

**ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)
AND
INDEPENDENT AUDITORS' REVIEW REPORT**

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

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**INDEPENDENT AUDITORS' REVIEW REPORT
ON THE INTERIM CONDENSED FINANCIAL INFORMATION**

The Shareholders
Alinma Tokio Marine Company
(A Saudi Joint Stock Company)
Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Alinma Tokio Marine Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2019 and the related interim condensed statement of income, interim condensed statement of comprehensive income for the three month and six month periods then ended and interim condensed statement of changes in equity and interim condensed statement of cash flows for the six months period then ended, and the related notes which form an integral part of this interim condensed financial information. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed 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 (ISAs), as endorsed in Kingdom of Saudi Arabia and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

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

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04 August 2019
03 Dhul-hijja 1440



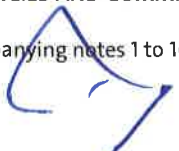
ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2019 Unaudited SAR' 000	31 December 2018 Audited SAR' 000
ASSETS			
Cash and cash equivalents	4	120,127	52,710
Investments	5	45,436	51,798
Premiums and reinsurance receivables, net	7	143,213	96,325
Reinsurers' share of unearned premiums	8.1	64,147	39,641
Reinsurers' share of outstanding claims	8.2	73,515	62,992
Reinsurers' share of claims incurred but not reported	8.2	15,633	16,700
Deferred policy acquisition costs		13,957	8,613
Prepayments and other assets		11,696	7,026
Due from related parties	9	1,214	846
Murabaha deposits	6	94,400	165,998
Statutory deposit		45,000	45,000
Property and equipment		8,016	8,549
Right of use assets		6,508	-
Intangible assets		3,693	3,696
Unit linked investments		27,333	18,768
TOTAL ASSETS		673,888	578,662
LIABILITIES			
Outstanding claims	8.2	108,189	97,703
Claims incurred but not reported	8.2	27,883	28,706
Other reserves	8.2	874	874
Premium deficiency reserves	8.3	2,075	2,075
Unearned premiums	8.1	135,678	80,827
Reinsurance balances payable		65,713	44,998
Unearned reinsurance commission		11,114	7,070
Accrued expenses and other liabilities		53,366	41,345
Lease liabilities		6,167	-
Due to related party	9	146	205
Zakat and income tax payable	10	3,923	5,586
Unit linked liabilities		27,333	18,768
Retirement benefit obligation		5,437	5,507
TOTAL LIABILITIES		447,898	333,664
EQUITY			
Issued, authorised and paid up share capital	11	300,000	300,000
Accumulated losses		(73,696)	(54,373)
Remeasurement of retirement benefit obligation		(314)	(629)
TOTAL EQUITY		225,990	244,998
TOTAL LIABILITIES AND EQUITY		673,888	578,662
CONTINGENCIES AND COMMITMENTS			
	12		

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.


Director


Chief Financial Officer



Chief Executive Officer


ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)
For the three months and six months period ended 30 June

Note	Three months		Six months period	
	ended		ended	
	30 June 2019	30 June 2019	30 June 2018	30 June 2018
	SAR' 000		SAR' 000	
REVENUES				
Gross premiums written	8.1	74,496	209,430	100,857
- Corporate		49,053	125,652	74,956
- Medium business		11,277	37,604	16,075
- Small business		4,501	28,510	5,532
- Very small business		4,328	6,679	373
- Retail		5,337	10,985	3,921
Reinsurance premiums ceded				
- Local		(726)	(2,316)	(2,198)
- Foreign		(40,779)	(92,329)	(56,682)
Excess of loss expenses		(1,166)	(2,333)	(2,051)
Net premiums written		31,825	112,452	39,926
Changes in unearned premiums		(986)	(54,851)	(20,607)
Changes in reinsurers' share of unearned premiums		8,138	24,506	29,638
Net premiums earned		38,977	82,107	48,957
Reinsurance commission earned		5,647	11,421	4,803
Other underwriting income		7	427	26
Total revenues		44,631	93,955	53,786
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid		(32,197)	(69,542)	(45,922)
Surrenders		(670)	(903)	(141)
Reinsurers' share of claims paid		6,900	14,667	15,115
Net claims and other benefits paid		(25,967)	(55,778)	(30,948)
Changes in outstanding claims		(8,554)	(10,486)	4,956
Changes in reinsurers' share of outstanding claims		8,237	10,523	(9,932)
Changes in incurred but not reported claims		300	823	117
Changes in reinsurers' share of incurred but not reported claims		(551)	(1,067)	1,569
Changes in other reserves		-	-	-
Changes in reinsurers' share of other reserves		-	-	-
Net claims and other benefits incurred		(26,535)	(55,985)	(34,238)
Changes in premium deficiency reserves		-	-	-
Changes in unit linked reserves		(3,403)	(8,565)	(3,448)
Policy acquisition costs		(7,279)	(15,430)	(6,769)
Other underwriting expenses		(356)	(1,099)	(511)
Total underwriting costs and expenses		(37,573)	(81,079)	(44,966)
NET UNDERWRITING INCOME		7,058	12,876	8,820
OPERATING AND OTHER (EXPENSES) / INCOME				
General and administrative expenses		(13,965)	(30,255)	(15,609)
Provision for doubtful receivables		(5,040)	(5,897)	(4,960)
Unrealized gain on unit linked investments		(283)	762	556
Unrealized gain on investments		1,421	3,518	2,006
Realized gain on investments		726	1,773	338
Total operating and other expenses, not		(17,141)	(30,099)	(17,669)
Net deficit from Insurance operations		(10,083)	(17,223)	(8,849)
Zakat for the period		(1,050)	(2,100)	(1,350)
Net loss for the period		(11,133)	(19,323)	(10,199)
Appropriation to Insurance operations		-	-	-
Total loss for the period attributable to the shareholders		(11,133)	(19,323)	(10,199)
Basic and diluted loss per share (SAR)		(0.37)	(0.64)	(0.36)

The accompanying notes 1 to 16 form an integral part of these Interim condensed financial statements.


Director


Chief Financial Officer

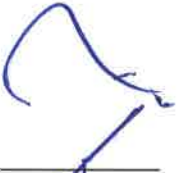

Chief Executive Officer

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the three months and six months period ended 30 June

Note	Three months	Six months period	Three months	Six months period
	Period ended	ended	Period ended	ended
	30 June 2019	30 June 2019	30 June 2018	30 June 2018
	SAR' 000		SAR' 000	
Net loss for the period	(11,133)	(19,323)	(10,660)	(16,362)
Items that will not be reclassified to statement of income in subsequent period				
- Actuarial gain / (loss) on remeasurement of retirement benefit obligations	387	315	68	(208)
Total comprehensive loss for the period	(10,746)	(19,008)	(10,592)	(16,570)
Total comprehensive loss for the period attributed to Insurance operations	387	315	68	(208)
Total comprehensive loss for the period attributed to shareholders	(11,133)	(19,323)	(10,660)	(16,362)

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.



Director



Chief Financial Officer



Chief Executive Officer


ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the three months and six months period ended 30 June

	Note	Share capital	Accumulated losses	Remeasurement of retirement benefit obligation	Total
		SAR'000	SAR'000	SAR'000	SAR'000
2019					
Balance as at 31 December 2018	11	300,000	(54,373)	(629)	244,998
Total comprehensive loss for the period attributed to shareholders		-	(19,323)	-	(19,323)
Actuarial gain on retirement benefit obligations		-	-	315	315
Balance as at 30 June 2019		300,000	(73,696)	(314)	225,990
2018					
Balance as at 31 December 2018	11	300,000	(17,227)	(325)	282,448
Total comprehensive loss for the period attributed to shareholders		-	(16,362)	-	(16,362)
Actuarial loss on retirement benefit obligations		-	-	(208)	(208)
Balance as at 30 June 2018		300,000	(33,589)	(533)	265,878

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.



