

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTHS PERIOD ENDED
31 MARCH 2020**

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020**

CONTENTS	PAGE NO.
Report on review of interim condensed financial statements	1
Interim condensed statement of financial position	2
Interim condensed statement of income	3
Interim condensed statement of comprehensive income	4
Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6 – 7
Notes to the interim condensed financial statements	8 – 41



El Sayed El Ayouty & Co.
Certified Public Accountants

P. O. Box 780
Jeddah 21421
Kingdom of Saudi Arabia
License No. 35 – 1408 H



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

P. O. Box 15651
Jeddah 21454
Kingdom of Saudi Arabia
License No. 520/11/323

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders
Gulf General Cooperative Insurance Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf General Cooperative Insurance Company - a Saudi Joint Stock Company (the "Company") as at 31 March 2020, and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three-months period then ended and a summary of significant accounting policies and related explanatory notes from 1 to 22 which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, as at 31 March 2020, in accordance with International Accounting Standard 34, "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

for El Sayed El Ayouty & Co.

Mohamed El Sayed El Ayouty
Certified Public Accountant
License No. 211

for Al-Bassam & Co.

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337

Jeddah, Kingdom of Saudi Arabia
25 Shawwal 1441H
17 June 2020



GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

		<i>31 March</i> <i>2020</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>SR'000</i>
ASSETS			
Cash and cash equivalents	4	120,072	113,815
Murabaha deposits	5	22,000	30,000
Premiums receivable, net	6	117,767	74,763
Due from reinsurers, net		19,463	17,430
Reinsurers' share of unearned premiums	8.2	45,972	33,197
Reinsurers' share of outstanding claims	8.1	9,692	12,441
Reinsurers' share of claims incurred but not reported	8.1	9,193	13,952
Reinsurers' excess of loss claims		294	200
Deferred policy acquisition costs		11,253	9,322
Investments	7	35,333	43,348
Prepayments and other assets		11,226	8,549
Right-of-use assets		3,469	3,735
Property and equipment		5,683	5,459
Intangible assets		6,384	5,864
Goodwill	1.2	36,260	36,260
Statutory deposit	1.1	20,000	20,000
Accrued income on statutory deposit	1.1	1,988	1,866
TOTAL ASSETS		<u>476,049</u>	<u>430,201</u>
LIABILITIES			
Due to policyholders		8,458	10,750
Accrued expenses and other liabilities		14,730	14,557
Due to reinsurers		13,823	4,033
Due to brokers		14,086	13,080
Unearned premiums	8.2	176,593	126,260
Unearned reinsurance commission		8,626	6,008
Outstanding claims	8.1	31,206	31,478
Claims incurred but not reported	8.1	28,439	37,060
Premium deficiency reserve	8.1	96	3,801
Other technical reserves	8.1	2,907	2,212
Employees' defined benefit obligations		4,901	4,852
Lease liabilities		2,988	3,280
Surplus distribution payable		9,537	9,038
Accrued Zakat	14	3,843	3,342
Accrued income payable to SAMA	1.1	1,988	1,866
TOTAL LIABILITIES		<u>322,221</u>	<u>271,617</u>
SHAREHOLDERS' EQUITY			
Share capital	15	200,000	200,000
Statutory reserve		2,165	2,165
Accumulated losses		(48,644)	(43,888)
TOTAL SHAREHOLDERS' EQUITY		<u>153,521</u>	<u>158,277</u>
Re-measurement reserve of defined benefit obligations		307	307
TOTAL EQUITY		<u>153,828</u>	<u>158,584</u>
TOTAL LIABILITIES AND EQUITY		<u>476,049</u>	<u>430,201</u>
COMMITMENTS AND CONTINGENCIES	10	300	300


Director


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)
For the three-months period ended 31 March 2020

	Notes	31 March 2020 (Unaudited) SR'000	31 March 2019 (Unaudited) (Restated) SR'000
REVENUES			
Gross written premiums	9, 12 & 18	129,866	85,365
Less: Reinsurance contracts premiums ceded			
- Local reinsurance		(986)	(1,321)
- Foreign reinsurance		(33,598)	(28,991)
Excess of loss expenses		(2,300)	(3,216)
Net written premiums		92,982	51,837
Changes in unearned premiums, net		(37,558)	(15,343)
Net premiums earned		55,424	36,494
Reinsurance commissions		4,084	6,714
Other underwriting income		38	30
TOTAL REVENUES		59,546	43,238
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	12 & 18	52,360	51,884
Expenses incurred related to claims		3,171	1,690
Less: Reinsurers' share of claims paid		(13,418)	(26,171)
Net claims and other benefits paid		42,113	27,403
Change in outstanding claims, net		2,383	1,527
Changes in claims incurred but not reported, net		(3,863)	1,477
Net claims and other benefits incurred		40,633	30,407
(Reversal of) / provision for premium deficiency reserve		(3,705)	1,416
Other technical reserves		696	7
Policy acquisition costs		5,211	3,983
TOTAL UNDERWRITING COSTS AND EXPENSES		42,835	35,813
NET UNDERWRITING INCOME		16,711	7,425
OTHER OPERATING (EXPENSES) / INCOME			
Reversal of impairment of premium receivables	6.1	4,472	1,024
Allowance for impairment of reinsurance receivables		(403)	(379)
General and administration expenses		(18,937)	(14,800)
Commission income on deposits		648	1,096
Unrealized (loss) / gain on investments	7	(8,015)	6,113
Other income		1,792	2,163
TOTAL OTHER OPERATING EXPENSES, NET		(20,443)	(4,783)
Net (loss) / income for the period before allocation		(3,732)	2,642
Net income attributed to the insurance operations	18	(523)	--
Net (loss) / income for the period attributable to the shareholders		(4,255)	2,642
ZAKAT			
Zakat expense for the period	14	(501)	(1,000)
NET (LOSS) / INCOME FOR THE PERIOD		(4,756)	1,642
(Loss) / earnings per share (expressed in SR per share)			
Weighted average number of shares (in thousands)		20,000	20,000
(Loss) / earning per share – restated - 2019	17	(0.24)	0.08

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the three-months period ended 31 March 2020

	<i>31 March 2020 (Unaudited) SR'000</i>	<i>31 March 2019 (Unaudited) (Restated) SR'000</i>
NET (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	(4,756)	1,642
Other comprehensive income / (loss)		
<i>Items that will not be reclassified to the interim condensed statement of income in subsequent periods</i>		
Actuarial gains on defined benefit obligations	--	--
<i>Items that are or maybe reclassified to the interim condensed statement of income in subsequent periods</i>		
Other comprehensive income / (loss)	--	--
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(4,756)	1,642


Director


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)
For the three-months period ended 31 March 2020

	<i>For the three-months period ended 31 March 2020</i>				
<u>2020</u>	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Re- measurement reserve of defined benefit obligations SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2020 (audited)	200,000	2,165	(43,888)	307	158,584
<i>Total comprehensive income / (loss) for the period</i>					
Total comprehensive loss for the period	--	--	(4,756)	--	(4,756)
Balance as at 31 March 2020 (unaudited)	<u>200,000</u>	<u>2,165</u>	<u>(48,644)</u>	<u>307</u>	<u>153,828</u>
	<i>For the three-months period ended 31 March 2019</i>				
<u>2019</u>	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Re- measurement reserve of defined benefit obligations SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2019 (audited)	200,000	2,165	(43,038)	624	159,751
Impact on adoption of IFRS 16	--	--	98	--	98
Adjusted balance as at 1 January,	200,000	2,165	(42,940)	624	159,849
<i>Total comprehensive income / (loss) for the period</i>					
Total comprehensive income for the period (restated)	--	--	1,642	--	1,642
Balance as at 31 March 2019 (unaudited)	<u>200,000</u>	<u>2,165</u>	<u>(41,298)</u>	<u>624</u>	<u>161,491</u>


Director


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
For the three-months period ended 31 March 2020

