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

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2019

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
For The Three And Nine Month Periods Ended 30 September 2019

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

The Shareholders
Buruj Cooperative Insurance Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Buruj Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as of 30 September 2019 and the related interim condensed statements of income and comprehensive income for the three and nine month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine month period then ended and other explanatory notes ("interim condensed financial statements"). Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial statement based on our review.

Scope of Review:

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

Conclusion:

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

For Al-Bassam & Co.
P.O. Box 68658
Riyadh 11557
Kingdom of Saudi Arabia

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 837



Aldar Audit Bureau
Abdullah Al Basri & Co
P. O. Box 2195
Riyadh 11451
Kingdom of Saudi Arabia

Abdullah M. Al Basri
Certified Public Accountant
License No. 171

31 October 2019
3 Rabi' Al-Awwal 1441



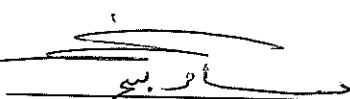
BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

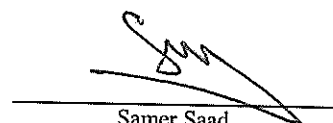
		30 September 2019 (Unaudited)	31 December 2018 (Audited)
	Notes	SAR	SAR
ASSETS			
Cash and cash equivalents	4	191,725,506	223,534,759
Time deposits	5	380,786,567	368,123,651
Premiums and reinsurers' receivable, net	6	50,665,827	37,828,171
Reinsurers' share of unearned premiums	10(a)	17,717,200	9,826,524
Reinsurers' share of outstanding claims	10(b)	58,871,453	58,536,727
Reinsurers' share of claims incurred but not reported	10(b)	12,803,427	23,638,303
Deferred policy acquisition costs		8,586,546	9,251,289
Deferred excess of loss premiums		1,893,047	-
Investments	7	186,616,226	184,452,148
Prepaid expenses and other assets		22,326,138	18,446,097
Right-of-use assets		6,641,534	-
Property, equipment and intangible assets, net		3,909,989	4,420,141
Investment in associate	8	302,011	570,292
Statutory deposit	14	30,000,000	25,000,000
Statutory deposit investment returns	14	1,206,937	837,567
TOTAL ASSETS		974,052,408	964,465,669
LIABILITIES			
Policyholders and accounts payables		28,893,052	26,652,095
Reinsurers' balances payable		11,848,649	3,438,376
Accrued expenses and other liabilities		19,317,452	24,605,744
Lease liabilities		6,139,462	-
Unearned premiums	10(a)	142,112,730	134,815,114
Unearned reinsurance commission		2,323,496	1,593,290
Outstanding claims		178,568,207	159,089,829
Claims incurred but not reported	10(b)	70,518,092	103,871,697
Premium deficiency reserve	10(b)	12,006,477	4,273,324
Other technical reserves	10(b)	4,662,622	7,444,867
End-of-service benefits		12,878,508	11,496,527
Zakat payable	11	29,898,525	29,839,668
Statutory deposit investment returns	14	1,206,937	837,567
TOTAL LIABILITIES		520,374,209	507,958,098
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		100,042	7,326,695
Fair value reserve on available for sale investments		(2,560,801)	(1,006,041)
Accumulated actuarial loss on end-of-service benefits		(3,357,799)	(3,357,799)
TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS		514,555,651	510,920,953
SHAREHOLDERS' EQUITY			
Share capital	12	300,000,000	250,000,000
Statutory reserve		48,707,396	48,707,396
Retained earnings		103,665,203	151,762,026
Fair value reserve on available for sale investments		7,124,158	3,075,294
TOTAL SHAREHOLDERS' EQUITY		459,496,757	453,544,716
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		974,052,408	964,465,669



Zain AlAbdeen Barry
Board Member



Samer Kanj
Chief Executive Officer



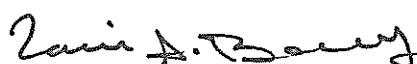
Samer Saad
Finance Manager

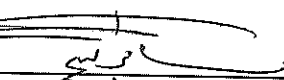
The accompanying notes 1 to 21 form part of these interim condensed financial statements.


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

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

	For the three months period ended		For the nine months period ended	
	30 September 2019 SAR	30 September 2018 – Restated SAR	30 September 2019 SAR	30 September 2018 – Restated SAR
REVENUES				
Gross written premiums	58,571,086	71,395,010	248,096,780	253,723,956
Reinsurance premiums ceded				
- Local	(1,719,115)	(1,179,814)	(2,875,655)	(2,299,915)
- Foreign	(7,339,375)	(6,090,001)	(29,417,398)	(22,119,303)
Excess of loss premiums				
- Local	(288,047)	(571,834)	(964,759)	(1,262,092)
- Foreign	(1,820,112)	(3,492,932)	(6,195,851)	(10,076,170)
Net premiums written	47,404,437	60,060,429	208,643,117	217,966,476
Changes in unearned premiums, net	10(a) 21,590,165	24,712,038	593,060	53,084,546
Net premiums earned	68,994,602	84,772,467	209,236,177	271,051,022
Reinsurance commissions	1,360,254	1,249,676	5,512,636	4,938,234
Policy fees and other underwriting income	485,989	507,358	1,726,597	7,227,662
TOTAL REVENUES	70,840,845	86,529,501	216,475,410	283,216,918
UNDERWRITING COSTS				
Gross claims paid	(62,445,809)	(52,443,306)	(167,642,477)	(181,599,577)
Reinsurers' share of claims paid	4,738,447	1,130,441	10,230,333	19,647,131
Net claims paid	(57,707,362)	(51,312,865)	(157,412,144)	(161,952,446)
Changes in outstanding claims, net	(16,078,648)	8,135,614	(19,143,652)	6,098,049
Changes in claims incurred but not reported, net	2,370,263	8,482,179	22,518,729	15,516,395
Net claims incurred	(71,415,747)	(34,695,072)	(154,037,067)	(140,338,002)
Changes in premium deficiency reserves	2,446,199	-	(7,733,153)	-
Changes in other technical reserves	677,247	39,315	2,782,244	3,037,483
Policy acquisition costs	(5,438,572)	(6,652,747)	(17,322,773)	(23,592,848)
Inspection and supervision fees	(424,125)	(772,833)	(2,105,976)	(2,153,428)
Other underwriting expenses	(1,853,451)	(1,472,304)	(6,541,450)	(6,777,424)
TOTAL UNDERWRITING COSTS	(76,008,449)	(43,553,641)	(184,958,175)	(169,824,219)
NET UNDERWRITING (DEFICIT)/ SURPLUS	(5,167,604)	42,975,860	31,517,235	113,392,699
OTHER OPERATING (EXPENSES)/INCOME				
Reversal of/(allowance for) doubtful debts provision	6 1,040,812	(1,663,280)	1,348,907	(6,167,446)
General and administrative expenses	(15,297,170)	(18,622,713)	(47,469,229)	(52,000,188)
Commission income on time deposits and investments	5,419,504	4,337,413	15,821,989	12,458,563
Dividend income	2,294,954	2,174,520	4,942,653	3,997,005
Realized gain on investments	2,415,880	15,915	5,358,965	871,682
Impairment of available for sale investments	(474,801)	(1,143,169)	(660,017)	(1,143,169)
Share of loss of associate	8 (113,804)	(274,742)	(268,280)	(650,096)
Other income	58,121	191,096	136,015	245,251
TOTAL OTHER OPERATING (EXPENSES)/INCOME	(4,656,504)	(14,984,960)	(20,788,997)	(42,388,398)
(Loss)/ income for the period before zakat	(9,824,108)	27,990,900	10,728,238	71,004,301
Zakat for the period	(2,664,096)	(3,255,294)	(8,725,019)	(9,487,014)
Net (loss)/income after zakat	(12,488,204)	24,735,606	2,003,219	61,517,287
Income attributed to the insurance operations	-	2,531,676	100,042	6,596,724
(Loss)/ income for the period attributable to the shareholders	(12,488,204)	22,203,930	1,903,177	54,920,563
Loss/ earnings per share – Basic and diluted - Restated	13 (0.42)	0.74	0.06	1.83


Zain AlAbdeen Bafry
Board Member


Samef Kanj
Chief Executive Officer


Samer Saad
Finance Manager

The accompanying notes 1 to 21 form part of these interim condensed financial statements.

