AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 2018 (UNAUDITED)
AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018

	Page
Report on review of interim condensed financial information	2
Interim condensed statement of financial position	3
Interim condensed statement of income	4 - 5
Interim condensed statement of comprehensive income	6
Interim condensed statement of changes in shareholders' equity	7
Interim condensed statement of cash flows	8 - 9
Notes to the interim condensed financial information	10 - 47

pwc

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Allied Accountants
(Member firm of PKF International)

Report on review of interim financial information

To the shareholders of Al Sagr Cooperative Insurance Company:
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Sagr Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of September 30, 2018 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and the interim condensed statements of changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2018 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, 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 information is not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for the accounting of zakat and income tax.

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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS			
Cash and cash equivalents	4	315,426,524	251,800,506
Short-term deposits	5	133,256,071	220,000,000
Premiums and insurers' balances receivable - net	6	68,038,623	49,824,460
Reinsurers' share of unearned premiums	7.2	16,918,187	11,579,327
Reinsurers' share of outstanding claims	7.1	44,501,681	7,803,895
Reinsurers' share of claims incurred but not reported	7.1	19,827,386	11,906,990
Deferred policy acquisition costs		10,121,456	10,064,850
Held-to-maturity investments	8	111,000,000	111,000,000
Financial assets at fair value through profit or loss	8	39,427,040	38,463,559
Available-for-sale investments	8	33,701,279	29,310,710
Prepaid expenses and other assets		22,113,431	13,827,179
Long-term deposits	5	101,250,000	101,250,000
Property and equipment		4,584,359	4,630,779
Goodwill	9	25,513,750	25,513,750
Statutory deposit	10	25,000,000	25,000,000
Accrued income on statutory deposit	10	3,253,132	2,817,110
TOTAL ASSETS		973,932,919	914,793,115
LIABILITIES			
Accrued and other liabilities		24,943,854	24,334,653
Reinsurers' balances payable		9,759,131	2,804,815
Unearned premiums	7.2	150,177,649	143,345,345
Unearned reinsurance commission		2,400,528	1,457,951
Outstanding claims	7.1	134,963,474	98,263,422
Claims incurred but not reported	7.1	48,773,393	44,855,606
Additional premium reserves	7.1	12,439,759	6,991,534
Other technical reserves	7.1	2,361,401	1,608,373
Due to a related party	11	1,123,750	1,123,750
Employee benefit obligations		7,209,944	6,798,528
Zakat payable	12	62,509,945	59,324,895
Accrued commission income payable to SAMA	10	3,253,132	2,817,110
Accounts payable		4,833,463	5,365,598
Dividend payable		370,743	310,334
TOTAL LIABILITIES		465,120,166	399,401,914
ACCUMULATED SURPLUS - INSURANCE OPERATIONS			
Accumulated surplus		47,000,749	46,196,541
Fair value reserve on investments		823,369	98,778
Reserve for re-measurement of actuarial gain on employee benefit obligations		1,676,498	1,676,498
TOTAL LIABILITIES AND ACCUMULATED SURPLUS		514,620,782	447,373,731
SHAREHOLDERS' EQUITY			
Share capital	13	400,000,000	250,000,000
Statutory reserve	14	48,927,313	78,342,202
Retained earnings		6,959,254	138,368,808
Fair value reserve on investments		3,425,570	708,374
TOTAL SHAREHOLDERS' EQUITY		459,312,137	467,419,384
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND SHAREHOLDERS' EQUITY		973,932,919	914,793,115

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30, 2018 (Unaudited)	Three-month period ended September 30, 2017 (Unaudited)	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
REVENUES					
Gross premiums written	22	**93,797,747**	60,981,189	**235,584,862**	246,989,153
Reinsurance premiums ceded:					
- Foreign		**(10,582,002)**	(2,001,995)	**(28,346,513)**	(26,897,058)
- Local		**(448,913)**	(163,518)	**(1,527,523)**	(1,397,020)
Excess of loss premiums		**(1,473,766)**	(3,209,786)	**(4,631,621)**	(13,460,045)
Net premiums written		**81,293,066**	55,605,890	**201,079,205**	205,235,030
Changes in unearned premiums, net		**(19,308,481)**	3,762,078	**(1,493,444)**	(76,640,543)
Net premiums earned	7.2	**61,984,585**	59,367,968	**199,585,761**	128,594,487
Reinsurance commissions		**1,696,534**	1,708,965	**3,988,197**	4,520,719
TOTAL REVENUES		**63,681,119**	61,076,933	**203,573,958**	133,115,206
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	22	**(45,976,645)**	(23,517,195)	**(136,530,374)**	(112,380,287)
Reinsurers' share of claims paid		**(96,966)**	3,572,890	**9,983,563**	16,572,172
Claims handling expenses		**(2,626,334)**	(2,407,772)	**(8,453,040)**	(5,165,850)
Net claims and other benefits paid		**(48,699,945)**	(22,352,077)	**(134,999,851)**	(100,973,965)
Changes in outstanding claims, net		**12,170,723**	(15,778,715)	**(2,266)**	15,140,816
Changes in claims incurred but not reported, net		**(2,083,706)**	2,999,995	**4,002,609**	5,479,273
Net claims and other benefits incurred		**(38,612,928)**	(35,130,797)	**(130,999,508)**	(80,353,876)
Policy acquisition costs		**(4,794,062)**	(5,061,940)	**(15,981,357)**	(11,954,236)
Changes in additional premium reserves		**(2,274,505)**	(1,487,298)	**(5,448,225)**	(727,375)
Changes in other technical reserves		**(763,720)**	-	**(753,028)**	-
Other underwriting expenses		**(1,087,877)**	(1,262,177)	**(3,732,702)**	(2,834,073)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET		**(47,533,092)**	(42,942,212)	**(156,914,820)**	(95,869,560)
NET UNDERWRITING INCOME		**16,148,027**	18,134,721	**46,659,138**	37,245,646

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME (continued)
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30, 2018 (Unaudited)	Three-month period ended September 30, 2017 (Unaudited)	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
OTHER OPERATING (EXPENSES) INCOME					
(Allowance) reversal of allowance for doubtful debts	6	**906,940**	(668,714)	**(1,463,158)**	3,522,461
General and administrative expenses		**(14,539,064)**	(12,469,745)	**(42,933,301)**	(35,049,506)
Investment and commission income		**5,569,440**	2,305,338	**15,166,422**	12,179,623
Unrealized gains on financial assets at fair value through profit or loss	8	**225,263**	180,516	**792,413**	484,871
Dividends and realized (loss)/gain on investments	8	**(331,524)**	-	**(271,897)**	-
Other income		**409,938**	912,231	**1,779,104**	3,036,193
TOTAL OTHER OPERATING EXPENSES, NET		**(7,759,007)**	(9,740,374)	**(26,930,417)**	(15,826,358)
Total income for the period		**8,389,020**	8,394,347	**19,728,721**	21,419,288
Total income attributed to the insurance operations	22	**(563,875)**	(859,653)	**(1,193,164)**	(1,873,963)
Total income for the period attributable to the shareholders		**7,825,145**	7,534,694	**18,535,557**	19,545,325
Weighted average number of outstanding shares	15	**40,000,000**	40,000,000	**40,000,000**	40,000,000
Earnings per share (expressed in Saudi Riyals per share)					
Basic earnings per share	15	**0.20**	0.19	**0.46**	0.49
Diluted earnings per share	15	**0.20**	0.19	**0.46**	0.49

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Three-month period ended September 30, 2018 (Unaudited)	Three-month period ended September 30, 2017 (Unaudited)	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
Total income for the period	8,389,020	8,394,347	19,728,721	21,419,288
Other comprehensive income:				
Items that will be reclassified to the interim condensed statement of income in subsequent periods				
Net change in fair value of available-for-sale investments	(837,162)	2,509,921	3,441,787	2,506,405
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,551,858	10,904,268	23,170,508	23,925,693
Total comprehensive income for the period attributable to the insurance operations	(8,555)	(1,869,678)	(1,917,755)	(2,793,234)
Total comprehensive income for the period attributable to the shareholders	7,543,303	9,034,590	21,252,753	21,132,459

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve on investments	Total
At January 1, 2018 (Audited)		250,000,000	78,342,202	138,368,808	708,374	467,419,384
Total income for the period		-	-	18,535,557	-	18,535,557
Other comprehensive income		-	-	-	2,717,196	2,717,196
Total comprehensive income for the period		-	-	18,535,557	2,717,196	21,252,753
Bonus shares	1	150,000,000	(31,000,000)	(119,000,000)	-	-
Zakat provision for the period	12	-	-	(10,610,000)	-	(10,610,000)
Dividends	18	-	-	(18,750,000)	-	(18,750,000)
Transfer to statutory reserve		-	1,585,111	(1,585,111)	-	-
At September 30, 2018 ***(Unaudited)***		**400,000,000**	**48,927,313**	**6,959,254**	**3,425,570**	**459,312,137**
At January 1, 2017 (Audited)		250,000,000	76,789,310	182,157,240	(66,287)	508,880,263
Total income for the period		-	-	19,545,325	-	19,545,325
Other comprehensive income		-	-	-	1,587,134	1,587,134
Total comprehensive income for the period		-	-	19,545,325	1,587,134	21,132,459
Zakat provision for the period	12	-	-	(10,857,000)	-	(10,857,000)
Dividends	18	-	-	(50,000,000)	-	(50,000,000)
Transfer to statutory reserve		-	1,737,665	(1,737,665)	-	-
At September 30, 2017 *(Unaudited)*		250,000,000	78,526,975	139,107,900	1,520,847	469,155,722

