

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

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

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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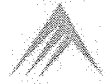
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT**

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



**Crowe**

Al Azem, Al Sudairy, Al Shaikh & Partners  
CPA's & Consultants  
Member Crowe Global

## INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION

### The Shareholders

**Saudi Arabian Cooperative Insurance Co.**  
(A Saudi Joint Stock Company)  
Kingdom of Saudi Arabia

### INTRODUCTION

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

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", 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 information is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**For Al-Bassam & Co.**

P. O. Box 69656  
Riyadh 11557  
Kingdom of Saudi Arabia

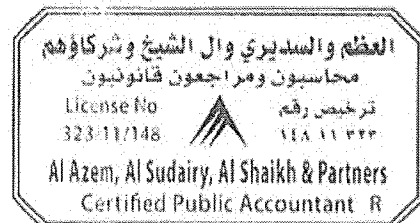
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Certified Public Accountants

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Riyadh 11443  
Kingdom of Saudi Arabia

**Abdullah A. Al Azem**  
Certified Public Accountant  
License No. 335



18 May 2021  
6 Shawwal 1442

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

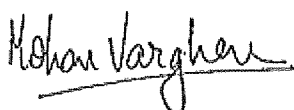
**As at 31 March 2021**

*(All amounts in Saudi Riyals unless otherwise stated)*


	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	4	39,570,582	49,999,727
Murabaha deposits	5	360,471,108	341,916,296
Premiums and reinsurers' receivable - net	6	406,910,790	245,872,196
Reinsurers' share of unearned premiums	7b	119,074,116	39,420,956
Reinsurers' share of outstanding claims	7a	361,866,335	339,166,728
Reinsurers' share of claims incurred but not reported	7a	43,268,769	43,367,257
Deferred policy acquisition costs	7d	28,265,661	18,459,055
Available-for-sale investments	8a	1,923,080	1,923,080
Fair value through profit or loss investments	8b	92,600,784	90,028,540
Held-to-maturity investment	8c	35,543,074	35,531,657
Prepayments and other assets		61,902,846	58,309,900
Property and equipment		5,373,665	4,833,267
Intangible assets		10,186,153	9,803,358
Statutory deposit		30,000,000	30,000,000
Accrued income on statutory deposit		2,799,638	2,799,638
<b>TOTAL ASSETS</b>		<b>1,599,756,601</b>	<b>1,311,431,655</b>
<b>LIABILITIES</b>			
Policyholders' claims payable		16,099,759	21,607,449
Accrued expenses and other liabilities		137,080,990	64,916,997
Surplus distribution payable		5,577,137	5,577,137
Reinsurance balances payable		94,531,362	53,730,084
Unearned premiums	7b	422,382,241	265,548,157
Unearned reinsurance commission	7c	10,444,079	6,759,142
Outstanding claims and reserves	7a	417,041,137	385,850,240
Claims incurred but not reported	7a	121,299,910	117,468,630
Accounts payable		1,660,922	1,445,922
Employees' end-of-service benefits		19,398,136	18,705,950
Provision for zakat	9	10,134,918	10,517,581
Accrued commission income payable to SAMA		2,799,639	2,799,639
<b>TOTAL LIABILITIES</b>		<b>1,258,450,230</b>	<b>954,926,928</b>
<b>EQUITY</b>			
Share capital	10	300,000,000	300,000,000
Statutory reserve	12	29,473,371	29,473,371
Retained earnings		11,783,364	26,981,720
Re-measurement reserve of end-of-service benefits		49,636	49,636
<b>TOTAL EQUITY</b>		<b>341,306,371</b>	<b>356,504,727</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,599,756,601</b>	<b>1,311,431,655</b>

COMMITMENTS AND CONTINGENCIES

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MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSUUD  
BOARD MEMBER

HASSAN ABDULLA DORAR ALI  
PRESIDENT AND CEO

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

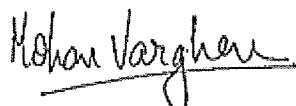
**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF INCOME**


**For the three-month period ended 31 March 2021**

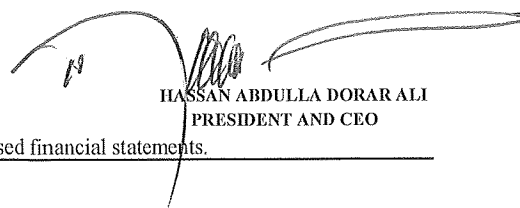
*(All amounts in Saudi Riyals unless otherwise stated)*

	Note	Three-month period ended 31 March	
		2021 (Unaudited)	2020 (Unaudited)
<b>REVENUES</b>			
Gross premiums written	7b	356,998,853	334,643,086
Reinsurance premiums ceded			
- Local		(42,821,416)	(47,629,077)
- International (includes premium ceded through local broker)		(87,072,779)	(98,245,084)
	7b	(129,894,195)	(145,874,161)
Excess of loss expenses			
- Local		(197,994)	(166,731)
- International		(5,769,812)	(4,742,263)
	7b	(5,967,806)	(4,908,994)
<b>Net premiums written</b>		221,136,852	183,859,931
Movement in unearned premiums, net		(77,180,924)	(42,145,606)
<b>Net premiums earned</b>		143,955,928	141,714,325
Reinsurance commissions	7c	4,707,150	6,613,154
Other underwriting income		846,573	1,758,115
<b>NET REVENUES</b>		149,509,651	150,085,594
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid	7a	114,843,651	129,798,521
Reinsurers' share of claims paid	7a	(11,843,841)	(14,649,242)
<b>Net claims paid</b>		102,999,810	115,149,279
Movement in outstanding claims, IBNR and other reserves, net		12,421,058	(5,415,890)
<b>Net claims incurred</b>	7a	115,420,868	109,733,389
Policy acquisition costs	7d	16,334,463	13,549,954
Inspection and supervision fees		2,918,547	2,440,538
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		134,673,878	125,723,881
<b>NET UNDERWRITING INCOME</b>		14,835,773	24,361,713
<b>OTHER INCOME/(EXPENSES)</b>			
Income from investments		1,221,165	279,640
Unrealized gain/(loss) from change in fair value of FVTPL investments	8b	2,572,244	(12,989,832)
Income from murabaha deposits		1,875,544	2,910,233
Other income		662,697	411,338
General and administrative expenses		(34,291,240)	(26,487,777)
(Provision)/reversal for doubtful debts	6	(2,081,479)	1,613,732
<b>TOTAL OTHER INCOME/(EXPENSES)</b>		(30,041,069)	(34,262,666)
<b>Total loss for the period</b>		(15,205,296)	(9,900,953)
Surplus attributed to the insurance operations		-	(143,644)
<b>Total loss for the period attributable to the shareholders before zakat</b>		(15,205,296)	(10,044,597)
Zakat charge for the period	9	6,940	(2,109,000)
<b>Total loss for the period attributable to the shareholders after zakat</b>		(15,198,356)	(12,153,597)
<b>Loss per share</b>	11		
Basic and diluted loss per share		(0.51)	(0.41)
Weighted average number of shares in issue throughout the period (in thousands)		30,000	30,000



MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSUUD  
BOARD MEMBER

  
HASSAN ABDULLA DORAR ALI  
PRESIDENT AND CEO

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

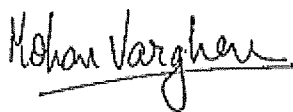
**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

