

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

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

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

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

**TO: THE SHAREHOLDERS OF AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of **Al Alamiya for Cooperative Insurance Company** (A Saudi Joint Stock Company) (the "Company") as at March 31, 2019, the interim condensed statements of income and comprehensive income, changes in equity and cash flows for the three month period then ended and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34, "Interim Financial Reporting" as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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 that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

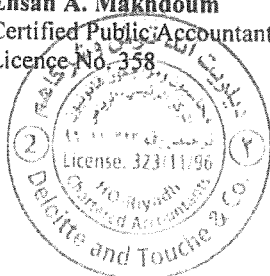
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at March 31, 2019 of **Al Alamiya for Cooperative Insurance Company** are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as modified by SAMA for the accounting of zakat and income tax.

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9 Ramadan 1440H  
13 May 2019

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019

		SAR '000	
	<i>Notes</i>	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	4	70,962	55,676
Term deposits		393,659	411,230
Premiums and reinsurer' receivable, net	5	61,815	70,868
Reinsurers' share of unearned premiums	7.2	52,773	56,537
Deferred excess of loss premiums		3,201	--
Reinsurers' share of outstanding claims	7.1	41,754	44,355
Reinsurers' share of claims incurred but not reported	7.1	9,227	8,230
Deferred policy acquisition costs		7,743	4,631
Investments	6	130,608	92,982
Due from related parties	11	--	630
Prepaid expenses and other assets		8,731	7,117
Property and equipment		1,990	1,541
Statutory deposit		40,000	40,000
Accrued income on statutory deposit		3,059	3,059
<b>TOTAL ASSETS</b>		<b>825,522</b>	<b>796,856</b>

  
Khalid Allagany  
CEO and Managing Director

  
Fadi Aboul Hosn  
Chief Financial Officer

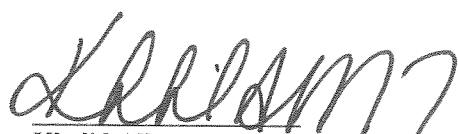
The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.


AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 31 MARCH 2019

		SAR '000	
		March 31, 2019	December 31, 2018
	Notes	(Unaudited)	(Audited)
<b>LIABILITIES</b>			
Outstanding claims reserve	7.1	81,343	85,720
Claims incurred but not reported	7.1	42,050	46,357
Other technical reserves	7.1	538	693
Accrued and other liabilities		36,023	35,784
Reinsurers' balances payable		74,265	52,784
Unearned premiums	7.2	117,554	112,473
Accounts payables		7,220	8,471
Unearned reinsurance commission		5,084	3,366
Due to related parties		1,523	1,045
End-of-service indemnities		11,330	11,650
Zakat and income tax	12	40,350	38,153
Accrued commission income payable to SAMA		3,059	3,059
<b>TOTAL LIABILITIES EXCLUDING INSURANCE OPERATIONS' SURPLUS</b>		<b>420,339</b>	<b>399,555</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		10,923	10,263
Actuarial reserve for employee benefits		(457)	(457)
<b>TOTAL INSURANCE OPERATIONS' SURPLUS</b>		<b>10,466</b>	<b>9,806</b>
<b>TOTAL LIABILITIES</b>		<b>430,805</b>	<b>409,361</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	400,000	400,000
Accumulated losses		(5,256)	(10,836)
Fair value reserve for available for sale investments		(27)	(1,669)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>394,717</b>	<b>387,495</b>
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>		<b>825,522</b>	<b>796,856</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	8	<b>1,202</b>	<b>886</b>

  
Khalid Allagany  
CEO and Managing Director

  
Fadi Aboul Hosn  
Chief Financial Officer

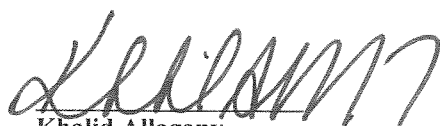
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AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

FOR THE THREE MONTH PERIOD ENDED 31 MARCH

	SAR '000	
	2019	2018
<b>REVENUES</b>		
Gross premiums written		
- Direct	71,083	100,619
- Reinsurance	429	120
	71,512	100,739
Reinsurance premiums ceded		
- Local	(897)	(1,795)
- Foreign	(26,708)	(28,518)
	(27,605)	(30,313)
Excess of loss premium		
- Local	(206)	--
- Foreign	(4,599)	(7,641)
	(4,805)	(7,641)
Total reinsurance premium ceded	7.2 (32,410)	(37,954)
<b>NET PREMIUMS WRITTEN</b>	39,102	62,785
Changes in unearned premiums	(5,081)	(30,942)
Changes in reinsurance share of unearned premiums	(3,764)	(2,967)
Changes in excess of loss premiums	3,201	5,879
<b>NET PREMIUMS EARNED</b>	33,458	34,755
Reinsurance commissions	2,403	3,706
<b>TOTAL REVENUES</b>	35,861	38,461
<b>UNDERWRITING COSTS AND EXPENSES</b>		
Gross claims paid	(24,932)	(19,995)
Reinsurers' share of claims paid	5,143	4,427
<b>NET CLAIMS PAID</b>	(19,789)	(15,568)
Changes in outstanding claims	4,377	(3,656)
Changes in reinsurance share of outstanding claims	(2,601)	(1,315)
Changes in IBNR, net	5,304	10,351
Changes in other technical reserves	155	1,082
<b>NET CLAIMS INCURRED</b>	(12,554)	(9,106)
Policy acquisition costs	(4,812)	(4,679)
Other underwriting expenses	(363)	(430)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(17,729)	(14,215)
<b>NET UNDERWRITING INCOME</b>	18,132	24,246
<b>OTHER OPERATING (EXPENSES) / INCOME</b>		
(Allowance)/reversal for doubtful debts	1,903	(1,214)
General and administrative expenses	(15,307)	(13,874)
Investment income on term deposits	3,026	1,913
Other investment income	696	528
Other income	--	--
<b>TOTAL OTHER OPERATING EXPENSES</b>	(9,682)	(12,647)
<b>TOTAL INCOME FOR THE PERIOD</b>	8,450	11,599
<b>TOTAL INCOME FOR THE PERIOD ATTRIBUTED TO THE INSURANCE OPERATIONS</b>	15B (673)	(1,052)
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>	7,777	10,547
<b>BASIC AND DILUTED EARNINGS PER SHARE(SAR)</b>	0.19	0.26

