

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

INDEX	PAGE
Independent auditors' review report	1
Interim condensed statement of financial position	2 - 3
Interim condensed statement of income	4 - 5
Interim condensed statement of comprehensive income	6
Interim condensed statement of changes in equity	7
Interim condensed statement of cash flows	8 - 9
Notes to the interim condensed financial statements	10 - 35

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To The Shareholders of
Walaa Cooperative Insurance Company
(A Saudi Joint Stock Company)
Al Khobar
Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Walaa Cooperative Insurance Company (A Saudi Joint Stock Company) ("the Company") as at March 31, 2021, the related interim condensed statements of income and comprehensive income, changes in equity and cash flows for the three month period then ended, and the related notes which form integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' as 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 the 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 condensed 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

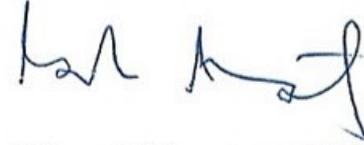
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements of Walaa Cooperative Insurance Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia.

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

El Sayed El Ayouty & Co.
Certified Public Accountants
P. O. Box 780
Jeddah 21421
Kingdom of Saudi Arabia



Abdullah M. AlAzem
License No. 335



Mohamed El Ayouty
License No. 211

Ramazan 16, 1442 H
April 28, 2021



WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	Notes	March 31, 2021 - (Unaudited)	December 31, 2020 - (Audited)
SAR'000			
ASSETS			
Cash and cash equivalents	5	568,591	687,297
Short term deposits		200,000	217,274
Long term deposits		50,000	50,000
Premiums and reinsurers' receivable - net	6	307,907	333,020
Reinsurers' share of unearned premiums	8.2	303,590	363,490
Reinsurers' share of outstanding claims	8.1	182,495	162,891
Reinsurers' share of claims incurred but not reported	8.1	53,607	57,700
Reinsurer's share of mathematical reserves		136,345	138,959
Deferred policy acquisition costs		27,137	25,355
Investments	7	618,262	515,790
Due from insurance operations		28,637	86,072
Prepaid expenses and other assets		85,526	90,243
Property and equipment, net	9	13,244	14,240
Intangible assets	4	34,517	34,720
Goodwill	4	24,415	24,415
Statutory deposit		64,640	64,640
Accrued income on statutory deposit		10,275	10,114
Accrued commission income		4,861	3,882
TOTAL ASSETS		2,714,049	2,880,102



Chief Financial Officer



Chief Executive Officer



Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	Notes	March 31, 2021 - (Unaudited)	December 31, 2020 - (Audited)
		SAR'000	
<u>LIABILITIES</u>			
Policyholders claims payable		37,010	34,794
Accrued and other liabilities	10	134,466	152,190
Reinsurers' balances payable		187,994	232,814
Unearned premiums	8.2	751,966	789,964
Unearned reinsurance commission		21,167	20,472
Outstanding claims	8.1	268,853	233,498
Claims incurred but not reported	8.1	157,807	170,977
Gross mathematical reserves		136,345	138,959
Additional premium reserves	8.1	14,476	26,010
Other technical reserves	8.1	9,044	8,642
Due to shareholders 'operations		28,637	86,072
End-of-service indemnities		21,073	21,724
Zakat and income tax	15	32,614	28,864
Accrued commission income payable to SAMA		10,275	10,114
Surplus distribution payable		9,774	9,774
TOTAL LIABILITIES		1,821,501	1,964,868
<u>EQUITY</u>			
Share capital	16	646,397	646,397
Share premium	16	103,277	103,277
Statutory reserve		63,327	63,327
Retained earnings		53,697	81,304
Fair value reserve on investments - available-for-sale		26,910	21,989
TOTAL SHAREHOLDERS' EQUITY		893,608	916,294
Re-measurement reserve for end-of-service indemnities – related to insurance operations		(1,060)	(1,060)
TOTAL EQUITY		892,548	915,234
TOTAL LIABILITIES AND EQUITY		2,714,049	2,880,102
Commitments and contingencies	11		

Mohammed

Chief Financial Officer

[Signature]
Chief Executive Officer

[Signature]
Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

	Notes	For the three month period ended March 31,	
		2021	2020
		SAR'000	
<u>REVENUES</u>			
Gross premiums written			
- Direct		340,433	333,571
- Reinsurance		2,925	410
	8.2	343,358	333,981
Reinsurance premiums ceded			
- Local ceded		(5,161)	(2,482)
- Foreign ceded		(94,908)	(88,828)
		(100,069)	(91,310)
Excess of loss expenses		(1,472)	(1,787)
Net premiums written		241,817	240,884
Changes in unearned premiums		(59,900)	(8,795)
Changes in reinsurance share of unearned premiums		37,998	(42,900)
Net premiums earned		219,915	189,189
Reinsurance commissions		10,213	7,427
Other underwriting income		722	632
TOTAL REVENUES		230,850	197,248
<u>UNDERWRITING COSTS AND EXPENSES</u>			
Gross claims paid		211,907	155,060
Surrenders and maturities		4,180	4,397
Expenses incurred related to claims		6,954	10,894
Reinsurers' share of claims paid		(15,226)	(13,323)
Net claims and other benefits paid		207,815	157,028
Changes in outstanding claims		35,355	(2,121)
Changes in reinsurance share of outstanding claims		(19,604)	5,067
Changes in claims incurred but not reported		(13,170)	12,482
Changes in reinsurance share of claims incurred but not reported		4,093	57
Net claims and other benefits incurred		214,489	172,513
Additional premium reserves		(11,534)	(429)
Other technical reserves		402	(13,319)
Policy acquisition costs		14,324	9,288
Other underwriting expenses		21,305	6,558
TOTAL UNDERWRITING COSTS AND EXPENSES		238,986	174,611
NET UNDERWRITING (LOSS)/ INCOME		(8,136)	22,637



Chief Financial Officer


Chief Executive Officer


Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

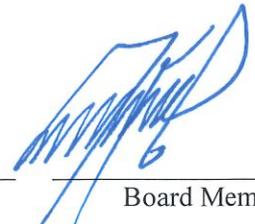
INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED) (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

	Notes	For the three Month period ended March 31	
		2021	2020
		SAR'000	
<u>OTHER OPERATING (EXPENSES) / INCOME</u>			
Allowance for doubtful debts		(1,755)	(2,470)
General and administrative expenses		(35,869)	(35,660)
Commission income on deposits		4,210	3,750
Dividend income on investments		1,257	21
Realized gain on Investments		13,213	-
Unrealized gain on Investments		3,223	-
TOTAL OTHER OPERATING EXPENSES		(15,721)	(34,359)
Total loss for the period before zakat and income tax & Surplus attribution		(23,857)	(11,722)
Zakat and income tax	15	(3,750)	(2,250)
TOTAL LOSS FOR THE PERIOD		(27,607)	(13,972)
Total income attributed to the insurance operations		-	-
Net loss for the period attributable to the shareholders		(27,607)	(13,972)
Loss per share			
Basic and diluted (SAR per share)	19	(0.43)	(0.25)
Weighted average number of ordinary outstanding shares (in thousands)		64,640	56,964



