

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE “Wafa Insurance”
(A Saudi Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH AND NINE -MONTH PERIODS ENDED 30 SEPTEMBER 2019**

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE “WAFA INSURANCE”
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month and nine-month periods ended 30 september 2019**

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

**TO: THE SHAREHOLDERS OF SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at September 30, 2019 of the Company are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

EMPHASIS OF MATTERS

We draw attention of the following:

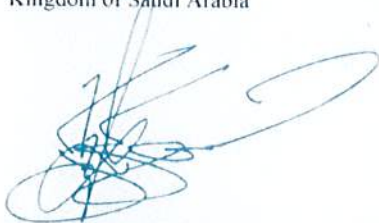
- Note 2.2 to the accompanying interim condensed financial statements which describe reasons for the preparation of the interim condensed financial statements of the Company on a non-going concern basis. Accordingly, this interim condensed financial statements have been prepared on liquidation basis i.e. assets and liabilities has been stated on expected realisable and settlement values respectively except for property and equipment and intangibles whose carrying values have been considered by management as approximating their fair values, and following IAS 34 that is endorsed in the Kingdom of Saudi Arabia;
- Note 8 to the accompanying interim condensed financial statements, which describes that the Company has filed a case for recovery of SR 2.8 million with respect to the rent paid and expenditure incurred on renovation and improvement to a property. The amount is included in 'Prepayments and other assets'. The ultimate outcome of the case is pending on the final decision from the court and cannot be determined at this stage;
- Note 6 to the accompanying interim condensed financial statements, which includes reinsurance receivables of SR 7.7 million for which the Company does not have underlying records. Management is currently investigating the balance and its recoverability. However, the Company has booked total amount of provision against the balance; and
- Note 7.2 to the accompanying interim condensed financial information, which describes that the Company net-off the claim payables to policy holders against the respective balance of premium receivable, amounting SAR 32.46 million, during the nine-month period ended 30 September, 2019. It is shown as claim paid in interim condensed statements of income and comprehensive income.

Other matter

- The Company missed the deadline for filing of quarterly financial statements for the period ended 30 September 2019 with Saudi Arabian Monetary Authority (SAMA) and Capital Market Authority (CMA) including publishing of results on Tadawul.
- The Company violated Article 87 of the Law of the Companies whereby, the Company was unable to hold an Annual General Assembly Meeting of its shareholders within the six months following the end of the fiscal year. Consequently, the Company could not file a copy of the financial statements along with Board's report and auditor's report for the year ended 31 December, 2018, with the Ministry of Commerce and the Capital Market Authority (CMA), as required under article 126 of the Laws of the Company.
- The Company filed annual zakat and income tax return to General Authority of Zakat and Income Tax on 03 October, 2019 for the year ended 31 December 2018. However, the zakat and tax liability as determined in the return have not been settled to date. Accordingly, outstanding zakat and income tax obligation of SR 2.105 million and SR 0.165 million respectively, along with applicable penalties for delay payment, has been recognised in the financial statements.

For Al-Bassam & Co.

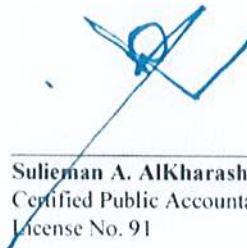
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October 8, 2020G
Safar 21, 1442H



SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	Note	30 September 2019 (Unaudited) SAR' 000	31 December 2018 (Audited) (Restated)
ASSETS			
Cash and cash equivalents	4	3,668	2,979
Investments	5	1,923	1,923
Premiums and reinsurance receivables, net	6	4,664	53,383
Reinsurance share of unearned premiums	9	-	8,310
Reinsurance share of outstanding claims	7	40,286	44,958
Reinsurance share of claims incurred but not reported	7	5,235	9,520
Deferred policy acquisition costs		-	1,874
Prepayments and other assets		13,871	15,243
Due from related parties	12	2,164	2,932
Statutory deposit	13	15,000	18,300
Accrued income on statutory deposit		2,023	2,023
Property and equipment		2,603	4,336
Intangible assets		1,180	1,968
TOTAL ASSETS		92,617	167,749
LIABILITIES			
Outstanding claims	7	71,943	78,758
Claims incurred but not reported	7	28,602	49,277
Premium deficiency reserve	7	-	16,884
Other reserves	7	11,865	11,418
Unearned premiums	9	-	17,235
Reinsurance balances payable		14,971	16,173
Unearned reinsurance commission		-	1,598
Accrued expenses and other liabilities		57,491	36,278
Zakat and income tax payable	10	2,903	2,270
Mathematical for life insurance operations		1,488	1,437
End of service benefits		1,785	1,785
Accrued commission income payable to SAMA		2,023	2,023
Due to related parties	12	6,023	6,023
TOTAL LIABILITIES		199,094	241,159
EQUITY			
Share capital	11	100,000	100,000
Accumulated losses		(207,642)	(174,575)
Re-measurement of end of service benefits		1,165	1,165
TOTAL EQUITY		(106,477)	(73,410)
TOTAL LIABILITIES AND EQUITY		92,617	167,749

CONTINGENCIES AND COMMITMENTS

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The accompanying notes 1 to 20 form an integral part of this interim condensed financial statement.



Chairman



Chief Executive Officer

Finance Manager

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

For the three and nine month periods ended 30 september 2019

	Note	Three months period ended 30 September 2019	Three months period ended 30 September 2018	Nine month periods ended 30 September 2019	Nine month periods ended 30 September 2018
		SAR' 000	SAR' 000	SAR' 000	SAR' 000
		(Restated)	(Restated)	(Restated)	(Restated)
REVENUES					
Gross premiums written	9	-	19	(2,222)	111,722
Reinsurance premiums ceded					
- Local		-	(112)	-	(9,142)
- Foreign		-	(344)	2,095	(33,360)
Excess of loss expenses	9	-			
- Local		-	(1,124)	-	(3,372)
- Foreign		-	(657)	-	(1,969)
Net premiums written		-	(2,218)	(127)	63,879
Changes in unearned premiums, net	9	190	30,001	8,925	78,671
Net premiums earned		190	27,783	8,798	142,550
Reinsurance commission earned		-	2,495	928	13,664
Other underwriting income		-	5	1	499
Total Revenues		190	30,283	9,727	156,713
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(4,780)	(76,135)	(32,460)	(294,128)
Reinsurers' share of claims paid		4,393	31,179	12,058	119,747
Net claims paid		(387)	(44,956)	(20,402)	(174,381)
Changes in outstanding claims, net	7	(1,668)	(7,051)	2,142	(41,019)
Changes in incurred but not reported claims, net	7	3,268	21,342	16,392	68,397
Changes in PDR and other reserves, net	7	4,935	(5,303)	16,386	(8,925)
Net claims incurred		6,148	(35,968)	14,518	(155,928)
Policy acquisition costs		1	(4,471)	(1,500)	(21,245)
Other underwriting expenses		(19)	(2,165)	(442)	(8,279)
Total underwriting costs and expenses		6,130	(42,604)	12,576	(185,452)
NET UNDERWRITING INCOME / (LOSS)		6,320	(12,321)	22,303	(28,739)
OPERATING (EXPENSES) / INCOME					
General and administrative expenses		(5,456)	(11,372)	(15,529)	(38,574)
(Provision for) doubtful receivables	6	(4,937)	(9,973)	(39,208)	(11,757)
Other Income		-	-	-	2,000
Investment income		-	442	-	2,356
Realized loss on investments		-	-	-	(972)
Total operating (expenses)		(10,393)	(20,903)	(54,737)	(46,947)
Net Loss for the period attributable to the shareholders before zakat and income tax		(4,073)	(33,224)	(32,434)	(75,686)
Zakat charged for the period	10	(53)	(699)	(404)	(1,699)
Income tax charged for the period	10	(29)	-	(229)	-
Net loss for the period attributable to the shareholders after zakat and income tax		(4,155)	(33,923)	(33,067)	(77,385)
Appropriation to policyholders operations		-	-	-	-
Net deficit after appropriations to policyholders operations		(4,155)	(33,923)	(33,067)	(77,385)
(Loss) per share (SR)		(0.42)	(3.39)	(3.31)	(7.74)
Number of outstanding shares		10,000,000	10,000,000	10,000,000	10,000,000

The accompanying notes 1 to 20 form an integral part of this interim condensed financial statement.

Chairman


Chief Executive Officer


Finance Manager

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For the three and nine month periods ended 30 september 2019

	Three months period ended 30 September 2019	Three months period ended 30 September 2018	Nine month periods ended 30 September 2019	Nine month periods ended 30 September 2018
	SAR' 000	SAR' 000	SAR' 000	SAR' 000
	(Restated)	(Restated)	(Restated)	(Restated)
Net loss for the period	(4,155)	(33,923)	(33,067)	(77,385)
Other comprehensive income				
<i>Items that will be reclassified to statement of income in subsequent periods:</i>				
Changes in fair value of available for sale investments	-	-	-	-
Total comprehensive loss for the period	(4,155)	(33,923)	(33,067)	(77,385)
Total comprehensive loss for the period attributable to insurance operations				
Total comprehensive loss for the period attributable to shareholders' operations	(4,155)	(33,923)	(33,067)	(77,385)

The accompanying notes 1 to 20 form an integral part of this interim condensed financial statement.



