THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REVIEW REPORT FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

INDEX

	PAGE
INDEPENDENT AUDITORS' REVIEW REPORT	1
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	2-3
INTERIM CONDENSED STATEMENT OF INCOME	4
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	5
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	6
INTERIM CONDENSED STATEMENT OF CASH FLOWS	7
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	8-40

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

AlKharashi & Co.
Certified Accountants And Auditors

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION
TO THE SHAREHOLDERS OF THE MEDITERRANEAN AND GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (a Saudi Joint Stock Company) (the "Company") as at 31 March 2021 and the related interim condensed statements of income and comprehensive income, changes in equity and cash flows for the three months 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) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

EMPHASIS OF MATTER

We draw attention to note 2 to the accompanying interim condensed financial information. The Company did not meet the solvency margin requirements as at 31 March 2021. The deficiency in solvency margin indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the accompanying interim condensed financial information are prepared using the going-concern assumption based on management's assessment on Company's ability to continue as a going-concern. Our conclusion is not modified with respect to this matter.

Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants
P. O. Box 10504
Riyadh 11443
Kingdom of Saudi Arabia

Abdullah M. AlAzem
Certified Public Accountant
License No. 335

AlKharashi & Co. Certified Accountants And Auditors
P. O. Box 8306
Riyadh 11482
Kingdom of Saudi Arabia

Suleiman A. Al-Kharashi
Certified Public Accountant
License No. 91

05 May 2021
23 Ramadan 1442H

العظم والسديري وآل الشيخ وشركاؤهم
محاسبون ومراجعون قانونيون
License No 323/11/148
ترخيص رقم ٣٢٣/١١/١٤٨
Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant R

الخراشي وشركاه
محاسبون ومراجعون قانونيون
Lic.: 536 ترخيص : ٥٣٦
Certified Accountants & Auditors
AL-Kharashi Co.

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	Notes	SAR '000	
		March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Cash and cash equivalents'	6	**425,835**	417,509
Short term deposits	7	**168,477**	18,477
Premium and reinsurers' receivable, net	8	**1,101,195**	866,983
Reinsurers' share of unearned premiums	10 c	**330,251**	220,301
Reinsurers' share of outstanding claims	10 a	**529,445**	474,022
Reinsurers' share of claims incurred but not reported	10 a	**205,857**	261,982
Deferred policy acquisition costs		**70,322**	60,156
Due from related parties, net	9	**1,994**	1,994
Prepayment and other assets, net		**387,578**	229,842
Available for sale investments	12	**723,804**	590,916
Right of use assets, net		**14,784**	16,285
Property and equipment, net		**46,267**	46,548
Intangible assets, net		**7,291**	7,094
Statutory deposit	13	**120,000**	120,000
Investment in an associate	11	**9,734**	9,734
Accrued commission on statutory deposit	19	**27,557**	26,626
Goodwill	14	**480,000**	480,000
TOTAL ASSETS		**4,650,391**	3,848,469

The accompanying notes 1 to 25 form an integral part of these financial statements.

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT MARCH 31, 2021

	Notes	SAR '000	
		March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
LIABILITIES			
Accrued expenses and other liabilities		**319,146**	192,132
Accounts and commission payable		**137,606**	144,715
Lease liability		**13,349**	16,596
Reinsurers' balances payable		**287,004**	165,531
Gross unearned premiums	10 c	**1,466,301**	1,023,041
Unearned reinsurance commission		**45,659**	32,914
Gross outstanding claims	10 a	**822,363**	685,512
Claims incurred but not reported	10 a	**580,781**	614,201
Premium deficiency reserve	10 b	**30,762**	31,456
Other technical reserves	10 b	**29,119**	27,294
Due to a related party	9	**443**	751
End of service indemnities		**21,006**	24,405
Surplus distribution payable		**85,479**	89,393
Zakat & income tax	17 b	**14,767**	12,767
Deferred tax liability		**1,688**	1,438
Accrued commission income payable to SAMA	19	**27,557**	26,626
TOTAL LIABILITIES		**3,883,030**	3,088,772
EQUITY			
Share capital	18	**800,000**	800,000
Statutory reserve		**26,135**	26,135
Accumulated losses		**(92,764)**	(99,569)
Re-measurement of defined benefit liability – employees benefits		**(5,505)**	(5,505)
Fair values reserve on investments	12	**39,495**	38,636
TOTAL EQUITY		**767,361**	759,697
TOTAL LIABILITIES AND EQUITY		**4,650,391**	3,848,469
COMMITMENTS AND CONTINGENCIES	21		

The accompanying notes 1 to 25 form an integral part of these financial statements.

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

		SAR'000	
		For the three month period ended	
	Notes	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
REVENUES			
Gross premiums written			
-Direct		1,028,915	1,260,218
-Reinsurance		-	-
		1,028,915	1,260,218
Reinsurance premiums ceded			
-Local		(90,457)	(7,280)
-Abroad		(132,114)	(665,032)
		(222,571)	(672,312)
Excess of loss expenses – foreign		(15,260)	(14,303)
Net written premiums		791,084	573,603
Changes in unearned premiums, net		(333,310)	(177,120)
Net premiums earned		457,774	396,483
Re-insurance commissions		18,325	42,276
TOTAL REVENUES		476,099	438,759
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		(440,286)	(340,014)
Expenses incurred related to claims		(4,787)	(5,740)
Hospital discount		25,190	21,199
Reinsurers' share of claims paid		143,267	81,625
Net claims and other benefits paid		(276,616)	(242,930)
Changes in outstanding claims, net		(81,427)	(230,523)
Changes in incurred but not reported claims, net		(22,706)	148,219
Net claims and other benefits incurred		(380,749)	(325,234)
Changes in premium deficiency reserve		(693)	8,853
Other technical reserves		(438)	1,492
Policy acquisition costs		(16,342)	(21,998)
TOTAL UNDERWRITING COSTS AND EXPENSES		(398,222)	(336,887)
NET UNDERWRITING INCOME		77,877	101,872
OTHER OPERATING (EXPENSES)/ INCOME			
Allowance for doubtful debts		(4,000)	(7,000)
General and administrative expenses		(70,905)	(91,756)
Special commission income		3,133	5,162
Realized gain on available for sale investment		1,158	-
Dividend income		1,849	-
Other income		408	660
TOTAL OTHER OPERATING EXPENSES		(68,357)	(92,934)
NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX		9,520	8,938
Net income attributed to insurance operation		(466)	(692)
NET INCOME FOR THE PERIOD AFTER APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX		9,054	8,246
Zakat and income tax			
Current zakat and income tax		(2,000)	(3,523)
Deferred tax		(249)	(489)
Net income for the period		6,805	4,234
Earnings per share			
Earnings per share (SAR per share)	18 b	0.09	0.06

The accompanying notes 1 to 25 form an integral part of these financial statements.

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

		SAR'000	
		For the three month period ended	
	Notes	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Net income for the period		**6,805**	4,234
Other comprehensive income / (loss)			
Item that will not be reclassified to statement of income in subsequent period			
-Re-measurement of employees end of service		-	-
Items that are or may be reclassified to statement of income in subsequent periods			
Available for sale investments			
- Net change in fair values, insurance operations	12	**71**	70
- Net change in fair values, shareholders' operations	12	**788**	(18,326)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		**7,664**	(14,022)

The accompanying notes 1 to 25 form an integral part of these financial statements.

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(SAR in '000')

	Notes	Share capital	Statutory reserve	Accumulated losses	Fair values reserve on investments	Re-measurement of defined benefit liability – employees benefits	Total
Balance as at January 1, 2021 (Audited)		**800,000**	**26,135**	**(99,569)**	**38,636**	**(5,505)**	**759,697**
Total comprehensive income for the period							
Net income for the period		-	-	**6,805**	-	-	**6,805**
-Change in fair values	12 a&b	-	-	-	**859**	-	**859**
Balance as at March 31, 2021 (Unaudited)		**800,000**	**26,135**	**(92,764)**	**39,495**	**(5,505)**	**767,361**

		Share capital	Statutory reserve	Accumulated losses	Fair values reserve on investments	Re-measurement of defined benefit liability – employees benefits	Total
Balance as at January 1, 2020 (Audited)		800,000	146,135	(256,482)	21,661	(5,159)	706,155
Total comprehensive income for the period							
Net income for the period		-	-	4,234	-	-	4,234
-Change in fair values	12 a&b	-	-	-	(18,256)	-	(18,256)
Balance as at March 31, 2020 (Unaudited)		800,000	146,135	(252,248)	3,405	(5,159)	692,133

The accompanying notes 1 to 25 form an integral part of these financial statements.

