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

**(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTH PERIODS  
ENDED 31 DECEMBER 2016**

**~ together with the  
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

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**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE “Wafa Insurance”**  
**(A Saudi Joint Stock Company)**  
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITORS’ LIMITED REVIEW REPORT**  
**FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2016**

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**Independent Auditors' limited review report on interim condensed financial statements  
To the shareholders of Saudi Indian Company for Cooperative Insurance "WAFA Insurance"  
(A Saudi Joint Stock Company)**

**SCOPE OF REVIEW**

We have reviewed the accompanying interim statement of financial position of Saudi Indian Company for Cooperative Insurance "WAFA Insurance" (A Saudi Joint Stock Company) ("the Company") as at 31 December 2016 and the related interim statement of comprehensive income - insurance operations, interim statement of income - shareholders' operations and interim statement of comprehensive income - shareholders' operations for the three and twelve month periods then ended, and the related interim statement of changes in shareholders' equity and interim statements of cash flows - insurance and shareholders' operations for the twelve month period then ended and notes 1 to 17 which form an integral part of the interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standards 34 - "Interim Financial Reporting" - ("IAS -34") and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**CONCLUSION**

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

**EMPHASIS OF A MATTER**

We draw attention to the fact that these accompanying interim condensed financial statements are prepared in accordance with International Accounting Standards IAS - 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

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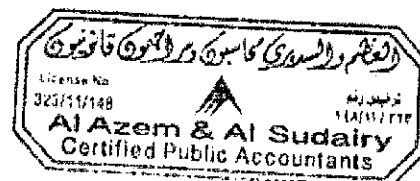
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21 Rabi al-Akhir 1438H

19 January 2017G



**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**  
Expressed in Saudi Arabian Riyals

		31 December 2016 (Unaudited)	31 December 2015 (Audited)
	<u>Note</u>		
<b>Insurance Operations' Assets</b>			
Cash and cash equivalents	6	127,639,448	57,617,704
Receivable from policyholders, net	7	81,983,037	89,805,661
Receivable from reinsurers, net	8	4,389,548	8,075,987
Reinsurers' share of outstanding claims		125,397,905	36,451,628
Reinsurers' share of unearned premiums income		26,762,713	55,953,021
Deferred policy acquisition costs		20,078,599	24,903,382
Prepaid expenses		1,342,713	1,752,382
Investments	9	3,005,918	45,923,078
Advances and other receivables		57,565,847	29,516,815
Property and equipment, net		2,751,710	1,064,104
Intangible assets, net		935,219	1,151,082
Capital work in progress		--	92,325
Due from shareholders' operations		69,518,495	133,752,723
<b>Total Insurance Operations' Assets</b>		<b>521,371,152</b>	<b>486,059,892</b>
<b>Shareholders' Assets</b>			
Cash and cash equivalents	6	174,391,110	33,050,707
Investments	9	4,391,036	160,522,450
Advances and other receivables		584,943	391,946
Advance zakat and tax		--	344,829
Return on statutory deposit	10	1,159,922	861,217
Statutory deposit	10	30,750,000	20,600,000
<b>Total Shareholders' Assets</b>		<b>211,277,011</b>	<b>215,771,149</b>
<b>Total Assets</b>		<b>732,648,163</b>	<b>701,831,041</b>

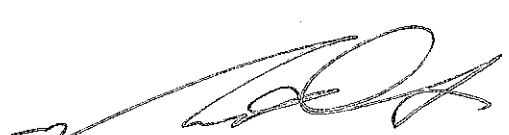
The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2016**  
Expressed in Saudi Arabian Riyals