Chairman



Chief Executive Officer

Finance Manager

For the nine month periods ended 30 September 2019

The accompanying notes 1 to 20 form an integral part of this interim condensed financial statement.

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Finance Manager

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the nine month periods ended 30 September 2019

	Note	30 september	30 september 2018
		SAR' 000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss for the period attributable to the shareholders before zakat and income tax		(32,434)	(75,686)
Adjustments for non cash items:			
Depreciation of property and equipment		1,758	2,156
Amortisation of intangibles		788	1,213
Provision for doubtful receivables	6	39,208	11,757
Realized loss on available for sale investment		-	1,050
Unrealized loss on investments		-	-
Provision for retirement benefit obligation		913	1,702
		10,233	(57,808)
Changes in operating assets and liabilities:			
Premiums and reinsurance receivables	6	9,511	46,293
Reinsurers' share of unearned premiums	9	8,310	48,665
Reinsurers' share of outstanding claims	7	4,672	58,189
Reinsurers' share of claims incurred but not reported	7	4,285	3,269
Reinsurers' share of other reserves	7	-	1,343
Deferred policy acquisition costs		1,874	9,095
Prepayments and other assets		1,372	(7,784)
Due from related parties	12	768	(187)
Outstanding claims	7	(6,815)	(17,169)
Claims incurred but not reported	7	(20,675)	(71,667)
Other reserves	7	447	(193)
Premium deficiency reserve	7	(16,884)	7,774
Unearned premiums	9	(17,235)	(127,337)
Reinsurance balances payable		(1,202)	5,418
Unearned reinsurance commission		(1,598)	(2,842)
Mathematical provision for life insurance operations		51	-
Accrued expenses and other liabilities		21,213	4,262
Share compensation		-	(5,709)
Cash (used in) operations		(1,673)	(106,388)
Zakat and income tax paid	10	-	(2,696)
Retirement benefit obligation paid		(913)	(1,915)
Surplus distribution paid		-	(6,346)
Net cash used in operating activities		(2,586)	(117,345)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangibles		-	(1,564)
Proceeds from disposal of investments		-	17,646
Proceeds from disposal of statutory deposit		3,300	
Purchase of property and equipment		(25)	(2,338)
Transaction cost relating to reduction in share capital		-	(300)
Net cash generated from investing activities		3,275	13,444
Net change in cash and cash equivalents		689	(103,901)
Cash and cash equivalents at the beginning of the period		2,979	120,336
Cash and cash equivalents at the end of the period	4	3,668	16,435
Non Cash Information			
Changes in fair value of available for sale investment		-	-

The accompanying notes 1 to 20 form an integral part of this interim condensed financial statement.

Chairman



Chief Executive Officer



Finance Manager

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 september 2019

1 REPORTING ENTITY AND OPERATIONS

Saudi Indian Company for Cooperative Insurance "Wafa Insurance" (the "Company") is a Saudi joint stock company as sanctioned by the Royal Decree No. M60 dated 18 Ramadan 1427H corresponding to 9 October 2006 (date of inception). The Company is registered in Riyadh with the Ministry of Commerce and Industry under commercial registration No.1010236705 dated 24 Rajab 1428H corresponding to 7 August 2007. The Company's registered office address is Al-Maseef Dist., Northern Ring Road between exit 5&6, PO Box: 341413, Riyadh 11333, Kingdom of Saudi Arabia. The Company announce on tadawul dated on 14 April 2019 that registered office address is changed and new address is Qortoba, Saeed Bin Zaid Street, 12721, Riyadh 11333, Kingdom of Saudi Arabia.

The principal activities of the Company are to transact the cooperative insurance operations and all related activities including reinsurance and agency activities under the law of Supervision of Cooperative Insurance Companies and its by-laws and other regulations promulgated in the Kingdom of Saudi Arabia. The Company is permitted to conduct its operations in the Kingdom of Saudi Arabia.

2. BASIS OF PREPRATION

2.1 Statement of compliance

The interim condensed financial statements of the Company as at and for the period ended 30 September 2019 has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

The interim condensed financial statements of the Company as at and for the period and year ended 30 September 2019 and 31 December 2018, respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards ("IFRS") respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – "Income Taxes" and IFRIC 21 – "Levies" so far as these relate to zakat and income tax).

On 17 July 2019, SAMA issued the instruction to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board ("IASB") and as endorsed in the Kingdom of Saudi Arabia and with the other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors (as disclosed in note 3 and the effects of this change are disclosed in note 10 to the interim condensed financial statements).

2.2 Basis of Measurement

2.2.1 Going Concern

As at 30 september 2019, the Company has accumulated losses of SR 207.64 million (2018: SR 174.57 million) which are 207.64% (2018: 174.57%) of the Company's share capital as at that date.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 september 2019

2. BASIS OF PREPARATION *(continued)*

2.2.1 Going Concern *(continued)*

During 2017 the Company reduced its share capital by SR 83 million and by SR 22 million during 2018. Further, the Company did not meet the solvency margin requirements as at 31 December 2017, 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019 the Company's solvency margin as at 30 September 2019 remained declined substantially.

The Company received a final warning from SAMA on 01 May 2018, requiring the Company to maintain the required solvency margin before 30 September 2018 and to appoint an independent consultant at the expense of the Company to provide advice on this matter. In case the Company does not take corrective measures, SAMA will take one or more actions including preventing the Company from accepting subscribers or investors or new subscribers in any of the insurance activities or reduce it.

During 2018 the Board of Directors based on a business plan recommended the extra ordinary general assembly to approve the capital reduction of 22 million and capital injection of SR 100 million. On 29 April 2018 the Company appointed a consultant as a financial advisor to manage the process of reducing the Company's capital and carrying out all related procedures. The Company after receiving approval from SAMA and Capital market authority, called for a general assembly meeting and the reduction of capital of SR 22 million was approved by the general assembly on 05 June 2018.

On 24 May 2018, SAMA issued a letter regarding the Company's failure to meet the minimum solvency margin requirements and suspended the Company from issuing new policies and renewing current policies from 24 May 2018, and directed the Company to appoint a consultant which shall submit weekly report to SAMA. The Chairman of the Board of Directors shall inform all the board members of the receipt of this letter and that they shall take appropriate actions to address the solvency. SAMA may take more actions if the solvency position is not addressed.

The Company prepared a business plan internally to address accumulated losses and solvency margin issues. On 06 June 2018, the Company appointed an actuarial firm to prepare a business plan, which was approved by the Board of Directors on 06 August 2018 and the same was submitted to SAMA on 16 September 2018. This revised business plan contained different scenarios and addressed the need of capital injection of SR 220 million to deal with the solvency situation and ensure going concern status of the Company.

On 31 May 2018, the Company with the approval of SAMA appointed a consultant to study and analyze the solvency situation of the Company. The consultant's report was submitted by the end of July 2018, in which the consultant recommended short term, medium term and long-term actions. These recommendations included a minimum capital injection of SR 150 million, fixing the violations as mentioned in SAMA letters and improvement of operations.

On 29 July 2018, the Company announced that its accumulated losses have exceeded 50% of its share capital of the Company. The Board of Directors of the Company were informed of this significant event on 28 July 2018. under Article 150 of the Companies Law, the Board of Directors of the Company shall, by 12 August 2018, call an Extraordinary General Assembly, (the Extraordinary General Assembly must be called no later than 11 September 2018), to decide either to increase or decrease the share capital of the Company to the extent that the ratio of the losses becomes less than half of the capital or to dissolve the Company. The general assembly will be called within 45 days of the notification to the chairman of the Board of Directors and the decision of the general assembly of the shareholder must be implemented within 90 days of the general assembly meeting. Failure to implement the decision of general assembly within 90 days as aforesaid will lead to dissolution of the Company as mentioned in article 150 of the Law of Companies.

Furthermore, SAMA issued a letter on 29 July 2018 on various controls and governance related matters, requiring the Company to appoint a consultant within 15 days and to submit a report within 60 days from the date of this letter. The Company has appointed a consultant and received no objection from SAMA on 23 October 2018. The report has not been finalized as yet.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 september 2019

2. BASIS OF PREPARATION (continued)

2.2.1 Going Concern (continued)

On 07 August 2018, the Company announced that the Board of Directors in their meeting held on 06 August 2018, recommended to call for an extra ordinary general assembly in accordance with article 150 of the Law of Companies to study the situation of the Company and take a decision to increase capital or reduce capital or dissolve the Company. The Board of Directors also clarified that this assembly is only for the purpose of taking decision on the strategy of dealing with the current situation of the Company and choosing one of the options referred to in article 150 of law of Companies.

