

ARABIAN SHIELD COOPERATIVE INSURANCE COMPANY

A SAUDI JOINT STOCK COMPANY

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019



INDEX	PAGE
Company Details	2
Independent Auditors' Limited Review Report	3
Unaudited Interim Condensed Financial Statements	
Statement of Financial Position	4 – 5
Statement of Income	6 – 7
Statement of Comprehensive Income	7
Statement of Changes in Shareholders' Equity	8
Statement of Cash Flows	9 – 10
Notes to the Financial Statements	11 – 62



ARABIAN SHIELD COOPERATIVE INSURANCE COMPANY
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

COMPANY DETAILS

Chairman

HH Prince Sultan Bin Mohamed Bin Saud Al Kabeer

Vice Chairman

Mr. Sameer Al Wazzan

Board of Directors

HH Prince Sultan Bin Mohamed Bin Saud Al Kabeer

Mr. Sameer Al Wazzan

Mr. Abdallah Al Obeikan

Mr. Ahmed Al Abdulkarim

Mr. Turki Al Mutawa

Mr. Mohammed Ahmed Bin Ali

Chief Executive Officer

Mr. Basem Odeh

Board Secretary

Mr. Basem Odeh

Head Office

5th Floor, Cercon Building No. 15

Olaya Street

PO Box 61352

Riyadh 11565

Saudi Arabia

Telephone

+ 966 11 250 5400

Fax

+ 966 11 463 1294

Website

www.arabianshield.com

Commercial Registration

CR No. 1010234323

Principal Bankers

The Saudi British Bank (SABB)

Riyadh, Saudi Arabia

Auditors

PKF Al Bassam & Co.

Allied Accountants

Riyadh, Saudi Arabia



Associated Accountants

Independent Member of Geneva Group International

Riyadh, Saudi Arabia



Al-Bassam & Co.
Allied Accountants
(Member firm of PKF International)



ASSOCIATED ACCOUNTANTS
Hamoud Al-Rubian and Co. Certified Accountants and Consultants

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

TO THE SHAREHOLDERS
ARABIAN SHIELD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Arabian Shield Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2019 and the related interim statements of income and interim statement of comprehensive income for the three months period then ended and interim statement of changes in shareholders' equity and interim statement of cash flows for the three months period then ended and the related notes which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it 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 International Accounting Standard 34, "Interim Financial Reporting" as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax.

For Al-Bassam & Co.
Allied Accountants
P.O. Box 69658
Riyadh 11557
Kingdom of Saudi Arabia

Ibrahim A. Al Bassam
Certified Public Accountant
Registration No. 337



Associated Accountants
Independent Member of Geneva
Group International
P O Box 60930
Riyadh 11555
Kingdom of Saudi Arabia

Hamoud Ali Al-Rubian
Certified Public Accountant
Licence No. 222



12 May 2019
7 Ramadan 1440 H

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 Mar 2019	As at 31 Dec 2018
ASSETS			
Cash and cash equivalents	5	405,808	430,566
Short term fixed income deposits	6	81,234	81,234
Premiums and reinsurers' receivable – net	8	81,933	78,587
Reinsurers' share of unearned gross premiums	18	85,146	33,389
Reinsurers' share of outstanding gross claims	22	78,727	71,391
Reinsurers' share of gross claims incurred but not reported	22	75,748	81,748
Deferred excess of loss expenses	9	1,493	0
Deferred policy acquisition costs	9	7,064	7,307
Deferred third party administrator expenses	9	4,361	2,476
Deferred withholding tax	9	4,087	1,584
Deferred regulators' levies	9	3,593	2,829
Investments	10	213,604	198,901
Due from related parties – net	8	135,690	63,674
Prepaid expenses and other assets		70,521	34,857
Property and equipment – net	12	4,222	4,595
Intangible assets – net	13	7,665	7,557
Goodwill	14	46,794	46,794
Statutory deposit	7	30,000	30,000
Accrued income on statutory deposit	7	2,196	2,003
TOTAL ASSETS		1,339,886	1,179,492



The accompanying Notes 1 to 36 form an integral part of these unaudited interim condensed Financial Statements.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	As at 31 Mar 2019	As at 31 Dec 2018
LIABILITIES			
Accrued and other liabilities		43,645	48,807
Reinsurers' balances payable	16	40,158	10,760
Unearned gross premiums	18	313,981	221,042
Unearned reinsurance commission	20	15,336	6,847
Outstanding gross claims	22	231,126	173,569
Gross claims incurred but not reported	22	180,262	194,280
Premium deficiency reserve	22	10,000	4,900
Other technical reserves	22	9,000	9,925
Due to related parties	29	354	17,098
Accounts payable	15	6,802	8,701
Withholding tax provision	9	14,960	12,227
Regulators' levies provision	9	2,491	1,470
End-of-service indemnities		8,011	9,001
Policyholders' surplus distribution payable	27	2,697	2,697
Zakat	23	28,392	26,511
Income tax	23	2,081	1,969
Accrued commission income payable to SAMA	7	2,196	2,003
TOTAL LIABILITIES		911,492	751,807
SHAREHOLDERS' EQUITY			
Share capital	24	300,000	300,000
Statutory reserve	25	33,082	33,082
Retained earnings / (accumulated losses)		93,585	92,327
Fair value reserve gain / (loss) on investments	10	1,727	2,276
TOTAL EQUITY		428,394	427,685
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,339,886	1,179,492

COMMITMENTS AND CONTINGENCIES

33



The accompanying Notes 1 to 36 form an integral part of these unaudited interim condensed Financial Statements.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENT OF INCOME

	Notes	Three months to		Year to date to	
		31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
REVENUES					
Gross premiums written	17	246,670	240,908	246,670	240,908
Reinsurance premiums ceded – local		(8,405)	(7,935)	(8,405)	(7,935)
Reinsurance premiums ceded – foreign		(86,268)	(84,143)	(86,268)	(84,143)
Excess of loss expenses	17	(498)	(558)	(498)	(558)
Net premiums written	17	151,499	148,272	151,499	148,272
Change in unearned gross premiums	18	(92,939)	(98,673)	(92,939)	(98,673)
Change in reinsurers' share of unearned gross premiums	18	51,757	44,895	51,757	44,895
Net premiums earned	17	110,317	94,494	110,317	94,494
Reinsurance commissions	19	9,840	9,529	9,840	9,529
Other underwriting income		4,514	3,525	4,514	3,525
TOTAL REVENUES		124,671	107,548	124,671	107,548
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	22	(74,348)	(67,616)	(74,348)	(67,616)
Expenses incurred related to claims		0	0	0	0
Reinsurers' share of claims paid	22	14,372	24,646	14,372	24,646
Net claims paid		(59,976)	(42,970)	(59,976)	(42,970)
Changes in outstanding gross claims	22	(57,557)	(16,083)	(57,557)	(16,083)
Changes in reinsurers' share of outstanding gross claims	22	7,336	(4,395)	7,336	(4,395)
Changes in gross IBNR	22	14,018	(4,669)	14,018	(4,669)
Changes in reinsurers' share of gross IBNR	22	(6,000)	4,385	(6,000)	4,385
Net claims incurred		(102,179)	(63,732)	(102,179)	(63,732)
Premium deficiency reserve	22	(5,100)	0	(5,100)	0
Other technical reserves	22	925	0	925	0
Policy acquisition costs	9	(5,177)	(7,201)	(5,177)	(7,201)
Third party administrator expenses	9	(1,622)	0	(1,622)	0
Withholding tax	9	(1,538)	(2,007)	(1,538)	(2,007)
Regulators' levies	9	(1,727)	(1,413)	(1,727)	(1,413)
Other underwriting expenses		(217)	(2,136)	(217)	(2,136)
TOTAL UNDERWRITING COSTS AND EXPENSES		(116,635)	(76,489)	(116,635)	(76,489)
NET UNDERWRITING INCOME / (LOSS)		8,036	31,059	8,036	31,059



The accompanying Notes 1 to 36 form an integral part of these unaudited interim condensed Financial Statements.

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENT OF INCOME (Continued)

	Notes	Three months to 31 Mar 2019	31 Mar 2018	Year to date to 31 Mar 2019	31 Mar 2018
OTHER OPERATING INCOME / (EXPENSES)					
(Allowance for) / Reversal of doubtful debts		300	(750)	300	(750)
General and administrative expenses		(13,340)	(18,091)	(13,340)	(18,091)
Depreciation and amortisation		(626)	(1,106)	(626)	(1,106)
Commission income on deposits		3,382	2,221	3,382	2,221
Dividend investment income		1,948	1,038	1,948	1,038
Realised gains / (losses) on investments	10	4,058	0	4,058	0
TOTAL OTHER OPERATING INCOME / (EXPENSES)		(4,278)	(16,688)	(4,278)	(16,688)
INCOME / (LOSS) FOR THE PERIOD					
		3,758	14,371	3,758	14,371
Attributable to Insurance Operations	1	0	(1,310)	0	(1,310)
INCOME / (LOSS) FOR THE PERIOD – SHAREHOLDERS' OPERATIONS		3,758	13,061	3,758	13,061
Earnings per share (Expressed in SAR per share)					
Basic and diluted earnings per share	26	0.13	0.44	0.13	0.44

UNAUDITED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months to 31 Mar 2019	31 Mar 2018	Year to date to 31 Mar 2019	31 Mar 2018
Income / (loss) for the period		3,758	14,371	3,758	14,371
Other comprehensive income / (loss) - Insurance Operations		0	0	0	0
Other comprehensive income / (loss) – Shareholders' Operations		0	0	0	0
<i>Items that are or may be reclassified to statements of income in subsequent periods:</i>					
Available for sale investments:					
Net change in fair value of investments	10	3,509	975	3,509	975
Realised gains / (losses) transferred to statement of income	10	(4,058)	0	(4,058)	0
Net change in unrealised fair value of investments		(549)	975	(549)	975
COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		3,209	15,346	3,209	15,346
Attributable to Insurance Operations		0	(1,310)	0	(1,310)
COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD – SHAREHOLDERS' OPERATIONS		3,209	14,036	3,209	14,036

The accompanying Notes 1 to 36 form an integral part of these unaudited interim condensed Financial Statements.

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year to Date to 31 Mar 2019	Notes	Share Capital	Statutory Reserve	Retained Earnings / (Accumulated Losses)	Fair Value Reserve gain/(loss) on investments	Total Equity
Balance at start of year		300,000	33,082	92,327	2,276	427,685
Income / (loss) for the period – Shareholders' Operations				3,758		3,758
Net change in fair value of investments	10				3,509	3,509
Realised gains / (losses) transferred to statement of income	10				(4,058)	(4,058)
Net change in unrealised fair value of investments					(549)	(549)
Comprehensive income / (loss) for the period				3,758	(549)	3,209
Bonus share				0		0
Dividend				0		0
Zakat charge	23			(2,388)		(2,388)
Income tax charge	23			(112)		(112)
Transfer to statutory reserve				0		0
Balance at end of period		300,000	33,082	93,585	1,727	428,394

Year to Date to 31 Mar 2018	Notes	Share Capital	Statutory Reserve	Retained Earnings / (Accumulated Losses)	Fair Value Reserve gain/(loss) on investments	Total Equity
Balance at start of year		200,000	48,573	154,293	1,921	404,787
Income / (loss) for the period – Shareholders' Operations				13,061		13,061
Net change in fair value of investments	10				975	975
Realised gains / (losses) transferred to statement of income	10				0	0
Net change in unrealised fair value of investments					975	975
Comprehensive income / (loss) for the period				13,061	975	14,036
Bonus share				0		0
Dividend				0		0
Zakat charge				(2,964)		(2,964)
Income tax charge				(317)		(317)
Transfer to statutory reserve				0		0
Balance at end of period		200,000	48,573	164,073	2,896	415,542



The accompanying Notes 1 to 36 form an integral part of these unaudited interim condensed Financial Statements.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Notes	Year to date to 31 Mar 2019	31 Mar 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period		3,758	13,061
Adjustments for non-cash items:			
Depreciation of property and equipment		373	522
Amortisation of intangible assets		253	585
(Gain) / loss on disposal of property and equipment		0	(34)
Allowance for / (Reversal of) doubtful debts		(300)	750
Provision for withholding tax		4,041	4,026
Provision for regulators' levies		2,491	2,426
Provision for end-of-service indemnities		471	1,201
Changes in operating assets and liabilities:			
Premiums and reinsurers' receivable		(4,746)	(54,818)
Reinsurers' share of unearned gross premiums	18	(51,757)	(44,895)
Reinsurers' share of outstanding gross claims	22	(7,336)	4,395
Reinsurers' share of gross claims incurred but not reported	22	6,000	(4,385)
Deferred excess of loss expenses		(1,493)	(1,672)
Deferred policy acquisition costs		243	1,578
Deferred third party administrator expenses		(1,885)	0
Deferred withholding tax		(2,503)	(2,019)
Deferred regulators' levies		(764)	(1,012)
Due from related parties		(70,316)	(109,911)
Prepaid expenses and other assets		(35,664)	(12,373)
Accounts payable		(949)	8,725
Policy acquisition cost payable		(903)	3,677
Third party administrator payable		(46)	0
Policyholders' surplus		0	1,310
Accrued and other liabilities		(5,163)	(5,606)
Reinsurers' balances payable		29,398	25,850
Unearned gross premiums	18	92,939	98,673
Unearned reinsurance commission	20	8,489	7,306
Outstanding gross claims	22	57,557	16,083
Gross claims incurred but not reported	22	(14,018)	4,668
Premium deficiency reserve	22	5,100	0
Other technical reserves	22	(925)	0
Due to related parties		(16,744)	(9,171)
Payments:			
End-of-service indemnities paid		(1,461)	(1,366)
Withholding tax paid		(1,308)	(2,392)
Regulators' levies paid		(1,470)	(802)
Surplus paid to policyholders		0	0
Zakat paid		(507)	0
Income tax paid		0	0
Net cash generated from / (used in) operating activities		(9,145)	(55,620)



The accompanying Notes 1 to 36 form an integral part of these unaudited interim condensed Financial Statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Notes	Year to date to 31 Mar 2019	31 Mar 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of investments	10	(50,000)	(35,007)
Proceeds from disposal of investments	10	38,806	0
Realised gain on disposal of investments	10	(4,058)	0
Additions of short term fixed income deposits		0	0
Additions of property and equipment		0	(672)
Proceeds from disposal of property and equipment		0	50
Additions of intangible assets		(361)	(1,465)
Proceeds from disposal of intangible assets		0	0
Increase in statutory deposit		0	0
Net cash generated from / (used in) investing activities		(15,613)	(37,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		0	0
Net cash generated from / (used in) financing activities		0	0
Net change in cash and cash equivalents		(24,758)	(92,714)
Cash and cash equivalents at start of year		430,566	549,956
Cash and cash equivalents at end of period		405,808	457,242
NON-CASH INFORMATION			
Change in fair value of investments		(549)	975
Bonus shares issued		0	0



1. GENERAL

The insurance industry in Saudi Arabia is regulated by the Law on Supervision of Cooperative Insurance Companies ("Cooperative Insurance Law") together with the Implementing Regulations ("Implementing Regulations") promulgated by Royal Decree No. M32 dated 22 Jumad Thani 1424 corresponding to 21 August 2003. Supervision is under the auspices of the Saudi Arabian Monetary Authority ("SAMA" or "Regulator").

