

**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 AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

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**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 30 June 2021 and the related interim condensed statements of income and comprehensive income for the three month and six month periods then ended and changes in equity and cash flows for the six 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 30 June 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.

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10 August 2021  
2 Muharram 1443H



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

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2021**

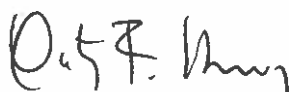
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		SAR '000	
	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	6	271,397	417,509
Short term deposits	7	207,794	18,477
Premium and reinsurers' receivable, net	8	890,736	866,983
Reinsurers' share of unearned premiums	10 c	320,727	220,301
Reinsurers' share of outstanding claims	10 a	619,707	474,022
Reinsurers' share of claims incurred but not reported	10 a	171,913	261,982
Deferred policy acquisition costs		60,284	60,156
Due from related parties, net	9	1,994	1,994
Prepayment and other assets, net		272,010	229,842
Available for sale investments	12	736,249	590,916
Long term deposits	7	50,000	-
Right of use assets, net		12,116	16,285
Property and equipment, net		46,734	46,548
Intangible assets, net		7,291	7,094
Statutory deposit	13	120,000	120,000
Investment in an associate	11	11,112	9,734
Accrued commission on statutory deposit	19	27,777	26,626
Goodwill	14	480,000	480,000
<b>TOTAL ASSETS</b>		<b>4,307,841</b>	<b>3,848,469</b>

The accompanying notes 1 to 25 form an integral part of these interim condensed 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 JUNE 30, 2021**

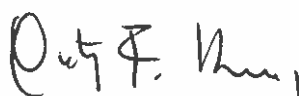
AS AT DECEMBER 31, 2021

		SAR '000	
	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b><u>LIABILITIES</u></b>			
Accrued expenses and other liabilities		240,903	192,132
Accounts and commission payable		168,854	144,715
Lease liability		12,934	16,596
Reinsurers' balances payable		299,641	165,531
Gross unearned premiums	10 c	1,168,839	1,023,041
Unearned reinsurance commission		41,209	32,914
Gross outstanding claims	10 a	890,207	685,512
Claims incurred but not reported	10 a	494,541	614,201
Premium deficiency reserve	10 b	39,683	31,456
Other technical reserves	10 b	26,199	27,294
Due to a related party	9	336	751
End of service indemnities		19,317	24,405
Surplus distribution payable		84,869	89,393
Zakat & income tax	17 b	14,025	12,767
Deferred tax liability		1,938	1,438
Accrued commission income payable to SAMA	19	27,777	26,626
<b>TOTAL LIABILITIES</b>		<b>3,531,272</b>	<b>3,088,772</b>
<b><u>EQUITY</u></b>			
Share capital	18 a	700,000	800,000
Statutory reserve	16	26,135	26,135
Retained earnings / (Accumulated losses)		13,820	(99,569)
Re-measurement of defined benefit liability – employees benefits		(5,505)	(5,505)
Fair values reserve on investments	12	42,119	38,636
<b>TOTAL EQUITY</b>		<b>776,569</b>	<b>759,697</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,307,841</b>	<b>3,848,469</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	21		

The accompanying notes 1 to 25 form an integral part of these interim condensed 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 AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

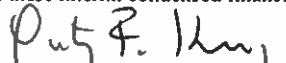
	SAR'000			
	For the three month period ended		For the six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>REVENUES</b>				
Gross premiums written				
-Direct	292,745	251,695	1,321,660	1,511,913
-Reinsurance	-	-	-	-
	292,745	251,695	1,321,660	1,511,913
Reinsurance premiums ceded				
-Local	(24,523)	(135)	(114,980)	(615)
-Abroad	(87,179)	(67,565)	(219,293)	(739,397)
	(111,702)	(67,700)	(334,273)	(740,012)
Excess of loss expenses – foreign	(15,259)	(13,950)	(30,519)	(28,253)
Net written premiums	165,784	170,045	956,868	743,648
Changes in unearned premiums, net	287,939	222,511	(45,371)	45,391
<b>Net premiums earned</b>	<b>453,723</b>	<b>392,556</b>	<b>911,497</b>	<b>789,039</b>
Re-insurance commissions	16,615	46,579	34,940	88,855
<b>TOTAL REVENUES</b>	<b>470,338</b>	<b>439,135</b>	<b>946,437</b>	<b>877,894</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	(566,820)	(509,097)	(1,007,106)	(849,111)
Expenses incurred related to claims	(5,228)	(7,901)	(10,015)	(13,641)
Hospital discount	16,172	18,601	41,362	39,800
Reinsurers' share of claims paid	113,642	121,279	256,909	202,904
<b>Net claims and other benefits paid</b>	<b>(442,234)</b>	<b>(377,118)</b>	<b>(718,850)</b>	<b>(620,048)</b>
Changes in outstanding claims, net	22,417	144,909	(59,010)	(85,614)
Changes in incurred but not reported claims, net	52,298	(14,666)	29,592	133,553
<b>Net claims and other benefits incurred</b>	<b>(367,519)</b>	<b>(246,875)</b>	<b>(748,268)</b>	<b>(572,109)</b>
Changes in premium deficiency reserve	(7,534)	(35,915)	(8,227)	(27,062)
Other technical reserves	1,534	(189)	1,096	1,303
Policy acquisition costs	(27,809)	(34,190)	(44,151)	(56,188)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(401,328)</b>	<b>(317,169)</b>	<b>(799,550)</b>	<b>(654,056)</b>
<b>NET UNDERWRITING INCOME</b>	<b>69,010</b>	<b>121,966</b>	<b>146,887</b>	<b>223,838</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>				
Reversal of / (Allowance for) doubtful debts	15,310	(17,615)	11,310	(24,615)
General and administrative expenses	(86,502)	(91,833)	(157,407)	(183,588)
Special commission income	3,350	3,765	6,483	8,927
Income from investment in associate	1,378	2,211	1,378	2,211
Dividend income	1,873	2,410	3,722	2,410
Realized gain on available for sale investment	3,786	617	4,944	617
Other income	652	7,855	1,060	8,515
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(60,153)</b>	<b>(92,590)</b>	<b>(128,510)</b>	<b>(185,523)</b>
<b>NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</b>	<b>8,857</b>	<b>29,376</b>	<b>18,377</b>	<b>38,315</b>
Net income attributed to insurance operation	(22)	(2,376)	(488)	(3,069)
<b>NET INCOME FOR THE PERIOD AFTER APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</b>	<b>8,835</b>	<b>27,000</b>	<b>17,889</b>	<b>35,246</b>
Zakat and income tax				
Current zakat and income tax	(2,000)	(3,523)	(4,000)	(7,046)
Deferred tax	(251)	(491)	(500)	(980)
<b>NET INCOME FOR THE PERIOD</b>	<b>6,584</b>	<b>22,986</b>	<b>13,389</b>	<b>27,220</b>
<b>Earnings per share</b>				
Earnings per share (SAR per share)	0.09	0.32	0.18	0.36

Restated

Restated

The accompanying notes 1 to 25 form an integral part of these interim condensed 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)**

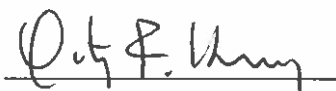
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

		SAR'000			
		For the three month period ended		For the six month period ended	
Notes		June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
	Net income for the period	6,584	22,986	13,389	27,220
	Other comprehensive income / (loss)				
	Items that are or may be reclassified to statement of income in subsequent periods				
	<u>Available for sale investments</u>				
	- Net change in fair values, insurance operations	12	72	111	143
	- Net change in fair values, shareholders' operations	12	2,552	12,590	3,340
					(5,736)
	<b><u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u></b>		<b>9,208</b>	<b>35,687</b>	<b>16,872</b>
					<b>21,665</b>

The accompanying notes 1 to 25 form an integral part of these interim condensed 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 SIX MONTH PERIOD ENDED JUNE 30, 2021**

**(SAR in '000')**

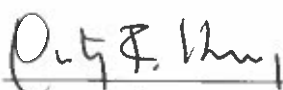
	Notes	Share capital	Statutory reserve	Retained earnings / (Accumulated losses)	Fair values reserve on investments	Re-measurement of defined benefit liability – employees benefits	Total
<b>Balance as at January 1, 2021 (Audited)</b>		<b>800,000</b>	<b>26,135</b>	<b>(99,569)</b>	<b>38,636</b>	<b>(5,505)</b>	<b>759,697</b>
Capital reduction		(100,000)	-	100,000	-	-	-
<b>Total comprehensive income for the period:</b>							
-Net income for the period		-	-	13,389	-	-	13,389
-Change in fair values	12 a&b	-	-	-	3,483	-	3,483
<b>Balance as at June 30, 2021 (Unaudited)</b>		<b>700,000</b>	<b>26,135</b>	<b>13,820</b>	<b>42,119</b>	<b>(5,505)</b>	<b>776,569</b>

