

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2019**

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2019

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KPMG Al Fozan & Partners
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Jeddah 21441
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INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

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

Introduction

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

Scope of review

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

Conclusion

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

for **KPMG Al Fozan & Partners**
Certified Public Accountants

Ebrahim Oboud Baeshen
Certified Public Accountant
License No. 382

for **Ernst & Young & Co.**
(Certified Public Accountants)

Ahmed I. Reda
Certified Public Accountant
License No. 356

Jeddah, 5 Dhul Hijjah 1440H
Corresponding to 6 August 2019



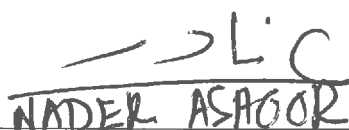
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<i>Notes</i>	<i>30 June 2019 (Unaudited) SAR'000</i>	<i>31 December 2018 (Audited) (Restated) SAR'000</i>
<u>ASSETS</u>			
Cash and cash equivalents	4	621,196	290,413
Premiums receivable – net	5	2,063,976	950,671
Reinsurers' share of unearned premiums	9.1	14,571	6,320
Reinsurers' share of outstanding claims	9.2	460	336
Reinsurers' share of claims incurred but not reported	9.2	2,719	2,678
Deferred policy acquisition costs		133,556	118,323
Investments	6	1,951,546	1,621,491
Prepaid expenses and other assets		235,944	202,985
Term deposits	7	4,023,248	4,715,281
Fixtures, Furniture and Right of use assets – net	3.b	177,372	81,243
Intangible assets – net		58,795	57,273
Deferred tax asset	15	32,161	25,552
Goodwill		98,000	98,000
Statutory deposit	8	120,000	120,000
Accrued income on statutory deposit	8	8,808	6,882
TOTAL ASSETS		9,542,352	8,297,448
<u>LIABILITIES</u>			
Accrued and other liabilities		398,024	285,809
Insurance operations' surplus payable		163,708	139,755
Reinsurers' balances payable		74,573	50,636
Unearned premiums	9.1	4,247,433	3,428,131
Outstanding claims	9.2	587,657	555,158
Claims incurred but not reported	9.2	801,306	898,123
Claims handling reserve	9.2	18,525	19,400
Due to related parties	14	41,476	41,095
Provision for end-of-service benefits		87,294	81,395
Provision for zakat and income tax	15	217,380	199,784
Accrued income payable to SAMA	8	8,808	6,882
TOTAL LIABILITIES		6,646,184	5,706,168
<u>EQUITY</u>			
Share capital	16	1,200,000	1,200,000
Statutory reserve	17	609,111	609,111
Share based-payments	18	13,225	17,579
Shares held under employees share scheme	18	(24,795)	(32,662)
Retained earnings		1,095,495	836,705
Re-measurement reserve of defined benefit obligation		(8,922)	(8,922)
Investments fair value reserve – related to shareholders		3,024	(21,942)
TOTAL SHAREHOLDERS' EQUITY		2,887,138	2,599,869
Investments fair value reserve – related to policyholders		9,030	(8,589)
TOTAL EQUITY		2,896,168	2,591,280
TOTAL LIABILITIES AND EQUITY		9,542,352	8,297,448

Chairman


NADER ASAGOR
 Chief Financial Officer

Director and Chief Executive Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

For the three-month and six-month periods ended 30 June 2019

	Notes	<i>Three-months period ended</i>		<i>Six-months period ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
		<i>SAR'000</i>	<i>(Restated)</i> <i>SAR'000</i>	<i>SAR'000</i>	<i>(Restated)</i> <i>SAR'000</i>
REVENUES					
Gross premiums written		2,438,802	2,019,611	5,344,249	4,508,768
Reinsurance premiums ceded – Local		(2,595)	(3,820)	(5,090)	(6,166)
Reinsurance premiums ceded – International		(27,854)	(23,316)	(46,027)	(37,634)
Net premiums written		2,408,353	1,992,475	5,293,132	4,464,968
Changes in unearned premiums – net		(123,597)	(18,802)	(811,051)	(553,184)
Net premiums earned	9.1	2,284,756	1,973,673	4,482,081	3,911,784
UNDERWRITING COSTS & EXPENSES					
Gross claims paid		(1,851,411)	(1,641,576)	(3,783,292)	(2,982,853)
Reinsurers' share of claims paid		12,448	--	24,897	12,600
Net claims paid		(1,838,963)	(1,641,576)	(3,758,395)	(2,970,253)
Changes in outstanding claims		(63,025)	(158,776)	(32,499)	(297,248)
Changes in claims incurred but not reported		119,242	262,619	96,817	1,930
Changes in claims handling reserves		525	--	875	--
Reinsurance share of changes in outstanding claims		156	--	124	(8)
Reinsurance share of changes in claims incurred but not reported		50	--	41	8
Net claims incurred		(1,782,015)	(1,537,733)	(3,693,037)	(3,265,571)
Policy acquisition costs		(53,476)	(52,906)	(111,357)	(96,273)
Total underwriting costs & expenses		(1,835,491)	(1,590,639)	(3,804,394)	(3,361,844)
NET UNDERWRITING INCOME		449,265	383,034	677,687	549,940
Other operating (expenses)/ income					
Allowance for doubtful receivables		(84,090)	(78,828)	(73,051)	(89,675)
General and administrative expenses		(112,544)	(100,619)	(221,148)	(206,291)
Selling and marketing expenses		(83,051)	(59,699)	(175,061)	(143,853)
Investment income – net		61,716	45,326	118,543	89,050
Other income – net		5,211	5,683	11,000	5,074
Total other operating (expenses)/ income		(212,758)	(188,137)	(339,717)	(345,695)
Income before Surplus, Zakat & Income Tax		236,507	194,897	337,970	204,245
Income attributed to the insurance operations (transfer to surplus payable)	1	(20,433)	(16,034)	(27,773)	(16,034)
Income attributed to the shareholders before zakat and income tax		216,074	178,863	310,197	188,211
Zakat charge	15	(13,125)	(12,643)	(24,151)	(25,287)
Income tax charge	15	(16,923)	(8,831)	(24,487)	(18,754)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX		186,026	157,389	261,559	144,170
Weighted average number of ordinary outstanding shares (in thousands)		119,596	119,718	119,573	119,676
Basic earnings per share (Expressed in SAR per Share)	20	1.56	1.31	2.19	1.20

Chairman


NADER ASAGOR
 Chief Financial Officer

Director and Chief Executive Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

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

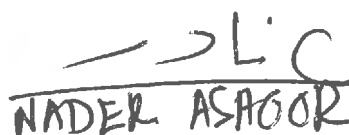
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the three-month and six-month periods ended 30 June 2019

	<i>Three-months period ended</i>		<i>Six-months period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>SAR'000</i>	<i>(Restated)</i> <i>SAR'000</i>	<i>SAR'000</i>	<i>(Restated)</i> <i>SAR'000</i>
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	186,026	157,389	261,559	144,170
Other comprehensive income				
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>				
Net changes in fair value of available-for-sale investments:				
- related to shareholders	4,330	(4,347)	24,966	(6,636)
- related to policyholders	7,978	(3,429)	17,619	(8,104)
	12,308	(7,776)	42,585	(14,740)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	198,334	149,613	304,144	129,430

Chairman

Director and Chief Executive Officer


NADER ASA'OR

Chief Financial Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For six-months period ended 30 June 2019

	Related to shareholders							Investments fair value reserve – related to policyholders SAR'000	Total shareholders' equity SAR'000	Total equity SAR'000
	Share capital SAR'000	Statutory reserve SAR'000	Share based payments SAR'000	Shares held under employees share scheme SAR'000	Retained earnings SAR'000	Re- measurement reserve of defined obligation SAR'000	Investments fair value reserve SAR'000			
Balance at 31 December 2018 (audited)	1,200,000	609,111	17,579	(32,662)	811,153	(8,922)	(21,942)	2,574,317	2,565,728	
Effect of restatements (note 3.a)	--	--	--	--	25,552	--	--	25,552	25,552	
Impact of adopting IFRS 16 at 1 January 2019 (note 3.b)	--	--	--	--	(8,900)	--	--	(8,900)	(8,900)	
Balance at 1 January 2019 (restated)	1,200,000	609,111	17,579	(32,662)	827,805	(8,922)	(21,942)	2,590,969	2,582,380	
Total comprehensive income for the period	--	--	--	--	261,559	--	--	261,559	261,559	
Net income for the period attributed to shareholders after zakat and income tax	--	--	--	--	261,559	--	--	261,559	261,559	
Changes in fair value of available-for-sale investments	--	--	--	--	--	--	24,966	24,966	42,585	
Total comprehensive income for the period	--	--	--	--	261,559	--	24,966	286,525	304,144	
Share based payment transactions	--	--	3,513	--	--	--	--	3,513	3,513	
Delivery of shares under LTIP	--	--	(7,867)	7,867	--	--	--	--	--	
Income tax recovered from non-Saudi shareholders	--	--	--	--	6,131	--	--	6,131	6,131	
Balance at 30 June 2019 (unaudited)	1,200,000	609,111	13,225	(24,795)	1,095,495	(8,922)	3,024	2,887,138	2,896,168	