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Total income for the period	19,728,721	21,419,288
Adjustments for non-cash items:		
Depreciation and amortization	1,050,099	750,475
Provision for employee benefit obligations	1,576,875	1,096,920
Unrealized gain on financial assets at fair value through profit or loss	(792,413)	(484,871)
Realized loss on available-for-sale investments	271,897	3,257,584
Allowance (reversal) for doubtful debts	1,463,158	(3,522,461)
Changes in operating assets and liabilities:		
Unearned premiums	6,832,304	78,545,584
Premiums and insurers' balances receivable - net	(20,978,210)	(1,481,452)
Reinsurers' share of unearned premiums	(5,338,860)	(1,905,041)
Reinsurers' share of outstanding claims	(36,697,786)	3,675,245
Reinsurers' share of claims incurred but not reported	(7,920,396)	(3,620,329)
Deferred policy acquisition costs	(56,606)	(5,892,237)
Prepaid expenses and other assets	(8,286,252)	(9,792,275)
Accrued and other liabilities	609,201	(823,395)
Reinsurers' balances payable	6,954,316	2,906,322
Unearned reinsurance commission	942,577	184,045
Outstanding claims	36,700,052	(18,816,061)
Claims incurred but not reported	3,917,787	(1,858,944)
Statutory deposit commission payable	436,022	439,077
Accounts payable	(532,135)	711,566
Additional premium reserves	5,448,225	727,375
Other technical reserves	753,028	-
Employee benefit obligations paid	(1,165,459)	(353,239)
Zakat paid	(7,424,950)	(10,470,068)
Surplus distribution payable to policyholders	(25,567)	(71,661)
Net cash (utilized in) generated from operating activities	(2,534,372)	54,620,447
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts against short-term deposits	86,743,929	63,914,489
Additions in long-term deposits	-	(278,906)
Statutory deposit commission income	(436,022)	(439,077)
Purchase of Financial assets at fair value through profit or loss	(171,068)	(1,913,112)
Disposal of Financial assets at fair value through profit or loss	-	516,626
Purchase of property and equipment	(1,003,679)	(652,948)
Proceeds from disposal of available-for-sale investments	12,267,357	22,021,472
Purchase of available-for-sale investments	(13,488,036)	(23,364,717)
Net cash generated from investing activities	83,912,481	59,803,827

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (Continued)
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Nine-month period ended September, 30 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(17,752,091)	(45,855,808)
Net increase in cash and cash equivalents	**63,626,018**	68,568,466
Cash and cash equivalents, beginning of the period	**251,800,506**	87,031,403
Cash and cash equivalents, end of the period	**315,426,524**	155,599,869
Supplemental non-cash information:		
Change in fair value reserve for available-for-sale investments	**3,441,787**	2,506,409
Surplus distribution payable adjusted against insurance premium receivable from policyholders	**363,389**	1,538,156
Settlement of premium receivable from a shareholder through dividend due to them	**937,500**	5,247,550

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

1. General

(a) Legal status and principal activities

Al Sagr Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Dammam, Kingdom of Saudi Arabia and incorporated on 26 Muharram 1429H (corresponding to February 4, 2008) under commercial registration number 1010243765 which was later amended to 2051036871 dated March 30, 2008 (corresponding to 22 Rabi' I 1429H). The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated October 11, 2006 (corresponding to 18 Ramadan 1427H), pursuant to Council of Ministers resolution number 233 dated October 9, 2006 (corresponding to 16 Ramadan 1427H). The Company's registered address is P.O. Box 3501, Dammam 32241, Kingdom of Saudi Arabia.

The purpose of the Company is to transact in cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia (the "Law") and its implementing regulations. The Company obtained license from the Saudi Arabian Monetary Authority ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/13/20083, dated March 31, 2008 (corresponding to 23 Rabi' I 1429H). The Company commenced insurance operations on January 01, 2009 (corresponding to 4 Muharram 1430H). On June 28, 2015 (corresponding to 11 Ramadan 1436H) the Company received approval from SAMA to cancel its reinsurance license.

In accordance with the requirements of the Implementing Regulations for Co-operative Insurance Companies (the "Regulations") issued by SAMA and as per the by-laws of the Company, shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policy holders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders' operations in full.

(b) Proposed merger

The Company's Board of Directors in their meeting held on 2 Sha`ban 1439 H, corresponding to April 18, 2018, resolved to sign a non-binding memorandum of understanding for a possible merger with Walaa Cooperative Insurance Company, a joint stock company, registered in Saudi Arabia. Further, on 10 Sha'ban 1439 H, corresponding to April 26, 2018, the Company entered into a non-binding memorandum of understanding with Walaa Cooperative Insurance Company to study the economic feasibility of the proposed merger. On September 5, 2018 (corresponding to 25 Dhul Hijjah 1439 H), the Board of Directors of the Company decided not to continue working under the memorandum of understanding due to the in-viability of the proposed merger.

2. Basis of preparation

2.1 Basis of preparation

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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") except for the application of IAS 12 - 'Income Taxes' and IFRIC 21 - 'Levies' so far as these relate to zakat and income tax. As per the SAMA Circular number 381000074519 dated April 11, 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 financial asset at fair value through profit or loss 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 following balances would generally be classified as current: cash and cash equivalents, short-term deposits, premiums and insurers' balances receivable - net, prepaid expenses and other assets, accrued income on statutory deposit, accrued and other liabilities, reinsurers' balances payable, due to a related party, zakat payable, accrued commission income payable to SAMA, dividend payable and accounts payable. The following balances would generally be classified as non-current: long-term deposits, deferred policy acquisition costs, investments, property and equipment, goodwill, statutory deposit, unearned premiums, unearned reinsurance commission, outstanding claims, claims incurred but not reported, additional premium reserves, other technical reserves, reinsurers' share of unearned premiums, outstanding claims and claims incurred but not reported and employee benefit obligations.

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 statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 36 to 47 of the financial information 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, 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's financial information 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 information does not include all of the information required for the annual financial statement and should be read in conjunction with the annual financial statement as of and for the year ended December 31, 2017.

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals").

2 **Basis of preparation (continued)**

2.2 Critical accounting judgments, estimates and assumptions

The preparation of interim financial information 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 information, 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, 2017.

Following are the accounting judgments and estimates that are critical in preparation of this interim condensed financial information:

i) Liability arising from claims under insurance contracts

Considerable judgement by management is required in the estimation of amounts due to policyholders arising from claims made under insurance policies. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of statement of financial position and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims is that of using past claim settlement trends to predict future claims settlement trends.

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

ii) Impairment of premiums and insurance balances receivable and goodwill

An estimate of the uncollectible amount of premium receivable, if any, is made when collection of the full amount of the receivables as per the original terms of the insurance policy is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due and Company's past experience.

The recoverable amount of goodwill is estimated based on the present value of the future cash flows expected to be derived from the operations. In case, recoverable amount is less than carrying value, difference is charged to statement of income as impairment loss.

2.3 Seasonality of operations

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

2 **Basis of preparation (continued)**

2.4 Significant Accounting Policies

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2017 except as explained below:

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

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortized cost or fair value through profit or loss ("FVTPL"). 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 FVTPL whereby that part of the fair value changes attributable to own credit is to be recognized in the statement of comprehensive income instead of the statement of income. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

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

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

- **IFRS 17, 'Insurance Contracts'**

Applicable for the period beginning on or after January 1, 2021, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the statement of income and the statement of financial position. The Company has decided not to early adopt this new standard.

2.5 Risk Management

The Company's activities expose it to variety of financial risks: market risk (including commission rate risk, currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017. There have been no changes in the risk management department or in any risk management policies since the year end.

3. Segmental information

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2017.

Segment results do not include other underwriting expenses, general and administration expenses, allowances for doubtful debts, investment and commission income, unrealized gains on financial assets at fair value through profit or loss, dividends and realized (loss)/gain on investments and other income.

Segment assets do not include cash and cash equivalents, term deposits, investments, prepayments and other assets, premiums and insurers' balances receivable and property and equipment, goodwill, statutory deposits, accrued income on statutory deposit and, accordingly, they are included in unallocated assets.

Segment liabilities and accumulated surplus do not include employee benefit obligations, reinsurer's balances payable, accounts payable, accrued and other liabilities, due to a related party, accrued commission income payable to SAMA, dividend payable and zakat payable and, accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:

- Medical
- Motor
- Property; and
- Others

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

Where intersegment transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of financial statements of the Company.