Arabian Shield Cooperative Insurance Company ("Company") is a Saudi Joint Stock Company incorporated in Riyadh, Saudi Arabia through Ministerial Resolution issued on 19 May 2007 with Commercial Registration No. 1010234323 issued on 13 June 2007 following on from Royal Decree No. M60 dated 18 Ramadan 1427 corresponding to 11 October 2006. The Commercial Registration Certificate was amended with effect from 24 July 2018 to reflect the increase in share capital following the bonus share issue. The Company was listed on the Saudi Stock Exchange (Tadawul) on 26 June 2007. The registered address of the head office is as follows: 5th Floor, Cercon Building No. 15, Olaya Street, PO Box 61352, Riyadh 11565, Saudi Arabia.

The principal activities for which the Company was licensed were the conducting of insurance and reinsurance business in general and medical classes in Saudi Arabia in accordance with License No. TMN/6/20079 issued on 11 September 2007 by SAMA and the License was renewed for three year periods on 10 August 2010, 07 July 2013 and 03 June 2016. SAMA gave approval to the Company to conduct business in the protection and savings class on 26 April 2018. At the Company's request, SAMA approved an amendment to the License to exclude reinsurance business with effect from 30 September 2013.

As per the Articles of Association ("Articles"), the Company may undertake all activities required to transact cooperative insurance operations and related activities and to invest its funds. Its principal lines of business include motor, medical, marine, property, engineering, casualty and protection and savings.

In accordance with the Implementing Regulations, within six months from the date of publication of the Annual Financial Statements each year, the Board of Directors approve the distribution of the surplus from insurance operations as follows:

- The shareholders of the Company receive 90% of the surplus from insurance operations including any surplus from investment activities of the policyholders' invested funds and the policyholders retain the remaining 10%.
- Any deficit arising on insurance operations is transferred to shareholders' operations in full.

The Company and its Shareholders own and retain custody of all net assets related to both Insurance Operations and Shareholders' Operations and funds are allocated to Insurance Operations as required.

The fiscal year of the Company runs from 1 January to 31 December.

Cooperative insurance operations commenced with effect from 1 January 2009 following acquisition of the insurance portfolio and related business, assets and liabilities from Arabian Shield Insurance Company EC.

The Ministry of Commerce and Investment implemented the new companies' regulations with effect from 25 Rajab 1437H corresponding to 02 May 2016 ("Effective Date") promulgated by Royal Decree No. M3 dated 28 Muharram 1437H corresponding to 10 November 2015 ("Companies' Regulations"). The Companies' Regulations replace the companies' regulations promulgated by Royal Decree No. M6 dated 22 Rabi Al Awwal 1385H corresponding to 20 July 1965 and supersede all provisions that are inconsistent therewith.

Companies existing as at the Effective Date shall make all necessary amendments to their Articles to ensure compliance with the Companies' Regulations within a period of one year from the Effective Date. As of the date of approval of these Financial Statements the Company has completed all necessary amendments and is in full compliance with the Companies' Regulations.

2. STATEMENT OF COMPLIANCE

The unaudited interim condensed financial statements are 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 IFRS as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax.

As per the SAMA Circular No. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), effective 01 January 2017, zakat and income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.

3. INTRODUCTION OF IFRS 9, IFRS 16 AND IFRS 17

In November 2018 IASB proposed a one year deferral of the effective date for IFRS 17 to 01 January 2022 along with a temporary exemption for insurers to apply IFRS 9 so that both IFRS 9 and IFRS 17 will be applied at the same time. The proposed deferral is subject to public consultation which is expected in 2019.

IFRS 9: Financial Instruments (including amendments to IFRS 4, Insurance Contracts)

In July 2014, IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurement requirements for financial instruments, 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 instruments will be measured at either amortized cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial instruments.

The standard retains most of IAS 39 requirements for financial liabilities except for those designated at fair value through income statement whereby that part of the fair value changes attributable to own credit is to be recognized in other comprehensive income instead of the income statement. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

Temporary exemption from IFRS 9:

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 to IFRS 4 allow two options for insurers regarding adoption of IFRS 9: deferral approach or 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 contracts standard or 01 January 2022. 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 to and has applied the deferral approach.

The impact of the adoption of IFRS 9 on the Company's Financial Statements will, to a large extent, have to take into account the interaction with the forthcoming accounting standard for insurance contracts and as such it is not possible to fully assess the effect of the adoption of IFRS 9.

IFRS 16: Leases

The Company has adopted IFRS 16 with effect from 01 January 2019. The adoption of IFRS 16 does not have material impact on the reported income and accordingly no adjustment has been made in the unaudited interim condensed financial statements for the three month period ended 31 March 2019.

IFRS 17: Insurance Contracts

In May 2017 the IASB published IFRS 17 which applies to annual reporting periods on or after 01 January 2022 and replaces IFRS 4. The Company has decided not to adopt IFRS 17 early as would be permitted in certain circumstances.

IFRS 17 applies to virtually all insurance contracts, reinsurance contracts and investment contracts with insurance benefits and discretionary participation features.

The Company expects adoption of IFRS 17 to have a material impact on measurement and disclosure of insurance and reinsurance contracts that will affect the statement of income and statement of financial position.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

4. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The accounting policies, estimates and assumptions used in the preparation of the unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 and no new or amended accounting policies or accounting standards were adopted by the Company during 2019.

The IFRS standards referred to in Note 3 above have had no material impact on the reported amounts in the unaudited interim condensed financial statements for the current or prior years.

The interim results should be read in conjunction with the annual results for the year ended 31 December 2018 as interim results do not necessarily include all the information and disclosures required in annual results.

The Company believes that all matters are fairly reflected for the periods presented, nevertheless the interim results may not necessarily be indicative of the annual results for the year ending 31 December 2019.

Financial Statements are prepared under the going concern convention using the accrual basis of accounting. The historical cost convention is followed except for the measurement at fair value of available for sale investments - see Note 4(r).

Financial assets and financial liabilities are offset and the net amount reported only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expense are not offset unless required or permitted by an accounting standard or interpretation as specifically disclosed in the accounting policies.

Presentation is in Saudi Riyals, the functional currency of the Company. All amounts are derived from Arabic and English computerised accounting records and except where otherwise indicated are rounded to thousands using the standard rounding convention.

The statement of financial position is presented in order of liquidity but is not presented using a current / non-current classification. The table below identifies current and non-current assets and liabilities.

Financial Assets:

Current

- Cash and cash equivalents
- Short term fixed income deposits
- Premiums and reinsurers' receivable – net
- Reinsurers' share of unearned gross premiums
- Reinsurers' share of outstanding gross claims
- Reinsurers' share of claims incurred but not reported
- Deferred excess of loss expenses
- Deferred policy acquisition costs
- Deferred third party administrator expenses
- Deferred withholding tax
- Deferred regulators' levies
- Investments
- Due from related parties – net
- Prepaid expenses and other assets

Non-current

- Property and equipment – net
- Intangible assets – net
- Goodwill
- Statutory deposit
- Accrued income on statutory deposit

Financial Liabilities:

- Accrued and other liabilities
- Reinsurers' balances payable
- Unearned gross premiums
- Unearned reinsurance commission
- Outstanding gross claims
- Claims incurred but not reported
- Premium deficiency reserve
- Other technical reserves
- Due to related parties
- Accounts payable
- Withholding tax provision
- Regulators' levies provision
- Policyholders' surplus distribution payable
- Zakat
- Income tax
- End-of-service indemnities
- Accrued commission income payable to SAMA



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

As required by the Implementing Regulations, the Company maintains separate books of account 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 by the management and approved by the Board of Directors.

The unaudited interim condensed statements of financial position, statements of income and statements of comprehensive income and cash flows of the Insurance Operations and Shareholders Operations which are presented in Note 36 on pages 55 to 62 of the financial statements have been provided as supplementary financial information to comply with the Implementing Regulations which require the clear segregation of the assets, liabilities, income and expenses of the Insurance Operations and the Shareholders Operations. Accordingly, the unaudited interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for Insurance Operations and Shareholders Operations referred to above reflect the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

The inclusion of separate information of Insurance Operations in the unaudited interim condensed statement of financial position, statement of income, statement of comprehensive income, cash flows as well as certain relevant notes to the financial statements represents additional supplementary information required by the Implementing Regulations but not required by IFRS.

b) Critical accounting judgments, estimates and assumptions

The preparation of unaudited interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amount of assets and liabilities, contingent assets and liabilities, resultant provisions, changes in fair value and the reported amounts of income and expense.

These judgements and estimates are based on the Company's best knowledge of current events and actions and are continually evaluated and updated, however future events could result in outcomes requiring material adjustments to the reported amounts.

In preparing the unaudited interim condensed financial statements significant judgments made by management in applying the Group'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 audited financial statements for the year ended 31 December 2018.

The following judgments and estimates have the most significant effect on the amounts recognised.

Impairment losses on receivables

The Company assesses impairment for receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. This assessment of impairment requires judgment. In making this judgment, the Company establishes if there is objective evidence that all amounts due may not be collectible in accordance with the original terms of the contract and evaluates credit risk characteristics that consider past-due status being indicative of the ability to pay all amounts due as per contractual terms.

Insurance contract liabilities

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies IBNR claims form a significant part of the liability. The primary technique adopted by the Company in estimating the cost of reported and IBNR claims is that of using past claims settlement trends to predict future claims settlement trends.

Historical claims development is analyzed by underwriting year, accident year and further analyzed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected to reflect their future expected development.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or other factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking into account all the uncertainties involved.

In addition a range of technical methods are used by the Company's actuaries to independently assess and critically review the estimates made by the Company.

Prior claims estimates are continually reviewed and adjusted as claims develop.

Insurance contract liabilities are not discounted for the time value of money as substantially all claims are expected to be paid within one year of the reporting date. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Impairment of financial instruments

Financial instruments are considered impaired when it is determined there has been a significant or prolonged decline in fair value relative to cost. This determination requires judgement. In making this judgement factors are considered such as normal share price volatility, financial status of the investee including cash flow and sector and technology status and development.

Fair value of financial instruments

The fair value of financial instruments is based where possible on quoted prices for marketable securities. The fair value of commission bearing items is estimated based on discounted cash flows using commission rates for items with similar terms and risk characteristics.

For financial instruments where there is no active market, fair value is determined by reference to the market value of similar financial instruments or where this cannot be determined is calculated using a variety of valuation techniques. The assumptions are taken from observable market data where possible and where this is not possible judgment is relied upon to establish fair values.

c) Seasonality of operations

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

d) Currencies

Exchange rates prevailing at the date of transactions are used to translate transactions denominated in foreign currencies to Saudi Riyals.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Resulting gains or losses, both realised and unrealised, are recognised as income or expense.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the date of the initial transaction and are not subsequently restated.

e) Trade date accounting

All purchases and sales of financial instruments are accounted for at trade date being the date the Company commits to purchase or sell the instruments.

f) Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provided amount to be recovered, the recovery is recognised only when it is believed to be certain.



i) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

Assets that are subject to depreciation are reviewed for impairment annually or earlier if events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash-generating units and cash flows.

j) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold or all the cash flows attributable to the instrument are passed through to an independent third party and the Company has also transferred substantially all risks and rewards of ownership.

k) Recognition of premium and commission income

Gross Premiums and Gross Commission Income are recognised as revenue when the insurance policy is issued.

Ceded Premiums are deducted from Gross Premiums to arrive at Net Premiums.

Gross and Ceded Premiums and Gross Commission Income which relate to cover periods beyond the end of a financial period are calculated by the Company and reported as Unearned using the following methods:

Marine cargo risks:

Last three months actual period of cover preceding the reporting date.

Engineering construction risks with period of cover greater than one year:

Linearly increasing sums at risk applied to actual period of cover.

All other risks:

Pro-rata to actual period of cover.

l) Deferred Costs

Certain costs are deferred on initial recognition and subsequently expensed in direct proportion to income recognition of the underlying premiums to which they relate.

The costs subject to this policy are:

- Policy acquisition costs payable to insurance companies, brokers, agents and employees arising from the writing or renewing of insurance contracts.
- Withholding taxes levied on foreign payments.
- Regulators' levies.
- Excess of loss expenses.
- Third party administrator expenses arising from processing of medical claims

Impairment reviews are conducted regularly and any impairment loss is reflected in the statement of income.

m) Insurance and reinsurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Once a contract has been classified as an insurance contract it remains an insurance contract for the remainder of its lifetime even if the insurance risk reduces significantly in this period.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

Reinsurance contracts, by which the Company cedes insurance risks to reinsurers, are entered into by the Company in the normal course of business.

Under such contracts the Company agrees to cede part of the underlying premium to the reinsurer and the reinsurer agrees to pay commission on the ceded premium to the Company and to compensate the Company for losses arising on the underlying insurance contract.

Amounts recoverable from or due to reinsurers are recognised in the statement of financial position and the statement of income consistently with the treatment of amounts associated with the underlying insurance contracts and in accordance with the terms of each reinsurance contract.

At each reporting date, the Company assesses whether there is any indication that a reinsurance asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of a reinsurance asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Reinsurance assets and liabilities are derecognised when the contractual rights expire or when the contract is transferred to another party.

Reinsurance contracts do not relieve the Company from its obligations to policyholders.

n) Segmental reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

o) Events after the reporting date

Adjustments are made to reflect the impact of events occurring between the reporting and publishing dates provided they give evidence of conditions that existed at the reporting date. Events that are indicative of conditions that arose after the reporting date are disclosed but no adjustment is made for their impact.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current accounts and deposits (including short term highly liquid investments) with original maturities of three months or less.

q) Fixed income deposits

Short term fixed income deposits are deposits maturing after 3 and before 12 months from the deposit placement date.

Long term fixed income deposits are deposits maturing more than 12 months from the deposit placement date.

r) Investments

The Company does not invest in derivatives.

At initial recognition the Company classifies its non derivative investments into three categories depending on the purpose for which the investments were acquired or originated - held to maturity, fair value through income statement and available for sale.

At the current reporting date all investments are classified by the Company as available for sale.

Distributions of income for all three classifications are recognised when the right to receive the income is established. The income is reported in the statements of income.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019****ALL AMOUNTS IN SAR '000**

Investments are derecognised when the right to receive cash flows and/or substantially all risks and rewards of ownership have expired or been transferred.

Held to maturity

Investments classified as held to maturity are those with fixed or determinable income and fixed maturities which the Company has the positive intention and ability to hold until maturity.

These investments are initially recognised at cost including any related transaction costs directly attributable to the acquisition.

At each reporting date they are remeasured at amortised cost using the effective interest rate method.

Valuation impairments are reported in the statements of income.

Valuation gains are reported in the statements of income only to the extent of cumulative impairments previously recognised.

Realised gains and losses arising on derecognition are reported in the statements of income.

Fair value through income statement

Investments classified as fair value through income statement are those acquired with the intention of trading in the near term.

These investments are initially recognised at fair value with any related transaction costs directly attributable to the acquisition charged to the statements of income on acquisition.

At each reporting date they are remeasured at fair value with the resulting unrealised gains or losses and any impairment charges reported in the statements of income.

Realised gains and losses arising on derecognition are reported in the statements of income.