Chairman

Chief Financial Officer

Director and Chief Executive Officer

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (continued)
For six-months period ended 30 June 2019

	Related to shareholders									
	Share capital SAR '000	Statutory reserve SAR '000	Share based payments SAR '000	Shares held under employees share scheme SAR '000	Retained earnings SAR '000	Re-measurement reserve of defined benefit obligation SAR '000	Investments fair value reserve SAR '000	Shareholders' Equity SAR '000	Investments fair value reserve – related to policyholders SAR '000	Total Equity SAR '000
Balance at 31 December 2017 as previously reported (audited)	800,000	504,025	17,220	(28,915)	1,030,887	--	(1,880)	2,321,337	713	2,322,050
Effect of restatements (note 3.a)	--	--	--	--	19,161	--	--	19,161	--	19,161
Balance at 31 December 2017 (restated)	800,000	504,025	17,220	(28,915)	1,050,048	--	(1,880)	2,340,498	713	2,341,211
Total comprehensive income for the period	--	--	--	--	144,170	--	--	144,170	--	144,170
Net income for the period attributed to shareholders after zakat and income tax	--	--	--	--	144,170	--	--	144,170	--	144,170
Changes in fair value of available-for-sale investments	--	--	--	--	--	--	(6,636)	(6,636)	(8,104)	(14,740)
Total comprehensive (loss)/income for the period	--	--	--	--	144,170	--	(6,636)	137,534	(8,104)	129,430
Share based payment transactions	--	--	3,560	--	--	--	--	3,560	--	3,560
Delivery of shares under LTIP	--	--	(7,747)	7,747	--	--	--	--	--	--
Purchase of shares under LTIP	--	--	--	(4,130)	--	--	--	(4,130)	--	(4,130)
Dividends paid	--	--	--	--	(160,000)	--	--	(160,000)	--	(160,000)
Income tax recovered from non-Saudi shareholders	--	--	--	--	6,131	--	--	6,131	--	6,131
Balance at 30 June 2018 (unaudited)	800,000	504,025	13,033	(25,298)	1,040,349	--	(8,516)	2,323,593	(7,391)	2,316,202

Chairman

Chief Financial Officer

Director and Chief Executive Officer

The accompanying notes from 1 to 23 an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For six-months period ended 30 June 2019

	Notes	Six-months period ended 30 June	
		2019 SAR'000	2018 SAR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income attributed to shareholders after zakat and income tax		261,559	144,170
<u>Adjustments for non-cash items:</u>			
Net income attributed to insurance operations		27,773	16,034
Zakat charge		24,151	25,287
Income tax charge		24,487	18,754
Depreciation and amortization of Fixtures, Furniture and Right-of-use assets		15,385	6,319
Amortization of intangible assets		11,119	2,984
Provision for LTIP		3,513	3,560
Allowance for doubtful receivables provision		73,051	89,675
Unrealized gains on investments held as FVSI		(5,014)	(3,555)
Realized gains on investments		(3,841)	(8,342)
Provision for end-of-service benefits		9,575	7,693
		<u>441,758</u>	<u>302,579</u>
<u>Changes in operating assets and liabilities:</u>			
Premiums receivable		(1,186,356)	(1,437,469)
Reinsurers' share of unearned premiums		(8,251)	(6,083)
Reinsurers' share of outstanding claims		(124)	8
Reinsurers' share of claims incurred but not reported		(41)	(8)
Deferred policy acquisition costs		(15,233)	(5,452)
Prepaid expenses and other assets		(32,959)	(6,920)
Accrued and other liabilities		13,869	72,539
Reinsurers' balances payable		23,937	21,788
Unearned premiums		819,302	559,267
Outstanding claims		32,499	297,248
Claims incurred but not reported		(96,817)	(1,930)
Claims handling reserve		(875)	--
Due to related parties		6,512	803
Increase in lease liabilities		2,712	--
End-of-service benefits paid		(3,676)	(5,509)
Surplus paid to policyholders		(3,820)	(12,866)
Zakat and income tax paid		(37,651)	(19,944)
Net cash used in operating activities		<u>(45,214)</u>	<u>(241,949)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in term deposits	7	(1,762,489)	(1,915,074)
Proceeds from maturity of term deposits	7	2,454,522	2,015,383
Additions to investments	6	(1,269,737)	(944,027)
Disposals of investments		991,122	1,257,598
Additions to Fixtures, Furniture and Right-of-use assets		(8,418)	(1,194)
Disposal of Fixtures, Furniture and Right-of-use assets		100	--
Intangible assets acquired		(12,641)	(9,480)
Purchase of shares under LTIP		--	(4,130)
Net cash generated from investing activities		<u>392,459</u>	<u>399,076</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability paid		(16,462)	--
Dividend paid		--	(160,000)
Income tax recovered from non-Saudi shareholders		--	6,131
Net cash used in financing activities		<u>(16,462)</u>	<u>(153,869)</u>
Net change in cash and cash equivalents		330,783	3,258
Cash and cash equivalents at beginning of the period		290,413	229,884
Cash and cash equivalents at end of the period		<u>621,196</u>	<u>233,142</u>
Non-cash transactions			
Unrealized gains /(losses) on available for sale investments		(42,585)	(14,740)
Recognition of Lease liability	3.b	112,096	--
Recognition of Right-of-use assets	3.b	103,196	--

Chairman

NADER ASABOOR
Chief Financial Officer

Director and Chief Executive Officer

The accompanying notes from 1 to 23 an integral part of these interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
At 30 June 2019

1. ORGANIZATION AND PRINCIPLE ACTIVITIES

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

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

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

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed financial statements of the Company has been prepared in accordance with ‘International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organisation for Certified Public Accountants (“SOCPA”). The financial statements of the Company as at and for the three-months period ended 31 March 2019 and year ended 31 December 2018, respectively, were prepared in compliance with IAS 34 and ‘International Financial Reporting Standards’ (“IFRS”) respectively, as modified by SAMA for the accounting of zakat and income tax’ (relating to application of IAS 12 - “Income Taxes” and IFRIC 21 - “Levies” so far as these relate to zakat and income tax).

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2019

2. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for “Insurance Operations” and “Shareholders’ Operations”. Accordingly, assets, liabilities, revenues and expenses attributable to either operation, are recorded in the respective accounts. Note 21 to these interim condensed financial statements provides the statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations, separately.

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

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

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

(b) Critical accounting judgments, estimates and assumptions

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

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

(c) Seasonality of operations

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

3. SIGNIFICANT ACCOUNTING POLICIES

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 change in the accounting of zakat and income tax and new IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Company as explained below:

a) *Changes in the accounting for zakat and income tax*

As mentioned above, the basis of preparation has been changed for the period ended 30 June 2019 as a result of the issuance of latest instructions from SAMA dated 23 July 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA dated 23 July 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively. The change has resulted in increase of reported income of the Company for the period ended 30 June 2018 by SR 1.1 million. The change has had no impact on the statement of cash flows for the period ended 30 June 2018.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) *Changes in the accounting for zakat and income tax (continued)*

The accounting policy for zakat and income tax adopted by the Company is as follows:

Zakat and Income Tax

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

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

The Interpretation did not have an impact on the interim condensed financial statements of the Company.