	Share capital	Statutory reserve	Accumulated losses	Fair values reserve on investments	Re-measurement of defined benefit liability – employees benefits	Total
<b>Balance as at January 1, 2020 (Audited)</b>	<b>800,000</b>	<b>146,135</b>	<b>(256,482)</b>	<b>21,661</b>	<b>(5,159)</b>	<b>706,155</b>
Reduction of statutory reserves	-	(120,000)	120,000	-	-	-
<b>Total comprehensive income for the period:</b>						
-Net income for the period	-	-	27,220	-	-	27,220
-Change in fair values	-	-	-	(5,555)	-	(5,555)
<b>Balance as at June 30, 2020 (Unaudited)</b>	<b>800,000</b>	<b>26,135</b>	<b>(109,262)</b>	<b>16,106</b>	<b>(5,159)</b>	<b>727,820</b>

The accompanying notes 1 to 25 form an integral part of these interim condensed 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 SIX MONTH PERIOD ENDED JUNE 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income for the period before zakat and income tax

**Adjustments for non-cash items:**

Depreciation and amortization

Allowance for / (Reversal of) doubtful debts

Provision for end of service indemnities

**Changes in operating assets and liabilities:**

Premiums and reinsurers' receivable

Reinsurers' share of unearned premiums

Reinsurers' share of outstanding claims

Reinsurers' share of claims Incurred but not reported

Deferred policy acquisition costs

Prepayment and other assets

Deposit against letter of guarantee

Right of use assets

Accounts and commission payable

Accrued expenses and other liabilities

Lease liability

Reinsurers' balances payable

Gross unearned premiums

Unearned reinsurance commission

Gross outstanding claims

Claims incurred but not reported

Premium deficiency reserves

Other technical reserves

Due from related party

Due to related party

Surplus paid to policyholders

Payment of employees end of service indemnities

Zakat and income tax paid

**Net cash from operating activities**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Dividend from investment in an associate

Changes in investment in an associate

Interest on statutory deposit

Interest payable on statutory deposit

Net purchase of available for sale investments

(Placements) / proceeds in / from short term deposits

Placements in long term deposits

Additions in property, equipment and intangible

**Net cash used in investing activities**

Net change in cash and cash equivalents

Cash and cash equivalents, beginning of the period

**Cash and cash equivalents, end of the period**

**NON-CASH INFORMATION**

Change in fair value of available for sale investments

Notes	SAR '000	
	For the six month period ended	
	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
	18,377	38,315
	4,598	4,695
	(11,310)	24,615
	(1,898)	(2,424)
	9,767	65,201
	(12,443)	(74,563)
	(100,426)	(234,136)
	(145,685)	(65,599)
	90,069	(16,638)
	(128)	(2,701)
	(42,168)	124,512
	11,152	(267)
	4,169	4,115
	24,139	(66,367)
	48,771	(38,005)
	(3,662)	(4,664)
	134,110	299,239
	145,798	188,746
	8,295	65,574
	204,695	151,213
	(119,660)	(116,914)
	8,227	27,062
	(1,095)	(1,304)
	-	(1,931)
	(415)	(16,882)
	263,510	285,691
	(5,012)	(8,575)
	(3,190)	(5,694)
17	(2,742)	-
	252,566	271,422
	-	1,678
	(1,378)	(2,211)
	(1,151)	1,807
	1,151	(1,807)
	(141,850)	(69,426)
	(189,317)	66,032
	(50,000)	-
	(4,981)	(7,518)
	(387,526)	(11,445)
	(134,960)	259,977
6	338,665	210,896
6	203,705	470,873
	3,483	(5,555)

The accompanying notes 1 to 25 form an integral part of these interim condensed 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)**

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

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**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, investment in associates which is accounted for under equity method and recording of end of service benefits at present value under actuarial method. The Company’s interim statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: available for sale investments, property and equipment, statutory deposit, accrued commission on statutory deposit, end-of-service indemnities, long term deposits, investment in an associate, intangible assets, right of use assets, deferred tax liability and long term portion of lease liabilities. All other financial statement line items would generally be classified as current.

**Statement of compliance**

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

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

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

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**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. The Board of directors in their meeting held on 6 October 2020, recommended to reduce share capital by SAR 100 million, the capital reduction was approved by extraordinary general assembly dated 22 April 2021. Further Board resolved to increase capital through right issue with total proceeds of SAR 420 million, the Company obtained SAMA approval dated 06 June 2021 and is subject to the approval of the Capital Market Authority (CMA) 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.

**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 Arabian Monetary Authority ("SAMA"). In case of losses, losses are absorbed by shareholders.

The insurance operations' surplus for the six month period ended 30 June 2021 amounted to SAR 4,881 thousand (30 June 2020: surplus of SAR 30,687 thousand). Accordingly, 90% of the insurance operations' surplus amounting to SAR 4,393 thousand was transferred to shareholders' operations for the period, leaving a surplus payable to policyholders of SAR 488 thousand (30 June 2020: SAR 27,618 thousand was transferred to shareholders' operations for the period, leaving a surplus payable to policyholders of SAR 3,069 thousand).

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

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

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**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.

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**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.

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**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.

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**6 CASH AND CASH EQUIVALENTS**

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

	<b>SAR'000</b>	
	<b>Insurance operations</b>	
	<b>June 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash and bank balances	<b>186,930</b>	152,505
Deposits maturing within 3 months from the acquisition date	-	120,084
<b>Cash and cash equivalent in the statement of cash flows</b>	<b>186,930</b>	272,589
Deposit against letter of guarantee	<b>67,692</b>	78,844
	<b>254,622</b>	351,433
	<b>SAR'000</b>	
	<b>Shareholders' operations</b>	
	<b>June 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash and bank balances	<b>16,775</b>	16,054
Deposits maturing within 3 months from the acquisition date	-	50,022
	<b>16,775</b>	66,076
<b>Cash and bank balances</b>	<b>271,397</b>	417,509
<b>Cash and cash equivalents in the statement of cash flow</b>	<b>203,705</b>	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 TERM DEPOSITS**

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**

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).

**Long term deposits**

Long term deposits are placed with local banks' in Kingdom of Saudi Arabia with a maturity of more than one year from the date of original acquisition and earned special commission income at an average rate of 1% per annum (2020: Nil).

For the period ended 30 June 2021 the carrying amounts of the term deposits reasonably approximate the fair value at the interim condensed financial position date.



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**8 PREMIUM AND REINSURERS' RECEIVABLE, NET**

Receivables comprise amounts due from the following:

	<b>SAR'000</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Policyholders	<b>494,702</b>	373,784
Brokers and agents	<b>274,522</b>	549,284
Premiums receivables	<b>769,224</b>	923,068
Less: Allowance for doubtful debts	<b>(93,767)</b>	(101,662)
	<b>675,457</b>	821,406
Reinsurers' receivable	<b>373,562</b>	207,275
Less: Allowance for doubtful debts	<b>(158,283)</b>	(161,698)
	<b>215,279</b>	45,577
Premium and reinsurers' receivable – net	<b>890,736</b>	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 June 30, 2021, the movement in the provision for doubtful debts of premium receivables was as follows:

Movement in provision for doubtful debts:

	<b>SAR'000</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Balance at the beginning of the period / year	<b>263,360</b>	467,230
Write off during the period / year	-	(230,615)
Provision for the period / year	<b>(11,310)</b>	26,745
Balance at the end of the period / year	<b>252,050</b>	263,360

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**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 Six months period ended		Balance receivable / (payable) as at	
		June 30 , 2021	June 30, 2020	June 30, 2021	December 31, 2020
SAR'000					
<u>Due from / to related parties</u>					
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	2,229	2,835		
	-Balance due from / (due to) at period / year end			(336)	(751)
Total due from related parties				1,994	1,994
Total due to related parties				(336)	(751)

Other related parties transactions and balances – due from / (due to)

The Saudi Investment Bank, (Founding shareholder)	-Current account and time deposits	<b>(173)</b>	(1,378)	-	173
	-Statutory deposit (refer note 9.a (i))	<b>1,151</b>	1,807	<b>147,777</b>	146,626
	-Claims incurred	<b>(23,158)</b>	(3)		
Medivisa KSA (affiliate)	-Medical Claim Jordan / Balance	-	-	-	-
	-Medical claim Lebanon / balance	-	(654)	<b>(654)</b>	(654)
	-Medical claim Egypt / balance	-	(81)	<b>(81)</b>	(81)
Al Istithmar Capital (subsidiary of SIB-founding shareholder)	-Current account	-	693	<b>2,542</b>	2,542

