

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2020**

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2020

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INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

The Shareholders
 Bupa Arabia for Cooperative Insurance Company
 (A Saudi Joint Stock Company)
 Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Bupa Arabia for Cooperative Insurance Company - a Saudi Joint Stock Company (the "Company") as at 31 March 2020, and the related interim condensed statements of income, 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 International Accounting Standard 34, "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of 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 are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

for KPMG Al Fozan & Partners
Certified Public Accountants



Ebrahim Oboud Baeshen
 Certified Public Accountant
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for Ernst & Young & Co.
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Ahmed I. Reda
 Certified Public Accountant
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Jeddah, Kingdom of Saudi Arabia
 28 Ramadan 1441H
 Corresponding to 21 May 2020

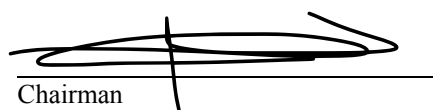


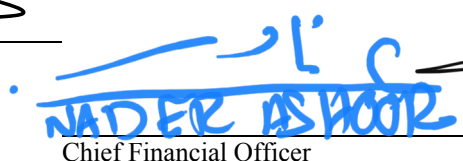
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

		31 March 2020 (Unaudited) SAR'000	31 December 2019 (Audited) SAR'000
	Notes		
<u>ASSETS</u>			
Cash and cash equivalents	4	788,897	665,709
Premiums receivable – net	5	2,369,092	1,689,377
Reinsurers' share of unearned premiums	9.1	23,425	20,625
Reinsurers' share of outstanding claims	9.2	1,292	1,218
Reinsurers' share of claims incurred but not reported	9.2	5,226	3,972
Deferred policy acquisition costs		141,729	134,022
Investments	6	2,513,651	1,840,832
Prepaid expenses and other assets		249,560	276,643
Term deposits	7	4,418,994	5,063,976
Fixtures, Furniture and Right-of-use assets – net		165,051	169,441
Intangible assets – net		55,257	56,245
Deferred tax asset	15	27,627	30,216
Goodwill		98,000	98,000
Statutory deposit	8	120,000	120,000
Accrued income on statutory deposit	8	11,604	10,820
TOTAL ASSETS		10,989,405	10,181,096
<u>LIABILITIES</u>			
Accrued and other liabilities		413,162	448,687
Insurance operations' surplus payable		170,195	168,454
Reinsurers' balances payable		58,932	54,413
Unearned premiums	9.1	5,159,077	4,376,219
Outstanding claims	9.2	441,811	451,788
Claims incurred but not reported	9.2	1,151,564	1,157,428
Claims handling reserve	9.2	18,409	18,492
Due to related parties	14	86,301	78,848
Provision for end-of-service benefits		98,611	96,341
Provision for zakat and income tax	15	287,469	274,709
Accrued income payable to SAMA	8	11,604	10,820
TOTAL LIABILITIES		7,897,135	7,136,199
<u>EQUITY</u>			
Share capital	16	1,200,000	1,200,000
Statutory reserve	17	727,871	727,871
Share based payments		18,265	25,525
Shares held under employees share scheme		(48,779)	(57,538)
Retained earnings		1,228,708	1,128,973
Re-measurement reserve of end-of-service benefits		(10,473)	(10,473)
Investments fair value reserve – related to shareholders		(20,383)	18,035
TOTAL SHAREHOLDERS' EQUITY		3,095,209	3,032,393
Investments fair value reserve – related to policyholders		(2,939)	12,504
TOTAL EQUITY		3,092,270	3,044,897
TOTAL LIABILITIES AND EQUITY		10,989,405	10,181,096


Chairman


NADER ASHOOR
Chief Financial Officer


Director and Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

For the three-months period ended 31 March 2020

	<u>Notes</u>	<u>Three-months period ended 31 March</u>	
		<u>2020</u>	<u>2019</u>
		<u>SAR'000</u>	<u>SAR'000</u>
			<i>(Restated)</i>
<u>REVENUES</u>			
Gross premiums written		3,469,978	2,905,447
Reinsurance premiums ceded – Local		(1,130)	(2,495)
Reinsurance premiums ceded – International		(16,434)	(18,174)
Net premiums written		3,452,414	2,884,778
Changes in unearned premiums – net		(780,058)	(687,454)
Net premiums earned		2,672,356	2,197,324
<u>UNDERWRITING COSTS & EXPENSES</u>			
Gross claims paid		(2,338,050)	(1,931,881)
Reinsurers' share of claims paid		2,667	12,449
Net claims paid		(2,335,383)	(1,919,432)
Changes in outstanding claims		9,977	30,526
Changes in claims incurred but not reported		5,864	(22,425)
Changes in claims handling reserves		83	350
Reinsurance share of changes in outstanding claims		74	(32)
Reinsurance share of changes in claims incurred but not reported		1,254	(9)
Net claims incurred		(2,318,131)	(1,911,022)
Policy acquisition costs		(62,911)	(57,881)
Total underwriting costs & expenses		(2,381,042)	(1,968,903)
NET UNDERWRITING INCOME		291,314	228,421
<u>Other operating income/(expenses)</u>			
Reversal for doubtful receivables		21,571	11,038
General and administrative expenses		(142,227)	(108,605)
Selling and marketing expenses		(101,637)	(92,010)
Investment income – net		60,805	56,828
Other income – net		6,346	5,789
Total other operating (expenses)/ income		(155,142)	(126,960)
Income before Surplus, Zakat & Income Tax		136,172	101,461
Income attributed to the insurance operations (transfer to surplus payable)	1	(10,515)	(7,339)
Income attributed to the shareholders before zakat and income tax		125,657	94,122
Zakat charge	15	(14,970)	(11,026)
Income tax charge	15	(10,952)	(13,260)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX		99,735	69,836
Weighted average number of ordinary outstanding shares (in thousands)		119,346	119,550
Basic earnings per share (Expressed in SAR per Share)	19	0.83	0.58


Chairman


Chief Financial Officer


Director and Chief Executive Officer

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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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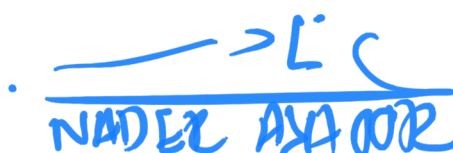
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the three-months period ended 31 March 2020

	<i>Three-months period ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>SAR'000</i>	<i>SAR'000</i>
		<i>(Restated)</i>
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS		
AFTER ZAKAT AND INCOME TAX	99,735	69,836
Other comprehensive income		
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>		
Net changes in fair value of available-for-sale investments:		
- related to shareholders	(38,418)	20,636
- related to policyholders	(15,443)	9,641
	(53,861)	30,277
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45,874	100,113


Chairman


Director and Chief Executive Officer


NADER AYAR
Chief Financial Officer

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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For three-months period ended 31 March 2020

