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**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE  
“WAFA INSURANCE”**

**(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD**

**ENDED 31 MARCH 2017**

together with the

**INDEPENDENT AUDITORS’ LIMITED REVIEW REPORT**

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**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE “WAFI INSURANCE”  
(A Saudi Joint Stock Company)  
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS’ LIMITED REVIEW REPORT  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**

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**INDEPENDENT AUDITORS REVIEW REPORT ON INTERIM CONDENSED FINANCIAL INFORMATION**

**TO THE SHAREHOLDERS OF SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim statement of financial position of Saudi Indian Company for Cooperative Insurance "WAFA Insurance" as of 31 March 2017 and the related interim statement of comprehensive income - insurance operations, interim statement of income - shareholders' operations, interim statement of comprehensive income - shareholders' operations, interim statement of changes in shareholders' equity and interim statements of cash flows - insurance and shareholders' operations for the three-month period then ended and the related notes 1 to 20 which form an integral part of this interim condensed financial information. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and Saudi Arabian Monetary Authority's (SAMA) guidance on accounting for zakat and income tax. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34 and SAMA's guidance on accounting for zakat and income tax.

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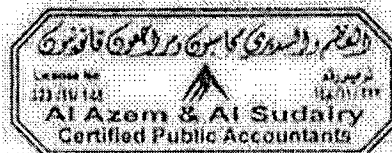
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Certified Public Accountant  
Registration No. 171



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11 May 2017

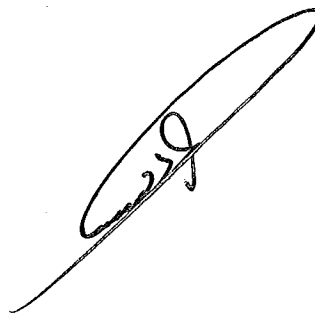
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**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2017**  
Expressed in Saudi Arabian Riyals

		<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
	<b><u>Notes</u></b>		
<b>Insurance Operations' Assets</b>			
Cash and cash equivalents	6	133,600,697	127,639,448
Receivable from policyholders, net	7	159,648,500	81,983,037
Receivable from reinsurers, net	8	13,537,322	10,364,244
Reinsurers' share of outstanding claims		129,057,061	125,397,905
Reinsurers' share of unearned premiums income		83,482,724	26,762,713
Deferred policy acquisition costs		28,503,072	20,078,599
Prepaid expenses		6,569,526	1,342,713
Investments	9	2,976,521	3,005,918
Advances and other receivables		50,922,472	57,565,847
Property and equipment, net		3,089,160	2,751,710
Intangible assets, net		1,347,221	935,219
Due from shareholders' operations		46,370,945	69,518,495
<b>Total Insurance Operations' Assets</b>		<b>659,105,221</b>	<b>527,345,848</b>
<b>Shareholders' Assets</b>			
Cash and cash equivalents	6	154,737,221	174,391,110
Investments	9	4,234,762	4,391,036
Prepaid expenses		225,000	--
Advances and other receivables		288,697	584,943
Return on statutory deposit	10	1,325,900	1,159,922
Statutory deposit	10	30,750,000	30,750,000
<b>Total Shareholders' Assets</b>		<b>191,561,580</b>	<b>211,277,011</b>
<b>Total Assets</b>		<b>850,666,801</b>	<b>738,622,859</b>

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.



**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**As at 31 March 2017**  
**Expressed in Saudi Arabian Riyals**

		<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
	<u>Notes</u>		
<b>Insurance Operations' Liabilities and Surplus</b>			
<b>Insurance Operations' Liabilities</b>			
Reinsurers' balances payable		51,556,426	15,663,169
Unearned premiums income		318,862,590	225,158,569
Unearned commission income		13,455,110	3,324,551
Outstanding claims including reserves		245,584,802	257,907,366
Reserve for life insurance operations		1,516,730	1,516,730
Accrued expenses		2,082,548	1,024,095
Other liabilities		16,399,133	13,460,398
Employees' end of service benefits		2,945,265	2,945,265
		<u>652,402,604</u>	<u>521,000,143</u>
<b>Insurance Operations' Surplus</b>			
Insurance operations' surplus distribution payable to policyholders		6,702,617	6,345,705
<b>Total Insurance Operations' Liabilities and Surplus</b>		<u>659,105,221</u>	<u>527,345,848</u>
<b>Shareholders' Liabilities and Equity</b>			
<b>Shareholders' Liabilities</b>			
Zakat and income tax payable	12	5,221,363	4,921,363
Accrued expenses		2,647,500	2,586,000
Statutory deposit investment return payable	10	1,325,900	1,159,922
Other liabilities		--	285,315
Share compensation	17	11,731,623	11,731,623
Due to insurance operations		46,370,945	69,518,495
<b>Total Shareholders' Liabilities</b>		<u>67,297,331</u>	<u>90,202,718</u>
<b>Shareholders' Equity</b>			
Share capital	17	205,000,000	205,000,000
Accumulated deficit		(79,970,514)	(83,316,744)
Fair value reserve for available for sale investments		(765,237)	(608,963)
<b>Total Shareholders' Equity</b>		<u>124,264,249</u>	<u>121,074,293</u>
<b>Total Shareholders' Liabilities and Equity</b>		<u>191,561,580</u>	<u>211,277,011</u>
<b>Total Liabilities, Insurance Operations' Surplus and Shareholders' Equity</b>		<u>850,666,801</u>	<u>738,622,859</u>

