,966,469

OTHER (EXPENSES) / INCOME

Allowance for impairment of doubtful debts	(1,145,379)
General and administrative expenses	(19,632,962)
Dividend, interest and commission income	2,960,970
Realized gains on disposal of investments held for trading	12,147
Unrealised losses on investments held for trading	(855,941)
Other income, net	296,265
TOTAL OTHER EXPENSES	(18,364,900)
Income before surplus attribution, zakat and income tax	7,601,569
Income attributed to insurance operations	(856,547)
Income attributed to shareholders before zakat and income tax	6,745,022
Zakat	(1,013,671)
Income tax	(416,354)
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS	5,314,997

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(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
for the six months period ended 30 June 2020

	Property	Engineering	Motor	Casualty	Others	Total
	(Unaudited)					
REVENUE						
Gross written premiums	45,503,757	28,059,115	34,300,788	24,646,617	14,091,992	146,602,269
Less: Reinsurance premiums ceded						
Local	(3,229,474)	(960,600)	(39,788)	(28,502)	(351,843)	(4,610,207)
Foreign	(38,251,240)	(25,317,858)	(59,041)	(11,233,554)	(8,068,687)	(82,930,380)
Excess of loss expenses	(721,563)	(159,937)	(397,980)	(285,021)	(608,327)	(2,172,828)
Net premiums written	3,301,480	1,620,720	33,803,979	13,099,540	5,063,135	56,888,854
Change in unearned premiums, net	1,335,737	(14,964,128)	(8,650,171)	(1,515,807)	2,922,706	(20,871,663)
Changes in reinsurers' share of unearned Premiums	(2,049,967)	15,055,542	(1,925,281)	(639,901)	(2,825,212)	7,615,181
Net premiums earned	2,587,250	1,712,134	23,228,527	10,943,832	5,160,629	43,632,372
Reinsurance commission income	5,672,789	2,470,602	620,881	1,221,860	1,884,966	11,871,098
TOTAL REVENUE	8,260,039	4,182,736	23,849,408	12,165,692	7,045,595	55,503,470

UNDERWRITING COSTS AND EXPENSES

Gross claims paid	(307,888)	(390,990)	(10,410,268)	(814,109)	(1,209,231)	(13,132,486)
Expenses incurred related to claims	(37,034)	(57,186)	(732,331)	(574,394)	(103,346)	(1,504,291)
Reinsurers' share of gross claims paid	231,623	301,615	1,239,402	832,063	684,772	3,289,475
Net claims and other benefits paid	(113,299)	(146,561)	(9,903,197)	(556,440)	(627,805)	(11,347,302)
Changes in outstanding claims	(5,204,561)	(1,126,140)	543,713	4,175,751	(4,708,527)	(6,319,764)
Changes in reinsurers' share of outstanding Claims	5,185,775	522,949	(505,546)	(2,718,108)	4,146,048	6,631,118
Changes in claims incurred but not reported ("IBNR")	3,479,732	(719,934)	1,759,378	1,333,547	278,154	6,130,877
Changes in reinsurance share of IBNR	(3,098,556)	720,899	(372,600)	(879,834)	370,912	(3,259,179)
Net claims incurred	249,091	(748,787)	(8,478,252)	1,354,916	(541,218)	(8,164,250)
Changes in additional premium reserve	929,084	-	(2,786,393)	(1,011,798)	-	(2,869,107)
Changes in other technical reserves	19,742	(41,085)	(3,318)	76,982	(46,714)	5,607
Policy acquisition costs	(2,582,196)	(780,541)	(2,161,028)	(1,630,819)	(1,049,409)	(8,203,993)
Other underwriting expenses	(337,852)	(268,633)	(322,923)	(256,230)	(353,648)	(1,539,286)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,722,131)	(1,839,046)	(13,751,914)	(1,466,949)	(1,990,989)	(20,771,029)
NET UNDERWRITING INCOME	6,537,908	2,343,690	10,097,494	10,698,743	5,054,606	34,732,441

OTHER (EXPENSES)/ INCOME

Allowance for impairment of doubtful debts	(6,880,765)
General and administrative expenses	(17,720,952)
Dividend, interest and commission Income	4,133,519
Realized gains on disposal of investments held for trading	(233,898)
Unrealised gains on investments held for trading	(513,069)
Other income, net	3,588,078
TOTAL OTHER EXPENSES	(17,627,087)
Income before surplus attribution, zakat and income tax	17,105,354
Income attributed to insurance operations	(1,698,964)
Income attributed to shareholders before zakat and income tax	15,406,390
Zakat	(1,510,820)
Income tax	(1,054,789)
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS	12,840,781

