

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Financial Statements
(Unaudited)

Together with Independent Auditors' Review Report

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

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2019

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position for Saudi Enaya Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2019 and the related interim statements of income, comprehensive income for the three-months and nine-months periods then ended and the related interim statements changes in equity and cash flows for the nine-months periods then ended and the notes from 1 to 21 which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

EMPHASIS OF A MATTER

We draw attention to the note 4 to the accompanying interim condensed financial statements where it mentions that during the period ended 30 September 2019, the Company has suffered losses amounting to SR 79.976 million that resulted in an increase of accumulated losses reaching 41.56% of the Share Capital of SR 300 million (31 December 2018: SR 44.708 million, 44.71% of the share capital of SR 100 million). This condition raises material uncertainty on the Company's ability to continue as a going concern. The Company's management is in the process of revising the business plan to rectify the capital position. The Management is confident that the Company's operations shall continue for foreseeable future. Accordingly, the interim condensed financial statements have been prepared on the going concern basis and do not include any adjustments, which may be required, if the Company is not able to continue as going concern.

Our conclusion is not qualified in respect of the above matter.

for Al-Bassam & Co.

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



SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

		30 September 2019 (Unaudited)	31 December 2018 (Audited)
	Notes	SAR '000	
ASSETS			
Cash and cash equivalents	5	63,133	56,721
Short term murabaha deposits	6	80,902	82,882
Premiums receivable – net	7	61,547	17,429
Reinsurer receivable		5,439	-
Reinsurer share of outstanding claims	10	725	5,857
Reinsurer share of claims incurred but not reported	10	411	2,103
Reinsurer share of Premium deficiency reserve		-	610
Deferred policy acquisition costs		2,790	1,035
Investments	8	68,003	12,695
Prepaid expenses and other assets		13,931	15,381
Property and equipment		2,605	2,446
Intangible assets		980	1,161
Statutory deposit	9	45,000	30,000
Accrued commission income on statutory deposit		3,214	2,318
TOTAL ASSETS		348,680	230,638
LIABILITIES			
Accrued and other liabilities		22,589	71,107
Reinsurer balances payable		-	939
Unearned premiums	10	75,033	20,338
Outstanding claims	10	19,339	44,408
Claims incurred but not reported	10	16,086	15,943
Premium deficiency reserve	10	16,219	2,441
Other technical reserves	10	1,288	572
End-of-service indemnities		6,324	5,808
Zakat and income tax	15	12,498	10,698
Accrued commission income payable to SAMA		3,214	2,318
TOTAL LIABILITIES		172,590	174,572
SHAREHOLDERS' EQUITY			
Share capital	16	300,000	100,000
Accumulated losses		(124,684)	(44,708)
TOTAL SHAREHOLDERS' EQUITY		175,316	55,292
Re-measurement reserve of defined indemnities obligation		774	774
TOTAL EQUITY		176,090	56,066
TOTAL LIABILITIES AND EQUITY		348,680	230,638
COMMITMENTS AND CONTINGENCIES			
	11	12,545	13,045


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes from 1 to 21 form an integral part of these interim condensed financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF INCOME – (UNAUDITED)
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER**

Notes	Three-months period ended 30 September		Nine-months period ended 30 September	
	2019	2018 (Restated)	2019	2018 (Restated)
	SAR '000			
<u>REVENUES</u>				
Gross premiums written	53,772	(1,590)	118,012	136,271
Excess of loss expenses	-	(339)	-	(18,756)
Net premiums written	53,772	(1,929)	118,012	117,515
Changes in unearned premiums, net	(26,744)	65,212	(54,695)	85,097
Net premiums earned	27,028	63,283	63,317	202,612
TOTAL REVENUES	27,028	63,283	63,317	202,612
<u>UNDERWRITING COSTS AND EXPENSES</u>				
Gross claims paid	23,734	64,277	111,021	203,689
Reinsurers' share of claims paid	(1,401)	(5,741)	(5,377)	(22,369)
Net claims paid	22,333	58,536	104,644	181,320
Changes in outstanding claims, net	7,441	(5,510)	(19,937)	32,981
Changes in claims incurred but not reported net	4,795	(693)	1,835	3,230
Net claims incurred	34,569	52,333	85,542	217,531
Premium deficiency reserve	7,621	(6,059)	14,388	5,654
Other technical reserves	434	(108)	716	908
Policy acquisition costs	1,121	2,587	3,038	9,960
Other underwriting expenses	1,262	732	2,932	3,995
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	45,007	49,485	107,616	238,048
NET UNDERWRITING RESULT	(17,979)	13,798	(44,299)	(35,436)


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes from 1 to 21 form an integral part of these interim condensed financial statements.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INCOME – (UNAUDITED) – (CONTINUED)
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER

Notes	Three-months period ended 30 September		Nine-months period ended 30 September	
	2019	2018 (Restated)	2019	2018 (Restated)
	SAR '000			
OTHER OPERATING (EXPENSES) / INCOME				
(Allowance for) / Release of doubtful debts	(4,410)	1,042	(1,447)	(4,275)
General and administrative expenses	(12,178)	(12,192)	(37,867)	(39,455)
Commission income on deposits	1,605	1,071	5,154	2,902
Unrealized gain / (loss) on investments	100	(11)	283	59
TOTAL OTHER OPERATING EXPENSES	(14,883)	(10,090)	(33,877)	(40,769)
Net (loss) / income for the period	(32,852)	3,708	(78,176)	(76,205)
Net income attributed to the insurance operations	-	-	-	-
Net (loss) / income for the period attributable to the shareholders before zakat	(32,852)	3,708	(78,176)	(76,205)
Zakat expense	15 (600)	(600)	(1,800)	(1,800)
Net (loss) / income for the period	(33,452)	3,108	(79,976)	(78,005)
(Loss) / earnings per share (Expressed in SAR per share)				
Weighted average number of ordinary shares outstanding (in thousands)	29,213	15,673	29,213	15,673
Basic and diluted (loss) / earnings per share for the period (SR) – restated – 2018	18 (1.15)	0.20	(2.74)	(4.98)