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

		SAR '000	
		For the three month period ended	
CASH FLOWS FROM OPERATING ACTIVITIES	**Notes**	**March 31, 2021**	March 31, 2020
		(Unaudited)	(Unaudited)
Net income for the period before zakat and income tax		**9,520**	8,938
Adjustments for non-cash items:			
Depreciation and amortization		**2,292**	2,279
Allowance for doubtful debts		**4,000**	7,000
Provision for end of service indemnities		**(1,315)**	(8,648)
		14,497	9,569
Changes in operating assets and liabilities:			
Premiums and reinsurers' receivable		**(238,212)**	(145,044)
Reinsurers' share of unearned premiums		**(109,950)**	(402,406)
Reinsurers' share of outstanding claims		**(55,423)**	(82,026)
Reinsurers' share of claims Incurred but not reported		**56,125**	(4,872)
Deferred policy acquisition costs		**(10,166)**	(8,195)
Prepayment and other assets		**(157,736)**	(172,772)
Deposit against letter of guarantee		**4,621**	(2,959)
Right of use assets		**1,501**	1,786
Accounts and commission payable		**(7,109)**	(32,255)
Accrued expenses and other liabilities		**127,014**	47,661
Lease liability		**(3,247)**	(3,384)
Reinsurers' balances payable		**121,473**	433,889
Gross unearned premiums		**443,260**	579,527
Unearned reinsurance commission		**12,745**	97,786
Gross outstanding claims		**136,851**	312,549
Claims incurred but not reported		**(33,420)**	(143,346)
Premium deficiency reserve		**(694)**	(8,853)
Other technical reserves		**1,825**	(1,492)
Due from related party		**-**	(1,931)
Due to related party		**(308)**	(17,080)
		303,647	456,152
Payment of employees end of service indemnities		**(2,084)**	(234)
Surplus paid to policyholders		**(4,380)**	-
Zakat and income tax paid	17	**-**	-
Net cash from operating activities		**297,183**	455,918
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in available for sale investments, net		**(132,029)**	(22,845)
Placements in short term deposits		**(150,000)**	(72,349)
Additions in property, equipment and intangible		**(2,208)**	(5,425)
Net cash used in investing activities		**(284,237)**	(100,619)
Net change in cash and cash equivalents		**12,946**	355,299
Cash and cash equivalents, beginning of the period	6	**338,666**	210,896
Cash and cash equivalents, end of the period	6	**351,612**	566,195
NON-CASH INFORMATION			
Change in fair value of available for sale investments		**859**	1,768

The accompanying notes 1 to 25 form an integral part of these financial statements.

Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010231925 dated 8 Rabi Thani 1428H (corresponding to 26 April 2007). The registered address of the Company's head office is as follows:

Medgulf Insurance
Futuro Tower
King Saud Road
P.O. Box 2302
Riyadh 11451, Saudi Arabia

The objectives of the Company are to transact in cooperative insurance and reinsurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor and other general insurance. The Company was listed on the Saudi Arabian Stock Exchange (Tadawul) on 28 Rabi Al-Awal 1428H (corresponding to 16 April 2007).

2 BASIS OF PREPARATION

Basis of presentation

The interim condensed financial information has been prepared on a historical cost basis except for the measurement at fair value of available for sale investments and investment in associates which is accounted for under equity method.

Statement of compliance

The interim condensed financial information of the Company has been prepared in accordance with 'International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and the Regulations for Companies in the Kingdom of Saudi Arabia.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations and presents the interim condensed financial statements accordingly (refer note 23). The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors.

Functional and presentation currency

The functional and presentational currency of the Company is Saudi Arabian Riyals. The interim condensed financial information is presented in Saudi Riyal rounded to nearest thousand (SAR'000) unless otherwise stated.

2 BASIS OF PREPARATION (Continued)

The interim condensed statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in note 23 of the interim condensed financial information have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

Going concern

The Company is yet to meet its solvency margin requirement.

The Board resolved at 18 December 2019 to reduce statutory reserve amounting to SAR 120 million against the accumulated losses which had been approved in Annual General Assembly meeting held on 3 June 2020 and adjusted accordingly. Further the Board of directors in their meeting held on 6 October 2020, recommended to reduce share capital by SAR 100 million and to increase share capital by SAR 350 million, the capital reduction was approved by extraordinary general assembly dated 22 April 2021, right issue is subject to the approval of the regulatory authorities and general assembly of the Company.

Management has performed an assessment of its going concern assumption under different scenarios. Based on the underlying cash flow projections under such scenarios, management believes that the Company will be able to continue the business and meet its obligations as and when they fall due over the next 12 months. As a result, the financial statements have been prepared on a going concern basis. Management`s assessment is based on number of estimates and assumptions including significant recoveries from major policyholders, reinsurers and related parties and other cost saving measures.

SAMA had previously issued a letter number 391000054425 dated 29 January 2018, preventing the Company from writing any new policies and renewing the existing policies since the Company did not meet the vency margin requirements as at 31 December 2017. SAMA, in its aforesaid letter, also instructed the Company to increase its share capital before 30 July 2018 to address the issue of its deteriorating solvency margin. The Company's Board of Directors in their meeting held on 6 February 2018, recommended a right issue amounting to SAR 400 million in order to improve the solvency margin and the Company's future business activities. Such right issue was subjected to approval of the regulatory authorities and general assembly of the Company. SAMA later issued a letter dated 15 April 2018 allowing the Company to write new policies and renewing the existing policies starting from 17 April 2018 subject to certain conditions.

On 17 October 2018 the Company successfully raised capital of SAR 400 million through issuance of right shares.

3 SURPLUS DISTRIBUTION

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Central Bank ("SAMA"). In case of losses, losses are absorbed by shareholders.

The insurance operations' surplus for the three month period ended 31 March 2021 amounted to SAR 4,665 thousand (31 March 2020: surplus of SAR 6,922 thousand). Accordingly, 90% of the insurance operations' surplus amounting to SAR 4,199 thousand was transferred to shareholders' operations for the period, leaving a surplus payable to policyholders of SAR 466 thousand (31 March 2020: SAR 6,230 thousand was transferred to shareholders' operations for the period, leaving a surplus payable to policyholders of SAR 692 thousand).

4 STANDARDS AND AMENDMENTS ISSUED

Standards issued but not yet effective

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

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2022.The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

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

IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2023, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the income statement and the balance sheet. The Company has decided not to early adopt this new standard.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of interim condensed statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

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 and involves a significant degree of judgment. There are several sources of uncertainty that needed to be considered in estimating the liability that the Company will ultimately pay for such claims. The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the date of statement of financial position, for which the insured event has occurred prior to the date of statement of financial position. The liabilities are based on the best-estimate of ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. 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.

Following are the critical areas of estimation and judgments for medical and motor business for which the Company acquires services of independent actuary to determine such reserves.

As a first step towards setting appropriate IBNR reserves for the medical and motor line of businesses, a runoff analysis is prepared to assess how the claims reserves determined at the previous valuation dates compare with actual developments. Results from runoff analysis are taken into consideration while setting reserves for IBNR claims. An analysis is carried out by using the following methods:

- Chain Ladder method - this builds up, using historical claims payment patterns, ratios of eventual cumulative claims which have been incurred in a particular year to those which have been paid as at the end of a reporting year.
- Bornhuetter Ferguson method – this is a technique that combines actual past claims experience and any prior information or expectations that might be available concerning claims, for example expected ultimate loss ratios.
- Expected Loss Ratio method – this technique determines the projected amount of claims relative to earned premiums. The method is used where the insurer lacks the appropriate past claim occurrence data because of changes in product offerings, change in claims settlement processes, etc.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on quarterly basis.