Deferred Tax

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Changes in the accounting for zakat and income tax (continued)

Deferred Tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Impact on interim financial statements

The change in the accounting treatment for zakat and income tax has the following impact:

As at and for the six months period ended 30 June 2018

<u>Financial Statement Impacted</u>	<u>Account</u>	<u>Before the restatement SAR'000</u>	<u>Effect of restatement SAR'000</u>	<u>After restatement SAR'000</u>
Statement of changes in equity	Provision for zakat and income tax (retained earnings)	(45,134)	45,134	--
Statement of income	Zakat and income tax charge	--	(44,041)	(44,041)
Statement of income	Earnings per share	1.57	(0.37)	1.20
Statement of financial position	Deferred tax asset	--	20,254	20,254

For the three months period ended 30 June 2018

<u>Financial Statement Impacted</u>	<u>Account</u>	<u>Before the restatement SAR'000</u>	<u>Effect of restatement SAR'000</u>	<u>After restatement SAR'000</u>
Statement of income	Zakat and income tax charge	--	(21,474)	(21,474)
Statement of income	Earnings per share	1.49	(0.18)	1.31

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Changes in the accounting for zakat and income tax (continued)

Impact on the interim condensed statement of income (continued)

As at 31 December 2018

<u>Financial Statement Impacted</u>	<u>Account</u>	<u>Before the restatement</u> <u>SAR'000</u>	<u>Effect of restatement</u> <u>SAR'000</u>	<u>After restatement</u> <u>SAR'000</u>
Statement of financial position	Deferred tax asset	--	25,552	25,552
Statement of financial position	Retained earnings	811,153	25,552	836,705

As at 1 January 2018

<u>Financial Statement Impacted</u>	<u>Account</u>	<u>Before the restatement</u> <u>SAR'000</u>	<u>Effect of restatement</u> <u>SAR'000</u>	<u>After restatement</u> <u>SAR'000</u>
Statement of financial position	Deferred tax asset	--	19,161	19,161
Statement of financial position	Retained earnings	1,030,887	19,161	1,050,048

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

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2019 and accordingly adopted by the Company, as applicable:

<u>Standard / Amendments</u>	<u>Description</u>
IFRS 16	Leases (see below)
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 28	Long term interests in associates and joint ventures
IAS 19	Plan amendments, curtailments or settlements
IFRS 3,11 and IAS 12, 23	Annual Improvements to IFRS 2015 - 2017 cycle.

The adoption of the amended standards and interpretations applicable to the Company except for adoption of IFRS 16 did not have any significant impact on these interim condensed financial statements.

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4- Determining Whether an Agreement Contains a Lease. SIC 15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company (continued)

IFRS 16 – Leases (continued)

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. In accordance with the modified retrospective method of adoption, the Company applied IFRS 16 at the date of initial application with transition impact recognized in the retained earnings. Accordingly, the comparative information in these interim condensed financial statements has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Upon adoption of IFRS 16, the Company recognised lease liabilities to make lease payments and Right-of-use assets representing the right to use the underlying assets.

The effect of adopting IFRS 16 as at 1 January 2019 (increase/ (decrease)) is as follows:

	<u>2019</u> <u>SAR '000</u>
Assets	
Right of use assets	<u>103,196</u>
Liabilities	
Lease liabilities	<u>112,096</u>
Equity	
Retained earning	<u>(8,900)</u>

The Company has lease contracts for its office premises. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepaid expenses and other assets and accrued and other liabilities, respectively.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	<u>2019</u> <u>SAR '000</u>
Operating leases commitments as of 31 December 2018	150,363
Adjustment to the operating lease commitments	(24,150)
Total Commitments	<u>126,213</u>
Weighted average incremental borrowing rate as at 1 January 2019	5%
Discounted operating lease commitments at 1 January 2019	112,096

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right of use assets are included within Fixtures, Furniture and Right of use assets.

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At 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company (continued)

IFRS 16 – Leases (continued)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the internal cost of funds as the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Lease liabilities are included within the accrued and other liabilities.

Where the Company is lessee

All leases entered into by the Company are operating leases. Payments made under operating leases are charged to the interim condensed statement of income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty, net of anticipated rental income (if any), is recognised as an expense in the period in which termination takes place.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognized in the interim condensed statements of financial position and interim condensed statement of income

Set out below, are the movement and carrying amounts of the Company's Right-of-use assets and lease liabilities. The Company present right-of-use assets under Fixtures, Furniture and Right of use assets in the interim condensed statement of financial position. Lease liabilities are presented under accrued expenses and other liabilities.

Interim condensed statement of financial position

	<i>Right of use assets</i> <i>SAR'000</i>	<i>Lease liabilities</i> <i>SAR'000</i>
As at 1 January 2019	103,196	112,096
Amortization of right-of-use assets	(7,905)	--
Finance cost	--	2,712
Lease settlement	--	(16,462)
As at 30 June 2019	<u>95,291</u>	<u>98,346</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Standards issued but not yet effective (continued)

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

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9	Financial Instruments	See note below
Amendments to IFRS 3	Definition of business	1 January 2020
Amendments to IAS 1 & IAS 8	Definition of material	1 January 2020
IFRS 17	Insurance Contracts	1 January 2022

IFRS 9 - Financial Instruments

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

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

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

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

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2019

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<i>30 June 2019 (Unaudited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>		
Bank balances	6,896	44,819	51,715
Term deposit	324,914	244,567	569,481
	331,810	289,386	621,196

	<i>31 December 2018 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>		
Bank balances	272,527	17,886	290,413

The amount payable to/receivable from shareholders' operations is settled by transfer of cash at each reporting date. During the six-months period ended 30 June 2019, the insurance operations transferred cash of SR 92 million to the shareholders' operations (31 December 2018: SR 99 million).

5. PREMIUMS RECEIVABLE - NET

Receivables amounts due from the following:

	<i>30 June 2019 (Unaudited)</i>	<i>31 December 2018 (Audited)</i>
	<i>SAR'000</i>	<i>SAR'000</i>
Policyholders	1,556,796	755,292
Brokers	741,052	364,610
Related parties (note 14)	4,410	--
	2,302,258	1,119,902
Provision for doubtful receivables	(238,282)	(169,231)
Premiums receivable – net	2,063,976	950,671

6. INVESTMENTS

Investments are classified as follows:

	<i>30 June 2019 (Unaudited)</i>			<i>31 December 2018 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>					
Held as FVSI	312,431	121,692	434,123	249,284	131,110	380,394
Available-for-sale	564,556	821,617	1,386,173	560,891	680,206	1,241,097
Held to maturity	--	131,250	131,250	--	--	--
	876,987	1,074,559	1,951,546	810,175	811,316	1,621,491

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 30 June 2019

6. INVESTMENTS (continued)

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

	<i>30 June 2019 (Unaudited)</i>				
	<i>Insurance operations</i>		<i>Shareholders' operations</i>		<i>Total</i>
	<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>	
			<i>SR'000</i>		
Sukuks	30,025	--	91,079	--	121,104
Funds	282,406	--	30,613	--	313,019
	312,431	--	121,692	--	434,123
	<i>31 December 2018 (Audited)</i>				
	<i>Insurance operations</i>		<i>Shareholders' operations</i>		<i>Total</i>
	<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>	
			<i>SR'000</i>		
Sukuks	32,025	--	95,079	--	127,104
Funds	217,259	--	36,031	--	253,290
	249,284	--	131,110	--	380,394

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

	<i>30 June 2019 (Unaudited)</i>				
	<i>Insurance operations</i>		<i>Shareholders' operations</i>		<i>Total</i>
	<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>	
			<i>SR'000</i>		
Sukuks	236,728	289,458	330,093	209,647	1,065,926
Funds	--	38,370	109,983	8,520	156,873
Investments in discretionary portfolios	--	--	163,374	--	163,374
	236,728	327,828	603,450	218,167	1,386,173
	<i>31 December 2018 (Audited)</i>				
	<i>Insurance operations</i>		<i>Shareholders' operations</i>		<i>Total</i>
	<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>	
			<i>SR'000</i>		
Sukuks	241,784	281,828	280,697	186,924	991,233
Funds	--	37,279	109,247	10,536	157,062
Investments in discretionary portfolios	--	--	92,802	--	92,802
	241,784	319,107	482,746	197,460	1,241,097

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 30 June 2019

6. INVESTMENTS (continued)

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

	<i>30 June 2019 (Unaudited)</i>				
	<i>Insurance operations</i>		<i>Shareholders' operations</i>		<i>Total</i>
	<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>	
	<i>SR'000</i>				
Sukuks	--	--	131,250	--	131,250
	--	--	131,250	--	131,250

The movements in the investments balance are as follows:

	<i>30 June 2019 (Unaudited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>		
Balance at the beginning of the period	810,175	811,316	1,621,491
Purchased during the period	510,153	759,584	1,269,737
Disposed during the period	(465,739)	(521,542)	(987,281)
Unrealized gain during the period, net	22,398	25,201	47,599
	876,987	1,074,559	1,951,546

