

Walaa Cooperative Insurance Company
(A Saudi Joint Stock Company)

Interim Condensed Financial Information
(Unaudited)

March 31, 2019

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

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Independent Auditors' Review Report

To **The Shareholders of
Walaa Cooperative Insurance Company
(A Saudi Joint Stock Company)
Al Khobar
Kingdom of Saudi Arabia**

Introduction

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

Scope of review

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

Conclusion

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

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10 Ramadan 1440H
15 May 2019 G

WALAA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2019 - (Unaudited)	December 31, 2018 - (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	4	927,895	1,122,329
Short term deposits		175,000	-
Premiums and reinsurers' receivable - net	5	200,332	202,416
Reinsurers' share of unearned premiums	7.2	176,672	195,562
Reinsurers' share of outstanding claims	7.1	107,193	124,638
Reinsurers' share of claims incurred but not reported	7.1	37,823	41,538
Deferred policy acquisition costs		22,429	23,570
Investments	6	229,905	162,876
Due from insurance operations		8,069	26,507
Prepaid expenses and other assets		34,120	34,083
Property and equipment	8	15,371	9,415
Intangible assets		1,516	1,334
Statutory deposit		44,000	44,000
Accrued income on statutory deposit		4,571	4,263
Accrued commission income		4,687	4,437
TOTAL ASSETS		1,989,583	1,996,968
<u>LIABILITIES</u>			
Policyholders claims payable		16,591	16,712
Accrued and other liabilities	9	98,083	120,114
Reinsurers' balances payable		159,064	140,897
Unearned premiums	7.2	552,965	536,608
Unearned reinsurance commission		12,784	12,443
Outstanding claims	7.1	157,925	181,504
Claims incurred but not reported	7.1	187,705	197,760
Additional premium reserves	7.1	7,634	8,525
Other technical reserves	7.1	23,862	26,379
Due to shareholders' operations		8,069	26,507
End-of-service indemnities		15,449	14,622
Zakat and income tax	14	32,603	28,532
Accrued commission income payable to SAMA		4,571	4,263
TOTAL LIABILITIES		1,277,305	1,314,866
<u>INSURANCE OPERATIONS' SURPLUS</u>			
Accumulated surplus from insurance operations		15,014	13,495
Reserve for actuarial losses on end-of-service indemnities		(2,216)	(2,216)
TOTAL INSURANCE OPERATIONS' SURPLUS		12,798	11,279
<u>TOTAL LIABILITIES INCLUDING INSURANCE OPERATIONS' SURPLUS</u>			
		1,290,103	1,326,145
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	15	440,000	440,000
Share premium	15	30,108	30,108
Statutory reserve		48,827	48,827
Retained earnings		166,559	155,306
Fair value reserve on investments		13,986	(3,418)
TOTAL SHAREHOLDERS' EQUITY		699,480	670,823
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
		1,989,583	1,996,968
Commitments and contingencies	10		

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


Chief Financial Officer (Acting)



Chief Executive Officer


Board Member

WALAA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended	
		2019	2018
<u>REVENUES</u>			
Gross premiums written			
- Direct		275,643	310,227
- Reinsurance		-	301
	18, 7.2	275,643	310,528
Reinsurance premiums ceded			
- Local ceded		(2,155)	(2,389)
- Foreign ceded		(61,245)	(58,705)
	7.2	(63,400)	(61,094)
Excess of loss expenses	7.2	(2,017)	(2,581)
Net premiums written		210,226	246,853
Changes in unearned premiums		(16,357)	(40,905)
Changes in reinsurers' share of unearned premiums		(18,890)	(2,908)
Net premiums earned	7.2	174,979	203,040
Reinsurance commissions		5,338	4,518
Other underwriting income		463	1,356
<u>TOTAL REVENUES</u>		180,780	208,914
<u>UNDERWRITING COSTS AND EXPENSES</u>			
Gross claims paid		141,087	119,878
Expenses incurred related to claims		5,908	9,756
Reinsurers' share of claims paid		(14,079)	(5,023)
Net claims and other benefits paid		132,916	124,611
Changes in outstanding claims		(23,579)	16,111
Changes in reinsurance share of outstanding claims		17,445	(7,578)
Changes in IBNR		(10,055)	(9,495)
Changes in reinsurance share of IBNR		3,715	(1,616)
Net claims and other benefits incurred		120,442	122,033
Additional premium reserves		(891)	1,844
Other technical reserves		(2,517)	155
Policy acquisition costs		13,333	18,682
Other underwriting expenses		3,784	2,477
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>		134,151	145,191
<u>NET UNDERWRITING INCOME</u>		46,629	63,723
<u>OTHER OPERATING (EXPENSES) / INCOME</u>			
Allowance for doubtful debts		(6,227)	-
General and administrative expenses		(30,135)	(25,379)
Commission income on deposits		6,465	3,987
Dividend and realized gain on investments, net		111	606
<u>TOTAL OTHER OPERATING EXPENSES</u>		(29,786)	(20,786)
Total income for the period		16,843	42,937
Total income attributed to the insurance operations	19	(1,519)	(4,202)
Net income for the period attributable to the shareholders		15,324	38,735
Earnings per share (EPS) (SAR per share)			
Basic and diluted EPS (2018 : restated)	17	0.35	0.88

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


Chief Financial Officer (Acting)


Chief Executive Officer


Board Member

WALAA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended	
		March 31,	
		2019	2018
Total income for the period		16,843	42,937
Other comprehensive income			
<i>Items that are or may be reclassified to interim condensed statement of income in subsequent periods</i>			
- Available for sale investments:			
- Net change in fair value	6	17,404	7,262
<u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u>		34,247	50,199
Total comprehensive income attributed to the insurance operations		(1,519)	(4,202)
Net comprehensive income for the period attributable to the shareholders		32,728	45,997

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



Chief Financial Officer (Acting)



