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

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2019**

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SALAMA COOPERATIVE INSURANCE COMPANY  
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
For the three month and nine month periods ended 30 September 2019

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

The Shareholders  
Salama Cooperative Insurance Company  
(A Saudi Joint Stock Company)  
Kingdom of Saudi Arabia

**INTRODUCTION**

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

**SCOPE OF REVIEW**

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

**CONCLUSION**

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

**For Al Azem, Al Sudairy, Al Shaikh & Partners**  
Certified Public Accountants

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Kingdom of Saudi Arabia



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**For Moore**  
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Certified Public Accountants  
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Mohamed El Sayed El Ayouty  
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Jeddah, Kingdom of Saudi Arabia  
14 Rabi' Alawwal 1441H  
11 November 2019

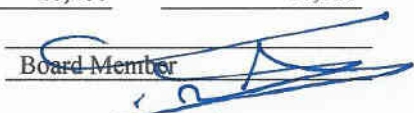


**SALAMA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 SEPTEMBER 2019**

		<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000 (Restated)</b>
	<i>Note</i>		
<b><u>ASSETS</u></b>			
Cash and cash equivalents	4.a	102,271	86,869
Term deposits	4.b	142,777	241,515
Premiums and reinsurers' receivable – net	5	122,176	155,444
Reinsurers' share of unearned premiums	7	21,405	13,139
Reinsurers' share of outstanding claims	7	9,115	13,316
Reinsurers' share of claims incurred but not reported	7	10,978	10,467
Deferred policy acquisition costs		10,503	14,135
Investments	6	265,722	278,812
Prepaid expenses and other assets		19,856	24,377
Property and equipment		13,342	14,459
Intangible assets		6,746	7,157
Right of use assets – net		28,387	-
Statutory deposit	8	25,000	25,000
Accrued income on statutory deposit		3,182	2,686
<b>TOTAL ASSETS</b>		<b>781,460</b>	<b>887,376</b>
<b><u>LIABILITIES</u></b>			
Policyholders claims payable		16,842	7,583
Accrued expenses and other liabilities		40,518	52,179
Reinsurers' balances payable		7,273	6,547
Unearned premiums	7	236,531	287,093
Unearned reinsurance commission		3,384	2,543
Outstanding claims	7	41,981	58,370
Claims incurred but not reported	7	137,652	151,890
Premium deficiency reserve	7	20,334	5,083
Other technical reserves	7	6,375	6,375
End-of-service indemnities		7,078	8,941
Lease liabilities		27,125	-
Surplus distribution payable		14,535	14,535
Zakat	13	23,631	19,761
Accrued commission income payable to SAMA		3,182	2,686
<b>TOTAL LIABILITIES</b>		<b>586,441</b>	<b>623,586</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Share capital	14	250,000	250,000
Statutory reserve		5,003	5,003
(Accumulated losses) / retained earnings		(61,063)	7,708
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>193,940</b>	<b>262,711</b>
Re-measurement reserve of defined benefit obligation – related to insurance operations		1,079	1,079
<b>TOTAL EQUITY</b>		<b>195,019</b>	<b>263,790</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>781,460</b>	<b>887,376</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	9	<b>10,200</b>	<b>10,200</b>

  
Chief Executive Officer

  
Chief Financial Officer

  
Board Member

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.



SALAMA COOPERATIVE INSURANCE COMPANY  
(A Saudi Joint Stock Company)  
INTERIM CONDENSED STATEMENT OF INCOME – (Unaudited)  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		2019 SR'000	2018 SR'000 (Restated)	2019 SR'000	2018 SR'000 (Restated)
<b><u>REVENUES</u></b>					
Gross premiums written		95,155	152,999	383,562	623,501
Reinsurance premiums ceded					
- Local		(146)	(154)	(529)	(766)
- Foreign		(9,669)	(2,817)	(36,080)	(12,055)
		(9,815)	(2,971)	(36,609)	(12,821)
Excess of loss expenses					
- Local		(39)	(68)	(132)	(315)
- Foreign		(2,958)	(5,329)	(8,300)	(17,536)
		(2,997)	(5,397)	(8,432)	(17,851)
Net premiums written		82,343	144,631	338,521	592,829
Changes in unearned premiums, net		25,384	44,808	58,828	(46,573)
Net premiums earned		107,727	189,439	397,349	546,256
Reinsurance commissions		2,003	1,658	5,014	4,017
Other underwriting income		459	1,292	1,566	4,625
<b><u>TOTAL REVENUES</u></b>		<b>110,189</b>	<b>192,389</b>	<b>403,929</b>	<b>554,898</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>					
Gross claims paid		108,624	141,850	386,695	415,801
Reinsurers' share of claims paid		(4,835)	(3,566)	(12,492)	(7,330)
Net claims paid		103,789	138,284	374,203	408,471
Changes in outstanding claims, net		(10,176)	7,871	(12,189)	12,420
Changes in claims incurred but not reported, net		(4,955)	65	(14,749)	794
Net claims incurred		88,658	146,220	347,265	421,685
Change in premium deficiency reserve		7,089	-	15,251	(2,164)
Policy acquisition costs		6,154	8,574	21,985	25,119
Other underwriting expenses		3,577	6,095	14,907	20,619
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>		<b>105,478</b>	<b>160,889</b>	<b>399,408</b>	<b>465,259</b>
<b><u>NET UNDERWRITING INCOME</u></b>		<b>4,711</b>	<b>31,500</b>	<b>4,521</b>	<b>89,639</b>

  
Chief Executive Officer

  
Chief Financial Officer

  
Board Member

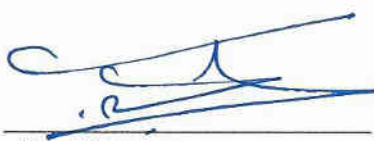
The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

SALAMA COOPERATIVE INSURANCE COMPANY  
(A Saudi Joint Stock Company)  
INTERIM CONDENSED STATEMENT OF INCOME – (Unaudited) (Continued)  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019

Note	Three month period ended 30 September		Nine month period ended 30 September	
	2019 SR'000	2018 SR'000 (Restated)	2019 SR'000	2018 SR'000 (Restated)
<b><u>OTHER OPERATING (EXPENSES) / INCOME</u></b>				
General and administrative expenses	(22,064)	(24,911)	(72,740)	(68,153)
Allowance for doubtful debts	2,736	(1,702)	(4,577)	(6,601)
Investment income	304	2,078	8,525	6,806
Unrealized (loss) / gain on investments	-	(299)	-	2,615
Other income	-	3	-	3
<b><u>TOTAL OTHER OPERATING EXPENSES</u></b>	<b>(19,024)</b>	<b>(24,831)</b>	<b>(68,792)</b>	<b>(65,330)</b>
<b>Net (loss) / income for the period</b>	<b>(14,313)</b>	<b>6,669</b>	<b>(64,271)</b>	<b>24,309</b>
Net income attributed to the insurance operations	-	(842)	-	(2,163)
<b><u>NET (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS BEFORE ZAKAT</u></b>	<b>(14,313)</b>	<b>5,827</b>	<b>(64,271)</b>	<b>22,146</b>
Zakat	3,13 (1,500)	(1,500)	(4,500)	(4,500)
<b><u>NET (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</u></b>	<b>(15,813)</b>	<b>4,327</b>	<b>(68,771)</b>	<b>17,646</b>
Weighted average number of ordinary shares outstanding (in thousands)	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>Basic and diluted earnings/loss per share for the period (SR)</b>	<b>16 (0.63)</b>	<b>0.17</b>	<b>(2.75)</b>	<b>0.71</b>

  
Chief Executive Officer

  
Chief Financial Officer

  
Board Member

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SALAMA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

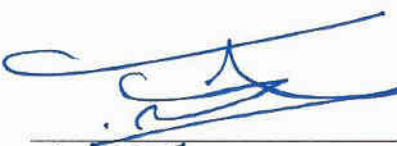
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME – (Unaudited)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019

	Note	<i>Three month period ended 30 September</i>		<i>Nine month period ended 30 September</i>	
		2019 SR'000	2018 SR'000 (Restated)	2019 SR'000	2018 SR'000 (Restated)
<b><u>NET(LOSS)/ INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</u></b>		(15,813)	5,169	(68,771)	19,809
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income attributed to the insurance operations</b>	17	-	(842)	-	(2,163)
<b>Total comprehensive (loss) / income for the period attributable to the shareholders'</b>		<u>(15,813)</u>	<u>4,327</u>	<u>(68,771)</u>	<u>17,646</u>

