

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

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

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019**

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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

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

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

**Introduction:**

We have reviewed the accompanying interim condensed statement of financial position of Alinma Tokio Marine Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2019 and the related interim condensed statement of income, interim condensed statement of comprehensive income for three months period then ended, interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the three month period then ended, and the related notes which form an integral part of this interim condensed financial information. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

**Scope of Review:**

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

**Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for accounting of zakat and income tax.

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13 May 2019  
8 Ramadan 1440H

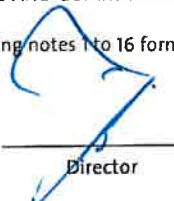


ALINMA TOKIO MARINE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
As at 31 March

	Note	2019	2018
		Unaudited	Audited
		SAR' 000	SAR' 000
<b>ASSETS</b>			
Cash and cash equivalents	4	118,389	52,710
Investments	5	52,299	51,798
Premiums and reinsurance receivables, net	7	157,193	96,325
Reinsurers' share of unearned premiums	8.1	56,009	39,641
Reinsurers' share of outstanding claims	8.2	65,278	62,992
Reinsurers' share of claims incurred but not reported	8.2	16,184	16,700
Deferred policy acquisition costs		13,904	8,613
Prepayments and other assets		10,589	7,026
Due from related parties	9	1,008	846
Murabaha deposits	6	94,400	165,998
Statutory deposit		45,000	45,000
Property and equipment		7,919	8,549
Right of use assets		7,047	-
Intangible assets		3,990	3,696
Unit linked investments		23,930	18,768
<b>TOTAL ASSETS</b>		<b>673,139</b>	<b>578,662</b>
<b>LIABILITIES</b>			
Outstanding claims	8.2	99,635	97,703
Claims incurred but not reported	8.2	28,183	28,706
Other reserves	8.2	874	874
Premium deficiency reserves	8.3	2,075	2,075
Unearned premiums	8.1	134,692	80,827
Reinsurance balances payable		56,154	44,998
Unearned reinsurance commission		11,764	7,070
Accrued expenses and other liabilities		60,099	41,345
Lease liabilities		6,338	-
Due to related party	9	160	205
Zakat and income tax payable	10	6,636	5,586
Unit linked liabilities		23,930	18,768
Retirement benefit obligation		5,863	5,507
<b>TOTAL LIABILITIES</b>		<b>436,403</b>	<b>333,664</b>
<b>EQUITY</b>			
Issued, authorised and paid up share capital	11	300,000	300,000
Accumulated losses		(62,563)	(54,373)
Remeasurement of retirement benefit obligation		(701)	(629)
<b>TOTAL EQUITY</b>		<b>236,736</b>	<b>244,998</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>673,139</b>	<b>578,662</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

  
Director

  
Chief Financial Officer


  
Chief Executive Officer

ALINMA TOKIO MARINE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)  
For the three months ended 31 March

	Note	2019 SAR' 000	2018 SAR' 000
<b>REVENUES</b>			
Gross premiums written		134,934	142,059
- Corporate		76,599	93,667
- Medium business		26,327	28,876
- Small business		24,009	14,803
- Very small business		2,351	524
- Retail		5,648	4,189
Fee income from insurance contracts	8.1	12	35
Reinsurance premiums ceded			
- Local		(1,590)	(2,640)
- Foreign		(51,550)	(28,058)
Excess of loss expenses		(1,167)	(2,084)
Net premiums written		80,639	109,312
Changes in unearned premiums		(53,865)	(58,611)
Changes in reinsurers' share of unearned premiums		16,368	(2,726)
Net premiums earned		43,142	47,975
Reinsurance commission earned		5,774	5,936
Other underwriting income		408	406
Total revenues		49,324	54,317
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid		(37,345)	(35,021)
Surrenders		(233)	(286)
Reinsurers' share of claims paid		7,767	6,936
Net claims and other benefits paid		(29,811)	(28,371)
Changes in outstanding claims		(1,932)	(22,926)
Changes in reinsurers' share of outstanding claims		2,286	16,253
Changes in incurred but not reported claims		523	2,646
Changes in reinsurers' share of incurred but not reported claims		(516)	(4,230)
Changes in other reserves		-	239
Changes in reinsurers' share of other reserves		-	(195)
Net claims and other benefits Incurred		(29,450)	(36,584)
Changes in unit linked reserves		(5,162)	(3,274)
Policy acquisition costs		(8,151)	(7,024)
Other underwriting expenses		(743)	(757)
Total underwriting costs and expenses		(43,506)	(47,639)
NET UNDERWRITING INCOME		5,818	6,678
<b>OTHER (EXPENSES) / INCOME</b>			
General and administrative expenses		(16,290)	(15,933)
Provision for doubtful receivables		(857)	1,256
Unrealized gain on unit linked investments		1,045	422
Unrealized gain on investments		2,097	2,227
Realized gain on investments		1,047	998
Total other (expenses) / income - net		(12,958)	(11,030)
Loss for the year		(7,140)	(4,352)
Appropriation to insurance operations		-	-
Total loss for the year attributable to the shareholders		(7,140)	(4,352)
Basic and diluted loss per share (SAR)		(0.24)	(0.15)