**For the three-month period ended 31 March 2021**

*(All amounts in Saudi Riyals unless otherwise stated)*

	Three-month period ended 31 March	
	2021 (Unaudited)	2020 (Unaudited)
Total loss for the period after zakat	(15,198,356)	(12,009,953)
Other comprehensive income:		
<i>Items that may be reclassified to statements of income in subsequent periods</i>	-	-
Total comprehensive loss for the period after zakat	(15,198,356)	(12,009,953)
Total comprehensive income attributable to the insurance operations	-	(143,644)
Total comprehensive loss attributable to the shareholders after zakat	(15,198,356)	(12,153,597)



MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER



ABDULAZIZ A. ABUSSUUD  
BOARD MEMBER



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**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
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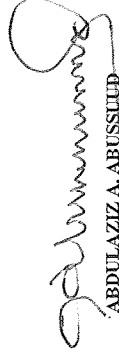
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

For the three-month period ended 31 March 2021

*(All amounts in Saudi Riyals unless otherwise stated)*

	2021				
	Share capital	Statutory reserve	Retained earnings	Re-measurement reserve of employees' end-of-service benefits	Total equity
Balance at the beginning of the period	300,000,000	29,473,371	26,981,720	49,636	356,504,727
Comprehensive loss for the period:					
Total loss for the period attributable to the shareholders after zakat	-	-	(15,198,356)	-	(15,198,356)
Total comprehensive loss for the period	-	-	(15,198,356)	-	(15,198,356)
Balance at the end of the period	300,000,000	29,473,371	11,783,364	49,636	341,306,371

  
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**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
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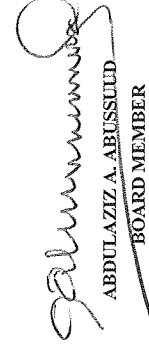
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

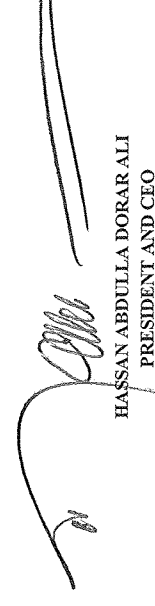
For the three-month period ended 31 March 2021

*(All amounts in Saudi Riyals unless otherwise stated)*

	2020				
	Share capital	Statutory reserve	Accumulated losses	Re-measurement reserve of employees' end-of-service benefits	Total equity
Balance at the beginning of the period	300,000,000	20,008,901	(10,876,161)	1,488,287	310,621,027
Comprehensive loss for the period:					
Total loss for the period attributable to the shareholders after zakat (restated)	-	-	(12,153,597)	-	(12,153,597)
Total comprehensive loss for the period	-	-	(12,153,597)	-	(12,153,597)
Balance at the end of the period	300,000,000	20,008,901	(23,029,758)	1,488,287	298,467,430

  
MOHAN VARGHESE  
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**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS**

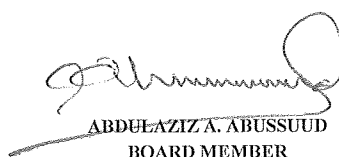
**For the three-month period ended 31 March 2021**

*(All amounts in Saudi Riyals unless otherwise stated)*

	Note	Three-month period ended 31 March	
		2021 (Unaudited)	2020 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total loss for the period before zakat		(15,205,296)	(9,900,953)
<b>Adjustments for non-cash items:</b>			
Depreciation of property and equipment		392,558	585,576
Amortization of intangible assets		473,474	438,343
Provision/(reversal) for doubtful debts	6	2,081,479	(1,613,732)
Provision for employees' end-of-service benefits		983,752	840,000
Unrealized (gain)/loss from change in fair value of FVTPL investments	8b	(2,572,244)	12,989,832
<b>Changes in operating assets and liabilities:</b>			
Premiums and reinsurers' receivable		(163,120,073)	(40,564,463)
Reinsurers' share of unearned premiums		(79,653,160)	(98,050,350)
Reinsurers' share of outstanding claims		(22,699,607)	5,352,348
Reinsurers' share of claims incurred but not reported		98,488	1,703,032
Deferred policy acquisition costs		(9,806,606)	(11,284,873)
Deferred excess of loss premiums		-	(2,850,367)
Prepayments and other assets		(3,604,363)	5,982,181
Policyholders claims payable		(5,507,690)	(7,410,740)
Accrued and other liabilities		72,163,993	10,001,084
Reinsurance balances payable		40,801,278	(6,155,546)
Unearned premiums		156,834,084	140,195,956
Unearned reinsurance commission		3,684,937	8,482,453
Outstanding claims and reserves		31,190,897	(9,204,426)
Claims incurred but not reported		3,831,280	(3,266,843)
Accounts payable		215,000	155,502
<b>Cash from/(used in) operating activities</b>		<b>10,582,181</b>	<b>(3,575,986)</b>
Employees' end-of-service benefits paid		(291,566)	(427,759)
Zakat paid	9	(375,723)	-
<b>Net cash from/(used in) operating activities</b>		<b>9,914,892</b>	<b>(4,003,745)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions of property and equipment		(932,956)	(850,415)
Additions of intangible assets		(856,269)	(872,379)
Additions in murabaha deposits		(45,000,000)	(62,000,000)
Proceed on disposal of murabaha deposits		26,445,188	55,000,000
<b>Net cash used in investing activities</b>		<b>(20,344,037)</b>	<b>(8,722,794)</b>
<b>Net change in cash and cash equivalents</b>		<b>(10,429,145)</b>	<b>(12,726,539)</b>
Cash and cash equivalents at the beginning of the period	4	49,999,727	44,190,245
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>39,570,582</b>	<b>31,463,706</b>



MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSUUD  
BOARD MEMBER

  
HASSAN ABDULLA DORAR ALI  
PRESIDENT AND CEO

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month period ended 31 March 2021**

*(All amounts in Saudi Riyals unless otherwise stated)*

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

Saudi Arabian Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010237214 dated 7 Shaban 1428H, (corresponding to 20 August 2007). The registered office address of the Company is P.O. Box 58073, Riyadh 11594, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company's principal lines of business include all classes of general and medical insurance. The Company was listed on the Saudi Stock Exchange ("Tadawul") on 20 Shaban 1428H, (corresponding to 3 September 2007).

Following are the details of the branches of the Company and their commercial registration numbers:

Branch Name	Branch	Commercial	Date
		Registration Number	
Saudi Arabian Cooperative Insurance Company	Jeddah	4030208674	25 Safar 1432H (31 January 2011)
Saudi Arabian Cooperative Insurance Company	Khobar	2051044793	25 Safar 1432H (31 January 2011)
Saudi Arabian Cooperative Insurance Company	Qassim	1131034133	25 Safar 1432H (31 January 2011)

The Company has been licensed to conduct insurance business in the Kingdom of Saudi Arabia under co-operative principles in accordance with Royal Decree numbered 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to the Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

Following the completion of the public offering on 28 May 2007, the Ministry of Commerce and Investment ("MOCI") issued a resolution declaring the incorporation of the Company on 21 Rajab 1428H (corresponding to 5 August 2007).

On 29 Shaban 1428H (corresponding to 11 September 2007), the Saudi Central Bank ("SAMA") issued a formal approval to transact insurance business, thus authorizing the Company to commence operations as soon as product approval and related formalities are completed.

The Board of Directors approved the distribution of the surplus from insurance operations 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 policy holders are to receive the remaining 10%. Any deficit arising on insurance operations is borne by the shareholders in full.

