

UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)

Unaudited Interim Condensed Financial Statements
and Independent Auditors' Review Report

For the three-months and nine-months periods ended
30 September 2019

UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 September 2019

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF
 UNITED COOPERATIVE ASSURANCE COMPANY
 (A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of United Cooperative Assurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2019 and the related interim statements of income and comprehensive income for the three-months and nine-months period then ended and the related statements of changes in equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes from 1 to 19 which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and fair 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 Engagement 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 these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 presented fairly, in all material respects, in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

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Ibrahim A. Al-Bassam
 Certified Public Accountant
 License No. 337



for Sindi & Batterjee.
 Certified Public Accountants

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10 November 2019
 13 Rabi Al Awwal 1441H
 Jeddah, Kingdom of Saudi Arabia

UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

		30 September 2019 (Unaudited)	31 December 2018 (Audited)
	Notes	SAR'000	
ASSETS			
Cash and cash equivalents	4	96,965	89,533
Premiums and reinsurers' receivable – net	5	155,725	169,736
Reinsurers' share of unearned premiums	7	113,899	94,750
Reinsurers' share of outstanding claims	7	74,634	88,169
Reinsurers' share of claims Incurred but not reported	7	99,957	135,637
Deferred policy acquisition costs		4,451	5,699
Investments	6	378,114	384,755
Prepaid expenses and other assets		49,117	47,201
Property and equipment		6,621	1,902
Goodwill		78,400	78,400
Statutory deposit	8	60,000	73,500
Accrued commission income on statutory deposit		3,468	2,635
TOTAL ASSETS		1,121,351	1,171,917



Chief Financial Officer



Chief Executive Officer



Director

The accompanying notes from 1 – 19 form an integral part of these interim condensed financial statements


UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION – (continued)
AS AT 30 SEPTEMBER 2019

		30 September 2019 (Unaudited)	31 December 2018 (Audited)
	Notes	SAR'000	
LIABILITIES			
Policyholders claims payable		2,975	19,361
Accrued and other liabilities		68,146	55,813
Reinsurers' balances payable		160,569	122,227
Unearned premiums	7	139,240	141,051
Unearned reinsurance commission		18,121	19,295
Outstanding claims	7	94,378	111,586
Claims incurred but not reported	7	149,190	209,481
Premium deficiency reserve		17,021	16,454
Other technical reserves		29,950	36,539
Due to a related party	12	270	270
End-of-service indemnities		8,590	18,018
Surplus from insurance operation		36,652	36,037
Fair value reserve on available-for-sale investments		945	(86)
Zakat and income tax	13	23,936	22,488
Accrued commission income on statutory deposit payable to SAMA		3,468	2,635
TOTAL LIABILITIES		753,451	811,169
SHAREHOLDERS' EQUITY			
Share capital	14	400,000	400,000
Statutory reserve		31,944	31,944
Accumulated losses		(65,363)	(71,684)
Fair value reserve on available-for-sale investments		883	52
TOTAL SHAREHOLDERS' EQUITY		367,464	360,312
Re-measurement reserve of defined benefit obligation – related to insurance operations		436	436
TOTAL EQUITY		367,900	360,748
TOTAL LIABILITIES AND EQUITY		1,121,351	1,171,917
COMMITMENTS AND CONTINGENCIES	9	22,096	22,096


 Chief Financial Officer


 Chief Executive Officer


 Director


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UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME – (Unaudited)

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

<i>Notes</i>	<i>Three-months period ended</i>		<i>Nine-months period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
		<i>(Restated)</i>		<i>(Restated)</i>
REVENUES				
Gross premiums written				
- Direct	66,951	120,925	267,105	313,702
- Reinsurance	-	-	474	-
	66,951	120,925	267,579	313,702
Reinsurance premiums ceded				
- Local	(1,791)	(3,179)	(14,745)	(9,461)
- Foreign	(52,906)	(84,629)	(210,395)	(214,824)
	(54,697)	(87,808)	(225,140)	(224,285)
Excess of loss expenses				
- Local	(63)	(68)	(189)	(204)
- Foreign	(515)	(558)	(1,545)	(1,826)
	(578)	(626)	(1,734)	(2,030)
Net premiums written	11,676	32,491	40,705	87,387
Changes in unearned premiums, net	5,358	(2,435)	20,961	8,080
Net premiums earned	17,034	30,056	61,666	95,467
Reinsurance commissions earned	10,363	7,491	28,922	38,223
TOTAL REVENUES	27,397	37,547	90,588	133,690
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	29,852	45,059	105,631	143,577
Reinsurers' share of claims paid	(16,813)	(28,850)	(58,070)	(93,450)
Net claims paid	13,039	16,209	47,561	50,127
Changes in outstanding claims, net	(6,121)	2,040	(3,673)	(7,638)
Changes in claims incurred but not reported, net	(629)	(3,843)	(24,611)	(11,307)
Net claims incurred	6,289	14,406	19,277	31,182
Premium deficiency reserve	-	(2,638)	567	6,578
Other technical reserves	-	(10)	(6,588)	(876)
Policy acquisition costs	2,606	3,010	7,141	10,385
Other underwriting expenses	577	771	2,005	2,515
TOTAL UNDERWRITING COSTS AND EXPENSES	9,472	15,539	22,402	49,784
NET UNDERWRITING RESULT	17,925	22,008	68,186	83,906


Chief Financial Officer


Chief Executive Officer


Director

The accompanying notes from 1 – 19 form an integral part of these interim condensed financial statements

UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME – (Unaudited) – (continued)
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2019

Notes	Three-months period ended		Nine-months period ended	
	30 September		30 September	
	2019	2018	2019	2018
	SR'000	SR'000	SR'000	SR'000
		<i>(Restated)</i>		<i>(Restated)</i>
OTHER OPERATING (EXPENSES) / INCOME				
General and administrative expenses	(18,806)	(29,359)	(73,526)	(88,079)
Release of / (allowance for) doubtful debts	5,734	(7,756)	3,938	(20,922)
Board remuneration	(184)	(225)	(612)	(870)
Dividend income	-	-	-	6
Amortization of held to maturity investments	111	98	230	294
Commission income on investments	2,785	2,862	9,181	8,629
Realized gain / (loss) on investments	-	-	436	(1,905)
Other income	611	428	2,103	2,473
TOTAL OTHER OPERATING EXPENSES	(9,749)	(33,952)	(58,250)	(100,374)
INCOME / (LOSS) FOR THE PERIOD	8,176	(11,944)	9,936	(16,468)
NET INCOME ATTRIBUTED TO THE INSURANCE OPERATIONS	(615)	-	(615)	-
NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS BEFORE ZAKAT & INCOME TAX	7,561	(11,944)	9,321	(16,468)
Zakat for the period	(950)	(1,950)	(2,850)	(5,350)
Income tax for the period	(50)	(50)	(150)	(150)
	(1,000)	(2,000)	(3,000)	(5,500)
NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	6,561	(13,944)	6,321	(21,968)
Earnings / (loss) per share (Expressed in SAR per share)				
Weighted average number of ordinary shares outstanding (in thousands)	40,000	40,000	40,000	40,000
Basic and diluted earnings / (loss) per share for the period (SR)-Restated	0.16	(0.35)	0.16	(0.55)

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Chief Financial Officer



Chief Executive Officer



Director

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UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME – (Unaudited)
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2019


<i>Notes</i>	<i>Three-months period ended</i> <i>30 September</i>		<i>Nine-months period ended</i> <i>30 September</i>	
	<i>2019</i> <i>SAR'000</i>	<i>2018</i> <i>SAR'000</i> <i>(Restated)</i>	<i>2019</i> <i>SAR'000</i>	<i>2018</i> <i>SAR'000</i> <i>(Restated)</i>
NET INCOME / (LOSS) FOR THE PERIOD	7,176	(13,944)	6,936	(21,968)
Other comprehensive income / (loss)				
<i>Items that are or may be reclassified to interim statements of income in subsequent periods</i>				
- Available-for-sale investments:				
- Net change in fair value	1,000	(118)	2,298	655
- Net amounts transferred to statement of income	-	-	(436)	1,905
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	8,176	(14,062)	8,798	(19,408)
TOTAL COMPREHENSIVE (INCOME) / LOSS ATTRIBUTED TO THE INSURANCE OPERATIONS	(937)	36	(1,646)	152
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	7,239	(14,026)	7,152	(19,256)