Director



Chief Financial Officer



Chief Executive Officer

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the three months and six months period ended 30 June

	Note	2019	2018
		SAR' 000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		(19,323)	(16,362)
Adjustments for non cash items:			
Depreciation and amortisation		1,951	1,294
Depreciation of right to use assets		604	
Provision for doubtful receivables		5,898	3,704
Realized gain on investments held as FVSI		(824)	(689)
Unrealized gain on investment held as FVSI		(1,085)	(2,825)
Provision for retirement benefit obligations		797	703
Provision for zakat		2,100	2,700
		(9,882)	(11,475)
Changes in operating assets and liabilities:			
Premiums and reinsurance receivables		(52,786)	(71,149)
Reinsurers' share of unearned premiums		(24,506)	(26,912)
Reinsurers' share of outstanding claims		(10,523)	(6,322)
Reinsurers' share of claims incurred but not reported		1,067	2,662
Reinsurers' share of other reserves		-	905
Deferred policy acquisition costs		(5,344)	(6,389)
Prepayments and other assets		(4,670)	(792)
Due from related parties		(368)	(473)
Unit linked investments		(8,565)	(6,722)
Outstanding claims		10,486	17,969
Claims incurred but not reported		(823)	(2,762)
Other reserves		-	(1,324)
Premium deficiency reserves		-	836
Unearned premiums		54,851	79,218
Reinsurance balances payable		20,715	1,078
Unearned reinsurance commission		4,044	1,666
Accrued expenses and other liabilities		12,021	2,366
Lease liabilities		6,167	-
Due to related party		(59)	-
Unit linked liabilities		8,565	6,722
Cash generated from / (used in) operations		390	(20,898)
Retirement benefit obligations paid		(552)	(206)
Zakat and income tax paid		(3,763)	(4,838)
Net cash used in operating activities		(3,925)	(25,942)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of murabaha deposits		(72,230)	(123,705)
Proceeds from maturity of murhaba deposits		143,828	
Purchase of investments	5	(89,600)	(39,000)
Proceeds from disposal of investments	5	97,871	172,458
Purchase of property and equipment		(869)	(3,430)
Right of use assets		(7,112)	-
Purchase of intangible assets		(546)	-
Net cash generated from investing activities		71,342	6,323
Net cash generated from / (used In) all activities		67,417	(19,619)
Cash and cash equivalents at the beginning of the period		52,710	107,863
Cash and cash equivalents at the end of the period	4	120,127	88,244
Non cash transactions			
Actuarial gain / (loss) on retirement benefit obligations		315	(208)


The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.



Director



Chief Financial Officer



Chief Executive Officer

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

1 GENERAL

Alinma Tokio Marine Company ("the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per Ministry of Commerce and Industry's Resolution number 309/Q dated 19 Rajab 1433H (corresponding to 9 June 2012). The Commercial Registration number of the Company is 1010342527, dated 28 Rajab 1433H (corresponding to 18 June 2012). The Company is listed on the Saudi Arabian Stock Exchange ("Tadawul") since 24 June 2012. The Registered address of the Company's head office is as follows:

King Fahad Road
P.O. Box 643
Riyadh 11421
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. 25/M, dated 3 Jumada-Al Thani 1430H (corresponding to 27 June 2009), pursuant to the Council of Ministers' Resolution No. 140 dated 2 Jumada-Al Thani 1430H (corresponding to 26 June 2009).

The purpose of the Company is to transact in cooperative insurance operations and all related activities in accordance with its By Laws and applicable regulations in the Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

2.1 Basis of presentation and measurement

The interim condensed financial information of the Company for the three and six months period ended 30 June 2019 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax', which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per Circular no. 2019/23099 dated 26 shaban 1440H, (corresponding to 1 May 2019) SAMA instructed the Insurance Companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board ("IASB"). Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors and the effects of this change as disclosed in note 10 to the interim condensed financial statements.

In accordance with Article 70 of the SAMA Implementing Regulations, as per the Articles of Association of the Company, the Company maintains separate accounts for both insurance operations and shareholders' operations. It distributes the net annual insurance surplus as set forth in the Company's Articles of Association and the insurance policy in terms of cooperative insurance, The customer (insurance policy) is valid and paid to date at the time of payment of the cooperative distribution amount.

The interim condensed financial statements have been prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of investment held as FVSI. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: Property and Equipment, Intangible Assets, Unit linked Investments, Statutory Deposit, Murabaha Deposits maturing over one year, Available for sale investments, Held to maturity investments and Retirement benefit obligations. All other financial statement line items would generally be classified as current.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

2 BASIS OF PREPARATION (Continued)

2.1 Basis of presentation and measurement (Continued)

The Company presents its interim condensed statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and present same supplementary information in the interim condensed financial statements (note 14). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 14 of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

The accumulated losses as at 30 June 2019 are 24.57% of the share capital. The reason for these losses is high expense ratio and deterioration in loss ratio. The Company has put together a two-pillar plan under which the growth in topline is planned along with a firm control on expenses.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Functional and presentation currency

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

3.2 Critical accounting judgement, estimates and assumptions

The preparation of the interim condensed financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies adopted in the preparation of these interim condensed financial information are consistent with those followed in the preparation of the previous financial year, except for the following new & amended IFRSs & IFRIC interpretations and change in the accounting policy for zakat and income tax as explained below.

3.3 IFRS 16 Leases

The Company has initially adopted IFRS 16 - Leases from 1 January 2019. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items, Lessor accounting remains similar to the current standard (IAS 17 Leases) - i.e. lessors continue to classify leases as finance or operating leases.

The Company has applied IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 (if any) is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

3.3.1 Definition of lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange of consideration. The Company assess whether a contract is or contains a lease based on the new definition of a lease. On transition to IFRS 16, the Company elected to apply the practical expedients to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

3.3.2 As a lessee

The Company leases its offices, and as a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases - i.e. these leases are on balance sheet. The carrying amounts of right-of-use assets are as below:

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted with certain remeasurements of lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using 1 year SIBOR plus Risk Adjustment rate.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 IFRS 16 Leases (Continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in the future lease payments arising from the change in an index or rate, a change in the estimate of the amount expected to be payable under residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or termination option is reasonably certain not to be exercised.

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate as at 1 January 2019. The Company's incremental borrowing rate applied is 4%.

3.3.3 Transition

Previously, the Company classified certain leases as operating leases under IAS 17. These include Company Head office and branches. Some leases include an option to renew the lease for an extended period that is to be mutually agreed between the parties. Further, some leases provide for additional rent payments that are based on annual increments. At transition, leases which were classified under IAS 17 as operating leases were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at the value of the lease liabilities in accordance with practical expedients available for initial application of IFRS 16. Therefore, there is no impact on retained earnings as at 1 January 2019. Further, the Company used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3.3.4 Impact on Financial Statements

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognized SAR 7.35 million of Right-of-use assets and SAR 6.6million lease liabilities as at 1 January 2019.

Also, in relation those leases under IFRS 16, the Company has recognized Depreciation and interest costs, instead of operating lease expense. During three months and six months ended 30 June 2019, the Company recognized SAR 0.3 million and SAR 0.6 million of depreciation charge and SAR 0.065 and SAR 0.13 million of interest costs from these leases respectively. The Company also derecognized an operating lease charge of SAR 0.35 million. As at 30 June 2019, the carrying amount of right-of-use assets amounted to SAR 6.51 million with SAR 6.17 million recognized in lease liabilities.

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

	SAR '000"
Total operating lease commitments as at 31 December 2018	7,882
Discounted using the lessee's incremental borrowing rate at date of initial application	(1,256)
Total lease liabilities recognised under IFRS 16 at 1 January 2019	<u>6,626</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Standards issued but not yet effective

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

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

In September 2016, the IASB published amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the new insurance contracts standard (IFRS 17).

The amendments introduce two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2022 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if: (i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVPL; and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April

The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for certain designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies IFRS 9 for the first time.