  
\_\_\_\_\_  
Chief Executive Officer

  
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Chief Financial Officer

  
\_\_\_\_\_  
Board Member

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**SALAMA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY – (Unaudited)**  
**FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019**

<u>2019</u>					
			<b>Re-measurement reserve of defined benefit obligation – related to insurance operations SR'000</b>		<b>Total Equity SR'000</b>
<b>Balance at 1 January 2019 (audited)</b>					
<i>Total comprehensive loss for the period</i>					
Net loss for the period – Attributable to shareholders				-	-
Other comprehensive income				-	(68,771)
<b>Balance at 30 September 2019 (unaudited)</b>				-	-
	<b>Share capital SR'000</b>	<b>Statutory reserve SR'000</b>	<b>(Accumulated losses) / Retained earnings SR'000</b>		
	250,000	5,003	7,708	1,079	263,790
	-	-	-	-	-
	-	-	(68,771)	-	(68,771)
	-	-	-	-	-
	250,000	5,003	(61,063)	1,079	195,019

2018

				<b>Re-measurement reserve of defined benefit obligation – related to insurance operations SR'000</b>		<b>Total Equity SR'000</b>
<b>Balance at 1 January 2018 (audited)</b>						
<i>Total comprehensive income for the period</i>						
Net income for the period – Attributable to shareholders (Restated)				-	-	17,646
Other comprehensive income				-	-	-
<b>Balance at 30 September 2018 (unaudited)</b>				-	-	-
	<b>Share capital SR'000</b>	<b>Statutory reserve SR'000</b>	<b>Retained earnings SR'000</b>			
	250,000	1,734	634	-	-	252,368
	-	-	-	-	-	-
	-	-	17,646	-	-	17,646
	-	-	-	-	-	-
	250,000	1,734	18,280	-	-	270,014

Chief Executive Officer

Chief Financial Officer

Board Member

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.



**SALAMA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS – (Unaudited)**  
**FOR NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019**

		<b>30 September 2019 (Unaudited) SR'000</b>	<b>30 September 2018 (Unaudited) SR'000</b>
	<b>Note</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the period before zakat		(64,271)	24,309
Adjustments for non-cash items:			
Depreciation of property and equipment		3,727	2,002
Amortization of intangible assets		1,246	458
Amortization of held to maturity investments		259	151
Allowance for doubtful debts		4,577	6,601
Unrealized gain on investments		(58)	(4,254)
Realized gain on investments		(4,091)	-
Provision for end-of-service indemnities, net		(1,863)	1,386
		<b>(60,474)</b>	<b>30,653</b>
<b>Changes in operating assets and liabilities:</b>			
Premiums and reinsurers' receivable		28,691	(88,074)
Reinsurers' share of unearned premiums		(8,266)	2,165
Reinsurers' share of outstanding claims		4,201	(8,751)
Reinsurers' share of claims Incurred but not reported		(511)	(1,312)
Deferred policy acquisition costs		3,632	(731)
Prepaid expenses and other assets		4,521	(11,685)
Increase in lease liabilities		27,125	-
Accrued income on statutory deposit		(496)	(363)
Policyholders claims payable		9,259	2,529
Accrued expenses and other liabilities		(11,661)	16,177
Reinsurers' balances payable		726	(2,520)
Unearned premiums		(50,562)	44,408
Unearned reinsurance commission		841	(420)
Outstanding claims		(16,389)	21,171
Claims incurred but not reported		(14,238)	2,106
Premium deficiency reserve		15,251	(2,304)
Other technical reserves		-	140
Accrued commission income payable to SAMA		496	363
Zakat paid		(630)	(4,428)
<b>Net cash used in operating activities</b>		<b>(68,484)</b>	<b>(876)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments		(124,982)	(200,000)
Proceeds from sale of investments	6	131,962	316,766
Increase in right of use assets – net		(28,387)	-
Placement of term deposits		(101,148)	-
Proceeds from term deposits		199,886	-
Proceeds from held to maturity investments		10,000	-
Purchase of property and equipment		(2,610)	(8,868)
Purchase of intangible assets		(835)	(7,334)
<b>Net cash from investing activities</b>		<b>83,886</b>	<b>100,564</b>
Net change in cash and cash equivalents		15,402	99,688
Cash and cash equivalents, at the beginning of the period		86,869	14,403
<b>Cash and cash equivalents, at the end of the period</b>		<b>102,271</b>	<b>114,091</b>

Chief Executive Officer

Chief Financial Officer

Board Member

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

**SALAMA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019**

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**1. GENERAL**

Salama Cooperative Insurance Company ("the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 1121K dated 29 Rabi Al-Thani 1428H (corresponding to 16 May 2007). The Company is registered in Jeddah under Commercial Registration No. 4030169661 dated 6 Jamad Al-Awwal 1428H (corresponding to 23 May 2007).

The Registered Office address of the Company is:

Salama Tower;  
Al Madinah Road  
P.O. Box 4020;  
Jeddah 21491;  
Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company was listed on the Saudi Stock Exchange on 23 May 2007. The Company started its operations on 1 January 2008. The Company is fully owned by the general public and Saudi shareholders.

The Company received the approval letters from the Saudi Arabian Monetary Authority (SAMA) and Ministry of Commerce and Investment regarding the amendment of the Company's by-laws to be in accordance with the new companies' regulations. The Company's general assembly was held on 11 Ramadan 1438H (corresponding to 6 June 2017) and accordingly the new by-laws was approved.

**2. BASIS OF PREPARATION**

**a. Basis of presentation**

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

The financial statements of the Company for the three months period ended 31 March 2019 and for the year ended 31 December 2018, 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) and the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia.

During July 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 as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Certified Public Accountants ("SOCPA").

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 (a) to the interim condensed financial statements).

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of investments (excluding held-to-maturity) at their fair value, and end of service indemnities which are assessed using projected unit credit method.

The Company's interim statement of financial position is presented in order of liquidity. Except for property and equipment, statutory deposit, employee benefits, outstanding claims, claims incurred but not reported, other technical reserves, all other assets and liabilities are of short-term nature, unless, stated otherwise.



**SALAMA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019**

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**2. BASIS OF PREPARATION – (continued)**

**a. Basis of presentation – (continued)**

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for “Insurance Operations” and “Shareholders’ Operations”. Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operation, are recorded in the respective accounts.

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 of and for the year ended 31 December 2018.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SR) and are rounded off to the nearest thousands.

**b. Critical accounting judgments, estimates and assumptions**

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

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2018 except as disclosed under note 3.

**c. Seasonality of operations**

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2018 except for Zakat and income tax (see note 3(a)) and new amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) as mentioned in note 3(a). Certain comparatives has also been revised due to change in accounting policy for presentation of Zakat and income tax as explained below to these interim condensed financial statements.

**a) Change in accounting for Zakat and income tax**

As mentioned in note 2, 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 23 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 23 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. The change has resulted in reduction of reported income of the Company for the period ended 30 September 2018 by SR 4,500 thousand. The change had no impact on the 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, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.



**SALAMA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**a) Change in accounting for Zakat and income tax (continued)**

***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; and
- 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.

The Company applies significant judgment in identifying uncertainties over income tax treatments.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

***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.

***Impact on the interim condensed statement of Income:***

The change in the accounting policy for Zakat and income tax has the following impact on the line items of the statements of income and changes in shareholders' equity:

As at and for the nine-month period ended 30 September 2018:

Account	Financial statement impacted	Before the restatement for the nine-month period ended 30 September 2018	Effect of restatement	As restated as at and for the nine-month period ended 30 September 2018
Zakat	Statement of income	-	(4,500)	(4,500)
Net income for the period attributable to shareholders	Statement of income	22,146	(4,500)	17,646
Earnings per share for the period (expressed in SR per share)	Statement of income	0.89	(0.18)	0.71
Zakat (retained earnings)	Statement of changes in equity	(4,500)	4,500	-
Total comprehensive income for the period attributable to shareholders	Statement of comprehensive income and statement of changes in equity	22,146	(4,500)	17,646



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Change in accounting for Zakat and income tax (continued)*

As at and for the three-month period ended 30 September 2018:

Account	Financial statement impacted	Before the restatement for the three-month period ended 30 September 2018	Effect of restatement	As restated as at and for the three-month period ended 30 September 2018
Zakat	Statement of income	-	(1,500)	(1,500)
Net income for the period attributable to shareholders	Statement of income	5,827	(1,500)	4,327
Earnings per share for the period (expressed in SR per share)	Statement of income	0.23	(0.06)	(0.17)
Zakat (retained earnings)	Statement of changes in equity	(1,500)	1,500	-
Total comprehensive income for the period attributable to shareholders	Statement of comprehensive income and statement of changes in equity	5,827	(1,500)	4,327

The financial impact of adoption of accounting policy for deferred tax is not material to the interim condensed financial statements, therefore prior period amounts have not been restated.