Chief Financial Officer


Chief Executive Officer


Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

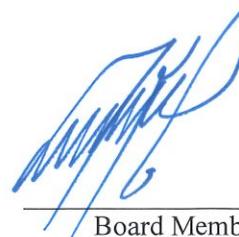
	Notes	For the three Month period ended March 31	
		2021	2020
		SAR'000	
Total loss for the period		(27,607)	(13,972)
Other comprehensive income/ (loss)			
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>			
Available for sale investments:			
- Net change in fair value	7	4,921	(36,919)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(22,686)	(50,891)
Total comprehensive income attributed to the insurance operations		-	-
Net comprehensive loss for the period attributable to the shareholders		(22,686)	(50,891)



Chief Financial Officer



Chief Executive Officer



Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

	Notes	Share capital	Share premium	Statutory reserve	Fair value reserve on investments	Retained earnings	Total
SAR '000							
2021							
Balance at January 1, 2021 (Audited)		646,397	103,277	63,327	21,989	81,304	916,294
Comprehensive income for the period:							
Net loss for the period attributable to the shareholders		-	-	-	-	(27,607)	(27,607)
Unrealized changes in fair value of AFS investments, net		-	-	-	4,921	-	4,921
Total comprehensive loss for the period attributable to shareholders		-	-	-	4,921	(27,607)	(22,686)
Balance at March 31, 2021 (Unaudited)		646,397	103,277	63,327	26,910	53,697	893,608
2020							
Balance at January 1, 2020 (Audited)		528,000	30,108	53,102	17,650	40,406	669,266
Comprehensive income for the period:							
Net loss for the period attributable to the shareholders		-	-	-	-	(13,972)	(13,972)
Unrealized changes in fair value of AFS investments, net		-	-	-	(36,919)	-	(36,919)
Total comprehensive loss for the period attributable to Shareholders		-	-	-	(36,919)	(13,972)	(50,891)
Issuance of share capital	16	118,397	-	-	-	-	118,397
Share premium as recognized in financial statements issued for the quarter ended 31 March 2020	16	-	50,911	-	-	-	50,911
Balance at March 31, 2020 (Unaudited)		646,397	81,019	53,102	(19,269)	26,434	787,683
Share premium adjusted due to increase in purchase consideration	4	-	22,258	-	-	-	22,258
Balance at March 31, 2020 (Unaudited) (Restated)		646,397	103,277	53,102	(19,269)	26,434	809,941

Signature

Chief Financial Officer

Chief Executive Officer

Signature

Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	2021	2020
	SAR'000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before zakat and income tax	(23,857)	(11,722)
Adjustments for non-cash items:		
Depreciation of property and equipment	2,304	2,074
Amortization of intangible assets	203	137
Allowance for doubtful debts	1,755	2,470
Dividend income on investments	(1,257)	(21)
Commission income on deposits	(4,210)	(3,750)
Gain on disposal of investments	(13,213)	-
Provision for end-of-service indemnities	1,053	926
Lease finance cost	25	-
Changes in operating assets and liabilities:		
Premiums and reinsurers' receivable	23,358	(36,073)
Reinsurers' share of unearned premiums	59,900	42,900
Reinsurers' share of outstanding claims	(19,604)	5,067
Reinsurers' share of claims incurred but not reported	4,093	57
Reinsurers' share of mathematical reserves	2,614	9,211
Deferred policy acquisition costs	(1,782)	(6,657)
Prepaid expenses and other assets	4,717	(1,947)
Policyholders claim payables	2,216	4,448
Accrued and other liabilities	(17,622)	4,874
Reinsurers' balances payable	(44,820)	(34,028)
Unearned premiums	(37,998)	8,795
Unearned reinsurance commission	695	602
Outstanding claims	35,355	(2,121)
Claims incurred but not reported	(13,170)	12,482
Gross mathematical reserves	(2,614)	(9,211)
Additional premium reserves	(11,534)	(429)
Other technical reserves	402	(13,319)
	(52,991)	(25,235)
End-of-service indemnities paid	(1,704)	(952)
Net cash used in operating activities	(54,695)	(26,187)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in investments, net	(84,338)	(1,255)
Commission income received	3,231	5,010
Dividend received	1,257	21
Cash and cash equivalents acquired through business combination	-	43,589
Disposals of short term deposits	17,274	126,803
Disposals of long term deposits	-	20,000
Additions in property and equipment	(1,308)	(2,140)
Additions in intangible assets	-	(405)
Net cash (used in)/ generated from investing activities	(63,884)	191,623



Chief Financial Officer



Chief Executive Officer



Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	<u>2021</u>	<u>2020</u>
	<u>SAR'000</u>	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in statutory deposit	-	(11,840)
Lease liability paid	<u>(127)</u>	<u>(467)</u>
Net cash used in financing activities	<u>(127)</u>	<u>(12,307)</u>
Net change in cash and cash equivalents	<u>(118,706)</u>	153,129
Cash and cash equivalents, beginning of the period	<u>687,297</u>	<u>560,925</u>
Cash and cash equivalents, end of the period	<u>568,591</u>	<u>714,054</u>
 <u>NON-CASH INFORMATION</u>		
Unrealised changes in fair value of available for sale investments	<u>4,921</u>	<u>(36,919)</u>



Chief Financial Officer



Chief Executive Officer



Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

1. GENERAL

Walaa Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), “the Company”, was formed pursuant to Royal Decree No. (S/114) dated 02/05/1428H. The Company operates under UNN 7001526578 (formerly Commercial Registration no. 2051034982) dated Jumada II 19, 1428H corresponding to July 4, 2007. The registered address of the Company's head office is as follows:

Walaa Cooperative Insurance Company
Head Office
4513, Adh Dhahran Al Khubar Al Janubiyah
Unit No: 8, Al-Khobar 34621-8615
P.O. Box 31616
Al-Khobar 31952, Kingdom of Saudi Arabia

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include motor, medical, marine, fire, engineering, energy, aviation, casualty insurance and protection & savings.

On 2 Jumada II 1424H, corresponding to 31 July 2003, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On 28 Jumada II 1429H corresponding to July 2, 2008, the Saudi Central Bank (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license number (TMN/16/2008) to transact insurance activities in the Kingdom of Saudi Arabia.

The Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

2. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements of the Company as at and for the period ended March 31, 2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

The financial statements of the Company as at and for the period and year ended March 31, 2020, respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards (“IFRS”) respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – “Income Taxes” and IFRIC 21 – “Levies” so far as these relate to zakat and income tax) and the Regulations for Companies in the Kingdom of Saudi Arabia.

On July 23, 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. 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.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

2. BASIS OF PREPARATION (CONTINUED)

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of held for trading and available-for-sale investments. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the Company's interim condensed statement of financial position is presented in order of liquidity. Except for property and equipment, intangible assets, statutory deposit, accrued income on statutory deposit, held to maturity Sukuk, long-term deposits, goodwill and gross & reinsurance share of mathematical reserves, end-of-service indemnities and accrued commission income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

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

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in note 21 of the financial statements have been provided to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations require the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and 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 interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2020.

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

(b) Seasonality of operations

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

(c) Critical accounting judgments, estimates and assumptions

The preparation of condensed 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 expense. Actual results may differ from these estimates.

In preparing these 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 December 31, 2020.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

2. BASIS OF PREPARATION (CONTINUED)

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

Further, the Company has considered the following:

On 11 March 2020, the World Health Organization (“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.