	<b>31 December 2016 <u>Note</u>      <u>(Unaudited)</u></b>	<b>31 December 2015 <u>(Audited)</u></b>
<b>Insurance Operations' Liabilities and Surplus</b>		
<b>Insurance Operations' Liabilities</b>		
Reinsurers' balances payable	15,663,169	29,165,409
Unearned premiums income	225,158,569	269,981,719
Unearned commission income	3,324,551	2,407,562
Outstanding claims including reserves	257,907,366	168,539,395
Reserve for life insurance operations	1,516,730	1,516,730
Accrued expenses	1,024,095	3,490,197
Other liabilities	7,485,702	9,302,833
Employees' end of service benefits	2,945,265	1,656,047
	<u>515,025,447</u>	<u>486,059,892</u>
<b>Insurance Operations' Surplus</b>		
Surplus distribution to policyholders	6,345,705	--
<b>Total Insurance Operations' Liabilities and Surplus</b>	<u>521,371,152</u>	<u>486,059,892</u>
<b>Shareholders' Liabilities and Equity</b>		
<b>Shareholders' Liabilities</b>		
Zakat and income tax payable	3,805,171	--
Accrued expenses	2,586,000	2,315,500
Statutory deposit investment return payable	10      1,159,922	861,217
Other liabilities	285,315	285,415
Share compensation	16      11,731,623	11,740,992
Due to insurance operations	69,518,495	133,752,723
<b>Total Shareholders' Liabilities</b>	<u>89,086,526</u>	<u>148,955,847</u>
<b>Shareholders' Equity</b>		
Share capital	16      205,000,000	205,000,000
Accumulated deficit	(82,200,552)	(137,707,149)
Fair value reserve for available for sale investments	(608,963)	(477,549)
<b>Total Shareholders' Equity</b>	<u>122,190,485</u>	<u>66,815,302</u>
<b>Total Shareholders' Liabilities and Equity</b>	<u>211,277,011</u>	<u>215,771,149</u>
<b>Total Liabilities, Insurance Operations' Surplus and Shareholders' Equity</b>	<u>732,648,163</u>	<u>701,831,041</u>



The accompanying notes 1 to 17 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 COMPREHNSIVE INCOME - INSURANCE OPERATIONS**  
**(UNAUDITED)**  
**FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2016**  
Expressed in Saudi Arabian Riyals

	Three months ended 31 December		Twelve months ended 31 December	
	2016	2015	2016	2015
Note	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Gross premiums written	96,772,265	161,082,180	550,806,969	521,698,061
Reinsurance premiums ceded	(13,510,274)	(38,316,779)	(74,863,961)	(110,910,241)
Excess of loss premiums	(1,466,250)	(764,092)	(5,865,000)	(3,056,370)
<b>Net premiums written</b>	<b>81,795,741</b>	<b>122,001,309</b>	<b>470,078,008</b>	<b>407,731,450</b>
Change in unearned premiums, net	41,342,680	(28,945,667)	15,632,842	(143,259,969)
<b>Net premiums earned</b>	<b>123,138,421</b>	<b>93,055,642</b>	<b>485,710,850</b>	<b>264,471,481</b>
Reinsurance commission income	15,826,064	16,867,835	22,721,112	23,867,933
Other operating income	1,205,837	245,275	5,774,947	3,800,261
Other income	10,293,615	1,416,880	12,858,930	1,416,880
Unrealized gain / (loss) on investments held for trading	218,056	--	(256,756)	--
Investment income	811,662	506,838	3,213,322	506,838
<b>Total revenue</b>	<b>151,493,655</b>	<b>112,092,470</b>	<b>530,022,405</b>	<b>294,063,393</b>
Gross claims paid	124,341,184	79,848,076	418,273,624	221,557,366
Less: Reinsurers' share of claims paid	(15,862,473)	(10,544,659)	(71,461,972)	(47,624,410)
<b>Net claims paid</b>	<b>108,478,711</b>	<b>69,303,417</b>	<b>346,811,652</b>	<b>173,932,956</b>
Change in premiums deficiency reserve and other reserves	5,451,000	44,121,000	(24,063,000)	42,076,000
Change in IBNR	9,986,000	20,462,000	48,310,000	57,671,000
Change in outstanding claims, net	(22,910,580)	4,697,215	(23,825,308)	2,403,277
<b>Net claims incurred</b>	<b>101,005,131</b>	<b>138,583,632</b>	<b>347,233,344</b>	<b>276,083,233</b>
Policy acquisition costs	13,203,093	11,095,351	54,446,487	34,390,006
Other underwriting expenses	1,704,403	5,941,719	9,839,741	15,122,005
<b>Total claims and other expenses</b>	<b>115,912,627</b>	<b>155,620,702</b>	<b>411,519,572</b>	<b>325,595,244</b>
<b>Underwriting surplus / (deficit)</b>	<b>35,581,028</b>	<b>(43,528,232)</b>	<b>118,502,833</b>	<b>(31,531,851)</b>
General and administrative expenses	(25,173,811)	(11,963,306)	(55,045,781)	(33,561,431)
<b>Net surplus / (deficit) for the period</b>	<b>10,407,217</b>	<b>(55,491,538)</b>	<b>63,457,052</b>	<b>(65,093,282)</b>
(Transferred to) / absorbed by shareholders' operations	3 (9,366,495)	55,491,538	(57,111,347)	65,093,282
<b>Net result for the period</b>	<b>1,040,722</b>	<b>--</b>	<b>6,345,705</b>	<b>--</b>
Other comprehensive income	--	--	--	--
<b>Total comprehensive surplus for the period</b>	<b>1,040,722</b>	<b>--</b>	<b>6,345,705</b>	<b>--</b>