Chief Executive Officer



Board Member

WALAA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Share premium	Statutory reserve	Retained earnings	Fair value reserve on investments	Total
2019							
Balance at the beginning of the period (Audited)		440,000	30,108	48,827	155,306	(3,418)	670,823
Total comprehensive income for the period							
Unrealized fair value changes on available-for-sale investments, net	6	-	-	-	-	17,404	17,404
Net income for the period attributable to shareholders		-	-	-	15,324	-	15,324
Total comprehensive income for the period attributable to shareholders		-	-	-	15,324	17,404	32,728
Zakat charge		-	-	-	(3,839)	-	(3,839)
Income tax charge		-	-	-	(232)	-	(232)
Balance at the end of the period (Unaudited)		440,000	30,108	48,827	166,559	13,986	699,480
2018							
Balance at the beginning of the period (Audited)		400,000	30,108	31,722	126,888	(17,354)	571,364
Total comprehensive income for the period							
Net income for the period attributable to shareholders		-	-	-	38,735	-	38,735
Unrealized fair value changes on available-for-sale investments, net		-	-	-	-	7,262	7,262
Total comprehensive income for the period attributable to shareholders		-	-	-	38,735	7,262	45,997
Zakat charge		-	-	-	(3,564)	-	(3,564)
Income tax charge		-	-	-	(407)	-	(407)
Balance at the end of the period (Unaudited)		400,000	30,108	31,722	161,652	(10,092)	613,390

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


Chief Financial Officer (Acting)


Chief Executive Officer


Board Member


WALAA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		16,843	42,937
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		1,554	789
Amortization of intangible assets		119	364
Allowance for doubtful debts		6,227	-
Dividend and realized gain on investments, net		(111)	(606)
Commission income		(6,465)	(3,987)
Provision for end-of-service indemnities		914	722
<u>Changes in operating assets and liabilities:</u>			
Premiums and reinsurers' receivable		(4,143)	(83,571)
Reinsurers' share of unearned premiums		18,890	2,908
Reinsurers' share of outstanding claims		17,445	(7,578)
Reinsurers' share of claims incurred but not reported		3,715	(1,616)
Deferred policy acquisition costs		1,141	(1,162)
Prepaid expenses and other assets		(37)	(2,881)
Policyholders claims payable		(121)	(3,403)
Accrued and other liabilities		(21,961)	4,055
Reinsurers' balances payable		18,167	17,606
Unearned premiums		16,357	40,905
Unearned reinsurance commission		341	1,017
Outstanding claims		(23,579)	16,111
Claims incurred but not reported		(10,055)	(9,495)
Additional premium reserves		(891)	1,844
Other technical reserves		(2,517)	155
		<u>31,833</u>	<u>15,114</u>
End-of-service indemnities paid		(87)	(99)
Net cash generated from operating activities		31,746	15,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in intangible assets		(301)	(613)
Additions in investments		(49,625)	-
Commission income received		6,215	6,342
Dividend received		111	800
Addition of short term deposits		(175,000)	(17,171)
Additions in property and equipment		(7,510)	(1,415)
Net cash used in investing activities		(226,110)	(12,057)
CASH FLOWS FROM FINANCING ACTIVITY			
Repayment of lease rentals		(70)	-
Net cash used in financing activity		(70)	-
Net change in cash and cash equivalents		(194,434)	2,958
Cash and cash equivalents, beginning of the period		1,122,329	309,919
Cash and cash equivalents, end of the period	4	927,895	312,877
<u>NON-CASH INFORMATION</u>			
Unrealised changes in fair value of available for sale investments		<u>17,404</u>	<u>7,262</u>

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


Chief Financial Officer (Acting)


Chief Executive Officer


Board Member

WALAA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

1. General

Walaa Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), “the Company”, was formed pursuant to Royal Decree No. (S/114) dated 02/05/1428H. The Company operates under Commercial Registration no. 2051034982 dated Jumada II 19, 1428H corresponding to July 4, 2007. The registered address of the Company's head office is as follows:

Walaa Cooperative Insurance Company
Head Office
Custodian of Two Holy Mosques Road
P.O. Box 31616
Al-Khobar 31952, Saudi Arabia

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include medical, motor, marine, fire, engineering, energy, aviation and casualty insurance.

On Jumada II 2, 1424H, corresponding to July 31, 2003, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On Jumada II, 28 1429H corresponding to July 2, 2008, the Saudi Arabian Monetary Authority (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license number (TMN/16/2008) to transact insurance activities in the Kingdom of Saudi Arabia.

The Board of Directors approved the distribution of the surplus from insurance operations 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 policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

2. Basis of preparation

(a) Statement of compliance

The interim condensed financial information of the Company has been prepared in accordance with ‘International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as modified by SAMA for the accounting of Zakat and income tax’, which requires, adoption of all IFRSs as issued by the International Accounting Standards Board (“IASB”) except for the application of International Accounting Standard (IAS) 12 - “Income Taxes” and IFRIC 21 - “Levies” so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2018 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax (“SAMA Circular”), the zakat and income tax are to be accrued on a quarterly basis through shareholders’ equity under retained earnings.

(b) Basis of presentation

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments. The Company’s interim condensed statement of financial position is not presented using a current/non-current classification. However, the Company’s interim condensed statement of financial position is presented in order of liquidity. Except for property and equipment, intangible assets, statutory deposit, accrued income on statutory deposit, investment held to maturity, end-of-service benefits and accrued commission income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

WALAA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
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2. Basis of preparation (continued)

(b) 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. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors (refer supplementary information).

The interim condensed statement of financial position, statements of income, statement of comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented on pages 24 to 30 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations require 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 information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. 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 statement of financial position, the statement of income, statement of comprehensive income, cash flows as well as certain relevant notes to the financial information represents additional supplementary information as required by the implementing regulations.

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

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for the adoption of the new standard explained in note 3.

This interim condensed financial information is expressed in Saudi Arabian Riyals (SAR) and is rounded off to the nearest thousands unless otherwise stated.

