

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

**Interim Condensed Financial Statements
(Unaudited)
Together with Independent Auditors' Review Report**

**For the three-month period ended
31 March 2018**

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2018

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INDEPENDENT AUDITORS' REVIEW REPORT

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

INTRODUCTION

We have reviewed the accompanying interim statement of financial position Saudi Enaya Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2018 and the related interim statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and the notes from 1 to 20 which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by Saudi Arabian Monetary Authority ("SAMA") for 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 International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by Saudi Arabian Monetary Authority ("SAMA") for accounting of Zakat and Income Tax.

EMPHASIS OF A MATTER


We draw attention to note 4 to the accompanying interim condensed financial statements, which refers to the Company's accumulated losses at 31 March 2018, amounting to SR 149.01 million at that date (31 December 2017: SR 45.08 million). The Company's ability to continue as a going concern is dependent upon future profitable operations and continued financial support from shareholders in order to enable it to cover its losses and settle its liabilities. The accompanying interim condensed financial statements have been prepared on the assumption that the Company will continue in business as a going concern, and do not include any adjustments that might result from the outcome of this uncertainty.

For PKF Al-Bassam & Co.
Allied Accountants



Ibrahim A. Al Bassam
Certified Public Accountant
Licence No. 337

For Sindi & Batterjee
Certified Public Accountants



Mazin Mohammed Batterjee
Certified Public Accountant
Licence No. 217



Jeddah, Kingdom of Saudi Arabia
07 May 2018
21 Shaaban 1439H



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

INTERIM STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

	Notes	31 March 2018 (Unaudited)	31 December 2017 (Audited)
<u>SAR '000</u>			
ASSETS			
Cash and cash equivalents	5	13,304	32,812
Short term murabaha deposits		136,001	134,863
Premiums and reinsurers' receivable - net	6	138,994	118,898
Reinsurers' share of outstanding claims	8	12	798
Deferred policy acquisition costs		8,727	8,924
Investments	7	34,543	34,489
Prepaid expenses and other assets		22,430	28,727
Property and equipment		2,921	1,930
Intangible assets		1,651	1,396
Statutory deposit		30,000	30,000
Accrued income on statutory deposit		1,771	1,460
TOTAL ASSETS		390,354	394,297
LIABILITIES			
Accrued and other liabilities		15,600	23,009
Reinsurers' balances payable		9,108	4,881
Unearned premiums	8	157,816	148,377
Outstanding claims	8	106,631	48,650
Premium deficiency reserve	8	30,219	-
Other technical reserves	8	5,053	487
End-of-service indemnities		4,266	4,207
Zakat and income tax	13	8,898	8,298
Accrued commission income payable to SAMA		1,771	1,460
TOTAL LIABILITIES		339,362	239,369
SHAREHOLDERS' EQUITY			
Share capital	14	200,000	200,000
Accumulated losses		(149,008)	(45,072)
TOTAL EQUITY		50,992	154,928
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		390,354	394,297
COMMITMENTS AND CONTINGENCIES	9	13,345	13,045


 Chairman


 Chief Financial Officer


 Chief Executive Officer

The accompanying notes from 1 – 20 form an integral part of these interim condensed statements.

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

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

	Notes	2018	2017
<u>SAR '000</u>			
<u>REVENUES</u>			
Gross premiums written		87,188	48,995
Reinsurance premiums ceded		-	(174)
Excess of loss expenses		(4,227)	(1,014)
Net premiums written		82,961	47,807
Changes in unearned premiums, net		(9,439)	(18,027)
Net premiums earned		73,522	29,780
<u>TOTAL REVENUES</u>		73,522	29,780
<u>UNDERWRITING COSTS AND EXPENSES</u>			
Gross claims paid		68,445	18,665
Reinsurers' share of claims paid		(8,245)	(7,824)
Net claims paid		60,200	10,841
Changes in outstanding claims including IBNR, net		58,767	8,779
Net claims incurred		118,967	19,620
Premium deficiency reserve		30,219	-
Other technical reserves		4,566	-
Policy acquisition costs		4,452	1,791
Other underwriting expenses		1,788	1,115
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>		159,992	22,526
NET UNDERWRITING (LOSS) / INCOME		(86,470)	7,254


 Chairman


 Chief Financial Officer


 Chief Executive Officer

The accompanying notes from 1 – 20 form an integral part of these interim condensed statements.