The accompanying notes 1 to 17 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 AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2016**  
Expressed in Saudi Arabian Riyals

		Three months ended 31 December		Twelve months ended 31 December	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Gain on sale of investments		--	--	--	2,848,437
Investment income		1,166,848	627,722	4,293,650	1,298,124
Net surplus transferred from insurance operations	3	9,366,495	--	57,111,347	--
		<u>10,533,343</u>	<u>627,722</u>	<u>61,404,997</u>	<u>4,146,561</u>
Directors' remuneration	12	(285,000)	(285,000)	(1,140,000)	(1,140,000)
General and administrative expenses		(199,016)	(225,824)	(608,400)	(928,675)
Net deficit transferred from insurance operations		--	(55,491,538)	--	(65,093,282)
<b>Net profit / (loss) for the period</b>		<u><b>10,049,327</b></u>	<u><b>(55,374,640)</b></u>	<u><b>59,656,597</b></u>	<u><b>(63,015,396)</b></u>
<b>Basic and diluted earnings / (loss) per share - Saudi Riyals</b>	13	<u><b>0.49</b></u>	<u><b>(2.97)</b></u>	<u><b>2.91</b></u>	<u><b>(3.38)</b></u>




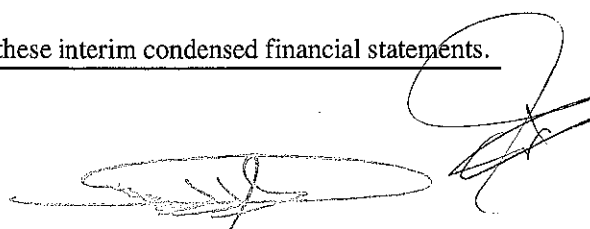
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SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"  
(A Saudi Joint Stock Company)  
INTERIM STATEMENT OF COMPREHENSIVE INCOME- SHAREHOLDERS'  
OPERATIONS (UNAUDITED)  
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2016  
Expressed in Saudi Arabian Riyals

		Three months ended 31 December		Twelve months ended 31 December	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Net profit / (loss) for the period		10,049,327	(55,374,640)	59,656,597	(63,015,396)
<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	486,594	(234,197)	(131,414)	(245,560)
<b>Total comprehensive income / (loss) for the period</b>		<u>10,535,921</u>	<u>(55,608,837)</u>	<u>59,525,183</u>	<u>(63,260,956)</u>

