

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

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

FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF ALINMA TOKIO MARINE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Alinma Tokio Marine Insurance Company (the "Company") as at 30th September 2020 and the related interim condensed statement of income and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed statement of changes in equity and interim condensed statement cash of flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "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") that is 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 Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

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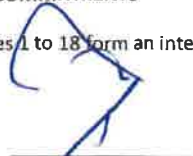
November 12, 2020
26 Rabi' al-Awwal,
1442H


INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 SEPTEMBER 2020

	Note	30-Sep-20 Unaudited SAR' 000	31-Dec-19 Audited SAR' 000
ASSETS			
Cash and cash equivalents	4	169,124	219,182
Investments	5	50,424	39,823
Premiums and reinsurance receivables, net	7	96,105	73,111
Reinsurers' share of unearned premiums	8.1	103,768	58,844
Reinsurers' share of outstanding claims	8.2	36,246	137,583
Reinsurers' share of incurred but not reported claims	8.2	19,843	15,204
Deferred policy acquisition costs		10,533	8,171
Prepayments and other assets		15,952	13,580
Due from related parties	9	-	206
Murabaha deposits	6	55,826	96,728
Statutory deposit		45,000	45,000
Property and equipment		5,380	7,076
Right of use assets		5,234	6,140
Intangible assets		5,635	5,439
Unit linked investments		49,935	35,941
TOTAL ASSETS		669,005	762,028
LIABILITIES			
Outstanding claims	8.2	62,568	172,767
Incurred but not reported claims	8.2	39,931	31,895
Other reserves	8.2	1,979	1,838
Premium deficiency reserves	8.3	7,425	4,487
Unearned premiums	8.1	154,652	107,765
Reinsurance balances payable		69,883	36,559
Unearned reinsurance commission		13,973	7,878
Accrued expenses and other liabilities		43,787	137,978
Lease liabilities		5,022	5,439
Due to related party	9	66	66
Zakat and income tax payable	10	5,175	5,979
Unit linked liabilities		49,935	35,941
Mathematical reserves		563	688
Retirement benefit obligation		5,668	5,698
Surplus from insurance operations		276	-
TOTAL LIABILITIES		460,903	554,978
EQUITY			
Issued, authorised and paid up share capital	11	300,000	300,000
Accumulated losses		(91,688)	(92,604)
Remeasurement of retirement benefit obligation		(144)	(346)
TOTAL EQUITY		208,168	207,050
TOTAL LIABILITIES AND EQUITY		669,071	762,028
CONTINGENCIES AND COMMITMENTS			
	12	-	-

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.


Director


Chief Financial Officer
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Chief Executive Officer

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

For the three months and nine months period ended 30 September

	Note	Three months period ended 30 September 2020	Nine months period ended 30 September 2020	Three months period ended 30 September 2019	Nine months period ended 30 September 2019
		SAR' 000	SAR' 000	SAR' 000	SAR' 000
REVENUES					
Gross premiums written		52,723	265,780	54,685	264,115
- Corporate		41,618	181,703	32,104	157,756
- Medium business		(871)	37,304	12,156	49,760
- Small business		2,884	12,650	451	28,961
- Very small business		(652)	3,071	2,256	8,945
- Retail		9,744	31,052	7,708	18,693
Fee income from insurance contracts		6	25	23	26
Reinsurance premiums ceded					
- Local		(759)	(2,779)	(942)	(3,258)
- Foreign		(25,021)	(153,447)	(28,661)	(120,990)
Excess of loss expenses		(1,352)	(4,034)	(1,263)	(3,596)
Net premiums written		25,597	105,545	23,842	136,297
Changes in unearned premiums	8.1	11,828	(46,887)	21,224	(33,627)
Changes in reinsurers' share of unearned premiums	8.1	(5,832)	44,924	(4,156)	20,350
Net premiums earned		31,593	103,582	40,910	123,020
Reinsurance commission earned		5,575	18,722	6,479	17,890
Other underwriting income		4	3,905	-	434
Total revenues		37,172	126,209	47,389	141,344
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(22,669)	(147,610)	(31,760)	(101,302)
Surrenders		(1,493)	(3,652)	(502)	(1,405)
Reinsurers' share of claims paid		8,687	101,853	10,078	24,745
Net claims and other benefits paid		(15,475)	(49,409)	(22,184)	(77,962)
Changes in outstanding claims	8.2	6,049	110,199	(175,430)	(185,916)
Changes in reinsurers' share of outstanding claims	8.2	(3,002)	(101,337)	169,863	180,386
Changes in incurred but not reported claims	8.2	(5,389)	(8,036)	2,793	3,616
Changes in reinsurers' share of incurred but not reported claims	8.2	4,555	4,639	(3,042)	(4,109)
Changes in other reserves	8.2	(19)	(141)	-	-
Changes in premium deficiency reserves	8.3	954	(2,938)	(912)	(912)
Net claims and other benefits incurred		(12,327)	(47,023)	(28,912)	(84,897)
Changes in premium deficiency reserves				-	-
Changes in unit linked reserves		(7,399)	(13,994)	(3,247)	(11,812)
Changes in mathematical reserves		194	125	-	-
Policy acquisition costs		(5,943)	(19,160)	(7,630)	(23,060)
Other underwriting expenses		(260)	(1,316)	(270)	(1,369)
Total underwriting costs and expenses		(25,735)	(81,368)	(40,059)	(121,138)
NET UNDERWRITING INCOME		11,437	44,841	7,330	20,206
OTHER OPERATING INCOME / (EXPENSES)					
General and administrative expenses		(13,179)	(41,215)	(14,589)	(44,844)
Provision for doubtful receivables	7	(2,345)	(6,067)	164	(5,733)
Unrealized gain/(loss) on unit linked investments		2,863	1,280	(1,243)	(481)
Unrealized gain on investments		1,935	1,361	278	3,796
Realized gain on investments		539	3,467	783	2,556
Total other operating expenses		(10,187)	(41,174)	(14,607)	(44,706)
Total profit/(loss) for the period		1,250	3,667	(7,277)	(24,500)
Net income attributable to Insurance Operations		(28)	(276)	-	-
Total profit/(loss) for the period attributable to Shareholders before Zakat		1,222	3,391	(7,277)	(24,500)
Zakat for the period	10	(825)	(2,475)	(1,050)	(3,150)
Net profit/(loss) for the period		397	916	(8,327)	(27,650)
Profit/(Loss) per share (expressed in SAR per share)		0.01	0.03	(0.28)	(0.92)

The accompanying notes 1 to 18 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 nine months period ended 30 September

	Three months period ended 30 September 2020	Nine months period ended 30 September 2020	Three months period ended 30 September 2019	Nine months period ended 30 September 2019
	SAR' 000		SAR' 000	
Net profit/(loss) for the period	397	916	(8,327)	(27,650)
Other comprehensive Income:				
Items that will not be reclassified to statement of income in subsequent period				
- Actuarial gain on remeasurement of retirement benefit obligations	118	202	(196)	119
Total comprehensive income /(loss) for the period	515	1,118	(8,523)	(27,531)
Total comprehensive income for the period attributed to Insurance operations	118	202	(196)	119
Total comprehensive income/(loss) for the period attributed to shareholders	397	916	(8,327)	(27,650)

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.