  
Khalid Allagany  
CEO and Managing Director


  
Fadi Aboul Hosn  
Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH

		SAR '000	
	<u>Notes</u>	2019	2018
Total income for the period		8,450	11,599
<b>OTHER COMPREHENSIVE INCOME /(LOSS)</b>			
<i>-Items that may be reclassified to interim condensed statement of income in subsequent periods</i>			
Change in fair value of available for sale investments	6	1,642	(424)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		10,092	11,175
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTED TO THE INSURANCE OPERATIONS</b>	15C	(673)	(1,052)
<b>NET COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>		9,419	10,123

  
Khalid Allagany  
CEO and Managing Director

  
Fadi Aboul Hosn  
Chief Financial Officer

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AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH  
Unaudited - SAR in '000'

2019

Balance at January 1, 2019

Total comprehensive income /(loss) for the period

Changes in fair values of available for sale investments

Net income for the period attributable to shareholders

Total comprehensive income (loss) for the period attributable to shareholders

Zakat and income tax charge

Balance at March 31, 2019

<u>Notes</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Fair value reserve for available for sale investments</u>	<u>Total Equity</u>
	400,000	(10,836)	(1,669)	387,495
6	--	--	1,642	1,642
	--	7,777	--	7,777
	400,000	(3,059)	(27)	396,914
12	--	(2,197)	--	(2,197)
	400,000	(5,256)	(27)	394,717

2018

Balance at January 1, 2018

Total comprehensive income for the period

Changes in fair values of available for sale investments

Net income for the period Attributable to shareholders

Total comprehensive income (loss) for the period attributable to shareholders

Zakat and income tax charge

Balance at March 31, 2018

<u>Notes</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Fair value reserve for available for sale investments</u>	<u>Total Equity</u>
	400,000	(32,275)	(860)	366,865
	--	--	(424)	(424)
	--	10,547	--	10,547
	400,000	(21,728)	(1,284)	376,988
	--	(2,310)	--	(2,310)
	400,000	(24,038)	(1,284)	374,678

  
Khalid Allagany  
CEO and Managing Director

  
Fadi About Hosn  
Chief Financial Officer

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**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH**

	<i>Note</i>	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period		8,450	11,599
Adjustments for non-cash items:			
Depreciation of property and equipment		111	62
Amortizations of investments		(19)	120
Allowance for provisions for doubtful debts		(1,903)	1,214
Provision for end-of-service indemnities		400	400
		<u>7,039</u>	<u>13,395</u>
<u>Changes in operating assets and liabilities:</u>			
Premiums and reinsurers' receivable		10,956	(22,229)
Reinsurers' share of unearned premiums		3,764	2,967
Reinsurers' share of outstanding claims		2,601	1,315
Reinsurers' share of claims Incurred but not reported		(997)	8,700
Deferred policy acquisition costs		(3,112)	(4,196)
Deferred excess of loss premiums		(3,201)	(5,879)
Due from related parties		630	31
Prepaid expenses and other assets		(1,614)	(5,029)
Statutory deposits		--	(855)
Accounts payables		(1,251)	(1,503)
Accrued and other liabilities		239	(1,009)
Reinsurers' balances payable		21,481	4,723
Unearned premiums		5,081	30,942
Unearned reinsurance commission		1,718	142
Outstanding claims		(4,377)	3,656
Claims incurred but not reported		(4,307)	(19,052)
Other technical reserves		(155)	(1,082)
Accrued commission income payable to SAMA		--	855
Due to related parties		478	267
		<u>34,973</u>	<u>6,159</u>
End-of-service indemnities paid		(720)	(28)
Surplus paid to policy holders		(13)	--
<b>Net cash generated from operating activities</b>		<u>34,240</u>	<u>6,131</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Additions) in investments, net		(35,965)	(15,624)
Disposals in term deposits, net		17,571	9,776
Additions in property and equipment		(560)	(65)
<b>Net cash (used in) investing activities</b>		<u>(18,954)</u>	<u>(5,913)</u>
Net change in cash and cash equivalents		15,286	218
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD		54,976	15,751
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	4	<u>70,262</u>	<u>15,969</u>
<b>NON-CASH INFORMATION</b>			
Change in fair value of available for sale investments	6	1,642	(424)

  
Khalid Allagany  
CEO and Managing Director

  
Fadi Aboul Hosn  
Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

# AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2019

### 1. ORGANISATION AND PRINCIPAL ACTIVITIES

Al Alamiya for Cooperative Insurance Company ("the Company") is a Saudi Joint Stock Company registered on 29 Dhu-al Qu'dah, 1430H (17 November 2009) under commercial registration (CR) number 4030194978. The registered head office of the Company is in Riyadh under CR number of 1010287831 with branches in Jeddah (CR 4030194978) and Khobar (CR 2051042939). The registered address of the Company's head office is as follows:

Al Alamiya for cooperative insurance company  
Prince Mohammed bin Abdul Aziz Road,  
Home Centre Building, P.O. Box: 6393,  
Riyadh 11442, Kingdom of Saudi Arabia

The activities of the Company are to transact cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 26 Dhu Al Hijjah, 1430H (13 December 2009), the Company received the license from Saudi Arabian Monetary Authority ("SAMA") to transact insurance business in the Kingdom of Saudi Arabia.