3. Segmental information (Continued)

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at September 30, 2018 and December 31, 2017, its total revenues, expenses, and net income for the the three-month and nine-month periods then ended, are as follows:

	Insurance operations						
	Medical	Motor	Property	Others	Total	Shareholders' operations	Total
For the three-month period ended September 30, 2018 (Unaudited)							
REVENUES							
Gross premiums written	74,854,679	7,079,132	6,266,172	5,597,764	93,797,747	-	93,797,747
Reinsurance premiums ceded:							
- Foreign	-	-	(6,067,590)	(4,514,412)	(10,582,002)	-	(10,582,002)
- Local	-	(134,366)	(33,060)	(281,487)	(448,913)	-	(448,913)
Excess of loss premiums	(970,000)	(359,269)	(66,133)	(78,364)	(1,473,766)	-	(1,473,766)
Net premiums written	73,884,679	6,585,497	99,389	723,501	81,293,066	-	81,293,066
Changes in unearned premiums, net	(23,008,234)	3,445,874	(63,265)	317,144	(19,308,481)	-	(19,308,481)
Net premiums earned	50,876,445	10,031,371	36,124	1,040,645	61,984,585	-	61,984,585
Reinsurance commissions	3,568	111,242	466,202	1,115,522	1,696,534	-	1,696,534
TOTAL REVENUES	50,880,013	10,142,613	502,326	2,156,167	63,681,119	-	63,681,119
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(39,293,236)	(6,129,108)	-	(554,301)	(45,976,645)	-	(45,976,645)
Reinsurers' share of claims paid	(923,477)	252,410	-	574,101	(96,966)	-	(96,966)
Claims handling expenses	(2,618,265)	(8,069)	-	-	(2,626,334)	-	(2,626,334)
Net claims and other benefits paid	(42,834,978)	(5,884,767)	-	19,800	(48,699,945)	-	(48,699,945)
Changes in outstanding claims, net	6,126,694	5,194,263	(277,500)	1,127,266	12,170,723	-	12,170,723
Changes in claims incurred but not reported, net	(2,250,938)	150,545	(24,239)	40,926	(2,083,706)	-	(2,083,706)
Net claims and other benefits incurred	(38,959,222)	(539,959)	(301,739)	1,187,992	(38,612,928)	-	(38,612,928)
Policy acquisition costs	(3,768,680)	(522,525)	(294,481)	(208,376)	(4,794,062)	-	(4,794,062)
Changes in additional premium reserves	(3,069,965)	512,597	66,700	216,163	(2,274,505)	-	(2,274,505)
Changes in other technical reserves	(527,812)	23,487	(249,538)	(9,857)	(763,720)	-	(763,720)
Segment underwriting costs and expenses, net	(46,325,679)	(526,400)	(779,058)	1,185,922	(46,445,215)	-	(46,445,215)
Other underwriting expenses					(1,087,877)	-	(1,087,877)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET					(47,533,092)	-	(47,533,092)

3. **Segmental information (continued)**

	Insurance operations						
	Medical	Motor	Property	Others	Total	Shareholders' operations	Total
For the three-month period ended September 30, 2018 (Unaudited) (continued)							
NET UNDERWRITING INCOME					16,148,027	-	16,148,027
OTHER OPERATING (EXPENSES) INCOME							
Reversal of allowance for doubtful debts					906,940	-	906,940
General and administrative expenses					(14,135,838)	(403,226)	(14,539,064)
Investment and commission income					2,024,163	3,545,277	5,569,440
Un-realized gains on financial assets at fair value through profit or loss					225,263	-	225,263
Dividend and realized (loss)/gain on investments					60,258	(391,782)	(331,524)
Other income					409,938	-	409,938
TOTAL OTHER OPERATING (EXPENSES) INCOME, NET					(10,509,276)	2,750,269	(7,759,007)
Total income for the period					5,638,751	2,750,269	8,389,020
Total income attributed to the insurance operations					(563,875)	-	(563,875)
Total income for the period attributable to the shareholders					5,074,876	2,750,269	7,825,145

3. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property	Others	Total	Shareholders' operations	Total
For the nine-month period ended September 30, 2018 (Unaudited)							
REVENUES							
Gross premiums written	168,884,491	33,332,007	14,627,377	18,740,987	235,584,862	-	235,584,862
Reinsurance premiums ceded:							
- Foreign	(23,500)	-	(13,833,169)	(14,489,844)	(28,346,513)	-	(28,346,513)
- Local	-	(497,819)	(466,842)	(562,862)	(1,527,523)	-	(1,527,523)
Excess of loss premiums	(2,910,000)	(1,288,124)	(196,866)	(236,631)	(4,631,621)	-	(4,631,621)
Net premiums written	165,950,991	31,546,064	130,500	3,451,650	201,079,205	-	201,079,205
Changes in unearned premiums, net	3,115,778	(4,380,646)	(16,563)	(212,013)	(1,493,444)	-	(1,493,444)
Net premiums earned	169,066,769	27,165,418	113,937	3,239,637	199,585,761	-	199,585,761
Reinsurance commissions	11,311	214,941	1,262,077	2,499,868	3,988,197	-	3,988,197
TOTAL REVENUES	169,078,080	27,380,359	1,376,014	5,739,505	203,573,958	-	203,573,958
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(117,758,457)	(17,016,985)	(9,690)	(1,745,242)	(136,530,374)	-	(136,530,374)
Reinsurers' share of claims paid	8,162,805	774,176	8,072	1,038,510	9,983,563	-	9,983,563
Claims handling expenses	(8,288,211)	(164,829)	-	-	(8,453,040)		(8,453,040)
Net claims and other benefits paid	(117,883,863)	(16,407,638)	(1,618)	(706,732)	(134,999,851)	-	(134,999,851)
Changes in outstanding claims, net	(8,568,164)	6,916,293	(276,997)	1,926,602	(2,266)	-	(2,266)
Changes in claims incurred but not reported, net	1,354,333	2,524,274	15,026	108,976	4,002,609	-	4,002,609
Net claims and other benefits incurred	(125,097,694)	(6,967,071)	(263,589)	1,328,846	(130,999,508)	-	(130,999,508)
Policy acquisition costs	(12,622,520)	(1,539,668)	(911,449)	(907,720)	(15,981,357)	-	(15,981,357)
Changes in additional premium reserves	(5,594,761)	(46,170)	(213,792)	406,498	(5,448,225)	-	(5,448,225)
Changes in other technical reserves	(527,812)	29,915	(245,313)	(9,818)	(753,028)	-	(753,028)
Segment underwriting costs and expenses, net	(143,842,787)	(8,522,994)	(1,634,143)	817,806	(153,182,118)	-	(153,182,118)
Other underwriting expenses					(3,732,702)	-	(3,732,702)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET					(156,914,820)	-	(156,914,820)

3. **Segmental information (continued)**

	Insurance operations						
	Medical	Motor	Property	Others	Total	Shareholders' operations	Total
For the nine-month period ended September 30, 2018 (Unaudited) (continued)							
NET UNDERWRITING INCOME					**46,659,138**	-	**46,659,138**
OTHER OPERATING (EXPENSES) INCOME							
Allowance for doubtful debts					**(1,463,158)**	-	**(1,463,158)**
General and administrative expenses					**(42,029,646)**	**(903,655)**	**(42,933,301)**
Investment and commission income					**6,118,427**	**9,047,995**	**15,166,422**
Unrealized gains on financial assets at fair value through profit or loss					**792,413**	-	**792,413**
Dividend and realized (loss)/gain on investments					**75,365**	**(347,262)**	**(271,897)**
Other income					**1,779,104**	-	**1,779,104**
TOTAL OTHER OPERATING (EXPENSES) INCOME, NET					**(34,727,495)**	**7,797,078**	**(26,930,417)**
Total income for the period					**11,931,643**	**7,797,078**	**19,728,721**
Total income attributed to the insurance operations					**(1,193,164)**	-	**(1,193,164)**
Total income for the period attributable to the shareholders					**10,738,479**	**7,797,078**	**18,535,557**

3. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property	Others	Total	Shareholders' operations	Total
For the three-month period ended September 30, 2017 (Unaudited)							
REVENUES							
Gross premiums written	52,145,446	6,194,101	187,481	2,454,161	60,981,189	-	60,981,189
Reinsurance premiums ceded:							
- Foreign	(101,192)	-	(137,273)	(1,763,530)	(2,001,995)	-	(2,001,995)
- Local	-	(99,098)	(15,888)	(48,532)	(163,518)	-	(163,518)
Excess of loss premiums	(2,703,892)	(361,395)	(61,540)	(82,959)	(3,209,786)	-	(3,209,786)
Net premiums written	49,340,362	5,733,608	(27,220)	559,140	55,605,890	-	55,605,890
Changes in unearned premiums, net	702,047	2,273,913	93,936	692,182	3,762,078	-	3,762,078
Net premiums earned	50,042,409	8,007,521	66,716	1,251,322	59,367,968	-	59,367,968
Reinsurance commissions	31,831	125,407	370,885	1,180,842	1,708,965	-	1,708,965
TOTAL REVENUE	50,074,240	8,132,928	437,601	2,432,164	61,076,933	-	61,076,933
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(18,970,363)	(3,957,650)	(168,749)	(420,433)	(23,517,195)	-	(23,517,195)
Reinsurers' share of claims paid	2,992,253	135,135	161,999	283,503	3,572,890	-	3,572,890
Claims handling expenses	(2,368,429)	(39,343)	-	-	(2,407,772)	-	(2,407,772)
Net claims and other benefits paid	(18,346,539)	(3,861,858)	(6,750)	(136,930)	(22,352,077)	-	(22,352,077)
Changes in outstanding claims, net	(14,586,654)	(767,853)	6,931	(431,139)	(15,778,715)	-	(15,778,715)
Changes in claims incurred but not reported, net	3,445,088	(67,674)	(12,964)	(364,455)	2,999,995	-	2,999,995
Net claims and other benefits incurred	(29,488,105)	(4,697,385)	(12,783)	(932,524)	(35,130,797)	-	(35,130,797)
Policy acquisition costs	(3,954,493)	(495,337)	(319,225)	(292,885)	(5,061,940)	-	(5,061,940)
Changes in additional premium reserves	(1,487,298)	-	-	-	(1,487,298)	-	(1,487,298)
Segment underwriting costs and expenses, net	(34,929,896)	(5,192,722)	(332,008)	(1,225,409)	(41,680,035)	-	(41,680,035)
Other underwriting expenses					(1,262,177)	-	(1,262,177)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET					(42,942,212)	-	(42,942,212)