Director


Chief Financial Officer

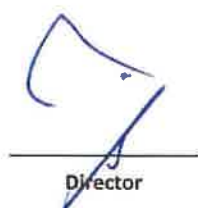

Chief Executive Officer

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the nine months period ended 30 September

	Note	Share capital	Accumulated losses	Remeasurement of retirement benefit obligation	Total
		SAR'000	SAR'000	SAR'000	SAR'000
2020					
Balance as at 31 December 2019 (audited)	11	300,000	(92,604)	(346)	207,050
Total comprehensive profit for the period		-	916	-	916
Actuarial gain on retirement benefit obligations		-	-	202	202
Balance as at 30 September 2020 (unaudited)		300,000	(91,688)	(144)	208,168
2019					
Balance as at 31 December 2018 (audited)	11	300,000	(54,373)	(629)	244,998
Total comprehensive loss for the period		-	(27,650)	-	(27,650)
Actuarial gain on retirement benefit obligations		-	-	119	119
Balance as at 30 September 2019 (unaudited)		300,000	(82,023)	(510)	217,467

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.



Director



Chief Financial Officer




Chief Executive Officer

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
For the nine months period ended 30 September

	Note	2020	2019
		SAR' 000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period		1,192	(27,650)
Adjustments for non cash items:			
Depreciation and amortisation		2,992	2,958
Depreciation of right to use asset		906	906
Financing cost on lease liabilities		196	196
Provision for doubtful receivables	7	6,067	5,734
Realized gain on investments held at FVSI		-	(969)
Unrealized loss / (gain) on investments held at FVSI	5.2	(499)	(280)
Provision for retirement benefit obligations		1,094	1,165
Provision for zakat		2,475	3,150
		14,423	(14,790)
Changes in operating assets and liabilities:			
Premiums and reinsurance receivables		(29,061)	(31,675)
Reinsurers' share of unearned premiums		(44,924)	(20,350)
Reinsurers' share of outstanding claims		101,337	(180,386)
Reinsurers' share of incurred but not reported claims		(4,639)	4,109
Deferred policy acquisition costs		(2,362)	(2,586)
Prepayments and other assets		(2,372)	(5,921)
Due from related parties		206	(368)
Unit linked investments		(13,994)	(11,812)
Outstanding claims		(110,199)	185,915
Incurred but not reported claims		8,036	(3,616)
Other reserves		141	-
Premium deficiency reserves		2,938	912
Mathematical reserves		(125)	-
Unearned premiums		46,887	33,627
Reinsurance balances payable		33,324	18,896
Unearned reinsurance commission		6,095	2,867
Accrued expenses and other liabilities		(94,191)	8,394
Lease liabilities		(613)	5,619
Due to related party		-	(205)
Unit linked liabilities		13,994	11,812
Cash (used in) / generated from operations		(75,099)	442
Retirement benefit obligations paid		(922)	(950)
Zakat and income tax paid		(3,279)	(3,807)
Net cash used in operating activities		(79,300)	(4,315)
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of murabaha deposits		-	(1,902)
Proceeds from maturity of murhaba deposits		40,902	-
Purchase of intangible assets		-	(878)
Purchase of investments	5	(60,000)	(119,600)
Proceeds from disposal of investments	5	49,898	127,871
Purchase of property and equipment		(1,492)	(1,708)
Right to use assets		-	(7,112)
Net cash generated from investing activities		29,308	(3,329)
Net cash generated/(used in) from all activities		(49,992)	(7,644)
Cash and cash equivalents at the beginning of the period		219,182	52,710
Cash and cash equivalents at the end of the period	4	169,190	45,066
Non cash transactions			
Actuarial gain on retirement benefit obligations		202	119

The accompanying notes 1 to 18 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)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (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 objectives 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 Statement of Compliance

The interim condensed financial statements of the Company as at and for the period ended September 30, 2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia.

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.

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 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 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 September 2020 are 30.52% (31 December 2019: 30.87%) 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

2 BASIS OF PREPARATION (Continued)

2.2 Critical accounting judgement, 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 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 for the year ended 31 December 2019.

Impact of covid-19 on the technical reserves and financial assets

In response to the spread of the Covid-19 virus in the Country where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating
- the continuity of its business throughout the Kingdom is protected and kept intact.

The major impact of Covid-19 pandemic is seen in medical and motor line of business as explained below. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

Motor Technical Reserves

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the "circular") dated 08 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this circular.

The Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and concluded, that the Company considers the extension of two months in exiting motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended 2 months period.

For new policies written as per above circular, the premium is earned over the period of coverage i.e 14 month as per the Company accounting policy. There is no significant impact of two month extension in earned premium as of September 30, 2020 as no material amounts of premium have been written during the one month period.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at segmented level for motor line of business and recorded a Premium deficiency reserve amounting to SAR 4.26 million as at 30 September, 2020.

Financial Assets

To cater for any potential impacts, the Covid-19 pandemic may have had on the financial assets of the Company, the Company has performed an assessment in accordance with its accounting policy, to determine whether there is an objective evidence that a financial asset or a group of financial assets has been impaired. For debt financial assets, these include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant or prolonged decline in the fair value of financial assets below their cost.

Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three and nine-month periods ended 30 September, 2020. The Company's management continues to monitor the situation closely.

2.3 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies, estimates and assumptions used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019, except for the new standards and adoption of the amendments to existing standards which have had either insignificant effect or no financial impact on the interim condensed financial statements of the Company on the current period or prior periods and are expected to have a insignificant effect in future period.

3.2 Deferred Tax

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 utilized. Deferred tax asset has not been provided in these interim condensed financial statements for the period ended 30 September 2020 since the Company does not anticipate availability of future taxable profit to utilize any tax credits. The amount of deferred tax asset as at 30 September 2020 is estimated to be SAR 2.3 Million (31 December 2019: SAR 2.21 Million).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 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 2023 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 2016.

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.

IFRS 17 Insurance Contracts

Overview

This standard has been published on May 18, 2017, it establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts.

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

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Standards issued but not yet effective (Continued)

IFRS 17 Insurance Contracts (Continued)

Measurement

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

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

- a) the fulfilment cash flows (FCF), which comprise:
 - i. probability-weighted estimates of future cash flows,
 - ii. an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
 - iii. and a risk adjustment for non-financial risk;
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:
 - i. the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date;
 - ii. and the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

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

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

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

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

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

Effective date

The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemptions in IFRS 4 is currently for reporting periods beginning on or after January 1, 2023. This is a deferral of 2 year compared to previous date of January 1, 2021. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the Standards on its effective date.

Transition

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

Presentation and Disclosures

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts together with amendments to presentation and disclosures.

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4 CASH AND CASH EQUIVALENTS

	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Cash in hand	45	-	45	45	-	45
Cash at banks – current accounts	67,731	3,348	71,079	133,736	11,244	144,980
Short term murabah deposit	50,418	47,582	98,000	50,000	24,157	74,157
Total	118,194	50,930	169,124	183,781	35,401	219,182

Cash at bank includes an amount of SAR 60.44 million (31 December 2019: SR 76.18 million) held with Alinma Bank, a related party.