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

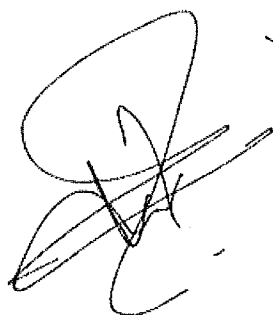
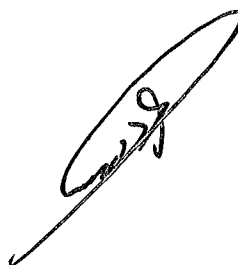
**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME - INSURANCE OPERATIONS**  
**(UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

	Three months ended 31 March	Three months ended 31 March
	(Unaudited)	(Unaudited)
Notes	2017	2016
Gross premiums written	233,018,880	199,846,381
Reinsurance premium ceded	(78,865,958)	(27,840,902)
Excess of loss premium ceded	(1,919,250)	(1,466,250)
<b>Net premiums written</b>	<b>152,233,672</b>	<b>170,539,229</b>
Changes in unearned premium, net	(36,984,011)	(61,795,319)
<b>Net premium earned</b>	<b>115,249,661</b>	<b>108,743,910</b>
Reinsurance commissions	2,991,141	1,941,301
Other operating income	1,643,649	1,383,485
Other income	953,655	546,585
Unrealized (loss)/ gain on investments held for trading	(29,397)	283,112
Investment income	406,224	477,007
<b>Total revenue</b>	<b>121,214,933</b>	<b>113,375,400</b>
Gross claims paid	142,910,288	87,725,733
Less: Reinsurers' share of claim paid	(38,053,098)	(18,788,799)
<b>Net claims paid</b>	<b>104,857,190</b>	<b>68,936,934</b>
Changes in outstanding claims and reserves – net	(15,981,721)	(19,326,717)
<b>Net claims incurred</b>	<b>88,875,469</b>	<b>49,610,217</b>
Policy acquisition costs	12,019,011	12,861,960
Other underwriting expenses	5,972,014	3,809,017
<b>Total claims and other expenses</b>	<b>106,866,494</b>	<b>66,281,194</b>
<b>Underwriting surplus</b>	<b>14,348,439</b>	<b>47,094,206</b>
General and administrative expenses	(10,779,319)	(7,172,300)
<b>Net surplus for the period from insurance operations'</b>	<b>3,569,120</b>	<b>39,921,906</b>
Transferred to shareholders' operations	(3,212,208)	(35,929,715)
<b>Net surplus for the period from insurance operations' after shareholders' appropriation</b>	<b>356,912</b>	<b>3,992,191</b>
Other comprehensive income	--	--
<b>Total comprehensive income for the period</b>	<b>356,912</b>	<b>3,992,191</b>

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

		Three months ended 31 March	Three months ended 31 March
		(Unaudited)	(Unaudited)
	Notes	2017	2016
Net surplus transferred from insurance operations	3	3,212,208	35,929,715
Investment income		828,108	951,531
<b>Total income</b>		<b>4,040,316</b>	<b>36,881,246</b>
Directors' remuneration	13	(225,000)	(285,000)
General and administrative expenses		(169,086)	(136,408)
<b>Net profit for the period</b>		<b>3,646,230</b>	<b>36,459,838</b>
<b>Basic and diluted earnings per share- Saudi Riyals</b>	14	<b>0.18</b>	<b>1.78</b>

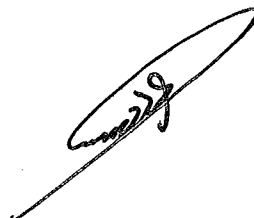



The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.



**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME- SHAREHOLDERS'**  
**OPERATIONS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

		Three months ended 31 March	Three months ended 31 March
	Notes	(Unaudited)	(Unaudited)
		2017	2016
Net profit for the period		3,646,230	36,459,838
<i>Other comprehensive income to be reclassified subsequently to the statement of income-shareholder operation</i>			
Changes in fair value of available for sale investments	9.2	(156,274)	(273,565)
<b>Total comprehensive income for the period</b>		<b>3,489,956</b>	<b>36,186,273</b>

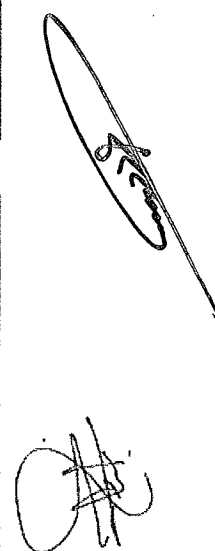
The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.





**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

	<u>Notes</u>	<u>Share capital</u>	<u>Accumulated deficit</u>	<u>Fair value reserve for available for sale investments</u>	<u>Total shareholders' equity</u>
Balance at 1 January 2016		205,000,000	(137,707,149)	(477,549)	66,815,302
Net profit for the period		--	36,459,838	--	36,459,838
Changes in fair value of available for sale investments		--	--	(273,565)	(273,565)
Provision for Zakat		--	(123,707)	--	(123,707)
Provision for income tax		--	(176,293)	--	(176,293)
Balance as at 31 March 2016		205,000,000	(101,547,311)	(751,114)	102,701,575
<b>Balance at 1 January 2017</b>		<b>205,000,000</b>	<b>(83,316,744)</b>	<b>(608,963)</b>	<b>121,074,293</b>
Net profit for the period		--	3,646,230	--	3,646,230
Changes in fair value of available for sale investments		--	--	(156,274)	(156,274)
Provision for Zakat	12	--	(123,707)	--	(123,707)
Provision for income tax	12	--	(176,293)	--	(176,293)
Balance as at 31 March 2017		205,000,000	(79,970,514)	(765,237)	124,264,249



The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.