In response to the Covid-19 pandemic, SAMA issued a decree 189 (the “Decree”) dated May 8, 2020 to all insurance companies in the Kingdom of Saudi Arabia. Among various other matters relating to the insurance sector, the Decree instructs all the insurance companies to extend the period of validity of all existing retail motor insurance policies by two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this Decree and allowing insurance companies not to cancel the policy in the event the insured fails to pay the premiums..

The management has considered the impact of Covid-19 and the Decree as mentioned above in these interim condensed financials.

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 December 31, 2020.

4. BUSINESS COMBINATION

The Company held an ordinary general assembly meeting on 27 January 2020 corresponding to 2 Jumada II 1441H and approved the purchase of the insurance portfolio and the related net assets and liabilities of the MetLife AIG ANB Cooperative Insurance Company (“MetLife”) effective 1 March 2020. The purchase consideration was determined to be SAR 191,566 thousands which consisted of the issue of 11,839,706 new shares to the shareholders of MAA. The acquisition resulted in goodwill amounting to SAR 24.415 million and intangibles amounting to SAR 33.133 million.

The following table summarises the fair value of assets acquired and liabilities assumed at the date of acquisition.

	SAR’000
MAA’s net assets as at acquisition date	134,018
Goodwill arising from the acquisition	24,415
Intangibles recognized from the acquisition	33,133
Purchase consideration	<u>191,566</u>

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

4. BUSINESS COMBINATION (Continued)

Purchase consideration and Goodwill & Intangibles

Initially, a provisional amounts for Goodwill & intangibles amounting to SAR 35,289 thousands and Share Premium amounting to SAR 50,911 thousands were recognized based on estimation of purchase consideration at SAR 169,308 thousands to account for business combination as at the date of acquisition of MAA by the Company. However, during the period ended 30 September 2020, the purchase consideration was revised to SAR 191,566 thousands taking into consideration the closing market price of ordinary shares of the Walaa which were issued as consideration for the acquisition. The fair value of the newly issued shares of the Walaa was determined on the basis of closing market price of its ordinary shares of SAR 16.18 per share on the Tadawul on the last trading date prior to the acquisition date of February 29, 2020. Issue costs which were directly attributable to the issue of the shares were not material. This change in purchase consideration from SAR 169,308 thousands to SAR 191,566 thousands increased the previously recognised amounts of Goodwill & intangibles and Share Premium each by SAR 22,258 thousands and was consequently restated.

After the quarter ended 30 September 2020, the management has carried out a comprehensive undertaking of Purchase Price Allocation wherein the provisional amounts could be finalized. Following the application of Purchase Price Allocation Methodology, the previously recognised goodwill amounting to SAR 57,548 thousands has been divided between intangible assets and goodwill by SAR 33,133 thousands and SAR 24,415 thousands respectively. The said revisions were within the aforementioned measurement period of one year from the acquisition date.

All these adjustments and classifications were completed with retrospective effect during the measurement period that is one year from the acquisition date.

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

4. BUSINESS COMBINATION (Continued)

Purchase price allocation

The purchase price allocation undertaken by the Company and has identified the following intangible assets and their valuation approach and methodologies are further detailed below:

	SAR'000
Goodwill	24,415
<i>Intangible Assets acquired in merger</i>	
- Customer Contract ('ALICO')	5,454
- Customer Relationship	2,832
- Product Licenses (Protection & savings)	24,847
Total	57,548

Valuation approach and methodologies – Intangible assets acquired in merger.

- **Customer Contract ('ALICO')**

On the Acquisition Date, Walaa acquired the Saudi run-off portfolio of American Life Insurance Company "ALICO" which was transferred initially to MAA on April 1st, 2015 as per the portfolio transfer agreement entered between MetLife ALICO and MAA and was 100% reinsured back to MetLife under a quota-share reinsurance agreement. This portfolio includes long term life protection, savings insurance products and personal accident policies. As per the terms of the portfolio transfer agreement and the quota-share reinsurance agreement, the Company is entitled to a reinsurance commission at an agreed rate and reimbursement of all expenses related to administration of the portfolio. The management has employed "Multi Period Excess Earning Method" for valuing the contractual customer relationship and is considered to have a useful life of 83 years based on the run-off of the customer portfolio.

- **Customer Relationship**

IAS 38 specifies that if an entity can evidence that it can control economic benefits from non-contractual relationships, those customer relationships are identified as separable and can be recognized as an intangible asset. Arab National Bank ("has a relationship and was also 30% stakeholder of MAA) has historically contributed a consistent revenue stream for MAA with various insurance agreements. Hence, the relationship has been regarded to represent a Customer Relationship intangible. The management has employed "Multi Period Excess Earning Method" for valuing the non-contractual customer relationship and is considered to have a useful life of 6 years.

- **Product Licenses**

As a result of the Transaction, Walaa acquired the Protection & savings Insurance License. This license has been identified as an intangible asset. This life insurance intangible was valued using the "Multi Period Excess Earning Method" from the Protection & savings Line of Business for valuing product licenses. This is considered to be an intangible asset with an indefinite life and will therefore be subject to the annual impairment assessments.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

4. BUSINESS COMBINATION (CONTINUED)

4.1 METLIFE ALICO Portfolio transfer

The Company being the acquirer and pursuant to the merger agreement has acquired the existing Saudi run-off portfolio comprising of long-term life Protection and Savings insurance products and Personal Accident policies from MAA (the acquiree) effective the date of merger. This Saudi run-off portfolio was transferred by MetLife ALICO to MAA (the acquiree) in April 1, 2015. This portfolio is 100% reinsured back to MetLife ALICO. Accordingly, the liabilities related to this portfolio were recorded in the Company's books at book value with offsetting assets representing the reinsurance share of these liabilities. The Company is entitled to reinsurance commission at the agreed rates and to reimbursement on actual basis of all the expenses incurred on the administration of this portfolio.

The position of ALICO portfolio as at March 31, 2021 is as follows;

	March 31, 2021 – (Unaudited)	December 31, 2020 - (Audited)
	SAR'000	
<u>ASSETS</u>		
Cash and cash equivalents	6	6
Premiums and reinsurers' receivable - net	40	62
Reinsurers' share of unearned premiums	-	-
Reinsurers' share of outstanding claims	9,722	10,288
Reinsurers' share of claims incurred but not reported	104	109
Reinsurer's share of mathematical reserves	136,345	138,959
Due from related parties	6,058	4,865
Prepaid expenses and other assets	200	33
TOTAL ASSETS	152,475	154,322
	March 31, 2021 – (Unaudited)	December 31, 2020 - (Audited)
	SAR'000	
<u>Liabilities</u>		
Payables, accruals and others	266	110
Reinsurers' balances payable	4,329	4,856
Unearned premiums	-	-
Outstanding claims	9,722	10,288
Claims incurred but not reported	104	109
Gross mathematical reserves	136,345	138,959
Due to related parties	1,709	-
TOTAL LIABILITIES	152,475	154,322

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	Insurance operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Cash and bank balances	566,775	687,297
Total	566,775	687,297
	Shareholders' operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Bank balances	1,816	-
Total	1,816	-
Total cash and cash equivalents	568,591	687,297

6. PREMIUMS AND REINSURERS' RECEIVABLE - NET

Receivables comprises of amounts due from the followings:

