

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Financial Statements
(Unaudited)
Together with Independent Auditors' Review Report

For the three-months period ended
31 March 2019

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019**

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Al-Bassam & Co.
Allied Accountants

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Sindi & Batterjee
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REPORT ON REVIEW INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF
SAUD ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position Saudi Enaya Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2019 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-months period then ended and a summary of significant policies and other explanatory notes. 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) as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of Zakat and Income Tax. 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 Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of these 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 as 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 presented fairly, in all material respects, in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by SAMA for the accounting of Zakat and Income Tax.

for Al-Bassam & Co.
Allied Accountants

Jibril A. Al-Bassam
Certified Public Accountant
Licence No. 337

for Sindi & Batterjee
Certified Public Accountants


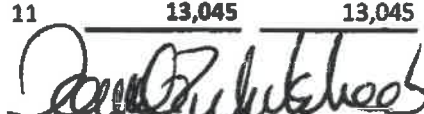

Mazin Mohammed Batterjee
Certified Public Accountant
Licence No. 217

11 May 2019
6 Ramadan 1440H
Jeddah, Kingdom of Saudi Arabia



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

**INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

		31 March 2019 (Unaudited)	31 December 2018 (Audited)
Notes		SAR '000	
ASSETS			
Cash and cash equivalents	5	13,982	56,721
Short term murabaha deposits	6	176,752	82,882
Premiums receivable – net	7	24,247	17,429
Reinsurer receivable		2,667	
Reinsurer share of outstanding claims	10	154	5,857
Reinsurer share of claims incurred but not reported	10	1,308	2,103
Reinsurer share of Premium deficiency reserve		-	610
Deferred policy acquisition costs		1,566	1,035
Investments	8	72,814	12,695
Prepaid expenses and other assets		19,014	15,381
Property and equipment		2,521	2,446
Intangible assets		1,134	1,161
Statutory deposit	9	30,000	30,000
Accrued commission income on statutory deposit		2,318	2,318
TOTAL ASSETS		348,477	230,638
LIABILITIES			
Accrued and other liabilities		46,280	71,107
Reinsurer balances payable		-	939
Unearned premiums	10	24,582	20,338
Outstanding claims	10	2,339	44,408
Claims incurred but not reported	10	13,479	15,943
Premium deficiency reserve	10	3,442	2,441
Other technical reserves	10	732	572
End-of-service indemnities		6,150	5,808
Zakat and income tax	15	11,298	10,698
Accrued commission income payable to SAMA		2,318	2,318
TOTAL LIABILITIES		110,620	174,572
SHAREHOLDERS' EQUITY			
Share capital	16	300,000	100,000
Accumulated losses		(62,917)	(44,708)
TOTAL SHAREHOLDERS' EQUITY		237,083	55,292
Re-measurement reserve of defined indemnities obligation		774	774
TOTAL EQUITY		237,857	56,066
TOTAL LIABILITIES AND EQUITY		348,477	230,638
COMMITMENTS AND CONTINGENCIES			
	11	13,045	13,045
 Chairman		 Chief Executive Officer	
 Chief Financial Officer			

The accompanying notes from 1 – 21 form an integral part of these Interim condensed financial statements.

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

**INTERIM STATEMENT OF INCOME – (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH**

	2019	2018
	SAR '000	
REVENUES		
Gross premiums written	25,197	87,188
Excess of loss expenses – foreign	-	(4,227)
Net premiums written	25,197	82,961
Changes in unearned premiums, net	(4,244)	(9,439)
Net premiums earned	20,953	73,522
TOTAL REVENUES	20,953	73,522
UNDERWRITING COSTS AND EXPENSES		
Gross claims paid	67,428	68,445
Reinsurers' share of claims paid	(3,605)	(8,245)
Net claims paid	63,823	60,200
Changes in outstanding claims, net	(36,365)	58,767
Changes in claims incurred but not reported, net	(1,670)	-
Net claims incurred	25,788	118,967
Premium deficiency reserve	1,612	30,219
Other technical reserves	160	4,566
Policy acquisition costs	1,093	4,452
Other underwriting expenses	866	1,788
TOTAL UNDERWRITING COSTS AND EXPENSES	29,519	159,992
NET UNDERWRITING LOSS	(8,566)	(86,470)



Chairman



Chief Financial Officer



Chief Executive Officer

The accompanying notes from 1 – 21 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF INCOME – (UNAUDITED) – (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH**

