
ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REVIEW
REPORT
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

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INDEPENDENT AUDITORS' REPORT ON REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF ALLIED COOPERATIVE INSURANCE GROUP (ACIG) (a Saudi Joint Stock Company)

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Allied Cooperative Insurance Group (A Saudi Joint Stock Company) (the "Company") as of 31 March 2019 and the related interim condensed statements of income and comprehensive income, changes in equity and cash flows for the three-months period then ended, and a summary of significant accounting policies and other selected explanatory notes from 1 to 19.

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 for 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". A review of 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 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 information is not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for the accounting for zakat and income tax.

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11 May 2019
6 Ramadan 1440
Jeddah, Kingdom of Saudi Arabia



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
At 31 March 2019

	Notes	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
ASSETS			
Cash and cash equivalents	3	97,889	93,495
Term deposits	4	190,251	187,239
Premiums and reinsurers' receivable – net	5	107,157	93,978
Reinsurers' share of unearned premiums	8	28,206	22,738
Reinsurers' share of outstanding claims	9	11,810	10,543
Reinsurers' share of claims incurred but not reported	9	6,773	6,004
Deferred policy acquisition cost		12,297	12,050
Due from a related party		2,391	2,391
Property and equipment, net		4,977	5,445
Intangible assets		5,217	4,564
Right of use asset -net		9,305	-
Available-for-sale investments	6	58,175	57,734
Prepayments and other receivables		43,604	34,649
Statutory deposit	7	20,000	20,000
Accrued commission on statutory deposit		1,452	1,386
TOTAL ASSETS		599,504	552,216
LIABILITIES			
Policyholders claim payable		6,092	8,741
Accrued and other payables		24,368	17,302
Reinsurances' balances payable		18,896	11,505
Unearned commission income		1,892	1,266
Unearned premiums	8	266,793	252,007
Other technical reserve		3,818	3,816
Outstanding claims	9	49,313	42,419
Claims incurred but not reported	9	55,763	55,769
Employees' terminal benefits		10,174	9,789
Lease liabilities		8,650	-
Surplus distribution payable		5,655	5,457
Accrued zakat and income tax	10	6,094	5,111
Accrued commission on statutory deposit payable to SAMA		1,452	1,386
Total liabilities		458,960	414,568
Shareholders' equity			
Share capital	11	200,000	200,000
Accumulated losses		(60,237)	(61,233)
Fair value reserve on available for sale investments		1,141	(759)
Total shareholders' equity		140,904	138,008
Remeasurement reserve of defined benefit obligation		(380)	(360)
Total equity		140,544	137,648
Total liabilities and equity		599,504	552,216

The accompanying notes 1 to 19 form part of these interim condensed financial information.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

	<i>Three-months period ended</i>	
	<i>31 March 2019 SR '000 (Unaudited)</i>	<i>31 March 2018 SR '000 (Unaudited)</i>
REVENUE		
Gross premiums written	144,393	115,964
Less: Premiums ceded		
- Local	(1,271)	(1,056)
- Foreign	(14,945)	(8,648)
	(16,216)	(9,704)
Less: Excess of loss premium		
- Local	(776)	(806)
- Foreign	(874)	(872)
	(1,650)	(1,678)
Net written premiums	126,527	104,582
Changes in net unearned premiums	(9,318)	(10,843)
Net premiums earned	117,209	93,739
Other underwriting income	421	4,955
Reinsurance commission earned	875	571
Net revenues	118,505	99,265
UNDERWRITING COST AND EXPENSES		
Gross claims paid	93,886	75,329
Less: Reinsurers' share	(9,627)	(7,631)
Net claims paid	84,059	67,698
Changes in outstanding claims, net	5,629	1,239
Changes in incurred but not reported, net	(774)	525
Change in unallocated loss adjustment expense, net	41	-
Net claims incurred	88,955	69,462
Change in premium deficiency reserves	(40)	-
Policy acquisition cost	7,025	7,198
Other underwriting expense	1,598	299
Total underwriting cost and expenses	97,538	76,959
Net result of insurance operations	20,967	22,306
OTHER OPERATING (EXPENSES) / INCOME		
Allowance for doubtful debts	(118)	(661)
General and administrative expenses	(20,540)	(20,604)
Commission income on deposits	1,522	1,032
Realized gain on available for sale investments	346	576
Other income	-	7
TOTAL OTHER OPERATING (EXPENSES) / INCOME	(18,790)	(19,650)
Total income for the period	2,177	2,656
Total income attributed to the insurance operations	(198)	(237)
TOTAL INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS'	1,979	2,419
Earnings per share (Expressed in SAR share)		
Basic earnings per share	0.10	0.12

The accompanying notes 1 to 19 form part of these interim condensed financial information.