	<i>Related to shareholders</i>									
	<i>Share capital</i> <i>SR'000</i>	<i>Statutory reserve</i> <i>SR'000</i>	<i>Share based payments</i> <i>SR'000</i>	<i>Shares held under employees share scheme</i> <i>SR'000</i>	<i>Retained earnings</i> <i>SR'000</i>	<i>Re-measurement reserve of end-of-service benefits</i> <i>SR'000</i>	<i>Investments fair value reserve</i> <i>SR'000</i>	<i>Total shareholders' equity</i> <i>SR'000</i>	<i>Investments fair value reserve – related to policyholders</i> <i>SR'000</i>	<i>Total equity</i> <i>SR'000</i>
2020										
Balance at 31 December 2019 (audited)	1,200,000	727,871	25,525	(57,538)	1,128,973	(10,473)	18,035	3,032,393	12,504	3,044,897
Total comprehensive income for the period										
Net income for the period attributed to shareholders after zakat and income tax	--	--	--	--	99,735	--	--	99,735	--	99,735
Actuarial losses on end-of-service benefits	--	--	--	--	--	--	--	--	--	--
Changes in fair value of available for sale investments	--	--	--	--	--	--	(38,418)	(38,418)	(15,443)	(53,861)
Total comprehensive income for the period	--	--	--	--	99,735	--	(38,418)	61,317	(15,443)	45,874
Transfer to statutory reserves	--	--	--	--	--	--	--	--	--	--
Share based payment transactions	--	--	1,499	--	--	--	--	1,499	--	1,499
Delivery of shares under LTIP	--	--	(8,759)	8,759	--	--	--	--	--	--
Balance at 31 March 2020 (unaudited)	1,200,000	727,871	18,265	(48,779)	1,228,708	(10,473)	(20,383)	3,095,209	(2,939)	3,092,270


Chairman


NADER ASHOOK
Chief Financial Officer


Director and Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (continued)

For three-months period ended 31 March 2020

	<i>Related to shareholders</i>									
	<i>Share capital</i> <i>SR'000</i>	<i>Statutory reserve</i> <i>SR'000</i>	<i>Share based payments</i> <i>SR'000</i>	<i>Shares held under employees share scheme</i> <i>SR'000</i>	<i>Retained earnings</i> <i>SR'000</i>	<i>Remeasurement reserve of end-of-service benefits</i> <i>SR'000</i>	<i>Investments fair value reserve</i> <i>SR'000</i>	<i>Total shareholders' equity</i> <i>SR'000</i>	<i>Investments fair value reserve – related to policyholders</i> <i>SR'000</i>	<i>Total equity</i> <i>SR'000</i>
2019										
Balance at 31 December 2018	1,200,000	609,111	17,579	(32,662)	811,153	(8,922)	(21,942)	2,574,317	(8,589)	2,565,728
Effect of restatements	--	--	--	--	25,552	--	--	25,552	--	25,552
Impact of adopting IFRS 16 at 1 January 2019 (note 3.b)	--	--	--	--	(8,900)	--	--	(8,900)	--	(8,900)
Balance at 1 January 2019	1,200,000	609,111	17,579	(32,662)	827,805	(8,922)	(21,942)	2,590,969	(8,589)	2,582,380
Total comprehensive income for the period										
Net income for the period attributed to shareholders after zakat and income tax	--	--	--	--	69,836	--	--	69,836	--	69,836
Actuarial losses on end-of-service benefits	--	--	--	--	--	--	--	--	--	--
Changes in fair value of available for sale investments	--	--	--	--	--	--	20,636	20,636	9,641	30,277
Total comprehensive income for the year	--	--	--	--	69,836	--	20,636	90,472	9,641	100,113
Share based payment transactions	--	--	2,249	--	--	--	--	2,249	--	2,249
Delivery of shares under LTIP	--	--	(3,451)	3,451	--	--	--	--	--	--
Income tax recovered from non-Saudi shareholders	--	--	--	--	6,131	--	--	6,131	--	6,131
Balance at 31 March 2019 (restated)	1,200,000	609,111	16,377	(29,211)	903,772	(8,922)	(1,306)	2,689,821	1,052	2,690,873

Chairman

Chief Financial Officer

Director and Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For three-months period ended 31 March 2020

Notes	<i>Three-months period ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>SAR'000</i>	<i>SAR'000</i>
		<i>(Restated)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income attributed to shareholders after zakat and income tax	99,735	69,836
<u>Adjustments for non-cash items:</u>		
Net income attributed to insurance operations	10,515	7,339
Zakat charge	14,970	11,026
Income tax charge – net	10,952	13,260
Depreciation and amortization of Fixtures, Furniture and Right-of-use assets	8,125	7,582
Amortization of intangible assets	4,466	3,582
Provision for LTIP	1,499	2,249
Reversal for doubtful receivables	(21,571)	(11,038)
Unrealized loss / (gains) on investments held as FVSI	1,666	(2,444)
Realized (gains) / loss on investments	(3,412)	3,398
Provision for end-of-service benefits	4,322	3,764
Finance cost	1,283	1,405
	<u>132,550</u>	<u>109,959</u>
<u>Changes in operating assets and liabilities:</u>		
Premiums receivable	(658,144)	(749,314)
Reinsurers' share of unearned premiums	(2,800)	189
Reinsurers' share of outstanding claims	(74)	32
Reinsurers' share of claims incurred but not reported	(1,254)	9
Deferred policy acquisition costs	(7,707)	(3,493)
Prepaid expenses and other assets	27,083	(33,743)
Accrued and other liabilities	(32,533)	(4,042)
Reinsurers' balances payable	4,519	16,636
Unearned premiums	782,858	687,265
Outstanding claims	(9,977)	(30,526)
Claims incurred but not reported	(5,864)	22,425
Claims handling reserve	(83)	(350)
Due to related parties	7,453	9,369
	<u>236,027</u>	<u>24,416</u>
End-of-service benefits paid	(2,052)	(2,432)
Surplus paid to policyholders	(8,774)	(889)
Zakat and income tax paid	(10,573)	(1,998)
Net cash generated from operating activities	<u>214,628</u>	<u>19,097</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement in term deposits	7 (464,105)	(984,118)
Proceeds from maturity of term deposits	7 1,109,087	1,203,011
Additions to investments	6 (1,162,232)	(292,000)
Disposals of investments	437,298	165,841
Additions to Fixtures, Furniture and Right-of-use assets	(3,735)	(529)
Disposal of Fixtures, Furniture and Right-of-use assets	--	101
Intangible assets acquired	(3,478)	(11,532)
Net cash generated from/(used in) investing activities	<u>(87,165)</u>	<u>80,774</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability paid	(4,275)	(159)
Net cash used in financing activities	<u>(4,275)</u>	<u>(159)</u>
Net change in cash and cash equivalents	123,188	99,712
Cash and cash equivalents at beginning of the period	665,709	290,413
Cash and cash equivalents at end of the period	<u>788,897</u>	<u>390,125</u>
Non-cash transactions		
Unrealized gains / (losses) on available-for-sale investments	53,861	30,277

Chairman

Director and Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 22 an integral part of these interim condensed financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2020

1. ORGANIZATION AND PRINCIPLE ACTIVITIES

Bupa Arabia for Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Investment’s Resolution number 138/K dated 24 Rabi Thani 1429H (corresponding to 1 May 2008). The Commercial Registration number of the Company is 4030178881 dated 5 Jumad Awwal 1429H (corresponding to 11 May 2008). The Registered Office of the Company is situated at:

Al-Khaledeiyah District,
Prince Saud Al Faisal Street,
Front of Saudi Airlines Cargo Building,
P.O. Box 23807, Jeddah 21436,
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/74 dated 29 Shabaan 1428H (corresponding to 11 September 2007) pursuant to the Council of Ministers’ Resolution No 279 dated 28 Shabaan 1428H (corresponding to 10 September 2007).