(c) Critical accounting judgments, estimates and assumptions

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

In preparing these condensed financial information, the significant judgments made by the 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 information as at and for the year ended December 31, 2018.

(d) Seasonality of operations

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

WALAA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

3. Significant accounting policies

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial information for the year ended December 31, 2018 except for the change in the accounting policy as explained below:

Previously, under IAS 17, at inception of an arrangement, the Company determined whether such an arrangement was or contained a lease. A specific asset was the subject of a lease if fulfilment of the arrangement was dependent on the use of that specified asset. An arrangement conveyed the right to use the asset if the arrangement conveyed to the Company the right to control the use of the underlying asset.

At inception or on reassessment of the arrangement, the Company separated payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concluded for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability were recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability was reduced as payments were made and an imputed finance charge on the liability was recognized using the Company's incremental borrowing rate.

IFRS 16 changes fundamentally the accounting for leases by lessees. It eliminates the previous IAS 17 dual accounting model, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases and, instead, introduces a single, on-balance sheet accounting model that is similar to current finance lease accounting as follows:

Right of Use Asset / Lease Liabilities

On initial recognition, at inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

Right of Use Assets

The Company apply the model, and measures the right of use assets at cost;

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any re-measurement of the lease liability for lease modifications

Lease Liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor.

After the commencement date, the Company measure the lease liability by:

1. Increasing the carrying amount to reflect interest on the lease liability;
2. Reducing the carrying amount to reflect the lease payments made; and
3. Re-measuring the carrying amount to reflect any re-assessment or lease modification.

Impact of changes in accounting policies due to adoption of new standard

Effective from January 1, 2019 the Company has adopted new accounting standard. The impact of the adoption of this standard is explained below:

WALAA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
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(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

3. Significant accounting policies (continued)

Impact of changes in accounting policies due to adoption of new standard (continued)

IFRS 16 Leases

The Company adopted IFRS 16 ‘Leases’ which replaced the existing guidance on leases, including 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 in the Legal Form of a Lease’.

Impacts on transition

The Company has opted for the modified retrospective application permitted by IFRS 16 upon the adoption of the new standard. During the first-time application of IFRS 16 to operating leases, the right to use the leased assets was measured at the amount of the lease liability, using the interest rate at the time of the first-time application. The adjustments as of January 1, 2019 are as follows:

	2019
Right-of-use assets	7,204
Lease liabilities	7,204

- Below is a reconciliation of the opening and closing balances of lease liabilities.

	2019
Opening balance to lease liabilities recognized upon the initial transition to IFRS 16	7,204
Interest charged for the period	50
Prepayment	(1,380)
Payments of lease liabilities	(70)
Closing balance	5,804

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted the lease payments using their incremental borrowing rate.

Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying IFRS16 to leases previously classified as operating leases under IAS17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease terms or leases with a low value of less than SAR 18,750.
- Excluded initial direct costs from measuring the right of use asset at the date of initial application.
- Used hindsight when determining the lease terms if the contract contains options to extend or terminate the lease.

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

- IFRIC 23 Uncertainty over Income Tax Treatments.
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) effective for annual year on or after January 1, 2019.
- Plan Amendments, Curtailment or Settlement (Amendments to IAS 19) effective for annual year on or after January 1, 2019.
- Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23) effective for annual year on or after January 1, 2019.

WALAA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
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3. Significant accounting policies (continued)

b) Forthcoming requirements

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial information are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective:

- Amendment to references to conceptual framework in IFRS standards effective for annual year on or after January 1, 2020.
- Definition of a Business (Amendment to IFRS 3) effective for annual year on or after January 1, 2020.
- Definition of material (Amendment to IAS 1 and IAS 8) effective for annual year on or after January 1, 2020.
- IFRS 17 'Insurance contracts' was published on May 18, 2017 with the effective date of January 1, 2022. 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 premium written will no longer be presented in profit or loss. At the date of publication of these financial information, it was not practicable to quantify what the potential impact would be on the financial information once IFRS 17 will be adopted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) available for optional adoption /effective date deferred indefinitely.

c) IFRS 9:

- 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 at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company will avail of the exemptions available to insurers and is considering deferring the implementation of IFRS 9 until a later date, but no later than January 1, 2022. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. At the date of publication of these financial information, it was not practicable to quantify what the potential impact would be on the financial statements once IFRS 9 will be adopted.

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(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
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(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

4. Cash and cash equivalents

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

	Insurance operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Cash and bank balances	267,163	222,652
Deposits maturing within 3 months from the acquisition date	210,000	431,354
Total	477,163	654,006
	Shareholders' operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Bank balances	-	20,624
Deposits maturing within 3 months from the acquisition date	450,732	447,699
Total	450,732	468,323
Total cash and cash equivalents	927,895	1,122,329

5. Premiums and reinsurers' receivable - net

Receivables comprise of amounts due from the following:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Policyholders	79,302	58,069
Brokers and agents	170,207	187,434
Related parties (note 11)	955	575
Receivables from reinsurers	1,545	1,788
	252,009	247,866
Provision for doubtful receivables	(51,677)	(45,450)
Premiums and reinsurers' receivable – net	200,332	202,416

6. Investments

Investments are classified as follows:

	Shareholders' operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Available for sale investments	180,280	162,876
Held to maturity	49,625	-
	229,905	162,876

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6. Investments (continued)

Movement in available for sale investments is as follows:

	Shareholders' operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Opening balance	162,876	96,767
Purchase	-	60,000
Adjustment / disposals	-	(194)
Changes in fair value of investments, net	17,404	6,303
Closing balance	180,280	162,876

Available for sale investments include the following:

	Shareholders' operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Quoted securities	157,157	139,753
Unquoted securities	23,123	23,123
	180,280	162,876

Movement in held to maturity investments is as follows:

	Shareholders' operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Opening balance	-	-
Purchase	49,625	-
Disposals	-	-
Closing balance	49,625	-

Investments in sukuk are classified as investments held to maturity and measured at amortized cost. Investments in held to maturity are those investments, which have fixed or determined payments and the Company has the positive intention and ability to hold to maturity, are classified under this category.