Short term murabaha deposits are placed with local banks that have investment grade ratings and have an original maturity of not more than three months from the date of acquisition.

5 INVESTMENTS

This 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 statement of income "FVSI") and sukuk (classified as held to maturity investments).

	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (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)	552	32,949	33,501	240	32,660	32,900
Investments at held to maturity	-	15,000	15,000	-	5,000	5,000
Total	552	49,872	50,424	240	39,583	39,823

The movement during the period is as follows:

5.1 Available for sale investments

	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (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

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5 INVESTMENTS (continued)

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

	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	240	32,660	32,900	411	36,490	36,901
Purchases	60,000	-	60,000	139,600	2,210	141,810
Disposals	(60,000)	-	(60,000)	(140,245)	(7,053)	(147,298)
Realised gain	102	-	102	470	331	801
Unrealised gain	210	289	499	4	682	686
Balance at the end	552	32,949	33,501	240	32,660	32,900

5.3 Investments at held to maturity

	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	5,000	5,000	-	12,974	12,974
Subscription/(Redemptions)	-	10,000	10,000	-	(7,974)	(7,974)
Balance at the end	-	15,000	15,000	-	5,000	5,000

Investments held to maturity have a tenure of ten years, yielding an average profit rate of SIBOR (3M) + 2.125% per annum (31 December 2019 SIBOR (3M) + 2.125% per annum).

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.

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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 September 2020 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	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	15,915	-	-	15,915
- Investments in real estate fund	-	9,434	5,131	14,565
- Investments in quoted equity	2,469	-	-	2,469
Investments at held to maturity				
- Sukuks	-	15,000	-	15,000
Total	18,384	24,434	7,054	49,872

	As at 31 December 2019 (audited)			
	Level 1	Level 2	Level 3	Total
	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	15,661	-	-	15,661
- Investments in real estate funds	-	9,434	5,131	14,565
- Investments in quoted equity	2,434	-	-	2,434
Investments at held to maturity				
- Sukuks	-	5,000	-	5,000
Total	18,095	14,434	7,054	39,583

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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 three months period ended 30 September 2020. The following table presents the transfer between levels for the year ended 31 December 2019:

	As at 31 December 2019 (Audited)			Total
	Level 1	Level 2	Level 3	
Shareholders' operations				
	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

	As at 30 September 2020 (Unaudited)			Total
	Level 1	Level 2	Level 3	
	SAR'000			
Investments at fair value through statement of income				
- Investments in mutual funds	552	-	-	552
- Unit linked investments	49,935	-	-	49,935

	As at 31 December 2019 (audited)			Total
	Level 1	Level 2	Level 3	
	SAR'000			
Investments at fair value through statement of income				
- Investments in mutual funds	240	-	-	240
- Unit linked investments	35,941	-	-	35,941

6 MURABAHA DEPOSITS

Murabaha deposits represents deposits with local banks that have investment grade credit ratings and have an original maturity of more than three months to one years from the date of acquisition, yielding an average profit rate of 4.30% per annum (31 December 2019, 3.73% per annum).

7 PREMIUMS AND REINSURANCE RECEIVABLES - NET

	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Policyholders	93,084	-	93,084	63,963	-	63,963
Related party (note 9)	7,789	-	7,789	7,463	-	7,463
Reinsurance receivables	27,931	-	27,931	32,041	-	32,041
	128,804	-	128,804	103,467	-	103,467
Provision for doubtful receivables	(32,699)	-	(32,699)	(30,356)	-	(30,356)
	96,105	-	96,105	73,111	-	73,111

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8 TECHNICAL RESERVES

8.1 MOVEMENT IN UNEARNED PREMIUMS

	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Balance at the beginning	107,765	(58,844)	48,921	80,827	(39,641)	41,186
Premium written / (ceded)	265,780	(156,226)	109,554	331,141	(161,890)	169,251
Policy fee	25	-	25	30	-	30
Premium earned	(218,918)	111,302	(107,616)	(304,233)	142,687	(161,546)
Balance at the end	154,652	(103,768)	50,884	107,765	(58,844)	48,921

8.2 NET OUTSTANDING CLAIMS AND RESERVES

	As at 30 September 2020 (Unaudited)	As at 31 December 2019 (audited)
	SAR'000	SAR'000
Outstanding claims	73,447	182,078
Less: Realizable value of salvage and subrogation	(10,879)	(9,311)
	62,568	172,767
Incurred but not reported claims	39,931	31,895
Other reserves	1,979	1,838
Premium deficiency reserves	7,425	4,487
	111,903	210,987
Less:		
Reinsurers' share of outstanding claims	(36,246)	(137,583)
Reinsurers' share of Incurred but not reported claims	(19,843)	(15,204)
	(56,089)	(152,787)
Net outstanding claims and reserves	55,814	58,200

8.3 PREMIUM DEFICIENCY RESERVE

The Company has created a provision in respect of premium deficiency reserves ('PDR') for its motor line of businesses amounting to SAR 7.4 million (31 December 2019: motor SAR 4.3 million, medical SAR 0.1 million). The PDR has been created with respect to additional reserve required to cover expected claims not initially built in the premium and for the exrenction of all existing retail motor insurance policies by two months as well as providing a two month additional coverage for all new retail motor policies written within one month of Circular 189 issued by SAMA to all insurance companies dated 08th May 2020. 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.

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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 September 2020 (Unaudited)			For the three months period ended 30 September 2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Gross written premiums	6,963	-	6,963	10,050	-	10,050
Reinsurance premiums ceded	789	-	789	1,557	-	1,557
Claims paid - net of recoveries	4,217	-	4,217	6,238	-	6,238
Reinsurance commission	228	-	228	454	-	454
Reinsurance share of claims	-	-	-	297	-	297
General and administrative expenses	-	-	-	218	19	237
<u>Other Related parties:</u>						
Investments	8,704	-	8,704	4,966	-	4,966
Agency commission	466	-	466	836	-	836
General and administrative expenses	-	-	-	-	17	17

Nature of transactions

	For the nine months ended 30 September 2020 (Unaudited)			For the nine months ended 30 September 2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Gross written premiums	29,868	-	29,868	21,235	-	21,235
Reinsurance premiums ceded	8,478	-	8,478	6,570	-	6,570
Claims paid - net of recoveries	7,942	-	7,942	11,840	-	11,840
Reinsurance commission	2,368	-	2,368	1,881	-	1,881
Reinsurance share of claims	5,962	-	5,962	385	-	385
General and administrative expenses	436	-	436	703	57	760
<u>Other Related parties:</u>						
Investments	20,682	-	20,682	13,022	6,892	19,914
Agency commission	3,505	-	3,505	2,031	-	2,031
General and administrative expenses	-	-	-	91	43	134

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9 TRANSACTIONS WITH RELATED PARTIES (Continued)