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

ii) Premium deficiency reserve

Estimation of the premium deficiency for medical and motor business 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 realize in the future.

iii Impairment of receivables

The Company assesses receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. This assessment of impairment requires judgment. In making this judgment, the Company evaluates credit risk characteristics that consider past-due status being indicative of the ability to pay all amounts due as per contractual terms. During 2017, the Company has revisited its provisioning approach and significantly increased the level of provisioning in respect of insurance and reinsurance receivables due to increase in credit risk associated with the receivables.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

iv) Goodwill impairment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Management believes that fair value less cost to sell analysis provides a higher value compared to value in use, and therefore, fair value less cost to sell analyses are used for impairment assessments. Management used a valuation expert to perform fair value less cost to sell analysis through a market based approach to test impairment. The fair value less cost to sell calculation is based on the quoted share price of the Company as of period close and subsequent events that occurred till measurement date. In arriving at the valuation under market approach, the expert also applied certain judgments and factors including analysis of price book value multiples of the comparable companies and comparable transactions.

v) Reinsurance

The Company accounts for its reinsurance transactions based on their understanding of the contractual terms of the reinsurance treaties.

Impact of Covid-19 on the technical reserves and financial assets

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 territories (to be tailored based on company's operations) 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.

Motor technical reserves

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.

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. There is no significant impact of two month extension in earned premium as of March 31, 2021 as no material amounts of premium have been written during the one month period. 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 existing motor policies as new policy and record a premium deficiency reserve based on the expected claims , amounting to SAR 2.4 mn, for the extended 2 months period.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

Impact of Covid-19 on the medical technical reserves and financial assets (Continued)

Financial assets

The Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets are impaired. These include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the company has performed an assessment to determine whether there is a significant decline in the fair value of financial assets below their cost. Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three 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 granular economic sector, region, counterparty level and take appropriate action where required. Based on the review, the Company has identified the following sectors being impacted significantly by the Covid-19 pandemic and lower oil prices:

- Constructions
- Airlines
- Freight companies
- Hotels, etc.

6 CASH AND CASH EQUIVALENTS

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

	SAR'000	
	Insurance operations	
	March 31, 2021	December 31, 2020
Cash and bank balances	**226,405**	152,505
Deposits maturing within 3 months from the acquisition date	**115,022**	120,084
Cash and cash equivalent in the statement of cash flows	**341,427**	272,589
Deposit against letter of guarantee	**74,223**	78,844
	415,650	351,433

	SAR'000	
	Shareholders' operations	
	March 31, 2021	December 31, 2020
Cash and bank balances	**10,185**	16,054
Deposits maturing within 3 months from the acquisition date	**-**	50,022
	10,185	66,076
Cash and bank balances	**425,835**	417,509
Cash and cash equivalents in the statement of cash flow	**351,612**	338,665

Cash at banks and short-term deposits are placed with counterparties who have credit ratings equivalent to A+ to BBB ratings under Standard and Poor's, Fitch and Moody's ratings methodology.

Deposits maturing within 3 months from the acquisition date are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia and earned special commission income at an average rate of 0.56% per annum (2020: 0.59% per annum).

The carrying amounts disclosed above reasonably approximate the fair value at the statement of financial position date.

Deposits against letters of guarantee comprise amounts placed with a local bank against issuance of payment guarantees in favor of the Company's customers and service providers (also see note 21). Such deposits against letters of guarantee cannot be withdrawn before the expiration of guarantee (are restricted in nature).

7 SHORT TERM DEPOSITS

Short term deposits are placed with counterparties that have credit ratings equivalent to BBB+ to BBB ratings under Standard and Poor's, Fitch and Moody's ratings methodology.

Short term deposits are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia with a maturity of more than three months from the date of original acquisition and earned special commission income at an average rate of 2.13% per annum (2020: 2.13% per annum).

For the period ended 31 March 2021 the carrying amounts of the short term deposits reasonably approximate the fair value at the statement of financial position date.

8 PREMIUM AND REINSURERS' RECEIVABLE, NET

Receivables comprise amounts due from the following:

	SAR'000	
	March 31, 2021	December 31, 2020
Policyholders	**623,602**	373,784
Brokers and agents	**437,757**	549,284
Premiums receivables	**1,061,359**	923,068
Less: Allowance for doubtful debts	**(105,662)**	(101,662)
	955,697	821,406
Reinsurers' receivable	**307,196**	207,275
Less: Allowance for doubtful debts	**(161,698)**	(161,698)
	145,498	45,577
Premium and reinsurers' receivable – net	**1,101,195**	866,983

As disclosed in note 9.c, the Company, together with CRC carried out an exercise to separate the Company's transactions and balances with the respective reinsurers and brokers from those of other related parties. This exercise is completed and Saudi Riyals 59.4 million have been identified as receivable from related party. However, the Company has booked full provision for this balance and disclosed under due from other related parties in note 9.

As at March 31, 2021, the movement in the provision for doubtful debts of premium receivables was as follows:

Movement in provision for doubtful debts:

	SAR'000	
	March 31, 2021	December 31, 2020
Balance at the beginning of the period / year	**263,360**	467,230
Write off during the period / year	**-**	(230,615)
Provision for the period / year	**4,000**	26,745
Balance at the end of the period / year	**267,360**	263,360

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

9.a The following are the details of major related party transactions during the period and their balances at the end of the period:

Related parties	Nature of transaction	Transactions for the three month period ended		Balance receivable / (payable) as at	
		March 31, 2021	March 31, 2020	**March 31, 2021**	December 31, 2020
		SAR'000			
Due from / to related parties					
Medgulf BSC - Head office account (major shareholder)	-Balance due from at period / year end	-	-	**2,453**	2,453
	-Allowance for doubtful debts			**(2,390)**	(2,390)
	-Net Balance due from at period / year end			**63**	63
Medivisa KSA (affiliate)	-Balance due from / (due to) at period / year end			**1,931**	1,931
Al-Waseel for Electronic Transportation (Associate)	-Claims management fee	**385**	-		
	-Balance due from / (due to) at period / year end			**(443)**	(751)
Total due from related parties				**1,994**	1,994
Total due to related parties				**(443)**	(751)
Other related parties transactions and balances – due from / (due to)					
The Saudi Investment Bank, (Founding shareholder)	-Current account and time deposits	**(173)**	-	**-**	173
	-Statutory deposit (refer note 9.a (i))	**931**	-	**147,557**	146,626
	-Claims incurred	**(9)**	(3)		
Medivisa KSA (affiliate)	-Medical Claim Jordan / Balance	**-**	(570)	**-**	-
	-Medical claim Lebanon / balance	**-**	(455)	**(654)**	(654)
	-Medical claim Egypt / balance	**-**	(79)	**(81)**	(81)
Al Istithmar Capital (subsidiary of SIB-founding shareholder)	-Current account	**-**	2,832	**2,542**	2,542

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Transactions for the three month period ended		Balance receivable / (payable) as at	
		March 31, 2021	March 31, 2020	**March 31, 2021**	December 31, 2020
		SAR'000			
Other related parties transactions and balances – due from / (due to)					
Abunayyan trading Co (Under common directorship)	-Gross written premiums	**(185)**	(16)		
	-Claims incurred	**1,225**	737		
	-Premiums receivable			**45**	255
Medgulf BSC (major shareholder)	-Reinsurance recovery (refer 9.a(ii))			**5,203**	5,203
	-Allowance for doubtful debts			**(3,902)**	(3,902)
	-Net balance due from at period / year end			**1,301**	1,301
Industrial instrumentation and control	-Gross written premiums	**-**	31		
	-Claims incurred	**106**	35		
	-Premiums receivable			**174**	307
Saudi Fransi Capital (Under common directorship)	-Investment portfolio	**10,998**	244,434	**434,598**	423,600
Addison Bradley Overseas / Addison Bradley & Co. (affiliate)	-Balance receivable at period / year end			**3,856**	3,856
	-Allowance for doubtful debts			**(3,856)**	(3,856)
	-Net balance due from at period / year end			**-**	-
Citiscape (Under common directorship)	-Gross written premiums	**(78)**	158		
	-Claims incurred	**238**	112		
	-Premiums receivable			**367**	1,353
Middle east agriculture (Under common directorship)	-Gross written premiums	**(11)**	(2)		
	-Claims incurred	**119**	85		
	-Premiums receivable			**156**	477
	-Allowance for doubtful debts			**(36)**	-
	-Net balance due from at period / year end			**120**	477