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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
 (A SAUDI JOINT STOCK COMPANY)
 INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

	<u>Three-months period ended</u>	
	<u>31 March 2019 (Unaudited) SR'000</u>	<u>31 March 2018 (Unaudited) SR'000</u>
Total income for the period	2,177	2,656
Other Comprehensive income		
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>		
- Available for sale investments:		
- Net change in fair value	<u>1,900</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,077	2,673
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE INSURANCE OPERATIONS	(198)	(237)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS	3,879	2,436

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The accompanying notes 1 to 19 form part of these interim condensed financial information.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

Three-months period ended	Share capital	Accumulated losses	Fair value reserve on available for sale investments	Remeasurement reserve of defined benefit obligation	Total
31 March 2019 – unaudited	SR '000	SR '000	SR '000	SR '000	SR '000
Balance as at 31 December 2018 (audited)	200,000	(61,233)	(759)	(360)	137,648
Change in fair value reserve on available-for-sale investments	-	-	1,900	-	1,900
Net income for the period attributable to shareholders	-	1,979	-	-	1,979
Zakat for the current period (note 10)	-	(983)	-	-	(983)
Income tax for the current period (note 10)	-	-	-	-	-
Balance as at 31 March 2019 (unaudited)	200,000	(60,237)	1,141	(360)	140,544

Three-month period ended	Share capital	Accumulated losses	Available-for-sale investments reserve	Total
31 March 2018 – unaudited				
Balance as at 31 December 2017 (audited)	200,000	(57,827)	(4,239)	137,934
Change in fair value reserve on available-for-sale investments	-	-	17	17
Net income for the period attributable to shareholders	-	2,419	-	2,419
Zakat for the current period (note 10)	-	(475)	-	(475)
Income tax for the current period (note 10)	-	-	-	-
Balance as at 31 March 2018 (unaudited)	200,000	(55,883)	(4,222)	139,895





The accompanying notes 1 to 19 form part of these interim condensed financial information.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019

	<i>Three-month period ended</i>	
	<u>31 March</u> 2019 <i>(Unaudited)</i>	<u>31 March</u> 2018 <i>(Unaudited)</i>
	SR'000	SR'000
Cash flows from operating activities:		
Net profit for the period	2,177	2,656
Adjustments for non-cash items:		
Depreciation of property and equipment	544	371
Depreciation of Intangible assets	221	165
Employees' terminal benefits	424	625
Allowance for doubtful debts	118	661
Realized (gain) on available for sale investments	(346)	(576)
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurers' receivable	(13,297)	(22,554)
Reinsurers' share of unearned premiums	(5,468)	1,959
Reinsurers' share of outstanding claims	(1,267)	5,987
Reinsurers' share of claims incurred but not reported	(769)	60
Deferred policy acquisition cost	(247)	1,334
Prepayments and other receivables	(8,955)	5,337
Increase in right of use assets – net	(9,305)	-
Increase in lease liabilities	8,650	-
Policyholders claims payable	(2,649)	1,089
Reinsurance payables	7,391	(7,803)
Unearned commission income	626	(142)
Unearned premiums	14,786	8,884
Outstanding claims	6,894	(2,355)
Claims incurred but not reported and other technical reserves	(4)	464
Accrued and other payables	7,066	2,793
	<u>6,590</u>	<u>(1,045)</u>
End of service indemnities paid	(39)	(275)
Zakat and income tax paid	-	(557)
Net cash used in operating activities	<u>6,551</u>	<u>(1,877)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(75)	(425)
Purchase of intangible assets	(875)	-
Increase in term deposits	(3,012)	-
Purchase of available for sale investments	(1,723)	(6,919)
Proceed from sale of available for sale investments	3,528	662
Net cash (used in) investing activities	<u>(2,157)</u>	<u>(6,682)</u>
Net (decrease) in cash and cash equivalents	4,394	(8,559)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	93,495	77,598
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	97,889	69,039
NON – CASH INFORMATION:		
Change in fair value of available for sale investments	1,900	17

The accompanying notes 1 to 19 form part of these interim condensed financial information.

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**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019-UNAUDITED**

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Allied Cooperative Insurance Group ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030171999 dated 9 Shabaan 1428H, corresponding to 22 August 2007.

The registered office address of the Company was situated at Al Malka District District, P. O. Box 40523, Riyadh 11511, Kingdom of Saudi Arabia. However, as per the Board of Directors resolution dated 30 January 2018, the registered office address of the Company has been changed to Al Heteen District P.O. Box 40523 Riyadh 11511, Kingdom of Saudi Arabia. The legal formalities to change the registered office address of the Company have been completed during the period ended 30 September 2018 and accordingly new Commercial Registration No. 1010417178 has been obtained.

The activities of the Company are to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. On 4 April 2009, the Company received a license from the Saudi Arabian Monetary Authority ("SAMA") to engage in insurance in Saudi Arabia. The Company commenced its commercial operations on 1 July 2009. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 August 2007.

There are 3 registered branches as set out below:

Branch	Commercial Registration Number	Place of issuance	Date
Branch of ACIG	2051043671	Al Khobar	12 Ramadan 1439 H
Branch of ACIG	5855035150	Khamis Mushayt	12 Ramadan 1439 H
Branch of ACIG	4030204059	Jeddah	12 Ramadan 1439 H

The Board of Directors on 7 March 2017 approved the study of a possibility of merger with Malath Cooperative Insurance Company (Malath). During the quarter ended 31 March 2018, the Board approved to extend the previously announced period by six months to sign a non-binding memorandum of understanding to conduct the technical, financial and legal studies necessary for the merger process and to present the results of the studies to the Board of Directors of the two companies. However, on 12 July 2018, the Board of Directors of ACIG decided not to continue the merger due to the failure to reach a preliminary agreement with Malath regarding the methodology used in evaluating the two companies.

2. BASIS OF PREPARATION

Statement of Compliance

The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax, which requires, adoption of all IFRS 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 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.

These interim condensed financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2018.

The Company follows a fiscal year ending 31 December.

The interim condensed financial information are expressed in Saudi Riyals, being the functional currency of the Company and have been rounded off to the nearest thousand, unless otherwise specified.