Closing Balances	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Premium Receivable	7,789	-	7,789	7,463	-	7,463
Reinsurance premiums payable	12,498	-	12,498	7,045	-	7,045
Claims payable	84	-	84	89	-	89
Bank Balance	57,094	3,348	60,442	64,937	11,243	76,180
General and administrative expenses	(66)	-	(66)	(66)	-	(66)
<u>Other related parties:</u>						
Investments	49,935	30,480	80,415	35,941	30,225	66,166
Dividend receivable	-	-	-	-	206	206
Agency commission	122,565	-	122,565	224	-	224

Information relating to key management personnel:

	For the three months period ended 30 September 2020 (Unaudited)			For the three months period ended 30 September 2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Short term benefits	956	-	956	1,112	-	1,112
Long term benefits	135	-	135	72	-	72
	For the nine months period ended 30 September 2020 (Unaudited)			For the nine months period ended 30 September 2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Short term benefits	3,102	-	3,102	3,321	-	3,321
Long term benefits	203	-	203	271	-	271

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

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9 TRANSACTIONS WITH RELATED PARTIES (Continued)

Board and sub committees related expenses:

	For the three months period ended 30 September 2020 (Unaudited)			For the three months period ended 30 September 2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Directors' remuneration	-	250	250	-	400	400
Attendance fees	-	86	86	-	92	92

Board and sub committees related expenses:

	For the nine months period ended 30 September 2020 (Unaudited)			For the nine months period ended 30 September 2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Directors' remuneration	-	1,050	1,050	-	1,200	1,200
Attendance fees	-	270	270	-	276	276

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

10 ZAKAT AND INCOME TAX PAYABLE

	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Zakat payable	-	5,209	5,209	-	6,013	6,013
Income tax payable	-	(34)	(34)	-	(34)	(34)
Zakat and Income tax payable	-	5,175	5,175	-	5,979	5,979

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%

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10 ZAKAT AND INCOME TAX PAYABLE (Continued)

The movement in Zakat provision is as follows:

	As at 30 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	6,013	6,013	-	5,586	5,586
Zakat charge	-	2,475	2,475	-	3,331	3,331
Additional charge for prior years	-	-	-	-	869	869
Zakat payment made	-	(3,279)	(3,279)	-	(3,763)	(3,763)
Advance tax paid	-	-	-	-	(10)	(10)
Balance at the end	-	5,209	5,209	-	6,013	6,013

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 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	(34)	(34)	-	-	-
Income tax paid	-	-	-	-	(34)	(34)
Balance at the end	-	(34)	(34)	-	(34)	(34)

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 SAR 5.5 million and SAR 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 SAR 0.87 million in 2019 and no additional liability in current period. The Company has obtained limited certificates for the year from 2012 to 2019.

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 September 2020 (31 December 2019: SAR 300 million) consisting of 30 million shares (31 December 2019: 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 September 2020 (Unaudited)			As at 31 December 2019 (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

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12 CONTINGENCIES AND COMMITMENT

As at 30 September 2020 the Company's banker has issued letters of guarantee of SAR 2.78 million (31 December 2019: SAR 2.88 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 interim condensed statement of financial position. The Company has no capital commitments as at 30 September 2020.

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

	2020	2019
	SR'000	SR'000
Motor claims related compensation	666	330

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.

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13 SEGMENT REPORTING (Continued)

	For the three months ended 30 September 2020 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations
	SAR'000					
REVENUES						
Gross premiums written	25,777	12,517	14,429	-	52,723	-
- Corporate	30,216	4,081	7,321	-	41,618	-
- Medium business	(4,523)	3,610	42	-	(871)	-
- Small business	1,010	1,874	-	-	2,884	-
- Very small business	(899)	247	-	-	(652)	-
- Retail	(27)	2,705	7,066	-	9,744	-
Fee income from Insurance contracts	6	-	-	-	6	-
Reinsurance premiums ceded - Local	(759)	-	-	-	(759)	-
Reinsurance premiums ceded - Foreign	(21,873)	-	(3,148)	-	(25,021)	-
Excess of loss expenses	(1,032)	(320)	-	-	(1,352)	-
Net premiums written	2,119	12,197	11,281	-	25,597	-
Net change in unearned premiums	764	5,169	56	7	5,996	-
Net premiums earned	2,883	17,366	11,337	7	31,593	-
Reinsurance commission earned	5,575	-	-	-	5,575	-
Other underwriting income	(1)	5	-	-	4	-
Total insurance revenues	8,457	17,371	11,337	7	37,172	-
UNDERWRITING COSTS AND EXPENSES						
Net claims incurred	(2,450)	(4,963)	(5,233)	319	(12,327)	-
Changes in unit linked reserves	-	-	(7,399)	-	(7,399)	-
Changes in mathematical reserves	-	-	194	-	194	-
Policy acquisition costs	(3,305)	(1,725)	(912)	(1)	(5,943)	-
Other underwriting expenses	(126)	(62)	(72)	-	(260)	-
Total underwriting costs and expenses	(5,881)	(6,750)	(13,422)	318	(25,735)	-
NET UNDERWRITING INCOME	2,576	10,621	(2,085)	325	11,437	-
OTHER OPERATING INCOME / (EXPENSES)						
General and administrative expenses	-	-	-	-	(12,207)	(972)
Provision for doubtful receivables	-	-	-	-	(2,345)	-
Unrealized gain on unit linked investments	-	-	-	-	2,863	-
Unrealized gain on investments	-	-	-	-	209	1,726
Realized gain on investments	-	-	-	-	322	217
Total other (expenses) / income - net	-	-	-	-	(11,158)	971
Total profit for the period					279	971
Surplus transferred to Shareholders					(251)	251
Total profit for the period before zakat					28	1,222
Zakat for the period					-	(825)
Net profit for the period					28	397

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

13 SEGMENT REPORTING (Continued)

	For the three months ended 30 September 2019 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations
	SAR'000					
REVENUES						
Gross premiums written	30,513	11,079	12,967	126	54,685	-
- Corporate	16,883	8,595	6,626	-	32,104	-
- Medium business	11,921	207	28	-	12,156	-
- Small business	181	144	-	126	451	-
- Very small business	1,528	738	-	-	2,266	-
- Retail	-	1,395	6,313	-	7,708	-
Fee income from Insurance contracts	-	23	-	-	23	-
Reinsurance premiums ceded - Local	(942)	-	-	-	(942)	-
Reinsurance premiums ceded - Foreign	(25,605)	-	(3,056)	-	(28,661)	-
Excess of loss expenses	(940)	(323)	-	-	(1,263)	-
Net premiums written	3,026	10,779	9,911	126	23,842	-
Net change in unearned premiums	(20)	15,086	171	1,831	17,068	-
Net premiums earned	3,006	25,865	10,082	1,957	40,910	-
Reinsurance commission earned	6,479	-	-	-	6,479	-
Other underwriting income	-	-	-	-	-	-
Total insurance revenues	9,485	25,865	10,082	1,957	47,389	-
UNDERWRITING COSTS AND EXPENSES						
Net claims incurred	(1,479)	(21,261)	(2,832)	(2,428)	(28,000)	-
Changes in Premium deficiency reserves	-	(1,251)	-	339	(912)	-
Changes in unit linked reserves	-	-	(3,247)	-	(3,247)	-
Policy acquisition costs	(4,017)	(2,786)	(724)	(103)	(7,630)	-
Other underwriting expenses	(208)	5	(65)	(2)	(270)	-
Total underwriting costs and expenses	(5,704)	(25,293)	(6,868)	(2,194)	(40,059)	-
NET UNDERWRITING INCOME	3,781	572	3,214	(237)	7,330	-
OTHER OPERATING INCOME / (EXPENSES)						
General and administrative expenses					(13,681)	(908)
Provision for doubtful receivables					164	-
Unrealized loss on unit linked investments					(1,243)	-
Unrealized gain on investments					2	276
Realized gain on investments					145	638
Total other (expenses) / income - net					(14,613)	6
Total loss for the period					(7,283)	6
Zakat for the period						(1,050)
Net loss for the period						(8,327)