3. **Segmental information (continued)**

	Insurance operations						
	Medical	Motor	Property	Others	Total	Shareholders' operations	Total
For the three-month period ended September 30, 2017 (Unaudited) (continued)							
NET UNDERWRITING INCOME					18,134,721	-	18,134,721
OTHER OPERATING (EXPENSES) INCOME							
Allowance for doubtful debts					(668,714)	-	(668,714)
General and administrative expenses					(11,972,086)	(497,659)	(12,469,745)
Investment and commission income					2,009,861	295,477	2,305,338
Unrealized gains on financial assets at fair value through profit or loss					180,516	-	180,516
Other income					912,231	-	912,231
TOTAL OTHER OPERATING (EXPENSES) INCOME, NET					(9,538,192)	(202,182)	(9,740,374)
Total income for the period					8,596,529	(202,182)	8,394,347
Total income attributed to the insurance operations					(859,653)	-	(859,653)
Total income for the period attributable to the shareholders					7,736,876	(202,182)	7,534,694

3. **Segmental information (continued)**

	Insurance operations						
	Medical	Motor	Property	Others	Total	Shareholders' operations	Total
For the nine-month period ended September 30, 2017 (Unaudited)							
REVENUES							
Gross premiums written	188,305,326	26,921,276	9,887,706	21,874,845	246,989,153	-	246,989,153
Reinsurance premiums ceded:							
- Foreign	(750,120)	-	(8,951,903)	(17,195,035)	(26,897,058)	-	(26,897,058)
- Local	-	(548,092)	(466,141)	(382,787)	(1,397,020)	-	(1,397,020)
Excess of loss premiums	(12,027,019)	(999,525)	(184,640)	(248,861)	(13,460,045)	-	(13,460,045)
Net premiums written	175,528,187	25,373,659	285,022	4,048,162	205,235,030	-	205,235,030
Changes in unearned premiums, net	(78,376,160)	1,630,340	(55,861)	161,138	(76,640,543)	-	(76,640,543)
Net premiums earned	97,152,027	27,003,999	229,161	4,209,300	128,594,487	-	128,594,487
Reinsurance commissions	87,472	362,395	1,137,677	2,933,175	4,520,719	-	4,520,719
TOTAL REVENUES	97,239,499	27,366,394	1,366,838	7,142,475	133,115,206	-	133,115,206
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(94,221,275)	(12,994,116)	(488,551)	(4,676,345)	(112,380,287)	-	(112,380,287)
Reinsurers' share of gross claims paid	12,357,844	(31,186)	475,381	3,770,133	16,572,172	-	16,572,172
Claims handling expenses	(5,017,643)	(148,207)	-	-	(5,165,850)	-	(5,165,850)
Net claims and other benefits paid	(86,881,074)	(13,173,509)	(13,170)	(906,212)	(100,973,965)	-	(100,973,965)
Changes in outstanding claims, net	18,347,284	(3,460,917)	10,399	244,050	15,140,816	-	15,140,816
Changes in claims incurred but not reported, net	6,846,993	(669,891)	(38,599)	(659,230)	5,479,273	-	5,479,273
Net claims and other benefits incurred	(61,686,797)	(17,304,317)	(41,370)	(1,321,392)	(80,353,876)	-	(80,353,876)
Policy acquisition costs	(8,114,384)	(1,761,886)	(976,867)	(1,101,099)	(11,954,236)	-	(11,954,236)
Changes in additional premium reserves	(5,878,324)	5,150,949	-	-	(727,375)	-	(727,375)
Segment underwriting costs and expenses, net	(75,679,505)	(13,915,254)	(1,018,237)	(2,422,491)	(93,035,487)	-	(93,035,487)
Other underwriting expenses					(2,834,073)	-	(2,834,073)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET					(95,869,560)	-	(95,869,560)

3. Segmental information (Continued)

	Insurance operations						
	Medical	Motor	Property	Others	Total	Shareholders' operations	Total
For the nine-month period ended September 30, 2017 (Unaudited) (continued)							
NET UNDERWRITING INCOME					37,245,646	-	37,245,646
OTHER OPERATING (EXPENSES) INCOME							
Reversal of allowance for doubtful debts					3,522,461	-	3,522,461
General and administrative expenses					(33,076,760)	(1,972,746)	(35,049,506)
Investment and commission income					7,527,219	4,652,404	12,179,623
Unrealized gains on financial assets at fair value through profit or loss					484,871	-	484,871
Other income					3,036,193	-	3,036,193
TOTAL OTHER OPERATING (EXPENSES) INCOME, NET					(18,506,016)	2,679,658	(15,826,358)
Total income for the period					18,739,630	2,679,658	21,419,288
Total income attributed to the insurance operations					(1,873,963)	-	(1,873,963)
Total income for the period attributable to the shareholders					16,865,667	2,679,658	19,545,325

3. **Segmental information (continued)**

	Insurance operations						
September 30, 2018 (Unaudited)	**Medical**	**Motor**	**Property**	**Others**	**Total**	**Shareholders' operations**	**Total**
Assets							
Reinsurers' share of unearned premiums	6,670	321,138	7,109,845	9,480,534	16,918,187	-	16,918,187
Reinsurers' share of outstanding claims	864	3,799,971	36,747,500	3,953,346	44,501,681	-	44,501,681
Reinsurers' share of claims incurred but not reported	6,701	221,128	8,968,966	10,630,591	19,827,386	-	19,827,386
Deferred policy acquisition costs	7,872,156	833,872	763,503	651,925	10,121,456	-	10,121,456
Segment assets					91,368,710	-	91,368,710
Unallocated assets					468,924,102	413,640,107	882,564,209
Total assets					560,292,812	413,640,107	973,932,919
Total liabilities and accumulated surplus							
Unearned premiums	112,513,601	18,811,702	7,258,699	11,593,647	150,177,649	-	150,177,649
Outstanding claims	60,985,784	30,680,469	37,025,000	6,272,221	134,963,474	-	134,963,474
Claims incurred but not reported	22,288,371	4,995,380	9,133,664	12,355,978	48,773,393	-	48,773,393
Unearned reinsurance commission	1,101	66,610	1,068,225	1,264,592	2,400,528	-	2,400,528
Additional premium reserves	11,294,513	46,170	655,028	444,048	12,439,759	-	12,439,759
Other technical reserves	1,734,764	195,254	276,462	154,921	2,361,401	-	2,361,401
Segmental liabilities					351,116,204	-	351,116,204
Unallocated liabilities and equity					95,092,938	527,723,777	622,816,715
Total liabilities, accumulated surplus and shareholders' equity					446,209,142	527,723,777	973,932,919

3. **Segmental information (continued)**

December 31, 2017 (Audited)	Insurance operations						
	Medical	Motor	Property	Others	Total	Shareholders' operations	Total
Assets							
Reinsurers' share of unearned premiums	51,717	452,845	2,300,044	8,774,721	11,579,327	-	11,579,327
Reinsurers' share of outstanding claims	75,198	4,041,957	13,097	3,673,643	7,803,895	-	7,803,895
Reinsurers' share of claims incurred but not reported	189,859	72,369	2,928,411	8,716,351	11,906,990	-	11,906,990
Deferred policy acquisition costs	8,640,097	692,221	304,632	427,900	10,064,850	-	10,064,850
Segment assets	8,956,871	5,259,392	5,546,184	21,592,615	41,355,062	-	41,355,062
Unallocated assets					478,156,555	395,281,498	873,438,053
Total assets					519,511,617	395,281,498	914,793,115
Total liabilities and accumulated surplus							
Unearned premiums	115,674,426	14,562,763	2,432,335	10,675,821	143,345,345	-	143,345,345
Outstanding claims	52,491,954	37,838,748	13,600	7,919,120	98,263,422	-	98,263,422
Claims incurred but not reported	23,825,862	7,370,895	3,108,135	10,550,714	44,855,606	-	44,855,606
Unearned reinsurance commission	8,533	120,004	364,260	965,154	1,457,951	-	1,457,951
Additional premium reserves	5,699,752	-	441,236	850,546	6,991,534	-	6,991,534
Other technical reserves	1,206,952	225,169	31,149	145,103	1,608,373	-	1,608,373
Segment liabilities	198,907,479	60,117,579	6,390,715	31,106,458	296,522,231	-	296,522,231
Unallocated liabilities and equity					84,291,648	533,979,236	618,270,884
Total liabilities, accumulated surplus and shareholders' equity					380,813,879	533,979,236	914,793,115

4. Cash and cash equivalents

	Insurance operations		Shareholders' operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Cash in hand	1,948,557	865,706	-	-
Cash at banks - Current accounts	47,087,231	124,762,561	2,678,595	1,353,394
Time deposits	203,712,141	109,818,845	60,000,000	15,000,000
	252,747,929	235,447,112	62,678,595	16,353,394

Cash at banks are placed with counterparties that have investment grade credit ratings. As at September 30, 2018, time deposits were placed with local banks and financial institutions denominated in Saudi Riyals with original maturities of less than three months from the date of placement and earned financial income at an average rate of 1.70% to 2.65% per annum (December 31, 2017: 1.00% to 2.05% per annum).

5. Short-term and long-term deposits

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earn financial income at an average rate of 2.30% to 2.70% (December 31, 2017: 1.70% to 3.75%) per annum.

Long-term deposits represent deposits with maturity of more than one year placed with a bank carrying commission income at a rate of 2.70% to 2.90% (December 31, 2017: 1.79% to 2.85%) per annum.