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

INTERIM STATEMENT OF INCOME – (Unaudited) – (continued)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH

	Notes	2018	2017
		<u>SAR '000</u>	
<u>OTHER OPERATING (EXPENSES) / INCOME</u>			
Allowance for doubtful debts		(3,653)	(2,465)
General and administrative expenses		(14,138)	(12,167)
Commission income on deposits		870	991
Unrealized gain / (loss) on investments		55	(169)
<u>TOTAL OTHER OPERATING EXPENSES</u>		<u>(16,866)</u>	<u>(13,810)</u>
Net loss for the period		(103,336)	(6,556)
Net income attributed to the insurance operations		-	-
Net loss for the period attributable to the shareholders		(103,336)	(6,556)
Loss per share (Expressed in SAR per share)			
Weighted average number of ordinary shares outstanding (in thousands)		<u>20,000</u>	<u>20,000</u>
Basic and diluted loss per share for the period (SR)	16	<u>(5.17)</u>	<u>(0.33)</u>


 Chairman


 Chief Financial Officer


 Chief Executive Officer

The accompanying notes from 1 – 20 form an integral part of these interim condensed statements.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME – (Unaudited)

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

Notes	2018	2017
	SAR '000	
Net loss for the period	(103,336)	(6,556)
Other comprehensive income / (loss)		
<i>Items that are or may be reclassified to interim statements of income in subsequent periods</i>		
- Available for sale investments:		
- Net change in fair value	-	-
- Net amounts transferred to statement of income	-	-
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(103,336)	(6,556)
Total comprehensive loss attributed to the insurance operations	-	-
Total comprehensive loss for the period attributable to the shareholders	(103,336)	(6,556)


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes from 1 – 20 form an integral part of these interim condensed statements.

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

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – (Unaudited)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018**

<u>2018</u>	<u>Notes</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total Equity</u>
Balance as at 31 December 2017 (audited)		200,000	(45,072)	154,928
<i>Total comprehensive income / (loss) for the period</i>				
Net loss for the period – attributable to shareholders'		-	(103,336)	(103,336)
Total comprehensive loss for the period attributable to shareholders'		200,000	(148,408)	51,592
Zakat for the period		-	(600)	(600)
Balance as at 31 March 2018 (unaudited)		200,000	(149,008)	50,992

<u>2017</u>	<u>Notes</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total Equity</u>
Balance as at 31 December 2016 (audited)		200,000	(28,253)	171,747
<i>Total comprehensive for the period</i>				
Net loss for the period – attributable to shareholders'		-	(6,556)	(6,556)
Total comprehensive loss for the period attributable to shareholders'		200,000	(34,809)	165,191
Zakat for the period		-	(700)	(700)
Balance as at 31 March 2017 (unaudited)		200,000	(35,509)	164,491


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes from 1 – 20 form an integral part of these interim condensed statements.

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

INTERIM STATEMENT OF CASHFLOWS – (Unaudited)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