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FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

13 SEGMENT REPORTING (Continued)

For the nine months period ended 30 September 2020 (Unaudited)						
Property and Casualty	Motor	Protection and savings	Medical ^a	Total Insurance Operations	Shareholders' operations	Total
SAR'000						
REVENUES						
Gross premiums written	171,122	52,217	42,392	49	265,780	265,780
- Corporate	142,610	16,632	22,461	-	181,703	181,703
- Medium business	19,967	16,921	416	-	37,304	37,304
- Small business	8,006	4,595	-	49	12,650	12,650
- Very small business	566	2,505	-	-	3,071	3,071
- Retail	(27)	11,564	19,515	-	31,052	31,052
Fee income from insurance contracts	25	-	-	-	25	25
Reinsurance premiums ceded - Local	(2,779)	-	-	-	(2,779)	(2,779)
Reinsurance premiums ceded - Foreign	(143,167)	-	(10,280)	-	(153,447)	(153,447)
Excess of loss expenses	(3,079)	(955)	-	-	(4,034)	(4,034)
Net premiums written	22,122	51,262	32,112	49	105,545	105,545
Net change in unearned premiums	(13,115)	10,738	(72)	486	(1,963)	(1,963)
Net premiums earned	9,007	62,000	32,040	535	103,582	103,582
Reinsurance commission earned	18,722	-	-	-	18,722	18,722
Other underwriting income	1,999	424	-	1,482	3,905	3,905
Total insurance revenues	29,728	62,424	32,040	2,017	126,209	126,209
UNDERWRITING COSTS AND EXPENSES						
Net claims and other benefits incurred	(3,292)	(34,762)	(9,433)	464	(47,023)	(47,023)
Changes in unit linked reserves	-	-	(13,994)	-	(13,994)	(13,994)
Changes in mathematical reserves	-	-	125	-	125	125
Policy acquisition costs	(10,432)	(6,105)	(2,589)	(34)	(19,160)	(19,160)
Other underwriting expenses	(842)	(261)	(212)	(1)	(1,316)	(1,316)
Total underwriting costs and expenses	(14,566)	(41,128)	(26,103)	429	(81,368)	(81,368)
NET UNDERWRITING INCOME	15,162	21,296	5,937	2,446	44,841	44,841
OTHER OPERATING INCOME / (EXPENSES)						
General and administrative expenses				(38,482)	(2,733)	(41,215)
Provision for doubtful receivables				(6,067)	-	(6,067)
Unrealized loss on unit linked investments				1,280	-	1,280
Unrealized gain on investments				213	1,148	1,361
Realized gain on investments				977	2,490	3,467
Total other (expenses) / income - net				(42,079)	905	(41,174)
Total profit for the period				2,762	905	3,667
Surplus transferred to Shareholders				(2,486)	2,486	-
Total profit/(loss) for the period before Zakat				276	3,391	3,667
Zakat for the period				-	(2,475)	(2,475)
Net profit for the period				276	916	1,192

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

13 SEGMENT REPORTING (Continued)

	For the nine months period ended 30 September 2019 (Unaudited)						
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	Total
	SAR'000						
REVENUES							
Gross premiums written	129,676	91,848	36,139	6,452	264,115	-	264,115
- Corporate	74,270	63,924	19,562	-	157,756	-	157,756
- Medium business	34,185	15,074	501	-	49,760	-	49,760
- Small business	17,125	5,384	-	6,452	28,961	-	28,961
- Very small business	4,096	4,849	-	-	8,945	-	8,945
- Retail	-	2,617	16,076	-	18,693	-	18,693
Reinsurance premiums ceded - Local	(3,258)	-	-	-	(3,258)	-	(3,258)
Reinsurance premiums ceded - Foreign	(111,701)	(72)	(9,217)	-	(120,990)	-	(120,990)
Excess of loss expenses	(2,628)	(968)	-	-	(3,596)	-	(3,596)
Net premiums written	12,089	90,808	26,922	6,452	136,271	-	136,271
Net change in unearned premiums	(3,136)	(12,760)	1,830	789	(13,277)	-	(13,277)
Net premiums earned	8,953	78,048	28,752	7,241	122,994	-	122,994
Reinsurance commission earned	17,888	28	-	-	17,916	-	17,916
Other underwriting income	26	408	-	-	434	-	434
Total insurance revenues	26,867	70,484	28,752	7,241	141,344	-	141,344
UNDERWRITING COSTS AND EXPENSES							
Net claims and other benefits incurred	(2,892)	(64,323)	(9,708)	(7,062)	(83,985)	-	(83,985)
Changes in premium deficiency reserves	-	(1,251)	-	339	(912)	-	(912)
Changes in unit linked reserves	-	-	(11,812)	-	(11,812)	-	(11,812)
Policy acquisition costs	(11,696)	(8,810)	(2,222)	(332)	(23,060)	-	(23,060)
Other underwriting expenses	(692)	(399)	(181)	(97)	(1,369)	-	(1,369)
Total underwriting costs and expenses	(15,280)	(74,783)	(23,923)	(7,152)	(121,138)	-	(121,138)
NET UNDERWRITING INCOME / (LOSS)	11,587	3,701	4,829	89	20,206	-	20,206
OPERATING AND OTHER (EXPENSES)/ INCOME							
General and administrative expenses					(42,166)	(2,678)	(44,844)
Provision for doubtful receivables					(5,733)	-	(5,733)
Unrealized gain on unit linked investments					(481)	-	(481)
Unrealized gain on investments					2	3,794	3,796
Realized gain on investments					434	2,122	2,556
Total operating and other expenses, net					(47,944)	3,238	(44,706)
Net (deficit) / surplus					(27,738)	3,238	(24,500)
Zakat for the period					-	(3,150)	(3,150)
Net loss for the period							(27,650)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