	Insurance operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Policyholders	80,567	63,511
Brokers and agents	246,638	274,934
Related parties	16,345	28,318
Receivables from reinsurers	4,441	5,574
	347,991	372,337
Less: Provision for doubtful receivables	(40,084)	(39,317)
Premiums and reinsurers' receivable – net	307,907	333,020

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

7. INVESTMENTS

Investments are classified as follows:

	Shareholders' operations	
	March 31,	December 31,
	2021	2020
	(Unaudited)	(Audited)
	SAR'000	
Available for sale investments	274,822	291,390
Held for trading	56,104	-
Held to maturity	287,336	224,400
	618,262	515,790

Movement in available for sale investments is as follows:

	Shareholders' operations	
	March 31,	December 31,
	2021	2020
	(Unaudited)	(Audited)
	SAR'000	
Opening balance	291,390	254,906
Acquired through business combination	-	3,175
Purchase	33,329	33,170
Disposals	(54,818)	(3,700)
Changes in fair value of investments, net	4,921	3,839
Closing balance	274,822	291,390

Available-for-sale investments include the following:

	Shareholders' operations	
	March 31,	December 31,
	2021	2020
	(Unaudited)	(Audited)
	SAR'000	
Quoted securities	227,648	265,092
Unquoted securities	47,174	26,298
	274,822	291,390

Movement in held to maturity investments is as follows:

	Shareholders' operations	
	March 31,	December 31,
	2021	2020
	(Unaudited)	(Audited)
	SAR'000	
Opening balance	224,400	149,342
Additional during the year	62,947	75,000
Amortization / adjustment, net	(11)	58
Closing balance	287,336	224,400

Investments in sukuks are classified as investments held to maturity and measured at amortized cost. Investments held to maturity are those investments which have fixed or determined payments and that the Company has a positive intention and ability to hold to maturity.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

8. TECHNICAL RESERVES

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Outstanding claims	268,853	233,498
Gross Claims incurred but not reported	174,078	183,235
Less: Net realizable value of salvage and subrogation	(16,271)	(12,258)
Claims incurred but not reported	157,807	170,977
Additional premium reserves:		
- Premium deficiency reserve	14,476	26,010
-Additional unexpired risk reserve	-	-
	14,476	26,010
Other technical reserves:		
- Claims handling expense provision	-	-
- Unallocated loss adjustment expense provision	9,044	8,642
- Non-proportional reinsurance accrual reserve	-	-
	9,044	8,642
Net outstanding claims and reserves	450,180	439,127
Less:		
-Reinsurer's share of outstanding claims	(182,495)	(162,891)
-Reinsurer's share of claims incurred but not reported	(53,607)	(57,700)
	(236,102)	(220,591)
Net outstanding claims and reserves	214,078	218,536

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

8. TECHNICAL RESERVES (CONTINUED)

8.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	March 31, 2021 (Unaudited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the period	789,964	(363,490)	426,474
Premiums written during the period	343,358	(101,541)	241,817
Premiums earned during the period	(381,356)	161,441	(219,915)
Balance as at the end of the period	751,966	(303,590)	448,376
	December 31, 2020 (Audited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the year	637,828	(274,137)	363,691
Additions from merger	42,282	(32,823)	9,459
Premiums written during the year	1,472,703	(622,767)	849,936
Premiums earned during the year	(1,362,849)	566,237	(796,612)
Balance as at the end of the year	789,964	(363,490)	426,474

9. PROPERTY AND EQUIPMENT, NET

	March 31,	December 31,
	2021	2020
	(Unaudited)	(Audited)
	SAR'000	
Property and equipment	10,196	10,136
Right of use assets (note 9.1)	3,048	4,104
	13,244	14,240

9.1 Depreciation charges on right of use assets amounted to SAR 1.056 million.

10. ACCRUED AND OTHER LIABILITIES

	March 31,	December 31,
	2021	2020
	(Unaudited)	(Audited)
	SAR'000	
Accrued and other liabilities	131,626	149,249
Lease rentals	2,840	2,941
	134,466	152,190

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

10. ACCRUED AND OTHER LIABILITIES (CONTINUED)

Maturity analysis of lease rentals is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Payable within one year	1,376	1,129
Payable more than one year but less than five years	1,464	1,812
	2,840	2,941

11. COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Letters of guarantee	8,754	9,254

The Company is subject to legal proceedings in the ordinary course of business. There was no change in the status of legal proceedings as disclosed at December 31, 2020.

12. 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 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 the interim condensed financial statements.

Determination of fair value and fair value hierarchy

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

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

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

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

a. Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value statements for financial assets and financial liabilities not measured at fair value since the carrying amount is a reasonable approximation to fair value.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

12. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Shareholders' Operations	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
SAR'000					
March 31, 2021 (Unaudited)					
Financial assets measured at fair value					
- Held for trading	56,104	56,104	-	-	56,104
- Available for sale	227,648	227,648	-	-	227,648
	283,752	283,752	-	-	283,752

Shareholders' Operations	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
SAR'000					
December 31, 2020 (Audited)					
Financial assets measured at fair value					
Available for sale investments					
-Quoted securities	265,092	265,092	-	-	265,092
	265,092	265,092	-	-	265,092

b. Measurement of fair values

The Company has investments amounting to SAR 47.174 million in unquoted securities and SAR 287.336 million held to maturity. These investments in unquoted securities have not been measured at fair values in the absence of active market or other means of reliably measuring their fair values. However, the management believes that there is no major difference between the carrying values and fair values of these investments.

Transfer between the Levels

During the period, there were no transfers into or out of each level.

13. 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 chief executive officer in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

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

Segment assets do not include cash and cash equivalents, short term deposits, long term deposits, premiums and insurance balances receivable - net, due from shareholders' operations, accrued commission income, prepaid expenses and other assets, goodwill, property and equipment and intangible assets. Accordingly, they are included in unallocated assets.

Segment liabilities do not include policyholders' claims payables, accrued and other liabilities, reinsurance balances payable, due to shareholders' operations, end-of-service indemnities and accrual loss thereon, and insurance operations' surplus. Accordingly, they are included in unallocated liabilities.

Segments do not include shareholders' assets and liabilities hence these are presented under unallocated assets/liabilities accordingly. These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

13. OPERATING SEGMENTS (CONTINUED)

Financial Position

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

	As at March 31, 2021 (Unaudited)						Total - Insurance operations	Shareholders' operations	Total
	Insurance operations								
	Medical	Motor	Property	Engineering	Protection &Savings	Others			
	SAR'000								
Assets									
Reinsurers' share of unearned premiums	755	50	102,060	79,385	3,108	118,232	303,590	-	303,590
Reinsurers' share of outstanding claims	-	-	56,649	69,589	17,673	38,584	182,495	-	182,495
Reinsurers' share of claims incurred but not reported	-	-	15,496	21,454	5,892	10,765	53,607	-	53,607
Reinsurer's share of mathematical reserves	-	-	-	-	136,345	-	136,345	-	136,345
Deferred policy acquisition costs	5,914	11,042	1,487	4,468	72	4,154	27,137	-	27,137
Unallocated assets	-	-	-	-	-	-	1,073,010	937,865	2,010,875
Total assets	6,669	11,092	175,692	174,896	163,090	171,735	1,776,184	937,865	2,714,049
Liabilities and shareholders' equity									
Unearned premiums	91,819	331,115	104,313	82,659	6,805	135,255	751,966	-	751,966
Unearned reinsurance commission	153	7	3,940	8,869	59	8,139	21,167	-	21,167
Outstanding claims	26,853	41,392	57,221	70,093	22,740	50,554	268,853	-	268,853
Claims incurred but not reported	11,776	83,339	16,312	22,583	8,372	15,425	157,807	-	157,807
Gross mathematical reserves	-	-	-	-	136,345	-	136,345	-	136,345
Additional Premium Reserve	5,767	8,709	-	-	-	-	14,476	-	14,476
Other Technical Reserve	306	5,132	326	354	886	2,040	9,044	-	9,044
Unallocated Liabilities and shareholders' equity	-	-	-	-	-	-	416,526	937,865	1,354,394
Total liabilities and shareholders' equity	136,674	469,694	182,112	184,558	175,207	211,413	1,776,184	937,865	2,714,049