As required under IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors, the balances as of 1 January 2018 were not presented in the statement of financial position as change in the accounting policy has not resulted in restatement of the amounts relating to year ended 31 December 2017.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b) New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company**

The Company has adopted the following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

<u>Standard/ Amendments</u>	<u>Description</u>
IFRS 16	Leases (see below)
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 28	Long term interests in associates and joint ventures
IAS 19	Plan amendments, curtailments or settlements
IFRS 3,11 and IAS 12, 23	Annual Improvements to IFRS 2015 - 2017 cycle.

**IFRS 16 - Leases**

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 4.4%.

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognized at 1 January 2019:

	<b>SR</b>
Total operating lease commitments as at 31 December 2018	34,379
Discounted using the lessee's incremental borrowing rate at date of initial application	(7,338)
Total lease liabilities recognised under IFRS 16 at 1 January 2019	<u>27,041</u>



3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

b) **New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company** (continued)

The adoption of the other relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

c) **Standards issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they are effective.

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9	Financial Instruments	Refer below
IFRS 17	Insurance Contracts (note below)	1 January 2022

*IFRS 9 and IFRS 17*

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 (ECL) 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 statement of income.
- IFRS 9 requires entities to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through statement of income as well as finance lease receivables, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. Under IFRS 9, credit losses are recognised earlier than under IAS 39.
- The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2022. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

Under the temporary exemption as introduced by amendments to IFRS 4, the reporting entities whose activities predominantly relate to "insurance" can defer the implementation of IFRS 9. The Company having assessed the implications and has concluded to defer the implementation of IFRS 9 until a later date which will not be later than 1 January 2022.

The impact of the adoption of IFRS 9 on the Company's interim condensed financial statements will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

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**4. CASH AND CASH EQUIVALENTS**

**a) Cash and cash equivalents comprise the following:**

Bank balances and cash

<b>Insurance operations</b>	
<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
<b>100,693</b>	<b>81,792</b>

Bank balances

<b>Shareholders' operations</b>	
<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
<b>1,578</b>	<b>5,077</b>

**b) Term deposits**

Term deposits

<b>Insurance operations</b>	
<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
<b>40,757</b>	<b>141,136</b>

Term deposits

<b>Shareholders' operations</b>	
<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
<b>102,020</b>	<b>100,379</b>

**5. PREMIUMS AND REINSURERS' RECEIVABLE – NET**

Receivables comprise amounts due from the following:

Policyholders  
Related parties  
Receivables from reinsurers

Provision for doubtful debts

**Premiums and reinsurers' receivable – net**

<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
<b>163,545</b>	171,520
-	21,551
<b>4,942</b>	4,107
<b>168,487</b>	197,178
<b>(46,311)</b>	(41,734)
<b>122,176</b>	<b>155,444</b>



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**6. INVESTMENTS**

Investment are classified as follows:

	<b>Insurance operations</b>	
	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
- Held as FVSI	134,939	143,984
- Held to maturity	18,530	28,627
Total	<b>153,469</b>	<b>172,611</b>
	<b>Shareholders' operations</b>	
	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
- Held as FVSI	91,984	90,752
- Available for sale	1,923	1,923
- Held to maturity	18,346	13,526
Total	<b>112,253</b>	<b>106,201</b>

*Movement in held as FVSI investment balance is as follows:*

	<b>Insurance operations</b>	
	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
Balance at the beginning of the period / year	143,984	354,374
Purchases during the period / year	120,000	-
Disposals during the period / year	(128,290)	(211,655)
	<b>135,694</b>	<b>142,719</b>
Changes in fair value of investments	(755)	1,265
Balance at the end of the period / year	<b>134,939</b>	<b>143,984</b>
	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
<i>Source of Fair Value</i>		
Units in local equity funds	NAV** -	3,157
Local DPM* money market securities	NAV** 134,939	140,827
Total	<b>134,939</b>	<b>143,984</b>

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6. INVESTMENTS – (continued)

*Movement in held as FVSI investment balance is as follows:*

	Shareholders' operations	
	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Balance at the beginning of the period / year	90,752	216,980
Disposals during the period / year	(3,672)	(129,919)
	87,080	87,061
Changes in fair value of investments	4,904	3,691
Balance at the end of the period / year	91,984	90,752

	Source of Fair Value	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Units in local equity funds	NAV**	2,043	1,988
Units in local real estate funds	NAV**	9,983	9,010
Local "DPM* money market securities	NAV**	18,398	22,746
Local "DPM* equity securities	Quoted	20,203	19,561
Foreign "DPM* equity securities	Quoted	17,737	15,486
Foreign bonds and sukuk	Quoted	23,620	21,961
Total		91,984	90,752

*Movement in available-for-sale investment balance is as follows:*

	Shareholders' operations	
	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Balance at the beginning of the period / year	1,923	1,923
Balance at the end of the period / year	1,923	1,923

- (i) Unquoted available for sale investment, having a carrying value of SR 1,923 thousand (2018: SR 1,923 thousand) are measured at cost as its fair value cannot be reliably measured due to the absence of active market and unavailability of observable market prices for similar instruments.

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**6. INVESTMENTS – (continued)**

*Movement in held to maturity investment balance is as follows:*

	<b>Insurance operations</b>	
	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
Balance at the beginning of the period / year	28,627	35,790
Matured during the period	(10,000)	(7,000)
Amortization of held to maturity investments	(97)	(163)
Balance at the end of the period / year	<b>18,530</b>	<b>28,627</b>

	<b>Shareholders' operations</b>	
	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
Balance at the beginning of the period / year	13,526	13,642
Purchases during the period	4,982	-
Amortization of held to maturity investments	(162)	(116)
Balance at the end of the period / year	<b>18,346</b>	<b>13,526</b>

\* Managed at the discretion of a local regulated financial institution ("DPM").

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

**7. TECHNICAL RESERVES**

**7.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
Outstanding claims	41,981	58,370
Claims incurred but not reported	137,652	151,890
Premium deficiency reserve	20,334	5,083
Other technical reserves	6,375	6,375
	<b>206,342</b>	<b>221,718</b>
Less:		
- Reinsurers' share of outstanding claims	(9,115)	(13,316)
- Reinsurers' share of claims incurred but not reported	(10,978)	(10,467)
	<b>(20,093)</b>	<b>(23,783)</b>
<b>Net outstanding claims and reserves</b>	<b>186,249</b>	<b>197,935</b>



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**7. TECHNICAL RESERVES – (continued)**

**7.2 Movement in unearned premiums**

Movement in unearned premiums comprise of the following:

	<b>Nine-month ended 30 September 2019</b>		
	<b>(Unaudited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
	<b>SR'000</b>		
Balance at the beginning of the period	<b>287,093</b>	<b>(13,139)</b>	<b>273,954</b>
Premium written during the period	<b>383,562</b>	<b>(45,041)</b>	<b>338,521</b>
Premium earned during the period	<b>(434,124)</b>	<b>36,775</b>	<b>(397,349)</b>
Balance at the end of the period	<b>236,531</b>	<b>(21,405)</b>	<b>215,126</b>

	<b>Year ended 31 December 2018</b>		
	<b>(Audited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
	<b>SR'000</b>		
Balance at the beginning of the year	322,609	(8,889)	313,720
Premium written during the year	734,982	(24,643)	710,339
Premium earned during the year	(770,498)	20,393	(750,105)
Balance at the end of the year	287,093	(13,139)	273,954

**8. STATUTORY DEPOSIT**

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR'000</b>	<b>SR'000</b>
Statutory deposit	<b>25,000</b>	25,000
Total	<b>25,000</b>	25,000

As required by Saudi Arabian Insurance Regulations, the Company has deposited 10% of its paid up capital, amounting to SR 25 million (31 December 2018: SR 25 million) in a bank designated by the Saudi Arabian Monetary Authority ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA.