**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CASH FLOWS - INSURANCE OPERATIONS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

	31 March 2017 <u>(Unaudited)</u>	31 March 2016 <u>(Unaudited)</u>
<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net surplus for the period from insurance operations' after shareholders' appropriation	356,912	3,992,191
<i>Adjustments for:</i>		
Profit transferred to Shareholders' operations	3,212,208	35,929,715
Provision for employees' end of service benefits	42,001	226,930
Unrealized loss/ (gain) on investments held for trading	29,397	(283,112)
Amortization of intangibles	86,981	190,250
Depreciation	180,959	94,890
Changes in reinsurers' share of unearned premium during the period	(56,720,011)	143,471
Changes in unearned premiums income during the period	93,704,021	61,651,848
Provision for doubtful debts	--	1,232,432
	<u>40,892,468</u>	<u>103,178,615</u>
<b>Changes in operating assets and liabilities:</b>		
Receivable from policyholders, net	(77,665,463)	(50,833,318)
Receivable from reinsurers, net	(3,173,078)	(4,394,555)
Reinsurers' share of outstanding claims	(3,659,156)	13,146,893
Deferred policy acquisition costs	(8,424,473)	(4,838,536)
Prepaid expenses	(5,226,813)	(1,160,626)
Advances and other receivables	6,643,375	602,265
Due from shareholders	19,935,342	90,408
Reinsurers' balances payable	35,893,257	13,093,547
Unearned commission income	10,130,559	477,696
Outstanding claims and reserves	(12,322,564)	(32,473,608)
Accrued expenses	1,058,453	(1,200,560)
Other liabilities	2,938,735	11,141,447
Employees' end of service benefits paid	(42,001)	(4,091)
<b>Net cash from operating activities</b>	<u>6,978,641</u>	<u>46,825,577</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangibles assets	(498,983)	(15,625)
Purchase of property and equipment	(518,409)	(537,783)
Payments for purchase of held to maturity investments	--	(2,106,880)
Receipts from disposal of investments	--	43,915,599
<b>Net cash (used in )/ from investing activities</b>	<u>(1,017,392)</u>	<u>41,255,311</u>
<b>Increase in cash and cash equivalents during the period</b>	<u>5,961,249</u>	<u>88,080,888</u>
Cash and cash equivalents at the beginning of the period	127,639,448	57,617,704
<b>Cash and cash equivalents at the end of the period</b>	6 <u>133,600,697</u>	<u>145,698,592</u>

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CASH FLOWS - SHAREHOLDERS' OPERATIONS**  
**(UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

	31 March 2017 <u>(Unaudited)</u>	31 March 2016 <u>(Unaudited)</u>
<u>Notes</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the period before Zakat	3,646,230	36,459,838
<u>Adjustments for:</u>		
Surplus transferred from insurance operations	<u>(3,212,208)</u>	<u>(35,929,715)</u>
	434,022	530,123
<b>Changes in operating assets and liabilities:</b>		
Prepaid expenses	(225,000)	(225,000)
Advances and other receivables	296,246	(278,142)
Accrued expenses	61,500	343,500
Other liabilities	(285,315)	3,533
Statutory deposit investment return payable	165,978	--
Due to insurance operations	<u>(19,935,342)</u>	<u>90,408</u>
<b>Net cash (used in) / from operating activities</b>	<u>(19,487,911)</u>	<u>464,422</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Return on statutory deposit	(165,978)	(3,633)
Disposal of investment	--	136,000,000
<b>Net cash (used in) / from investing activities</b>	<u>(165,978)</u>	<u>135,996,367</u>
<b>(Decrease) / increase in cash and cash equivalents during the period</b>	<b>(19,653,889)</b>	<b>136,460,789</b>
Cash and cash equivalents at the beginning of the period	<u>174,391,110</u>	<u>33,050,707</u>
<b>Cash and cash equivalents at the end of the period</b>	<b>6      <u>154,737,221</u></b>	<b><u>169,511,496</u></b>
<b><u>Non-cash supplemental information:</u></b>		
Net change in the fair value of available for sale investments	<u>(156,276)</u>	<u>(273,565)</u>

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE “WAFA INSURANCE”**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

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**1. ORGANISATION AND PRINCIPAL ACTIVITIES**

Saudi Indian Company for Cooperative Insurance “Wafa Insurance” (the “Company”) is a Saudi joint stock company as sanctioned by the Royal Decree No. M60 dated 18 Ramadan 1427H corresponding to 9 October 2006 (date of inception). The Company is registered in Riyadh with the Ministry of Commerce and Industry under commercial registration No.1010236705 dated 24 Rajab 1428H corresponding to 7 August 2007. The Company’s registered office address is Al-Maseef Dist., Northern Ring Road between exit 5&6, PO Box: 341413, Riyadh 11333, Kingdom of Saudi Arabia.