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18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of financial position as at 30 June 2021	Insurance operations					Total - Insurance operations	Shareholders' operations	Total
	Property	Engineering	Motor	Casualty	Others			
	(Unaudited)							
Assets								
Reinsurers' share of unearned premiums	50,830,062	22,308,984	-	12,215,381	3,888,681	89,243,108		89,243,108
Reinsurers' share of outstanding claims	35,679,220	5,757,673	(1,427)	8,061,491	6,426,963	55,923,920		55,923,920
Reinsurers' share of claims incurred but not reported	20,130,123	7,743,388	268,902	6,703,485	2,269,210	37,115,108		37,115,108
Deferred policy acquisition costs	2,526,872	799,869	2,031,170	1,412,809	492,214	7,262,934		7,262,934
Unallocated assets						224,213,127	346,603,382	570,816,509
Total assets						413,758,197	346,603,382	760,361,579
Liabilities								
Unearned premiums	54,600,487	24,748,521	31,472,181	22,191,149	6,532,421	139,544,759	-	139,544,759
Unearned reinsurance commission	6,167,300	2,564,787	-	1,147,213	731,987	10,611,287	-	10,611,287
Outstanding claims	37,314,991	8,199,621	5,910,404	10,117,547	7,755,350	69,297,913	-	69,297,913
Claims incurred but not reported	22,053,156	8,783,493	3,596,551	11,047,120	3,852,203	49,332,523	-	49,332,523
Additional premium reserves	2,258,229	1,475,474	174,436	-	386,578	4,294,717	-	4,294,717
Other technical reserves	2,340,862	740,790	376,726	926,089	444,468	4,828,935	-	4,828,935
Unallocated liabilities						113,325,684	13,692,460	127,018,144
Total liabilities						391,235,818	13,692,460	404,928,278

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18. OPERATING SEGMENTS (CONTINUED)

Statement of financial position as at 31 December 2020	Insurance operations					Total - Insurance operations	Shareholders’ operations	Total
	Property	Engineering	Motor	Casualty	Others			
	(Audited)							
Assets								
Reinsurers’ share of unearned premiums	57,584,249	26,048,526	3,471	12,413,060	4,014,634	100,063,940	-	100,063,940
Reinsurers’ share of outstanding claims	28,700,742	4,207,939	(122,985)	6,064,423	3,008,572	41,858,691	-	41,858,691
Reinsurers’ share of claims incurred but not reported	20,378,638	4,530,014	445,510	3,416,815	953,597	29,724,574	-	29,724,574
Deferred policy acquisition costs	1,621,071	984,241	1,381,053	1,243,541	400,592	5,630,498	-	5,630,498
Unallocated assets						247,394,401	335,211,718	582,606,119
Total assets						424,672,104	335,211,718	759,883,822
Liabilities								
Unearned premiums	60,646,562	27,430,246	16,790,686	19,740,896	6,225,577	130,833,967	-	130,833,967
Unearned reinsurance commission	3,852,375	2,765,813	254	1,110,087	612,160	8,340,689	-	8,340,689
Outstanding claims	29,883,090	6,340,505	1,932,036	8,586,767	4,553,568	51,295,966	-	51,295,966
Claims incurred but not reported	22,114,506	5,166,993	5,961,189	6,848,200	1,783,549	41,874,437	-	41,874,437
Additional premium reserves	2,387,745	2,107,546	584,385	309,421	240,021	5,629,118	-	5,629,118
Other technical reserves	2,130,723	479,392	398,314	640,641	233,469	3,882,539	-	3,882,539
Unallocated liabilities						142,678,485	25,230,317	167,908,802
Total liabilities						384,535,201	25,230,317	409,765,518

Geographical segments

All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for certain investments held in countries domiciled in the Gulf Cooperation Council ("GCC").

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19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability.

The fair values of on-balance sheet financial instruments that are not carried at fair value are not significantly different from their carrying amounts included in the interim condensed financial statements.