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

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

ALINMA TOKIO MARINE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)  
For the three months ended 31 March

	Note	2019 SAR' 000	2018 SAR' 000
Net loss for the period		(7,140)	(4,352)
Other comprehensive loss:			
Items that will not be reclassified to statement of income in subsequent period			
- Actuarial loss on remeasurement of retirement benefit obligations		(72)	(276)
Total comprehensive loss for the period		(7,212)	(4,628)
Total comprehensive loss for the period attributed to Insurance operations		(72)	(276)
Total comprehensive loss for the period attributed to shareholders		(7,140)	(4,352)

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

  
Director

  
Chief Financial Officer


  
Chief Executive Officer

ALINMA TOKIO MARINE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)  
For the three months ended 31 March

	Note	Share capital	Accumulated losses	Remeasurement of retirement benefit obligation	Total
		SAR'000	SAR'000	SAR'000	SAR'000
<b>2019</b>					
Balance as at 31 December 2018	11	300,000	(54,373)	(629)	244,998
Total comprehensive loss for the period		-	(7,140)	-	(7,140)
Actuarial loss on retirement benefit obligations		-	-	(72)	(72)
Zakat charge for the period	10	-	(1,050)	-	(1,050)
Balance as at 31 March 2019		<u>300,000</u>	<u>(62,563)</u>	<u>(701)</u>	<u>236,736</u>
<b>2018</b>					
Balance as at 31 December 2017	11	300,000	(17,227)	(325)	282,448
Total comprehensive loss for the period		-	(4,352)	-	(4,352)
Actuarial loss on retirement benefit obligations		-	-	(276)	(276)
Zakat charge for the period	10	-	(1,350)	-	(1,350)
Balance as at 31 March 2018		<u>300,000</u>	<u>(22,929)</u>	<u>(601)</u>	<u>276,470</u>

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

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

ALINMA TOKIO MARINE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)  
For the three months ended 31 March

	Note	2019	2018
		SAR' 000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period		(7,140)	(4,352)
Adjustments for non cash items:			
Depreciation and amortisation		1,226	632
Provision for doubtful receivables		858	(1,256)
Realized gain on investments held as FVSI		(366)	(398)
Unrealized gain on investment held as FVSI		(1,096)	(2,057)
Provision for retirement benefit obligations		397	333
		(6,121)	(7,098)
Changes in operating assets and liabilities:			
Premiums and reinsurance receivables		(61,726)	(63,956)
Reinsurers' share of unearned premiums		(16,368)	2,726
Reinsurers' share of outstanding claims		(2,286)	(16,254)
Reinsurers' share of claims incurred but not reported		516	4,231
Reinsurers' share of other reserves		-	194
Deferred policy acquisition costs		(5,291)	(4,008)
Prepayments and other assets		(3,563)	(985)
Due from related parties		(162)	(3,632)
Unit linked investments		(5,162)	(3,274)
Outstanding claims		1,932	22,925
Claims incurred but not reported		(523)	(2,645)
Other reserves		-	(238)
Unearned premiums		53,865	58,611
Reinsurance balances payable		11,156	(12,008)
Unearned reinsurance commission		4,694	(614)
Accrued expenses and other liabilities		18,754	(5,237)
Lease liabilities		6,338	-
Due to related party		(45)	-
Unit linked liabilities		5,162	3,274
Cash used in operations		1,170	(27,988)
Retirement benefit obligations paid		(113)	(130)
<b>Net cash used in operating activities</b>		<b>1,057</b>	<b>(28,118)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of murabaha deposits		-	(93,705)
Proceeds from maturity of murhaba deposits		71,598	
Purchase of investments	5	(47,000)	(7,000)
Proceeds from disposal of investments	5	47,961	115,067
Purchase of property and equipment		(56)	(1,153)
Right of use assets		(7,349)	-
Purchase of intangible assets		(532)	-
<b>Net cash generated from Investing activities</b>		<b>64,622</b>	<b>13,209</b>
<b>Net cash generated from / (used in) all activities</b>		<b>65,679</b>	<b>(14,909)</b>
Cash and cash equivalents at the beginning of the year		52,710	107,863
<b>Cash and cash equivalents at the end of the year</b>	4	<b>118,389</b>	<b>92,954</b>
<b>Non cash transactions</b>			
Actuarial loss on retirement benefit obligations		(72)	(276)

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

  
Director

  
Chief Financial Officer

  
Chief Executive Officer



NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

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**1 GENERAL**

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

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

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

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

**2 BASIS OF PREPARATION**

**2.1 Basis of presentation and measurement**

The interim condensed financial information of the Company for the three months period ended 31 March 2019 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax', which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated 14 Rajab 1438H (corresponding to 11 April 2017) and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the Zakat and Income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings. This change in framework resulted in a change in accounting policy for zakat and income tax.