### 2. BASIS OF PREPERATION

#### (a) Basis of presentation

The interim condensed financial information of the Company has been prepared in accordance with '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 April 11, 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.

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 condensed 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, re insurance share of unearned premiums, reinsurance share of outstanding claims, deferred policy acquisition costs, deferred excess of loss premiums, prepaid expenses and other assets and investments with the exception of available for sale investments in insurance operations. The following balances would generally be classified as non-current property and equipment, statutory deposit, accrued interest on statutory deposit and available for sale investments in insurance operations

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 interim condensed statement of financial position, statement of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in note 15 of the 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 condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred below in note 15 reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

# AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended 31 March, 2019

### 2. BASIS OF PREPERATION (CONTINUED)

#### (a) Basis of presentation (continued)

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. Surplus from insurance operations' and actuarial reserves from employee benefits are shown separately as Insurance Operations' Surplus in the statement of financial position.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% is to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Arabian Monetary Authority ("SAMA"). Any deficit arising on insurance operations is transferred to the shareholders' operations in full.

The interim condensed financial information do not include all of the information required for full annual financial information and should be read in conjunction with the annual financial information as of and for the year ended December 31, 2018.

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

#### (b) Critical accounting judgments, estimates and assumptions

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

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

#### (c) Seasonality of operations

The Company operates in an industry where significant seasonal or cyclical variations in operating income are experienced during the financial year.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial information for the year ended 31 December 2018 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had no significant financial impact on the unaudited interim condensed financial statements of the Company in the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior year have been reclassified to conform to the presentation made in the current period.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended 31 March, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Standards issued but not yet effective*

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 condensed 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.

*IFRS 16 Leases*

'The Company adopted IFRS 16 using the modified retrospective approach. The Company elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company elected to use the exemptions proposed by the standard regarding lease contracts for which the lease term ends within 12 months of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has performed an assessment of IFRS 16 and determined the difference as compared to IAS 17 and IFRIC 4 is not material to the Company's financial statements as a whole.

'The details of new significant accounting policy and the nature are set out below.

'All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- '• Leases of low value assets; and
- '• Leases with a term of 12 months or less.

'Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental commission rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

'On initial recognition, the carrying value of the lease liability also includes:

- '• amounts expected to be payable under any residual value guarantee;
- '• the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- '• any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

'Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- '• lease payments made at or before commencement of the lease;
- '• initial direct costs incurred; and
- '• the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

'Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended 31 March, 2019

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

***IFRS 16 Leases (continued)***

'When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

***IFRS 9 Financial Instruments***

The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company will avail of the exemptions available to insurers and is considering deferring the implementation of IFRS 9 until a later date, but no later than January 1, 2021. 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. At the date of publication of these financial statements, it was not practicable to quantify what the potential impact would be on the financial statements once IFRS 9 will be adopted.

***IFRS 17 - Insurance Contracts***

IFRS 17 'Insurance contracts' was published on May 18, 2017 with the effective date of 1 January 2021. IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For non-life and short-term life insurance contracts IFRS 17 introduces mandatory discounting of loss reserves as well as a risk adjustment for non-financial risk, for which confidence level equivalent disclosure will be required. Further, IFRS 17 will change the presentation of insurance contract revenue, as gross premiums written will no longer be presented in profit or loss. At the date of publication of these financial statements, it was not practicable to quantify what the potential impact would be on the financial statements once IFRS 17 will be adopted.

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three month period ended 31 March, 2019

**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

<b>SAR'000</b>	<b>March 31, 2019 (Unaudited)</b>	<b>December 31, 2018 (Audited)</b>
Bank balances and cash – Insurance operations	25,934	12,175
Bank balances and cash – Shareholders' operations	44,328	1,374
Short term deposits – Shareholders' operations	--	41,427
Cash and cash equivalents in statement of cashflows	70,262	54,976
Deposits against letters of guarantee – Insurance operations	700	700
<b>Total</b>	<b>70,962</b>	<b>55,676</b>

The Company holds an amount of SAR 700 thousand (31 December 2018: SAR 700 thousand) in the statement of financial position of Insurance Operations, in respect of cash and cash equivalents against letters of guarantee in favor of the Company's service providers.

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

Receivables comprise amounts due from the following:

<b>SAR'000</b>	<b>Insurance operations</b>	
	<b>March 31, 2019 (Unaudited)</b>	<b>December 31, 2018 (Audited)</b>
Policyholders	25,904	46,443
Brokers and agents	39,544	28,424
Related parties (note 11)	7,558	8,496
Receivables from reinsurers	3,242	4,362
	76,248	87,725
Provision for doubtful receivables	(14,433)	(16,857)
<b>Premiums and reinsurers' receivable – net</b>	<b>61,815</b>	<b>70,868</b>

Allowance for impairment of receivables includes SAR 1.4 million (31 December 2018: SAR 1.6 million) against receivables from related parties.

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**6. INVESTMENTS**

Investments are classified as follows:

<b>SAR'000</b>	<b>March 31, 2019 (Unaudited)</b>	<b>December 31, 2018 (Audited)</b>
Available for sale investments – Insurance operations *	1,923	1,923
Available for sale investments – Shareholders' operations	128,685	91,059
<b>Total available for sale investments</b>	<b>130,608</b>	<b>92,982</b>

\* This represents an investment in respect of the Company's shareholding in Najm for Insurance Services which provides loss determination services for motor class. This investment has been carried at cost in the absence of an active market or other means of reliably measuring its fair value. There has been no movement in this investment during the period ended 31 March 2019 and during the year ended 31 December 2018.