**2 BASIS OF PREPARATION**

**(a) Basis of presentation and measurement**

These interim condensed financials information (interim condensed financial statements) of the Company as at and for the period ended 31 March 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"), as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organisation for Certified Public Accountants (SOCPA), Law of Companies and the Company's by-laws.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month period ended 31 March 2021**

*(All amounts in Saudi Riyals unless otherwise stated)*

**2 BASIS OF PREPARATION (continued)**

**(a) Basis of presentation and measurement (continued)**

These interim condensed financial statements are prepared under the going concern concept and the historical cost convention, except for the measurement at fair value of available-for-sale investments, fair value through profit or loss investments and measurement at present value of employees' end-of-service benefit obligations. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: Held to maturity investments, Property and equipment, Intangible assets, Statutory deposit, Accrued income on statutory deposit, Employees' end-of-service benefits and Accrued commission income payable to SAMA. All other financial statement line items would generally be classified as current.

The Company presents its interim condensed statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the interim condensed financial statements accordingly (Note 18). 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.

The interim condensed statement of financial position, interim condensed statement of income, interim condensed statement of comprehensive income and interim condensed statement of cash flows of the insurance operations and shareholders operations which are presented in Note 18 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, interim condensed statements of income, interim condensed statement of comprehensive income and interim condensed statement of 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 interim condensed financial statements in compliance with IFRSs, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances and transactions 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

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

**(b) Functional and presentation currency**

These interim condensed financial statements have been presented in Saudi Riyals (SR), which is also the functional currency of the Company.

**(c) Critical accounting judgments, estimates and assumptions**

The preparation of interim condensed financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. 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.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month period ended 31 March 2021**

*(All amounts in Saudi Riyals unless otherwise stated)*

**2 BASIS OF PREPARATION (continued)**

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

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.

Following are the accounting judgments and estimates that are critical in preparation of these interim condensed financial statements:

**i) *The ultimate liability arising from claims made under insurance contracts***

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior period claims estimates are reassessed for adequacy and changes are made to the provision.

The provision for IBNR is an estimation of claims which are expected to be reported subsequent to the date of interim condensed statement of financial position, for which the insured event has occurred prior to the date of interim condensed statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary has also used a segmentation approach including analyzing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

**ii) *Impairment of investments***

The Company determines that financial assets are impaired when there has been a significant or prolonged decline in the fair values of the financial assets below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

**iii) *Impairment of receivables***

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

**iv) *Fair value of financial instruments***

Fair values of available-for-sale investments and fair value through profit or loss investments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models used are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

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**2 BASIS OF PREPARATION (continued)**

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

**v) *Deferred policy acquisition costs***

Certain acquisition costs related to sale of policies are recorded as deferred acquisition costs and are amortized over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment.

**vi) *Premium deficiency reserve***

Estimation of the premium deficiency reserve, if any, is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the actuary looks at the claims and premiums relationship which is expected to be realized in the future.

**vii) *Impact of Covid-19***

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

In response to the spread of the Covid-19 virus in the GCC and other where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

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

The major impact of Covid-19 pandemic is seen in medical and motor line of business as explained below. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

**Medical technical reserve**

Based on the management's assessment, the management believes that the Government's decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavourable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since 21 June 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company's management. The Company's management has duly considered the impact of surge in claims in the current estimate of future contractual cash flows of the insurance contracts in force as at 31 March 2021 for its liability adequacy test. Based on the results, the Company has booked an amount of SR 3.41 million as a premium deficiency reserve.

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**2 BASIS OF PREPARATION (continued)**

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

**vii) Impact of Covid-19 (continued)**

**Motor technical reserves (continued)**

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the “circular”) dated 08 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.

The Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and concluded, that the Company considers the extension of two months in exiting motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended two months’ period.

For new policies written as per above circular, the premium is earned over the period of coverage i.e 14 month as per the Company accounting policy.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at an aggregated (or “segmented”) level for motor line of business and recorded a Premium deficiency reserve amounting to SR 1.93 million as at 31 March 2021.

**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 three-month period ended 31 March 2021. The Company’s management continues to monitor the situation closely.

**Credit risk management**

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

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**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020. There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Company's annual Financial Statements, but they do not have a material effect on the Company's Interim Condensed Financial Statements. The Company has not early adopted any standard (interpretation) or amendments that has been issued but which are not yet effective.

**Standards issued but not yet effective**

The Company has chosen not to early adopt the amendments and revisions to the IFRSs, which have been published and are mandatory for compliance for the Company with effect from future dates.

<b>Standard/ Interpretation/ Amendment</b>	<b>Description</b>	<b>Effective from periods beginning on or after the following date</b>
IFRS 9	Financial Instruments (refer below)	1-Jan-23
IFRS 17	Insurance Contracts (refer below)	1-Jan-23

**A. IFRS 9 - Financial Instruments**

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

**a. Classification and measurement:**

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, at fair value through other comprehensive income or at 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 are recycled through profit or loss upon sale, if both conditions are met:

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

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

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

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. IFRS 9 - Financial Instruments (continued)**

**a. Classification and measurement: - continued**

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

**b. 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.

**c. 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 1st January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12th 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 January 1, 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
2. adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented.

The Company has performed a detailed assessment as of reporting date:

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



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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. IFRS 9 - Financial Instruments (continued)**

**Impact assessment**

As at 31 March 2021, the Company has total financial assets and insurance related assets amounting to SR 625 million (31 December 2020: SR 603 million) and SR 769 million (31 December 2020: SR 585 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 530 million (31 December 2020: SR 461 million). Other financial assets consist of available for sale investments amounting to SR 1.9 million (31 December 2020: SR 1.9 million). The Company expect to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. Investment in funds classified under available for sale investments will be at FVSI under IFRS 9. Other financial assets have a fair value of SR 92.6 million as at 31 March 2021 with a fair value change during the period of SR 2.6 million.

The Company financial assets have low credit risk as at 31 March 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.

**B. IFRS 17 - Insurance Contracts**

**Overview**

This standard has been published in 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).

**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;

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. IFRS 17 - Insurance Contracts (continued)**

**Measurement - continued**

- b. the Contractual Service Margin (CSM) - The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period, the carrying amount of a group of insurance contracts is re-measured to be the sum of:

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

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

The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.

**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, in addition to the adjustment under GMM, the CSM is also adjusted for:

- 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.

**Effective date**

The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard-setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4 is currently 1 January 2021. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after 1 January 2022. Further, on 17 March 2020, The (IASB) completed its discussions on the amendments to IFRS 17 and decided that the effective date of the Standard will be deferred to reporting periods beginning on or after 01 January 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the Standard on its effective date.

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. IFRS 17 - Insurance Contracts (continued)**

**Transition**

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

**Presentation and Disclosures**

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts and reinsurance, [and investment contracts with discretionary participating features, if applicable] together with amendments to presentation and disclosures.