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

13. OPERATING SEGMENTS (CONTINUED)

Financial Position (continued)

	As at December 31, 2020 (Audited)								
	Insurance operations						Total - Insurance operations	Shareholders' operations	Total
	Medical	Motor	Property	Engineering	Protection &Savings	Others			
SAR'000									
Assets									
Reinsurers' share of unearned premiums	496	164	163,545	79,842	309	119,134	363,490	-	363,490
Reinsurers' share of outstanding claims	-	-	58,760	56,200	14,933	32,998	162,891	-	162,891
Reinsurers' share of claims incurred but not reported	1,532	-	14,292	25,573	3,539	12,764	57,700	-	57,700
Reinsurer's share of mathematical reserves	-	-	-	-	138,959	-	138,959	-	138,959
Deferred policy acquisition costs	3,690	12,049	1,805	3,425	19	4,367	25,355	-	25,355
Unallocated assets	-	-	-	-	-	-	1,176,195	955,512	2,131,707
Total assets	5,718	12,213	238,402	165,040	157,759	169,263	1,924,590	955,512	2,880,102
Liabilities and shareholders' equity									
Unearned premiums	70,264	336,922	165,917	82,374	1,243	133,244	789,964	-	789,964
Unearned reinsurance commission	54	22	5,795	7,264	136	7,201	20,472	-	20,472
Outstanding claims	17,811	41,840	59,443	56,592	16,858	40,954	233,498	-	233,498
Claims incurred but not reported	17,438	88,303	15,044	26,919	5,009	18,264	170,977	-	170,977
Gross mathematical reserves	-	-	-	-	138,959	-	138,959	-	138,959
Additional premium reserves	5,726	20,284	-	-	-	-	26,010	-	26,010
Other technical reserves	283	5,252	319	386	367	2,035	8,642	-	8,642
Unallocated liabilities and shareholders' equity	-	-	-	-	-	-	536,068	955,512	1,491,580
Total liabilities and shareholders' equity	111,576	492,623	246,518	173,535	162,572	201,698	1,924,590	955,512	2,880,102

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

13. OPERATING SEGMENTS (CONTINUED)

	For the three Month period ended March 31, 2021 (Unaudited)						Total
	Medical	Motor	Property	Engineering	Protection &Savings	Others	
	SAR'000						
REVENUES							
Gross premiums written							
- Direct	56,593	164,104	10,521	29,331	15,822	64,062	340,433
- Reinsurance	-	-	-	77	2,848	-	2,925
	56,593	164,104	10,521	29,408	18,670	64,062	343,358
Reinsurance premiums ceded							
- Local ceded	-	-	(1,018)	(4,143)	-	-	(5,161)
- Foreign ceded	(833)	-	(8,552)	(23,384)	(9,446)	(52,693)	(94,908)
	(833)	-	(9,570)	(27,527)	(9,446)	(52,693)	(100,069)
Excess of loss expenses	-	(626)	(307)	(307)	-	(232)	(1,472)
Net premiums written	55,760	163,478	644	1,574	9,224	11,137	241,817
Changes in unearned premiums, net	(21,296)	5,693	120	(742)	(2,763)	(2,914)	(21,902)
Net premiums earned	34,464	169,171	764	832	6,461	8,223	219,915
Reinsurance commissions	77	15	3,240	2,856	152	3,873	10,213
Other underwriting income	114	145	3	2	-	458	722
TOTAL REVENUES	34,655	169,331	4,007	3,690	6,613	12,554	230,850
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	30,958	168,127	2,848	360	7,261	2,353	211,907
Surrenders and maturities	-	-	-	-	4,180	-	4,180
Expenses incurred related to claims	1,550	5,404	-	-	-	-	6,954
Reinsurers' share of claims paid	(1,169)	(13)	(2,479)	(310)	(9,607)	(1,648)	(15,226)
Net claims and other benefits paid	31,339	173,518	369	50	1,834	705	207,815
Changes in outstanding claims, net	9,042	(448)	(111)	112	3,142	4,014	15,751
Changes in IBNR, net	(4,130)	(4,964)	64	(217)	1,010	(840)	(9,077)
Net claims and other benefits incurred	36,251	168,106	322	(55)	5,986	3,879	214,489
Additional premium reserves	41	(11,575)	-	-	-	-	(11,534)
Other technical reserves	23	(120)	7	(32)	519	5	402
Policy acquisition costs	2,196	7,435	1,202	1,316	20	2,155	14,324
Other underwriting expenses	2,927	15,608	194	398	485	1,693	21,305
TOTAL UNDERWRITING COSTS AND EXPENSES	41,438	179,454	1,725	1,627	7,010	7,732	238,986
NET UNDERWRITING INCOME (LOSS)	(6,783)	(10,123)	2,282	2,063	(397)	4,822	(8,136)
OTHER OPERATING (EXPENSES)/ INCOME							
Allowance for doubtful debts							(1,755)
General and administrative expenses							(35,869)
Commission income on deposits							4,210
Dividend income on investments							1,257
Realized gain on Investments							13,213
Unrealized gain on Investments							3,223
TOTAL OTHER OPERATING EXPENSES							(15,721)
Total loss for the period before zakat and income tax & surplus attribution							(23,857)
Zakat and Income tax							(3,750)
NET LOSS FOR THE PERIOD							(27,607)
Total income for the period attributable to insurance operations							-
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS							(27,607)