	Notes	31 March 2020 (Unaudited) SR'000	31 March 2019 (Unaudited) SR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period before Zakat		(3,732)	2,642
Adjustments for non-cash items:			
Depreciation		517	377
Amortization of intangible assets		307	185
Amortization of right-of-use assets		266	263
Reversal of impairment of premiums receivables	6.1	(4,472)	(1,024)
Allowance for impairment of reinsurance receivables		403	379
Unrealized loss / (gain) on investments	7	8,015	(6,113)
		1,304	(3,291)
Changes in operating assets and liabilities:			
Premiums receivable		(38,532)	(19,540)
Due from reinsurers		(2,436)	(788)
Reinsurers' share of unearned premiums		(12,775)	(7,848)
Reinsurers' share of outstanding claims		2,749	10,686
Reinsurers' share of claims incurred but not reported		4,759	(1,643)
Deferred excess of loss claims		(94)	1,666
Deferred policy acquisition costs		(1,931)	(1,575)
Prepayments and other assets		(2,677)	(7,011)
Right-of-use assets, net		--	(4,803)
Due to policy holders		(2,292)	(1,684)
Accrued expenses and other liabilities		173	(804)
Due to reinsurers		9,790	(4,069)
Due to brokers		1,006	1,438
Unearned premiums		50,333	23,191
Unearned reinsurance commission		2,618	2,151
Outstanding claims		(272)	(10,825)
Claims incurred but not reported		(8,621)	3,119
Premium deficiency reserve		(3,705)	1,414
Other technical reserves		695	8
Employees defined benefit obligations, net		49	(500)
Lease liabilities		31	4,319
		(1,132)	(13,098)
Surplus paid to policy holders		(24)	--
Net cash generated from / (used in) operating activities		148	(16,389)


Director


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited) (continued)

For the three-months period ended 31 March 2020

	Notes	31 March 2020 (Unaudited) SR'000	31 March 2019 (Unaudited) SR'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(741)	(634)
Purchase of intangible assets		(827)	(341)
Maturity of Murabaha deposits		8,000	82,000
Net cash generated from investing activities		<u>6,432</u>	<u>81,025</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(323)	(453)
Net cash used in financing activities		<u>(323)</u>	<u>(453)</u>
Net increase in cash and cash equivalents		6,257	64,183
Cash and cash equivalents at the beginning of the period		<u>113,815</u>	<u>90,387</u>
Cash and cash equivalents at the end of the period	4	<u>120,072</u>	<u>154,570</u>
SUPPLEMENTAL NON-CASH TRANSACTIONS			
Transfer of advances to intangible assets		--	1,965
Impact on adoption of IFRS 16		--	98


Director


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2020

1. GENERAL

1.1. Organization and principal activities

Gulf General Cooperative Insurance Company ("GGCI" or the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 12/Q dated 17 Muharram 1431H (corresponding to 3 January 2010) and registered under Commercial Registration number 4030196620 dated 9 Safar 1431H (corresponding to 25 January 2010). The registered address of the Company's head office is as follows:

Gulf General Cooperative Insurance Company
Al Gheithy Plaza, Second Floor,
Ameer Al Shoura'a Street
Jeddah, Kingdom of Saudi Arabia

The Company also has the following branches, which are operating under separate commercial registrations:

<u>Branch</u>	<u>Commercial Registration No.</u>	<u>Date of Registration</u>
Riyadh	1010316823	29 Shawwal 1432H (corresponding to 27 September 2011)
Al Khobar	2051046836	19 Dhul Qa'dah 1432H (corresponding to 17 October 2011)

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/85 dated 5 Thul Hujja 1429H (corresponding to 3 December 2008) pursuant to Council of Ministers' Resolution No. 365 dated 3 Thul Hujja 1429H (corresponding to 1 December 2008). The Company obtained a license to conduct insurance operations in the Kingdom of Saudi Arabia from the Saudi Arabian Monetary Authority ("SAMA") on 20 Rabi-al-Awwal 1431H (corresponding to 6 March 2010). The Company was listed on the Saudi Arabian Stock Exchange ("Tadawul") on 24 Safar 1431H (corresponding to 8 February 2010).

The objectives of the Company are to engage in providing insurance and related services, which include reinsurance, in accordance with its by-laws, and applicable regulations in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor, accident & liability, marine, property and engineering. The share capital of the Company is SR 200 million divided into 20 million shares of SR 10 each. Further, in compliance with Article 58 of the Implementing Regulations of the Saudi Arabian Monetary Authority ("SAMA"), the Company has deposited 10% of its share capital, amounting to SR 20 million in a bank designated by SAMA. The statutory deposit is maintained with a reputed bank and can be withdrawn only with the consent of SAMA. The Company cannot withdraw this deposit without SAMA's approval and commission accruing on this deposit is payable to SAMA.

In accordance with the by-laws of the Company, the surplus arising from the insurance operations is distributed as follows:

Transfer to shareholders' operations	90%
Transfer to insurance operations	10%
	<hr/>
	100%

In case of deficit arising from the insurance operations, the entire deficit is allocated and transferred to the shareholders' operations in full.

In accordance with Article 70 of SAMA implementing regulations, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders' surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

1. GENERAL (continued)

1.2. Portfolio transfer

On 19 May 2012, the Company entered into an agreement with Saudi General Insurance Company E.C. ("SGI") and Gulf Cooperation Insurance Company Ltd. E.C. ("GCI") (the "Sellers") pursuant to which it acquired the sellers' insurance operations in the Kingdom of Saudi Arabia, effective 1 January 2009, at a goodwill amount of SR 36.26 million, as approved by SAMA, along with the related insurance assets and liabilities of an equivalent amount. The goodwill payments are governed by rules and regulations issued by SAMA in this regard and are also subject to SAMA approval.

2. BASIS OF PREPARATION

2.1. Basis of presentation and measurement

The interim condensed financial statements for the three-months period ended 31 March 2020 have 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"). The interim condensed financial statements of the Company as at and for the three-months period ended 31 March 2019 was prepared in compliance with IAS 34 as modified by SAMA for the accounting of Zakat and income tax (relating to application of IAS 12 - "Income Taxes" and IFRS 21 - "Levies" so far as these relate to Zakat and income tax.

Accordingly, beginning period ended 30 June 2019, the Company has updated its accounting policy to account for zakat and income taxes in the interim condensed statement of income based on the instructions issued by SAMA on 23 July 2019 to insurance companies in the Kingdom of Saudi Arabia. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board ("IASB") and as endorsed in the Kingdom of Saudi Arabia and with the other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA") ("collectively referred to as "IFRS as endorsed in KSA"). Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). The effects of this change are disclosed in note 3.1 of the interim condensed financial statements.

These interim condensed financial statements have been prepared under the going concern basis and historical cost convention except for the measurement at fair value of investments held as fair value through statement of income ("FVSI") and employees' defined benefit obligations which is recognized at the present value of future obligations using the projected unit credit method.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim condensed financial statements have been prepared on the going concern basis.

The Company's interim condensed statement of financial position is presented broadly in order of liquidity and is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, Murabaha deposits, premiums receivable - net, due from reinsurers - net, reinsurers' share of unearned premiums, deferred policy acquisition costs, deferred excess of loss premiums, prepayments and other assets, due to policyholders, reinsurers and brokers, accrued expenses, unearned premiums and reinsurance commission, outstanding claims and claims incurred but not reported, premium deficiency reserve, other technical reserves and accrued Zakat. All other financial statement line items would generally be classified as non-current unless stated otherwise.

As required by Saudi Arabian Insurance Regulations "the Implementing Regulations" the Company maintains separate books of accounts for "Insurance operations" and "Shareholders' operations" and presents the interim condensed financial statements accordingly. The physical custody of all assets related to the insurance operations and shareholders' operations are held by the Company. Accordingly, assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

2. BASIS OF PREPARATION (continued)

2.1. Basis of presentation and measurement (continued)

The interim condensed statement of financial position, statement of income and statements of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in note 18 of the interim condensed financial statements have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income, and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statement 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 interim condensed financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions, and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

The inclusion of separate information of the insurance operations with the financial information of the Company in the interim condensed statement of financial position, the statement of income, statements of comprehensive income, cash flows as well as certain relevant notes to the financial information represents additional supplementary information required as required by the implementing regulations.