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**9. COMMITMENTS AND CONTINGENCIES**

a. The Company's commitments and contingencies are as follows:

	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
Letters of guarantee in favour of non-government customers	<b>700</b>	700
Letters of guarantee in favour of GAZT	<b>9,500</b>	9,500
Total	<b>10,200</b>	10,200

b. The Company is subject to legal proceedings in the ordinary course of business. There was no change in the status of legal proceedings as disclosed at 31 December 2018.

**10. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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 on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial statements.

***Determination of fair value and fair value hierarchy***

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

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

**a. Carrying amounts and fair value**

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

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**10. FAIR VALUES OF FINANCIAL INSTRUMENTS – (continued)**

**a. Carrying amounts and fair value – (continued)**

Insurance Operations	Fair value			
	Level 1	Level 2	Level 3	Total
	SR'000			
30 September 2019 (Unaudited)				
Financial assets measured at fair value				
- Investments held as FVSI	-	134,939	-	134,939
Total	-	134,939	-	134,939
Financial assets not measured at fair value				
- Held to maturity investments	-	18,530	-	18,530
Total	-	18,530	-	18,530
Insurance Operations	Fair value			
	Level 1	Level 2	Level 3	Total
	SR'000			
31 December 2018 (Audited)				
Financial assets measured at fair value				
- Investments held as FVSI	-	143,984	-	143,984
Total	-	143,984	-	143,984
Financial assets not measured at fair value				
- Held to maturity investments	-	28,627	-	28,627
Total	-	28,627	-	28,627

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**10. FAIR VALUES OF FINANCIAL INSTRUMENTS – (continued)**

**a. Carrying amounts and fair value – (continued)**

Shareholders' Operations	Fair value			
	Level 1	Level 2	Level 3	Total
	SR'000			

**30 September 2019 (Unaudited)**

**Financial assets measured at fair value**

- Investments held as FVSI	61,560	30,424	-	91,984
Total	61,560	30,424	-	91,984

**Financial assets not measured at fair value**

- Held to maturity investments	-	18,346	-	18,346
Total	-	18,346	-	18,346

Shareholders' Operations	Fair value			
	Level 1	Level 2	Level 3	Total
	SR'000			

**31 December 2018 (Audited)**

**Financial assets measured at fair value**

- Investments held as FVSI	57,008	33,744	-	90,752
Total	57,008	33,744	-	90,752

**Financial assets not measured at fair value**

- Held to maturity investments	-	13,526	-	13,526
Total	-	13,526	-	13,526



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**11. OPERATING SEGMENTS**

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 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 31 December 2018.

Segment assets do not include cash and cash equivalents, short term deposits, net premiums and reinsurers' receivable, prepayments and other receivables, amount due from a related party, investments, property and equipment. Accordingly, they are included in unallocated assets. Segment liabilities do not include policyholders' claims, reinsurance payables, accruals and other payables and employees' end of service indemnities. Accordingly, they are included in unallocated liabilities.

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

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 September 2019 and 31 December 2018, its total revenues, expenses, and net income for the Nine-month period then ended, and as follows:



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11. OPERATING SEGMENTS – (continued)

As at 30 September 2019 (Unaudited)					
	Insurance operations			Shareholders' operations	Total
	Medical	Motor	Property & casualty	Total – Insurance operations SR'000	
<b>Assets</b>					
Reinsurers' share of unearned premiums	-	15,850	5,555	21,405	21,405
Reinsurers' share of outstanding claims	-	-	9,115	9,115	9,115
Reinsurers' share of claims Incurred but not reported	-	9,597	1,381	10,978	10,978
Deferred policy acquisition costs	3,394	5,994	1,115	10,503	10,503
Unallocated assets				485,240	705,993
Add: Inter-operations eliminations				-	23,466
<b>Total assets</b>				<u>537,241</u>	<u>781,460</u>
<b>Liabilities</b>					
Unearned premiums	69,075	158,504	8,952	236,531	236,531
Unearned reinsurance commission	-	1,823	1,561	3,384	3,384
Outstanding claims	13,920	14,829	13,232	41,981	41,981
Claims incurred but not reported	23,076	112,433	2,143	137,652	137,652
Premium deficiency reserve	20,334	-	-	20,334	20,334
Other technical reserves	2,393	3,708	274	6,375	6,375
Unallocated liabilities and surplus				136,837	163,650
Add: Inter-operations eliminations				(23,466)	(23,466)
<b>Total liabilities</b>				<u>559,628</u>	<u>586,441</u>
<b>Shareholders' Equity</b>					
Share capital				-	250,000
Statutory reserve				-	5,003
Accumulated losses				-	(61,063)
<b>Total Shareholders' Equity</b>				-	193,940
Re-measurement reserve of defined benefit obligation – related to insurance operations				1,079	1,079
<b>Total liabilities and Shareholders' Equity</b>				<u>560,707</u>	<u>781,460</u>

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11. OPERATING SEGMENTS – (continued)

As at 31 December 2018 (Audited)						
	Insurance operations			Total – Insurance operations	Shareholders’ operations	Total
	Medical	Motor	Property & casualty	SR’000		
<b>Assets</b>						
Reinsurers’ share of unearned premiums	-	-	13,139	13,139	-	13,139
Reinsurers’ share of outstanding claims	-	-	13,316	13,316	-	13,316
Reinsurers’ share of claims Incurred but not reported	-	8,469	1,998	10,467	-	10,467
Deferred policy acquisition costs	3,201	9,867	1,067	14,135	-	14,135
Unallocated assets				596,883	285,158	882,041
Inter-operations eliminations				-	(45,722)	(45,722)
<b>Total assets</b>				<u>647,940</u>	<u>239,436</u>	<u>887,376</u>
<b>Liabilities</b>						
Unearned premiums	59,379	218,379	9,335	287,093	-	287,093
Unearned reinsurance commission	-	-	2,543	2,543	-	2,543
Outstanding claims	16,706	24,878	16,786	58,370	-	58,370
Claims incurred but not reported	10,398	138,874	2,618	151,890	-	151,890
Premium deficiency reserve	5,083	-	-	5,083	-	5,083
Other technical reserves	2,393	3,708	274	6,375	-	6,375
Unallocated liabilities and surplus				135,507	22,447	157,954
Inter-operations eliminations				(45,722)	-	(45,722)
<b>Total liabilities</b>				<u>601,139</u>	<u>22,447</u>	<u>623,586</u>
<b>Shareholders’ Equity</b>						
Share capital				-	250,000	250,000
Statutory reserve				-	5,003	5,003
Retained earnings				-	7,708	7,708
<b>Total Shareholders’ Equity</b>				<u>-</u>	<u>262,711</u>	<u>262,711</u>
Re-measurement reserve of defined benefit obligation – related to insurance operations				1,079	-	1,079
<b>Total liabilities and Shareholders’ Equity</b>				<u>602,218</u>	<u>285,158</u>	<u>887,376</u>



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)  
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11. OPERATING SEGMENTS – (continued)

For the three-month period ended 30 September 2019  
(Unaudited)