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

13. OPERATING SEGMENTS (CONTINUED)

	For the three Month ended March 31, 2020 (Unaudited)						
	Medical	Motor	Property	Engineering	Protection &Savings	Others	Total
	SAR'000						
REVENUES							
Gross premiums written							
- Direct	26,798	206,816	17,306	34,942	664	47,045	333,571
- Reinsurance	-	-	410	-	-	-	410
	26,798	206,816	17,716	34,942	664	47,045	333,981
Reinsurance premiums ceded							
- Local ceded	-	-	(1,144)	(1,338)	-	-	(2,482)
- Foreign ceded	(2,923)	(445)	(15,507)	(30,618)	(629)	(38,706)	(88,828)
	(2,923)	(445)	(16,651)	(31,956)	(629)	(38,706)	(91,310)
Excess of loss expenses	(216)	(786)	(204)	(204)	-	(377)	(1,787)
Net premiums written	23,659	205,585	861	2,782	35	7,962	240,884
Changes in unearned premiums, Net	1,464	(50,165)	(225)	(1,839)	(88)	(842)	(51,695)
					(53)		
Net premiums earned	25,123	155,420	636	943		7,120	189,189
Reinsurance commissions	129	13	2,909	1,741	58	2,577	7,427
Other underwriting income	-	505	3	2	109	13	632
TOTAL REVENUES	25,252	155,938	3,548	2,686	114	9,710	197,248
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	19,448	125,628	653	485	333	8,513	155,060
Surrenders and maturities	-	-	-	-	4,397	-	4,397
Expenses incurred related to claims	883	10,011	-	-	-	-	10,894
Reinsurers' share of claims paid	(2,899)	-	(428)	(312)	(4,597)	(5,087)	(13,323)
Net claims and other benefits paid	17,432	135,639	225	173	133	3,426	157,028
Changes in outstanding claims, net	(514)	5,307	(1,095)	385	(102)	(1,035)	2,946
Changes in IBNR, net	5,947	6,217	5	168	37	165	12,539
Net claims and other benefits incurred	22,865	147,163	(865)	726	68	2,556	172,513
Additional premium reserves	(510)	-	-	294	-	(213)	(429)
Other technical reserves	(935)	(14,346)	(55)	121	-	1,896	(13,319)
Policy acquisition costs	1,442	4,320	1,103	825	1	1,597	9,288
Other underwriting expenses	1,722	4,816	3	(28)	4	41	6,558
TOTAL UNDERWRITING COSTS AND EXPENSES	24,584	141,953	186	1,938	73	5,877	174,611
NET UNDERWRITING INCOME	668	13,985	3,362	748	41	3,833	22,637
OTHER OPERATING (EXPENSES)/INCOME							
Allowance for doubtful debts							(2,470)
General and administrative expenses							(35,660)
Commission income on deposits							3,750
Dividend income on investments							21
TOTAL OTHER OPERATING EXPENSES							(34,359)
Total loss for the period before zakat and income tax & surplus attribution							(11,722)
Zakat and Income tax							(2,250)
NET LOSS FOR THE PERIOD							(13,972)
Total income for the period attributable to insurance operations							-
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS							(13,972)

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

14. 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:

	Transactions for the three Month period ended		Net balance receivable / (payable) as at	
	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000		SAR'000	
Entities controlled, jointly controlled or significantly influenced by related parties				
Insurance premium written / receivable from	14,391	1,580	15,409	28,105
Other business	19	(667)	13	188
Gross Claims paid and payable to directors and their related parties	11,114	510	(6,770)	(972)
Premium ceded , XOL and balances payables for premium ceded and XOL	916	4,865	(1,672)	(8,703)
Reinsurance share of claims paid	(4,397)	(5,340)	-	-

The compensation of key management personnel during the period is as follows:

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
	SAR'000	
Salaries and other allowances	1,436	1,270
End of service indemnities	626	112
	2,062	1,382
Remuneration to those charged with governance	1,263	918

15. ZAKAT AND INCOME TAX

The Company has filed Zakat and income tax returns with the General Authority of Zakat and Tax ("GAZT") up to the year ended December 31, 2019 and obtained the required certificate from GAZT that was valid up to April 30, 2021.

Status of assessments

In 2019, the Company has received an assessment order for the year 2016 for an additional zakat and tax liability amounting to SR 20 million. The Company successfully appealed against most of the items in this assessment and paid an amount of SR 1.9 million as a full and final settlement.

During 2020, the Company received an assessment order for the year 2014 for an additional zakat and tax liability amounting to SR 5.9 million. Further, during 2020, the company has received an assessment orders for the years 2015, 2017 and 2018 for an additional zakat and tax liability amounting to SR 9.3 million. The company has appealed against these assessment which are under review and consideration by the GAZT.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

15. ZAKAT AND INCOME TAX (CONTINUED)

The management of the Company reviewed assessment letters and responded in the specified time period and is confident that the additional liability would be adjusted significantly in favor of the Company. The management also believes that the provision as reflected in financial statements is sufficient to meet any additional zakat and tax obligation.

Provision for zakat and income tax

Provision for zakat has been made at 2.5% of the higher of approximate zakat base and adjusted net income attributable to the Saudi shareholders of the Company.

Income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

Shareholding subject to zakat and income tax

The following is the shareholding percentage for computation as at the end of the period/year:

	March 31, 2021	December 31, 2020
	%	%
	SAR'000	
Shareholding subject to zakat	87.35	87.35
Shareholding subject to income tax	12.65	12.65

16. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 646.4 million at March 31, 2021 consisting of 64.6 million shares of SAR 10 each (December 31, 2020: SAR 646.4 million consisting of 64.6 million shares of SAR 10 each).

In the year 2015, the Company had increased its share capital from SAR 200 million to SAR 400 million, by issuing 20 million right shares to its existing shareholders, which were offered at an exercise price of SAR 12 per share. This resulted in a share premium less issuance cost amounting to SAR 30.1 million.

The Company's Board of Directors in their meeting held on April 8, 2019 corresponding to 3 Sha'aban 1440H recommended to the Extraordinary General Assembly Meeting to increase share capital of the Company. The Extraordinary General Assembly approved to increase share capital of the Company from SAR 440 million to SAR 528 million by issuing one bonus share for every five existing shares owned by the shareholder. The increase in share capital is through capitalization of retained earnings of SAR 88 million. The increase in share capital was approved by the shareholders in their meeting held on 16 Ramadan 1440H (Corresponding to May 21, 2019).

The Board of Directors in their meeting held on 30 Muharram 1441 H (corresponding to September 29, 2019) resolved to increase the share capital from SAR 528,000,000 to SAR 646,397,060 by issuing 11,839,706 ordinary shares to merge MetLife into the Company and transferring all of MetLife's assets and liabilities to the Company through a securities exchange offer (note 4). Later, the shareholders in the EGM held on January 27, 2020 corresponding to 2 Jumada II 1441H approved the proposed merger of the Company and MAA to be effected by way of a merger pursuant to Articles 191, 192, and 193 of the Companies Law issued under Royal Decree No. M3 dated 28/1/1437H (corresponding to 10/11/2015G), through the issuance of 0.6577614444444444 new shares in the Company for each share in MAA subject to the terms and conditions of the Merger Agreement. The fair value of the newly issued shares of the Company was determined on the basis of closing market price of Walaa's ordinary shares of SAR 16.18 per share on the Tadawul on the last trading date prior to the acquisition date of February 29, 2020. Issue costs which were directly attributable to the issue of the shares were not material. As a result, there was an increase in share capital and share premium of SAR 118,397 thousand and SAR 73,169 thousand respectively.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

16. SHARE CAPITAL (CONTINUED)

The Board of Directors in their meeting held on 27 Jumada I 1442 H (corresponding to 11 January 2021) recommended to increase share capital by offering right issue with an additional amount of SAR 775million to support growth plan of the company and maintain its solvency margin. However, this is subject to approval by regulators and Extraordinary General Assembly.