Chief Financial Officer



Chief Executive Officer



Director

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UNITED COOPERATIVE ASSURANCE COMPANY
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INTERIM STATEMENT OF CHANGES IN EQUITY – (Unaudited)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019

	SHAREHOLDERS' EQUITY					
	Share capital	Statutory reserve	Accumulated losses	Fair value reserve on investments	Total shareholders' equity	Re-measurement reserve of defined benefit obligation
2019						
Balance as at 31 December 2018 (audited)	400,000	31,944	(71,684)	52	360,312	436
Total comprehensive income / (loss) for the period					SAR'000	
Changes in fair values of available-for-sale investments	-	-	-	1,111	1,111	-
Transfers to statement of income	-	-	-	(280)	(280)	-
Net income for the period – attributable to shareholders	-	-	6,321	-	6,321	-
Total comprehensive loss for the period attributable to shareholders	-	-	6,321	831	7,152	-
Balance as at 30 September 2019 (unaudited)	400,000	31,944	(65,363)	883	367,464	436
2018						
Balance as at 31 December 2017 (audited)	490,000	31,944	(97,512)	(3,314)	421,118	-
Total comprehensive income / (loss) for the period					SAR '000	
Changes in fair values of available-for-sale investments	-	-	-	(552)	(552)	-
Transfers to statement of income	-	-	-	3,264	3,264	-
Net loss for the period – attributable to shareholders	-	-	(21,968)	-	(21,968)	-
Total comprehensive loss for the period attributable to shareholders	-	-	(21,968)	2,712	(19,256)	-
Capital reduction	(90,000)	-	90,000	-	-	-
Balance as at 30 September 2018 (unaudited)	400,000	31,944	(29,480)	(602)	401,862	-

Chief Financial Officer

Chief Executive Officer

Director

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UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CASHFLOWS – (Unaudited)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019

	2019 SAR'000	2018 SAR'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before zakat and income tax	9,936	(16,468)
<i>Adjustments for non-cash items:</i>		
Depreciation of property and equipment	1,420	1,009
(Release of) / allowance for doubtful debts	(3,938)	20,922
Realized (gain) / loss on investments	(436)	1,905
Amortization of held to maturity investments	(230)	(294)
Provision for end-of-service indemnities	1,682	198
	8,434	7,272
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurers' receivable	17,949	42,213
Reinsurers' share of unearned premiums	(19,149)	61,794
Reinsurers' share of outstanding claims	13,535	5,711
Reinsurers' share of claims Incurred but not reported	35,680	16,567
Deferred policy acquisition costs	1,248	2,982
Prepaid expenses and other assets	(1,916)	23,534
Accrued commission income on statutory deposit	(833)	(572)
Policyholders and accounts payables	(16,386)	(4,008)
Accrued and other liabilities	12,333	(27,419)
Reinsurers' balances payable	38,342	(8,145)
Unearned premiums	(1,811)	(69,873)
Unearned reinsurance commission	(1,174)	(5,803)
Outstanding claims	(17,208)	(13,350)
Claims incurred but not reported	(60,291)	(27,873)
Premium deficiency reserve	567	6,577
Other technical reserves	(6,589)	(876)
Accrued commission income on statutory deposit payable to SAMA	833	572
	3,564	9,303
End-of-service indemnities paid	(11,110)	-
Zakat and income tax paid	(1,552)	(5,179)
Net cash flows (used in) / from operating activities	(9,098)	4,124
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(39,318)	-
Proceeds from sale of investments	48,487	1,025
Time deposits	-	(22,096)
Purchase of property and equipment	(6,139)	(519)
Net cash flows from / (used in) investing activities	3,030	(21,590)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in statutory deposit	13,500	-
Net cash flows generated from financing activities	13,500	-
Net change in cash and cash equivalents	7,432	(17,466)
Cash and cash equivalents, beginning of the period	89,533	138,796
Cash and cash equivalents, end of the period	96,965	121,330
NON-CASH INFORMATION		
Change in fair value of available-for-sale investments	1,862	(704)

Chief Financial Officer

Chief Executive Officer

Director

The accompanying notes from 1 – 19 form an integral part of these interim condensed financial statements

UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)

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

1. GENERAL

United Cooperative Assurance ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030179955 dated 6 Jamad-al-Thani 1429H, corresponding to 6 June 2008. Registered Office address of the Company is Al-Mukmal Centre (1st and 4th floor) Prince Saud Al Faisal Street, Khaleidiya District, P. O. Box 5019, Jeddah 21422, Kingdom of Saudi Arabia.

The activities of the Company are to transact cooperative insurance and reinsurance operations and related activities in the Kingdom of Saudi Arabia. On 29 Rabi Al Thani 1429H (5 May 2008), the Company received a license from the Saudi Arabian Monetary Agency ("SAMA") to engage in insurance and reinsurance in Saudi Arabia. The Company started the operations on 1 January 2009.

The Company received the approval letters from the Saudi Arabian Monetary Authority and Ministry of Commerce and Investment regarding the amendment of the Company's by-laws to be in accordance with the new company's regulations. The Company's extraordinary general assembly was held on 10 August 2017 corresponding to 18 Thul Qedah 1438H and accordingly the new by-laws was approved.

2. BASIS OF PREPARATION

a. Statement of Compliance

The interim condensed financial statements for the three-months and nine-months periods 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 Saudi Organization of Certified Public Accountants (SOCPA), pursuant to SAMA circular dated 17 July 2019.

Until the period ended 31 March 2019, the interim condensed financial statements of the Company were prepared in accordance with the International Accounting Standard – Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of Zakat and income tax.

As mentioned above, the basis of preparation has been changed for the period ended 30 June 2019 onwards as a result of the issuance of latest instructions from SAMA. 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, 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 Company changed its accounting policy for zakat and income tax as mandated by International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). The effects of this change are disclosed in note 18 to the interim condensed financial statements.

b. Basis of presentation

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

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. Similarly, in the past, the Company's interim condensed and annual financial statements presented separately the statements of financial position, income, comprehensive income and cash flows for the insurance operations and shareholders operations. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

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

2. BASIS OF PREPARATION – (continued)

b. Basis of presentation – continued

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented on pages 35 to 45 of the financial statements have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. 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, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

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

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 (SAR) and are rounded off to the nearest thousands.

c. Judgment and estimates

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.

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

2. BASIS OF PREPARATION – (continued)

d. 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 and new amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) as mentioned in note 3(a) which had no impact on the financial position or financial performance of the Company. Certain comparative amounts have been reclassified / regrouped to conform with the current period's presentation. This did not have any impact on interim condensed statement of changes in shareholders' equity for the period.

a. 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 (refer below)

IFRS 16 - Leases

IFRS 16 replaces IAS 17 'Leases', 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'.

IFRS 16 'Leases' introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

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 recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

UNITED COOPERATIVE ASSURANCE COMPANY
(A Saudi Joint Stock Company)

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

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b. 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 we 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

Cash and cash equivalents included in the statement of cash flows comprise the following:

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
<i>Insurance operations</i>		
Bank balances and cash	83,409	88,477
<i>Shareholders' operations</i>		
Bank balances and cash	13,556	1,056

5. PREMIUMS AND REINSURERS' RECEIVABLE – NET

Receivables comprise amounts due from the following:

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Policyholders	98,604	83,432
Brokers and agents	19,370	15,288
Related parties (note 12)	87,650	134,622
Receivables from reinsurers'	32,828	23,059
	238,452	256,401
Provision for doubtful receivables	(82,727)	(86,665)
Premiums and reinsurers' receivable – net	155,725	169,736

Movement in the allowance for doubtful premiums receivable during the period was as follows:

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Balance at beginning of the period / year	86,665	75,689
Provision made during the period / year	-	11,080
Release of provision during the period / year	(3,938)	-
Written-off during the year	-	(104)
Balance at end of the period / year	82,727	86,665

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6. INVESTMENTS

Investment are classified as follows:

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Insurance operations		
- Available for sale (note 6.1)	79,640	3,894
- Held to maturity (note 6.3)	77,890	156,265
<i>Total</i>	<u>157,530</u>	<u>160,159</u>

6.1 Available-for-sale investments

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

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Insurance' operations		
Opening balance	3,894	104,262
Purchases during the period / year	20,000	-
Disposals during the period / year	(23,905)	(690)
Transfer to shareholders' operations	78,464	(100,000)
Realized gain on investments	156	-
Changes in fair value of investments	1,031	322
<i>Closing balance</i>	<u>79,640</u>	<u>3,894</u>
Insurance' operations		
Investment in bonds	79,414	3,672
Investment in mutual funds	226	222
	<u>79,640</u>	<u>3,894</u>

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6. INVESTMENTS – (continued)

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Shareholders' operations		
- Available for sale (note 6.2)	22,124	26,277
- Held to maturity (note 6.3)	198,460	198,319
<i>Total</i>	220,584	224,596

6.2 Available-for-sale investments

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

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Shareholders' operations		
Opening balance	26,277	36,624
Purchases during the period / year	19,318	-
Disposals during the period / year	(24,582)	(11,283)
Realized gain / (loss) on investments	280	(2,430)
Changes in fair value of investments	831	3,366
<i>Closing balance</i>	22,124	26,277
	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Investment in equity shares	1,923	1,923
Investment in bonds	-	13,035
Investment in mutual funds	20,201	11,319
	22,124	26,277

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6. INVESTMENTS – (continued)

6.3 Held to maturity investments

Movement in held to maturity investment balance is as follows:

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Insurance operations		
Opening balance	156,265	156,060
Transfer to shareholders' operations	(78,464)	-
Amortization of held to maturity investments	89	205
<i>Closing balance</i>	<u>77,890</u>	<u>156,265</u>
Shareholders' operations		
Opening balance	198,319	98,131
Transfer from insurance operations	-	100,000
Amortization of held to maturity investments	141	188
<i>Closing balance</i>	<u>198,460</u>	<u>198,319</u>

7. TECHNICAL RESERVES

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Outstanding claims	94,378	111,586
Claims incurred but not reported	149,190	209,481
	<u>243,568</u>	<u>321,067</u>
Premium deficiency reserve	17,021	16,454
Other technical reserves	29,950	36,539
	<u>290,539</u>	<u>374,060</u>
Less:		
- Reinsurers' share of outstanding claims	(74,634)	(88,169)
- Reinsurers' share of claims Incurred but not reported	(99,957)	(135,637)
	<u>(174,591)</u>	<u>(223,806)</u>
Net outstanding claims and reserves	<u>115,948</u>	<u>150,254</u>

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7. TECHNICAL RESERVES – (continued)

7.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Nine-months period ended 30 September 2019 (Unaudited)		
	Gross	Reinsurance SAR'000	Net
Balance as at the beginning of the period	141,051	(94,750)	46,301
Premium written during the period	267,579	(226,874)	40,705
Premium earned during the period	(269,390)	207,725	(61,665)
Balance as at the end of the period	<u>139,240</u>	<u>(113,899)</u>	<u>25,341</u>

	Year ended 31 December 2018 (Audited)		
	Gross	Reinsurance SAR'000	Net
Balance as at the beginning of the year	270,374	(204,792)	65,582
Premium written during the year	391,968	(288,368)	103,600
Premium earned during the year	(521,291)	398,410	(122,881)
Balance as at the end of the year	<u>141,051</u>	<u>(94,750)</u>	<u>46,301</u>

8. STATUTORY DEPOSIT

As required by the Saudi Arabian Insurance Regulations, the Company deposited an amount equivalent to 15% of its paid up share capital, amounting to SAR 73.5 million in a bank designated by the Saudi Arabian Monetary Authority ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA and commission accruing on this deposit is payable to SAMA. During 2018, the Company has reduced its share capital by SAR 90 million but has not withdrawn the surplus statutory deposit of SAR 13.5 million as of 31 December 2018. During the three-months period ended 30 September 2019, the Company obtained approval from SAMA for withdrawal of SAR. 13.5 million.

9. COMMITMENTS AND CONTINGENCIES

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

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Letters of guarantee issued in favour of GAZT	22,096	22,096
Total	22,096	22,096

- b. There were no capital commitments outstanding as at 30 September 2019 (31 December 2018: Nil).
- c. As at 30 September 2019, the Company has a letter of guarantee amounting to SR 22.096 million (31 December 2018: SR 22.096 million) in favour of General Authority of Zakat and Tax (GAZT) (see note 13). A margin of SR 22.096 million (31 December 2018: SR 22.096 million) being deposited with a bank for this purpose and is included in prepayments and other assets in the statement of financial position.

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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 advantageous accessible market for the asset or liability

The fair values on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed (consolidated) financial information.

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

30 September 2019 (Unaudited)

	Fair value			
	Level 1	Level 2	Level 3	Total
	SR' 000	SR' 000	SR' 000	SR' 000
Financial assets measured at fair value				
<i>Equity securities</i>				
- Insurance operations	-	226	-	226
- Shareholders' operations	-	20,201	1,923	22,124
Financial assets not measured at fair value				
<i>Debt securities</i>				
Insurance operations				
- Insurance operations	79,414	-	-	79,414
- Shareholders' operations	-	-	-	-
	79,414	20,427	1,923	101,764

31 December 2018 (Audited)

	Fair value			
	Level 1	Level 2	Level 3	Total
	SR' 000	SR' 000	SR' 000	SR' 000
Financial assets measured at fair value				
<i>Equity securities</i>				
- Insurance operations	-	222	-	222
- Shareholders' operations	-	11,319	1,923	13,242
Financial assets not measured at fair value				
<i>Debt securities</i>				
Insurance operations				
- Insurance operations	3,672	-	-	3,672
- Shareholders' operations	13,035	-	-	13,035
	16,707	11,541	1,923	30,171

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
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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, term deposits, net premiums and reinsurers' receivable, net, prepayments and other receivables, investments, furniture, fittings and office 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 three-months and nine-months periods then ended, are as follows:

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11. OPERATING SEGMENTS – (continued)

	As at 30 September 2019 (Unaudited) Insurance operations SR'000							
	Medical	Motor	Energy	Engineering	Others	Total Insurance operations	Shareholders' operations	Total
Assets								
Reinsurers' share of unearned premiums	5,773	8,120	32,996	40,200	26,810	113,899	-	113,899
Reinsurers' share of outstanding claims	2,503	5,193	49	8,753	58,136	74,634	-	74,634
Reinsurers' share of claims Incurred but not reported	2,970	11,388	17,832	28,034	39,733	99,957	-	99,957
Deferred policy acquisition costs	423	713	-	2,058	1,257	4,451	-	4,451
Unallocated assets						449,422	378,988	828,410
Total assets						<u>742,363</u>	<u>378,988</u>	<u>1,121,351</u>
Liabilities								
Unearned premiums	11,887	19,690	33,574	42,704	31,385	139,240	-	139,240
Unearned reinsurance commission	-	1,735	-	10,549	5,837	18,121	-	18,121
Outstanding claims	4,479	17,596	50	9,558	62,695	94,378	-	94,378
Claims incurred but not reported	6,275	48,758	18,145	30,862	45,150	149,190	-	149,190
Premium deficiency reserve	5,774	11,108	64	-	75	17,021	-	17,021
Other technical reserves	23,010	5,553	29	360	998	29,950	-	29,950
Unallocated liabilities						277,383	396,068	673,451
Total liabilities						<u>725,283</u>	<u>396,068</u>	<u>1,121,351</u>

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11. OPERATING SEGMENTS – (continued)