The Company is eligible and have chosen to apply the temporary exemption under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. IASB through its amendments to IFRS 4 issued in September 2016 had allowed temporary exemption if a Company meets the following criteria:

- a) the Company has not previously applied any version of IFRS 9; and
- b) its activities are predominantly connected with insurance that is defined as total percentage of carrying amount of insurance liabilities is greater than 90% of its total liabilities.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

IFRS 17 Insurance Contracts

IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2022, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the statement of income and the statement of financial position. The Company has decided not to early adopt this new standard.

3.5 Change in the accounting for zakat and income tax

As mentioned above, the basis of preparation has been changed for the three and six months period ended 30 June 2019 as a result of the issuance of latest instructions from SAMA dated 1 May 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA dated 1 May 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively and the effects of the above change are disclosed in note 10 to the interim condensed financial statements. The change has resulted in reduction of reported income of the Company for the three and six months period ended 30 June 2019 by SR 1.05 million and SR 2.1 million respectively. The change has had no impact on the statement of cash flows for the period ended 30 June 2019.

3.5.1 Zakat

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

3.5.2 Deferred tax

Deferred tax is calculated by using the statement of financial position liability method, providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the statement of interim condensed financial position date. Deferred tax asset is recognised only to the extent that it is probable that the future taxable profits will be available and credits can be

Deferred tax is charged or credited in the interim condensed statement of income, except in the case of items credited or charged to other comprehensive income/equity in which case it is included in other comprehensive income/equity.

Deferred tax liability has not been provided in these interim condensed financial statements for three and six months ended 30 June 2019 since the Company does not anticipate availability of future taxable profit to utilize any tax credits.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

4 CASH AND CASH EQUIVALENTS

	As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Cash in hand	45	-	45	40	-	40
Cash at banks – current accounts	44,940	75,142	120,082	51,330	1,340	52,670
Total	44,985	75,142	120,127	51,370	1,340	52,710

Cash at bank includes an amount of SR 113.75 million (2018: SR 45.32 million) held with Alinma Bank, a related party.

5 INVESTMENTS

These represents investment in Najm for Insurance Services Company (classified as available for sale), equity shares, Shari'ah compliant mutual funds, discretionary portfolios and real estate fund (classified as investment at fair value through income statement "FVSI") and sukuk (classified as held to maturity investments).

	As at 30 June 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
Investments at fair value through statement of income (FVSI)	54	30,853	30,907	411	36,490	36,901
Investments at held to maturity	-	12,606	12,606	-	12,974	12,974
Total	54	45,382	45,436	411	51,387	51,798

The movement during the period is as follows:

5.1 Available for sale investments

	As at 30 June 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 and end	-	1,923	1,923	-	1,923	1,923

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

5 INVESTMENTS (continued)

5.2 Investments at fair value through statement of income (FVSI)

	As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total
	operations	operations		operations	operations	
	SAR'000			SAR'000		
Balance at the beginning	411	36,490	36,901	46,436	121,427	167,863
Purchases	89,600	-	89,600	119,500	41,000	160,500
Disposals	(90,245)	(7,258)	(97,503)	(166,218)	(128,072)	(294,290)
Realised gain	288	536	824	692	1,347	2,039
Unrealised gain	-	1,085	1,085	1	788	789
Balance at the end	54	30,853	30,907	411	36,490	36,901

5.3 Investments at held to maturity

	As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total
	operations	operations		operations	operations	
	SAR'000			SAR'000		
Balance at the beginning	-	12,974	12,974	-	13,711	13,711
Redemptions	-	(368)	(368)	-	(737)	(737)
Balance at the end	-	12,606	12,606	-	12,974	12,974

Investments held to maturity have a tenure of ten years with quarterly partial redemptions, yielding an average profit rate of SIBOR (3M) + 2.125% per annum (December 31 2018 SIBOR (3M) +2.125%).

5.4 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. Underlying the definition of fair value there is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of operations or undertake a transaction on adverse terms. The Company's financial assets consist of cash and cash equivalents, premiums and reinsurance receivables, Murabaha deposits, reinsurance share of unearned premium, deferred policy acquisition cost, reinsurance share of outstanding claims, reinsurance share of incurred but not reported claims, reinsurance share of other reserves, investments and its financial liabilities consist of reinsurance balance payables, unearned premium, unearned commission income, outstanding claims, incurred but not reported claims, other reserves, premium deficiency reserve. The fair values of financial assets and liabilities are not materially different from their carrying values at the interim condensed statement of financial position date.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

5 INVESTMENTS (continued)

5.4 Determination of fair value and fair value hierarchy (continued)

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Shareholders' operations

	As at 30 June 2019 (Unaudited)			Total
	Level 1	Level 2	Level 3	
	SAR'000			
Available for sale investments				
- Investments in unquoted equity	-	-	1,923	1,923
Investments at fair value through statement of income				
- Investments in discretionary portfolios	15,880	-	-	15,880
- Investments in real estate fund	-	9,842	5,131	14,973
Investments at held to maturity				
- Sukuks	-	12,606	-	12,606
Total	15,880	22,448	7,054	45,382

	As at 31 December 2018 (Audited)			Total
	Level 1	Level 2	Level 3	
	SAR'000			
Available for sale investments				
- Investments in unquoted equity	-	-	1,923	1,923
Investments at fair value through statement of income				
- Investments in discretionary portfolios	21,255	-	-	21,255
- Investments in real estate funds	-	10,104	5,131	15,235
Investments at held to maturity				
- Sukuks	-	12,974	-	12,974
Total	21,255	23,078	7,054	51,387

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

5 INVESTMENTS (continued)

5.4 Determination of fair value and fair value hierarchy (continued)

Transfer between levels

There were no transfers between levels during the six months period ended 30 June 2019. The following table presents the transfer between levels for the year ended 31 December 2018:

Shareholders' operations	As at 31 December 2018 (Audited)			Total
	Level 1	Level 2	Level 3	
	SAR'000			
Transfer between level 1 and level 2				
Units in real estate fund	(10,780)	10,780	-	-
Transfer between level 1 and level 3				
Units in real estate fund	(5,140)	-	5,140	-

The units in the real estate funds were transferred to level 2 and level 3 due to unavailability of quoted prices.

Insurance operations

Insurance operations	As at 30 June 2019 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	SAR'000			
Investments at fair value through statement of income				
- Investments in mutual funds	54	-	-	54
Total	54	-	-	54

	As at 31 December 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
	SAR'000			
Investments at fair value through statement of income				
- Investments in mutual funds	411	-	-	411
Total	411	-	-	411

6 MURABAHA DEPOSITS

Murabaha deposits represents deposits with local and foreign banks that have investment grade credit ratings and have an original maturity of more than three months to 2 years from the date of acquisition, yielding an average profit rate of 3.73% per annum (31 December 2018, 3.65% per annum).

7 PREMIUMS AND REINSURANCE RECEIVABLES - NET

	As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Policyholders	154,448	-	154,448	92,948	-	92,948
Related party (note 9)	7,068	-	7,068	5,010	-	5,010
Reinsurance receivables	14,486	-	14,486	25,258	-	25,258
	176,002	-	176,002	123,216	-	123,216
Provision for doubtful receivables	(32,789)	-	(32,789)	(26,891)	-	(26,891)
	143,213	-	143,213	96,325	-	96,325

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

8 TECHNICAL RESERVES

8.1 MOVEMENT IN UNEARNED PREMIUMS

	As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Balance at the beginning	80,827	(39,641)	41,186	76,138	(30,297)	45,841
Premium written	209,430	(96,978)	112,452	353,591	(156,918)	196,673
Premium earned	(154,579)	72,472	(82,107)	(348,902)	147,574	(201,328)
Balance at the end	135,678	(64,147)	71,531	80,827	(39,641)	41,186

8.2 NET OUTSTANDING CLAIMS AND RESERVES

	As at 30 June 2019 (Unaudited) SAR'000	As at 31 December 2018 (Audited) SAR'000
Outstanding claims	118,404	107,239
Less: Realizable value of salvage and subrogation	(10,215)	(9,536)
	108,189	97,703
Claims incurred but not reported	27,883	28,706
Other reserves	874	874
Premium deficiency reserves	2,075	2,075
	139,021	129,358
Less:		
Reinsurers' share of outstanding claims	(73,515)	(62,992)
Reinsurers' share of claims Incurred but not reported	(15,633)	(16,700)
	(89,148)	(79,692)
Net outstanding claims and reserves	49,873	49,666

8.3 PREMIUM DEFICIENCY RESERVE

The Company has created a provision in respect of premium deficiency reserves ('PDR') for its medical and motor line of businesses amounting to SAR 0.8 million and SAR 1.3 million respectively. The PDR has been created with respect to additional reserve required to cover expected claims not initially built in the premium. The Company expected this provision based on the assumption that the unearned premiums will not be sufficient to provide for the expected claims and other attributable expenses related to the unexpired periods of policies in force at the date of interim condensed statement of financial position.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

9 TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of business, the Company transacts with related parties. Transactions with related parties are carried out on an arm's length basis.