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7. Technical reserves

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Outstanding claims	165,851	190,757
Less: Realizable value of salvage and subrogation (note 7.1.1)	(7,926)	(9,253)
	157,925	181,504
Claims incurred but not reported	292,290	298,561
Less: IBNR related to salvages and subrogation (note 7.1.1)	(104,585)	(100,801)
IBNR related to Outstanding claims	187,705	197,760
Additional premium reserves:		
- Premium deficiency reserve	7,601	7,975
- Additional unexpired risk reserve	33	550
	7,634	8,525
Other technical reserves:		
- Claims handling expense provision	10,532	11,687
- Unallocated loss adjustment expense provision	12,662	14,024
- Non-proportional reinsurance accrual reserve	668	668
	23,862	26,379
	377,126	414,168
Less:		
- Reinsurers' share of outstanding claims	107,193	124,638
- Reinsurers' share of claims incurred but not reported	37,823	41,538
	145,016	166,176
Net outstanding claims and reserves	232,110	247,992

7.1.1 Salvage and subrogation

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Salvage and subrogation	112,511	110,054
IBNR related to salvages and subrogation	(104,585)	(100,801)
Realizable value of salvage and subrogation	7,926	9,253

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7. Technical reserves (continued)

7.2 Movement in unearned premiums

Movement in unearned premiums comprises of the following:

	March 31, 2019 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	536,608	(195,562)	341,046
Premiums written during the period	275,643	(65,417)	210,226
Premiums earned during the period	(259,286)	84,307	(174,979)
Balance as at the end of the period	552,965	(176,672)	376,293

	December 31, 2018 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	538,493	(130,247)	408,246
Premiums written during the year	1,104,957	(373,828)	731,129
Premiums earned during the year	(1,106,842)	308,513	(798,329)
Balance as at the end of the year	536,608	(195,562)	341,046

8. Property and equipment, net

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Property and equipment	8,909	9,415
Right of use assets (8.1)	6,462	-
	15,371	9,415

8.1 Depreciation charges on right of use assets amounted to SAR 0.74 million

9. Accrued and other liabilities

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Accrued and other liabilities	92,279	120,114
Lease rentals	5,804	-
	98,083	120,114

Maturity analysis of lease rentals is as follows:

	March 31, 2019 (Unaudited)
Payable within one year	3,398
Payable more than one year but less than five years	2,406
	5,804

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10. Commitments and Contingencies

The Company's commitments and contingencies are as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Letters of guarantee	<u>5,250</u>	<u>5,300</u>

The Company is subject to legal proceedings in the ordinary course of business. There was no change in the status of legal proceedings as disclosed at December 31, 2018.

11. 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 financial information.

Determination of fair value and fair value hierarchy

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

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

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

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

a. Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets 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 since the carrying amount is a reasonable approximation to fair value.

Shareholders' Operations	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
March 31, 2019 (Unaudited)					
Financial assets measured at fair value					
- Available for sale investments					
- Quoted securities	157,157	157,157	-	-	157,157
- Held to maturity - Sukuk	49,625	-	49,853	-	49,853
	<u>206,782</u>	<u>157,157</u>	<u>49,853</u>	-	<u>207,010</u>

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11. Fair values of financial instruments (Continued)

Shareholders' Operations	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
December 31, 2018 (Audited)					
Financial assets measured at fair value					
- Available for sale investments					
- Quoted securities	139,753	139,753	-	-	139,753
	<u>139,753</u>	<u>139,753</u>	<u>-</u>	<u>-</u>	<u>139,753</u>

b. Measurement of fair values

The Company has investments amounting to SR 23 million in unquoted securities. These investments have not been measured at fair values in the absence of active market or other means of measuring their fair values reliably. However, the management believes that there is no major difference between the carrying values and fair values of these investments.

Transfer between the levels

During the period, there were no transfers into or out of each level.

12. Operating Segments

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

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the interim condensed income statement. Segment assets and liabilities comprise operating assets and liabilities.

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

Segment assets do not include cash and cash equivalents, short term deposits, premiums and insurance balances receivable - net, due from shareholders' operations, accrued commission income, prepaid expenses and other assets, property and equipment and intangible assets. Accordingly, they are included in unallocated assets.

Segment liabilities do not include policyholders' payables, accrued and other liabilities, reinsurance balances payable, due to shareholders' operations, end-of-service indemnities and accrual loss thereon, and insurance operations' surplus. Accordingly, they are included in unallocated liabilities.

Segments do not include shareholders' assets and liabilities hence these are presented under unallocated assets / liabilities accordingly.

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

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12. Operating Segments (Continued)

Financial Position

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

	As at March 31, 2019 (Unaudited)							
	Insurance operations							
	Medical	Motor	Property	Engineering	Others	Total - Insurance operations	Shareholders' operations	Total
Assets								
Reinsurers' share of unearned premiums	-	-	80,160	42,185	54,327	176,672	-	176,672
Reinsurers' share of outstanding claims	-	463	72,619	22,184	11,927	107,193	-	107,193
Reinsurers' share claims incurred but not reported	-	-	6,463	13,559	17,801	37,823	-	37,823
Deferred policy acquisition costs	2,169	13,146	2,001	1,791	3,322	22,429	-	22,429
Unallocated assets	-	-	-	-	-	904,911	740,555	1,645,466
Total assets	2,169	13,609	161,243	79,719	87,377	1,249,028	740,555	1,989,583
Liabilities and shareholders' equity								
Unearned premiums	33,893	325,110	81,716	45,064	67,182	552,965	-	552,965
Unearned reinsurance commission	-	-	3,986	3,676	5,122	12,784	-	12,784
Outstanding claims	19,004	14,623	75,929	23,590	24,779	157,925	-	157,925
Claims incurred but not reported	20,676	116,804	8,336	14,641	27,248	187,705	-	187,705
Additional premium reserves	7,601	-	-	33	-	7,634	-	7,634
Other technical reserves	397	19,082	2,106	959	1,318	23,862	-	23,862
Unallocated liabilities and shareholders' equity	-	-	-	-	-	306,153	740,555	1,046,708
Total liabilities and shareholders' equity	81,571	475,619	172,073	87,963	125,649	1,249,028	740,555	1,989,583