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

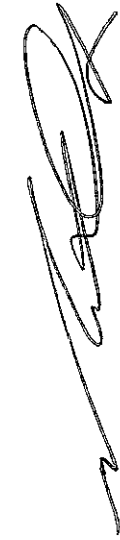
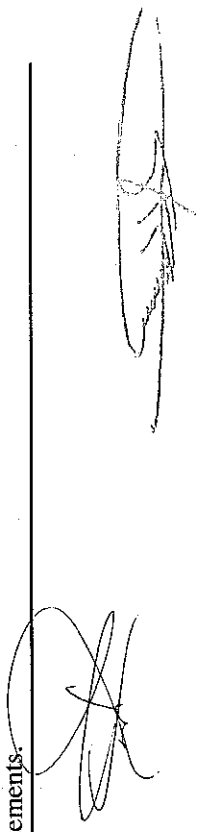





**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2016**  
Expressed in Saudi Arabian Riyals

	<u>Share capital</u>	<u>Accumulated deficit</u>	<u>Fair value reserve for available for sale investments</u>	<u>Total shareholders' equity</u>
<b><u>For the twelve month period ended 31 December 2015</u></b>				
Balance at 1 January 2015	100,000,000	(70,792,232)	(231,989)	28,975,779
Net loss for the period	--	(63,015,396)	--	(63,015,396)
Changes in fair value of available for sale investments (note 9.2)	--	--	(245,560)	(245,560)
Capital issue expenses	--	(3,899,521)	--	(3,899,521)
Right issue	105,000,000	--	--	105,000,000
Provision for zakat and income tax	--	--	--	--
<b>Balance as at 31 December 2015 (Audited)</b>	<b>205,000,000</b>	<b>(137,707,149)</b>	<b>(477,549)</b>	<b>66,815,302</b>
<b><u>For the twelve month period ended 31 December 2016</u></b>				
Balance at 1 January 2016	205,000,000	(137,707,149)	(477,549)	66,815,302
Net profit for the period	--	59,656,597	--	59,656,597
Changes in fair value of available for sale investments (note 9.2)	--	--	(131,414)	(131,414)
Provision for zakat and income tax	--	(4,150,000)	--	(4,150,000)
<b>Balance as at 31 December 2016 (Unaudited)</b>	<b>205,000,000</b>	<b>(82,200,552)</b>	<b>(608,963)</b>	<b>122,190,485</b>

The accompanying notes 1 to 17 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 TWELVE MONTH PERIOD ENDED 31 DECEMBER 2016**  
Expressed in Saudi Arabian Riyals

	<b>Note</b>	<b>31 December 2016 (Unaudited)</b>	<b>31 December 2015 (Audited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net results for the period		6,345,705	--
<i>Adjustments for:</i>			
Profit / (loss) transferred to Shareholders' operations		57,111,347	(65,093,282)
Provision for employees' end of service benefits		1,289,218	354,815
Unrealized loss on investments held for trading		256,756	--
Amortization of intangibles		782,601	605,646
Depreciation		489,204	221,759
Loss on disposal of property and equipment		--	19,875
Reinsurers' share of unearned premium		29,190,308	(23,391,490)
Unearned premiums income		(44,823,150)	166,651,461
Provision for doubtful debts		12,014,252	3,585,508
		<b>62,656,241</b>	<b>82,954,292</b>
<b>Changes in operating assets and liabilities:</b>			
Receivable from policyholders, net		(4,191,627)	(25,863,349)
Receivable from reinsurers, net		6,317,778	(7,153,193)
Reinsurers' share of outstanding claims		(88,946,277)	(14,467,392)
Deferred policy acquisition costs		4,824,783	(14,989,298)
Prepaid expenses		409,670	141,355
Advances and other receivables		(28,049,032)	(21,653,201)
Reinsurers' balances payable		(13,502,240)	17,538,405
Unearned commission income		916,989	1,162,506
Outstanding claims including reserves		89,367,971	116,617,663
Accrued expenses		(2,466,102)	1,686,241
Other liabilities		(1,817,131)	6,229,095
Due from shareholders' operation, net		7,122,881	(45,652,157)
Employees' end of service benefits paid		(379,996)	(140,966)
<b>Net cash generated from operating activities</b>		<b>32,263,908</b>	<b>96,410,001</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of intangibles assets		(566,736)	(792,619)
Purchase of property and equipment		(2,176,809)	(884,376)
Capital work in progress		--	(92,325)
Purchase of investments		(4,555,268)	(44,000,000)
Proceeds from disposal of investment		45,056,649	--
<b>Net cash generated from / (used in) investing activities</b>		<b>37,757,836</b>	<b>(45,769,320)</b>
<b>Increase in cash and cash equivalents during the period</b>		<b>70,021,744</b>	<b>50,640,681</b>
Cash and cash equivalents at the beginning of the period		57,617,704	6,977,023
<b>Cash and cash equivalents at the end of the period</b>	6	<b>127,639,448</b>	<b>57,617,704</b>