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia in accordance with its articles of association, and applicable regulations in the Kingdom of Saudi Arabia. The Company underwrites medical insurance only.

The Board of Directors approves the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by the Saudi Arabian Monetary Authority (“SAMA”), whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed financial statements of the Company has been prepared in accordance with ‘International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organisation for Certified Public Accountants (“SOCPA”). The financial statements of the Company as at and for the three-months period ended 31 March 2019 was prepared in compliance with IAS 34 as modified by SAMA for the accounting of zakat and income tax’ (relating to application of IAS 12 - “Income Taxes” and IFRIC 21 - “Levies” so far as these relate to zakat and income tax).

The Company has updated its accounting policy to account for zakat and income taxes in the statement of income based on the recent instructions issued. This aligns with the IFRS that are endorsed in the Kingdom of Saudi Arabia and other pronouncements and standards endorsed by Saudi Organization of Certified Public Accountants (“SOCPA”). Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through statement of income (FVIS) and available-for-sale investments. The Company’s interim condensed statement of financial position is presented in order of liquidity. Except for available-for-sale investments, fixtures, furniture and Right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit, provision for end-of-service benefits and accrued income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

2. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues and expenses attributable to either operation, are recorded in the respective accounts. Note 20 to these interim condensed financial statements provides the statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations, separately.

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2019.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

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

(b) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and the accompanying notes disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies, and the key sources of estimation uncertainty including the risk management policies, were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2019. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic. Management is unable at this time to reasonably quantify the estimation uncertainties as disclosed in note 21 to these interim condensed financial statements. Management will continue to assess the situation, and reflect any required changes in future reporting periods.

(c) Seasonality of operations

Due to the seasonality of operations, operating profits are expected to fluctuate from one period to another.

3. SIGNIFICANT ACCOUNTING POLICIES

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2020 and accordingly adopted by the Company, as applicable:

a) *New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company*

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2020 and accordingly adopted by the Company, as applicable:

<u>Standard / Amendments</u>	<u>Description</u>
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards

The adoption of the amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The Company intends to adopt these standards when they become effective.

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below

IFRS 17 – Insurance Contracts

Overview

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

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

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

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

Measurement

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

The General model is based on the following “building blocks”:

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

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

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

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

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

Effective date

The IASB issued an Exposure Draft Amendments to IFRS 17 during June 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard-setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4, is currently 1 January 2021. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after January 1, 2023. This is a deferral of 1 year compared to the previous date of 1 January 2021. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intend to apply the standard on its effective date.

Transition

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

Presentation and Disclosures

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

Impact

The Company is currently assessing the impact of the application and implementation of IFRS 17. The Company does not expect a significant financial impact from adopting the standard due to the short-term nature of its insurance contracts and the related settlement patterns of its cash flows. The company also does not expect a significant impact on its reinsurance arrangements from adopting the standard, given their immateriality. The Company, however, expects that adopting the standard will likely have an impact on IT systems, data requirements and accounting policies to address additional presentation and disclosure requirements. At the date of publication of these financial statements, it was not practicable to quantify the potential impact of adopting IFRS 17.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective (continued)

IFRS 9 - Financial Instruments

This standard was published on 24 July 2014 and has replaced IAS 39. The new standard addresses the following items related to financial instruments:

Classification and measurement

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both:

- i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and;
- ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

The financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through profit or loss upon sale, if both conditions are met:

- i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale and;
- ii) the contractual terms of cash flows are SPPI.

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

Hedge accounting

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective (continued)

IFRS 9 - Financial Instruments (continued)

Effective date

The published effective date of IFRS 9 was 1 January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12 September 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB’s new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

- 1) apply a temporary exemption from implementing IFRS 9 until the earlier of
 - a) the effective date of a new insurance contract standard; or
 - b) annual reporting periods beginning on or after 1 January 2021. The IASB is proposing to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to 1 January 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
- 2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning 1 January 2017: (1) The carrying amount of the Company’s liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the company’s liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company’s financial statements.

Impact assessment

As at 31 March, 2020, the Company has total financial assets and insurance related assets amounting to SR 7,722 million and SR 3,224 million, respectively. Financial assets mainly represents investments held to maturity which consist of cash and cash equivalents, term deposits and designated sukuk amounting to SR 6,932 million (2019: SR 5,511 million), Investments held at fair value through statement of income as at 31 March 2020 at SR 698 million (2019: SR 270 million) and investments held as available for sale investments amounting to SR 1,685 million (2019: SR 1,440 million). The Company is yet to fully assess changes from the application and implementation of IFRS 9, however at this stage, the Company does not expect the classification and measurement of financial assets to be impacted by IFRS9 implementation.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

31 March 2020 (Unaudited)			
	Insurance operations	Shareholders' Operations	Total
	SAR'000		
Bank balances	429,453	190,990	620,443
Term deposit	168,454	-	168,454
	597,907	190,990	788,897
31 December 2019 (Audited)			
	Insurance operations	Shareholders' operations	Total
	SAR'000		
Bank balances	230,946	118,767	349,713
Term deposit	215,996	100,000	315,996
	446,942	218,767	665,709

The amount payable to/receivable from shareholders' operations is settled by transfer of cash at each reporting date. During the three-months period ended 31 March 2020, the insurance operations transferred cash of SR 29.9 million to the shareholders' operations (31 December 2019: SR 99 million).

5. PREMIUMS RECEIVABLE - NET

Receivables amounts due from the following:

	31 March 2020 (Unaudited) SAR'000	31 December 2019 (Audited) SAR'000
Policyholders	1,550,786	1,287,810
Brokers	969,312	598,754
Related parties (note 14)	23,068	--
	2,543,166	1,886,564
Provision for doubtful receivables	(174,074)	(197,187)
Premiums receivable – net	2,369,092	1,689,377

6. INVESTMENTS

Investments are classified as follows:

31 March 2020 (Unaudited)				31 December 2019 (Audited)		
	Insurance operations	Shareholder s' operations	Total	Insurance operations	Shareholders ' operations	Total
	SAR'000					
Held as FVIS	454,283	243,579	697,862	161,548	107,968	269,516
Available-for-sale	526,241	1,158,298	1,684,539	564,003	876,063	1,440,066
Held to maturity	--	131,250	131,250	--	131,250	131,250
	980,524	1,533,127	2,513,651	725,551	1,115,281	1,840,832

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

6. INVESTMENTS (continued)

(i) Investments held as FVIS comprise of the following:

31 March 2020 (Unaudited)					
Insurance operations			Shareholders' operations		Total
Domestic	International	Domestic	International		
SR'000					
Sukuks	25,025	--	78,079	--	103,104
Funds	429,258	--	165,500	--	594,758
	454,283	--	243,579	--	697,862
31 December 2019 (Audited)					
Insurance operations			Shareholders' operations		Total
Domestic	International	Domestic	International		
SR'000					
Sukuks	25,025	--	78,078	--	103,103
Funds	136,523	--	29,890	--	166,413
	161,548	--	107,968	--	269,516

(ii) Available-for-sale investments comprise of the following:

31 March 2020 (Unaudited)					
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
	SR'000				
Sukuks	233,576	258,246	655,104	181,964	1,328,890
Funds	--	34,419	110,743	5,833	150,995
Equities	--	--	114,808	--	114,808
Investments in discretionary portfolios	--	--	89,846	--	89,846
	233,576	292,665	970,501	187,797	1,684,539
31 December 2019 (Audited)					
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
	SR'000				
Sukuks	238,899	287,287	461,248	180,545	1,167,979
Funds	--	37,817	112,314	7,782	157,913
Investments in discretionary portfolios	--	--	114,174	--	114,174
	238,899	325,104	687,736	188,327	1,440,066

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 31 March 2020

6. INVESTMENTS (continued)

(iii) Held to maturity investments comprise of the following:

31 March 2020 (Unaudited)					
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
	SR'000				
Sukuks	--	--	131,250	--	131,250
	--	--	131,250	--	131,250
31 December 2019 (Audited)					
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
	SR'000				
Sukuks	--	--	131,250	--	131,250
	--	--	131,250	--	131,250

The movements in the investments balance are as follows:

31 March 2020 (Unaudited)			
	Insurance operations	Shareholders' operations	Total
	SAR'000		
Balance at the beginning of the period	725,551	1,115,281	1,840,832
Purchased during the period	552,813	609,419	1,162,232
Disposed during the period	(283,790)	(153,508)	(437,298)
Unrealized gain during the period, net	(14,050)	(38,065)	(52,115)
	<u>980,524</u>	<u>1,533,127</u>	<u>2,513,651</u>
31 December 2019 (Audited)			
	Insurance operations	Shareholders' operations	Total
	SAR'000		
Balance at the beginning of the year	810,175	811,316	1,621,491
Purchased during the year	2,037,449	1,664,712	3,702,161
Disposed during the year	(2,154,358)	(1,402,277)	(3,556,635)
Unrealized losses during the year, net	32,285	41,530	73,815
	<u>725,551</u>	<u>1,115,281</u>	<u>1,840,832</u>

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2020

7. TERM DEPOSITS

The term deposits are held with reputable commercial banks and financial institutions. These deposits are predominately in Murabaha structure with a small allocation in Mudaraba structure. They are mostly denominated in Saudi Arabian Riyals and have an original maturity from more than Three-month to more than one year and yield financial income at rates ranging from 2% to 4.3% per annum. The movements in term deposits during the period ended 31 March 2020 as follows:

<i>31 March 2020 (Unaudited)</i>			
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>		
Balance at the beginning of the period	3,347,965	1,716,011	5,063,976
Matured during the period	(634,000)	(475,087)	(1,109,087)
Placed during the period	314,105	150,000	464,105
	<u>3,028,070</u>	<u>1,390,924</u>	<u>4,418,994</u>
<i>31 December 2019 (Audited)</i>			
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>		
Balance at the beginning of the year	3,033,743	1,681,538	4,715,281
Matured during the year	(2,162,343)	(1,126,451)	(3,288,794)
Placed during the year	2,476,565	1,160,924	3,637,489
	<u>3,347,965</u>	<u>1,716,011</u>	<u>5,063,976</u>

8. STATUTORY DEPOSIT

As required by SAMA Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid-up share capital, amounting to SR 120 million, in a bank designated by SAMA. Accrued income on this deposit is payable to SAMA and this deposit cannot be withdrawn without approval from SAMA.

9. TECHNICAL RESERVES

9.1 Movement in unearned premiums

Movements in unearned premiums are as follows:

<i>Three-month ended 31 March 2020 (Unaudited)</i>			
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SAR'000</i>		
Balance at 1 January 2020	4,376,219	(20,625)	4,355,594
Premium written/(ceded) during the period	3,469,978	(17,564)	3,452,414
Premium earned during the period	(2,687,120)	14,764	(2,672,356)
	<u>5,159,077</u>	<u>(23,425)</u>	<u>5,135,652</u>
<i>Year ended 31 December 2019 (Audited)</i>			
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SAR'000</i>		
Balance at 1 January 2019	3,428,131	(6,320)	3,421,811
Premium written/(ceded) during the year	10,410,868	(105,794)	10,305,074
Premium earned during the year	(9,462,780)	91,489	(9,371,291)
	<u>4,376,219</u>	<u>(20,625)</u>	<u>4,355,594</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2020

9. TECHNICAL RESERVES (continued)

9.2 Net outstanding claims and reserves

Net outstanding claims and other technical reserves comprise of the following:

	31 March 2020 (Unaudited) SAR'000	31 December 2019 (Audited) SAR'000
Outstanding claims	441,811	451,788
Claims incurred but not reported	1,151,564	1,157,428
Claims handling reserves	18,409	18,492
	1,611,784	1,627,708
Less:		
- Reinsurers' share of outstanding claims	(1,292)	(1,218)
- Reinsurers' share of claims incurred but not reported	(5,226)	(3,972)
	(6,518)	(5,190)
Net outstanding claims and reserves	1,605,266	1,622,518

10. FIDUCIARY ASSETS

During 2018, after getting the approval from SAMA, the Company entered into a Third Party Administration agreement, (TPA) with a customer under which the Company facilitates healthcare services to the employees of a customer with specific terms and conditions. The services are remunerated against administration fees. The agreement is effective from 13 Jumada Al-Thani 1439 (corresponding to 1 March 2018).

In order to fulfil the commitment relating to this agreement, the Company has received funds in advance from the customer to settle anticipated claims from medical service providers. As the Company acts as an agent, the relevant bank balance and outstanding claims at the balance sheet date are offset in the interim condensed statement of financial position. The assets and liabilities held in fiduciary capacity amounted to SR 273.1 million as of 31 March 2020 (31 December 2019: SR 272.9 million).

11. COMMITMENTS AND CONTINGENCIES

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

	31 March 2020 (Unaudited) SAR'000	31 December 2019 (Audited) SAR'000
Letters of guarantee*	18,601	34,818
Operating commitments	--	--
Total	18,601	34,818

- As of 31 March 2020, total Letters of Guarantee issued by banks amounted to SR 110.3 million (2019: 134.8 million), of which SR 18.6 million (31 December 2019: SR 34.8 million) is restricted deposits with banks and has been recorded under prepayments and other assets.
- The Company is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings from 31 December 2019.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

12. FAIR VALUE 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.

a) 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.

b) Carrying amounts and fair value

The following table shows the carrying amount and fair value 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.