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

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**2 BASIS OF PREPARATION (Continued)**

**2.1 Basis of presentation and measurement (Continued)**

The Company presents its interim condensed statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and present same supplementary information in the 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 31 March 2019 are 20.85% of the share capital. The reason for these losses is high expense ratio and deterioration in loss ratio. The Company has put together a two-pillar plan under which the growth in topline is planned along with a firm control on expenses.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Functional and presentation currency**

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

**3.2 Critical accounting judgement, estimates and assumptions**

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies adopted in the preparation of these interim condensed financial information are consistent with those followed in the preparation of the previous financial year, except for the following new and amended IFRSs and IFRIC interpretations.

#### 3.3 IFRS 16 Leases

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

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

##### 3.3.1 Definition of lease

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

##### 3.3.2 As a lessee

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 IFRS 16 Leases (Continued)

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

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

3.3.3 Transition

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

3.3.4 Impact on Financial Statements

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

Also, in relation those leases under IFRS 16, the Company has recognized Depreciation and interest costs, instead of operating lease expense. During three month ended 31 March 2019, the Company recognized SAR 0.3 million of depreciation charge and SAR 0.065 million of interest costs from these leases and derecognized an operating lease charge of SAR 0.35 million. As at 31 March 2019, the carrying amount of right-of-use assets amounted to SAR 7.04 million with SAR 6.3 million recognized in lease liabilities.

In addition to the above mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance for the Company with effect from future dates.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

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3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Standards issued but not yet effective

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

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

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

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

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

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

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

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

**IFRS 17 Insurance Contracts**

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

4 CASH AND CASH EQUIVALENTS

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Cash in hand	45	-	45	40	-	40
Cash at banks – current accounts	43,516	74,828	118,344	51,330	1,340	52,670
<b>Total</b>	<b>43,561</b>	<b>74,828</b>	<b>118,389</b>	<b>51,370</b>	<b>1,340</b>	<b>52,710</b>

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

5 INVESTMENTS

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

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Available for sale investments	-	1,923	1,923	-	1,923	1,923
Investments at fair value through statement of income (FVSI)	-	37,586	37,586	411	36,490	36,901
Investments at held to maturity	-	12,790	12,790	-	12,974	12,974
<b>Total</b>	<b>-</b>	<b>52,299</b>	<b>52,299</b>	<b>411</b>	<b>51,387</b>	<b>51,798</b>

The movement during the period is as follows:

5.1 Available for sale investments

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning and end	-	1,923	1,923	-	1,923	1,923

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5 INVESTMENTS (continued)

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

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	411	36,490	36,901	46,436	121,427	167,863
Purchases	47,000	-	47,000	119,500	41,000	160,500
Disposals	(47,615)	(162)	(47,777)	(166,218)	(128,072)	(294,290)
Realised gain	204	162	366	692	1,347	2,039
Unrealised gain	-	1,096	1,096	1	788	789
Balance at the end	-	37,586	37,586	411	36,490	36,901

5.3 Investments at held to maturity

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	12,974	12,974	-	13,711	13,711
Redemptions	-	(184)	(184)	-	(737)	(737)
Balance at the end	-	12,790	12,790	-	12,974	12,974

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

5.4 Determination of fair value and fair value hierarchy

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
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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 31 March 2019 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	SAR'000			
<b>Available for sale investments</b>				
- Investments in unquoted equity	-	-	1,923	1,923
<b>Investments at fair value through statement of income</b>				
- Investments in discretionary portfolios	22,613	-	-	22,613
- Investments in real estate fund	-	9,842	5,131	14,973
<b>Investments at held to maturity</b>				
- Sukuks	-	12,790	-	12,790
<b>Total</b>	<b>22,613</b>	<b>22,632</b>	<b>7,054</b>	<b>52,299</b>

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



NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

5 INVESTMENTS (continued)

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

Transfer between levels

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

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

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

Insurance operations	As at 31 March 2019 (Unaudited)			Total
	Level 1	Level 2	Level 3	
	SAR'000			
Investments at fair value through statement of income				
- Investments in mutual funds	-	-	-	-
Total	-	-	-	-

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

6 MURABAHA DEPOSITS

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

7 PREMIUMS AND REINSURANCE RECEIVABLES - NET

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Policyholders	165,695	-	165,695	92,948	-	92,948
Related party (note 9)	6,644	-	6,644	5,010	-	5,010
Reinsurance receivables	12,603	-	12,603	25,258	-	25,258
	184,942	-	184,942	123,216	-	123,216
Provision for doubtful receivables	(27,749)	-	(27,749)	(26,891)	-	(26,891)
	157,193	-	157,193	96,325	-	96,325

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
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8 TECHNICAL RESERVES

8.1 MOVEMENT IN UNEARNED PREMIUMS

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Balance at the beginning	80,827	(39,641)	41,186	76,138	(30,297)	45,841
Premium written	134,934	(54,307)	80,627	353,591	(156,918)	196,673
Policy fee	12	-	12	75	-	75
Premium earned	(81,081)	37,939	(43,142)	(348,977)	147,574	(201,403)
Balance at the end	134,692	(56,009)	78,683	80,827	(39,641)	41,186