The accompanying notes 1 to 17 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 TWELVE MONTH PERIOD ENDED 31 DECEMBER 2016**  
Expressed in Saudi Arabian Riyals

	<b>31 December 2016 <u>(Unaudited)</u></b>	<b>31 December 2015 <u>(Audited)</u></b>
<u>Note</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the year before zakat	<b>59,656,597</b>	(63,015,396)
<u>Adjustments for:</u>		
Gain on sale of investments	--	(2,848,437)
Investment income		(1,298,124)
(Surplus) / deficit transferred from insurance operations	<b>(57,111,347)</b>	65,093,282
	<b>2,545,250</b>	(2,068,675)
<b>Changes in operating assets and liabilities:</b>		
Advances and other receivables	<b>(192,997)</b>	620,555
Accrued expenses	<b>270,500</b>	523,500
Other liabilities	<b>(100)</b>	161,182
Share compensation	<b>(9,369)</b>	12,026,407
Due to insurance operations, net	<b>(7,122,881)</b>	45,652,157
	<b>(4,509,597)</b>	56,915,126
Zakat and income tax paid	--	(760,513)
<b>Net cash (used in) / generated from operating activities</b>	<b>(4,509,597)</b>	56,154,613
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Statutory deposit	<b>(10,150,000)</b>	(10,661,182)
Purchase of investments	--	(167,163,193)
Proceeds from disposal of investments	<b>156,000,000</b>	50,309,754
<b>Net cash generated from / (used in) investing activities</b>	<b>145,850,000</b>	(127,514,621)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share capital	--	105,000,000
Capital issue expenses	--	(3,899,521)
<b>Net cash generated from financing activities</b>	--	101,100,479
<b>Increase in cash and cash equivalents during the period</b>		
	<b>141,340,403</b>	29,740,471
Cash and cash equivalents at the beginning of the period	<b>33,050,707</b>	3,310,236
<b>Cash and cash equivalents at the end of the period</b>	<b>174,391,110</b>	33,050,707
<b>Non-cash supplemental information:</b>		
Net change in the fair value of available for sale investments	<b>(131,414)</b>	(245,560)

The accompanying notes 1 to 17 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 AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2016**  
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**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34- "Interim Financial Reporting". These interim condensed financial statements have been prepared on the historical cost basis except for revaluation of investments, which are carried at fair value. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2015.

In management's opinion, these interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented.

**Increase in share capital**

As at 31 December 2016 the Company has accumulated losses of SAR 82.2 million (31 December 2015: SAR 137.71 million) that is 40.1% of the share capital (31 December 2015: 67.2%). On 8 April 2015, 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.

Further, the Company is in a continuous process to improve its business performance in order to reduce its accumulated losses. Accordingly, the Board of Directors has considered positively the impact of increase in the share capital on the financial position and future profitability of the Company and believes that the going concern basis used for preparation of these interim condensed financial statements is appropriate.

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**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, 2015 except calculation of present value of obligation related to employees end of service benefits as per actuarial valuation to be carried out on annual basis and liability for the same is calculated as per Saudi Labor law and the adoption of the following new standards and other amendments to existing standards mentioned below which have had an 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:

**New and amended standards issued and adopted**

- IFRS 14 – “Regulatory Deferral Accounts”, applicable for the annual periods beginning on or after 1 January 2016, allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first time adoption of IFRS. The standard does not apply to existing IFRS preparers. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first-time application of IFRS.