	<i>Fair value</i>				<i>Carrying value</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>	
	<i>SAR'000</i>			<i>SAR'000</i>	<i>SAR'000</i>
31 March 2020 (Unaudited)					
Financial assets measured at fair value					
- Investments held as FVIS	--	697,862	--	697,862	697,862
- Available-for-sale investments	1,131,050	553,489	--	1,684,539	1,684,539
	<u>1,131,050</u>	<u>1,251,351</u>	<u>--</u>	<u>2,382,401</u>	<u>2,382,401</u>
	<i>Fair value</i>				<i>Carrying value</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>	
	<i>SAR'000</i>			<i>SAR'000</i>	<i>SAR'000</i>
31 December 2019 (Audited)					
Financial assets measured at fair value					
- Investments held as FVIS	990	268,526	--	269,516	269,516
- Available-for-sale investments	883,099	556,967	--	1,440,066	1,440,066
	<u>884,089</u>	<u>825,493</u>	<u>--</u>	<u>1,709,582</u>	<u>1,709,582</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

c) Measurement of fair value

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair value at 31 March 2020 and 31 December 2019, as well as the significant unobservable inputs used.

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Floating rate sukuk and mutual funds	Valuations are based on quotations as received by the custodians at the end of each period and on published net asset value (NAV) closing prices.	Not applicable	Not applicable

13. OPERATING SEGMENTS

The Company only issues short-term insurance contracts for providing health care services ('medical insurance'). All the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management reporting purposes, the operations are monitored in two customer categories, based on the number of members covered. Major customers represent members of large corporations, and all others are considered as non-major. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Team, who is responsible for allocating resources and assessing the performance of operating segments in line with the strategic decisions.

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

Segment results do not include investment and commission income, other income, selling and marketing expenses and general and administration expenses.

Segment assets do not include cash and cash equivalents, term deposits, investments, and prepayments and other assets. Segment liabilities do not include reinsurance balance payable, accrued expenses and other liabilities, due to shareholders' operations, share based payment and policyholders' share of surplus from insurance operations.

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

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13. OPERATING SEGMENTS (continued)

<i>Operating segments</i>	<i>As at 31 March 2020 (Unaudited)</i>				
	<i>Insurance operations</i>			<i>Shareholders' operations</i>	<i>Total</i>
	<i>Major customers</i>	<i>Non-Major customers</i>	<i>Total Insurance operations</i>		
	<i>SAR'000</i>			<i>SAR'000</i>	<i>SAR'000</i>
Assets					
Premiums receivable – net	1,391,774	977,318	2,369,092	--	2,369,092
Reinsurers' share of unearned premiums	10,695	12,730	23,425	--	23,425
Reinsurers' share of outstanding claims	550	742	1,292	--	1,292
Reinsurers' share of claims incurred but not reported	2,151	3,075	5,226	--	5,226
Deferred policy acquisition costs	86,455	55,274	141,729	--	141,729
Unallocated assets			4,819,381	3,629,260	8,448,641
Total assets			7,360,145	3,629,260	10,989,405
Liabilities					
Unearned premiums	3,214,039	1,945,038	5,159,077	--	5,159,077
Outstanding claims	316,112	125,699	441,811	--	441,811
Claims incurred but not reported	833,639	317,925	1,151,564	--	1,151,564
Claims handling reserve	13,249	5,160	18,409	--	18,409
Unallocated liabilities			549,310	576,964	1,126,274
Total liabilities			7,320,171	576,964	7,897,135

<i>Operating segments</i>	<i>31 December 2019</i>				
	<i>Insurance operations</i>			<i>Shareholders' operations</i>	<i>Total</i>
	<i>Major customers</i>	<i>Non-major customers</i>	<i>Total - Insurance operations</i>		
	<i>SR'000</i>			<i>SR'000</i>	<i>SR'000</i>
ASSETS					
Premiums receivable – net	992,461	696,916	1,689,377	--	1,689,377
Reinsurers' share of unearned premiums	10,819	9,806	20,625	--	20,625
Reinsurers' share of outstanding claims	526	692	1,218	--	1,218
Reinsurers' share of claims incurred but not reported	1,213	2,759	3,972	--	3,972
Deferred policy acquisition costs	81,753	52,269	134,022	--	134,022
Unallocated assets			4,742,882	3,589,000	8,331,882
Total assets			6,592,096	3,589,000	10,181,096
LIABILITIES					
Unearned premiums	2,717,387	1,658,832	4,376,219	--	4,376,219
Outstanding claims	327,541	124,247	451,788	--	451,788
Claims incurred but not reported	845,862	311,566	1,157,428	--	1,157,428
Claims handling reserve	13,460	5,032	18,492	--	18,492
Unallocated liabilities			575,665	556,607	1,132,272
Total liabilities			6,579,592	556,607	7,136,199

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

13. OPERATING SEGMENTS (continued)

<i>Operating segments</i>	<i>Three-month period ended 31 March 2020</i>		
	<i>(Unaudited)</i>		
	<i>Major customers</i>	<i>Non-Major customers</i>	<i>Total</i>
	<i>SAR '000</i>		
<u>REVENUES</u>			
Gross written premium	2,315,208	1,154,770	3,469,978
Reinsurance premiums ceded – Local	(754)	(376)	(1,130)
Reinsurance premiums ceded – International	(10,965)	(5,469)	(16,434)
Net premiums written	2,303,489	1,148,925	3,452,414
Changes in unearned premiums – net	(496,776)	(283,282)	(780,058)
Net premiums earned	1,806,713	865,643	2,672,356
<u>UNDERWRITING COSTS AND EXPENSES</u>			
Gross claims paid	(1,670,955)	(667,095)	(2,338,050)
Reinsurers' share of claims paid	1,906	761	2,667
Net claims paid	(1,669,049)	(666,334)	(2,335,383)
Changes in outstanding claims	11,429	(1,452)	9,977
Changes in claims incurred but not reported	12,223	(6,359)	5,864
Changes in claims handling reserves	211	(128)	83
Reinsurance share of changes in outstanding claims	24	50	74
Reinsurance share of changes in claims incurred but not reported	938	316	1,254
Net claims incurred	(1,644,224)	(673,907)	(2,318,131)
Policy acquisition costs	(37,747)	(25,164)	(62,911)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(1,681,971)	(699,071)	(2,381,042)
NET UNDERWRITING INCOME	124,742	166,572	291,314
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>			
Allowance for doubtful receivables			21,571
Unallocated income			67,151
Unallocated expenses			(243,864)
<u>TOTAL OTHER OPERATING (EXPENSES)/INCOME</u>			(155,142)
<u>Income before Surplus, Zakat & Income Tax</u>			136,172
Income attributed to insurance operations (transfer to surplus payable)			(10,515)
Income attributed to the shareholders before zakat and income tax			125,657
Zakat charge			(14,970)
Income tax charge			(10,952)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX			99,735
<u>Gross Written Premium details</u>		<u>Three-month period ended 31 March 2020</u>	
		<u>SAR '000</u>	
Corporates		2,614,930	
Medium Enterprises		626,692	
Small Enterprises		204,430	
Micro Enterprises		18,080	
Individuals		5,846	
Total Gross Written Premium		3,469,978	

