

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

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

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019**

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

**INTERIM CONDENSED FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

### The Shareholders

**Malath Cooperative Insurance Company**  
(A Saudi Joint Stock Company)  
Riyadh  
Kingdom of Saudi Arabia

### INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of **Malath Cooperative Insurance Company** (A Saudi Joint Stock Company) (the "Company") as of 30 September 2019 and the related interim condensed statements of income and comprehensive income for the three and nine month periods then ended, and the interim condensed statements of changes in equity and cash flows for the nine month period then ended and other explanatory notes (interim condensed financial information). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.


### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

**Dr. Mohamed Al Amri & Co.**  
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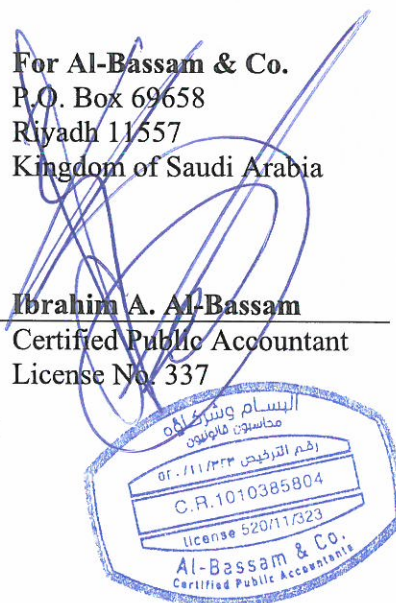


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10<sup>th</sup> November 2019G  
13<sup>th</sup> Rabi' al Awwal 1441H

**MALATH COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As at 30 September 2019**

	Note	<b>30 September</b>	<b>31 December</b>
		<b>2019</b>	<b>2018</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>SR (000)</b>	
<b>ASSETS</b>			
Cash and cash equivalents	4	<b>414,512</b>	114,143
Murabaha deposits	5	<b>398,000</b>	678,349
Premiums and reinsurers' receivable - net	6	<b>192,050</b>	172,366
Reinsurers' share of unearned premiums	7b	<b>26,019</b>	19,190
Reinsurers' share of outstanding claims	7a	<b>73,952</b>	67,855
Reinsurers' share of claims incurred but not reported	7a	<b>17,878</b>	17,878
Deferred policy acquisition costs	7d	<b>29,412</b>	21,058
Deferred excess of loss premiums		<b>3,807</b>	1,088
Available-for-sale investment	8	<b>27,123</b>	35,621
Prepayments and other assets		<b>27,603</b>	21,640
Property and equipment		<b>3,341</b>	3,834
Statutory deposit		<b>75,000</b>	75,000
Accrued income from statutory deposit		<b>7,577</b>	5,505
<b>TOTAL ASSETS</b>		<b>1,296,274</b>	<b>1,233,527</b>

  
 CHIEF FINANCIAL OFFICER

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

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

**MALATH COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As at 30 September 2019**

	Note	30 September 2019 (Unaudited) SR (000)	31 December 2018 (Audited) SR (000)
<b>LIABILITIES</b>			
Policyholders claims payable		22,714	54,313
Accrued and other liabilities		90,174	93,469
Reinsurance balances payable		29,331	5,266
Unearned premiums		351,448	267,020
Unearned reinsurance commission	7c	6,299	4,469
Outstanding claims	7a	73,713	35,039
Claims incurred but not reported	7a	192,389	236,506
Additional premium reserve	7a	15,655	15,612
Other technical reserves	7a	10,274	12,697
Due to related parties	16	1	165
Employees' end-of-service benefits		14,952	13,852
Accumulated surplus		9,657	9,657
Provision for zakat	9	27,587	29,866
Accrued commission income payable to SAMA		7,577	5,505
<b>TOTAL LIABILITIES</b>		<b>851,771</b>	<b>783,436</b>
<b>EQUITY</b>			
Share capital	10	500,000	500,000
Statutory reserve	12	2,131	2,131
Accumulated losses		(53,382)	(47,478)
Fair value reserve for available-for-sale investment		85	(231)
Re-measurement reserve of end-of-service benefits		(4,331)	(4,331)
<b>TOTAL EQUITY</b>		<b>444,503</b>	<b>450,091</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,296,274</b>	<b>1,233,527</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	15		

  
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**MALATH COOPERATIVE INSURANCE COMPANY  
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**INTERIM CONDENSED STATEMENT OF INCOME**

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

	Note	Three-months period ended 30 September		Nine-months period ended 30 September	
		2019	2018 (Restated)	2019	2018 (Restated)
		(Unaudited) SR (000)			
<b>REVENUES</b>					
Gross premiums written	7b	154,332	150,371	636,459	653,102
Reinsurance premiums ceded					
- Local		(809)	(566)	(4,252)	(3,028)
- International (includes premium ceded through local broker)		(7,615)	(8,127)	(57,185)	(59,022)
		(8,424)	(8,693)	(61,437)	(62,050)
Excess of loss expenses		(3,887)	(3,004)	(14,501)	(17,204)
<b>Net premiums written</b>		<b>142,021</b>	138,674	<b>560,521</b>	573,848
Movement in unearned premiums, net		19,241	2,621	(77,599)	(139,886)
<b>Net premiums earned</b>	7b	<b>161,262</b>	141,295	<b>482,922</b>	433,962
Reinsurance commissions	7c	4,815	4,124	12,377	10,996
Other underwriting income		1,187	1,253	2,947	4,627
<b>NET REVENUES</b>		<b>167,264</b>	146,672	<b>498,246</b>	449,585
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid		(123,266)	(165,097)	(395,496)	(463,621)
Reinsurers' share of claims paid		4,243	48,980	18,632	92,944
<b>Net claims paid</b>		<b>(119,023)</b>	(116,117)	<b>(376,864)</b>	(370,677)
Movement in outstanding claims, net		(11,224)	(12,513)	(32,577)	32,632
Movement in IBNR, net		(274)	24,910	44,117	45,244
Movement in additional premium reserve		(43)	(3,508)	(43)	923
Movement in other technical reserve		704	3,022	2,423	1,243
<b>Net claims incurred</b>		<b>(129,860)</b>	(104,206)	<b>(362,944)</b>	(290,635)
Policy acquisition costs	7d	(18,166)	(14,249)	(50,848)	(45,031)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>(148,026)</b>	(118,455)	<b>(413,792)</b>	(335,666)
<b>NET UNDERWRITING INCOME</b>		<b>19,238</b>	28,217	<b>84,454</b>	113,919

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

**INTERIM CONDENSED STATEMENT OF INCOME**

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

	Note	Three-months period ended 30 September		Nine-months period ended 30 September	
		2019	2018 (Restated)	2019	2018 (Restated)
		(Unaudited) SR (000)			
Net underwriting income carried forward		19,238	28,217	84,454	113,919
<b>OTHER INCOME/(EXPENSES)</b>					
Provision for doubtful debts		8,895	7,000	(14,679)	(6,000)
Salaries and staff related costs		(16,625)	(18,626)	(49,806)	(56,227)
Other general and administrative expenses		(10,397)	(10,709)	(35,442)	(34,429)
Investment income		5,204	5,026	16,933	13,534
Reversal of impairment/(impairment loss) on available for sale investments	8	493	-	1,186	(2,844)
<b>TOTAL OTHER INCOME/(EXPENSES)</b>		<b>(12,430)</b>	<b>(17,309)</b>	<b>(81,808)</b>	<b>(85,966)</b>
<b>Total income for the period</b>		<b>6,808</b>	<b>10,908</b>	<b>2,646</b>	<b>27,953</b>
<b>Surplus attributed to the insurance operations</b>		<b>(499)</b>	<b>(885)</b>	<b>-</b>	<b>(2,614)</b>
<b>Zakat charge for the period (restated)</b>		<b>(1,950)</b>	<b>(2,250)</b>	<b>(8,550)</b>	<b>(6,750)</b>
<b>Total income/(loss) for the period attributable to the shareholders</b>		<b>4,359</b>	<b>7,773</b>	<b>(5,904)</b>	<b>18,589</b>
<b>Earnings per share</b>	11				
Basic and diluted earnings per share (Saudi Riyals)		0.09	0.16	(0.12)	0.37
Weighted average number of shares in issue throughout the period (thousands)		50,000	50,000	50,000	50,000