13 SEGMENT REPORTING (Continued)

	As at 30 September 2020 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations
	SAR'000					
ASSETS						
Cash and cash equivalents	-	-	-	-	118,194	50,930
Investments	-	-	-	-	552	49,872
Reinsurers' share of outstanding claims	26,673	-	9,573	-	36,246	-
Reinsurers' share of incurred but not reported claims	15,809	-	4,034	-	19,843	-
Reinsurers' share of unearned premiums	103,710	-	58	-	103,768	-
Deferred policy acquisition costs	7,688	2,824	21	-	10,533	-
Unit linked investments	-	-	49,935	-	49,935	-
Unallocated assets	-	-	-	-	125,544	117,970
Total assets					464,615	218,772
LIABILITIES						
Outstanding claims	29,865	17,230	15,462	11	62,568	-
Incurred but not reported claims	19,288	13,715	6,867	61	39,931	-
Other reserves	412	1,352	215	-	1,979	-
Premium deficiency reserves	-	7,425	-	-	7,425	-
Unearned premiums	124,170	30,304	177	1	154,652	-
Unearned reinsurance commission	13,973	-	-	-	13,973	-
Unit linked liabilities	-	-	49,935	-	49,935	-
Unallocated liabilities and equity	-	-	-	-	134,152	218,772
Total liabilities and equity					464,615	218,772
	As at 31 December 2019 (Audited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations
	SAR'000					
ASSETS						
Cash and cash equivalents	-	-	-	-	183,781	35,401
Investments	-	-	-	-	240	39,583
Reinsurers' share of outstanding claims	130,358	-	7,225	-	137,583	-
Reinsurers' share of incurred but not reported claims	12,139	-	3,065	-	15,204	-
Reinsurers' share of unearned premiums	58,802	-	42	-	58,844	-
Deferred policy acquisition costs	4,684	3,453	4	30	8,171	-
Unit linked investments	-	-	35,941	-	35,941	-
Unallocated assets	-	-	-	-	105,096	144,923
Total assets					544,860	219,907
LIABILITIES						
Outstanding claims	133,056	27,657	11,376	678	172,767	-
Incurred but not reported claims	14,819	11,144	5,263	669	31,895	-
Other reserves	322	1,354	162	-	1,838	-
Premium deficiency reserves	-	4,360	-	127	4,487	-
Unearned premiums	66,146	41,043	90	487	107,766	-
Unearned reinsurance commission	7,878	-	-	-	7,878	-
Unit linked liabilities	-	-	35,941	-	35,941	-
Mathematical reserve	-	-	688	-	688	-
Unallocated liabilities and equity	-	-	-	-	181,600	219,907
Total liabilities and equity					544,860	219,907

ALINMA TOKIO MARINE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

14 SUPPLEMENTARY INFORMATION

14.1 Statement of financial position

		As at 30 September 2020 (Unaudited)			As at 31 December 2019 (audited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SAR'000			SAR'000		
ASSETS							
Cash and cash equivalents	4	118,194	50,930	169,124	183,781	35,401	219,182
Investments	5	552	49,872	50,424	240	39,583	39,823
Premiums and reinsurance receivables, net	7	96,105	-	96,105	73,111	-	73,111
Reinsurers' share of unearned premiums	8.1	103,768	-	103,768	58,844	-	58,844
Reinsurers' share of outstanding claims	8.2	36,246	-	36,246	137,583	-	137,583
Reinsurers' share of incurred but not reported claims	8.2	19,843	-	19,843	15,204	-	15,204
Deferred policy acquisition costs		10,533		10,533	8,171	-	8,171
Prepayments and other assets		13,190	2,762	15,952	10,591	2,989	13,580
Due from insurance operations		-	14,382	14,382	2,739	-	2,739
Due from related parties	9	-	-	-	-	206	206
Murabaha deposits	6	-	55,826	55,826	-	96,728	96,728
Statutory deposit		-	45,000	45,000	-	45,000	45,000
Property and equipment		5,380	-	5,380	7,076	-	7,076
Right of use assets		5,234	-	5,234	6,140	-	6,140
Intangible assets		5,635	-	5,635	5,439	-	5,439
Unit linked investments		49,935	-	49,935	35,941	-	35,941
TOTAL ASSETS		464,615	218,772	683,387	544,860	219,907	764,767
LIABILITIES							
Outstanding claims	8.2	62,568	-	62,568	172,767	-	172,767
Incurred but not reported claims	8.2	39,931	-	39,931	31,895	-	31,895
Other reserves	8.2	1,979	-	1,979	1,838	-	1,838
Premium deficiency reserves	8.3	7,425	-	7,425	4,487	-	4,487
Unearned premiums	8.1	154,652	-	154,652	107,765	-	107,765
Reinsurance balances payable		69,883	-	69,883	36,559	-	36,559
Unearned reinsurance commission		13,973	-	13,973	7,878	-	7,878
Accrued expenses and other liabilities		38,502	5,285	43,787	134,185	3,793	137,978
Lease liabilities		5,022	-	5,022	5,439	-	5,439
Due to related party	9	66	-	66	66	-	66
Zakat and income tax payable	10	-	5,175	5,175	-	5,979	5,979
Unit linked liabilities		49,935	-	49,935	35,941	-	35,941
Mathematical reserves		563	-	563	688	-	688
Retirement benefit obligations		5,668	-	5,668	5,698	-	5,698
Due to shareholders' operations		14,382	-	14,382	-	-	-
Due to insurance operations		-	-	-	-	2,739	2,739
Surplus from insurance operations		276	-	276	-	-	-
TOTAL LIABILITIES		464,825	10,460	475,285	545,206	12,511	557,717
EQUITY							
Share capital	11	-	300,000	300,000	-	300,000	300,000
Accumulated losses		-	(91,688)	(91,688)	-	(92,604)	(92,604)
Remeasurement of retirement benefit obligations		(144)	-	(144)	(346)	-	(346)
TOTAL EQUITY		(144)	208,312	208,168	(346)	207,396	207,050
TOTAL LIABILITIES AND EQUITY							
		464,681	218,772	683,453	544,860	219,907	764,767