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. In addition to the notes 4 and 7, following are the details of major related party transactions during and the related balances at the end of the period:

Nature of transactions	For the three months period ended 30 June 2019 (Unaudited)			For the three months period ended 30 June 2018 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	-----SAR'000-----			-----SAR'000-----		

Shareholders:

Gross written premiums	5,819	-	5,819	2,553	-	2,553
Reinsurance premiums ceded	2,122	-	2,122	1,071	-	1,071
Claims paid - net of recoveries	3,155	-	3,155	5,755	-	5,755
Reinsurance commission	600	-	600	240	-	240
Reinsurance share of claims	73	-	73	69	-	69
General and administrative expenses	218	19	237	(104)	4,050	3,946

Other Related parties:

Investments	3,758	6,892	10,650	6,183	14,615	20,798
Agency commission	628	-	628	370	-	370
General and administrative expenses	33	17	50	-	-	-

Nature of transactions	For the six months period ended 30 June 2019 (Unaudited)			For the six months period ended 30 June 2018 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	-----SAR'000-----			-----SAR'000-----		

Shareholders:

Gross written premiums	11,186	-	11,186	11,443	-	11,443
Reinsurance premiums ceded	5,012	-	5,012	3,319	-	3,319
Claims paid - net of recoveries	5,602	-	5,602	9,276	-	9,276
Reinsurance commission	1,427	-	1,427	602	-	602
Reinsurance share of claims	88	-	88	70	-	70
General and administrative expenses	452	38	490	716	7,983	8,699

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

9 TRANSACTIONS WITH RELATED PARTIES (continued)

Nature of transactions	For the six months period ended 30 June 2019 (Unaudited)			For the six months period ended 30 June 2018 (Unaudited)		
	SAR'000			SAR'000		
<u>Other Related parties:</u>						
Investments	8,056	7,054	15,110	9,197	19,615	28,812
Agency commission	1,196	-	1,196	727	-	727
General and administrative expenses	91	27	118	-	-	-

Closing Balances

	As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Premium Receivable	7,068		7,068	5,010	-	5,010
Reinsurance premiums payable	7,651		7,651	5,230	-	5,230
Claims payable	89		89	64	-	64
Bank Balance	40,325	75,142	115,467	43,981	1,340	45,321
General and administrative expenses	(33)	(38)	(71)	(130)	(75)	(205)

Other related parties

Investments	27,333	30,852	58,185	18,768	36,490	55,258
Agency commission	384		384	257	-	257
General and administrative expenses	(75)	1,214	1,139	-	846	846

Information relating to key management personnel:

	For the three months period ended 30 June 2019 (Unaudited)			For the three months period ended 30 June 2018 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Short term benefits	2,237	-	2,237	1,075	-	1,075
Long term benefits	87	-	87	79	-	79

	For the six months period ended 30 June 2019 (Unaudited)			For the six months period ended 30 June 2018 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Short term benefits	3,362	-	3,362	2,134	-	2,134
Long term benefits	309	-	309	186	-	186

Short-term benefits include salaries and allowances whilst long term benefits include employees' retirement benefit obligation.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

9 TRANSACTIONS WITH RELATED PARTIES (continued)

Board and sub committees related

	For the three months period ended 30 June 2019 (Unaudited)			For the three months period ended 30 June 2018 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Directors' remuneration	-	400	400	-	270	270
Attendance fees	-	92	92	-	22	22
	For the six months period ended 30 June 2019 (Unaudited)			For the six months period ended 30 June 2018 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Directors' remuneration	-	800	800	-	750	750
Attendance fees	-	184	184	-	172	172

Board and sub-committees attendance fees represent allowance for attending board and sub-committee meetings.

10 ZAKAT AND INCOME TAX PAYABLE

	As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Zakat payable	-	2,145	2,145	-	3,808	3,808
Additional charge for prior years	-	1,778	1,778	-	1,778	1,778
Zakat and Income tax payable	-	3,923	3,923	-	5,586	5,586

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 is 71.25%

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

10 ZAKAT AND INCOME TAX PAYABLE (Continued)

10.1 The movement in Zakat provision is as follows:

	As at 30 June 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	-	3,808	3,808	-	4,398	4,398
Zakat charge	-	2,100	2,100	-	3,782	3,782
Zakat payment made	-	(3,763)	(3,763)	-	(4,372)	(4,372)
Balance at the end	-	2,145	2,145	-	3,808	3,808

Income tax:

Provision for income tax is required to be made at 20% of the adjusted net income attributable to the foreign shareholder of the Company.

Foreign shareholder subject to income tax is 28.75%.

The movement in income tax provision is as follows:

	As at 30 June 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	-	-	-	-	626	626
(Reversal) of prior year charge	-	-	-	-	(160)	(160)
Income tax paid	-	-	-	-	(466)	(466)
Balance at the end	-	-	-	-	-	-

10.2 Status of Assessments

During 2017, the General Authority for Zakat and Tax (GAZT) has issued assessments for the years from 2012 to 2015, requiring an additional zakat and WHT liability amounting to SR 5.5 million and SR 2.9 million respectively. The Company has filed an appeal against the assessment of GAZT for the additional liability arising out of various disallowances for years from 2012 to 2015 with Preliminary Appeal Committee (PAC). Further, the Company has booked an additional zakat liability of SR 1.8 million. The Company has obtained limited certificates for the year from 2012 to 2018.

10.3 The change in the accounting treatment for zakat and income tax (as explained in note 3.5) has the following impact on the line items of the interim condensed statements of income, statement of financial position and changes in shareholders' equity:

Financial statement impacted	Financial Statement head	As at and for the three months period ended 30 June 2018:		
		Before the restatement	Effect of restatement	After taking effect of restatement
		-----SAR '000-----		
Statement of changes in Equity	Provision for zakat and income tax (retained earnings)	1,350	(1,350)	-
Statement of income	Zakat and income tax expenses	-	1,350	1,350
Statement of income	Loss per share SR	(0.31)	(0.71)	(0.40)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

10 ZAKAT AND INCOME TAX PAYABLE (Continued)

Financial statement impacted	Financial Statement head	As at and for the six months period ended 30 June 2018:		
		Before the restatement	Effect of restatement	After taking effect of restatement
		-----SAR '000-----		
Statement of changes in Equity	Provision for zakat and income tax (retained earnings)	(2,700)	2,700	-
Statement of income	Zakat and income tax expenses	-	2,700	2,700
Statement of income	Earnings per share	(0.46)	(0.55)	(0.09)

11 ISSUED, AUTHORISED AND PAID UP SHARE CAPITAL

The issued, authorised and paid up share capital of the Company was SAR 300 million as at 30 June 2019 (31 December 2018: SAR 300 million) consisting of 30 million shares (31 December 2018: 30 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 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	No. of shares	Value per share	Share Capital SAR	No. of shares	Value per share	Share Capital SAR
Alinma Bank	8,625,000	10	86,250,000	8,625,000	10	86,250,000
Tokio Marine & Nichido Fire Insurance	8,625,000	10	86,250,000	8,625,000	10	86,250,000
Others	12,750,000	10	127,500,000	12,750,000	10	127,500,000
	30,000,000	10	300,000,000	30,000,000	10	300,000,000

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

12 CONTINGENCIES AND COMMITMENT

As at 30 June 2019 the Company's banker has issued letters of guarantee of SAR 1.78 million (2018: SAR 2.08 million) to various customers, motor agencies, workshops and health service providers as per the terms of their respective agreements which have been classified under prepayments and other assets in the statement of financial position. The Company has no capital commitments as at 30 June 2019 and 31 December 2018.