	Notes	2018	2017
		SAR '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		(103,336)	(6,556)
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment		171	124
Amortization of intangible assets		248	1,226
Allowance for doubtful debts		3,653	2,465
Unrealized (gain) / loss on investments		(45)	116
Amortization of discount – net		(9)	53
Provision for end-of-service indemnities		617	254
		<u>(98,701)</u>	<u>(2,318)</u>
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurers' receivable		(23,749)	(7,536)
Reinsurers' share of unearned premiums		-	6,203
Reinsurers' share of outstanding claims		786	3,699
Deferred policy acquisition costs		197	(731)
Prepaid expenses and other assets		5,986	(2,926)
Accrued and other liabilities		(7,098)	(4,792)
Reinsurers' balances payable		4,227	(13,146)
Unearned premiums		9,439	11,824
Outstanding claims including IBNR		57,981	5,080
Premium deficiency reserve		30,219	-
Other technical reserves		4,566	-
Net cash used in operating activities		<u>(16,147)</u>	<u>(4,643)</u>
End-of-service indemnities paid		<u>(558)</u>	<u>(21)</u>
Net cash flows used in operating activities		<u>(16,705)</u>	<u>(4,664)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		-	(10,000)
Proceeds from sale of investments		-	4,975
Purchase of short term murabaha deposits		(1,138)	(63,132)
Purchase of property and equipment		(1,162)	(208)
Purchase of intangible assets		(503)	-
Net cash flows used in investing activities		<u>(2,803)</u>	<u>(68,365)</u>
Net change in cash and cash equivalents		<u>(19,508)</u>	<u>(73,029)</u>
Cash and cash equivalents, beginning of the period		<u>32,812</u>	<u>98,660</u>
Cash and cash equivalents, end of the period		<u>13,304</u>	<u>25,631</u>


 Chairman


 Chief Financial Officer


 Chief Executive Officer

The accompanying notes from 1 – 20 form an integral part of these interim condensed statements.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018**

1. GENERAL

Saudi Enaya Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 98/Q dated 16 Rabi Awwal 1433H (corresponding to 8 February 2012). The Commercial Registration number of the Company is 4030223528 dated 27 Rabi Awal 1433H (corresponding to 19 February 2012).

The Registered Office address of the Company is:

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

Following is the branch of the Company:

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

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

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

2. BASIS OF PREPARATION

a. Basis of presentation

The interim condensed financial 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 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of investments (excluding held-to-maturity) at their fair value. The Company's interim condensed statement of financial position is presented in order of liquidity. Except for property and equipment, statutory deposit, End-of-service indemnities, outstanding claims, claims incurred but not reported, all other assets and liabilities are of short-term nature, unless, stated otherwise.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018**

2. BASIS OF PREPARATION – (continued)

a. Basis of presentation – (continued)

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

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 22 to 27 of the financial statements have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

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

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2017.

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018**

2. BASIS OF PREPARATION – (continued)

b. Critical accounting judgments, estimates and assumptions

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

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2017.

c. Seasonality of operations

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2017 and new amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) as mentioned in note 3(a) which had no impact on the financial position or financial performance of the Company. Certain comparative amounts have been reclassified / regrouped to conform with the current period's presentation. This did not have any impact on interim condensed statement of changes in shareholders' equity for the period.

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

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

<u>Standard/ Amendments</u>	<u>Description</u>
IFRS 2	Amendments to IFRS 2 Classification and Measurement of share-based Payment transactions.
IAS 40	Amendments to IAS 40 Transfers of investment property
IFRIC 22	Foreign Currency Transactions and Advance consideration
IFRS 15	Revenue from Contracts with Customers (refer below)
IFRS 1 and IAS 28	Annual Improvements 2016 to IFRS 2014- 2016 cycle.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRSs. However, IFRS 15 does not apply to "revenue from insurance contracts". However, entities will need to apply IFRS 15 to non-insurance contracts (or components of insurance contracts). Therefore, insurance entities will need to carefully evaluate the scope of this standard.

IFRS 15 established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring of goods or services to a customer.

Though there are changes in accounting policy, however, management assessed and concluded that there is no material impact on the amounts reported at transition to IFRS 15 on 1 January 2018.

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018**

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b. Standards issued but not yet effective

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

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9	Financial Instruments	Refer below
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 17	Insurance Contracts (note below)	1 January 2021

IFRS 9 and IFRS 17

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

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

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2021. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

Under the temporary exemption as introduced by amendments to IFRS 4, the reporting entities whose activities predominantly relate to "insurance" can defer the implementation of IFRS 9. The Company having assessed the implications and has concluded to defer the implementation of IFRS 9 until a later date which will not be later than 1 January 2021.