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.2 Statement of income

	For the three months ended 30 September 2020			For the three months ended 30 September 2019		
Note	Insurance operations	Shareholders operations	Total	Insurance operations	Shareholders operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross premiums written	52,723	-	52,723	54,685	-	54,685
- Corporate	41,618	-	41,618	32,104	-	32,104
- Medium business	(871)	-	(871)	12,156	-	12,156
- Small business	2,884	-	2,884	451	-	451
- Very small business	(652)	-	(652)	2,266	-	2,266
- Retail	9,744	-	9,744	7,708	-	7,708
Fee income from insurance contracts	6	-	6	23	-	23
Reinsurance premiums ceded						
- Local	(759)	-	(759)	(942)	-	(942)
- Foreign	(25,021)	-	(25,021)	(28,661)	-	(28,661)
Excess of loss expenses	(1,352)	-	(1,352)	(1,263)	-	(1,263)
Net premiums written	25,597	-	25,597	23,842	-	23,842
Changes in unearned premiums	8.1 11,828	-	11,828	21,224	-	21,224
Changes in reinsurers' share of unearned premiums	8.1 (5,832)	-	(5,832)	(4,156)	-	(4,156)
Net premiums earned	31,593	-	31,593	40,910	-	40,910
Reinsurance commission earned	5,575	-	5,575	6,479	-	6,479
Other underwriting income	4	-	4	-	-	-
Total Revenues	37,172	-	37,172	47,389	-	47,389
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(22,669)	-	(22,669)	(31,760)	-	(31,760)
Surrenders	(1,493)	-	(1,493)	(502)	-	(502)
Reinsurers' share of claims paid	8,687	-	8,687	10,078	-	10,078
Net claims paid	(15,475)	-	(15,475)	(22,184)	-	(22,184)
Changes in outstanding claims	8.2 6,049	-	6,049	(175,430)	-	(175,430)
Changes in reinsurers' share of outstanding claims	8.2 (3,002)	-	(3,002)	169,863	-	169,863
Changes in incurred but not reported claims	8.2 (5,389)	-	(5,389)	2,793	-	2,793
Changes in reinsurers' share of incurred but not reported claims	8.2 4,555	-	4,555	(3,042)	-	(3,042)
Changes in other reserves	8.2 (19)	-	(19)	-	-	-
Changes in premium deficiency reserves	8.3 954	-	954	(912)	-	(912)
Net claims and other benefits incurred	(12,327)	-	(12,327)	(28,912)	-	(28,912)
Changes in unit linked reserves	(7,399)	-	(7,399)	(3,247)	-	(3,247)
Changes in mathematical reserves	194	-	194	-	-	-
Policy acquisition costs	(5,943)	-	(5,943)	(7,630)	-	(7,630)
Other underwriting expenses	(260)	-	(260)	(270)	-	(270)
Total underwriting costs and expenses	(25,735)	-	(25,735)	(40,059)	-	(40,059)
NET UNDERWRITING INCOME	11,437	-	11,437	7,330	-	7,330
OTHER OPERATING INCOME / (EXPENSES)						
General and administrative expenses	(12,207)	(972)	(13,179)	(13,681)	(908)	(14,589)
Provision for doubtful receivables	7 (2,345)	-	(2,345)	164	-	164
Unrealized gain/(loss) on unit linked investments	2,863	-	2,863	(1,243)	-	(1,243)
Unrealized gain on investments	209	1,726	1,935	2	276	278
Realized gain on investments	322	217	539	145	638	783
Total other (expenses) / income - net	(11,158)	971	(10,187)	(14,613)	6	(14,607)
Total profit/(loss) for the period	279	971	1,250	(7,283)	6	(7,277)
Surplus transferred to Shareholders	(251)	251	-	-	-	-
Total profit/(loss) for the period before zakat	28	1,222	1,250	(7,283)	6	(7,277)
Zakat for the period	10 -	(825)	(825)	-	(1,050)	(1,050)
Net profit/(loss) for the period	28	397	425	(7,283)	(1,044)	(8,327)
Profit/(Loss) per share (expressed in SAR per share)		0.01				(0.28)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.2 Interim condensed statement of income

	For the nine months period ended 30 September 2020			For the nine months period ended 30 September 2019			
Note	Insurance operations	'Shareholders operations	Total	Insurance operations	Shareholders operations	Total	
	SAR'000			SAR'000			
REVENUES							
Gross premiums written	8.1	265,780	-	265,780	264,115	-	264,115
- Corporate		181,703	-	181,703	157,756	-	157,756
- Medium business		37,304	-	37,304	49,760	-	49,760
- Small business		12,650	-	12,650	28,961	-	28,961
- Very small business		3,071	-	3,071	8,945	-	8,945
- Retail		31,052	-	31,052	18,693	-	18,693
Fee income from insurance contracts		25	-	25	26	-	26
Reinsurance premiums ceded							
- Local		(2,779)	-	(2,779)	(3,258)	-	(3,258)
- Foreign		(153,447)	-	(153,447)	(120,990)	-	(120,990)
Excess of loss expenses		(4,034)	-	(4,034)	(3,596)	-	(3,596)
Net premiums written		105,545	-	105,545	136,297	-	136,297
Changes in unearned premiums		(46,887)	-	(46,887)	(33,627)	-	(33,627)
Changes in reinsurers' share of unearned premiums		44,924	-	44,924	20,350	-	20,350
Net premiums earned		103,582	-	103,582	123,020	-	123,020
Reinsurance commission earned		18,722	-	18,722	17,890	-	17,890
Other underwriting income		3,905	-	3,905	434	-	434
Total Revenues		126,209	-	126,209	141,344	-	141,344
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid		(147,610)	-	(147,610)	(101,302)	-	(101,302)
Surrenders		(3,652)	-	(3,652)	(1,405)	-	(1,405)
Reinsurers' share of claims paid		101,853	-	101,853	24,745	-	24,745
Net claims paid		(49,409)	-	(49,409)	(77,962)	-	(77,962)
Changes in outstanding claims	8.2	110,199	-	110,199	(185,916)	-	(185,916)
Changes in reinsurers' share of outstanding claims	8.2	(101,337)	-	(101,337)	180,386	-	180,386
Changes in incurred but not reported claims	8.2	(8,036)	-	(8,036)	3,616	-	3,616
Changes in reinsurers' share of incurred but not reported claims	8.2	4,639	-	4,639	(4,109)	-	(4,109)
Changes in other reserves	8.2	(141)	-	(141)	-	-	-
Changes in premium deficiency reserves		(2,938)	-	(2,938)	(912)	-	(912)
Net claims and other benefits incurred		(47,023)	-	(47,023)	(84,897)	-	(84,897)
Changes in unit linked reserves		(13,994)	-	(13,994)	(11,812)	-	(11,812)
Changes in mathematical reserves		125	-	125	-	-	-
Policy acquisition costs		(19,160)	-	(19,160)	(23,060)	-	(23,060)
Other underwriting expenses		(1,316)	-	(1,316)	(1,369)	-	(1,369)
Total underwriting costs and expenses		(81,368)	-	(81,368)	(121,138)	-	(121,138)
NET UNDERWRITING INCOME		44,841	-	44,841	20,206	-	20,206
OTHER OPERATING INCOME / (EXPENSES)							
General and administrative expenses		(38,482)	(2,733)	(41,215)	(42,166)	(2,678)	(44,844)
Provision for doubtful receivables		(6,067)	-	(6,067)	(5,733)	-	(5,733)
Unrealized (loss)/gain on unit linked investments		1,280	-	1,280	(481)	-	(481)
Unrealized gain on investments		213	1,148	1,361	2	3,794	3,796
Realized gain on investments		977	2,490	3,467	434	2,122	2,556
Total other (expenses) / income - net		(42,079)	905	(41,174)	(47,944)	3,238	(44,706)
Total profit/(loss) for the period		2,762	905	3,667	(27,738)	3,238	(24,500)
Surplus transferred to Shareholders		(2,486)	2,486	-	-	-	-
Total profit/(loss) for the period before Zakat		276	3,391	3,667	(27,738)	3,238	(24,500)
Zakat for the period		-	(2,475)	(2,475)	-	(3,150)	(3,150)
Net profit/(loss) for the period		276	916	1,192	(27,738)	88	(27,650)
Loss per share (expressed in SAR per share)			0.03				(0.92)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.3 Interim Condensed Statement of comprehensive income