Available for sale

Investments classified as available for sale are those which are not classified as held to maturity or as fair value through income statement and are acquired with the primary intention of holding for an indefinite period of time but which may require to be traded sooner in response to a need for liquidity or as a result of market changes.

These investments are initially recognised at cost including any related transaction costs directly attributable to the acquisition.

At each reporting date they are remeasured at fair value unless they do not have a quoted market price or there is no other appropriate method from which to derive reliable fair value in which case they remain stated at cost less any impairment.

Unrealised gains and losses arising from a remeasurement at fair value are reported in other comprehensive income and cumulatively held in a separate equity reserve unless the investment is impaired.

On derecognition of unimpaired investments the cumulative unrealised gains or losses previously reported in other comprehensive income and held in the separate equity reserve are transferred to and reported in the statements of income. Realised gains and losses arising on derecognition are reported in the statements of income.

On impairment of investments the impairment charges are reported in the statements of income and the cumulative unrealised gains or losses previously reported in other comprehensive income and held in the separate equity reserve are transferred to and reported in the statements of income.

Realised gains and losses arising on derecognition are reported in the statements of income.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

Reclassification of available for sale investments

The Company evaluates whether the ability and intention to sell available for sale investments in the near future is still appropriate. If due to inactive markets the Company is unable to trade such investments it may elect to reclassify if it has the ability and intention to hold the investments for the foreseeable future or until maturity.

Reclassification to loans and receivables is permitted when the investments meet the definition of loans and receivables and the Company has the intention and ability to hold the investments for the foreseeable future or until maturity. Reclassification to held to maturity is permitted only when the Company has the ability and intention to hold the investment until maturity.

For an investment reclassified out of available for sale category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on that investment that has been recognised in equity is amortised to the statement of income over the remaining life of the investment using the effective interest rate method. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the investment using the effective interest rate method.

If the investment is subsequently determined to be impaired the amount recorded in equity is reclassified to the statement of income.

s) Premiums and reinsurers' receivables

Premiums receivables are stated at gross written premiums receivable from insurance contracts less an allowance for any uncollectible amounts. Premiums and reinsurer receivables are initially recognised at inception of the related insurance contract measured at the fair value of the consideration receivable. The carrying value of receivables is reviewed for impairment and whenever events or circumstances indicate that the carrying amount may not be recoverable the impairment loss is recognised in the statement of income. Receivable balances are derecognised when the Company no longer controls the contractual rights that comprise the receivable balance which is normally the case when the receivable balance is sold or all cash flows attributable to the balance are passed through an independent third party. Receivables disclosed in Note 8 fall under the scope of IFRS 4 - Insurance Contracts.

The Implementing Regulations define the basis for the provision for doubtful receivables based on ageing of receivables from date of inception of insurance contracts regardless of any credit terms granted to the insured or reinsurer.

t) Property, equipment and intangible assets

Property, equipment and intangible assets are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Replacement or major refurbishment costs are capitalised when incurred if it is probable that future economic benefits resulting from incurring the cost will arise and the cost can be measured reliably. All other repair and maintenance costs are charged to the statement of income as they are incurred.

Depreciation is provided on a straight line basis over the useful lives of the assets at the following rates:

Fixed assets	Useful life in years
Leasehold fixtures	10
Office furniture	10
Office equipment	10
Motor vehicles	4
IT equipment	4
Intangible Assets	Useful life in years
IT systems	4



The assets' residual values and remaining useful lives are continually reviewed and adjusted as appropriate.

Impairment losses are recognised as an expense.

An item of property, equipment or an intangible asset is derecognised upon disposal or when no further future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is recognised as income or expense.

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

Capital work-in-progress includes tangible and intangible assets being developed for future use and are not depreciated. When the assets are commissioned the work-in-progress amount is transferred to the respective asset categories and thereafter depreciated as set out above with effect from the commissioning date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are reported in the statement of income.

u) Leases

The Company recognises right-of-use assets representing the right to use the underlying leased asset and a lease liability representing the obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis using the incremental borrowing rate, being the rate that the Company 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.

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

v) Goodwill

Goodwill is initially recognised at cost and is not amortised but subsequent to initial recognition is tested for impairment annually and carried at cost less accumulated impairment losses.

Impairment is determined by assessing the recoverable amount of each cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount is less than their carrying amount, an impairment loss is recognised.

Impairment losses are not reversed in subsequent periods.

w) Claims

Claims comprise amounts payable to contract holders, third parties and related loss adjustment expenses, net of salvage and other recoveries.

In addition to amounts already paid, claims include estimated provisions determined from loss reports for claims reported but not settled together with provisions based on the Company's judgement and prior experience for claims incurred but not reported (IBNR).

Any differences crystalizing between the provisions at the reporting date and subsequent settlements or adjustments to those provisions are recognised in the statement of income as income or expense as appropriate.

The Company does not discount its liability for unpaid claims as substantially all reported claims are expected to be paid within one year from occurrence.

While the Company believes that the estimated provisions are adequate, nevertheless, the ultimate liability of the outstanding claims may be in excess of or less than the provided amounts.

Some insurance contracts permit the Company to subsequently sell assets acquired in settling a claim usually damaged or salvaged goods and the Company may also have rights to pursue third parties for payment of some or all claim costs. Estimates of salvage and subrogation recoveries are included in the measurement of outstanding claims.

x) Liability adequacy test

At each reporting date the Company assesses whether there is any overall excess of expected claims over unearned premiums net of deferred acquisition costs. This calculation uses current estimates of future contractual cash flows after taking account of the return expected to arise on assets relating to the relevant insurance technical provisions. If that assessment shows that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the entire deficiency is immediately recognized and a provision created.



y) Provision for end of service benefits

Benefits payable to the employees of the Company at the end of their service are provided for in accordance with the labour laws of Saudi Arabia.

The cost of this benefit for each employee is charged over their period of employment and provisions are continually re-assessed and adjusted on the basis of current salary, related benefits and completed service.

On cessation of employment, the entitlement will be paid based upon the employees' final salary, related benefits and length of service.

Interim payments may be approved at the Company's discretion for employees with service in excess of 10 years.

The Company has calculated end of service liability in accordance with IAS 19.

No material difference arises between this amount and the liability calculated in accordance with the Labour Laws of the Kingdom of Saudi Arabia and accordingly no adjustment was required to the financial statements.

z) Dividend distribution

Dividend distribution is recognized as a liability in the period in which the dividend is approved by the shareholders.



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at 31 Mar 2019	As at 31 Dec 2018
Insurance operations		
Bank balances and cash	15,441	26,523
Deposits maturing within 3 months from the acquisition date	173,231	226,862
Total	188,672	253,385
Shareholders' operations		
Bank balances and cash	40,111	1,492
Deposits maturing within 3 months from the acquisition date	177,025	175,689
Total	217,136	177,181
Combined balances		
Bank balances and cash	55,552	28,015
Deposits maturing within 3 months from the acquisition date	350,256	402,551
Total	405,808	430,566

All bank balances and deposits are placed with SAMA regulated local banks.

6. SHORT TERM FIXED INCOME DEPOSITS

Short term fixed income deposits maturing after 3 and before 12 months from the deposit placement date are as follows:

	As at 31 Mar 2019	As at 31 Dec 2018
Insurance operations	81,234	81,234
Shareholders' operations	0	0
Total	81,234	81,234

All bank balances and deposits are placed with SAMA regulated local banks.

7. STATUTORY DEPOSIT

All numbers in this note are stated in Saudi Riyal whole numbers and are not rounded to thousands.

The Company maintains a deposit of SAR 30,000,000 (31 December 2018: SAR 30,000,000) in a deposit account at The Saudi British Bank. This deposit was increased during 2018 by SAR 10,000,000 following the bonus share issue detailed in Note 24. This deposit cannot be withdrawn without SAMA's consent and the Company does not earn commission from the deposit.



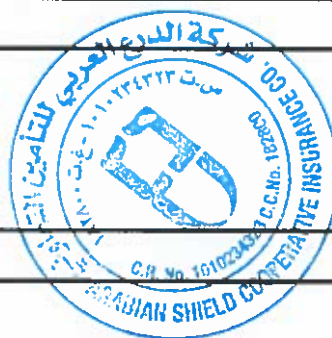
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

8. PREMIUMS AND REINSURERS' RECEIVABLE – NET

Receivable comprise amounts due from the following:

	As at 31 Mar 2019	As at 31 Dec 2018
Non related parties		
Policyholders	49,392	25,680
Brokers and agents	38,081	46,828
Receivables from reinsurers	2,560	12,779
Premiums and reinsurers' receivable – gross	90,033	85,287
Provision for doubtful receivables	(8,100)	(6,700)
Premiums and reinsurers' receivable – net	81,933	78,587
Related parties		
Policyholders	145,390	75,074
Provision for doubtful receivables	(9,700)	(11,400)
Due from related parties – net	135,690	63,674
Movement in the combined provision		
Balance at start of year	18,100	11,500
Provided / (Reversal)	(300)	6,600
Written off	0	0
Balance at end of period	17,800	18,100

**Ageing of receivables:**

As at 31 Mar 2019	Not Due or Impaired	Due but not impaired			Due and age impaired		Total
		0 - 30 Days	31 - 90 Days	91 - 180 Days	181 - 365 Days	> 365 Days	
Non related parties							
Policyholders	28,747	6,329	9,483	2,522	974	1,337	49,392
Brokers and agents	19,946	1,750	13,853	1,444	433	655	38,081
Reinsurers	0	(3,070)	5,284	2	(58)	402	2,560
Total	48,693	5,009	28,620	3,968	1,349	2,394	90,033
Related parties	83,697	2,852	52,157	3,073	2,893	718	145,390
As at 31 Dec 2018							
Non related parties							
Policyholders	10,828	2,623	6,071	1,596	2,755	1,807	25,680
Brokers and agents	36,775	2,784	4,085	1,684	1,103	397	46,828
Reinsurers	0	7,137	1,757	595	1,111	2,179	12,779
Total	47,603	12,544	11,913	3,875	4,969	4,383	85,287
Related Parties	57,953	1,922	3,784	9,996	1,372	47	75,074

The Company only enters into insurance and reinsurance contracts with recognised credit worthy parties. All customers wishing to trade on credit terms are subject to credit verification procedures. All receivables are continuously monitored to minimise exposure to bad debts. The five largest receivables at 31 March 2019 account for 66% of the total (31 December 2018: 75%).

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

9. DEFERRED COSTS

	Excess of Loss	Policy Acquisition	Third Party Administrator	Withholding Tax	Regulators' Levies
Payable					
Balance 31 December 2017	0	862	0	12,503	1,048
Provided	2,230	21,764	3,768	7,512	7,114
Paid	(2,230)	(18,666)	(3,620)	(7,788)	(6,692)
Balance 31 December 2018	0	3,960	148	12,227	1,470
Balance 31 December 2018	0	3,960	148	12,227	1,470
Provided	1,991	4,934	3,507	4,041	2,491
Paid	(996)	(5,837)	(3,553)	(1,308)	(1,470)
Balance 31 March 2019	995	3,057	102	14,960	2,491
Deferral					
Balance 31 December 2017	0	8,044	0	1,938	1,605
Provided	2,230	21,764	3,768	7,512	7,114
Incurred	(2,230)	(22,501)	(1,292)	(7,866)	(5,890)
Balance 31 December 2018	0	7,307	2,476	1,584	2,829
Balance 31 December 2018	0	7,307	2,476	1,584	2,829
Provided	1,991	4,934	3,507	4,041	2,491
Incurred	(498)	(5,177)	(1,622)	(1,538)	(1,727)
Balance 31 March 2019	1,493	7,064	4,361	4,087	3,593

Net charge incurred	Three Months to		Year to Date to	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Excess of Loss				
Provided	1,991	2,230	1,991	2,230
Opening deferral reversal	0	0	0	0
Closing deferral	(1,493)	(1,672)	(1,493)	(1,672)
Incurred	498	558	498	558
Policy Acquisition				
Provided	4,934	5,622	4,934	5,622
Opening deferral reversal	7,307	8,044	7,307	8,044
Closing deferral	(7,064)	(6,465)	(7,064)	(6,465)
Incurred	5,177	7,201	5,177	7,201
Third Party Administrator				
Provided	3,507	0	3,507	0
Opening deferral reversal	2,476	0	2,476	0
Closing deferral	(4,361)	0	(4,361)	0
Incurred	1,622	0	1,622	0
Withholding Tax				
Provided	4,041	4,026	4,041	4,026
Opening deferral reversal	1,584	1,938	1,584	1,938
Closing deferral	(4,087)	(3,957)	(4,087)	(3,957)
Incurred	1,538	2,007	1,538	2,007
Regulators' Levies				
Provided	2,491	2,426	2,491	2,426
Opening deferral reversal	2,829	1,605	2,829	1,605
Closing deferral	(3,593)	(2,618)	(3,593)	(2,618)
Incurred	1,727	1,413	1,727	1,413



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

10. INVESTMENTS

There are no investments for Insurance Operations at 31 March 2019 (31 December 2018: None).

All investments shown below are for Shareholders' Operations.

Classification of investment balances	As at 31 Mar 2019	As at 31 Mar 2018	As at 31 Dec 2018
Held as fair value through income statements	0	0	0
Available for sale	213,604	176,710	198,901
Other investments held at amortised costs	0	0	0
Held to maturity	0	0	0
Total investments	213,604	176,710	198,901

Movement in investments	As at 31 Mar 2019	As at 31 Mar 2018	As at 31 Dec 2018
Investments at cost	196,625	138,808	138,807
Cumulative unrealised gains / (losses)	2,276	1,920	1,921
Total balance at start	198,901	140,728	140,728

Purchases at cost	50,000	35,007	190,005
Disposals at cost	(34,748)	0	(132,187)
Net movement at cost	15,252	35,007	57,818

Net change in fair value of investments	3,509	975	1,834
Net realised amounts transferred to statement of income	(4,058)	0	(1,479)
Net change in unrealised fair value of investments	(549)	975	355

Impairment of investments	0	0	0
----------------------------------	----------	----------	----------

Investments at cost	211,877	173,815	196,625
Cumulative unrealised gains / (losses)	1,727	2,895	2,276
Total balance at end	213,604	176,710	198,901

Realised gains / (losses) to Statement of Income	Three Months to 31 Mar 2019	Year to Date to 31 Mar 2019	Three Months to 31 Mar 2018	Year to Date to 31 Mar 2018	Full Year to 31 Dec 2018
Proceeds from disposal of investments	38,806	38,806	0	0	133,666
Costs of investments sold	(34,748)	(34,748)	0	0	(132,187)
Realised gains / (losses)	4,058	4,058	0	0	1,479

All numbers in this paragraph are stated in Saudi Riyals whole numbers and are not rounded to thousands. Investments at 31 December 2018 include an investment of SAR 3,000,000 in a Sukuk issued by an entity controlled or significantly influenced by a related party. The Sukuk was redeemed in full on 07 March 2019 leaving a Nil balance at 31 March 2019. This investment generated an income for the three month period ended 31 March 2019 of 25,179 (three month period ended 31 March 2018: 45,986).



11. FAIR VALUES OF FINANCIAL INSTRUMENTS**Determination of fair value**

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable and willing market participants at the measurement date.