The principal activities of the Company are to transact the cooperative insurance operations and all related activities including reinsurance and agency activities under the law of Supervision of Cooperative Insurance Companies and its by-laws and other regulations promulgated in the Kingdom of Saudi Arabia. The Company is permitted to conduct its operations in the Kingdom of Saudi Arabia.

The Company has been granted the license (number TMN/14/20086) to practice all lines of insurance business on 6 Jumada II, 1429H corresponding to 8 September 2008 from Saudi Arabian Monetary Agency (“SAMA”). SAMA renewed the operational license for a further period of three years from 6 Jumada II, 1432 H corresponding to 9 May 2011 and renewed thereafter for a further period of three years from 5 Jumada II, 1435 H corresponding to 5 April 2014. The Company commenced its general insurance operations from 20 August 2008 and protection and savings insurance operations from 11 January 2009.

**2. BASIS OF PREPARATION**

***Statement of compliance***

During 2017, SAMA issued a circular number 381000074519 dated 14 Rajab 1438H (April 11, 2017) (“Circular”) and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax. The impact of these amendments is that zakat and income tax will be recognized in the interim condensed statement of shareholders’ equity with a corresponding liability in the condensed interim statement of financial position.

Applying the above framework, the condensed interim financial statements of the Company as at and for the three month period ended March 31, 2017 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) and SAMA guidance for the accounting of zakat and income tax.

Until 2016, the condensed interim financial statements of the Company were prepared in accordance with IAS 34. This change in framework resulted in a change in presentation of zakat and income tax. However, this did not affect interim condensed financial statements of the Company for any of the year / period presented as the Company was already following the same presentation.

***Basis of measurement***

The financial statements have been prepared on a historical cost basis except for the measurement at fair value of available for sale investments.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE “Wafa Insurance”**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
*(Continued)*  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

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**2. BASIS OF PREPARATION** *(Continued)*

**Share capital**

As at 31 March 2017 the Company has accumulated losses of SAR 79.97 million (31 December 2016: SAR 83.32 million) that is 39% of the share capital (31 December 2016: 40.6%). On 8<sup>th</sup> April 2015 corresponding to 19 Jumada II 1436, the Company held an extraordinary general meeting of its shareholders to approve the increase in the share capital through rights issue. Based on the approval received from the shareholders at the extraordinary general meeting, the Company finalized the process of the capital increase and received the new capital in the bank. Under the terms of the rights issue, the Company's new capital after issue of new shares of SAR 105,000,000 is SAR 205,000,000.

The Company's board of directors has recommended on 20<sup>th</sup> March 2017 corresponding to 21 Jumada Al Thani 1438 H the reduction of Company's capital by a value equal to 40.49% of the Company's capital in share capital, resulting in a reduction from the current value of SAR 205,000,000 to a value of SAR 122,000,000. The Company has obtained Saudi Arabian Monetary Agency (SAMA) approval, approval number 381000072304/ dated 4<sup>th</sup> April 2017 corresponding to 7 Rajab 1438 H. The Company has obtained Capital Market Authority (CMA) approval on 24<sup>th</sup> April 2017 corresponding to 27 Rajab 1438 H, thus reducing the number of shares from 20,500,000 shares to 12,200,000 shares. This approval is conditional on the Company's extraordinary general assembly approval and completion of the necessary procedures in relation to the applicable regulations.

**3. BASIS OF PRESENTATION**

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors. Losses incurred by Insurance Operations are absorbed by Shareholders' Operations. Net surplus shall be distributed at the rate of 10% at the end of each year to the policyholders. The remaining 90% of the net surplus shall be transferred to the shareholder's statement of income.

**4. FUNCTIONAL AND PRESENTATION CURRENCY**

These unaudited interim condensed financial statements have been presented in Saudi Arabian Riyal (SAR), being the functional and presentational currency of the Company. All financial information presented has been rounded off to the nearest SAR.

**5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES**

The accounting policies 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 December 31, 2016 except presentation of zakat and income tax as per SAMA's guidance (refer note 2) and the adoption of the following new standards and other amendments to existing standards mentioned below which have had no significant financial impact on the interim condensed financial statements of the Company on the current period or prior period and is expected to have no significant effect in future periods.

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**5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES** *(Continued)*

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

- **Amendments to IAS 7, ‘Statement of Cash flows’ disclosure initiative**  
Amendments to IAS 7, ‘Statement of Cash flows’ on disclosure initiative, effective January 1, 2017. These amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from the financing activities.
- **Amendments to IAS 12, ‘Income taxes’ on ‘Recognition of deferred tax assets for unrealised losses’**  
Amendments to IAS 12, ‘Income taxes’ on Recognition of deferred tax assets for unrealised losses, effective January 1, 2017. This amendment clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- **Annual improvements 2014 – 2016**  
Amendments to IFRS 12 on disclosure of interest in other entities, effective January 1, 2017. This amendment clarifies the scope of IFRS 12 by specifying that its disclosure requirements apply to an entity's interests irrespective of whether they are classified as held for sale or as discontinued operations in accordance with IFRS 5.