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

4. GOING CONCERN

The accumulated losses of the Company amounted to SR 149.01 million as at 31 March 2018 (31 December 2017: SR 45.08 million). The Company's ability to continue as a going concern is dependent upon future profitable operations and continued financial support from shareholders in order to enable it to cover its losses and settle its liabilities. Further, as at 31 March 2018, the Company is not in full compliance with Article 66 of SAMA Insurance Implementing Regulations in relation to its solvency requirements (refer note 15).

The above mentioned conditions indicate the existence of uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. However, whilst approving these interim condensed financial statements on 6 May 2018, the Board of Directors reconsidered the financial position and the matters disclosed in the preceding paragraphs and continue to believe that the going concern basis of preparation of the interim condensed financial statements is appropriate.

Accordingly, these interim condensed financial statements have been prepared on the assumption that the Company will continue in business as a going concern, and do not include any adjustments that might result from the outcome of uncertainties from above mentioned conditions.

Further, on 25 Rabi Al-Awwal 1439H, corresponding to 13 December 2017, the Board of directors has recommended an increase in the Company's capital through offering a rights issue with a total value of SR 200 million. The Company is in the process of seeking approval and meeting certain requirements from regulatory authorities.

5. CASH AND CASH EQUIVALENTS

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

	Insurance operations	
	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
Bank balances and cash	13,039	32,389
	13,039	32,389
	Shareholders' operations	
	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
Bank balances and cash	27	27
Deposits maturing within 3 months from the acquisition date	238	396
	265	423

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

6. PREMIUMS AND REINSURERS' RECEIVABLE – NET

Receivables comprise amounts due from the following:

	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
Policyholders	89,908	92,829
Brokers and agents	54,547	35,773
Related parties (note 12)	2,407	2,757
Receivables from reinsurers'	<u>12,254</u>	<u>4,008</u>
	159,116	135,367
Provision for doubtful receivables	<u>(20,122)</u>	<u>(16,469)</u>
Premiums and reinsurers' receivable – net	<u>138,994</u>	<u>118,898</u>

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

	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
Balance at beginning of the period / year	<u>16,469</u>	<u>6,573</u>
Provision made during the period / year	<u>3,653</u>	<u>9,896</u>
Balance at end of the period / year	<u>20,122</u>	<u>16,469</u>

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

7. INVESTMENTS

Investment are classified as follows:

	Shareholders' operations	
	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
- Held as FVSI	7,683	7,638
- Held to maturity	26,860	26,851
<i>Total</i>	34,543	34,489

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

	Shareholders' operations	
	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
Opening balance	7,638	9,964
Purchases during the period / year	-	10,000
Disposals during the period / year	-	(12,196)
Changes in fair value of investments	45	(130)
<i>Closing balance</i>	7,683	7,638
	31 March 2018 SR'000	31 December 2017 SR'000
Al Badr Murabaha Fund	6,949	6,930
Saudi Fransi GCC IPO Fund	734	708
	7,683	7,638

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

7. INVESTMENTS – (continued)

Movement in held to maturity investment balance is as follows:

	Shareholders' operations	
	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
Opening balance	26,851	25,028
Purchases	-	6,851
Disposals	-	(4,975)
Amortization of held to maturity investments	9	(53)
Closing balance	<u>26,860</u>	<u>26,851</u>

8. TECHNICAL RESERVES

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
Outstanding claims including IBNR	<u>106,631</u>	<u>48,650</u>
Premium deficiency reserve	30,219	-
Other technical reserves	5,053	487
	<u>141,903</u>	<u>49,137</u>
Less:		
- Reinsurers' share of outstanding claims including IBNR	(12)	(798)
	<u>(12)</u>	<u>(798)</u>
Net outstanding claims and reserves	<u>141,891</u>	<u>48,339</u>