Underlying the definition of fair value is a presumption that the enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms and that the transaction takes place either:

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

The fair value of financial instruments is based where possible on quoted prices for marketable securities. The fair value of commission bearing items is estimated based on discounted cash flows using commission rates for items with similar terms and risk characteristics.

For financial instruments where there is no active market, fair value is determined by reference to the market value of similar financial instruments or where this cannot be determined, they are calculated using a variety of valuation techniques. The assumptions are taken from observable market data where possible and where this is not possible judgment is relied upon to establish fair values.

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.

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

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and 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 liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

No financial instruments measured at fair value exist for Insurance Operations at 31 December 2018 (31 December 2017: None).

Available for sale investments are the only financial instruments measured at fair value for Shareholders' Operations.

Available for Sale Investments

	Level 1	Level 2	Level 3	Carrying Value
Mutual funds	104,251	0	0	104,251
Sukuks	0	107,430	0	107,430
Equities	0	0	1,923	1,923
Total 31 March 2019	104,251	107,430	1,923	213,604
Mutual funds	111,787	0	0	111,787
Sukuks	0	63,000	0	63,000
Equities	0	0	1,923	1,923
Total 31 March 2018	111,787	63,000	1,923	176,710



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

Mutual funds	85,465	0	0	85,465
Sukuks	0	111,513	0	111,513
Equities	0	0	1,923	1,923
Total 31 December 2018	85,465	111,513	1,923	198,901

There were no transfers or reclassifications between or within levels during the three month period ended 31 March 2019 (year ended 31 December 2018: None).

Measurement of fair values for above level categories

- The Level 1 mutual funds are valued based on quoted market price.
- Fair values for the Level 2 sukuk holdings are determined based on broker quotes.
- The Level 3 unquoted equity investment represents the Company's holding in Najm for Insurance Services ("Najm"), a service provider to the motor insurance industry in Saudi Arabia. Najm is jointly owned by the insurance companies participating in motor class. Carrying value is currently reflected at historical cost. The annual financial statements of Najm are examined and analysed to assess any need for impairment.

The analysis of available for sale investments held at fair value is shown in Note 10 above.

12. PROPERTY AND EQUIPMENT – NET

Property and Equipment – Net							
	Leasehold Fixtures	Office Furniture	Office Equipment	Motor Vehicles	IT Equipment	Capital Work in Progress	Total

Cost							
Balance 31 Dec 2017	4,988	1,414	2,948	449	6,306	0	16,105
Additions	306	90	405	0	1,308	442	2,551
Disposals	(0)	(0)	(0)	(214)	(0)	0	(214)
Balance 31 Dec 2018	5,294	1,504	3,353	235	7,614	442	18,442
Balance 31 Dec 2018	5,294	1,504	3,353	235	7,614	442	18,442
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Balance 31 Mar 2019	5,294	1,504	3,353	235	7,614	442	18,442

Depreciation							
Balance 31 Dec 2017	3,063	979	2,671	355	4,962	0	12,030
Additions	540	159	234	23	1,059	0	2,015
Disposals	(0)	(0)	(0)	(198)	(0)	0	(198)
Balance 31 Dec 2018	3,603	1,138	2,905	180	6,021	0	13,847
Balance 31 Dec 2018	3,603	1,138	2,905	180	6,021	0	13,847
Additions	127	34	60	6	146	0	373
Disposals	0	0	0	0	0	0	0
Balance 31 Mar 2019	3,730	1,172	2,965	186	6,167	0	14,220

Net Book Value 31 Dec 2018	1,691	366	448	55	1,593	442	4,595
Net Book Value 31 Mar 2019	1,564	332	388	49	1,447	442	4,222



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

13. INTANGIBLE ASSETS – NET

Intangible Assets – Net			
	IT Systems	Capital Work in Progress	Total
Cost			
Balance 31 Dec 2017	12,468	0	12,468
Additions	652	5,815	6,467
Disposals	(0)	0	(0)
Balance 31 Dec 2018	13,120	5,815	18,935
Balance 31 Dec 2018	13,120	5,815	18,935
Additions	211	150	361
Disposals	0	0	0
Balance 31 Mar 2019	13,331	5,965	19,296
Amortisation			
Balance 31 Dec 2017	9,967	0	9,967
Additions	1,411	0	1,411
Disposals	(0)	0	(0)
Balance 31 Dec 2018	11,378	0	11,378
Balance 31 Dec 2018	11,378	0	11,378
Additions	253	0	253
Disposals	0	0	0
Balance 31 Mar 2019	11,631	0	11,631
Net Book Value 31 Dec 2018	1,742	5,815	7,557
Net Book Value 31 Mar 2019	1,700	5,965	7,665

14. PURCHASE OF INSURANCE PORTFOLIO AND RELATED BUSINESS, ASSETS AND LIABILITIES OF ARABIAN SHIELD INSURANCE COMPANY EC

All numbers in this note are stated in Saudi Riyal whole numbers and are not rounded to thousands.

The insurance portfolio and related business of Arabian Shield Insurance Company EC was acquired by the Company effective 01 January 2009 at a purchase consideration approved by SAMA resulting in a Goodwill amount of SAR 49,100,000.

The related assets and liabilities of Arabian Shield Insurance Company EC were also acquired at book value amounting to SAR 20,825,600 as per the audited Financial Statements of Arabian Shield Insurance Company EC at 31 December 2008.

The combined sum due to Arabian Shield Insurance Company EC in consideration for goodwill and net assets acquired amounted to SAR 69,925,600.

Based on criteria related to the Company's earnings up to 31 December 2015 the Goodwill amount was subsequently reduced by SAR 2,306,137 to SAR 46,793,863. This in turn resulted in a reduction in the combined sum due to Arabian Shield Insurance Company EC from SAR 69,925,600 to SAR 67,619,463 which has been fully paid with no further amounts owing.



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

15. ACCOUNTS PAYABLE

	As at 31 Mar 2019	As at 31 Dec 2018
Policy acquisition costs payable	3,057	3,960
Third party administrator payable	102	148
Other accounts payable	3,643	4,593
Total	6,802	8,701

16. REINSURERS' BALANCES PAYABLE

	As at 31 Mar 2019	As at 31 Dec 2018
Excess of Loss contracts	995	0
Other contracts	39,163	10,760
Total	40,158	10,760

17. ANALYSIS OF WRITTEN AND EARNED PREMIUMS

Written premiums	Three Months to 31 Mar 2019	Year to Date to 31 Mar 2019	Three Months to 31 Mar 2018	Year to Date to 31 Mar 2018	Full Year to 31 Dec 2018
Gross premiums written	246,670	246,670	240,908	240,908	625,101
Ceded premiums written	(94,673)	(94,673)	(92,078)	(92,078)	(170,305)
Net premiums written	151,997	151,997	148,830	148,830	454,796
Excess of loss expenses incurred	(498)	(498)	(558)	(558)	(2,230)
Net premiums	151,499	151,499	148,272	148,272	452,566

Earned premiums	Three Months to 31 Mar 2019	Year to Date to 31 Mar 2019	Three Months to 31 Mar 2018	Year to Date to 31 Mar 2018	Full Year to 31 Dec 2018
Gross premiums earned	153,731	153,731	142,235	142,235	559,623
Ceded premiums earned	(42,916)	(42,916)	(47,183)	(47,183)	(177,542)
Net premiums earned	110,815	110,815	95,052	95,052	382,081
Excess of loss expenses incurred	(498)	(498)	(558)	(558)	(2,230)
Net premiums	110,317	110,317	94,494	94,494	379,851



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

18. MOVEMENT IN UNEARNED PREMIUMS

	Gross	Reinsurance	Net
Three Months to 31 Mar 2019			
Balance at start of period	221,042	(33,389)	187,653
Premium written during period	246,670	(95,171)	151,499
Premium earned during period	(153,731)	43,414	(110,317)
Balance at end of period	313,981	(85,146)	228,835
Change in unearned premiums	92,939	(51,757)	41,182

Year to Date to 31 Mar 2019			
Balance at start of year	221,042	(33,389)	187,653
Premium written during period	246,670	(95,171)	151,499
Premium earned during period	(153,731)	43,414	(110,317)
Balance at end of period	313,981	(85,146)	228,835
Change in unearned premiums	92,939	(51,757)	41,182

Three Months to 31 Mar 2018			
Balance at start of period	155,564	(40,626)	114,938
Premium written during period	240,908	(92,636)	148,272
Premium earned during period	(142,235)	47,741	(94,494)
Balance at end of period	254,237	(85,521)	168,716
Change in unearned premiums	98,673	(44,895)	53,778

Year to Date to 31 Mar 2018			
Balance at start of year	155,564	(40,626)	114,938
Premium written during period	240,908	(92,636)	148,272
Premium earned during period	(142,235)	47,741	(94,494)
Balance at end of period	254,237	(85,521)	168,716
Change in unearned premiums	98,673	(44,895)	53,778

Full Year ended 31 Dec 2018			
Balance at start of year	155,564	(40,626)	114,938
Premium written during year	625,101	(172,535)	452,566
Premium earned during year	(559,623)	179,772	(379,851)
Balance at end of year	221,042	(33,389)	187,653
Change in unearned premiums	65,478	7,237	72,715



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

19. ANALYSIS OF WRITTEN AND EARNED REINSURANCE COMMISSION

Written commission	Three Months to 31 Mar 2019	Year to Date to 31 Mar 2019	Three Months to 31 Mar 2018	Year to Date to 31 Mar 2018	Full Year to 31 Dec 2018
Standard commission written	17,064	17,064	16,459	16,459	34,258
Profit commission written	1,265	1,265	376	376	1,440
Total commission written	18,329	18,329	16,835	16,835	35,698

Earned commission	Three Months to 31 Mar 2019	Year to Date to 31 Mar 2019	Three Months to 31 Mar 2018	Year to Date to 31 Mar 2018	Full Year to 31 Dec 2018
Standard commission earned	8,575	8,575	9,153	9,153	35,398
Profit commission earned	1,265	1,265	376	376	1,440
Total commission earned	9,840	9,840	9,529	9,529	36,838

20. MOVEMENT IN UNEARNED REINSURANCE COMMISSION

	Standard Commission	Profit Commission	Total Commission
Three Months to 31 Mar 2019			
Balance at start of period	6,847	0	6,847
Commission written during period	17,064	1,265	18,329
Commission earned during period	(8,575)	(1,265)	(9,840)
Balance at end of period	15,336	0	15,336
Change in unearned commission	8,489	0	8,489

Year to Date to 31 Mar 2019			
Balance at start of year	6,847	0	6,847
Commission written during period	17,064	1,265	18,329
Commission earned during period	(8,575)	(1,265)	(9,840)
Balance at end of period	15,336	0	15,336
Change in unearned commission	8,489	0	8,489

Three Months to 31 Mar 2018			
Balance at start of period	7,987	0	7,987
Commission written during period	16,459	376	16,835
Commission earned during period	(9,153)	(376)	(9,529)
Balance at end of period	15,293	0	15,293
Change in unearned commission	7,306	0	7,306

Year to Date to 31 Mar 2018			
Balance at start of year	7,987	0	7,987
Commission written during period	16,459	376	16,835
Commission earned during period	(9,153)	(376)	(9,529)
Balance at end of period	15,293	0	15,293
Change in unearned commission	7,306	0	7,306

Full Year ended 31 Dec 2018			
Balance at start of year	7,987	0	7,987
Commission written during year	34,258	1,440	35,698
Commission earned during year	(35,398)	(1,440)	(36,838)
Balance at end of year	6,847	0	6,847
Change in unearned commission	(1,140)	0	(1,140)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

21. NET OUTSTANDING CLAIMS AND RESERVES

Net outstanding claims and reserves	As at 31 Mar 2019	As at 31 Mar 2018	As at 31 Dec 2018
Outstanding gross claims	231,126	120,814	173,569
Less realisable value of salvage and subrogation	0	0	0
Sub Total	231,126	120,814	173,569
Gross claims incurred but not reported	180,262	184,552	194,280
Premium deficiency reserve	10,000	0	4,900
Other technical reserves	9,000	8,125	9,925
Outstanding gross claims and reserves	430,388	313,491	382,674
Less reinsurers' share of outstanding gross claims	(78,727)	(54,563)	(71,391)
Less reinsurers' share of gross claims incurred but not reported	(75,748)	(78,181)	(81,748)
Outstanding claims and technical reserves, net	275,913	180,747	229,535

22. MOVEMENT IN OUTSTANDING CLAIMS AND TECHNICAL RESERVES

Year to Date to 31 March 2019	Gross	Reinsurers	Net
Outstanding claims	173,569	(71,391)	102,178
IBNR reserve	194,280	(81,748)	112,532
Premium deficiency reserve	4,900	0	4,900
Other technical reserves	9,925	0	9,925
Total at start of year	382,674	(153,139)	229,535
Provided claims	131,905	(21,708)	110,197
Provided IBNR reserve	(14,018)	6,000	(8,018)
Provided premium deficiency reserve	5,100	0	5,100
Provided other technical reserves	(925)	0	(925)
Total provided during the period	122,062	(15,708)	106,354
Paid claims during the period	(74,348)	14,372	(59,976)
Outstanding claims	231,126	(78,727)	152,399
Outstanding IBNR reserve	180,262	(75,748)	104,514
Outstanding premium deficiency reserve	10,000	0	10,000
Outstanding other technical reserves	9,000	0	9,000
Total at end of period	430,388	(154,475)	275,913
Change in outstanding claims	57,557	(7,336)	50,221
Change in IBNR reserve	(14,018)	6,000	(8,018)
Change in premium deficiency reserve	5,100	0	5,100
Change in other technical reserves	(925)	0	(925)



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

Year to Date to 31 March 2018

	Gross	Reinsurers	Net
Outstanding claims	104,731	(58,958)	45,773
IBNR reserve	179,883	(73,796)	106,087
Premium deficiency reserve	0	0	0
Other technical reserves	8,125	0	8,125
Total at start of year	292,739	(132,754)	159,985
Provided claims	83,699	(20,251)	63,448
Provided IBNR reserve	4,669	(4,385)	284
Provided premium deficiency reserve	0	0	0
Provided other technical reserves	0	0	0
Total provided during the period	88,368	(24,636)	63,732
Paid claims during the period	(67,616)	24,646	(42,970)
Outstanding claims	120,814	(54,563)	66,251
Outstanding IBNR reserve	184,552	(78,181)	106,371
Outstanding premium deficiency reserve	0	0	0
Outstanding other technical reserves	8,125	0	8,125
Total at end of period	313,491	(132,744)	180,747
Change in outstanding claims	16,083	4,395	20,478
Change in IBNR reserve	4,669	(4,385)	284
Change in premium deficiency reserve	0	0	0
Change in other technical reserves	0	0	0

Full Year to 31 December 2018

	Gross	Reinsurers	Net
Outstanding claims	104,731	(58,958)	45,773
IBNR reserve	179,883	(73,796)	106,087
Premium deficiency reserve	0	(0)	0
Other technical reserves	8,125	(0)	8,125
Total at start of year	292,739	(132,754)	159,985
Provided claims	373,435	(95,645)	277,790
Provided IBNR reserve	14,397	(7,952)	6,445
Provided premium deficiency reserve	4,900	(0)	4,900
Provided other technical reserves	1,800	(0)	1,800
Total provided during the year	394,532	(103,597)	290,935
Paid claims during the year	(304,597)	83,212	(221,385)
Outstanding claims	173,569	(71,391)	102,178
Outstanding IBNR reserve	194,280	(81,748)	112,532
Outstanding premium deficiency reserve	4,900	(0)	4,900
Outstanding other technical reserves	9,925	(0)	9,925
Total at end of year	382,674	(153,139)	229,535
Change in outstanding claims	68,838	(12,433)	56,405
Change in IBNR reserve	14,397	(7,952)	6,445
Change in premium deficiency reserve	4,900	(0)	4,900
Change in other technical reserves	1,800	(0)	1,800



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

23. PROVISION FOR ZAKAT AND INCOME TAX

Zakat and income tax have been provided for in accordance with regulations currently in force in Saudi Arabia.