**Standards, interpretations and amendments to published standards that will be effective for the periods commencing after January 1, 2018 and have not been early adopted by the Company**

The Company’s management decided not to choose the early adoption of the following new and amended standards and interpretations issued which will become effective for the period commencing after January 1, 2018:

**-IFRS 9 ‘Financial Instruments’**

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new ‘expected credit loss’ model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Company’s financial assets will need to be reviewed based on the new criteria that considers the assets’ contractual cash flows and the business model in which they are managed;

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**5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES** *(Continued)*

Standards, interpretations and amendments to published standards that will be effective for the periods commencing after January 1, 2018 and have not been early adopted by the Company *(Continued)*

**- IFRS 9 ‘Financial Instruments’** *(Continued)*

- an expected credit loss-based impairment will need to be recognised on the Company’s receivables, unless classified as at fair value through profit or loss in accordance with the new criteria;
- if the Company continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in statement of comprehensive income to the extent those changes relate to the Company’s own credit risk; and
- IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

**- IFRS 16 ‘Leases’**

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB’s long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. This will not have a significant impact as the Company does not enter in significant lease transactions.

**- IFRS 15 ‘Revenue from Contracts with Customers’**

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018 and is not expected to affect the Company materially.

**Amendments to IFRIC 22, ‘Foreign currency transactions and advance consideration’**

IFRIC 22, ‘Foreign currency transactions and advance consideration’ effective January 1, 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency.

**Annual improvements 2014 - 2016**

It includes changes to

- IFRS 1, ‘First time adoption of IFRS’
- IAS 28, ‘Investments in associates and joint ventures’.

**5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES** *(Continued)*

**Standards, interpretations and amendments to published standards that will be effective for the periods commencing after January 1, 2018 and have not been early adopted by the Company** *(Continued)*

**Amendments to IFRS 1, 'First time adoption of IFRS' 'Deletion of short-term exemptions for first time adopters'**

"Amendments to IFRS 1, 'First time adoption of IFRS' on deletion of short-term exemptions for first time adopters, effective January 1, 2018. This amendment deletes a number of short-term exemptions as the reliefs provided earlier are no longer available or because they were relevant for reporting periods that have now passed.

**- Amendments to IAS 28, 'Investments in Associates and Joint ventures'**

"Amendments to IAS 28 on investment in associates and joint ventures, effective January 1, 2018. This amendment clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture

Similar clarifications have been made for a reporting entity that is not an investment entity and that has an associate or a joint venture that is an investment entity. IAS 28 permits such a reporting entity the choice to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments also clarify that this choice is also made separately for each investment in an associate or joint venture that is an investment entity, at the later of the date on which;

- a) the investment entity associate or joint venture is initially recognised.
- b) the associate or joint venture becomes an investor becomes an investment entity and;
- c) the investment entity associate or joint venture first becomes a parent.

**- Amendments to IFRS 2, 'Share based payment' on 'how to account for certain types of share based payment transactions'**

Amendments to IFRS 2, 'Share based payment' on how to account for certain types of share based payment transactions, effective January 1, 2018. This amendment clarifies the measurement basis for cash- settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share based payment and pay that amount to the tax authority.



**5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES** *(Continued)*

**Standards, interpretations and amendments to published standards that will be effective for the periods commencing after January 1, 2018 and have not been early adopted by the Company** *(Continued)*

**- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation on IFRS 9 'Financial instruments'**

Amendments to IFRS 4, 'Insurance contracts' regarding the implementation on IFRS 9 'Financial instruments', effective January 1, 2018. This amendment introduces two approaches: an overlay approach and a deferral approach. The amended standard will give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instrument standard - IAS 39 "Financial instruments".

**- Amendments to IAS 40, 'Investment property' relating to transfers of investment property**

Amendments to IAS 40, 'Investment property' relating to transfers of investment property, effective January 1, 2018. This amendment clarifies that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has a changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

**Use of estimates in the preparation of interim condensed financial statements**

The preparation of interim condensed financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the interim condensed financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and the Company's interim condensed financial statements present fairly, in all material respects, the financial position and results of operations.

**Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including commission rate risk, currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosure required in the annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016.

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**6. CASH AND CASH EQUIVALENTS**

	<b>31 March 2017 (Unaudited)</b>	
	<i>Insurance Operations</i>	<i>Shareholders' Operation</i>
Cash in hand	3,408	--
Balance in current account	51,325,622	14,612,866
Term deposit at banks( <i>note no 6.a</i> )	82,271,667	140,124,355
	<u>133,600,697</u>	<u>154,737,221</u>
	<b>31 December 2016 (Audited)</b>	
	<i>Insurance Operations</i>	<i>Shareholders' Operation</i>
Cash in hand	1,562	--
Balance in current account	66,637,886	35,391,110
Term deposit at banks( <i>note no 6.a</i> )	61,000,000	139,000,000
	<u>127,639,448</u>	<u>174,391,110</u>

**6 (a)** This represents investment in murahaba term deposit having maturity of not more than three months at a rate of interest ranging between 1.5% to 1.7% per annum (2016: 1.1% to 3.4% per annum).