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

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

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

	Three-months period ended 30 September		Nine-months period ended 30 September	
Note	2019 (Unaudited)	2018 (Restated) (Unaudited)	2019 (Unaudited)	2018 (Restated) (Unaudited)
	SR (000)			
Total income/(loss) for the period	4,359	7,773	(5,904)	18,589
Other comprehensive income:				
<i>Items that may be reclassified to statements of income in subsequent periods</i>				
-Change in fair value of available-for-sale investment, net	-	573	316	573
Total comprehensive income for the period	4,359	8,346	(5,588)	19,162
Appropriation to shareholders				
Total comprehensive income attributable to the insurance operations	-	(885)	-	(2,614)
Total comprehensive income attributable to the shareholders	4,359	7,461	(5,588)	16,548

  
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**MALATH COOPERATIVE INSURANCE COMPANY  
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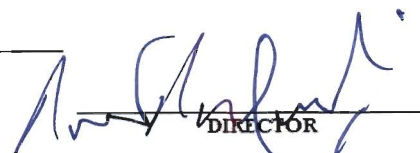
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

For the nine-months period ended 30 September 2019

	Share capital	Statutory reserve	(Accumulated losses)/ retained earnings	Fair value reserve for available- for-sale investment	Re- measurement reserve of employees' end-of- service benefits	Total equity
	(SR 000)					
Balance at 01 January 2019 (Audited)	500,000	2,131	(47,478)	(231)	(4,331)	450,091
Net income for the period	-	-	(5,904)	-	-	(5,904)
Realized gain on disposal of available-for-sale investments, net	-	-	-	316	-	316
Balance at 30 September 2019 (unaudited)	500,000	2,131	(53,382)	85	(4,331)	444,503
Balance at 01 January 2018 (Audited)	500,000	2,131	(50,108)	-	(1,557)	450,466
Net income for the period (Restated)	-	-	18,589	-	-	18,589
Realized gain on disposal of available- for-sale investments, net	-	-	-	573	-	573
Balance at 30 September 2018 (unaudited)	500,000	2,131	(31,519)	573	(1,557)	469,628

  
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**MALATH COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**For the nine-months period ended 30 September 2019**

		Nine-months period ended	
		30 September	
Note		2019	2018
		(Unaudited)	(Unaudited)
		SR (000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
		2,646	27,953
Total income for the period before zakat			
<b>Adjustments for non-cash items:</b>			
		1,415	1,638
		(1,186)	2,844
	8	-	102
		2,464	3,448
	6	14,679	6,000
<b>Changes in operating assets and liabilities:</b>			
		(34,363)	(261,997)
		(6,829)	(10,871)
		(6,097)	49,244
		(8,354)	(8,719)
		(2,719)	1,205
		(5,963)	(14,644)
		(31,599)	80,469
		(3,295)	16,245
		24,065	17,520
		84,428	150,757
		1,830	1,925
		38,674	(78,808)
		(44,117)	(48,311)
		43	-
		(2,423)	(2,166)
		(164)	219
		23,135	(65,947)
		(10,829)	(6,003)
	9	(1,364)	(3,261)
		10,942	(75,211)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	5	280,349	(510,349)
		(922)	(650)
	8	10,000	664
		289,427	(510,335)
		300,369	(585,546)
	4	114,143	698,750
	4	414,512	113,204
<b>Supplemental non-cash information:</b>			
		316	573
		-	989
		-	17,083

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month and nine-month periods ended 30 September 2019**

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

Malath Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/60 and incorporated on 21 Rabi Al-Awal 1428H corresponding to 9 April 2007 under Commercial Registration No. 1010231787. The Company's head office is situated at Mohammad Bin Abdelaziz Street, P.O. Box 99763, Riyadh 11625, and Kingdom of Saudi Arabia.

The objectives of the Company are to engage in providing insurance and related services in accordance with its by-laws and the applicable regulations in the Kingdom of Saudi Arabia.

The distribution of the surplus from insurance operations is in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policy holders are to receive the remaining 10%. Any deficit arising on insurance operations is borne by the shareholders in full.

**2 BASIS OF PREPARATION**

**(a) Basis of presentation and measurement**

These interim condensed financial statements of the Company as at and for the period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia by Saudi Organisation for Certified Public Accountants (SOCPA).

The financial statements of the Company as at and for the period and year ended 31 March 2019 and 31 December 2018, respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards ("IFRS") respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – "Income Taxes" and IFRIC 21 – "Levies" so far as these relate to zakat and income tax).

During July 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board ("IASB") and as endorsed in the Kingdom of Saudi Arabia and with the other standards and pronouncements that are issued by the Saudi Organisation for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

Accordingly, the Company changed its accounting treatment for zakat by retrospectively adjusting the impact in line with International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (as disclosed in note 3) and the effects of this change are disclosed in note 19 to the interim condensed financial statements. These interim condensed financial statements are prepared under the going concern concept and the historical cost convention, except for the measurement at fair value of available-for-sale investments, employees' end of service benefits measured at present value of future obligations using projected unit credit method and short term Murabaha deposits measured at amortized cost. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: Available-for-sale investment, Property and equipment, Statutory deposit, Accrued income on statutory deposit, Employees' end-of-service benefits and Accrued commission income payable to SAMA. All other financial statement line items would generally be classified as current. The Company presents its interim condensed statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the interim condensed financial statements accordingly (Note 18). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed statement of financial position, interim condensed statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 18 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, interim condensed statements of income, interim condensed statement of comprehensive income and interim condensed statement of 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.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month and nine-month periods ended 30 September 2019**

**2 BASIS OF PREPARATION (continued)**

**(a) Basis of presentation and measurement (continued)**

In preparing the Company-level interim condensed financial statements in compliance with IFRSs, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances and transactions 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

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

**(b) Functional and presentation currency**

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

**(c) Critical accounting judgments, estimates and assumptions**

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

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

Following are the accounting judgments and estimates that are critical in preparation of these interim condensed financial statements:

***i) The ultimate liability arising from claims made under insurance contracts***

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior year claim estimates are reassessed for adequacy and changes are made to the provision.

The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the date of interim condensed statement of financial position, for which the insured event has occurred prior to the date of interim condensed statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary has also used a segmentation approach including analyzing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

***ii) Impairment of available-for-sale investment***

The Company determines that financial assets are impaired when there has been a significant or prolonged decline in the fair values of the financial assets below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

**MALATH COOPERATIVE INSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month and nine-month periods ended 30 September 2019**

**2 BASIS OF PREPARATION (continued)**

**(c) Critical accounting judgments, estimates and assumptions (continued)**

**iii) *Impairment of receivables***

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

**iv) *Fair value of financial instruments***

Fair values of available-for-sale investments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

**v) *Deferred policy acquisition costs***

Certain acquisition costs related to sale of policies are recorded as deferred acquisition costs and are amortized over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment.

**vi) *Premium deficiency reserve***

Estimation of the premium deficiency reserve is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the actuary looks at the claims and premiums relationship which is expected to be realized in the future.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Company has not early adopted any standard (interpretation) or amendments that has been issued but which are not yet effective.

**a) *Changes in accounting policies***

***Zakat***

As mentioned above, the basis of preparation has been changed for the period ended 30 September 2019 as a result of the issuance of latest instructions from SAMA dated 23 July 2019. Previously, zakat was recognized in the statement of changes in equity as per the SAMA Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax. With the latest instructions issued by SAMA dated 23 July 2019, the zakat shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat retrospectively and the effects of the above change are disclosed in note 19 to the interim condensed financial statements.