	As at 31 December 2018 (Audited) Insurance operations SR'000							
	Medical	Motor	Energy	Engineering	Others	Total Insurance operations	Shareholders' operations	Total
Assets								
Reinsurers' share of unearned premiums	7,528	28,047	-	46,766	12,409	94,750	-	94,750
Reinsurers' share of outstanding claims	9,124	4,301	254	12,842	61,648	88,169	-	88,169
Reinsurers' share of claims Incurred but not reported	12,835	21,763	11,703	55,287	34,049	135,637	-	135,637
Deferred policy acquisition costs	883	1,926	-	2,277	613	5,699	-	5,699
Unallocated assets						466,097	381,565	847,662
Total assets						<u>790,352</u>	<u>381,565</u>	<u>1,171,917</u>
Liabilities								
Unearned premiums	18,756	56,498	-	49,982	15,815	141,051	-	141,051
Unearned reinsurance commission	-	5,481	-	10,816	2,998	19,295	-	19,295
Outstanding claims	13,546	17,948	257	13,317	66,518	111,586	-	111,586
Claims incurred but not reported	15,653	84,587	11,923	58,758	38,560	209,481	-	209,481
Premium deficiency reserve	4,740	5,561	-	3,731	2,422	16,454	-	16,454
Other technical reserves	27,887	5,921	298	1,469	964	36,539	-	36,539
Unallocated liabilities						251,246	386,265	637,511
Total liabilities						<u>785,652</u>	<u>386,265</u>	<u>1,171,917</u>

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11. OPERATING SEGMENTS – (continued)

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

	<i>Medical</i>	<i>Motor</i>	<i>Energy</i>	<i>Engineering</i>	<i>Others</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
REVENUES						
Gross premiums written						
- Individual	3	2,108	-	-	250	2,361
- Micro enterprises	973	426	-	337	2,362	4,098
- Small enterprises	3,165	2,391	-	2,023	4,240	11,819
- Medium enterprises	3,392	608	-	782	4,462	9,244
- Large enterprises	52	1,011	30,898	2,849	4,619	39,429
	7,585	6,544	30,898	5,991	15,933	66,951
Reinsurance premiums ceded						
- Local	-	(327)	-	(680)	(784)	(1,791)
- Foreign	(3,801)	(2,273)	(30,366)	(4,494)	(11,972)	(52,906)
	(3,801)	(2,600)	(30,366)	(5,174)	(12,756)	(54,697)
Excess of loss expenses						
- Local	-	(17)	-	-	(46)	(63)
- Foreign	-	(95)	-	-	(420)	(515)
	-	(112)	-	-	(466)	(578)
Net premiums written	3,784	3,832	532	817	2,711	11,676
Changes in unearned premiums, net	479	4,617	46	570	(354)	5,358
Net premiums earned	4,263	8,449	578	1,387	2,357	17,034
Reinsurance commissions earned	-	1,387	486	4,835	3,655	10,363
TOTAL REVENUES	4,263	9,836	1,064	6,222	6,012	27,397
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	8,953	13,711	-	6,408	780	29,852
Reinsurers' share of claims paid	(4,748)	(5,505)	-	(6,082)	(478)	(16,813)
Net claims paid	4,205	8,206	-	326	302	13,039
Changes in outstanding claims, net	(1,046)	(4,820)	-	(16)	(239)	(6,121)
Changes in claims incurred but not reported, net	-	(937)	23	53	232	(629)
Net claims incurred	3,159	2,449	23	363	295	6,289
Policy acquisition costs	275	640	-	943	748	2,606
Other underwriting expenses	124	76	154	129	94	577
TOTAL UNDERWRITING COSTS AND EXPENSES	3,558	3,165	177	1,435	1,137	9,472
NET UNDERWRITING RESULT	705	6,671	887	4,787	4,875	17,925

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11. OPERATING SEGMENTS – (continued)

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

	<i>Medical</i>	<i>Motor</i>	<i>Energy</i>	<i>Engineering</i>	<i>Others</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
General and administrative expenses						(18,806)
Allowance for doubtful debts						5,734
Board remuneration						(184)
Amortization of held to maturity investments						111
Commission income on investments						2,785
Other income						611
<u>TOTAL OTHER OPERATING EXPENSES</u>						(9,749)
<u>INCOME FOR THE PERIOD</u>						8,176
Net income for the period attributable to insurance operations						(615)
Net income for the period attributable to the shareholders' before zakat and income tax						7,561
Zakat for the period						(950)
Income tax for the period						(50)
						(1,000)
NET INCOME FOR THE PERIOD						6,561

***11.1 Additional information**

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

	<i>Medical</i>	<i>Motor</i>	<i>Property and</i>	<i>Protection and</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>casualty</i>	<i>savings</i>	<i>SR'000</i>
<u>REVENUES</u>			<i>SR'000</i>	<i>SR'000</i>	
Gross premiums written					
- Individual	3	2,108	250	-	2,361
- Micro enterprises	973	426	2,699	-	4,098
- Small enterprises	3,165	2,391	6,263	-	11,819
- Medium enterprises	3,392	608	5,244	-	9,244
- Large enterprises	52	1,011	38,366	-	39,429
	7,585	6,544	52,822	-	66,951

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11. OPERATING SEGMENTS – (continued)

For the nine-months period ended 30 September 2019 (Unaudited)

	<i>Medical</i>	<i>Motor</i>	<i>Energy</i>	<i>Engineering</i>	<i>Others</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
REVENUES						
Gross premiums written						
- Individual	3	10,283	-	-	436	10,722
- Micro enterprises	3,601	3,731	-	1,032	4,623	12,987
- Small enterprises	4,589	5,000	-	4,847	10,091	24,527
- Medium enterprises	12,018	5,938	-	10,958	35,014	63,928
- Large enterprises	1,503	4,931	100,887	28,760	19,334	155,415
	21,714	29,883	100,887	45,597	69,498	267,579
Reinsurance premiums ceded						
- Local	-	(894)	-	(9,952)	(3,899)	(14,745)
- Foreign	(10,893)	(10,967)	(99,150)	(32,716)	(56,669)	(210,395)
	(10,893)	(11,861)	(99,150)	(42,668)	(60,568)	(225,140)
Excess of loss expenses						
- Local	-	(51)	-	-	(138)	(189)
- Foreign	-	(285)	-	-	(1,260)	(1,545)
	-	(336)	-	-	(1,398)	(1,734)
Net premiums written	10,821	17,686	1,737	2,929	7,532	40,705
Changes in unearned premiums, net	5,114	16,881	(578)	710	(1,166)	20,961
Net premiums earned	15,935	34,567	1,159	3,639	6,366	61,666
Reinsurance commissions earned	-	6,117	1,587	9,656	11,562	28,922
Other underwriting income	-	-	-	-	-	-
TOTAL REVENUES	15,935	40,684	2,746	13,295	17,928	90,588
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	35,761	55,562	-	8,235	6,073	105,631
Reinsurers' share of claims paid	(21,303)	(24,061)	-	(7,802)	(4,904)	(58,070)
Net claims paid	14,458	31,501	-	433	1,169	47,561
Changes in outstanding claims, net	(2,446)	(1,245)	(3)	330	(309)	(3,673)
Changes in claims incurred but not reported, net	488	(25,454)	93	(643)	905	(24,611)
Net claims incurred	12,500	4,802	90	120	1,765	19,277
Premium deficiency reserve	1,033	5,547	64	(3,731)	(2,346)	567
Other technical reserves	(4,877)	(368)	(269)	(1,109)	35	(6,588)
Policy acquisition costs	1,111	2,444	-	1,653	1,933	7,141
Other underwriting expenses	475	323	503	335	369	2,005
TOTAL UNDERWRITING COSTS AND EXPENSES	10,242	12,748	388	(2,732)	1,756	22,402
NET UNDERWRITING RESULT	5,693	27,936	2,358	16,027	16,172	68,186

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

For the nine-months period ended 30 September 2019 (Unaudited)

	<i>Medical</i>	<i>Motor</i>	<i>Energy</i>	<i>Engineering</i>	<i>Others</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
General and administrative expenses						(73,526)
Allowance for doubtful debts						3,938
Board remuneration						(612)
Amortization of held to maturity investments						230
Commission income on deposits						9,181
Realized gain on investments						436
Other income						2,103
<u>TOTAL OTHER OPERATING EXPENSES</u>						(58,250)
<u>INCOME FOR THE PERIOD</u>						9,936
Net income for the period attributable to insurance operations						(615)
Net income for the period attributable to the shareholders before zakat and income tax						9,321
Zakat for the period						(2,850)
Income tax for the period						(150)
						(3,000)
NET INCOME FOR THE PERIOD						6,321

***11.2 Additional information**

For the nine-months period ended 30 September 2019 (Unaudited)