The preparation of interim condensed financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial information and the reported amounts of revenues and expenses during the reporting period. 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.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019—UNAUDITED—(continued)

2. BASIS OF PREPARATION – (continued)

Basis of presentation

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments. The Company's interim statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, term deposits, premiums and reinsurers' receivable - net, reinsurers' share of unearned premium, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, deferred policy acquisitions cost, due from related parties, prepaid expenses and other assets, policyholders claim payable, accrued and other liabilities, unearned premiums, unearned reinsurance commission, outstanding claims, claims incurred but not reported, other technical reserves, surplus distribution payable and Zakat and income tax. The following balances would generally be classified as non-current: end-of-service indemnities, investments, statutory deposit, accrued income on statutory deposit and property and equipment.

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. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim 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 Note No. 16 of the interim condensed financial information 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 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 information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised 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 statement of financial position, the statement of income, statement of comprehensive income, cash flows as well as certain relevant notes to the financial information represents additional supplementary information required as required by the implementing regulations.

As per the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders' operations	10%
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	100%

In case of deficit, the whole deficit will be transferred to Shareholders' operations.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019-UNAUDITED-(continued)

2. BASIS OF PREPARATION – (continued)

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

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

**Standard/
Interpretation**

Description

Effective date

IFRS 16 Leases 1 January 2019

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

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

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

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

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

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

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 4%.

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

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

Total operating lease commitments as at 31 December 2018	SR 14,258,600
Discounted using the lessee's incremental borrowing rate at date of initial application	(2,543,765)
Less: short-term leases recognised on a straight-line basis as expenses	(1,729,600)
Total lease liabilities recognised under IFRS 16 at 1 January 2019	<u>9,985,235</u>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019–UNAUDITED–(continued)**

2. BASIS OF PREPARATION – (continued)

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 information 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.

IFRS 17- "Insurance Contracts", applicable for the period beginning on or after 1 January 2021, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption is permitted if both IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied. The Company has decided not to early adopt this new standard.

IFRS 9 – "Financial Instruments", 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 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 2021. 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. The Company has decided to defer the implementation of IFRS 9.

The Company believes that IFRS 9 would have an impact on the classification of financial instruments required to be measured mandatorily at fair value. At present it is not possible to provide a reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 March 2019–UNAUDITED–(continued)

3. CASH AND CASH EQUIVALENTS

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
<i>Insurance operations</i>		
Cash in hand and at banks	92,130	83,409
	<u>92,130</u>	<u>83,409</u>
<i>Shareholders' operations</i>		
Cash in hand and at banks	5,759	10,086
	<u>5,759</u>	<u>10,086</u>

Cash at banks are placed with counterparties who have good credit ratings.

The carrying amounts disclosed above reasonably approximate fair value at the statement of interim financial position date.

4. TERM DEPOSITS

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
<i>Insurance Operations</i>		
Term deposits	133,816	138,256
	<u>133,816</u>	<u>138,256</u>
<i>Shareholders' Operations</i>		
Term deposits	56,435	48,983
	<u>56,435</u>	<u>48,983</u>

The term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have been an original maturity of more than three months and less than twelve months. The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019–UNAUDITED–(continued)

5. PREMIUMS AND REINSURERES' RECEIVABLE, NET

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Due from policyholders	80,611	75,050
Due from policyholders – related parties	3,767	3,752
Due from Brokers and agents	27,725	22,590
Receivables from reinsurers	8,477	5,891
Provision for doubtful debts	(13,423)	(13,305)
	<u>107,157</u>	<u>93,978</u>

Movement in provision for doubtful debts is as follows:

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Balance at the beginning of the period / year	13,305	5,806
Provisions made during the period / year	118	7,499
Balance at the end of the period / year	<u>13,423</u>	<u>13,305</u>

6. AVAILABLE-FOR-SALE INVESTMENTS

Shareholders' operations

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Investment in sukuk	25,000	25,000
Quoted securities	21,326	20,712
Unquoted securities	1,923	1,923
Units in quoted local real estate fund	9,926	10,099
	<u>58,175</u>	<u>57,734</u>

	Balance at the beginning of the period SR'000	Net movement during the period SR'000	Change in fair value for the period SR'000	Balance at the end of the period SR'000
As at 31 March 2019 – (Unaudited)				
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
Investment in sukuk	10,099	-	(173)	9,926
Units in quoted local real estate fund	25,000	-	-	25,000
Quoted securities	20,712	(1,459)	2,073	21,326
	<u>57,734</u>	<u>(1,459)</u>	<u>1,900</u>	<u>58,175</u>
	Balance at the beginning of the year SR'000	Net movement during the year SR'000	Change in fair value for the year SR'000	Balance at the end of the year SR'000
As at 31 December 2018 – (Audited)				
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
Units in quoted local real estate fund	-	9,992	107	10,099
Investment in sukuk	25,000	-	-	25,000
Quoted securities	16,800	6,728	(2,816)	20,712
	<u>43,723</u>	<u>16,720</u>	<u>(2,709)</u>	<u>57,734</u>

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6. AVAILABLE-FOR-SALE INVESTMENTS – (continued)

Investment in Najm for Insurance Services Company is classified under level 3. Investments in mutual funds and GACA Sukuk are classified under level 2. There is no movement in levels of investments.