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat expense is charged to the profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

***IFRS 16 - Leases***

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

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

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

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

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

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

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

STANDARD/ INTERPRETATION/ AMENDMENTS	DESCRIPTION	EFFECTIVE FROM PERIODS BEGINNING ON OR AFTER THE FOLLOWING DATE
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments	1-Jan-19
Amendments to IAS 19	Plan amendment, Curtailment or Settlement	1-Jan-19
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	1-Jan-19
Amendments to IAS 11	Re-measurement of interests in joint operation	1-Jan-19
Amendments to IAS 1	Conceptual clarification	1-Jan-19

The above standards/interpretations/amendments do not have any impact on the interim condensed financial statements of the Company.

**c) Standards issued but not yet effective**

The Company has chosen not to early adopt the amendments and revisions to the IFRSs, which have been published and are mandatory for compliance for the Company with effect from future dates.

STANDARD/ INTERPRETATION/ AMENDMENTS	DESCRIPTION	EFFECTIVE FROM PERIODS BEGINNING ON OR AFTER THE FOLLOWING DATE
IFRS 9	Financial Instruments (refer below)	1-Jan-18
IFRS 17	Insurance Contracts (refer below)	1-Jan-21
Amendments to IFRS 10	Sale and Contribution of Assets between an	Effective for annual periods beginning on or after 1 January 2016. Deferred indefinitely by amendments made in December 2015.
Amendments to IAS 12	Dividends should be recognized in profit and loss	1-Jan-20

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

- a. The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company using the exemptions available to insurers to defer the implementation of IFRS 9 until implementation of IFRS 17. 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 IFRS 17 "Insurance contracts". At present the Company has not fully assessed the effects of adoption of IFRS 9.
- b. IFRS 17 'Insurance contracts' was published on 18 May 2017 with the effective date of 1 January 2021. IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For non-life and short-term life insurance contracts IFRS 17 introduces mandatory discounting of loss reserves as well as a risk adjustment for non-financial risk, for which confidence level equivalent disclosure will be required. Further, IFRS 17 will change the presentation of insurance contract revenue, as gross written premium will no longer be presented in profit or loss. Till date, Company has not quantified the potential impact on the financial statements.

**4 CASH AND CASH EQUIVALENTS**

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
<b>Insurance operations</b>		
Cash in banks	43,931	16,352
Cash on hand	15	-
Short term Murabaha deposits	50,000	50,000
	<u>93,946</u>	<u>66,352</u>
<b>Shareholders' operations</b>		
Cash in banks	240,566	47,791
Short term Murabaha deposits	80,000	-
	<u>320,566</u>	<u>47,791</u>
<b>Total cash and cash equivalent</b>	<u><b>414,512</b></u>	<u><b>114,143</b></u>

Short term Murabaha deposits are deposits having original maturity of less than three months depending on the immediate cash requirements of the Company. The short term Murabaha deposits are subject to an average commission rate of 2.17% per annum as at 30 September 2019 (31 December 2018: 2.48% per annum).

The carrying amounts disclosed above are not materially different from their fair values at the date of the interim condensed statement of financial position.



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**5 MURABAHA DEPOSITS**

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
<b>Insurance operations</b>		
Short term Murabaha deposits	360,000	365,349
<b>Shareholders' operations</b>		
Short term Murabaha deposits	38,000	313,000
Total short term Murabaha deposits	<u>398,000</u>	<u>678,349</u>

The above short term Murabaha deposits have an original maturity period of more than three months from the date of acquisition. These deposits are subject to an average commission rate of 3.28% per annum as at 30 September 2019 (31 December 2018: 3.07% per annum).

The carrying amounts disclosed above are not materially different from their fair values at the date of the interim condensed statement of financial position.

**6 PREMIUMS AND REINSURERS' RECEIVABLE - NET**

Receivables comprise amounts due from the following:

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Policyholders	228,174	200,786
Reinsurers	5,675	299
Insurance companies	4,454	3,113
Agents and brokers	2,875	2,617
	<u>241,178</u>	<u>206,815</u>
Less:		
Provision for doubtful receivables - insurance	(48,904)	(34,380)
Provision for doubtful receivables - reinsurers	(224)	(69)
	<u>(49,128)</u>	<u>(34,449)</u>
	<u>192,050</u>	<u>172,366</u>

The movement in the provision for doubtful receivables is as follows:

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Beginning balance	34,449	40,000
Provision made during the period/year	14,679	11,532
Fully provided receivables written off	-	(17,083)
Ending balance	<u>49,128</u>	<u>34,449</u>

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**7 TECHNICAL RESERVES**

**a) Outstanding claims and reserves**

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Gross outstanding claims	99,722	60,548
Less: realizable value of salvage and subrogation	(26,009)	(25,509)
Outstanding claims	73,713	35,039
Claims incurred but not reported at end of the period/year	192,389	236,506
Additional premium reserves	15,655	15,612
Other technical reserves	10,274	12,697
	292,031	299,854
Reinsurers' share of outstanding claims	(73,952)	(67,855)
Reinsurers' share of claims incurred but not reported	(17,878)	(17,878)
	(91,830)	(85,733)
Net outstanding claims and reserves	200,201	214,121

**b) Unearned premiums**

	<b>30 September 2019 (Unaudited)</b>		
	<b>Gross</b>	<b>Reinsurers' share</b>	<b>Net</b>
	<b>SR (000)</b>		
Unearned premiums at beginning of the period	267,020	(19,190)	247,830
Premiums written during the period	636,459	(75,938)	560,521
Premiums earned during the period	(552,031)	69,109	(482,922)
Unearned premiums at end of the period	351,448	(26,019)	325,429
	<b>31 December 2018 (Unaudited)</b>		
	<b>Gross</b>	<b>Reinsurers' share</b>	<b>Net</b>
	<b>SR (000)</b>		
Unearned premiums at beginning of the year	216,401	(16,071)	200,330
Premiums written during the year	729,076	(90,226)	638,850
Premiums earned during the year	(678,457)	87,107	(591,350)
Unearned premiums at end of the year	267,020	(19,190)	247,830

**c) Unearned reinsurance commission**

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Balance at beginning of the period/year	4,469	3,993
Commission received during the period/year	14,207	16,212
Commission earned during the period/year	(12,377)	(15,736)
Balance at end of the period/year	6,299	4,469

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**7 TECHNICAL RESERVES (continued)**

**d) Deferred policy acquisition costs**

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Balance at beginning of the period/year	21,058	17,508
Incurred during the period/year	59,202	80,886
Amortized during the period/year	(50,848)	(77,336)
Balance at end of the period/year	<u>29,412</u>	<u>21,058</u>

**8 AVAILABLE-FOR-SALE INVESTMENT**

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
<b>Insurance operations</b>		
<b>Unquoted</b>		
NCB Capital- Real Estate Development Fund (note 14)	<u>3,372</u>	<u>3,322</u>
<b>Shareholders' operations</b>		
<b>Unquoted</b>		
TASNEE Sukuk (Maturing May 2019)	-	10,000
NCB Capital-Real Estate Development Fund	6,743	6,645
SEDCO Capital-Real Estate Income Fund 2	15,085	13,731
Najm Company for Insurance Services - Shares	<u>1,923</u>	<u>1,923</u>
Ending balance	<u>23,751</u>	<u>32,299</u>
<b>Total available for sale investments (note 14)</b>	<u><b>27,123</b></u>	<u><b>35,621</b></u>

The fair values of the unquoted mutual funds computed above are based on the latest reported net assets as at the reporting date. An impairment review is performed at each reporting date.