	<i>Medical</i>	<i>Motor</i>	<i>Property and</i>	<i>Protection and</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>casualty</i>	<i>savings</i>	<i>SR'000</i>
<u>REVENUES</u>			<i>SR'000</i>	<i>SR'000</i>	
Gross premiums written					
- Individual	3	10,283	436	-	10,722
- Micro enterprises	3,601	3,731	5,655	-	12,987
- Small enterprises	4,589	5,000	14,938	-	24,527
- Medium enterprises	12,018	5,938	45,972	-	63,928
- Large enterprises	1,503	4,931	148,981	-	155,415
	21,714	29,883	215,982	-	267,579

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11. OPERATING SEGMENTS – (continued)

For the three-months period ended 30 September 2018 (Unaudited)
(Restated)

	<i>Medical</i> <i>SR'000</i>	<i>Motor</i> <i>SR'000</i>	<i>Energy</i> <i>SR'000</i>	<i>Engineering</i> <i>SR'000</i>	<i>Others</i> <i>SR'000</i>	<i>Total</i> <i>SR'000</i>
REVENUES						
Gross premiums written						
- Direct	16,283	37,551	24,647	36,061	6,383	120,925
- Reinsurance	-	-	-	-	-	-
	16,283	37,551	24,647	36,061	6,383	120,925
Reinsurance premiums ceded						
- Local	-	(1,872)	-	(1,061)	(246)	(3,179)
- Foreign	(6,567)	(16,758)	(24,223)	(32,654)	(4,427)	(84,629)
	(6,567)	(18,630)	(24,223)	(33,715)	(4,673)	(87,808)
Excess of loss expenses						
- Local	-	(26)	-	-	(42)	(68)
- Foreign	-	(179)	-	-	(379)	(558)
	-	(205)	-	-	(421)	(626)
<i>Net premiums written</i>	9,716	18,716	424	2,346	1,289	32,491
Changes in unearned premiums, net	258	(2,985)	37	(613)	868	(2,435)
<i>Net premiums earned</i>	9,974	15,731	461	1,733	2,157	30,056
Reinsurance commissions earned	-	3,003	584	1,697	2,207	7,491
TOTAL REVENUES	9,974	18,734	1,045	3,430	4,364	37,547
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	20,603	20,842	-	227	3,387	45,059
Reinsurers' share of claims paid	(16,415)	(10,216)	-	(159)	(2,060)	(28,850)
<i>Net claims paid</i>	4,188	10,626	-	68	1,327	16,209
Changes in outstanding claims, net	2,304	1,069	-	(62)	(1,271)	2,040
Changes in claims incurred but not reported, net	(1,203)	(2,984)	46	152	146	(3,843)
<i>Net claims incurred</i>	5,289	8,711	46	158	202	14,406
Premium deficiency reserve	(154)	2,279	95	(3,694)	(1,164)	(2,638)
Other technical reserves	-	(57)	27	28	(8)	(10)
Policy acquisition costs	1,269	1,019	-	329	393	3,010
Other underwriting expenses	388	150	123	48	62	771
TOTAL UNDERWRITING COSTS AND EXPENSES	6,792	12,102	291	(3,131)	(515)	15,539
NET UNDERWRITING RESULT	3,182	6,632	754	6,561	4,879	22,008

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11. OPERATING SEGMENTS – (continued)

For the three-months period ended 30 September 2018 (Unaudited)
(Restated)

	<i>Medical</i>	<i>Motor</i>	<i>Energy</i>	<i>Engineering</i>	<i>Others</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
General and administrative expenses						(29,359)
Allowance for doubtful debts						(7,756)
Board remuneration						(225)
Amortization of held to maturity investments						98
Commission income on investments						2,862
Other income						428
<u>TOTAL OTHER OPERATING EXPENSES</u>						<u>(33,952)</u>
<u>LOSS FOR THE PERIOD</u>						<u>(11,944)</u>
Net income for the period attributable to insurance operations						-
Net loss for the period attributable to the shareholders' before zakat and income tax						<u>(11,944)</u>
Zakat for the period						(1,950)
Income tax for the period						(50)
						<u>(2,000)</u>
<u>NET LOSS FOR THE PERIOD</u>						<u>(13,944)</u>

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11. OPERATING SEGMENTS – (continued)

For the nine-months period ended 30 September 2018 (Unaudited)
(Restated)

	<i>Medical</i> <i>SR'000</i>	<i>Motor</i> <i>SR'000</i>	<i>Energy</i> <i>SR'000</i>	<i>Engineering</i> <i>SR'000</i>	<i>Others</i> <i>SR'000</i>	<i>Total</i> <i>SR'000</i>
REVENUES						
Gross premiums written						
- Direct	52,524	95,732	79,890	33,930	51,626	313,702
- Reinsurance	-	-	-	-	-	-
	52,524	95,732	79,890	33,930	51,626	313,702
Reinsurance premiums ceded						
- Local	-	(4,851)	-	(2,518)	(2,092)	(9,461)
- Foreign	(26,244)	(42,207)	(78,516)	(27,345)	(40,512)	(214,824)
	(26,244)	(47,058)	(78,516)	(29,863)	(42,604)	(224,285)
Excess of loss expenses						
- Local	-	(78)	-	-	(126)	(204)
- Foreign	(154)	(537)	-	-	(1,135)	(1,826)
	(154)	(615)	-	-	(1,261)	(2,030)
<i>Net premiums written</i>	26,126	48,059	1,374	4,067	7,761	87,387
Changes in unearned premiums, net	(655)	10,021	(461)	(662)	(163)	8,080
<i>Net premiums earned</i>	25,471	58,080	913	3,405	7,598	95,467
Reinsurance commissions earned	-	16,771	1,162	11,116	9,174	38,223
Other underwriting income	-	-	-	-	-	-
TOTAL REVENUES	25,471	74,851	2,075	14,521	16,772	133,690
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	57,727	73,074	3,012	3,513	6,251	143,577
Reinsurers' share of claims paid	(45,780)	(37,020)	(2,975)	(3,159)	(4,516)	(93,450)
<i>Net claims paid</i>	11,947	36,054	37	354	1,735	50,127
Changes in outstanding claims, net	589	(5,690)	(63)	(508)	(1,966)	(7,638)
Changes in claims incurred but not reported, net	1,609	(9,642)	(174)	(2,021)	(1,079)	(11,307)
<i>Net claims incurred</i>	14,145	20,722	(200)	(2,175)	(1,310)	31,182
Premium deficiency reserve	(2,340)	4,348	95	1,220	3,255	6,578
Other technical reserves	-	(260)	(119)	(535)	38	(876)
Policy acquisition costs	3,157	3,491	-	2,088	1,649	10,385
Other underwriting expenses	1,055	553	399	282	226	2,515
TOTAL UNDERWRITING COSTS AND EXPENSES	16,017	28,854	175	880	3,858	49,784
NET UNDERWRITING RESULT	9,454	45,997	1,900	13,641	12,914	83,906

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11. OPERATING SEGMENTS – (continued)

For the nine-months period ended 30 September 2018 (Unaudited)
(Restated)