Determination of fair value and fair value hierarchy

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

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

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

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value:

<u>Financial instruments carried at fair value</u>	30 June 2021 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
Investments (Note 7)					
Insurance operations	39,930,294	37,769,465	2,160,829	-	39,930,294
Shareholders' operations	63,191,105	58,455,856	2,803,171	1,932,078	63,191,105
	103,121,399	96,225,321	4,964,000	1,932,078	103,121,399
<u>Financial instruments carried at fair value</u>	31 December 2020 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
Investments (Note 7)					
Insurance operations	40,105,314	37,947,965	2,157,349	-	40,105,314
Shareholders' operations	63,468,193	58,737,464	2,798,651	1,932,078	63,468,193
	103,573,507	96,685,429	4,956,000	1,932,078	103,573,507

During the period, there has been no transfer between level 1, level 2 and level 3.

20. EARNINGS PER SHARE (EPS) FOR THE PERIOD

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of outstanding shares during the period.

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21. SUPPLEMENTARY STATEMENTS

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

a) Statement of financial position	30 June 2021 - (Unaudited)			31 December 2020 - (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
ASSETS						
Cash and cash equivalents	38,113,800	61,968,807	100,082,607	39,264,419	96,529,223	135,793,642
Premiums and reinsurance balances receivable, net	112,365,970	-	112,365,970	134,980,791	-	134,980,791
Reinsurers' share of unearned premiums	89,243,108	-	89,243,108	100,063,940	-	100,063,940
Reinsurers' share of outstanding claims	55,923,920	-	55,923,920	41,858,691	-	41,858,691
Reinsurers' share of claims incurred but not reported	37,115,108	-	37,115,108	29,724,574	-	29,724,574
Deferred policy acquisition costs	7,262,934	-	7,262,934	5,630,498	-	5,630,498
Investments held for trading	39,930,294	61,259,027	101,189,321	40,105,314	61,536,115	101,641,429
Investments available for sale	-	1,932,078	1,932,078	-	1,932,078	1,932,078
Prepayments and other assets	3,586,391	11,151,089	14,737,480	5,187,508	10,208,281	15,395,789
Term deposits	25,333,510	144,203,245	169,536,755	25,333,510	99,015,022	124,348,532
Property and equipment	890,682	-	890,682	906,441	-	906,441
Right of use assets	539,249	-	539,249	1,078,499	-	1,078,499
Intangible assets	3,453,231	-	3,453,231	537,919	-	537,919
Goodwill	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Statutory deposit commission income	-	2,314,386	2,314,386	-	2,216,249	2,216,249
Amount due from insurance operations	-	25,106,328	25,106,328	-	42,720,852	42,720,852
TOTAL ASSETS	413,758,197	371,709,710	785,467,907	424,672,104	377,932,570	802,604,674
Less: inter-operations elimination	-	(25,106,328)	(25,106,328)	-	(42,720,852)	(42,720,852)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	413,758,197	346,603,382	760,361,579	424,672,104	335,211,718	759,883,822

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

a) Statement of financial position (continued)	30 June 2021 - (Unaudited)			31 December 2020- (Audited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
LIABILITIES						
Accounts payable	27,910,207	-	27,910,207	24,539,616	-	24,539,616
Accrued and other liabilities	6,793,497	2,021,083	8,814,580	16,639,137	3,477,332	20,116,469
Lease liabilities	-	-	-	1,118,664	-	1,118,664
Surplus distribution payable	5,860,017	-	5,860,017	5,005,180	-	5,005,180
Reinsurer's balances payable	62,774,183	-	62,774,183	86,038,909	-	86,038,909
Unearned premiums	139,544,759	-	139,544,759	130,833,967	-	130,833,967
Unearned reinsurance commission	10,611,287	-	10,611,287	8,340,689	-	8,340,689
Outstanding claims	69,297,913	-	69,297,913	51,295,966	-	51,295,966
Claims incurred but not reported	49,332,523	-	49,332,523	41,874,437	-	41,874,437
Additional premium reserves	4,294,717	-	4,294,717	5,629,118	-	5,629,118
Other technical reserves	4,828,935	-	4,828,935	3,882,539	-	3,882,539
End-of-service indemnities	9,987,780	-	9,987,780	9,336,979	-	9,336,979
Provision for zakat and income tax	-	9,356,991	9,356,991	-	19,536,736	19,536,736
Statutory deposit commission payable to SAMA	-	2,314,386	2,314,386	-	2,216,249	2,216,249
Accumulated surplus from insurance operations	25,106,328	-	25,106,328	42,720,852	-	42,720,852
TOTAL LIABILITIES	416,342,146	13,692,460	430,034,606	427,256,053	25,230,317	452,486,370
Less: inter-operations elimination	(25,106,328)	-	(25,106,328)	(42,720,852)	-	(42,720,852)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	391,235,818	13,692,460	404,928,278	384,535,201	25,230,317	409,765,518
EQUITY						
Share capital	-	200,000,000	200,000,000	-	200,000,000	200,000,000
Statutory reserve	-	39,558,247	39,558,247	-	38,495,248	38,495,248
Retained earnings	-	118,459,003	118,459,003	-	114,207,005	114,207,005
Re-measurement of defined benefit Obligation reserve	(2,583,949)	-	(2,583,949)	(2,583,949)	-	(2,583,949)
TOTAL EQUITY	(2,583,949)	358,017,250	355,433,301	(2,583,949)	352,702,253	350,118,304
TOTAL LIABILITIES AND EQUITY	388,651,869	371,709,710	760,361,579	381,951,252	377,932,570	759,883,822