	<i>Medical</i>	<i>Motor</i>	<i>Property &amp; casualty</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>REVENUES</b>				
Gross premiums written				
Individual	-	56,168	630	56,798
Large	9,604	4,859	209	14,672
Medium	253	3,081	2,654	5,988
Small	223	4,999	1,255	6,477
Very Small	11,220	-	-	11,220
	21,300	69,107	4,748	95,155
Reinsurance premiums ceded				
- Local	-	-	(146)	(146)
- Foreign	-	(6,663)	(3,006)	(9,669)
	-	(6,663)	(3,152)	(9,815)
Excess of loss expenses				
- Local	-	(39)	-	(39)
- Foreign	(1,650)	(938)	(370)	(2,958)
	(1,650)	(977)	(370)	(2,997)
<b>Net premiums written</b>	19,650	61,467	1,226	82,343
Changes in unearned premiums, net	8,872	16,518	(6)	25,384
<b>Net premiums earned</b>	28,522	77,985	1,220	107,727
Reinsurance commissions	-	908	1,095	2,003
Other underwriting income	-	459	-	459
<b>TOTAL REVENUES</b>	28,522	79,352	2,315	110,189
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	37,614	70,967	43	108,624
Reinsurers' share of claims paid	-	(4,795)	(40)	(4,835)
<b>Net claims paid</b>	37,614	66,172	3	103,789
Changes in outstanding claims, net	(3,745)	(6,848)	417	(10,176)
Changes in claims incurred but not reported, net	2,449	(7,481)	77	(4,955)
<b>Net claims incurred</b>	36,318	51,843	497	88,658
Change in premium deficiency reserve	7,089	-	-	7,089
Policy acquisition costs	1,510	3,994	650	6,154
Other underwriting expenses	1,871	1,626	80	3,577
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	46,788	57,463	1,227	105,478
<b>NET UNDERWRITING (LOSS) / INCOME</b>	(18,266)	21,889	1,088	4,711
<b>OTHER OPERATING (EXPENSES) / INCOME</b>				
General and administrative expenses				(22,064)
Allowance for doubtful debts				2,736
Investment income				304
Unrealized loss on investments				-
Other income				-
<b>TOTAL OTHER OPERATING EXPENSES</b>				(19,024)
<b>NET LOSS FOR THE PERIOD BEFORE ZAKAT</b>				(14,313)
Zakat				(1,500)
<b>NET LOSS FOR THE PERIOD</b>				(15,813)
Net income for the period attributable to insurance operations				-
Net loss for the period attributable to the shareholders'				(15,813)



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11. OPERATING SEGMENTS – (continued)

For the Nine-month period ended 30 September 2019  
(Unaudited)

	<i>Medical</i>	<i>Motor</i>	<i>Property &amp; casualty</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>REVENUES</b>				
Gross premiums written				
Individual	6,842	128,701	1,418	136,961
Large	50,780	42,541	2,869	96,190
Medium	8,715	74,828	6,318	89,861
Small	4,952	8,417	3,081	16,450
Very Small	29,137	14,160	803	44,100
	100,426	268,647	14,489	383,562
Reinsurance premiums ceded				
- Local	-	-	(529)	(529)
- Foreign	-	(26,955)	(9,125)	(36,080)
	-	(26,955)	(9,654)	(36,609)
Excess of loss expenses				
- Local	-	(107)	(25)	(132)
- Foreign	(3,300)	(4,077)	(923)	(8,300)
	(3,300)	(4,184)	(948)	(8,432)
<b>Net premiums written</b>	97,126	237,508	3,887	338,521
Changes in unearned premiums, net	(9,696)	68,948	(424)	58,828
<b>Net premiums earned</b>	87,430	306,456	3,463	397,349
Reinsurance commissions	-	2,078	2,936	5,014
Other underwriting income	-	1,566	-	1,566
<b>TOTAL REVENUES</b>	87,430	310,100	6,399	403,929
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	98,115	285,621	2,959	386,695
Reinsurers' share of claims paid	-	(10,315)	(2,177)	(12,492)
<b>Net claims paid</b>	98,115	275,306	782	374,203
Changes in outstanding claims, net	(2,786)	(10,048)	645	(12,189)
Changes in claims incurred but not reported, net	12,678	(27,570)	143	(14,749)
<b>Net claims incurred</b>	108,007	237,688	1,570	347,265
Change in premium deficiency reserve	15,251	-	-	15,251
Policy acquisition costs	4,942	15,335	1,708	21,985
Other underwriting expenses	9,046	5,698	163	14,907
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	137,246	258,721	3,441	399,408
<b>NET UNDERWRITING (LOSS) / INCOME</b>	(49,816)	51,379	2,958	4,521
<b>OTHER OPERATING (EXPENSES) / INCOME</b>				
General and administrative expenses				(72,740)
Allowance for doubtful debts				(4,577)
Investment income				8,525
Unrealized loss on investments				-
<b>TOTAL OTHER OPERATING EXPENSES</b>				(68,792)
<b>NET LOSS FOR THE PERIOD BEFORE ZAKAT</b>				(64,271)
Zakat				(4,500)
<b>NET LOSS FOR THE PERIOD</b>				(68,771)
Net income for the period attributable to insurance operations				-
Net loss for the period attributable to the shareholders'				(68,771)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019

11. OPERATING SEGMENTS – (continued)

For the three-month period ended 30 September 2018

	<i>Medical</i>	<i>Motor</i>	<i>Property &amp; casualty</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>REVENUES</b>				
Gross premiums written				
Individual	15,185	29,544	1,171	45,900
Large	10,123	19,696	781	30,600
Medium	5,062	9,848	390	15,300
Small	20,246	39,392	1,561	61,199
	50,616	98,480	3,903	152,999
Reinsurance premiums ceded				
- Local	-	-	(154)	(154)
- Foreign	-	-	(2,817)	(2,817)
	-	-	(2,971)	(2,971)
Excess of loss expenses				
- Local	-	(68)	-	(68)
- Foreign	(500)	(4,454)	(375)	(5,329)
	(500)	(4,522)	(375)	(5,397)
Net premiums written	50,116	93,958	557	144,631
Changes in unearned premiums, net	(26,449)	70,148	1,109	44,808
Net premiums earned	23,667	164,106	1,666	189,439
Reinsurance commissions	-	-	1,658	1,658
Other underwriting income	-	1,292	-	1,292
<b>TOTAL REVENUES</b>	23,667	165,398	3,324	192,389
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	12,504	128,035	1,311	141,850
Reinsurers' share of claims paid	-	(2,646)	(920)	(3,566)
Net claims paid	12,504	125,389	391	138,284
Changes in outstanding claims, net	6,686	839	346	7,871
Changes in claims incurred but not reported, net	-	-	65	65
Net claims incurred	19,190	126,228	802	146,220
Policy acquisition costs	1,434	6,171	969	8,574
Other underwriting expenses	2,009	3,982	104	6,095
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	22,633	136,381	1,875	160,889
<b>NET UNDERWRITING INCOME</b>	1,034	29,017	1,449	31,500
<b>OTHER OPERATING (EXPENSES) / INCOME</b>				
General and administrative expenses				(24,911)
Allowance for doubtful debts				(1,702)
Investment income				2,078
Unrealized loss on investments				(299)
Other income				3
<b>TOTAL OTHER OPERATING EXPENSES</b>				(24,831)
<b>NET INCOME FOR THE PERIOD BEFORE ZAKAT</b>				6,669
Zakat				(1,500)
<b>NET INCOME FOR THE PERIOD</b>				5,169
Net income for the period attributable to insurance operations				(842)
Net income for the period attributable to the shareholders'				4,327



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)  
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11. OPERATING SEGMENTS – (continued)

For the Nine-month period ended 30 September 2018

	<i>Medical</i>	<i>Motor</i>	<i>Property &amp; casualty</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>REVENUES</b>				
Gross premiums written				
Individual	27,056	154,672	8,870	190,598
Large	31,565	180,451	6,209	218,225
Medium	9,019	51,557	887	61,463
Small	22,547	128,894	1,774	153,215
	90,187	515,574	17,740	623,501
Reinsurance premiums ceded				
- Local	-	-	(766)	(766)
- Foreign	-	-	(12,055)	(12,055)
	-	-	(12,821)	(12,821)
Excess of loss expenses				
- Local	-	(258)	(57)	(315)
- Foreign	(1,000)	(15,708)	(828)	(17,536)
	(1,000)	(15,966)	(885)	(17,851)
Net premiums written	89,187	499,608	4,034	592,829
Changes in unearned premiums, net	(28,743)	(18,110)	280	(46,573)
Net premiums earned	60,444	481,498	4,314	546,256
Reinsurance commissions	-	-	4,017	4,017
Other underwriting income	-	4,625	-	4,625
<b>TOTAL REVENUES</b>	60,444	486,123	8,331	554,898
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	32,469	381,324	2,008	415,801
Reinsurers' share of claims paid	-	(6,069)	(1,261)	(7,330)
Net claims paid	32,469	375,255	747	408,471
Changes in outstanding claims, net	12,703	(1,689)	1,406	12,420
Changes in claims incurred but not reported, net	(1,277)	1,799	272	794
Net claims incurred	43,895	375,365	2,425	421,685
Change in premium deficiency reserves	-	(2,164)	-	(2,164)
Policy acquisition costs	3,710	19,225	2,184	25,119
Other underwriting expenses	4,399	15,981	239	20,619
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	52,004	408,407	4,848	465,259
<b>NET UNDERWRITING INCOME</b>	8,440	77,716	3,483	89,639
<b>OTHER OPERATING (EXPENSES) / INCOME</b>				
General and administrative expenses				(68,153)
Allowance for doubtful debts				(6,601)
Investment income				6,806
Unrealized gain on investments				2,615
Other income				3
<b>TOTAL OTHER OPERATING EXPENSES</b>				(65,330)
<b>NET INCOME FOR THE PERIOD BEFORE ZAKAT</b>				24,309
Zakat				(4,500)
<b>NET INCOME FOR THE PERIOD</b>				19,809
Net income for the period attributable to insurance operations				(2,163)
Net income for the period attributable to the shareholders'				17,646