Extraordinary General Assembly Meeting was held on 10 September 2018 in which shareholders approved the direction of the Company to proceed with procedures to increase the share capital and obtain the approval of the competent authorities.

Board of Directors of the Company on 03/01/1440H corresponding to 13 September 2018 decided to recommend to the Extraordinary General Assembly to increase the capital of the Company through a right issue of SR 220 million.

The Company received letter 1509/89 from SAMA on 07/01/1440 corresponding to 18 September 2018 for no-objection to increase the Company's capital from SR 100 million to SR 320 million through a right issue provided that the Company meets all requirements of other official authorities.

The Company is in process to find an underwriter for capital injection therefore Company didn't submit the request to Capital Market Authority (CMA) for approval of capital injunction.

The Company's management met SAMA on 11 October 2018 to check the status of the Company and to discuss solutions available to save/ rescue the Company in light of the current losses.

The Company announced on Tadawul on 26/02/1440 H corresponding to 04 November 2018, that it would like to inform its shareholders that the Board of Directors reviewed developments on capital increase, and discussed intensively the challenges and difficulties faced by the Company in appointment of underwriter to cover the required amount of capital increase. The announced further stated that the Board feels that they are entrusted to do what is possible to protect shareholders and stakeholders of the Company, and they are aware of the current stage and the time remaining available under the law, however, it is not possible to obtain the underwriter to date to cover the capital increase. This entails a clear risk that the Company will be dissolved in accordance with Article 150 of the Law of Companies if the capital is not increased within the statutory period. Accordingly, in order to protect the interests of the shareholders of the Company, the Board of Directors had only an option to reduce the capital to ensure the Company's continuation. The reduction of capital of insurance companies to less than SR 100,000,000 is not possible under the Insurance Companies Control Law and its Executive Regulations. As stated by the SAMA in its explanatory statement issued on 13 August 2018, the Board recommends to change the activities of the Company, and reduce the capital after obtaining necessary regulatory approvals. The Company is not prevented from completing capital increase procedures if the arrangements with the underwriter are done on a timely basis, a possibility that the Board of Directors is unlikely to achieve under the current circumstances.

On 28/02/1440H corresponding to 06 November 2018, the Company received a letter reference 89/12886 from SAMA referring to the Company's announcement on the website of Tadawul dated 04 November 2018 containing the recommendation of the Board of directors to change the Company's activities and with reference to article 75 of the Implementing Regulations of Cooperative Insurance Companies Control System which contains procedures related to cessation of insurance activities. SAMA informed the Company's Board of directors to comply with all statutory requirements and, if the Company met those statutory requirements as per the recommendation to cease the activities of the Company as described in the announcement of the Company referred to above, it must provide SAMA with statutory requirements contained in the said Article 75.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 september 2019

2. BASIS OF PREPARATION (continued)

2.2.1 Going Concern (continued)

In response to SAMA's aforesaid letter, the Company informed SAMA on 29/02/1440H corresponding to 07 November 2018 that during the meeting with SAMA on 11 October 2018 they discussed the difficulty in having the underwriting arrangement in place for increase in capital. Further, because of the Company's current conditions, making it difficult for the Company to proceed with this option, the idea of cancelling the insurance license of the Company and change of its activities was discussed, if the Company is unable to appoint an underwriter. As it was not possible to appoint an underwriter to date due to suspension of business, ban on writing business and the time remaining before the Company is subjected to the Article 150 of the Law of Companies, the Board of Directors, to ensure continuation of the Company and protection of the Shareholders' equity and policyholders, have no other option but to reduce capital, which requires changing the Company's activities.

Therefore, the Company requested SAMA to cancel the insurance license of the Company and to instruct the Ministry of Commerce (MOC) and the Capital Market Authority (CMA) to complete the procedures for cessation of the insurance activities, and advising the Company to take the approval of the Extraordinary General Assembly, so that the Company can cease the operations and amend its activities. The Company will be deemed dissolved under article 150 of the Law of Companies on 09 December 2018. We hope to approve the change of the Company's activity immediately with our readiness to make the necessary commitments to complete the procedures of cancelling the insurance license according to the statutory requirement and within the periods prescribed in the executive regulation of the Insurance Companies Control Law.

Further to the above stated announcements, the Company announced on Tadawul on 02 December 2018 that it would like to inform its shareholders that the Board of Directors reviewed on 21/03/1440H corresponding to 29 November 2018 developments regarding the increase of capital and discussed intensively the efforts made to date, including the progress of negotiations with the underwriters and addressing the concerned parties on the change of activity. The Board is aware that it is only less than ten days to the end of statutory period prescribed under Article 150 of the Law of Companies (ninety days from the date of the General Assembly voted on capital increase), which is not sufficient to complete the statutory requirements for implementation of any of the two options referred to. Accordingly, since serious endeavors are still ongoing and based on what the Company's legal counsel has presented to, and the protection of the rights of shareholders and stakeholders, is to restrict the request

for financial reorganization under Chapter IV with the Bankruptcy System in order to free the Company from the period in the law of companies until the completion of necessary procedures to increase the capital of the Company or change the activity and reduce the capital under Article 45 of the Bankruptcy Law and Article 42 of its executive regulations. The Board of Directors wishes to clarify that the financial reorganization procedure, although included in the bankruptcy system, is not considered a decision to liquidate the Company or to enter into bankruptcy. This is one of the new instruments approved by the regulator to protect troubled companies from liquidation and bankruptcy. The financial reorganization of the Company to increase its capital or reduce it after the change of activity and will be under the supervision of the Court. The procedure is subject to the approval of the regulators and stakeholders in all cases.

The Company has announced on Tadawul on 28/03/1440 corresponding to 6 December 2018 that it has successfully registered the application for the Company's financial reorganization, in accordance with Article 45 of the Bankruptcy Law and Article 42 of its Executive Regulations. Consequently, the Company shall be deemed to be exempted from the statutory period stipulated in Article 150 of Law of Companies.

The Company has announced on Tadawul on 19/4/1440 corresponding to 26 December 2018 that the request for financial reorganization has been sent to 9th Commercial Department at the Commercial Court in Riyadh.

The Company has announced on Tadawul on 19/4/1440 corresponding to 26 December 2018 that the request for financial reorganization has been sent to 9th Commercial Department at the Commercial Court in Riyadh. The application was accepted by the court on February 13, 2019 (08/06/1440). As per the order of the court, Company should hold all payments under article 46 of Bankruptcy law except the operational expenses of the Company from the date of submission request (12/04/1440 corresponding 21 December 2018) and appoint the trustee to ensure the submission of financial reorganization proposal within 150 days. In respect of court order the trustee took charge on March 5, 2019. On July 10, 2019 (corresponding to 07/11/1440H), the Company submitted financial reorganization proposal. The session was held on 02/01/1441 corresponding to September 1, 2019 at Commercial Court in Riyadh, the Ninth Dept. In which the Court reviewed the reorganization proposal and gave judgment that the Company should submit the reorganization proposal which includes the plan that will be followed to return into practice and continue its activity, and granted the Company an additional time of 150 days from 8/11/1440 corresponding July 10, 2019. The company submitted revised reorganization plan on 8th January 2020. The court has orders the company to obtain approval of shareholders and its creditors by 24th February 2020 and 2nd March 2020. Further in the annual general meeting held on 09th of January 2020.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2019

2. BASIS OF PREPARATION (continued)

2.2.1 *Going Concern* (continued)

the shareholders have disapproved the report of board of directors the financial statement and the audit report for the year ended 31st December 2018.

The Company was granted the license (number TMN/14/20086) to practice all lines of insurance business on 6 Jumada II, 1429H corresponding to 10 June 2008G from Saudi Arabian Monetary Authority ("SAMA"). The Company commenced its general insurance operations from 20 August 2008 and protection and savings insurance operations from 11 January 2009. The Company's license has been renewed by SAMA for a period of three years effective from 3 March 2017 corresponding to 4 Jumada II, 1438H. The company's license has been suspended (refer note 2.2.1). It was announced on Tadawul on January 20, 2020 to approve the election of the members of the Board of Directors for the company for the next session starting from the date of 1/19/2020. The newly appointed board is functional since then.

The accumulated losses, deficiency in solvency margin, which led to final warning letter from SAMA and consequential suspension of business of the Company by SAMA, significant decrease in human resource, pending appointment of financial advisor and underwriter, the Company's intention to further reduce capital, the Company's request to SAMA to cancel its insurance license and cessation of insurance activities and registration of the Company's application for financial reorganization under Chapter IV of Bankruptcy Law, as aforesaid, have created a material uncertainty and cast significant doubt on the Company's ability to continue as going concern and therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

Under the going concern assumption it is assumed that the entity will continue in operation for the foreseeable future and has neither the intention nor the need to liquidate or curtail materially the scale of its operations. However, due to the facts and circumstances mentioned above, going concern assumption has not been followed while preparing the interim condensed financial information for the period ended 30 September 2019. Therefore, this interim condensed financial information has been prepared under the liquidation basis of accounting i.e. assets and liabilities have been recorded on expected realizable and settlement values respectively except for property and equipment and intangibles whose carrying values have been considered by management as approximating their fair values, and following IAS 34 as endorsed in the Kingdom of Saudi Arabia.