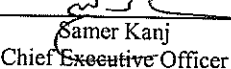
BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)


	<u>For the three months period ended</u>		<u>For the nine months period ended</u>	
	<u>30 September</u> <u>2019</u> <u>SAR</u>	<u>30 September</u> <u>2018 – Restated</u> <u>SAR</u>	<u>30 September</u> <u>2019</u> <u>SAR</u>	<u>30 September</u> <u>2018 – Restated</u> <u>SAR</u>
Net (loss)/ income for the period after zakat	(12,488,204)	24,735,606	2,003,219	61,517,287
Other comprehensive (loss)/income				
<i>Items that will be reclassified to statements of income in subsequent periods</i>				
Available for sale investments:				
- Net amounts transferred to statement of income	(2,415,880)	(15,915)	(5,358,965)	(871,682)
- Net change in fair value	518,669	2,557,307	7,853,069	(490,217)
	(1,897,211)	2,541,392	2,494,104	(1,361,899)
<u>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD</u>	(14,385,415)	27,276,998	4,497,323	60,155,388
Comprehensive (loss)/income attributed to the insurance operations	(2,988,327)	2,709,803	(1,454,718)	8,311,266
Comprehensive (loss)/ income for the period attributable to the shareholders	(11,397,088)	24,567,195	5,952,041	51,844,122



Zain AlAbdeen Barry
Board Member



Samer Kanj
Chief Executive Officer



Samer Saad
Finance Manager

The accompanying notes 1 to 21 form part of these interim condensed financial statements.

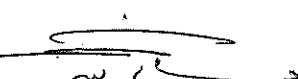
**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**


**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)**

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019

	Share Capital SAR	Statutory Reserve SAR	Retained earnings SAR	Fair value reserve on available for sale investments SAR	Total SAR
2019					
Balance as at 1 January 2019 (Audited)	250,000,000	48,707,396	151,762,026	3,075,294	453,544,716
<i>Total comprehensive income for the period attributable to shareholders:</i>					
Net income for the period	-	-	1,903,177	-	1,903,177
Changes in fair value of available for sale investments	-	-	-	4,048,864	4,048,864
Total comprehensive income for the period	-	-	1,903,177	4,048,864	5,952,041
Bonus shares (Note 12)	50,000,000	-	(50,000,000)	-	-
Balance as at 30 September 2019 (Unaudited)	300,000,000	48,707,396	103,665,203	7,124,158	459,496,757
2018					
Balance as at 1 January 2018 (Audited)	250,000,000	34,224,026	105,742,042	7,010,448	396,976,516
<i>Total comprehensive income for the period attributable to shareholders:</i>					
Net income for the period – Restated	-	-	54,920,563	-	54,920,563
Changes in fair value of available for sale investments	-	-	-	(3,076,441)	(3,076,441)
Total comprehensive income for the period	-	-	54,920,563	(3,076,441)	51,844,122
Balance as at 30 September 2018 (Unaudited)	250,000,000	34,224,026	160,662,605	3,934,007	448,820,638


Zain AlAbdeen Barry
Board Member


Samer Kanj
Chief Executive Officer


Samer Saad
Finance Manager

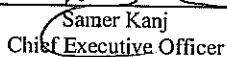
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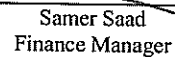
**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the nine months period ended	
	30 September 2019	30 September 2018
Notes	SAR	SAR
CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the period before zakat	10,728,238	71,004,301
<i>Adjustments for non-cash items:</i>		
Depreciation of property and equipment	1,112,946	925,904
Loss/(gain) on disposal of property and equipment	21,701	(52,299)
(Reversal of)/allowance for doubtful debts	6 (1,348,907)	6,167,446
Right-of-use depreciation	1,217,776	-
Interest expense on liability	145,097	-
Share of loss of associate	8 268,281	650,096
Provision for end-of-service indemnities	1,537,105	1,841,897
Realized gain from investments	(5,358,965)	(871,682)
Impairment of available for sale investments	660,017	1,143,169
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurers' receivable	(11,488,749)	(17,976,460)
Reinsurers' share of unearned premiums	(7,890,676)	(1,503,132)
Reinsurers' share of outstanding claims	(334,726)	7,765,705
Reinsurers' share of claims incurred but not reported	10,834,876	(2,469,404)
Deferred policy acquisition costs	664,743	4,944,762
Deferred excess of loss premiums	(1,893,047)	(2,398,261)
Prepaid expenses and other assets	(3,880,041)	(8,892,444)
Right-of-use assets	(7,859,310)	-
Statutory deposit	(5,000,000)	-
Policyholders and accounts payables	2,240,957	5,353,058
Reinsurers' balances payable	8,410,273	3,482,017
Accrued expenses and other liabilities	(5,288,292)	(8,661,848)
Lease liabilities	5,994,365	-
Unearned premiums	7,297,616	(51,581,414)
Unearned reinsurance commission	730,206	282,437
Outstanding claims	19,478,378	(13,863,754)
Claims incurred but not reported	(33,353,605)	(13,046,991)
Premium deficiency reserve	7,733,153	-
Other technical reserves	(2,782,245)	(3,037,483)
End-of-service indemnities paid	(7,402,836)	(20,794,380)
Insurance surplus paid	(155,124)	(549,961)
Zakat paid	(7,326,695)	(10,221,968)
Net cash used in operating activities	11 (23,550,816)	(39,481,008)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Additions)/disposals in time deposits	(12,662,916)	7,278,940
Additions in investments	7b(ii) (53,060,212)	(49,116,879)
Proceeds from available for sale investments	7b(ii) 58,089,186	32,520,296
Additions in property and equipment	(624,495)	(1,923,363)
Proceeds from disposal of property and equipment	-	65,351
Net cash used in investing activities	(8,258,437)	(11,175,655)
Net change in cash and cash equivalents	(31,809,253)	(50,656,663)
Cash and cash equivalents, beginning of the period	223,534,759	238,876,530
Cash and cash equivalents, end of the period	4 191,725,506	188,219,867
<i>Non-cash transactions:</i>		
Change in fair value of available for sale investments	2,494,104	(1,361,899)
Bonus shares	50,000,000	-


Zain AlAbdeen Barry
Board Member


Samer Kanj
Chief Executive Officer


Samer Saad
Finance Manager

The accompanying notes 1 to 21 form part of these interim condensed financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

30 September 2019

1 GENERAL

Buruj Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010280606 dated 10 Safar 1431H, corresponding to 26 January 2010. The registered office address of the Company is P.O. Box 51855, Riyadh 11553, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Tadawul (the Saudi Arabian Stock Market) on 15 February 2010.

The Company was licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree numbered 72/M dated 28 Shawal 1429H (corresponding to 29 October 2008), pursuant to Council of Ministers resolution numbered 313 dated 27 Shawal 1429H (corresponding to 28 October 2008). On 10 Muharram 1431H (corresponding to 27 December 2009), the Ministry of Commerce and Industry issued a resolution declaring the incorporation of the Company.

On 15 Jumada Thani 1431H (corresponding to 29 May 2010), the Saudi Arabian Monetary Authority ("SAMA") issued a formal approval to transact insurance business.

The Company launched its insurance operations on 1 July 2010 after receipt of an authorisation from SAMA to commence insurance operations as product approval and related formalities were completed.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by SAMA. Any deficit arising on insurance operations is transferred to the shareholders' operations in full.

2 BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements of the Company as at and for the period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants ("SOCPA"). The interim condensed financial statements of the Company for the three month period ended 31 March 2019 and the year ended 31 December 2018 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax, which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA"). As per Circular no. 2019/23099 dated 26 Shaban 1440H, (corresponding to 1 May 2019) SAMA instructed the Insurance Companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board ("IASB"). Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The interim condensed financial statements have been prepared under the going concern basis and the historical cost basis except for the measurement at fair value of "available for sale investments", investment in associate which is accounted for under the equity method and employees end of service benefits at present value.

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 19 have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2019

2 BASIS OF PREPARATION (continued)

(a) Basis of presentation (continued)

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2018.

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SAR).

(b) Critical accounting judgments, estimates and assumptions

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

In preparing these condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2018.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

Significant accounting policies

The significant accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018 except as described below:

IFRS 16 - Leases

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

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

(A) Adjustment recognised on adoption of IFRS 16:

The Company has adopted IFRS 16 on 1 January 2019, using modified retrospective approach; therefore, the cumulative effect of adopting IFRS 16 has been recognised as an adjustment to the opening balance of prepayments with no effect on opening retained earnings at 1 January 2019 and without a restatement of comparative information.

The Company has applied the practical expedient to grandfather the definition of a lease on transition i.e. all contracts entered into before 1 January 2019 are identified as leases in accordance with IAS 17 and IFRIC 4.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 16 – Leases (continued)

(B) Accounting Policies:

The Company has recognised new assets and liabilities for its operating leases of office premises. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interim condensed statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

i. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

ii. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in- substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the interim condensed statement of income. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Right-of-use assets depreciation charge and balance are as follows:

	30 September 2019 (Unaudited) SAR
Cost	
As at 1 January 2019	-
Additions	7,859,310
Deletions	-
As at 30 September 2019	<u>7,859,310</u>
Accumulated Depreciation	
As at 1 January 2019	-
Charge	(1,217,776)
As at 30 September 2019	<u>(1,217,776)</u>
Carrying Value	<u>6,641,534</u>

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 16 – Leases (continued)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease as follows:

	<u>SAR</u>
Operating lease liability as at 31 December 2018	8,230,655
Weighted average incremental borrowing rate as at 1 January 2019	3.17%
Discounted operating lease liability as at 1 January 2019	7,565,180
Less: Current portion of lease liability	<u>(1,558,543)</u>
Non-current portion of lease liability as at 1 January 2019	<u>6,006,637</u>

Lease liabilities as at period end are as follows:

	<u>30 September 2019 (Unaudited) SAR</u>
Non-current portion of lease liability	4,622,932
Current portion of lease liability	<u>1,516,530</u>
	<u>6,139,462</u>

The total interest expense on lease liabilities recognized during the period ended 30 September 2019 is SAR 145,097.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.17 %.