The shareholding structure of the Company is as below:

	March 31, 2021 (Unaudited)		
	Authorized and issued	Paid up	
	No. of Shares	SAR "000"	
American Life Insurance	3,551,912	35,519	35,519
Arab National Bank	3,545,146	35,451	35,451
International General Insurance Company	2,020,569	20,206	20,206
Others	55,522,079	555,221	555,221
Total	64,639,706	646,397	646,397
	December 31, 2020 (audited)		
	Authorized and issued	Paid up	
	No. of Shares	SAR "000"	
American Life Insurance	3,551,911	35,519	35,519
Arab National Bank	3,545,146	35,451	35,451
International General Insurance Company	2,020,569	20,206	20,206
Others	55,522,080	555,221	555,221
Total	64,639,706	646,397	646,397

17. DIVIDEND

No dividend was proposed or paid during the period.

18. CAPITAL MANAGEMENT

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

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

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

19. EARNINGS PER SHARE (“EPS”)

Basic and diluted earnings per share from shareholders' income/(loss) is calculated by dividing net income/(loss) for the period by weighted average number of ordinary shares outstanding during the period.

20. GROSS PREMIUMS WRITTEN

Unaudited)	For the three month period ended March 31, 2021						Total Gross premiums written
	Corporate						
Class	Micro	Small	Medium	Large	Individual		
SR'000							
Medical	3,187	2,970	5,812	39,150	5,474	56,593	
Motor	786	2,152	4,980	23,996	132,190	164,104	
Property	2,102	1,369	3,546	3,504	-	10,521	
Engineering	1,024	997	8,015	19,372	-	29,408	
Protection & Savings	2,959	94	51	14,796	770	18,670	
Others	5,486	7,154	7,576	42,737	1,109	64,062	
Total	15,544	14,736	29,980	143,555	139,543	343,358	

(Unaudited)	For the three month period ended March 31, 2020						Total Gross premiums written
	Corporate						
Class	Micro	Small	Medium	Large	Individual		
SR'000							
Medical	3,809	2,646	1,580	11,361	7,402	26,798	
Motor	123	1,132	6,040	68,399	131,122	206,816	
Property	72	463	1,499	15,682	-	17,716	
Engineering	15	198	1,136	33,591	-	34,942	
Protection & Savings	-	-	-	12	652	664	
Others	156	976	3,223	42,365	325	47,045	
Total	4,175	5,415	13,478	171,411	139,502	333,981	

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

21. SUPPLEMENTARY STATEMENTS

Interim condensed financial position

	March 31, 2021 - (Unaudited)			December 31, 2020 - (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
ASSETS						
Cash and cash equivalents	566,775	1,816	568,591	687,297	-	687,297
Short term deposits	100,000	100,000	200,000	50,000	167,274	217,274
Long term deposits	-	50,000	50,000	-	50,000	50,000
Premiums and reinsurers' receivable - net	307,907	-	307,907	333,020	-	333,020
Reinsurers' share of unearned premiums	303,590	-	303,590	363,490	-	363,490
Reinsurers' share of outstanding claims	182,495	-	182,495	162,891	-	162,891
Reinsurers' share of claims incurred but not reported	53,607	-	53,607	57,700	-	57,700
Reinsurers' share of mathematical reserves	136,345	-	136,345	138,959	-	138,959
Deferred policy acquisition costs	27,137	-	27,137	25,355	-	25,355
Investments	-	618,262	618,262	-	515,790	515,790
Due from insurance operations	-	28,637	28,637	-	86,072	86,072
Prepaid expenses and other assets	83,342	2,184	85,526	90,051	192	90,243
Property and equipment	13,244	-	13,244	14,240	-	14,240
Intangible assets	1,384	33,133	34,517	1,587	33,133	34,720
Goodwill	-	24,415	24,415	-	24,415	24,415
Statutory deposit	-	64,640	64,640	-	64,640	64,640
Accrued income on statutory deposit	-	10,275	10,275	-	10,114	10,114
Accrued commission income	358	4,503	4,861	-	3,882	3,882
TOTAL ASSETS	1,776,184	937,865	2,714,049	1,924,590	955,512	2,880,102

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed financial position (Continued)

	March 31, 2021 - (Unaudited)			December 31, 2020- (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
LIABILITIES						
Policyholders claims payable	37,010	-	37,010	34,794	-	34,794
Accrued and other liabilities	133,098	1,368	134,466	151,950	240	152,190
Reinsurers' balances payable	187,994	-	187,994	232,814	-	232,814
Unearned premiums	751,966	-	751,966	789,964	-	789,964
Unearned reinsurance commission	21,167	-	21,167	20,472	-	20,472
Outstanding claims	268,853	-	268,853	233,498	-	233,498
Claims incurred but not reported	157,807	-	157,807	170,977	-	170,977
Gross mathematical reserves	136,345	-	136,345	138,959	-	138,959
Additional premium reserves	14,476	-	14,476	26,010	-	26,010
Other technical reserves	9,044	-	9,044	8,642	-	8,642
Due to shareholders' operations	28,637	-	28,637	86,072	-	86,072
End-of-service indemnities	21,073	-	21,073	21,724	-	21,724
Zakat and income tax	-	32,614	32,614	-	28,864	28,864
Accrued commission income payable to SAMA	-	10,275	10,275	-	10,114	10,114
Insurance operation surplus	9,774	-	9,774	9,774	-	9,774
TOTAL LIABILITIES	1,777,244	44,257	1,821,501	1,925,650	39,218	1,964,868
EQUITY						
Share capital	-	646,397	646,397	-	646,397	646,397
Share premium	-	103,277	103,277	-	103,277	103,277
Statutory reserve	-	63,327	63,327	-	63,327	63,327
Fair value reserve on investments	-	26,910	26,910	-	21,989	21,989
Retained earnings	-	53,697	53,697	-	81,304	81,304
TOTAL SHAREHOLDERS' EQUITY	-	893,608	893,608	-	916,294	916,294
Re-measurement reserve for end-of-service indemnities – related to insurance operations	(1,060)	-	(1,060)	(1,060)	-	(1,060)
TOTAL EQUITY	(1,060)	893,608	892,548	(1,060)	916,294	915,234
TOTAL LIABILITIES AND EQUITY	1,776,184	937,865	2,714,049	1,924,590	955,512	2,880,102

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of income for the three month period ended

(Unaudited)	March 31, 2021			March 31, 2020		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross premiums written						
- Direct	340,433	-	340,433	333,571	-	333,571
- Reinsurance	2,925	-	2,925	410	-	410
	343,358	-	343,358	333,981	-	333,981
Reinsurance premiums ceded						
- Local ceded	(5,161)	-	(5,161)	(2,482)	-	(2,482)
- Foreign ceded	(94,908)	-	(94,908)	(88,828)	-	(88,828)
	(100,069)	-	(100,069)	(91,310)	-	(91,310)
Excess of loss expenses	(1,472)	-	(1,472)	(1,787)	-	(1,787)
Net premiums written	241,817	-	241,817	240,884	-	240,884
Changes in unearned premiums, net	(21,902)	-	(21,902)	(51,695)	-	(51,695)
Net premiums earned	219,915	-	219,915	189,189	-	189,189
Reinsurance commissions	10,213	-	10,213	7,427	-	7,427
Other underwriting income	722	-	722	632	-	632
TOTAL REVENUES	230,850	-	230,850	197,248	-	197,248
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	211,907	-	211,907	155,060	-	155,060
Surrenders and maturities	4,180	-	4,180	4,397	-	4,397
Expenses incurred related to claims	6,954	-	6,954	10,894	-	10,894
Reinsurers' share of claims paid	(15,226)	-	(15,226)	(13,323)	-	(13,323)
Net claims and other benefits paid	207,815	-	207,815	157,028	-	157,028
Changes in outstanding claims, net	15,751	-	15,751	2,946	-	2,946
Changes in IBNR, net	(9,077)	-	(9,077)	12,539	-	12,539
Net claims and other benefits Incurred	214,489	-	214,489	172,513	-	172,513
Additional premium reserves	(11,534)	-	(11,534)	(429)	-	(429)
Other technical reserves	402	-	402	(13,319)	-	(13,319)
Policy acquisition costs	14,324	-	14,324	9,288	-	9,288
Other underwriting expenses	21,305	-	21,305	6,558	-	6,558
TOTAL UNDERWRITING COSTS AND EXPENSES	238,986	-	238,986	174,611	-	174,611
NET UNDERWRITING (LOSS) / INCOME	(8,136)	-	(8,136)	22,637	-	22,637