	<i>31 December 2018 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>		
Balance at the beginning of the year	820,776	900,914	1,721,690
Purchased during the year	1,033,480	794,544	1,828,024
Disposed during the year	(1,040,322)	(865,503)	(1,905,825)
Unrealized losses during the year, net	(3,759)	(18,639)	(22,398)
	810,175	811,316	1,621,491

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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7. TERM DEPOSITS

The term deposits are held with reputable commercial banks and financial institutions. These deposits are predominately in Murabaha structure with a small allocation in Mudaraba structure. They are mostly denominated in Saudi Arabian Riyals and have an original maturity from more than three months to more than one year and yield financial income at rates ranging from 3.00% to 4.30% per annum. The movements in term Deposits during the period ended 30 June 2019 as follows:

	<i>30 June 2019 (Unaudited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>		
Balance at the beginning of the period	3,033,743	1,681,538	4,715,281
Matured during the period	(1,460,575)	(993,947)	(2,454,522)
Placed during the period	1,001,565	760,924	1,762,489
	2,574,733	1,448,515	4,023,248
	<i>31 December 2018 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>		
Balance at the beginning of the year	2,912,577	1,032,806	3,945,383
Matured during the year	(3,724,883)	(829,977)	(4,554,860)
Placed during the year	3,846,049	1,478,709	5,324,758
	3,033,743	1,681,538	4,715,281

8. STATUTORY DEPOSIT

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

9. TECHNICAL RESERVES

9.1 Movement in unearned premiums

Movements in unearned premiums are as follows:

	<i>Six months ended 30 June 2019 (Unaudited)</i>		
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SAR'000</i>		
Balance at 1 January 2019	3,428,131	(6,320)	3,421,811
Premium written/(ceded) during the period	5,344,249	(51,117)	5,293,132
Premium earned during the period	(4,524,947)	42,866	(4,482,081)
	4,247,433	(14,571)	4,232,862
	<i>Year ended 31 December 2018 (Audited)</i>		
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SAR'000</i>		
Balance at 1 January 2018	3,091,079	(5,146)	3,085,933
Premium written/(ceded) during the year	8,566,648	(80,528)	8,486,120
Premium earned during the year	(8,229,596)	79,354	(8,150,242)
	3,428,131	(6,320)	3,421,811

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 30 June 2019

9. TECHNICAL RESERVES (continued)

9.2 Net outstanding claims and reserves

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

	<i>30 June 2019 (Unaudited) SAR'000</i>	<i>31 December 2018 (Audited) SAR'000</i>
Outstanding claims	587,657	555,158
Claims incurred but not reported	801,306	898,123
Claims handling reserves	18,525	19,400
	<u>1,407,488</u>	<u>1,472,681</u>
Less:		
- Reinsurers' share of outstanding claims	(460)	(336)
- Reinsurers' share of claims incurred but not reported	(2,719)	(2,678)
	<u>(3,179)</u>	<u>(3,014)</u>
Net outstanding claims and reserves	<u>1,404,309</u>	<u>1,469,667</u>

10. FIDUCIARY ASSETS

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

In order to fulfil the commitment relating to this agreement, the Company has received funds in advance from the customer to settle anticipated claims from medical service providers. As the Company acts as an agent, the relevant bank balance and outstanding claims at the balance sheet date are offset in the interim condensed statement of financial position. The assets and liabilities held in fiduciary capacity amounted to SR 134.5 million as of 30 June 2019 (2018: SR 194.8 million).

11. COMMITMENTS AND CONTINGENCIES

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

	<i>30 June 2019 (Unaudited) SAR'000</i>	<i>31 December 2018 (Audited) SAR'000</i>
Letters of guarantee*	19,371	26,346
Operating commitments (note 3.b)	--	150,363
Total	<u>19,371</u>	<u>176,709</u>

b) The Company is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings from 31 December 2018.

* As of 30 June 2019, total Letters of Guarantee issued by banks amounted to SR 84.18 million, of which SR 19.37 million (2018: SR 26.35 million) is restricted deposits with banks and has been recorded under prepayments and other assets.

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12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

a) Determination of fair value and fair value hierarchy

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

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

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

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

b) Carrying amounts and fair value

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

	<i>Fair value</i>				<i>Carrying value</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>	
	<i>SAR'000</i>			<i>SAR'000</i>	<i>SAR'000</i>
30 June 2019 (Unaudited)					
Financial assets measured at fair value					
- Investments held as FVSI	14,698	419,425	--	434,123	434,123
- Available for sale investments	957,228	428,945	--	1,386,173	1,386,173
	<u>971,926</u>	<u>848,370</u>	--	<u>1,820,296</u>	<u>1,820,296</u>
31 December 2018 (Audited)					
Financial assets measured at fair value					
- Investments held as FVSI	16,021	364,373	--	380,394	380,394
- Available for sale investments	842,262	398,835	--	1,241,097	1,241,097
	<u>858,283</u>	<u>763,208</u>	--	<u>1,621,491</u>	<u>1,621,491</u>

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12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

c) Measurement of fair value

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair value at 30 June 2019 and 31 December 2018, as well as the significant unobservable inputs used.

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

13. OPERATING SEGMENTS

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

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

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

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

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

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13. OPERATING SEGMENTS (continued)

<i>Operating segments</i>	<i>As at 30 June 2019 (Unaudited)</i>				
	<i>Insurance operations</i>			<i>Shareholders' operations</i>	<i>Total</i>
	<i>Major customers</i>	<i>Non-major customers</i>	<i>Total Insurance operations</i>		
	<i>SAR'000</i>			<i>SAR'000</i>	<i>SAR'000</i>
Assets					
Premiums receivable - net	1,212,527	851,449	2,063,976	--	2,063,976
Reinsurers' share of unearned premiums	5,683	8,888	14,571	--	14,571
Reinsurers' share of outstanding claims	419	41	460	--	460
Reinsurers' share of claims incurred but not reported	2,474	245	2,719	--	2,719
Deferred policy acquisition costs	81,469	52,087	133,556	--	133,556
Unallocated assets			3,982,700	3,344,370	7,327,070
Total assets			6,197,982	3,344,370	9,542,352
Liabilities					
Unearned premiums	2,403,926	1,843,507	4,247,433	--	4,247,433
Outstanding claims	376,100	211,557	587,657	--	587,657
Claims incurred but not reported	512,836	288,470	801,306	--	801,306
Claims handling reserve	11,856	6,669	18,525	--	18,525
Unallocated liabilities			534,031	457,232	991,263
Total liabilities			6,188,952	457,232	6,646,184
<i>As at 31 December 2018 (Audited) (Restated)</i>					
<i>Operating segments</i>	<i>Insurance operations</i>				
	<i>Insurance operations</i>			<i>Shareholders' operations</i>	<i>Total</i>
	<i>Major customers</i>	<i>Non-major customers</i>	<i>Total Insurance operations</i>		
	<i>SAR'000</i>			<i>SAR'000</i>	<i>SAR'000</i>
Assets					
Premiums receivable - net	558,492	392,179	950,671	--	950,671
Reinsurers' share of unearned premiums	2,465	3,855	6,320	--	6,320
Reinsurers' share of outstanding claims	306	30	336	--	336
Reinsurers' share of claims incurred but not reported	2,437	241	2,678	--	2,678
Deferred policy acquisition costs	72,177	46,146	118,323	--	118,323
Unallocated assets			4,285,311	2,933,809	7,219,120
Total assets			5,363,639	2,933,809	8,297,448
Liabilities					
Unearned premiums	2,091,160	1,336,971	3,428,131	--	3,428,131
Outstanding claims	355,301	199,857	555,158	--	555,158
Claims incurred but not reported	574,799	323,324	898,123	--	898,123
Claims handling reserve	12,416	6,984	19,400	--	19,400
Unallocated liabilities			471,416	333,940	805,356
Total liabilities			5,372,228	333,940	5,706,168