Change in the accounting for zakat and income tax

As mentioned above, the basis of preparation has been changed for the three and nine month periods ended 30 September 2019 as a result of the issuance of latest instructions from SAMA dated 1 May 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA dated 1 May 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively and the effects of the above change are disclosed in note 11 to the interim condensed financial statements.

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat expense is charged to the profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

New standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB decided that IFRS 9 would be mandatorily effective for annual reporting periods beginning on or after 1 January 2018 with an optional temporary exception to defer the application of IFRS 9 till 1 January 2022 for companies whose activities are predominantly connected with insurance. In line with other insurance companies in the Kingdom of Saudi Arabia, the Company deferred the application of IFRS 9 till 1 January 2022 to match with the adoption of IFRS 17.

IFRS 17 Insurance Contracts

The IASB issued IFRS 17 in May 2017. IFRS 17 will be mandatorily effective for annual reporting periods beginning on or after 1 January 2022. Once effective, IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally. The Company is in the process of assessing the impact of IFRS 17.

4 CASH AND CASH EQUIVALENTS

	30 September 2019 (Unaudited)		31 December 2018 (Audited)	
	Insurance operations SAR	Shareholders' operations SAR	Insurance operations SAR	Shareholders' operations SAR
Bank balances and cash	81,936,957	33,537,689	104,211,856	18,873,381
Deposits maturing within 3 months from the acquisition date	-	76,250,860	37,357,794	63,091,728
	81,936,957	109,788,549	141,569,650	81,965,109

Deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These earn commission income at an average rate of 2.70% per annum (2018: 2.55% per annum).

Both bank balances and deposits are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

The carrying amounts disclosed above reasonably approximate their fair values at the reporting date.

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30 September 2019

5 TIME DEPOSITS

Time deposits are placed with local banks and financial institutions with an original maturity of more than three months from the date of acquisition and earned special commission income at an average rate of 3.70% per annum (2018: 3.80% per annum).

The carrying amounts of the time deposits reasonably approximate their fair values at the reporting date.

6 PREMIUMS AND REINSURERS' RECEIVABLE, NET

(a) Premiums and reinsurers' receivables comprised of the following:

	30 September 2019 (Unaudited) SAR	31 December 2018 (Audited) SAR
Premiums receivable	59,549,804	49,900,132
Less: Allowance for doubtful debts	<u>(17,185,526)</u>	<u>(18,829,813)</u>
	<u>42,364,278</u>	<u>31,070,319</u>
Reinsurers' receivable	11,211,810	9,372,733
Less: Allowance for doubtful debts	<u>(2,910,261)</u>	<u>(2,614,881)</u>
	<u>8,301,549</u>	<u>6,757,852</u>
Total premiums and reinsurers' receivable, net	<u>50,665,827</u>	<u>37,828,171</u>

(b) The movement in allowance for doubtful policyholders' and reinsurance balances for the period/year is set out below:

	Policyholders SAR	Reinsurers' SAR	Total SAR
30 September 2019 (Unaudited)			
Beginning balance	18,829,813	2,614,881	21,444,694
(Reversal)/charge for the period	<u>(1,644,287)</u>	<u>295,380</u>	<u>(1,348,907)</u>
Closing balance	<u>17,185,526</u>	<u>2,910,261</u>	<u>20,095,787</u>
31 December 2018 (Audited)			
Beginning balance	17,351,691	517,748	17,869,439
Charge for the year	1,478,122	2,097,133	3,575,255
Closing balance	<u>18,829,813</u>	<u>2,614,881</u>	<u>21,444,694</u>

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(UNAUDITED) (continued)

30 September 2019

7 INVESTMENTS

(i) Investments are classified as follows:

	30 September 2019 (Unaudited)		31 December 2018 (Audited)	
	Insurance Operations SAR	Shareholders' Operations SAR	Insurance Operations SAR	Shareholders' Operations SAR
Available for sale "AFS"	29,468,308	147,147,918	31,161,180	143,290,968
Held to maturity "HTM"	-	10,000,000	-	10,000,000
Total	29,468,308	157,147,918	31,161,180	153,290,968

(a) Available for sale investments ("AFS") comprises the following:

	30 September 2019 (Unaudited)		31 December 2018 (Audited)	
	Insurance Operations SAR	Shareholders' Operations SAR	Insurance Operations SAR	Shareholders' Operations SAR
Quoted local "DPM" equity securities	21,855,508	-	22,524,280	-
Units in local investment funds - (NAV)*	7,612,800	59,871,959	8,636,900	62,710,386
Quoted fixed income securities	-	71,090,033	-	66,181,234
Units in quoted local real estate funds	-	14,262,848	-	12,476,270
Unquoted local equity investment **	-	1,923,078	-	1,923,078
Total available for sale investments	29,468,308	147,147,918	31,161,180	143,290,968

* NAV: Net Asset Value as announced by asset manager.

** This represents the share in Najm for Insurance Services Company.

(b) Held to maturity ("HTM") comprises of domestic unquoted floating rate securities as follows:

	30 September 2019 (Unaudited)		31 December 2018 (Audited)	
	Insurance Operations SAR	Shareholders' Operations SAR	Insurance Operations SAR	Shareholders' Operations SAR
Sukuk "Almarai" – September 2022	-	5,000,000	-	5,000,000
Sukuk "Sipchem" – June 2021	-	5,000,000	-	5,000,000
Total held to maturity investments	-	10,000,000	-	10,000,000

The fair value of the "HTM" investments as at 30 September 2019 was not different from its carrying value. There were no movement in held to maturity investments during the period.

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(UNAUDITED) (continued)

30 September 2019

7 INVESTMENTS (continued)

(ii) The movement during the period/year in the investments is as follows:

	30 September 2019 (Unaudited)		31 December 2018 (Audited)	
	Insurance Operations SAR	Shareholders' Operations SAR	Insurance Operations SAR	Shareholders' Operations SAR
Opening balance	31,161,180	153,290,968	41,401,450	128,077,276
Purchases	12,021,199	41,039,013	12,623,508	50,844,352
Disposals	(14,484,634)	(43,604,552)	(23,582,613)	(21,647,316)
Impairment	(660,017)	-	(620,545)	-
	28,037,728	150,725,429	29,821,800	157,274,312
Changes in fair value of investments	1,430,580	6,422,489	1,339,380	(3,983,344)
Closing balance	29,468,308	157,147,918	31,161,180	153,290,968

8 INVESTMENT IN ASSOCIATE

	30 September 2019 (Unaudited) SAR	31 December 2018 (Audited) SAR
Beginning balance	570,292	1,220,388
Share of loss	(268,281)	(650,096)
Closing balance	302,011	570,292

The Company's investment in associate, which is unquoted, is as follows along with summarized financial information:

Gulf Warranties Insurance Services (Limited liability Company)

As of	Country of Incorporation	Assets	Liabilities	SAR		% Interest
				Revenue	Loss	
September 30, 2019*	Saudi Arabia	4,312,849	3,536,445	416,784	(797,992)	40%
December 31, 2018	Saudi Arabia	5,496,699	3,922,303	1,200,138	(470,705)	40%

* Based on latest management accounts.

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(UNAUDITED) (continued)

30 September 2019

9 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

- in the accessible principal market for the assets or liability, or
- in the absences of a principal market, in the most advantages accessible market for the asset or liability

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information.

Determination of fair value and fair value hierarchy

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

- Level 1 - quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
- Level 2 – quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3 - valuation techniques for which any significant input is not based on observable market data.

	Level 1 SAR	Level 2 SAR	Level 3 SAR	Total SAR
30 September 2019 (Unaudited)				
Available for sale				
- Equities	21,855,508	-	1,923,078	23,778,586
- Fixed income securities	71,090,033	-	-	71,090,033
- Investment and real estate funds	14,262,848	67,484,759	-	81,747,607
Held to maturity	-	-	10,000,000	10,000,000
	107,208,389	67,484,759	11,923,078	186,616,226
31 December 2018 (Audited)				
Available for sale				
- Equities	22,524,280	-	1,923,078	24,447,358
- Fixed income securities	66,181,234	-	-	66,181,234
- Investment and real estate funds	12,476,270	71,347,286	-	83,823,556
Held to maturity	-	-	10,000,000	10,000,000
	101,181,784	71,347,286	11,923,078	184,452,148

Transfers between levels

For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the nine months period ended 30 September 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

There was no recurring fair value measurements categorised within Level 3 of the fair value hierarchy as set out in the table above.