**Impact**

The Company has performed an initial impact assessment of the application and implementation of IFRS 17. As of the date of the publication of these financial statements, the final financial impact of adopting the standard has yet to be fully assessed by the Company. The Company has undertaken an initial operational impact gap analysis and currently undergoing through detailed operational and financial impact assessment. Key gaps and their impact are as follows:

<b>Impact Area</b>	<b>Summary of Impact</b>
Financial Impact	The Company is in process to ascertain the financial impact on reported balances of year 2018. As the Company's most of insurance contracts are short-termed and short tailed entitling for premium allocation approach (PAA) which is largely similar to current account practice, no significant impact is expected.
Data impact	IFRS 17 has additional data requirements (e.g. premium due date for initial recognition, premium receipt data for the LFRC, RI contracts held break down into risk attaching or loss incurring for assessing contract boundaries, lower granularity to meet level of aggregation requirements and data for additional disclosures as per IFRS 17). Further extensive exercise will be carried out to ensure the required data is available.
IT systems impact	Detailed assessment needed of existing systems capabilities for IFRS 17 calculations, storage and reporting and whether new systems/calculation engines should be implemented.
Process impact	The company carried out an operational impact assessment exercise to assess the operational impact of implementing IFRS 17. Since, majority of the company's contracts would be measured under the premium allocation approach, the process impact is expected to be moderate.
Impact on Reinsurance arrangements	Further assessment is needed to confirm measurement approach for reinsurance arrangements where RI gross premium ceded does not automatically qualify for PAA.
Impact on policies and control frameworks	The Company's policies and procedures needs update to accommodate the changes in the Company's processes and systems related to IFRS 17 implementation. Detailed exercise for the purpose shall be carried out after ascertaining financial and operational gaps assessment.

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. IFRS 17 - Insurance Contracts (continued)**

**Impact (continued)**

The Company is currently in design phase of IFRS 17 implementation which requires developing and designing new processes and procedures for the business including any system developments required under IFRS 17 and detailed assessment of business requirements. Following are the main areas under design phase and status of the progress is as follows:

<b>Major areas of design phase</b>	<b>Summary of progress</b>
Governance and control framework	The Company has put in place a comprehensive IFRS 17 governance program which includes establishing oversight steering committee for monitoring the progress of implementation and assigning roles and responsibilities to
Operational area	The Company is in progress of designing operational aspects of the design phase which includes establishing comprehensive data policy and data dictionary. Also the Company is finalizing architectural designs for various sub-systems. The Company has progressed through assessment of business requirements and currently working on vendor selection while finalizing various process needed for transition and assessment of new resources needed.
Technical and financial area	The Company has completed various policy papers encompassing various technical and financial matters after concluding on policy decisions required under the IFRS 17 standard. The policy decisions are taken after due deliberations among various stakeholders. Currently majority of policy papers have been approved by the Company's IFRS 17 project steering
Assurance plan	The Company is working along with other stakeholders to finalize the assurance plan for transitional and post-implementation periods.

The Company has started its implementation process and has set up a project team, supervised by Company's CEO. Furthermore, to assess financial and operational impact of IFRS-17, the Company has hired Deloitte & Touche Advisory Saudi Limited (Deloitte) as their consultants.

The effective interpretations/improvement/amendments do not have material impact on these interim condensed financial statements of the company.

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**4 CASH AND CASH EQUIVALENTS**

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

	<u>31 March</u> <u>2021</u> (Unaudited)	<u>31 December</u> <u>2020</u> (Audited)
Cash in banks	39,555,520	49,984,698
Cash on hand	15,062	15,029
	<u>39,570,582</u>	<u>49,999,727</u>

Cash in banks are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

**5 MURABAHA DEPOSITS**

Murabaha deposits represents deposits with local banks that have investment grade credit ratings and have an original maturity of more than three months from date of acquisition. The deposits earn commission at rate ranging from 1.1% to 3.4% (31 December 2020: 1.2% to 3.4%) per annum.

**6 PREMIUMS AND REINSURERS' RECEIVABLE - NET**

Receivables comprise amounts due from the following:

	<u>31 March</u> <u>2021</u> (Unaudited)	<u>31 December</u> <u>2020</u> (Audited)
Policyholders	244,180,627	184,863,153
Brokers and agents	117,289,554	63,219,101
Related parties (note 16)	110,307,912	58,876,953
Receivables from reinsurers	11,923,977	13,622,811
	<u>483,702,070</u>	<u>320,582,018</u>
Less:		
Provision for doubtful receivables - policyholders	(37,056,067)	(37,503,691)
Provision for doubtful receivables - brokers and agents	(15,678,245)	(14,945,722)
Provision for doubtful receivables - related parties (note 16)	(21,583,480)	(19,632,503)
Provision for doubtful receivables - receivables from reinsurers	(2,473,488)	(2,627,906)
	<u>(76,791,280)</u>	<u>(74,709,822)</u>
	<u>406,910,790</u>	<u>245,872,196</u>

The movement in the provision for doubtful receivables is as follows:

	<u>31 March</u> <u>2021</u> (Unaudited)	<u>31 December</u> <u>2020</u> (Audited)
Beginning of the period/year	74,709,822	70,676,467
Provision made during the period/year	2,081,479	4,033,355
End of the period/year	<u>76,791,301</u>	<u>74,709,822</u>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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**7 MOVEMENT IN OUTSTANDING CLAIMS, UNEARNED PREMIUMS, UNEARNED REINSURANCE COMMISSION AND DEFERRED POLICY ACQUISITION COSTS (continued)**

<b>d) Deferred policy acquisition costs</b>	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Beginning of the period/year	18,459,055	16,877,051
Incurred during the period/year	26,141,069	59,818,818
Amortized during the period/year	(16,334,463)	(58,236,814)
End of the period/year	<u>28,265,661</u>	<u>18,459,055</u>

**8 INVESTMENTS**

**(a) Available-for-sale investments**

As at 31 March 2021 and 31 December 2020, Available-for-sale investment represents SR 1.9 million in respect of the Company's share in the capital of Najm for Insurance Services Company ("Najm") which represents a 3.85% capital holding in Najm.

<b>(b) Fair value through profit or loss investments</b>	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Beginning balance	90,028,540	90,671,601
Unrealized gain/(loss) from change in fair value	2,572,244	(643,061)
Ending balance	<u>92,600,784</u>	<u>90,028,540</u>

As at 31 March 2021 and 31 December 2020, fair value through profit or loss investments represents quoted equity instruments of Saudi Arabian Oil Company.

**(c) Held-to-maturity investment**

As at 31 March 2021, the Company's investment in Islamic bonds ("Sukuk"), issued by a local bank having a credit rating of "AA", amounted to SR 35 million (31 December 2020: SR 35 million) comprising of 35 Sukuk (31 December 2020: 35 Sukuk) denominated at Saudi Riyals 1 million each and a margin equivalent to 6 month SIBOR plus 195 basis points (31 December 2020: 6 month SIBOR plus 195 basis points), having maturity date of 27 May 2025.

	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Beginning balance	35,531,657	10,192,936
Additions	-	25,000,000
Amortized during the period/year, net	11,417	338,721
Ending balance	<u>35,543,074</u>	<u>35,531,657</u>

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**9 PROVISION FOR ZAKAT**

**a) Zakat payable**

The movement in zakat payable during the period were as follows:

	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Balance at beginning of the period/year	10,517,581	9,047,924
Charge for the period/year	2,050,855	10,261,216
Prior year adjustment	(2,057,795)	-
Payments during the period/year	(375,723)	(8,791,559)
Balance at end of the period/year	<u>10,134,918</u>	<u>10,517,581</u>

**b) Status of assessments**

The Company has filed its zakat return for the financial years up to and including the year 2020 with the General Authority of Zakat and Tax (the "GAZT") and received the final zakat certificate from the GAZT.

The Company has received final assessments for the years 2008 through 2018 with no additional zakat liability.