Chairman


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**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

Notes	Three-months period ended 30 September		Nine-months period ended 30 September	
	2018		2018	
	2019	(Restated)	2019	(Restated)
	SAR '000			
Net (loss) / income for the period	(33,462)	3,108	(79,976)	(78,005)
Other comprehensive income				
Items that are or may be reclassified to Interim statements of Income in subsequent periods				
- Available for sale investments:	-	-	-	-
- Net change in fair value	-	-	-	-
- Net amounts transferred to statement of income	-	-	-	-
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(33,462)	3,108	(79,976)	(78,005)
Total comprehensive loss attributed to the Insurance operations	-	-	-	-
Total comprehensive (loss) / income for the period attributable to the shareholders	(33,462)	3,108	(79,976)	(78,005)


Chairman


Chief Financial Officer


Chief Executive Officer

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SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CHANGES IN EQUITY – (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019

	Related to shareholders'			Re-measurement reserve of defined indemnities obligation – related to insurance operations	Total equity
	Share capital	Accumulated losses	Total shareholder's equity		
2019	SAR '000				
Balance as at 31 December 2018 (Audited)	100,000	(44,708)	55,292	774	56,066
Total comprehensive loss for the period					
Net loss for the period	-	(79,976)	(79,976)	-	(79,976)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(79,976)	(79,976)	-	(79,976)
Issuance of right shares (note 16)	200,000	-	200,000	-	200,000
Balance as at 30 September 2019 (Unaudited)	300,000	(124,684)	175,316	774	176,090
2018					
Balance as at 31 December 2017 (audited) – Restated	200,000	(45,072)	154,928		154,928
Total comprehensive (loss) for the period					
Net loss for the period	-	(81,113)	(81,113)	-	(81,113)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period attributable to shareholders'	-	(81,113)	(81,113)	-	(81,113)
Reduction of share capital	(100,000)	100,000	-	-	-
Balance as at 30 September 2018 (unaudited)	100,000	(26,185)	73,815	-	73,815


Chairman


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SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CASH FLOWS – (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER

	2019	2018
	SAR '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(78,176)	(76,205)
<u>Adjustments for non-cash items:</u>		
Depreciation of property and equipment	704	591
Amortization of intangible assets	582	736
Allowance for doubtful debts	1,447	4,275
Unrealized gain on investments	(178)	(31)
Amortization of discount – net	(105)	(28)
Provision for end-of-service indemnities	1,297	1,168
	(74,429)	(69,494)
<u>Changes in operating assets and liabilities:</u>		
Premiums receivable	(45,565)	49,269
Reinsurer receivable	(5,439)	-
Reinsurer share of outstanding claims	5,132	(7,824)
Reinsurer share of incurred but not reported claims	1,692	(296)
Reinsurer share of premium deficiency reserve	610	(1,884)
Deferred policy acquisition costs	(1,755)	3,177
Prepaid expenses and other assets	1,450	15,760
Accrued and other liabilities	(48,518)	13,287
Accrued commission income on statutory deposit	(896)	-
Reinsurer balances payable	(939)	17,397
Unearned premiums	54,695	(85,097)
Outstanding claims	(25,069)	40,805
Incurred but not reported claims	143	3,526
Premium deficiency reserve	13,778	7,538
Other technical reserves	716	908
Accrued commission income payable to SAMA	896	-
Net cash flows used in operating activities	(123,498)	(12,928)
End-of-service indemnities paid	(781)	(370)
Net cash flows (used in) operating activities	(124,279)	(13,298)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(60,025)	-
Proceeds from sale of investments	5,000	-
Proceeds from maturing of short term murahaba deposits	1,980	32,547
Increase in Statutory deposit	(25,000)	-
Purchase of property and equipment	(860)	(1,288)
Purchase of intangible assets	(404)	(707)
Net cash flows (used in) / from investing activities	(69,309)	30,552
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of right shares	200,000	-
Net cash flows from financing activities	200,000	-
Net change in cash and cash equivalents	6,412	17,254
Cash and cash equivalents, beginning of the period	56,721	32,812
Cash and cash equivalents, end of the period	63,133	50,066


Chairman


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The accompanying notes from 1 - 21 form an integral part of these interim condensed financial statements.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

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

1. GENERAL

Saudi Enaya 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 Industry's Resolution number 98/Q dated 16 Rabi Awwal 1433H (corresponding to 8 February 2012). The Commercial Registration number of the Company is 4030223528 dated 27 Rabi Awal 1433H (corresponding to 19 February 2012).

The Registered Office address of the Company is:

Building No. 8433
Prince Sultan Street, Al Rawdah District
P.O. Box 3528
Jeddah 23435
Kingdom of Saudi Arabia

Following is the branch of the Company:

<u>Branch</u>	<u>Commercial Registration Number:</u>
Riyadh	1010421871

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/49 dated 27 Rajab 1432H (corresponding to 29 June 2011) pursuant to the Council of Ministers' Resolution No 224 dated 25 Rajab 1432H (corresponding to 27 June 2011). As of the date of incorporation, the Company is 77% owned by the Saudi shareholders and the general public and 23% owned by non-Saudi shareholders. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 February 2012.