2.2.2. Basis of presentation

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

The interim statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 17 of the financial information have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations. Until 31 December 2017, this information was shown in the main statements.

SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company's interim condensed financial statements in compliance with IAS 34, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation.

The accounting policies adopted for the insurance operations and shareholders operations are uniform for similar transactions and events in similar circumstances.

The inclusion of separate information of the insurance operations with the financial information of the Company in the interim statement of financial position, the statements of income, comprehensive income and cash flows as well as certain relevant notes to the financial statements represents additional supplementary information as required by the implementing regulations (Note 17).

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2018.

2.2.3. Functional and presentation currency

The interim condensed financial statements are expressed in Saudi Arabian Riyals (SR), which is the functional and presentation currency of the Company. All financial information presented in SR has been rounded off to the nearest thousand, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. New standards and amendments to existing standards

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1. New standards and amendments to existing standards (continued)

2018 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had no significant financial impact on the interim condensed financial statements of the Company on the current period or prior period and are expected to have no significant effect in future periods

IFRS 16- Lease

The Company adopted IFRS 16 using the modified retrospective approach. The Company elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company elected to use the exemptions proposed by the standard regarding lease contracts for which the lease term ends within 12 months of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has performed an assessment of IFRS 16 and determined the difference as compared to IAS 17 and IFRIC 4 is not material to the Company's interim condensed financial statements as a whole.

3.1. New standards and amendments to existing standards

The details of new significant accounting policy and the nature are set out below.

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental commission rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Change in accounting policy in relation to accounting for zakat and income tax

As mentioned in note 2.1, the basis of preparation has been changed for the period ended 30 September 2019 as a result of the issuance of latest instructions from SAMA dated 17 July 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA dated 17 July 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively and the effects of the above changes are disclosed in note 10 to the interim condensed financial statements. The change has resulted in increment of reported loss of the Company for the three months period ended 30 September 2018 by SR 0.7 million. The change has had no impact on the interim statement of cash flows for the period ended 30 September 2018.

Income Tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 september 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1. New standards and amendments to existing standards (continued)

Income Tax: (Continued)

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable tax rate adjusted for the changes in deferred tax assets and liabilities attributable to the temporary differences and to the unused tax losses.

Deferred income tax:

Deferred income tax is recognised using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax recognised is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

Due to significant losses, the deferred tax asset has not been recorded in these interim condensed financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

Zakat:

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

3.2. Standards issued but not yet effective

The Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards, which have been published and are mandatory for compliance for the Company with effect from future dates.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2019

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective - continued

A. IFRS 9 - Financial Instruments

This standard was published on 24 July 2014 and has replaced IAS 39. The new standard addresses the following items related to financial instruments:

a. Classification and measurement:

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. A financial asset is measured at amortized cost if both:

- i the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ii the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

The financial asset is measured at fair value through other comprehensive income, and realized gains or losses are recycled through profit or loss upon sale, if both conditions are met:

- i the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale; and
- ii the contractual terms of cash flows are SPPI

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

b. Impairment:

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

c. Hedge accounting:

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 september 2019

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective - continued

A. IFRS 9 - Financial Instruments - continued

Effective date

The published effective date of IFRS 9 was 1st January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12th September, 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

1. apply a temporary exemption from implementing IFRS 9 until the earlier of
 - a. the effective date of a new insurance contract standard; or
 - b. annual reporting periods beginning on or after January 1, 2023 (The IASB is proposing to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to January 1, 2023). Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
2. adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

B. IFRS 17 - Insurance Contracts

Overview

This standard has been published in May, 2017. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features, provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- i. embedded derivatives, if they meet certain specified criteria;
- ii. distinct investment components; and
- iii. any promise to transfer distinct goods or non-insurance services.

These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

Measurement

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2015, IFRS 17 provides the following different measurement models:

The General Measurement Model (GMM) is based on the following "building blocks":

- a. the fulfilment cash flows (FCF), which comprise:
 - probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows, and
 - a risk adjustment for non-financial risk;
- b. the Contractual Service Margin (CSM) - The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period, the carrying amount of a group of insurance contracts is re-measured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services. Since the CSM cannot be negative, changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss.

The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 september 2019

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective - continued

B. IFRS 17 - Insurance Contracts - continued

Measurement - continued

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as 'direct participating contracts'). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, in addition to the adjustment under GMM, the CSM is also adjusted for:

- i. the entity's share of the changes in the fair value of underlying items ,
- ii. the effect of changes in the time value of money and in financial risks not relating to the underlying items.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the General Measurement Model for the group of contracts or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The General Measurement Model remains applicable for the measurement of the liability for incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

Effective date

The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard-setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4 is currently 1 January 2023. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after 1 January 2022. Further, on 17 March 2020, The (IASB) completed its discussions on the amendments to IFRS 17 and decided that the effective date of the Standard will be deferred to reporting periods beginning on or after 01 January 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the Standard on its effective date.

Transition

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Presentation and Disclosures

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts and reinsurance, [and investment contracts with discretionary participating features, if applicable] together with amendments to presentation and disclosures.

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
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4 CASH AND CASH EQUIVALENTS

	As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance in current accounts	3,188	480	3,668	1,487	1,492	2,979
Total	3,188	480	3,668	1,487	1,492	2,979

Cash in banks are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology

5 INVESTMENTS

	As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Available for sale investments	1,923	-	1,923	1,923	-	1,923
Total	1,923	-	1,923	1,923	-	1,923

Available-for-sale investment represents unquoted securities amounted to SR 1.9 million in respect of the Company's share in the capital of Najm for Insurance Services Company ("Najm") representing 3.85% share holding in Najm.

The movement during the period is as follows:

Available for sale investment

	As at 30 September 2019 (unaudited)			31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	1,923	-	1,923	15,619	-	15,619
Addition	-	-	-	-	-	-
Changes in fair value	-	-	-	-	-	-
Disposals	-	-	-	(13,696)	-	(13,696)
Balance at the end	1,923	-	1,923	1,923	-	1,923

DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

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

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

The fair values of financial instruments are not significantly different from their carrying amounts included in the interim condensed financial statement

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.

As at 30 September 2019 (unaudited)

	Amount			
	Level 1	Level 2	Level 3	Total
Insurance operations	-	-	1,923	1,923
Total	-	-	1,923	1,923

As at 31 December 2018 (Audited)

	Amount			
	Level 1	Level 2	Level 3	Total
Insurance operations	-	-	1,923	1,923
Total	-	-	1,923	1,923

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
For the three and nine month periods ended 30 September 2019

	As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Note		SAR'000			SAR'000	
7.2	66,035	-	66,035	76,513	-	76,513
7.2	69,767	-	69,767	68,800	-	68,800
	135,802	-	135,802	145,313	-	145,313
	(131,138)	-	(131,138)	(91,930)	-	(91,930)
	4,664	-	4,664	53,383	-	53,383
				30 September	31 December	
				2019	2018	
				91,930	38,387	
				39,208	51,543	
				131,138	91,930	

As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
SAR'000			SAR'000		
71,944	40,286	32,658	80,840	44,958	35,882
(1,001)	-	(1,001)	(2,082)	-	(2,082)
71,943	40,286	31,657	78,758	44,958	33,800
28,602	5,235	23,367	49,237	9,520	39,757
-	-	-	16,884	-	16,884
11,865	-	11,865	11,418	-	11,418
112,410	45,521	66,889	156,137	54,478	101,859
less than 3 year	above 1 and	above 3 and up to	Total		
SAR'000					
96	7,786	393	8,275		
264	1,605	707	2,576		
90	1,102	62	1,254		
-	-	-	-		
4,188	5,176	288	9,652		
5	1,312	5	1,322		
1,364	48,455	45	49,864		
6,097	65,437	1,500	72,944		

Note	Receivables from policy holders	Reinsurance receivables
	SAR'000	
	98,495	57,708
	(32,460)	-
	-	12,058
6	66,035	69,766

8.1 The Company has filed a legal suit for recovery of SR 2.8 million for recovery of rent and expenses on improvements, under taken by the company on a rented property. However, the property could not be delivered to the Company due to certain non-compliance of legal requirements. The Company, based on internal legal opinion, is of the view that the judgment will be in favor of the Company. Accordingly, SR 2.8 million comprising SR 1.2 million on account of rent and SR 1.6 million being advances paid for initial cost to establish the site for use of the Company's operations. The amount has been recorded under prepayment and other assets.

8.2 The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position as at and for the period ended 30 September 2019. There was no change in the status of legal proceedings as disclosed at December 31, 2018.