8.2 NET OUTSTANDING CLAIMS AND RESERVES

	As at 31 March 2019 (Unaudited) SAR'000	As at 31 December 2018 (Audited) SAR'000
Outstanding claims	109,182	107,239
Less: Realizable value of salvage and subrogation	(9,547)	(9,536)
	99,635	97,703
Claims incurred but not reported	28,183	28,706
Other reserves	874	874
Premium deficiency reserves	2,075	2,075
	130,767	129,358
Less:		
Reinsurers' share of outstanding claims	(65,278)	(62,992)
Reinsurers' share of claims Incurred but not reported	(16,184)	(16,700)
	(81,462)	(79,692)
Net Outstanding claims and reserves	49,305	49,666

8.3 PREMIUM DEFICIENCY RESERVE

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

9 TRANSACTIONS WITH RELATED PARTIES

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

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. In addition to the notes 4 and 7, following are the details of major related party transactions during and the related balances at the end of the period:

Nature of transactions	For the 3 months ended 31 March 2019			For the 3 months ended 31 March 2018		
	(Unaudited)			(Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Gross written premiums	5,367	-	5,367	8,890	-	8,890
Reinsurance premiums ceded	2,890	-	2,890	2,248	-	2,248
Claims paid - net of recoveries	2,447	-	2,447	3,521	-	3,521
Reinsurance commission	827	-	827	362	-	362
Reinsurance share of claims	15	-	15	1,031	-	1,031
General and administrative expenses	234	19	253	820	3,933	4,753
<u>Other Related parties:</u>						
Investments	4,298	162	4,460	3,014	14,615	17,629
Agency commission	568	-	568	357	-	357
General and administrative expenses	58	10	68	-	-	-
<u>Closing Balances</u>						
	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Premium Receivable	6,644	-	6,644	5,010	-	5,010
Reinsurance premiums payable	6,600	-	6,600	5,230	-	5,230
Claims payable	332	-	332	64	-	64
Bank Balance	113,746	-	113,746	43,981	1,340	45,321
General and administrative expenses	(16)	(94)	(110)	(130)	(75)	(205)
<u>Other related parties</u>						
Investments	61,516	-	61,516	18,768	36,490	55,258
Agency commission	480	-	480	257	-	257
General and administrative expenses	(50)	1,008	958	-	846	846

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

9 TRANSACTIONS WITH RELATED PARTIES (continued)

Information relating to key management personnel:

	For the 3 months ended 31 March 2019			For the 3 months ended 31 March 2018		
	(Unaudited)			(Unaudited)		
	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total
	operations	operations		operations	operations	
	SAR'000			SAR'000		
Short term benefits	1,125	-	1,125	1,059	-	1,059
Long term benefits	111	-	111	107	-	107

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

Board and sub committees related

	For the 3 months ended 31 March 2019			For the 3 months ended 31 March 2018		
	(Unaudited)			(Unaudited)		
	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total
	operations	operations		operations	operations	
	SAR'000			SAR'000		
Directors' remuneration	-	400	400	-	480	480
Attendance fees	-	92	92	-	150	150

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

10 ZAKAT AND INCOME TAX PAYABLE

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total
	operations	operations		operations	operations	
	SAR'000			SAR'000		
Zakat payable	-	4,858	4,858	-	3,808	3,808
Additional charge for prior years	-	1,778	1,778	-	1,778	1,778
Zakat and Income tax payable	-	6,636	6,636	-	5,586	5,586

The difference between the accounting income and the adjusted net loss is mainly due to provisions which are not allowed in the calculation of adjustable net income. Local shareholding used for the Zakat calculation is 71.25%

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10 ZAKAT AND INCOME TAX PAYABLE (Continued)

The movement in Zakat provision is as follows:

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	3,808	3,808	-	4,398	4,398
Zakat charge	-	1,050	1,050	-	3,782	3,782
Zakat payment made	-	-	-	-	(4,372)	(4,372)
Balance at the end	-	4,858	4,858	-	3,808	3,808

Income tax:

Provision for income tax is required to be made at 20% of the adjusted net income attributable to the foreign shareholder of the Company. Foreign shareholder subject to income tax is 28.75%.

The movement in income tax provision is as follows:

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	-	-	-	626	626
(Reversal) of prior year charge	-	-	-	-	(160)	(160)
Income tax paid	-	-	-	-	(466)	(466)
Balance at the end	-	-	-	-	-	-

Status of Assessments

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

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 31 March 2019 (31 December 2018: SAR 300 million) consisting of 30 million shares (31 December 2018: 30 million) of SAR 10 each.

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

	As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	No. of shares	Value per share	Share Capital SAR	No. of shares	Value per share	Share Capital SAR
Alinma Bank	8,625,000	10	86,250,000	8,625,000	10	86,250,000
Tokio Marine & Nichido Fire Insurance	8,625,000	10	86,250,000	8,625,000	10	86,250,000
Others	12,750,000	10	127,500,000	12,750,000	10	127,500,000
	30,000,000	10	300,000,000	30,000,000	10	300,000,000

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FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

12 CONTINGENCIES AND COMMITMENT

As at 31 March 2019 the Company's banker has issued letters of guarantee of SAR 2.28 million (2018: SAR 2.08 million) to various customers, motor agencies, workshops and health service providers as per the terms of their respective agreements which have been classified under prepayments and other assets in the statement of financial position. The Company has no capital commitments as at 31 March 2019 and 31 December 2018.