The objective of the Company is to engage in cooperative insurance operations and related activities, including reinsurance, agencies, representation, correspondence and brokerage, in the Kingdom of Saudi Arabia in accordance with its Articles of Association, and applicable regulations in the Kingdom of Saudi Arabia. The Company is licensed to underwrite medical insurance only. The Company commenced its commercial operations on 7 January 2013.

2. BASIS OF PREPARATION

a. Basis of presentation

The interim condensed financial statements for the three months and nine-months period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") endorsed in the Kingdom of Saudi Arabia, pursuant to SAMA circular dated 17 July 2019.

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

The Company changed its accounting policy for zakat and income tax as mandated by International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). The effects of this change are disclosed in note 19 to the interim condensed financial statements.

The interim condensed financial statement is prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value. 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, investment in Murabaha deposits, premiums receivable-net, due from reinsurers-net, reinsurers' share of unearned premiums, deferred policy acquisition costs, deferred excess of loss premiums, prepayments and other assets, due to policyholders, reinsurers and brokers, accrued expenses, unearned premiums and reinsurance commission, outstanding claims and claims IBNR, provision for premium deficiency reserve, other technical reserves and accrued Zakat. The following balances would generally be classified as non-current: outstanding claims, claims IBNR, end-of-service indemnities, related parties balances, accrued interest on statutory deposit, investments held at fair value through income statement, available-for-sale investment, goodwill, statutory deposit, property and equipment, and intangible assets.

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

2. BASIS OF PREPARATION – (continued)

a. Basis of presentation – (continued)

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

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 24 to 31 of the financial statements have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

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

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

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

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

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

2. BASIS OF PREPARATION – (continued)

b. 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 expense. Actual results may differ from these estimates.

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

c. Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2018 and new amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) as mentioned in note 3(a) which had no impact on the financial position or financial performance of the Company. Certain comparative amounts have been reclassified / regrouped to conform with the current period's presentation. This did not have any impact on interim condensed statement of changes in shareholders' equity for the period.

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

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

<u>Standard/ Amendments</u>	<u>Description</u>
IFRS 2	Amendments to IFRS 2 Classification and Measurement of share-based Payment transactions.
IAS 40	Amendments to IAS 40 Transfers of investment property
IFRIC 22	Foreign Currency Transactions and Advance consideration
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 1 and IAS 28	Annual Improvements 2016 to IFRS 2014 – 2016 cycle.

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

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

IFRS 16 - Leases

IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

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

The Company has assessed the impact and concludes that the relevant new standard and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

Change in accounting for Zakat and income tax

As mentioned in note 2, the basis of preparation has changed as a result of the issuance of Circular by SAMA, dated 17 July 2019. Previously, Zakat and income tax were recognized in the statement of changes in equity under retained earnings as per the SAMA Circular No. 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA dated 17 July 2019, Zakat and income tax shall be recognized in the statement of income.

The Company amended its accounting policy relating to zakat and have started to apply International Accounting Standard – Income Taxes ("IAS 12") and IFRIC 21 – Levies so far as these relate to Zakat. The Company has accounted for this change in the accounting policy relating to zakat retrospectively (see note 2) and the effects of the above change are disclosed in note 20 to the interim condensed financial statements. The change has resulted in reduction of reported income for the period ended 30 September 2018 by SR 1.8 million. The change has had no impact on the statement of cash flows for the period ended 30 September 2018.

The financial impact of adoption of accounting policy for Deferred tax is not material to the interim condensed financial statements, therefore prior period amounts have not been restated.

b. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they are effective.

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9	Financial Instruments	Refer below
IFRS 17	Insurance Contracts (note below)	1 January 2022

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

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

IFRS 9 and IFRS 17

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss (ECL) impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9:

- All financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the statement of income.
- IFRS 9 requires entities to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through statement of income as well as finance lease receivables, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. Under IFRS 9, credit losses are recognised earlier than under IAS 39.
- The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2022. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

Under the temporary exemption as introduced by amendments to IFRS 4, the reporting entities whose activities predominantly relate to "insurance" can defer the implementation of IFRS 9. The Company having assessed the implications and has concluded to defer the implementation of IFRS 9 until a later date which will not be later than 1 January 2022.

The impact of the adoption of IFRS 9 on the Company's interim condensed financial statements will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

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

4. GOING CONCERN

On 8 May 2018, the Company announced on Tadawul that as on 31 March 2018, the Company's accumulated losses reached 74.5% of its share capital. Further, on 10 June 2018, in an Extraordinary General Assembly Meeting, it was resolved to reduce the Company's share capital from SR 200 million to SR 100 million. Accordingly, the Company absorbed SR 100 million of accumulated losses against its share capital of 10 million shares. As of 30 June 2018 and 30 September 2018, Company's accumulated losses represents 26.19% and 23.08% of the share capital, respectively.

On 27 May 2018, the Company received a letter from SAMA regarding non-compliance with the solvency requirement. As at 31 December 2018, the Company is not in full compliance with Article 66 of SAMA Insurance Implementing Regulations in relation to its solvency requirements. Further, SAMA instructed the Company to hire an independent consultant within 15 working days to perform a detailed review over the weaknesses and observations identified and update SAMA weekly on the progress. The Company has submitted the report as received from independent consultant to SAMA regarding the improvement in solvency requirement.