The differences between financial and adjusted taxable results are mainly due to provisions which are not allowed in the calculation of taxable income.

Zakat is calculated on Saudi shareholders' share of adjusted equity subject to a minimum base equal to the relevant share of adjusted net profit. Foreign shareholders are subject to income tax calculated on the relevant share of adjusted net profit.

	As at 31 Mar 2019	As at 31 Dec 2018
Percentages applicable to zakat and income tax		
Shareholding percentage subject to zakat	92%	92%
Shareholding percentage subject to income tax	8%	8%

Movement on zakat account

Balance 31 December 2017	21,060
Provided	10,960
Paid	(5,509)
Balance 31 December 2018	26,511

Movement on income tax account

Balance 31 December 2017	3,205
Provided	789
Paid	(2,025)
Balance 31 December 2018	1,969

Movement on zakat account

Balance 31 December 2018	26,511
Provided	2,388
Paid	(507)
Balance 31 March 2019	28,392

Movement on income tax account

Balance 31 December 2018	1,969
Provided	112
Paid	0
Balance 31 March 2019	2,081

**Status of assessments**

The Company has filed zakat and income tax returns for the period from incorporation to 31 December 2008 and for each of the years ended 31 December 2009 to 31 December 2017 and awaits the finalisation of assessments. The return for the year ended 31 December 2018 will be filed before 30 April 2019.

As per the SAMA Circular No. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), effective 01 January 2017, zakat and income tax are to be accrued through shareholders' equity under retained earnings.

24. SHARE CAPITAL

All numbers in this note are stated in Saudi Riyal whole numbers and are not rounded to thousands.

The authorised, issued and fully paid share capital of the Company is SAR 300,000,000 (31 December 2018: SAR 300,000,000) consisting of 30,000,000 (31 December 2018: 30,000,000) shares each with a nominal value of 10 Saudi Riyals.

The Board of Directors resolved in their meeting held on 15 February 2018 to increase the share capital subject to receiving the required approvals of the relevant authorities and thereafter the approval of shareholders.

The resolution provided for a share capital increase from SAR 200,000,000 to SAR 300,000,000 by issuing one bonus share for every two shares held thereby increasing the number of shares in issue from 20,000,000 shares to 30,000,000 shares with the additional SAR 100,000,000 share capital generated by capitalising SAR 80,000,000 from retained earnings and SAR 20,000,000 from statutory reserve.

Approval was received from the Saudi Arabian Monetary Authority (SAMA) and the Capital Market Authority (CMA) on 01 March 2018 and 15 March 2018 respectively. Approval from shareholders was obtained in the extraordinary general assembly meeting held on 21 May 2018 and the bonus shares were issued on 22 May 2018.

The total transaction costs relating to the bonus share issue amounted to SAR 76,991.

The Commercial Registration Certificate was amended with effect from 24 July 2018 to reflect the increase in share capital following the bonus share issue.

The shareholders of the Company are subject to zakat and income tax.

25. STATUTORY RESERVE

All numbers in this note are stated in Saudi Riyal whole numbers and are not rounded to thousands.

In compliance with the Cooperative Insurance Law, the Implementing Regulations and the Articles, 20% of shareholders' net profit (as defined below) is transferred to statutory reserve at the end of each financial year until the statutory reserve amounts to 100% of the paid capital.

At 31 December 2018 Statutory Reserve represents 20% of shareholders' net profit (as defined below) earned from incorporation to 31 December 2018 (2017: 20% of shareholders' net profit earned from incorporation to 31 December 2017).

In calculating Statutory Reserve, shareholders' net profit is stated after deducting zakat and income tax charges and excludes unrealised investment gains.

The Statutory Reserve is not available for distribution but it may be converted to share capital in funding a bonus share issue.

The Statutory Reserve calculated on the above basis was reduced by SAR 20,000,000 on 22 May 2018 as a result of the issue of bonus shares on that date.

Transfer to Statutory Reserve in respect of the year ending 31 December 2019 will be determined at 31 December 2019 and no transfer has been made in the three month period ended 31 March 2019 (three month period ended 31 March 2018: Nil).

26. EARNINGS PER SHARE

Earnings per share is calculated by dividing shareholders' net profit (as defined below) by the weighted average number of issued shares during the year.

In calculating earnings per share, shareholders' net profit is stated before deducting zakat and income tax charges and excludes unrealised investment gains.

As there are no dilutive effects, basic and diluted earnings per share are the same.

Earnings per share is calculated based on the revised number of shares in issue following the bonus share issue on 22 May 2018 and prior comparatives have been restated accordingly.



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

27. POLICYHOLDERS' SURPLUS DISTRIBUTION PAYABLE

Balance 31 December 2017	11,995
Surplus earned during year	2,697
Paid during year	(11,995)
Balance 31 December 2018	2,697
Balance 31 December 2018	2,697
Surplus earned during period	0
Paid during period	0
Balance 31 March 2019	2,697

28. CAPITAL MANAGEMENT

All numbers in this note are stated in Saudi Riyal whole numbers and are not rounded to thousands.

Objectives are set by the Company to optimise the structure and sources of capital and maintain healthy capital ratios to support its business objectives and consistently maximise returns to shareholders and policyholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Company is equity shareholders' funds. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new 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 maximising the return to stakeholders. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, statutory reserves, retained earnings and fair value reserve on investments.

The Implementing Regulations detail a minimum solvency margin requirement calculated as the highest of the following:

- Minimum net assets of SAR 100,000,000 – calculated after adjusting for admissibility factors
- Premium solvency margin calculation
- Claims solvency margin calculation

The Company is in compliance with all externally imposed capital requirements. The capital structure of the Company as shown in the statement of financial position at 31 March 2019 totals SAR 428,392,000 consisting of paid-up share capital SAR 300,000,000, statutory reserves SAR 33,082,000, retained earnings SAR 93,585,000 and fair value reserve on investments SAR 1,727,000 (at 31 December 2018 totals SAR 427,685,000 consisting of paid-up share capital SAR 300,000,000, statutory reserves SAR 33,082,000, retained earnings SAR 92,327,000 and fair value reserve on investments SAR 2,276,000)

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



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

29. RELATED PARTY TRANSACTIONS AND BALANCES

All numbers in this page are stated in Saudi Riyal whole numbers and are not rounded to thousands.

Definitions and explanations

Related parties represent shareholders, both individual and corporate, directors, members of the audit, executive, investment, risk and nomination and remuneration committees, the board secretary, key executives and entities controlled (including jointly controlled) or significantly influenced by such parties. The immediate families of the above are related parties.

Key Executives, in the context of defining Related Parties, for the three month period ended 31 March 2019 means the following five people (three month period ended 31 March 2018: five people) – the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the three other executives (three month period ended 31 March 2018: three other executives) who earned the highest remuneration.

All transactions with related parties are made on an arm's length basis and no conflicts or potential conflicts of interest were identified during the three month period ended 31 March 2019 (three month period ended 31 March 2018: None). Amounts due to related parties do not include amounts provided for outstanding claims under processing or IBNR. Balances due to or from related parties are unsecured, interest free and are settled in cash and no guarantees have been made or received in relation to any related party transaction or balance.

An impairment assessment is undertaken examining the financial position of and the market in which each related party operates. For the three month period ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts due from related parties (three month period ended 31 March 2018: Nil).

Transactions with related parties are in respect of purchase of insurance portfolio and related business, investments, remuneration and annual insurance contracts.

Purchase from a related party of insurance portfolio and related business

The insurance portfolio and related business of Arabian Shield Insurance Company EC was acquired by the Company effective 1 January 2009 at a purchase consideration approved by SAMA resulting in a Goodwill amount of 49,100,000.

The related assets and liabilities of Arabian Shield Insurance Company EC were also acquired at book value amounting to 20,825,600 as per the audited Financial Statements of Arabian Shield Insurance Company EC at 31 December 2008.

The combined sum due to Arabian Shield Insurance Company EC in consideration for goodwill and net assets acquired amounted to 69,925,600.

Based on criteria related to the Company's earnings up to 31 December 2015 the Goodwill amount was subsequently reduced by 2,306,137 to 46,793,863. This in turn resulted in a reduction in the combined sum due to Arabian Shield Insurance Company EC from 69,925,600 to 67,619,463 which has been fully paid with no further amounts owing.

Investment in a related party

Investments at 31 December 2018 include an investment of SAR 3,000,000 in a Sukuk issued by an entity controlled or significantly influenced by a related party. The Sukuk was redeemed in full on 07 March 2019 leaving a Nil balance at 31 March 2019. This investment generated an income for the three month period ended 31 March 2019 of 25,179 (three month period ended 31 March 2018: 45,986).

Remuneration of Board of Directors and Committee Members for year ended 31 December 2018

The full year provision for 2018 amounting to 1,200,000, in respect of board fees, attendance fees and reimbursement of expenses for the board and for members of the audit, executive, investment, risk and nomination and remuneration committees, was determined and accrued at 31 December 2018 and approval to pay up to this amount shall be sought at the Annual General Assembly to be held in 2019.

Remuneration of Board of Directors and Committee Members for year ended 31 December 2019

A provision amounting to 300,000 was made in the Financial Statements for the three month period ended 31 March 2019 (three month period ended 31 March 2018: 375,000) in respect of board fees, attendance fees and reimbursement of expenses for the board and for members of the audit, executive, investment, risk and nomination and remuneration committees. The full year provision for 2019 will be determined at 31 December 2019 following which approval for payment shall be sought.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

Salaries and Allowances of Key Executives and Board Secretary

Salaries and Allowances encompass all elements of compensation including provision for end of service benefit.

Salaries and Allowances	Three Months to		Year to Date to	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Provided and paid for key executives and board secretary	1,805	1,806	1,805	1,806

Transactions with and amounts due to and from related parties

Transactions with related parties	Three Months to		Year to Date to	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Gross written premiums from related parties				
Shareholders	294	359	294	359
Directors	0	0	0	0
Committees, board secretary and key executives	(1)	0	(1)	0
Entities controlled or significantly influenced	146,673	134,654	146,673	134,654
Ceded written premiums to related parties				
Entities controlled or significantly influenced	(24)	2,151	(24)	2,151
Commissions from related parties				
Entities controlled or significantly influenced	19	229	19	229
Commissions to related parties				
Entities controlled or significantly influenced	10	0	10	0
Gross claims incurred by related parties				
Shareholders	29	56	29	56
Directors	0	0	0	0
Committees, board secretary and key executives	0	8	0	8
Entities controlled or significantly influenced	69,257	29,251	69,257	29,251
Ceded claims incurred to related parties				
Entities controlled or significantly influenced	0	0	0	0

Amounts due to and from related parties	31 Mar 2019	31 Dec 2018
Amounts due from related parties		
Shareholders	0	0
Directors	0	0
Committees, board secretary and key executives	0	9
Entities controlled or significantly influenced	145,390	75,065
Provision	(9,700)	(11,400)
Total due from related parties, net	135,690	63,674
Amounts due to related parties		
Shareholders	144	0
Committees, board secretary and key executives	1	0
Entities controlled or significantly influenced	209	17,098
Total due to related parties	354	17,098



30. SEGMENT REPORTING

Segment reporting is not undertaken for shareholders' operations, assets and liabilities.

Insurance Operations - geographic segments:

The Company has since incorporation operated primarily in Saudi Arabia.

Insurance Operations - operating segments:

Operating segments are identified on the basis of internal reports concerning 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 segments and assess performance.

Transactions between operating segments are on normal commercial terms and conditions.

The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of income.

There have been no changes to the basis of segmentation or the measurement basis for segment profits or losses since 31 December 2018.

Unallocated assets not subject to segmentation are cash and cash equivalents, short term fixed income deposits, premiums and reinsurers' receivable – net, investments, due from related parties – net, prepaid expenses and other assets, property and equipment – net, intangible assets – net, goodwill, statutory deposits and accrued income on statutory deposits.

Unallocated liabilities not subject to segmentation are accrued and other liabilities, due to related parties, accounts payable, withholding tax provision, regulators' levies provision, end-of-service indemnities, policyholders' surplus distribution payable, zakat, income tax and accrued commission income payable to SAMA.

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



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 31 March 2019 and 31 December 2018, its total revenues, expenses, and net income for the three-month periods then ended, are as follows:

Operating segments as at 31 Mar 2019	Motor	Medical	Property & Casualty	Protection & Savings	Total Insurance Operations	Total Shareholders' Operations	Total
ASSETS							
Allocated assets:							
Reinsurers' share of unearned gross premiums	24,346	0	48,714	12,086	85,146	0	85,146
Reinsurers' share of outstanding gross claims	15,812	0	46,125	16,790	78,727	0	78,727
Reinsurers' share of gross claims incurred but not reported	56,500	0	11,173	8,075	75,748	0	75,748
Deferred excess of loss expenses	594	0	899	0	1,493	0	1,493
Deferred policy acquisition costs	1,141	3,462	1,452	1,009	7,064	0	7,064
Deferred third party administrator expenses	0	4,361	0	0	4,361	0	4,361
Deferred withholding tax	1,216	0	2,270	601	4,087	0	4,087
Deferred regulators' levies	204	3,060	262	67	3,593	0	3,593
Total allocated assets	99,813	10,883	110,895	38,628	260,219	0	260,219
Unallocated assets:							
Cash and cash equivalents					188,672	217,136	405,808
Short term fixed income deposits					81,234	0	81,234
Premiums and reinsurers' receivable – net					81,933	0	81,933
Investments					0	213,604	213,604
Due from related parties – net					135,690	0	135,690
Prepaid expenses and other assets					67,419	3,102	70,521
Property and equipment – net					4,222	0	4,222
Intangible assets – net					7,665	0	7,665
Goodwill					0	46,794	46,794
Statutory deposit					0	30,000	30,000
Accrued income and statutory deposit					0	2,196	2,196
Total unallocated assets					566,835	512,832	1,079,667
TOTAL ASSETS					827,054	512,832	1,339,886
LIABILITIES							
Allocated liabilities:							
Reinsurers' balances payable	10,612	0	20,009	9,537	40,158	0	40,158
Unearned gross premiums	40,660	204,025	55,723	13,573	313,981	0	313,981
Unearned reinsurance commission	4,643	0	8,666	2,027	15,336	0	15,336
Outstanding gross claims	33,404	125,455	54,610	17,657	231,126	0	231,126
Gross claims incurred but not reported	113,000	43,532	15,230	8,500	180,262	0	180,262
Premium deficiency reserve	0	10,000	0	0	10,000	0	10,000
Other technical reserves	3,450	3,580	1,350	620	9,000	0	9,000
Total allocated liabilities	205,769	386,592	155,588	51,914	799,863	0	799,863
Unallocated liabilities:							
Accrued and other liabilities					41,070	2,575	43,645
Due to related parties					354	0	354
Accounts payable					6,802	0	6,802
Withholding tax provision					14,960	0	14,960
Regulators' levies provision					2,491	0	2,491
End-of-service indemnities					8,011	0	8,011
Policyholders' surplus distribution payable					2,697	0	2,697
Zakat					0	28,392	28,392
Income tax					0	2,081	2,081
Accrued commission income payable to SAMA					0	2,196	2,196
Total unallocated liabilities					76,385	35,244	111,629
TOTAL LIABILITIES					876,248	35,244	911,492