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

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

13 SEGMENT REPORTING

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

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of income. Segment assets and liabilities comprise operating assets and liabilities.

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

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

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

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

Segment results do not include general and administrative expenses.

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

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

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13 SEGMENT REPORTING (Continued)

For the three months ended 31 March 2019 (Unaudited)							
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	Total
	SAR'000						
REVENUES							
Gross premiums written	58,374	57,310	11,644	7,606	134,934	-	134,934
- Corporate	30,380	39,796	6,423	-	76,599	-	76,599
- Medium business	15,055	10,905	367	-	26,327	-	26,327
- Small business	11,752	4,651	-	7,606	24,009	-	24,009
- Very small business	1,187	1,164	-	-	2,351	-	2,351
- Retail	-	794	4,854	-	5,648	-	5,648
Fee income from Insurance contracts	12	-	-	-	12	-	12
Reinsurance premiums ceded - Local	(1,590)	-	-	-	(1,590)	-	(1,590)
Reinsurance premiums ceded - Foreign	(48,516)	-	(3,034)	-	(51,550)	-	(51,550)
Excess of loss expenses	(844)	(323)	-	-	(1,167)	-	(1,167)
Net premiums written	7,436	56,987	8,610	7,606	80,639	-	80,639
Net change in unearned premiums	(4,371)	(29,903)	1,787	(5,010)	(37,497)	-	(37,497)
Net premiums earned	3,065	27,084	10,397	2,596	43,142	-	43,142
Reinsurance commission earned	5,774	-	-	-	5,774	-	5,774
Other underwriting income	-	408	-	-	408	-	408
Total insurance revenues	8,839	27,492	10,397	2,596	49,324	-	49,324
UNDERWRITING COSTS AND EXPENSES							
Net claims incurred	(1,118)	(22,200)	(3,890)	(2,242)	(29,450)	-	(29,450)
Changes in unit linked reserves	-	-	(5,162)	-	(5,162)	-	(5,162)
Policy acquisition costs	(4,084)	(3,107)	(854)	(106)	(8,151)	-	(8,151)
Other underwriting expenses	(283)	(288)	(58)	(114)	(743)	-	(743)
Total underwriting costs and expenses	(5,485)	(25,595)	(9,964)	(2,462)	(43,506)	-	(43,506)
NET UNDERWRITING INCOME	3,354	1,897	433	134	5,818	-	5,818
OTHER OPERATING (EXPENSES)/ INCOME							
General and administrative expenses					(15,408)	(882)	(16,290)
Provision for doubtful receivables					(857)	-	(857)
Unrealized gain on unit linked investments					1,045	-	1,045
Unrealized gain on investments					-	2,097	2,097
Realized gain on investments					204	843	1,047
Total other operating expenses					(15,016)	2,058	(12,958)
Net (deficit) / surplus					(9,198)	2,058	(7,140)
Appropriation to shareholders' operations							-
Appropriation to insurance operations							-
Net loss after appropriations to shareholders' operations							(7,140)

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13 SEGMENT REPORTING (Continued)

For the three months ended 31 March 2018 (Unaudited)						
Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	Total
SAR'000						
REVENUES						
Gross premiums written	32,069	94,257	9,750	5,983	142,059	142,059
- Corporate	12,625	75,112	5,930	-	93,667	93,667
- Medium business	15,440	13,171	265	-	28,876	28,876
- Small business	3,920	4,900	-	5,983	14,803	14,803
- Very small business	84	440	-	-	524	524
- Retail	-	634	3,555	-	4,189	4,189
Fee income from Insurance contracts	8	27	-	-	35	35
Reinsurance premiums ceded - Local	(2,640)	-	-	-	(2,640)	(2,640)
Reinsurance premiums ceded - Foreign	(25,274)	-	(2,784)	-	(28,058)	(28,058)
Excess of loss expenses	(1,058)	(1,026)	-	-	(2,084)	(2,084)
Net premiums written	3,105	93,258	6,966	5,983	109,312	109,312
Net change in unearned premiums	(960)	(58,512)	507	(2,372)	(61,337)	(61,337)
Net premiums earned	2,145	34,746	7,473	3,611	47,975	47,975
Reinsurance commission earned	5,935	1	-	-	5,936	5,936
Other underwriting income	-	406	-	-	406	406
Total insurance revenues	8,080	35,153	7,473	3,611	54,317	54,317
UNDERWRITING COSTS AND EXPENSES						
Net claims incurred	(926)	(29,486)	(3,166)	(3,006)	(36,584)	(36,584)
Changes in unit linked reserves	-	-	(3,274)	-	(3,274)	(3,274)
Policy acquisition costs	(3,020)	(3,199)	(639)	(166)	(7,024)	(7,024)
Other underwriting expenses	(34)	(548)	(118)	(57)	(757)	(757)
Total underwriting costs and expenses	(3,980)	(33,233)	(7,197)	(3,229)	(47,639)	(47,639)
NET UNDERWRITING INCOME / (LOSS)	4,100	1,920	276	382	6,678	6,678
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses					(14,782)	(15,933)
Provision for doubtful receivables					1,256	1,256
Unrealized loss on unit linked investments					422	422
Unrealized gain on investments					28	2,227
Realized gain on investments					149	998
Total other operating expenses					(12,927)	(11,030)
Net deficit					(6,249)	(4,352)
Appropriation to shareholders' operations						-
Appropriation to insurance operations						-
Net loss after appropriations to shareholders' operations						(4,352)