**Amendments to existing standards**

-Amendments to IFRS 10 – “Consolidated Financial Statements”, IFRS 12 – “Disclosure of Interests in Other Entities” and IAS 28 – “Investments in Associates”, applicable for the annual periods beginning on or after 1 January 2016, address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

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

-Amendments to IFRS 11 – “Joint Arrangements”, applicable for the annual periods beginning on or after 1 January 2016, require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 – “Business Combinations” and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

-Amendments to IAS 1 – “Presentation of Financial Statements”, applicable for the annual periods beginning on or after 1 January 2016, clarify, existing IAS 1 requirements in relation to:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income (“OCI”) and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. The amendments further clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

- Amendments to IAS 16 – “Property, Plant and Equipment” and IAS 38 – “Intangible Assets”, applicable for the annual periods beginning on or after 1 January 2016, restricts the use of ratio of revenue generated to total revenue expected to be generated to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

- Amendments to IAS 16 – “Property, Plant and Equipment” and IAS 41 – “Agriculture”, applicable for the annual periods beginning on or after 1 January 2016, change the scope of IAS 16 to include biological assets that meet the definition of bearer plants. Agricultural produce growing on bearer plants will remain within the scope of IAS 41. In addition, government grants relating to bearer plants will be accounted for in accordance with IAS 20 – “Accounting for Government Grants and Disclosure of Government Assistance”, instead of IAS 41.

- Amendments to IAS 27 – “Separate Financial Statements”, applicable for the annual periods beginning on or after 1 January 2016, allows an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

Annual improvements to IFRS 2012-2014 cycle applicable for annual periods beginning on or after 1 January 2016. A summary of the amendments is as follows:

-IFRS 5 – “Non-current Assets Held for Sale and Discontinued Operations”, amended to clarify that changing from one disposal method to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5.

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

-IFRS 7 – “Financial Instruments: Disclosures” has been amended to clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. The nature of the fee and the arrangement should be assessed in order to consider whether the disclosures are required under IFRS 7 and the assessment must be done retrospectively. IFRS 7 has been further amended to clarify that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

-IAS 19 – “Employee Benefits” – amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

-IAS 34 – “Interim Financial Reporting” – amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-referencing to the interim financial report (e.g., in the management commentary or risk report). However, the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

**Standards issued but not yet effective**

The following new or amended standards are not expected to have significant impact on the financial statements and the Company has chosen not to early adopt the following standards:

- IFRS 9 – Financial instruments (effective on or after January 1, 2018)
- IFRS 15 – Revenue from contracts with customers (effective on or after January 1, 2018)
- IFRS 16 – Leases (effective on or after January 1, 2019)

During the year the Company has carried out actuarial valuation using projected unit credit method for its liability related to employees’ end of service benefits. The liability has been increased by SAR 0.63 million and effects has been recorded in current period.

**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, 2015.

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**6. CASH AND CASH EQUIVALENTS**

	<b>31 December 2016</b>	
	<b>(Unaudited)</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>
	<b>31 December 2015 (Audited)</b>	
	<i>Insurance Operations</i>	<i>Shareholder' Operation</i>
Cash in hand	915,818	--
Balance in current account	56,701,886	33,050,707
	<u>57,617,704</u>	<u>33,050,707</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% to 3.4% per annum.

**7. RECEIVABLE FROM POLICYHOLDERS, NET**

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Gross receivables arising from insurance contracts	105,468,904	98,645,936
Less: Provision for doubtful debts <i>(note 7.a)</i>	(23,485,867)	(8,840,275)
Net receivables	<u>81,983,037</u>	<u>89,805,661</u>

- 7 (a)** The movement in the provision for doubtful debts of receivable from policyholders is as follows:

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	8,840,275	8,023,145
Charge of provision during the period / year	14,645,592	817,130
Closing balance	<u>23,485,867</u>	<u>8,840,275</u>

**8. RECEIVABLES FROM REINSURERS, NET**

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Gross receivables	4,474,159	10,844,365
Less: Provision for doubtful debts <i>(note 8.1)</i>	(84,611)	(2,768,378)
Net receivables	<u>4,389,548</u>	<u>8,075,987</u>