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 30 June 2019

13. OPERATING SEGMENTS (continued)

<i>Operating segments</i>	<i>Three months' period ended 30 June 2019</i> <i>(Unaudited)</i>		
	<i>Major customers</i>	<i>Non-major customers</i>	<i>Total</i>
	<i>SAR'000</i>		
<u>REVENUES</u>			
Gross written premium	1,465,709	973,093	2,438,802
Reinsurance premiums ceded – Local	(1,842)	(753)	(2,595)
Reinsurance premiums ceded – International	(19,776)	(8,078)	(27,854)
Net premiums written	1,444,091	964,262	2,408,353
Changes in unearned premiums – net	41,098	(164,695)	(123,597)
Net premiums earned	1,485,189	799,567	2,284,756
<u>UNDERWRITING COSTS AND EXPENSES</u>			
Gross claims paid	(1,258,959)	(592,452)	(1,851,411)
Reinsurers' share of claims paid	8,465	3,983	12,448
Net claims paid	(1,250,494)	(588,469)	(1,838,963)
Changes in outstanding claims	(40,336)	(22,689)	(63,025)
Changes in claims incurred but not reported	76,315	42,927	119,242
Changes in claims handling reserves	336	189	525
Reinsurance share of changes in outstanding claims	141	15	156
Reinsurance share of changes in claims incurred but not reported	45	5	50
Net claims incurred	(1,213,993)	(568,022)	(1,782,015)
Policy acquisition costs	(32,139)	(21,337)	(53,476)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,246,132)	(589,359)	(1,835,491)
NET UNDERWRITING INCOME	239,057	210,208	449,265
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>			
Allowance for doubtful receivables			(84,090)
Unallocated income			66,927
Unallocated expenses			(195,595)
TOTAL OTHER OPERATING (EXPENSES)/INCOME			(212,758)
<u>Income before Surplus, Zakat & Income Tax</u>			236,507
Income attributed to insurance operations (transfer to surplus payable)			(20,433)
Income attributed to the shareholders before zakat and income tax			216,074
Zakat charge			(13,125)
Income tax charge			(16,923)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX			186,026
<u>Gross Written Premium details</u>			
			<i>Three months period ended 30 June 2019</i> <i>SAR'000</i>
Corporates			1,710,264
Medium Enterprises			525,020
Small Enterprises			186,779
Micro Enterprises			13,635
Individuals			3,104
Total Gross Written Premium			2,438,802

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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13. OPERATING SEGMENTS (continued)

<i>Operating segments</i>	<i>Three months period ended 30 June 2018</i>		
	<i>(Unaudited)</i>		
	<i>(Restated)</i>		
	<i>Major</i>	<i>Non-Major</i>	<i>Total</i>
	<i>customers</i>	<i>customers</i>	
	<i>SAR '000</i>		
REVENUES			
Gross premiums written	1,176,620	842,991	2,019,611
Reinsurance premiums ceded – Local	(2,329)	(1,491)	(3,820)
Reinsurance premiums ceded – International	(14,215)	(9,101)	(23,316)
Net premiums written	1,160,076	832,399	1,992,475
Changes in unearned premiums – net	81,699	(100,501)	(18,802)
Net premiums earned	1,241,775	731,898	1,973,673
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(1,028,461)	(613,115)	(1,641,576)
Reinsurers' share of claims paid	--	--	--
Net claims paid	(1,028,461)	(613,115)	(1,641,576)
Changes in outstanding claims – net	(99,491)	(59,285)	(158,776)
Changes in claims incurred but not reported – net	86,906	175,713	262,619
Net claims incurred	(1,041,046)	(496,687)	(1,537,733)
Policy acquisition costs	(31,903)	(21,003)	(52,906)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,072,949)	(517,690)	(1,590,639)
NET UNDERWRITING INCOME	168,826	214,208	383,034
OTHER OPERATING (EXPENSES)/ INCOME			
Allowance for doubtful receivables			(78,828)
Unallocated income			51,009
Unallocated expenses			(160,318)
TOTAL OTHER OPERATING (EXPENSES)/INCOME			(188,137)
Income before Surplus, Zakat & Income Tax			194,897
Income attributed to insurance operations (transfer to surplus payable)			(16,034)
Income attributed to shareholders operations before zakat and income tax			178,863
Zakat charge			(12,643)
Income tax charge			(8,831)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX			157,389
Gross Written Premium details			Three months period ended 30 June 2018
			SAR '000
Corporates			1,410,197
Medium Enterprises			442,533
Small Enterprises			154,842
Micro Enterprises			10,657
Individuals			1,382
Total Gross Written Premium			2,019,611

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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13. OPERATING SEGMENTS (continued)

<i>Operating segments</i>	<i>Six months' period ended 30 June 2019</i> <i>(Unaudited)</i>		
	<i>Major customers</i>	<i>Non-major customers</i>	<i>Total</i>
	<i>SAR'000</i>		
REVENUES			
Gross written premium	3,254,945	2,089,304	5,344,249
Reinsurance premiums ceded – Local	(3,613)	(1,477)	(5,090)
Reinsurance premiums ceded – International	(32,681)	(13,346)	(46,027)
Net premiums written	3,218,651	2,074,481	5,293,132
Changes in unearned premiums – net	(312,766)	(498,285)	(811,051)
Net premiums earned	2,905,885	1,576,196	4,482,081
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(2,563,758)	(1,219,534)	(3,783,292)
Reinsurers' share of claims paid	16,873	8,024	24,897
Net claims paid	(2,546,885)	(1,211,510)	(3,758,395)
Changes in outstanding claims	(20,799)	(11,700)	(32,499)
Changes in claims incurred but not reported	61,963	34,854	96,817
Changes in claims handling reserves	560	315	875
Reinsurance share of changes in outstanding claims	113	11	124
Reinsurance share of changes in claims incurred but not reported	37	4	41
Net claims incurred	(2,505,011)	(1,188,026)	(3,693,037)
Policy acquisition costs	(67,194)	(44,163)	(111,357)
TOTAL UNDERWRITING COSTS AND EXPENSES	(2,572,205)	(1,232,189)	(3,804,394)
NET UNDERWRITING INCOME	333,680	344,007	677,687
OTHER OPERATING (EXPENSES)/ INCOME			
Allowance for doubtful receivables			(73,051)
Unallocated income			129,543
Unallocated expenses			(396,209)
TOTAL OTHER OPERATING (EXPENSES)/INCOME			(339,717)
Income before Surplus, Zakat & Income Tax			337,970
Income attributed to insurance operations (transfer to surplus payable)			(27,773)
Income attributed to the shareholders before zakat and income tax			310,197
Zakat charge			(24,151)
Income tax charge			(24,487)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX			261,559
Gross Written Premium details			
			<i>Six months period ended 30 June 2019</i> <i>SAR'000</i>
Corporates			3,826,506
Medium Enterprises			1,100,047
Small Enterprises			380,787
Micro Enterprises			30,176
Individuals			6,733
Total Gross Written Premium			5,344,249

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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13. OPERATING SEGMENTS (continued)

<i>Operating segments</i>	<i>Six months period ended 30 June 2018</i>		
	<i>Major customer</i>	<i>Non-Major customers</i>	<i>Total</i>
	<i>(Unaudited)</i>		
	<i>(Restated)</i>		
	<i>SAR '000</i>		
REVENUES			
Gross premiums written	2,684,143	1,824,625	4,508,768
Reinsurance premiums ceded – Local	(3,995)	(2,171)	(6,166)
Reinsurance premiums ceded – International	(24,380)	(13,254)	(37,634)
Net premiums written	2,655,768	1,809,200	4,464,968
Changes in unearned premiums – net	(222,798)	(330,386)	(553,184)
Net premiums earned	2,432,970	1,478,814	3,911,784
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(1,860,053)	(1,122,800)	(2,982,853)
Reinsurers' share of claims paid	7,812	4,788	12,600
Net claims paid	(1,852,241)	(1,118,012)	(2,970,253)
Changes in outstanding claims	(185,716)	(111,532)	(297,248)
Changes in claims incurred but not reported	(75,422)	77,352	1,930
Reinsurance share of claims incurred but not reported	(6)	(2)	(8)
Reinsurance share of changes in claims handling reserves	6	2	8
Net claims incurred	(2,113,379)	(1,152,192)	(3,265,571)
Policy acquisition costs	(57,080)	(39,193)	(96,273)
TOTAL UNDERWRITING COSTS AND EXPENSES	(2,170,459)	(1,191,385)	(3,361,844)
NET UNDERWRITING INCOME	262,511	287,429	549,940
OTHER OPERATING (EXPENSES)/ INCOME			
Allowance for doubtful receivables			(89,675)
Unallocated income			94,124
Unallocated expenses			(350,144)
TOTAL OTHER OPERATING (EXPENSES)/INCOME			(345,695)
Income before Surplus, Zakat & Income Tax			204,245
Income attributed to insurance operations (transfer to surplus payable)			(16,034)
Income attributed to the shareholders before zakat and income tax			188,211
Zakat charge			(25,287)
Income tax charge			(18,754)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX			144,170
Gross Written Premium details			
			<i>Six months period ended 30 June 2018</i>
			<i>SAR '000</i>
Corporates			3,204,001
Medium Enterprises			960,705
Small Enterprises			316,553
Micro Enterprises			23,322
Individuals			4,187
Total Gross Written Premium			4,508,768