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

13. OPERATING SEGMENTS (continued)

Operating segments	Three months period ended 31 March 2019 (Unaudited)		
	Major customers	Non-major customers	Total
	SAR '000		
REVENUES			
Gross written premium	1,789,235	1,116,212	2,905,447
Reinsurance premiums ceded – Local	(1,771)	(724)	(2,495)
Reinsurance premiums ceded – International	(12,904)	(5,270)	(18,174)
Net premiums written	1,774,560	1,110,218	2,884,778
Changes in unearned premiums – net	(353,864)	(333,590)	(687,454)
Net premiums earned	1,420,696	776,628	2,197,324
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(1,304,798)	(627,083)	(1,931,881)
Reinsurers' share of claims paid	8,408	4,041	12,449
Net claims paid	(1,296,390)	(623,042)	(1,919,432)
Changes in outstanding claims	19,537	10,989	30,526
Changes in claims incurred but not reported	(14,352)	(8,073)	(22,425)
Changes in claims handling reserves	224	126	350
Reinsurance share of changes in outstanding claims	(28)	(4)	(32)
Reinsurance share of changes in claims incurred but not reported	(8)	(1)	(9)
Net claims incurred	(1,291,017)	(620,005)	(1,911,022)
Policy acquisition costs	(35,055)	(22,826)	(57,881)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,326,072)	(642,831)	(1,968,903)
NET UNDERWRITING INCOME	94,624	133,797	228,421
OTHER OPERATING (EXPENSES)/ INCOME			
Reversal of allowance for doubtful receivables			11,038
Unallocated income			62,617
Unallocated expenses			(200,615)
TOTAL OTHER OPERATING (EXPENSES)/INCOME			(126,960)
Income before Surplus, Zakat & Income Tax			101,461
Income attributed to insurance operations (transfer to surplus payable)			(7,339)
Income attributed to the shareholders before zakat and income tax			94,122
Zakat charge			(11,026)
Income tax charge			(13,260)
NET INCOME ATTRIBUTED TO SHAREHOLDER			69,836
Gross Written Premium details			
			Three months period ended 31 March 2019 SAR '000
Corporates			2,116,243
Medium Enterprises			575,026
Small Enterprises			194,009
Micro Enterprises			16,540
Individuals			3,629
Total Gross Written Premium			2,905,447

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

14. RELATED PARTIES 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 their related balances:

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amount of transactions for the period ended</u>		<u>Receivable/(payable) balance as at</u>	
		<u>31 March 2020</u> <i>(Unaudited)</i> <i>SR'000</i>	<u>31 March 2019</u> <i>(Unaudited)</i> <i>SR'000</i>	<u>31 March 2020</u> <i>(Unaudited)</i> <i>SR'000</i>	<u>31 December 2019</u> <i>(Audited)</i> <i>SR'000</i>
Shareholders	Insurance premium written	357,988	143,721	23,068**	(285)**
Shareholders	Reinsurance Premium ceded	13,044	4,033	(55,932)*	(55,319)*
Shareholders	Claims paid	15,688	25,306	(1,743)***	(14,010)***
Shareholders	Medical costs charged by providers	18,818	15,705	(2,070)***	(9,824)***
Shareholders	Expenses charged to/from a related party - net	136	69	163*	779*
Shareholders	Tax equalisation - net	--	6,131	--	--
Shareholders	Board members fees	225	225	(225)*	(700)*
Bupa Middle East Holdings Two W.L.L. (Related party)	Trade mark fee	6,699	5,539	(30,307)*	(23,608)*

* Amounts due to related parties amounted to SR 86,301 thousand (2019: SR 78,848 thousand).

** Amounts included in premium receivables (note 5).

*** Amounts are included in the outstanding claims.

The remuneration of the key management personnel during the period ended 31 March is as follows:

	<u>31 March 2020</u> <i>(Unaudited)</i> <i>SAR'000</i>	<u>31 March 2019</u> <i>(Unaudited)</i> <i>SAR'000</i>
Short-term benefits	6,133	6,080
Long-term benefits	2,864	1,644
	<u>8,997</u>	<u>7,724</u>

Short-term benefits include salaries, allowances, annual bonuses and incentives whilst long-term benefits include employees' end of service benefits and the LTIP.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

15. ZAKAT AND INCOME TAX

Breakup of zakat and income tax charge for the three-month period ended 31 March 2020 and 2019 are as follows:

	<i>Three-months period ended 31 March 2020 (Unaudited) SAR'000</i>	<i>Three-month period ended 31 March 2019 (Unaudited) SAR'000</i>
Current zakat charge	14,970	11,026
Current tax charge	8,363	7,564
Deferred tax charge (note 15.a)	2,589	5,696
	10,952	13,260
	25,922	24,286

a) The reconciliation of deferred tax is as follows:

	<i>31 March 2020 SAR'000</i>	<i>31 December 2019 SAR'000</i>	<i>31 March 2019 SAR'000</i>
Opening deferred tax asset	30,216	25,552	25,552
Deferred tax (charge) / income	(2,589)	4,664	(5,696)
	27,627	30,216	19,856

Movements in the Zakat and income tax accrued during the period ended 31 March 2020 and year ended 31 December 2019 respectively are as follows:

	<i>Zakat Payable SAR'000</i>	<i>Income tax Payable SAR'000</i>	<i>Total 31 March 2020 (Unaudited) SAR'000</i>	<i>Total 31 December 2019 (Audited) SAR'000</i>
Balance at beginning of the period/year	232,444	42,265	274,709	199,784
Provided during the period/year	14,970	8,363	23,333	123,520
Payments during the period/year	(22)	(10,551)	(10,573)	(48,595)
Balance at end of the period/year	247,392	40,077	287,469	274,709

Status of assessments

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2018 with the General Authority of Zakat and Tax (the "GAZT"). The Company has received assessments for the fiscal periods 2008 through 2010, 2013 through 2016 and 2018 of additional zakat, corporate income tax and withholding tax in addition to delay fines on various assessed items.

The additional assessed amounts have mainly arisen due to the disallowance of investments and statutory deposits from the zakat base as well as not taking into consideration some taxes and zakats which have been already settled upon the annual declarations. The Company has filed appeals against all assessments raised with the GAZT and GSTC.

For the years 2011 and 2012, the Company has received Preliminary Objection Committee's decisions in favour of the GAZT for the additional zakat liability of SR 17 million and has filed an appeal with the Higher Appeal Committee.

Following the recent change in Law, the cases were transferred to the General Secretariat of Tax Committees. A hearing is yet to be assigned to review the Company's case.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

16. SHARE CAPITAL

The authorised, issued and paid-up capital of the Company was SAR 1,200 million at 31 March 2020 (31 December 2019: SAR 1,200 million) consisting of 120 million shares (31 December 2019: 120 million shares) of SAR 10 each. Shareholding structure of the Company is as below:

	31 March 2020		31 December 2019	
	(Unaudited)		(Audited)	
	Holding percentage	SR'000	Holding percentage	SR'000
Major shareholders	52.3%	628,066	52.3%	628,066
General Public	47.7%	571,934	47.7%	571,934
	100.0%	1,200,000	100.0%	1,200,000

17. STATUTORY RESERVE

As required by the Saudi Arabian Insurance Regulations, 20% of the shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of the paid-up share capital. The Company makes this transfer on an annual basis at 31 December. As at 31 March 2020, SR 727.9 million (31 December 2019: SR 727.9 million) had been set aside as a statutory reserve, representing 61% (31 December 2019: 61%) of the paid-up share capital.