6. Premiums and insurers' balances receivable - net

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Premiums receivable	72,235,787	60,418,542
Premiums receivable from related parties	16,222,113	14,151,752
Receivable from insurance and reinsurance companies	6,491,343	701,628
	94,949,243	75,271,922
Less: allowance for doubtful debts	(26,910,620)	(25,447,462)
	68,038,623	49,824,460
Movement in the allowance for doubtful debts is as follows:		
At the beginning of period / year	25,447,462	30,197,266
Charge for /(reversal for) the period / year, net	1,463,158	(4,749,804)
At the end of period / year	26,910,620	25,447,462

7. Technical reserves

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Gross outstanding claims	**134,963,474**	98,263,422
Gross claims incurred but not reported	**48,773,393**	44,855,606
Less:		
Reinsurers' share of outstanding claims	**(44,501,681)**	(7,803,895)
Reinsurers' share of claims incurred but not reported	**(19,827,386)**	(11,906,990)
Net outstanding claims	**119,407,800**	123,408,143
Additional premium reserves:		
Premium deficiency reserve	**12,338,319**	6,909,492
Unexpired risk reserve	**101,440**	82,042
	12,439,759	6,991,534
Other technical reserves:		
Non-proportional reinsurance accrual reserve	**1,206,952**	1,206,952
Unallocated loss adjustment expense reserve	**1,154,449**	401,421
	2,361,401	1,608,373
Net outstanding claims and reserves	**134,208,960**	132,008,050

7. Technical reserves (continued)

7.2 Movement in net unearned premiums

Movement in net unearned premiums comprise of the following:

	Nine-month period ended September 30, 2018 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	143,345,345	(11,579,327)	131,766,018
Balance as at the end of the period	(150,177,649)	16,918,187	(133,259,462)
Changes in unearned premiums	(6,832,304)	5,338,860	(1,493,444)
Premium written during the period	235,584,862	(29,874,036)	205,710,826
Excess of loss premiums	-	(4,631,621)	(4,631,621)
Net premium earned	228,752,558	(29,166,797)	199,585,761

	Year ended December 31, 2017 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	67,021,475	(14,562,635)	52,458,840
Balance as at the end of the period	(143,345,345)	11,579,327	(131,766,018)
Changes in unearned premiums	(76,323,870)	(2,983,308)	(79,307,178)
Premium written during the period	329,307,349	(32,303,896)	297,003,453
Excess of loss premiums	-	(21,807,582)	(21,807,582)
Net premium earned	252,983,479	(57,094,786)	195,888,693

8. Investments

a) Investments are classified as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Held-to-maturity investments	31,000,000	31,000,000	80,000,000	80,000,000
Financial assets at fair value through profit or loss	23,560,816	22,768,403	15,866,224	15,695,156
Available-for-sale investments	11,423,711	10,082,967	22,277,568	19,227,743
	65,984,527	63,851,370	118,143,792	114,922,899

8. Investments (continued)

b) Category wise investment analysis is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Quoted	64,740,099	62,606,942	118,143,792	114,922,899
Unquoted	1,244,428	1,244,428	-	-
	65,984,527	63,851,370	118,143,792	114,922,899

c) The analysis of the composition of investments is as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Mutual funds	39,427,040	38,463,559
Ordinary shares	33,701,279	29,310,710
Sukuks	111,000,000	111,000,000
Total	184,128,319	178,774,269

Management has performed a review of the available-for-sale investments to assess whether impairment has occurred in the value of these investments. Based on specific information, management is of the view that no impairment is required in respect of the available-for-sale investments.

All investments are denominated in Saudi Riyals and United States Dollars. As at the reporting date investments amounting to Saudi Riyals 39.43 million (December 31, 2017: Saudi Riyals 38.5 million) are denominated in United States Dollars.

d) Movement in financial assets at fair value through profit or loss is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
At the beginning of the period / year	22,768,403	22,094,290	15,695,156	14,298,670
Acquisitions during the period / year	-	-	171,068	1,913,112
Proceeds from disposals during the period / year	-	-	-	(516,626)
Unrealised gains on financial assets at fair value through profit or loss	792,413	674,113	-	-
At the end of period / year	23,560,816	22,768,403	15,866,224	15,695,156

8. Investments (continued)

e) Movement in available-for-sale investments is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
At the beginning of the period / year	**10,082,967**	10,426,902	**19,227,743**	19,288,440
Acquisitions during the period / year	**10,542,044**	21,932,078	**2,945,992**	6,554,835
Disposals during the period / year	**(10,001,256)**	(21,636,512)	**(2,266,101)**	(5,468,991)
Unrealised gains on available-for-sale investments	**724,591**	916,304	**2,717,196**	774,661
Realised gains / (losses) on disposal	**75,365**	(1,555,805)	**(347,262)**	(1,921,202)
At the end of period / year	**11,423,711**	10,082,967	**22,277,568**	19,227,743

f) Held-to-maturity investments are as follows:

Insurance operations

Security	Issuer	Maturity	Location	Profit margin	Amortised cost	
					September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Sukuk	Financial institution	10 years	Saudi Arabia	6 months SIBOR plus 1.40%	**30,000,000**	30,000,000
Sukuk	Financial institution	10 years	Saudi Arabia	6 months SIBOR plus 1.55%	**1,000,000**	1,000,000
					31,000,000	31,000,000

Shareholders' operations

Security	Issuer	Maturity	Location	Profit margin	Amortised cost	
					September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Sukuk	Financial institution	10 years	Saudi Arabia	6 months SIBOR plus 1.15%	**30,000,000**	30,000,000
Sukuk	Financial institution	10 years	Saudi Arabia	6 months SIBOR plus 1.30%	**50,000,000**	50,000,000
					80,000,000	80,000,000

8. Investments (continued)

g) Geographical concentration:

The maximum exposure to credit and price risk for financial assets at fair value through profit or loss, available-for-sale and held-to-maturity investments at the reporting date by geographic region is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Kingdom of Saudi Arabia	42,423,711	41,082,967	102,277,568	99,227,743
Singapore	21,344,566	20,552,153	-	-
United States of America	-	-	15,866,224	15,695,156
United Arab Emirates	2,216,250	2,216,250	-	-
	65,984,527	63,851,370	118,143,792	114,922,899

9. Goodwill

The Company commenced its insurance operations on January 1, 2009. The Company's General Assembly approved on 1 February 2009 for the Company to enter into an agreement whereby it acquired the insurance portfolio and net assets of Al Sagr Saudi Insurance Company with effect from 1 January 2009 at a goodwill of Saudi Riyals 39 million as set forth in SAMA's letter in this respect after completing the related procedures as required under SAMA's letter on November 10, 2008. The Company has later adjusted goodwill amount by reducing Saudi Riyals 13.5 million in line with SAMA correspondence in this respect bringing it to Saudi Riyals 25.5 million. The Company has paid Saudi Riyals 9.9 million during 2011 and Saudi Riyals 15.6 million in 2012 against goodwill to the shareholders of Al Sagr Saudi Insurance Company.

10. Statutory deposit

The statutory deposit represents 10% of the paid up share capital which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent. Also refer Note 19.

In accordance with the instruction received from SAMA vide their circular dated March 1, 2016, the Company has disclosed the commission due on the statutory deposit as at September 30, 2018 as an asset and a liability in this interim condensed financial information.

11. Related party transactions and balances

Related parties represent major shareholders, directors, companies related to the shareholders ("affiliates") and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties.

a) The following are the details of major related parties' transactions during the period and the related balances at the end of the period/year:

	Transactions for the nine-month period ended		Balance receivable (payable) as at	
	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Shareholders				
Gross premium written	**12,750,762**	14,457,428	**-**	-
Premiums receivable from related parties	**-**	-	**16,222,113**	14,151,752
Rent expense	**562,747**	597,161	**-**	-
Air ticket cost	**-**	372,856	**-**	-
Reinsurance commission	**11,311**	123,710	**-**	-
Reinsurance share of gross claims paid	**71,551**	112,153	**-**	-
Reinsurance premium ceded	**23,500**	750,120	**-**	-
Claims incurred on insurance policies	**5,117,801**	2,505,762	**-**	-
Directors' remuneration and meeting fee	**-**	577,236	**(1,117,942)**	(2,949,791)
Gross outstanding claims	**-**	-	**(6,237,903)**	(7,064,018)
Reinsurance premium payable	**-**	-	**(674,699)**	(448,277)
Claims handling expenses	**3,038,547**	-	-	-
Accrued expenses	-	-	**(471,587)**	(1,667,463)

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

	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
Salaries and benefits	**5,044,817**	4,791,088
Employee benefit obligations	**301,261**	189,470
	5,346,078	4,980,558

c) Due to a related party

Due to a related party represents amounts payable to Al Sagr Saudi Insurance Company (B.S.C).

d) The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is on employment terms and as per the by-laws of the Company.