**10 SHARE CAPITAL**

The authorized, issued and paid up capital of the Company was SR 300 million at 31 March 2021 (31 December 2020: SR 300 million) consisting of 30 million shares (31 December 2020: 30 million shares) of SR 10 each. Shareholding structure of the Company is as below:

	<b>31 March 2021 (Unaudited)</b>		<b>31 December 2020 (Audited)</b>	
	<b>Authorised, issued and paid up</b>		<b>Authorised, issued and paid up</b>	
	<b>No. of Shares</b>	<b>SR'000</b>	<b>No. of Shares</b>	<b>SR'000</b>
Saudi Arabian Insurance Company B.S.C	9,000,000	90,000,000	9,000,000	90,000,000
Others	21,000,000	210,000,000	21,000,000	210,000,000
	<u>30,000,000</u>	<u>300,000,000</u>	<u>30,000,000</u>	<u>300,000,000</u>

**11 BASIC AND DILUTED LOSS PER SHARE**

Basic and diluted loss per share for the period have been calculated by dividing the total net loss for the period by the weighted average number of shares in issue throughout the period.

The basic and diluted loss per share are as follows:

	<b>Three-month period ended 31 March</b>	
	<b>2021 (Unaudited)</b>	<b>2020 (Unaudited)</b>
Total loss for the period attributable to the shareholders after zakat	(15,198,356)	(12,153,597)
Weighted average number of shares throughout the period (thousands)	30,000	30,000
Basic and diluted loss per share	<u>(0.51)</u>	<u>(0.41)</u>

There are no diluted potential shares during the three-month period ended 31 March 2021 and 2020.

**12 STATUTORY RESERVE**

In accordance with the Company's By-Laws and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital. Such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.



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**13 CAPITAL MANAGEMENT**

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

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at 31 March 2021 consists of paid-up share capital of SR 300 million, statutory reserves of SR 29.5 million and retained earnings of SR 11.8 million (31 December 2020: paid-up share capital of SR 300 million, statutory reserves of SR 29.5 million and retained earnings of SR 27 million) in the interim condensed statement of financial position.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

**14 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 transactions take place either:

- in the accessible principal market for the asset or liability, or
- in the accessible principal market, in the most advantageous accessible market for the asset or liability

The management assessed that cash and cash equivalent, accrual and other liabilities and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

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

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities,  
Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and  
Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

During the three-month period ended 31 March 2021 and year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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**14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**a) Carrying amounts and fair value**

The following table summarizes the financial assets recorded at fair value as of 31 March 2021 and 31 December 2020 by level of the fair value hierarchy.

**As at 31 March 2021 (Unaudited)**

	Carrying value	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Available-for-sale investments	1,923,080	-	-	1,923,080	1,923,080
FVTPL investments	92,600,784	92,600,784	-	-	92,600,784
	<u>94,523,864</u>	<u>92,600,784</u>	<u>-</u>	<u>1,923,080</u>	<u>94,523,864</u>

**As at 31 December 2020 (Audited)**

	Carrying value	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Available-for-sale investments	1,923,080	-	-	1,923,080	1,923,080
FVTPL investments	90,028,540	90,028,540	-	-	90,028,540
	<u>91,951,620</u>	<u>90,028,540</u>	<u>-</u>	<u>1,923,080</u>	<u>91,951,620</u>

The fair values of other financial assets and liabilities, not included in the table above, are not materially different from the carrying values included in the financial statements.

**b) Measurement of Fair values**

Available-for-sale investment represents unquoted securities amounted to SR 1.9 million in respect of the Company's share in the capital of Najm. As at 31 March 2021 and 31 December 2020, the investment has not been measured at fair value in the absence of active market or other means of measuring their fair value reliably. However, the management believes that there is no major difference between the carrying value and fair value of the investment.

**15 COMMITMENTS AND CONTINGENCIES**

**CONTINGENCIES**

**a. Legal proceedings and regulations**

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. 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 effect on its results and financial position.

**COMMITMENTS**

**b.** During 2020, the Company entered into an agreement for the construction of the commercial building on the land under deed No. 2/214 located at the Salahuddin AL-Ayyubi Road, Riyadh, Kingdom of Saudi Arabia.

The Company is committed to half of the incurred capital expenditure for the acquisition of land and construction of the building, and the transaction will be recognized as the development progresses and upon completion of the transfer of the underlying right and obligations.

The estimated commitment as at balance sheet date but not recognized in the financial statement are as follows:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Acquisition of the Land	12,663,500	12,663,500
Construction of the Building	38,000,000	38,000,000
	<u>50,663,500</u>	<u>50,663,500</u>

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**16 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, key management personnel of the Company and entities controlled, jointly controlled or subsequently influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions and are approved by management.

The following are the details of the major related party transactions during the period and the related balances:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transaction</i>		<i>Balance</i>	
		<i>Three-month period ended 31</i>			
		<i>March</i>	<i>2020</i>	<i>31 March</i>	<i>31 December</i>
		<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
<i>Amounts due to related parties are as follows:</i>					
ACE Insurance & Reinsurance Brokers Limited ("Broker") (Affiliate)	Premiums ceded through Broker	42,504,462	78,930,996		
	Commission received	41,838	13,373,132	65,840,787	10,111,497
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Premiums ceded	66,847	55,802		
	Commission received	17,346	12,555	1,487,381	128,083
ACE Insurance Agents Limited ("Agent") (Affiliate)	Premiums received through Agent	-	2,312,233		
	Commission expense	-	293,720	-	-
ACE Limited (Affiliate)				55,502	55,502
				67,383,670	10,295,082
<i>Amounts due from related party are as follows (note 6):</i>					
ACE Insurance & Reinsurance Brokers Limited ("Broker") (Affiliate)	Premiums received through Broker, net	107,048,943	117,413,935		
	Commission expense	9,291,696	10,467,687	110,307,912	58,876,953
	Provision for/(reversal) of doubtful debts	1,950,977	(1,465,602)	(21,583,480)	(19,632,503)
				88,724,432	39,244,450
				88,724,432	39,244,450

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**Compensation of key management personnel**

Key management personnel of the Company include all directors (executives and non-executives) and senior management. The summary of compensation of key management personnel for the year ended 31 March is as follows:

	<b>BOD members (Non-Executive)</b>	<b>Top Executives including the CEO and CFO</b>
<i>Three-month period ended 31 March</i>	<i>Three-month period ended 31 March</i>	<i>Three-month period ended 31 March</i>
<i>2021</i>	<i>2020</i>	<i>2021</i>
<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Short-term benefits	166,500	215,000
Bonus	-	-
Employees' end-of-service benefits	-	-
	211,766	179,004
	<u>166,500</u>	<u>215,000</u>
	<u>6,644,810</u>	<u>2,392,500</u>

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**17 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 as stated below. Segment results do not include income from investments, income from murabaha deposits, other income, general and administrative expenses, and provision for doubtful debts. Accordingly, they are included in unallocated income and expenses.

Segment assets do not include cash and cash equivalents, murabaha deposits, premiums and reinsurers' receivable - net, available for sale investment, held-to-maturity investment, due from related parties, prepayments and other assets, property and equipment, intangible assets, statutory deposit and accrued income from statutory deposit. Accordingly, they are included in unallocated assets.