Following table lists the legal proceedings in the ordinary course of business that the Company is subject to.

	2019	2018
	SR'000	SR'000
Motor claims related compensation	666	666
Fire and Property claim related compensation	30,500	30,500

13 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 statement of income. Segment assets and liabilities comprise operating assets and liabilities.

Segment information is presented in respect of the Company's business segments which are fire, marine, general accident, engineering, motor and protection and savings based on the Company's management and internal reporting structure.

Operating segments do not include shareholders' operations of the Company.

Segment assets do not include cash and bank balances, investments, premiums and reinsurance receivables, due from shareholders' operations, prepayments and other assets and fixed assets.

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.

The unallocated assets and liabilities are reported to the Chief Executive Officer on a cumulative basis and not reported under the related segment.

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the Chief Executive Officer.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

13 SEGMENT REPORTING (Continued)

	For the three months period ended 30 June 2019 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations Total
	SAR'000					
REVENUES						
Gross premiums written	40,789	23,459	11,528	(1,280)	74,496	- 74,496
- Corporate	27,007	15,533	6,513	-	49,053	- 49,053
- Medium business	7,209	3,962	106	-	11,277	- 11,277
- Small business	5,192	589	-	(1,280)	4,501	- 4,501
- Very small business	1,381	2,947	-	-	4,328	- 4,328
- Retail	-	428	4,909	-	5,337	- 5,337
Reinsurance premiums ceded - Local	(726)	-	-	-	(726)	- (726)
Reinsurance premiums ceded - Foreign	(37,580)	(72)	(3,127)	-	(40,779)	- (40,779)
Excess of loss expenses	(844)	(322)	-	-	(1,166)	- (1,166)
Net premiums written	1,639	23,065	8,401	(1,280)	31,825	- 31,825
Net change in unearned premiums	1,255	2,057	(128)	3,968	7,152	- 7,152
Net premiums earned	2,894	25,122	8,273	2,688	38,977	- 38,977
Reinsurance commission earned	5,642	5	-	-	5,647	- 5,647
Other underwriting income	7	-	-	-	7	- 7
Total insurance revenues	8,543	25,127	8,273	2,688	44,631	- 44,631
UNDERWRITING COSTS AND EXPENSES						
Net claims and other benefits incurred	(295)	(20,862)	(2,986)	(2,392)	(26,535)	- (26,535)
Changes in unit linked reserves	-	-	(3,403)	-	(3,403)	- (3,403)
Policy acquisition costs	(3,595)	(2,917)	(644)	(123)	(7,279)	- (7,279)
Other underwriting expenses	(200)	(117)	(58)	19	(356)	- (356)
Total underwriting costs and expenses	(4,090)	(23,896)	(7,091)	(2,496)	(37,573)	- (37,573)
NET UNDERWRITING INCOME	4,453	1,231	1,182	192	7,058	- 7,058
OPERATING AND OTHER (EXPENSES)/ INCOME						
General and administrative expenses					(13,077)	(888) (13,965)
Provision for doubtful receivables					(5,040)	- (5,040)
Unrealized gain on unit linked investments					(283)	- (283)
Unrealized gain on investments					-	1,421 1,421
Realized gain on investments					85	641 726
Total operating and other expenses, net					(18,315)	1,174 (17,141)
Net (deficit) / surplus					(11,257)	1,174 (10,083)
Zakat for the period					-	(1,050) (1,050)
Appropriation to shareholders' operations						-
Appropriation to insurance operations						-
Net loss after appropriations to shareholders' operations						(11,133)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

13 SEGMENT REPORTING (Continued)

	For the three months period ended 30 June 2018 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations Total
	SAR'000					
REVENUES						
Gross premiums written	57,989	22,342	18,824	1,702	100,857	100,857
- Corporate	47,859	11,666	15,431	-	74,956	74,956
- Medium business	8,297	7,731	47	-	16,075	16,075
- Small business	1,741	2,089	-	1,702	5,532	5,532
- Very small business	92	281	-	-	373	373
- Retail	-	575	3,346	-	3,921	3,921
Reinsurance premiums ceded - Local	(2,198)	-	-	-	(2,198)	(2,198)
Reinsurance premiums ceded - Foreign	(52,687)	-	(3,995)	-	(56,682)	(56,682)
Excess of loss expenses	(1,057)	(994)	-	-	(2,051)	(2,051)
Net premiums written	2,047	21,348	14,829	1,702	39,926	39,926
Net change in unearned premiums	9	12,430	(5,277)	1,869	9,031	9,031
Net premiums earned	2,056	33,778	9,552	3,571	48,957	48,957
Reinsurance commission earned	4,801	2	-	-	4,803	4,803
Other underwriting income	8	18	-	-	26	26
Total insurance revenues	6,865	33,798	9,552	3,571	53,786	53,786
UNDERWRITING COSTS AND EXPENSES						
Net claims and other benefits incurred	(180)	(25,874)	(2,527)	(5,282)	(33,863)	(33,863)
Changes in premium deficiency reserve	-	-	-	(836)	(836)	(836)
Changes in unit linked reserves	-	-	(3,448)	-	(3,448)	(3,448)
Policy acquisition costs	(3,040)	(3,050)	(484)	(195)	(6,769)	(6,769)
Other underwriting expenses	(393)	(35)	(25)	(58)	(511)	(511)
Total underwriting costs and expenses	(3,613)	(28,959)	(6,484)	(6,371)	(45,427)	(45,427)
NET UNDERWRITING INCOME / (LOSS)	3,252	4,839	3,068	(2,800)	8,359	8,359
OPERATING AND OTHER (EXPENSES)/ INCOME						
General and administrative expenses					(14,913)	(15,609)
Provision for doubtful receivables					(4,960)	(4,960)
Unrealized loss on unit linked investments					556	556
Unrealized gain on investments					101	2,006
Realized gain on investments					69	338
Total operating and other expenses, net					(19,147)	(17,669)
Net (deficit) / Surplus					(10,788)	(9,310)
Zakat for the period					-	(1,350)
Appropriation to shareholders' operations						-
Appropriation to insurance operations						-
Net loss after appropriations to shareholders' operations						(10,660)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