7. STATUTORY DEPOSIT

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
<i>Shareholders' Operations</i>		
Statutory deposit	<u>20,000</u>	<u>20,000</u>

As required by Saudi Arabian Insurance Regulations, the Company deposited 10% of its paid up capital, amounting to SR 20 million in a bank designated by the Saudi Arabian Monetary Authority (SAMA). The Company cannot withdraw this deposit without SAMA's approval.

8. UNEARNED PREMIUMS, NET

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Unearned premiums	266,793	252,007
Reinsurance share of unearned premiums	(28,206)	(22,738)
	<u>238,587</u>	<u>229,269</u>

9. TECHNICAL RESERVES, NET

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Outstanding claims	49,313	42,419
Claims incurred but not reported	55,763	55,769
Additional premium deficiency reserves	1,980	2,020
Other technical reserves	1,838	1,796
	<u>108,894</u>	<u>102,004</u>
Less: Reinsurers' share of outstanding claims	(11,810)	(10,543)
Less: Reinsurers' share of claims incurred but not reported	(6,773)	(6,004)
	<u>90,311</u>	<u>85,457</u>

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10. ZAKAT AND INCOME TAX

Zakat and Income Tax

The Zakat and income tax payable by the Company has been calculated based on the best estimates of the management.

The movement in the Zakat payable is as follows:

	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Balance at the beginning of the period / year	5,086	2,103
Charge for the current period / year	983	5,764
Paid during the period / year	-	(2,781)
Balance at the end of the period / year	<u>6,069</u>	<u>5,086</u>
Balance at the end of the period / year for income tax	<u>25</u>	<u>25</u>
Total Zakat and income tax payable	<u>6,094</u>	<u>5,111</u>

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.

Income Tax

Foreign shareholder, being Islamic Development Bank (IDB) is exempted from income tax.

Status of assessment:

Zakat and income tax returns have been filed with the General Authority of Zakat and Tax ("GAZT") for the years ended up to 31 December 2017. Company is in the process of submitting Zakat and income tax returns for the year ended 31 December 2018. Final certificate has been received from GAZT for the year ended 31 December 2008. However, GAZT has raised an additional assessment in respect of the returns filed for the years ended 31 December 2008, 2009 and 2010 amounting to SR 1.86 million which has been paid. The major difference of additional assessment relates to disallowance of a portion of pre incorporation expenses and withholding tax. The Company has filed an objection against this additional assessment with the preliminary tax objection Committee subsequent to the year end, as adverse decision was received from the preliminary Tax Objection Committee, upon which the Company filed appeal with the Higher Objection Committee. The high appeal committee issued its decision in favour of the Company with respect to Zakat and rejected the appeal related to withholding tax. The Company has referred the matter to the board of grievance. In this regard, the Company has issued a letter of guarantee amounting to SAR 1.83 million in favour of GAZT (see contingency and commitment notes). And they have paid the amount of tax SAR 1.3 million. The company has raised an objection for unfavourable assessment raised by GAZT for the years 31 December 2013 till 2015 with the amount of SAR 4.98 million. The objection is currently under review by GAZT.

11. SHARE CAPITAL

The authorized, issued and paid up share capital of the Company is SR 200 million at period end consisting of 20 million shares of SR 10 each.

	31 March 2019 (Unaudited)		31 December 2018 (Audited)	
	% holding	SR'000	% holding	SR'000
Founding shareholders	40	80,000	40	80,000
General public	60	120,000	60	120,000
Balance at the end of the period / year	<u>100</u>	<u>200,000</u>	<u>100</u>	<u>200,000</u>

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12. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of issued and outstanding shares for the period.

13. STATUTORY RESERVE

As required by Saudi Arabian Insurance Regulations, 20% of the net shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of paid capital. No appropriation has been made as the Company has accumulated losses at the end of the period.

14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Major related party transactions during the period and the related balances at the end of the period / year are as follows:

Related party	Nature of transaction	Amount of transactions Three-months period ended		Closing balance Receivable / (Payable)	
		31 March 2019 (Unaudited) SR'000	31 March 2018 (Unaudited) SR'000	31 March 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Abiat (Affiliate)	Premiums written	2	2	77	75
	Claims paid	14	1	(10)	(13)
Fuji Saudi Arabia (Affiliate)	Premiums written	28	66	1,226	1,275
	Claims paid	291	136	(92)	(180)
GEEC (Affiliate)	Premiums written	127	133	640	575
	Claims paid	97	36	(57)	(50)
Mayar Holding (Affiliate)	Premiums written	-	18	191	200
	Claims paid	23	17	19	(11)
Saudi Drip (Affiliate)	Premiums written	-	6	260	-
	Claims paid	58	15	(29)	-
Taya Feed Mill Factory (Affiliate)	Premiums written	35	22	295	258
	Claims paid	13	9	(28)	(4)
Taya Real Estate (Affiliate)	Premiums written	-	12	151	99
	Claims paid	23	12	(14)	(3)
Taya Holding (Affiliate)	Premiums written	27	-	260	300
	Claims paid	37	41	(43)	(13)
GCP Co. (Affiliate)	Premiums written	4	-	127	122
	Claims paid	9	19	(9)	(12)