	<i>Medical</i>	<i>Motor</i>	<i>Energy</i>	<i>Engineering</i>	<i>Others</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
General and administrative expenses						(88,079)
Allowance for doubtful debts						(20,922)
Board remuneration						(870)
Dividend income						6
Amortization of held to maturity investments						294
Commission income on deposits						8,629
Realized loss on investments						(1,905)
Other income						2,473
<u>TOTAL OTHER OPERATING EXPENSES</u>						<u>(100,374)</u>
<u>LOSS FOR THE PERIOD</u>						<u>(16,468)</u>
Net income for the period attributable to insurance operations						-
Net loss for the period attributable to the shareholders' before zakat and income tax						<u>(16,468)</u>
Zakat for the period						(5,350)
Income tax for the period						(150)
						<u>(5,500)</u>
<u>NET LOSS FOR THE PERIOD</u>						<u>(21,968)</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
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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	Transactions for the period ended		Balance receivable / (payable) as at	
		30 September 2019 (Unaudited)	30 September 2018 (Unaudited)	30 September 2019 (Unaudited)	31 December 2018 (Audited)
SAR'000					
Major shareholders					
Haji Hussien Ali Reza	Premium written	5,718	4,711		
	Payments received and claims paid	(4,274)	(2,521)	11,107	9,663
Saudi Bin Laden – Group	Premium written	38,706	55,638		
	Payments received and claims paid	(89,420)	(68,261)	54,959	105,673
CPC	Premium written	6,899	4,201		
	Payments received and claims paid	(4,821)	(2,993)	21,304	19,226
UCA Lebanon	Payment received	-	(203)	-	-
Associates					
Najm for insurance services		-	-	(270)	(270)
Entities controlled, jointly controlled or significantly influenced by related parties					
United Commercial Agencies	Premium written	-	45		
	Payment made on behalf of company	26	-	847	821
UCA Workshop	Premium written	-	36		
	Payments received and claims paid /				
	Payment made	(1)	(5,500)		-
	Claims settled	-	-	-	
	Payment made	-	-	(4)	(3)
Law Office of Hassan Mahassni	Premium written	432	456		
	Payments received and claims paid	(212)	(328)	280	60
Middle East Group	Premium written	-	9		
	Payments received and claims paid	-	(47)	-	1

The above balances are included in premiums receivables-net, prepayments and other assets, payable to policyholders' and accrued expenses and other liabilities.

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12. RELATED PARTY TRANSACTIONS AND BALANCES – (continued)

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

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
	SAR'000	
Salaries and other allowances	3,834	4,012
End of service indemnities	143	226
	3,977	4,238
Remuneration to those charged with governance	612	870

13. ZAKAT AND INCOME TAX

a. Charge for the 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 year

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
	SAR'000	
Balance at the beginning of the period / year	22,488	23,708
Charge for the period / year	3,000	4,000
Paid during the period / year	(1,552)	(5,220)
Balance at the end of the period / year	23,936	22,488

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

Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the GAZT could be different from the declarations filed by the Company.

b. Status of zakat assessments

The Company has filed its zakat declarations for the years ended 31 December 2009 to 2018 and obtained restricted zakat certificates until 31 December 2018.

During 2017, the Company received the zakat assessments for the years 2005 to 2008 from the General Authority of Zakat and Income Tax (GAZT) with regards to the portfolio transferred from the old company claiming zakat liability amounting to SR 6.01 million and with-holding tax liability amounting to SR 16.09 million. The management believes that the existing provision for zakat and with-holding tax is sufficient. The Management has filed an objection against the above assessments and is confident of receiving a favourable ruling. However, during the year, the Company has issued a bank guarantee in favour of GAZT amounting to SR 22.096 million (note 9).

GAZT has not yet raised assessments for the years from 2012 to 2018. The Zakat is applicable on 99% of the shareholders while Income Tax on 1% of the shareholders.

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14. SHARE CAPITAL

The authorized and issued share capital of the Company was SR 490,000,000 divided into 49,000,000 ordinary shares of SR 10 each.

The Board of Directors at its meeting on 13 Ramadan 1438H corresponding to 08 June 2017 has recommended to reduce the Company's share capital from SR 490,000,000 to SR 400,000,000 divided into 40,000,000 shares. In an extra-ordinary general meeting held on 23 Ramadan 1439H corresponding to 07 June 2018, the shareholders' of the Company have approved this reduction and the required changes in the Company by-laws relating to this reduction, accordingly the share capital and accumulated losses have been reduced by SR 90,000,000. The capital reduction is through reduction of 1 share for every 5.44 shares held by the shareholder. The purpose of capital reduction was to restructure the capital position of the Company in line with the Company's Law. There was no impact of capital reduction on the Company's financial obligations.

As at 30 September 2019, the authorised, subscribed and paid up share capital of the Company is SR 400,000,000, divided into 40,000,000 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. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share for the period has been calculated by dividing the net income / (loss) for the period by the weighted average number of issued and outstanding shares for the period. The Company has decreased its share capital by offsetting with accumulated losses (note 14), as a result the weighted average number of ordinary shares issued and outstanding in the prior year has been restated to 40 million shares and accordingly loss per share is restated.

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17. SUPPLEMENTARY INFORMATION

a) Interim statement of financial position

	30 September 2019			31 December 2018		
	(Unaudited)			(Audited)		
	Insurance	Share-		Insurance	Share-	
	operations	holders'	Total	operations	holders'	Total
		operations			operations	
	SAR'000					
ASSETS						
Cash and cash equivalents	83,409	13,556	96,965	88,477	1,056	89,533
Premiums and reinsurers' receivable – net	155,725	-	155,725	169,736	-	169,736
Reinsurers' share of unearned premiums	113,899	-	113,899	94,750	-	94,750
Reinsurers' share of outstanding claims	74,634	-	74,634	88,169	-	88,169
Reinsurers' share of claims Incurred but not reported	99,957	-	99,957	135,637	-	135,637
Deferred policy acquisition costs	4,451	-	4,451	5,699	-	5,699
Investments	157,530	220,584	378,114	160,159	224,596	384,755
Due from insurance operations	-	17,080	17,080	-	4,700	4,700
Prepaid expenses and other assets	46,137	2,980	49,117	45,823	1,378	47,201
Property and equipment	6,621	-	6,621	1,902	-	1,902
Goodwill	-	78,400	78,400	-	78,400	78,400
Statutory deposit	-	60,000	60,000	-	73,500	73,500
Accrued commission income on statutory deposit	-	3,468	3,468	-	2,635	2,635
	742,363	396,068	1,138,431	790,352	386,265	1,176,617
Less: Inter-operations eliminations	-	(17,080)	(17,080)	-	(4,700)	(4,700)
TOTAL ASSETS	742,363	378,988	1,121,351	790,352	381,565	1,171,917

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17. SUPPLEMENTARY INFORMATION – (continued)

a) Interim statement of financial position – continued

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR'000					
LIABILITIES						
Policyholders claims payable	2,975	-	2,975	19,361	-	19,361
Accrued and other liabilities	67,216	930	68,146	55,253	560	55,813
Reinsurers' balances payable	160,569	-	160,569	122,227	-	122,227
Unearned premiums	139,240	-	139,240	141,051	-	141,051
Unearned reinsurance commission	18,121	-	18,121	19,295	-	19,295
Outstanding claims	94,378	-	94,378	111,586	-	111,586
Claims incurred but not reported	149,190	-	149,190	209,481	-	209,481
Premium deficiency reserve	17,021	-	17,021	16,454	-	16,454
Other technical reserves	29,950	-	29,950	36,539	-	36,539
Due to shareholders' operations	17,080	-	17,080	4,700	-	4,700
Due to a related party	-	270	270	-	270	270
End-of-service indemnities	8,590	-	8,590	18,018	-	18,018
Insurance operations' surplus	36,652	-	36,652	36,037	-	36,037
Fair value reserve on available-for-sale investments	945	-	945	(86)	-	(86)
Zakat and income tax	-	23,936	23,936	-	22,488	22,488
Accrued commission income o statutory deposit payable to SAMA	-	3,468	3,468	-	2,635	2,635
	741,927	28,604	770,531	789,916	25,953	815,869
<u>Less: Inter-operations eliminations</u>	(17,080)	-	(17,080)	(4,700)	-	(4,700)
TOTAL LIABILITIES	724,847	28,604	753,451	785,216	25,953	811,169
SHAREHOLDERS' EQUITY						
Share capital	-	400,000	400,000	-	400,000	400,000
Statutory reserve	-	31,944	31,944	-	31,944	31,944
Accumulated losses	-	(65,363)	(65,363)	-	(71,684)	(71,684)
Fair value reserve on available-for-sale investments	-	883	883	-	52	52
TOTAL SHAREHOLDERS' EQUITY	-	367,464	367,464	-	360,312	360,312
Re-measurement reserve of defined benefit obligation – related to insurance operations	436	-	436	436	-	436
TOTAL EQUITY	436	367,464	367,900	436	360,312	360,748
TOTAL LIABILITIES AND EQUITY	725,283	396,068	1,121,351	785,652	386,265	1,171,917
COMMITMENTS AND CONTINGENCIES			22,096			22,096