**Movement in the investment balance is as follows:**

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
<b>Insurance operations</b>		
Balance at beginning of the period/year	3,322	4,600
Reversal/(impairment) of investment during the period/year	<u>50</u>	<u>(1,278)</u>
Balance at end of the period/year	<u>3,372</u>	<u>3,322</u>
<b>Shareholders' operations</b>		
Balance at beginning of the period/year	32,299	35,851
Disposals during the period/year	(10,000)	(766)
Reversal/(impairment) of investment during the period/year	1,136	(2,555)
Re-measurement gain/(loss) during the period/year	<u>316</u>	<u>(231)</u>
Balance at end of the period/year	<u>23,751</u>	<u>32,299</u>

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**9 PROVISION FOR ZAKAT (continued)**

**a) Zakat payable**

The movement in zakat payable during the period/year was as follows:

	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Balance at beginning of the period/year	29,866	22,871
Charge for the period/year	8,550	13,000
Payments during the period/year	<u>(10,829)</u>	<u>(6,005)</u>
Balance at end of the period/year	<u><b>27,587</b></u>	<u><b>29,866</b></u>

**b) Status of assessments**

The Company had filed the Zakat return for the years 2016 to 2018 and received a temporary Zakat certificate. No assessments have been received from GAZT to date in respect of these years.

**b) Status of assessments**

Zakat years 2007 to 2010: The Company had filed an appeal against the final assessment of GAZT and submitted a letter of guarantee to GAZT for zakat and withholding income tax amounting to SR 31.81 million, which is included in the contingent liabilities note (13). During the year 2017, the primary appeal committee issued a report in which certain arguments of the Company were rejected. The Company appealed against this report in Higher Appeal Committee dated 18/10/1438 H, where the decision is pending.

Zakat years 2011 to 2015: The Company has also filed an appeal to the primary appeal committee against the final assessment of Zakat issued by GAZT amounting to SR 8 million the decision is pending.

**10 SHARE CAPITAL**

As at 30 September 2019 and 31 December 2018, the issued and paid up share capital of the Company amounts to SR 500 million, divided into 50 million ordinary shares of SR 10 each.

**11 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share for the period have been calculated by dividing the total net income for the period by the weighted average number of shares in issue throughout the period.

The basic and diluted earning per share are as follows:

	<b>Three-months period ended</b>		<b>Nine-months period ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Basic and diluted earnings per share (Saudi Riyals)	0.09	0.16	(0.12)	0.37
Weighted average number of shares throughout the period (thousands)	<u><b>50,000</b></u>	<u><b>50,000</b></u>	<u><b>50,000</b></u>	<u><b>50,000</b></u>

**12 STATUTORY RESERVE**

In accordance with the Company's By-Laws and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital and such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

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**13 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 new shares.

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at 30 September 2019 consists of paid-up share capital of SR 500 million, statutory reserve of SR 2.1 million and accumulated losses of SR 53.4 million (31 December 2018: paid-up share capital of SR 500 million, statutory reserves of SR 2.1 million and accumulated losses of SR 47.5 million) in the interim condensed statement of financial position.

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

**14 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

During the nine-months period ended 30 September 2019, equity security amounting SR 1.9 million has been transferred from Level 2 to Level 3. No other transfers were made during the period.

The fair values of all other financial assets and liabilities which are carried at cost, are not significantly different from the carrying values included in this financial information, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and on account of the short duration of the assets and liabilities.

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**14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The following table summarizes the financial assets recorded at fair value as of 30 September 2019 and 31 December 2018 by level of the fair value hierarchy. Also refer to note 8.

As at 30 September 2019 (Unaudited)

	Carrying value	Level 1	Level 2	Level 3	Total
	SR (000)				
<b>Financial assets:</b>					
<b>Insurance operations</b>					
<b>Available-for-sale investment</b>					
Mutual Funds	3,372	-	3,372	-	3,372
<b>Shareholders' operations</b>					
<b>Available-for-sale investment</b>					
Equity securities	1,923	-	-	1,923	1,923
Mutual Funds	21,828	-	21,828	-	21,828
	<u>27,123</u>	<u>-</u>	<u>25,200</u>	<u>1,923</u>	<u>27,123</u>

As at 30 December 2018 (Audited)

	Carrying value	Level 1	Level 2	Level 3	Total
	SR (000)				
<b>Financial assets:</b>					
<b>Insurance operations</b>					
<b>Available-for-sale investment</b>					
Mutual Funds	3,322	-	3,322	-	3,322
<b>Shareholders' operations</b>					
<b>Available-for-sale investment</b>					
Equity securities	1,923	-	-	1,923	1,923
Mutual Funds	20,376	-	20,376	-	20,376
Sukuk	10,000	-	10,000	-	10,000
	<u>35,621</u>	<u>-</u>	<u>33,698</u>	<u>1,923</u>	<u>35,621</u>

**15 COMMITMENTS AND CONTINGENCIES**

**a. Legal proceedings and regulations**

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

**b. Contingent liabilities**

The Company's contingent liabilities are as follows:

	30 September 2019 (Unaudited) SR (000)	31 December 2018 (Audited)
Letters of guarantee	47,912	44,512

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**16 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 mutually agreed and are approved by the Company's management.

The following are the details of the major related party transactions during the period and the related balances:

	Three-months period ended 30 September		Nine-months period ended 30 September	
	2019	2018	2019	2018
	(Unaudited) SR (000)			
Gross premiums written to companies related to the members of Board of Directors (BOD)	-	(1,230)	-	211,923
Gross premiums received from BOD members	-	52	-	53
Gross claims paid to companies related to BOD members	-	24,711	-	60,732
Gross claims paid to BOD members	-	-	-	-
Board of Directors' and committees meeting fees	-	132	114	318
Net reinsurance premium paid to a reinsurance brokerage firm related to a BOD member	-	-	-	188
Bonus paid to Board of Directors	-	-	1,750	1,625

**Balances due from / (to) related parties comprise the following:**

	30 September 2019	31 December 2018
	(Unaudited)	(Audited)
	SR (000)	
Premiums receivable from companies related to BOD members	-	10,826
Net reinsurance balance payable to a reinsurance brokerage firm related to a BOD member	-	151
Claims payable to companies owned by BOD members	1	14



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**17 SEGMENT INFORMATION**

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include income from investments, income from Murabaha deposits, other income, general and administrative expenses, and provision for doubtful debts.

Segment results do not include commission on short-term Murabaha deposits. Segment assets do not include insurance operations' cash and cash equivalents, short-term Murabaha deposits, available for sale investments, receivables, prepaid expenses and other assets and property and equipment. Accordingly, they are included in unallocated assets. Segment liabilities do not include reinsurers' balances payable, policyholders claims payable, accrued expenses and other liabilities, accumulated surplus and due to related parties. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities (including the related charges for provision for doubtful debts on premiums and reinsurers' receivable and depreciation on the property and equipment) are not reported to Chief Executive Officer under related segments and are monitored on a centralized basis.

	Three-months period ended 30 September 2019 (Unaudited)				
Operating segment	Medical	Motor	Property & casualty	Protection & savings	Total
	SR (000)				
<b>Revenues</b>					
Gross premiums written	63,791	79,320	11,221		154,332
-Individuals	-	39,401	311	-	39,712
-Very small enterprises	372	78	15	-	465
-Small enterprises	4,605	1,661	253	-	6,519
-Medium enterprises	6,224	2,110	5,235	-	13,569
-Corporates	52,590	36,070	5,407	-	94,067
	63,791	79,320	11,221	-	154,332
Reinsurance premiums ceded					
- Local	-	-	(809)	-	(809)
- International	-	-	(7,615)	-	(7,615)
	-	-	(8,424)	-	(8,424)
Excess of loss expenses	(750)	(2,593)	(544)	-	(3,887)
<b>Net premiums written</b>	<b>63,041</b>	<b>76,727</b>	<b>2,253</b>	<b>-</b>	<b>142,021</b>

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**17 SEGMENT INFORMATION (continued)**