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8. TECHNICAL RESERVES – (continued)

8.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Three-month ended 31 March 2018 (Unaudited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the period	148,377	-	148,377
Premium written during the period	87,188	-	84,627
Premium earned during the period	(77,749)	-	(75,179)
Balance as at the end of the period	<u>157,816</u>	<u>-</u>	<u>157,825</u>
	Year ended 31 December 2017 (Audited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the year	64,740	(9,424)	55,316
Premium written during the year	266,990	1,153	268,143
Premium earned during the year	(183,353)	8,271	(175,082)
Balance as at the end of the year	<u>148,377</u>	<u>-</u>	<u>148,377</u>

9. COMMITMENTS AND CONTINGENCIES

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

	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
Letters of guarantee	<u>13,345</u>	<u>13,045</u>
Total	<u>13,345</u>	<u>13,045</u>

- b. There were no capital commitments outstanding as at 31 March 2018 (31 December 2017: Nil).
- c. As at 31 March 2018, a bid bond amounting to SR 300 thousand (31 December 2017: Nil) was issued to the customer on behalf of the Company.
- d. As at 31 March 2018, a performance guarantee amounting to SR 500 thousand (31 December 2017: SR 500 thousand) was issued to the medical service providers on behalf of the Company.
- e. As at 31 March 2018, the Company has a letter of guarantee amounting to SR 12.545 million (31 December 2017: SR 12.545 million) in favour of General Authority of Zakat and Tax (GAZT) (see note 13). A margin of SR 12.545 million (31 December 2017: SR 12.545 million) being deposited with a bank for this purpose and is included in prepayments and other assets in the statement of financial position.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
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10. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

Determination of fair value and fair value hierarchy

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

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

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

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

a. Carrying amounts and fair value

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

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FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

10. FAIR VALUES OF FINANCIAL INSTRUMENTS – (continued)

a. Carrying amounts and fair value

Shareholders' Operations	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		SAR'000			
31 March 2018 (Unaudited)					
Financial assets measured at fair value					
- Investments held as FVSI	7,683	7,683	-	-	7,683
	7,683	7,683	-	-	7,683
Financial assets not measured at fair value					
- Held to maturity investments	26,860	-	26,990	-	26,990
- Murabaha deposits	136,001	-	-	136,516	136,516
	162,861	-	26,990	136,516	163,506
31 December 2017 (Audited)					
Financial assets measured at fair value					
- Investments held as FVSI	7,638	7,638	-	-	7,638
	7,638	7,638	-	-	7,638
Financial assets not measured at fair value					
- Held to maturity investments	26,851	-	26,939	-	26,939
- Murabaha deposits	134,863	-	-	135,594	135,594
	161,714	-	26,939	135,594	162,533

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11. OPERATING SEGMENTS

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

12. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Nature of transactions	Transactions for the period ended		Balance receivable / (payable) as at	
		31 March 2018 (Unaudited)	31 March 2017 (Unaudited)	31 March 2018 (Unaudited)	31 December 2017 (Audited)
SAR'000					
Major shareholders					
Munich Re	Reinsurance ceded	-	174	-	-
Claims paid	Claims recovered	-	7,824	-	-
Other recoveries	Other recoveries	-	-	1,587	1,587
Entities controlled, jointly controlled or significantly influenced by related parties					
Related parties of Juffali Group – (affiliates)	Insurance premium written	18	(119)		
	Claims paid	929	809		
	Purchase of computer equipment, licenses, vehicles and other services	-	200		
	Commission paid	44	99	2,407	2,757

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

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
SAR'000		
Salaries and other allowances	1,016	988
End of service indemnities	37	36
	1,053	1,024

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)****FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018****13. ZAKAT AND INCOME TAX****a. Charge for the year**

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

Movements in provision during the year

	31 March 2018	31 December
	(Unaudited)	2017
		(Audited)
	SAR'000	
Balance at the beginning of the year	8,298	6,699
Charge for the year	600	2,300
Paid during the year	-	(701)
Balance at the end of the year	8,898	8,298