**7. RECEIVABLE FROM POLICYHOLDERS, NET**

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Gross receivables arising from insurance contracts	183,134,368	105,468,905
Less: Provision for doubtful debts ( <i>note 7.1</i> )	(23,485,868)	(23,485,868)
Net receivables	<u>159,648,500</u>	<u>81,983,037</u>

**7.1** The movement in the provision for doubtful debts of receivable from policyholders is as follows:

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Opening balance	23,485,868	8,840,275
Charge of provision during the period / year	--	14,645,593
Closing balance	<u>23,485,868</u>	<u>23,485,868</u>

**8. RECEIVABLES FROM REINSURERS, NET**

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Gross receivables	13,621,933	10,448,855
Less: Provision for doubtful debts ( <i>note 8.1</i> )	(84,611)	(84,611)
Net receivables	<u>13,537,322</u>	<u>10,364,244</u>

**8.1** The movement in the provision for doubtful debts of reinsurance receivables is as follows:

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Opening balance	84,611	2,768,378
(Reversal) / Charge during the period / year	--	(2,683,767)
Closing balance	<u>84,611</u>	<u>84,611</u>

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**9. INVESTMENTS**

		<b>31 March 2017</b>	
		<b>(Unaudited)</b>	
		<i>Insurance Operations</i>	<i>Shareholders</i>
<b>Available for sale</b>			
Unquoted securities	9.1	1,923,078	---
Shariah compliant funds-quoted	9.2	--	4,234,762
<b>Held for trading</b>			
Quoted securities	9.3	1,053,443	--
		<u>2,976,521</u>	<u>4,234,762</u>
		<b>31 December 2016</b>	
		<b>(Audited)</b>	
		<i>Insurance Operations</i>	<i>Shareholders</i>
<b>Available for sale</b>			
Unquoted securities	9.1	1,923,078	---
Shariah compliant funds-quoted	9.2	--	4,391,036
<b>Held for trading</b>			
Quoted securities	9.3	1,082,840	--
		<u>3,005,918</u>	<u>4,391,036</u>

**9.1** This represents investment in shares of Najm for insurance services amounting to SAR 1,923,078 (December 2016: SAR 1,923,078).

**9.2 Shariah compliant fund**

	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	4,391,036	4,522,450
Unrealized loss during the period / year	(156,274)	(131,414)
Closing balance	<u>4,234,762</u>	<u>4,391,036</u>

**9.3** This represents investment in quoted shares amounting to SAR 1,053,443 (December 2016: SAR 1,082,840).

**10. STATUTORY DEPOSIT**

In accordance with Article 58 of the Implementing Regulations for Cooperative Insurance, the Company has deposited an amount of SAR 30,750,000 (31 December 2016: SAR 30,750,000) with Riyadh Bank. During the year 2016 statutory deposit was increased from 10% to 15% of share capital in order to comply with SAMA letter no 371000070032 dated 30<sup>th</sup> March 2016. However, the Company is not allowed to withdraw any portion of the original deposit or the profit unless prior approval is obtained from SAMA. Profit accrued of SAR 1,325,900 (31 December 2016: SAR 1,159,922) and the corresponding liability have been shown separately.

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**11. RELATED PARTY TRANSACTIONS AND BALANCES**

<u>Related party</u>	<u>Nature of transaction</u>	<u>Notes</u>	<u>Amount of transaction</u>		<u>Balance</u>	
			<u>31 March 2017 (Unaudited)</u>	<u>31 March 2016 (Unaudited)</u>	<u>31 March 2017 (Unaudited)</u>	<u>31 December 2016 (Audited)</u>
The New India Assurance Company Limited (Shareholder)	- Reinsurance premium ceded		<u>537,671</u>	<u>639,467</u>	<u>--</u>	<u>--</u>
	- Reinsurance commission		<u>141,468</u>	<u>157,483</u>	<u>--</u>	<u>--</u>
	- Reinsurer's share of outstanding claims		<u>247,845</u>	<u>247,845</u>	<u>--</u>	<u>--</u>
	-Balance receivable		<u>--</u>	<u>--</u>	<u>1,339,926</u>	<u>1,722,908</u>
	-Share compensation balance payable		<u>--</u>	<u>--</u>	<u>5,932,155</u>	<u>5,932,155</u>
Life Insurance Corporation of India (Shareholder)	-Share compensation balance payable		<u>--</u>	<u>--</u>	<u>5,708,300</u>	<u>5,708,300</u>
Directors and Executive Committee	-Remuneration	12	<u>225,000</u>	<u>285,000</u>	<u>2,191,380</u>	<u>2,146,380</u>
Directors and Executive Committee	-Meeting attendance fee		<u>58,500</u>	<u>58,500</u>	<u>456,120</u>	<u>439,620</u>

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**12. ZAKAT AND INCOME TAX**

The Zakat and income tax payable by the Company has been calculated based on the best estimate of the management.

Movements in the Zakat accrued during the three-month period ended 31 March 2017 and the year ended 31 December 2016 are as follows:

	<b>31 March 2017</b>	31 December 2016
	<b><u>(Unaudited)</u></b>	<b><u>(Audited)</u></b>
Balance at beginning of the period / year	<b>3,171,850</b>	(344,829)
Provision during the period / year	<b>123,707</b>	3,516,679
Balance at end of the period / year	<b><u>3,295,557</u></b>	<b><u>3,171,850</u></b>

Movements in the income tax accrued during the three-month period ended 31 March 2017 and the year ended 31 December 2016 are as follows:

	<b>31 March 2017</b>	31 December 2016
	<b><u>(Unaudited)</u></b>	<b><u>(Audited)</u></b>
Balance at beginning of the period / year	<b>1,749,513</b>	--
Provision during the period / year	<b>176,293</b>	1,749,513
Balance at end of the period / year	<b><u>1,925,806</u></b>	<b><u>1,749,513</u></b>

**Shareholdings**

Following are the shareholding structure of the Company as on:

	<b>31 March 2017</b>	31 December 2016
Shareholding subject to Zakat	<b>84.88%</b>	84.88%
Shareholding subject to Income Tax	<b>15.12%</b>	15.12%

**Status of assessments**

The Company has filed Zakat and income tax returns for the financial year 2016 with the General Authority of Zakat and Tax (the “GAZT”).