	Three-months period ended 30 September 2019 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Total
	SR (000)				
<b>Net premiums written</b>	63,041	76,727	2,253	-	142,021
Movement in unearned premiums, net	1,053	17,581	607	-	19,241
<b>Net premiums earned</b>	64,094	94,308	2,860	-	161,262
Reinsurance commissions	-	-	4,815	-	4,815
Other underwriting income	32	1,139	16	-	1,187
<b>Net revenues</b>	64,126	95,447	7,691	-	167,264
<b>Underwriting costs and expenses</b>					
Gross claims paid	(44,824)	(75,597)	(2,845)	-	(123,266)
Reinsurers' share of claims paid	577	1,132	2,534	-	4,243
<b>Net claims paid</b>	(44,247)	(74,465)	(311)	-	(119,023)
Movement in outstanding claims, net	4,735	(15,743)	(216)	-	(11,224)
Movement in IBNR, net	(14,345)	14,071	-	-	(274)
Movement in additional premium reserves	2,730	(2,773)	-	-	(43)
Movement in other technical reserves	(957)	1,661	-	-	704
<b>Net claims incurred</b>	(52,084)	(77,249)	(527)	-	(129,860)
Policy acquisition costs	(4,228)	(11,251)	(2,687)	-	(18,166)
<b>Total underwriting costs and expenses</b>	(56,312)	(88,500)	(3,214)	-	(148,026)
<b>Net underwriting income</b>	7,814	6,947	4,477	-	19,238
Unallocated revenue					5,697
Unallocated expenses					(18,127)
<b>Total income for the period</b>					6,808

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**For the three-month and nine-month periods ended 30 September 2019**

**17 SEGMENT INFORMATION (Continued)**

Operating segment	Three-months period ended 30 September 2018 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Total
	SR (000)				
<b>Revenues</b>					
Gross premiums written	84,831	56,154	9,386	-	150,371
-Individuals	-	26,734	185	-	26,919
-Very small enterprises	270	736	1	-	1,007
-Small enterprises	4,746	1,522	238	-	6,506
-Medium enterprises	7,723	2,741	409	-	10,873
-Corporates	72,092	24,421	8,553	-	105,066
	<u>84,831</u>	<u>56,154</u>	<u>9,386</u>	<u>-</u>	<u>150,371</u>
<b>Reinsurance premiums ceded</b>					
- Local	-	-	(566)	-	(566)
- International	-	-	(8,127)	-	(8,127)
	<u>-</u>	<u>-</u>	<u>(8,693)</u>	<u>-</u>	<u>(8,693)</u>
<b>Excess of loss expenses</b>	<u>(275)</u>	<u>(2,162)</u>	<u>(567)</u>	<u>-</u>	<u>(3,004)</u>
Net premiums written	84,556	53,992	126	-	138,674
Movement in unearned premiums, net	(41,681)	42,485	1,817	-	2,621
Net premiums earned	42,875	96,477	1,943	-	141,295
Reinsurance commissions	-	-	4,124	-	4,124
Other underwriting income	36	1,203	14	-	1,253
Net revenues	<u>42,911</u>	<u>97,680</u>	<u>6,081</u>	<u>-</u>	<u>146,672</u>
<b>Underwriting costs and expenses</b>					
Gross claims paid	(38,239)	(94,274)	(32,584)	-	(165,097)
Reinsurers' share of claims paid	110	17,126	31,744	-	48,980
Net claims paid	(38,129)	(77,148)	(840)	-	(116,117)
Movement in outstanding claims, net	14	(12,924)	397	-	(12,513)
Movement in IBNR, net	(347)	25,311	(54)	-	24,910
Movement in additional premium reserves	(4,076)	568	-	-	(3,508)
Movement in other technical reserves	(6)	3,028	-	-	3,022
Net claims incurred	(42,544)	(61,165)	(497)	-	(104,206)
Policy acquisition costs	(2,418)	(9,488)	(2,343)	-	(14,249)
Total underwriting costs and expenses	<u>(44,962)</u>	<u>(70,653)</u>	<u>(2,840)</u>	<u>-</u>	<u>(118,455)</u>
Net underwriting income	<u>(2,051)</u>	<u>27,027</u>	<u>3,241</u>	<u>-</u>	<u>28,217</u>
Unallocated revenue					5,026
Unallocated expenses					(22,335)
Total income for the period					<u>10,908</u>

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**17 SEGMENT INFORMATION (Continued)**

Operating segment	Nine-months period ended 30 September 2019 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Total
	SR (000)				
<b>Revenues</b>					
Gross premiums written	216,876	346,768	72,815	-	636,459
-Individuals	-	69,116	522	-	69,638
-Very small enterprises	1,278	1,607	8,893	-	11,778
-Small enterprises	14,823	4,158	7,045	-	26,026
-Medium enterprises	30,943	6,328	13,006	-	50,277
-Corporates	169,832	265,559	43,349	-	478,740
	216,876	346,768	72,815	-	636,459
Reinsurance premiums ceded					
- Local	-	-	(4,252)	-	(4,252)
- International	-	-	(57,185)	-	(57,185)
	-	-	(61,437)	-	(61,437)
Excess of loss expenses	(4,083)	(8,742)	(1,676)	-	(14,501)
<b>Net premiums written</b>	212,793	338,026	9,702	-	560,521
Movement in unearned premiums, net	(28,289)	(47,836)	(1,474)	-	(77,599)
<b>Net premiums earned</b>	184,504	290,190	8,228	-	482,922
Reinsurance commissions	-	-	12,377	-	12,377
Other underwriting income	100	2,809	38	-	2,947
<b>Net revenues</b>	184,604	292,999	20,643	-	498,246
<b>Underwriting costs and expenses</b>					
Gross claims paid	(137,075)	(246,607)	(11,814)	-	(395,496)
Reinsurers' share of claims paid	3,619	4,774	10,239	-	18,632
<b>Net claims paid</b>	(133,456)	(241,833)	(1,575)	-	(376,864)
Movement in outstanding claims, net	(9,497)	(23,128)	48	-	(32,577)
Movement in IBNR, net	(11,305)	55,422	-	-	44,117
Movement in additional premium reserves	2,730	(2,773)	-	-	(43)
Movement in other technical reserves	(563)	2,986	-	-	2,423
<b>Net claims incurred</b>	(152,091)	(209,326)	(1,527)	-	(362,944)
Policy acquisition costs	(11,648)	(31,594)	(7,606)	-	(50,848)
<b>Total underwriting costs and expenses</b>	(163,739)	(240,920)	(9,133)	-	(413,792)
<b>Net underwriting income</b>	20,865	52,079	11,510	-	84,454
Unallocated revenue					18,119
Unallocated expenses					(99,927)
<b>Total income for the period</b>					2,646

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**For the three-month and nine-month periods ended 30 September 2019**

**17 SEGMENT INFORMATION (Continued)**

Operating segment	Nine-months period ended 30 September 2018 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Total
	SR (000)				
<b>Revenues</b>					
Gross premiums written	179,070	400,652	73,380	-	653,102
-Individuals	-	190,741	384	-	191,125
-Very small enterprises	1,150	5,252	142	-	6,544
-Small enterprises	13,401	10,861	793	-	25,055
-Medium enterprises	26,710	19,557	12,907	-	59,174
-Corporates	137,809	174,241	59,154	-	371,204
	<u>179,070</u>	<u>400,652</u>	<u>73,380</u>	<u>-</u>	<u>653,102</u>
Reinsurance premiums ceded					
- Local	-	-	(3,028)	-	(3,028)
- International	-	-	(59,022)	-	(59,022)
	<u>-</u>	<u>-</u>	<u>(62,050)</u>	<u>-</u>	<u>(62,050)</u>
Excess of loss expenses	(6,606)	(8,993)	(1,605)	-	(17,204)
Net premiums written	172,464	391,659	9,725	-	573,848
Movement in unearned premiums, net	(66,603)	(71,358)	(1,925)	-	(139,886)
Net premiums earned	105,861	320,301	7,800	-	433,962
Reinsurance commissions	-	-	10,996	-	10,996
Other underwriting income	404	3,833	390	-	4,627
Net revenues	<u>106,265</u>	<u>324,134</u>	<u>19,186</u>	<u>-</u>	<u>449,585</u>
<b>Underwriting costs and expenses</b>					
Gross claims paid	(85,494)	(304,705)	(73,422)	-	(463,621)
Reinsurers' share of claims paid	3,119	20,488	69,337	-	92,944
Net claims paid	(82,375)	(284,217)	(4,085)	-	(370,677)
Movement in outstanding claims, net	(8,892)	39,114	2,410	-	32,632
Movement in IBNR, net	(2,203)	51,729	(4,282)	-	45,244
Movement in additional premium reserves	(4,532)	5,455	-	-	923
Movement in other technical reserves	(275)	1,518	-	-	1,243
Net claims incurred	(98,277)	(186,401)	(5,957)	-	(290,635)
Policy acquisition costs	(7,401)	(31,245)	(6,385)	-	(45,031)
Total underwriting costs and expenses	<u>(105,678)</u>	<u>(217,646)</u>	<u>(12,342)</u>	<u>-</u>	<u>(335,666)</u>
Net underwriting income	<u>587</u>	<u>106,488</u>	<u>6,844</u>	<u>-</u>	<u>113,919</u>
Unallocated revenue					13,534
Unallocated expenses					(99,500)
Total income for the period					<u>27,953</u>