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019**

**12. RELATED PARTY TRANSACTIONS AND BALANCES**

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

	Nature of transactions	Amount of transactions		Balance receivable/(payable) as at	
		Nine-month period ended	30	30	31 December
		30 September 2019	September 2018	September 2019	2018
		(Unaudited) SR'000	(Unaudited) SR'000	(Unaudited) SR'000	(Audited) SR'000
<b><u>Entities controlled, jointly controlled or significantly influenced by related parties</u></b>					
Tajeer Co. (affiliate)	Premium written	34,685	50,144	-	-
	Payments and claims paid	(30,057)	(36,533)	-	20,494
Chairman of the Board	Premium written	95	141	-	-
	Payments and claims paid	(63)	(15)	-	215
	Rent paid	3,232	3,025	-	-
Rusd Global Company	Premium written	95	142	-	-
	Payments and claims paid	(122)	(68)	-	74
Al Firdous Group Co.	Premium written	766	1,542	-	-
	Payments and claims paid	(1,495)	(492)	(729)	768
Jabal Edsas Est.	Commission paid	-	111	-	-
Tajeer International Co.	Services received	4,472	3,918	-	-
Concord Insurance and Reinsurance Brokerage	Insurance commission	3,167	1,831	-	-
Kwader Pro	Services received	183	244	-	-
Alawwal Capital Co.	Investments in DPM and mutual funds	-	-	-	159,790
Rusd Capital	Investments in mutual funds	-	-	-	7,716

\* As at 24 July 2019 certain Due from related party balances has been reclassified from related party balances to premium's receivables due to the fact that the previous chairman of Salama Company was holding the same post as the chairman of the mention related party companies.

**The compensation of key management personnel**

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

	30 September 2019 (Unaudited) SR'000	30 September 2018 (Unaudited) SR'000
Salaries and other allowances	3,960	4,227
End of service indemnities	347	301
Remuneration to those charged with governance – Board of Directors	514	2,816
Remuneration to those charged with governance – Board Committees	-	-



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**13. ZAKAT**

**a. Charge for the period / year**

The differences between the financial and the Zakatable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

**Movements in provision during the period / year**

	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
Balance at the beginning of the period / year	<b>19,761</b>	18,189
Charge for the period / year	<b>4,500</b>	6,000
Paid during the period / year	<b>(630)</b>	(4,428)
Balance at the end of the period / year	<b>23,631</b>	19,761

**b. Status of zakat assessments**

The Company has filed its zakat declarations for the period from 16 May 2007 to 31 December 2008 and for the years ending 31 December 2009 to 2018 which are still under review by the GAZT and no assessments has been finalized.

During 2016, the Company received zakat assessments for the years ended 31 December 2008 to 2012 where GAZT demanded an additional zakat and withholding tax liability by SR 13.7 million in respect of those years. The Company has filed an objection against those assessments and the management is confident of a favorable outcome. In this regard, the Company have issued a letter of guarantee amounting to SR 9.5 million in favor of GAZT. Further, the Company has booked an additional liability of SR 4.4 million for withholding tax in the statement of income and SR 4 million for zakat for prior years in 2016.

**14. SHARE CAPITAL**

The authorized and issued share capital of the Company is SR 250 million divided into 25 million ordinary shares of SR 10 each.

**15. 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.

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

**16. (LOSS) / EARNINGS PER SHARE**

(Loss) / earnings per share for the period has been calculated by dividing the net (loss) / income for the period by the weighted average number of issued and outstanding shares for the period.

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17. SUPPLEMENTARY INFORMATION

a) *Interim condensed statement of financial position*

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000
<b>ASSETS</b>						
Cash and cash equivalents	100,693	1,578	102,271	81,792	5,077	86,869
Term deposits	40,757	102,020	142,777	141,136	100,379	241,515
Premiums and reinsurers' receivable – net	122,176	-	122,176	155,444	-	155,444
Reinsurers' share of unearned premiums	21,405	-	21,405	13,139	-	13,139
Reinsurers' share of outstanding claims	9,115	-	9,115	13,316	-	13,316
Reinsurers' share of claims Incurred but not reported	10,978	-	10,978	10,467	-	10,467
Deferred policy acquisition costs	10,503	-	10,503	14,135	-	14,135
Investments	153,469	112,253	265,722	172,611	106,201	278,812
Due from insurance operations	-	(23,466)	(23,466)	-	45,722	45,722
Prepaid expenses and other assets	19,670	186	19,856	24,284	93	24,377
Property and equipment	13,342	-	13,342	14,459	-	14,459
Intangible assets	6,746	-	6,746	7,157	-	7,157
Right of use asset - net	28,387	-	28,387	-	-	-
Statutory deposit	-	25,000	25,000	-	25,000	25,000
Accrued income on statutory deposit	-	3,182	3,182	-	2,686	2,686
	<b>537,241</b>	<b>220,753</b>	<b>757,994</b>	<b>647,940</b>	<b>285,158</b>	<b>933,098</b>
Add / (less): Inter-operations eliminations	-	23,466	23,466	-	(45,722)	(45,722)
<b>TOTAL ASSETS</b>	<b>537,241</b>	<b>244,219</b>	<b>781,460</b>	<b>647,940</b>	<b>239,436</b>	<b>887,376</b>



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)  
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17. SUPPLEMENTARY INFORMATION – (continued)

a) Interim condensed statement of financial position – (continued)

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000
<b>LIABILITIES</b>						
Policyholders claims payable	16,842	-	16,842	7,583	-	7,583
Accrued expenses and other liabilities	40,518	-	40,518	52,179	-	52,179
Reinsurers' balances payable	7,273	-	7,273	6,547	-	6,547
Unearned premiums	236,531	-	236,531	287,093	-	287,093
Unearned reinsurance commission	3,384	-	3,384	2,543	-	2,543
Outstanding claims	41,981	-	41,981	58,370	-	58,370
Claims incurred but not reported	137,652	-	137,652	151,890	-	151,890
Premium deficiency reserves	20,334	-	20,334	5,083	-	5,083
Other technical reserves	6,375	-	6,375	6,375	-	6,375
Due to shareholders' operations	(23,466)	-	(23,466)	45,722	-	45,722
End-of-service indemnities	7,078	-	7,078	8,941	-	8,941
Lease liabilities	27,125	-	27,125	-	-	-
Surplus distribution payable	14,535	-	14,535	14,535	-	14,535
Zakat	-	23,631	23,631	-	19,761	19,761
Accrued commission income payable to SAMA	-	3,182	3,182	-	2,686	2,686
	<b>536,162</b>	<b>26,813</b>	<b>562,975</b>	<b>646,861</b>	<b>22,447</b>	<b>669,308</b>
Add / (less): Inter-operations eliminations	<b>23,466</b>	<b>-</b>	<b>23,466</b>	<b>(45,722)</b>	<b>-</b>	<b>(45,722)</b>
<b>TOTAL LIABILITIES</b>	<b>559,628</b>	<b>26,813</b>	<b>586,441</b>	<b>601,139</b>	<b>22,447</b>	<b>623,586</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	-	250,000	250,000	-	250,000	250,000
Statutory reserve	-	5,003	5,003	-	5,003	5,003
(Accumulated loss) / Retained earnings	-	(61,063)	(61,063)	-	7,708	7,708
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>193,940</b>	<b>193,940</b>	<b>-</b>	<b>262,711</b>	<b>262,711</b>
Re-measurement reserve of defined benefit obligation – related to insurance operations	1,079	-	1,079	1,079	-	1,079
<b>TOTAL EQUITY</b>	<b>1,079</b>	<b>193,940</b>	<b>195,019</b>	<b>1,079</b>	<b>262,711</b>	<b>263,790</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>560,707</b>	<b>220,753</b>	<b>781,460</b>	<b>602,218</b>	<b>285,158</b>	<b>887,376</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>10,200</b>	<b>-</b>	<b>10,200</b>	<b>10,200</b>	<b>-</b>	<b>10,200</b>