Movement in the investment balance for shareholders' operations is as follows:

	<b>Shareholders' operations</b>	
<b>SAR'000</b>	<b>March 31, 2019 (Unaudited)</b>	<b>December 31, 2018 (Audited)</b>
Opening balance	91,059	75,355
Purchases	35,965	44,564
Maturities	--	(27,750)
Amortization of investments	19	(301)
Changes in fair value of investments	1,642	(809)
<b>Closing balance</b>	<b>128,685</b>	<b>91,059</b>

The geographical split of investments held as available for sale comprise of sukuks/ bonds issued by Government of Kingdom of Saudi Arabia and GCC (Gulf Cooperation Council) based companies through international stock exchanges.

These investments include Bonds and Sukuks amounting to SAR 15.5 million which are maturing in the next twelve months.

The cumulative unrealized loss in fair value of available for sale investments amounts to SR 0.03 million (31 December 2018: loss of SR 1.67 million) is presented with in the shareholders' equity in the statement of financial position.

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**7. TECHNICAL RESERVES**

**7.1 NET OUTSTANDING CLAIMS AND RESERVES**

Net outstanding claims and reserves comprise of the following:

SAR'000	Insurance operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Outstanding claims	103,145	107,034
Less: Realizable value of salvage and subrogation	(21,802)	(21,314)
Outstanding claims reserve	81,343	85,720
Claims incurred but not reported	42,050	46,357
Other technical reserves	538	693
	123,931	132,770
Less:		
- Reinsurers' share of outstanding claims	(41,754)	(44,355)
- Reinsurers' share of claims Incurred but not reported	(9,227)	(8,230)
	(50,981)	(52,585)
<b>Net outstanding claims and reserves</b>	<b>72,950</b>	<b>80,185</b>

**7.2 MOVEMENT IN UNEARNED PREMIUMS**

Movement in unearned premiums comprise of the following

SAR'000	Three months period ended March 31, 2019 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	112,473	(56,537)	55,936
Premium written during the period	71,512	*(32,410)	39,102
Premium earned during the period	(66,431)	32,973	(33,458)
Balance as at the end of the period	117,554	** (55,974)	61,580

\* This amount includes SR 26.5 million for reinsurance premium ceded abroad, SR 1.1 million for reinsurance premium ceded locally and SR 4.8 million for excess of loss expenses.

\*\*This amount includes SR 52.8 million for Reinsurers' share of unearned premiums and SR 3.2 million for Deferred excess of loss premiums.

SAR'000	Year ended December 31, 2018 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	100,103	(49,140)	50,963
Premium written during the year	293,533	*(136,111)	157,422
Premium earned during the year	(281,163)	128,714	(152,449)
Balance as at the end of the year	112,473	(56,537)	55,936

\* This amount includes SR 125.3 million for reinsurance premium ceded abroad, SR 3.2 million for reinsurance premium ceded locally and SR 7.7 million for excess of loss expenses.



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### 8. COMMITMENTS AND CONTINGENCIES

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

SAR'000	March 31,2018 (Unaudited)	December 31, 2018 (Audited)
Letters of guarantee	700	700
Commitments for the rents	502	186
<b>Total</b>	<b>1,202</b>	<b>886</b>

b) The Company is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management believes that such proceedings (including litigations) will not have a material effect on its results and financial position. The Company did not have any significant outstanding legal proceedings as at the reporting date. There was no change in the status of legal proceedings as disclosed in the annual financials of December 31, 2018.

### 9. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous accessible market for the asset or liability

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

#### Determination of fair value and fair value hierarchy

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

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

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

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

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

SAR'000s March 31, 2019	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
<b><u>Shareholders' operations</u></b>					
Available for sale investments					
Bonds and Sukuks	128,685	128,685	--	--	128,685
<b><u>Insurance Operations</u></b>					
Najm	1,923	--	--	1,923	1,923
	130,608	128,685	--	1,923	130,608

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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### 9. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### a. Carrying amounts and fair value (1)

SAR'000s December 31, 2018	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Shareholders' operations</u>					
Available for sale investments measured at fair value					
Bonds and Sukuks	91,059	91,059	--	--	91,059
<u>Insurance Operations</u>					
Najm	1,923	--	--	1,923	1,923
	92,982	91,059	--	1,923	92,982

The unlisted security of SR 1.92 million (2018: SR 1.92 million) held as part of Company's insurance operations, were stated at cost in the absence of active markets or other means of reliably measuring their fair value.

During the period ended 31 March 2019, there were no transfers into or out of level 3 fair value measurements. To determine the fair value of such investments, management used a valuation technique in which all significant inputs were based on observable market data. There were no transfers from Level 1 to Level 2 during the period ended 31 March 2019.

### 10. OPERATING SEGMENTS

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

Segment assets and liabilities comprise operating assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2018.

Segment assets do not include (in respect of insurance operations) property and equipment, due from shareholders' operations, bank balances and cash and cash equivalents, prepaid expenses and other assets, premiums and reinsurance balances receivable, net. Accordingly, these are included in unallocated assets and are managed and reported to the chief operating decision maker on a centralized basis.

Segment liabilities do not include (in respect of insurance operations) employees' end of service benefits, reinsurance balances payable, accrued expenses and other liabilities. Accordingly these are included in unallocated liabilities and are managed and reported to the chief operating decision maker on a centralized basis.