	As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Balance as at the beginning of the period/ year	17,135	8,310	8,825	176,943	69,033	107,910
Premium written during the period/ year	(2,232)	(2,095)	(127)	110,160	42,183	67,977
Premium earned during the period/ year	(15,013)	(6,215)	(8,798)	(269,368)	(102,966)	(166,402)
Balance as at the end of the period/ year	-	-	-	17,735	8,310	8,825

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10 ZAKAT AND INCOME TAX PAYABLE

	As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Zakat payable	-	2,509	2,509	-	2,105	2,105
Income tax payable	-	394	394	-	165	165
Zakat and Income tax payable	-	2,903	2,903	-	2,270	2,270

The difference between the accounting income and the adjusted net loss is mainly due to provisions which are not allowed in the calculation of adjustable net income. Local shareholding used for the Zakat calculation as at sept 30, 2019 is 84.88% (2018: 84.88%).

The movement in Zakat provision is as follows:

	As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning period/ year	-	2,105	2,105	-	3,801	3,801
Zakat charge period/ year	-	404	404	-	1,000	1,000
Zakat payment made period/ year	-	-	-	-	(2,696)	(2,696)
Balance at the end of period/ year	-	2,509	2,509	-	2,105	2,105

The Company has filed zakat and income tax returns till the financial year 2018 with the General Authority of Zakat and Tax (the "GAZT"), obtained the required certificate for year 2017 and is in the process of obtaining the certificate for year 2018.

The GAZT issued assessment for the years 2006 - 2013 with an additional liability of SAR 8.5 million. The Company has filed objection on initial assessment before GAZT and the Company has received revised assessment with an additional liability of SAR 4.5 million. The Company has further filed objection appeal before GAZT and is confident of a favorable outcome. However, the Company has booked a provision of SAR 2.1 million after settlement of SAR 1.7 million in year 2018.

Income tax:

There is no taxable income during the period so no provision is booked for income tax.

Income tax:

The movement in income tax provision is as follows:

	As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning of period/ year	-	165	165	-	165	165
Income tax charge for period/ year	-	229	229	-	-	-
Income tax payment made of period/ year	-	-	-	-	-	-
Balance at the end of the period/ year	-	394	394	-	165	165

Change in accounting treatment in relation to zakat and income tax

The change in the accounting treatment for zakat and income tax (as explained in note 3) has the following impact on the line items of the interim statements of income, statement of financial position and changes in equity.

As at and for the three month period ended September 30, 2019:

Financial statement impacted	Account	As previously stated for three months ended sept 30, 2018	Effect of restatement relating to zakat and income tax	As restated for three months ended sept 30, 2018
SAR'000				
Interim condensed statement of income	Zakat charge for the period	-	(699)	(699)
Interim condensed statement of income	Income tax charge for the period	-	-	-
Interim condensed statement of income	Basic and diluted loss per share	(3.32)	(0.07)	(3.39)

As at and for the nine month period ended September 30, 2019:

Financial statement impacted	Account	As previously stated for nine months ended September 30, 2018	Effect of restatement relating to zakat and income tax	As restated for nine months ended September 30, 2018
SAR'000				
Interim condensed statement of income	Zakat charge for the period	-	(1,699)	(1,699)
Interim condensed statement of income	Income tax charge for the period	-	-	-
Interim condensed statement of income	Basic and diluted loss per share	(7.53)	(0.17)	(7.70)
Interim condensed statement of income	Net loss for the period attributable to the shareholders after zakat and income tax	(75,686)	(1,699)	(77,385)
Interim statement of changes in equity	Zakat charge for the period	(1,698)	1,699	-
Interim statement of changes in equity	Income tax charge for the period	-	-	-

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11 SHARE CAPITAL

The share capital of the Company is SAR 100 million as at 30 September 2019 (31 December 2018 SAR 100 million) consisting of 10 million shares (31 December 2018: 10 million) of SAR 10 each.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax.

	As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
	No. of shares	Value per share	SAR'000	No. of shares	Value per share	SAR'000
The New India Assurance Co. Ltd	517,072	10	5,171	517,072	10	5,171
Life Insurance Corporation of India	497,560	10	4,976	497,560	10	4,976
ILIC (International) BSC	497,560	10	4,976	497,560	10	4,976
Local shareholders and general public	8,487,808	10	84,877	8,487,808	10	84,877
	10,000,000	10	100,000	10,000,000	10	100,000

Please refer note 2 for capital reduction in 2017 and 2018

12 TRANSACTIONS WITH RELATED PARTIES

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. Transactions with related parties are conducted on similar terms and conditions as compared with external parties and on arm's length basis. The following are the details of the major related party transactions during the year and the related balances:

The details of major related party transactions during the period/year and the related balances at the end of the period/year.

Nature of transactions	For the three months period ended 30 September 2019 (unaudited)			For the three months period ended 30 September 2018 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Reinsurance premiums ceded	-	-	-	22	-	22
Reinsurance commission	-	-	-	4	-	4
Reinsurance share of claims	-	-	-	1	-	1
Nature of transactions	For the nine months period ended 30 sept 2019 (unaudited)			For the nine months period ended 30 sept 2018 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Reinsurance premiums ceded	(3)	-	(3)	37	-	37
Reinsurance commission	-	-	-	7	-	7
Reinsurance share of claims	-	-	-	11	-	11
Balances	As at 30 September 2019 (unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Shareholders:						
Net Receivable	2,164	-	2,164	2,932	-	2,932
Share compensation payable	-	6,023	6,023	-	6,023	6,023
Other related parties						
Investments	-	-	-	-	-	-

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12 TRANSACTIONS WITH RELATED PARTIES (continued)

Information relating to key management personnel:	For the three months period ended 30 September 2019 (unaudited)			For the three months period ended 30 September 2018 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Transactions	SAR'000			SAR'000		
Employee benefits	1,135	-	1,135	1,227	-	1,227

Information relating to key management personnel:	For the nine months period ended 30 September 2019 (unaudited)			For the nine months period ended 30 September 2018 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Transactions	SAR'000			SAR'000		
Employee benefits	3,405	-	3,405	2,498	-	2,498

Board and sub committees related expenses:	For the three months period ended 30 September 2019 (unaudited)			For the three months period ended 30 September 2018 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Transactions	SAR'000			SAR'000		
Directors' remuneration	-	165	165	-	225	225
Attendance fees	-	58	58	-	58	58

Board and sub committees related expenses:	For the nine months period ended 30 September 2019 (unaudited)			For the nine months period ended 30 September 2018 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Transactions	SAR'000			SAR'000		
Directors' remuneration	-	495	495	-	450	450
Attendance fees	-	174	174	-	306	306
Board and sub committees member payable	-	3,402	3,402	-	3,069	3,069

13 STATUTORY DEPOSITS

In accordance with Article 58 of the Implementing Regulations for Cooperative Insurance, the Company has deposited an amount of SR 15,000 (31 December 2018: SAR 18,300) with Riyadh Bank. During 2016 statutory deposit was increased from 10% to 15% of share capital in order to comply with SAMA letter no 371000070032 dated 30th March 2016. The Company has received no objection letter from SAMA dated on 19 July 2018 to reduce the statutory deposit.

14 CAPITAL MANAGEMENT

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

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

The Company has not fully complied with the externally imposed capital requirements during the reported financial period, (refer to note 2.1 and 10).

15 BASIC AND DILUTED EARNING PER SHARE

Basic and diluted earnings per share have been computed by dividing the net income for the relevant periods by the weighted average number of issued outstanding shares. The relevant averages are 10,000,000 shares for the nine month periods ended 30 sept 2019 and 10,000,000 shares for the nine month periods ended 30 sept 2018. The weighted average number of shares have been retrospectively adjusted for all prior periods to reflect the reduction in share capital in line with the requirement of IAS 33 "Earnings per share". (refer note 10).

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16 SEGMENT REPORTING

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

Transactions between the 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 condensed income statement. Segment assets and liabilities comprise operating assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2018.

Segment liabilities do not include reinsurance balance payable, accrued expenses and other liabilities and retirement benefit obligation.

Segment results do not include general and administrative expenses.