13 SEGMENT REPORTING (Continued)

	For the six months period ended 30 June 2019 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations Total
	SAR'000					
REVENUES						
Gross premiums written	99,163	80,769	23,172	6,326	209,430	- 209,430
- Corporate	57,387	55,329	12,936	-	125,652	- 125,652
- Medium business	22,264	14,867	473	-	37,604	- 37,604
- Small business	16,944	5,240	-	6,326	28,510	- 28,510
- Very small business	2,568	4,111	-	-	6,679	- 6,679
- Retail	-	1,222	9,763	-	10,985	- 10,985
Reinsurance premiums ceded - Local	(2,316)	-	-	-	(2,316)	- (2,316)
Reinsurance premiums ceded - Foreign	(86,096)	(72)	(6,161)	-	(92,329)	- (92,329)
Excess of loss expenses	(1,688)	(645)	-	-	(2,333)	- (2,333)
Net premiums written	9,063	80,052	17,011	6,326	112,452	- 112,452
Net change in unearned premiums	(3,116)	(27,846)	1,659	(1,042)	(30,345)	- (30,345)
Net premiums earned	5,947	52,206	18,670	5,284	82,107	- 82,107
Reinsurance commission earned	11,416	5	-	-	11,421	- 11,421
Other underwriting income	19	408	-	-	427	- 427
Total insurance revenues	17,382	52,619	18,670	5,284	93,955	- 93,955
UNDERWRITING COSTS AND EXPENSES						
Net claims and other benefits incurred	(1,413)	(43,062)	(6,876)	(4,634)	(55,985)	- (55,985)
Changes in unit linked reserves	-	-	(8,565)	-	(8,565)	- (8,565)
Policy acquisition costs	(7,679)	(6,024)	(1,498)	(229)	(15,430)	- (15,430)
Other underwriting expenses	(484)	(404)	(116)	(95)	(1,099)	- (1,099)
Total underwriting costs and expenses	(9,576)	(49,490)	(17,055)	(4,958)	(81,079)	- (81,079)
NET UNDERWRITING INCOME / (LOSS)	7,806	3,129	1,615	326	12,876	- 12,876
OPERATING AND OTHER (EXPENSES)/ INCOME						-
General and administrative expenses					(28,485)	(1,770) (30,255)
Provision for doubtful receivables					(5,897)	- (5,897)
Unrealized gain on unit linked investments					762	- 762
Unrealized gain on investments					-	3,518 3,518
Realized gain on investments					289	1,484 1,773
Total operating and other expenses, net					(33,331)	3,232 (30,099)
Net (deficit) / surplus					(20,455)	3,232 (17,223)
Zakat for the period					-	(2,100) (2,100)
Appropriation to shareholders' operations						-
Appropriation to insurance operations						-
Net loss after appropriations to shareholders' operations						(19,323)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

13 SEGMENT REPORTING (Continued)

	For the six months period ended 30 June 2018 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations Total
	SAR'000					
REVENUES						
Gross premiums written	90,058	116,600	28,573	7,685	242,916	- 242,916
- Corporate	60,484	86,779	21,360	-	168,623	- 168,623
- Medium business	23,737	20,902	312	-	44,951	- 44,951
- Small business	5,661	6,989	-	7,685	20,335	- 20,335
- Very small business	176	721	-	-	897	- 897
- Retail	-	1,209	6,901	-	8,110	- 8,110
Reinsurance premiums ceded - Local	(4,838)	-	-	-	(4,838)	- (4,838)
Reinsurance premiums ceded - Foreign	(77,961)	-	(6,779)	-	(84,740)	- (84,740)
Excess of loss expenses	(2,115)	(2,020)	-	-	(4,135)	- (4,135)
Net premiums written	5,144	114,580	21,794	7,685	149,203	- 149,203
Net change in unearned premiums	(951)	(46,082)	(4,770)	(503)	(52,306)	- (52,306)
Net premiums earned	4,193	68,498	17,024	7,182	96,897	- 96,897
Reinsurance commission earned	10,736	3	-	-	10,739	- 10,739
Other underwriting income	16	451	-	-	467	- 467
Total insurance revenues	14,945	68,952	17,024	7,182	108,103	- 108,103
UNDERWRITING COSTS AND EXPENSES						
Net claims and other benefits incurred	(1,106)	(55,360)	(5,693)	(8,288)	(70,447)	- (70,447)
Changes in premium deficiency reserve	-	-	-	(836)	(836)	- (836)
Changes in unit linked reserves	-	-	(6,722)	-	(6,722)	- (6,722)
Policy acquisition costs	(6,060)	(6,249)	(1,123)	(361)	(13,793)	- (13,793)
Other underwriting expenses	(427)	(583)	(143)	(115)	(1,268)	- (1,268)
Total underwriting costs and expenses	(7,593)	(62,192)	(13,681)	(9,600)	(93,066)	- (93,066)
NET UNDERWRITING INCOME / (LOSS)	7,352	6,760	3,343	(2,418)	15,037	- 15,037
OPERATING AND OTHER (EXPENSES)/ INCOME						
General and administrative expenses					(29,695)	(1,847) (31,542)
Provision for doubtful receivables					(3,704)	- (3,704)
Unrealized gain on unit linked investments					978	- 978
Unrealized gain on investments					250	3,978 4,228
Realized gain on investments					97	1,244 1,341
Total operating and other expenses, net					(32,074)	3,375 (28,699)
Net (deficit) / surplus					(17,037)	3,375 (13,662)
Zakat for the period					-	(2,700) (2,700)
Appropriation to shareholders' operations						-
Appropriation to insurance operations						-
Net loss after appropriations to shareholders' operations						(16,362)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

13 SEGMENT REPORTING (Continued)

As at 30 June 2019 (Unaudited)						
Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	Total
SAR'000						
ASSETS						
Cash and cash equivalents	-	-	-	44,985	75,142	120,127
Investments	-	-	-	54	45,382	45,436
Reinsurers' share of outstanding claims	68,301	-	5,214	73,515	-	73,515
Reinsurers' share of claims IBNR	13,510	-	2,123	15,633	-	15,633
Reinsurers' share of unearned premiums	63,865	59	223	64,147	-	64,147
Deferred policy acquisition costs	7,635	6,103	40	13,957	-	13,957
Unit linked investments	-	-	27,333	27,333	-	27,333
Unallocated assets	-	-	-	200,899	144,190	345,089
Total assets	-	-	-	440,523	264,714	705,237

LIABILITIES AND EQUITY

Outstanding claims	72,143	25,676	8,675	1,695	108,189	-	108,189
Claims incurred but not reported	15,350	7,604	4,004	925	27,883	-	27,883
Other reserves	323	551	-	-	874	-	874
Premium deficiency reserves	-	1,265	-	810	2,075	-	2,075
Unearned premiums	71,055	60,493	603	3,527	135,678	-	135,678
Unearned reinsurance commission	11,092	22	-	-	11,114	-	11,114
Unit linked liabilities	-	-	27,333	-	27,333	-	27,333
Unallocated liabilities and equity	-	-	-	-	127,377	264,714	392,091
Total liabilities and equity	-	-	-	-	440,523	264,714	705,237

As at 31 December 2018 (Audited)						
Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	Total
SAR'000						
ASSETS						
Cash and cash equivalents	-	-	-	51,370	1,340	52,710
Investments	-	-	-	411	51,387	51,798
Reinsurers' share of outstanding claims	57,814	-	5,178	62,992	-	62,992
Reinsurers' share of claims IBNR	15,185	-	1,515	16,700	-	16,700
Reinsurers' share of unearned premiums	39,328	-	313	39,641	-	39,641
Deferred policy acquisition costs	4,750	3,459	243	8,613	-	8,613
Unit linked investments	-	-	18,768	18,768	-	18,768
Unallocated assets	-	-	-	125,023	213,358	338,381
Total assets				323,518	266,085	589,603
LIABILITIES AND EQUITY						
Outstanding claims	61,742	25,425	8,695	1,841	97,703	97,703
Claims incurred but not reported	17,178	6,711	3,411	1,406	28,706	28,706
Other reserves	323	551	-	874	-	874
Premium deficiency reserves	-	1,265	-	810	-	2,075
Unearned premiums	43,403	32,588	2,352	2,484	-	80,827
Unearned reinsurance commission	7,070	-	-	7,070	-	7,070
Unit linked liabilities	-	-	18,768	18,768	-	18,768
Unallocated liabilities and equity	-	-	-	87,495	266,085	353,580
Total liabilities and equity		28		323,518	266,085	589,603