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

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10. OPERATING SEGMENTS (CONTINUED)

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

As at March 31, 2019 (Unaudited)										
Operating segments	Insurance operations							Shareholders' operations	Total	
	Property	Motor	Engineering	Medical	Marine	Group life	Others			Total - Insurance operations
SAR'000										
Assets										
Reinsurers' share of unearned premiums	28,014	1,353	9,913	12,343	2,210	670	1,471	55,974	--	
Reinsurers' share of outstanding claims	14,278	2,082	2,977	7	2,966	17,228	2,216	41,754	--	
Reinsurers' share of claims Incurred but not reported	966	--	517	3,295	583	3,410	456	9,227	--	
Deferred policy acquisition costs	1,618	4,910	682	1	264	53	215	7,743	--	
Unallocated assets	--	--	--	--	--	--	--	329,722	442,831	
Total assets	44,876	8,345	14,089	15,646	6,023	21,361	4,358	444,420	887,251	
Outstanding claim reserve	17,141	28,037	3,976	58	5,683	23,455	2,993	81,343	--	
Claims incurred but not reported	1,209	29,921	749	4,131	803	4,546	691	42,050	--	
Other technical reserves	--	--	--	538	--	--	--	538	--	
Unearned premiums	34,528	49,540	10,943	14,682	2,706	571	4,584	117,554	--	
Unearned reinsurance commission	2,545	--	1,703	--	629	63	144	5,084	--	
Unallocated liabilities	--	--	--	--	--	--	--	197,851	442,831	
Total Liabilities, Insurance operations' surplus and shareholders' equity	55,423	107,498	17,371	19,409	9,821	28,635	8,412	444,420	887,251	

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10. OPERATING SEGMENTS (CONTINUED)

As at December 31, 2018

Operating segments	Insurance operations							Shareholders' operations	Total
	Property	Motor	Engineering	Medical	Marine	Group life	Others	Total - Insurance operations	
	SAR'000								
<b>Assets</b>									
Reinsurers' share of unearned premiums	28,138	--	7,674	15,994	1,636	48	3,047	56,537	--
Reinsurers' share of outstanding claims	14,859	2,083	4,918	2	4,752	15,517	2,224	44,355	--
Reinsurers' share of claims Incurred but not reported	1,562	--	1,098	625	193	3,904	848	8,230	--
Deferred policy acquisition costs	762	3,037	497	4	110	58	163	4,631	--
Unallocated assets	--	--	--	--	--	--	--	302,359	433,421
<b>Total assets</b>	<b>45,321</b>	<b>5,120</b>	<b>14,187</b>	<b>16,625</b>	<b>6,691</b>	<b>19,527</b>	<b>6,282</b>	<b>416,112</b>	<b>849,533</b>
<b>Liabilities and shareholders' equity</b>									
Outstanding claim reserve	17,149	30,258	6,372	52	7,408	21,223	3,258	85,720	--
Claims incurred but not reported	1,805	35,938	1,132	905	188	5,204	1,185	46,357	--
Other technical reserves	--	--	--	693	--	--	--	693	--
Unearned premiums	37,368	37,970	8,431	19,164	3,135	444	5,961	112,473	--
Unearned reinsurance commission	1,239	--	1,590	--	360	1	176	3,366	--
Unallocated liabilities	--	--	--	--	--	--	--	167,503	433,421
<b>Total Liabilities, Insurance operations' surplus and shareholders' equity</b>	<b>57,561</b>	<b>104,166</b>	<b>17,525</b>	<b>20,814</b>	<b>11,091</b>	<b>26,872</b>	<b>10,580</b>	<b>416,112</b>	<b>849,533</b>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

## 10. OPERATING SEGMENTS (CONTINUED)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

10. OPERATING SEGMENTS (CONTINUED)

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For the three month period ended March 31, 2019

10. OPERATING SEGMENTS (CONTINUED)

Customer wise portfolio

	For the three months ended March 31, 2019 - (Unaudited)				
	SAR'000				
Gross premiums written	Medical	Motor	Property, General Accident & Others	Protection (Group Life) & Savings	Total
Individual	--	3,424	671	--	4,095
Large	(3,489)	28,618	21,641	8,211	54,981
Medium	1,869	1,941	3,669	143	7,622
Micro	15	--	20	--	35
Small	2,263	715	1,801	--	4,779
	658	34,698	27,802	8,354	71,512

	For the three months ended March 31, 2018 - (Unaudited)				
	SAR'000				
Gross premiums written	Medical	Motor	Property, General Accident & Others	Protection (Group Life) & Savings	Total
Individual	--	3,185	575	--	3,760
Large	14	50,697	27,903	6,900	85,514
Medium	31	1,782	6,348	469	8,630
Micro	--	10	--	--	10
Small	(7)	498	2,161	173	2,825
	38	56,172	36,987	7,542	100,739

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**11. RELATED PARTY TRANSACTIONS AND BALANCES**

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

<u><b>Entities controlled, jointly controlled or significantly influenced by related parties</b></u>	<b>Transactions for the period ended</b>	
	<b>March 31, 2019 (Unaudited)</b>	<b>March 31, 2018 (Unaudited)</b>
	<b>SAR' 000</b>	
Gross premiums written	20,067	19,507
Gross claims paid	12,357	6,083
Reinsurance premium ceded	8,194	7,023
Reinsurance share of gross claim paid	594	259
Reinsurance commission income	2,552	2,090
Technical service charges	1,908	1,846
Brand fees	8	8
Operational expenses paid on behalf of affiliates and reinsurance placements	24	82
Operational expenses paid by affiliates on behalf of Company	(819)	(441)
<b>Balance receivable / (payable) as at</b>		
<u><b>Entities controlled, jointly controlled or significantly influenced by related parties</b></u>	<b>March 31, 2019 (Unaudited)</b>	<b>December 31, 2018 (Audited)</b>
	<b>SAR'000</b>	
Premium receivable	7,558	8,496
Reinsurance balance payable	(8,499)	(9,338)
Accrued and other liabilities	(11,010)	(9,559)
Reinsurance share of gross outstanding claims	4,594	8,487
Gross outstanding claim	(42,725)	(40,357)
Due from related parties	--	630
Due to related parties	(1,523)	(1,045)

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

	<b>March 31, 2019 (Unaudited)</b>	<b>March 31, 2018 (Unaudited)</b>
	<b>SAR'000</b>	
Salaries and other allowances	1,864	1,856
End of service indemnities	96	99
	<b>1,960</b>	<b>1,955</b>



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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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### 12. ZAKAT AND INCOME TAX

#### Status of assessments

The Company's zakat and tax calculations and corresponding accruals and payment of zakat and tax are based on the ownership percentages which are 74.97% for zakat and 25.03% for the tax.