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10 TECHNICAL RESERVES

(a) MOVEMENT IN UNEARNED PREMIUMS

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Gross SAR	Reinsurance SAR	Net SAR	Gross SAR	Reinsurance SAR	Net SAR
Beginning balance	134,815,114	(9,826,524)	124,988,590	203,643,613	(10,763,509)	192,880,104
Premiums written during the period/year	248,096,780	(39,453,663)	208,643,117	319,997,982	(45,432,962)	274,565,020
Premiums earned during the period/year	(240,799,164)	31,562,987	(209,236,177)	(388,826,481)	46,369,947	(342,456,534)
Closing balance	142,112,730	(17,717,200)	124,395,530	134,815,114	(9,826,524)	124,988,590

(b) NET OUTSTANDING CLAIMS AND RESERVES

Net outstanding claims and reserves comprise of the following:

	30 September 2019 (Unaudited) SAR	31 December 2018 (Audited) SAR
Gross outstanding claims	178,568,207	159,089,829
Less: Realizable value of salvage and subrogation	-	-
	178,568,207	159,089,829
Claims incurred but not reported	70,518,092	103,871,697
Premium deficiency reserve	12,006,477	4,273,324
Other technical reserves *	4,662,622	7,444,867
	265,755,398	274,679,717
Less:		
Reinsurers' share of outstanding claims	(58,871,453)	(58,536,727)
Reinsurers' share of claims incurred but not reported	(12,803,427)	(23,638,303)
	(71,674,880)	(82,175,030)
Net outstanding claims and other reserves	194,080,518	192,504,687

* Other technical reserves comprise of the following:

	30 September 2019 (Unaudited) SAR	31 December 2018 (Audited) SAR
Unallocated loss adjustment expense provision	1,884,941	2,784,912
Catastrophe reserve	2,468,820	2,468,820
Reinsurance accrual reserve	308,861	2,191,135
	4,662,622	7,444,867

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(UNAUDITED) (continued)

30 September 2019

11 ZAKAT PAYABLE

The movement in provision during the period/year is set out below:

	30 September 2019 (Unaudited) SAR	31 December 2018 (Audited) SAR
At the beginning of the period/year	29,839,668	25,840,869
Provided for the period/year	8,725,019	11,913,498
Paid during the period/year	(8,666,162)	(7,914,699)
At the end of the period/year	29,898,525	29,839,668

Status of assessments

The Company has filed zakat returns with the General Authority of Zakat and Tax ("GAZT") for the years from 2010 to 2018.

On review of the zakat return by GAZT for the long period ended 31 December 2010, a demand of SAR 2,256,659 was raised by the GAZT. The Company paid this demand and filed an appeal with GAZT. During 2014, GAZT revised its assessment of the zakat return for the long period ended 31 December 2010 after taking into consideration the effect of portfolio transfer and raised an additional demand of SAR 64,738. The Company paid this demand. The final assessment has not yet been carried out by the GAZT.

On review of the zakat return by the GAZT for the year 2011, a demand of SAR 2,378,604 has been raised by the GAZT. The Company paid this demand and filed an appeal with GAZT. On February 2019 GAZT revised its assessment of the zakat return to SAR 2,053,604 after taken into consideration the deduction of statutory deposit based on the decision of the Appeal Committee.

On review of the zakat return by the GAZT for the year 2012, a demand of SAR 1,979,521 has been raised by the GAZT. The Company paid this demand and filed an appeal with GAZT. The final assessments have not yet been carried out by the GAZT.

On review of the zakat return by the GAZT for the years 2013 and 2014 a demand of SAR 2,885,577 and SAR 2,885,577 respectively, have been raised by the GAZT. However, the Company has filed appeals with the GAZT. These appeals are in progress. The final assessments have not yet been carried out by the GAZT.

No assessments have been received out yet from the GAZT for the years 2015 to 2018.

12 SHARE CAPITAL

The authorized, issued and paid up share capital of the Company is SAR 300 million at September 30, 2019 (December 31, 2018: SAR 250 million) consisting of 30 million shares (December 31, 2018: 25 million shares) of SAR 10 each.

The Company's Board of Directors recommended on June 4, 2018 to the Extraordinary General Assembly Meeting to increase share capital of the Company by issuing 5 million bonus shares. The Company obtained the Capital Market Authority approval on August 9, 2018. The Extraordinary General Assembly held on January 14, 2019 approved the issuance of 5 million bonus shares amounting to SAR 50 million and thus the share capital increased to SAR 300 million consisting of 30 million shares of SAR 10 each.

The shareholders of the Company are subject to 100% Zakat.

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30 September 2019

13 CAPITAL MANAGEMENT

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

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SAR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

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

14 STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital of the Company which is maintained with local bank designated by SAMA in accordance with the Cooperative Insurance Companies Control Law for insurance companies. This statutory deposit cannot be withdrawn without the consent of SAMA.

Due to increase in share capital, the statutory deposit has also increased.

Accrued interest on the statutory deposit amounting to SR 1,206,937 (31 December 2018: SR 837,567) has been presented in the statement of financial position.

15 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period has been calculated by dividing the net income for the period after zakat by the number of issued and outstanding shares (30 million shares) at the period end. The Company has increased its share capital by issuing 5 million bonus shares (note 12), as a result the ordinary shares issued and outstanding as at period ended 30 September 2019 has increased to 30 million shares. Earnings per share of the prior comparative period have been restated to include the impact of bonus shares issued during the period ended 30 September 2019.

16 PROPOSED DIVIDENDS DISTRIBUTION

On 26 September 2019, the Company's board of directors has recommended a dividend distribution with regards to the year ended 31 December 2018 amounting to SR 30 million for a total number of entitled shares of 30 million, each of which is entitled to SR 1 which represents 10% of the par value thereof.

The above proposed dividend is subject to the approval of the Company's general assembly meeting that is scheduled to be held on 27 November 2019.

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17 RELATED PARTY TRANSACTIONS AND BALANCES

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

<i>Related party</i>	<i>Nature of transactions</i>	<u>Transactions for the period ended</u>		<u>Balance as at</u>	
		<u>30 September 2019</u> (Unaudited) SAR	<u>30 September 2018</u> (Unaudited) SAR	<u>30 September 2019</u> (Unaudited) SAR	<u>31 December 2018</u> (Audited) SAR
Major Shareholders	Insurance premium written	10,801,486	4,047,114	10,446,449	6,576,370
	Reinsurance premium ceded	(1,358,542)	(2,595,551)	(890,138)	(315,200)
Board of Directors and committees' members	Remuneration fees, allowances and other expense	(1,396,813)	(1,165,887)	(1,334,385)	(1,869,829)
	Insurance premium written	25,778,710	13,725,425	15,606,158	5,126,350
	Insurance brokerage contracts	(3,309,762)	(2,069,725)	(2,452,079)	(1,363,461)
Associate	General and administrative expenses paid on behalf of the associate	-	-	844,638	844,638

Balances in respect of the above transactions with related parties are included in the relevant accounts in the interim condensed statements of financial position and interim condensed statement of income.

Compensation of key management personnel

Key management personnel of the Company include five top executives including the Chief Executive Officer and Finance Manager. The summary of compensation of key management personnel for the period is as follows:

	<u>30 September 2019</u> (Unaudited) SAR	<u>30 September 2018</u> (Unaudited) SAR
Short term benefits	4,742,090	4,911,190
End of service benefits	298,134	290,910
	<u>5,040,224</u>	<u>5,202,100</u>

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18 INSURANCE OPERATING SEGMENTS

Consistent with the Company's internal reporting process, operating segments have been approved by Management in respect of the Company's activities, assets and liabilities as stated below.

Segment results do not include general and administrative expenses, allowance for doubtful debts, income on term deposits and investments, gain or loss on property, plant and equipment and investments. Accordingly, they are included in unallocated expenses or income.

Segment assets do not include insurance operations' property and equipment, investments, prepayments and other assets, premiums and reinsurance balances receivable, cash and cash equivalents and time deposits. Accordingly they are included in unallocated assets. Segment liabilities do not include insurance operations' due to shareholders operations, employees' end-of-service benefits, and reinsurance and insurance balances payable, accrued expenses and other liabilities and insurance operations' surplus. Accordingly they are included in unallocated liabilities.