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

b) Interim condensed statement of income (unaudited)	Six month period ended 30 June 2021			Six month period ended 30 June 2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUE						
Gross written premiums	149,166,035	-	149,166,035	146,602,269	-	146,602,269
Less: Reinsurance premiums ceded						
Local	(4,966,696)	-	(4,966,696)	(4,610,207)	-	(4,610,207)
Foreign	(73,377,597)	-	(73,377,597)	(82,930,380)	-	(82,930,380)
Excess of loss expenses	(2,642,548)	-	(2,642,548)	(2,172,828)	-	(2,172,828)
Net premiums written	68,179,194	-	68,179,194	56,888,854	-	56,888,854
Changes in unearned premiums	(8,710,792)	-	(8,710,792)	(20,871,663)	-	(20,871,663)
Changes in reinsurers' share of unearned premiums	(10,820,832)	-	(10,820,832)	7,615,181	-	7,615,181
Net premiums earned	48,647,570	-	48,647,570	43,632,372	-	43,632,372
Reinsurance commissions	11,495,115	-	11,495,115	11,871,098	-	11,871,098
TOTAL REVENUES	60,142,685	-	60,142,685	55,503,470	-	55,503,470
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(33,449,825)	-	(33,449,825)	(13,132,486)	-	(13,132,486)
Expenses incurred related to claims	(809,347)	-	(809,347)	(1,504,291)	-	(1,504,291)
Reinsurers' share of gross claims paid	14,207,158	-	14,207,158	3,289,475	-	3,289,475
NET CLAIMS AND OTHER BENEFITS PAID	(20,052,014)	-	(20,052,014)	(11,347,302)	-	(11,347,302)
Changes in outstanding claims	(18,001,947)	-	(18,001,947)	(6,319,764)	-	(6,319,764)
Changes in reinsurance share of outstanding claims	14,065,229	-	14,065,229	6,631,118	-	6,631,118
Changes in claims incurred but not reported ("IBNR")	(7,458,086)	-	(7,458,086)	6,130,877	-	6,130,877
Changes in reinsurance share of IBNR	7,390,534	-	7,390,534	(3,259,179)	-	(3,259,179)
Net claims and other benefits incurred	(24,056,284)	-	(24,056,284)	(8,164,250)	-	(8,164,250)
Additional premium reserves	1,334,401	-	1,334,401	(2,869,107)	-	(2,869,107)
Other technical reserves	(946,396)	-	(946,396)	5,607	-	5,607
Policy acquisition costs	(8,063,767)	-	(8,063,767)	(8,203,993)	-	(8,203,993)
Other underwriting expenses	(2,444,170)	-	(2,444,170)	(1,539,286)	-	(1,539,286)
TOTAL UNDERWRITING COSTS AND EXPENSES	(34,176,216)	-	(34,176,216)	(20,771,029)	-	(20,771,029)
NET UNDERWRITING INCOME	25,966,469	-	25,966,469	34,732,441	-	34,732,441
OTHER (EXPENSES) / INCOME						
Allowance for impairment on doubtful debts	(1,145,379)	-	(1,145,379)	(6,880,765)	-	(6,880,765)
General and administrative expenses	(16,959,623)	(2,673,339)	(19,632,962)	(15,089,468)	(2,631,484)	(17,720,952)
Dividend, interest and Commission Income	755,998	2,204,972	2,960,970	999,827	3,133,692	4,133,519
Realized gain/(loss) on disposal of investment held for trading	5,298	6,849	12,147	(101,816)	(132,082)	(233,898)
Unrealised (losses) / gains on investments held for trading	(353,559)	(502,382)	(855,941)	(258,656)	(254,413)	(513,069)
Others income, net	296,265	-	296,265	3,588,078	-	3,588,078
TOTAL OTHER EXPENSES	(17,401,000)	(963,900)	(18,364,900)	(17,742,800)	115,713	(17,627,087)