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Transactions for the three month period ended		Balance receivable / (payable) as at	
		March 31, 2021	March 31, 2020	**March 31, 2021**	December 31, 2020
		SAR'000			
Other related parties transactions and balances – due from / (due to)					
Eletronic and electric industry (Under common directorship)	-Gross written premiums	**16**	(24)		
	-Claims incurred	**92**	158		
	-Premiums receivable			**181**	233
	-Allowance for doubtful debts			**(3)**	-
	-Net balance due from at period / year end			**178**	233
Addison Bradley International / Medgulf Lebanon (affiliate)	-Balance receivable at year end (Refer 9.c)			**59,498**	59,498
	-Allowance for doubtful debts			**(59,498)**	(59,498)
	-Net balance due from at period / year end			**-**	-
Arabian qudra (Under common directorship)	-Gross written premiums	**(54)**	(11)		
	-Claims incurred	**96**	89		
	-Premiums receivable			**104**	408
	-Allowance for doubtful debts			**(29)**	-
	-Net balance due from at period / year end			**75**	408
Tumpane jubar (Under common directorship)	-Gross written premiums	**(13)**	8		
	-Claims incurred	**135**	46		
	-Premiums receivable			**234**	721
Addison Bradley Arabia-KSA (affiliate)	-Reinsurance recoveries (Refer 9.a (iii)	**-**	274		
	-Balance due from at period / year end			**15,814**	15,814
	-Allowance for doubtful debts			**(11,634)**	(11,853)
	-Net balance due from at period / year end			**4,180**	3,961
Alakaria (Under common directorship)	-Premiums receivable			**2**	32
Al Issa Group (Under common directorship)	-Gross written premiums	**83,730**	-		
	-Claims incurred	**22,067**	-		
	-Premiums receivable			**114,697**	30,231
	-Allowance for doubtful debts			**(235)**	(189)
	-Net balance due from at period / year end			**114,462**	30,042

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Transactions for the three month period ended		Balance receivable / (payable) as at	
		March 31, 2021	March 31, 2020	**March 31, 2021**	December 31, 2020
		SAR'000			
Other related parties transactions and balances – due from / (due to)					
Vision International Investment Company (Under common directorship)	-Gross written premiums	**10**	-		
	-Claims incurred	**161**	-		
	-Premiums receivable			**134**	341
	-Allowance for doubtful debts			**(5)**	-
	-Net balance due from at period / year end			**129**	341
Addison Bradley Arabia Holding LLC (UAE) (affiliate)	-Balance due from at period / year end			**1,472**	1,472
	-Allowance for doubtful debts			**(1,472)**	(1,472)
	-Net balance due from at period / year end (Refer 9.a (iv))			**-**	-
Saudi meter company (Under common directorship)	-Gross written premiums	**(10)**	14		
	-Claims incurred	**71**	6		
	-Premiums receivable			**52**	146
Saudi Tumpane Co.(Under common directorship)	-Gross written premiums	**(199)**	56		
	-Claims incurred	**528**	326		
	-Premiums receivable			**1,163**	2,090

9.a(i) Statutory deposit is placed with the Saudi Investment Bank, at the commission rate of 0.6% per annum.

9. a (ii) This represent overpayment of premium ceded to Medgulf Bahrain for reinsurance placement.

9. a (iii) This represent reinsurance claims recoverable from Addison Bradley International. Most of the reinsurance claim recoveries in respect of run-off treaties for the underwriting years up to 2014 have been collected by the related party either directly or through a broker (refer note 9.c).

9. a (iv) Reinsurance placement was made by the said related party. There is a claim recovery from the reinsurer which related party needs to recover.

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

9.b Compensation of key management personnel

The following table shows the annual salaries, remuneration and allowances pertaining to the Board members and top executives for the three month period ended March 31, 2021 and 2020:

Three month period ended March 31, 2021	**BOD members (Non-Executive)**	**Top Executives including the CEO and CFO**
	SAR 000'	
Salaries and compensation	**-**	**1,360**
Allowances	**79**	**-**
Annual remuneration	**753**	**-**
End of service indemnities	**-**	**83**
	832	**1,443**

Three month period ended March 31, 2020	BOD members (Non-Executive)	Top Executives including the CEO and CFO
	SAR 000'	
Salaries and compensation	-	2,460
Allowances	74	-
Annual remuneration	895	-
End of service indemnities	-	34
	969	2,494

9.c All reinsurance treaties up to the underwriting year 2014 were managed by the Medgulf Group Corporate Reinsurance Center ("CRC"), a related party, who dealt with the Company's transactions, along with those of other related parties, on a consolidated basis with the reinsurers and brokers. All transactions with reinsurers and brokers were routed through CRC and the settlement of balances with these reinsurers and brokers were also made by CRC. The Company, together with CRC carried out an exercise to separate the Company's transactions and balances with the respective reinsurers and brokers from those of other related parties. This exercise is completed and Saudi Riyals 59.4 million have been identified as receivable from related party. However, the company has booked full provision for this balance.

10 TECHNICAL RESERVES

a) Outstanding Claims and IBNR

	March 31, 2021			December 31, 2020		
	Gross	**Re-insurance share**	**Net**	Gross	Re-insurance share	Net
		SAR'000			SAR'000	
Outstanding claims	**822,363**	**(529,445)**	**292,918**	685,512	(474,022)	211,490
Claims incurred but not reported	**580,781**	**(205,857)**	**374,924**	614,201	(261,982)	352,219
	1,403,144	**(735,302)**	**667,842**	1,299,713	(736,004)	563,709

b) Other Technical Reserves

	March 31, 2021	December 31, 2020
	SAR'000	
Premium deficiency reserve	**30,762**	31,456
Others	**29,119**	27,294
Other reserves at end of the period / year	**59,881**	58,750

c) Unearned Premiums

The movements during the period for unearned premiums are as follows:

	For the period ended March 31, 2021		
SAR'000	**Gross**	**Re-insurance**	**Net**
Balance at the beginning of the period	**1,023,041**	**(220,301)**	**802,740**
Premium written during the period	**1,028,915**	**(222,571)**	**806,344**
Premium earned during the period	**(585,655)**	**773,123**	**187,468**
Balance at the end of the period	**1,466,301**	**330,251**	**1,796,552**

	For the year ended December 31, 2020		
SAR'000	Gross	Re-insurance	Net
Balance at the beginning of the year	985,437	(290,619)	694,818
Premium written during the year	2,534,501	(893,783)	1,640,718
Premium earned during the year	(2,496,897)	964,101	(1,532,796)
Balance at the end of the year	1,023,041	(220,301)	802,740

11 INVESTMENT IN AN ASSOCIATE

Investment in an associate comprises of an equity investment in Al-Waseel for Electronic Transportation amounting to SAR 9,734 thousand (a 25% equity interest) (2020: SAR 9,734), in an unquoted company (the "associate"), registered in the Kingdom of Saudi Arabia.

	SAR'000	
	March 31, 2021	December 31, 2020
At the beginning of the period / year	**9,734**	9,393
Dividend received from investment in an associate	**-**	(3,601)
Income from investment in an associate	**-**	3,942
At the end of period / year	**9,734**	9,734

12 AVAILABLE FOR SALE INVESTMENTS

Investments are classified as set out below:

a) Insurance Operations - Available for sale investments

	SAR'000	
SAR'000	**March 31, 2021**	December 31, 2020
Type of Investments		
-Mutual Fund	**10,573**	10,502
	10,573	10,502

The available for sale investments comprise of mutual funds, bonds, sukuk and equities issued by corporate and financial institutions in the Kingdom of Saudi Arabia.

The cumulative change in fair values of available for sale investments for shareholders' operations amounting to SAR 71 thousand (31 December 2020: SAR 321) is presented within shareholders' equity in the statement of financial position.

The movements during the period in available for sale investments for insurance's operations were as follows:

	March 31, 2021	December 31, 2020
At the beginning of the period / year	**10,502**	10,181
Net change in fair values	**71**	321
At the end of the period / year	**10,573**	10,502

*The realised gain is transferred to statement of income under special commission income.

12 AVAILABLE FOR SALE INVESTMENTS (Continued)

b) Shareholders' Operations - Available for sale investments

	SAR'000	
	March 31, 2021	December 31, 2020
Type of Investments		
-Equity	**200,572**	186,407
-Mutual Fund	**146,683**	134,086
-Sukuk	**365,976**	259,921
	713,231	580,414

The available for sale investments comprise of mutual funds, bonds, sukuk and equities issued by corporate and financial institutions in the Kingdom of Saudi Arabia.