The interim condensed financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2019.

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SR) and are rounded off to the nearest thousands.

2.2. Critical accounting judgements, estimates and assumptions

The preparation of interim financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2019. Further, the Company has considered the following:

- On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.
- In response to the spread of the COVID-19 virus in the GCC and other territories where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:
 - the health and safety of its employees and the wider community where it is operating
 - the continuity of its business throughout the Kingdom is protected and kept intact
- Also refer subsequent event note 21 in relation to SAMA Circular 189 issued on 8 May 2020 in response to the COVID-19 pandemic.

GULF GENERAL COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

2. BASIS OF PREPARATION (continued)

2.2. Critical accounting judgements, estimates and assumptions (continued)

Notwithstanding these challenges, management believes that the technical reserves on its business lines remains largely unaffected as the overall mortality due to COVID-19 in the Kingdom of Saudi Arabia is very low. Based on these factors the Company's management believes that the COVID-19 pandemic has had no material effects on Company's reported results for the quarter ended 31 March 2020. The Company continues to monitor the situation closely.

The Company has performed an assessment in accordance with its accounting policy due to COVID-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. These include factors such as, significant financial difficulties of issuer or debtor, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities, the Company has performed an assessment to determine whether there is a significant decline in the fair value of available for sale financial assets below its cost.

Based on these assessments, the Company believes that the COVID-19 pandemic has had no material effects on Company's reported results for the quarter ended 31 March 2020. The Company continues to monitor the situation closely.

2.3. Seasonality of operations

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019, except as explained below:

3.1. New IFRSs, International Financial Reporting and Interpretations Committee's interpretations ("IFRICs") and Amendments thereof, adopted by the Company

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board ("IASB") have been effective from 1 January 2020 and accordingly adopted by the Company, as applicable:

<u>Standard / Amendments</u>	<u>Description</u>
Amendments to IAS 1 & IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards

The adoption of the relevant amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1. New IFRSs, International Financial Reporting and Interpretations Committee’s interpretations (“IFRICs”) and Amendments thereof, adopted by the Company (continued)

Zakat and income tax

As mentioned in note 2.1, the basis of preparation has changed as a result of the issuance on latest instructions from SAMA, dated 23 July 2019. Previously, Zakat and income tax were recognized in the interim condensed statement of changes in equity as per the SAMA Circular no. 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA dated 23 July 2019, Zakat and income tax shall be recognized in the interim condensed statement of income.

The Company amended its accounting policy relating to Zakat and have started to apply International Accounting Standard – Income Taxes (“IAS 12”) and IFRIC 21 – Levies so far as these relate to Zakat. The Company has accounted for this change in the accounting policy relating to zakat retrospectively (see note 2) and the effects of the above change are disclosed below:

The change has resulted in reduction of reported income for the period ended 31 March 2019 by SR 1 million. The change has had no impact on the statement of cash flows for the period ended 31 March 2019.

For the three-months period ended 31 March 2019:

<i>Account</i>	<i>Financial statement impacted</i>	<i>Balance as previously reported SR’000</i>	<i>Effect of restatement SR’000</i>	<i>Balance as restated SR’000</i>
Zakat	Interim condensed statement of income	--	(1,000)	(1,000)
Net income for the period	Interim condensed statement of income	2,642	(1,000)	1,642
Earnings per share for the period	Interim condensed statement of income	0.132	(0.05)	0.08
Zakat	Interim condensed statement of changes equity	(1,000)	1,000	--
Total comprehensive income for the period	Interim condensed statements of comprehensive income and changes in equity	2,642	(1,000)	1,642

Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

GULF GENERAL COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. New IFRSs, IFRICs and Amendments thereof, issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The listing is of standards issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards, where applicable when they become effective.

<u>Standard / Amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below

IFRS 17 – Insurance Contracts

Overview:

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

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

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

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

Measurement:

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

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

- a) the fulfilment cash flows (“FCF”), which comprises:
 - probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows; and
 - a risk adjustment for non-financial risk;
- b) the Contractual Service Margin (“CSM”). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:
 - the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date;
 - and the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

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

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. New IFRSs, IFRICs and Amendments thereof, issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

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

- the entity’s share of the changes in the fair value of underlying items,
- the effect of changes in the time value of money and in financial risks not relating to the underlying items.

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

Effective date:

The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2019 and received comments from various stakeholders. On 17 March 2020, the International Accounting Standards Board (“IASB”) has completed its discussions on the amendments to IFRS 17 Insurance Contracts that were proposed for public consultation in June 2019. It has decided that the effective date of the Standard will be deferred to annual reporting periods beginning on or after 1 January 2023. The IASB expects to issue the amendments to IFRS17 in the second quarter of 2020. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the Standard on its effective date i.e.1 January 2023.

Transition:

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

Presentation and Disclosures:

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. New IFRSs, IFRICs and Amendments thereof, issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

Impact:

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of 31 March 2020, the financial impact of adopting the standard has yet to be fully assessed by the Company. The Company has started with their implementation process and have set up an implementation committee. Further, the Company has undertaken a Gap Analysis and the key areas of Gaps are as follows:

<u>Impact area</u>	<u>Summary of impact</u>
Financial impact	Not yet fully assessed by the Company.
Data impact	The Company believes that the data impact is not likely to be significant as a major proportion of the company's business would qualify for measurement under the premium allocation approach.
IT systems	The Company is already in the process of implementing a new upgraded IT system which will facilitate the implementation of IFRS 17
Process impact	The process impact is under evaluation, but no significant process changes are anticipated.
Impact on reinsurance arrangements	The Company's reinsurance arrangements are currently under testing to determine the suitable measurement approach
Impact on policies & control's frameworks	The Company is currently working with an external consultant to review and modify the current policy control framework
Human resources	The Company needs to recruit suitably qualified personnel who have a comprehensive understanding of IFRS 17

GULF GENERAL COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. New IFRSs, IFRICs and Amendments thereof, issued but not yet effective (continued)

IFRS 9 – Financial Instruments

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

a) Classification and measurement:

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

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

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

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

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

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

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

b) Impairment:

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

c) Hedge accounting:

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. New IFRSs, IFRICs and Amendments thereof, issued but not yet effective (continued)

IFRS 9 – Financial Instruments (continued)

Effective date:

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

1. Apply a temporary exemption from implementing IFRS 9 until the earlier of
 - the effective date of a new insurance contract standard; or
 - annual reporting periods beginning on or after 1 January 2021. The IASB is proposing to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to 1 January 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
2. Adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning 1 January 2017: (1) The carrying amount of the Company’s liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the Company’s liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company’s financial statements.

Impact assessment:

As at 31 March 2020, the Company has total financial assets and insurance related assets amounting to SR 315 million (31 December 2019: 281 million) and SR 76 million (31 December 2019: 69 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 144 million (31 December 2019: SR 146 million). Investments are carried currently at fair value through statement of income at SR 33 million (31 December 2019: SR 41 million).

Overall, the Company expects some effect of applying the impairment requirements of IFRS 9. The Company is yet to fully assess changes from the application and implementation of IFRS 9, however at this stage, the Company does not expect the classification and measurement of financial assets to be impacted by IFRS 9. Further, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

3.3. Financial risk management

The Company’s activities expose it to a variety of financial risks: market risk (including commission rate risk, currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company’s audited financial statements for the year ended 31 December 2019.