On 18 July 2018, the Company received a letter from SAMA indicating issues concerning the risk assessment procedures, corporate governance, contingency planning and internal control environment among other things. Further, SAMA instructed the Company to hire an independent consultant within 15 working days to perform a detailed review over the weaknesses and observations identified and to provide final report from the consultant to SAMA within 60 working days from the date of the original letter. The Company has taken necessary actions to comply with SAMA's letter and has appointed the consultant to report on deficiencies in risk assessment procedures, corporate governance and other related matters. On 18 October 2018, the Company has submitted the report as received from consultant to SAMA. On 12 December 2018, in an extra ordinary general meeting, the shareholders' approved to increase the share capital by SR 200 million through right issue. On 24 December 2018, the right issue procedures had finalized and the Company received the increased share capital on 16 January 2019. On 24 January 2019, the Company received a letter from SAMA uplifting the suspension on underwriting business.

During the period ended 30 September 2019, the Company has suffered losses amounting to SR 79.976 million that resulted in an increase of accumulated losses reaching 41.56% of the Share Capital of SR 300 million. The Company's management is in the process of preparing a business plan to rectify the capital position. The Management is confident that the Company's operations shall continue for foreseeable future.

5. CASH AND CASH EQUIVALENTS

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

	Insurance operations	
	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Bank balances and cash	1,623	16,484
	1,623	16,484
	Shareholders' operations	
	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Bank balances and cash	930	21
Deposits maturing within 3 months from the acquisition date	60,580	40,216
	61,510	40,237

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6. MURABAHA DEPOSITS

Murabaha deposits having original maturity of more than three months but less than a year, amounting to SR 80,902 thousand (2018: SR 82,882 thousand), which are held in Saudi Arabian Riyals in the Kingdom of Saudi Arabia, are presented in the statement of financial position of the shareholders separately. As of 30 September 2019, the deposit carrying commission rates ranges from 1.9% to 3.1% (31 December 2018: 1.9% to 3.1%).

7. PREMIUMS RECEIVABLE – NET

Receivables comprise amounts due from the following:

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Policyholders	42,326	16,635
Brokers and agents	17,517	15,211
Related parties (note 14)	19,479	1,911
	79,322	33,757
Provision for doubtful premiums receivables	(17,775)	(16,328)
Premiums receivable – net	61,547	17,429

Note: Premium balance receivable from brokers and agents at 30 September 2019 amounting to SAR 17.5 million (31 December 2018: SAR 15.2 million) are ultimately due from customers that are insured through brokers and agents.

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

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Balance at beginning of the period/year	16,328	16,469
Provided during the period / year	1,447	-
Release of during the period / year	-	(122)
Write-offs during the period / year	-	(19)
Balance at end of the period / year	17,775	16,328

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8. INVESTMENTS

Investments are classified as follows:

	Shareholders' operations	
	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
- Held as FVSI	7,873	7,695
- Held to maturity	60,130	5,000
<i>Total</i>	68,003	12,695

Movement in the Fair value through statement of income (FVSI) investment balance is as follows:

	Shareholders' operations	
	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Opening balance	7,695	7,638
Changes in fair value of investments	178	57
<i>Closing balance</i>	7,873	7,695

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Al Badr Murabaha Fund	7,164	7,044
Saudi Fransi GCC IPO Fund	709	651
	7,873	7,695

Movement in held to maturity investment balance is as follows:

	Shareholders' operations	
	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Opening balance	5,000	26,851
Placements during the period / year	60,025	-
Matured during the period / year	(5,000)	(21,886)
Amortization of held to maturity investments	105	35
<i>Closing balance</i>	60,130	5,000

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9. STATUTORY DEPOSIT

As required by the Saudi Arabian Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid up share capital, amounting to SR 30 million (31 December 2018: SR 30 million), in a bank designated by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA, and commission accruing on this deposit is payable to SAMA. On 10 June 2018, the Company has reduced its share capital by SR 100 million (note 16) but has not withdrawn the surplus statutory deposit of SR 15 million as of 31 December 2018. On 16 January 2019, the Company has increased its share capital by SR 200 million and on 25 April 2019 placed an additional deposit amounting to SR 15 million. Therefore, the statutory deposit reached to SR 45 million equivalent to 15% of its paid up share capital.

10. TECHNICAL RESERVES

10.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Outstanding claims reserve	19,339	44,408
Claims Incurred but not reported	16,086	15,943
	35,425	60,351
Premium deficiency reserve	16,219	2,441
Other technical reserves	1,288	572
	52,932	63,364
Less:		
- Reinsurer share of outstanding claims reserve	(725)	(5,857)
- Reinsurer share of claims incurred but not reported	(411)	(2,103)
- Reinsurer share of premium deficiency reserve	-	(610)
	(1,136)	(8,570)
Net outstanding claims and reserves	51,796	54,794

10.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Nine-months period ended 30 September 2019 (Unaudited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the period	20,338	-	20,338
Premium written during the period	118,012	-	118,012
Premium earned during the period	(63,317)	-	(63,317)
Balance as at the end of the period	75,033	-	75,033

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10. TECHNICAL RESERVES – (continued)

Year ended 31 December 2018
(Audited)

	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the year	148,377	-	148,377
Premium written during the year	138,244	(22,358)	115,886
Premium earned during the year	(266,283)	22,358	(243,925)
Balance as at the end of the year	<u>20,338</u>	<u>-</u>	<u>20,338</u>

11. COMMITMENTS AND CONTINGENCIES

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

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Letters of guarantee	<u>12,545</u>	<u>13,045</u>
Total	<u>12,545</u>	<u>13,045</u>

- b. There were no capital commitments outstanding as at 30 September 2019 (31 December 2018: Nil).
- c. As at 30 September 2019, the Company has a letter of guarantee amounting to SR 12.545 million (31 December 2018: SR 12.545 million) in favour of General Authority of Zakat and Tax (GAZT), which is secured against the Company Murabaha deposit of SR 14 million (31 December 2018: SR 14 million) with Saudi Arabian British Bank (SABB)

12. 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 advantages 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 (consolidated) financial information.