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Al Huda Charity Trust (Affiliate)	Premiums written	<u>3</u>	<u>-</u>	<u>38</u>	<u>35</u>
	Claims paid	<u>2</u>	<u>4</u>	<u>-</u>	<u>(1)</u>
Saudi Wings Co. (Affiliate)	Premiums written	<u>-</u>	<u>-</u>	<u>2</u>	<u>12</u>
	Claims paid	<u>468</u>	<u>2</u>	<u>-</u>	<u>-</u>
Taya Agriculture Co. (Affiliate)	Premiums written	<u>-</u>	<u>-</u>	<u>288</u>	<u>300</u>
	Claims paid	<u>39</u>	<u>20</u>	<u>(28)</u>	<u>(22)</u>
Bakri and sons Holding Co. (Affiliate)	Premiums written	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>(200)</u>	<u>(200)</u>
Saudi Drip Irrigation system Co. (Affiliate)	Premiums written	<u>17</u>	<u>-</u>	<u>-</u>	<u>28</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13)</u>
Red sea Marine services Co. (Affiliate)	Premiums written	<u>-</u>	<u>-</u>	<u>26</u>	<u>26</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Solaiman A.El Khareiji consultant (SAK) (Affiliate)	Premiums written	<u>-</u>	<u>87</u>	<u>-</u>	<u>-</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
M/s Arabian Gulf Co. For Maintenance & Contracting (Affiliate)	Premiums written	<u>-</u>	<u>-</u>	<u>66</u>	<u>65</u>
	Claims paid	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Abdullah Al Raya EST (Affiliate)	Premiums written	<u>15</u>	<u>-</u>	<u>20</u>	<u>4</u>
	Claims paid	<u>8</u>	<u>-</u>	<u>(3)</u>	<u>(8)</u>
M/s Edama Co Medical	Premiums written	<u>12</u>	<u>-</u>	<u>32</u>	<u>19</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
M/s Nama Real Estate	Premiums written	<u>16</u>	<u>-</u>	<u>38</u>	<u>21</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>
M/s Valie Real Estate	Premiums written	<u>1</u>	<u>-</u>	<u>14</u>	<u>13</u>

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	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Mr. Hesham Mohammed Abdullah Al Shareef and family	Premiums written	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
ACIG Bahrain (Shareholder)	Claims paid on behalf of ACIG Bahrain	<u>-</u>	<u>-</u>	<u>2,391</u>	<u>2,391</u>
Board and audit committee	Meetings fee	<u>82</u>	<u>90</u>	<u>-</u>	<u>-</u>
Key management personnel	Short term benefits	<u>1,369</u>	<u>1,369</u>	<u>47</u>	<u>77</u>
	Long term benefits	<u>101</u>	<u>107</u>	<u>(2,263)</u>	<u>(1,809)</u>

15. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities as stated below.

Segment results do not include general and administrative expenses, provision for doubtful debts and other income.

Segment assets do not include cash and cash equivalents, investments, prepayments and other receivables, and property and equipment, net.

Segment liabilities do not include reinsurance payables, accrued expenses and other liabilities, due to shareholders' operations and employees' terminal benefits.

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15. SEGMENTAL INFORMATION - (continued)

For three-months period ended
31 March 2019 (Unaudited)

	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue					
Gross premiums written	34,738	97,585	3,384	8,686	144,393
Less: Premiums ceded					
- Local	(679)	-	(75)	(517)	(1,271)
- Foreign	(5,904)	-	(1,744)	(7,297)	(14,945)
Less: Excess of loss premium					
- Local	-	(525)	(198)	(53)	(776)
- Foreign	-	(787)	(8)	(79)	(874)
Net written premiums	28,155	96,273	1,360	739	126,527
Changes in net unearned premiums	4,593	(14,304)	764	(371)	(9,318)
Net premiums earned	32,748	81,969	2,124	368	117,209
Other underwriting income	-	421	-	-	421
Reinsurance commission earned	-	4	153	718	875
Total revenues	32,748	82,394	2,277	1,086	118,505
Underwriting Costs and expenses					
Gross claims paid and loss adjustment expenses	33,033	60,459	119	75	93,686
Less: Reinsurers' share	(7,934)	(1,575)	(58)	(60)	(9,627)
Net claims paid	25,099	58,884	61	15	84,059
Changes in outstanding claims, net	1,796	3,585	112	136	5,629
Changes in incurred but not reported, net	1,487	(2,261)	-	-	(774)
Change in unallocated loss adjustment expense	21	20	-	-	41
Net claims incurred	28,403	60,228	173	151	88,955
Change in premium deficiency reserves	(40)	-	-	-	(40)
Policy acquisition cost	2,669	3,865	235	256	7,025
Other underwriting expense	390	1,208	-	-	1,598
Total underwriting costs and expenses	31,422	65,301	408	407	97,538
Net underwriting income	1,326	17,093	1,869	679	20,967
General and administrative expenses					(20,540)
Realized gain on available for sale investments					346
Provision of doubtful debts					(118)
Investment income					1,522
Total other operating expenses					(18,790)
Net Surplus					2,177
Surplus transferred to Shareholders'					(1,979)
Net result after transfer of surplus to shareholders'					198

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15. SEGMENTAL INFORMATION - (continued)

For three-months period ended
31 March 2018 (Unaudited)