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**9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

Related parties	Nature of transaction	Transactions for the Six months period ended		Balance receivable / (payable) as at	
		June 30 , 2021	June 30, 2020	June 30, 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	(276)	(42)		
	-Claims incurred	(3,601)	2,580		
	-Premiums receivable			-	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	(6)	31		
	-Claims incurred	(304)	131		
	-Premiums receivable			-	307
Saudi Fransi Capital (Under common directorship)	-Investment portfolio	(411,092)	256,323	12,508	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			-	-
Citiscap (Under common directorship)	-Gross written premiums	(118)	164		
	-Claims incurred	(815)	300		
	-Premiums receivable			-	1,353
Middle east agriculture (Under common directorship)	-Gross written premiums	(24)	-		
	-Claims incurred	(395)	199		
	-Premiums receivable			-	477
	-Allowance for doubtful debts			-	-
	-Net balance due from at period / year end			-	477

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**9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

Related parties	Nature of transaction	Transactions for the Six months period ended		Balance receivable / (payable) as at	
		June 30 , 2021	June 30, 2020	June 30, 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	21	(23)		
	-Claims incurred	(255)	567		
	-Premiums receivable			6	233
	-Allowance for doubtful debts			-	-
	-Net balance due from at period / year end			6	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	(47)	(18)		
	-Claims incurred	(409)	257		
	-Premiums receivable			-	408
	-Allowance for doubtful debts			-	-
	-Net balance due from at period / year end			-	408
Tumpane jubar (Under common directorship)	-Gross written premiums	(35)	-		
	-Claims incurred	(375)	-		
	-Premiums receivable			-	721
Addison Bradley Arabia-KSA (affiliate)	-Reinsurance recoveries (Refer 9.a (iii))	-	279		
	-Balance due from at period / year end			15,814	15,814
	-Allowance for doubtful debts			(11,860)	(11,853)
	-Net balance due from at period / year end			3,954	3,961
Alakaria (Under common directorship)	-Gross written premiums	1	-		32
	-Claims incurred	4			
	-Premiums receivable			2	32
Al Issa Group (Under common directorship)	-Gross written premiums	76,502	-		
	-Claims incurred	(20,313)	-		
	-Premiums receivable			74,576	30,231
	-Allowance for doubtful debts			(87)	(189)
	-Net balance due from at period / year end			74,489	30,042

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**9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

Related parties	Nature of transaction	Transactions for the Six months period ended		Balance receivable / (payable) as at	
		June 30 , 2021	June 30, 2020	June 30, 2021	December 31, 2020
		SAR'000			
Other related parties transactions and balances – due from / (due to)					
Vision International	-Gross written premiums	12	-		
Investment Company	-Claims incurred	(334)	-		
(Under common directorship)	-Premiums receivable			6	341
	-Allowance for doubtful debts			-	-
	-Net balance due from at period			6	341
	/ year end				
Addison Bradley	-Balance due from at period /			1,472	1,472
Arabia Holding LLC	year end				
(UAE) (affiliate)	-Allowance for doubtful debts			(1,472)	(1,472)
	-Net balance due from at period				
	/ year end (Refer 9.a (iv))			-	-
Saudi meter company	-Gross written premiums	(4)	16		
(Under common	-Claims incurred	(102)	50		
directorship)	-Premiums receivable			7	146
Saudi Tumpane	-Gross written premiums	(146)	70		
Co.(Under common	-Claims incurred	1,232	1,055		
directorship)	-Premiums receivable			-	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.

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**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 six month period ended June 30, 2021 and 2020:

**Six month period ended June 30, 2021 (Unaudited)**

	<b>BOD members (Non-Executive)</b>	<b>Top Executives including the CEO and CFO</b>
	<b>SAR 000'</b>	
Salaries and compensation	-	3,259
Allowances	144	-
Annual remuneration	1,573	-
End of service indemnities	-	133
	<b>1,717</b>	<b>3,392</b>

**Six month period ended June 30, 2020 (Unaudited)**

	<b>BOD members (Non-Executive)</b>	<b>Top Executives including the CEO and CFO</b>
	<b>SAR 000'</b>	
Salaries and compensation	-	4,920
Allowances	156	-
Annual remuneration	1,790	-
End of service indemnities	-	255
	<b>1,946</b>	<b>5,175</b>

- 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.

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**10 TECHNICAL RESERVES**

**a) Outstanding Claims and IBNR**

	<b>June 30, 2021</b>			<b>December 31, 2020</b>		
	<b>(Unaudited)</b>			<b>(Audited)</b>		
	<b>Gross</b>	<b>Re-insurance share</b>	<b>Net</b>	<b>Gross</b>	<b>Re-insurance share</b>	<b>Net</b>
	<b>SAR'000</b>			<b>SAR'000</b>		
Outstanding claims	<b>890,207</b>	<b>(619,707)</b>	<b>270,500</b>	685,512	(474,022)	211,490
Claims incurred but not reported	<b>494,541</b>	<b>(171,913)</b>	<b>322,628</b>	614,201	(261,982)	352,219
	<b>1,384,748</b>	<b>(791,620)</b>	<b>593,128</b>	1,217,810	(557,446)	563,709

**b) Other Technical Reserves**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SAR'000</b>	
Premium deficiency reserve	<b>39,683</b>	31,456
Others	<b>26,199</b>	27,294
Other reserves at end of the period	<b>65,882</b>	58,750

**c) Unearned Premiums**

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

	<b>For the period ended June 30, 2021</b>		
	<b>(Unaudited)</b>		
<b>SAR'000</b>	<b>Gross</b>	<b>Re-insurance</b>	<b>Net</b>
Balance at the beginning of the period	<b>1,023,041</b>	<b>(220,301)</b>	<b>802,740</b>
Premium written during the period	<b>1,321,660</b>	<b>(334,273)</b>	<b>987,387</b>
Premium earned during the period	<b>(1,175,862)</b>	<b>875,301</b>	<b>(300,561)</b>
Balance at the end of the period	<b>1,168,839</b>	<b>320,727</b>	<b>1,489,566</b>
	<b>For the year ended December 31, 2020</b>		
	<b>(Audited)</b>		
<b>SAR'000</b>	<b>Gross</b>	<b>Re-insurance</b>	<b>Net</b>
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



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**11 INVESTMENT IN AN ASSOCIATE**

Investment in an associate comprises of an equity investment in Al-Waseel for Electronic Transportation amounting to SAR 11,112 thousand (a 25% equity interest) (2020: SAR 9,734), in an unquoted company (the “associate”), registered in the Kingdom of Saudi Arabia.

	<b>SAR'000</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
At the beginning of the period / year	<b>9,734</b>	9,393
Dividend received from investment in an associate	-	(3,601)
Income from investment in an associate	<b>1,378</b>	3,942
At the end of period / year	<b>11,112</b>	<b>9,734</b>

**12 AVAILABLE FOR SALE INVESTMENTS**

Investments are classified as set out below:

**a) Insurance Operations - Available for sale investments**

	<b>SAR'000</b>	
<b>SAR'000</b>	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Type of Investments		
-Mutual Fund	<b>10,645</b>	10,502
-Sukuk	<b>20,000</b>	-
	<b>30,645</b>	<b>10,502</b>

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 change for the period in fair values of available for sale investments for insurance operations amounting to SAR 143 thousand (31 December 2020: SAR 321) is presented within shareholders' equity in the interim condensed statement of financial position.

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

	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
At the beginning of the period / year	<b>10,502</b>	10,181
Purchase during the period / year	<b>20,000</b>	-
Net change in fair values	<b>143</b>	321
At the end of the period / year	<b>30,645</b>	<b>10,502</b>

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**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**12 AVAILABLE FOR SALE INVESTMENTS (Continued)**

**b) Shareholders' Operations - Available for sale investments**

	<b>SAR'000</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Type of Investments		
-Equity	<b>193,279</b>	186,407
-Mutual Fund	<b>137,626</b>	134,086
-Sukuks	<b>374,699</b>	259,921
	<b>705,604</b>	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 change for the period in fair values of available for sale investments for shareholders' operations amounting to SAR 3,340 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:

	<b>SAR'000</b>	
	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
At the beginning of the period / year	<b>580,414</b>	469,264
Purchase during the period / year	<b>130,504</b>	299,335
Sold during the period / year	<b>(8,654)</b>	(204,839)
Net change in fair values / year	<b>3,340</b>	16,654
At the end of the period / year	<b>705,604</b>	580,414

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**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 30 June 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
<b>June 30, 2021 (Unaudited)</b>				
Available for sale investments				
- Mutual Fund	10,645	-	-	10,645
- Sukuk	-	20,000	-	20,000
<b>Total available for sale investments</b>	<b>10,645</b>	<b>20,000</b>	<b>-</b>	<b>30,645</b>

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**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 (Audited)				
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
June 30, 2021 (Unaudited)				
Available for sale investments				
- Mutual Fund	137,626	-	-	137,626
- Sukuk	-	374,699	-	374,699
- Equities	191,356	-	1,923	193,279
Total available for sale investments	328,982	374,699	1,923	705,604
SAR'000s	Level 1	Level 2	Level 3	Total
December 31, 2020 (Audited)				
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

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**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 annum ( 2020 : 2.4%).