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12. Operating Segments (Continued)

Financial Position (Continued)

	As at December 31, 2018 (Audited)							
	Insurance operations					Total - Insurance operations	Shareholders' operations	Total
	Medical	Motor	Property	Engineering	Others			
Assets								
Reinsurers' share of unearned premiums	-	-	112,811	41,391	41,360	195,562	-	195,562
Reinsurers' share of outstanding claims	-	463	75,479	37,570	11,126	124,638	-	124,638
Reinsurers' share claims incurred but not reported			4,215	13,865	23,458	41,538	-	41,538
Deferred policy acquisition costs	2,455	13,219	2,608	1,499	3,789	23,570	-	23,570
Unallocated assets	-	-	-	-	-	903,006	708,654	1,611,660
Total assets	2,455	13,682	195,113	94,325	79,733	1,288,314	708,654	1,996,968
Liabilities and shareholders' equity								
Unearned premiums	37,608	286,699	114,224	43,580	54,497	536,608	-	536,608
Unearned reinsurance commission	-	-	5,068	3,199	4,176	12,443	-	12,443
Outstanding claims	26,847	13,296	79,149	38,890	23,322	181,504	-	181,504
Claims incurred but not reported	11,374	132,793	5,734	14,580	33,279	197,760	-	197,760
Additional premium reserves	7,673	-	-	550	302	8,525	-	8,525
Other technical reserves	382	21,103	2,122	1,340	1,432	26,379	-	26,379
Unallocated liabilities and shareholders' equity	-	-	-	-	-	325,095	708,654	1,033,749
Total liabilities and shareholders' equity	83,884	453,891	206,297	102,139	117,008	1,288,314	708,654	1,996,968

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12. Operating Segments (Continued)**Statement of Income**

	For the three months period ended March 31, 2019 (Unaudited)					
	Medical	Motor	Property	Engineering	Others	Total
<u>REVENUES</u>						
Gross premiums written						
- Direct	17,596	185,157	20,229	19,023	33,638	275,643
- Reinsurance	-	-	-	-	-	-
	17,596	185,157	20,229	19,023	33,638	275,643
Reinsurance premiums ceded						
- Local ceded	-	-	(605)	(1,550)	-	(2,155)
- Foreign ceded	-	-	(18,558)	(15,545)	(27,142)	(61,245)
	-	-	(19,163)	(17,095)	(27,142)	(63,400)
Excess of loss expenses	(632)	(879)	(148)	(148)	(210)	(2,017)
Net premiums written	16,964	184,278	918	1,780	6,286	210,226
Changes in unearned premiums, net	3,716	(38,411)	(142)	(690)	280	(35,247)
Net premiums earned	20,680	145,867	776	1,090	6,566	174,979
Reinsurance commissions	-	-	2,942	1,307	1,089	5,338
Other underwriting income	-	441	2	2	18	463
<u>TOTAL REVENUES</u>	20,680	146,308	3,720	2,399	7,673	180,780
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	24,143	104,016	2,173	7,852	2,903	141,087
Expenses incurred related to claims	703	5,205	-	-	-	5,908
Reinsurers' share of claims paid	(3,827)	-	(1,848)	(7,590)	(814)	(14,079)
Net claims and other benefits paid	21,019	109,221	325	262	2,089	132,916
Changes in outstanding claims, net	(7,844)	1,327	(361)	86	658	(6,134)
Changes in IBNR, net	9,302	(15,990)	353	366	(371)	(6,340)
Net claims and other benefits incurred	22,477	94,558	317	714	2,376	120,442
Additional premium reserves	(72)	-	-	(516)	(303)	(891)
Other technical reserves	15	(2,021)	(15)	(381)	(115)	(2,517)
Policy acquisition costs	1,672	8,110	1,564	686	1,301	13,333
Other underwriting expenses	935	2,829	-	-	20	3,784
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	25,027	103,476	1,866	503	3,279	134,151
NET UNDERWRITING (LOSS) INCOME	(4,347)	42,832	1,854	1,896	4,394	46,629
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>						
Allowance for doubtful debts						(6,227)
General and administrative expenses						(30,135)
Commission income on deposits						6,465
Dividend received						111
<u>TOTAL OTHER OPERATING EXPENSES</u>						(29,786)
<u>NET INCOME FOR THE PERIOD</u>						16,843
Total income for the period attributable to insurance operations						(1,519)
<u>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</u>						15,324

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12. Operating Segments (Continued)**Statement of Income (Continued)**