	Notes	2019	2018
		SAR '000	
<u>OTHER OPERATING (EXPENSES) / INCOME</u>			
Reversal / (Allowance) for doubtful debts		1,338	(3,653)
General and administrative expenses		(12,258)	(14,138)
Commission income on deposits		1,782	870
Unrealized gain on investments		95	55
<u>TOTAL OTHER OPERATING EXPENSES</u>		(9,043)	(16,866)
Net loss for the period		(17,609)	(103,336)
Net income attributed to the insurance operations		-	-
Net loss for the period attributable to the shareholders		(17,609)	(103,336)
Loss per share (Expressed in SAR per share)			
Weighted average number of ordinary shares outstanding (in thousands)	18	27,612	15,673
Basic and diluted loss per share for the period (SR) – Restated	18	(0.64)	(6.59)


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes from 1 – 21 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF COMPREHENSIVE INCOME – (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH**

	Notes	2019	2018
		SAR '000	
Net loss for the period		(17,609)	(103,336)
Other comprehensive income / (loss)			
<i>Items that are or may be reclassified to interim statements of income in subsequent periods</i>			
<i>- Available for sale investments:</i>			
- Net change in fair value		-	-
- Net amounts transferred to statement of income		-	-
Other comprehensive income		-	-
<u>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</u>		<u>(17,609)</u>	<u>(103,336)</u>
Total comprehensive income attributed to the insurance operations		-	-
Total comprehensive loss for the period attributable to the shareholders		<u>(17,609)</u>	<u>(103,336)</u>


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes from 1 – 21 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF CHANGES IN EQUITY – (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019**

	Related to shareholders'			Re-measurement reserve of defined indemnities obligation – related to insurance operations	Total equity
	Share capital	Accumulated losses	Total shareholder s' equity		
	SAR '000				
2019					
Balance as at 31 December 2018 (Audited)	100,000	(44,708)	55,292	774	56,066
<i>Total comprehensive loss for the period</i>					
Net loss for the period	-	(17,609)	(17,609)	-	(17,609)
Other comprehensive income	-	-	-	-	-
<i>Total comprehensive loss for the period</i>	-	(17,609)	(17,609)	-	(17,609)
Issuance of right shares (note 16)	200,000	-	200,000	-	200,000
Zakat for the period	-	(600)	(600)	-	(600)
Balance as at 31 March 2019 (Unaudited)	300,000	(62,917)	237,083	774	237,857
2018					
Balance as at 31 December 2017 (audited)	200,000	(45,072)	154,928	-	154,928
<i>Total comprehensive income loss for the period</i>					
Net loss for the period	-	(103,336)	(103,336)	-	(103,336)
Other comprehensive income					
Total comprehensive loss for the period attributable to shareholders'	200,000	(148,408)	51,592	-	51,592
Zakat for the period	-	(600)	(600)	-	(600)
Balance as at 31 March 2018 (unaudited)	200,000	(149,008)	50,992	-	50,992


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes from 1 – 21 form an integral part of these interim condensed financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**
INTERIM STATEMENT OF CASH FLOWS – (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH

	2019	2018
Notes	SAR '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(17,609)	(103,336)
<u>Adjustments for non-cash items:</u>		
Depreciation of property and equipment	218	171
Amortization of intangible assets	189	248
Allowance for doubtful debts	(1,338)	3,653
Unrealized gain on investments	(69)	(45)
Amortization of discount – net	(27)	(9)
Provision for end-of-service indemnities	484	617
	(18,152)	(98,701)
<u>Changes in operating assets and liabilities:</u>		
Premiums receivable	(5,480)	(15,503)
Reinsurer receivable	(2,667)	(4,019)
Reinsurer share of outstanding claims	5,703	786
Reinsurer share of incurred but not reported (IBNR) claims	795	-
Reinsurer share of premium deficiency reserve	610	-
Deferred policy acquisition costs	(531)	197
Prepaid expenses and other assets	(3,633)	5,986
Accrued and other liabilities	(24,827)	(7,098)
Reinsurer balances payable	(939)	-
Unearned premiums	4,244	9,439
Outstanding claims	(42,069)	57,981
Incurred but not reported claims	(2,464)	-
Premium deficiency reserve	1,001	30,219
Other technical reserves	160	4,566
Net cash flows used in operating activities	(88,249)	(16,147)
End-of-service indemnities paid	(142)	(558)
Net cash flows used in operating activities	(88,391)	(16,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(60,023)	-
Placement of short term murabaha deposits	(93,870)	(1,138)
Purchase of property and equipment	(293)	(1,162)
Purchase of intangible assets	(162)	(503)
Net cash flows used in investing activities	(154,348)	(2,803)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of right shares	200,000	-
Net cash flows from financing activities	200,000	-
Net change in cash and cash equivalents	(42,739)	(19,508)
Cash and cash equivalents, beginning of the period	56,721	32,812
Cash and cash equivalents, end of the period	13,982	13,304



Chairman



Chief Financial Officer



Chief Executive Officer

The accompanying notes from 1 – 21 form an integral part of these interim condensed financial statements.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

1. GENERAL

Saudi Enaya Cooperative Insurance Company (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 98/Q dated 16 Rabi Awwal 1433H (corresponding to 8 February 2012). The Commercial Registration number of the Company is 4030223528 dated 27 Rabi Awal 1433H (corresponding to 19 February 2012).