Determination of fair value and fair value hierarchy

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

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

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12. FAIR VALUES OF FINANCIAL INSTRUMENTS – (continued)

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

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

a. Carrying amounts and fair value

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

a. Carrying amounts and fair value

Shareholders' Operations	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
			SAR'000		
30 September 2019 (Unaudited)					
Financial assets measured at fair value					
- Investments held as FVSI	7,873	7,873	-	-	7,873
	7,873	7,873	-	-	7,873
Financial assets not measured at fair value					
- Held to maturity investments	60,130	-	60,862	-	60,862
- Murabaha deposits	80,902	-	-	82,567	82,567
	141,032	-	60,862	82,567	143,429
Shareholders' Operations	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
			SAR'000		
31 December 2018 (Audited)					
Financial assets measured at fair value					
- Investments held as FVSI	7,695	7,695	-	-	7,695
	7,695	7,695	-	-	7,695
Financial assets not measured at fair value					
- Held to maturity investments	5,000	-	5,008	-	5,008
- Murabaha deposits	82,882	-	-	83,724	83,724
	87,882	-	5,008	83,724	88,732

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13. OPERATING SEGMENTS

The Company only issues insurance contracts for providing health care services ('medical insurance') and all the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. The insurance operations are being monitored by management under one segment; hence no separate information is required.

14. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Nature of transactions	Transactions for the nine-months period ended		Balance receivable / (payable) as at	
		30 September 2019	30 September 2018	30 September 2019	31 December 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		SAR'000			
<u>Major shareholders</u>					
Munich Re	Other recoveries (net)	-	-	794	1,587
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>					
Related parties of Juffali Group (affiliates)	Insurance premium written	2,208	2,602	2,091	1,911
	Claims paid	2,676	3,043	-	-
	Purchase of computer equipment, licenses, vehicles and other services	329	27	-	-
	Commission paid	100	180	-	-
Related parties of Dr. Soliman Fakeeh Group– (affiliates)	Insurance premium written	20,059	-	17,388	-
	Claims paid	3,328	-	(2,324)	-

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

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
	SAR'000	
Salaries and other allowances	2,678	3,054
End of service indemnities	97	113
	2,775	3,167

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15. ZAKAT AND INCOME TAX

a. Charge for the period / year

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

Movements in provision during the period / year	30 September 2019 (Unaudited)	31 December 2018 (Audited)
	SAR'000	
Balance at the beginning of the period / year	10,698	8,298
Charge for the period / year	1,800	2,400
Balance at the end of the period / year	12,498	10,698

As the Company has incurred a loss during the nine-months period ended 30 September 2019, and in previous years, no provision has been established in respect of income tax in these interim condensed financial statements.

b. Status of zakat assessments

The Company has filed its Zakat and tax return for the first twelve month period ended 30 June 2012 with the General Authority of Zakat and Tax ("GAZT"). The Company has also filed its Zakat and income tax return for the long period from 8 February 2012 to 31 December 2013 and for the years from 2014 to 2017 and obtained restricted zakat certificates. The Company has submitted its Zakat and income tax return for the year ended 31 December 2018.

The GAZT issued final assessment for the years 2011 to 2014 with an additional Zakat liability of SR 12.545 million. The Company has filed an appeal against such assessment. The Company submitted an appeal against the GAZT treatment and is confident of a favourable outcome. Accordingly, no provision has been established in this regard in these financial statements.

During 2017, the Company filed an appeal to the Appellate Committee for Zakat and Tax Appeal ("ACZTA") against the Preliminary Objection Committee's ("POC") decision for the years 2011 through 2014 and lodged a bank guarantee of SR 12.545 million, with respect to additional zakat liability.

Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The Zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the GAZT could be different from the declarations filed by the Company. The Zakat is applicable on 81% of the shareholders' while Income Tax on 19% of the shareholders'.

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16. SHARE CAPITAL

As at 30 September 2019, the authorized, subscribed and paid up share capital of the Company was SR 300 million, divided into 30 million shares of SR 10 each.

On 12 December 2018, the shareholders in extra ordinary general meeting approved the increase of Share Capital by SR 200 million through right issue by offering 2 shares for every 1 share held by the shareholder. The right share procedures had finalized and the capital deposited on 16 January 2019. The Company incurred transaction cost of SR 5.40 million in respect to the increase in share capital, which has charged directly to the Statement of Changes in Equity as at 31 December 2018. As of the date of approval of these Interim Condensed financial statements, the Company has finalized the legal formalities included updated of Company Commercial Registration Certificate, by-laws amongst others legal formalities.

17. CAPITAL MANAGEMENT

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares. In the opinion of the Board of Directors that the Company has fully complied with the externally imposed capital requirements during the reported financial period.

On 12 Ramadan 1439H, corresponding to 27 May 2018, the Company received a letter from Saudi Arabian Monetary Authority (SAMA) regarding the suspension of underwriting of new or renewal of existing medical policies. SAMA also required the Company to appoint an approved advisor to study the reasons for the weak financial position and recommend solutions to improve the situation. The Company has submitted the report as issued by the appointed consultant as required by SAMA.

On 24 January 2019, the Company received a letter from SAMA uplifting the ban on underwriting business.

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18. LOSS PER SHARE

Loss per share for the period has been calculated by dividing the net income/ (loss) for the period by the weighted average number of issued and outstanding shares for the period.