For the three month period ended 30 September 2019 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
REVENUES				
Gross written premiums	32,569,232	14,130,597	11,871,257	58,571,086
Reinsurance premiums ceded				
- Local	-	-	(1,719,115)	(1,719,115)
- Foreign	-	-	(7,339,375)	(7,339,375)
Excess of loss premiums				
- Local	(164,768)	(37,500)	(85,779)	(288,047)
- Foreign	(951,344)	(337,500)	(531,268)	(1,820,112)
Net premiums written	31,453,120	13,755,597	2,195,720	47,404,437
Change in unearned premiums, net	6,810,796	14,071,077	708,292	21,590,165
Net premiums earned	38,263,916	27,826,674	2,904,012	68,994,602
Reinsurance commissions	-	-	1,360,254	1,360,254
Policy fees and other underwriting income	447,949	-	38,040	485,989
TOTAL REVENUES	38,711,865	27,826,674	4,302,306	70,840,845
UNDERWRITING COSTS				
Gross claims paid	(31,631,857)	(29,634,561)	(1,179,391)	(62,445,809)
Reinsurers' share of claims paid	754,800	3,252,251	731,396	4,738,447
Net claims paid	(30,877,057)	(26,382,310)	(447,995)	(57,707,362)
Changes in outstanding claims, net	(16,995,639)	65,407	851,584	(16,078,648)
Changes in claims incurred but not reported, net	24,954	1,388,985	956,324	2,370,263
Net claims incurred	(47,847,742)	(24,927,918)	1,359,913	(71,415,747)
Change in premium deficiency reserves	-	-	2,446,199	2,446,199
Changes in other technical reserves	-	677,248	(1)	677,247
Policy acquisition costs	(1,968,824)	(2,567,577)	(902,171)	(5,438,572)
Inspection and supervision fees	(162,022)	(211,772)	(50,331)	(424,125)
Other underwriting expenses	(482,258)	(1,371,193)	-	(1,853,451)
TOTAL UNDERWRITING COSTS	(50,460,846)	(28,401,212)	2,853,609	(76,008,449)
NET UNDERWRITING (DEFICIT)/ SURPLUS	(11,748,981)	(574,538)	7,155,915	(5,167,604)
Unallocated other operating expenses				(13,546,834)
Unallocated investment and other income				5,238,217
DEFICIT FROM INSURANCE OPERATIONS				(13,476,221)

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2019

18 INSURANCE OPERATING SEGMENTS (continued)

For the three month period ended 30 September 2019	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<u>Gross Written Premiums</u>				
Individuals	25,205,087	-	96,406	25,301,493
Very small enterprises	1,630,235	14,162,053	99,137	15,891,425
Small enterprises	379,070	(9,320)	1,087,181	1,456,931
Medium sized enterprises	371,186	(26,147)	795,466	1,140,505
Large enterprises	4,983,654	4,011	9,793,067	14,780,732
Total gross written premiums	32,569,232	14,130,597	11,871,257	58,571,086
For the three month period ended 30 September 2018 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<u>REVENUES</u>				
Gross written premiums	42,425,407	19,374,390	9,595,213	71,395,010
Reinsurance premiums ceded				
- Local	-	-	(1,179,814)	(1,179,814)
- Foreign	-	-	(6,090,001)	(6,090,001)
Excess of loss premiums				
- Local	(426,071)	(52,500)	(93,263)	(571,834)
- Foreign	(2,447,596)	(472,499)	(572,837)	(3,492,932)
Net premiums written	39,551,740	18,849,391	1,659,298	60,060,429
Change in unearned premiums, net	19,037,891	4,814,384	859,763	24,712,038
Net premiums earned	58,589,631	23,663,775	2,519,061	84,772,467
Reinsurance commissions	-	-	1,249,676	1,249,676
Policy fees and other underwriting income	453,593	-	53,765	507,358
TOTAL REVENUES	59,043,224	23,663,775	3,822,502	86,529,501
<u>UNDERWRITING COSTS</u>				
Gross claims paid and loss adjustment expenses	(34,252,198)	(18,630,025)	438,917	(52,443,306)
Reinsurers' share of claims paid	685,497	724,172	(279,228)	1,130,441
Net claims paid	(33,566,701)	(17,905,853)	159,689	(51,312,865)
Changes in outstanding claims, net	5,342,650	2,897,553	(104,589)	8,135,614
Changes in claims incurred but not reported, net	1,640,543	6,798,645	42,991	8,482,179
Net claims incurred	(26,583,508)	(8,209,655)	98,091	(34,695,072)
Changes in other technical reserves	51,073	-	(11,758)	39,315
Policy acquisition costs	(3,633,275)	(2,344,543)	(674,929)	(6,652,747)
Inspection and supervision fees	(210,230)	(290,353)	(272,250)	(772,833)
Other underwriting expenses	(152,866)	(1,304,438)	(15,000)	(1,472,304)
TOTAL UNDERWRITING COSTS	(30,528,806)	(12,148,989)	(875,846)	(43,553,641)
NET UNDERWRITING SURPLUS	28,514,418	11,514,786	2,946,656	42,975,860
Unallocated other operating expenses				(19,850,957)
Unallocated investment and other income				2,191,858
SURPLUS FROM INSURANCE OPERATIONS				25,316,761

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2019

18 INSURANCE OPERATING SEGMENTS (continued)

For the nine month period ended 30 September 2019 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<u>REVENUES</u>				
Gross written premiums	117,819,424	88,469,379	41,807,977	248,096,780
Reinsurance premiums ceded				
- Local	-	-	(2,875,655)	(2,875,655)
- Foreign	-	-	(29,417,398)	(29,417,398)
Excess of loss premiums				
- Local	(527,198)	(180,224)	(257,337)	(964,759)
- Foreign	(2,980,021)	(1,622,024)	(1,593,806)	(6,195,851)
Net premiums written	114,312,205	86,667,131	7,663,781	208,643,117
Change in unearned premiums, net	8,749,283	(9,214,306)	1,058,083	593,060
Net premiums earned	123,061,488	77,452,825	8,721,864	209,236,177
Reinsurance commissions	-	-	5,512,636	5,512,636
Policy fees and other underwriting income	1,551,637	-	174,960	1,726,597
<u>TOTAL REVENUES</u>	<u>124,613,125</u>	<u>77,452,825</u>	<u>14,409,460</u>	<u>216,475,410</u>
<u>UNDERWRITING COSTS</u>				
Gross claims paid	(95,706,341)	(67,955,531)	(3,980,605)	(167,642,477)
Reinsurers' share of claims paid	2,090,154	6,008,330	2,131,849	10,230,333
Net claims paid	(93,616,187)	(61,947,201)	(1,848,756)	(157,412,144)
Changes in outstanding claims, net	(15,382,174)	(4,961,900)	1,200,422	(19,143,652)
Changes in claims incurred but not reported, net	11,470,362	8,601,324	2,447,043	22,518,729
Net claims incurred	(97,527,999)	(58,307,777)	1,798,709	(154,037,067)
Changes in premium deficiency reserves	-	(9,293,849)	1,560,696	(7,733,153)
Changes in other technical reserves	212,293	677,248	1,892,703	2,782,244
Policy acquisition costs	(7,367,214)	(7,465,412)	(2,490,147)	(17,322,773)
Inspection and supervision fees	(586,461)	(1,326,140)	(193,375)	(2,105,976)
Other underwriting expenses	(2,337,877)	(4,203,573)	-	(6,541,450)
<u>TOTAL UNDERWRITING COSTS</u>	<u>(107,607,258)</u>	<u>(79,919,503)</u>	<u>2,568,586</u>	<u>(184,958,175)</u>
NET UNDERWRITING SURPLUS (DEFICIT)	17,005,867	(2,466,678)	16,978,046	31,517,235
Unallocated other operating expenses				(43,842,204)
Unallocated investment and other income				13,325,385
SURPLUS FROM INSURANCE OPERATIONS				<u>1,000,416</u>
For the nine month period ended 30 September 2019	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<u>Gross Written Premiums</u>				
Individuals	78,322,463	-	574,211	78,896,674
Very small enterprises	3,926,832	87,295,940	758,308	91,981,080
Small enterprises	3,756,318	886,876	3,583,506	8,226,700
Medium sized enterprises	5,864,083	250,788	13,752,212	19,867,083
Large enterprises	25,949,728	35,775	23,139,740	49,125,243
Total gross written premiums	117,819,424	88,469,379	41,807,977	248,096,780

BURUJ COOPERATIVE INSURANCE COMPANY
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(UNAUDITED) (continued)