Segment liabilities do not include accrued and other liabilities, surplus distribution payable, reinsurance balances payable, accounts payable, employees' end-of-service benefits, provision for zakat, accrued commission income payable to SAMA. Accordingly, they are included in unallocated liabilities. All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

Three-month period ended 31 March 2021 (Unaudited) (SR '000)					
Operating segment	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
<b>Revenues</b>					
Gross premiums written					
- Individual	66	30,072	8	-	-
- Micro enterprise	3,370	1,546	3,037	-	-
- Small enterprises	16,813	3,929	2,772	-	-
- Medium enterprises	74,885	17,940	7,499	-	-
- Large enterprise	39,730	17,060	138,272	-	-
	134,864	70,547	151,588	-	-
Reinsurance premiums ceded					
- Local	-	-	(42,821)	-	-
- International (includes premium ceded through local broker)	-	(224)	(86,849)	-	-
	-	(224)	(129,670)	-	-
Excess of loss expenses					
- Local	-	(159)	(39)	-	-
- International	(4,153)	(622)	(995)	-	-
	(4,153)	(781)	(1,034)	-	-
<b>Net premiums written</b>	130,711	69,542	20,884	-	-
					221,137

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**17 SEGMENT INFORMATION (continued)**

	Three-month period ended 31 March 2021 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
					Total
<b>Net premiums written</b>	130,711	69,542	20,884	-	221,137
Movement in unearned premiums, net	(48,269)	(17,201)	(11,711)	-	(77,181)
<b>Net premiums earned</b>	82,442	52,341	9,173	-	143,956
Reinsurance commissions	-	400	4,307	-	4,707
Other underwriting income	300	167	380	-	847
<b>Net revenues</b>	82,742	52,908	13,860	-	149,510
<b>Underwriting costs and expenses</b>					
Gross claims paid	64,555	40,519	9,770	-	114,844
Reinsurers' share of claims paid	-	(3,437)	(8,407)	-	(11,844)
<b>Net claims paid</b>	64,555	37,082	1,363	-	103,000
Movement in outstanding claims, IBNR and other reserves, net	13,276	(1,201)	346	-	12,421
<b>Net claims incurred</b>	77,831	35,881	1,709	-	115,421
Policy acquisition costs	4,468	6,653	5,213	-	16,334
Inspection and supervision fees	2,023	352	544	-	2,919
<b>Total underwriting costs and expenses</b>	84,322	42,886	7,466	-	134,674
<b>Net underwriting income</b>	(1,580)	10,022	6,394	-	14,836
Unallocated revenue				2,463	3,759
Unallocated expenses				2,255	(33,800)
<b>Total loss for the period</b>					(15,205)
Surplus attributed to the insurance operations					7
<b>Total loss for the period attributable to the shareholders before zakat</b>					(15,205)
Zakat					
<b>Total loss for the period attributable to the shareholders after zakat</b>					(15,198)

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**17 SEGMENT INFORMATION (continued)**

Operating segment	Three-month period ended 31 March 2020 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
<b>Revenues</b>					<b>Total</b>
Gross premiums written					
- Individual	283	31,549	136	-	-
- Micro enterprise	2,593	1,865	10,223	-	-
- Small enterprises	12,264	3,685	1,053	-	-
- Medium enterprises	42,147	17,250	10,202	-	-
- Large enterprise	39,180	11,729	150,484	-	-
	96,467	66,078	172,098	-	-
					334,643
Reinsurance premiums ceded					
- Local	-	-	(47,629)	-	-
- International (includes premium ceded through local broker)	-	(91)	(98,154)	-	-
	-	(91)	(145,783)	-	-
					(47,629)
					(98,245)
					(145,874)
Excess of loss expenses					
- Local	-	(136)	(31)	-	-
- International	(2,905)	(546)	(1,291)	-	-
	(2,905)	(682)	(1,322)	-	-
					(4,909)
Net premiums written	93,562	65,305	24,993	-	-
					183,860

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	Three-month period ended 31 March 2020 (Unaudited) (SR '000)					
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations	Total
Net premiums written	93,562	65,305	24,993	-	-	183,860
Movement in unearned premiums, net	(16,143)	(6,723)	(19,280)	-	-	(42,146)
Net premiums earned	77,419	58,582	5,713	-	-	141,714
Reinsurance commissions	-	490	6,123	-	-	6,613
Other underwriting income	-	1,759	-	-	-	1,759
Net revenues	77,419	60,831	11,836	-	-	150,086
<b>Underwriting costs and expenses</b>						
Gross claims paid	60,440	54,759	14,600	-	-	129,799
Reinsurers' share of claims paid	-	(1,401)	(13,249)	-	-	(14,650)
Net claims paid	60,440	53,358	1,351	-	-	115,149
Movement in outstanding claims, IBNR and other reserves, net	3,047	(6,530)	(1,933)	-	-	(5,416)
Net claims incurred	63,487	46,828	(582)	-	-	109,733
Policy acquisition costs	4,191	4,262	5,097	-	-	13,550
Inspection and supervision fees	1,446	329	666	-	-	2,441
Total underwriting costs and expenses	69,124	51,419	5,181	-	-	125,724
Net underwriting income	8,295	9,412	6,655	-	-	24,362
Unallocated revenue					2,010	3,601
Unallocated expenses					(13,347)	(37,864)
Total loss for the period						(9,901)
Surplus attributed to the insurance operations						(144)
Total loss for the period attributable to the shareholders before zakat						(10,045)
Zakat						(2,109)
Total loss for the period attributable to the shareholders after zakat						(12,154)



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**17 SEGMENT INFORMATION (Continued)**

Operating segment	As at 31 March 2021 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
<b>Assets</b>					
Reinsurers' share of outstanding claims	-	8,702	353,164	-	-
Reinsurers' share of claims incurred but not reported	-	7,487	35,782	-	-
Reinsurers' share of unearned premiums	-	4,255	114,819	-	-
Deferred policy acquisition costs	8,620	8,370	11,276	-	-
<b>Segment assets</b>	<b>8,620</b>	<b>28,814</b>	<b>515,041</b>	<b>-</b>	<b>-</b>
Unallocated assets					355,656
<b>Total assets</b>					<b>1,047,282</b>
					<b>1,599,757</b>
<b>Liabilities and equity</b>					
Outstanding claims and reserves	24,343	23,390	369,308	-	-
Claims incurred but not reported	38,091	42,930	40,279	-	-
Unearned premiums	173,854	112,648	135,880	-	-
Unearned reinsurance commission	-	684	9,760	-	-
<b>Segment liabilities</b>	<b>236,288</b>	<b>179,652</b>	<b>555,227</b>	<b>-</b>	<b>-</b>
Unallocated liabilities and surplus					14,595
Total equity					341,306
<b>Total liabilities and equity</b>					<b>1,599,757</b>

Unallocated assets at 31 March 2021 consists mainly of murabaha deposits of SR 360 million, premiums and reinsurers' receivable - net of SR 407 million, cash and cash equivalents of SR 39.6 million, Available-for-sale investment of SR 1.9 million, FVTPL investment of SR 92.6 million, Held-to-maturity investment of SR 35.5 million and other assets of SR 110.3 million.

Unallocated liabilities and surplus at 31 March 2021 consists mainly of accrued and other liabilities of SR 137 million, reinsurance balances payable of SR 94.5 million, employees' end-of-service benefits of SR 19.4 million and other liabilities of SR 36.3 million.

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**17 SEGMENT INFORMATION (Continued)**

Operating segment	As at 31 December 2020 (Audited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
					Total
<b>Assets</b>					
Reinsurers' share of outstanding claims	-	6,873	332,294	-	-
Reinsurers' share of claims incurred but not reported	-	3,166	40,201	-	-
Reinsurers' share of unearned premiums	-	6,544	32,877	-	-
Deferred policy acquisition costs	8,052	6,453	3,954	-	-
Segment assets	8,052	23,036	409,326	-	-
Unallocated assets					350,490
<b>Total assets</b>					<b>871,018</b>
					<b>1,311,432</b>
<b>Liabilities</b>					
Outstanding claims and reserves	16,531	20,724	348,595	-	-
Claims incurred but not reported	32,628	40,646	44,195	-	-
Unearned premiums	125,585	97,741	42,222	-	-
Unearned reinsurance commission	-	1,019	5,740	-	-
Segment liabilities	174,744	160,130	440,752	-	-
Unallocated liabilities and surplus					14,763
<b>Total equity</b>					<b>356,455</b>
<b>Total liabilities</b>					<b>1,311,432</b>

Unallocated assets at 31 December 2020 consists mainly of murabaha deposits of SR 342 million, premiums and reinsurers' receivable - net of SR 246 million, cash and cash equivalents of SR 50 million, Available-for-sale investment of SR 1.9 million, FVTPL investment of SR 90 million, Held-to-maturity investment of SR 35 million and other assets of SR 106 million.