The Company has submitted its zakat and tax returns up to the period / years ended 31 December 2018 and obtained the required certificates and acknowledgements. General Authority of Zakat and Tax "GAZT" has raised final assessments for the period / years ended 2009 to 2013 with additional Zakat and withholding tax (WHT) liabilities amounting to SR 11.2 million and SR 8.9 million respectively. The company has submitted an appeal against the GAZT's assessments and GAZT's review is awaited.

The zakat and tax charge for the three-month period ended are as follows:

	31 March 2019 (Unaudited) SR	31 December 2018 (Audited) SR
Charge for zakat for the period	1,960	8,334
Charge for tax for the period	237	1,490
	<u>2,197</u>	<u>9,824</u>
Zakat and tax provision at the end of period	<u>40,350</u>	<u>38,153</u>

### 13. SHARE CAPITAL

The authorized and paid up share capital of the Company is SAR 400 million divided into 40 million shares of SAR 10 each (31 December 2018: SAR 400 million divided into 40 million shares of SAR 10 each).

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

	March 31, 2019	
	No. of Shares	Authorized, issued and paid up capital
	'000	SAR'000
Royal & Sun Alliance	20,028	200,280
Riyad Bank	7,968	79,680
Others	12,004	120,040
	<u>40,000</u>	<u>400,000</u>
	December 31, 2018	
	No. of Shares	Authorized, issued and paid up capital
	'000	SAR'000
Royal & Sun Alliance	20,028	200,280
Riyad Bank	7,968	79,680
Others	12,004	120,040
	<u>40,000</u>	<u>400,000</u>

### 14. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulator's capital requirements of the market in which the Company operates while maximizing the return to stakeholders through the optimization of equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves. The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not

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only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable

**14. CAPITAL MANAGEMENT (CONTINUED)**

them to meet unforeseen liabilities as these arise. In order to maintain or adjust the capital structure, the Company may issue right shares. As per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company maintains solvency margin equivalent to the highest of the three methods as per SAMA Implementing Regulations.

The Company has fully complied with the externally imposed capital requirements during the reported financial period.

**15. SUPPLEMENTARY INFORMATION**

**A) INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

	SAR '000					
	March 31, 2019 - (Unaudited)			December 31, 2018 – (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	26,634	44,328	70,962	12,875	42,801	55,676
Term deposits	233,085	160,574	393,659	211,522	199,708	411,230
Premiums and reinsurers' receivable, net	61,815	--	61,815	70,868	--	70,868
Reinsurers' share of unearned premiums	52,773	--	52,773	56,537	--	56,537
Deferred excess of loss premiums	3,201	--	3,201	--	--	--
Reinsurers' share of outstanding claims	41,754	--	41,754	44,355	--	44,355
Reinsurers' share of claims Incurred but not reported	9,227	--	9,227	8,230	--	8,230
Deferred policy acquisition costs	7,743	--	7,743	4,631	--	4,631
Investments	1,923	128,685	130,608	1,923	91,059	92,982
Due from related parties	--	--	--	630	--	630
Prepaid expenses and other assets	4,275	4,456	8,731	3,000	4,117	7,117
Property and equipment	1,990	--	1,990	1,541	--	1,541
Statutory deposit	--	40,000	40,000	--	40,000	40,000
Accrued income on statutory deposit	--	3,059	3,059	--	3,059	3,059
<b>TOTAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>444,420</b>	<b>381,102</b>	<b>825,522</b>	<b>416,112</b>	<b>380,744</b>	<b>796,856</b>
<b>ASSETS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION</b>						
Due from shareholders'/ insurance operations	--	61,729	61,729	--	52,677	52,677
<b>TOTAL ASSETS</b>	<b>444,420</b>	<b>442,831</b>	<b>887,251</b>	<b>416,112</b>	<b>433,421</b>	<b>849,533</b>

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**15. SUPPLEMENTARY INFORMATION (CONTINUED)**