- A) The weighted average number of shares has been retrospectively adjusted for prior period to reflect the bonus element of right share issue as required by IAS 33 "Earnings per share" as follows:

	Nine-months period ended	
	30 September	30 September
	2019	2018
	(Unaudited)	(Unaudited)
	SAR'000	
Issued ordinary shares as at 1 January	10,000	10,000
Effect of bonus element of right share issue	-	5,673
Effect of right share issue	19,213	-
Weighted average number of ordinary shares	29,213	15,673

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.57 which is a ratio of the theoretical ex-rights price of SR 13.96 per ordinary share and the closing price of SR 21.88 per ordinary share on the last day on which the shares were traded before the right issue.

- B) The basic and diluted loss per share is calculated as follows:

	Nine-months period ended	
	30 September	30 September
	2019	2018
	(Unaudited)	(Unaudited)
	SAR'000	
Net loss for the period	(79,976)	(78,005)
Weighted average number of ordinary shares	29,213	15,673
Basic and diluted loss per share (SR) – Restated	(2.74)	(4.98)

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19. SUPPLEMENTARY INFORMATION
a) Interim statement of financial position

	30 September 2019			31 December 2018		
	(Unaudited)			(Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
ASSETS						
Cash and cash equivalents	1,623	61,510	63,133	16,484	40,237	56,721
Short term murabaha deposits	-	80,902	80,902	-	82,882	82,882
Premiums receivable – net	61,547	-	61,547	17,429	-	17,429
Reinsurer receivable	5,439	-	5,439	-	-	-
Reinsurer share of outstanding claims	725	-	725	5,857	-	5,857
Reinsurer share of claims incurred but not reported	411	-	411	2,103	-	2,103
Reinsurer share of premium deficiency reserve	-	-	0	610	-	610
Deferred policy acquisition costs	2,790	-	2,790	1,035	-	1,035
Investments	-	68,003	68,003	-	12,695	12,695
Due from shareholders' operations	69,169	-	69,169	96,298	-	96,298
Prepaid expenses and other assets	12,195	1,736	13,931	14,262	1,119	15,381
Property and equipment	2,605	-	2,605	2,446	-	2,446
Intangible assets	980	-	980	1,161	-	1,161
Statutory deposit	-	45,000	45,000	-	30,000	30,000
Accrued commission income on statutory deposit	-	3,214	3,214	-	2,318	2,318
	157,484	260,365	417,849	157,685	169,251	326,936
Less: Inter-operations eliminations	(69,169)	-	(69,169)	(96,298)	-	(96,298)
TOTAL ASSETS	88,315	260,365	348,680	61,387	169,251	230,638

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19. SUPPLEMENTARY INFORMATION – (continued)
a) Interim statement of financial position – (continued)

	30 September 2019			31 December 2018		
	(Unaudited)			(Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
<u>LIABILITIES</u>						
Accrued and other liabilities	22,421	168	22,589	66,462	4,645	71,107
Reinsurer balances payable	-	-	-	939	-	939
Unearned premiums	75,033	-	75,033	20,338	-	20,338
Outstanding claims	19,339	-	19,339	44,408	-	44,408
Claims incurred but not reported	16,086	-	16,086	15,943	-	15,943
Premium deficiency reserve	16,219	-	16,219	2,441	-	2,441
Other technical reserves	1,288	-	1,288	572	-	572
Due to insurance operations	-	69,169	69,169	-	96,298	96,298
End-of-service indemnities	6,324	-	6,324	5,808	-	5,808
Zakat and income tax	-	12,498	12,498	-	10,698	10,698
Accrued commission income payable to SAMA	-	3,214	3,214	-	2,318	2,318
	156,710	85,049	241,759	156,911	113,959	270,870
<u>Less: Inter-operations eliminations</u>	-	(69,169)	(69,169)	-	(96,298)	(96,298)
<u>TOTAL LIABILITIES</u>	156,710	15,880	172,590	156,911	17,661	174,572
<u>SHAREHOLDERS' EQUITY</u>						
Share capital	-	300,000	300,000	-	100,000	100,000
Accumulated losses	-	(124,684)	(124,684)	-	(44,708)	(44,708)
<u>TOTAL SHAREHOLDERS' EQUITY</u>	-	175,316	175,316	-	55,292	55,292
Re-measurement reserve of defined indemnities obligation	774	-	774	774	-	774
<u>TOTAL EQUITY</u>	774	175,316	176,090	774	55,292	56,066
<u>TOTAL LIABILITIES AND EQUITY</u>	157,484	191,196	348,680	157,685	72,953	230,638
COMMITMENTS AND CONTINGENCIES	-	12,545	12,545	500	12,545	13,045

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19. SUPPLEMENTARY INFORMATION – (continued)

b) Interim statement of income

For the three-months period ended 30 September	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
REVENUES						
Gross premiums written:						
- Individual	231	-	231	(3)	-	(3)
- Micro enterprises	821	-	821	(204)	-	(204)
- Small enterprises	5,863	-	5,863	319	-	319
- Medium enterprises	15,394	-	15,394	309	-	309
- Large enterprises	31,463	-	31,463	(2,011)	-	(2,011)
Total gross premiums written	53,772	-	53,772	(1,590)	-	(1,590)
Excess of loss expenses – foreign	-	-	-	(339)	-	(339)
Net premiums written	53,772	-	53,772	(1,929)	-	(1,929)
Changes in unearned premiums, net	(26,744)	-	(26,744)	65,212	-	65,212
Net premiums earned	27,028	-	27,028	63,283	-	63,283
TOTAL REVENUES	27,028	-	27,028	63,283	-	63,283
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	23,734	-	23,734	64,277	-	64,277
Reinsurers' share of claims paid	(1,401)	-	(1,401)	(5,741)	-	(5,741)
Net claims paid	22,333	-	22,333	58,536	-	58,536
Changes in outstanding claims	7,441	-	7,441	(5,510)	-	(5,510)
Changes in claims incurred but not reported	4,795	-	4,795	(693)	-	(693)
Net claims incurred	34,569	-	34,569	52,333	-	52,333
Premium deficiency reserve	7,621	-	7,621	(6,059)	-	(6,059)
Other technical reserves	434	-	434	(108)	-	(108)
Policy acquisition costs	1,121	-	1,121	2,587	-	2,587
Other underwriting expenses	1,262	-	1,262	732	-	732
TOTAL UNDERWRITING COSTS AND EXPENSES	45,007	-	45,007	49,485	-	49,485
NET UNDERWRITING RESULT	(17,979)	-	(17,979)	13,798	-	13,798