Unallocated liabilities and surplus at 31 December 2020 consists mainly of accrued and other liabilities of SR 64.9 million, reinsurance balances payable of SR 53.7 million, employees' end-of-service benefits of SR 18.7 million and other liabilities of SR 41.9 million.

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**18 SUPPLEMENTARY INFORMATION**

**18.1 Statement of financial position**

	Insurance Operations		Shareholders' Operations		Total	
	31 March	31 December	31 March	31 December	31 March	31 December
	2021	2020	2021	2020	2021	2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>ASSETS</b>						
Cash and cash equivalents	36,465,719	47,691,162	3,104,863	2,308,565	39,570,582	49,999,727
Murabaha deposits	153,029,173	134,474,361	207,441,935	207,441,935	360,471,108	341,916,296
Premiums and reinsurers' receivable - net	406,910,790	245,872,196	-	-	406,910,790	245,872,196
Reinsurers' share of unearned premiums	119,074,116	39,420,956	-	-	119,074,116	39,420,956
Reinsurers' share of outstanding claims and reserves	361,866,335	339,166,728	-	-	361,866,335	339,166,728
Reinsurers' share of claims incurred but not reported	43,268,769	43,367,257	-	-	43,268,769	43,367,257
Deferred policy acquisition costs	28,265,661	18,459,055	-	-	28,265,661	18,459,055
Available for sale investment	1,923,080	1,923,080	-	-	1,923,080	1,923,080
Fair value through profit or loss investments	-	-	92,600,784	90,028,540	92,600,784	90,028,540
Held-to-maturity investment	20,265,574	20,422,907	15,277,500	15,108,750	35,543,074	35,531,657
Prepayments and other assets	57,471,414	55,507,591	4,431,432	2,802,309	61,902,846	58,309,900
Property and equipment	5,373,665	4,833,267	-	-	5,373,665	4,833,267
Intangible assets	10,186,153	9,803,358	-	-	10,186,153	9,803,358
Statutory deposit	-	-	30,000,000	30,000,000	30,000,000	30,000,000
Accrued income from statutory deposit	-	-	2,799,638	2,799,638	2,799,638	2,799,638
<b>TOTAL ASSETS</b>	<b>1,244,100,449</b>	<b>960,941,918</b>	<b>355,656,152</b>	<b>350,489,737</b>	<b>1,599,756,601</b>	<b>1,311,431,655</b>

Above stated assets do not include "Due from insurance operations" amounting to SR 245,698 (31 December 2020: 20,778,132) to be consistent with total assets presented in the statement of financial position.

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.1 Statement of financial position (continued)**

	Insurance Operations		Shareholders' Operations		Total	
	31 March	31 December	31 March	31 December	31 March	31 December
	2021	2020	2021	2020	2021	2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>LIABILITIES</b>						
Policyholders' claims payable	16,099,759	21,607,449	-	-	16,099,759	21,607,449
Accrued and other liabilities	137,080,990	64,916,997	-	-	137,080,990	64,916,997
Surplus distribution payable	5,577,137	5,577,137	-	-	5,577,137	5,577,137
Reinsurance balances payable	94,531,362	53,730,084	-	-	94,531,362	53,730,084
Unearned premiums	422,382,241	265,548,157	-	-	422,382,241	265,548,157
Unearned reinsurance commission	10,444,079	6,759,142	-	-	10,444,079	6,759,142
Outstanding claims and reserves	417,041,137	385,850,240	-	-	417,041,137	385,850,240
Claims incurred but not reported	121,299,910	117,468,630	-	-	121,299,910	117,468,630
Accounts payable	-	-	1,660,922	1,445,922	1,660,922	1,445,922
Employees' end-of-service benefits	19,398,136	18,705,950	-	-	19,398,136	18,705,950
Provision for zakat	-	-	10,134,918	10,517,581	10,134,918	10,517,581
Accrued commission income payable to SAMA	-	-	2,799,639	2,799,639	2,799,639	2,799,639
<b>TOTAL LIABILITIES</b>	<b>1,243,854,751</b>	<b>940,163,786</b>	<b>14,595,479</b>	<b>14,763,142</b>	<b>1,258,450,230</b>	<b>954,926,928</b>
<b>EQUITY</b>						
Share capital	-	-	300,000,000	300,000,000	300,000,000	300,000,000
Statutory reserve	-	-	29,473,371	29,473,371	29,473,371	29,473,371
Retained earnings	-	-	11,783,364	26,981,720	11,783,364	26,981,720
Re-measurement reserve of end-of-service benefits	-	-	49,636	49,636	49,636	49,636
<b>TOTAL EQUITY</b>	<b>-</b>	<b>-</b>	<b>341,306,371</b>	<b>356,504,727</b>	<b>341,306,371</b>	<b>356,504,727</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,243,854,751</b>	<b>940,163,786</b>	<b>355,901,850</b>	<b>371,267,869</b>	<b>1,599,756,601</b>	<b>1,311,431,655</b>

Above stated liabilities do not include "Due to shareholders' operations" amounting to SR 245,698 (31 December 2020: 20,778,132) to be consistent with total liabilities presented in the statement of financial position.

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.2 Statement of income**

	Three-month period ended 31 March (Unaudited) (SR '000)			
	Insurance Operations	Shareholders' Operations		Total
	2021	2020	2021	2020
<b>REVENUES</b>				
Gross premiums written	356,998,853	334,643,086	-	334,643,086
Reinsurance premiums ceded				
- Local	(42,821,416)	(47,629,077)	-	(47,629,077)
- International (includes premium ceded through local broker)	(87,072,779)	(98,245,084)	-	(98,245,084)
	(129,894,195)	(145,874,161)	-	(145,874,161)
Excess of loss				
- Local	(197,994)	(166,731)	-	(197,994)
- International	(5,769,812)	(4,742,263)	-	(5,769,812)
	(5,967,806)	(4,908,994)	-	(4,908,994)
<b>Net premiums written</b>	<b>221,136,852</b>	<b>183,859,931</b>	<b>-</b>	<b>183,859,931</b>
Movement in unearned premiums, net	(77,180,924)	(42,145,606)	-	(42,145,606)
<b>Net premiums earned</b>	<b>143,955,928</b>	<b>141,714,325</b>	<b>-</b>	<b>141,714,325</b>
Reinsurance commissions	4,707,150	6,613,154	-	6,613,154
Other underwriting income	846,573	1,758,115	-	1,758,115
<b>NET REVENUES</b>	<b>149,509,651</b>	<b>150,085,594</b>	<b>-</b>	<b>150,085,594</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	114,843,651	129,798,521	-	129,798,521
Reinsurers' share of claims paid	(11,843,841)	(14,649,242)	-	(14,649,242)
<b>Net claims paid</b>	<b>102,999,810</b>	<b>115,149,279</b>	<b>-</b>	<b>115,149,279</b>
Movement in outstanding claims, IBNR and other reserves, net	12,421,058	(5,415,890)	-	(5,415,890)
<b>Net claims incurred</b>	<b>115,420,868</b>	<b>109,733,389</b>	<b>-</b>	<b>109,733,389</b>
Policy acquisition costs	16,334,463	13,549,954	-	13,549,954
Inspection and supervision fees	2,918,547	2,440,538	-	2,440,538
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>134,673,878</b>	<b>125,723,881</b>	<b>-</b>	<b>125,723,881</b>
<b>NET UNDERWRITING INCOME</b>	<b>14,835,773</b>	<b>24,361,713</b>	<b>-</b>	<b>24,361,713</b>