**A) INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

	SAR '000					
	March 31, 2019 - (Unaudited)			December 31, 2018 – (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b><u>LIABILITIES</u></b>						
Outstanding claims reserve	81,343	--	81,343	85,720	--	85,720
Claims incurred but not reported	42,050	--	42,050	46,357	--	46,357
Other technical reserves	538	--	538	693	--	693
Accrued and other liabilities	31,731	4,292	36,023	31,483	4,301	35,784
Reinsurers' balances payable	74,265	--	74,265	52,784	--	52,784
Unearned premiums	117,554	--	117,554	112,473	--	112,473
Accounts payables	7,220	--	7,220	8,471	--	8,471
Unearned reinsurance commission	5,084	--	5,084	3,366	--	3,366
Due to related parties	1,110	413	1,523	632	413	1,045
End-of-service indemnities	11,330	--	11,330	11,650	--	11,650
Zakat and income tax	--	40,350	40,350	--	38,153	38,153
Accrued commission income payable to SAMA	--	3,059	3,059	--	3,059	3,059
<b>TOTAL LIABILITIES EXCLUDING INSURANCE OPERATIONS' SURPLUS</b>	<b>372,225</b>	<b>48,114</b>	<b>420,339</b>	<b>353,629</b>	<b>45,926</b>	<b>399,555</b>
<b><u>INSURANCE OPERATIONS' SURPLUS</u></b>						
Accumulated surplus	10,923	--	10,923	10,263	--	10,263
Actuarial reserve for employee benefits	(457)	--	(457)	(457)	--	(457)
<b>TOTAL INSURANCE OPERATIONS' SURPLUS</b>	<b>10,466</b>	<b>--</b>	<b>10,466</b>	<b>9,806</b>	<b>--</b>	<b>9,806</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>						
Share capital	--	400,000	400,000	--	400,000	400,000
Accumulated losses	--	(5,256)	(5,256)	--	(10,836)	(10,836)
Fair value reserve for available for sale investments	--	(27)	(27)	--	(1,669)	(1,669)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>--</b>	<b>394,717</b>	<b>394,717</b>	<b>--</b>	<b>387,495</b>	<b>387,495</b>
<b>TOTAL LIABILITIES INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>382,691</b>	<b>442,831</b>	<b>825,522</b>	<b>363,435</b>	<b>433,421</b>	<b>796,856</b>
<b>LIABILITIES NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION</b>						
Due to shareholders operations	61,729	--	61,729	52,677	--	52,677
<b>TOTAL LIABILITIES INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>	<b>444,420</b>	<b>442,831</b>	<b>887,251</b>	<b>416,112</b>	<b>433,421</b>	<b>849,533</b>

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three month period ended 31 March, 2019

**15. SUPPLEMENTARY INFORMATION (CONTINUED)**

**B) INTERIM CONDENSED STATEMENT OF INCOME**

	SAR '000					
	For the three month period ended March 31					
	2019 - (Unaudited)			2018 - (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross premiums written						
- Direct	71,083	--	71,083	100,619	--	100,619
- Reinsurance	429	--	429	120	--	120
	71,512	--	71,512	100,739	--	100,739
Reinsurance premiums ceded	(27,605)	--	(27,605)	(30,313)	--	(30,313)
Excess of loss expenses	(4,805)	--	(4,805)	(7,641)	--	(7,641)
<b>Net premiums written</b>	<b>39,102</b>	<b>--</b>	<b>39,102</b>	<b>62,785</b>	<b>--</b>	<b>62,785</b>
Changes in unearned premiums	(5,081)	--	(5,081)	(30,942)	--	(30,942)
Changes in reinsurance share of unearned premium	(3,764)	--	(3,764)	(2,967)	--	(2,967)
Changes in excess of loss premiums	3,201	--	3,201	5,879	--	5,879
<b>Net premiums earned</b>	<b>33,458</b>	<b>--</b>	<b>33,458</b>	<b>34,755</b>	<b>--</b>	<b>34,755</b>
Reinsurance commissions	2,403	--	2,403	3,706	--	3,706
<b>TOTAL REVENUES</b>	<b>35,861</b>	<b>--</b>	<b>35,861</b>	<b>38,461</b>	<b>--</b>	<b>38,461</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(24,932)	--	(24,932)	(19,995)	--	(19,995)
Reinsurers' share of claims paid	5,143	--	5,143	4,427	--	4,427
<b>Net claims paid</b>	<b>(19,789)</b>	<b>--</b>	<b>(19,789)</b>	<b>(15,568)</b>	<b>--</b>	<b>(15,568)</b>
Changes in outstanding claims	4,377	--	4,377	(3,656)	--	(3,656)
Changes in reinsurance share of outstanding claims	(2,601)	--	(2,601)	(1,315)	--	(1,315)
Changes in IBNR, net	5,304	--	5,304	10,351	--	10,351
Changes in other technical reserves	155	--	155	1,082	--	1,082
<b>Net claims incurred</b>	<b>(12,554)</b>	<b>--</b>	<b>(12,554)</b>	<b>(9,106)</b>	<b>--</b>	<b>(9,106)</b>
Policy acquisition costs	(4,812)	--	(4,812)	(4,679)	--	(4,679)
Other underwriting expenses	(363)	--	(363)	(430)	--	(430)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(17,729)</b>	<b>--</b>	<b>(17,729)</b>	<b>(14,215)</b>	<b>--</b>	<b>(14,215)</b>
<b>NET UNDERWRITING INCOME</b>	<b>18,132</b>	<b>--</b>	<b>18,132</b>	<b>24,246</b>	<b>--</b>	<b>24,246</b>

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For the three month period ended 31 March, 2019

**15. SUPPLEMENTARY INFORMATION (CONTINUED)**

**B) INTERIM CONDENSED STATEMENT OF INCOME (CONTINUED)**

	SAR '000					
	For the three month period ended March					
	----- 2019 - (Unaudited) -----			----- 2018 - (Unaudited) -----		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
(Allowance)/reversal for doubtful debts	1,903	--	1,903	(1,214)	--	(1,214)
General and administrative expenses	(14,923)	(384)	(15,307)	(13,364)	(510)	(13,874)
Investment income on term deposits	1,618	1,408	3,026	848	1,065	1,913
Other investment income	--	696	696	--	528	528
Other income	--	--	--	--	--	--
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</b>	<b>(11,402)</b>	<b>1,720</b>	<b>(9,682)</b>	<b>(13,730)</b>	<b>1,083</b>	<b>(12,647)</b>
<b>TOTAL INCOME FOR THE PERIOD</b>	<b>6,730</b>	<b>1,720</b>	<b>8,450</b>	<b>10,516</b>	<b>1,083</b>	<b>11,599</b>
Total income for the period attributed to the insurance operations	(673)	--	(673)	(1,052)	--	(1,052)
Shareholders' absorption of deficit/ (Surplus transferred to Shareholders)	(6,057)	6,057	--	(9,464)	9,464	--
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>--</b>	<b>7,777</b>	<b>7,777</b>	<b>--</b>	<b>10,547</b>	<b>10,547</b>
<b>Earnings per share (Expressed in SAR per share)</b>						
Basic and diluted earnings per share	--	0.19	0.19	--	0.26	0.26