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

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16 SEGMENT REPORTING (Continued)

For the three month ended 30 September 2019						
	Motor	Medical	Others	Total insurance operations	Shareholders' operations	Total
	SAR'000					
REVENUES						
Gross premiums written	-	-	-	-	-	-
Reinsurance premiums ceded	-	-	-	-	-	-
Excess of loss expenses	-	-	-	-	-	-
Net premiums written	-	-	-	-	-	-
Net change in unearned premiums	-	-	190	190	-	190
Net premiums earned	-	-	190	190	-	190
Reinsurance commission earned	-	-	-	-	-	-
Other underwriting income	-	-	-	-	-	-
Total Revenues	-	-	190	190	-	190
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(386)	-	(4,394)	(4,780)	-	(4,780)
Reinsurers' share of claims paid	64	-	4,329	4,393	-	4,393
Net claims paid	(322)	-	(65)	(387)	-	(387)
Changes in outstanding claims, net	(1,125)	(648)	105	(1,668)	-	(1,668)
Changes in incurred but not reported claims, net	2,978	274	16	3,268	-	3,268
Changes in PDR and other reserves, net	2,332	13	2,590	4,935	-	4,935
Net claims incurred	3,863	(361)	2,646	6,148	-	6,148
Policy acquisition costs	-	-	1	1	-	1
Other underwriting expenses	-	-	(19)	(19)	-	(19)
Total underwriting costs and expenses	3,863	(361)	2,628	6,130	-	6,130
NET UNDERWRITING (LOSS)/ INCOME	3,863	(361)	2,818	6,320	-	6,320
OPERATING (EXPENSES) / INCOME						
General and administrative expenses				(4,986)	(470)	(5,456)
(Provision for) doubtful receivables				(4,937)	-	(4,937)
Other Income				-	-	-
Investment income				-	-	-
Realized loss on investments				-	-	-
Total operating (expenses)				(9,923)	(470)	(10,393)
Net for the period attributable to the shareholders before zakat and income tax				(3,603)	(470)	(4,073)
Zakat charged for the period				-	(53)	-
Income tax charged for the period				-	(29)	-
Net loss for the period attributable to the shareholders after zakat and income tax				(3,603)	(552)	(4,155)
Appropriation to policyholders operations				3,603	(3,603)	-
Net deficit after appropriations to policyholders operations				-	(4,184)	(4,155)

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

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16 SEGMENT REPORTING (Continued)

	For the nine months ended 30 Sept 2019				
	Motor	Medical	Others	Total Insurance Operations	Shareholders' Operations
	SAR'000				
REVENUES					
Gross premiums written	(167)	234	(2,289)	(2,222)	-
Reinsurance premiums ceded	17	(90)	2,168	2,095	-
Excess of loss expenses	-	-	-	-	-
Net premiums written	(150)	144	(121)	(127)	-
Net change in unearned premiums	6,930	1,558	437	8,925	-
Net premiums earned	6,780	1,702	316	8,798	-
Reinsurance commission earned	114	-	814	928	-
Other underwriting income	1	-	-	1	-
Total Revenues	6,895	1,702	1,130	9,727	-
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(24,112)	(23)	(8,325)	(32,460)	-
Reinsurers' share of claims paid	4,818	12	7,228	12,058	-
Net claims paid	(19,294)	(11)	(1,097)	(20,402)	-
Changes in outstanding claims, net	3,122	(1,238)	258	2,142	-
Changes in incurred but not reported claims, net	14,613	1,738	41	16,392	-
Changes in PDR and other reserves, net	17,693	(2,204)	897	16,386	-
Net claims incurred	16,134	(1,715)	99	14,518	-
Policy acquisition costs	(867)	(143)	(490)	(1,500)	-
Other underwriting expenses	-	(2)	(440)	(442)	-
Total underwriting costs and expenses	15,267	(1,860)	(831)	12,576	-
NET UNDERWRITING (LOSS)/ INCOME	22,162	(158)	299	22,303	-
OPERATING (EXPENSES) / INCOME					
General and administrative expenses				(14,414)	(1,115)
(Provision for) doubtful receivables				(39,208)	-
Other income				-	-
Investment income				-	-
Realized loss on investments				-	-
Total operating (expenses)				(53,622)	(1,115)
Net loss for the period attributable to the shareholders before zakat and income tax				(31,319)	(1,115)
Zakat charged for the period				-	(404)
Income tax charged for the period					(229)
Net loss for the period attributable to the shareholders after zakat and income tax				(31,319)	(1,748)
Appropriation to policyholders operations				31,319	(31,319)
Net deficit after appropriations to policyholders operations				-	(33,067)

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16 SEGMENT REPORTING (Continued)

	For the three month ended 30 sept 2018				
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations
	SAR'000				
REVENUES					
Gross premiums written	37	1,309	(1,327)	19	19
Reinsurance premiums ceded	(22)	(499)	65	(456)	(456)
Excess of loss expenses	(1,312)	-	(469)	(1,781)	(1,781)
Net premiums written	(1,297)	810	(1,731)	(2,218)	(2,218)
Net change in unearned premiums	20,596	7,780	1,625	30,001	30,001
Net premiums earned	19,299	8,590	(106)	27,783	27,783
Reinsurance commission earned	575	-	1,920	2,495	2,495
Other underwriting income	5	-	-	5	5
Total Revenues	19,879	8,590	1,814	30,283	30,283
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(37,430)	(27,838)	(10,867)	(76,135)	(76,135)
Reinsurers' share of claims paid	8,005	14,209	8,965	31,179	31,179
Net claims paid	(29,425)	(13,629)	(1,902)	(44,956)	(44,956)
Changes in outstanding claims, net	(8,620)	(29)	1,598	(7,051)	(7,051)
Changes in incurred but not reported claims, net	15,255	6,028	59	21,342	21,342
Changes in PDR and other reserves, net	(5,112)	(222)	31	(5,303)	(5,303)
Net claims incurred	(27,902)	(7,852)	(214)	(35,968)	(35,968)
Policy acquisition costs	(2,550)	(940)	(981)	(4,471)	(4,471)
Other underwriting expenses	(2,021)	(125)	(19)	(2,165)	(2,165)
Total underwriting costs and expenses	(32,473)	(8,917)	(1,214)	(42,604)	(42,604)
NET UNDERWRITING INCOME / (LOSS)	(12,594)	(327)	600	(12,321)	(12,321)
OPERATING (EXPENSES) / INCOME					
General and administrative expenses				(11,024)	(11,372)
(Provision for) doubtful receivables				(9,973)	(9,973)
Other Income				-	-
Investment income				442	442
Realized loss on investments				-	-
Total operating expenses				(20,555)	(20,903)
Net loss for the period attributable to the shareholders before zakat and income tax				(32,876)	(33,224)
Zakat charged for the period				-	(699)
Income tax charged for the period					
Net loss for the period attributable to the shareholders after zakat and income tax				(32,876)	(33,923)
Appropriation to policyholders operations				32,876	(32,876)
Net deficit after appropriations to policyholders operations				-	(33,923)

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16 SEGMENT REPORTING (Continued)

	For the nine months ended 30 Sept 2018				
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations
	SAR'000				
REVENUES					
Gross premiums written	59,629	21,473	30,620	111,722	-
Reinsurance premiums ceded	(6,310)	(7,195)	(28,997)	(42,502)	-
Excess of loss expenses	(3,935)	-	(1,406)	(5,341)	-
Net premiums written	49,384	14,278	217	63,879	-
Net change in unearned premiums	33,428	43,916	1,327	78,671	-
Net premiums earned	82,812	58,194	1,544	142,550	-
Reinsurance commission earned	3,681	2,364	7,619	13,664	-
Other underwriting income	499	-	-	499	-
Total Revenues	86,992	60,558	9,163	156,713	-
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(158,653)	(92,494)	(42,981)	(294,128)	-
Reinsurers' share of claims paid	33,870	46,869	39,008	119,747	-
Net claims paid	(124,783)	(45,625)	(3,973)	(174,381)	-
Changes in outstanding claims, net	(41,304)	(1,425)	1,710	(41,019)	-
Changes in incurred but not reported claims, net	69,437	(661)	(379)	68,397	-
Changes in PDR and other reserves, net	(8,569)	(492)	136	(8,925)	-
Net claims incurred	(105,219)	(48,203)	(2,506)	(155,928)	-
Policy acquisition costs	(10,296)	(6,696)	(4,253)	(21,245)	-
Other underwriting expenses	(5,266)	(2,577)	(436)	(8,279)	-
Total underwriting costs and expenses	(120,781)	(57,476)	(7,195)	(185,452)	-
NET UNDERWRITING (LOSS)/ INCOME	(33,789)	3,082	1,968	(28,739)	-
OTHER OPERATING (EXPENSES)/ INCOME					
General and administrative expenses				(37,321)	(1,253)
(Provision for) doubtful receivables				(11,757)	-
Other Income				2,000	-
Investment income				2,273	83
Realized loss on investments				-	(972)
Total operating (expenses)				(44,805)	(2,142)
Net loss for the period attributable to the shareholders before zakat and income tax				(73,544)	(2,142)
Zakat charged for the period				-	(1,699)
Income tax charged for the period					
Net loss for the period attributable to the shareholders after zakat and income tax				(73,544)	(3,841)
Appropriation to policyholders operations				73,544	(73,544)
Net deficit after appropriations to policyholders operations				-	(77,385)

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16 SEGMENT REPORTING (Continued)

	As at 30 sept 2019				
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations
	SAR'000				
ASSETS					
Reinsurers' share of outstanding claims	3,813	24,932	11,541	40,286	-
Reinsurers' share of claims incurred but not reported	1,212	2,286	1,737	5,235	-
Reinsurers' share of other reserves	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-
Unallocated assets	-	-	-	29,593	17,503
Total assets				75,114	17,503