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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

13 SEGMENT REPORTING (Continued)

As at 31 March 2019 (Unaudited)						
Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	Total
SAR'000						
<b>ASSETS</b>						
Cash and cash equivalents				43,561	74,828	118,389
Investments				-	52,299	52,299
Reinsurers' share of outstanding claims	60,697	-	4,581	-	-	65,278
Reinsurers' share of claims IBNR	14,243	-	1,941	-	-	16,184
Reinsurers' share of unearned premiums	55,874	-	135	-	-	56,009
Deferred policy acquisition costs	7,759	5,857	41	247	-	13,904
Unit linked investments	-	-	23,930	-	-	23,930
Unallocated assets				205,828	142,863	348,691
Total assets				424,694	269,990	694,684
<b>LIABILITIES</b>						
Outstanding claims	64,553	24,930	8,119	2,033	-	99,635
Claims incurred but not reported	16,271	6,822	4,063	1,027	-	28,183
Other reserves	323	551	-	-	-	874
Premium deficiency reserves	-	1,265	-	810	-	2,075
Unearned premiums	64,321	62,491	386	7,494	-	134,692
Unearned reinsurance commission	11,764	-	-	-	-	11,764
Unit linked liabilities	-	-	23,930	-	-	23,930
Unallocated liabilities and equity				123,541	269,990	393,531
Total liabilities and equity				424,694	269,990	694,684
As at 31 December 2018 (Audited)						
Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	Total
SAR'000						
<b>ASSETS</b>						
Cash and cash equivalents				51,370	1,340	52,710
Investments				411	51,387	51,798
Reinsurers' share of outstanding claims	57,814	-	5,178	-	-	62,992
Reinsurers' share of claims IBNR	15,185	-	1,515	-	-	16,700
Reinsurers' share of unearned premiums	39,328	-	313	-	-	39,641
Deferred policy acquisition costs	4,750	3,459	243	161	-	8,613
Unit linked investments			18,768	-	-	18,768
Unallocated assets				125,023	213,358	338,381
Total assets				323,518	266,085	589,603
<b>LIABILITIES</b>						
Outstanding claims	61,742	25,425	8,695	1,841	-	97,703
Claims incurred but not reported	17,178	6,711	3,411	1,406	-	28,706
Other reserves	323	551	-	-	-	874
Premium deficiency reserves	-	1,265	-	810	-	2,075
Unearned premiums	43,403	32,588	2,352	2,484	-	80,827
Unearned reinsurance commission	7,070	-	-	-	-	7,070
Unit linked liabilities	-	-	18,768	-	-	18,768
Unallocated liabilities and equity				87,495	266,085	353,580
Total liabilities and equity				323,518	266,085	589,603

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2018

14 SUPPLEMENTARY INFORMATION

14.1 Statement of financial position

		As at 31 March 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SAR'000			SAR'000		
ASSETS							
Cash and cash equivalents	4	43,561	74,828	118,389	51,370	1,340	52,710
Investments	5	-	52,299	52,299	411	51,387	51,798
Premiums and reinsurance receivables, net	7	157,193	-	157,193	96,325	-	96,325
Reinsurers' share of unearned premiums	8.1	56,009	-	56,009	39,641	-	39,641
Reinsurers' share of outstanding claims	8.1	65,278	-	65,278	62,992	-	62,992
Reinsurers' share of claims incurred but not reported	8.1	16,184	-	16,184	16,700	-	16,700
Deferred policy acquisition costs		13,904	-	13,904	8,613	-	8,613
Prepayments and other assets		8,134	2,455	10,589	5,512	1,514	7,026
Due from shareholders' operations		21,545	-	21,545	10,941	-	10,941
Due from related parties	9	-	1,008	1,008	-	846	846
Murabaha deposits	6	-	94,400	94,400	-	165,998	165,998
Statutory deposit		-	45,000	45,000	-	45,000	45,000
Property and equipment		7,919	-	7,919	8,549	-	8,549
Right of use assets		7,047	-	7,047	-	-	-
Intangible assets		3,990	-	3,990	3,696	-	3,696
Unit linked investments		23,930	-	23,930	18,768	-	18,768
TOTAL ASSETS		424,694	269,990	694,684	323,518	266,085	589,603
LIABILITIES							
Outstanding claims	8.1	99,635	-	99,635	97,703	-	97,703
Claims incurred but not reported	8.1	28,183	-	28,183	28,706	-	28,706
Other reserves	8.1	874	-	874	874	-	874
Premium deficiency reserves		2,075	-	2,075	2,075	-	2,075
Unearned premiums	8.1	134,692	-	134,692	80,827	-	80,827
Reinsurance balances payable		56,154	-	56,154	44,998	-	44,998
Unearned reinsurance commission		11,764	-	11,764	7,070	-	7,070
Accrued expenses and other liabilities		55,821	4,278	60,099	37,489	3,856	41,345
Lease liabilities		6,338	-	6,338	-	-	-
Due to related party	9	66	94	160	130	75	205
Zakat and income tax payable	10	-	6,636	6,636	-	5,586	5,586
Unit linked liabilities		23,930	-	23,930	18,768	-	18,768
Retirement benefit obligation		5,863	-	5,863	5,507	-	5,507
Due to insurance operations		-	21,545	21,545	-	10,941	10,941
TOTAL LIABILITIES		425,395	32,553	457,948	324,147	20,458	344,605
EQUITY							
Share capital	12	-	300,000	300,000	-	300,000	300,000
Accumulated losses		-	(62,563)	(62,563)	-	(54,373)	(54,373)
Remeasurement of retirement benefit obligation		(701)	-	(701)	(629)	-	(629)
TOTAL EQUITY		(701)	237,437	236,736	(629)	245,627	244,998
TOTAL LIABILITIES AND EQUITY		424,694	269,990	694,684	323,518	266,085	589,603