The Registered Office address of the Company is:

Building No. 8433
Prince Sultan Street, Al Rawdah District
P.O. Box 3528
Jeddah 23435
Kingdom of Saudi Arabia

Following is the branch of the Company:

<u>Branch</u>	<u>Commercial Registration Number:</u>
Riyadh	1010421871

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/49 dated 27 Rajab 1432H (corresponding to 29 June 2011) pursuant to the Council of Ministers' Resolution No 224 dated 25 Rajab 1432H (corresponding to 27 June 2011). As of the date of incorporation, the Company is 77% owned by the Saudi shareholders and the general public and 23% owned by non-Saudi shareholders. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 February 2012.

The objective of the Company is to engage in cooperative insurance operations and related activities, including reinsurance, agencies, representation, correspondence and brokerage, in the Kingdom of Saudi Arabia in accordance with its Articles of Association, and applicable regulations in the Kingdom of Saudi Arabia. The Company is licensed to underwrite medical insurance only. The Company commenced its commercial operations on 7 January 2013.

2. BASIS OF PREPARATION

a. Basis of presentation

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax', which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued on a quarterly basis through shareholders' equity under retained earnings.

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of investments (excluding held-to-maturity) at their fair value. The Company's interim condensed statement of financial position is presented in order of liquidity. Except for property and equipment, statutory deposit, end-of-service indemnities, outstanding claims, claims incurred but not reported, all other assets and liabilities are of short-term nature, unless, stated otherwise.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

2. BASIS OF PREPARATION – (continued)

a. Basis of presentation – (continued)

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. Similarly, in the past, the Company's interim condensed and annual financial statements presented separately the statements of financial position, income, comprehensive income and cash flows for the insurance operations and shareholders operations. 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 on pages 24 to 29 of the financial statements have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the 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 unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

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

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 31 December 2018.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

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

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

2. BASIS OF PREPARATION – (continued)

b. Critical accounting judgments, estimates and assumptions

The preparation of interim condensed 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 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 2018.

c. Seasonality of operations

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2018 and new amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) as mentioned in note 3(a) which had no impact on the financial position or financial performance of the Company. Certain comparative amounts have been reclassified / regrouped to conform with the current period's presentation. This did not have any impact on interim condensed statement of changes in shareholders' equity for the period.

a. New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

The Company has adopted the following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

<u>Standard/ Amendments</u>	<u>Description</u>
IFRS 2	Amendments to IFRS 2 Classification and Measurement of share-based Payment transactions.
IAS 40	Amendments to IAS 40 Transfers of investment property
IFRIC 22	Foreign Currency Transactions and Advance consideration
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 1 and IAS 28	Annual Improvements 2016 to IFRS 2014 – 2016 cycle.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

IFRS 16 - Leases

IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

IFRS 16 'Leases' introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has assessed the impact and concludes that the relevant new standard and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

b. Standards 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 and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they are effective.

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9	Financial Instruments	Refer below
IFRS 17	Insurance Contracts (note below)	1 January 2022

IFRS 9 and IFRS 17

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss (ECL) impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9:

- All financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the statement of income.
- IFRS 9 requires entities to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through statement of income as well as finance lease receivables, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. Under IFRS 9, credit losses are recognised earlier than under IAS 39.
- The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019**

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b) Standards issued but not yet effective

IFRS 9 and IFRS 17 (continued)

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2021. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

Under the temporary exemption as introduced by amendments to IFRS 4, the reporting entities whose activities predominantly relate to “insurance” can defer the implementation of IFRS 9. The Company having assessed the implications and has concluded to defer the implementation of IFRS 9 until a later date which will not be later than 1 January 2022.

The impact of the adoption of IFRS 9 on the Company’s interim condensed financial statements will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

4. GOING CONCERN

On 8 May 2018, the Company announced on Tadawul that as on 31 March 2018, the Company’s accumulated losses reached 74.5% of its share capital. Further, on 10 June 2018, in an Extraordinary General Assembly Meeting, it was resolved to reduce the Company’s share capital from SR 200 million to SR 100 million. Accordingly, the Company absorbed SR 100 million of accumulated losses against its share capital of 10 million shares. As of 30 June 2018 and 30 September 2018, Company’s accumulated losses represents 26.19% and 23.08% of the share capital, respectively.