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

Operating segments as at 31 Dec 2018	Motor	Medical	Property & Casualty	Protection & Savings	Total Insurance Operations	Total Shareholders' Operations	Total
ASSETS							
Allocated assets:							
Reinsurers' share of unearned gross premiums	16,624	0	13,157	3,608	33,389	0	33,389
Reinsurers' share of outstanding gross claims	14,071	0	41,899	15,421	71,391	0	71,391
Reinsurers' share of gross claims incurred but not reported	62,500	0	11,173	8,075	81,748	0	81,748
Deferred excess of loss expenses	0	0	0	0	0	0	0
Deferred policy acquisition costs	662	4,794	1,468	383	7,307	0	7,307
Deferred third party administrator expenses	0	2,476	0	0	2,476	0	2,476
Deferred withholding tax	831	0	580	173	1,584	0	1,584
Deferred regulators' levies	139	2,599	73	18	2,829	0	2,829
Total allocated assets	94,827	9,869	68,350	27,678	200,724	0	200,724
Unallocated assets:							
Cash and cash equivalents					253,385	177,181	430,566
Short term fixed income deposits					81,234	0	81,234
Premiums and reinsurers' receivable – net					78,587	0	78,587
Investments					0	198,901	198,901
Due from related parties – net					63,674	0	63,674
Prepaid expenses and other assets					31,736	3,121	34,857
Property and equipment – net					4,595	0	4,595
Intangible assets – net					7,557	0	7,557
Goodwill					0	46,794	46,794
Statutory deposit					0	30,000	30,000
Accrued income and statutory deposit					0	2,003	2,003
Total unallocated assets					520,768	458,000	978,768
TOTAL ASSETS					721,492	458,000	1,179,492
LIABILITIES							
Allocated liabilities:							
Reinsurers' balances payable	3,139	0	4,461	3,160	10,760	0	10,760
Unearned gross premiums	27,807	173,262	16,124	3,849	221,042	0	221,042
Unearned reinsurance commission	2,909	0	3,261	677	6,847	0	6,847
Outstanding gross claims	30,980	76,420	49,937	16,232	173,569	0	173,569
Gross claims incurred but not reported	125,000	45,550	15,230	8,500	194,280	0	194,280
Premium deficiency reserve	0	4,900	0	0	4,900	0	4,900
Other technical reserves	4,375	3,580	1,350	620	9,925	0	9,925
Total allocated liabilities	194,210	303,712	90,363	33,038	621,323	0	621,323
Unallocated liabilities:							
Accrued and other liabilities					46,321	2,486	48,807
Due to related parties					17,098	0	17,098
Accounts payable					8,701	0	8,701
Withholding tax provision					12,227	0	12,227
Regulators' levies provision					1,470	0	1,470
End-of-service indemnities					9,001	0	9,001
Policyholders' surplus distribution payable					2,697	0	2,697
Zakat					0	26,511	26,511
Income tax					0	1,969	1,969
Accrued commission income payable to SAMA					0	2,003	2,003
Total unallocated liabilities					97,515	32,969	130,484
TOTAL LIABILITIES					718,838	32,969	751,807



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

Operating segments For the three months ended 31 March 2019	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
REVENUES					
Gross premiums written:					
• Individuals	8,204	3,157	996	0	12,357
• Very small corporate entities	395	2,261	263	0	2,919
• Small corporate entities	2,916	4,464	2,456	0	9,836
• Medium corporate entities	970	2,922	209	0	4,101
• Large corporate entities	19,882	117,137	57,106	23,332	217,457
Gross premiums written – total	32,367	129,941	61,030	23,332	246,670
Reinsurance premiums ceded – local	(3,217)	0	(4,999)	(189)	(8,405)
Reinsurance premiums ceded – foreign	(16,182)	0	(49,038)	(21,048)	(86,268)
Excess of loss expenses	(198)	0	(300)	0	(498)
Net premiums written	12,770	129,941	6,693	2,095	151,499
Change in unearned gross premiums	(12,853)	(30,763)	(39,599)	(9,724)	(92,939)
Change in reinsurers' share of unearned gross premiums	7,722	0	35,557	8,478	51,757
Net premiums earned	7,639	99,178	2,651	849	110,317
Reinsurance commissions	1,970	0	4,810	3,060	9,840
Other underwriting income	3,440	1,074	0	0	4,514
TOTAL REVENUES	13,049	100,252	7,461	3,909	124,671
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(16,009)	(52,449)	(523)	(5,367)	(74,348)
Expenses incurred related to claims	0	0	0	0	0
Reinsurers' share of gross claims paid	8,811	0	464	5,097	14,372
Net claims paid	(7,198)	(52,449)	(59)	(270)	(59,976)
Changes in outstanding gross claims	(2,423)	(49,035)	(4,674)	(1,425)	(57,557)
Changes in reinsurers' share of outstanding gross claims	1,741	0	4,226	1,369	7,336
Changes in gross IBNR	12,000	2,018	0	0	14,018
Changes in reinsurers' share of gross IBNR	(6,000)	0	0	0	(6,000)
Net claims incurred	(1,880)	(99,466)	(507)	(326)	(102,179)
Premium deficiency reserve	0	(5,100)	0	0	(5,100)
Other technical reserves	925	0	0	0	925
Policy acquisition costs	(459)	(2,306)	(715)	(1,697)	(5,177)
Third party administrator expenses	0	(1,622)	0	0	(1,622)
Withholding tax	(432)	0	(472)	(634)	(1,538)
Regulators' levies	(81)	(1,488)	(90)	(68)	(1,727)
Other underwriting expenses	33	(76)	(94)	(80)	(217)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,894)	(110,058)	(1,878)	(2,805)	(116,635)
NET UNDERWRITING INCOME / (LOSS)	11,155	(9,806)	5,583	1,104	8,036
OTHER OPERATING INCOME / (EXPENSES)					
(Allowance for) / Reversal of doubtful debts	416	(366)	209	41	300
General and administrative expenses	(17,797)	15,645	(8,908)	(1,761)	(12,821)
Depreciation and amortisation	(868)	763	(435)	(86)	(626)
Commission income on deposits	2,894	(2,544)	1,449	286	2,085
Dividends investment income	0	0	0	0	0
Realised gain / (loss) on investments	0	0	0	0	0
TOTAL OTHER OPERATING INCOME / (EXPENSES)	(15,355)	13,498	(7,685)	(1,520)	(11,062)
NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS	(4,200)	3,692	(2,102)	(416)	(3,026)
Absorption of deficit by / transfer of surplus to Shareholders	4,200	(3,692)	2,102	416	3,026
NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS	0	0	0	0	0

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

Operating segments For the year to date to 31 March 2019	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
REVENUES					
Gross premiums written:					
• Individuals	8,204	3,157	996	0	12,357
• Very small corporate entities	395	2,261	263	0	2,919
• Small corporate entities	2,916	4,464	2,456	0	9,836
• Medium corporate entities	970	2,922	209	0	4,101
• Large corporate entities	19,882	117,137	57,106	23,332	217,457
Gross premiums written – total	32,367	129,941	61,030	23,332	246,670
Reinsurance premiums ceded – local	(3,217)	0	(4,999)	(189)	(8,405)
Reinsurance premiums ceded – foreign	(16,182)	0	(49,038)	(21,048)	(86,268)
Excess of loss expenses	(198)	0	(300)	0	(498)
Net premiums written	12,770	129,941	6,693	2,095	151,499
Change in unearned gross premiums	(12,853)	(30,763)	(39,599)	(9,724)	(92,939)
Change in reinsurers' share of unearned gross premiums	7,722	0	35,557	8,478	51,757
Net premiums earned	7,639	99,178	2,651	849	110,317
Reinsurance commissions	1,970	0	4,810	3,060	9,840
Other underwriting income	3,440	1,074	0	0	4,514
TOTAL REVENUES	13,049	100,252	7,461	3,909	124,671
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(16,009)	(52,449)	(523)	(5,367)	(74,348)
Expenses incurred related to claims	0	0	0	0	0
Reinsurers' share of gross claims paid	8,811	0	464	5,097	14,372
Net claims paid	(7,198)	(52,449)	(59)	(270)	(59,976)
Changes in outstanding gross claims	(2,423)	(49,035)	(4,674)	(1,425)	(57,557)
Changes in reinsurers' share of outstanding gross claims	1,741	0	4,226	1,369	7,336
Changes in gross IBNR	12,000	2,018	0	0	14,018
Changes in reinsurers' share of gross IBNR	(6,000)	0	0	0	(6,000)
Net claims incurred	(1,880)	(99,466)	(507)	(326)	(102,179)
Premium deficiency reserve	0	(5,100)	0	0	(5,100)
Other technical reserves	925	0	0	0	925
Policy acquisition costs	(459)	(2,306)	(715)	(1,697)	(5,177)
Third party administrator expenses	0	(1,622)	0	0	(1,622)
Withholding tax	(432)	0	(472)	(634)	(1,538)
Regulators' levies	(81)	(1,488)	(90)	(68)	(1,727)
Other underwriting expenses	33	(76)	(94)	(80)	(217)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,894)	(110,058)	(1,878)	(2,805)	(116,635)
NET UNDERWRITING INCOME / (LOSS)	11,155	(9,806)	5,583	1,104	8,036
OTHER OPERATING INCOME / (EXPENSES)					
(Allowance for) / Reversal of doubtful debts	416	(366)	209	41	300
General and administrative expenses	(17,797)	15,645	(8,908)	(1,761)	(12,821)
Depreciation and amortisation	(868)	763	(435)	(86)	(626)
Commission income on deposits	2,894	(2,544)	1,449	286	2,085
Dividends investment income	0	0	0	0	0
Realised gain / (loss) on investments	0	0	0	0	0
TOTAL OTHER OPERATING INCOME / (EXPENSES)	(15,355)	13,498	(7,685)	(1,520)	(11,062)
NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS	(4,200)	3,692	(2,102)	(416)	(3,026)
Absorption of deficit by / transfer of surplus to Shareholders	4,200	(3,692)	2,102	416	3,026
NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS	0	0	0	0	0

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

Operating segments For the three months ended 31 March 2018	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
REVENUES					
Gross premiums written:					
• Individuals	6,486	4,330	937	0	11,753
• Very small corporate entities	192	1,014	80	0	1,286
• Small corporate entities	3,957	11,820	1,615	162	17,554
• Medium corporate entities	720	3,234	116	0	4,070
• Large corporate entities	22,844	107,786	51,072	24,543	206,245
Gross premiums written – total	34,199	128,184	53,820	24,705	240,908
Reinsurance premiums ceded – local	(3,368)	0	(4,174)	(393)	(7,935)
Reinsurance premiums ceded – foreign	(17,127)	0	(46,103)	(20,913)	(84,143)
Excess of loss expenses	(247)	0	(311)	0	(558)
Net premiums written	13,457	128,184	3,232	3,399	148,272
Change in unearned gross premiums	1,541	(54,155)	(34,433)	(11,626)	(98,673)
Change in reinsurers' share of unearned gross premiums	2,431	0	32,931	9,533	44,895
Net premiums earned	17,429	74,029	1,730	1,306	94,494
Reinsurance commissions	2,992	0	3,854	2,683	9,529
Other underwriting income	3,333	192	0	0	3,525
TOTAL REVENUES	23,754	74,221	5,584	3,989	107,548
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(18,620)	(34,559)	(1,366)	(13,071)	(67,616)
Expenses incurred related to claims	0	0	0	0	0
Reinsurers' share of gross claims paid	11,576	0	995	12,075	24,646
Net claims paid	(7,044)	(34,559)	(371)	(996)	(42,970)
Changes in outstanding gross claims	(2,871)	(16,358)	536	2,610	(16,083)
Changes in reinsurers' share of outstanding gross claims	(1,179)	0	(772)	(2,444)	(4,395)
Changes in gross IBNR	0	0	(8,929)	4,260	(4,669)
Changes in reinsurers' share of gross IBNR	0	0	8,885	(4,500)	4,385
Net claims incurred	(11,094)	(50,917)	(651)	(1,070)	(63,732)
Premium deficiency reserve	0	0	0	0	0
Other technical reserves	0	0	0	0	0
Policy acquisition costs	(1,826)	(3,242)	(740)	(1,393)	(7,201)
Third party administrator expenses	0	0	0	0	0
Withholding tax	(747)	0	(681)	(579)	(2,007)
Regulators' levies	(162)	(1,110)	(77)	(64)	(1,413)
Other underwriting expenses	(834)	(337)	(657)	(308)	(2,136)
TOTAL UNDERWRITING COSTS AND EXPENSES	(14,663)	(55,606)	(2,806)	(3,414)	(76,489)
NET UNDERWRITING INCOME / (LOSS)	9,091	18,615	2,778	575	31,059
OTHER OPERATING INCOME / (EXPENSES)					
(Allowance for) / Reversal of doubtful debts	(106)	(399)	(168)	(77)	(750)
General and administrative expenses	(4,782)	(9,596)	(2,579)	(578)	(17,535)
Depreciation and amortisation	(302)	(605)	(163)	(36)	(1,106)
Commission income on deposits	360	745	195	132	1,432
Dividends investment income	0	0	0	0	0
Realised gain / (loss) on investments	0	0	0	0	0
TOTAL OTHER OPERATING INCOME / (EXPENSES)	(4,830)	(9,855)	(2,715)	(559)	(17,959)
NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS	4,261	8,760	63	16	13,100
Absorption of deficit by / transfer of surplus to Shareholders	(3,835)	(7,884)	(57)	(14)	(11,790)
NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS	426	876	6	2	1,310