**14 GOODWILL**

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. The Board of directors in their meeting held on 6 October 2020, recommended to reduce share capital by SAR 100 million , the capital reduction was approved by extraordinary general assembly dated 22 April 2021. Further Board resolved to increase capital by SAR 420 million through right issue, the Company obtained SAMA approval dated 06 June 2021 and is subject to the approval of the Capital Market Authority (CMA) and general assembly of the Company.

The Company is not in compliance with the solvency margin required by SAMA (refer note 2 - going concern).

**16 STATUTORY RESERVES**

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 December 2020, no transfer was made to statutory reserve.

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**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2020**

**17 ZAKAT AND INCOME TAX**

**a) Income tax charge for the period / year**

There was no income tax in the period ended June 30, 2021 and year ended December 31, 2020 due to net adjusted losses incurred. All changes during the period represents zakat.

**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:

	<b>SAR '000</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>At the beginning of the period / year</b>	<b>12,767</b>	<b>13,188</b>
Charge - current period / year	<b>4,000</b>	<b>4,591</b>
Charge - prior period / year	-	-
Payments during the period / year	<b>(2,742)</b>	<b>(5,012)</b>
<b>At the end of the period / year</b>	<b>14,025</b>	<b>12,767</b>

The provision for zakat and income tax for the period is 4,000 thousand (30 June 2020: SR 7,046 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 Zakat, Tax and Customs Authority (ZATCA). The Company has received final clearance certificate till 2016 and final assessments from the year 2017 and onwards are awaited from the ZATCA.

During the year 2020, the Company received VAT assessment from ZATCA amounting to SAR 23.2 million. the Company paid the amount in full and filed an appeal to ZATCA for the recovery of the same. Subsequently, ZATCA 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 benefits, impairment allowances and unrecognised losses etc. The deferred tax movement for the period is as follows;

	<b>SAR '000</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Opening deferred tax liability / asset</b>	<b>(1,438)</b>	<b>11,962</b>
Origination or reversal of temporary differences	<b>(500)</b>	<b>(13,400)</b>
<b>Closing deferred tax liability</b>	<b>(1,938)</b>	<b>(1,438)</b>

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**18 SHARE CAPITAL AND EARNINGS PER SHARE**

**a) Share capital**

The authorized and paid up share capital of the Company is SAR 700 million divided into 70 million shares of SAR 10 each.

The Board of directors in their meeting held on 6 October 2020, recommended to reduce share capital by SAR 100 million , the capital reduction 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.

	<b>For the three month period ended SAR '000</b>	
	<b>30 June 2021 (Unaudited)</b>	<b>30 June 2020 (Unaudited)</b>
Net income for the period	<b>6,584</b>	22,986
Weighted average number of ordinary shares	<b>72,333</b>	72,333
<b>Earnings per share</b>	<b>0.09</b>	0.32
	Restated	

	<b>For the six month period ended SAR '000</b>	
	<b>30 June 2021 (Unaudited)</b>	<b>30 June 2020 (Unaudited)</b>
Net income for the period	<b>13,389</b>	27,220
Weighted average number of ordinary shares	<b>76,167</b>	76,167
<b>Earnings per share</b>	<b>0.18</b>	0.36
	Restated	



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**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 27,777 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 30 June 2021, the Company's banker has issued letters of guarantee of SR 67,692 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.

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**As at June 30, 2021 (Unaudited)**

**22 Operating segments**

	Medical	Motor	Property & casualty	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000					
<b>ASSETS</b>						
Reinsurers' share of unearned premiums	45,036	91,054	184,637	320,727	-	320,727
Reinsurers' share of outstanding claims	13,023	(389)	607,073	619,707	-	619,707
Reinsurers' share of claims Incurred but not reported	31,274	49,367	91,272	171,913	-	171,913
Deferred policy acquisition costs	30,956	14,082	15,246	60,284	-	60,284
Unallocated assets	-	-	-	1,727,998	1,407,212	3,135,210
<b>TOTAL ASSETS</b>	<b>120,289</b>	<b>154,114</b>	<b>898,228</b>	<b>2,900,629</b>	<b>1,407,212</b>	<b>4,307,841</b>
<b>LIABILITIES</b>						
Gross unearned premiums	733,908	220,814	214,117	1,168,839	-	1,168,839
Unearned reinsurance commission	-	24,325	16,884	41,209	-	41,209
Gross outstanding claims	234,778	(25)	655,454	890,207	-	890,207
Claims incurred but not reported	280,949	109,826	103,766	494,541	-	494,541
Premium deficiency reserves	23,436	14,105	2,142	39,683	-	39,683
Other technical reserves	12,154	6,220	7,825	26,199	-	26,199
Unallocated liabilities and insurance operations` surplus	-	-	-	824,834	45,760	870,594
<b>TOTAL LIABILITIES AND INSURANCE OPERATIONS` SURPLUS</b>	<b>1,285,225</b>	<b>375,265</b>	<b>1,000,188</b>	<b>3,485,512</b>	<b>45,760</b>	<b>3,531,272</b>

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As at December 31, 2020 (Audited)

**22 Operating segments (Continued)**

	Medical	Motor	Property & casualty	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000					
<b>ASSETS</b>						
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
<b>TOTAL ASSETS</b>	<b>207,268</b>	<b>148,302</b>	<b>660,891</b>	<b>2,514,038</b>	<b>1,334,431</b>	<b>3,848,469</b>
<b>LIABILITIES</b>						
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
<b>TOTAL LIABILITIES AND INSURANCE OPERATIONS` SURPLUS</b>	<b>1,330,533</b>	<b>335,327</b>	<b>748,558</b>	<b>3,046,929</b>	<b>41,843</b>	<b>3,088,772</b>

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**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

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

**22 Operating segments (Continued)**

	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
<b><u>REVENUES</u></b>						
Gross premiums written						
-Direct	134,919	70,318	87,508	292,745	-	292,745
-Reinsurance	-	-	-	-	-	-
	134,919	70,318	87,508	292,745	-	292,745
Re-insurance premiums ceded						
-Local	(11,300)	(7,189)	(6,034)	(24,523)	-	(24,523)
-Abroad	-	(20,946)	(66,233)	(87,179)	-	(87,179)
	(11,300)	(28,135)	(72,267)	(111,702)	-	(111,702)
Excess of loss premiums	(9,875)	(1,626)	(3,758)	(15,259)		(15,259)
<b>Net premiums written</b>	<b>113,744</b>	<b>40,557</b>	<b>11,483</b>	<b>165,784</b>	<b>-</b>	<b>165,784</b>
Changes in unearned premiums, net	275,678	12,551	(290)	287,939	-	287,939
<b>Net premiums earned</b>	<b>389,422</b>	<b>53,108</b>	<b>11,193</b>	<b>453,723</b>	<b>-</b>	<b>453,723</b>
Re-insurance commission income	-	9,788	6,827	16,615	-	16,615
<b><u>TOTAL REVENUES</u></b>	<b>389,422</b>	<b>62,896</b>	<b>18,020</b>	<b>470,338</b>	<b>-</b>	<b>470,338</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	(462,402)	(91,906)	(12,512)	(566,820)	-	(566,820)
Expenses incurred related to claims	(2,800)	(1,726)	(702)	(5,228)	-	(5,228)
Hospital discount	16,172	-	-	16,172	-	16,172
Reinsurers' share of claims paid	63,207	39,569	10,866	113,642	-	113,642
<b>Net claims and other benefits paid</b>	<b>(385,823)</b>	<b>(54,063)</b>	<b>(2,348)</b>	<b>(442,234)</b>	<b>-</b>	<b>(442,234)</b>
Changes in outstanding claims, net	21,857	1,597	(1,037)	22,417	-	22,417
Changes in incurred but not reported claims, net	45,014	6,608	676	52,298	-	52,298
<b>Net claims and other benefits incurred</b>	<b>(318,952)</b>	<b>(45,858)</b>	<b>(2,709)</b>	<b>(367,519)</b>	<b>-</b>	<b>(367,519)</b>
Changes in premium deficiency reserve	(4,670)	(3,915)	1,051	(7,534)	-	(7,534)
Other technical reserves	2,733	829	(2,028)	1,534	-	1,534
Policy acquisition costs	(17,335)	(6,083)	(4,391)	(27,809)	-	(27,809)
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>	<b>(338,224)</b>	<b>(55,027)</b>	<b>(8,077)</b>	<b>(401,328)</b>	<b>-</b>	<b>(401,328)</b>
<b>NET UNDERWRITING INCOME</b>	<b>51,198</b>	<b>7,869</b>	<b>9,943</b>	<b>69,010</b>	<b>-</b>	<b>69,010</b>
<b><u>OTHER OPERATING (EXPENSES) / INCOME</u></b>						
Reversal of doubtful debts				15,310	-	15,310
General and administrative expenses				(85,296)	(1,206)	(86,502)
Special commission income				540	2,810	3,350
Income from investment in associate				-	1,378	1,378
Dividend income				-	1,873	1,873
Realized gain on available for sale investment				-	3,786	3,786
Other income				652	-	652
<b>Total Other Operating Expenses, net</b>				<b>(68,794)</b>	<b>8,641</b>	<b>(60,153)</b>
<b><u>NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u></b>				<b>216</b>	<b>8,641</b>	<b>8,857</b>