	For the three months period ended March 31, 2018 (Unaudited)					
	Medical	Motor	Property	Engineering	Others	Total
REVENUES						
Gross premiums written						
- Direct	24,154	213,419	5,202	15,069	52,383	310,227
- Reinsurance	-	-	326	(25)	-	301
	24,154	213,419	5,528	15,044	52,383	310,528
Reinsurance premiums ceded						
- Local ceded	-	-	(770)	(1,619)	-	(2,389)
- Foreign ceded	-	-	(3,823)	(13,745)	(41,137)	(58,705)
	-	-	(4,593)	(15,364)	(41,137)	(61,094)
Excess of loss expenses	(600)	(1,460)	(146)	(146)	(229)	(2,581)
Net premiums written	23,554	211,959	789	(466)	11,017	246,853
Changes in unearned premiums, net	2,386	(41,771)	(72)	1,403	(5,759)	(43,813)
Net premiums earned	25,940	170,188	717	937	5,258	203,040
Reinsurance commissions	-	-	1,537	1,602	1,379	4,518
Other underwriting income	-	1,336	2	2	16	1,356
TOTAL REVENUES	25,940	171,524	2,256	2,541	6,653	208,914
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	14,128	95,501	679	4,917	4,653	119,878
Expenses incurred related to claims	1,350	8,406	-	-	-	9,756
Reinsurers' share of claims paid	-	(135)	(550)	(3,935)	(403)	(5,023)
Net claims and other benefits paid	15,478	103,772	129	982	4,250	124,611
Changes in outstanding claims, net	7,988	1,509	(437)	338	(865)	8,533
Changes in IBNR, net	(444)	(11,524)	(139)	(29)	1,025	(11,111)
Net claims and other benefits incurred	23,022	93,757	(447)	1,291	4,410	122,033
Additional premium reserves	1,384	-	(355)	1,508	(693)	1,844
Other technical reserves	210	(96)	-	3	38	155
Policy acquisition costs	2,078	13,200	850	548	2,006	18,682
Other underwriting expenses	-	2,471	-	-	6	2,477
TOTAL UNDERWRITING COSTS AND EXPENSES	26,694	109,332	48	3,350	5,767	145,191
NET UNDERWRITING (LOSS) / INCOME	(754)	62,192	2,208	(809)	886	63,723
OTHER OPERATING (EXPENSES)/INCOME						
Allowance for doubtful debts						-
General and administrative expense						(25,379)
Commission income on deposits						3,987
Dividend and realized loss on investment, net						606
TOTAL OTHER OPERATING EXPENSES						(20,786)
NET INCOME FOR THE PERIOD						42,937
Total income for the period attributable to insurance operations						(4,202)
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS						38,735

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13. 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:

	Transactions for the period ended		Net balance receivable / (payable) as at	
	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Insurance premium written /receivables from				
BOD and related parties	1,309	1,934	693	413
Key management personnel	-	9	-	-
Claims paid and payable to BOD and their related parties	619	496	(229)	(295)
Others	268	236	(30)	(210)

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

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Salaries and other allowances	1,243	1,201
End of service indemnities	405	574
	<u>1,648</u>	<u>1,775</u>
Remuneration to those charged with governance	<u>2,172</u>	<u>1,474</u>

14. Zakat and income tax**Status of assessments**

The Company had filed Zakat and income tax returns with the General Authority of Zakat and Tax ("GAZT") up to the year ended 31 December 2017 and obtained the required certificate from GAZT that is valid up to April 30, 2019.

During the period, the Company has received an assessment order for the year 2016 for an additional zakat and tax liability amounting to SR 20 million. The management of the Company is reviewing the assessment letter in order to respond in the specified time period and is confident that the additional liability would be adjusted significantly in favour of the Company and accordingly no provision has been made by the Company.

Provision for zakat and income tax

Provision for zakat has been made at 2.5% of the higher of approximate zakat base and adjusted net income attributable to the Saudi shareholders of the Company.

Income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

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14. Zakat and income tax (Continued)

Shareholding subject to zakat and income tax

The following is the shareholding percentage for computation as at the end of the period/year:

	March 31, 2019	December 31, 2018
	%	%
Shareholding subject to zakat	94.75	94.75
Shareholding subject to income tax	5.25	5.25

15. Share capital

The authorized, issued and paid up capital of the Company was SAR 440 million at March 31, 2019 and December 31, 2018 consisting of 44 million shares of SAR 10 each.

In the year 2015, the Company had increased its share capital from SAR 200 million to SAR 400 million, by issuing 20 million right shares to its existing shareholders, which were offered at an exercise price of SAR 12 per share. This resulted in a share premium less issuance cost amounting to SAR 30.1 million.

In the year 2018, the Company has increased its share capital from SAR 400 million to SAR 440 million by issuing 4 million bonus shares.

Subsequent to the quarter ended March 31, 2019, the Board of Directors has recommended, on April 8, 2019 corresponding to 3 Sha'aban 1440H, the distribution of 10% dividends for the year 2018 and increase of share capital by 20% by issuing of 8.8 million bonus shares to the shareholders. However, the distribution of dividends and issuance of bonus shares would be subject to approval by General Assembly and the regulatory authorities.

Shareholding structure of the Company is as below.

	March 31, 2019 & December 31, 2018		
	Authorized and issued		Paid up
	No. of Shares "000"	SAR "000"	
International General Insurance Company	2,310	23,100	23,100
Others	41,690	416,900	416,900
Total	44,000	440,000	440,000

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

17. Earnings per share ("EPS")

Basic and diluted earnings per share from shareholders' income is calculated by dividing net income for the period by weighted average number of ordinary shares outstanding during the period. The basic and diluted EPS of the Company for the three months period ended March 31, 2018 have been restated resultant to the issuance of 4 million bonus shares in 2nd quarter for the three months period ended June 30, 2018.

WALAA COOPERATIVE INSURANCE COMPANY

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

18. Gross premiums written

(Unaudited)	For the three-month period ended March 31, 2019					Total Gross premiums written
	Corporate					
Class	Micro	Small	Medium	Large	Individual	
Medical	2,199	4,528	2,487	7,450	932	17,596
Motor	297	2,007	6,873	25,496	150,484	185,157
Property	111	793	1,384	17,941	-	20,229
Engineering	-	607	3,233	15,183	-	19,023
Others	3	3,062	5,046	25,469	58	33,638
Total	2,610	10,997	19,023	91,539	151,474	275,643

(Unaudited)	For the three-month period ended March 31, 2018					Total Gross premiums written
	Corporate					
Class	Micro	Small	Medium	Large	Individual	
Medical	4,091	10,753	4,486	4,216	608	24,154
Motor	799	2,026	7,438	30,699	172,457	213,419
Property	-	89	936	1,284	3,219	5,528
Engineering	-	776	1,969	12,299	-	15,044
Others	7	2,738	3,937	45,190	511	52,383
Total	4,897	16,382	18,766	93,688	176,795	310,528

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19. Supplementary information