	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue					
Gross premiums written	41,552	69,374	3,390	1,648	115,964
Less: Premiums ceded					
- Local	(888)	-	(10)	(158)	(1,056)
- Foreign	(6,098)	-	(1,510)	(1,040)	(8,648)
Less: Excess of loss premium					
- Local	-	(540)	(231)	(35)	(806)
- Foreign	-	(810)	(9)	(53)	(872)
Net written premiums	34,566	68,024	1,630	362	104,582
Changes in net unearned premiums	(11,981)	630	691	(183)	(10,843)
Net premiums earned	22,585	68,654	2,321	179	93,739
Other underwriting Income	2,416	2,539	-	-	4,955
Reinsurance commission earned	-	4	124	443	571
Total revenues	25,001	71,197	2,445	622	99,265
Underwriting Costs and expenses					
Gross claims paid and loss adjustment expenses	23,315	51,669	30	315	75,329
Less: Reinsurers' share	(7,161)	(185)	(12)	(273)	(7,631)
Net claims paid	16,154	51,484	18	42	67,698
Changes in outstanding claims, net	2,953	(1,954)	303	(63)	1,239
Changes in incurred but not reported, net	38	487	-	-	525
Net claims incurred	19,145	50,017	321	(21)	69,462
Policy acquisition cost	2,290	4,521	224	163	7,198
Other underwriting expense	70	229	-	-	299
Total underwriting costs and expenses	21,505	54,767	545	142	76,959
Net underwriting (loss)/income	3,496	16,430	1,900	480	22,306
General and administrative expenses					(20,604)
Realized gain on available for sale investments					576
Release of doubtful debts					(661)
Investment income					1,032
Other income					7
Total operating (expenses)/income					(19,650)
Net Surplus					2,656
Surplus transferred to Shareholders					2,419
Net result after transfer of surplus to shareholders					237

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15. SEGMENTAL INFORMATION - (continued)

As at 31 March 2019 (Unaudited)	Medical	Motor	General accident	Others	Total – Insurance operation	Shareholders' operations	Total
Assets							
Cash and cash equivalents	-	-	-	-	92,130	5,759	97,889
Premiums and reinsurers' receivable - net	-	-	-	-	107,157	-	107,157
Reinsurers' share of unearned premiums	10,711	8	3,464	14,023	28,206	-	28,206
Reinsurers' share of outstanding claims	4,416	2,869	4,055	470	11,810	-	11,810
Reinsurers' share of claims Incurred but not reported	4,261	-	1,054	1,458	6,773	-	6,773
Deferred policy acquisition costs	4,242	6,505	954	596	12,297	-	12,297
Investments	-	-	-	-	133,816	56,435	190,251
Unallocated assets	-	-	-	-	58,340	86,781	145,121
Total Assets	23,630	9,382	9,527	16,547	450,529	148,975	599,504
Liabilities							
Policyholders claims payable	-	-	-	-	6,092	-	6,092
Reinsurers' balances payable	-	-	-	-	18,896	-	18,896
Unearned premiums	58,301	178,821	14,741	14,930	266,793	-	266,793
Unearned reinsurance commission	-	2	482	1,408	1,892	-	1,892
Outstanding claims	20,594	21,108	6,830	781	49,313	-	49,313
Claims incurred but not reported	17,331	34,537	2,322	1,573	55,763	-	55,763
Other technical reserves	1,980	-	-	-	1,980	-	1,980
Loss Adjustment Expenses Reserve	190	1,391	201	56	1,838	-	1,838
Unallocated liabilities	-	-	-	-	47,962	148,975	196,937
Total liabilities	98,396	235,859	24,576	18,748	450,529	148,975	599,504

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15. SEGMENTAL INFORMATION - (continued)

As at 31 December 2018

	Medical	Motor	General accident	Others	Total - Insurance operation	Shareholders' operations	Total
Assets							
Cash and cash equivalents	-	-	-	-	83,409	10,086	93,495
Premiums and reinsurers' receivable - net	-	-	-	-	93,978	-	93,978
Reinsurers' share of unearned premiums	9,074	29	2,701	10,934	22,738	-	22,738
Reinsurers' share of outstanding claims	4,120	2,869	3,027	527	10,543	-	10,543
Reinsurers' share of claims Incurred but not reported	3,492	-	1,054	1,458	6,004	-	6,004
Deferred policy acquisition costs	4,824	5,874	964	388	12,050	-	12,050
Investments	-	-	-	-	138,256	48,983	187,239
Unallocated assets	-	-	-	-	40,447	85,722	126,169
Total Assets	21,510	8,772	7,746	13,307	407,425	144,791	552,216
Liabilities							
Policyholders claims payable	-	-	-	-	8,741	-	8,741
Reinsurers' balances payable	-	-	-	-	11,505	-	11,505
Unearned premiums	61,257	164,538	14,742	11,470	252,007	-	252,007
Unearned reinsurance commission	-	6	356	904	1,266	-	1,266
Outstanding claims	18,504	17,523	5,690	702	42,419	-	42,419
Claims incurred but not reported	15,075	36,798	2,323	1,573	55,769	-	55,769
Other technical reserves	2,188	1,371	201	56	3,816	-	3,816
Unallocated liabilities	-	-	-	-	31,902	144,791	176,693
Total liabilities	97,024	220,236	23,312	14,705	407,425	144,791	552,216

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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SEGMENTAL INFORMATION - (continued)

Gross written premium – For three months period ended 31 March 2019

	Medical	Motor	Properties and accidents	Protection and Savings	Total
Retail	3,092	94,230	1,320	-	98,642
Very Small	4,917	471	664	-	6,052
Small	10,107	1,069	3,040	-	14,216
Medium	4,478	1,059	661	-	6,198
Large	12,144	756	6,385	-	19,285
Total	34,738	97,585	12,070	-	144,393