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**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

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

**22 Operating segments (Continued)**

Operating segments (Continued)	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
<u>REVENUES</u>						
Gross premiums written						
-Direct	141,354	69,480	40,861	251,695	-	251,695
-Reinsurance	-	-	-	-	-	-
	141,354	69,480	40,861	251,695	-	251,695
Re-insurance premiums ceded						
-Local	-	-	(135)	(135)	-	(135)
-Abroad	(4,884)	(33,019)	(29,662)	(67,565)	-	(67,565)
	(4,884)	(33,019)	(29,797)	(67,700)	-	(67,700)
Excess of loss premiums	(9,467)	(987)	(3,496)	(13,950)	-	(13,950)
Net premiums written	127,003	35,474	7,568	170,045	-	170,045
Changes in unearned premiums, net	197,536	22,672	2,303	222,511	-	222,511
Net premiums earned	324,539	58,146	9,871	392,556	-	392,556
Re-insurance commission income	26,239	13,150	7,190	46,579	-	46,579
<u>TOTAL REVENUES</u>	350,778	71,296	17,061	439,135	-	439,135
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(454,806)	(39,751)	(14,540)	(509,097)	-	(509,097)
Expenses incurred related to claims	(3,858)	(3,875)	(168)	(7,901)	-	(7,901)
Hospital discount	18,601	-	-	18,601	-	18,601
Re-insurers' share of claims paid	88,396	18,360	14,523	121,279	-	121,279
Net claims and other benefits paid	(351,667)	(25,266)	(185)	(377,118)	-	(377,118)
Changes in outstanding claims, net	154,084	(4,475)	(4,700)	144,909	-	144,909
Changes in incurred but not reported claims, net	(10,741)	(1,453)	(2,472)	(14,666)	-	(14,666)
Net claims and other benefits incurred	(208,324)	(31,194)	(7,357)	(246,875)	-	(246,875)
Changes in premium deficiency reserve	(25,615)	(8,765)	(1,535)	(35,915)	-	(35,915)
Other technical reserves	398	(259)	(328)	(189)	-	(189)
Policy acquisition costs	(25,154)	(4,825)	(4,211)	(34,190)	-	(34,190)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(258,695)	(45,043)	(13,431)	(317,169)	-	(317,169)
NET UNDERWRITING INCOME	92,083	26,253	3,630	121,966	-	121,966
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Provision for doubtful debts				(17,615)	-	(17,615)
General and administrative expenses				(90,361)	(1,472)	(91,833)
Special commission income				1,920	1,845	3,765
Income from investment in associate				-	2,211	2,211
Dividend income				-	2,410	2,410
Realized gain on available for sale investment				-	617	617
Other income				7,855	-	7,855
<u>Total Other Operating Expenses, net</u>				(98,201)	5,611	(92,590)
<u>NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u>						
				23,765	5,611	29,376

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

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

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

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

**22 Operating segments (Continued)**

**REVENUES**

Gross premiums written

-Direct

-Reinsurance

Re-insurance premiums ceded

-Local

-Abroad

Excess of loss premiums

**Net premiums written**

Changes in unearned premiums, net

**Net premiums earned**

Re-insurance commission income

**TOTAL REVENUES**

**UNDERWRITING COSTS AND EXPENSES**

Gross claims paid

Expenses incurred related to claims

Hospital discount

Reinsurers' share of claims paid

**Net claims and other benefits paid**

Changes in outstanding claims, net

Changes in incurred but not reported claims, net

**Net claims and other benefits incurred**

Changes in premium deficiency reserve

Other technical reserves

Policy acquisition costs

**TOTAL UNDERWRITING COSTS AND**

**EXPENSES**

**NET UNDERWRITING INCOME**

**OTHER OPERATING (EXPENSES) /**  
**INCOME**

Reversal of doubtful debts

General and administrative expenses

Special commission income

Income from investment in associate

Dividend income

Realized gain on available for sale investment

Other income

**Total Other Operating Expenses, net**

**NET INCOME FOR THE PERIOD**

**BEFORE APPROPRIATION AND**

**BEFORE ZAKAT AND INCOME TAX**

	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
Gross premiums written						
-Direct	883,843	243,530	194,287	1,321,660	-	1,321,660
-Reinsurance	-	-	-	-	-	-
	883,843	243,530	194,287	1,321,660	-	1,321,660
Re-insurance premiums ceded						
-Local	(75,815)	(26,298)	(12,867)	(114,980)	-	(114,980)
-Abroad	-	(70,662)	(148,631)	(219,293)	-	(219,293)
	(75,815)	(96,960)	(161,498)	(334,273)	-	(334,273)
Excess of loss premiums	(19,750)	(3,251)	(7,518)	(30,519)		(30,519)
<b>Net premiums written</b>	<b>788,278</b>	<b>143,319</b>	<b>25,271</b>	<b>956,868</b>	<b>-</b>	<b>956,868</b>
Changes in unearned premiums, net	289	(40,598)	(5,062)	(45,371)	-	(45,371)
<b>Net premiums earned</b>	<b>788,567</b>	<b>102,721</b>	<b>20,209</b>	<b>911,497</b>	<b>-</b>	<b>911,497</b>
Re-insurance commission income	-	20,810	14,130	34,940	-	34,940
<b>TOTAL REVENUES</b>	<b>788,567</b>	<b>123,531</b>	<b>34,339</b>	<b>946,437</b>	<b>-</b>	<b>946,437</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	(793,973)	(179,356)	(33,777)	(1,007,106)	-	(1,007,106)
Expenses incurred related to claims	(4,906)	(3,732)	(1,377)	(10,015)	-	(10,015)
Hospital discount	41,362	-	-	41,362	-	41,362
Reinsurers' share of claims paid	145,122	80,299	31,488	256,909	-	256,909
<b>Net claims and other benefits paid</b>	<b>(612,395)</b>	<b>(102,789)</b>	<b>(3,666)</b>	<b>(718,850)</b>	<b>-</b>	<b>(718,850)</b>
Changes in outstanding claims, net	(48,151)	(1,423)	(9,436)	(59,010)	-	(59,010)
Changes in incurred but not reported claims, net	16,823	13,088	(319)	29,592	-	29,592
<b>Net claims and other benefits incurred</b>	<b>(643,723)</b>	<b>(91,124)</b>	<b>(13,421)</b>	<b>(748,268)</b>	<b>-</b>	<b>(748,268)</b>
Changes in premium deficiency reserve	(3,513)	(4,591)	(123)	(8,227)	-	(8,227)
Other technical reserves	2,442	1,121	(2,467)	1,096	-	1,096
Policy acquisition costs	(23,527)	(12,048)	(8,576)	(44,151)	-	(44,151)
<b>TOTAL UNDERWRITING COSTS AND</b>	<b>(668,321)</b>	<b>(106,642)</b>	<b>(24,587)</b>	<b>(799,550)</b>	<b>-</b>	<b>(799,550)</b>
<b>EXPENSES</b>						
<b>NET UNDERWRITING INCOME</b>	<b>120,246</b>	<b>16,889</b>	<b>9,752</b>	<b>146,887</b>	<b>-</b>	<b>146,887</b>
<b><u>OTHER OPERATING (EXPENSES) /</u></b>						
<b><u>INCOME</u></b>						
Reversal of doubtful debts				11,310	-	11,310
General and administrative expenses				(155,108)	(2,299)	(157,407)
Special commission income				732	5,751	6,483
Income from investment in associate				-	1,378	1,378
Dividend income				-	3,722	3,722
Realized gain on available for sale investment				-	4,944	4,944
Other income				1,060	-	1,060
<b>Total Other Operating Expenses, net</b>				<b>(142,006)</b>	<b>13,496</b>	<b>(128,510)</b>
<b><u>NET INCOME FOR THE PERIOD</u></b>						
<b><u>BEFORE APPROPRIATION AND</u></b>						
<b><u>BEFORE ZAKAT AND INCOME TAX</u></b>				<b>4,881</b>	<b>13,496</b>	<b>18,377</b>