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

14 SUPPLEMENTARY INFORMATION

14.1 Interim condensed statement of financial position

		As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SAR'000			SAR'000		
ASSETS							
Cash and cash equivalents	4	44,985	75,142	120,127	51,370	1,340	52,710
Investments	5	54	45,382	45,436	411	51,387	51,798
Premiums and reinsurance receivables, net	7	143,213	-	143,213	96,325	-	96,325
Reinsurers' share of unearned premiums	8.1	64,147	-	64,147	39,641	-	39,641
Reinsurers' share of outstanding claims	8.1	73,515	-	73,515	62,992	-	62,992
Reinsurers' share of claims incurred but not reported	8.1	15,633	-	15,633	16,700	-	16,700
Deferred policy acquisition costs		13,957	-	13,957	8,613	-	8,613
Prepayments and other assets		8,120	3,576	11,696	5,512	1,514	7,026
Due from shareholders' operations		31,349	-	31,349	10,941	-	10,941
Due from related parties	9	-	1,214	1,214	-	846	846
Murabaha deposits	6	-	94,400	94,400	-	165,998	165,998
Statutory deposit		-	45,000	45,000	-	45,000	45,000
Property and equipment		8,016	-	8,016	8,549	-	8,549
Right of use assets		6,508	-	6,508	-	-	-
Intangible assets		3,693	-	3,693	3,696	-	3,696
Unit linked investments		27,333	-	27,333	18,768	-	18,768
TOTAL ASSETS		440,523	264,714	705,237	323,518	266,085	589,603
LIABILITIES							
Outstanding claims	8.2	108,189	-	108,189	97,703	-	97,703
Claims incurred but not reported	8.2	27,883	-	27,883	28,706	-	28,706
Other reserves	8.2	874	-	874	874	-	874
Premium deficiency reserves	8.3	2,075	-	2,075	2,075	-	2,075
Unearned premiums	8.1	135,678	-	135,678	80,827	-	80,827
Reinsurance balances payable		65,713	-	65,713	44,998	-	44,998
Unearned reinsurance commission		11,114	-	11,114	7,070	-	7,070
Accrued expenses and other liabilities		50,266	3,100	53,366	37,489	3,856	41,345
Lease liabilities		6,167	-	6,167	-	-	-
Due to related party	9	108	38	146	130	75	205
Zakat and income tax payable	10	-	3,923	3,923	-	5,586	5,586
Unit linked liabilities		27,333	-	27,333	18,768	-	18,768
Retirement benefit obligation		5,437	-	5,437	5,507	-	5,507
Due to insurance operations		-	31,349	31,349	-	10,941	10,941
TOTAL LIABILITIES		440,837	38,410	479,247	324,147	20,458	344,605
EQUITY							
Share capital	11	-	300,000	300,000	-	300,000	300,000
Accumulated losses		-	(73,696)	(73,696)	-	(54,373)	(54,373)
Remeasurement of retirement benefit obligation		(314)	-	(314)	(629)	-	(629)
TOTAL EQUITY		(314)	226,304	225,990	(629)	245,627	244,998
TOTAL LIABILITIES AND EQUITY		440,523	264,714	705,237	323,518	266,085	589,603

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.2 Interim condensed statement of income

	For the three months period ended 30 June 2019			For the three months period ended 30 June 2018			
Note	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total	
	operations	operations		operations	operations		
	SAR'000			SAR'000			
REVENUES							
Gross premiums written	8.1	74,496	-	74,496	100,857	-	100,857
- Corporate		49,053	-	49,053	74,956	-	74,956
- Medium business		11,277	-	11,277	16,075	-	16,075
- Small business		4,501	-	4,501	5,532	-	5,532
- Very small business		4,328	-	4,328	373	-	373
- Retail		5,337	-	5,337	3,921	-	3,921
Reinsurance premiums ceded							
- Local		(726)	-	(726)	(2,198)	-	(2,198)
- Foreign		(40,779)	-	(40,779)	(56,682)	-	(56,682)
Excess of loss expenses		(1,166)	-	(1,166)	(2,051)	-	(2,051)
Net premiums written		31,825	-	31,825	39,926	-	39,926
Changes in unearned premiums		(986)	-	(986)	(20,607)	-	(20,607)
Changes in reinsurers' share of unearned premiums		8,138	-	8,138	29,638	-	29,638
Net premiums earned		38,977	-	38,977	48,957	-	48,957
Reinsurance commission earned		5,647	-	5,647	4,803	-	4,803
Other underwriting income		7	-	7	26	-	26
Total Revenues		44,631	-	44,631	53,786	-	53,786
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid		(32,197)	-	(32,197)	(45,922)	-	(45,922)
Surrenders		(670)	-	(670)	(141)	-	(141)
Reinsurers' share of claims paid		6,900	-	6,900	15,115	-	15,115
Net claims paid		(25,967)	-	(25,967)	(30,948)	-	(30,948)
Changes in outstanding claims	8.2	(8,554)	-	(8,554)	4,956	-	4,956
Changes in reinsurers' share of outstanding claims	8.2	8,237	-	8,237	(9,932)	-	(9,932)
Changes in incurred but not reported claims	8.2	300	-	300	117	-	117
Changes in reinsurers' share of incurred but not reported claims	8.2	(551)	-	(551)	1,569	-	1,569
Changes in other reserves	8.2	-	-	-	1,086	-	1,086
Changes in reinsurers' share of other reserves	8.2	-	-	-	(711)	-	(711)
Net claims incurred		(26,535)	-	(26,535)	(33,863)	-	(33,863)
Changes in Premium deficiency reserves		-	-	-	(836)	-	(836)
Changes in unit linked reserves		(3,403)	-	(3,403)	(3,448)	-	(3,448)
Policy acquisition costs		(7,279)	-	(7,279)	(6,769)	-	(6,769)
Other underwriting expenses		(356)	-	(356)	(511)	-	(511)
Total underwriting costs and expenses		(37,573)	-	(37,573)	(45,427)	-	(45,427)
NET UNDERWRITING INCOME		7,058	-	7,058	8,359	-	8,359
OPERATING AND OTHER (EXPENSES) / INCOME							
General and administrative expenses		(13,077)	(888)	(13,965)	(14,913)	(696)	(15,609)
Provision for doubtful receivables		(5,040)	-	(5,040)	(4,960)	-	(4,960)
Unrealized gain on unit linked investments		(283)	-	(283)	556	-	556
Unrealized gain on investments		-	1,421	1,421	101	1,905	2,006
Realized gain on investments		85	641	726	69	269	338
Total operating and other expenses		(18,315)	1,174	(17,141)	(19,147)	1,478	(17,669)
Net deficit from Insurance operations		(11,257)	1,174	(10,083)	(10,788)	1,478	(9,310)
Zakat for the period		-	(1,050)	(1,050)	-	(1,350)	(1,350)
Net (loss) / profit for the period		(11,257)	124	(11,133)	(10,788)	128	(10,660)
Shareholders' absorption of deficit		11,257	(11,257)	-	10,788	(10,788)	-
Total loss for the period attributable to the shareholders		-	(11,133)	(11,133)	-	(10,660)	(10,660)
Loss per share (SR)			(0.37)				(0.36)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.2 Interim condensed statement of income