30 September 2019

18 INSURANCE OPERATING SEGMENTS (continued)

For the nine month period ended 30 September 2018 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
REVENUES				
Gross written premiums	154,461,435	65,284,245	33,978,276	253,723,956
Reinsurance premiums ceded				
- Local	-	-	(2,299,915)	(2,299,915)
- Foreign	-	-	(22,119,303)	(22,119,303)
Excess of loss premiums				
- Local	(788,219)	(194,085)	(279,788)	(1,262,092)
- Foreign	(4,499,770)	(3,517,230)	(2,059,170)	(10,076,170)
Net premiums written	149,173,446	61,572,930	7,220,100	217,966,476
Change in unearned premiums, net	20,297,175	31,800,112	987,259	53,084,546
Net premiums earned	169,470,621	93,373,042	8,207,359	271,051,022
Reinsurance commissions	-	-	4,938,234	4,938,234
Policy fees and other underwriting income	7,026,699	-	200,963	7,227,662
TOTAL REVENUES	176,497,320	93,373,042	13,346,556	283,216,918
UNDERWRITING COSTS				
Gross claims paid and loss adjustment expenses	(105,111,513)	(68,869,092)	(7,618,972)	(181,599,577)
Reinsurers' share of claims paid	5,560,897	7,239,067	6,847,167	19,647,131
Net claims paid	(99,550,616)	(61,630,025)	(771,805)	(161,952,446)
Changes in outstanding claims, net	(5,038,970)	11,323,215	(186,196)	6,098,049
Changes in claims incurred but not reported, net	(1,302,822)	17,248,628	(429,411)	15,516,395
Net claims incurred	(105,892,408)	(33,058,182)	(1,387,412)	(140,338,002)
Changes in other technical reserves	3,902,847	-	(865,364)	3,037,483
Policy acquisition costs	(11,922,288)	(9,493,372)	(2,177,188)	(23,592,848)
Inspection and supervision fees	(768,599)	(978,293)	(406,536)	(2,153,428)
Other underwriting expenses	(579,269)	(6,183,155)	(15,000)	(6,777,424)
TOTAL UNDERWRITING COSTS	(115,259,717)	(49,713,002)	(4,851,500)	(169,824,219)
NET UNDERWRITING SURPLUS	61,237,603	43,660,040	8,495,056	113,392,699
Unallocated other operating expenses				(56,395,775)
Unallocated investment and other income				8,970,316
SURPLUS FROM INSURANCE OPERATIONS				65,967,240

BURUJ COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2019

18 INSURANCE OPERATING SEGMENTS (continued)

As at 30 September 2019 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total Insurance Operations SAR
Assets				
Reinsurers' share of unearned premiums	-	-	17,717,200	17,717,200
Reinsurers' share of outstanding claims	10,744,514	2,328,124	45,798,815	58,871,453
Reinsurers' share of claims incurred but not reported	815,212	976,469	11,011,746	12,803,427
Deferred policy acquisition costs	2,955,728	3,988,874	1,641,944	8,586,546
Deferred excess of loss premiums	901,000	375,000	617,047	1,893,047
Total Segment assets	15,416,454	7,668,467	76,786,752	99,871,673
Unallocated assets				553,171,935
Total insurance operations assets				653,043,608
LIABILITIES				
Unearned premiums	72,133,396	45,703,820	24,275,514	142,112,730
Unearned reinsurance commission	-	-	2,323,496	2,323,496
Outstanding claims	99,319,551	21,014,145	58,234,511	178,568,207
Claims incurred but not reported	45,861,600	10,829,817	13,826,675	70,518,092
Premium deficiency reserve	-	11,650,579	355,898	12,006,477
Other technical reserves	1,254,291	114,444	3,293,887	4,662,622
Total Segment liabilities	218,568,838	89,312,805	102,309,981	410,191,624
Unallocated liabilities				242,851,984
Total insurance operations liabilities				653,043,608
As at 31 December 2018 (Audited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total Insurance Operations SAR
Assets				
Reinsurers' share of unearned premiums	-	-	9,826,524	9,826,524
Reinsurers' share of outstanding claims	12,440,967	1,607,603	44,488,157	58,536,727
Reinsurers' share of claims incurred but not reported	2,360,268	-	21,278,035	23,638,303
Deferred policy acquisition costs	4,507,509	3,534,996	1,208,784	9,251,289
Total Segment assets	19,308,744	5,142,599	76,801,500	101,252,843
Unallocated assets				546,569,386
Total insurance operations assets				647,822,229
LIABILITIES				
Unearned premiums	80,882,679	36,489,514	17,442,921	134,815,114
Unearned reinsurance commission	-	-	1,593,290	1,593,290
Outstanding claims	85,633,830	15,331,724	58,124,275	159,089,829
Claims incurred but not reported	58,877,018	18,454,672	26,540,007	103,871,697
Premium deficiency reserve	-	2,356,730	1,916,594	4,273,324
Other technical reserves	1,466,584	791,692	5,186,591	7,444,867
Total Segment liabilities	226,860,111	73,424,332	110,803,678	411,088,121
Unallocated liabilities				236,734,108
Total insurance operations liabilities				647,822,229

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2019

19 SUPPLEMENTARY INFORMATION

Interim Condensed Statement of Financial Position

	As at 30 September 2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total
ASSETS			
Cash and cash equivalents	81,936,957	109,788,549	191,725,506
Time deposits	360,486,567	20,300,000	380,786,567
Premiums and reinsurers' receivable, net	50,665,827	-	50,665,827
Reinsurers' share of unearned premiums	17,717,200	-	17,717,200
Reinsurers' share of outstanding claims	58,871,453	-	58,871,453
Reinsurers' share of claims incurred but not reported	12,803,427	-	12,803,427
Deferred policy acquisition costs	8,586,546	-	8,586,546
Deferred excess of loss premiums	1,893,047	-	1,893,047
Investments	29,468,308	157,147,918	186,616,226
Due from insurance operations	-	171,170,228	171,170,228
Prepaid expenses and other assets	20,062,753	2,263,385	22,326,138
Right-of-use assets	6,641,534	-	6,641,534
Property and equipment, net	3,909,989	-	3,909,989
Investment in associate	-	302,011	302,011
Statutory deposit	-	30,000,000	30,000,000
Statutory deposit investment returns	-	1,206,937	1,206,937
TOTAL ASSETS	653,043,608	492,179,028	1,145,222,636
LIABILITIES			
Policyholders and accounts payables	28,893,052	-	28,893,052
Reinsurers' balances payable	11,848,649	-	11,848,649
Accrued expenses and other liabilities	17,740,643	1,576,809	19,317,452
Lease liabilities	6,139,462	-	6,139,462
Unearned premiums	142,112,730	-	142,112,730
Unearned reinsurance commission	2,323,496	-	2,323,496
Outstanding claims	178,568,207	-	178,568,207
Claims incurred but not reported	70,518,092	-	70,518,092
Premium deficiency reserve	12,006,477	-	12,006,477
Other technical reserves	4,662,622	-	4,662,622
Due to shareholders' operations	171,170,228	-	171,170,228
End-of-service benefits	12,878,508	-	12,878,508
Zakat payable	-	29,898,525	29,898,525
Statutory deposit investment returns	-	1,206,937	1,206,937
TOTAL LIABILITIES	658,862,166	32,682,271	691,544,437
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus	100,042	-	100,042
Fair value reserve gain on available for sale investments	(2,560,801)	-	(2,560,801)
Accumulated actuarial loss on end-of-service benefits	(3,357,799)	-	(3,357,799)
TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS	653,043,608	32,682,271	685,725,879
SHAREHOLDERS' EQUITY			
Share capital	-	300,000,000	300,000,000
Statutory reserve	-	48,707,396	48,707,396
Retained earnings	-	103,665,203	103,665,203
Fair value reserve gain on available for sale investments	-	7,124,158	7,124,158
TOTAL SHAREHOLDERS' EQUITY	-	459,496,757	459,496,757
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	653,043,608	492,179,028	1,145,222,636

**BURUJ COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

30 September 2019

19 SUPPLEMENTARY INFORMATION (continued)

Statement of Financial Position	As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total
ASSETS			
Cash and cash equivalents	141,569,650	81,965,109	223,534,759
Time deposits	315,872,791	52,250,860	368,123,651
Premiums and reinsurers' receivable, net	37,828,171	-	37,828,171
Reinsurers' share of unearned premiums	9,826,524	-	9,826,524
Reinsurers' share of outstanding claims	58,536,727	-	58,536,727
Reinsurers' share of claims incurred but not reported	23,638,303	-	23,638,303
Deferred policy acquisition costs	9,251,289	-	9,251,289
Investments	31,161,180	153,290,968	184,452,148
Due from insurance operations	-	170,036,859	170,036,859
Prepaid expenses and other assets	15,717,453	2,728,644	18,446,097
Property and equipment, net	4,420,141	-	4,420,141
Investment in associate	-	570,292	570,292
Statutory deposit	-	25,000,000	25,000,000
Statutory deposit investment returns	-	837,567	837,567
TOTAL ASSETS	647,822,229	486,680,299	1,134,502,528
LIABILITIES			
Policyholders and accounts payables	26,652,095	-	26,652,095
Reinsurers' balances payable	3,438,376	-	3,438,376
Accrued expenses and other liabilities	22,147,396	2,458,348	24,605,744
Unearned premiums	134,815,114	-	134,815,114
Unearned reinsurance commission	1,593,290	-	1,593,290
Outstanding claims	159,089,829	-	159,089,829
Claims incurred but not reported	103,871,697	-	103,871,697
Premium deficiency reserve	4,273,324	-	4,273,324
Other technical reserves	7,444,867	-	7,444,867
Due to shareholders' operations	170,036,859	-	170,036,859
End-of-service benefits	11,496,527	-	11,496,527
Zakat payable	-	29,839,668	29,839,668
Statutory deposit investment returns	-	837,567	837,567
TOTAL LIABILITIES	644,859,374	33,135,583	677,994,957
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus	7,326,695	-	7,326,695
Fair value reserve loss on available for sale investments	(1,006,041)	-	(1,006,041)
Accumulated actuarial loss on end-of-service benefits	(3,357,799)	-	(3,357,799)
TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS	647,822,229	33,135,583	680,957,812
SHAREHOLDERS' EQUITY			
Share capital	-	250,000,000	250,000,000
Statutory reserve	-	48,707,396	48,707,396
Retained earnings	-	151,762,026	151,762,026
Fair value reserve gain on available for sale investments	-	3,075,294	3,075,294
TOTAL SHAREHOLDERS' EQUITY	-	453,544,716	453,544,716
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	647,822,229	486,680,299	1,134,502,528