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

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

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

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

**22 Operating segments (Continued)**

Operating segments (Continued)	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
<u>REVENUES</u>						
Gross premiums written						
-Direct	1,040,111	287,949	183,853	1,511,913	-	1,511,913
-Reinsurance	-	-	-	-	-	-
	1,040,111	287,949	183,853	1,511,913	-	1,511,913
Re-insurance premiums ceded						
-Local	-	-	(615)	(615)	-	(615)
-Abroad	(449,802)	(137,679)	(151,916)	(739,397)	-	(739,397)
	(449,802)	(137,679)	(152,531)	(740,012)	-	(740,012)
Excess of loss premiums	(19,288)	(1,974)	(6,991)	(28,253)	-	(28,253)
Net premiums written	571,021	148,296	24,331	743,648	-	743,648
Changes in unearned premiums, net	90,865	(38,781)	(6,693)	45,391	-	45,391
Net premiums earned	661,886	109,515	17,638	789,039	-	789,039
Re-insurance commission income	50,446	24,975	13,434	88,855	-	88,855
<u>TOTAL REVENUES</u>	712,332	134,490	31,072	877,894	-	877,894
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(702,728)	(107,857)	(38,526)	(849,111)	-	(849,111)
Expenses incurred related to claims	(3,858)	(8,837)	(946)	(13,641)	-	(13,641)
Hospital discount	39,800	-	-	39,800	-	39,800
Re-insurers' share of claims paid	116,785	48,439	37,680	202,904	-	202,904
Net claims and other benefits paid	(550,001)	(68,255)	(1,792)	(620,048)	-	(620,048)
Changes in outstanding claims, net	63,944	(145,348)	(4,210)	(85,614)	-	(85,614)
Changes in incurred but not reported claims, net	(2,365)	140,040	(4,122)	133,553	-	133,553
Net claims and other benefits incurred	(488,422)	(73,563)	(10,124)	(572,109)	-	(572,109)
Changes in premium deficiency reserve	(20,195)	(7,950)	1,083	(27,062)	-	(27,062)
Other technical reserves	(25)	1,791	(463)	1,303	-	1,303
Policy acquisition costs	(35,515)	(9,651)	(11,022)	(56,188)	-	(56,188)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(544,157)	(89,373)	(20,526)	(654,056)	-	(654,056)
NET UNDERWRITING INCOME	168,175	45,117	10,546	223,838	-	223,838
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Provision for doubtful debts				(24,615)	-	(24,615)
General and administrative expenses				(180,792)	(2,796)	(183,588)
Special commission income				3,741	5,186	8,927
Income from investment in associate				-	2,211	2,211
Dividend income				-	2,410	2,410
Realized gain on available for sale investment				-	617	617
Other income				8,515	-	8,515
<u>Total Other Operating Expenses, net</u>				(193,151)	7,628	(185,523)
<u>NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u>						
				30,687	7,628	38,315

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

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

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

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

**22 Operating segments (Continued)**

**Gross premiums written**

	Medical	Motor	Property & casualty	Total
	SAR'000			
Large enterprise	53,053	4,801	79,209	137,063
Medium enterprise	27,389	378	4,634	32,401
Small enterprise	39,101	869	2,737	42,707
Micro enterprise	15,356	788	483	16,627
Individual	20	63,482	445	63,947
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>134,919</b>	<b>70,318</b>	<b>87,508</b>	<b>292,745</b>

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

**Operating segments**

**Gross premiums written**

	Medical	Motor	Property & casualty	Total
	SAR'000			
Large enterprise	25,486	31,741	23,425	80,652
Medium enterprise	39,249	2,322	9,604	51,175
Small enterprise	36,014	2,959	6,524	45,497
Micro enterprise	29,978	904	1,067	31,949
Individual	10,627	31,554	241	42,422
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>141,354</b>	<b>69,480</b>	<b>40,861</b>	<b>251,695</b>

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

**Operating segments**

**Gross premiums written**

	Medical	Motor	Property & casualty	Total
	SAR'000			
Large enterprise	723,723	71,312	159,543	954,578
Medium enterprise	49,476	8,417	22,887	80,780
Small enterprise	73,258	36,735	7,189	117,182
Micro enterprise	37,341	2,073	3,139	42,553
Individual	45	124,993	1,529	126,567
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>883,843</b>	<b>243,530</b>	<b>194,287</b>	<b>1,321,660</b>

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

**Operating segments**

**Gross premiums written**

	Medical	Motor	Property & casualty	Total
	SAR'000			
Large enterprise	710,427	169,275	105,559	985,261
Medium enterprise	146,057	25,998	50,158	222,213
Small enterprise	99,718	6,897	20,367	126,982
Micro enterprise	67,770	2,394	6,369	76,533
Individual	16,139	83,385	1,400	100,924
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>1,040,111</b>	<b>287,949</b>	<b>183,853</b>	<b>1,511,913</b>



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

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

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**23 SUPPLEMENTARY INFORMATION**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

	SAR '000					
	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	254,622	16,775	271,397	351,433	66,076	417,509
Short term deposits	200,348	7,446	207,794	-	18,477	18,477
Premium and reinsurers' receivable, net	890,736	-	890,736	866,983	-	866,983
Reinsurers' share of unearned premiums	320,727	-	320,727	220,301	-	220,301
Reinsurers' share of outstanding claims	619,707	-	619,707	474,022	-	474,022
Reinsurers' share of claims incurred but not reported	171,913	-	171,913	261,982	-	261,982
Deferred policy acquisition costs	60,284	-	60,284	60,156	-	60,156
Due from related parties, net	1,994	-	1,994	1,994	-	1,994
Due from / to shareholders` / insurance operation	580,023	(580,023)	-	527,888	(527,888)	-
Prepayment and other assets, net	263,512	8,498	272,010	226,738	3,104	229,842
Available for sale investments	30,645	705,604	736,249	10,502	580,414	590,916
Long term deposits	50,000	-	50,000	-	-	-
Right of use assets, net	12,116	-	12,116	16,285	-	16,285
Property and equipment, net	16,734	30,000	46,734	16,548	30,000	46,548
Intangible assets, net	7,291	-	7,291	7,094	-	7,094
Statutory deposit	-	120,000	120,000	-	120,000	120,000
Investment in an associate	-	11,112	11,112	-	9,734	9,734
Accrued commission on statutory deposit	-	27,777	27,777	-	26,626	26,626
Goodwill	-	480,000	480,000	-	480,000	480,000
<b>TOTAL ASSETS</b>	<b>3,480,652</b>	<b>827,189</b>	<b>4,307,841</b>	<b>3,041,926</b>	<b>806,543</b>	<b>3,848,469</b>

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

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

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**23 SUPPLEMENTARY INFORMATION (Continued)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)**