On 27 May 2018, the Company received a letter from SAMA regarding non-compliance with the solvency requirement. As at 31 December 2018, the Company is not in full compliance with Article 66 of SAMA Insurance Implementing Regulations in relation to its solvency requirements. Further, SAMA instructed the Company to hire an independent consultant within 15 working days to perform a detailed review over the weaknesses and observations identified and update SAMA weekly on the progress. The Company has submitted the report as received from independent consultant to SAMA regarding the improvement in solvency requirement.

On 18 July 2018, the Company received a letter from SAMA indicating issues concerning the risk assessment procedures, corporate governance, contingency planning and internal control environment among other things. Further, SAMA instructed the Company to hire an independent consultant within 15 working days to perform a detailed review over the weaknesses and observations identified and to provide final report from the consultant to SAMA within 60 working days from the date of the original letter. The Company has taken necessary actions to comply with SAMA’s letter and has appointed the consultant to report on deficiencies in risk assessment procedures, corporate governance and other related matters. On 18 October 2018, the Company has submitted the report as received from consultant to SAMA.

On 12 December 2018, in an extra ordinary general meeting, the shareholders’ approved to increase the share capital by SR 200 million through right issue. On 24 December 2018, the right issue procedures had finalized and the Company received the increased share capital on 16 January 2019. On 24 January 2019, the Company received a letter from SAMA uplifting the suspension on underwriting business.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)

FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

5. CASH AND CASH EQUIVALENTS

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

	Insurance operations	
	31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Bank balances and cash	8,471	16,484
	8,471	16,484
	Shareholders' operations	
	31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Bank balances and cash	21	21
Deposits maturing within 3 months from the acquisition date	5,490	40,216
	5,511	40,237

6. MURABAHA DEPOSITS

Murabaha deposits having original maturity of more than three months but less than a year, amounting to SR 176,752 thousand (2018: SR 82,882 thousand), which are held in Saudi Arabian Riyals in the Kingdom of Saudi Arabia, are presented in the statement of financial position of the shareholders separately. As of 31 March 2019, the deposit carrying commission rates ranges from 1.9% to 3.1% (31 December 2018: 1.9% to 3.1%).

7. PREMIUMS AND REINSURERS' RECEIVABLE – NET

Receivables comprise amounts due from the following:

	31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Policyholders	15,184	16,635
Brokers and agents	22,569	15,211
Related parties (note 20)	1,484	1,911
	39,237	33,757
Provision for doubtful receivables	(14,990)	(16,328)
Premiums and reinsurer receivable – net	24,247	17,429

Note: Premium balance receivable from brokers and agents at 31 March 2019 amounting to SAR 22.5 million (31 December 2018: SAR 15.2 million) are ultimately due from customers that are insured through brokers and agents.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

7. PREMIUMS AND REINSURERS' RECEIVABLE – NET – (continued)

Movement in the allowance for doubtful premiums receivable during the period was as follows:

	31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Balance at beginning of the period/year	16,328	16,469
Reversal made during the period / year	(1,338)	(122)
Write-offs during the period / year	-	(19)
Balance at end of the period / year	14,990	16,328

8. INVESTMENTS

Investments are classified as follows:

	Shareholders' operations	
	31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
- Held as FVSI	7,764	7,695
- Held to maturity	65,050	5,000
Total	72,814	12,695

Movement in the Fair value through statement of income (FVSI) investment balance is as follows:

	Shareholders' operations	
	31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Opening balance	7,695	7,638
Changes in fair value of investments	69	57
Closing balance	7,764	7,695

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Al Badr Murabaha Fund	7,084	7,044
Saudi Fransi GCC IPO Fund	680	651
	7,764	7,695

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8. INVESTMENTS – (continued)

Movement in held to maturity investment balance is as follows:

	Shareholders' operations	
	31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Opening balance	5,000	26,851
Placements during the period / year	60,023	-
Matured during the period / year	-	(21,886)
Amortization of held to maturity investments	27	35
<i>Closing balance</i>	65,050	5,000

9. STATUTORY DEPOSIT

As required by the Saudi Arabian Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid up share capital, amounting to SR 30 million (31 December 2018: SR 30 million), in a bank designated by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA, and commission accruing on this deposit is payable to SAMA. On 10 June 2018, the Company has reduced its share capital by SR 100 million (note 16) but has not withdrawn the surplus statutory deposit of SR 15 million as of 31 December 2018. On 16 January 2019, the Company has increased its share capital by SR 200 million and subsequent to the period end dated 25 April 2019 placed the additional deposit amounting to SR 15 million. Therefore, the statutory deposit reached to SR 45 million equivalent to 15% of its paid up share capital.