**C) INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	SAR '000					
	For the three month period ended March					
	----- 2019 - (Unaudited) -----			----- 2018 - (Unaudited) -----		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	673	7,777	8,450	1,052	10,547	11,599
<b>Other comprehensive loss</b>						
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
Change in fair value of available for sale investments	--	1,642	1,642	--	(424)	(424)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>673</b>	<b>9,419</b>	<b>10,092</b>	<b>1,052</b>	<b>10,123</b>	<b>11,175</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO INSURANCE OPERATIONS'</b>	<b>(673)</b>	<b>--</b>	<b>(673)</b>	<b>(1,052)</b>	<b>--</b>	<b>(1,052)</b>
<b>NET COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS'</b>	<b>--</b>	<b>9,419</b>	<b>9,419</b>	<b>--</b>	<b>10,123</b>	<b>10,123</b>

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
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For the three month period ended 31 March, 2019

**15. SUPPLEMENTARY INFORMATION (CONTINUED)**

**D) INTERIM CONDENSED STATEMENT OF CASH FLOWS**

SAR'000

	Insurance operations	Shareholders ' operations	Total	Insurance operations	Shareholders ' operations	Total
	2019 - (Unaudited)			2018 - (Unaudited)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income for the period	673	7,777	8,450	1,052	10,547	11,599
<b>Adjustments for non-cash items:</b>						
Depreciation of property and equipment	111	--	111	62	--	62
Amortization of investments	--	(19)	(19)	--	120	120
Allowance for provisions for doubtful debts	(1,903)	--	(1,903)	1,214	--	1,214
Provision for end-of-service indemnities	400	--	400	400	--	400
<b>Changes in operating assets and liabilities:</b>						
Premiums and reinsurers' receivable	10,956	--	10,956	(22,229)	--	(22,229)
Reinsurers' share of unearned premiums	3,764	--	3,764	2,967	--	2,967
Reinsurers' share of outstanding claims	2,601	--	2,601	1,315	--	1,315
Reinsurers' share of claims Incurred but not reported	(997)	--	(997)	8,700	--	8,700
Deferred policy acquisition costs	(3,112)	--	(3,112)	(4,196)	--	(4,196)
Deferred excess of loss premiums	(3,201)	--	(3,201)	(5,879)	--	(5,879)
Due from related parties	630	--	630	31	--	31
Prepaid expenses and other assets	(1,275)	(339)	(1,614)	(4,528)	(501)	(5,029)
Statutory deposits	--	--	--	--	(855)	(855)
Accounts payables	(1,251)	--	(1,251)	(1,503)	--	(1,503)
Accrued and other liabilities	248	(9)	239	(1,459)	450	(1,009)
Reinsurers' balances payable	21,481	--	21,481	4,723	--	4,723
Unearned premiums	5,081	--	5,081	30,942	--	30,942
Unearned reinsurance commission	1,718	--	1,718	142	--	142
Outstanding claims	(4,377)	--	(4,377)	3,656	--	3,656
Claims incurred but not reported	(4,307)	--	(4,307)	(19,052)	--	(19,052)
Other technical reserves	(155)	--	(155)	(1,082)	--	(1,082)
Accrued commission income payable to SAMA	--	--	--	--	855	855
Due to related parties	478	--	478	267	--	267
	27,563	7,410	34,973	(4,457)	10,616	6,159
End-of-service indemnities paid	(720)	--	(720)	(28)	--	(28)
Surplus paid to policy holders	(13)	--	(13)	--	--	--
<b>Net cash generated from/(used in) operating activities</b>	<b>26,830</b>	<b>7,410</b>	<b>34,240</b>	<b>(4,485)</b>	<b>10,616</b>	<b>6,131</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
(Additions) in investments	--	(35,965)	(35,965)	--	(15,624)	(15,624)
(Additions)/disposals in term deposits	(21,563)	39,134	17,571	(3,904)	13,680	9,776
(Additions) in property and equipment	(560)	--	(560)	(65)	--	(65)
<b>Net cash (used in) / generated from investing activities</b>	<b>(22,123)</b>	<b>3,169</b>	<b>(18,954)</b>	<b>(3,969)</b>	<b>(1,944)</b>	<b>(5,913)</b>
<b>Net change in cash and cash equivalents</b>	<b>4,707</b>	<b>10,579</b>	<b>15,286</b>	<b>(8,454)</b>	<b>8,672</b>	<b>218</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>12,175</b>	<b>42,801</b>	<b>54,976</b>	<b>14,110</b>	<b>1,641</b>	<b>15,751</b>
<b>Due from/ (to) insurance operations</b>	<b>9,052</b>	<b>(9,052)</b>	<b>--</b>	<b>9,387</b>	<b>(9,387)</b>	<b>--</b>
<b>Cash and cash equivalents, end of the period</b>	<b>25,934</b>	<b>44,328</b>	<b>70,262</b>	<b>15,043</b>	<b>926</b>	<b>15,969</b>

**16. COMPARATIVE FIGURES**

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

**17. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION**

The interim condensed financial information have been approved by the board on 26 Sha'ban 1440H, corresponding to 1 May 2019.