The cumulative change in fair values of available for sale investments for shareholders' operations amounting to SAR 788 thousand (31 December 2020: SAR 16,654 thousand) is presented within shareholders' equity in the interim condensed statement of financial position.

The movements during the period in available for sale investments for shareholders' operations were as follows:

	SAR'000	
	March 31, 2021	December 31, 2020
At the beginning of the period / year	**580,414**	469,264
Purchase during the period / year	**133,633**	299,335
Sold during the period / year	**(1,604)**	(204,839)
Net change in fair values / year	**788**	16,654
At the end of the period / year	**713,231**	580,414

12 AVAILABLE FOR SALE INVESTMENTS (Continued)

iii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair values of recognised financial instruments are not significantly different from the carrying values included in the financial statement. The estimated fair values of financial instruments are based on quoted market prices, when available. The fair values of these investments are disclosed below.

For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The unlisted security of SAR 1.92 million (31 December 2020: SAR 1.92 million) held as part of Company's shareholder operations, were stated at cost in the absence of active markets or other means of reliably measuring their fair value.

During the period ended 31 March 2021, 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.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy cumulatively for insurance and shareholders operations:

Determination of fair value and fair value hierarchy

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

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

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

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

1. Insurance operations – Fair Value

SAR'000s	Level 1	Level 2	Level 3	Total
March 31, 2021				
Available for sale investments				
- Mutual Fund	**10,573**	**-**	**-**	**10,573**
Total available for sale investments	**10,573**	**-**	**-**	**10,573**

12 AVAILABLE FOR SALE INVESTMENTS (Continued)

iii. Fair value (Continued)

1. Insurance operations – Fair Value (Continued)

SAR'000s	Level 1	Level 2	Level 3	Total
December 31, 2020				
Available for sale investments				
- Mutual Fund	10,502	-	-	10,502
Total available for sale investments	10,502	-	-	10,502

SAR'000s	Level 1	Level 2	Level 3	Total

2. Shareholders' operations – Fair Value

SAR'000s	**Level 1**	**Level 2**	**Level 3**	**Total**
March 31, 2021				
Available for sale investments				
- Mutual Fund	**146,683**	**-**	**-**	**146,683**
- Sukuk	**-**	**365,976**	**-**	**365,976**
- Equities	**198,649**	**-**	**1,923**	**200,572**
Total available for sale investments	**345,332**	**365,976**	**1,923**	**713,231**

SAR'000s	Level 1	Level 2	Level 3	Total
December 31, 2020				
Available for sale investments				
- Mutual Fund	134,086	-	-	134,086
- Sukuk	-	249,921	10,000	259,921
- Equities	184,484	-	1,923	186,407
Total available for sale investments	318,570	249,921	11,923	580,414

13 STATUTORY DEPOSIT AND ACCRUED COMMISSION

In accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. The Company is required to maintain a statutory deposit at 10%. Further, SAMA has increased the statutory deposit by 5%, and accordingly, the Company has transferred the same to arrive at 15% statutory deposit. This statutory deposit cannot be withdrawn without the consent of SAMA. The Statutory deposit is placed at the commission rate of 0.6% per anum (2020 : 2.4%).

14 GOOD WILL

The Company held an ordinary general assembly meeting on 22 December 2008 and approved the purchase of the insurance portfolio and the related net assets and liabilities of the Saudi Arabian Operations of the Mediterranean and Gulf Insurance and Reinsurance Company (MEDGULF) B.S.C (closed) ("Portfolio") effective 1 January 2009. The acquisition resulted in goodwill of SR 480 million.

During the year end December 31, 2020 the management carried out impairment testing by using Value-In-Use (VIU) assessment for the goodwill impairment based on a detailed five year business plan, in addition to the 'Share Price' and 'Market' approach on the trading activity of the Company's stock. This assessment was carried-out by a consultant appointed by the Company. As per the management's assessment, there is no indication of impairment.

15 CAPITAL MANAGEMENT

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares. Further the Board resolved at 6 October 2020 to reduce share capital by SAR 100 million and to increase share capital by SAR 350 million, the capital reduction was approved by extraordinary general assembly during the subsequent period, where as for capital increase legal procedures are yet to be completed.
The Company is not in compliance with the solvency margin required by SAMA (refer note 2 - going concern).

16 STATUTORY RESERVE

In accordance with its By-laws, the Company shall allocate 20% of its net income each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution. Since there was accumulated deficit for the period ended 31 March 2021 and year ended 31 December 2020, no transfer was made to statutory reserve.

17 ZAKAT AND INCOME TAX

a) Income tax charge for the period / year

There was no income tax in the period ended March 31, 2021 and year ended December 31, 2020 due to net adjusted losses incurred.

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

The movement in the provision for zakat and income tax for the period / year was as follows:

	SAR '000	
	31 March 2021	31 December 2020
At the beginning of the period	**12,767**	13,188
Charge - current period / year	**2,000**	4,591
Charge - prior period / year	**-**	-
Payments during the period / year	**-**	(5,012)
At the end of the period / year	**14,767**	12,767

The provision for zakat and income tax for the period is 2,000 thousand (31 March 2020: SR 3,523 thousand).

c) Status of zakat and tax assessments

The Company has filed its zakat and income tax declarations for the year up to 31 December 2020 with the General Authority of Zakat and Income Tax (GAZT). The Company has received final clearance certificate till 2016 and final assessemnts from the year 2017 and onwards are awaited from the GAZT.

During the year 2020, Company received VAT assessment from GAZT amounting to SAR 23.2 million. the Company paid the amount in full and filed an appeal to GAZT for the recovery of the same. Subsequently, GAZT approved an input adjustment amounting to SAR 10.6 million and the company filed an appeal to GSTC to recover the remaining amount of SAR 12.6 million against which a provision of SAR 10 million has been recorded.

d) Deferred tax liability

The deferred tax arises on temporary differences on end of service benfits, impairment allowances and unrecognised losses etc. The deferred tax movement for the period is as follows;

	SAR '000	
	31 March 2021	31 December 2020
Opening deferred tax liability / asset	**(1,438)**	11,962
Origination or reversal of temporary differences	**(249)**	(13,400)
Closing deferred tax liability	**(1,687)**	(1,438)

18 SHARE CAPITAL AND EARNINGS PER SHARE

a) Share capital

The authorized and paid up share capital of the Company is SAR 800 million divided into 80 million shares of SAR 10 each.

Subsequent to the period end, the capital reduction of SAR 100 million was approved by extraordinary general assembly dated 22 April 2021.

b) Earnings per share

Earnings per share has been calculated by dividing the net earnings for the period by the weighted average number of shares outstanding as of the reporting date.

	SAR '000	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Net income for the period	**6,805**	4,234
Weighted average number of ordinary shares	**80,000**	80,000
Earnings per share	**0.09**	0.05

19 ACCRUED COMMISSION ON STATUTORY DEPOSIT

The interest on statutory deposit which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia amounts to SAR 27,557 thousand (31 December 2020: SAR 26,626 thousand). This commission cannot be withdrawn without the consent of Saudi Arabian Monetary Authority ("SAMA").

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial assets and liabilities include cash and cash equivalents, time deposits, investments, receivables, payables, and certain other assets and liabilities. The fair values of the financial assets and liabilities are not materially different from their carrying values with the exception of unquoted financial instruments which are carried at cost.

21 COMMITMENTS AND CONTINGENCIES

a) Legal proceedings

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.

b) Contingencies and capital commitments

As at 31 March 2021, the Company's banker has issued letters of guarantee of SR 74,223 thousand (31 December 2020: SR 78,844 thousand) to various customers, motor agencies and workshops as per the terms of the agreements with them (also see note 6). The Company had no capital commitments in 2021 (31 December 2020: nil).

c) Contingent liability

The Company, is subject to a litigation, based on independent legal advice, the Company does not believe that the outcome of these court cases will have a material impact on the Company`s income or financial condition.

22 SEGMENTAL 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 set out below.

Segment results do not include allocation of general and administrative expenses, allowance for doubtful debt, special commission income and other income to operating segments as these are reported and monitored on an overall basis.

Segment assets do not include allocation of cash and cash equivalents, time deposits, available for sale investments, premiums and reinsurance balances receivable, prepayments and other assets, due from a related party, intangible assets, statutory deposit and property and equipment, net, as these are reported and monitored on a total basis.