18. CAPITAL MANAGEMENT

Objectives are set by the Board of Directors of the Company to maintain healthy capital ratios to support its business objectives and maximise shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and the risk characteristics of the Company's activities. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

In the opinion of the Board of Directors, the Company has fully complied with the regulatory capital requirements during the reported financial period.

19. EARNINGS PER SHARE

The basic earnings per share have been calculated by dividing net income for the period by the weighted average number of ordinary shares issued and outstanding at the period end. Diluted earnings per share are not applicable to the Company. Basic earnings per share has also been revised due to change in accounting policy for the presentation of Zakat and Income tax as explained in note 3(a) to these interim condensed financial statements.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

20. SUPPLEMENTARY INFORMATION

Interim condensed financial position

	<i>31 March 2020 (Unaudited)</i>			<i>31 December 2019 (Audited) (Restated)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<u>ASSETS</u>						
Cash and cash equivalents	597,907	190,990	788,897	446,942	218,767	665,709
Premiums receivables – net	2,369,092	--	2,369,092	1,689,377	--	1,689,377
Reinsurers' share of unearned premiums	23,425	--	23,425	20,625	--	20,625
Reinsurers' share of outstanding claims	1,292	--	1,292	1,218	--	1,218
Reinsurers' share of claims Incurred but not reported	5,226	--	5,226	3,972	--	3,972
Deferred policy acquisition costs	141,729	--	141,729	134,022	--	134,022
Investments	980,524	1,533,127	2,513,651	725,551	1,115,281	1,840,832
Prepaid expenses and other assets	212,880	36,680	249,560	222,424	54,219	276,643
Term deposits	3,028,070	1,390,924	4,418,994	3,347,965	1,716,011	5,063,976
Fixtures, Furniture and Right-of-use assets – net	--	165,051	165,051	--	169,441	169,441
Intangible assets – net	--	55,257	55,257	--	56,245	56,245
Deferred tax asset	--	27,627	27,627	--	30,216	30,216
Goodwill	--	98,000	98,000	--	98,000	98,000
Statutory deposit	--	120,000	120,000	--	120,000	120,000
Accrued income on statutory deposit	--	11,604	11,604	--	10,820	10,820
TOTAL ASSETS	7,360,145	3,629,260	10,989,405	6,592,096	3,589,000	10,181,096

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

20. SUPPLEMENTARY INFORMATION (continued)

Interim condensed financial position (continued)

	<i>31 March 2020 (Unaudited)</i>			<i>31 December 2019 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>
<u>LIABILITIES</u>						
Accrued and other liabilities	320,183	92,979	413,162	352,798	95,889	448,687
Insurance operations' surplus payable	170,195	--	170,195	168,454	--	168,454
Reinsurers' balances payable	58,932	--	58,932	54,413	--	54,413
Unearned premiums	5,159,077	--	5,159,077	4,376,219	--	4,376,219
Outstanding claims	441,811	--	441,811	451,788	--	451,788
Claims incurred but not reported	1,151,564	--	1,151,564	1,157,428	--	1,157,428
Claims handling reserve	18,409	--	18,409	18,492	--	18,492
Due to related parties	--	86,301	86,301	--	78,848	78,848
Provision for end-of-service benefits	--	98,611	98,611	--	96,341	96,341
Provision for zakat and income tax	--	287,469	287,469	--	274,709	274,709
Accrued income payable to SAMA	--	11,604	11,604	--	10,820	10,820
TOTAL LIABILITIES	7,320,171	576,964	7,897,135	6,579,592	556,607	7,136,199
<u>EQUITY</u>						
Share capital	--	1,200,000	1,200,000	--	1,200,000	1,200,000
Statutory reserve	--	727,871	727,871	--	727,871	727,871
Share based payments	--	18,265	18,265	--	25,525	25,525
Shares held under employees share scheme	--	(48,779)	(48,779)	--	(57,538)	(57,538)
Retained earnings	--	1,228,708	1,228,708	--	1,128,973	1,128,973
Re-measurement reserve of end-of-service benefits	--	(10,473)	(10,473)	--	(10,473)	(10,473)
Investments fair value reserve	(2,939)	(20,383)	(23,322)	12,504	18,035	30,539
TOTAL EQUITY	(2,939)	3,095,209	3,092,270	12,504	3,032,393	3,044,897
<u>TOTAL LIABILITIES AND EQUITY</u>	7,317,232	3,672,173	10,989,405	6,592,096	3,589,000	10,181,096

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

20. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of income

	<i>For the three-month period ended 31 March (Unaudited)</i>					
	<i>2020</i>			<i>2019 (Restated)</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>
<u>REVENUES</u>						
Gross premiums written	3,469,978	--	3,469,978	2,905,447	--	2,905,447
Reinsurance premiums ceded – Local	(1,130)	--	(1,130)	(2,495)	--	(2,495)
Reinsurance premiums ceded – International	(16,434)	--	(16,434)	(18,174)	--	(18,174)
Net premiums written	3,452,414	--	3,452,414	2,884,778	--	2,884,778
Changes in unearned premiums – net	(780,058)	--	(780,058)	(687,454)	--	(687,454)
Net premiums earned	2,672,356	--	2,672,356	2,197,324	--	2,197,324
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(2,338,050)	--	(2,338,050)	(1,931,881)	--	(1,931,881)
Reinsurers' share of claims paid	2,667	--	2,667	12,449	--	12,449
Net claims paid	(2,335,383)	--	(2,335,383)	(1,919,432)	--	(1,919,432)
Changes in outstanding claims	9,977	--	9,977	30,526	--	30,526
Changes in claims incurred but not reported	5,864	--	5,864	(22,425)	--	(22,425)
Changes in claims handling reserves	83	--	83	350	--	350
Reinsurance share of changes in outstanding claims	74	--	74	(32)	--	(32)
Reinsurance share of changes in claims incurred but not reported	1,254	--	1,254	(9)	--	(9)
Net claims incurred	(2,318,131)	--	(2,318,131)	(1,911,022)	--	(1,911,022)
Policy acquisition costs	(62,911)	--	(62,911)	(57,881)	--	(57,881)
TOTAL UNDERWRITING COSTS AND EXPENSES	(2,381,042)	--	(2,381,042)	(1,968,903)	--	(1,968,903)
NET UNDERWRITING INCOME	291,314	--	291,314	228,421	--	228,421

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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20. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of income (continued)