	SAR '000					
	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b><u>LIABILITIES</u></b>						
Accrued expenses and other liabilities	238,883	2,020	240,903	191,120	1,012	192,132
Accounts and commission payable	168,854	-	168,854	144,715	-	144,715
Lease liability	12,934	-	12,934	16,596	-	16,596
Reinsurers' balances payable	299,641	-	299,641	165,531	-	165,531
Gross unearned premiums	1,168,839	-	1,168,839	1,023,041	-	1,023,041
Unearned reinsurance commission	41,209	-	41,209	32,914	-	32,914
Gross outstanding claims	890,207	-	890,207	685,512	-	685,512
Claims incurred but not reported	494,541	-	494,541	614,201	-	614,201
Premium deficiency reserve	39,683	-	39,683	31,456	-	31,456
Other technical reserves	26,199	-	26,199	27,294	-	27,294
Due to a related party	336	-	336	751	-	751
End of service indemnities	19,317	-	19,317	24,405	-	24,405
Surplus distribution payable	84,869	-	84,869	89,393	-	89,393
Zakat & income tax	-	14,025	14,025	-	12,767	12,767
Deferred tax liability	-	1,938	1,938	-	1,438	1,438
Accrued commission income payable to SAMA	-	27,777	27,777	-	26,626	26,626
<b><u>TOTAL LIABILITIES</u></b>	<b>3,485,512</b>	<b>45,760</b>	<b>3,531,272</b>	<b>3,046,929</b>	<b>41,843</b>	<b>3,088,772</b>
<b><u>INSURANCE OPERATIONS' (DEFICIT) / SURPLUS</u></b>						
Fair values reserve gain on investments	645	-	645	502	-	502
Re-measurement of defined benefit liability – employees benefits	(5,505)	-	(5,505)	(5,505)	-	(5,505)
<b><u>TOTAL INSURANCE OPERATIONS' (DEFICIT) / SURPLUS</u></b>	<b>(4,860)</b>	<b>-</b>	<b>(4,860)</b>	<b>(5,003)</b>	<b>-</b>	<b>(5,003)</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>						
Share capital	-	700,000	700,000	-	800,000	800,000
Statutory reserve	-	26,135	26,135	-	26,135	26,135
Retained earnings / (Accumulated losses)	-	13,820	13,820	-	(99,569)	(99,569)
Fair values reserve gain on investments	-	41,474	41,474	-	38,134	38,134
<b><u>TOTAL SHAREHOLDERS' EQUITY</u></b>	<b>-</b>	<b>781,429</b>	<b>781,429</b>	<b>-</b>	<b>764,700</b>	<b>764,700</b>
<b><u>TOTAL LIABILITIES, INSURANCE OPERATIONS' (DEFICIT) / SURPLUS AND SHAREHOLDERS' EQUITY</u></b>	<b>3,480,652</b>	<b>827,189</b>	<b>4,307,841</b>	<b>3,041,926</b>	<b>806,543</b>	<b>3,848,469</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)  
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**23 SUPPLEMENTARY INFORMATION (Continued)**

**INTERIM CONDENSED STATEMENT OF INCOME**

	SAR '000					
	For the three month period ended June 30					
	June 30, 2021 (Unaudited)			June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b><u>REVENUES</u></b>						
Gross premiums written						
-Direct	292,745	-	292,745	251,695	-	251,695
-Reinsurance	-	-	-	-	-	-
	292,745	-	292,745	251,695	-	251,695
Reinsurance premiums ceded						
-Local	(24,523)	-	(24,523)	(135)	-	(135)
-Abroad	(87,179)	-	(87,179)	(67,565)	-	(67,565)
	(111,702)	-	(111,702)	(67,700)	-	(67,700)
Excess of loss expenses – foreign	(15,259)	-	(15,259)	(13,950)	-	(13,950)
Net written premiums	165,784	-	165,784	170,045	-	170,045
Changes in unearned premiums, net	287,939	-	287,939	222,511	-	222,511
<b>Net premiums earned</b>	<b>453,723</b>	<b>-</b>	<b>453,723</b>	<b>392,556</b>	<b>-</b>	<b>392,556</b>
Re-insurance commissions	16,615	-	16,615	46,579	-	46,579
<b><u>TOTAL REVENUES</u></b>	<b>470,338</b>	<b>-</b>	<b>470,338</b>	<b>439,135</b>	<b>-</b>	<b>439,135</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	(566,820)	-	(566,820)	(509,097)	-	(509,097)
Expenses incurred related to claims	(5,228)	-	(5,228)	(7,901)	-	(7,901)
Hospital discount	16,172	-	16,172	18,601	-	18,601
Reinsurers' share of claims paid	113,642	-	113,642	121,279	-	121,279
<b>Net claims and other benefits paid</b>	<b>(442,234)</b>	<b>-</b>	<b>(442,234)</b>	<b>(377,118)</b>	<b>-</b>	<b>(377,118)</b>
Changes in outstanding claims, net	22,417	-	22,417	144,909	-	144,909
Changes in incurred but not reported claims, net	52,298	-	52,298	(14,666)	-	(14,666)
<b>Net claims and other benefits incurred</b>	<b>(367,519)</b>	<b>-</b>	<b>(367,519)</b>	<b>(246,875)</b>	<b>-</b>	<b>(246,875)</b>
Changes in premium deficiency reserve	(7,534)	-	(7,534)	(35,915)	-	(35,915)
Other technical reserves	1,534	-	1,534	(189)	-	(189)
Policy acquisition costs	(27,809)	-	(27,809)	(34,190)	-	(34,190)
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>	<b>(401,328)</b>	<b>-</b>	<b>(401,328)</b>	<b>(317,169)</b>	<b>-</b>	<b>(317,169)</b>
<b>NET UNDERWRITING INCOME/ (LOSS)</b>	<b>69,010</b>	<b>-</b>	<b>69,010</b>	<b>121,966</b>	<b>-</b>	<b>121,966</b>
<b><u>OTHER OPERATING (EXPENSES)/ INCOME</u></b>						
Reversal of / (Allowance for) doubtful debts	15,310	-	15,310	(17,615)	-	(17,615)
General and administrative expenses	(85,296)	(1,206)	(86,502)	(90,361)	(1,472)	(91,833)
Special commission income	540	2,810	3,350	1,920	1,845	3,765
Income from investment in associate	-	1,378	1,378	-	2,211	2,211
Dividend income	-	1,873	1,873	-	2,410	2,410
Realized gain on available for sale investment	-	3,786	3,786	-	617	617
Other income	652	-	652	7,855	-	7,855
<b><u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u></b>	<b>(68,794)</b>	<b>8,641</b>	<b>(60,153)</b>	<b>(98,201)</b>	<b>5,611</b>	<b>(92,590)</b>
<b><u>NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u></b>	<b>216</b>	<b>8,641</b>	<b>8,857</b>	<b>23,765</b>	<b>5,611</b>	<b>29,376</b>
Shareholders' appropriation from surplus	(194)	194	-	(21,389)	21,389	-
<b><u>NET INCOME FOR THE PERIOD AFTER APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u></b>	<b>22</b>	<b>8,835</b>	<b>8,857</b>	<b>2,376</b>	<b>27,000</b>	<b>29,376</b>
Zakat and income tax						
Current zakat and income tax	-	(2,000)	(2,000)	-	(3,523)	(3,523)
Deferred tax	-	(251)	(251)	-	(491)	(491)
<b><u>NET INCOME FOR THE PERIOD</u></b>	<b>22</b>	<b>6,584</b>	<b>6,606</b>	<b>2,376</b>	<b>22,986</b>	<b>25,362</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)  
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**23 SUPPLEMENTARY INFORMATION (Continued)**

**INTERIM CONDENSED STATEMENT OF INCOME**

	SAR '000					
	For the six month period ended June 30					
	June 30, 2021 (Unaudited)			June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b><u>REVENUES</u></b>						
Gross premiums written						
-Direct	1,321,660	-	1,321,660	1,511,913	-	1,511,913
-Reinsurance	-	-	-	-	-	-
	1,321,660	-	1,321,660	1,511,913	-	1,511,913
Reinsurance premiums ceded						
-Local	(114,980)	-	(114,980)	(615)	-	(615)
-Abroad	(219,293)	-	(219,293)	(739,397)	-	(739,397)
	(334,273)	-	(334,273)	(740,012)	-	(740,012)
Excess of loss expenses – foreign	(30,519)	-	(30,519)	(28,253)	-	(28,253)
Net written premiums	956,868	-	956,868	743,648	-	743,648
Changes in unearned premiums, net	(45,371)	-	(45,371)	45,391	-	45,391
<b>Net premiums earned</b>	<b>911,497</b>	<b>-</b>	<b>911,497</b>	<b>789,039</b>	<b>-</b>	<b>789,039</b>
Re-insurance commissions	34,940	-	34,940	88,855	-	88,855
<b><u>TOTAL REVENUES</u></b>	<b>946,437</b>	<b>-</b>	<b>946,437</b>	<b>877,894</b>	<b>-</b>	<b>877,894</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	(1,007,106)	-	(1,007,106)	(849,111)	-	(849,111)
Expenses incurred related to claims	(10,015)	-	(10,015)	(13,641)	-	(13,641)
Hospital discount	41,362	-	41,362	39,800	-	39,800
Reinsurers' share of claims paid	256,909	-	256,909	202,904	-	202,904
<b>Net claims and other benefits paid</b>	<b>(718,850)</b>	<b>-</b>	<b>(718,850)</b>	<b>(620,048)</b>	<b>-</b>	<b>(620,048)</b>
Changes in outstanding claims, net	(59,010)	-	(59,010)	(85,614)	-	(85,614)
Changes in incurred but not reported claims, net	29,592	-	29,592	133,553	-	133,553
<b>Net claims and other benefits incurred</b>	<b>(748,268)</b>	<b>-</b>	<b>(748,268)</b>	<b>(572,109)</b>	<b>-</b>	<b>(572,109)</b>
Changes in premium deficiency reserve	(8,227)	-	(8,227)	(27,062)	-	(27,062)
Other technical reserves	1,096	-	1,096	1,303	-	1,303
Policy acquisition costs	(44,151)	-	(44,151)	(56,188)	-	(56,188)
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>	<b>(799,550)</b>	<b>-</b>	<b>(799,550)</b>	<b>(654,056)</b>	<b>-</b>	<b>(654,056)</b>
<b>NET UNDERWRITING INCOME/ (LOSS)</b>	<b>146,887</b>	<b>-</b>	<b>146,887</b>	<b>223,838</b>	<b>-</b>	<b>223,838</b>
<b><u>OTHER OPERATING (EXPENSES)/ INCOME</u></b>						
Reversal of / (Allowance for) doubtful debts	11,310	-	11,310	(24,615)	-	(24,615)
General and administrative expenses	(155,108)	(2,299)	(157,407)	(180,792)	(2,796)	(183,588)
Special commission income	732	5,751	6,483	3,741	5,186	8,927
Income from investment in associate	-	1,378	1,378	-	2,211	2,211
Dividend income	-	3,722	3,722	-	2,410	2,410
Realized gain on available for sale investment	-	4,944	4,944	-	617	617
Other income	1,060	-	1,060	8,515	-	8,515
<b><u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u></b>	<b>(142,006)</b>	<b>13,496</b>	<b>(128,510)</b>	<b>(193,151)</b>	<b>7,628</b>	<b>(185,523)</b>
<b><u>NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u></b>	<b>4,881</b>	<b>13,496</b>	<b>18,377</b>	<b>30,687</b>	<b>7,628</b>	<b>38,315</b>
Shareholders' appropriation from surplus	(4,393)	4,393	-	(27,618)	27,618	-
<b><u>NET INCOME FOR THE PERIOD AFTER APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u></b>	<b>488</b>	<b>17,889</b>	<b>18,377</b>	<b>3,069</b>	<b>35,246</b>	<b>38,315</b>
Zakat and income tax						
Current zakat and income tax	-	(4,000)	(4,000)	-	(7,046)	(7,046)
Deferred tax	-	(500)	(500)	-	(980)	(980)
<b>NET INCOME FOR THE PERIOD</b>	<b>488</b>	<b>13,389</b>	<b>13,877</b>	<b>3,069</b>	<b>27,220</b>	<b>30,289</b>