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17. SUPPLEMENTARY INFORMATION – (continued)

b) Interim statement of income

<i>Three-months period ended 30 September (Unaudited)</i>					
Insurance operations	Share-holders' operations	2019 Total	Insurance operations	Share-holders' operations	2018 Total
SAR'000					
<u>REVENUES</u>					
Gross premiums written					
- Direct	-	66,951	120,925	-	120,925
- Reinsurance	-	-	-	-	-
	-	66,951	120,925	-	120,925
Reinsurance premiums ceded					
- Local	-	(1,791)	(3,179)	-	(3,179)
- Foreign	-	(52,906)	(84,629)	-	(84,629)
	-	(54,697)	(87,808)	-	(87,808)
Excess of loss expenses					
- Local	-	(63)	(68)	-	(68)
- Foreign	-	(515)	(558)	-	(558)
	-	(578)	(626)	-	(626)
Net premiums written	-	11,676	32,491	-	32,491
Changes in unearned premiums, net	-	5,358	(2,435)	-	(2,435)
Net premiums earned	-	17,034	30,056	-	30,056
Reinsurance commissions earned	-	10,363	7,491	-	7,491
<u>TOTAL REVENUES</u>	-	27,397	37,547	-	37,547
<u>UNDERWRITING COSTS AND EXPENSES</u>					
Gross claims paid	-	29,852	45,059	-	45,059
Reinsurers' share of claims paid	-	(16,813)	(28,850)	-	(28,850)
Net claims	-	13,039	16,209	-	16,209
Changes in outstanding claims, net	-	(6,121)	2,040	-	2,040
Changes in claims incurred but not reported, net	-	(629)	(3,843)	-	(3,843)
Net claims incurred	-	6,289	14,406	-	14,406
Premium deficiency reserve	-	-	(2,638)	-	(2,638)
Other technical reserves	-	-	(10)	-	(10)
Policy acquisition costs	-	2,606	3,010	-	3,010
Other underwriting expenses	-	577	771	-	771
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	-	9,472	15,539	-	15,539
NET UNDERWRITING RESULT	-	17,925	22,008	-	22,008

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17. SUPPLEMENTARY INFORMATION – (continued)

b) Interim statement of income – continued

	<i>Three-months period ended 30 September (Unaudited)</i>					
	Insurance operations	Share- holders' operations	2019 Total	Insurance operations	Share- holders' operations	2018 Total
	SAR'000					
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
General and administrative expenses	(18,503)	(303)	(18,806)	(28,741)	(618)	(29,359)
Release of / (allowance for) doubtful debts	5,734	-	5,734	(7,756)	-	(7,756)
Board remuneration	-	(184)	(184)	-	(225)	(225)
Amortization of held to maturity investments	30	81	111	51	47	98
Commission income on investments	1,155	1,630	2,785	1,142	1,720	2,862
Other income	611	-	611	428	-	428
<u>TOTAL OTHER OPERATING (EXPENSES) / INCOME</u>	<u>(10,973)</u>	<u>1,224</u>	<u>(9,749)</u>	<u>(34,876)</u>	<u>924</u>	<u>(33,952)</u>
INCOME / (LOSS) FOR THE PERIOD	6,952	1,224	8,176	(12,868)	924	(11,944)
SHAREHOLDERS' ABSORPTION OF LOSS / (PROFIT TRANSFERRED TO SHAREHOLDERS)	(6,337)	6,337	-	12,868	(12,868)	-
NET RESULT FOR THE PERIOD AFTER SHAREHOLDERS' APPROPRIATIONS BEFORE ZAKAT AND INCOME TAX	<u>615</u>	<u>7,561</u>	<u>8,176</u>	<u>-</u>	<u>(11,944)</u>	<u>(11,944)</u>
Zakat for the period		(950)			(1,950)	
Income tax for the period		(50)			(50)	
		(1,000)			(2,000)	
<u>NET INCOME / (LOSS) FOR THE PERIOD</u>	<u>615</u>	<u>6,561</u>	<u>7,176</u>	<u>-</u>	<u>(13,944)</u>	<u>(13,944)</u>
<u>Earnings per share (Expressed in SAR per share)</u>						
Weighted average number of ordinary shares outstanding (in thousands)		<u>40,000</u>			<u>40,000</u>	
Basic and diluted earnings / (loss) per share for the period (SR) – restated – 2018		<u>0.16</u>			<u>(0.35)</u>	

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17. SUPPLEMENTARY INFORMATION – (continued)

c) Interim statement of comprehensive income

	<i>Three-months period ended 30 September (Unaudited)</i>					
	Insurance operations	Share- holders' operations	2019 Total	Insurance operations	Share- holders' operations	2018 Total
	SAR'000					
NET INCOME / (LOSS) FOR THE PERIOD	615	6,561	7,176	-	(13,944)	(13,944)
Other comprehensive income / (loss)						
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>						
<i>Available-for-sale investments:</i>						
- Net change in fair value	322	678	1,000	(36)	(82)	(118)
<u>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</u>	<u>937</u>	<u>7,239</u>	<u>8,176</u>	<u>(36)</u>	<u>(14,026)</u>	<u>(14,062)</u>

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17. SUPPLEMENTARY INFORMATION – (continued)

d) Interim statement of income

	<i>Nine-months period ended 30 September (Unaudited)</i>					
	Insurance operations	Share-holders' operations	2019 Total	Insurance operations	Share-holders' operations	2018 Total
	SAR'000					
REVENUES						
Gross premiums written						
- Direct	267,105	-	267,105	313,702	-	313,702
- Reinsurance	474	-	474	-	-	-
	267,579	-	267,579	313,702	-	313,702
Reinsurance premiums ceded						
- Local	(14,745)	-	(14,745)	(9,461)	-	(9,461)
- Foreign	(210,395)	-	(210,395)	(214,824)	-	(214,824)
	(225,140)	-	(225,140)	(224,285)	-	(224,285)
Excess of loss expenses						
- Local	(189)	-	(189)	(204)	-	(204)
- Foreign	(1,545)	-	(1,545)	(1,826)	-	(1,826)
	(1,734)	-	(1,734)	(2,030)	-	(2,030)
<i>Net premiums written</i>	40,705	-	40,705	87,387	-	87,387
Changes in unearned premiums, net	20,961	-	20,961	8,080	-	8,080
<i>Net premiums earned</i>	61,666	-	61,666	95,467	-	95,467
Reinsurance commissions earned	28,922	-	28,922	38,223	-	38,223
TOTAL REVENUES	90,588	-	90,588	133,690	-	133,690
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	105,631	-	105,631	143,577	-	143,577
Reinsurers' share of claims paid	(58,070)	-	(58,070)	(93,450)	-	(93,450)
<i>Net claims</i>	47,561	-	47,561	50,127	-	50,127
Changes in outstanding claims, net	(3,673)	-	(3,673)	(7,638)	-	(7,638)
Changes in claims incurred but not reported, net	(24,611)	-	(24,611)	(11,307)	-	(11,307)
<i>Net claims incurred</i>	19,277	-	19,277	31,182	-	31,182
Premium deficiency reserve	567	-	567	6,578	-	6,578
Other technical reserves	(6,588)	-	(6,588)	(876)	-	(876)
Policy acquisition costs	7,141	-	7,141	10,385	-	10,385
Other underwriting expenses	2,005	-	2,005	2,515	-	2,515
TOTAL UNDERWRITING COSTS AND EXPENSES	22,402	-	22,402	49,784	-	49,784
NET UNDERWRITING RESULT	68,186	-	68,186	83,906	-	83,906