**13. DIRECTORS’ REMUNERATION**

During the period, provision has been made for the Board of Directors’ remuneration for an amount of SAR 225,000 (31 March 2016: SAR 285,000).

**14. BASIC AND DILUTED EARNING PER SHARE**

Basic and diluted earnings per share have been computed by dividing the net income for the relevant periods by the weighted average number of issued outstanding shares. The relevant averages are 20,500,000 shares for the three-month period ended 31 March 2017 and 20,500,000 shares for the three-month period ended 31 March 2016.

**15. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair values of recognized financial instruments are not significantly different from the carrying values included in the interim condensed financial statements.

***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 market prices in active market for the identical instrument (i.e., without modification or adjustment);
- Level 2: Quoted market prices in active market 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.

The table below presents the financial instruments at their fair values as of 31 March 2017 based on the fair value hierarchy:

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**15. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

<b>31 March 2017 (Unaudited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments</b>				
- Insurance operations	1,053,443	--	1,923,078	2,976,521
- Shareholders' operations	4,234,762	--	--	4,234,762
<b>Total</b>	<b>5,288,205</b>	<b>--</b>	<b>1,923,078</b>	<b>7,211,283</b>

<b>31 December 2016 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments</b>				
- Insurance operations	1,082,840	--	1,923,078	3,005,918
- Shareholders' operations	4,391,036	--	--	4,391,036
<b>Total</b>	<b>5,473,876</b>	<b>--</b>	<b>1,923,078</b>	<b>7,396,954</b>

The unlisted securities amounting to SAR 1,923,078 (31 December 2016: SAR 1,923,078) are stated at cost in the absence of active markets or other means of reliably measuring their fair value.

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the three-month period ended 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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**16. SEGMENTAL INFORMATION**

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief operating decision maker. Operating segments do not include shareholders' operations of the Company.

Segment assets do not include insurance operations' cash and cash equivalents, receivables, prepaid expenses, investments, advances and other receivables, due from shareholders' operations, property and equipment and intangible assets. Accordingly, they are included in unallocated assets.

Segment liabilities do not include reinsurers' balances payable, unearned commission income, employees' end of service benefits, accrued expenses and other liabilities. Accordingly, they are included in unallocated liabilities. These unallocated assets and liabilities are not reported to chief operating decision maker under the related segments and are monitored on a centralized basis.



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**16. SEGMENTAL INFORMATION (Continued)**

**For the three-month period ended 31 March 2017 (Unaudited)**

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	146,130,993	65,483,352	21,404,535	233,018,880
Reinsurance premiums ceded	(36,933,902)	(22,243,535)	(19,688,521)	(78,865,958)
Excess of loss premiums	(1,774,250)	--	(145,000)	(1,919,250)
<b>Net premiums written</b>	<b>107,422,841</b>	<b>43,239,817</b>	<b>1,571,014</b>	<b>152,233,672</b>
Change in unearned premiums, net	(9,746,808)	(26,819,187)	(418,016)	(36,984,011)
<b>Net premiums earned</b>	<b>97,676,033</b>	<b>16,420,630</b>	<b>1,152,998</b>	<b>115,249,661</b>
Reinsurance commission income	878,938	--	2,112,203	2,991,141
Other operating income	1,643,649	--	--	1,643,649
Other income	953,655	--	--	953,655
Unrealized loss on investments held for trading	--	--	(29,397)	(29,397)
Investment income	--	--	406,224	406,224
<b>Total revenue</b>	<b>101,152,275</b>	<b>16,420,630</b>	<b>3,642,028</b>	<b>121,214,933</b>
Gross claims paid	97,524,883	25,836,266	19,549,139	142,910,288
Less: reinsurers' share of claims paid	(4,817,732)	(14,197,695)	(19,037,671)	(38,053,098)
<b>Net claims paid</b>	<b>92,707,151</b>	<b>11,638,571</b>	<b>511,468</b>	<b>104,857,190</b>
Changes in outstanding claims and reserves – net	(15,638,393)	(670,956)	327,628	(15,981,721)
<b>Net claims incurred</b>	<b>77,068,758</b>	<b>10,967,615</b>	<b>839,096</b>	<b>88,875,469</b>
Policy acquisition costs	8,887,927	2,163,913	967,171	12,019,011
Other underwriting expenses	1,241,788	4,634,645	95,581	5,972,014
<b>Total claims and other expenses</b>	<b>87,198,473</b>	<b>17,766,173</b>	<b>1,901,848</b>	<b>106,866,494</b>
<b>Surplus from insurance operation</b>	<b>13,953,802</b>	<b>(1,345,543)</b>	<b>1,740,180</b>	<b>14,348,439</b>
General and administrative expenses				(10,779,319)
<b>Net surplus for the period from insurance operations'</b>				<b>3,569,120</b>

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**16. SEGMENTAL INFORMATION (Continued)**