10. TECHNICAL RESERVES

10.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Outstanding claims reserve	2,339	44,408
Claims Incurred but not reported	13,479	15,943
	15,818	60,351
Premium deficiency reserve	3,442	2,441
Other technical reserves	732	572
	19,992	63,364
Less:		
- Reinsurer share of outstanding claims reserve	(154)	(5,857)
- Reinsurer share of claims incurred but not reported	(1,308)	(2,103)
- Reinsurer share of premium deficiency reserve	-	(610)
	(1,462)	(8,570)
Net outstanding claims and reserves	18,530	54,794

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10. TECHNICAL RESERVES – (continued)

10.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Three-month period ended 31 March 2019		
	(Unaudited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the period	20,338	-	20,338
Premium written during the period	25,197	-	25,197
Premium earned during the period	(20,953)	-	(20,953)
Balance as at the end of the period	24,582	-	24,582

	Year ended 31 December 2018		
	(Audited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the year	148,377	-	148,377
Premium written during the year	138,244	(22,358)	115,886
Premium earned during the year	(266,283)	22,358	(243,925)
Balance as at the end of the year	20,338	-	20,338

11. COMMITMENTS AND CONTINGENCIES

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

	31 March	31 December
	2019	2018
	(Unaudited)	(Audited)
	SAR'000	SAR'000
Letters of guarantee	13,045	13,045
Total	13,045	13,045

- b. There were no capital commitments outstanding as at 31 March 2019 (31 December 2018: Nil).
- c. As at 31 March 2019, a payment guarantee amounting to SR 0.5 million (31 December 2018: SR 0.5 million) was issued to the medical service providers on behalf of the Company.
- d. As at 31 March 2019, the Company has a letter of guarantee amounting to SR 12.545 million (31 December 2018: SR 12.545 million) in favour of General Authority of Zakat and Tax (GAZT), which is secured against the Company Murabaha deposit of SR 14 million (31 December 2018: SR 14 million) with Saudi Arabian British Bank (SABB).

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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 advantages 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 (consolidated) financial information.

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 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.

a. Carrying amounts and fair value

Shareholders' Operations	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
			SAR'000		
31 March 2019 (Unaudited)					
Financial assets measured at fair value					
- Investments held as FVSI	7,764	7,764	-	-	7,764
	<u>7,764</u>	<u>7,764</u>	<u>-</u>	<u>-</u>	<u>7,764</u>
Financial assets not measured at fair value					
- Held to maturity investments	65,050	-	65,796	-	65,796
- Murabaha deposits	176,752	-	-	177,701	177,701
	<u>241,802</u>	<u>-</u>	<u>65,796</u>	<u>177,701</u>	<u>243,497</u>

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12. FAIR VALUES OF FINANCIAL INSTRUMENTS – (continued)

Shareholders' Operations	Fair value				
	Carrying value	Level 1	Level 2 SAR'000	Level 3	Total
31 December 2018 (Audited)					
Financial assets measured at fair value					
- Investments held as FVSI	7,695	7,695	-	-	7,695
	<u>7,695</u>	<u>7,695</u>	<u>-</u>	<u>-</u>	<u>7,695</u>
Financial assets not measured at fair value					
- Held to maturity investments	5,000	-	5,008	-	5,008
- Murabaha deposits	82,882	-	-	83,724	83,724
	<u>87,882</u>	<u>-</u>	<u>5,008</u>	<u>83,724</u>	<u>88,732</u>

13. OPERATING SEGMENTS

The Company only issues insurance contracts for providing health care services ('medical insurance') and all the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. The insurance operations are being monitored by management under one segment; hence no separate information is required.

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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:

	Nature of transactions	Transactions for the three-months period ended		Balance receivable / (payable) as at	
		31 March 2019	31 March 2018	31 March 2019	31 December 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		SAR'000			
Major shareholders					
Munich Re	Other recoveries	-	-	1,587	1,587
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>					
Related parties of Juffali Group – (affiliates)	Insurance premium written	(20)	18	1,484	1,911
	Office rent	-	-	-	-
	Claims paid	628	929	-	-
	Purchase of computer equipment, licenses, vehicles and other services	274	-	-	-
	Commission paid	25	44	-	-

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

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
	SAR'000	
Salaries and other allowances	1,017	1,016
End of service indemnities	37	37
	1,054	1,053

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15. ZAKAT AND INCOME TAX

a. Charge for the period / year

The differences between the financial and the Zakatable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

Movements in provision during the period / year	31 March 2019 (Unaudited)	31 December 2018 (Audited)
	SAR'000	
Balance at the beginning of the period / year	10,698	8,298
Charge for the period / year	600	2,400
Balance at the end of the period / year	11,298	10,698

As the Company has incurred a loss during the three-months period ended 31 March 2019, and in previous years, no provision has been established in respect of income tax in these interim condensed financial statements.

b. Status of zakat assessments

The Company has filed its Zakat and tax return for the first twelve month period ended 30 June 2012 with the General Authority of Zakat and Tax ("GAZT"). The Company has also filed its Zakat and income tax return for the long period from 8 February 2012 to 31 December 2013 and for the years from 2014 to 2017 and obtained restricted zakat certificates. The Company is in process of submitting its Zakat and income tax return for the year ended 31 December 2018.