As the Company has incurred a loss during the three-month period ended 31 March 2018, and in previous years, no provision has been established in respect of income tax in these interim condensed financial statements.

b. Status of zakat assessments

The Company has filed its Zakat and tax return for the first twelve month period ended 30 June 2012 with the General Authority of Zakat and Tax ("GAZT"). The Company has also filed its Zakat and income tax return for the long period from 8 February 2012 to 31 December 2013 and for the years ended 31 December 2014, 2015 and 2016 and obtained restricted zakat certificates.

The GAZT issued final assessment for the years 2011, 2012, 2013 and 2014 with an additional Zakat liability of SR 12.545 million. The Company has filed an appeal against such assessment. The Company submitted an appeal against the GAZT treatment and is confident of a favourable outcome. Accordingly, no provision has been established in this regard in these financial statements.

During 2017, the Company filed an appeal to the Appellate Committee for Zakat and Tax Appeal ("ACZTA") against the Preliminary Objection Committee's ("POC") decision for the years 2011 through 2014 and lodged a bank guarantee of SR 12.545 million (note 9(e)), with respect to additional zakat liability.

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

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14. SHARE CAPITAL

The authorised, subscribed and paid up share capital of the Company is SR 200 million, divided into 20 million shares of SR 10 each.

On 25 Rabi Al-Awwal 1439H, corresponding to 13 December 2017, the Board of directors has recommended an increase in the Company's capital through offering a rights issue with a total value of SR 200 million. The Company is in the process of seeking approval and meeting certain requirements from regulatory authorities.

15. 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 not fully complied with the externally imposed capital requirements during the reported financial period.

16. LOSS PER SHARE

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

17. SUPPLEMENTARY INFORMATION

a) Interim statement of financial position

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
ASSETS						
Cash and cash equivalents	13,039	265	13,304	32,389	423	32,812
Short term/fixed income deposits	-	136,001	136,001	-	134,863	134,863
Premiums and reinsurers' receivable – net	138,994	-	138,994	118,898	-	118,898
Reinsurers' share of outstanding claims	12	-	12	798	-	798
Deferred policy acquisition costs	8,727	-	8,727	8,924	-	8,924
Investments	-	34,543	34,543	-	34,489	34,489
Due from shareholders' operations	153,927	-	153,927	37,203	-	37,203
Prepaid expenses and other assets	9,368	13,062	22,430	27,806	921	28,727
Property and equipment	2,921	-	2,921	1,930	-	1,930
Intangible assets	1,651	-	1,651	1,396	-	1,396
Statutory deposit	-	30,000	30,000	-	30,000	30,000
Accrued income on statutory deposit	-	1,771	1,771	-	1,460	1,460
	328,639	215,642	544,281	229,344	202,156	431,500
Less: Inter-operations eliminations	(153,927)	-	(153,927)	(37,203)	-	(37,203)
TOTAL ASSETS	174,712	215,642	390,354	192,141	202,156	394,297

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17. SUPPLEMENTARY INFORMATION – (continued)

Interim statement of financial position – (continued)

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR '000					
<u>LIABILITIES</u>						
Accrued and other liabilities	15,546	54	15,600	22,742	267	23,009
Reinsurers' balances payable	9,108	-	9,108	4,881	-	4,881
Unearned premiums	157,816	-	157,816	148,377	-	148,377
Outstanding claims	106,631	-	106,631	48,650	-	48,650
Premium deficiency reserve	30,219	-	30,219	-	-	-
Other technical reserves	5,053	-	5,053	487	-	487
Due to insurance operations	-	153,927	153,927	-	37,203	37,203
End-of-service indemnities	4,266	-	4,266	4,207	-	4,207
Zakat and income tax	-	8,898	8,898	-	8,298	8,298
Accrued commission income payable to SAMA	-	1,771	1,771	-	1,460	1,460
	328,639	164,650	493,289	229,344	47,228	276,572
<u>Less: Inter-operations eliminations</u>	-	(153,927)	(153,927)	-	(37,203)	(37,203)
<u>TOTAL LIABILITIES</u>	328,639	10,723	339,362	229,344	10,025	239,369
<u>SHAREHOLDERS' EQUITY</u>						
Share capital	-	200,000	200,000	-	200,000	200,000
Accumulated losses	-	(149,008)	(149,008)	-	(45,072)	(45,072)
<u>TOTAL EQUITY</u>	-	50,992	50,992	-	154,928	154,928
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	328,639	61,715	390,354	229,344	164,953	394,297
COMMITMENTS AND CONTINGENCIES	800	12,545	13,345	13,045	-	13,045