Gross written premium – For three months period ended 31 March 2018

	Medical	Motor	Properties and accidents	Protection and Savings	Total
Retail	-	66,334	1,619	-	67,953
Very Small	814	138	610	-	1,562
Small	6,156	871	2,178	-	9,205
Medium	7,643	301	541	-	8,485
Large	26,939	1,730	90	-	28,759
Total	41,552	69,374	5,038	-	115,964

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16. SUPPLEMENTARY INFORMATION,

Interim statement of financial position As at 31 March	2019 (Unaudited)			2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Assets						
Cash and cash equivalents	92,130	5,759	97,889	83,409	10,086	93,495
Term deposits	133,816	56,435	190,251	138,256	48,983	187,239
Premiums and reinsurers' receivable – net	107,157	-	107,157	93,978	-	93,978
Reinsurers' share of unearned premium	28,206	-	28,206	22,738	-	22,738
Reinsurers' share of outstanding claims	11,810	-	11,810	10,543	-	10,543
Reinsurers' share of claims Incurred but not reported	6,773	-	6,773	6,004	-	6,004
Deferred policy acquisition cost	12,297	-	12,297	12,050	-	12,050
Due from related party	2,391	-	2,391	2,391	-	2,391
Prepaid expenses and other receivables	36,450	7,154	43,604	28,047	6,602	34,649
Property and equipment, net	10,194	-	10,194	10,009	-	10,009
Right of use asset, net	9,305	-	9,305	-	-	-
Available for sale Investments	-	58,175	58,175	-	57,734	57,734
Accrued income on statutory deposit	-	1,452	1,452	-	1,386	1,386
Statutory deposit	-	20,000	20,000	-	20,000	20,000
TOTAL ASSETS	450,529	148,975	599,504	407,425	144,791	552,216
Liabilities						
Policyholders claims payable	6,092	-	6,092	8,741	-	8,741
Accrued and other payables	23,843	525	24,368	17,016	286	17,302
Reinsurers' balances payable	18,896	-	18,896	11,505	-	11,505
Unearned reinsurance commission income	266,793	-	266,793	252,007	-	252,007
Unearned premiums	1,892	-	1,892	1,266	-	1,266
Other technical reserves	3,818	-	3,818	3,816	-	3,816
Outstanding claims	49,313	-	49,313	42,419	-	42,419
Claims incurred but not reported	55,763	-	55,763	55,769	-	55,769
Lease Liability	8,650	-	8,650	-	-	-
Employees' terminal benefits	10,174	-	10,174	9,789	-	9,789
Surplus distribution payable	5,655	-	5,655	5,457	-	5,457
Accrued zakat and income tax	-	6,094	6,094	-	5,111	5,111
Accrued commission on statutory deposit payable to SAMA	-	1,452	1,452	-	1,386	1,386
TOTAL LIABILITIES	450,889	8,071	458,960	407,785	6,783	414,568

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019-UNAUDITED-(continued)
SUPPLEMENTARY INFORMATION (continued)

at 31 March	2019 (Unaudited)			2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
EQUITY						
Share capital	-	200,000	200,000	-	200,000	200,000
Accumulated losses	-	(60,237)	(60,237)	-	(61,233)	(61,233)
Fair value reserve on investments	-	1,141	1,141	-	(759)	(759)
Total shareholders' equity	-	140,904	140,904	-	138,008	138,008
Actuarial Reserve For Employee Benefits	(360)	-	(360)	(360)	-	(360)
Total equity	(360)	140,904	140,544	(360)	138,008	137,648
TOTAL LIABILITIES AND EQUITY	450,529	148,975	599,504	407,425	144,791	552,216

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FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019–UNAUDITED–(continued)

16. SUPPLEMENTARY INFORMATION (continued)

Interim statement of income	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
For three-months period ended						
31 March (Unaudited)						
Revenue	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Gross premiums written	144,393	-	144,393	115,964	-	115,964
Less: Premiums ceded						
- Local	(1,271)	-	(1,271)	(1,056)	-	(1,056)
- Foreign	(14,945)	-	(14,945)	(8,648)	-	(8,648)
Less: Excess of loss premium						
- Local	(776)	-	(776)	(806)	-	(806)
- Foreign	(874)	-	(874)	(872)	-	(872)
Net written premiums	126,527	-	126,527	104,582	-	104,582
Changes in net unearned premiums	(9,318)	-	(9,318)	(10,843)	-	(10,843)
Net premiums earned	117,209	-	117,209	93,739	-	93,739
Other underwriting Income	421	-	421	4,955	-	4,955
Reinsurance commission earned	875	-	875	571	-	571
Total revenues	118,505	-	118,505	99,265	-	99,265
Underwriting Costs and expenses						
Gross claims paid	93,686	-	93,686	75,329	-	75,329
Less: Reinsurers' share	(9,627)	-	(9,627)	(7,631)	-	(7,631)
Net claims and other benefits paid	84,059	-	84,059	67,698	-	67,698
Changes in outstanding claims, net	5,629	-	5,629	1,239	-	1,239
Changes in incurred but not reported, net	(774)	-	(774)	525	-	525
Change in unallocated loss adjustment expense, net	41	-	41	-	-	-
Net claims and other benefits incurred	88,955	-	88,955	69,462	-	69,462
Change in premium deficiency reserve	(40)	-	(40)	-	-	-
Policy acquisition cost	7,025	-	7,025	7,198	-	7,198
Other underwriting expense	1,598	-	1,598	299	-	299
Total underwriting costs and expenses	97,538	-	97,538	76,959	-	76,959
Net underwriting (loss)/income	20,967	-	20,967	22,306	-	22,306
General and administrative expenses	(20,048)	(492)	(20,540)	(20,139)	(465)	(20,604)
Realized gain on available for sale investments	-	346	346	-	576	576
Provision of doubtful debts	(118)	-	(118)	(661)	-	(661)
Investment income	1,184	338	1,522	853	179	1,032
Other income	-	-	-	7	-	7
Total other operating (expenses) / income	(18,982)	192	(18,790)	(19,940)	290	(19,650)
Net Surplus	1,985	192	2,177	2,366	290	2,656
Surplus transferred to Shareholders	(1,787)	1,787	-	(2,129)	2,129	-
Net result after transfer of surplus to shareholders	198	1,979	2,177	237	2,419	2,656

