
SALAMA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2020

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three month and six month periods ended 30 June 2020

INDEX	PAGE
Independent Auditors' Review Report	1
Interim Condensed Statement of Financial Position	2
Interim Condensed Statement of Income	3 – 4
Interim Condensed Statement of Comprehensive Income	5
Interim Condensed Statement of Changes in Equity	6
Interim Condensed Statement of Cash Flows	7
Notes to the Interim Condensed Financial Statements	8 – 41

**INDEPENDENT AUDITORS' REVIEW REPORT
ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The Shareholders
Salama 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 **Salama Cooperative Insurance Company** (A Saudi Joint Stock Company) (the "Company") as at 30 June 2020, and the related interim condensed statements of income and comprehensive income for the three month and six-month periods then ended, and the interim condensed 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" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

For Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants



Abdullah M. AlAzem
Certified Public Accountant
License No. 335

For Dr. Mohamed Al-Amri & Co.
Certified Public Accountants



Jamal Al-Amri
Certified Public Accountant
License No. 331



18 Muharram 1442H
Corresponding to 6 September 2020



SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION – (Unaudited)
AS OF 30 JUNE 2020

	Notes	30 June 2020 (Unaudited) SR'000	31 December 2019 (Audited) SR'000
ASSETS			
Cash and cash equivalents	4 (a)	57,484	28,411
Term deposits	4 (b)	248,638	358,483
Premiums and reinsurers' receivable – net	5	67,562	86,207
Reinsurers' share of unearned premiums	7	20,569	21,858
Reinsurers' share of outstanding claims	7	9,946	8,745
Reinsurers' share of claims incurred but not reported	7	5,255	12,273
Deferred policy acquisition costs		6,961	9,033
Investments	6	194,918	119,740
Prepaid expenses and other assets		11,360	11,359
Right of use assets- net		25,025	26,936
Property and equipment- net		9,567	12,044
Intangible assets- net		5,418	6,304
Statutory deposit	8	37,500	37,500
Accrued commission on statutory deposit	8	3,598	3,328
TOTAL ASSETS		703,801	742,221
LIABILITIES			
Policyholders claims payable		18,359	13,943
Accrued expenses and other liabilities		39,839	23,627
Lease liabilities		23,977	23,703
Reinsurers' balances payable		9,731	7,811
Unearned premiums	7	197,030	229,678
Unearned reinsurance commission		3,186	3,401
Outstanding claims	7	25,436	38,953
Claims incurred but not reported	7	110,321	130,586
Premium deficiency reserve	7	9,443	9,782
Other technical reserves	7	5,097	6,259
Employee benefit obligations		9,024	9,688
Surplus distribution payable		15,410	14,535
Provision for zakat	13	28,131	25,131
Accrued commission income payable to SAMA	8	3,598	3,328
TOTAL LIABILITIES		498,582	540,425
SHAREHOLDERS' EQUITY			
Share capital	14	250,000	250,000
Statutory reserve		5,003	5,003
Accumulated losses		(48,984)	(52,407)
TOTAL SHAREHOLDERS' EQUITY		206,019	202,596
Re-measurement reserve of defined benefit obligations – related to insurance operations		(800)	(800)
TOTAL EQUITY		205,219	201,796
TOTAL LIABILITIES AND EQUITY		703,801	742,221
COMMITMENTS AND CONTINGENCIES	9	10,200	10,200