	As at 30 sept 2019				
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations
	SAR'000				
LIABILITIES					
Outstanding claims	8,650	49,864	13,429	71,943	-
Claims incurred but not reported	22,010	4,571	2,021	28,602	-
Premium deficiency reserve	-	-	-	-	-
Other reserves	5,923	4,482	1,460	11,865	-
Unearned premiums	-	-	-	-	-
Unearned reinsurance commission	-	-	-	-	-
Unallocated liabilities	-	-	-	72,328	14,356
Equity	-	-	-	1,165	(107,642)
Total liabilities				185,903	(93,286)

	As at 31 December 2018				
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations
	SAR'000				
ASSETS					
Reinsurers' share of outstanding claims	2,001	23,758	19,199	44,958	-
Reinsurers' share of claims incurred but not reported	2,598	4,043	2,879	9,520	-
Reinsurers' share of other reserves	-	-	-	-	-
Reinsurers' share of unearned premiums	766	862	6,682	8,310	-
Deferred policy acquisition costs	890	139	845	1,874	-
Unallocated assets	-	-	-	81,272	21,815
Total assets				145,934	21,815

	As at 31 December 2018				
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations
	SAR'000				
LIABILITIES					
Outstanding claims	9,960	47,451	21,347	78,758	-
Claims incurred but not reported	38,010	8,066	3,201	49,277	-
Premium deficiency reserve	13,908	2,700	276	16,884	-
Other reserves	9,705	1,553	160	11,418	-
Unearned premiums	7,697	2,420	7,118	17,235	-
Unearned reinsurance commission	117	-	1,481	1,598	-
Unallocated liabilities	-	-	-	52,924	13,065
Equity	-	-	-	1,165	(74,575)
Total liabilities				229,259	(61,510)

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2019

17 SUPPLEMENTARY INFORMATION

17.1 Interim condensed statement of financial position

	As at 30 September 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
ASSETS						
Cash and cash equivalents	3,188	480	3,668	1,487	1,492	2,979
Investments	1,923	-	1,923	1,923	-	1,923
Premiums and reinsurance receivables, net	4,664	-	4,664	53,383	-	53,383
Reinsurance share of unearned premiums	-	-	-	8,310	-	8,310
Reinsurance share of outstanding claims	40,286	-	40,286	44,958	-	44,958
Reinsurance share of claims incurred but not reported	5,235	-	5,235	9,520	-	9,520
Deferred policy acquisition costs	-	-	-	1,874	-	1,874
Prepayments and other assets	13,871	-	13,871	15,243	-	15,243
Due from related parties	2,164	-	2,164	2,932	-	2,932
Due from shareholders' operations	110,789	-	110,789	83,325	-	83,325
Statutory deposit	-	15,000	15,000	-	18,300	18,300
Statutory deposit investment return	-	2,023	2,023	-	2,023	2,023
Property and equipment	2,603	-	2,603	4,336	-	4,336
Intangible Assets - Software	1,180	-	1,180	1,968	-	1,968
TOTAL ASSETS	185,903	17,503	203,406	229,259	21,815	251,074
LIABILITIES						
Outstanding claims	71,943	-	71,943	78,758	-	78,758
Claims incurred but not reported	28,602	-	28,602	49,277	-	49,277
Premium deficiency reserve	-	-	-	16,884	-	16,884
Other reserves	11,865	-	11,865	11,418	-	11,418
Unearned premiums	-	-	-	17,235	-	17,235
Reinsurance balances payable	14,971	-	14,971	16,173	-	16,173
Unearned reinsurance commission	-	-	-	1,598	-	1,598
Accrued expenses and other liabilities	54,084	3,407	57,491	33,529	2,749	36,278
Zakat and income tax payable	-	2,903	2,903	-	2,270	2,270
Mathematical for life insurance operations	1,488	-	1,488	1,437	-	1,437
End of service benefits	1,785	-	1,785	1,785	-	1,785
Statutory deposit investment return payable	-	2,023	2,023	-	2,023	2,023
Due to related parties	-	6,023	6,023	-	6,023	6,023
Due to insurance operations	-	110,789	110,789	-	83,325	83,325
Surplus distribution to Policyholder	-	-	-	-	-	-
TOTAL LIABILITIES	184,738	125,145	309,883	228,094	96,390	324,484
SHAREHOLDERS' EQUITY						
Share capital	-	100,000	100,000	-	100,000	100,000
Accumulated losses	-	(207,642)	(207,642)	-	(174,575)	(174,575)
Fair value reserve for available for sale investments	-	-	-	-	-	-
Remeasurement of end of service benefits	1,165	-	1,165	1,165	-	1,165
TOTAL SHAREHOLDERS' EQUITY	1,165	(107,642)	(106,477)	1,165	(74,575)	(73,410)
TOTAL LIABILITIES AND EQUITY						
	185,903	17,503	203,406	229,259	21,815	251,074

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

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17 SUPPLEMENTARY INFORMATION (continued)

17.2 Interim condensed statement of income (unaudited)

	Nine month periods ended 30 September 2019			Nine month periods ended 30 September 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross written premium	(2,222)	-	(2,222)	111,722	-	111,722
Reinsurance premiums ceded						
- Local	-	-	-	(9,142)	-	(9,142)
- Foreign	2,095	-	2,095	(33,360)	-	(33,360)
Excess of loss expenses						
- Local	-	-	-	(3,372)	-	(3,372)
- Foreign	-	-	-	(1,969)	-	(1,969)
Net premiums written	(127)	-	(127)	63,879	-	63,879
Changes in unearned premiums, net	8,925	-	8,925	78,671	-	78,671
Net premiums earned	8,798	-	8,798	142,550	-	142,550
Reinsurance commission earned	928	-	928	13,664	-	13,664
Other underwriting income	1	-	1	499	-	499
Total Revenues	9,727	-	9,727	156,713	-	156,713
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(32,460)	-	(32,460)	(294,128)	-	(294,128)
Reinsurers' share of claims paid	12,058	-	12,058	119,747	-	119,747
Net claims paid	(20,402)	-	(20,402)	(174,381)	-	(174,381)
Changes in outstanding claims, net	2,142	-	2,142	(41,019)	-	(41,019)
Changes in incurred but not reported claims, net	16,392	-	16,392	68,397	-	68,397
Changes in PDR and other reserves, net	16,386	-	16,386	(8,925)	-	(8,925)
Net claims incurred	14,518	-	14,518	(155,928)	-	(155,928)
Policy acquisition costs	(1,500)	-	(1,500)	(21,245)	-	(21,245)
Other underwriting expenses	(442)	-	(442)	(8,279)	-	(8,279)
Total underwriting costs and expenses	12,576	-	12,576	(185,452)	-	(185,452)
NET UNDERWRITING (LOSS) / INCOME	22,303	-	22,303	(28,739)	-	(28,739)
OPERATING (EXPENSES) / INCOME						
General and administrative expenses	(14,414)	(1,115)	(15,529)	(37,321)	(1,253)	(38,574)
(Provision for) doubtful receivables	(39,208)	-	(39,208)	(11,757)	-	(11,757)
Other Income	-	-	-	2,000	-	2,000
Investment income	-	-	-	2,273	83	2,356
Realized loss on investments	-	-	-	-	(972)	(972)
Total operating (expenses)	(53,622)	(1,115)	(54,737)	(44,805)	(2,142)	(46,947)
Net Loss for the period attributable to the shareholders before zakat and income tax	(31,319)	(1,115)	(32,434)	(73,544)	(2,142)	(75,686)
Zakat charged for the period	-	(404)	(404)	-	(1,699)	(1,699)
Income tax charged for the period	-	(229)	(229)	-	-	-
Net (loss) for the period attributable to the shareholders after zakat and income tax	(31,319)	(1,748)	(33,067)	(73,544)	(3,841)	(77,385)
Appropriation to policyholders operations	31,319	(31,319)	-	73,544	(73,544)	-
Net (deficit) after appropriations to policyholders operations	-	(33,067)	(33,067)	-	(77,385)	(77,385)
(Loss) per share (SR)			(3.31)			(7.74)
Number of outstanding shares			10,000,000			10,000,000

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

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17 SUPPLEMENTARY INFORMATION (continued)