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19. SUPPLEMENTARY INFORMATION – (continued)

b) Interim statement of income – (continued)

For the three-months period ended 30 September

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Other income	-	-	-	-	-	-
Released of / (Allowance for) doubtful debts	(4,410)	-	(4,410)	1,042	-	1,042
General and administrative expenses	(11,817)	(361)	(12,178)	(11,259)	(933)	(12,192)
Commission income on deposits	-	1,605	1,605	-	1,071	1,071
Unrealized gain on investments	-	100	100	-	(11)	(11)
<u>TOTAL OTHER OPERATING (EXPENSES) / INCOME</u>	(16,227)	1,344	(14,883)	(10,217)	127	(10,090)
<u>NET (LOSS) / INCOME FOR THE PERIOD</u>	(34,206)	1,344	(32,862)	3,581	127	3,708
Net Income attributed to the insurance operations	-	-	-	-	-	-
<u>Net (loss) / income for the period attributed to shareholders' operations before zakat</u>	(34,206)	1,344	(32,862)	3,581	127	3,708
Zakat expense	-	(600)	(600)	-	(600)	(600)
<u>Net (loss) / income for the period</u>	(34,206)	744	(33,462)	3,581	(473)	3,108
<u>Loss per share (Expressed in SAR per share)</u>						
Weighted average number of ordinary shares outstanding (in thousands)	-		29,213	-		15,673
Basic and diluted (loss) / earnings per share for the period (SR) – restated – 2018	-		(1.15)	-		0.20

c) Interim statement of comprehensive income

For the three-months period ended 30 September

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
NET (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	-	(33,462)	(33,462)	-	3,108	3,108
Other comprehensive (loss) / income	-	-	-	-	-	-
<u>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</u>	-	(33,462)	(33,462)	-	3,108	3,108

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19. SUPPLEMENTARY INFORMATION – (continued)

d) Interim statement of income

For the nine-months period ended 30 September

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
REVENUES						
Gross premiums written:						
- Individual	353	-	353	375	-	375
- Micro enterprises	1,253	-	1,253	1,758	-	1,758
- Small enterprises	12,134	-	12,134	18,745	-	18,745
- Medium enterprises	36,319	-	36,319	39,450	-	39,450
- Large enterprises	67,953	-	67,953	75,943	-	75,943
Total gross premiums written	118,012	-	118,012	136,271	-	136,271
Excess of loss expenses – foreign	-	-	-	(18,756)	-	(18,756)
Net premiums written	118,012	-	118,012	117,515	-	117,515
Changes in unearned premiums, net	(54,695)	-	(54,695)	85,097	-	85,097
Net premiums earned	63,317	-	63,317	202,612	-	202,612
TOTAL REVENUES	63,317	-	63,317	202,612	-	202,612
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	111,021	-	111,021	203,689	-	203,689
Reinsurers' share of claims paid	(6,377)	-	(6,377)	(22,369)	-	(22,369)
Net claims paid	104,644	-	104,644	181,320	-	181,320
Changes in outstanding claims	(19,937)	-	(19,937)	32,981	-	32,981
Changes in claims incurred but not reported	1,835	-	1,835	3,230	-	3,230
Net claims incurred	86,542	-	86,542	217,531	-	217,531
Premium deficiency reserve	14,388	-	14,388	5,654	-	5,654
Other technical reserves	716	-	716	908	-	908
Policy acquisition costs	3,038	-	3,038	9,960	-	9,960
Other underwriting expenses	2,932	-	2,932	3,995	-	3,995
TOTAL UNDERWRITING COSTS AND EXPENSES	107,616	-	107,616	238,048	-	238,048
NET UNDERWRITING RESULT	(44,299)	-	(44,299)	(35,436)	-	(35,436)

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19. SUPPLEMENTARY INFORMATION – (continued)
e) Interim statement of income

For the nine-months period ended 30 September	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
OTHER OPERATING (EXPENSES) / INCOME						
Provision for doubtful debts	(1,447)	-	(1,447)	(4,275)	-	(4,275)
General and administrative expenses	(36,164)	(1,703)	(37,867)	(36,948)	(2,507)	(39,455)
Commission income on deposits	-	5,154	5,154	-	2,902	2,902
Unrealized gain on investments	-	283	283	-	59	59
TOTAL OTHER OPERATING (EXPENSES) / INCOME	(37,611)	3,734	(33,877)	(41,223)	454	(40,769)
NET LOSS FOR THE PERIOD	(81,910)	3,734	(78,176)	(76,659)	454	(76,205)
Net Income attributed to the insurance operations	-	-	-	-	-	-
Net loss for the period attributed to shareholders' operations	(81,910)	3,734	(78,176)	(76,659)	454	(76,205)
Zakat expense	-	(1,800)	(1,800)	-	(1,800)	(1,800)
Net loss for the period	(81,910)	1,934	(79,976)	(76,659)	(1,346)	(78,005)
Loss per share (Expressed in SAR per share)						
Weighted average number of ordinary shares outstanding (in thousands)	-		29,213	-		15,673
Basic and diluted loss per share for the period (SR) – restated – 2018	-		(2.74)	-		(4.98)

f) Interim statement of income

For the nine-months period ended 30 September	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	-	(79,976)	(79,976)	-	(78,005)	(78,005)
Other comprehensive income	-	-	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	-	(79,976)	(79,976)	-	(78,005)	(78,005)