Segment liabilities do not include allocation of accounts and commission payable, reinsurance balances payable, accrued expenses and other liabilities, surplus distribution payable, end of service benefits, account and commission payable, due to a related party, zakat and tax and commissions payable to SAMA.

Shareholders' operations is a non-operating segment. Certain direct operating expenses, other overhead expenses and surplus from the insurance operations are allocated to this segment on an appropriate basis as approved by management.

22 Operating segments

	As at March 31, 2021					
	Medical	**Motor**	**Property & casualty**	**Total - Insurance Operations**	**Shareholders' Operations**	**Total**
	SAR'000					
Assets						
Reinsurers' share of unearned premiums	**52,274**	**104,851**	**173,126**	**330,251**	**-**	**330,251**
Reinsurers' share of outstanding claims	**48,354**	**1,937**	**479,154**	**529,445**	**-**	**529,445**
Reinsurers' share of claims Incurred but not reported	**47,241**	**55,117**	**103,499**	**205,857**	**-**	**205,857**
Deferred policy acquisition costs	**45,768**	**13,587**	**10,967**	**70,322**	**-**	**70,322**
Unallocated assets				**2,096,736**	**1,417,780**	**3,514,516**
Total assets	**193,637**	**175,492**	**766,746**	**3,232,611**	**1,417,780**	**4,650,391**
Liabilities						
Gross unearned premiums	**1,016,825**	**247,162**	**202,314**	**1,466,301**	**-**	**1,466,301**
Unearned reinsurance commission	**-**	**27,741**	**17,918**	**45,659**	**-**	**45,659**
Gross outstanding claims	**291,966**	**3,898**	**526,499**	**822,363**	**-**	**822,363**
Claims incurred but not reported	**341,929**	**122,185**	**116,667**	**580,781**	**-**	**580,781**
Premium deficiency reserves	**18,767**	**10,189**	**1,806**	**30,762**	**-**	**30,762**
Other technical reserves	**14,886**	**7,050**	**7,183**	**29,119**	**-**	**29,119**
Unallocated liabilities and insurance operations` surplus				**863,023**	**45,022**	**908,045**
Total liabilities and insurance operations` surplus	**1,684,373**	**418,225**	**872,387**	**3,838,008**	**45,022**	**3,883,030**

22 Operating segments

	As at December 31, 2020					
	Medical	Motor	Property & casualty	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000					
Assets						
Reinsurers' share of unearned premiums	4,119	78,963	137,219	220,301	-	220,301
Reinsurers' share of outstanding claims	75,091	3,145	395,786	474,022	-	474,022
Reinsurers' share of claims Incurred but not reported	87,538	54,576	119,868	261,982	-	261,982
Deferred policy acquisition costs	40,520	11,618	8,018	60,156	-	60,156
Unallocated assets				1,497,577	1,334,431	2,832,008
Total assets	207,268	148,302	660,891	2,514,038	1,334,431	3,848,469
Liabilities						
Gross unearned premiums	693,281	168,125	161,635	1,023,041	-	1,023,041
Unearned reinsurance commission	-	20,137	12,777	32,914	-	32,914
Gross outstanding claims	248,696	2,085	434,731	685,512	-	685,512
Claims incurred but not reported	354,036	128,124	132,041	614,201	-	614,201
Premium deficiency reserves	19,924	9,514	2,018	31,456	-	31,456
Other technical reserves	14,596	7,342	5,356	27,294	-	27,294
Unallocated liabilities and insurance operations` surplus				632,511	41,843	674,354
Total liabilities and insurance operations` surplus	1,330,533	335,327	748,558	3,046,929	41,843	3,088,772

22 Operating segments

	For the period ended March 31, 2021					
	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
REVENUES						
Gross premiums written						
-Direct	748,924	173,212	106,779	1,028,915	-	1,028,915
-Reinsurance	-	-	-	-	-	-
	748,924	173,212	106,779	1,028,915	-	1,028,915
Re-insurance premiums ceded						
-Local	(64,515)	(19,109)	(6,833)	(90,457)	-	(90,457)
-Abroad	-	(49,716)	(82,398)	(132,114)	-	(132,114)
	(64,515)	(68,825)	(89,231)	(222,571)	-	(222,571)
Excess of loss premiums	(9,875)	(1,625)	(3,760)	(15,260)		(15,260)
Net premiums written	674,534	102,762	13,788	791,084	-	791,084
Changes in unearned premiums, net	(275,389)	(53,149)	(4,772)	(333,310)	-	(333,310)
Net premiums earned	399,145	49,613	9,016	457,774	-	457,774
Re-insurance commission income	-	11,022	7,303	18,325	-	18,325
TOTAL REVENUES	399,145	60,635	16,319	476,099	-	476,099
UNDERWRITING COSTS AND						
Gross claims paid	(331,571)	(87,450)	(21,265)	(440,286)	-	(440,286)
Expenses incurred related to claims	(2,106)	(2,006)	(675)	(4,787)	-	(4,787)
Hospital discount	25,190	-	-	25,190		25,190
Reinsurers' share of claims paid	81,915	40,730	20,622	143,267	-	143,267
Net claims and other benefits paid	(226,572)	(48,726)	(1,318)	(276,616)	-	(276,616)
Changes in outstanding claims, net	(70,008)	(3,020)	(8,399)	(81,427)	-	(81,427)
Changes in incurred but not reported claims, net	(28,191)	6,480	(995)	(22,706)	-	(22,706)
Net claims and other benefits incurred	(324,771)	(45,266)	(10,712)	(380,749)	-	(380,749)
Changes in premium deficiency reserve	1,157	(676)	(1,174)	(693)	-	(693)
Other technical reserves	(291)	292	(439)	(438)	-	(438)
Policy acquisition costs	(6,192)	(5,965)	(4,185)	(16,342)	-	(16,342)
TOTAL UNDERWRITING COSTS AND EXPENSES	(330,097)	(51,615)	(16,510)	(398,222)	-	(398,222)
NET UNDERWRITING INCOME	69,048	9,020	(191)	77,877	-	77,877
OTHER OPERATING (EXPENSES)/ INCOME						
Provision for doubtful debts				(4,000)	-	(4,000)
General and administrative expenses				(69,812)	(1,093)	(70,905)
Special commission income				192	2,941	3,133
Realized gain on available for sale investment				-	1,158	1,158
Dividend income				-	1,849	1,849
Other income				408	-	408
Total Other Operating Expenses, net				(73,212)	4,855	(68,357)
Net income for the period before appropriation and before zakat and income tax				4,665	4,855	9,520

22 Operating segments

	For the period ended March 31, 2020					
	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
REVENUES						
Gross premiums written						
-Direct	898,757	218,470	142,991	1,260,218	-	1,260,218
-Reinsurance	-	-	-	-	-	-
	898,757	218,470	142,991	1,260,218	-	1,260,218
Re-insurance premiums ceded						
-Local	-	-	(7,280)	(7,280)	-	(7,280)
-Abroad	(444,918)	(104,660)	(115,454)	(665,032)	-	(665,032)
	(444,918)	(104,660)	(122,734)	(672,312)	-	(672,312)
Excess of loss premiums	(9,821)	(987)	(3,495)	(14,303)	-	(14,303)
Net premiums written	444,018	112,823	16,762	573,603	-	573,603
Changes in unearned premiums, net	(106,671)	(61,453)	(8,996)	(177,120)	-	(177,120)
Net premiums earned	337,347	51,370	7,766	396,483	-	396,483
Re-insurance commission income	24,207	11,824	6,245	42,276	-	42,276
TOTAL REVENUES	361,554	63,194	14,011	438,759	-	438,759
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(247,922)	(73,068)	(19,024)	(340,014)	-	(340,014)
Expenses incurred related to claims	-	-	(5,740)	(5,740)	-	(5,740)
Hospital discount	21,199	-	-	21,199	-	21,199
Re-insurers' share of claims paid	28,389	30,080	23,156	81,625	-	81,625
Net claims and other benefits paid	(198,334)	(42,988)	(1,608)	(242,930)	-	(242,930)
Changes in outstanding claims, net	(90,140)	(140,873)	490	(230,523)	-	(230,523)
Changes in incurred but not reported claims, net	8,376	141,494	(1,651)	148,219	-	148,219
Net claims and other benefits incurred	(280,098)	(42,367)	(2,769)	(325,234)	-	(325,234)
Changes in premium deficiency reserve	5,420	815	2,618	8,853	-	8,853
Other technical reserves	(423)	2,050	(135)	1,492	-	1,492
Policy acquisition costs	(10,361)	(4,827)	(6,810)	(21,998)	-	(21,998)
TOTAL UNDERWRITING COSTS AND EXPENSES	(285,462)	(44,329)	(7,096)	(336,887)	-	(336,887)
NET UNDERWRITING INCOME	76,092	18,865	6,915	101,872	-	101,872
OTHER OPERATING (EXPENSES)/ INCOME						
Reversal of doubtful debts				(7,000)	-	(7,000)
General and administrative expenses				(90,431)	(1,325)	(91,756)
Special commission income				1,821	3,341	5,162
Other income				660	-	660
Total Other Operating Expenses, net				(94,950)	2,016	(92,934)
Net income for the period before appropriation and before zakat and income tax				6,922	2,016	8,938