Interim condensed financial position

	March 31, 2019 - (Unaudited)			December 31, 2018 - (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
ASSETS						
Cash and cash equivalents	477,163	450,732	927,895	654,006	468,323	1,122,329
Short term deposits	175,000	-	175,000	-	-	-
Premiums and reinsurers' receivable - net	200,332	-	200,332	202,416	-	202,416
Reinsurers' share of unearned premiums	176,672	-	176,672	195,562	-	195,562
Reinsurers' share of outstanding claims	107,193	-	107,193	124,638	-	124,638
Reinsurers' share of claims incurred but not reported	37,823	-	37,823	41,538	-	41,538
Deferred policy acquisition costs	22,429	-	22,429	23,570	-	23,570
Investments	-	229,905	229,905	-	162,876	162,876
Due from insurance operations	-	8,069	8,069	-	26,507	26,507
Prepaid expenses and other assets	34,120	-	34,120	34,083	-	34,083
Property and equipment	15,371	-	15,371	9,415	-	9,415
Intangible assets	1,516	-	1,516	1,334	-	1,334
Statutory deposit	-	44,000	44,000	-	44,000	44,000
Accrued income on statutory deposit	-	4,571	4,571	-	4,263	4,263
Accrued commission income	1,409	3,278	4,687	1,752	2,685	4,437
TOTAL ASSETS	1,249,028	740,555	1,989,583	1,288,314	708,654	1,996,968

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19. Supplementary information (Continued)

Interim condensed financial position (Continued)

	March 31, 2019 - (Unaudited)			December 31, 2018- (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<u>LIABILITIES</u>						
Policyholders claims payable	16,591	-	16,591	16,712	-	16,712
Accrued and other liabilities	94,182	3,901	98,083	115,078	5,036	120,114
Reinsurers' balances payable	159,064	-	159,064	140,897	-	140,897
Unearned premiums	552,965	-	552,965	536,608	-	536,608
Unearned reinsurance commission	12,784	-	12,784	12,443	-	12,443
Outstanding claims	157,925	-	157,925	181,504	-	181,504
Claims incurred but not reported	187,705	-	187,705	197,760	-	197,760
Additional premium reserves	7,634	-	7,634	8,525	-	8,525
Other technical reserves	23,862	-	23,862	26,379	-	26,379
End-of-service indemnities	15,449	-	15,449	14,622	-	14,622
Zakat and income tax	-	32,603	32,603	-	28,532	28,532
Accrued commission income payable to SAMA	-	4,571	4,571	-	4,263	4,263
Due to shareholders' operations	8,069	-	8,069	26,507	-	26,507
<u>TOTAL LIABILITIES</u>	1,236,230	41,075	1,277,305	1,277,035	37,831	1,314,866
<u>INSURANCE OPERATIONS' SURPLUS</u>						
Insurance operations' surplus	15,014	-	15,014	13,495	-	13,495
Accumulated actuarial loss on end-of-service indemnities	(2,216)	-	(2,216)	(2,216)	-	(2,216)
<u>TOTAL INSURANCE OPERATIONS' SURPLUS</u>	12,798	-	12,798	11,279	-	11,279
<u>TOTAL LIABILITIES INCLUDING INSURANCE OPERATIONS' SURPLUS</u>	1,249,028	41,075	1,290,103	1,288,314	37,831	1,326,145
<u>SHAREHOLDERS' EQUITY</u>						
Share capital	-	440,000	440,000	-	440,000	440,000
Share premium	-	30,108	30,108	-	30,108	30,108
Statutory reserve	-	48,827	48,827	-	48,827	48,827
Retained earnings	-	166,559	166,559	-	155,306	155,306
Fair value reserve on investments	-	13,986	13,986	-	(3,418)	(3,418)
<u>TOTAL SHAREHOLDERS' EQUITY</u>	-	699,480	699,480	-	670,823	670,823
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	1,249,028	740,555	1,989,583	1,288,314	708,654	1,996,968

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19. Supplementary information (Continued)

Interim condensed statement of income for the three months period ended:

	March 31, 2019 (unaudited)			March 31, 2018 (unaudited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<u>REVENUES</u>						
Gross premiums written						
- Direct	275,643	-	275,643	310,227	-	310,227
- Reinsurance	-	-	-	301	-	301
	275,643	-	275,643	310,528	-	310,528
Reinsurance premiums ceded						
- Local ceded	(2,155)	-	(2,155)	(2,389)	-	(2,389)
- Foreign ceded	(61,245)	-	(61,245)	(58,705)	-	(58,705)
	(63,400)	-	(63,400)	(61,094)	-	(61,094)
Excess of loss expenses	(2,017)	-	(2,017)	(2,581)	-	(2,581)
Net premiums written	210,226	-	210,226	246,853	-	246,853
Changes in unearned premiums, net	(35,247)	-	(35,247)	(43,813)	-	(43,813)
Net premiums earned	174,979	-	174,979	203,040	-	203,040
Reinsurance commissions	5,338	-	5,338	4,518	-	4,518
Other underwriting income	463	-	463	1,356	-	1,356
<u>TOTAL REVENUES</u>	180,780	-	180,780	208,914	-	208,914
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	141,087	-	141,087	119,878	-	119,878
Expenses incurred related to claims	5,908	-	5,908	9,756	-	9,756
Reinsurers' share of claims paid	(14,079)	-	(14,079)	(5,023)	-	(5,023)
Net claims and other benefits paid	132,916	-	132,916	124,611	-	124,611
Changes in outstanding claims, net	(6,134)	-	(6,134)	8,533	-	8,533
Changes in IBNR, net	(6,340)	-	(6,340)	(11,111)	-	(11,111)
Net claims and other benefits incurred	120,442	-	120,442	122,033	-	122,033
Additional premium reserves	(891)	-	(891)	1,844	-	1,844
Other technical reserves	(2,517)	-	(2,517)	155	-	155
Policy acquisition costs	13,333	-	13,333	18,682	-	18,682
Other underwriting expenses	3,784	-	3,784	2,477	-	2,477
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	134,151	-	134,151	145,191	-	145,191
NET UNDERWRITING INCOME	46,629	-	46,629	63,723	-	63,723