The GAZT issued final assessment for the years 2011 to 2014 with an additional Zakat liability of SR 12.545 million. The Company has filed an appeal against such assessment. The Company submitted an appeal against the GAZT treatment and is confident of a favourable outcome. Accordingly, no provision has been established in this regard in these financial statements.

During 2017, the Company filed an appeal to the Appellate Committee for Zakat and Tax Appeal ("ACZTA") against the Preliminary Objection Committee's ("POC") decision for the years 2011 through 2014 and lodged a bank guarantee of SR 12.545 million, with respect to additional zakat liability.

Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The Zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the GAZT could be different from the declarations filed by the Company. The Zakat is applicable on 81% of the shareholders' while Income Tax on 19% of the shareholders'.

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16. SHARE CAPITAL

As at 31 March 2019, the authorized, subscribed and paid up share capital of the Company was SR 300 million, divided into 30 million shares of SR 10 each.

On 12 December 2018, the shareholders in extra ordinary general meeting approved the increase of Share Capital by SR 200 million through right issue by offering 2 shares for every 1 share held by the shareholder. The right share procedures had finalized and the capital deposited on 16 January 2019. The Company incurred transaction cost of SR 5.40 million in respect to the increase in share capital, which has charged directly to the Statement of Changes in Equity as at 31 December 2018. As of the date of approval of these Interim Condensed financial statements, the Company has finalized the legal formalities included updated of Company Commercial Registration Certificate, by-laws amongst others legal formalities.

17. 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 that the Company has fully complied with the externally imposed capital requirements during the reported financial period.

On 12 Ramadan 1439H, corresponding to 27 May 2018, the Company received a letter from Saudi Arabian Monetary Authority (SAMA) regarding the suspension of underwriting of new or renewal of existing medical policies. SAMA also required the Company to appoint an approved advisor to study the reasons for the weak financial position and recommend solutions to improve the situation. The Company has submitted the report as issued by the appointed consultant as required by SAMA.

On 24 January 2019, the Company received a letter from SAMA uplifting the ban on underwriting business.

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18. LOSS PER SHARE

Loss per share for the period has been calculated by dividing the net income/ (loss) for the period by the weighted average number of issued and outstanding shares for the period.

- A) The weighted average number of shares has been retrospectively adjusted for prior period to reflect the bonus element of right share issue as required by IAS 33 "Earnings per share" as follows:

	Three months period ended	
	31 March 2019	31 March 2018
	(Unaudited)	(Unaudited)
	SAR'000	
Issued ordinary shares as at 1 January	10,000	10,000
Effect of bonus element of right share issue	-	5,673
Effect of right share issue	17,612	-
Weighted average number of ordinary shares	27,612	15,673

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.57 which is a ratio of the theoretical ex-rights price of SR 13.96 per ordinary share and the closing price of SR 21.88 per ordinary share on the last day on which the shares were traded before the right issue.

- B) The basic and diluted loss per share is calculated as follows:

	Three months period ended	
	31 March	31 March
	2019	2018
	(Unaudited)	(Unaudited)
	SAR'000	
Net loss for the period	(17,609)	(103,336)
Weighted average number of ordinary shares	27,612	15,673
Basic and diluted loss per share (SR) – Restated	(0.64)	(6.59)

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19. SUPPLEMENTARY INFORMATION

a) Interim statement of financial position

	31 March 2019			31 December 2018		
	(Unaudited)			(Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
ASSETS						
Cash and cash equivalents	8,471	5,511	13,982	16,484	40,237	56,721
Short term murabaha deposits	-	176,752	176,752	-	82,882	82,882
Premiums receivable – net	24,247	-	24,247	17,429	-	17,429
Reinsurer receivable	2,667	-	2,667	-	-	-
Reinsurer share of outstanding claims	154	-	154	5,857	-	5,857
Reinsurer share of claims incurred but not reported	1,308	-	1,308	2,103	-	2,103
Reinsurer share of premium deficiency reserve	-	-	-	610	-	610
Deferred policy acquisition costs	1,566	-	1,566	1,035	-	1,035
Investments	-	72,814	72,814	-	12,695	12,695
Due from shareholders' operations	38,345	-	38,345	96,298	-	96,298
Prepaid expenses and other assets	17,187	1,827	19,014	14,262	1,119	15,381
Property and equipment	2,521	-	2,521	2,446	-	2,446
Intangible assets	1,134	-	1,134	1,161	-	1,161
Statutory deposit	-	30,000	30,000	-	30,000	30,000
Accrued commission income on statutory deposit	-	2,318	2,318	-	2,318	2,318
	97,600	289,222	386,822	157,685	169,251	326,936
Less: Inter-operations eliminations	(38,345)	-	(38,345)	(96,298)	-	(96,298)
TOTAL ASSETS	59,255	289,222	348,477	61,387	169,251	230,638