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

Operating segments For the year to date to 31 March 2018	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
REVENUES					
Gross premiums written:					
• Individuals	6,486	4,330	937	0	11,753
• Very small corporate entities	192	1,014	80	0	1,286
• Small corporate entities	3,957	11,820	1,615	162	17,554
• Medium corporate entities	720	3,234	116	0	4,070
• Large corporate entities	22,844	107,786	51,072	24,543	206,245
Gross premiums written – total	34,199	128,184	53,820	24,705	240,908
Reinsurance premiums ceded – local	(3,368)	0	(4,174)	(393)	(7,935)
Reinsurance premiums ceded – foreign	(17,127)	0	(46,103)	(20,913)	(84,143)
Excess of loss expenses	(247)	0	(311)	0	(558)
Net premiums written	13,457	128,184	3,232	3,399	148,272
Change in unearned gross premiums	1,541	(54,155)	(34,433)	(11,626)	(98,673)
Change in reinsurers' share of unearned gross premiums	2,431	0	32,931	9,533	44,895
Net premiums earned	17,429	74,029	1,730	1,306	94,494
Reinsurance commissions	2,992	0	3,854	2,683	9,529
Other underwriting income	3,333	192	0	0	3,525
TOTAL REVENUES	23,754	74,221	5,584	3,989	107,548
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(18,620)	(34,559)	(1,366)	(13,071)	(67,616)
Expenses incurred related to claims	0	0	0	0	0
Reinsurers' share of gross claims paid	11,576	0	995	12,075	24,646
Net claims paid	(7,044)	(34,559)	(371)	(996)	(42,970)
Changes in outstanding gross claims	(2,871)	(16,358)	536	2,610	(16,083)
Changes in reinsurers' share of outstanding gross claims	(1,179)	0	(772)	(2,444)	(4,395)
Changes in gross IBNR	0	0	(8,929)	4,260	(4,669)
Changes in reinsurers' share of gross IBNR	0	0	8,885	(4,500)	4,385
Net claims incurred	(11,094)	(50,917)	(651)	(1,070)	(63,732)
Premium deficiency reserve	0	0	0	0	0
Other technical reserves	0	0	0	0	0
Policy acquisition costs	(1,826)	(3,242)	(740)	(1,393)	(7,201)
Third party administrator expenses	0	0	0	0	0
Withholding tax	(747)	0	(681)	(579)	(2,007)
Regulators' levies	(162)	(1,110)	(77)	(64)	(1,413)
Other underwriting expenses	(834)	(337)	(657)	(308)	(2,136)
TOTAL UNDERWRITING COSTS AND EXPENSES	(14,663)	(55,606)	(2,806)	(3,414)	(76,489)
NET UNDERWRITING INCOME / (LOSS)	9,091	18,615	2,778	575	31,059
OTHER OPERATING INCOME / (EXPENSES)					
(Allowance for) / Reversal of doubtful debts	(106)	(399)	(168)	(77)	(750)
General and administrative expenses	(4,782)	(9,596)	(2,579)	(578)	(17,535)
Depreciation and amortisation	(302)	(605)	(163)	(36)	(1,106)
Commission income on deposits	360	745	195	132	1,432
Dividends investment income	0	0	0	0	0
Realised gain / (loss) on investments	0	0	0	0	0
TOTAL OTHER OPERATING INCOME / (EXPENSES)	(4,830)	(9,855)	(2,715)	(559)	(17,959)
NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS	4,261	8,760	63	16	13,100
Absorption of deficit by / transfer of surplus to Shareholders	(3,835)	(7,884)	(57)	(14)	(11,790)
NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS	426	876	6	2	1,310

31. RISK MANAGEMENT**Risk Governance**

The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organisational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic targets approved by the Board of Directors.

Risk management structure

A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

Board of Directors

The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

Risks faced by the Company

The Company is exposed to insurance, reinsurance, credit, currency, interest rate, liquidity, regulatory framework, geographical concentration, investment market price and other operational risks. The way these risks are mitigated are summarised below.

a) Insurance risk

Insurance risk is the risk that actual claims payable to contract holders in respect of insured events exceed the carrying amount of insurance liabilities. This could occur if the frequency, severity or absolute amounts of claims are more than expected.

Insurance risk is monitored regularly by the Company to establish if the levels are within the projected frequency bands.

The insurance risks arising from insurance contracts are concentrated in Saudi Arabia.

Insurance risk is influenced by the frequency, severity and absolute amounts of claims. Careful evaluation of risks through implementation of underwriting strategy, together with the use of reinsurance, reduce risk.

The Company underwrites mainly property, accident, motor, medical, marine and group protection and savings risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This diversification and short term nature mitigates risk.

Property and Accident

For property contracts the main risks are fire and business interruption.

These contracts are underwritten by reference to the replacement value of the properties, contents insured and profits of the underlying businesses. The cost of rebuilding properties, replacing contents and the time taken to restart operations following business interruptions are the main factors that influence the level of claims.

Motor

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles.

The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Medical

For medical contracts the main risks are medical expenses incurred for treatment and illness.

Marine

For marine contracts the main risks are loss or damage to craft and accidents resulting in total or partial loss of cargo.

Group Protection and Savings

The Company writes Group Life including Group Credit Life and PHI policies categorised as Group Protection and Savings notwithstanding the absence of savings elements.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

In group policies the main risks are mortality and morbidity of the insured compounded due to the concentration of lives. The Company engages in various levels of underwriting including declaration of health, medical questionnaire, reports from specialists and medical tests when required. Group size, the nature of activity carried out by the group, geographic mix and cultural background are all analysed.

The business is protected by extensive reinsurance cover with low retention which affords protection from adverse experience, single large losses, multiple claims and concentrations of risk.

Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral reasonable estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as at the statement of financial position date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

Sensitivity Analysis

The amount of the provision for outstanding claims, net including IBNR is sensitive to the basis for making judgements and estimates as outlined in Note 4(b). The net underwriting result set out in the statement of insurance operations will be directly impacted by the amount that the provision for outstanding claims, net including IBNR is understated or overstated as a result of this process.

The impact on net income which would result from an increase or decrease of 5% in net incurred claims with all other assumptions held constant is shown below.

Net Claims Incurred Increase / Decrease	%	Impact on Net Income			
		Three months to		Year to date to	
	Change	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Motor	+5%	(94)	(555)	(94)	(555)
Medical	+5%	(4,973)	(2,546)	(4,973)	(2,546)
Property and Casualty	+5%	(25)	(33)	(25)	(33)
Protection and Savings	+5%	(16)	(54)	(16)	(54)
Total		(5,108)	(3,188)	(5,108)	(3,188)
Motor	-5%	94	555	94	555
Medical	-5%	4,973	2,546	4,973	2,546
Property and Casualty	-5%	25	33	25	33
Protection and Savings	-5%	16	54	16	54
Total		5,108	3,188	5,108	3,188

b) Reinsurance risk

The Company effects reinsurance with other parties in the normal course of business in order to minimise its financial exposure to potential losses arising from large insurance claims. The reinsurance is affected under treaty, facultative and excess of loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurers are selected using parameters such as minimum acceptable credit rating, reputation and past performance. Local companies who do not carry a formal credit rating are accepted to a limited degree provided they are registered with and approved by local Regulators.

Although the Company has reinsurance arrangements it is not relieved of its direct obligations to its policyholders in the event that a reinsurer failed to meet its obligations.

c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum exposure of the Company to credit risk if a default was made by the counter party is equal to the carrying amount of these financial instruments.

The Company seeks to limit credit risk with respect to customers by constant monitoring of outstanding receivables.

The Company seeks to limit credit risk with respect to agents and brokers by, on a selective basis, setting credit limits, maintenance of cash deposits with the Company and monitoring of outstanding receivables.

The Company seeks to limit credit risk with respect to bank time deposits by only dealing with reputable banks and by generally placing deposits for periods of not more than twelve months.

To minimise its exposure to significant losses from reinsurer insolvencies, the parties with whom reinsurance is effected are required to have a minimum acceptable security rating level affirming their financial strength.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

The amounts due from reinsurers are contractually due within a maximum sixty days from end of quarter in which the payment is made for claims under treaty reinsurance and treaty retention excess of loss reinsurance and ninety days for claims under facultative reinsurance.

The table below shows the maximum exposure to credit risk for the relevant components of the statement of financial position:

	As at 31 Mar 2019	As at 31 Dec 2018
Premiums and reinsurers' receivable – gross	90,033	85,287
Due from related parties – gross	145,390	75,074
Reinsurers' share of outstanding gross claims	78,727	71,391
Total	314,150	231,752

d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company primarily transacts in Saudi Riyals and at any time balances held in other currencies are of immaterial amounts only and therefore the Company believes that there is minimal risk of significant losses due to exchange rate fluctuations.

e) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments.

Deposits are generally placed for periods not exceeding twelve months.

An annualized increase or decrease of 1% in interest yields would have an impact on annual profits of 4,315 (three month period ended 31 March 2018: impact on annual profits of 4,489).

The commission and non-commission bearing deposits and investments of the Company and their maturities as at 31 March 2019 and 31 December 2018 are as follows:

	Less than 1 year	More than 1 year	Non-commission bearing	Total
Insurance Operations				
31 March 2019	254,465	0	0	254,465
31 December 2018	308,096	0	0	308,096
Shareholders' Operations				
31 March 2019	177,025	0	213,604	390,629
31 December 2018	175,689	0	198,901	374,590

f) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on a monthly basis and the Company has ensured that sufficient liquid funds are available to meet any commitments as they arise.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

g) Regulatory framework risk

The operations of the Company are subject to regulatory requirements in Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimise the risk of default and insolvency on the part of insurance companies and to enable them to meet unforeseen liabilities as they arise.

h) Geographical concentration of risks

The Company's insurance policies primarily relate to risks covered in Saudi Arabia.

i) Investment market price risks

Investment market price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from commission rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Company's investments amounting to 213,604 (31 December 2018: 198,901) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

The impact of hypothetical change of a 10% increase and 10% decrease in the market prices of investments on Company's profit would be as follows:

	Fair value % change	Effect on Company's profit
31 March 2019	- 10%	(21,360)
31 March 2019	+10%	21,360
31 December 2018	- 10%	(19,890)
31 December 2018	+10%	19,890

The sensitivity analysis presented is based upon the portfolio position as at 31 March 2019 and 31 December 2018. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company.

j) Other Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers and from external factors other than credit, market and liquidity risks (already noted above) such as those arising from legal and regulatory requirements and generally accepted standards of behavior.

Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for investors and security for policyholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors who encompass controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Ethical and business standards;
- Risk mitigation policies and procedures; and
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.

Senior Management ensures that the Company's staff has adequate training and experience and fosters effective communication related to operational risk management.



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

32. MATURITY PROFILE

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining expected undiscounted contractual obligations.

The following assets and liabilities in the statement of financial position are excluded from the table below either because they are classified as non-financial assets or non-financial liabilities or because they are not represented by underlying contractual obligations – unearned gross premiums, reinsurers' share of unearned gross premiums, deferred costs, property, equipment and intangible assets, net, goodwill, unearned reinsurance commission, premium deficiency reserve, other technical reserves and policyholders' surplus distribution payable.

Items subject to notice are treated as if notice were given immediately.

	Up to one year	More than one year	Total
As at 31 December 2018			
Financial Assets			
Cash and cash equivalents	430,566		430,566
Short term fixed income deposits	81,234		81,234
Premiums and reinsurers' receivable - net	78,587		78,587
Reinsurers' share of outstanding gross claims	71,391		71,391
Reinsurers' share of gross claims incurred but not reported	81,748		81,748
Investments	198,901		198,901
Due from related parties – net	63,674		63,674
Prepaid expenses and other assets	34,857		34,857
Statutory deposit	0	30,000	30,000
Accrued income on statutory deposit	0	2,003	2,003
Total	1,040,958	32,003	1,072,961
Financial Liabilities			
Accrued and other liabilities	48,807		48,807
Reinsurers' balances payable	10,760		10,760
Outstanding gross claims	173,569		173,569
Gross claims incurred but not reported	194,280		194,280
Due to related parties	17,098		17,098
Accounts payable	8,701		8,701
Withholding tax provision	12,227		12,227
Regulators' levies provision	1,470		1,470
End-of-service indemnities	0	9,001	9,001
Zakat	26,511		26,511
Income tax	1,969		1,969
Accrued commission income payable to SAMA	0	2,003	2,003
Total	495,392	11,004	506,396



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

As at 31 March 2019

Financial Assets

	Up to one year	More than one year	Total
Cash and cash equivalents	405,808		405,808
Short term fixed income deposits	81,234		81,234
Premiums and reinsurers' receivable - net	81,933		81,933
Reinsurers' share of outstanding gross claims	78,727		78,727
Reinsurers' share of gross claims incurred but not reported	75,748		75,748
Investments	213,604		213,604
Due from related parties – net	135,690		135,690
Prepaid expenses and other assets	70,521		70,521
Statutory deposit	0	30,000	30,000
Accrued income on statutory deposit	0	2,196	2,196
Total	1,143,265	32,196	1,175,461

Financial Liabilities

Accrued and other liabilities	43,645		43,645
Reinsurers' balances payable	40,158		40,158
Outstanding gross claims	231,126		231,126
Gross claims incurred but not reported	180,262		180,262
Due to related parties	354		354
Accounts payable	6,802		6,802
Withholding tax provision	14,960		14,960
Regulators' levies provision	2,491		2,491
End-of-service indemnities	0	8,011	8,011
Zakat	28,392		28,392
Income tax	2,081		2,081
Accrued commission income payable to SAMA	0	2,196	2,196
Total	550,271	10,207	560,478



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

ALL AMOUNTS IN SAR '000

33. COMMITMENTS AND CONTINGENCIES

At 31 March 2019 Letters of Guarantee were outstanding in favour of various beneficiaries as follows:

	As at 31 Mar 2019	As at 31 Dec 2018
Medical provider	1,000	1,000
Motor agents	0	0
Group medical insurance policy – Request for proposal	1,305	1,305
Capital commitments for systems software	1,429	1,429
Total	3,734	3,734

The Company is subject to legal proceedings in the ordinary course of business.

At 31 March 2019 there were no other commitments, contingencies or outstanding legal proceedings or disputes of a material nature.

34. COMPARATIVE FIGURES

Certain prior period amounts or balances may have been reclassified to conform with the current presentation.

35. BOARD OF DIRECTORS' APPROVAL

The Financial Statements were approved by the Board of Directors on 22 April 2019.