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19. Supplementary information (Continued)

Interim condensed statement of income for the three months period ended (Continued)

	March 31, 2019 (unaudited)			March 31, 2018 (unaudited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>						
Allowance for doubtful debts	(6,227)	-	(6,227)	-	-	-
General and administrative expenses	(28,258)	(1,877)	(30,135)	(23,605)	(1,774)	(25,379)
Commission income on deposits	3,047	3,418	6,465	1,904	2,083	3,987
Dividend and realized loss on investments, net	-	111	111	-	606	606
<u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u>	(31,438)	1,652	(29,786)	(21,701)	915	(20,786)
<u>NET INCOME FOR THE PERIOD</u>	15,191	1,652	16,843	42,022	915	42,937
Surplus transferred to Shareholders	(13,672)	13,672	-	(37,820)	37,820	-
<u>NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</u>	1,519	15,324	16,843	4,202	38,735	42,937

Earnings per share (Expressed in SAR per share):

Basic and diluted EPS (2018 restated)

0.35

0.88

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19. Supplementary information (Continued)

Interim condensed statement of comprehensive income for the three months period ended

	<u>March 31, 2019 (unaudited)</u>			<u>March 31, 2018 (unaudited)</u>		
	<u>Insurance operations</u>	<u>Share-holders' operations</u>	<u>Total</u>	<u>Insurance operations</u>	<u>Share-holders' operations</u>	<u>Total</u>
Total income for the period	1,519	15,324	16,843	4,202	38,735	42,937
Other comprehensive income						
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
- Available for sale investments:						
- Net change in fair value	-	17,404	17,404	-	7,262	7,262
<u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u>	1,519	32,728	34,247	4,202	45,997	50,199

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19. Supplementary information (Continued)
Interim condensed statement of cash flows for the three months period ended

(Unaudited)	Share- holders' operations			Share- holders' operations		
	Insurance operations	operations	Total	Insurance operations	operations	Total
	March 31, 2019			March 31, 2018		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit for the period	1,519	15,324	16,843	4,202	38,735	42,937
Adjustments for non-cash items:						
Depreciation of property and equipment	1,554	-	1,554	789	-	789
Amortization of intangible assets	119	-	119	364	-	364
Allowance for doubtful debts	6,227	-	6,227	-	-	-
Dividend and realized gain on investments, net	-	(111)	(111)	-	(606)	(606)
Commission income	(3,047)	(3,418)	(6,465)	(1,904)	(2,083)	(3,987)
Provision for end-of-service indemnities	914	-	914	722	-	722
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(4,143)	-	(4,143)	(83,571)	-	(83,571)
Reinsurers' share of unearned premiums	18,890	-	18,890	2,908	-	2,908
Reinsurers' share of outstanding claims	17,445	-	17,445	(7,578)	-	(7,578)
Reinsurers' share of claims incurred but not reported	3,715	-	3,715	(1,616)	-	(1,616)
Deferred policy acquisition costs	1,141	-	1,141	(1,162)	-	(1,162)
Prepaid expenses and other assets	(37)	-	(37)	(2,881)	-	(2,881)
Policyholders claims payables	(121)	-	(121)	(3,403)	-	(3,403)
Accrued and other liabilities	(20,826)	(1,135)	(21,961)	2,583	1,472	4,055
Reinsurers' balances payable	18,167	-	18,167	17,606	-	17,606
Unearned premiums	16,357	-	16,357	40,905	-	40,905
Unearned reinsurance commission	341	-	341	1,017	-	1,017
Outstanding claims	(23,579)	-	(23,579)	16,111	-	16,111
Claims incurred but not reported	(10,055)	-	(10,055)	(9,495)	-	(9,495)
Additional premium reserves	(891)	-	(891)	1,844	-	1,844
Other technical reserves	(2,517)	-	(2,517)	155	-	155
	21,173	10,660	31,833	(22,404)	37,518	15,114
End-of-service indemnities paid	(87)	-	(87)	(99)	-	(99)
Net cash generated from / (used in) operating activities	21,086	10,660	31,746	(22,503)	37,518	15,015

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19. Supplementary information (Continued)

Interim condensed statement of cash flows for the three months period ended (Continued)

	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	March 31, 2019			March 31, 2018		
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions in intangible assets	(301)	-	(301)	(613)	-	(613)
Additions in investments	-	(49,625)	(49,625)	-	-	-
Commission income received	3,390	2,825	6,215	4,107	2,235	6,342
Dividend received	-	111	111	-	800	800
Addition of short term deposits	(175,000)	-	(175,000)	-	(17,171)	(17,171)
Additions in property and equipment	(7,510)	-	(7,510)	(1,415)	-	(1,415)
Net cash (used in) / generated from investing activities	(179,421)	(46,689)	(226,110)	2,079	(14,136)	(12,057)
CASH FLOWS FROM FINANCING ACTIVITIES						
Due from/ to shareholders'/ insurance operations	(18,438)	18,438	-	23,396	(23,396)	-
Repayment of lease rentals	(70)	-	(70)	-	-	-
Net cash (used in)/ generated from financing activities	(18,508)	18,438	(70)	23,396	(23,396)	-
Net change in cash and cash equivalents	(176,843)	(17,591)	(194,434)	2,972	(14)	2,958
Cash and cash equivalents, beginning of the period	654,006	468,323	1,122,329	289,505	20,414	309,919
Cash and cash equivalents, end of the period	477,163	450,732	927,895	292,477	20,400	312,877
NON-CASH INFORMATION						
Unrealised changes in fair value of available for sale investments	-	17,404	17,404	-	7,262	7,262

20. Comparative figures

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

21. Approval of the interim condensed financial information

The interim condensed financial statements has been approved by the Board of Directors on 08 May 2019 G corresponding to 03 Ramadan 1440H.