**As at 31 March 2017 (Unaudited)**

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
<b>Assets:</b>				
Reinsurers' share of outstanding claims	6,361,023	8,657,470	114,038,568	129,057,061
Reinsurers' share of unearned premiums income	32,540,118	27,282,793	23,659,813	83,482,724
Deferred policy acquisition costs	17,910,094	6,816,854	3,776,124	28,503,072
Unallocated assets				418,062,364
<b>Total assets</b>				<b>659,105,221</b>
<b>Liabilities:</b>				
Unearned premiums income	214,396,248	78,792,487	25,673,855	318,862,590
Outstanding claims including reserves	110,963,879	16,093,256	118,527,667	245,584,802
Reserve for life insurance operations	--	--	1,516,730	1,516,730
Unallocated liabilities and surplus				93,141,099
<b>Total liabilities</b>				<b>659,105,221</b>

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

**16. SEGMENTAL INFORMATION (Continued)**

For the three-month period ended 31 March 2016 (Unaudited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	147,637,415	37,746,110	14,462,856	199,846,381
Reinsurance ceded	--	(15,028,195)	(12,812,707)	(27,840,902)
Excess of loss premiums ceded	(1,338,250)	--	(128,000)	(1,466,250)
Net premium written	146,299,165	22,717,915	1,522,149	170,539,229
Changes in unearned premium, net	(69,054,801)	7,525,238	(265,756)	(61,795,319)
Net premium earned	77,244,364	30,243,153	1,256,393	108,743,910
Reinsurance commissions	--	--	1,941,301	1,941,301
Other operating income	1,383,485	--	--	1,383,485
Other income	546,585	--	--	546,585
Unrealized gain on investments	--	--	283,112	283,112
Investment income	--	--	477,007	477,007
Underwriting revenue	79,174,434	30,243,153	3,957,813	113,375,400
Gross claims paid	59,036,550	22,267,930	6,421,253	87,725,733
Less: reinsurers' share	(381,380)	(12,254,323)	(6,153,096)	(18,788,799)
Net claims paid	58,655,170	10,013,607	268,157	68,936,934
Changes in outstanding claims and reserves – net	(16,780,398)	(2,493,322)	(52,997)	(19,326,717)
Net claims incurred	41,874,772	7,520,285	215,160	49,610,217
Policy acquisition costs	6,902,296	4,725,417	1,234,247	12,861,960
Other underwriting expenses	869,333	2,872,842	66,842	3,809,017
Total claims and other expenses	49,646,401	15,118,544	1,516,249	66,281,194
Surplus from insurance operation	29,528,033	15,124,609	2,441,564	47,094,206
General and administrative expenses	--	--	--	(7,172,300)
Net surplus for the period from insurance operations'	--	--	--	39,921,906

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**  
Expressed in Saudi Arabian Riyals

**16. SEGMENTAL INFORMATION (Continued)**

As at 31 December 2016 (Audited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
<b>Assets:</b>				
Reinsurers' share of outstanding claims	3,808,680	9,487,130	112,102,095	125,397,905
Reinsurers' share of unearned premiums income	--	13,960,960	12,801,753	26,762,713
Deferred policy acquisition costs	14,572,226	3,445,778	2,060,595	20,078,599
Unallocated assets				355,106,631
<b>Total assets</b>				<b>527,345,848</b>
<b>Liabilities:</b>				
Unearned premiums income	172,109,322	38,651,469	14,397,778	225,158,569
Outstanding claims including reserves	124,049,929	17,593,872	116,263,565	257,907,366
Reserve for life insurance operations	--	--	1,516,730	1,516,730
Unallocated liabilities and surplus				42,763,183
<b>Total liabilities</b>				<b>527,345,848</b>

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)(Continued)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**

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**17. SHARE CAPITAL**

The authorized, issued and paid-up share capital of the Company is SAR 205 million as at 31 March 2017 (2016: SAR 205 million) consisting of 20.5 million shares (2016: 20.5 million shares) of SAR 10 each (also refer note 2).

The Board of Directors recommended an increase in the Company's share capital through offering a rights issue with a total value of SAR 105 million. The Company's application to increase its share capital was approved by Saudi Arabian Monetary Agency (SAMA) and the Capital Market Authority (CMA). The Shareholders approved the rights issue in their Extraordinary General Assembly held on 08 April 2015 corresponding to 19 Jumada II 1436.

The share compensation belongs to shareholders who have not subscribed to the rights issue in 2015. Since the selling price of the unsubscribed shares is higher than the 'Offer Price', the difference is distributable in compensation to holders of rights who have not subscribed to their rights according to the percentage of the rights owned by them.

For Proposed reduction in capital please refer note 2

**18. COMPARITIVE FIGURES**

The comparative figures of previous period have been rearranged / reclassified to match with the current presentation.

During the period 31 March 2017, the management has reclassified a balance of SAR 5,974,696 from other liabilities to receivable from reinsurer-net in the comparative figures for year ended 2016

**19. EVENTS AFTER REPORTING PERIOD**

The Company is suspended by SAMA from issuing new motor insurance policies effective from 27th April 2017 G corresponding to 1st Shaban 1438 H due to non-compliance with the related regulatory requirements. The Company may add vehicles on existing policies as well as renew policies issued prior to 27th April 2017 G corresponding to 1st Shaban 1438 H subject to renewing policies within a period not exceeding 30 days from policy expiry dates. The Company will take all necessary measures to have the suspension lifted soon and to avoid non-compliance with the regulatory requirements in future.

**20. APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the board of directors of the company on 11<sup>th</sup> May 2017 G corresponding to 15<sup>th</sup> Shaban 1438 H.