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

b) Interim condensed statement of income (unaudited) - (continued)	Six month period ended 30 June 2021			Six month period ended 30 June 2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Income before surplus attribution, zakat and income tax	8,565,469	(963,900)	7,601,569	16,989,641	115,713	17,105,354
Surplus transferred to shareholders	(7,708,922)	7,708,922	-	(15,290,677)	15,290,677	-
Net Income for the period before zakat and income tax	856,547	6,745,022	7,601,569	1,698,964	15,406,390	17,105,354
Zakat	-	(1,013,671)	(1,013,671)	-	(1,510,820)	(1,510,820)
income tax	-	(416,354)	(416,354)	-	(1,054,789)	(1,054,789)
Net result from insurance operations after shareholders' transfer of surplus to shareholders	856,547	5,314,997	6,171,544	1,698,964	12,840,781	14,539,745
Weighted average number of outstanding shares	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Earnings per share	0.27			0.64		
	Six month ended 30 June 2021			Six month ended 30 June 2020		
c) Interim condensed statement of comprehensive income (unaudited)	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net result from insurance operations after shareholders' transfer of surplus to shareholders	856,547	5,314,997	6,171,544	1,698,964	12,840,781	14,539,745
Other comprehensive income	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	856,547	5,314,997	6,171,544	1,698,964	12,840,781	14,539,745

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

	Three month ended 30 June 2021			Three month ended 30 June 2020		
d) Interim condensed statement of income (unaudited)	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUE						
Gross written premiums	57,325,949	-	57,325,949	49,508,882	-	49,508,882
Less: Reinsurance premiums ceded						
Local	(2,618,729)	-	(2,618,729)	(2,198,568)	-	(2,198,568)
Foreign	(33,590,897)	-	(33,590,897)	(28,642,987)	-	(28,642,987)
Excess of loss expenses	(1,225,000)	-	(1,225,000)	(968,566)	-	(968,566)
Net premiums written	19,891,323	-	19,891,323	17,698,761	-	17,698,761
Changes in unearned premiums	15,739,759	-	15,739,759	14,247,582	-	14,247,582
Changes in reinsurer share of unearned premiums	(9,424,728)	-	(9,424,728)	(9,968,513)	-	(9,968,513)
Net premiums earned	26,206,354	-	26,206,354	21,977,830	-	21,977,830
Reinsurance commissions	6,056,753	-	6,056,753	5,902,605	-	5,902,605
TOTAL REVENUE	32,263,107	-	32,263,107	27,880,435	-	27,880,435
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid and other expenses	(21,505,398)	-	(21,505,398)	(5,150,940)	-	(5,150,940)
Expenses incurred related to claims	(402,901)	-	(402,901)	(853,852)	-	(853,852)
Reinsurers' share of gross claims paid	10,272,924	-	10,272,924	1,353,186	-	1,353,186
NET CLAIMS AND OTHER BENEFITS PAID	(11,635,375)	-	(11,635,375)	(4,651,606)	-	(4,651,606)
Changes in outstanding claims	(5,634,367)	-	(5,634,367)	3,117,332	-	3,117,332
Changes in reinsurer share of outstanding claims	4,993,471	-	4,993,471	(1,393,541)	-	(1,393,541)
Changes in claims incurred but not reported	(6,424,915)	-	(6,424,915)	6,811,088	-	6,811,088
Changes in reinsurer share of incurred but not reported	4,989,463	-	4,989,463	(3,608,493)	-	(3,608,493)
Net claims incurred	(13,711,723)	-	(13,711,723)	274,780	-	274,780
Changes in additional premium reserve	225,486	-	225,486	(3,384,042)	-	(3,384,042)
Changes in other technical reserves	(531,421)	-	(531,421)	286,935	-	286,935
Policy acquisition costs	(4,202,150)	-	(4,202,150)	(4,168,506)	-	(4,168,506)
Other underwriting expenses	(1,167,863)	-	(1,167,863)	(733,353)	-	(733,353)
TOTAL UNDERWRITING COSTS AND EXPENSES	(19,387,671)	-	(19,387,671)	(7,724,186)	-	(7,724,186)
NET UNDERWRITING INCOME	12,875,436	-	12,875,436	20,156,249	-	20,156,249
OTHER OPERATING (EXPENSES) / INCOME						
Reversal of allowance for doubtful debts	737,176	-	737,176	(7,564,296)	-	(7,564,296)
General and administrative expenses	(8,718,646)	(1,313,303)	(10,031,949)	(7,274,288)	(1,313,414)	(8,587,702)
Dividend, interest and commission Income	390,870	1,135,251	1,526,121	441,860	1,429,050	1,870,910
Realized gains/(losses) on disposal of investment held for trading	7,334	9,515	16,849	(69,510)	(104,144)	(173,654)
Unrealised (losses) / gains on investments held at fair value	(116,846)	(175,267)	(292,113)	1,659,718	2,832,949	4,492,667
Other income, net	4,150	-	4,150	2,855,910	-	2,855,910
TOTAL OTHER EXPENSES	(7,695,962)	(343,804)	(8,039,766)	(9,950,606)	2,844,441	(7,106,165)
Income before surplus attribution, zakat and income tax	5,179,474	(343,804)	4,835,670	10,205,643	2,844,441	13,050,084
Surplus transferred to shareholders	(4,661,527)	4,661,527	-	(9,185,079)	9,185,079	-
Net Income for the period before zakat and income tax	517,947	4,317,723	4,835,670	1,020,564	12,029,520	13,050,084
Zakat	-	(329,432)	(329,432)	-	(889,015)	(889,015)
income tax	-	(236,055)	(236,055)	-	(843,327)	(843,327)
Net result from insurance operations after shareholders' transfer of surplus to shareholders	517,947	3,752,236	4,270,183	1,020,564	10,297,178	11,317,742
Weighted average number of outstanding shares	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Earnings per share for the period	0.19			0.51		