The Company’s risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2020 except for the changes disclosed in note 20.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

4. CASH AND CASH EQUIVALENTS

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

	<i>31 March 2020 (Unaudited) SR'000</i>	<i>31 December 2019 (Audited) SR'000</i>
<i>Insurance operations</i>		
Cash in hand	19	32
Cash at banks (see note below)	9,339	11,226
Murabaha deposits with maturity less than three months	<u>64,000</u>	<u>34,000</u>
	<u>73,358</u>	<u>45,258</u>
<i>Shareholders' operations</i>		
Cash at banks	6,714	6,557
Murabaha deposits with maturity less than three months	<u>40,000</u>	<u>62,000</u>
	<u>46,714</u>	<u>68,557</u>
Total of cash and cash equivalents	<u><u>120,072</u></u>	<u><u>113,815</u></u>

- a) At 31 March 2020, bank balances amounting to SR 0.5 million (2019: SR 0.5 million), are held in the name of related parties of the Company, on behalf of the Company (note 13).
- b) Murabaha deposits earn commission at an average rate of 1.97% per annum as at 31 March 2020 (31 December 2019: 2.66% per annum).

5. MURABAHA DEPOSITS

Murabaha deposits comprises the following:

	<i>31 March 2020 (Unaudited) SR'000</i>	<i>31 December 2019 (Audited) SR'000</i>
<i>Insurance operations</i>		
Murabaha deposits	64,000	64,000
Less: Murabaha deposits with maturity less than three months (see note 4)	<u>(64,000)</u>	<u>(34,000)</u>
	<u>--</u>	<u>30,000</u>
<i>Shareholders' operations</i>		
Murabaha deposits	62,000	62,000
Less: Murabaha deposits with maturity less than three months (see note 4)	<u>(40,000)</u>	<u>(62,000)</u>
	<u>22,000</u>	<u>--</u>
Total of Murabaha deposits	<u><u>22,000</u></u>	<u><u>30,000</u></u>

- a) These Murabaha deposits earn commission at an average rate of 1.97% per annum as at 31 March 2020 (31 December 2019: 2.66% per annum).

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

6. PREMIUMS RECEIVABLE, NET

Premiums receivable comprise amounts due from the following:

	<i>31 March</i> <i>2020</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>SR'000</i>
Policyholders	134,379	99,217
Related parties (note 13)	<u>3,778</u>	<u>408</u>
	138,157	99,625
Allowance for impairment of premiums receivables (note 6.1)	<u>(20,390)</u>	<u>(24,862)</u>
Total of premiums receivable, net	<u>117,767</u>	<u>74,763</u>

6.1. Movement in allowance for impairment of premiums receivable during the period / year was as follows:

	<i>31 March</i> <i>2020</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>SR'000</i>
Balance as at beginning of the period / year	24,862	22,525
(Reversal) / allowance during the period / year	<u>(4,472)</u>	<u>2,337</u>
Balance as at end of the period / year	<u>20,390</u>	<u>24,862</u>

7. INVESTMENTS

	<i>31 March</i> <i>2020</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>SR'000</i>
<i>Shareholders' operations</i>		
Investments held at fair value through income statement ("FVSI") (note 7.1)	33,410	41,425
Available-for-sale investment (note 7.2)	<u>1,923</u>	<u>1,923</u>
Total of investments	<u>35,333</u>	<u>43,348</u>

7.1. Investments held at fair value through income statement ("FVSI")

Movement in investments classified as fair value through income statement ("FVSI") is as follows:

	<i>31 March</i> <i>2020</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>SR'000</i>
Balance as at beginning of the period / year	41,425	37,508
Purchases during the period / year	--	283
Disposals during the period / year	--	(2,670)
Realized gain during the period / year	--	780
Unrealized (loss) / gain during the period / year	<u>(8,015)</u>	<u>5,524</u>
Balance as at end of the period / year	<u>33,410</u>	<u>41,425</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

7. INVESTMENTS (continued)

7.1. Investments held at fair value through income statement ("FVSI") (continued)

The investments held at fair value through income statement of Shareholders' operations comprise of portfolio amounting to SR 33.4 million (2019: SR 41.43 million) which is invested in mutual funds and equity shares in the Kingdom of Saudi Arabia. The investments are denominated in Saudi Arabian Riyals and US Dollars.

All investments held at fair value through income statement are quoted. The portfolio is invested in securities and mutual funds issued by corporates and financial institutions in the Kingdom of Saudi Arabia.

7.2. Available-for-sale investment

The Company holds 3.85% of the equity in Najm for Insurance Services Company ("Najm"), a Saudi Closed Joint Stock Company. The investment is classified as an available-for-sale investment and is stated at cost.

8. TECHNICAL RESERVES

8.1. NET OUTSTANDING CLAIMS AND RESERVES

Net outstanding claims and reserves comprise of the following:

	<i>31 March 2020 (Unaudited) SR'000</i>	<i>31 December 2019 (Audited) SR'000</i>
Outstanding claims	31,206	31,478
Claims incurred but not reported	28,439	37,060
Premium deficiency reserve	96	3,801
Other technical reserves	2,907	2,212
	<u>62,648</u>	<u>74,551</u>
Less:		
Reinsurers' share of outstanding claims	9,692	12,441
Reinsurers' share of claims incurred but not reported	9,193	13,952
	<u>18,885</u>	<u>26,393</u>
Net outstanding claims and reserves	<u>43,763</u>	<u>48,158</u>

8.2. MOVEMENT IN UNEARNED PREMIUMS

Movement in unearned premiums comprise of the following:

	<i>Three-months period ended 31 March 2020 (Unaudited)</i>		
	<i>Gross SR'000</i>	<i>Reinsurance SR'000</i>	<i>Net SR'000</i>
Balance as at the beginning of the period	126,260	(33,197)	93,063
Premiums written during the period	129,866	(36,884)	92,982
Premiums earned during the period	(79,533)	24,109	(55,424)
Balance as at the end of the period	<u>176,593</u>	<u>(45,972)</u>	<u>130,621</u>
	<i>Year ended 31 December 2019 (Audited)</i>		
	<i>Gross SR'000</i>	<i>Reinsurance SR'000</i>	<i>Net SR'000</i>
Balance as at the beginning of the year	101,854	(35,607)	66,247
Premiums written during the year	279,690	(94,999)	184,691
Premiums earned during the year	(255,284)	97,409	(157,875)
Balance as at the end of the year	<u>126,260</u>	<u>(33,197)</u>	<u>93,063</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

9. GROSS WRITTEN PREMIUMS

For the three-months period ended 31 March 2020 (Unaudited)

	Corporate			Total Corporate SR '000	Individual SR '000	Total Gross written premiums SR '000
	Small SR '000	Medium SR '000	Large SR '000			
Medical	5,492	4581	27,108	37,181	--	37,181
Motor	3,646	2441	47,322	53,409	12,286	65,695
Property & accident	2,204	1301	23,215	26,720	270	26,990
Protection & savings	--	--	--	--	--	--
	11,342	8,323	97,645	117,310	12,556	129,866

For the three-months period ended 31 March 2019 (Unaudited)

	Corporate			Total Corporate SR '000	Individual SR '000	Total Gross written premiums SR '000
	Small SR '000	Medium SR '000	Large SR '000			
Medical	2,477	516	13,170	16,163	3	16,166
Motor	9,679	2,916	6,304	18,899	18,531	37,430
Property & accident	3,875	3,748	23,425	31,048	721	31,769
Protection & savings	--	--	--	--	--	--
	16,031	7,180	42,899	66,110	19,255	85,365

10. COMMITMENTS AND CONTINGENCIES

a) The Company's commitments and contingencies are as follows:

	<i>31 March 2020 (Unaudited) SR'000</i>	<i>31 December 2019 (Audited) SR'000</i>
Letters of guarantee	300	300

b) Zakat and withholding tax contingencies have been disclosed in note 14.2.

c) The Company is not subject to any significant legal proceedings in the ordinary course of business.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in these financial statements.

Determination of fair value and fair value hierarchy

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

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

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

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

Carrying amounts and fair value

The following table shows the carrying amount and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value. At 31 December, 2019 there were no financial instruments held by the Company that were measured at fair value, apart from the investments which are carried at fair value.