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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14. RELATED PARTIES TRANSACTIONS AND BALANCES

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

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amount of transactions for the period ended</u>		<u>Receivable/(payable) balance as at</u>	
		<u>30 June 2019</u> <i>(Unaudited)</i> SR'000	<u>30 June 2018</u> <i>(Unaudited)</i> SR'000	<u>30 June 2019</u> <i>(Unaudited)</i> SR'000	<u>31 December 2018</u> <i>(Audited)</i> SR'000
Shareholders	Insurance premium written	218,731	10,542	4,410	(498)**
Shareholders	Reinsurance Premium ceded	16,988	12,603	(38,568)*	(23,242)*
Shareholders	Claims paid	75,334	4,683	(8,353)	(2,784)***
Shareholders	Medical costs charged by providers	34,106	14,586	(3,752)	(110)***
Shareholders	Expenses charged to/from a related party - net	338	461	(283)*	(41)*
Shareholders	Tax equalisation - net	6,131	6,131	9,119*	2,988*
Shareholders	Board members fees	450	400	(450)*	(258)*
Bupa Middle East Holdings Two W.L.L. (Related party)	Trade mark fee	11,294	9,857	(11,294)*	(20,542)*

* Amounts due to related parties amounted to SR 41,476 thousand (2018: SR 41,095 thousand).

** Amounts included in premium receivables.

*** Amounts are included in the outstanding claims.

The remuneration of the key management personnel during the period ended 30 June is as follows:

	<u>30 June 2019</u> <i>(Unaudited)</i> SAR'000	<u>30 June 2018</u> <i>(Unaudited)</i> SAR'000
Short-term benefits	12,461	12,816
Long-term benefits	2,794	3,763
	<u>15,255</u>	<u>16,579</u>

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

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15. ZAKAT AND INCOME TAX

Breakup of zakat and income tax charge for the six months period ended 30 June 2019 and 2018 are as follows:

	<i>Six months period ended 30 June 2019 (Unaudited) SAR'000</i>	<i>Six months period ended 30 June 2018 (Unaudited) SAR'000</i>
Current zakat charge	24,151	25,287
Current tax charge	31,096	19,847
Deferred tax income (note a below)	(6,609)	(1,093)
	24,487	18,754
	48,638	44,041

a) The reconciliation of deferred tax is as follows:

	<i>30 June 2019 SAR'000</i>	<i>31 December 2018 SAR'000</i>	<i>30 June 2018 SAR'000</i>
Opening deferred tax asset	25,552	20,254	19,161
Recognition of previously recognised losses	--	--	--
Deferred tax income	6,609	5,298	1,093
	32,161	25,552	20,254

Movements in the Zakat and income tax accrued during the period ended 30 June 2019 and year ended 31 December 2018 respectively are as follows:

	<i>Zakat Payable SAR'000</i>	<i>Income tax Payable SAR'000</i>	<i>Total 30 June 2019 (Unaudited) SAR'000</i>	<i>Total 31 December 2018 (Audited) SAR'000</i>
Balance at beginning of the year	184,295	15,489	199,784	148,704
Provided during the period/year	24,151	31,096	55,247	89,199
Payments during the period/year	(10,134)	(27,517)	(37,651)	(38,119)
Balance at end of the period/year	198,312	19,068	217,380	199,784

Status of assessments

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2018 with the General Authority of Zakat and Tax (the "GAZT").

The Company has received assessments for the fiscal periods 2008 through 2010 raising additional demands aggregating to SR 9 million, principally on account of disallowance of FVSI investments and statutory deposits from the zakat base. The Company has filed appeals against these assessments with the GAZT.

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2019

15. ZAKAT AND INCOME TAX (continued)

Status of assessments (continued)

The Company has received final assessments for the fiscal years 2013 through 2016 of additional zakat, corporate income tax and withholding tax as well as delay fines on the assessed additional corporate income tax and withholding tax. The differences have mainly arisen due to disallowance of investments and statutory deposits from the zakat base as well as not taking into consideration the tax and zakat already settled along with the tax / zakat declarations for the respective years. The Company has filed appeals against these assessments with the GAZT.

The Company is also awaiting GAZT's decision on additional submissions of 2014 relating to the treatment of the statutory deposit and the cooperative distribution for the fiscal periods 2008 through 2013.

16. SHARE CAPITAL

The authorised, issued and paid up capital of the Company was SAR 1,200 million at 30 June 2019 (31 December 2018: SAR 1,200 million) consisting of 120 million shares (31 December 2018: 120 million shares) of SAR 10 each.

Shareholding structure of the Company is as below:

	<i>30 June 2019 (Unaudited)</i>		<i>31 December 2018 (Audited)</i>	
	<i>Holding percentage</i>	<i>SR'000</i>	<i>Holding percentage</i>	<i>SR'000</i>
Major shareholders	52.3%	628,066	52.3%	628,066
General Public	47.7%	571,934	47.7%	571,934
	100.0%	1,200,000	100.0%	1,200,000

17. STATUTORY RESERVE

As required by the Saudi Arabian Insurance Regulations, 20% of the shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of the paid-up share capital. The Company makes this transfer on an annual basis at 31 December. As at 30 June 2019, SR 609.11 million (31 December 2018: SR 609.11 million) had been set aside as a statutory reserve, representing 51% (31 December 2018: 51%) of the paid-up share capital.

18. SHARE BASED PAYMENT

The Company offers a Long-Term Incentive Plan (LTIP) to certain eligible executives. The purpose of the scheme is to incentivise the senior management team to achieve the Company's long-term goals and to attract and retain top performers. The plan provides focus on both current and future performance and enables the participants to share in the Company's success, and is measured based on net profit growth and profit margin. The plan vests over a period of a three years performance cycle. The Company's actual performance is assessed at the end of each year during the vesting period.

The LTIP scheme is an entirely equity-settled share based scheme under which the approved participants will receive Bupa Arabia shares after the completion of each three year performance period, the achievement of the performance measures, the achievement of the participant's conditions, and the completion of the required approvals. The LTIP scheme is supervised by the Nomination and Remuneration Committee (N&RC) after being approved by the Board of Directors.

The cost of the plan is recognised over the period in which the service condition is fulfilled, ending on the date on which the relevant employees become fully entitled to the plan ('the vesting date'). The expense, recognised for the plan at each reporting date until the vesting date, reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for a year represents the movement in cumulative expense recognised as at the beginning and end of that year.

The total LTIP expense recognised for employees' services received is included in 'salaries and employee related expenses' with a corresponding increase in the statement of changes in equity, as per the requirements of IFRS 2 'Share Based Payments'. Any dividend distributions on the award shares during the vesting period are accumulated and transferred to the participants upon vesting.

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2019

18. SHARE BASED PAYMENT (continued)

The Company has a practice to reflect the grant date as the date of completion of the total LTIP shares purchases for the relevant cycle each year and to retain the LTIP shares with an investment broker, currently NCB Capital. The LTIP transaction details are provided below:

<i>Month/Period</i>	<i>Number of shares purchased / (delivered/disposed) – net</i>	<i>The grant date fair value of the shares</i>	<i>Amount 30 June 2019 SR'000</i>
July 2015	32,110	277	8,901
November 2015	18,993	221	4,200
December 2015 ⁽¹⁾	51,103	-	--
March 2016	92,669	115	10,693
March 2016	(2,814)	139	(390)
March 2017	(34,346)	139	(4,761)
March 2017	(6,825)	115	(788)
June 2017	96,491	115	11,061
March 2018	(10,210)	139	(1,416)
May 2018	(37,986)	111	(4,200)
June 2018 ⁽²⁾	(15,378)	139	(2,132)
September 2018 ⁽³⁾	121,816	94	11,494
November 2018 ⁽⁴⁾	152,811	-	--
March 2019 ⁽⁵⁾	(44,867)	77	(3,451)
June 2019 ⁽⁵⁾	(57,406)	77	(4,416)
Total	356,161		24,795

- 1) *During December 2015 the Company issued Bonus shares, one per each issued share, and as a result received an additional 51,103 LTIP shares.*
- 2) *The 2015-2017 LTIP Scheme's shares have been fully delivered to all entitled executives following the approval of the Board Nomination and Remuneration Committee.*
- 3) *The LTIP Scheme shares purchase value for the 2018-2020 cycle was formally approved by the shareholders in the General Assembly meeting of 31 May 2018 and these LTIP shares purchases were partially completed on 12 June 2018, at an average purchase price per share of SAR 97, and the remaining required LTIP shares purchases for this cycle were completed on 4 September 2018, at an average purchase price per share of SAR 90.*
- 4) *During November 2018, the Company issued Bonus shares, one for every two issued share, and as a result received an additional 152,811 LTIP shares.*
- 5) *The 2016-2018 LTIP Scheme's shares have been delivered to the entitled executives following the approval of the Board Nomination and Remuneration Committee.*

19. CAPITAL MANAGEMENT

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

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

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

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

At 30 June 2019

20. EARNINGS PER SHARE

The basic and diluted earnings per share have been calculated by dividing net income for the period by the weighted average number of ordinary shares issued and outstanding at the period end.