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21.SUPPLEMENTARY STATEMENTS (CONTINUED)

	Three month ended 30 June 2021			Three month ended 30 June 2020		
e) Interim condensed statement of comprehensive income (unaudited) – (continued)	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income	517,947	3,752,236	4,270,183	1,020,564	10,297,178	11,317,742
Other comprehensive income	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	517,947	3,752,236	4,270,183	1,020,564	10,297,178	11,317,742
f) Interim condensed statement of cash flows (unaudited)	30 June 2021			30 June 2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash flows from operating activities						
Net income before zakat and income tax for the period	856,547	6,745,022	7,601,569	1,698,964	15,406,390	17,105,354
Adjustments for:						
Depreciation of property and equipment	138,768	-	138,768	165,573	-	165,573
Depreciation of right of use assets	539,250	-	539,250	539,250	-	539,250
Amortisation of intangible assets	131,034	-	131,034	65,517	-	65,517
Gain on sale of property and equipment	(4,000)	-	(4,000)	-	-	-
Allowance for impairment of doubtful debts	1,145,379	-	1,145,379	6,880,765	-	6,880,765
Unrealized losses on investments held for trading	353,559	502,382	855,941	258,656	254,413	513,069
Realized (gain) /loss on Investments held for trading	(5,298)	(6,849)	(12,147)	101,816	132,082	233,898
Interest on lease obligations	3,563	-	3,563	24,300	-	24,300
Provision for end-of-service indemnities	722,695	-	722,695	707,068	-	707,068
	3,881,497	7,240,555	11,122,052	10,441,909	15,792,885	26,234,794
Changes in:						
Premiums and insurance balances receivable	21,469,442	-	21,469,442	2,176,423	-	2,176,423
Reinsurers' share of unearned premiums	10,820,832	-	10,820,832	(7,615,181)	-	(7,615,181)
Reinsurers' share of outstanding claims	(14,065,229)	-	(14,065,229)	(6,631,118)	-	(6,631,118)
Reinsurers' share of claims Incurred but not reported	(7,390,534)	-	(7,390,534)	3,259,179	-	3,259,179
Deferred policy acquisition costs	(1,632,436)	-	(1,632,436)	(1,619,932)	-	(1,619,932)
Prepaid and other assets	1,601,117	(942,808)	658,309	(900,834)	(211,519)	(1,112,353)
Accounts payable	3,370,591	-	3,370,591	802,809	-	802,809
Accrued and other liabilities	(9,845,640)	(1,456,249)	(11,301,889)	(3,278,937)	(1,367,166)	(4,646,103)
Reinsurers' balances payable	(23,264,726)	-	(23,264,726)	(1,479,093)	-	(1,479,093)
Gross unearned premiums	8,710,792	-	8,710,792	20,871,663	-	20,871,663
Unearned reinsurance commission income	2,270,598	-	2,270,598	1,254,295	-	1,254,295
Outstanding claims	18,001,947	-	18,001,947	6,319,764	-	6,319,764
Claims incurred but not reported	7,458,086	-	7,458,086	(6,130,877)	-	(6,130,877)
Additional premium reserves	(1,334,401)	-	(1,334,401)	2,869,107	-	2,869,107
Other technical reserves	946,396	-	946,396	(5,607)	-	(5,607)
Cash generated from operations	20,998,332	4,841,498	25,839,830	20,333,570	14,214,200	34,547,770
Surplus paid to policyholders	(1,710)	-	(1,710)	(5,003,795)	-	(5,003,795)
Zakat and income tax paid	-	(11,609,770)	(11,609,770)	-	-	-
End-of-service indemnities paid	(71,894)	-	(71,894)	(232,599)	-	(232,599)
Net cash generated from / (used in) operating activities	20,924,728	(6,768,272)	14,156,456	15,097,176	14,214,200	29,311,376