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

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	2,768,378	--
(Reversal) / Charge during the period / year	(2,683,767)	2,768,378
Closing balance	<u>84,611</u>	<u>2,768,378</u>



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**9. INVESTMENTS**

		<b>31 December 2016</b>	
		<b>(Unaudited)</b>	
		<i>Insurance Operations</i>	<i>Shareholders</i>
<b>Available for sale</b>			
Unquoted securities	9.1	<b>1,923,078</b>	---
Shariah compliant funds-quoted	9.2	--	<b>4,391,036</b>
<b>Held to maturity</b>			
Shariah compliant murahaba term deposit	9.3	--	--
<b>Held for trading</b>			
Quoted securities	9.4	<b>1,082,840</b>	--
		<b>3,005,918</b>	<b>4,391,036</b>
		<b>31 December 2015 (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	--	4,522,450
<b>Held to maturity</b>			
Shariah compliant murahaba term deposit	9.3	44,000,000	156,000,000
		<b>45,923,078</b>	<b>160,522,450</b>

**9.1** This represents investment in shares of Najm for insurance services amounting to SAR 1,923,078 (December 2015: SAR 1,923,078).

**9.2 Shariah compliant fund**

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	<b>4,522,450</b>	4,768,010
Unrealized loss during the period / year	<b>(131,414)</b>	(245,560)
Closing balance	<b>4,391,036</b>	4,522,450

**9.3** This represents investment in Murahaba amounting to SAR Nil (December 2015: SAR 200,000,000).

**9.4** This represents investment in quoted shares amounting to SAR 1,082,840 (December 2015: Nil).

**10. STATUTORY DEPOSIT**

In accordance with Article 58 of the Implementing Regulations for Cooperative Insurance, the Company has deposited an amount of SR 30,750,000 (31 December 2015: SAR 20,600,000) with Riyadh Bank. During the period 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 1,159,922 (31 December 2015: SAR 861,217) and the corresponding liability have been shown separately.

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**11. RELATED PARTY TRANSACTIONS AND BALANCES**

Related party	Nature of transaction	Note	Amount of transaction Three months		Amount of transaction Twelve months		Balance	
			31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
The New India Assurance Company Limited (Shareholder)	- Reinsurance premium ceded		128,264	354,660	1,496,692	1,076,035	128,264	697,931
	- Reinsurance commission		30,574	82,323	366,068	258,372	30,574	160,496
	- Reinsurer's share of outstanding claims		200,990	120,140	448,836	41,432	7,363,871	188,012
	- Share compensation		--	--	--	--	5,932,155	5,932,155
Life Insurance Corporation of INDIA (Shareholder)	- Share compensation		--	--	--	--	5,708,300	5,708,300
Life Insurance Corporation (International) BSC (Shareholder)	- Share compensation		--	--	--	5,422,885	--	--
Trust Broker (Ex-Board Director is GM in trust broker )	- Premium for policies written		949,226	139,663	21,931,297	14,678,163	1,293,123	1,045,077
	- Commission		137,465	34,618	1,714,163	678,181	235,293	232,699
Mubarak (Common Director)	- Premium for policies written		713,595	1,516,495	713,595	1,516,495	725,695	714,200
Actuscope (Ex-Chairman is partner in Actuscope)	- Actuarial Services		192,449	225,000	1,010,000	597,500	999,66	--
Saleh Abdullah Saleh Alhenaki (Ex- Board Chairman)	- Premium for policies written		--	--	26,046	23,667	--	--
Mohammed Abdullah Mohammed Al Areefi (Ex- Board Director)	- Premium for policies written		7,362	40,790	7,362	82,803	--	--
Directors and Sub Committees	- Remuneration	12	285,000	285,000	1,140,000	1,140,000	2,146,380	1,921,157
Directors and Sub Committees	- Meeting attendance fee		58,500	58,500	234,000	234,000	439,620	394,343

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**12. DIRECTORS' REMUNERATION**

During the period, provision has been made for the Board of Directors' remuneration for an amount of SAR 1,140,000 (31 December 2015: SAR 1,140,000).