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**17 SEGMENT INFORMATION (Continued)**

Operating segment	As at 30 September 2019 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Total
	SR (000)				
<b>Assets</b>					
Reinsurers' share of outstanding claims	1,711	19,634	52,607	-	73,952
Reinsurers' share of IBNR	-	-	17,878	-	17,878
Reinsurers' share of unearned premiums	-	-	26,019	-	26,019
Deferred policy acquisition costs	6,898	19,144	3,370	-	29,412
<b>Segment assets</b>	<b>8,609</b>	<b>38,778</b>	<b>99,874</b>	<b>-</b>	<b>147,261</b>
Unallocated assets					1,149,013
<b>Total assets</b>					<b>1,296,274</b>
<b>Liabilities and equity</b>					
Unearned premiums	120,835	199,512	31,101	-	351,448
Unearned reinsurance commission	-	-	6,299	-	6,299
Outstanding claims	33,233	(16,913)	57,393	-	73,713
Claims incurred but not reported	23,045	150,429	18,915	-	192,389
Additional premium reserve	4,377	10,472	806	-	15,655
Other technical reserves	1,407	8,439	428	-	10,274
<b>Segment liabilities</b>	<b>182,897</b>	<b>351,939</b>	<b>114,942</b>	<b>-</b>	<b>649,778</b>
Unallocated liabilities and surplus					201,993
Total equity					444,503
<b>Total liabilities and equity</b>					<b>1,296,274</b>

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**17 SEGMENT INFORMATION (Continued)**

Operating segment	As at 31 December 2018 (Audited)				
	Medical	Motor	Property & casualty	Protection & savings	Total
	SR (000)				
<b>Assets</b>					
Reinsurers' share of unearned premiums	-	-	19,190	-	19,190
Reinsurers' share of outstanding claims at	-	19,065	48,790	-	67,855
Reinsurers' share of IBNR	-	-	17,878	-	17,878
Deferred policy acquisition costs	5,704	12,889	2,465	-	21,058
Segment assets	5,704	31,954	88,323	-	125,981
Unallocated assets					1,107,546
Total assets					1,233,527
<b>Liabilities</b>					
Unearned premiums	92,547	151,676	22,797	-	267,020
Unearned reinsurance commission	-	-	4,469	-	4,469
Outstanding claims	22,026	(40,610)	53,623	-	35,039
Claims incurred but not reported	11,740	205,851	18,915	-	236,506
Additional premium reserve	7,107	7,699	806	-	15,612
Other technical reserves	844	11,425	428	-	12,697
Segment liabilities	41,717	184,365	73,772	-	299,854
Unallocated liabilities and surplus					483,582
Total equity					450,091
Total liabilities					1,233,527



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month and nine-month periods ended 30 September 2019**

**18 SUPPLEMENTARY INFORMATION**

**18.1 Interim condensed statement of financial position**

	Insurance Operations		Shareholders' Operations		Total	
	30 September	31 December	30 September	31 December	30 September	31 December
	2019 (Unaudited)	2018 (Audited)	2019 (Unaudited)	2018 (Audited)	2019 (Unaudited)	2018 (Audited)
	SR (000)					
<b>ASSETS</b>						
Cash and cash equivalents	93,946	66,352	320,566	47,791	414,512	114,143
Murabaha deposits	360,000	365,349	38,000	313,000	398,000	678,349
Premiums and reinsurers' receivable - net	192,050	172,366	-	-	192,050	172,366
Reinsurers' share of unearned premiums	26,019	19,190	-	-	26,019	19,190
Reinsurers' share of outstanding claims	73,952	67,855	-	-	73,952	67,855
Reinsurers' share of claims incurred but not reported	17,878	17,878	-	-	17,878	17,878
Deferred policy acquisition costs	29,412	21,058	-	-	29,412	21,058
Deferred excess of loss premiums	3,807	1,088	-	-	3,807	1,088
Available-for-sale investment	3,372	3,322	23,751	32,299	27,123	35,621
Prepayments and other assets	25,755	17,108	1,848	4,532	27,603	21,640
Property and equipment	3,341	3,834	-	-	3,341	3,834
Statutory deposit	-	-	75,000	75,000	75,000	75,000
Accrued income from statutory deposit	-	-	7,577	5,505	7,577	5,505
	829,532	755,400	466,742	478,127	1,296,274	1,233,527
Due from insurance operations			17,794	12,202	17,794	12,202
<b>TOTAL ASSETS</b>	<b>829,532</b>	<b>755,400</b>	<b>484,536</b>	<b>490,329</b>	<b>1,314,068</b>	<b>1,245,729</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

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

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.1 Interim condensed statement of financial position (continued)**

	Insurance Operations		Shareholders' Operations		Total	
	30 September	31 December	30 September	31 December	30 September	31 December
	2019	2018	2019	2018	2019	2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	SR (000)					
<b>LIABILITIES</b>						
Policyholders claims payable	22,714	54,313	-	-	22,714	54,313
Accrued and other liabilities	89,636	92,933	538	536	90,174	93,469
Reinsurance balances payable	29,331	5,266	-	-	29,331	5,266
Unearned premiums	351,448	267,020	-	-	351,448	267,020
Unearned reinsurance commission	6,299	4,469	-	-	6,299	4,469
Outstanding claims	73,713	35,039	-	-	73,713	35,039
Claims incurred but not reported	192,389	236,506	-	-	192,389	236,506
Additional premium reserve	15,655	15,612	-	-	15,655	15,612
Other technical reserves	10,274	12,697	-	-	10,274	12,697
Due to related parties	1	165	-	-	1	165
Employees' end-of-service benefits	14,952	13,852	-	-	14,952	13,852
Accumulated surplus	9,657	9,657	-	-	9,657	9,657
Provision for zakat	-	-	27,587	29,866	27,587	29,866
Accrued commission income payable to SAMA	-	-	7,577	5,505	7,577	5,505
	816,069	747,529	35,702	35,907	851,771	783,436
Due to shareholders' operations	17,794	12,202	-	-	17,794	12,202
<b>TOTAL LIABILITIES</b>	<b>833,863</b>	<b>759,731</b>	<b>35,702</b>	<b>35,907</b>	<b>869,565</b>	<b>795,638</b>
<b>EQUITY</b>						
Share capital	-	-	500,000	500,000	500,000	500,000
Statutory reserve	-	-	2,131	2,131	2,131	2,131
Accumulated losses	-	-	(53,382)	(47,478)	(53,382)	(47,478)
Fair value reserve for available-for-sale investment	-	-	85	(231)	85	(231)
Re-measurement reserve of end-of-service benefits	(4,331)	(4,331)	-	-	(4,331)	(4,331)
<b>TOTAL EQUITY</b>	<b>(4,331)</b>	<b>(4,331)</b>	<b>448,834</b>	<b>454,422</b>	<b>444,503</b>	<b>450,091</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>829,532</b>	<b>755,400</b>	<b>484,536</b>	<b>490,329</b>	<b>1,314,068</b>	<b>1,245,729</b>