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.2 Statement of income

	For the 3 months ended 31 March 2019			For the 3 months ended 31 March 2018			
Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
	SAR'000			SAR'000			
<b>REVENUES</b>							
Gross premiums written	8.1	134,934	-	134,934	142,059	-	142,059
- Corporate		76,599	-	76,599	93,667	-	93,667
- Medium business		26,327	-	26,327	28,876	-	28,876
- Small business		24,009	-	24,009	14,803	-	14,803
- Very small business		2,351	-	2,351	524	-	524
- Retail		5,648	-	5,648	4,189	-	4,189
Fee income from insurance contracts	8.1	12	-	12	35	-	35
Reinsurance premiums ceded							
- Local		(1,590)	-	(1,590)	(2,640)	-	(2,640)
- Foreign		(51,550)	-	(51,550)	(28,058)	-	(28,058)
Excess of loss expenses		(1,167)	-	(1,167)	(2,084)	-	(2,084)
Net premiums written		80,639	-	80,639	109,312	-	109,312
Changes in unearned premiums		(53,865)	-	(53,865)	(58,611)	-	(58,611)
Changes in reinsurers' share of unearned premiums		16,368	-	16,368	(2,726)	-	(2,726)
Net premiums earned		43,142	-	43,142	47,975	-	47,975
Reinsurance commission earned		5,774	-	5,774	5,936	-	5,936
Other underwriting income		408	-	408	406	-	406
Total Revenues		49,324	-	49,324	54,317	-	54,317
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid		(37,345)	-	(37,345)	(35,021)	-	(35,021)
Surrenders		(233)	-	(233)	(286)	-	(286)
Reinsurers' share of claims paid		7,767	-	7,767	6,936	-	6,936
Net claims paid		(29,811)	-	(29,811)	(28,371)	-	(28,371)
Changes in outstanding claims	8.2	(1,932)	-	(1,932)	(22,926)	-	(22,926)
Changes in reinsurers' share of outstanding claims	8.2	2,286	-	2,286	16,253	-	16,253
Changes in incurred but not reported claims	8.2	523	-	523	2,646	-	2,646
Changes in reinsurers' share of incurred but not reported claims	8.2	(516)	-	(516)	(4,230)	-	(4,230)
Changes in other reserves	8.2	-	-	-	239	-	239
Changes in reinsurers' share of other reserves	8.2	-	-	-	(195)	-	(195)
Net claims incurred		(29,450)	-	(29,450)	(36,584)	-	(36,584)
Changes in unit linked reserves		(5,162)	-	(5,162)	(3,274)	-	(3,274)
Policy acquisition costs		(8,151)	-	(8,151)	(7,024)	-	(7,024)
Other underwriting expenses		(743)	-	(743)	(757)	-	(757)
Total underwriting costs and expenses		(43,506)	-	(43,506)	(47,639)	-	(47,639)
NET UNDERWRITING INCOME		5,818	-	5,818	6,678	-	6,678
<b>OPERATING (EXPENSES) / INCOME</b>							
General and administrative expenses		(15,408)	(882)	(16,290)	(14,782)	(1,151)	(15,933)
Provision for doubtful receivables		(857)	-	(857)	1,256	-	1,256
Unrealized gain on unit linked investments		1,045	-	1,045	422	-	422
Unrealized gain on investments		-	2,097	2,097	28	2,199	2,227
Realized gain on investments		204	843	1,047	149	849	998
Total operating expenses		(15,016)	2,058	(12,958)	(12,927)	1,897	(11,030)
Net deficit from insurance operations		(9,198)	2,058	(7,140)	(6,249)	1,897	(4,352)
Shareholders' absorption of deficit / (Surplus)		9,198	(9,198)	-	6,249	(6,249)	-
Total loss for the period attributable to the shareholders		-	(7,140)	(7,140)	-	(4,352)	(4,352)
Loss per share (SR)			(0.24)				(0.15)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.3 Statement of comprehensive income