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

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

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**23 SUPPLEMENTARY INFORMATION (Continued)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	For the three month period ended June 30 (Unaudited)					
	SAR '000					
	2021			2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net income for the period	22	6,584	6,606	2,376	22,986	25,362
Other comprehensive income						
Items that are or may be reclassified to statement of income in subsequent periods						
Available for sale investments						
- Net change in fair values	72	2,552	2,624	111	12,590	12,701
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>94</b>	<b>9,136</b>	<b>9,230</b>	<b>2,487</b>	<b>35,576</b>	<b>38,063</b>
<b>Reconciliation:</b>						
<b>Less: Net income attributable to insurance operations and transferred to surplus distribution payable.</b>			(22)			(2,376)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			<b>9,208</b>			<b>35,687</b>

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**23 SUPPLEMENTARY INFORMATION (Continued)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	For the six month period ended June 30 (Unaudited)					
	SAR '000					
	2021			2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net income for the period	488	13,389	13,877	3,069	27,220	30,289
Other comprehensive income / (loss)						
Items that are or may be reclassified to statement of income in subsequent periods						
Available for sale investments						
- Net change in fair values	143	3,340	3,483	181	(5,736)	(5,555)
<b><u>TOTAL COMPREHENSIVE INCOME</u></b>	<b>631</b>	<b>16,729</b>	<b>17,360</b>	<b>3,250</b>	<b>21,484</b>	<b>24,734</b>
<b><u>Reconciliation:</u></b>						
<b><u>Less:</u></b> Net income attributable to insurance operations and transferred to surplus distribution payable.			(488)			(3,069)
<b><u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u></b>			<b>16,872</b>			<b>21,665</b>

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**

**FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**23 SUPPLEMENTARY INFORMATION (Continued)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS**

	SAR '000					
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	For the six month period ended June 30, 2021			For the six month period ended June 30, 2020		
	Unaudited			Unaudited		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income for the period before zakat and income tax	488	17,889	18,377	3,069	35,246	38,315
Adjustments for non-cash items:						
Depreciation and amortization	4,598	-	4,598	4,695	-	4,695
Allowance for / (Reversal of) doubtful debts	(11,310)	-	(11,310)	24,615	-	24,615
Provision for end of service indemnities	(1,898)	-	(1,898)	(2,424)	-	(2,424)
	(8,122)	17,889	9,767	29,955	35,246	65,201
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(12,443)	-	(12,443)	(74,563)	-	(74,563)
Reinsurers' share of unearned premiums	(100,426)	-	(100,426)	(234,136)	-	(234,136)
Reinsurers' share of outstanding claims	(145,685)	-	(145,685)	(65,599)	-	(65,599)
Reinsurers' share of claims Incurred but not reported	90,069	-	90,069	(16,638)	-	(16,638)
Deferred policy acquisition costs	(128)	-	(128)	(2,701)	-	(2,701)
Prepayment and other assets	(36,774)	(5,394)	(42,168)	129,953	(5,441)	124,512
Deposit against letter of guarantee	11,152	-	11,152	(267)	-	(267)
Right of use assets	4,169	-	4,169	4,115	-	4,115
Accounts and commission payable	24,139	-	24,139	(66,367)	-	(66,367)
Accrued expenses and other liabilities	47,763	1,008	48,771	(37,864)	(141)	(38,005)
Lease liability	(3,662)	-	(3,662)	(4,664)	-	(4,664)
Reinsurers' balances payable	134,110	-	134,110	299,239	-	299,239
Gross unearned premiums	145,798	-	145,798	188,746	-	188,746
Unearned reinsurance commission	8,295	-	8,295	65,574	-	65,574
Gross outstanding claims	204,695	-	204,695	151,213	-	151,213
Claims incurred but not reported	(119,660)	-	(119,660)	(116,914)	-	(116,914)
Premium deficiency reserves	8,227	-	8,227	27,062	-	27,062
Other technical reserves	(1,095)	-	(1,095)	(1,304)	-	(1,304)
Due from related party	-	-	-	(1,931)	-	(1,931)
Due to related party	(415)	-	(415)	(16,882)	-	(16,882)
	250,007	13,503	263,510	256,027	29,664	285,691
Surplus paid to policyholders	(5,012)	-	(5,012)	(8,575)	-	(8,575)
Payment of employees end of service indemnities	(3,190)	-	(3,190)	(5,694)	-	(5,694)
Zakat and income tax paid	-	(2,742)	(2,742)	-	-	-
<b>Net cash from / (used in) operating activities</b>	<b>241,805</b>	<b>10,761</b>	<b>252,566</b>	<b>241,758</b>	<b>29,664</b>	<b>271,422</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Dividend from investment in an associate	-	-	-	-	1,678	1,678
Changes in investment in an associate	-	(1,378)	(1,378)	-	(2,211)	(2,211)
Interest on statutory deposit	-	(1,151)	(1,151)	-	1,807	1,807
Interest payable on statutory deposit	-	1,151	1,151	-	(1,807)	(1,807)
Net purchase of available for sale investments	(20,000)	(121,850)	(141,850)	-	(69,426)	(69,426)
(Placements) / proceeds in / from short term deposits	(200,348)	11,031	(189,317)	(65,186)	131,218	66,032
Placements in long term deposits	(50,000)	-	(50,000)	-	-	-
Additions in property, equipment and intangible	(4,981)	-	(4,981)	(7,518)	-	(7,518)
<b>Net cash (used in) / generated from investing activities</b>	<b>(275,329)</b>	<b>(112,197)</b>	<b>(387,526)</b>	<b>(72,704)</b>	<b>61,259</b>	<b>(11,445)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Due to / (from) shareholders operation	(52,135)	52,135	-	45,614	(45,614)	-
<b>Net cash generated / (used in) from financing activities</b>	<b>(52,135)</b>	<b>52,135</b>	<b>-</b>	<b>45,614</b>	<b>(45,614)</b>	<b>-</b>
Net change in cash and cash equivalents	(85,659)	(49,301)	(134,960)	214,668	45,309	259,977
Cash and cash equivalents, beginning of the period	272,589	66,076	338,665	177,359	33,537	210,896
<b>Cash and cash equivalents, end of the period</b>	<b>186,930</b>	<b>16,775</b>	<b>203,705</b>	<b>392,027</b>	<b>78,846</b>	<b>470,873</b>

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)  
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021**

**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 29 Dhul Hijjah 1442H, corresponding to 08 August 2021G.