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019-UNAUDITED-(continued)

16. SUPPLEMENTARY INFORMATION (continued)

For three-months period ended 31 March (Unaudited)	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Earnings per share (Expressed in SAR per share)						
Basic EPS	-	.10	.10	-	0.12	0.12
Interim statement of comprehensive income						
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Shareholders' absorption of deficit/ (Surplus transferred to Shareholders)	198	1,979	2,177	237	2,419	2,656
Other comprehensive income/(loss)						
Items that are or may be reclassified to consolidated statement of income in subsequent periods:						
Net change in fair value of available for sale investments	-	1,900	1,900	-	17	17
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	198	3,879	4,077	237	2,436	2,673

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019–UNAUDITED–(continued)

16. SUPPLEMENTARY INFORMATION (continued)

Interim statement of cash flow For three-months period ended 31 March (Unaudited)	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit for the period	198	1,979	2,177	237	2,419	2,656
Adjustments for non-cash items:						
Depreciation	765	-	765	536	-	536
Employees' terminal benefits	424	-	424	625	-	625
Allowance for/(Reversal of) doubtful debts	118	-	118	661	-	661
Realized (gain) on available for sale investments	-	(346)	(346)	-	(576)	(576)
<i>Changes in operating assets and liabilities:</i>						
Premiums and reinsurers' receivable	(13,297)	-	(13,297)	(22,554)	-	(22,554)
Reinsurers' share of unearned premiums	(5,468)	-	(5,468)	1,959	-	1,959
Reinsurers' share of outstanding claims	(1,267)	-	(1,267)	5,987	-	5,987
Reinsurers' share of claims Incurred but not reported	(769)	-	(769)	60	-	60
Deferred policy acquisition cost	(247)	-	(247)	1,334	-	1,334
Prepayments and other receivables	(8,403)	(552)	(8,955)	5,599	(262)	5,337
Increase in right of use asset	(9,305)	-	(9,305)	-	-	-
rease in lease liability	8,650	-	8,650	-	-	-
Policyholders claim payable	(2,649)	-	(2,649)	1,089	-	1,089
Reinsurance payable	7,391	-	7,391	(7,803)	-	(7,803)
Unearned commission income	626	-	626	(142)	-	(142)
Unearned premiums	14,786	-	14,786	8,884	-	8,884
Outstanding claims	6,894	-	6,894	(2,355)	-	(2,355)
Claims incurred but not reported	(4)	-	(4)	464	-	464
Accrued and other payables	6,827	239	7,066	2,480	313	2,793
	5,270	1,320	6,590	(2,939)	1,894	(1,045)
End-of-service indemnities paid	(39)	-	(39)	(275)	-	(275)
Zakat and income tax paid	-	-	-	-	(557)	(557)
Net cash (used in) /generated from operating activities	5,231	1,320	6,551	(3,214)	1,337	(1,877)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2019-UNAUDITED-(continued)

SUPPLEMENTARY INFORMATION (continued)

Three-months period ended March (Unaudited)	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
FLOW FROM INVESTING ACTIVITIES						
Acquisition of property and equipment	(75)	-	(75)	(425)	-	(425)
Acquisition of Intangible	(875)	-	(875)	-	-	-
Acquisition in term deposits	4,440	(7,452)	(3,012)	-	-	-
Acquisition of available for sale investments	-	(1,723)	(1,723)	-	(6,919)	(6,919)
Proceeds from sale of available for sale investments	-	3,528	3,528	-	662	662
Cash generated from/(used in) investing activities	3,490	(5,647)	(2,157)	(425)	(6,257)	(6,682)
Decrease) in cash and cash equivalents	8,721	(4,327)	4,394	(3,639)	(4,920)	(8,559)
Cash and cash equivalents at the beginning of the period	83,409	10,086	93,495	44,283	33,315	77,598
Cash and cash equivalents at the end of the period	92,130	5,759	97,889	40,644	28,395	69,039

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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17. CONTINGENT LIABILITY

As at 31 March 2019, the Company has a letter of guarantee amounting to SR 1.83 million (31 December 2018: SR 1.83 million) in favor of GAZT (See Note 10). A margin of SR 1.83 million (31 December 2017: SR 1.83 million) being deposited with a bank for this purpose and is included in prepayments and other receivables in the interim statement of financial position. The Company has paid the assessment amount and requested for releasing of above mentioned guarantee amount.

18. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.

19. APPROVAL OF INTERIM CONDENSED FINANCIAL INFORMATION

These interim condensed financial information have been approved by the board of directors on 30 April 2019 corresponding to 25 shaaban 1440H.