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

f) Interim condensed statement of cash flows (continued)

	30 June 2021			30 June 2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash flows from investing activities						
Purchase of investments held for trading	(3,194,267)	(4,137,520)	(7,331,787)	(9,833,823)	(12,757,087)	(22,590,910)
Proceeds from disposal of investments held for trading	3,021,026	3,919,075	6,940,101	10,060,269	13,050,848	23,111,117
Additions in/ maturities in term deposits	-	(45,188,223)	(45,188,223)	-	37,621,892	37,621,892
Purchase of property and equipment	(123,009)	-	(123,009)	(189,900)	-	(189,900)
Proceeds from sale of property and equipment	4,000	-	4,000	-	-	-
Purchase of intangible assets	(3,046,346)	-	(3,046,346)	-	-	-
Net cash (used in) / generated from investing activities	(3,338,596)	(45,406,668)	(48,745,264)	36,546	37,915,653	37,952,199
Cash flows from financing activities						
Payment for lease obligations	(1,122,227)	-	(1,122,227)	(1,122,227)	-	(1,122,227)
Interoperation balances	(17,614,524)	17,614,524	-	(4,800,332)	4,800,332	-
Due to / (from) shareholders/insurance operations	-	-	-	3,324,349	(3,324,349)	-
Net cash (used in) / generated from financing Activities	(18,736,751)	17,614,524	(1,122,227)	(2,598,210)	1,475,983	(1,122,227)
Net (decrease) / increase in cash and cash equivalents	(1,150,619)	(34,560,416)	(35,711,035)	12,535,512	53,605,836	66,141,348
Cash and cash equivalents at 1 January	39,264,419	96,529,223	135,793,642	58,510,894	47,140,114	105,651,008
Cash and cash equivalent at 30 June	38,113,800	61,968,807	100,082,607	71,046,406	100,745,950	171,792,356

22. IMPACT OF COVID 19

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

For new retail motor policies issued as per above circular, the premium is earned over the period of 12 months as the impact of earnings over the period of coverage. i.e. 14 months are not considered significant by the management for the period ended 30 June 2021 and subsequent periods.

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22. IMPACT OF COVID 19 (CONTINUED)

Impact of Covid-19 on financial assets

Financial assets

To cater for any potential impacts, the Covid-19 pandemic may have had on the financial assets of the Company, the Company has performed an assessment in accordance with its accounting policy, to determine whether there is an objective evidence that a financial asset or a group of financial assets has been impaired. For debt financial assets, these include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant or prolonged decline in the fair value of financial assets below their cost.

Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the six month periods ended 30 June 2021. The Company's management continues to monitor the situation closely.

23. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 12 August 2021G corresponding to 4 Muharram 1443H.