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (Continued)
30 September 2019

19 SUPPLEMENTARY INFORMATION (continued)

Interim Condensed Statement of Income (Unaudited)	For the three month period ended 30 September 2019			For the three month period ended 30 September 2018 – Restated		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR
REVENUES						
Gross written premiums	58,571,086	-	58,571,086	71,395,010	-	71,395,010
Reinsurance premiums ceded	(9,058,490)	-	(9,058,490)	(7,269,815)	-	(7,269,815)
Excess of loss premiums	(2,108,159)	-	(2,108,159)	(4,064,766)	-	(4,064,766)
Net premiums written	47,404,437	-	47,404,437	60,060,429	-	60,060,429
Changes in unearned premiums, net	21,590,165	-	21,590,165	24,712,038	-	24,712,038
Net premiums earned	68,994,602	-	68,994,602	84,772,467	-	84,772,467
Reinsurance commissions	1,360,254	-	1,360,254	1,249,676	-	1,249,676
Policy fees and other underwriting income	485,989	-	485,989	507,358	-	507,358
TOTAL REVENUES	70,840,845	-	70,840,845	86,529,501	-	86,529,501
UNDERWRITING COSTS						
Gross claims paid	(62,445,809)	-	(62,445,809)	(52,443,306)	-	(52,443,306)
Reinsurers' share of claims paid	4,738,447	-	4,738,447	1,130,441	-	1,130,441
Net claims paid	(57,707,362)	-	(57,707,362)	(51,312,865)	-	(51,312,865)
Changes in outstanding claims, net	(16,078,648)	-	(16,078,648)	8,135,614	-	8,135,614
Changes in claims incurred but not reported, net	2,370,263	-	2,370,263	8,482,179	-	8,482,179
Net claims incurred	(71,415,747)	-	(71,415,747)	(34,695,072)	-	(34,695,072)
Changes in premium deficiency reserves	2,446,199	-	2,446,199	-	-	-
Changes in other technical reserves	677,247	-	677,247	39,315	-	39,315
Policy acquisition costs	(5,438,572)	-	(5,438,572)	(6,652,747)	-	(6,652,747)
Inspection and supervision fees	(424,125)	-	(424,125)	(772,833)	-	(772,833)
Other underwriting expenses	(1,853,451)	-	(1,853,451)	(1,472,304)	-	(1,472,304)
TOTAL UNDERWRITING COSTS	(76,008,449)	-	(76,008,449)	(43,553,641)	-	(43,553,641)
NET UNDERWRITING (DEFICIT)/ SURPLUS	(5,167,604)	-	(5,167,604)	42,975,860	-	42,975,860
OTHER OPERATING (EXPENSES)/INCOME						
Reversal of/(allowance for) doubtful debts provision	1,040,812	-	1,040,812	(1,663,280)	-	(1,663,280)
General and administrative expenses	(14,587,646)	(709,524)	(15,297,170)	(18,187,677)	(435,036)	(18,622,713)
Commission income on deposits and investments	3,424,488	1,995,016	5,419,504	2,597,627	1,739,786	4,337,413
Dividend income	368,921	1,926,033	2,294,954	530,389	1,644,131	2,174,520
Realized gain/(loss) on investments	1,861,488	554,392	2,415,880	15,915	-	15,915
Impairment of available for sale investments	(474,801)	-	(474,801)	(1,143,169)	-	(1,143,169)
Share of loss of associate	-	(113,804)	(113,804)	-	(274,742)	(274,742)
Other income	58,121	-	58,121	191,096	-	191,096
TOTAL OTHER OPERATING (EXPENSES)/INCOME	(8,308,617)	3,652,113	(4,656,504)	(17,659,099)	2,674,139	(14,984,960)
(Loss)/ income for the period	(13,476,221)	3,652,113	(9,824,108)	25,316,761	2,674,139	27,990,900
(Loss)/ income for the period attributable to shareholders	13,476,221	(13,476,221)	-	(22,785,085)	22,785,085	-
(Loss)/ income for the period before zakat	-	(9,824,108)	(9,824,108)	2,531,676	25,459,224	27,990,900
Zakat for the period	-	(2,664,096)	(2,664,096)	-	(3,255,294)	(3,255,294)
Net (loss)/ income after zakat	-	(12,488,204)	(12,488,204)	2,531,676	22,203,930	24,735,606

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19 SUPPLEMENTARY INFORMATION (continued)

Interim Condensed Statement of Income (Unaudited)	For the nine month period ended 30 September 2019			For the nine month period ended 30 September 2018 – Restated		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR
REVENUES						
Gross written premiums	248,096,780	-	248,096,780	253,723,956	-	253,723,956
Reinsurance premiums ceded	(32,293,053)	-	(32,293,053)	(24,419,218)	-	(24,419,218)
Excess of loss premiums	(7,160,610)	-	(7,160,610)	(11,338,262)	-	(11,338,262)
Net premiums written	208,643,117	-	208,643,117	217,966,476	-	217,966,476
Changes in unearned premiums, net	593,060	-	593,060	53,084,546	-	53,084,546
Net premiums earned	209,236,177	-	209,236,177	271,051,022	-	271,051,022
Reinsurance commissions	5,512,636	-	5,512,636	4,938,234	-	4,938,234
Policy fees and other underwriting income	1,726,597	-	1,726,597	7,227,662	-	7,227,662
TOTAL REVENUES	216,475,410	-	216,475,410	283,216,918	-	283,216,918
UNDERWRITING COSTS						
Gross claims paid	(167,642,477)	-	(167,642,477)	(181,599,577)	-	(181,599,577)
Reinsurers' share of claims paid	10,230,333	-	10,230,333	19,647,131	-	19,647,131
Net claims paid	(157,412,144)	-	(157,412,144)	(161,952,446)	-	(161,952,446)
Changes in outstanding claims, net	(19,143,652)	-	(19,143,652)	6,098,049	-	6,098,049
Changes in claims incurred but not reported, net	22,518,729	-	22,518,729	15,516,395	-	15,516,395
Net claims incurred	(154,037,067)	-	(154,037,067)	(140,338,002)	-	(140,338,002)
Change in premium deficiency reserves	(7,733,153)	-	(7,733,153)	-	-	-
Changes in other technical reserves	2,782,244	-	2,782,244	3,037,483	-	3,037,483
Policy acquisition costs	(17,322,773)	-	(17,322,773)	(23,592,848)	-	(23,592,848)
Inspection and supervision fees	(2,105,976)	-	(2,105,976)	(2,153,428)	-	(2,153,428)
Other underwriting expenses	(6,541,450)	-	(6,541,450)	(6,777,424)	-	(6,777,424)
TOTAL UNDERWRITING COSTS	(184,958,175)	-	(184,958,175)	(169,824,219)	-	(169,824,219)
NET UNDERWRITING SURPLUS	31,517,235	-	31,517,235	113,392,699	-	113,392,699
OTHER OPERATING (EXPENSES)/INCOME						
Reversal of/(allowance for) doubtful debts provision	1,348,907	-	1,348,907	(6,167,446)	-	(6,167,446)
General and administrative expenses	(45,191,111)	(2,278,118)	(47,469,229)	(50,228,329)	(1,771,859)	(52,000,188)
Commission income on deposits and investments	10,022,070	5,799,919	15,821,989	7,619,138	4,839,425	12,458,563
Dividend income	841,977	4,100,676	4,942,653	1,043,718	2,953,287	3,997,005
Realized gain/(loss) on investments	2,985,340	2,373,625	5,358,965	1,205,378	(333,696)	871,682
Impairment of available for sale investments	(660,017)	-	(660,017)	(1,143,169)	-	(1,143,169)
Share of loss of associate	-	(268,280)	(268,280)	-	(650,096)	(650,096)
Other income	136,015	-	136,015	245,251	-	245,251
TOTAL OTHER OPERATING (EXPENSES)/INCOME	(30,516,819)	9,727,822	(20,788,997)	(47,425,459)	5,037,061	(42,388,398)
Income for the period	1,000,416	9,727,822	10,728,238	65,967,240	5,037,061	71,004,301
Income for the period attributable to shareholders	(900,374)	900,374	-	(59,370,516)	59,370,516	-
Income for the period before zakat	100,042	10,628,196	10,728,238	6,596,724	64,407,577	71,004,301
Zakat for the period	-	(8,725,019)	(8,725,019)	-	(9,487,014)	(9,487,014)
Net income after zakat	100,042	1,903,177	2,003,219	6,596,724	54,920,563	61,517,287