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17. SUPPLEMENTARY INFORMATION – (continued)

b) *Interim condensed statement of income*

	Three-month period ended					
	30 September 2019			30 September 2018		
	(Unaudited)			(Unaudited) (Restated)		
	Insurance operations SR '000	Share-holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share-holders' operations SR '000 (Restated)	Total SR '000 (Restated)
<b>REVENUES</b>						
Gross premiums written	95,155	-	95,155	152,999	-	152,999
Reinsurance premiums ceded						
- Local	(146)	-	(146)	(154)	-	(154)
- Foreign	(9,669)	-	(9,669)	(2,817)	-	(2,817)
	(9,815)	-	(9,815)	(2,971)	-	(2,971)
Excess of loss expenses						
- Local	(39)	-	(39)	(68)	-	(68)
- Foreign	(2,958)	-	(2,958)	(5,329)	-	(5,329)
	(2,997)	-	(2,997)	(5,397)	-	(5,397)
Net premiums written	82,343	-	82,343	144,631	-	144,631
Changes in unearned premiums, net	25,384	-	25,384	44,808	-	44,808
Net premiums earned	107,727	-	107,727	189,439	-	189,439
Reinsurance commissions	2,003	-	2,003	1,658	-	1,658
Other underwriting income	459	-	459	1,292	-	1,292
<b>TOTAL REVENUES</b>	<b>110,189</b>	<b>-</b>	<b>110,189</b>	<b>192,389</b>	<b>-</b>	<b>192,389</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	108,624	-	108,624	141,850	-	141,850
Reinsurers' share of claims paid	(4,835)	-	(4,835)	(3,566)	-	(3,566)
Net claims paid	103,789	-	103,789	138,284	-	138,284
Changes in outstanding claims, net	(10,176)	-	(10,176)	7,871	-	7,871
Changes in claims incurred but not reported, net	(4,955)	-	(4,955)	65	-	65
Net claims incurred	88,658	-	88,658	146,220	-	146,220
Change in premium deficiency reserve	7,089	-	7,089	-	-	-
Policy acquisition costs	6,154	-	6,154	8,574	-	8,574
Other underwriting expenses	3,577	-	3,577	6,095	-	6,095
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>105,478</b>	<b>-</b>	<b>105,478</b>	<b>160,889</b>	<b>-</b>	<b>160,889</b>
<b>NET UNDERWRITING INCOME</b>	<b>4,711</b>	<b>-</b>	<b>4,711</b>	<b>31,500</b>	<b>-</b>	<b>31,500</b>



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17. SUPPLEMENTARY INFORMATION – (continued)

b) Interim condensed statement of income – (continued)

	Three-month period ended					
	30 September 2019			30 September 2018		
	(Unaudited)			(Unaudited) (Restated)		
	Insurance operations SR '000	Share-holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share-holders' operations SR '000 (Restated)	Total SR '000 (Restated)
<b><u>OTHER OPERATING (EXPENSES)/ INCOME</u></b>						
General and administrative expenses	(21,713)	(351)	(22,064)	(22,215)	(2,696)	(24,911)
Allowance for doubtful debts	2,736	-	2,736	(1,702)	-	(1,702)
Investment income / (loss)	1,209	(905)	304	831	1,247	2,078
Unrealized loss on investments	-	-	-	-	(299)	(299)
Other income	-	-	-	3	-	3
<b><u>TOTAL OTHER OPERATING (EXPENSES) / INCOME</u></b>	<b>(17,768)</b>	<b>(1,256)</b>	<b>(19,024)</b>	<b>(23,083)</b>	<b>(1,748)</b>	<b>(24,831)</b>
<b><u>NET (LOSS)/ INCOME BEFORE ZAKAT</u></b>	<b>(13,057)</b>	<b>(1,256)</b>	<b>(14,313)</b>	<b>8,417</b>	<b>(1,748)</b>	<b>6,669</b>
Zakat	-	(1,500)	(1,500)	-	(1,500)	(1,500)
<b><u>NET (LOSS)/ INCOME AFTER ZAKAT</u></b>	<b>(13,057)</b>	<b>(2,756)</b>	<b>(15,813)</b>	<b>8,417</b>	<b>(3,248)</b>	<b>5,169</b>
Transferred to Shareholders	13,057	2,756	15,813	(7,575)	3,248	(4,327)
<b><u>NET RESULT FROM INSURANCE OPERATIONS</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>842</b>	<b>-</b>	<b>842</b>
<b>(Loss) / Earnings per share (Expressed in SAR per share)</b>						
Weighted average number of shares (in thousands)	-	25,000	25,000	-	25,000	25,000
Basic and diluted (loss) / earnings per share	-	(0.63)	(0.63)	-	0.17	0.17

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17. SUPPLEMENTARY INFORMATION – (continued)

c) *Interim condensed statement of comprehensive income*

	Three-month period ended					
	30 September 2019 (Unaudited)			30 September 2018 (Unaudited) (Restated)		
	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share- holders' operations SR '000 (Restated)	Total SR '000 (Restated)
Net (loss) / income for the period	-	(15,813)	(15,813)	842	4,327	5,169
Other comprehensive income	-	-	-	-	-	-
<b><u>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</u></b>	<b>-</b>	<b>(15,813)</b>	<b>(15,813)</b>	<b>842</b>	<b>4,327</b>	<b>5,169</b>



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17. SUPPLEMENTARY INFORMATION – (continued)

b) Interim condensed statement of income

	Nine-month period ended					
	30 September 2019 (Unaudited)			30 September 2018 (Unaudited) (Restated)		
	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share- holders' operations SR '000 (Restated)	Total SR '000 (Restated)
<b>REVENUES</b>						
Gross premiums written	383,562	-	383,562	623,501	-	623,501
Reinsurance premiums ceded						
- Local	(529)	-	(529)	(766)	-	(766)
- Foreign	(36,080)	-	(36,080)	(12,055)	-	(12,055)
	(36,609)		(36,609)	(12,821)		(12,821)
Excess of loss expenses						
- Local	(132)	-	(132)	(315)	-	(315)
- Foreign	(8,300)	-	(8,300)	(17,536)	-	(17,536)
	(8,432)	-	(8,432)	(17,851)	-	(17,851)
Net premiums written	338,521	-	338,521	592,829	-	592,829
Changes in unearned premiums, net	58,828	-	58,828	(46,573)	-	(46,573)
Net premiums earned	397,349	-	397,349	546,256	-	546,256
Reinsurance commissions	5,014	-	5,014	4,017	-	4,017
Other underwriting income	1,566	-	1,566	4,625	-	4,625
<b>TOTAL REVENUES</b>	<b>403,929</b>	<b>-</b>	<b>403,929</b>	<b>554,898</b>	<b>-</b>	<b>554,898</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	386,695	-	386,695	415,801	-	415,801
Reinsurers' share of claims paid	(12,492)	-	(12,492)	(7,330)	-	(7,330)
Net claims paid	374,203	-	374,203	408,471	-	408,471
Changes in outstanding claims, net	(12,189)	-	(12,189)	12,420	-	12,420
Changes in claims incurred but not reported, net	(14,749)	-	(14,749)	794	-	794
Net claims incurred	347,265	-	347,265	421,685	-	421,685
Change in Premium deficiency reserves	15,251	-	15,251	(2,164)	-	(2,164)
Policy acquisition costs	21,985	-	21,985	25,119	-	25,119
Other underwriting expenses	14,907	-	14,907	20,619	-	20,619
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>399,408</b>	<b>-</b>	<b>399,408</b>	<b>465,259</b>	<b>-</b>	<b>465,259</b>
<b>NET UNDERWRITING INCOME</b>	<b>4,521</b>	<b>-</b>	<b>4,521</b>	<b>89,639</b>	<b>-</b>	<b>89,639</b>