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19. SUPPLEMENTARY INFORMATION – (continued)

a) Interim statement of financial position – (continued)

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR '000					
LIABILITIES						
Accrued and other liabilities	46,102	178	46,280	66,462	4,645	71,107
Reinsurer balances payable	-	-	-	939	-	939
Unearned premiums	24,582	-	24,582	20,338	-	20,338
Outstanding claims	2,339	-	2,339	44,408	-	44,408
Claims incurred but not reported	13,479	-	13,479	15,943	-	15,943
Premium deficiency reserve	3,442	-	3,442	2,441	-	2,441
Other technical reserves	732	-	732	572	-	572
Due to insurance operations	-	38,345	38,345	-	96,298	96,298
End-of-service indemnities	6,150	-	6,150	5,808	-	5,808
Zakat and income tax	-	11,298	11,298	-	10,698	10,698
Accrued commission income payable to SAMA	-	2,318	2,318	-	2,318	2,318
	96,826	52,139	148,965	156,911	113,959	270,870
<u>Less: Inter-operations eliminations</u>	-	(38,345)	(38,345)	-	(96,298)	(96,298)
TOTAL LIABILITIES	96,826	13,794	110,620	156,911	17,661	174,572
SHAREHOLDERS' EQUITY						
Share capital	-	300,000	300,000	-	100,000	100,000
Accumulated losses	-	(62,917)	(62,917)	-	(44,708)	(44,708)
TOTAL SHAREHOLDERS' EQUITY	-	237,083	237,083	-	55,292	55,292
Re-measurement reserve of defined indemnities	774	-	774	774	-	774
TOTAL EQUITY	774	237,083	237,857	774	55,292	56,066
TOTAL LIABILITIES AND EQUITY	97,600	250,877	348,477	157,685	72,953	230,638
COMMITMENTS AND CONTINGENCIES	500	12,545	13,045	500	12,545	13,045

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19. SUPPLEMENTARY INFORMATION – (continued)

b) Interim statement of income

For the three-month period ended 31 March

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
REVENUES						
Gross premiums written:						
- Individual	13	-	13	203	-	203
- Micro enterprises	29	-	29	784	-	784
- Small enterprises	1,574	-	1,574	9,029	-	9,029
- Medium enterprises	6,276	-	6,276	19,959	-	19,959
- Large enterprises	17,305	-	17,305	57,213	-	57,213
Total gross premiums written	25,197	-	25,197	87,188	-	87,188
Excess of loss expenses – foreign	-	-	-	(4,227)	-	(4,227)
Net premiums written	25,197	-	25,197	82,961	-	82,961
Changes in unearned premiums, net	(4,244)	-	(4,244)	(9,439)	-	(9,439)
Net premiums earned	20,953	-	20,953	73,522	-	73,522
TOTAL REVENUES	20,953	-	20,953	73,522	-	73,522
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	67,428	-	67,428	68,445	-	68,445
Reinsurers' share of claims paid	(3,605)	-	(3,605)	(8,245)	-	(8,245)
Net claims	63,823	-	63,823	60,200	-	60,200
Changes in outstanding claims	(36,365)	-	(36,365)	58,767	-	58,767
Changes in claims incurred but not reported	(1,670)	-	(1,670)	-	-	-
Net claims incurred	25,788	-	25,788	118,967	-	118,967
Premium deficiency reserve	1,612	-	1,612	30,219	-	30,219
Other technical reserves	160	-	160	4,566	-	4,566
Policy acquisition costs	1,093	-	1,093	4,452	-	4,452
Other underwriting expenses	866	-	866	1,788	-	1,788
TOTAL UNDERWRITING COSTS AND EXPENSES	29,519	-	29,519	159,992	-	159,992
NET UNDERWRITING RESULT	(8,566)	-	(8,566)	(86,470)	-	(86,470)

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19. SUPPLEMENTARY INFORMATION – (continued)

b) Interim statement of income – (continued)