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19 SUPPLEMENTARY INFORMATION (continued)

Interim Condensed Statement of Comprehensive Income (Unaudited)	For the three months period ended 30 September 2019			For the three months period ended 30 September 2018 – Restated		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR
Net (loss)/ income for the period	-	(12,488,204)	(12,488,204)	2,531,676	22,203,930	24,735,606
Other comprehensive (loss)/income <i>Items that will be reclassified to statements of income in subsequent periods</i>						
Available for sale investments:						
- Net amounts transferred to statement of income	(1,861,488)	(554,392)	(2,415,880)	(15,915)	-	(15,915)
- Net change in fair value	(1,126,839)	1,645,508	518,669	194,042	2,363,265	2,557,307
	(2,988,327)	1,091,116	(1,897,211)	178,127	2,363,265	2,541,392
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	(2,988,327)	(11,397,088)	(14,385,415)	2,709,803	24,567,195	27,276,998

Interim Condensed Statement of Comprehensive Income (Unaudited)	For the nine months period ended 30 September 2019			For the nine months period ended 30 September 2018 – Restated		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR
Net income for the period	100,042	1,903,177	2,003,219	6,596,724	54,920,563	61,517,287
Other comprehensive (loss)/income <i>Items that will be reclassified to statements of income in subsequent periods</i>						
Available for sale investments:						
- Net amounts transferred to statement of income	(2,985,340)	(2,373,625)	(5,358,965)	(1,205,378)	333,696	(871,682)
- Net change in fair value	1,430,580	6,422,489	7,853,069	2,919,920	(3,410,137)	(490,217)
	(1,554,760)	4,048,864	2,494,104	1,714,542	(3,076,441)	(1,361,899)
TOTAL COMPREHENSIVE(LOSS)/ INCOME FOR THE PERIOD	(1,454,718)	5,952,041	4,497,323	8,311,266	51,844,122	60,155,388

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19 SUPPLEMENTARY INFORMATION (continued)

Interim Condensed Statement of Cash Flows (Unaudited)

	For the nine month period ended 30 September 2019		
	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat	100,042	10,628,196	10,728,238
<i>Adjustments for non-cash items:</i>			
Surplus attributable to the shareholders	900,374	(900,374)	-
Depreciation of property and equipment	1,112,946	-	1,112,946
Loss on disposal of property and equipment	21,701	-	21,701
Reversal of doubtful debts provision	(1,348,907)	-	(1,348,907)
Right-of-use depreciation	1,217,776	-	1,217,776
Interest expense on lease liability	145,097	-	145,097
Share of loss of associate	-	268,281	268,281
Provision for end-of-service indemnities	1,537,105	-	1,537,105
Realized gain from investments	(2,985,340)	(2,373,625)	(5,358,965)
Impairment of available for sale investments	660,017	-	660,017
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurers' receivable	(11,488,749)	-	(11,488,749)
Reinsurers' share of unearned premiums	(7,890,676)	-	(7,890,676)
Reinsurers' share of outstanding claims	(334,726)	-	(334,726)
Reinsurers' share of claims incurred but not reported	10,834,876	-	10,834,876
Deferred policy acquisition costs	664,743	-	664,743
Deferred excess of loss premiums	(1,893,047)	-	(1,893,047)
Prepaid expenses and other assets	(4,345,300)	465,259	(3,880,041)
Right-of-use assets	(7,859,310)	-	(7,859,310)
Statutory deposit	-	(5,000,000)	(5,000,000)
Policyholders and accounts payables	2,240,957	-	2,240,957
Reinsurers' balances payable	8,410,273	-	8,410,273
Accrued expenses and other liabilities	(4,406,753)	(881,539)	(5,288,292)
Lease liabilities	5,994,365	-	5,994,365
Unearned premiums	7,297,616	-	7,297,616
Unearned reinsurance commission	730,206	-	730,206
Outstanding claims	19,478,378	-	19,478,378
Claims incurred but not reported	(33,353,605)	-	(33,353,605)
Premium deficiency reserve	7,733,153	-	7,733,153
Other technical reserves	(2,782,245)	-	(2,782,245)
	(9,609,033)	2,206,197	(7,402,836)
End-of-service indemnities paid	(155,124)	-	(155,124)
Insurance surplus paid	(7,326,695)	-	(7,326,695)
Zakat paid	-	(8,666,162)	(8,666,162)
Net cash used in operating activities	(17,090,852)	(6,459,964)	(23,550,816)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Additions)/disposals in time deposits	(44,613,776)	31,950,860	(12,662,916)
Additions in investments	(12,021,199)	(41,039,013)	(53,060,212)
Proceeds from available for sale investments	14,484,634	43,604,552	58,089,186
Additions in property and equipment	(624,495)	-	(624,495)
Net cash (used in)/generated from investing activities	(42,774,836)	34,516,399	(8,258,437)
CASH FLOWS FROM FINANCING ACTIVITIES			
Due to shareholders' operations	232,995	(232,995)	-
Net cash generated from/(used in) financing activities	232,995	(232,995)	-
Net change in cash and cash equivalents	(59,632,693)	27,823,440	(31,809,253)
Cash and cash equivalents, beginning of the period	141,569,650	81,965,109	223,534,759
Cash and cash equivalents, end of the period	81,936,957	109,788,549	191,725,506
<i>Non-cash transactions:</i>			
Change in fair value of available for sale investments	(1,554,760)	4,048,864	2,494,104
Bonus shares	-	50,000,000	50,000,000

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19 SUPPLEMENTARY INFORMATION (continued)

Interim Condensed Statement of Cash Flows (Unaudited)	For the nine month period ended 30 September 2018		
	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat	6,596,724	64,407,577	71,004,301
<i>Adjustments for non-cash items:</i>			
Surplus attributable to the shareholders		(59,370,516)	-
Depreciation of property and equipment	59,370,516	-	-
Allowance for of doubtful debts	925,904	-	925,904
Provision for end-of-service indemnities	6,167,446	-	6,167,446
Realized (gain)/loss from investments	1,841,897	-	1,841,897
Impairment of available for sale investments	(1,205,378)	333,696	(871,682)
Share of loss of associate	1,143,169	-	1,143,169
Gain on disposal of property and equipment	-	650,096	650,096
	(52,299)	-	(52,299)
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurers' receivable	(17,976,460)	-	(17,976,460)
Reinsurers' share of unearned premiums	(1,503,132)	-	(1,503,132)
Reinsurers' share of outstanding claims	7,765,705	-	7,765,705
Reinsurers' share of claims incurred but not reported	(2,469,404)	-	(2,469,404)
Deferred policy acquisition costs	4,944,762	-	4,944,762
Deferred excess of loss premiums	(2,398,261)	-	(2,398,261)
Prepaid expenses and other assets	(8,126,178)	(766,266)	(8,892,444)
Policyholders and accounts payables	5,353,058	-	5,353,058
Accrued expenses and other liabilities	(8,117,330)	(544,518)	(8,661,848)
Reinsurers' balances payable	3,482,017	-	3,482,017
Unearned premiums	(51,581,414)	-	(51,581,414)
Unearned reinsurance commission	282,437	-	282,437
Outstanding claims	(13,863,754)	-	(13,863,754)
Claims incurred but not reported	(13,046,991)	-	(13,046,991)
Other technical reserves	(3,037,483)	-	(3,037,483)
End-of-service indemnities paid	(25,504,449)	4,710,069	(20,794,380)
Insurance surplus paid	(549,961)	-	(549,961)
Zakat paid	(10,221,968)	-	(10,221,968)
Net cash used in operating activities	(36,276,378)	(3,204,630)	(39,481,008)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposals/(additions) in time deposits	21,344,855	(14,065,915)	7,278,940
Additions in investments	(5,018,693)	(44,098,186)	(49,116,879)
Proceeds from available for sale investments	16,002,836	16,517,460	32,520,296
Additions/disposals in property and equipment	(1,923,363)	-	(1,923,363)
Proceeds from disposal of property and equipment	65,351	-	65,351
Net cash generated from (used in) investing activities	30,470,986	(41,646,641)	(11,175,655)
CASH FLOWS FROM FINANCING ACTIVITIES			
Due to shareholders' operations	(40,271,481)	40,271,481	-
Net cash generated from/(used in) financing activities	(40,271,481)	40,271,481	-
Net change in cash and cash equivalents	(46,076,873)	(4,579,790)	(50,656,663)
Cash and cash equivalents, beginning of the period	194,470,790	44,405,740	238,876,530
Cash and cash equivalents, end of the period	148,393,917	39,825,950	188,219,867
<i>Non-cash transactions:</i>			
Change in fair value of available for sale investments	1,714,542	(3,076,441)	(1,361,899)

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20 COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentations; however there is no impact of such reclassifications to the overall presentation of the interim condensed financial statements.

21 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 31 October 2019 corresponding to 3 Rabi Al-Awal 1441H.