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.2 Statement of income (continued)**

	Three-month period ended 31 March (Unaudited) (SR '000)				
	Insurance Operations		Shareholders' Operations		Total
	2021	2020	2021	2020	2020
<b>OTHER INCOME/(EXPENSES)</b>					
Income from investments	147,500	89,808	1,073,665	189,832	1,221,165
Unrealised gain/(loss) on fair value through profit or loss investments	-	-	2,572,244	(12,989,832)	2,572,244
Income from murabaha deposits	486,088	1,090,105	1,389,456	1,820,128	1,875,544
Other income	662,697	411,338	-	-	662,697
General and administrative expenses	(33,973,775)	(26,130,256)	(317,465)	(357,521)	(34,291,240)
(Provision)/reversal for doubtful debts	(2,081,479)	1,613,732	-	-	(2,081,479)
<b>TOTAL OTHER INCOME/(EXPENSES)</b>	<b>(34,758,969)</b>	<b>(22,925,273)</b>	<b>4,717,900</b>	<b>(11,337,393)</b>	<b>(34,262,666)</b>
<b>Total (loss)/income for the period</b>	<b>(19,923,196)</b>	<b>1,436,440</b>	<b>4,717,900</b>	<b>(11,337,393)</b>	<b>(9,900,953)</b>
Total (loss)/income for the period attributable to the shareholders	19,923,196	(1,292,796)	(19,923,196)	1,292,796	-
<b>Total (loss)/income for the period before zakat</b>	<b>-</b>	<b>143,644</b>	<b>(15,205,296)</b>	<b>(10,044,597)</b>	<b>(15,205,296)</b>
Zakat charge for the period	-	-	6,940	(2,109,000)	6,940
<b>Total (loss)/income for the period after zakat</b>	<b>-</b>	<b>143,644</b>	<b>(15,198,356)</b>	<b>(12,153,597)</b>	<b>(12,009,953)</b>

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.3 Statement of comprehensive income**

	Three-month period ended 31 March (Unaudited) (SR '000)				
	Insurance Operations		Shareholders' Operations		Total
	2021	2020	2021	2020	2020
Total income/(loss) for the period	-	143,644	(15,198,356)	(12,153,597)	(15,198,356) (12,009,953)
Other comprehensive income:					
Items that may be reclassified to statement of insurance operations' surplus in subsequent period:	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	143,644	(15,198,356)	(12,153,597)	(15,198,356) (12,009,953)

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**18 SUPPLEMENTARY INFORMATION (continued)**

18.4 Statement of cash flows	Note	Three-month period ended 31 March (Unaudited) (SR '000)				
		Insurance Operations		Shareholders' Operations		Total
		2021	2020	2021	2020	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Total (loss)/income for the period before zakat		(19,923,196)	1,436,440	4,717,900	(11,337,393)	(9,900,953)
<b>Adjustments for non-cash items:</b>						
Depreciation of property and equipment		392,558	585,576	-	-	585,576
Amortization of intangible assets		473,474	438,343	-	-	438,343
Provision/(reversal) for doubtful debts	6	2,081,479	(1,613,732)	-	-	(1,613,732)
Provision for employees' end-of-service benefits		983,752	840,000	-	-	840,000
Unrealized (gain)/loss from change in fair value of FVTPL investment	8b	-	-	(2,572,244)	12,989,832	12,989,832
<b>Changes in operating assets and liabilities:</b>						
Premiums and reinsurers' receivable		(163,120,073)	(40,564,463)	-	-	(40,564,463)
Reinsurers' share of unearned premiums		(79,653,160)	(98,050,350)	-	-	(98,050,350)
Reinsurers' share of outstanding claims		(22,699,607)	5,352,348	-	-	5,352,348
Reinsurers' share of claims incurred but not reported		98,488	1,703,032	-	-	1,703,032
Deferred policy acquisition costs		(9,806,606)	(11,284,873)	-	-	(11,284,873)
Deferred excess of loss premiums		-	(2,850,367)	-	-	(2,850,367)
Prepayments and other assets		(1,975,240)	7,813,826	(1,629,123)	(1,831,645)	5,982,181
Policyholders claims payable		(5,507,690)	(7,410,740)	-	-	(7,410,740)
Accrued and other liabilities		72,163,993	10,001,084	-	-	72,163,993
Reinsurance balances payable		40,801,278	(6,155,546)	-	-	(6,155,546)
Unearned premiums		156,834,084	140,195,956	-	-	140,195,956
Unearned reinsurance commission		3,684,937	8,482,453	-	-	8,482,453
Outstanding claims and reserves		31,190,897	(9,204,426)	-	-	(9,204,426)
Claims incurred but not reported		3,831,280	(3,266,843)	-	-	(3,266,843)
Accounts payable		-	-	215,000	155,502	155,502
<b>Cash from/(used in) operating activities</b>		<b>9,850,648</b>	<b>(3,552,282)</b>	<b>731,533</b>	<b>(23,704)</b>	<b>(3,575,986)</b>



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**18 SUPPLEMENTARY INFORMATION (continued)**

18.4 Statement of cash flows (continued)	Note	Three-month period ended 31 March (Unaudited) (SR '000)				
		Insurance Operations		Shareholders' Operations		Total
		2021	2020	2021	2020	2021
Employees' end-of-service benefits paid		(291,566)	(427,759)	-	-	(291,566)
Zakat paid		(375,723)	-	-	-	(375,723)
Net cash from/(used in) operating activities		9,183,359	(3,980,041)	731,533	(23,704)	9,914,892
						(4,003,745)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Additions of property and equipment		(932,956)	(850,415)	-	-	(932,956)
Additions of intangible assets		(856,269)	(872,379)	-	-	(856,269)
Additions in murabaha deposits		(45,000,000)	(62,000,000)	-	-	(45,000,000)
Proceed on disposal of murabaha deposits		26,445,188	55,000,000	-	-	26,445,188
Net cash used in investing activities		(20,344,037)	(8,722,794)	-	-	(20,344,037)
						(8,722,794)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>						
Due to shareholders' operations, net		(64,765)	(3,397)	64,765	3,397	-
Net cash used in financing activity		(64,765)	(3,397)	64,765	3,397	-
						-
<b>Net change in cash and cash equivalents</b>		(11,225,443)	(12,706,232)	796,298	(20,307)	(10,429,145)
Cash and cash equivalents at the beginning of the period	4	47,691,162	34,551,340	2,308,565	9,638,905	49,999,727
Cash and cash equivalents at the end of the period	4	36,465,719	21,845,108	3,104,863	9,618,598	39,570,582
						31,463,706

**19 APPROVAL OF FINANCIAL STATEMENTS**

The interim condensed financial statements was authorized for issue in accordance with a resolution of the Board of Directors on 21 Ramadan 1442H (corresponding to 3 May 2021).