22 Operating segments

	For the period ended March 31, 2021			
	Medical	**Motor**	**Property & casualty**	**Total**
	SAR'000			
Gross premiums written				
Large enterprise	**670,670**	**66,511**	**80,334**	**817,515**
Medium enterprise	**22,087**	**8,039**	**18,253**	**48,379**
Small enterprise	**34,157**	**35,866**	**4,452**	**74,475**
Micro enterprise	**21,985**	**1,285**	**2,656**	**25,926**
Individual	**25**	**61,511**	**1,084**	**62,620**
TOTAL GROSS PREMIUMS WRITTEN	**748,924**	**173,212**	**106,779**	**1,028,915**

	For the period ended March 31, 2020			
Operating segments	Medical	Motor	Property & casualty	Total
	SAR'000			
Gross premiums written				
Large enterprise	684,941	137,535	82,133	904,609
Medium enterprise	106,808	23,676	40,554	171,038
Small enterprise	63,704	3,938	13,843	81,485
Micro enterprise	37,792	1,490	5,302	44,584
Individual	5,512	51,831	1,159	58,502
TOTAL GROSS PREMIUMS WRITTEN	898,757	218,470	142,991	1,260,218

23 SUPPLEMANTARY INFORMATION

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	SAR '000					
	March 31, 2021			December 31, 2020		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents`	**415,650**	**10,185**	**425,835**	351,433	66,076	417,509
Short term deposits	**150,000**	**18,477**	**168,477**	-	18,477	18,477
Premium and reinsurers' receivable, net	**1,101,195**	**-**	**1,101,195**	866,983	-	866,983
Reinsurers' share of unearned premiums	**330,251**	**-**	**330,251**	220,301	-	220,301
Reinsurers' share of outstanding claims	**529,445**	**-**	**529,445**	474,022	-	474,022
Reinsurers' share of claims incurred but not reported	**205,857**	**-**	**205,857**	261,982	-	261,982
Deferred policy acquisition costs	**70,322**	**-**	**70,322**	60,156	-	60,156
Due from related parties, net	**1,994**	**-**	**1,994**	1,994	-	1,994
Due from / to shareholders` / insurance operation	**600,465**	**(600,465)**	**-**	527,888	(527,888)	-
Prepayment and other assets, net	**378,982**	**8,596**	**387,578**	226,738	3,104	229,842
Available for sale investments	**10,573**	**713,231**	**723,804**	10,502	580,414	590,916
Right of use assets, net	**14,784**	**-**	**14,784**	16,285	-	16,285
Property and equipment, net	**16,267**	**30,000**	**46,267**	16,548	30,000	46,548
Intangible assets, net	**7,291**	**-**	**7,291**	7,094	-	7,094
Deferred tax asset	-	**-**	**-**	-	-	-
Statutory deposit	-	**120,000**	**120,000**	-	120,000	120,000
Investment in an associate	-	**9,734**	**9,734**	-	9,734	9,734
Accrued commission on statutory deposit	**-**	**27,557**	**27,557**	-	26,626	26,626
Goodwill	**-**	**480,000**	**480,000**	-	480,000	480,000
TOTAL ASSETS	**3,833,076**	**817,315**	**4,650,391**	3,041,926	806,543	3,848,469

23 SUPPLEMANTARY INFORMATION (Continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)

	SAR '000					
	March 31, 2021			December 31, 2020		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
LIABILITIES						
Accrued expenses and other liabilities	**318,136**	**1,010**	**319,146**	191,120	1,012	192,132
Accounts and commission payable	**137,606**	**-**	**137,606**	144,715	-	144,715
Lease liability	**13,349**	**-**	**13,349**	16,596	-	16,596
Reinsurers' balances payable	**287,004**	**-**	**287,004**	165,531	-	165,531
Gross unearned premiums	**1,466,301**	**-**	**1,466,301**	1,023,041	-	1,023,041
Unearned reinsurance commission	**45,659**	**-**	**45,659**	32,914	-	32,914
Gross outstanding claims	**822,363**	**-**	**822,363**	685,512	-	685,512
Claims incurred but not reported	**580,781**	**-**	**580,781**	614,201	-	614,201
Premium deficiency reserve	**30,762**	**-**	**30,762**	31,456	-	31,456
Other technical reserves	**29,119**	**-**	**29,119**	27,294	-	27,294
Due to a related party	**443**	**-**	**443**	751	-	751
End of service indemnities	**21,006**	**-**	**21,006**	24,405	-	24,405
Surplus distribution payable	**85,479**	**-**	**85,479**	89,393	-	89,393
Zakat & income tax	**-**	**14,767**	**14,767**	-	12,767	12,767
Deferred tax liability	**-**	**1,688**	**1,688**	-	1,438	1,438
Accrued commission income payable to SAMA	**-**	**27,557**	**27,557**	-	26,626	26,626
TOTAL LIABILITIES	**3,838,008**	**45,022**	**3,883,030**	3,046,929	41,843	3,088,772
INSURANCE OPERATIONS' (DEFICIT) / SURPLUS						
Fair values reserve gain on investments	**573**	**-**	**573**	502	-	502
Re-measurement of defined benefit liability – employees benefits	**(5,505)**	**-**	**(5,505)**	(5,505)	-	(5,505)
TOTAL INSURANCE OPERATIONS' (DEFICIT) / SURPLUS	**(4,932)**	**-**	**(4,932)**	(5,003)	-	(5,003)
SHAREHOLDERS' EQUITY						
Share capital	**-**	**800,000**	**800,000**	-	800,000	800,000
Statutory reserve	**-**	**26,135**	**26,135**	-	26,135	26,135
Accumulated losses	**-**	**(92,764)**	**(92,764)**	-	(99,569)	(99,569)
Fair values reserve gain on investments	**-**	**38,922**	**38,922**	-	38,134	38,134
TOTAL SHAREHOLDERS' EQUITY	**-**	**772,293**	**772,293**	-	764,700	764,700
TOTAL LIABILITIES, INSURANCE OPERATIONS' (DEFICIT) / SURPLUS AND SHAREHOLDERS` EQUITY	**3,833,076**	**817,315**	**4,650,391**	3,041,926	806,543	3,848,469