Diluted earnings per share are not applicable to the Company.

Basic and diluted earnings per share has also been revised due to change in accounting policy for the presentation of Zakat and income tax as explained in note 3(a) to these interim condensed financial statements.

21. SUPPLEMENTARY INFORMATION

Interim condensed financial position

	<i>30 June 2019 (Unaudited)</i>			<i>31 December 2018 (Audited) (Restated)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<u>ASSETS</u>						
Cash and cash equivalents	331,810	289,386	621,196	272,527	17,886	290,413
Premiums receivables – net	2,063,976	--	2,063,976	950,671	--	950,671
Reinsurers' share of unearned premiums	14,571	--	14,571	6,320	--	6,320
Reinsurers' share of outstanding claims	460	--	460	336	--	336
Reinsurers' share of claims Incurred but not reported	2,719	--	2,719	2,678	--	2,678
Deferred policy acquisition costs	133,556	--	133,556	118,323	--	118,323
Investments	876,987	1,074,559	1,951,546	810,175	811,316	1,621,491
Prepaid expenses and other assets	199,170	36,774	235,944	168,866	34,119	202,985
Term deposits	2,574,733	1,448,515	4,023,248	3,033,743	1,681,538	4,715,281
Fixtures, Furniture and Right of use assets – net	--	177,372	177,372	--	81,243	81,243
Intangible assets – net	--	58,795	58,795	--	57,273	57,273
Deferred tax asset	--	32,161	32,161	--	25,552	25,552
Goodwill	--	98,000	98,000	--	98,000	98,000
Statutory deposit	--	120,000	120,000	--	120,000	120,000
Accrued income on statutory deposit	--	8,808	8,808	--	6,882	6,882
TOTAL ASSETS	6,197,982	3,344,370	9,542,352	5,363,639	2,933,809	8,297,448

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2019

21. SUPPLEMENTARY INFORMATION (continued)

Interim condensed financial position (continued)

	<i>30 June 2019 (Unaudited)</i>			<i>31 December 2018 (Audited) (Restated)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<u>LIABILITIES</u>						
Accrued and other liabilities	295,750	102,274	398,024	281,025	4,784	285,809
Insurance operations' surplus payable	163,708	--	163,708	139,755	--	139,755
Reinsurers' balances payable	74,573	--	74,573	50,636	--	50,636
Unearned premiums	4,247,433	--	4,247,433	3,428,131	--	3,428,131
Outstanding claims	587,657	--	587,657	555,158	--	555,158
Claims incurred but not reported	801,306	--	801,306	898,123	--	898,123
Claims handling reserve	18,525	--	18,525	19,400	--	19,400
Due to related parties	--	41,476	41,476	--	41,095	41,095
Provision for end-of-service benefits	--	87,294	87,294	--	81,395	81,395
Provision for zakat and income tax	--	217,380	217,380	--	199,784	199,784
Accrued income payable to SAMA	--	8,808	8,808	--	6,882	6,882
TOTAL LIABILITIES	6,188,952	457,232	6,646,184	5,372,228	333,940	5,706,168
<u>EQUITY</u>						
Share capital	--	1,200,000	1,200,000	--	1,200,000	1,200,000
Statutory reserve	--	609,111	609,111	--	609,111	609,111
Share based- payments	--	13,225	13,225	--	17,579	17,579
Shares held under employees share scheme	--	(24,795)	(24,795)	--	(32,662)	(32,662)
Retained earnings	--	1,095,495	1,095,495	--	836,705	836,705
Re-measurement reserve of defined benefit obligation	--	(8,922)	(8,922)	--	(8,922)	(8,922)
Investments fair value reserve	9,030	3,024	12,054	(8,589)	(21,942)	(30,531)
TOTAL EQUITY	9,030	2,887,138	2,896,168	(8,589)	2,599,869	2,591,280
<u>TOTAL LIABILITIES AND EQUITY</u>	6,197,982	3,344,370	9,542,352	5,363,639	2,933,809	8,297,448

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2019

21. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of income

	<i>Three months period ended 30 June (Unaudited)</i>						<i>Six months period ended 30 June (Unaudited)</i>					
	<i>2019</i>			<i>2018 (Restated)</i>			<i>2019</i>			<i>2018 (Restated)</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	
<u>REVENUES</u>												
Gross premiums written	2,438,802	--	2,438,802	2,019,611	--	2,019,611	5,344,249	--	5,344,249	4,508,768	--	4,508,768
Reinsurance premiums ceded - Local	(2,595)	--	(2,595)	(3,820)	--	(3,820)	(5,090)	--	(5,090)	(6,166)	--	(6,166)
Reinsurance premiums ceded - International	(27,854)	--	(27,854)	(23,316)	--	(23,316)	(46,027)	--	(46,027)	(37,634)	--	(37,634)
Net premiums written	2,408,353	--	2,408,353	1,992,475	--	1,992,475	5,293,132	--	5,293,132	4,464,968	--	4,464,968
Changes in unearned premiums, net	(123,597)	--	(123,597)	(18,802)	--	(18,802)	(811,051)	--	(811,051)	(553,184)	--	(553,184)
Net premiums earned	2,284,756	--	2,284,756	1,973,673	--	1,973,673	4,482,081	--	4,482,081	3,911,784	--	3,911,784
<u>UNDERWRITING COSTS AND EXPENSES</u>												
Gross claims paid	(1,851,411)	--	(1,851,411)	(1,641,576)	--	(1,641,576)	(3,783,292)	--	(3,783,292)	(2,982,853)	--	(2,982,853)
Reinsurers' share of claims paid	12,448	--	12,448	--	--	--	24,897	--	24,897	12,600	--	12,600
Net claims paid	(1,838,963)	--	(1,838,963)	(1,641,576)	--	(1,641,576)	(3,758,395)	--	(3,758,395)	(2,970,253)	--	(2,970,253)
Changes in outstanding claims	(63,025)	--	(63,025)	(158,776)	--	(158,776)	(32,499)	--	(32,499)	(297,248)	--	(297,248)
Changes in claims incurred but not reported	119,242	--	119,242	262,619	--	262,619	96,817	--	96,817	1,930	--	1,930
Changes in claims handling reserves	525	--	525	--	--	--	875	--	875	--	--	--
Reinsurance share of changes in outstanding claims	156	--	156	--	--	--	124	--	124	(8)	--	(8)
Reinsurance share of changes in claims incurred but not reported	50	--	50	--	--	--	41	--	41	8	--	8
Net claims incurred	(1,782,015)	--	(1,782,015)	(1,537,733)	--	(1,537,733)	(3,693,037)	--	(3,693,037)	(3,265,571)	--	(3,265,571)
Policy acquisition costs	(53,476)	--	(53,476)	(52,906)	--	(52,906)	(111,357)	--	(111,357)	(96,273)	--	(96,273)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,835,491)	--	(1,835,491)	(1,590,639)	--	(1,590,639)	(3,804,394)	--	(3,804,394)	(3,361,844)	--	(3,361,844)
NET UNDERWRITING INCOME	449,265	--	449,265	383,034	--	383,034	677,687	--	677,687	549,940	--	549,940

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2019

21. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of income (continued)