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

36. SUPPLEMENTARY INFORMATION

UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION	As at 31 Mar 2019			As at 31 Dec 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
ASSETS						
Cash and cash equivalents	188,672	217,136	405,808	253,385	177,181	430,566
Short term fixed income deposits	81,234	0	81,234	81,234	0	81,234
Premiums and reinsurers' receivable – net	81,933	0	81,933	78,587	0	78,587
Reinsurers' share of unearned gross premiums	85,146	0	85,146	33,389	0	33,389
Reinsurers' share of outstanding gross claims	78,727	0	78,727	71,391	0	71,391
Reinsurers' share of gross claims incurred but not reported	75,748	0	75,748	81,748	0	81,748
Deferred excess of loss expenses	1,493	0	1,493	0	0	0
Deferred policy acquisition costs	7,064	0	7,064	7,307	0	7,307
Deferred third party administrator expenses	4,361	0	4,361	2,476	0	2,476
Deferred withholding tax	4,087	0	4,087	1,584	0	1,584
Deferred regulators' levies	3,593	0	3,593	2,829	0	2,829
Investments	0	213,604	213,604	0	198,901	198,901
Due from insurance operations	49,194	0	49,194	0	2,654	2,654
Due from related parties – net	135,690	0	135,690	63,674	0	63,674
Prepaid expenses and other assets	67,419	3,102	70,521	31,736	3,121	34,857
Property and equipment – net	4,222	0	4,222	4,595	0	4,595
Intangible assets – net	7,665	0	7,665	7,557	0	7,557
Goodwill	0	46,794	46,794	0	46,794	46,794
Statutory deposit	0	30,000	30,000	0	30,000	30,000
Accrued income on statutory deposit	0	2,196	2,196	0	2,003	2,003
TOTAL ASSETS	876,248	512,832	1,389,080	721,492	460,654	1,182,146



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION (Continued)	As at 31 Mar 2019			As at 31 Dec 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
LIABILITIES						
Accrued and other liabilities	41,070	2,575	43,645	46,321	2,486	48,807
Reinsurers' balances payable	40,158	0	40,158	10,760	0	10,760
Unearned gross premiums	313,981	0	313,981	221,042	0	221,042
Unearned reinsurance commission	15,336	0	15,336	6,847	0	6,847
Outstanding gross claims	231,126	0	231,126	173,569	0	173,569
Gross claims incurred but not reported	180,262	0	180,262	194,280	0	194,280
Premium deficiency reserve	10,000	0	10,000	4,900	0	4,900
Other technical reserves	9,000	0	9,000	9,925	0	9,925
Due to shareholders' operations	0	49,194	49,194	2,654	0	2,654
Due to related parties	354	0	354	17,098	0	17,098
Accounts payable	6,802	0	6,802	8,701	0	8,701
Withholding tax provision	14,960	0	14,960	12,227	0	12,227
Regulators' levies provision	2,491	0	2,491	1,470	0	1,470
End-of-service indemnities	8,011	0	8,011	9,001	0	9,001
Policyholders' surplus distribution payable	2,697	0	2,697	2,697	0	2,697
Zakat	0	28,392	28,392	0	26,511	26,511
Income tax	0	2,081	2,081	0	1,969	1,969
Accrued commission income payable to SAMA	0	2,196	2,196	0	2,003	2,003
TOTAL LIABILITIES	876,248	84,438	960,686	721,492	32,969	754,461
SHAREHOLDERS' EQUITY						
Share capital	0	300,000	300,000	0	300,000	300,000
Statutory reserve	0	33,082	33,082	0	33,082	33,082
Retained earnings / (accumulated losses)	0	93,585	93,585	0	92,327	92,327
Fair value reserve gain / (loss) on investments	0	1,727	1,727	0	2,276	2,276
TOTAL EQUITY	0	428,394	428,394	0	427,685	427,685
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	876,248	512,832	1,389,080	721,492	460,654	1,182,146



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME	Three Months to 31 Mar 2019			Three Months to 31 Mar 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
REVENUES						
Gross premiums written	246,670	0	246,670	240,908	0	240,908
Reinsurance premiums ceded – local	(8,405)	0	(8,405)	(7,935)	0	(7,935)
Reinsurance premiums ceded – foreign	(86,268)	0	(86,268)	(84,143)	0	(84,143)
Excess of loss expenses	(498)	0	(498)	(558)	0	(558)
Net premiums written	151,499	0	151,499	148,272	0	148,272
Change in unearned gross premiums	(92,939)	0	(92,939)	(98,673)	0	(98,673)
Change in reinsurers' share of unearned gross premiums	51,757	0	51,757	44,895	0	44,895
Net premiums earned	110,317	0	110,317	94,494	0	94,494
Reinsurance commissions	9,840	0	9,840	9,529	0	9,529
Other underwriting income	4,514	0	4,514	3,525	0	3,525
TOTAL REVENUES	124,671	0	124,671	107,548	0	107,548
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(74,348)	0	(74,348)	(67,616)	0	(67,616)
Expenses incurred related to claims	0	0	0	0	0	0
Reinsurers' share of gross claims paid	14,372	0	14,372	24,646	0	24,646
Net claims paid	(59,976)	0	(59,976)	(42,970)	0	(42,970)
Changes in outstanding gross claims	(57,557)	0	(57,557)	(16,083)	0	(16,083)
Changes in reinsurers' share of outstanding gross claims	7,336	0	7,336	(4,395)	0	(4,395)
Changes in gross IBNR	14,018	0	14,018	(4,669)	0	(4,669)
Changes in reinsurers' share of gross IBNR	(6,000)	0	(6,000)	4,385	0	4,385
Net claims incurred	(102,179)	0	(102,179)	(63,732)	0	(63,732)
Premium deficiency reserve	(5,100)	0	(5,100)	0	0	0
Other technical reserves	925	0	925	0	0	0
Policy acquisition costs	(5,177)	0	(5,177)	(7,201)	0	(7,201)
Third party administrator expenses	(1,622)	0	(1,622)	0	0	0
Withholding tax	(1,538)	0	(1,538)	(2,007)	0	(2,007)
Regulators' levies	(1,727)	0	(1,727)	(1,413)	0	(1,413)
Other underwriting expenses	(217)	0	(217)	(2,136)	0	(2,136)
TOTAL UNDERWRITING COSTS AND EXPENSES	(116,635)	0	(116,635)	(76,489)	0	(76,489)
NET UNDERWRITING INCOME / (LOSS)	8,036	0	8,036	31,059	0	31,059



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME (Continued)	Three Months to 31 Mar 2019			Three Months to 31 Mar 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
OTHER OPERATING INCOME / (EXPENSES)						
(Allowance for) / Reversal of doubtful debts	300	0	300	(750)	0	(750)
General and administrative expenses	(12,821)	(519)	(13,340)	(17,535)	(556)	(18,091)
Depreciation and amortisation	(626)	0	(626)	(1,106)	0	(1,106)
Commission income on deposits	2,085	1,297	3,382	1,432	789	2,221
Dividend investment income	0	1,948	1,948	0	1,038	1,038
Realised gains / (losses) on investments	0	4,058	4,058	0	0	0
TOTAL OTHER OPERATING INCOME / (EXPENSES)	(11,062)	6,784	(4,278)	(17,959)	1,271	(16,688)
NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS	(3,026)	6,784	3,758	13,100	1,271	14,371
Absorption of deficit by / transfer of surplus to Shareholders	3,026	(3,026)	0	(11,790)	11,790	0
NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS	0	3,758	3,758	1,310	13,061	14,371

Earnings per share (Expressed in SAR per share)

Basic and diluted earnings per share

0.13

0.44

UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME	Three Months to 31 Mar 2019			Three Months to 31 Mar 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
Net surplus / (deficit) from insurance operations	0	3,758	3,758	1,310	13,061	14,371
Other comprehensive income / (loss)	0	0	0	0	0	0
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
Available for sale investments:						
Net change in fair value	0	3,509	3,509	0	975	975
Realised gains / (losses) transferred to statement of income	0	(4,058)	(4,058)	0	0	0
Net change in unrealised fair value	0	(549)	(549)	0	975	975
COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	0	3,209	3,209	1,310	14,036	15,346



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME	Year to date to 31 Mar 2019			Year to date to 31 Mar 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
REVENUES						
Gross premiums written	246,670	0	246,670	240,908	0	240,908
Reinsurance premiums ceded – local	(8,405)	0	(8,405)	(7,935)	0	(7,935)
Reinsurance premiums ceded – foreign	(86,268)	0	(86,268)	(84,143)	0	(84,143)
Excess of loss expenses	(498)	0	(498)	(558)	0	(558)
Net premiums written	151,499	0	151,499	148,272	0	148,272
Change in unearned gross premiums	(92,939)	0	(92,939)	(98,673)	0	(98,673)
Change in reinsurers' share of unearned gross premiums	51,757	0	51,757	44,895	0	44,895
Net premiums earned	110,317	0	110,317	94,494	0	94,494
Reinsurance commissions	9,840	0	9,840	9,529	0	9,529
Other underwriting income	4,514	0	4,514	3,525	0	3,525
TOTAL REVENUES	124,671	0	124,671	107,548	0	107,548
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(74,348)	0	(74,348)	(67,616)	0	(67,616)
Expenses incurred related to claims	0	0	0	0	0	0
Reinsurers' share of gross claims paid	14,372	0	14,372	24,646	0	24,646
Net claims paid	(59,976)	0	(59,976)	(42,970)	0	(42,970)
Changes in outstanding gross claims	(57,557)	0	(57,557)	(16,083)	0	(16,083)
Changes in reinsurers' share of outstanding gross claims	7,336	0	7,336	(4,395)	0	(4,395)
Changes in gross IBNR	14,018	0	14,018	(4,669)	0	(4,669)
Changes in reinsurers' share of gross IBNR	(6,000)	0	(6,000)	4,385	0	4,385
Net claims incurred	(102,179)	0	(102,179)	(63,732)	0	(63,732)
Premium deficiency reserve	(5,100)	0	(5,100)	0	0	0
Other technical reserves	925	0	925	0	0	0
Policy acquisition costs	(5,177)	0	(5,177)	(7,201)	0	(7,201)
Third party administrator expenses	(1,622)	0	(1,622)	0	0	0
Withholding tax	(1,538)	0	(1,538)	(2,007)	0	(2,007)
Regulators' levies	(1,727)	0	(1,727)	(1,413)	0	(1,413)
Other underwriting expenses	(217)	0	(217)	(2,136)	0	(2,136)
TOTAL UNDERWRITING COSTS AND EXPENSES	(116,635)	0	(116,635)	(76,489)	0	(76,489)
NET UNDERWRITING INCOME / (LOSS)	8,036	0	8,036	31,059	0	31,059



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME (Continued)	Year to date to 31 Mar 2019			Year to date to 31 Mar 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
OTHER OPERATING INCOME / (EXPENSES)						
(Allowance for) / Reversal of doubtful debts	300	0	300	(750)	0	(750)
General and administrative expenses	(12,821)	(519)	(13,340)	(17,535)	(556)	(18,091)
Depreciation and amortisation	(626)	0	(626)	(1,106)	0	(1,106)
Commission income on deposits	2,085	1,297	3,382	1,432	789	2,221
Dividend investment income	0	1,948	1,948	0	1,038	1,038
Realised gains / (losses) on investments	0	4,058	4,058	0	0	0
TOTAL OTHER OPERATING INCOME / (EXPENSES)	(11,062)	6,784	(4,278)	(17,959)	1,271	(16,688)
NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS	(3,026)	6,784	3,758	13,100	1,271	14,371
Absorption of deficit by / transfer of surplus to Shareholders	3,026	(3,026)	0	(11,790)	11,790	0
NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS	0	3,758	3,758	1,310	13,061	14,371

Earnings per share (Expressed in SAR per share)

Basic and diluted earnings per share

0.13

0.44

UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME	Year to date to 31 Mar 2019			Year to date to 31 Mar 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
Net surplus / (deficit) from insurance operations	0	3,758	3,758	1,310	13,061	14,371
Other comprehensive income / (loss)	0	0	0	0	0	0
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
Available for sale investments:						
Net change in fair value	0	3,509	3,509	0	975	975
Realised gains / (losses) transferred to statement of income	0	(4,058)	(4,058)	0	0	0
Net change in unrealised fair value	0	(549)	(549)	0	975	975
COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	0	3,209	3,209	1,310	14,036	15,346



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS	Year to date to 31 Mar 2019			Year to date to 31 Mar 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit / (loss) for the period	0	3,758	3,758	1,310	13,061	14,371
Adjustments for non-cash items:						
Depreciation of property and equipment	373	0	373	522	0	522
Amortisation of intangible assets	253	0	253	585	0	585
(Gain) / loss on disposal of property and equipment	0	0	0	(34)	0	(34)
Allowance for / (Reversal of) doubtful debts	(300)	0	(300)	750	0	750
Provisions for withholding tax	4,041	0	4,041	4,026	0	4,026
Provisions for regulatory levies	2,491	0	2,491	2,426	0	2,426
Provision for end-of-service indemnities	471	0	471	1,201	0	1,201
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(4,746)	0	(4,746)	(54,818)	0	(54,818)
Reinsurers' share of gross unearned premiums	(51,757)	0	(51,757)	(44,895)	0	(44,895)
Reinsurers' share of outstanding gross claims	(7,336)	0	(7,336)	4,395	0	4,395
Reinsurers' share of gross claims incurred but not reported	6,000	0	6,000	(4,385)	0	(4,385)
Deferred excess of loss expenses	(1,493)	0	(1,493)	(1,672)	0	(1,672)
Deferred policy acquisition costs	243	0	243	1,578	0	1,578
Deferred third party administrator expenses	(1,885)	0	(1,885)	0	0	0
Deferred withholding tax	(2,503)	0	(2,503)	(2,019)	0	(2,019)
Deferred regulators' levies	(764)	0	(764)	(1,012)	0	(1,012)
Due from related parties	(70,316)	0	(70,316)	(109,911)	0	(109,911)
Prepaid expenses and other assets	(35,684)	20	(35,664)	(11,631)	(742)	(12,373)
Accounts payable	(949)	0	(949)	8,725	0	8,725
Policy acquisition cost payable	(903)	0	(903)	3,677	0	3,677
Third party administrator payable	(46)	0	(46)	0	0	0
Accrued and other liabilities	(5,251)	88	(5,163)	(6,263)	657	(5,606)
Reinsurers' balances payable	29,398	0	29,398	25,850	0	25,850
Unearned gross premiums	92,939	0	92,939	98,673	0	98,673
Unearned reinsurance commission	8,489	0	8,489	7,306	0	7,306
Outstanding gross claims	57,557	0	57,557	16,083	0	16,083
Gross claims incurred but not reported	(14,018)	0	(14,018)	4,668	0	4,668
Premium deficiency reserve	5,100	0	5,100	0	0	0
Other technical reserves	(925)	0	(925)	0	0	0
Due to shareholders' operations	(51,848)	51,848	0	(22,857)	22,857	0
Due to related parties	(16,744)	0	(16,744)	(9,171)	0	(9,171)
Payments:						
End-of-service indemnities paid	(1,461)	0	(1,461)	(1,366)	0	(1,366)
Withholding tax paid	(1,308)	0	(1,308)	(2,392)	0	(2,392)
Regulators' levies paid	(1,470)	0	(1,470)	(802)	0	(802)
Surplus paid to policyholders	0	0	0	0	0	0
Zakat paid	0	(507)	(507)	0	0	0
Income tax paid	0	0	0	0	0	0
Net cash generated from / (used in) operating activities	(64,352)	55,207	(9,145)	(91,453)	35,833	(55,620)



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS (Continued)	Year to date to 31 Mar 2019			Year to date to 31 Mar 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions of investments	0	(50,000)	(50,000)	0	(35,007)	(35,007)
Proceeds from disposal of investments	0	38,806	38,806	0	0	0
Realised gain on disposal of investments	0	(4,058)	(4,058)	0	0	0
Additions of short term fixed income deposits	0	0	0	0	0	0
Additions of property and equipment	0	0	0	(672)	0	(672)
Proceeds from disposal of property and equipment	0	0	0	50	0	50
Additions of intangible assets	(361)	0	(361)	(1,465)	0	(1,465)
Proceeds from disposal of intangible assets	0	0	0	0	0	0
Increase in statutory deposit	0	0	0	0	0	0
Net cash generated from / (used in) investing activities	(361)	(15,252)	(15,613)	(2,087)	(35,007)	(37,094)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividend paid	0	0	0	0	0	0
Net cash generated from / (used in) financing activities	0	0	0	0	0	0
Net change in cash and cash equivalents	(64,713)	39,955	(24,758)	(93,540)	826	(92,714)
Cash and cash equivalents at start of year	253,385	177,181	430,566	377,419	172,537	549,956
Cash and cash equivalents at end of period	188,672	217,136	405,808	283,879	173,363	457,242
NON-CASH INFORMATION						
Change in fair value of investments	0	(549)	(549)	0	975	975
Bonus shares issued	0	0	0	0	0	0