23 SUPPLEMANTARY INFORMATION (Continued)

INTERIM CONDENSED STATEMENT OF INCOME

	SAR '000					
	March 31, 2021			March 31, 2020		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written						
-Direct	**1,028,915**	**-**	**1,028,915**	1,260,218	-	1,260,218
-Reinsurance	**-**	**-**	**-**	-	-	-
	1,028,915	**-**	**1,028,915**	1,260,218		1,260,218
Reinsurance premiums ceded						
-Local	**(90,457)**	**-**	**(90,457)**	(7,280)	-	(7,280)
-Abroad	**(132,114)**	**-**	**(132,114)**	(665,032)	-	(665,032)
	(222,571)	**-**	**(222,571)**	(672,312)	-	(672,312)
Excess of loss expenses – foreign	**(15,260)**	**-**	**(15,260)**	(14,303)	-	(14,303)
Net written premiums	**791,084**	**-**	**791,084**	573,603	-	573,603
Changes in unearned premiums, net	**(333,310)**	**-**	**(333,310)**	(177,120)	-	(177,120)
Net premiums earned	**457,774**	**-**	**457,774**	396,483	-	396,483
Re-insurance commissions	**18,325**	**-**	**18,325**	42,276	-	42,276
TOTAL REVENUES	**476,099**	**-**	**476,099**	438,759	-	438,759
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	**(440,286)**	**-**	**(440,286)**	(340,014)	-	(340,014)
Expenses incurred related to claims	**(4,787)**	**-**	**(4,787)**	(5,740)	-	(5,740)
Hospital discount	**25,190**	**-**	**25,190**	21,199		21,199
Reinsurers' share of claims paid	**143,267**	**-**	**143,267**	81,625	-	81,625
Net claims and other benefits paid	**(276,616)**	**-**	**(276,616)**	(242,930)	-	(242,930)
Changes in outstanding claims, net	**(81,427)**	**-**	**(81,427)**	(230,523)	-	(230,523)
Changes in incurred but not reported claims, net	**(22,706)**	**-**	**(22,706)**	148,219	-	148,219
Net claims and other benefits incurred	**(380,749)**	**-**	**(380,749)**	(325,234)	-	(325,234)
Changes in premium deficiency reserve	**(693)**	**-**	**(693)**	8,853	-	8,853
Other technical reserves	**(438)**	**-**	**(438)**	1,492	-	1,492
Policy acquisition costs	**(16,342)**		**(16,342)**	(21,998)	-	(21,998)
TOTAL UNDERWRITING COSTS AND	**(398,222)**	**-**	**(398,222)**	(336,887)	-	(336,887)
NET UNDERWRITING INCOME/ (LOSS)	**77,877**	**-**	**77,877**	101,872	-	101,872
OTHER OPERATING (EXPENSES)/ INCOME						
(Allowance for) / reversal of doubtful debts	**(4,000)**	**-**	**(4,000)**	(7,000)	-	(7,000)
General and administrative expenses	**(69,812)**	**(1,093)**	**(70,905)**	(90,431)	(1,325)	(91,756)
Special commission income	**192**	**2,941**	**3,133**	1,821	3,341	5,162
Realized gain on available for sale investment	**-**	**1,158**	**1,158**	-	-	-
Dividend income	**-**	**1,849**	**1,849**	-	-	-
Other income	**408**	**-**	**408**	660	-	660
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	**(73,212)**	**4,855**	**(68,357)**	(94,950)	2,016	(92,934)
NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX	**4,665**	**4,855**	**9,520**	6,922	2,016	8,938
Shareholders' appropriation	**(4,199)**	**4,199**	**-**	(6,230)	6,230	-
NET INCOME FOR THE PERIOD AFTER APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX	**466**	**9,054**	**9,520**	692	8,246	8,938
Zakat and income tax						
Current zakat and income tax	**-**	**(2,000)**	**(2,000)**	-	(3,523)	(3,523)
Deferred tax	**-**	**(249)**	**(249)**	-	(489)	(489)
Net income for the period	**466**	**6,805**	**7,271**	692	4,234	4,926

23 SUPPLEMANTARY INFORMATION (Continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	For the period ended March 31					
	SAR '000					
	2021			2020		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Net income for the period	**466**	**6,805**	**7,271**	692	4,234	4,926
Other comprehensive income / (loss)						
Item that will not be reclassified to statement of income in subsequent period						
-Re-measurement of employees end of service indemnities	-	-	-	-	-	-
Items that are or may be reclassified to statement of income in subsequent periods						
Available for sale investments						
- Net change in fair values	**71**	**788**	**859**	70	(18,326)	(18,256)
TOTAL COMPREHENSIVE INCOME/ (LOSS)	**537**	**7,593**	**8,130**	762	(14,092)	(13,330)
Reconciliation:						
Less: Net income attributable to insurance operations and transferred to surplus distribution payable.			**(466)**			(692)
TOTAL COMPREHENSIVE INCOME / (LOSS) INCOME FOR THE PERIOD			**7,664**			(14,022)

23 SUPPLEMANTARY INFORMATION

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	SAR '000					
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
	For the three period ended March 31, 2021			For the three month period ended March 31, 2020		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the period before zakat and income tax	**466**	**9,054**	**9,520**	692	8,246	8,938
Adjustments for non-cash items:						
Depreciation and amortization	**2,292**	**-**	**2,292**	2,279	-	2,279
Allowance for doubtful debts	**4,000**	**-**	**4,000**	7,000	-	7,000
Provision for end of service indemnities	**(1,315)**	**-**	**(1,315)**	(8,648)	-	(8,648)
	5,443	**9,054**	**14,497**	1,323	8,246	9,569
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	**(238,212)**	**-**	**(238,212)**	(145,044)	-	(145,044)
Reinsurers' share of unearned premiums	**(109,950)**	**-**	**(109,950)**	(402,406)	-	(402,406)
Reinsurers' share of outstanding claims	**(55,423)**	**-**	**(55,423)**	(82,026)	-	(82,026)
Reinsurers' share of claims Incurred but not reported	**56,125**	**-**	**56,125**	(4,872)	-	(4,872)
Deferred policy acquisition costs	**(10,166)**	**-**	**(10,166)**	(8,195)	-	(8,195)
Prepayment and other assets	**(152,244)**	**(5,492)**	**(157,736)**	(171,716)	(1,056)	(172,772)
Deposit against letter of guarantee	**4,621**	**-**	**4,621**	(2,959)	-	(2,959)
Right of use assets	**1,501**	**-**	**1,501**	1,786	-	1,786
Accounts and commission payable	**(7,109)**	**-**	**(7,109)**	(32,255)	-	(32,255)
Accrued expenses and other liabilities	**127,016**	**(2)**	**127,014**	47,802	(141)	47,661
Lease liability	**(3,247)**	**-**	**(3,247)**	(3,384)	-	(3,384)
Reinsurers' balances payable	**121,473**	**-**	**121,473**	433,889	-	433,889
Gross unearned premiums	**443,260**	**-**	**443,260**	579,527	-	579,527
Unearned reinsurance commission	**12,745**	**-**	**12,745**	97,786	-	97,786
Gross outstanding claims	**136,851**	**-**	**136,851**	312,549	-	312,549
Claims incurred but not reported	**(33,420)**	**-**	**(33,420)**	(143,346)	-	(143,346)
Premium deficiency reserve	**(694)**	**-**	**(694)**	(8,853)	-	(8,853)
Other technical reserves	**1,825**	**-**	**1,825**	(1,492)	-	(1,492)
Due from related party	**-**	**-**	**-**	(1,931)	-	(1,931)
Due to related party	**(308)**	**-**	**(308)**	(17,080)	-	(17,080)
	300,087	**3,560**	**303,647**	449,103	7,049	456,152
Payment of employees end of service indemnities	**(2,084)**	**-**	**(2,084)**	(234)	-	(234)
Surplus paid to policyholders	**(4,380)**	**-**	**(4,380)**	-	-	-
Zakat and income tax paid	**-**	**-**	**-**	-	-	-
Net cash from operating activities	**293,623**	**3,560**	**297,183**	448,869	7,049	455,918
CASH FLOWS FROM INVESTING ACTIVITIES						
(Purchase) / disposal of available for sale investments	**-**	**(132,029)**	**(132,029)**	-	(22,845)	(22,845)
(Placements) / proceeds in / from short term deposits	**(150,000)**	**-**	**(150,000)**	(164,153)	91,804	(72,349)
Additions in property, equipment and intangible	**(2,208)**	**-**	**(2,208)**	(5,425)	-	(5,425)
Net cash (used in) / generated from investing activities	**(152,208)**	**(132,029)**	**(284,237)**	(169,578)	68,959	(100,619)
CASH FLOWS FROM FINANCING ACTIVITIES						
Due to / (from) shareholders operation	**(72,577)**	**72,577**	**-**	31,627	(31,627)	-
Net cash (used in) / generated from financing activities	**(72,577)**	**72,577**	**-**	31,627	(31,627)	-
Net change in cash and cash equivalents	**68,838**	**(55,892)**	**12,946**	310,918	44,381	355,299
Cash and cash equivalents, beginning of the period	**272,589**	**66,077**	**338,666**	177,359	33,537	210,896
Cash and cash equivalents, end of the period	**341,427**	**10,185**	**351,612**	488,277	77,918	566,195

24 COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation.

25 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company, on 21 Ramadan 1442H, corresponding to 03 May 2021G.