Note	For the 3 months ended 31 March 2019			For the 3 months ended 31 March 2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Net (loss) / Profit for the period	(9,198)	2,058	(7,140)	(6,249)	1,897	(4,352)
Other comprehensive loss:						
Items that will not be reclassified to statement of income in subsequent periods:						
- Actuarial loss on retirement benefit obligation	(72)	-	(72)	(276)	-	(276)
Total comprehensive loss for the period	(9,270)	2,058	(7,212)	(6,525)	1,897	(4,628)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

14 SUPPLEMENTARY INFORMATION (continued)

14.4 Statement of cash flows

	2019			2018		
Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net loss for the year	-	(7,140)	(7,140)	-	(4,352)	(4,352)
Adjustments for non cash items:						
Shareholders' operations appropriations	-	-	-	-	-	-
Depreciation of property and equipment	1,226	-	1,226	632	-	632
Provision for / (reversal of) doubtful receivables	858	-	858	(1,256)	-	(1,256)
Realized gain on FVTIS	(204)	(162)	(366)	(28)	(370)	(398)
Unrealized gain on FVTIS	-	(1,096)	(1,096)	(149)	(1,908)	(2,057)
Provision for retirement benefit obligation	397	-	397	333	-	333
	2,277	(8,398)	(6,121)	(468)	(6,630)	(7,098)
Changes in operating assets and liabilities:						
Premiums and reinsurance receivables	(61,726)	-	(61,726)	(63,956)	-	(63,956)
Reinsurers' share of unearned premiums	(16,368)	-	(16,368)	2,726	-	2,726
Reinsurers' share of outstanding claims	(2,286)	-	(2,286)	(16,254)	-	(16,254)
Reinsurers' share of claims incurred but not reported	516	-	516	4,231	-	4,231
Reinsurers' share of other reserves	-	-	-	194	-	194
Deferred policy acquisition costs	(5,291)	-	(5,291)	(4,008)	-	(4,008)
Prepayments and other assets	(2,622)	(941)	(3,563)	(2,161)	1,176	(985)
Due from related parties	-	(162)	(162)	-	(3,632)	(3,632)
Due to / (from) insurance operations	-	10,604	10,604	-	10,368	10,368
Unit linked investments	(5,162)	-	(5,162)	(3,274)	-	(3,274)
Outstanding claims	1,932	-	1,932	22,925	-	22,925
Claims incurred but not reported	(523)	-	(523)	(2,645)	-	(2,645)
Other reserves	-	-	-	(238)	-	(238)
Premium deficiency reserves	-	-	-	-	-	-
Unearned premiums	53,865	-	53,865	58,611	-	58,611
Reinsurance balances payable	11,156	-	11,156	(12,008)	-	(12,008)
Unearned reinsurance commission	4,694	-	4,694	(614)	-	(614)
Accrued expenses and other liabilities	18,332	422	18,754	(5,931)	694	(5,237)
Lease liabilities	6,338	-	6,338	-	-	-
Due to related party	(64)	19	(45)	-	-	-
Unit linked liabilities	5,162	-	5,162	3,274	-	3,274
Due to / (from) shareholders' operations	(10,604)	-	(10,604)	(10,368)	-	(10,368)
Cash (used in) / generated from operations	(374)	1,544	1,170	(29,964)	1,976	(27,988)
Retirement benefit obligation paid	(113)	-	(113)	(130)	-	(130)
<b>Net cash (used in) / generated from operating activities</b>	<b>(487)</b>	<b>1,544</b>	<b>1,057</b>	<b>(30,094)</b>	<b>1,976</b>	<b>(28,118)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of murabaha deposits	-	-	-	-	(93,705)	(93,705)
Proceeds from maturity of murhaba deposits	-	71,598	71,598	-	-	-
Purchase of investments	5 (47,000)	-	(47,000)	(7,000)	-	(7,000)
Proceeds from disposal of investments	5 47,615	346	47,961	33,433	81,634	115,067
Purchase of property and equipment	(56)	-	(56)	(1,153)	-	(1,153)
Right of use assets	(7,349)	-	(7,349)	-	-	-
Purchase of intangible assets	(532)	-	(532)	-	-	-
<b>Net cash generated from / (used in) investing activities</b>	<b>(7,322)</b>	<b>71,944</b>	<b>64,622</b>	<b>25,280</b>	<b>(12,071)</b>	<b>13,209</b>
<b>Net change in cash and cash equivalents</b>	<b>(7,809)</b>	<b>73,488</b>	<b>65,679</b>	<b>(4,814)</b>	<b>(10,095)</b>	<b>(14,909)</b>
Cash and cash equivalents at the beginning of the period	51,370	1,340	52,710	14,684	93,179	107,863
<b>Cash and cash equivalents at the end of the period</b>	<b>43,561</b>	<b>74,828</b>	<b>118,389</b>	<b>9,870</b>	<b>83,084</b>	<b>92,954</b>

15 COMPARATIVE FIGURES

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

16 APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on Shaban 23, 1440H corresponding to 28 April 2019C.