31 March 2020	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
<i>Shareholders' operations</i>					
Investments held at FVSI	33,410	33,410	--	--	33,410
	33,410	33,410	--	--	33,410

31 December 2019	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
<i>Shareholders' operations</i>					
Investments held at FVSI	41,425	41,425	--	--	41,425
	41,425	41,425	--	--	41,425

- As at 31 March 2020, the Company has an investment amounting to SR 1.9 million in an unquoted available for sale investment. This investment has not been measured at fair value because of unavailability of quoted prices of comparable companies and other financial information.
- All investments are fair valued except for available-for-sale investment which is stated at cost (see above and note 7.2).
- Cash and bank balances and other short-term financial assets are assumed to have fair values that reasonably approximate their corresponding carrying values due to the short-term nature.
- There were no transfers between levels during the three-months period ended 31 March 2020 and the year ended 31 December 2019. Further, there were no changes in the valuation techniques during the period from previous periods.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

12. OPERATING SEGMENTS

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as the chief operating decision maker in order to allocate resources to the segments and to assess its performance. All of the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management purposes, the operations are monitored in six major lines of business.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed statement of income. Segment assets and liabilities comprise operating assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December, 2019.

Segment assets do not include cash and cash equivalents, Murabaha deposits, premiums receivable-net, due from reinsurers-net, investments, prepayments and other assets, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets.

Segment liabilities do not include due to policyholders, due to reinsurers, due to brokers, employees' defined benefit obligations, lease liabilities, surplus distribution payable, accrued expenses and other liabilities, accrued Zakat and accrued income payable to SAMA. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis. The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 31 March 2020 and 31 December 2019, its total revenues, expenses, and net (loss) / income for the three-months period then ended, are as follows:

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2020

12. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020 (Unaudited)	<i>Insurance Operations</i>						<i>Shareholders' Operations</i>	<i>Total</i>	
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>			<i>Total Insurance Operations</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	
ASSETS									
Reinsurers' share of unearned premiums	--	19,650	15,122	3,234	4,670	3,296	45,972	--	45,972
Reinsurers' share of outstanding claims	120	2,226	1,005	777	1,741	3,823	9,692	--	9,692
Reinsurers' share of claims IBNR	9	2,262	3,076	1,611	1,037	1,198	9,193	--	9,193
Reinsurers' excess of loss claims	--	294	--	--	--	--	294	--	294
Deferred policy acquisition costs	1,876	6,228	1,536	355	621	637	11,253	--	11,253
Unallocated assets	--	--	--	--	--	--	237,044	162,601	399,645
TOTAL ASSETS	2,005	30,660	20,739	5,977	8,069	8,954	313,448	162,601	476,049
LIABILITIES									
Unearned premiums	44,303	100,111	16,361	3,608	5,760	6,450	176,593	--	176,593
Unearned reinsurance commission	--	2,128	3,139	734	1,750	875	8,626	--	8,626
Outstanding claims	12,519	8,346	1,127	875	2,158	6,181	31,206	--	31,206
Claims incurred but not reported	10,070	9,924	3,495	1,790	1,447	1,713	28,439	--	28,439
Premium deficiency reserve	--	--	96	--	--	--	96	--	96
Other technical reserves	163	1,705	203	470	126	240	2,907	--	2,907
Unallocated liabilities	--	--	--	--	--	--	65,768	8,586	74,354
TOTAL LIABILITIES	67,055	122,214	24,421	7,477	11,241	15,459	313,635	8,586	322,221

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

12. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2019 (Audited)	<i>Insurance Operations</i>							<i>Shareholders' Operations</i>	<i>Total</i>
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>	<i>Total Insurance Operations</i>		
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
ASSETS									
Reinsurers' share of unearned premiums	--	14,613	10,426	2,766	2,493	2,899	33,197	--	33,197
Reinsurers' share of outstanding claims	295	1,145	3,392	629	2,472	4,508	12,441	--	12,441
Reinsurers' share of claims IBNR	437	3,182	4,664	1,835	1,580	2,254	13,952	--	13,952
Reinsurers' excess of loss claims	--	200	--	--	--	--	200	--	200
Deferred policy acquisition costs	1,785	5,120	1,152	257	434	574	9,322	--	9,322
Unallocated assets	--	--	--	--	--	--	191,009	170,080	361,089
TOTAL ASSETS	2,517	24,260	19,634	5,487	6,979	10,235	260,121	170,080	430,201
LIABILITIES									
Unearned premiums	28,706	73,703	11,571	3,068	3,384	5,828	126,260	--	126,260
Unearned reinsurance commission	--	1,501	2,462	551	774	720	6,008	--	6,008
Outstanding claims	11,889	5,766	3,725	720	2,798	6,580	31,478	--	31,478
Claims incurred but not reported	9,200	14,802	5,300	2,086	2,358	3,314	37,060	--	37,060
Premium deficiency reserve	2,355	1,000	--	376	70	--	3,801	--	3,801
Other technical reserves	146	1,501	40	373	47	105	2,212	--	2,212
Unallocated liabilities	--	--	--	--	--	--	57,318	7,480	64,798
TOTAL LIABILITIES	52,296	98,273	23,098	7,174	9,431	16,547	264,137	7,480	271,617

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2020

12. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF INCOME

	<i>For the three-months period ended 31 March 2020 (Unaudited)</i>						
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
REVENUES							
Gross written premiums	37,181	65,695	13,174	1,970	5,446	6,400	129,866
Less: Reinsurance contracts premiums ceded							
- Local reinsurance	--	--	(598)	(74)	(233)	(81)	(986)
- Foreign reinsurance	--	(13,771)	(11,790)	(1,688)	(4,130)	(2,219)	(33,598)
Excess of loss expenses	(529)	(849)	(731)	(41)	(65)	(85)	(2,300)
Net written premiums	36,652	51,075	55	167	1,018	4,015	92,982
Changes in unearned premiums, net	(15,597)	(21,371)	(94)	(72)	(198)	(226)	(37,558)
Net premiums earned	21,055	29,704	(39)	95	820	3,789	55,424
Reinsurance commissions	--	906	1,708	323	714	433	4,084
Other underwriting income	13	7	3	2	7	6	38
Total revenues	21,068	30,617	1,672	420	1,541	4,228	59,546
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	13,063	33,100	2,877	260	1,237	1,823	52,360
Expenses incurred related to claims	1,386	1,785	--	--	--	--	3,171
Less: Reinsurers' share of claims paid	(1,615)	(6,487)	(2,625)	(239)	(1,011)	(1,441)	(13,418)
Net claims and other benefits paid	12,834	28,398	252	21	226	382	42,113
Changes in outstanding claims, net	805	1,404	(211)	6	92	287	2,383
Changes in IBNR, net	1,299	(3,959)	(217)	(71)	(368)	(547)	(3,863)
Net claims and other benefits incurred	14,938	25,843	(176)	(44)	(50)	122	40,633
(Reversal of) / provision for premium deficiency reserve	(2,355)	(1,000)	96	(376)	(70)	--	(3,705)
Other technical reserves	17	205	163	97	79	135	696
Policy acquisition costs	870	2,682	790	142	411	316	5,211
Total underwriting costs and expenses	13,470	27,730	873	(181)	370	573	42,835
NET UNDERWRITING INCOME	7,598	2,887	799	601	1,171	3,655	16,711

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

12. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

	<i>For the three-months period ended 31 March 2020 (Unaudited)</i>						
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
NET UNDERWRITING INCOME	7,598	2,887	799	601	1,171	3,655	16,711
OTHER OPERATING (EXPENSES) / INCOME:							
Reversal of impairment of premium receivables							4,472
Allowance for impairment of reinsurance receivables							(403)
General and administration expenses							(18,937)
Commission income on deposits							648
Unrealized loss on investments							(8,015)
Other income							1,792
Total other operating expenses, net							(20,443)
Loss for the period							(3,732)
Total income attributed to insurance operations							(523)
Net loss for the period attributable to the shareholders, before Zakat							(4,255)
Zakat expense for the period							(501)
Net loss for the period							(4,756)

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

12. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

For the three-months period ended 31 March 2019 (Unaudited)