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17. SUPPLEMENTARY INFORMATION – (continued)

d) Interim statement of income – continued

	<i>Nine-months period ended 30 September (Unaudited)</i>					
	Insurance operations	Share-holders' operations	2019 Total	Insurance operations	Share-holders' operations	2018 Total
	SAR'000					
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
General and administrative expenses	(72,630)	(896)	(73,526)	(86,579)	(1,500)	(88,079)
Release of / (allowance for) doubtful debts	3,938	-	3,938	(20,922)	-	(20,922)
Board remuneration	-	(612)	(612)	-	(870)	(870)
Dividend income	-	-	-	-	6	6
Amortization of held to maturity investments	89	141	230	153	141	294
Commission income on investments	4,312	4,869	9,181	3,417	5,212	8,629
Realized gain / (loss) on investments	156	280	436	-	(1,905)	(1,905)
Other income	2,103	-	2,103	2,473	-	2,473
<u>TOTAL OTHER OPERATING (EXPENSES) / INCOME</u>	(62,032)	3,782	(58,250)	(101,458)	1,084	(100,374)
INCOME / (LOSS) FOR THE PERIOD	6,154	3,782	9,936	(17,552)	1,084	(16,468)
SHAREHOLDERS' ABSORPTION OF LOSS / (PROFIT TRANSFERRED TO SHAREHOLDERS)	(5,539)	5,539	-	17,552	(17,552)	-
NET RESULT FOR THE PERIOD AFTER SHAREHOLDERS' APPROPRIATIONS BEFORE ZAKAT AND INCOME TAX	615	9,321	9,936	-	(16,468)	(16,468)
<u>OTHER EXPENSES</u>						
Zakat for the period ended		(2,850)			(5,350)	
Income tax for the period ended		(150)			(150)	
		(3,000)			(5,500)	
<u>NET INCOME / (LOSS) FOR THE PERIOD</u>	615	6,321	6,936	-	(21,968)	(21,968)
<u>Earnings per share (Expressed in SAR per share)</u>						
Weighted average number of ordinary shares outstanding (in thousands)		40,000			40,000	
Basic and diluted earnings / (loss) per share for the period (SR) – restated – 2018		0.16			(0.55)	

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17. SUPPLEMENTARY INFORMATION – (continued)

e) Interim statement of comprehensive income

	<i>Nine-months period ended 30 September (Unaudited)</i>					
	Insurance operations	Share-holders' operations	2019 Total	Insurance operations	Share-holders' operations	2018 Total
	SAR'000					
NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	615	6,321	6,936	-	(21,968)	(21,968)
Other comprehensive income / (loss)						
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>						
<i>Available-for-sale investments:</i>						
- Net change in fair value	1,187	1,111	2,298	(152)	807	655
- Net amounts transferred to statement of income	(156)	(280)	(436)	-	1,905	1,905
<u>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</u>	<u>1,646</u>	<u>7,152</u>	<u>8,798</u>	<u>(152)</u>	<u>(19,256)</u>	<u>(19,408)</u>

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17. SUPPLEMENTARY INFORMATION – (continued)

f) Interim statement of cash flows

	<i>Nine-months period ended 30 September (Unaudited)</i>					
	Insurance operations	Share-holders' operations	2019 Total	Insurance operations	Share-holders' operations	2018 Total
	SR'000					
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income / (loss) for the period before zakat and income tax	615	9,321	9,936	-	(16,468)	(16,468)
Adjustments for non-cash items:						
Depreciation of property and equipment	1,420	-	1,420	1,009	-	1,009
(Release of) / allowance for doubtful debts	(3,938)	-	(3,938)	20,922	-	20,922
Realized (gain) / loss on investments	(156)	(280)	(436)	-	1,905	1,905
Amortization of held to maturity investments	(89)	(141)	(230)	(153)	(141)	(294)
Provision for end-of-service indemnities	1,682	-	1,682	198	-	198
	(466)	8,900	8,434	21,976	(14,704)	7,272
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	17,949	-	17,949	42,213	-	42,213
Reinsurers' share of unearned premiums	(19,149)	-	(19,149)	61,794	-	61,794
Reinsurers' share of outstanding claims	13,535	-	13,535	5,711	-	5,711
Reinsurers' share of claims Incurred but not reported	35,680	-	35,680	16,567	-	16,567
Deferred policy acquisition costs	1,248	-	1,248	2,982	-	2,982
Prepaid expenses and other assets	(314)	(1,602)	(1,916)	25,413	(1,879)	23,534
Accrued commission on statutory deposit	-	(833)	(833)	-	(572)	(572)
Policyholders and accounts payables	(16,386)	-	(16,386)	(4,008)	-	(4,008)
Accrued and other liabilities	11,963	370	12,333	(27,772)	353	(27,419)
Reinsurers' balances payable	38,342	-	38,342	(8,145)	-	(8,145)
Unearned premiums	(1,811)	-	(1,811)	(69,873)	-	(69,873)
Unearned reinsurance commission	(1,174)	-	(1,174)	(5,803)	-	(5,803)
Outstanding claims	(17,208)	-	(17,208)	(13,350)	-	(13,350)
Claims incurred but not reported	(60,291)	-	(60,291)	(27,873)	-	(27,873)
Premium deficiency reserve	567	-	567	6,577	-	6,577
Other technical reserves	(6,589)	-	(6,589)	(876)	-	(876)
Accrued commission on statutory deposit payable to SAMA		833	833	-	572	572
Due to shareholders operations	12,380	-	12,380	73,720	-	73,720
Due from Insurance Operations	-	(12,380)	(12,380)	-	(73,720)	(73,720)
	8,276	(4,712)	3,564	99,253	(89,950)	9,303
End-of-service indemnities paid	(11,110)	-	(11,110)	-	-	-
Zakat and income tax paid	-	(1,552)	(1,552)	-	(5,179)	(5,179)
Net cash flows (used in) / from operating activities	(2,834)	(6,264)	(9,098)	99,253	(95,129)	4,124

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17. SUPPLEMENTARY INFORMATION – (continued)

f) Interim statement of cash flows – continued

	<i>Nine-months period ended 30 September (Unaudited)</i>					
	Insurance operations	Share- holders' operations	2019 Total	Insurance operations	Share- holders' operations	2018 Total
	SR'000					
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments	(20,000)	(19,318)	(39,318)	-	-	-
Proceeds from sale of investments	23,905	24,582	48,487	-	1,025	1,025
Time deposits	-	-	-	(22,096)	-	(22,096)
Purchase of property and equipment	(6,139)	-	(6,139)	(519)	-	(519)
Net cash flows from / (used in) investing activities	(2,234)	5,264	3,030	(22,615)	1,025	(21,590)
CASH FLOWS FROM FINANCING ACTIVITIES						
Decrease in statutory deposit	-	13,500	13,500	-	-	-
Net cash flows from financing activities	-	13,500	13,500	-	-	-
Net change in cash and cash equivalents	(5,068)	12,500	7,432	76,638	(94,104)	(17,466)
Cash and cash equivalents, beginning of the period	88,477	1,056	89,533	43,953	94,843	138,796
Cash and cash equivalents, end of the period	83,409	13,556	96,965	120,591	739	121,330
NON-CASH INFORMATION						
Change in fair value of available-for-sale investments	1,031	831	1,862	(152)	(552)	(704)

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18. COMPARATIVE FIGURES

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

a. Zakat:

As mentioned under note 2, the basis of preparation has changed as a result of the issuance on the new Circular by SAMA. The change in the accounting treatment for Zakat (as explained in note 3) has the following impact on the line items of the statements of income, comprehensive income and changes in shareholders' equity:

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

Account	Financial statement impacted	Balance previously reported SR'000	Effect of restatement SR'000	Balance restated SR'000
Zakat	Interim condensed statement of income	-	(2,000)	(2,000)
Net income for the period	Interim condensed statement of income	(11,944)	(2,000)	(13,944)
Loss per share for the period	Interim condensed statement of income	(0.30)	(0.05)	(0.35)
Zakat	Interim condensed statement of changes in shareholders' equity	(2,000)	2,000	-
Total comprehensive income for the period	Interim condensed statements of comprehensive income and changes in shareholders' equity	(12,026)	(2,000)	(14,026)

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

Account	Financial statement impacted	Balance previously reported SR'000	Effect of restatement SR'000	Balance restated SR'000
Zakat	Interim condensed statement of income	-	(5,500)	(5,500)
Net loss for the period	Interim condensed statement of income	(16,468)	(5,500)	(21,968)
Loss per share for the period	Interim condensed statement of income	(0.41)	(0.14)	(0.55)
Zakat	Interim condensed statement of changes in shareholders' equity	(5,500)	5,500	-
Total comprehensive loss for the period	Interim condensed statements of comprehensive income and changes in shareholders' equity	(13,756)	(5,500)	(19,256)

19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors, on 7 Rabi Al Awwal 1441H, corresponding to 4 November 2019.