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.2 Interim condensed statement of income**

	Three-months period ended 30 September (Unaudited) (SR '000)				
	Insurance Operations		Shareholders' Operations		Total
	2019	2018 (Restated)	2019	2018 (Restated)	2018 (Restated)
<b>REVENUES</b>					
Gross premiums written	154,332	150,371	-	-	154,332
Reinsurance premiums ceded	(809)	(566)	-	-	(809)
- Local	(7,615)	(8,127)	-	-	(7,615)
- International (includes premium ceded through local broker)	(8,424)	(8,693)	-	-	(8,424)
	(3,887)	(3,004)	-	-	(3,887,000)
Excess of loss/ stop loss expenses	142,021	138,674	-	-	142,021
<b>Net premiums written</b>	19,241	2,621	-	-	19,241
Movement in unearned premiums, net	161,262	141,295	-	-	161,262
<b>Net premiums earned</b>	4,815	4,124	-	-	4,815
Reinsurance commissions	1,187	1,253	-	-	1,187
Other underwriting income	167,264	146,672	-	-	167,264
<b>NET REVENUES</b>	(123,266)	(165,097)	-	-	(165,097)
<b>UNDERWRITING COSTS AND EXPENSES</b>	4,243	48,980	-	-	4,243
Gross claims paid	(119,023)	(116,117)	-	-	(119,023)
Reinsurers' share of claims paid	(11,224)	(12,513)	-	-	(11,224)
<b>Net claims paid</b>	(274)	24,910	-	-	(274)
Movement in outstanding claims, net	(43)	(3,508)	-	-	(43)
Movement in IBNR, net	704	3,022	-	-	704
Movement in additional premium reserve	(129,860)	(104,206)	-	-	(129,860)
Movement in other technical reserve	(18,166)	(14,249)	-	-	(18,166)
<b>Net claims incurred</b>	(148,026)	(118,455)	-	-	(148,026)
Policy acquisition costs	19,238	28,217	-	-	19,238
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>					
<b>NET UNDERWRITING INCOME</b>					28,217

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**For the three-month and nine-month periods ended 30 September 2019**

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.2 Interim condensed statement of income (continued)**

	Three-months period ended 30 September (Unaudited) (SR '000)				
	Insurance Operations		Shareholders' Operations		Total
	2019	2018 (Restated)	2019	2018 (Restated)	2019 (Restated)
Net underwriting income carried forward	19,238	28,217	-	-	19,238
<b>OTHER INCOME/(EXPENSES)</b>					28,217
Provision for doubtful debts	8,895	7,000	-	-	8,895
Salaries and staff related costs	(16,625)	(18,626)	-	-	(16,625)
Other general and administrative expenses	(10,160)	(10,308)	(237)	(401)	(10,397)
Reversal of impairment on available for sale investments	165	-	328	-	493
Investment income	3,477	2,570	1,727	2,456	5,204
<b>TOTAL OTHER INCOME/(EXPENSES)</b>	(14,248)	(19,364)	1,818	2,055	(12,430)
<b>Total income/(loss) for the period</b>	4,990	8,853	1,818	2,055	6,808
Shareholders' appropriations	(4,491)	(7,968)	4,491	7,968	-
Zakat charge for the period (restated)	-	-	(1,950)	(2,250)	(1,950)
<b>Total income attributed to insurance operations</b>	(499)	(885)	-	(499)	(885)
<b>Total (loss)/ income attributable to shareholders' operations</b>	-	-	4,359	7,773	4,359
					7,773

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

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

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.3 Interim condensed statement of comprehensive income**

	Three-months period ended 30 September 2019 (Unaudited) (SR '000)				
	Insurance Operations		Shareholders' Operations		Total
	2019	2018 (Restated)	2019	2018 (Restated)	2018 (Restated)
Total income /(loss) for the period	4,990	8,853	(631)	(1,080)	4,359
					7,773
Other comprehensive income / (loss) :					
Items that may be reclassified to statement of insurance operations' surplus in subsequent periods:					
- Change in fair value of available-for-sale investments, net	-	-	-	573	-
					573
Total comprehensive income for the period	4,990	8,853	(631)	(507)	4,359
					8,346
Appropriation to shareholders	(4,990)	(7,968)	4,990	7,968	-
					-
Total comprehensive income attributable to insurance operations	-	(885)	-	-	(885)
Total comprehensive income attributable to shareholders	-	-	4,359	7,461	4,359
					7,461

**MALATH COOPERATIVE INSURANCE COMPANY  
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**For the three-month and nine-month periods ended 30 September 2019**

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.2 Interim condensed statement of income (continued)**

	Nine-months period ended 30 September (Unaudited) (SR '000)				
	Insurance Operations		Shareholders' Operations		Total
	2019	2018 (Restated)	2019	2018 (Restated)	2018 (Restated)
<b>REVENUES</b>					
Gross premiums written	636,459	653,102	-	-	636,459
Reinsurance premiums ceded	(4,252)	(3,028)	-	-	(4,252)
- Local	(57,185)	(59,022)	-	-	(57,185)
- International (includes premium ceded through local broker)	(61,437)	(62,050)	-	-	(61,437)
Excess of loss/ stop loss expenses	(14,501)	(17,204)	-	-	(14,501)
<b>Net premiums written</b>	<b>560,521</b>	<b>573,848</b>	<b>-</b>	<b>-</b>	<b>560,521</b>
Movement in unearned premiums, net	(77,599)	(139,886)	-	-	(77,599)
<b>Net premiums earned</b>	<b>482,922</b>	<b>433,962</b>	<b>-</b>	<b>-</b>	<b>482,922</b>
Reinsurance commissions	12,377	10,996	-	-	12,377
Other underwriting income	2,947	4,627	-	-	2,947
<b>NET REVENUES</b>	<b>498,246</b>	<b>449,585</b>	<b>-</b>	<b>-</b>	<b>498,246</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	(395,496)	(463,621)	-	-	(395,496)
Reinsurers' share of claims paid	18,632	92,944	-	-	18,632
<b>Net claims paid</b>	<b>(376,864)</b>	<b>(370,677)</b>	<b>-</b>	<b>-</b>	<b>(376,864)</b>
Movement in outstanding claims, net	(32,577)	32,632	-	-	(32,577)
Movement in IBNR, net	44,117	45,244	-	-	44,117
Movement in additional premium reserve	(43)	923	-	-	(43)
Movement in other technical reserve	2,423	1,243	-	-	2,423
<b>Net claims incurred</b>	<b>(362,944)</b>	<b>(290,635)</b>	<b>-</b>	<b>-</b>	<b>(362,944)</b>
Policy acquisition costs	(50,848)	(45,031)	-	-	(50,848)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(413,792)</b>	<b>(335,666)</b>	<b>-</b>	<b>-</b>	<b>(413,792)</b>
<b>NET UNDERWRITING INCOME</b>	<b>84,454</b>	<b>113,919</b>	<b>-</b>	<b>-</b>	<b>84,454</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

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

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.2 Interim condensed statement of income (continued)**