	<i>For the three-month period ended 31 March (Unaudited)</i>					
	<i>2020</i>			<i>2019 (Restated)</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>						
(Allowance)/reversal for doubtful debts provision	21,571	--	21,571	11,038	--	11,038
General and administrative expenses	(139,131)	(3,096)	(142,227)	(106,340)	(2,265)	(108,605)
Selling and marketing expenses	(101,637)	--	(101,637)	(92,010)	--	(92,010)
Investment income – net	34,249	26,556	60,805	33,689	23,139	56,828
Other income / (loss) – net	(1,212)	7,558	6,346	(1,404)	7,193	5,789
Total Other Operating (Expenses)/ Income	(186,160)	31,018	(155,142)	(155,027)	28,067	(126,960)
Income before Surplus, Zakat & Income Tax	105,154	31,018	136,172	73,394	28,067	101,461
Transfer of surplus to shareholders	(94,639)	94,639	--	(66,055)	66,055	--
<u>Income Attributed To The Shareholders Before Zakat And Income Tax</u>	10,515	125,657	136,172	7,339	94,122	101,461
Zakat charge	--	(14,970)	(14,970)	--	(11,026)	(11,026)
Income tax charge	--	(10,952)	(10,952)	--	(13,260)	(13,260)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	10,515	99,735	110,250	7,339	69,836	77,175
Weighted average number of ordinary outstanding shares (in thousands)		119,346			119,550	
Basic earnings per share (Expressed in SAR per share)		0.83			0.58	

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

20. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of comprehensive income (continued)

	<i>For the three-month period ended 31 March (Unaudited)</i>					
	<i>2020</i>			<i>2019 (Restated)</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
Net income attributed to the shareholders after zakat and income tax	10,515	99,735	110,250	7,339	69,836	77,175
Other comprehensive income / (loss)						
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>						
Net movement in fair value of available-for-sale investments	(15,443)	(38,418)	(53,861)	9,641	20,636	30,277
TOTAL COMPREHENSIVE INCOME	(4,928)	61,317	56,389	16,980	90,472	107,452
Reconciliation:						
Less: Net income attributable to insurance operations (transferred to surplus payable)			(10,515)			(7,339)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			45,874			100,113

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

20. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of cash flows

	<i>Three-month period ended 31 March (Unaudited)</i>			<i>2019 (Restated)</i>		
	<i>2020</i>					
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income attributed to the shareholders after zakat and income tax	--	99,735	99,735	--	69,836	69,836
<u>Adjustments for non-cash items:</u>						
Net income attributed to the insurance operations	10,515	--	10,515	7,339	--	7,339
Zakat charge	--	14,970	14,970	--	11,026	11,026
Income tax charge -net	--	10,952	10,952	--	13,260	13,260
Depreciation and amortization of Fixtures, Furniture and Right-of-use assets	8,125	--	8,125	7,582	--	7,582
Amortization of intangible assets	4,466	--	4,466	3,582	--	3,582
Provision for LTIP	--	1,499	1,499	--	2,249	2,249
(Allowance) / reversal for doubtful receivables	(21,571)	--	(21,571)	(11,038)	--	(11,038)
Unrealized loss / (gains) on investments held as FVIS	735	931	1,666	(2,169)	(275)	(2,444)
Realized (gains) / loss on investments	(2,128)	(1,284)	(3,412)	(1,018)	4,416	3,398
Provision for end-of-service benefits	--	4,322	4,322	--	3,764	3,764
Finance cost	--	1,283	1,283	--	1,405	1,405
	142	132,408	132,550	4,278	105,681	109,959
<u>Changes in operating assets and liabilities:</u>						
Premiums receivable	(658,144)	--	(658,144)	(749,314)	--	(749,314)
Reinsurers' share of unearned premiums	(2,800)	--	(2,800)	189	--	189
Reinsurers' share of outstanding claims	(74)	--	(74)	32	--	32
Reinsurers' share of claims incurred but not reported	(1,254)	--	(1,254)	9	--	9
Deferred policy acquisition costs	(7,707)	--	(7,707)	(3,493)	--	(3,493)
Prepaid expenses and other assets	9,544	17,539	27,083	(27,838)	(5,905)	(33,743)
Accrued and other liabilities	(32,617)	84	(32,533)	(3,479)	(563)	(4,042)
Reinsurers' balances payable	4,519	--	4,519	16,636	--	16,636
Unearned premiums	782,858	--	782,858	687,265	--	687,265
Outstanding claims	(9,977)	--	(9,977)	(30,526)	--	(30,526)
Claims incurred but not reported	(5,864)	--	(5,864)	22,425	--	22,425
Claims handling reserve	(83)	--	(83)	(350)	--	(350)
Due to related parties	--	7,453	7,453	--	9,369	9,369
Due to shareholders' operations	30,324	(30,324)	--	(11,164)	11,164	--
	108,867	127,160	236,027	(95,330)	119,746	24,416
End-of-service benefits paid	--	(2,052)	(2,052)	--	(2,432)	(2,432)
Surplus paid to policyholders	(8,774)	--	(8,774)	(889)	--	(889)
Zakat and income tax paid	--	(10,573)	(10,573)	--	(1,998)	(1,998)
Net cash generated from operating activities	100,093	114,535	214,628	(96,219)	115,316	19,097

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2020

20. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of cash flows (continued)

	<i>Three-month period ended 31 March (Unaudited)</i>					
	<i>2020</i>			<i>2019 (Restated)</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES						
Placement in term deposits	(314,105)	(150,000)	(464,105)	(492,000)	(492,118)	(984,118)
Proceeds from maturity of term deposits	634,000	475,087	1,109,087	668,562	534,449	1,203,011
Additions in investments	(552,813)	(609,419)	(1,162,232)	(156,000)	(136,000)	(292,000)
Disposals of investments	283,790	153,508	437,298	122,880	42,961	165,841
Additions to Fixtures, Furniture and Right-of-use assets	--	(3,735)	(3,735)	--	(529)	(529)
Disposal of Fixtures, Furniture and Right-of-use assets	--	--	--	--	101	101
Intangible assets acquired	--	(3,478)	(3,478)	--	(11,532)	(11,532)
Net cash generated from/(used in) investing activities	50,872	(138,037)	(87,165)	143,442	(62,668)	80,774
CASH FLOWS FROM FINANCING ACTIVITIES						
Lease liability paid	--	(4,275)	(4,275)	--	(159)	(159)
Net cash used in financing activities	--	(4,275)	(4,275)	--	(159)	(159)
Net change in cash and cash equivalents	150,965	(27,777)	123,188	47,223	52,489	99,712
Cash and cash equivalents at beginning of the period	446,942	218,767	665,709	272,527	17,886	290,413
Cash and cash equivalents at end of the period	597,907	190,990	788,897	319,750	70,375	390,125

21. IMPACT OF COVID-19

The World Health Organization on March 11, 2020 declared COVID-19 a pandemic, with far reaching consequences on economic and business activities around the world. As a result of the curfews and travel restrictions enforced by the Government of Saudi Arabia to combat the spread of the novel coronavirus, Bupa Arabia activated its business continuity plans to maintain acceptable service levels and operational activities while ensuring the safety and wellbeing of its employees. While the Company is unable at this time to reasonably assess the financial impact of COVID-19 given the rapidly evolving situation and the many uncertainties surrounding the duration and severity of the pandemic, Management believes that the Government's recent decision to assume the medical treatment costs for both Saudi citizens and expatriates will help reduce any unfavourable impact. The liquidity and solvency positions of the Company remain strong as at the date of issuing these interim condensed financial statements.

22. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors, on 21 Ramadan 1441H corresponding to 14 May 2020.