	<i>Medical</i> SR '000	<i>Motor</i> SR '000	<i>Property</i> SR '000	<i>Engineering</i> SR '000	<i>Marine</i> SR '000	<i>Accident & liability</i> SR '000	<i>Total</i> SR '000
REVENUES							
Gross written premiums	16,166	37,430	13,833	2,413	6,071	9,452	85,365
Less: Reinsurance contracts premiums ceded							
- Local reinsurance	--	--	(804)	(81)	(309)	(127)	(1,321)
- Foreign reinsurance	(178)	(7,828)	(11,695)	(2,103)	(3,884)	(3,303)	(28,991)
Excess of loss expenses	(558)	(1,320)	(1,290)	--	(48)	--	(3,216)
Net written premiums	15,430	28,282	44	229	1,830	6,022	51,837
Changes in unearned premiums, net	(10,638)	(1,896)	(657)	(20)	(577)	(1,555)	(15,343)
Net premiums earned	4,792	26,386	(613)	209	1,253	4,467	36,494
Reinsurance commissions	--	3,076	1,529	442	1,135	532	6,714
Other underwriting income	1	9	3	2	8	7	30
Total revenues	4,793	29,471	919	653	2,396	5,006	43,238
Gross claims paid	12,343	25,435	12,679	(13)	994	446	51,884
Expenses incurred related to claims	791	899	--	--	--	--	1,690
Less: Reinsurers' share of claims paid	(9,748)	(4,091)	(11,455)	5	(572)	(310)	(26,171)
Net claims and other benefits paid	3,386	22,243	1,224	(8)	422	136	27,403
Changes in outstanding claims, net	852	1,205	(840)	35	(125)	400	1,527
Changes in IBNR, net	735	371	78	24	68	201	1,477
Net claims and other benefits incurred	4,973	23,819	462	51	365	737	30,407
Provision / (reversal) for premium deficiency reserve	1,197	(321)	(708)	50	--	1,198	1,416
Other technical reserves	-	100	(236)	93	4	46	7
Policy acquisition costs	295	1,740	792	217	491	448	3,983
Total underwriting costs and expenses	6,465	25,338	310	411	860	2,429	35,813
NET UNDERWRITING (LOSS) / INCOME	(1,672)	4,133	609	242	1,536	2,577	7,425

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
As at 31 March 2020

12. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

For the three-months period ended 31 March 2019 (Unaudited)

	<i>Medical</i> SR '000	<i>Motor</i> SR '000	<i>Property</i> SR '000	<i>Engineering</i> SR '000	<i>Marine</i> SR '000	<i>Accident & liability</i> SR '000	<i>Total</i> SR '000
NET UNDERWRITING (LOSS) / INCOME	(1,672)	4,133	609	242	1,536	2,577	7,425
OTHER OPERATING (EXPENSES) / INCOME							
Reversal of impairment of premium receivables							1,024
Allowance for impairment of reinsurance receivables							(379)
General and administration expenses							(14,800)
Commission income on deposits							1,096
Unrealized gain on investments							6,113
Other income							2,163
Total other operating expenses, net							(4,783)
Income for the period							2,642
Total income attributed to insurance operations							--
Net income for the period attributable to the shareholders, before Zakat							2,642
Zakat expense for the period							(1,000)
Net income for the period							1,642

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2020

13. RELATED PARTY TRANSACTIONS AND BALANCES

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

<u>Related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Transactions for the three-months</u>		<u>Balance receivable / (payable) as at</u>	
			<u>31 March 2020</u>	<u>31 March 2019</u>	<u>31 March 2020</u>	<u>31 December</u>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>2019 (Audited)</i>
			SR'000	SR'000	SR'000	SR'000
Insurance operations						
Gulf Cooperation Insurance Company Ltd. E.C.	Shareholder	Expenses paid	--	--	1,088	1,088
Saudi General Insurance Company Ltd. E.C.	Shareholder	Expenses paid	--	--	(309)	(309)
Rolaco Group	Related to shareholders	Premiums underwritten (note 6)	119	619	78	15
		Claims paid	(2)	--	(3)	--
Dabbagh Group	Related to shareholders	Premiums underwritten (note 6)	545	3,936	1,412	307
		Claims paid	(543)	(783)	(246)	(303)
Farouk, Maamoun Tamer & Company	Shareholder	Premiums underwritten (note 6)	10,677	6,397	2,279	86
		Claims paid	(1,016)	(321)	(505)	(1,201)
Raghaf Establishment	Related to shareholders	Premiums underwritten (note 6)	26	98	9	--
		Claims paid	(33)	(18)	--	--
Key Management Personnel		Short-term benefits	(768)	(678)		
		Long-term benefits	(37)	(55)	(593)	(556)
Shareholders' operations						
Board of Directors		Board of Directors remuneration and related expenses	450	450	(2,250)	(1,800)

a) Note 4.a refers to bank balances that are held in the name of related parties of the Company, on behalf of the Company.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2020

14. ZAKAT

14.1. Zakat provision

The Zakat payable by the Company has been calculated based on the estimates of the management.

Movements in the Zakat accrued during the three-months period ended 31 March 2020 and the year ended 31 December 2019 are as follows:

	<i>31 March 2020 (Unaudited) SR'000</i>	<i>31 December 2019 (Audited) SR'000</i>
Balance as at beginning of the period / year	3,342	11,500
Provided during the period / year	501	3,223
(Reversal) / provision for prior periods / years	--	(5,747)
Paid during the period / year	--	(5,634)
Balance as at end of the period / year	<u>3,843</u>	<u>3,342</u>

14.2. Status of assessments

The Company has finalized its Zakat and withholding status for the period / years from 31 December 2010 to 2015, after reaching a final settlement for Zakat and withholding tax of SR 1.8 million and SR 1.1 million at the Dispute Resolution Committee.

The Company filed its Zakat returns for the years 31 December 2016 and 2017 and obtained the related Zakat certificates. In line with the previous assessment, the company obtained the GAZT approval to apply the same withholding tax treatment for the above years and settled additional withholding tax of SR 1.8 million

The Company filed its Zakat return for years 31 December 2018 and 2019 and obtained the related Zakat certificate. The GAZT did not raise Zakat assessments for the years from 31 December 2016 till 2019.

Management is confident that no additional zakat will be imposed for the period from 2016 till 2019 as per the finalization of the assessment for the previous years. Accordingly, the Company has reversed additional zakat provision amounting to SR 5.7 million to the statement of income during 2019.

15. SHARE CAPITAL

The share capital of the Company is SR 200 million divided into 20 million shares of SR 10 each (31 December 2019: 20 million shares of SR 10 each). The shareholding structure of the Company is as below. The shareholders of the Company are subject to Zakat tax:

	<u><i>31 March 2020 (Audited)</i></u>		<u><i>31 December 2019 (Audited)</i></u>	
	<i>Percentage of holding</i>	<i>Amount SR '000</i>	<i>Percentage of holding</i>	<i>Amount SR '000</i>
Founding shareholders	35.0%	75,800	35.0%	75,800
General public	65.0%	124,200	65.0%	124,200
	<u>100.0%</u>	<u>200,000</u>	<u>100.0%</u>	<u>200,000</u>

On 24 Shabaan 1440H, corresponding to 29 April 2019, the Board of Directors have recommended an increase in the Company's capital through offering a rights issue with a total value of SR 300 million. During 2019, the Company has received approval from Saudi Arabian Monetary Authority ("SAMA") and are in the process of finalizing the remaining regulatory and legal formalities underlying such increase.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

16. CAPITAL MANAGEMENT

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

Capital requirements are set and regulated by SAMA. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital to ensure that it is able to continue as going concern and comply with the SAMA's capital requirements while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising of paid-up capital, statutory reserve, and retained earnings.

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 Company's management, through various scenario analysis as required by the regulator, has assessed the potential of the COVID-19 pandemic by performing stress testing for various variables like: gross premium growth, increase in employee cost, YTD loss ratio, outstanding premium provisions etc. and the related impact on the revenue, profitability, loss ratio and solvency ratio. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgements and uncertainties and, therefore, the actual outcomes may be different to those projected. As the situation is fluid and rapidly evolving, the Company will continue to reassess its position and the related impact on a regular basis.