For the three-month period ended 31 March	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
OTHER OPERATING (EXPENSES) / INCOME						
Other income	-	-	-	-	-	-
Allowance for doubtful debts	1,338	-	1,338	(3,653)	-	(3,653)
General and administrative expenses	(12,048)	(210)	(12,258)	(13,836)	(302)	(14,138)
Commission income on deposits	-	1,782	1,782	-	870	870
Unrealized loss on investments	-	95	95	-	55	55
TOTAL OTHER OPERATING (EXPENSES) / INCOME	(10,710)	1,667	(9,043)	(17,489)	623	(16,866)
NET LOSS FOR THE PERIOD	(19,276)	1,667	(17,609)	(103,959)	623	(103,336)
Net Income attributed to the insurance operations	-	-	-	-	-	-
Net loss for the period attributed to shareholders' operations	-	(17,609)	(17,609)	-	(103,336)	(103,336)
Loss per share (Expressed in SAR per share)						
Weighted average number of ordinary shares outstanding (in thousands)	-		27,612	-		15,673
Basic and diluted loss per share for the period (SR) – restated – 2018	-		(0.64)	-		(6.59)

c) Interim statement of comprehensive income

For the three-month period ended 31 March	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	-	(17,609)	(17,609)	-	(103,336)	(103,336)
Other comprehensive income	-	-	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	-	(17,609)	(17,609)	-	(103,336)	(103,336)

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19. SUPPLEMENTARY INFORMATION – (continued)

d) Interim statement of cash flows

Note	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
SR '000						
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss for the period	-	(17,609)	(17,609)	-	(103,336)	(103,336)
Adjustments for non-cash items:						
Depreciation of property and equipment	218	-	218	171	-	171
Amortization of intangible assets	189	-	189	248	-	248
Allowance for doubtful debts	(1,338)	-	(1,338)	3,653	-	3,653
Unrealized gain on investments	-	(69)	(69)	-	(45)	(45)
Amortization of discount – net	-	(27)	(27)	-	(9)	(9)
Provision for end-of-service indemnities	484	-	484	617	-	617
	(447)	(17,705)	(18,152)	4,689	(103,390)	(98,701)
Changes in operating assets and liabilities:						
Premiums receivable	(5,480)	-	(5,480)	(23,749)	-	(23,749)
Reinsurer receivable	(2,667)	-	(2,667)	-	-	-
Reinsurer share of outstanding claims	5,703	-	5,703	786	-	786
Reinsurer share of IBNR	795	-	795	-	-	-
Reinsurer share of PDR	610	-	610	-	-	-
Deferred policy acquisition costs	(531)	-	(531)	197	-	197
Prepaid expenses and other assets	(2,925)	(708)	(3,633)	18,438	(12,452)	5,986
Accrued and other liabilities	(20,360)	(4,467)	(24,827)	(7,196)	98	(7,098)
Reinsurer balances payable	(939)	-	(939)	4,227	-	4,227
Unearned premiums	4,244	-	4,244	9,439	-	9,439
Outstanding claims reserve	(42,069)	-	(42,069)	57,981	-	57,981
Claims incurred but not reported	(2,464)	-	(2,464)	-	-	-
Premium deficiency reserve	1,001	-	1,001	30,219	-	30,219
Other technical reserves	160	-	160	4,566	-	4,566
Due to Insurance Operations	-	(57,953)	(57,953)	-	116,724	116,724
Due from Shareholders' Operations	57,953	-	57,953	(116,724)	-	(116,724)
Cash used in operating activities	(7,416)	(80,833)	(88,249)	(17,127)	980	(16,147)
End-of-service indemnities paid	(142)	-	(142)	(558)	-	(558)
Net cash flows used in operating activities	(7,558)	(80,833)	(88,391)	(17,685)	980	(16,705)

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

19. SUPPLEMENTARY INFORMATION – (continued)

Interim statement of cash flows – (continued)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR '000					
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments	-	(60,023)	(60,023)	-	-	-
Purchase of short term murabaha deposits	-	(93,870)	(93,870)	-	(1,138)	(1,138)
Purchase of property and equipment	(293)	-	(293)	(1,162)	-	(1,162)
Purchase of intangible assets	(162)	-	(162)	(503)	-	(503)
Net cash flows used in investing activities	(455)	(153,893)	(154,348)	(1,665)	(1,138)	(2,803)
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of rights shares	-	200,000	200,000	-	-	-
Net cash flows from Financing activities	-	200,000	200,000	-	-	-
Net change in cash and cash equivalents	(8,013)	(34,726)	(42,739)	(19,350)	(158)	(19,508)
Cash and cash equivalents, beginning of the period	16,484	40,237	56,721	32,389	423	32,812
Cash and cash equivalents, end of the period	8,471	5,511	13,982	13,039	265	13,304

20. COMPARATIVE FIGURES

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

21. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors, on 26 Shaaban 1440H, corresponding to 01 May 2019.