For the six months period ended 30 June 2019				For the six months period ended 30 June 2018			
Note	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total	
	operations	operations		operations			
	SAR'000			SAR'000			
REVENUES							
Gross premiums written	8.1	209,430	-	209,430	242,916	-	242,916
- Corporate		125,652	-	125,652	168,623	-	168,623
- Medium business		37,604	-	37,604	44,951	-	44,951
- Small business		28,510	-	28,510	20,335	-	20,335
- Very small business		6,679	-	6,679	897	-	897
- Retail		10,985	-	10,985	8,110	-	8,110
Reinsurance premiums ceded							
- Local		(2,316)	-	(2,316)	(4,838)	-	(4,838)
- Foreign		(92,329)	-	(92,329)	(84,740)	-	(84,740)
Excess of loss expenses		(2,333)	-	(2,333)	(4,135)	-	(4,135)
Net premiums written		112,452	-	112,452	149,203	-	149,203
Changes in unearned premiums		(54,851)	-	(54,851)	(79,218)	-	(79,218)
Changes in reinsurers' share of unearned premiums		24,506	-	24,506	26,912	-	26,912
Net premiums earned		82,107	-	82,107	96,897	-	96,897
Reinsurance commission earned		11,421	-	11,421	10,739	-	10,739
Other underwriting income		427	-	427	467	-	467
Total Revenues		93,955	-	93,955	108,103	-	108,103
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid		(69,542)	-	(69,542)	(80,943)	-	(80,943)
Surrenders		(903)	-	(903)	(427)	-	(427)
Reinsurers' share of claims paid		14,667	-	14,667	22,051	-	22,051
Net claims paid		(55,778)	-	(55,778)	(59,319)	-	(59,319)
Changes in outstanding claims	8.2	(10,486)	-	(10,486)	(17,969)	-	(17,969)
Changes in reinsurers' share of outstanding claims	8.2	10,523	-	10,523	6,322	-	6,322
Changes in incurred but not reported claims	8.2	823	-	823	2,762	-	2,762
Changes in reinsurers' share of incurred but not reported claims	8.2	(1,067)	-	(1,067)	(2,662)	-	(2,662)
Changes in other reserves	8.2	-	-	-	1,324	-	1,324
Changes in reinsurers' share of other reserves	8.2	-	-	-	(905)	-	(905)
Net claims Incurred		(55,985)	-	(55,985)	(70,447)	-	(70,447)
Changes in premium deficiency reserves		-	-	-	(836)	-	(836)
Changes in unit linked reserves		(8,565)	-	(8,565)	(6,722)	-	(6,722)
Policy acquisition costs		(15,430)	-	(15,430)	(13,793)	-	(13,793)
Other underwriting expenses		(1,099)	-	(1,099)	(1,268)	-	(1,268)
Total underwriting costs and expenses		(81,079)	-	(81,079)	(93,066)	-	(93,066)
NET UNDERWRITING INCOME		12,876	-	12,876	15,037	-	15,037
OPERATING (EXPENSES) / INCOME							
General and administrative expenses		(28,485)	(1,770)	(30,255)	(29,695)	(1,847)	(31,542)
Provision for doubtful receivables		(5,897)	-	(5,897)	(3,704)	-	(3,704)
Unrealized gain on unit linked investments		762	-	762	978	-	978
Unrealized gain on investments		-	3,518	3,518	250	3,978	4,228
Realized gain on investments		289	1,484	1,773	97	1,244	1,341
Total operating expenses		(33,331)	3,232	(30,099)	(32,074)	3,375	(28,699)
Net deficit from insurance operations		(20,455)	3,232	(17,223)	(17,037)	3,375	(13,662)
Zakat for the period		-	(2,100)	(2,100)	-	(2,700)	(2,700)
Net (loss) / profit for the period		(20,455)	1,132	(19,323)	(17,037)	675	(16,362)
Shareholders' absorption of deficit		20,455	(20,455)	-	17,037	(17,037)	-
Total loss for the period attributable to the shareholders		-	(19,323)	(19,323)	-	(16,362)	(16,362)
Basic and diluted loss per share (SAR)				(0.64)	(0.55)		

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.3 Interim condensed statement of comprehensive Income

	For the three months period ended 30 June 2019			For the three months period ended 30 June 2018		
Note	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total
	operations	operations		operations	operations	
	SAR'000			SAR'000		
Net (loss) / profit for the period	(11,257)	124	(11,133)	(10,788)	128	(10,660)
Items that will not be reclassified to statement of income in subsequent periods:						
- Actuarial gain on retirement benefit obligation	387	-	387	68	-	68
Total comprehensive loss for the period	(10,870)	124	(10,746)	(10,720)	128	(10,592)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.3 Interim condensed statement of comprehensive Income

	For the six months period ended 30 June 2019			For the six months period ended 30 June 2018		
Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Net (loss) / profit for the period	(20,455)	1,132	(19,323)	(17,037)	675	(16,362)
Items that will not be reclassified to statement of income in subsequent periods:						
- Actuarial gain / (loss) on retirement benefit obligation	315	-	315	(208)	-	(208)
Total comprehensive loss for the period	(20,140)	1,132	(19,008)	(17,245)	675	(16,570)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.4 Statement of cash flows

	For the six months period ended 30 June 2019			For the six months period ended 30 June 2018		
Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss for the period	-	(19,323)	(19,323)	-	(16,362)	(16,362)
Adjustments for non cash items:						
Shareholders' operations appropriations	-	-	-	-	-	-
Depreciation of property and equipment	1,951	-	1,951	1,294	-	1,294
Depreciation of right to use assets	604	-	604	-	-	-
Provision for / (reversal of) doubtful receivables	5,898	-	5,898	3,704	-	3,704
Realized gain on FVTIS	(288)	(536)	(824)	(97)	(592)	(689)
Unrealized gain on FVTIS	-	(1,085)	(1,085)	(245)	(2,580)	(2,825)
Provision for retirement benefit obligation	797	-	797	703	-	703
Provision for zakat	-	2,100	2,100	-	2,700	2,700
	8,962	(18,844)	(9,882)	5,359	(16,834)	(11,475)
Changes in operating assets and liabilities:						
Premiums and reinsurance receivables	(52,786)	-	(52,786)	(71,149)	-	(71,149)
Reinsurers' share of unearned premiums	(24,506)	-	(24,506)	(26,912)	-	(26,912)
Reinsurers' share of outstanding claims	(10,523)	-	(10,523)	(6,322)	-	(6,322)
Reinsurers' share of claims incurred but not reported	1,067	-	1,067	2,662	-	2,662
Reinsurers' share of other reserves	-	-	-	905	-	905
Deferred policy acquisition costs	(5,344)	-	(5,344)	(6,389)	-	(6,389)
Prepayments and other assets	(2,608)	(2,062)	(4,670)	(880)	88	(792)
Due from related parties	-	(368)	(368)	-	(473)	(473)
Due to / (from) insurance operations	-	20,408	20,408	-	17,913	17,913
Unit linked investments	(8,565)	-	(8,565)	(6,722)	-	(6,722)
Outstanding claims	10,486	-	10,486	17,969	-	17,969
Claims incurred but not reported	(823)	-	(823)	(2,762)	-	(2,762)
Other reserves	-	-	-	(1,324)	-	(1,324)
Premium deficiency reserves	-	-	-	836	-	836
Unearned premiums	54,851	-	54,851	79,218	-	79,218
Reinsurance balances payable	20,715	-	20,715	1,078	-	1,078
Unearned reinsurance commission	4,044	-	4,044	1,666	-	1,666
Accrued expenses and other liabilities	12,777	(756)	12,021	3,009	(643)	2,366
Lease liabilities	6,167	-	6,167	-	-	-
Due to related party	(22)	(37)	(59)	-	-	-
Unit linked liabilities	8,565	-	8,565	6,722	-	6,722
Due to / (from) shareholders' operations	(20,408)	-	(20,408)	(17,913)	-	(17,913)
Cash (used in) / generated from operations	2,049	(1,659)	390	(20,949)	51	(20,898)
Retirement benefit obligation paid	(552)	-	(552)	(206)	-	(206)
Zakat and income tax paid	-	(3,763)	(3,763)	-	(4,838)	(4,838)
Net cash (used in) / generated from operating activities	1,497	(5,422)	(162)	(21,155)	(4,787)	(25,942)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of murabaha deposits	-	(72,230)	(72,230)	-	(123,705)	(123,705)
Proceeds from maturity of murhaba deposits	-	143,828	143,828	-	-	-
Purchase of investments	5 (89,600)	-	(89,600)	(29,000)	(10,000)	(39,000)
Proceeds from disposal of investments	5 90,245	7,626	97,871	75,433	97,025	172,458
Purchase of property and equipment	-	(869)	(869)	(3,430)	-	(3,430)
Right of use assets	-	(7,112)	(7,112)	-	-	-
Purchase of intangible assets	-	(546)	(546)	-	-	-
Net cash generated from / (used in) investing activities	(7,882)	79,224	71,342	43,003	(36,680)	6,323
Net change in cash and cash equivalents	(6,385)	73,802	67,417	21,848	(41,467)	(19,619)
Cash and cash equivalents at the beginning of the period	51,370	1,340	52,710	14,684	93,179	107,863
Cash and cash equivalents at the end of the period	44,985	75,142	120,127	36,532	51,712	88,244

15 COMPARATIVE FIGURES

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

16 APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 25 Dhul Qada, 1440H corresponding to 28 July 2019G.