	<i>Three months period ended 30 June (Unaudited)</i>						<i>Six months period ended 30 June (Unaudited)</i>					
	<i>2019</i>			<i>2018 (Restated)</i>			<i>2019</i>			<i>2018 (Restated)</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>												
Allowance for doubtful receivables	(84,090)	--	(84,090)	(78,828)	--	(78,828)	(73,051)	--	(73,051)	(89,675)	--	(89,675)
General and administrative expenses	(110,221)	(2,323)	(112,544)	(98,351)	(2,268)	(100,619)	(216,560)	(4,588)	(221,148)	(201,713)	(4,578)	(206,291)
Selling and marketing expenses	(83,051)	--	(83,051)	(59,699)	--	(59,699)	(175,061)	--	(175,061)	(143,853)	--	(143,853)
Investment income – net	33,685	28,031	61,716	22,126	23,200	45,326	67,373	51,170	118,543	45,060	43,990	89,050
Other income – net	(1,255)	6,466	5,211	585	5,098	5,683	(2,659)	13,659	11,000	585	4,489	5,074
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(244,932)	32,174	(212,758)	(214,167)	26,030	(188,137)	(399,958)	60,241	(339,717)	(389,596)	43,901	(345,695)
<u>Income before Surplus, Zakat & Income Tax</u>	204,333	32,174	236,507	168,867	26,030	194,897	277,729	60,241	337,970	160,344	43,901	204,245
Transfer of surplus to shareholders	(183,900)	183,900	--	(152,833)	152,833	--	(249,956)	249,956	--	(144,310)	144,310	--
<u>NET RESULTS FROM OPERATIONS</u>	20,433	216,074	236,507	16,034	178,863	194,897	27,773	310,197	337,970	16,034	188,211	204,245
Zakat charge	--	(13,125)	(13,125)	--	(12,643)	(12,643)	--	(24,151)	(24,151)	--	(25,287)	(25,287)
Income tax charge	--	(16,923)	(16,923)	--	(8,831)	(8,831)	--	(24,487)	(24,487)	--	(18,754)	(18,754)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	20,433	186,026	206,459	16,034	157,389	173,423	27,773	261,559	289,332	16,034	144,170	160,204
Weighted average number of ordinary outstanding shares (in thousands)	119,596			119,718			119,573			119,676		
Basic earnings per share (Expressed in SAR per share)	1.56			1.31			2.19			1.20		

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2019

21. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of comprehensive income (continued)

	<i>Three months period ended 30 June (Unaudited)</i>						<i>Six months period ended 30 June (Unaudited)</i>					
	<i>2019</i>			<i>2018 (Restated)</i>			<i>2019</i>			<i>2018 (Restated)</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	
Net result from operations	20,433	186,026	206,459	16,034	157,389	173,423	27,773	261,559	289,332	16,034	144,170	160,204
Other comprehensive (loss) /income												
<i>Items that are or may be reclassified to interim condensed statement of income in subsequent periods</i>												
- Net change in fair value of available-for-sale investments	7,978	4,330	12,308	(3,429)	(4,347)	(7,776)	17,619	24,966	42,585	(8,104)	(6,636)	(14,740)
<u>TOTAL COMPREHENSIVE INCOME/(LOSS)</u>	28,411	190,356	218,767	12,605	153,042	165,647	45,392	286,525	331,917	7,930	137,534	145,464
Reconciliation:												
Less: Net income attributable to insurance operations transferred to surplus payable			(20,433)			(16,034)			(27,773)			(16,034)
<u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u>			198,334			149,613			304,144			129,430

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 30 June 2019

21. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of cash flows

	<i>Six months period ended 30 June (Unaudited)</i>					
	<i>2019</i>			<i>2018</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income attributed to the shareholders after zakat and income tax	--	261,559	261,559	--	144,170	144,170
<u>Adjustments for non-cash items:</u>						
Net income attributed to the insurance operations	27,773	--	27,773	16,034	--	16,034
Zakat charge	--	24,151	24,151	--	25,287	25,287
Income tax charge	--	24,487	24,487	--	18,754	18,754
Depreciation and amortization of						
Fixtures, Furniture and Right of use assets	15,385	--	15,385	6,319	--	6,319
Amortization of intangible assets	11,119	--	11,119	2,984	--	2,984
Provision for LTIP	--	3,513	3,513	--	3,560	3,560
Allowance of doubtful receivables provision	73,051	--	73,051	89,675	--	89,675
Unrealized gains on investments	(3,096)	(1,918)	(5,014)	(2,684)	(871)	(3,555)
Realized gains on investments	(2,898)	(943)	(3,841)	(1,077)	(7,265)	(8,342)
Provision for end-of-service benefits	--	9,575	9,575	--	7,693	7,693
	121,334	320,424	441,758	111,251	191,328	302,579
<u>Changes in operating assets and liabilities:</u>						
Premiums receivable	(1,186,356)	--	(1,186,356)	(1,437,469)	--	(1,437,469)
Reinsurers' share of unearned premiums	(8,251)	--	(8,251)	(6,083)	--	(6,083)
Reinsurers' share of outstanding claims	(124)	--	(124)	8	--	8
Reinsurers' share of claims incurred but not reported	(41)	--	(41)	(8)	--	(8)
Deferred policy acquisition costs	(15,233)	--	(15,233)	(5,452)	--	(5,452)
Prepaid expenses and other assets	(30,304)	(2,655)	(32,959)	(3,391)	(3,529)	(6,920)
Accrued and other liabilities	14,725	(856)	13,869	69,604	2,935	72,539
Reinsurers' balances payable	23,937	--	23,937	21,788	--	21,788
Unearned premiums	819,302	--	819,302	559,267	--	559,267
Outstanding claims	32,499	--	32,499	297,248	--	297,248
Claims incurred but not reported	(96,817)	--	(96,817)	(1,930)	--	(1,930)
Claims handling reserve	(875)	--	(875)	--	--	--
Due to related parties	--	6,512	6,512	--	803	803
Increase in lease liabilities	--	2,712	2,712	--	--	--
Due to shareholders' operations	(23,713)	23,713	--	(209,303)	209,303	--
End-of-service benefits paid	--	(3,676)	(3,676)	--	(5,509)	(5,509)
Surplus paid to policyholders	(3,820)	--	(3,820)	(12,866)	--	(12,866)
Zakat and income tax paid	--	(37,651)	(37,651)	--	(19,944)	(19,944)
Net cash used in operating activities	(353,737)	308,523	(45,214)	(617,336)	375,387	(241,949)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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21. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of cash flows (continued)

	<i>Six months period ended 30 June (Unaudited)</i>					
	<i>2019</i>			<i>2018</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	
CASH FLOWS FROM INVESTING ACTIVITIES						
Placement in term deposits	(1,001,565)	(760,924)	(1,762,489)	(1,087,762)	(827,312)	(1,915,074)
Proceeds from maturity of term deposits	1,460,575	993,947	2,454,522	1,510,157	505,226	2,015,383
Additions in investments	(510,153)	(759,584)	(1,269,737)	(518,814)	(425,213)	(944,027)
Disposals of investments	466,954	524,168	991,122	692,147	565,451	1,257,598
Additions to Fixtures, Furniture and Right of use assets	--	(8,418)	(8,418)	--	(1,194)	(1,194)
Disposal of Fixtures, Furniture and Right of use assets	--	100	100	--	--	--
Intangible assets acquired	--	(12,641)	(12,641)	--	(9,480)	(9,480)
Purchase of shares under LTIP	--	--	--	--	(4,130)	(4,130)
Net cash generated from investing activities	415,811	(23,352)	392,459	595,728	(196,652)	399,076
CASH FLOWS FROM FINANCING ACTIVITIES						
Lease liability paid	--	(16,462)	(16,462)	--	--	--
Dividends paid	--	--	--	--	(160,000)	(160,000)
Income tax recovered from non-Saudi shareholders	--	--	--	--	6,131	6,131
Net cash used in financing activities	--	(16,462)	(16,462)	--	(153,869)	(153,869)
Net change in cash and cash equivalents	62,074	268,709	330,783	(21,608)	24,866	3,258
Cash and cash equivalents at beginning of the period	272,527	17,886	290,413	110,384	119,500	229,884
Cash and cash equivalents at end of the period	334,601	286,595	621,196	88,776	144,366	233,142

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and regrouped to conform with the current period's presentation.

The amounts "due to/from" shareholders and insurance operations which were previously reported separately in the respective interim condensed statement of financial position, are now eliminated. In addition the 90/10 split of the surplus from insurance operations between shareholders and insurance operations are presented separately in the supplementary information (refer to note 21 above).

23. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors, on 5 Dhul Hijjah corresponding to 6 August 2019.