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

17. (LOSS) / EARNINGS PER SHARE

The basic (loss) / earnings per share have been calculated by dividing the net (loss) / income for the period by the weighted average number of ordinary shares issued and outstanding at the period-end.

Diluted (loss) / earnings per share is not applicable to the Company.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2020

18. SUPPLEMENTARY INFORMATION

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
ASSETS						
Cash and cash equivalents	73,358	46,714	120,072	45,258	68,557	113,815
Investment in Murabaha deposits	--	22,000	22,000	30,000	--	30,000
Premiums receivable - net	117,767	--	117,767	74,763	--	74,763
Due from reinsurers - net	19,463	--	19,463	17,430	--	17,430
Reinsurers' share of unearned premiums	45,972	--	45,972	33,197	--	33,197
Reinsurers' share of outstanding claims	9,692	--	9,692	12,441	--	12,441
Reinsurers' share of claims incurred but not reported	9,193	--	9,193	13,952	--	13,952
Deferred excess of loss claims	294	--	294	200	--	200
Deferred policy acquisition costs	11,253	--	11,253	9,322	--	9,322
Investments	--	35,333	35,333	--	43,348	43,348
Due to insurance operations	--	(477)	(477)	--	(4,311)	(4,311)
Prepayments and other assets	10,920	306	11,226	8,500	49	8,549
Right-of-use assets	3,469	--	3,469	3,735	--	3,735
Property and equipment	5,683	--	5,683	5,459	--	5,459
Intangible assets	6,384	--	6,384	5,864	--	5,864
Goodwill	--	36,260	36,260	--	36,260	36,260
Statutory deposit	--	20,000	20,000	--	20,000	20,000
Accrued income on statutory deposit	--	1,988	1,988	--	1,866	1,866
TOTAL OPERATIONS ASSETS	313,448	162,124	475,572	260,121	165,769	425,890
Less: Inter-operations eliminations	--	477	477	--	4,311	4,311
TOTAL ASSETS	313,448	162,601	476,049	260,121	170,080	430,201

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

18. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2020

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
LIABILITIES						
Due to policyholders	8,458	--	8,458	10,750	--	10,750
Accrued expenses and other liabilities	11,975	2,755	14,730	12,285	2,272	14,557
Due to reinsurers	13,823	--	13,823	4,033	--	4,033
Due to brokers	14,086	--	14,086	13,080	--	13,080
Unearned premiums	176,593	--	176,593	126,260	--	126,260
Unearned reinsurance commission	8,626	--	8,626	6,008	--	6,008
Outstanding claims	31,206	--	31,206	31,478	--	31,478
Claims incurred but not reported	28,439	--	28,439	37,060	--	37,060
Premium deficiency reserve	96	--	96	3,801	--	3,801
Other technical reserves	2,907	--	2,907	2,212	--	2,212
Due from shareholders' operations	(477)	--	(477)	(4,311)	--	(4,311)
Employees' defined benefit obligations	4,901	--	4,901	4,852	--	4,852
Lease liabilities	2,988	--	2,988	3,280	--	3,280
Surplus distribution payable	9,537	--	9,537	9,038	--	9,038
Accrued Zakat	--	3,843	3,843	--	3,342	3,342
Accrued income payable to SAMA	--	1,988	1,988	--	1,866	1,866
TOTAL OPERATIONS LIABILITIES	313,158	8,586	321,744	259,826	7,480	267,306
Less: Inter-operations eliminations	477	--	477	4,311	--	4,311
TOTAL LIABILITIES	313,635	8,586	322,221	264,137	7,480	271,617
SHAREHOLDERS' EQUITY						
Share capital	--	200,000	200,000	--	200,000	200,000
Statutory reserve	--	2,165	2,165	--	2,165	2,165
Accumulated losses	--	(48,644)	(48,644)	--	(43,888)	(43,888)
TOTAL SHAREHOLDERS' EQUITY	--	153,521	153,521	--	158,277	158,277
Re-measurement reserve of defined benefit obligations	307	--	307	307	--	307
TOTAL EQUITY	307	153,521	153,828	307	158,277	158,584
TOTAL LIABILITIES AND EQUITY	313,942	162,107	476,049	264,444	165,757	430,201

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

18. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME

For the three-months period ended

	<i>31 March 2020 (Unaudited)</i>			<i>31 March 2019 (Unaudited)</i>		
	<i>Insurance</i>	<i>Shareholders</i>	<i>Total</i>	<i>Insurance</i>	<i>Shareholders</i>	<i>Total</i>
	<i>operations</i>	<i>' operations</i>		<i>operations</i>	<i>' operations</i>	
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
REVENUES						
Gross written premiums	129,866	--	129,866	85,365	--	85,365
Less: Reinsurance contracts premiums ceded						
- Local reinsurance	(986)	--	(986)	(1,321)	--	(1,321)
- Foreign reinsurance	(33,598)	--	(33,598)	(28,991)	--	(28,991)
Excess of loss expenses	(2,300)	--	(2,300)	(3,216)	--	(3,216)
Net written premiums	92,982	--	92,982	51,837	--	51,837
Changes in unearned premiums, net	(37,558)	--	(37,558)	(15,343)	--	(15,343)
Net premiums earned	55,424	--	55,424	36,494	--	36,494
Reinsurance commissions	4,084	--	4,084	6,714	--	6,714
Other underwriting income	38	--	38	30	--	30
TOTAL REVENUES	59,546	--	59,546	43,238	--	43,238
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	52,360	--	52,360	51,884	--	51,884
Expenses incurred related to claims	3,171	--	3,171	1,690	--	1,690
Less: Reinsurers' share of claims paid	(13,418)	--	(13,418)	(26,171)	--	(26,171)
Net claims and other benefits paid	42,113	--	42,113	27,403	--	27,403
Change in outstanding claims, net	2,383	--	2,383	1,527	--	1,527
Changes in IBNR, net	(3,863)	--	(3,863)	1,477	--	1,477
Net claims and other benefits incurred	40,633	--	40,633	30,407	--	30,407
(Reversal of) / provision for premium deficiency reserve	(3,705)	--	(3,705)	1,416	--	1,416
Other technical reserves	696	--	696	7	--	7
Policy acquisition costs	5,211	--	5,211	3,983	--	3,983
TOTAL UNDERWRITING COSTS AND EXPENSES	42,835	--	42,835	35,813	--	35,813
NET UNDERWRITING INCOME	16,711	--	16,711	7,425	--	7,425

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

18. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

For the three-months period ended

	<i>31 March 2020 (Unaudited)</i>			<i>31 March 2019 (Unaudited)</i>		
	<i>Insurance</i>	<i>Shareholders</i>	<i>Total</i>	<i>Insurance</i>	<i>Shareholders</i>	<i>Total</i>
	<i>operations</i>	<i>' operations</i>		<i>operations</i>	<i>' operations</i>	
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
OTHER OPERATING (EXPENSES) / INCOME						
Reversal of impairment of premium receivables	4,472	--	4,472	1,024	--	1,024
Allowance for impairment of reinsurance receivables	(403)	--	(403)	(379)	--	(379)
General and administration expenses	(17,666)	(1,271)	(18,937)	(13,614)	(1,186)	(14,800)
Commission income on deposits	328	320	648	508	588	1,096
Unrealized (loss) / gain on investments	--	(8,015)	(8,015)	--	6,113	6,113
Other income	1,791	1	1,792	2,163	--	2,163
TOTAL OTHER OPERATING (EXPENSES) / INCOME	(11,478)	(8,965)	(20,443)	(10,298)	5,515	(4,783)
Net surplus / (deficit) from insurance / shareholders' operations	5,233	(8,965)	(3,732)	(2,873)	5,515	2,642
Surplus transferred to shareholders (note 1.1)	(4,710)	4,710	--	2,873	(2,873)	--
Net income / (loss) for the period after transfer of deficit to the shareholders before zakat	523	(4,255)	(3,732)	--	2,642	2,642
ZAKAT						
Zakat expense for the period	--	(501)	(501)	--	(1,000)	(1,000)
NET INCOME / (LOSS) FOR THE PERIOD	523	(4,756)	(4,233)	--	1,642	1,642
(LOSS) / EARNINGS PER SHARE (Expressed in SR per share)						
Weighted average number of shares (in thousands)		20,000			20,000	
(Loss) / earnings per share – restated - 2019		(0.24)			0.08	