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19. SUPPLEMENTARY INFORMATION – (continued)

d) Interim statement of cash flows

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Note						
	SR '000					
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss for the period	-	(78,176)	(78,176)	-	(76,205)	(76,205)
Adjustments for non-cash items:						
Depreciation of property and equipment	704	-	704	591	-	591
Amortization of intangible assets	582	-	582	736	-	736
Allowance for doubtful debts	1,447	-	1,447	4,275	-	4,275
Unrealized gain on investments	-	(178)	(178)	-	(31)	(31)
Amortization of discount – net	-	(105)	(105)	-	(28)	(28)
Provision for end-of-service indemnities	1,297	-	1,297	1,168	-	1,168
	4,030	(78,459)	(74,429)	6,770	(76,264)	(69,494)
Changes in operating assets and liabilities:						
Premiums receivable	(45,565)	-	(45,565)	49,269	-	49,269
Reinsurer receivable	(5,439)	-	(5,439)	-	-	-
Reinsurer share of outstanding claims	5,132	-	5,132	(7,824)	-	(7,824)
Reinsurer share of IBNR	1,692	-	1,692	(296)	-	(296)
Reinsurer share of PDR	610	-	610	(1,884)	-	(1,884)
Deferred policy acquisition costs	(1,755)	-	(1,755)	3,177	-	3,177
Prepaid expenses and other assets	2,067	(617)	1,450	15,883	(123)	15,760
Accrued commission income on statutory deposit	-	(896)	(896)	-	-	-
Accrued and other liabilities	(44,041)	(4,477)	(48,518)	13,248	39	13,287
Reinsurer balances payable	(939)	-	(939)	17,397	-	17,397
Unearned premiums	54,695	-	54,695	(85,097)	-	(85,097)
Outstanding claims reserve	(25,069)	-	(25,069)	40,805	-	40,805
Claims incurred but not reported	143	-	143	3,526	-	3,526
Premium deficiency reserve	13,778	-	13,778	7,538	-	7,538
Other technical reserves	716	-	716	908	-	908
Accrued commission income payable to SAMA	-	896	896	-	-	-
Due to Insurance Operations	-	(27,129)	(27,129)	-	78,024	78,024
Due from Shareholders' Operations	27,129	-	27,129	(78,024)	-	(78,024)
Cash used in operating activities	(12,816)	(110,682)	(123,498)	(14,604)	1,676	(12,928)
End-of-service indemnities paid	(781)	-	(781)	(370)	-	(370)
Net cash flows (used in) operating activities	(13,597)	(110,682)	(124,279)	(14,974)	1,676	(13,298)

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19. SUPPLEMENTARY INFORMATION – (continued)

Interim statement of cash flows – (continued)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR '000					
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments	-	(60,025)	(60,025)	-	-	-
Proceeds from sale of investments	-	5,000	5,000	-	-	-
Proceeds from maturing short term murabaha deposits	-	1,980	1,980	-	32,547	32,547
Increase in statutory deposit	-	(15,000)	(15,000)	-	-	-
Purchase of property and equipment	(860)	-	(860)	(1,288)	-	(1,288)
Purchase of intangible assets	(404)	-	(404)	(707)	-	(707)
Net cash flows (used in) / from investing activities	(1,264)	(68,045)	(69,309)	(1,995)	32,547	30,552
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of rights shares	-	200,000	200,000	-	-	-
Net cash flows from Financing activities	-	200,000	200,000	-	-	-
Net change in cash and cash equivalents	(14,861)	21,273	6,412	(16,969)	34,223	17,254
Cash and cash equivalents, beginning of the period	16,484	40,237	56,721	32,389	423	32,812
Cash and cash equivalents, end of the period	1,623	61,510	63,133	15,420	34,646	50,066

20. COMPARATIVE FIGURES

A) Zakat

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

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

<i>Account</i>	<i>Financial statement impacted</i>	<i>Balance previously reported SR'000</i>	<i>Effect of restatement SR'000</i>	<i>Balance restated SR'000</i>
Zakat	Interim condensed statement of income	-	(600)	(600)
Net income for the period	Interim condensed statement of income	3,708	(600)	3,108
income per share for the period	Interim condensed statement of income	0.24	(0.04)	0.20
Zakat	Interim condensed statement of changes in shareholders' equity	(600)	600	-
Total comprehensive income for the year	Interim condensed statements of comprehensive income and changes in shareholders' equity	3,708	(600)	3,108

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20. COMPARATIVE FIGURES – (continued)

A) Zakat (continued)

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

<i>Account</i>	<i>Financial statement impacted</i>	<i>Balance previously reported SR'000</i>	<i>Effect of restatement SR'000</i>	<i>Balance restated SR'000</i>
Zakat	Interim condensed statement of income	--	(1,800)	(1,800)
Net loss for the period	Interim condensed statement of income	(76,205)	(1,800)	(78,005)
Loss per share for the period	Interim condensed statement of income	(4.86)	(0.12)	(4.98)
Zakat	Interim condensed statement of changes in shareholders' equity	(1,800)	(1,800)	-
Total comprehensive loss for the year	Interim condensed statements of comprehensive income and changes in shareholders' equity	(76,205)	(1,800)	(78,005)

21. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors, on 6 Rabi Al-Awwal 1441H, corresponding to 3 November 2019.