17.2 Interim condensed statement of income (unaudited)

	Three months period ended 30 September 2019			Three months period ended 30 September 2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross premiums written	-	-	-	19	-	19
Reinsurance premiums ceded						
- Local	-	-	-	(112)	-	(112)
- Foreign	-	-	-	(344)	-	(344)
Excess of loss expenses						
- Local	-	-	-	(1,124)	-	(1,124)
- Foreign	-	-	-	(657)	-	(657)
Net premiums written	-	-	-	(2,218)	-	(2,218)
Changes in unearned premiums, net	190	-	190	30,001	-	30,001
Net premiums earned	190	-	190	27,783	-	27,783
Reinsurance commission earned	-	-	-	2,495	-	2,495
Other underwriting income	-	-	-	5	-	5
Total Revenues	190	-	190	30,283	-	30,283
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(4,780)	-	(4,780)	(76,135)	-	(76,135)
Reinsurers' share of claims paid	4,393	-	4,393	31,179	-	31,179
Net claims paid	(387)	-	(387)	(44,956)	-	(44,956)
Changes in outstanding claims, net	(1,668)	-	(1,668)	(7,051)	-	(7,051)
Changes in incurred but not reported claims, net	3,268	-	3,268	21,342	-	21,342
Changes in PDR and other reserves, net	4,935	-	4,935	(5,303)	-	(5,303)
Net claims incurred	6,148	-	6,148	(35,968)	-	(35,968)
Policy acquisition costs	1	-	1	(4,471)	-	(4,471)
Other underwriting expenses	(19)	-	(19)	(2,165)	-	(2,165)
Total underwriting costs and expenses	6,130	-	6,130	(42,604)	-	(42,604)
NET UNDERWRITING (LOSS) / INCOME	6,320	-	6,320	(12,321)	-	(12,321)
OPERATING (EXPENSES) / INCOME						
General and administrative expenses	(4,986)	(470)	(5,456)	(11,024)	(348)	(11,372)
(Provision for) doubtful receivables	(4,937)	-	(4,937)	(9,973)	-	(9,973)
Other Income	-	-	-	-	-	-
Investment income	-	-	-	442	-	442
Realized loss on investments	-	-	-	-	-	-
Total operating (expenses)	(9,923)	(470)	(10,393)	(20,555)	(348)	(20,903)
Net Loss for the period attributable to the shareholders before zakat and income tax	(3,603)	(470)	(4,073)	(32,876)	(348)	(33,224)
Zakat charged for the period	-	(53)	(53)	-	(699)	(699)
Income tax charged for the period	-	(29)	(29)	-	-	-
Net income for the period attributable to	(3,603)	(552)	(4,155)	(32,876)	(1,047)	(33,923)
Appropriation to policyholders operations	3,603	(3,603)	-	32,876	(32,876)	-
Net (deficit) after appropriations to policyholders operations	-	(4,155)	(4,155)	-	(33,923)	(33,923)
(Loss) per share (SR)			(0.42)			(3.39)
Number of outstanding shares			10,000,000			10,000,000

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2019

17 SUPPLEMENTARY INFORMATION (continued)

17.3 Interim condensed statement of comprehensive income (unaudited)

	Nine month periods ended 30 September 2019			Nine month periods ended 30 September 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
Net (loss) for the period	(31,319)	(1,748)	(33,067)	(73,544)	(3,841)	(77,385)
Other comprehensive income	-	-	-	-	-	-
<i>Items that will not be reclassified to statement of income in subsequent periods:</i>						
Changes in fair value of available for sale investments	-	-	-	-	-	-
Total comprehensive (loss) for the period	(31,319)	(1,748)	(33,067)	(73,544)	(3,841)	(77,385)

17.3 Interim condensed statement of comprehensive income (unaudited)

	Three months period ended 30 September 2019			Three months period ended 30 September 2018		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
Net (loss) for the period	(3,603)	(552)	(4,155)	(32,876)	(1,047)	(33,923)
Other comprehensive income	-	-	-	-	-	-
<i>Items that will not be reclassified to statement of income in subsequent periods:</i>						
Changes in fair value of available for sale investments	-	-	-	-	-	-
Total comprehensive (loss) for the period	(3,603)	(552)	(4,155)	(32,876)	(1,047)	(33,923)

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2019

17 SUPPLEMENTARY INFORMATION (continued)

17.4 Interim condensed statement of cash flows(unaudited)

	Nine month periods ended 30 September 2019			Nine month periods ended 30 September 2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Loss for the period attributable to the shareholders before zakat and income tax	-	(32,434)	(32,434)	-	(75,686)	(75,686)
Adjustments for non cash items:						
Shareholders' operations appropriations	(31,319)	31,319	-	(73,544)	73,544	-
Depreciation of property and equipment	1,758	-	1,758	2,156	-	2,156
Amortisation of intangibles	788	-	788	1,213	-	1,213
Provision for doubtful receivables	39,208	-	39,208	11,757	-	11,757
Realized on AFS	-	-	-	-	1,050	1,050
(Gain) / loss on disposal of investments	-	-	-	-	-	-
Provision for end of service benefits	913	-	913	1,702	-	1,702
	11,348	(1,115)	10,233	(56,716)	(1,092)	(57,808)
Changes in operating assets and liabilities:						
Premiums and reinsurance receivables	9,511	-	9,511	46,293	-	46,293
Reinsurers' share of unearned premiums	8,310	-	8,310	48,665	-	48,665
Reinsurers' share of outstanding claims	4,672	-	4,672	58,189	-	58,189
Reinsurers' share of claims incurred but not reported	4,285	-	4,285	3,269	-	3,269
Reinsurers' share of other reserves	-	-	-	1,343	-	1,343
Deferred policy acquisition costs	1,874	-	1,874	9,095	-	9,095
Prepayments and other assets	1,372	-	1,372	(7,907)	123	(7,784)
Due from related parties	768	-	768	(187)	-	(187)
Due to insurance operations	-	(31,319)	(31,319)	-	(16,917)	(16,917)
Due from insurance operation	-	27,464	27,464	-	(59,784)	(59,784)
Outstanding claims	(6,815)	-	(6,815)	(17,169)	-	(17,169)
Claims incurred but not reported	(20,675)	-	(20,675)	(71,667)	-	(71,667)
Other reserves	447	-	447	(193)	-	(193)
Premium deficiency reserve	(16,884)	-	(16,884)	7,774	-	7,774
Unearned premiums	(17,235)	-	(17,235)	(127,337)	-	(127,337)
Reinsurance balances payable	(1,202)	-	(1,202)	5,418	-	5,418
Unearned reinsurance commission	(1,598)	-	(1,598)	(2,842)	-	(2,842)
Mathematical provision for life insurance operations	51	-	51	-	-	-
Accrued expenses and other liabilities	20,555	658	21,213	4,613	(351)	4,262
Share compensation	-	-	-	-	(5,709)	(5,709)
Due to shareholders' operations	31,319	-	31,319	59,784	-	59,784
Due from shareholders' operations	(27,464)	-	(27,464)	16,917	-	16,917
Cash (used in) / generated from operations	2,639	(4,312)	(1,673)	(22,658)	(83,730)	(106,388)
Zakat and income tax paid	-	-	-	-	(2,696)	(2,696)
Retirement benefit obligation paid	(913)	-	(913)	(1,915)	-	(1,915)
Surplus distribution paid	-	-	-	(6,346)	-	(6,346)
Net cash generated / (used in) operating activities	1,726	(4,312)	(2,586)	(30,919)	(86,426)	(117,345)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of intangibles	-	-	-	(1,564)	-	(1,564)
Disposal of investment	-	-	-	13,696	3,950	17,646
Disposal of statutory deposit	-	3,300	3,300	-	-	-
Sale of property and equipment	(25)	-	(25)	(2,338)	-	(2,338)
Transaction cost relating to reduction in share capital	-	-	-	-	(300)	(300)
Net cash generated / (used in) investing activities	(25)	3,300	3,275	9,794	3,650	13,444
Net change in cash and cash equivalents	1,701	(1,012)	689	(21,125)	(82,776)	(103,901)
Cash and cash equivalents at the beginning of the period	1,487	1,492	2,979	36,069	84,267	120,336
Cash and cash equivalents at the end of the period	3,188	480	3,668	14,944	1,491	16,435
Non cash information						
Changes in fair value of available for sale investment	-	-	-	-	-	-

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2019

18 SUBSEQUENT EVENT

IMPACT OF COVID-19 OUTBREAK

The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope; has led to significant disruptions in the retail, travel and hospitality industries, and in global trade. It has resulted in decreased economic activity and lowered. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, however, considering the circumstances of the Company (Note 2) and as of the issuance date of these interim condensed financial statements, no significant changes are required to the judgements and key estimates and management believes that the Covid-19 pandemic has had no material effects with respect to Company's reported results for the three-month and nine-month periods ended 30 September, 2019.

Further, the Company's business remains largely unaffected as the insurance industry is facilitated by the Government through free treatments of the COVID-19 affected patients. Based on these factors, the Company's management believes that the COVID -19 pandemic has had no direct material effects on Company's reported results for the quarter ended 30 September 2019. However, in the view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods.

MOTOR TECHNICAL RESERVES

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the "circular") dated 08 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this circular. Considering the circumstances of the Company (Note 2), there is no impact on Company's reported results for the three-month and six-month periods ended 30 June 2019.

19 COMPARATIVE FIGURES

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

20 APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial statement has been approved by the board of directors of the Company on 11 Safar, 1442H corresponding to 28 September 2020 as authorized by the board of directors.