	For the three months ended 30 September 2020			For the three months ended 30 September 2019		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Net profit/(loss) for the period	28	397	425	(7,283)	(1,044)	(8,327)
Other comprehensive profit/(loss):						
Items that will not be reclassified to statement of income in subsequent periods:						
- Actuarial gain on retirement benefit obligations	118	-	118	(196)	-	(196)
Total comprehensive profit/(loss) for the period	146	397	543	(7,479)	(1,044)	(8,523)
Reconciliation:						
Net Income attributable to Insurance Operations			(28)			-
Total comprehensive profit/(loss) for the period			515			(8,523)

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14 SUPPLEMENTARY INFORMATION (continued)

14.3 Interim condensed statement of comprehensive income

Note	For the nine months period ended 30 September 2020			For the nine months period ended 30 September 2019		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Net profit/(loss) for the period	276	916	1,192	(27,738)	88	(27,650)
Items that will not be reclassified to statement of income in subsequent periods:						
- Actuarial gain on retirement benefit obligation	202	-	202	119	-	119
Total comprehensive profit/(loss) for the period	478	916	1,394	(27,619)	88	(27,531)
Reconciliation:						
Net Income attributable to Insurance Operations			(275)			-
Total comprehensive profit/(loss) for the period			1,118			(27,531)

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FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.4 Interim Condensed Statement of cash flows

	2020			2019			
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	276	916	1,192	-	(27,650)	(27,650)	
Adjustments for non cash items:							
Depreciation and amortisation	2,992	-	2,992	2,958	-	2,958	
Depreciation of right to use asset	906	-	906	906	-	906	
Financing cost on lease liabilities	196	-	196	196	-	196	
Provision for doubtful receivables	6,067	-	6,067	5,734	-	5,734	
Realized gain on investments held at FVSI	-	-	-	(433)	(536)	(969)	
Unrealized loss / (gain) on investments held at FVSI	(210)	(289)	(499)	(2)	(278)	(280)	
Provision for retirement benefit obligations	1,094	-	1,094	1,165	-	1,165	
Provision for zakat	-	2,475	2,475	-	3,150	3,150	
	11,321	3,102	14,423	10,524	(25,314)	(14,790)	
Changes in operating assets and liabilities:							
Premiums and reinsurance receivables	(29,061)	-	(29,061)	(31,675)	-	(31,675)	
Reinsurers' share of unearned premiums	(44,924)	-	(44,924)	(20,350)	-	(20,350)	
Reinsurers' share of outstanding claims	101,337	-	101,337	(180,386)	-	(180,386)	
Reinsurers' share of incurred but not reported claims	(4,639)	-	(4,639)	4,109	-	4,109	
Reinsurers' share of other reserves	-	-	-	-	-	-	
Deferred policy acquisition costs	(2,362)	-	(2,362)	(2,586)	-	(2,586)	
Prepayments and other assets	(2,599)	227	(2,372)	(2,860)	(3,061)	(5,921)	
Due from related parties	-	206	206	-	(368)	(368)	
Due to insurance operations	-	(17,121)	(17,121)	-	28,486	28,486	
Unit linked investments	(13,994)	-	(13,994)	(11,812)	-	(11,812)	
Outstanding claims	(110,199)	-	(110,199)	185,915	-	185,915	
Incurred but not reported claims	8,036	-	8,036	(3,616)	-	(3,616)	
Other reserves	141	-	141	-	-	-	
Premium deficiency reserves	2,938	-	2,938	912	-	912	
Mathematical reserves	(125)	-	(125)	-	-	-	
Unearned premiums	46,887	-	46,887	33,627	-	33,627	
Reinsurance balances payable	33,324	-	33,324	18,896	-	18,896	
Unearned reinsurance commission	6,095	-	6,095	2,867	-	2,867	
Accrued expenses and other liabilities	(95,683)	1,492	(94,191)	9,056	(672)	8,394	
Lease liabilities	(613)	-	(613)	5,619	-	5,619	
Due to related party	-	-	-	(130)	(75)	(205)	
Unit linked liabilities	13,994	-	13,994	11,812	-	11,812	
Due from shareholders' operations	17,121	-	17,121	(28,486)	-	(28,486)	
Cash (used in) / generated from operations	(63,005)	(12,094)	(75,099)	1,446	(1,004)	442	
Retirement benefit obligation paid	(922)	-	(922)	(950)	-	(950)	
Zakat and income tax paid	-	(3,279)	(3,279)	-	(3,807)	(3,807)	
Net cash (used in) / generated from operating activities	(63,927)	(15,373)	(79,300)	496	(4,811)	(4,315)	
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of murabaha deposits	-	-	-	-	(1,902)	(1,902)	
Proceeds from maturity of murhaba deposits	-	40,902	40,902	-	-	-	
Purchase of intangible assets	-	-	-	(878)	-	(878)	
Purchase of investments	5	(60,000)	(60,000)	(119,600)	-	(119,600)	
Proceeds from disposal of investments	5	59,898	(10,000)	49,898	120,245	7,626	127,871
Purchase of property and equipment	(1,492)	-	(1,492)	(1,708)	-	(1,708)	
Right to use assets	-	-	-	(7,112)	-	(7,112)	
Net cash generated from / (used in) investing activities	(1,594)	30,902	29,308	(9,053)	5,724	(3,329)	
Net change in cash and cash equivalents	(65,521)	15,529	(49,992)	(8,557)	913	(7,644)	
Cash and cash equivalents at the beginning of the period	183,781	35,401	219,182	51,370	1,340	52,710	
Cash and cash equivalents at the end of the period	118,260	50,930	169,190	42,813	2,253	45,066	

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15 COMPARATIVE FIGURES

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

16 RISK MANAGEMENT

The Company's risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2019 except for the following changes:

16.1 Credit risk management

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required.

Credit risk concentrations – Based on the review, the Company has identified these sectors being impacted significantly by COVID19 and lower oil price, mainly Food, airlines, freight companies, hotels etc.

The Company's exposure in terms of gross premium receivables to these industries is as follows:

<u>Sector</u>	<u>Percentage of total gross receivables</u>
Food	2.37%
Airlines	1.13%
Freight companies	3.27%
Hotels	2.01%

16.2 Capital risk management

Management, through various scenario analysis as required by the regulator, has proactively assessed the potential impact of the COVID-19 by performing stress testing for various variables like: gross premium growth, increase in employee cost, YTD loss ratio, outstanding premium provisions etc and the related impact on the revenue, profitability, loss ratio and solvency ratio. Management has concluded that based on the stress testing performed the solvency of the Company would not be adversely effected. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental and the Company will continue to reassess its position and the related impact on a regular basis.

17 Value Added Tax

During the period ended September 30, 2020, General Authority of Zakat and Tax ("GAZT") has raised VAT assessment for the periods of December 2018 and 2019 and demanded an additional VAT amounting to SR 4.4 million. The Company has deposited the amount equaling the assessment of SR 4.4 million with GAZT to avoid any penalties and subsequent to period end, the Company intends to submit its objections on the GAZT's assessment. The Company's management believes that there is strong basis that the assessment raised by the GAZT will be reversed and the amount will be refunded/adjusted in due course.

18 APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Audit Committee of the Company on 15 Rabiul-Awwal 1442H corresponding to 01 November 2020G.