12. Zakat

a) Zakat charge for the period

The charge for the period for zakat is as follows:

	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
Charge for the period	**10,610,000**	10,857,000

b) Zakat base

The principal elements of zakat base are as following:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Opening shareholders' equity	**467,419,384**	508,880,263
Non-current assets	**134,011,590**	190,211,639
Held-to-maturity investments	**111,000,000**	111,000,000
Goodwill	**25,513,750**	25,513,750
Adjusted net income	**18,976,362**	20,849,262

The difference between the financial results and adjusted net income is mainly due to adjustments for certain costs based on relevant regulations.

c) Movement in the provision for zakat during the period / year

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
At the beginning of the period / year	**59,324,895**	56,710,161
Provision for the period / year	**10,610,000**	13,084,802
Paid during the period / year	**(7,424,950)**	(10,470,068)
At the end of the period / year	**62,509,945**	59,324,895

d) Shareholding subject to zakat

The following is the shareholding percentage subject to zakat in the interim condensed financial information as at the end of the period/year:

	September 30, 2018 % (Unaudited)	December 31, 2017 % (Audited)
Shareholding subject to zakat	**100**	100

12. Zakat (Continued)

e) Zakat assessments

In 2013, the Company filed an appeal against the zakat assessment for the years 2008 to 2011 in which the General Authority of Zakat and Tax ("GAZT") claimed an additional zakat liability of Saudi Riyals 24.3 million. In March 2015, the Preliminary Appeal Committee advised the Company of its decision in favor of the GAZT. The management of the Company has filed an appeal with the Higher Appeal Committee and submitted the required financial bank guarantee to cover the disputed amount. In January 2018, the Higher Appeal Committee gave its verdict by revising the assessed zakat liability to Saudi Riyals 20.2 million. The Company has filed a final appeal with the Ministry of Finance (the "Ministry") against this decision and submitted the required financial bank guarantee. The Ministry rejected the appeal and gave the right to appeal to Board of Grievances (BOG). The case has been rejected by BOG in both degrees, preliminary and appellate, due to invalidation of the case based on the Royal Decree No. M / 113 issued on 2 Dhu al-Qa'da 1438 H. The management believes that the level of the existing provisions for zakat is presently sufficient.

During 2018, the Company has received initial assessments for the years 2012, 2013 and 2014. Total additional zakat liability as per the assessments amounted to Saudi Riyals 15.9 million. The zakat differences as per the initial assessments were due to the disallowances by GAZT of deduction of the statutory deposit and solvency margin from the zakat base. The management believes that GAZT will reconsider the initial assessments and will allow certain deductions from the zakat base in the final assessments. However, the management is of the view that the level of the existing provisions for zakat is presently sufficient.

Zakat assessments for the years from 2015 to 2017 have not yet been raised by the GAZT.

The zakat liability as computed by the Company could be different from zakat liability as assessed by the GAZT for years for which assessments have not yet been raised by the GAZT.

13. Share capital

The authorized, issued and paid up share capital of the Company was Saudi Riyals 400 million at September 30, 2018 consisting of 40 million shares (December 31, 2017: Saudi Riyals 250 million consisting of 25 million shares) of Saudi Riyals 10 each.

During the three-month period ended September 30, 2018, the share capital of the Company has been increased by 60% by way of issuance of bonus shares, which was approved by the shareholders in an extraordinary general assembly meeting held on July 29, 2018 (corresponding to 16 Dhu Al Qa'adah 1439 H). At the time of increasing the capital, the shareholders were entitled for three bonus shares for every five shares held by them. The increase in share capital was funded from the retained earnings and statutory reserve accounts by transferring an amount of Saudi Riyals 119 million from retained earnings and Saudi Riyals 31 million from statutory reserve which resulted in an increase in authorized, issued and paid up share capital to Saudi Riyals 400 million from Saudi Riyals 250 million. The number of issued shares have increased from 25 million to 40 million shares. The legal formalities for the increase have been completed during the period, therefore, the necessary changes have been reflected in this interim condensed financial information.

14. Statutory reserve

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

15. Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing net income for the period by the weighted average number of outstanding shares during the period. The basic and diluted earnings per share for the corresponding period was adjusted to reflect the bonus issue.

16. Fair value of financial instruments

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

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

	September 30, 2018 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - financial assets at fair value through profit or loss	-	39,427,040	-	39,427,040
Ordinary shares - Available-for-sale	32,456,851	-	1,244,428	33,701,279
	32,456,851	39,427,040	1,244,428	73,128,319
Financial assets not measured at fair value				
Sukuks - Held-to-maturity	-	111,000,000	-	111,000,000
Total investments	32,456,851	150,427,040	1,244,428	184,128,319

	December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - measured at fair value through profit or loss	-	38,463,559	-	38,463,559
Ordinary shares - Available-for-sale	28,066,282	-	1,244,428	29,310,710
	28,066,282	38,463,559	1,244,428	67,774,269
Financial assets not measured at fair value				
Sukuks - Held-to-maturity	-	111,000,000	-	111,000,000
Total investments	28,066,282	149,463,559	1,244,428	178,774,269

During the period, there has been no transfers between level 1, level 2 and level 3.

17. Commitments and contingencies

a) Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have material impact on the Company's results or financial position.

During 2016, one of the Company's previous employees filed a case in the Preliminary Commission for Settlements of Labor Disputes against the Company, claiming additional payments for employee benefits and commission. The Company has made a provision that it believes is adequate to cover any potential liability on a conservative basis. The management is currently reviewing the case with its lawyer to assess the next course of action.

b) Capital commitments

At September 30, 2018, the Company had outstanding commitment of Saudi Riyals 2.88 million in respect of purchase of investments relating to a mutual fund (December 31, 2017: Saudi Riyals 3.05 million).

18. Dividends

The Company's shareholders, at their ordinary general assembly meeting held on June 6, 2018 (corresponding to 22 Ramadan 1439H), approved a cash dividend of Saudi Riyals 0.75 per share for the financial year ended December 31, 2017 totaling to Saudi Riyals 18.75 million (December 31, 2017: approved dividend of Saudi Riyals 50 million).

19. Subsequent events

The Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia requires the Company to maintain its statutory deposit equal to 10% of the paid up share capital. During the three-month period ended September 30, 2018, the share capital of the Company was increased by Saudi Riyals 150 million (refer Note 13). Accordingly, subsequent to the period end, the Company has deposited an additional amount of Saudi Riyals 15 million to the statutory deposit account through a bank transfer to maintain the statutory deposit equal to 10% of the paid up share capital. The change in the statutory deposit will be reflected in the financial statements of the next period.

20. Comparative balances

Certain of the comparative balances have been reclassified to conform to the current period presentation. These changes are summarized below and were mainly to conform with the SAMA requirements:

As discussed in Note 2 to this interim condensed financial information, previously the interim statement of financial position, statement of income and statement of cash flows were presented separately for insurance operations and shareholders' operations, which are now combined together to present the Company level interim statement of financial position, statement of income, statement of comprehensive income and statement of cash flows.

The amounts "due to/from" shareholders and insurance operations which were previously reported separately in the respective statement of financial position, are now eliminated in full (refer Note 22).

Insurance operations' surplus is split in the ratio of 90/10 between shareholders' and insurance operations and presented separately in the interim condensed statement of income (refer Note 22).

21. Approval of the interim condensed financial information

The interim condensed financial information has been approved by the Board of Directors on November 11, 2018 (corresponding to 3 Rabia Alawal 1440 H).

22. Supplementary information

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS							
Cash and cash equivalents	4	**252,747,929**	**62,678,595**	**315,426,524**	235,447,112	16,353,394	251,800,506
Short term deposits	5	**33,256,071**	**100,000,000**	**133,256,071**	85,000,000	135,000,000	220,000,000
Premiums and insurers' balances receivable - net	6	**68,038,623**	**-**	**68,038,623**	49,824,460	-	49,824,460
Reinsurers' share of unearned premiums	7	**16,918,187**	**-**	**16,918,187**	11,579,327	-	11,579,327
Reinsurers' share of outstanding claims	7	**44,501,681**	**-**	**44,501,681**	7,803,895	-	7,803,895
Reinsurers' share of claims incurred but not reported	7	**19,827,386**	**-**	**19,827,386**	11,906,990	-	11,906,990
Deferred policy acquisition costs		**10,121,456**	**-**	**10,121,456**	10,064,850	-	10,064,850
Held-to-maturity investments	8	**31,000,000**	**80,000,000**	**111,000,000**	31,000,000	80,000,000	111,000,000
Financial assets at fair value through profit or loss	8	**23,560,816**	**15,866,224**	**39,427,040**	22,768,403	15,695,156	38,463,559
Available-for-sale investments	8	**11,423,711**	**22,277,568**	**33,701,279**	10,082,967	19,227,743	29,310,710
Prepaid expenses and other assets		**18,062,593**	**4,050,838**	**22,113,431**	13,152,834	674,345	13,827,179
Long-term deposits	5	**26,250,000**	**75,000,000**	**101,250,000**	26,250,000	75,000,000	101,250,000
Property and equipment		**4,584,359**	**-**	**4,584,359**	4,630,779	-	4,630,779
Goodwill	9	**-**	**25,513,750**	**25,513,750**	-	25,513,750	25,513,750
Statutory deposit	10	**-**	**25,000,000**	**25,000,000**	-	25,000,000	25,000,000
Accrued income on statutory deposits	10	**-**	**3,253,132**	**3,253,132**	-	2,817,110	2,817,110
Amounts due from shareholders		**54,962,804**	**-**	**54,962,804**	19,610,257	-	19,610,257
Amounts due from insurance operations		**-**	**169,046,474**	**169,046,474**	-	158,307,995	158,307,995
TOTAL ASSETS		**615,255,616**	**582,686,581**	**1,197,942,197**	539,121,874	553,589,493	1,092,711,367
Less: inter-operations elimination		**(54,962,804)**	**(169,046,474)**	**(224,009,278)**	(19,610,257)	(158,307,995)	(177,918,252)
TOTAL ASSETS		**560,292,812**	**413,640,107**	**973,932,919**	519,511,617	395,281,498	914,793,115