	Nine-months period ended 30 September (Unaudited) (SR '000)				
	Insurance Operations		Shareholders' Operations		Total
	2019	2018 (Restated)	2019	2018 (Restated)	2019 (Restated)
Net underwriting income carried forward	84,454	113,919	-	-	113,919
<b>OTHER INCOME/(EXPENSES)</b>					
Provision for doubtful debts	(14,679)	(6,000)	-	-	(14,679)
Salaries and staff related costs	(49,806)	(56,227)	-	-	(49,806)
Other general and administrative expenses	(32,992)	(31,705)	(2,450)	(2,724)	(35,442)
Investment income	10,303	7,103	6,630	6,431	16,933
Reversal of impairment/(impairment loss) on available for sale investments	50	(948)	1,136	(1,896)	1,186
<b>TOTAL OTHER INCOME/(EXPENSES)</b>	<b>(87,124)</b>	<b>(87,777)</b>	<b>5,316</b>	<b>1,811</b>	<b>(81,808)</b>
<b>Total income for the period</b>	<b>(2,670)</b>	<b>26,142</b>	<b>5,316</b>	<b>1,811</b>	<b>2,646</b>
Shareholders' appropriations	2,670	(23,528)	(2,670)	23,528	-
Zakat charge for the period (restated)	-	-	(8,550)	(6,750)	(8,550)
<b>Total income attributed to insurance operations</b>	<b>-</b>	<b>(2,614)</b>	<b>-</b>	<b>-</b>	<b>(2,614)</b>
<b>Total income attributable to shareholders' operations</b>	<b>-</b>	<b>-</b>	<b>(5,904)</b>	<b>18,589</b>	<b>18,589</b>



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

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

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.3 Interim condensed statement of comprehensive income**

	Nine-months period ended 30 September 2019 (Unaudited) (SR '000)				
	Insurance Operations		Shareholders' Operations		Total
	2019	2018 (Restated)	2019	2018 (Restated)	2018 (Restated)
Total income for the period	(2,670)	26,142	(3,234)	(7,553)	18,589
Other comprehensive income / (loss) :					
Items that may be reclassified to statement of insurance operations' surplus in subsequent periods:					
- Change in fair value of available-for-sale investments, net	-	-	316	573	573
Total comprehensive income for the period	(2,670)	26,142	(2,918)	(6,980)	19,162
Appropriation to shareholders	2,670		(2,670)		-
Total comprehensive income attributable to insurance operations	-	(2,614)	-		(2,614)
Total comprehensive income attributable to shareholders	-	23,528	(5,588)	(6,980)	16,548

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month and nine-month periods ended 30 September 2019**

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.4 Interim condensed statement of cash flows (continued)**

	Nine-months period ended 30 September 2019 (Unaudited) (SR '000)				
	Insurance Operations		Shareholders' Operations		Total
	2019	2018	2019	2018	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Total income for the period before zakat	-	2,614	2,646	25,339	27,953
<b>Adjustments for non-cash items:</b>					
Depreciation of property and equipment	1,415	1,638	-	-	1,415
(Reversal of impairment)/impairment on available for sale investments	(50)	948	(1,136)	1,896	(1,186)
Gain on disposal of available-for-sale investment			-	102	102
Provision for employees' end-of-service benefits	2,464	3,448	-	-	2,464
Provision for doubtful debts	14,679	6,000	-	-	14,679
					6,000
<b>Changes in operating assets and liabilities:</b>					
Premiums and reinsurers' receivable	(34,363)	(261,997)	-	-	(34,363)
Reinsurers' share of unearned premiums	(6,829)	(10,871)	-	-	(6,829)
Reinsurers' share of outstanding claims	(6,097)	49,244	-	-	(6,097)
Reinsurers' share of claims incurred but not reported	-	-	-	-	-
Deferred policy acquisition costs	(8,354)	(8,719)	-	-	(8,354)
Deferred excess of loss premiums	(2,719)	1,205	-	-	(2,719)
Prepayments and other assets	(8,647)	(9,355)	2,684	(5,289)	(5,963)
Policyholders claims payable	(31,599)	80,469	-	-	(31,599)
Accrued and other liabilities	(3,297)	16,245	2	-	(3,295)
Reinsurance balances payable	24,065	17,520	-	-	24,065
Unearned premiums	84,428	150,757	-	-	84,428
Unearned reinsurance commission	1,830	1,925	-	-	1,830
Outstanding claims	38,674	(78,808)	-	-	38,674
Claims incurred but not reported	(44,117)	(48,311)	-	-	(44,117)
Additional premium reserve	43	-	-	-	43
Other technical reserves	(2,423)	(2,166)	-	-	(2,423)
Due to related parties	(164)	219	-	-	(164)
<b>Cash from (used in) operating activities</b>	<b>18,939</b>	<b>(87,995)</b>	<b>4,196</b>	<b>22,048</b>	<b>23,135</b>
					<b>(65,947)</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

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

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.4 Interim condensed statement of cash flows (continued)**

	Note	Nine-months period ended 30 September 2019 (Unaudited) (SR '000)				
		Insurance Operations		Shareholders' Operations		Total
		2019	2018	2019	2018	2018
Due from insurance operations		-	-	(5,592)	(43,350)	(43,350)
Due to shareholders' operations		5,592	43,350	-	-	43,350
Zakat paid		-	-	(10,829)	(6,003)	(6,003)
Employees' end-of-service benefits paid		(1,364)	(3,261)	-	-	(3,261)
<b>Net cash from (used in) operating activities</b>		<b>23,167</b>	<b>(47,906)</b>	<b>(12,225)</b>	<b>(27,305)</b>	<b>(75,211)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Decrease/(increase) in murabaha deposits		5,349	(360,349)	275,000	(150,000)	(510,349)
Additions of property and equipment		(922)	(650)	-	-	(650)
Proceed from disposal of available-for-sale investments	8	-	-	10,000	664	664
<b>Net cash from/(used in) investing activities</b>		<b>4,427</b>	<b>(360,999)</b>	<b>285,000</b>	<b>(149,336)</b>	<b>(510,335)</b>
<b>Net change in cash and cash equivalents</b>		<b>27,594</b>	<b>(408,905)</b>	<b>272,775</b>	<b>(176,641)</b>	<b>(585,546)</b>
Cash and cash equivalents at the beginning of the period	4	66,352	477,898	47,791	220,852	698,750
<b>Cash and cash equivalents at the end of the period</b>	4	<b>93,946</b>	<b>68,993</b>	<b>320,566</b>	<b>44,211</b>	<b>113,204</b>

**Supplemental non-cash information:**

Change in fair value of available-for-sale investments	-	-	316	573	316	573
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**MALATH COOPERATIVE INSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month and nine-month periods ended 30 September 2019**

**19 RESTATEMENT AND COMPARATIVE FIGURES**

The change in the accounting treatment for zakat (as explained in note 3) has the following impact on the line items of the interim condensed statements of income, interim condensed statement of financial position and interim condensed statement of changes in equity:

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

<b>Financial statement impacted</b>	<b>Account</b>	<b>Before the restatement for the nine-month period ended 30 September 2018</b>	<b>Effect of restatement</b>	<b>As restated as at and for the nine-month period ended 30 September</b>
Statement of changes in equity	Provision for zakat (retained earnings)	25,339	(6,750)	18,589
Statement of income	Zakat expenses	-	(6,750)	(6,750)
Statement of income	Earnings per share	(0.51)	0.14	(0.37)

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

<b>Financial statement impacted</b>	<b>Account</b>	<b>Before the restatement for the three-months period ended 30 September 2018</b>	<b>Effect of restatement</b>	<b>at and for the three-months period ended 30 September 2018</b>
Statement of changes in Equity	Provision for zakat (retained earnings)	10,023	(2,250)	7,773
Statement of income	Zakat expenses	-	(2,250)	(2,250)
Statement of income	Earnings per share	(0.20)	0.05	(0.16)

As at 31 December 2018:

<b>Financial statement impacted</b>	<b>Account</b>	<b>Before the restatement as at 31 December 2018</b>	<b>Effect of restatement</b>	<b>As restated as at 31 December 2018</b>
Statement of financial position	Accumulated losses	(47,478)	-	(47,478)

In addition to above, certain prior period figures have been reclassified to conform to current period presentation.

**20 EVENTS AFTER THE REPORTING DATE**

There are no subsequent events that require disclosure or amendments to the accompanying interim condensed financial statements.

**21 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements were approved by the Board of Directors on Rabi Al-Awwal 02, 1441 H (corresponding to October 30, 2019).