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17. SUPPLEMENTARY INFORMATION – (continued)

b) Interim condensed statement of income – (continued)

	Nine-month period ended					
	30 September 2019 (Unaudited)			30 September 2018 (Unaudited) (Restated)		
	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000
<b><u>OTHER OPERATING (EXPENSES)/ INCOME</u></b>					(Restated)	(Restated)
General and administrative expenses	(71,879)	(861)	(72,740)	(64,965)	(3,188)	(68,153)
Allowance for doubtful debts	(4,577)	-	(4,577)	(6,601)	-	(6,601)
Investment income	1,448	7,077	8,525	3,556	3,250	6,806
Unrealized gain on investments	-	-	-	-	2,615	2,615
Other income	-	-	-	3	-	3
<b><u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u></b>	<b>(75,008)</b>	<b>6,216</b>	<b>(68,792)</b>	<b>(68,007)</b>	<b>2,677</b>	<b>(65,330)</b>
<b><u>NET (LOSS)/INCOME BEFORE ZAKAT</u></b>	<b>(70,487)</b>	<b>6,216</b>	<b>(64,271)</b>	<b>21,632</b>	<b>2,677</b>	<b>24,309</b>
Zakat	-	(4,500)	(4,500)	-	(4,500)	(4,500)
<b><u>NET (LOSS)/INCOME AFTER ZAKAT</u></b>	<b>(70,487)</b>	<b>1,716</b>	<b>(68,771)</b>	<b>21,632</b>	<b>(1,823)</b>	<b>19,809</b>
Transferred to Shareholders	70,487	(1,716)	68,771	(19,469)	1,823	(17,646)
<b><u>NET RESULT FROM INSURANCE OPERATIONS</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,163</b>	<b>-</b>	<b>2,163</b>
<b>(Loss) / Earnings per share (Expressed in SAR per share)</b>						
Weighted average number of shares (in thousands)	-	25,000	25,000	-	25,000	25,000
Basic and diluted (loss) / earnings per share	-	(2.75)	(2.75)	-	0.71	0.71



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17. SUPPLEMENTARY INFORMATION – (continued)

c) *Interim condensed statement of comprehensive income*

	Nine-month period ended					
	30 September 2019 (Unaudited)			30 September 2018 (Unaudited) (Restated)		
	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share- holders' operations SR '000 (Restated)	Total SR '000 (Restated)
Net (loss) / income for the period	-	(68,771)	(68,771)	2,163	17,646	19,809
Other comprehensive income	-	-	-	-	-	-
<b><u>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</u></b>	<b>-</b>	<b>(68,771)</b>	<b>(68,771)</b>	<b>2,163</b>	<b>17,646</b>	<b>19,809</b>

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17. SUPPLEMENTARY INFORMATION – (continued)

d) Interim condensed statement of cash flows

	Nine-month period ended			Nine-month period ended		
	30 September 2019			30 September 2018		
	(Unaudited)			(Unaudited)		
	Insurance operations SR '000	Share-holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share-holders' operations SR '000	Total SR '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net (loss) / income for the period before zakat	-	(64,271)	(64,271)	2,163	22,146	24,309
<i>Adjustments for non-cash items:</i>						
Depreciation of property and equipment	3,727	-	3,727	2,002	-	2,002
Amortization of intangible assets	1,246	-	1,246	458	-	458
Amortization related to HTM investments	97	162	259	94	57	151
Allowance for doubtful debts	4,577	-	4,577	6,601	-	6,601
Unrealized gain on investments	3,763	(3,821)	(58)	(906)	(3,348)	(4,254)
Realized gain on investments	(3,008)	(1,083)	(4,091)	-	-	-
Provision for end-of-service indemnities	(1,863)	-	(1,863)	1,386	-	1,386
	8,539	(69,013)	(60,474)	11,798	18,855	30,653
<i>Changes in operating assets and liabilities:</i>						
Premiums and reinsurers' receivable	28,691	-	28,691	(88,074)	-	(88,074)
Reinsurers' share of unearned premiums	(8,266)	-	(8,266)	2,165	-	2,165
Reinsurers' share of outstanding claims	4,201	-	4,201	(8,751)	-	(8,751)
Reinsurers' share of claims Incurred but not reported	(511)	-	(511)	(1,312)	-	(1,312)
Deferred policy acquisition costs	3,632	-	3,632	(731)	-	(731)
Prepaid expenses and other assets	4,614	(93)	4,521	(11,103)	(582)	(11,685)
Increase in lease liabilities	27,125	-	27,125	-	-	-
Accrued income on statutory deposit	-	(496)	(496)	-	(363)	(363)
Policyholders claims payable	9,259	-	9,259	2,529	-	2,529
Accrued expense and other liabilities	(11,661)	-	(11,661)	16,177	-	16,177
Reinsurers' balances payable	726	-	726	(2,520)	-	(2,520)
Unearned premiums	(50,562)	-	(50,562)	44,408	-	44,408
Unearned reinsurance commission	841	-	841	(420)	-	(420)
Outstanding claims	(16,389)	-	(16,389)	21,171	-	21,171
Claims incurred but not reported	(14,238)	-	(14,238)	2,106	-	2,106
Premium deficiency reserves	15,251	-	15,251	(2,304)	-	(2,304)
Other technical reserves	-	-	-	140	-	140
Accrued commission income payable to SAMA	-	496	496	-	363	363
Zakat paid	-	(630)	(630)	-	(4,428)	(4,428)
<b>Net cash flows from / (used in) operating activities</b>	<b>1,252</b>	<b>(69,736)</b>	<b>(68,484)</b>	<b>(14,721)</b>	<b>13,845</b>	<b>(876)</b>



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**17. SUPPLEMENTARY INFORMATION – (continued)**

**d) Interim condensed statement of cash flows – (continued)**

	Nine-month period ended			Nine-month period ended		
	30 September 2019			30 September 2018		
	(Unaudited)			(Unaudited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of investments	(120,000)	(4,982)	(124,982)	(100,000)	(100,000)	(200,000)
Proceeds from sale of investments	138,290	3,672	141,962	186,846	129,920	316,766
Increase in right of use assets – net	(28,387)	-	(28,387)	-	-	-
Placement of term deposits	-	(101,148)	(101,148)	-	-	-
Proceeds from term deposits	100,379	99,507	199,886	-	-	-
Purchase of property and equipment	(2,610)	-	(2,610)	(8,868)	-	(8,868)
Purchase of intangible assets	(835)	-	(835)	(7,334)	-	(7,334)
<b>Net cash flows from / (used in) investing activities</b>	<b>86,837</b>	<b>(2,951)</b>	<b>83,886</b>	<b>70,644</b>	<b>29,920</b>	<b>100,564</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Due to shareholders' operations	(69,188)	69,188	-	38,699	(38,699)	-
<b>Net cash flows (used in) / from financing activities</b>	<b>(69,188)</b>	<b>69,188</b>	<b>-</b>	<b>38,699</b>	<b>(38,699)</b>	<b>-</b>
Net change in cash and cash equivalents	18,901	(3,499)	15,402	94,622	5,066	99,688
Cash and cash equivalents, beginning of the period	81,792	5,077	86,869	14,392	11	14,403
<b>Cash and cash equivalents, end of the period</b>	<b>100,693</b>	<b>1,578</b>	<b>102,271</b>	<b>109,014</b>	<b>5,077</b>	<b>114,091</b>

**18. AMALGAMATION OF SHAREHOLDERS AND INSURANCE OPERATIONS**

- Previously interim statement of financial position, statement of income, and statement of cash flows were presented separately for insurance operations and shareholders operations which are combined together to present one Company level interim statement of financial position, statement of income and statement of cash flows.
- The amounts “due to / from” shareholders and insurance operations which previously reported separately in the respective statement of financial position, are now eliminated (refer note 17).

Share of insurance operations surplus split in the ratio of 90/10 between shareholders and insurance operations and presented separately is now presented as an expense in interim statement of income (refer note 17).

**19. COMPARATIVE FIGURES**

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

**20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 13 Rabi' Alawwal 1441H (corresponding to 10 November 2019).