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of income for the three month period ended (Continued)

(Unaudited)	March 31, 2021			March 31, 2020		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	(1,755)	-	(1,755)	(2,470)	-	(2,470)
General and administrative expenses	(33,396)	(2,473)	(35,869)	(30,033)	(5,627)	(35,660)
Commission income in deposits	976	3,234	4,210	835	2,915	3,750
Dividend income on Investments	-	1,257	1,257	-	21	21
Realized gain on Investments	-	13,213	13,213	-	-	-
Unrealized gain on Investments	-	3,223	3,223	-	-	-
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(34,175)	18,454	(15,721)	(31,668)	(2,691)	(34,359)
Total loss for the period before zakat and income tax	(42,311)	18,454	(23,857)	(9,031)	(2,691)	(11,722)
Zakat and Income tax	-	(3,750)	(3,750)	-	(2,250)	(2,250)
NET LOSS FOR THE PERIOD	(42,311)	14,704	(27,607)	(9,031)	(4,941)	(13,972)
Surplus transferred to Shareholders	42,311	(42,311)	-	9,031	(9,031)	-
NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS	-	(27,607)	(27,607)	-	(13,972)	(13,972)
Loss per share (Expressed in SAR per share)						
Basic and diluted		<u>(0.43)</u>			<u>(0.25)</u>	

Interim condensed statement of comprehensive income for the three month period ended

(Unaudited)	March 31, 2021			March 31, 2020		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
Total loss for the period	-	(27,607)	(27,607)	-	(13,972)	(13,972)
Other comprehensive (loss) income						
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
Available for sale investments:						
- Net change in fair value	-	4,921	4,921	-	(36,919)	(36,919)
TOTAL COMPREHENSIVE LOSS INCOME FOR THE PERIOD	-	(22,686)	(22,686)	-	(50,891)	(50,891)

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of cash flows for three month

(Unaudited)	Insurance	Share-	Total	Insurance	Share-	Total
	operations	holders'		operations	holders'	
	2021 SAR'000			2020 SAR'000		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss for the period before zakat	-	(23,857)	(23,857)	-	(11,722)	(11,722)
Adjustments for non-cash items:						
Depreciation of property and equipment	2,304	-	2,304	2,074	-	2,074
Amortization of intangible assets	203	-	203	137	-	137
Allowance for doubtful debts	1,755	-	1,755	2,470	-	2,470
Dividend income on investments	-	(1,257)	(1,257)	-	(21)	(21)
Commission income on investments	(976)	(3,234)	(4,210)	(835)	(2,915)	(3,750)
Provision for end-of-service indemnities	1,053	-	1,053	926	-	926
Gain on disposal of investments	-	(13,213)	(13,213)	-	-	-
Finance cost	25	-	25	-	-	-
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	23,357	-	23,357	(36,073)	-	(36,073)
Reinsurers' share of unearned premiums	59,900	-	59,900	42,900	-	42,900
Reinsurers' share of outstanding claims	(19,604)	-	(19,604)	5,067	-	5,067
Reinsurers' share of claims incurred but not reported	4,093	-	4,093	57	-	57
Reinsurers' share of mathematical reserves	2,614	-	2,614	9,211	-	9,211
Deferred policy acquisition costs	(1,782)	-	(1,782)	(6,657)	-	(6,657)
Prepaid expenses and other assets	6,709	(1,992)	4,717	(1,813)	(134)	(1,947)
Policyholders and accounts payables	2,216	-	2,216	4,448	-	4,448
Accrued and other liabilities	(18,749)	1,128	(17,621)	3,962	912	4,874
Reinsurers' balances payable	(44,820)	-	(44,820)	(34,028)	-	(34,028)
Unearned premiums	(37,998)	-	(37,998)	8,795	-	8,795
Unearned reinsurance commission	695	-	695	602	-	602
Outstanding claims	35,355	-	35,355	(2,121)	-	(2,121)
Claims incurred but not reported	(13,170)	-	(13,170)	12,482	-	12,482
Gross mathematical reserves	(2,614)	-	(2,614)	(9,211)	-	(9,211)
Additional premium reserves	(11,534)	-	(11,534)	(429)	-	(429)
Other technical reserves	402	-	402	(13,319)	-	(13,319)
	(10,566)	(42,425)	(52,991)	(11,355)	(13,880)	(25,235)
End-of-service indemnities paid	(1,704)	-	(1,704)	(952)	-	(952)
Net cash used in operating activities	(12,270)	(42,425)	(54,695)	(12,307)	(13,880)	(26,187)

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of cash flows for three month (Continued)

	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	<u>2021 SAR'000</u>			<u>2020 SAR'000</u>		
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions in intangible assets	-	-	-	(405)	-	(405)
Additions in investments, net	-	(84,338)	(84,338)	-	(1,255)	(1,255)
Commission income received on investments	618	2,613	3,231	1,048	3,962	5,010
Dividend received on investments	-	1,257	1,257	-	21	21
Cash and cash equivalents acquired through business combination	-	-	-	34,413	9,176	43,589
(Additions)/disposals of short term deposits	(50,000)	67,274	17,274	129,987	(3,184)	126,803
Disposals of long term deposits	-	-	-	-	20,000	20,000
Additions in property and equipment	(1,308)	-	(1,308)	(2,140)	-	(2,140)
Net cash generated from / (used in) investing activities	(50,690)	(13,194)	(63,884)	162,903	28,720	191,623
CASH FLOWS FROM FINANCING ACTIVITIES						
Statutory deposit	-	-	-	-	(11,840)	(11,840)
Due from shareholders/insurance operations	(57,435)	57,435	-	(28,007)	28,007	-
Lease liability paid	(127)	-	(127)	(467)	-	(467)
Net cash (used in) / generated from investing activity	(57,562)	57,435	(127)	(28,474)	16,167	(12,307)
Net change in cash and cash equivalents	(120,522)	1,816	(118,706)	122,122	31,007	153,129
Cash and cash equivalents, beginning of the period	687,297	-	687,297	560,925	-	560,925
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	566,775	1,816	568,591	683,047	31,007	714,054
NON-CASH TRANSACTION						
Unrealised changes in fair value of available for sale investments	-	4,921	4,921	-	(36,919)	(36,919)

22. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on April 28, 2021 corresponding to 16 Ramadan 1442H.