Chief Executive Officer


Chief Financial Officer


Board Member

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

SALAMA 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 2020

	<i>Three month period ended</i>		<i>Six month period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2020	2019	2020	2019
	SR'000	SR'000	SR'000	SR'000
<u>REVENUES</u>				
Gross premiums written	96,619	137,443	182,417	288,407
Reinsurance premiums ceded				
- Local	(156)	(191)	(392)	(383)
- Foreign	(10,144)	(10,485)	(19,403)	(26,412)
	(10,300)	(10,676)	(19,795)	(26,795)
Excess of loss expenses				
- Local	(115)	(25)	(115)	(93)
- Foreign	(1,772)	(1,839)	(4,793)	(5,342)
	(1,887)	(1,864)	(4,908)	(5,435)
Net premiums written	84,432	124,903	157,714	256,177
Changes in unearned premiums, net	7,105	3,321	31,359	33,445
Net premiums earned	91,537	128,224	189,073	289,622
Reinsurance commissions	565	1,621	3,369	3,011
Other underwriting income	466	683	885	1,107
<u>TOTAL REVENUES</u>	92,568	130,528	193,327	293,740
<u>UNDERWRITING COSTS AND EXPENSES</u>				
Gross claims paid	59,354	122,897	163,862	278,072
Reinsurers' share of claims paid	(1,997)	(3,506)	(8,207)	(7,657)
Net claims paid	57,357	119,391	155,655	270,415
Changes in outstanding claims, net	1,272	2,211	(14,718)	(2,013)
Changes in claims incurred but not reported, net	(23,636)	(12,526)	(13,246)	(9,794)
Net claims incurred	34,993	109,076	127,691	258,608
Change in premium deficiency reserve	1,066	8,772	(339)	8,162
Change in other technical reserves	(1,162)	-	(1,162)	-
Policy acquisition costs	4,173	7,737	9,445	15,831
Other underwriting expenses	3,109	6,082	8,642	11,329
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	42,179	131,667	144,277	293,930
NET UNDERWRITING INCOME / (LOSS)	50,389	(1,139)	49,050	(190)


Chief Executive Officer


Chief Financial Officer



Board Member

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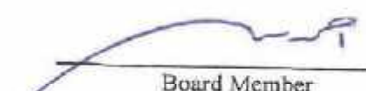
SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME – (Unaudited) - continued
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2020

	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	2020	2019	2020	2019
Notes	SR'000	SR'000	SR'000	SR'000
<u>OTHER OPERATING (EXPENSES) / INCOME</u>				
Allowance for doubtful debts	(2,565)	(6,033)	(2,634)	(7,313)
General and administrative expenses	(20,593)	(27,119)	(42,036)	(50,676)
Investment income	2,414	6,860	6,153	10,335
Unrealized gain / (loss) on investments	3,052	(7,948)	(3,235)	(2,115)
TOTAL OTHER OPERATING EXPENSES	(17,692)	(34,240)	(41,752)	(49,769)
Income/ (loss) before surplus and zakat	32,697	(35,379)	7,298	(49,959)
Income attributed to the insurance operations	(3,206)	-	(875)	-
Income / (loss) for the period attributable to the shareholders before zakat	29,491	(35,379)	6,423	(49,959)
Zakat	13 (1,500)	(1,500)	(3,000)	(3,000)
Net income / (loss) for the period attributable to the shareholders	27,991	(36,879)	3,423	(52,959)
Weighted average number of ordinary shares outstanding	25,000	25,000	25,000	25,000
Basic and diluted earnings / (loss) per share	16 1.12	(1.48)	0.14	(2.12)


Chief Executive Officer


Chief Financial Officer


Board Member

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SALAMA 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 2020

	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	2020 SR'000	2019 SR'000	2020 SR'000	2019 SR'000
NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	27,991	(36,879)	3,423	(52,959)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income / (loss) for the period	27,991	(36,879)	3,423	(52,959)



Chief Executive Officer

Chief Financial Officer

Board Member

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SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY – (Unaudited)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

2020	Share capital SR'000	Statutory reserve SR'000	Accumulated losses SR'000	Re-measurement reserve of defined benefit obligations – related to insurance operations SR'000	Total equity SR'000
Balance as at 31 December 2019 (audited)	250,000	5,003	(52,407)	(800)	201,796
Total comprehensive income for the period	-	-	3,423	-	3,423
Net income for the period – Attributable to shareholders	-	-	-	-	-
Other comprehensive income / (loss)	-	-	3,423	-	3,423
Total comprehensive income for the period	-	-	3,423	-	3,423
Balance as at 30 June 2020 (unaudited)	250,000	5,003	(48,984)	(800)	205,219

2019	Share capital SR'000	Statutory reserve SR'000	Retained earnings/ (Accumulated losses) SR'000	Re-measurement reserve of defined benefit obligations – related to insurance operations SR'000	Total equity SR'000
Balance as at 31 December 2018 (audited)	250,000	5,003	7,708	1,079	263,790
Total comprehensive loss for the period	-	-	(52,959)	-	(52,959)
Net loss for the period – Attributable to shareholders	-	-	-	-	-
Other comprehensive income / (loss)	-	-	(52,959)	-	(52,959)
Total comprehensive loss for the period	-	-	(52,959)	-	(52,959)
Balance as at 30 June 2019 (unaudited)	250,000	5,003	(45,251)	1,079	210,831



Chief Executive Officer



Chief Financial Officer



Board Member