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

18. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-months period ended

	31 March 2020 (Unaudited)			31 March 2019 (Unaudited)		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
NET INCOME / (LOSS) FOR THE PERIOD	523	(4,756)	(4,233)	--	1,642	1,642
Other comprehensive (loss) / income:						
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
Actuarial gains on defined benefit obligations	--	--	--	--	--	--
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	523	(4,756)	(4,233)	--	1,642	1,642
Less: net income attributable to insurance operations			(523)			--
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS			(4,756)			1,642

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

18. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-months period ended

	<i>31 March 2020 (Unaudited)</i>			<i>31 March 2019 (Unaudited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income / (loss) for the period before Zakat	523	(4,255)	(3,732)	--	2,642	2,642
Adjustments for non-cash items:						
Depreciation	517	--	517	377	--	377
Amortization of intangible assets	307	--	307	185	--	185
Amortization of right-of-use assets	266	--	266	263	--	263
Reversal of impairment of premiums receivable	(4,472)	--	(4,472)	(1,024)	--	(1,024)
Allowance for impairment of reinsurance receivables	403	--	403	379	--	379
Unrealized loss / (gain) on investments held at FVSI	--	8,015	8,015	--	(6,113)	(6,113)
	(2,456)	3,760	1,304	180	(3,471)	(3,291)
Changes in operating assets and liabilities:						
Premiums receivable	(38,532)	--	(38,532)	(19,540)	--	(19,540)
Due from reinsurers	(2,436)	--	(2,436)	(788)	--	(788)
Reinsurers' share of unearned premiums	(12,775)	--	(12,775)	(7,848)	--	(7,848)
Reinsurers' share of outstanding claims	2,749	--	2,749	10,686	--	10,686
Reinsurers' share of claims incurred but not reported	4,759	--	4,759	(1,643)	--	(1,643)
Deferred excess of loss claims	(94)	--	(94)	1,666	--	1,666
Deferred policy acquisition costs	(1,931)	--	(1,931)	(1,575)	--	(1,575)
Prepayments and other assets	(2,420)	(257)	(2,677)	(7,086)	75	(7,011)
Right-of-use assets, net	--	--	--	(4,803)	--	(4,803)
Due from shareholders' operations, net	3,834	(3,834)	--	(3,341)	3,341	--
Due to policyholders	(2,292)	--	(2,292)	(1,684)	--	(1,684)
Accrued expenses and other liabilities	(315)	488	173	(1,198)	394	(804)
Due to reinsurers	9,790	--	9,790	(4,069)	--	(4,069)
Due to brokers	1,006	--	1,006	1,438	--	1,438
Unearned premiums	50,333	--	50,333	23,191	--	23,191
Unearned reinsurance commission	2,618	--	2,618	2,151	--	2,151

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

18. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)

For the three-months period ended

	31 March 2020 (Unaudited)			31 March 2019 (Unaudited)		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES (continued)						
Changes in operating assets and liabilities: (continued)						
Outstanding claims	(272)	--	(272)	(10,825)	--	(10,825)
Claims incurred but not reported	(8,621)	--	(8,621)	3,119	--	3,119
Premium deficiency reserve	(3,705)	--	(3,705)	1,414	--	1,414
Other technical reserves	695	--	695	8	--	8
Employees' defined benefit obligations, net	49	--	49	(500)	--	(500)
Lease liabilities	31	--	31	4,319	--	4,319
	2,471	(3,603)	(1,132)	(16,908)	3,810	(13,098)
Surplus paid to policy holders	(24)	--	(24)	--	--	--
Net cash (used in) / generated from operating activities	(9)	157	148	(16,728)	339	(16,389)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	(741)	--	(741)	(634)	--	(634)
Purchase of intangible assets	(827)	--	(827)	(341)	--	(341)
Maturity / (placement) of Murabaha deposits	30,000	(22,000)	8,000	--	82,000	82,000
Net cash generated from / (used in) investing activities	28,432	(22,000)	6,432	(975)	82,000	81,025
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of lease liabilities	(323)	--	(323)	(453)	--	(453)
Net cash used in from financing activities	(323)	--	(323)	(453)	--	(453)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	28,100	(21,843)	6,257	(18,156)	82,339	64,183
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	45,258	68,557	113,815	87,627	2,760	90,387
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	73,358	46,714	120,072	69,471	85,099	154,570
SUPPLEMENTAL NON-CASH TRANSACTIONS						
Transfer of advances to intangible assets	--	--	--	1,965	--	1,965
Impact on adoption of IFRS 16	--	--	--	--	98	98

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2020

19. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified and regrouped to conform to the in the current period presentation.

20. IMPACT OF COVID-19 OUTBREAK

The outbreak of novel coronavirus (“COVID-19”) since early 2020, its spread across mainland China and then globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope; has led to significant disruptions in the retail, travel and hospitality industries, and in global trade. It has resulted in decreased economic activity and lowered estimates for future economic growth and has caused global financial markets to experience significant volatility. The Company is in the process of establishing plans to address how it will manage the effects of the outbreak and assess disruptions and other risks to its operations. These include the protection of employees, sustaining our services to clients and other stakeholders. This necessitated the Company’s management to revisit its significant judgments in applying the Company’s accounting policies and the methods of computation and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2019. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Company’s management carried out an impact assessment on the overall Company’s operations and business aspects including factors like investments, insurance claims, recoverability of assets, travel restrictions, etc. and concluded that, as of the issuance date of these interim condensed financial statements, no significant changes are required to the judgements and key estimates.

Although no material claims have been reported at this stage, the Company is closely monitoring its exposure, including (i) the operational impact on its business, (ii) the consequences of a deterioration in macroeconomic conditions or of a slowdown in the flow of people, goods and services, especially on new business volumes, (iii) the extent of reinsurance coverage impacted, including retrocession cover, and (iv) change in asset prices and financial conditions.

Notwithstanding these challenges, the Company’s management believes that the technical reserves for medical line of business remain largely unaffected as the insurance industry is facilitated by the Saudi Arabian Government initiative of bearing all costs associated with Covid-19 pandemic, which include testing and treatment cost. Moreover, there is a general decrease in trend in medical claims which are of routine nature. Furthermore, the industry has not experienced significantly high number of reported claims and therefore has helped the Company to sustain the profitability. Based on these factors, the Company’s management believes that the Covid-19 pandemic has had no material effects on Company’s reported results for the three-month period ended 31 March 2020. The Company’s management continues to monitor the situation closely. Further, the Company’s business remains largely unaffected as the insurance industry is facilitated by the Government through free treatments of the COVID-19 affected patients.

Based on these factors, the Company’s management believes that the COVID -19 pandemic has had no direct material effects on Company’s reported results for the quarter ended 31 March 2020 since the insurance industry is facilitated by the Government through free treatments of the COVID-19 affected patients. However, in the view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

GULF GENERAL COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2020

21. SUBSEQUENT EVENT

In response to the COVID-19 pandemic, SAMA issued a Circular 189 (the “Circular”) dated 8 May 2020 to all insurance Companies in the Kingdom of Saudi Arabia. Amongst various other matters relating to the insurance sector, the Circular instructs all the insurance Companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this Circular and allowing insurance Companies not to cancel the policy in the event the insured fails to pay the premiums. The management believes the requirements of the Circular to be a non-adjusting event and therefore the interim condensed financial information have not been adjusted.

22. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on 14 June 2020 (corresponding to 22 Shawwal 1441H).