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018**

17. SUPPLEMENTARY INFORMATION – (continued)

b) Interim statement of income

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
REVENUES						
Gross premiums written	87,188	-	87,188	48,995	-	48,995
Reinsurance premiums ceded	-	-	-	(174)	-	(174)
Excess of loss expenses	(4,227)	-	(4,227)	(1,014)	-	(1,014)
Net premiums written	82,961	-	82,961	47,807	-	47,807
Changes in unearned premiums, net	(9,439)	-	(9,439)	(18,027)	-	(18,027)
Net premiums earned	73,522	-	73,522	29,780	-	29,780
TOTAL REVENUES	73,522	-	73,522	29,780	-	29,780
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	68,445	-	68,445	18,665	-	18,665
Reinsurers' share of claims paid	(8,245)	-	(8,245)	(7,824)	-	(7,824)
Net claims	60,200	-	60,200	10,841	-	10,841
Changes in outstanding claims including IBNR, net	58,767	-	58,767	8,779	-	8,779
Net claims incurred	118,967	-	118,967	19,620	-	19,620
Premium deficiency reserve	30,219	-	30,219	-	-	-
Other technical reserves	4,566	-	4,566	-	-	-
Policy acquisition costs	4,452	-	4,452	1,791	-	1,791
Other underwriting expenses	1,788	-	1,788	1,115	-	1,115
TOTAL UNDERWRITING COSTS AND EXPENSES	159,992	-	159,992	22,526	-	22,526
NET UNDERWRITING RESULT	(86,470)	-	(86,470)	7,254	-	7,254

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17. SUPPLEMENTARY INFORMATION – (continued)

Interim statement of income – (continued)

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Allowance for doubtful debts	(3,653)	-	(3,653)	(2,465)	-	(2,465)
General and administrative expenses	(13,836)	(302)	(14,138)	(11,993)	(174)	(12,167)
Commission income on deposits	-	870	870	-	991	991
Unrealized gain / (loss) on investments	-	55	55	-	(169)	(169)
<u>TOTAL OTHER OPERATING (EXPENSES) / INCOME</u>	(17,489)	623	(16,866)	(14,458)	648	(13,810)
<u>NET LOSS FOR THE PERIOD</u>	(103,959)	623	(103,336)	(7,204)	648	(6,556)
Net Income attributed to the insurance operations	-	-	-	-	-	-
<u>Net loss for the period attributed to shareholders' operations</u>	-	(103,336)	(103,336)	-	(6,556)	(6,556)
<u>Loss per share (Expressed in SAR per share)</u>						
Weighted average number of ordinary shares outstanding (in thousands)	-	20,000	20,000	-	20,000	20,000
Basic and diluted loss per share for the period (SR)	-	(5.17)	(5.17)	-	(0.33)	(0.33)

c) Interim statement of comprehensive income

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR '000					
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	-	(103,336)	(103,336)	-	(6,556)	(6,556)
Other comprehensive income / (loss)	-	-	-	-	-	-
<u>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</u>	-	(103,336)	(103,336)	-	(6,556)	(6,556)