22. Supplementary information (Continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES							
Accrued and other liabilities		**23,789,784**	1,154,070	**24,943,854**	21,350,890	2,983,763	24,334,653
Reinsurers' balances payable		**9,759,131**	-	**9,759,131**	2,804,815	-	2,804,815
Unearned premiums	7	**150,177,649**	-	**150,177,649**	143,345,345	-	143,345,345
Unearned reinsurance commission		**2,400,528**	-	**2,400,528**	1,457,951	-	1,457,951
Outstanding claims	7	**134,963,474**	-	**134,963,474**	98,263,422	-	98,263,422
Claims incurred but not reported	7	**48,773,393**	-	**48,773,393**	44,855,606	-	44,855,606
Additional premium reserves	7	**12,439,759**	-	**12,439,759**	6,991,534	-	6,991,534
Other technical reserves	7	**2,361,401**	-	**2,361,401**	1,608,373	-	1,608,373
Due to a related party	11	-	**1,123,750**	**1,123,750**	-	1,123,750	1,123,750
Employee benefit obligations		**7,209,944**	-	**7,209,944**	6,798,528	-	6,798,528
Zakat payable	12	-	**62,509,945**	**62,509,945**	-	59,324,695	59,324,695
Accrued commission income payable to SAMA	10	-	**3,253,132**	**3,253,132**	-	2,817,110	2,817,110
Accounts payable		**4,833,463**	-	**4,833,463**	5,365,598	-	5,365,598
Dividend payable		-	**370,743**	**370,743**	-	310,334	310,334
Amounts due to insurance operations		-	**54,962,804**	**54,962,804**	-	19,610,257	19,610,257
Amounts due to shareholders		**169,046,474**	-	**169,046,474**	158,307,995	-	158,307,995
TOTAL LIABILITIES		565,755,000	123,374,444	**689,129,444**	491,150,057	86,170,109	577,320,166
Less: inter-operations elimination		(169,046,474)	(54,962,804)	**(224,009,278)**	(158,307,995)	(19,610,257)	(177,918,252)
TOTAL LIABILITIES		**396,708,526**	**68,411,640**	**465,120,166**	332,842,062	66,559,852	399,401,914
ACCUMULATED SURPLUS - INSURANCE OPERATIONS							
Accumulated surplus		**47,000,749**	-	**47,000,749**	46,196,541	-	46,196,541
Fair value reserve on investments		**823,369**	-	**823,369**	98,778	-	98,778
Reserve for re-measurement of actuarial gain on obligation		**1,676,498**	-	**1,676,498**	1,676,498	-	1,676,498
TOTAL LIABILITIES AND ACCUMULATED SURPLUS		**446,209,142**	**68,411,640**	**514,620,782**	380,813,879	66,559,852	447,373,731

22. Supplementary information (Continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
SHAREHOLDERS' EQUITY							
Share capital	13	-	400,000,000	400,000,000	-	250,000,000	250,000,000
Statutory reserve	14	-	48,927,313	48,927,313	-	78,342,202	78,342,202
Retained earnings		-	6,959,254	6,959,254	-	138,368,808	138,368,808
Fair value reserve on investments		-	3,425,570	3,425,570	-	708,374	708,374
TOTAL SHAREHOLDERS' EQUITY		-	459,312,137	459,312,137	-	467,419,384	467,419,384
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND SHAREHOLDERS' EQUITY		446,209,142	527,723,777	973,932,919	380,813,879	533,979,236	914,793,115

22. **Supplementary information (Continued)**

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30,

	2018 (Unaudited)			2017 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	**93,797,747**	-	**93,797,747**	60,981,189	-	60,981,189
Reinsurance premiums ceded:						
- Foreign	**(10,582,002)**	-	**(10,582,002)**	(2,001,995)	-	(2,001,995)
- Local	**(448,913)**	-	**(448,913)**	(163,518)	-	(163,518)
Excess of loss premiums	**(1,473,766)**	-	**(1,473,766)**	(3,209,786)	-	(3,209,786)
Net premiums written	**81,293,066**	-	**81,293,066**	55,605,890	-	55,605,890
Changes in unearned premiums, net	**(19,308,481)**	-	**(19,308,481)**	3,762,078	-	3,762,078
Net premiums earned	**61,984,585**	-	**61,984,585**	59,367,968	-	59,367,968
Reinsurance commissions	**1,696,534**	-	**1,696,534**	1,708,965	-	1,708,965
TOTAL REVENUES	**63,681,119**	-	**63,681,119**	61,076,933	-	61,076,933
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	**(45,976,645)**	-	**(45,976,645)**	(23,517,195)	-	(23,517,195)
Reinsurers' share of claims paid	**(96,966)**	-	**(96,966)**	3,572,890	-	3,572,890
Claims handling expenses	**(2,626,334)**	-	**(2,626,334)**	(2,407,772)	-	(2,407,772)
Net claims and other benefits paid	**(48,699,945)**	-	**(48,699,945)**	(22,352,077)	-	(22,352,077)
Changes in outstanding claims, net	**12,170,723**	-	**12,170,723**	(15,778,715)	-	(15,778,715)
Changes in claims incurred but not reported, net	**(2,083,706)**	-	**(2,083,706)**	2,999,995	-	2,999,995
Net claims and other benefits incurred	**(38,612,928)**	-	**(38,612,928)**	(35,130,797)		(35,130,797)
Policy acquisition costs	**(4,794,062)**	-	**(4,794,062)**	(5,061,940)	-	(5,061,940)
Changes in additional premium reserves	**(2,274,505)**	-	**(2,274,505)**	(1,487,298)	-	(1,487,298)
Changes in other technical reserves	**(763,720)**	-	**(763,720)**	-	-	-
Other underwriting expenses	**(1,087,877)**	-	**(1,087,877)**	(1,262,177)	-	(1,262,177)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET	**(47,533,092)**	-	**(47,533,092)**	(42,942,212)	-	(42,942,212)
NET UNDERWRITING INCOME	**16,148,027**	-	**16,148,027**	18,134,721	-	18,134,721

22. Supplementary information (Continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, (Continued)

	Note	2018 (Unaudited)			2017 (Unaudited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES) INCOME							
(Allowance) reversal of allowance for doubtful debts		**906,940**	**-**	**906,940**	(668,714)	-	(668,714)
General and administrative expenses		**(14,135,838)**	**(403,226)**	**(14,539,064)**	(11,972,086)	(497,659)	(12,469,745)
Investment and commission income		**2,024,163**	**3,545,277**	**5,569,440**	2,009,861	295,477	2,305,338
Unrealized gains on financial assets at fair value through profit or Loss		**225,263**	**-**	**225,263**	180,516	-	180,516
Dividend and realized (loss)/gain on investments		**60,258**	**(391,782)**	**(331,524)**	-	-	-
Other income		**409,938**	**-**	**409,938**	912,231	-	912,231
TOTAL OTHER OPERATING EXPENSES, NET		**(10,509,276)**	**2,750,269**	**(7,759,007)**	(9,538,192)	(202,182)	(9,740,374)
Total income (loss) for the period		**5,638,751**	**2,750,269**	**8,389,020**	8,596,529	(202,182)	8,394,347
Total income attributed to the insurance operations		**(563,875)**	**-**	**(563,875)**	(859,653)	-	(859,653)
Total (loss) income for the period attributable to the shareholders		**5,074,876**	**2,750,269**	**7,825,145**	7,736,876	(202,182)	7,534,694
Weighted average number of outstanding shares	15			**40,000,000**			40,000,000
Earnings per share (expressed in Saudi Riyals per share)							
Basic earnings per share	15	**-**	**-**	**0.20**	-	-	0.19
Diluted earnings per share	15	**-**	**-**	**0.20**	-	-	0.19

22. Supplementary information (Continued)

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, (Continued)**

	2018 (Unaudited)			2017 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income	563,875	7,825,145	8,389,020	859,653	7,534,694	8,394,347
Other comprehensive income						
Items that are or may be reclassified to the interim condensed statement of income in subsequent periods						
Net change in fair value of available-for-sale investments	(555,320)	(281,842)	(837,162)	1,010,025	1,499,896	2,509,921
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,555	7,543,303	7,551,858	1,869,678	9,034,590	10,904,268

22. Supplementary information (Continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,

	2018 (Unaudited)			2017 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	**235,584,862**	**-**	**235,584,862**	246,989,153	-	246,989,153
Reinsurance premiums ceded:						
- Foreign	**(28,346,513)**	**-**	**(28,346,513)**	(26,897,058)	-	(26,897,058)
- Local	**(1,527,523)**	**-**	**(1,527,523)**	(1,397,020)	-	(1,397,020)
Excess of loss premiums	**(4,631,621)**	**-**	**(4,631,621)**	(13,460,045)	-	(13,460,045)
Net premiums written	**201,079,205**	**-**	**201,079,205**	205,235,030	-	205,235,030
Changes in unearned premiums, net	**(1,493,444)**	**-**	**(1,493,444)**	(76,640,543)	-	(76,640,543)
Net premiums earned	**199,585,761**	**-**	**199,585,761**	128,594,487	-	128,594,487
Reinsurance commissions	**3,988,197**	**-**	**3,988,197**	4,520,719	-	4,520,719
TOTAL REVENUES	**203,573,958**	**-**	**203,573,958**	133,115,206	-	133,115,206
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	**(136,530,374)**	**-**	**(136,530,374)**	(112,380,287)	-	(112,380,287)
Reinsurers' share of claims paid	**9,983,563**	**-**	**9,983,563**	16,572,172	-	16,572,172
Claims handling expenses	**(8,453,040)**	**-**	**(8,453,040)**	(5,165,850)	-	(5,165,850)
Net claims and other benefits paid	**(134,999,851)**	**-**	**(134,999,851)**	(100,973,965)	-	(100,973,965)
Changes in outstanding claims, net	**(2,266)**	**-**	**(2,266)**	15,140,816	-	15,140,816
Changes in claims incurred but not reported, net	**4,002,609**	**-**	**4,002,609**	5,479,273	-	5,479,273
Net claims and other benefits incurred	**(130,999,508)**	**-**	**(130,999,508)**	(80,353,876)	-	(80,353,876)
Policy acquisition costs	**(15,981,357)**	**-**	**(15,981,357)**	(11,954,236)	-	(11,954,236)
Changes in additional premium reserves	**(5,448,225)**	**-**	**(5,448,225)**	(727,375)	-	(727,375)
Changes in other technical reserves	**(753,028)**	**-**	**(753,028)**	-	-	-
Other underwriting expenses	**(3,732,702)**	**-**	**(3,732,702)**	(2,834,073)	-	(2,834,073)
TOTAL UNDERWRITING COSTS AND EXPENSES, NET	**(156,914,820)**	**-**	**(156,914,820)**	(95,869,560)	-	(95,869,560)
NET UNDERWRITING INCOME	**46,659,138**	**-**	**46,659,138**	37,245,646	-	37,245,646