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
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17. SUPPLEMENTARY INFORMATION – (continued)

d) Interim statement of cash flows

Note	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
SR '000						
CASH FLOWS FROM OPERATING ACTIVITIES						
Net (loss) for the period	-	(103,336)	(103,336)	-	(6,556)	(6,556)
Adjustments for non-cash items:						
Depreciation of property and equipment	171	-	171	124	-	124
Amortization of intangible assets	248	-	248	1,226	-	1,226
Allowance for doubtful debts	3,653	-	3,653	2,465	-	2,465
Unrealized (gain) / loss on investments	-	(45)	(45)	-	116	116
Amortization of discount – net	-	(9)	(9)	-	53	53
Provision for end-of-service indemnities	617	-	617	254	-	254
	4,689	(103,390)	(98,701)	4,069	(6,387)	(2,318)
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(23,749)	-	(23,749)	(7,536)	-	(7,536)
Reinsurers' share of unearned premiums	-	-	-	6,203	-	6,203
Reinsurers' share of outstanding claims including IBNR	786	-	786	3,699	-	3,699
Deferred policy acquisition costs	197	-	197	(731)	-	(731)
Prepaid expenses and other assets	18,438	(12,452)	5,986	(3,496)	570	(2,926)
Accrued and other liabilities	(7,196)	98	(7,098)	(4,745)	(47)	(4,792)
Reinsurers' balances payable	4,227	-	4,227	(13,146)	-	(13,146)
Unearned premiums	9,439	-	9,439	11,824	-	11,824
Outstanding claims including IBNR	57,981	-	57,981	5,080	-	5,080
Premium deficiency reserve	30,219	-	30,219	-	-	-
Other technical reserves	4,566	-	4,566	-	-	-
Due to Insurance Operations	-	116,724	116,724	-	2,366	2,366
Due from Shareholders' Operations	(116,724)	-	(116,724)	(2,366)	-	(2,366)
Cash used in operating activities	(17,127)	980	(16,147)	(1,145)	(3,498)	(4,643)
End-of-service indemnities paid	(558)	-	(558)	(21)	-	(21)
Net cash flows used in operating activities	(17,685)	980	(16,705)	(1,166)	(3,498)	(4,664)

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
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17. SUPPLEMENTARY INFORMATION – (continued)

Interim statement of cash flows – (continued)

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR '000					
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of short term murabaha deposits		(1,138)	(1,138)	-	(63,132)	(63,132)
Purchases of investments	-	-	-	-	(10,000)	(10,000)
Proceeds from sale of investments	-	-	-	-	4,975	4,975
Purchase of intangible assets	(503)		(503)	-	-	-
Purchase of property and equipment	(1,162)	-	(1,162)	(208)	-	(208)
Net cash flows used in investing activities	(1,665)	(1,138)	(2,803)	(208)	(68,157)	(68,365)
Net change in cash and cash equivalents	(19,350)	(158)	(19,508)	(1,374)	(71,655)	(73,029)
Cash and cash equivalents, beginning of the period	32,389	423	32,812	5,954	92,706	98,660
Cash and cash equivalents, end of the period	13,039	265	13,304	4,580	21,051	25,631

18. AMALGAMATION OF SHAREHOLDERS AND INSURANCE OPERATIONS

Certain of the comparative figures have been reclassified and regrouped to conform to the in the current period presentation. These changes as summarized below, were mainly to conform with the SAMA requirements:

- As discussed in note 2 to these interim condensed financial statements, previously interim statement of financial position, statement of income, and cash flows were presented separately for insurance operations and shareholders operations which are combined together to present one Company level interim statement of financial position, statement of income and statement of cash flows.
- The amounts "due to / from" shareholders and insurance operations which previously reported separately in the respective statement of financial position, are now eliminated (refer note 17 (a)).
- Share of insurance operations surplus split in the ratio of 90/10 between shareholders and insurance operations and presented separately is now presented as an expense in interim statement of income (refer note 17 (b)).

19. COMPARATIVE FIGURES

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

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors, on 20 Sha'baan 1439H, corresponding to 06 May 2018.