22. Supplementary information (Continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (Continued)

	Note	2018 (Unaudited)			2017 (Unaudited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES) INCOME							
(Allowance) reversal for doubtful debts		**(1,463,158)**	**-**	**(1,463,158)**	3,522,461	-	3,522,461
General and administrative expenses		**(42,029,646)**	**(903,655)**	**(42,933,301)**	(33,076,760)	(1,972,748)	(35,049,508)
Investment and commission income		**6,118,427**	**9,047,995**	**15,166,422**	7,527,219	4,652,404	12,179,623
Unrealized gains on financial assets at fair value through profit or loss		**792,413**	**-**	**792,413**	484,871	-	484,871
Dividend and realized (loss)/gain on investments		**75,365**	**(347,262)**	**(271,897)**	-	-	-
Other income		**1,779,104**	**-**	**1,779,104**	3,036,193	-	3,036,193
TOTAL OTHER OPERATING EXPENSES, NET		**(34,727,495)**	**7,797,078**	**(26,930,417)**	(18,506,016)	2,679,656	(15,826,358)
Total income for the period		**11,931,643**	**7,797,078**	**19,728,721**	18,739,630	2,679,656	21,419,288
Total income attributed to the insurance operations		**(1,193,164)**	**-**	**(1,193,164)**	(1,873,963)	-	(1,873,963)
Total income for the period attributable to the shareholders		**10,738,479**	**7,797,078**	**18,535,557**	16,865,667	2,679,658	19,545,325
Weighted average number of outstanding shares	15			**40,000,000**			40,000,000
Earnings per share (expressed in Saudi Riyals per share)							
Basic earnings per share	15	**-**	**-**	**0.46**	-	-	0.49
Diluted earnings per share	15	**-**	**-**	**0.46**	-	-	0.49

22. Supplementary information (Continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,

	2018 (Unaudited)			2017 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	**1,193,164**	**18,535,557**	**19,728,721**	1,873,963	19,545,325	21,419,288
Other comprehensive income						
Items that are or may be reclassified to the interim condensed statement of income in subsequent periods						
Net changes in fair value of available-for-sale investments	**724,591**	**2,717,196**	**3,441,787**	919,271	1,587,134	2,506,405
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,917,755**	**21,252,753**	**23,170,508**	2,793,234	21,132,459	23,925,693

22. Supplementary information (Continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,

	2018 (Unaudited)			2017 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total income for the period	**1,193,164**	**18,535,557**	**19,728,721**	1,873,963	19,545,325	21,419,288
Adjustments for non-cash items:						
Depreciation and amortization	**1,050,099**	**-**	**1,050,099**	750,475	-	750,475
Provision for employee benefit obligations	**1,576,875**	**-**	**1,576,875**	1,096,920	-	1,096,920
Unrealized gain on financial assets at fair value through profit or loss	**(792,413)**	**-**	**(792,413)**	(484,871)	-	(484,871)
Realized gain on available-for-sale investments	**(75,365)**	**347,262**	**271,897**	1,635,464	1,622,120	3,257,584
(Allowance) reversal for doubtful debts	**1,463,158**	**-**	**1,463,158**	(3,522,461)	-	(3,522,461)
Changes in operating assets and liabilities:						
Unearned premiums	**6,832,304**	**-**	**6,832,304**	78,545,584	-	78,545,584
Premiums and insurers' balances receivable - net	**(20,978,210)**	**-**	**(20,978,210)**	(1,481,452)	-	(1,481,452)
Reinsurers' share of unearned premiums	**(5,338,860)**	**-**	**(5,338,860)**	(1,905,041)	-	(1,905,041)
Reinsurers' share of outstanding claims	**(36,697,786)**	**-**	**(36,697,786)**	3,675,245	-	3,675,245
Reinsurers' share of claims incurred but not reported	**(7,920,396)**	**-**	**(7,920,396)**	(3,620,329)	-	(3,620,329)
Amounts due from/(to) insurance operations	**10,738,479**	**(10,738,479)**	**-**	16,865,667	(16,865,667)	-
Amounts due (from)/to shareholders	**(34,415,047)**	**34,415,047**	**-**	4,430,143	(4,430,143)	-
Deferred policy acquisition costs	**(56,606)**	**-**	**(56,606)**	(5,892,237)	-	(5,892,237)
Prepaid expenses and other assets	**(4,909,759)**	**(3,376,493)**	**(8,286,252)**	(8,331,756)	(1,460,519)	(9,792,275)
Accrued and other liabilities	**2,438,894**	**(1,829,693)**	**609,201**	(94,847)	(728,548)	(823,395)
Reinsurers' balances payable	**6,954,316**	**-**	**6,954,316**	2,905,322	-	2,905,322
Unearned reinsurance commission	**942,577**	**-**	**942,577**	184,045	-	184,045
Outstanding claims	**36,700,052**	**-**	**36,700,052**	(18,816,061)	-	(18,816,061)
Claims incurred but not reported	**3,917,787**	**-**	**3,917,787**	(1,858,944)	-	(1,858,944)
Statutory deposit commission payable	**-**	**436,022**	**436,022**	-	439,077	439,077
Accounts payable	**(532,135)**	**-**	**(532,135)**	711,566	-	711,566
Additional premium reserves	**5,448,225**	**-**	**5,448,225**	727,375	-	727,375
Other technical reserves	**753,028**	**-**	**753,028**	-	-	-
Employee benefit obligations paid	**(1,165,459)**	**-**	**(1,165,459)**	(353,239)	-	(353,239)
Zakat paid	**-**	**(7,424,950)**	**(7,424,950)**	-	(10,470,068)	(10,470,068)
Surplus distribution payable to policyholders	**(25,567)**	**-**	**(25,567)**	(71,661)	-	(71,661)
Net cash (utilized in) generated from operating activities	**(32,898,645)**	**30,364,273**	**(2,534,372)**	66,968,870	(12,348,423)	54,620,447

22. Supplementary information (Continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (Continued)

	2018 (Unaudited)			2017 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts against short-term deposits	**51,743,929**	**35,000,000**	**86,743,929**	-	63,914,389	63,914,389
Additions in long-term deposits	**-**	**-**	**-**	(112,965)	(165,941)	(278,906)
Statutory deposit commission income	**-**	**(436,022)**	**(436,022)**	-	(439,077)	(439,077)
Purchase of financial assets at fair value through profit or loss	**-**	**(171,068)**	**(171,068)**	-	(1,913,112)	(1,913,112)
Disposal of investment financial assets at fair value through profit or loss	**-**	**-**	**-**	-	516,626	516,626
Purchase of property and equipment	**(1,003,679)**	**-**	**(1,003,679)**	(652,948)	-	(652,948)
Proceeds from disposal of available-for-sale investments	**10,001,256**	**2,266,101**	**12,267,357**	17,205,768	4,815,704	22,021,472
Purchase of available-for-sale investments	**(10,542,044)**	**(2,945,992)**	**(13,488,036)**	(17,801,698)	(5,563,019)	(23,364,717)
Net cash generated from (utilized in) investing activities	**50,199,462**	**33,713,019**	**83,912,481**	(1,361,843)	61,165,570	59,803,827
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends	**-**	**(17,752,091)**	**(17,752,091)**	-	(45,655,808)	(45,655,808)
Net increase in cash and cash equivalents	**17,300,817**	**46,325,201**	**63,626,018**	65,607,027	2,961,339	68,568,466
Cash and cash equivalents, beginning of the period	**235,447,112**	**16,353,394**	**251,800,506**	73,652,708	13,378,695	87,031,403
Cash and cash equivalents, end of the period	**252,747,929**	**62,678,595**	**315,426,524**	139,259,735	16,340,034	155,599,869

22. Supplementary information (Continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (Continued)

	2018 (Unaudited)			2017 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Supplemental non-cash information:						
Change in fair value reserve for available-for-sale investments	724,591	2,717,196	3,441,787	919,271	1,587,134	2,506,409
Surplus distribution payable adjusted against insurance premium receivable from policyholders	363,389	-	363,389	1,538,156	-	1,538,156
Settlement of premium receivable from a shareholder through dividend due to them	937,500	(937,500)	-	5,247,550	(5,247,550)	-