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

As the result of a rights issue, during the year ended 31 December 2015, the Company issued 10.5 million new shares of SAR 10 each at par. The resulting capital is SAR 205 million, comprising 20.5 million shares of SAR 10 each.

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 and twelve-month period ended 31 December 2016 and 18,660,070 shares for the three and twelve-month period ended 31 December 2015.

**14. 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 by 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 December 2016 based on the fair value hierarchy:

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

<b>31 DECEMBER 2016 (Unaudited)</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	4,391,037	--	--	4,391,037
<b>Total</b>	<b>5,473,877</b>	<b>--</b>	<b>1,923,078</b>	<b>7,396,955</b>

<b>31 December 2015 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments</b>				
- Insurance operations	--	--	45,923,078	45,923,078
- Shareholders' operations	4,522,450	--	156,000,000	160,522,450
<b>Total</b>	<b>4,522,450</b>	<b>--</b>	<b>201,923,078</b>	<b>206,445,528</b>

The unlisted securities amounting to SAR 1,923,078 (31 December 2015: SAR 201,923,078) 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 twelve-month period ended 31 December 2016, 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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**15. 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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**15. SEGMENTAL INFORMATION (Continued)**

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

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	70,172,976	20,100,905	6,498,384	96,772,265
Reinsurance premiums ceded	--	(7,428,247)	(6,082,027)	(13,510,274)
Excess of loss premiums	(1,338,250)	--	(128,000)	(1,466,250)
<b>Net premiums written</b>	<b>68,834,726</b>	<b>12,672,658</b>	<b>288,357</b>	<b>81,795,741</b>
Change in unearned premiums, net	34,328,108	6,504,171	510,401	41,342,680
<b>Net premiums earned</b>	<b>103,162,834</b>	<b>19,176,829</b>	<b>798,758</b>	<b>123,138,421</b>
Reinsurance commission income	--	13,693,221	2,132,843	15,826,064
Other operating income	1,205,837	--	--	1,205,837
Other income	1,293,615	9,000,000	--	10,293,615
Unrealized loss on investments held for trading	--	--	--	218,056
Investment income	--	--	811,662	811,662
<b>Total revenue</b>	<b>105,662,286</b>	<b>41,870,050</b>	<b>3,961,319</b>	<b>151,493,655</b>
Gross claims paid	97,173,404	25,068,747	2,099,033	124,341,184
Less: reinsurers' share of claims paid	(387,740)	(13,801,570)	(1,673,163)	(15,862,473)
<b>Net claims paid</b>	<b>96,785,664</b>	<b>11,267,177</b>	<b>425,870</b>	<b>108,478,711</b>
Changes in premiums deficiency and other reserves	5,893,000	(73,000)	(369,000)	5,451,000
Changes in IBNR reserve	11,989,000	(1,856,000)	(147,000)	9,986,000
Changes in outstanding claims and reserves – net	(23,477,135)	218,616	347,939	(22,910,580)
<b>Net claims incurred</b>	<b>91,190,529</b>	<b>9,556,793</b>	<b>257,809</b>	<b>101,005,131</b>
Policy acquisition costs	8,945,383	2,798,035	1,459,675	13,203,093
Other underwriting expenses	701,011	975,431	27,961	1,704,403
<b>Total claims and other expenses</b>	<b>100,836,923</b>	<b>13,330,259</b>	<b>1,745,445</b>	<b>115,912,627</b>
<b>Surplus from insurance operation</b>	<b>4,825,363</b>	<b>28,539,791</b>	<b>2,215,874</b>	<b>35,581,028</b>
General and administrative expenses	--	--	--	(25,173,811)
<b>Net surplus for the period</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>10,407,217</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 AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2016**  
Expressed in Saudi Arabian Riyals

**15. SEGMENTAL INFORMATION (Continued)**

**For the twelve-month period ended 31 December 2016 (Unaudited)**

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	416,326,589	88,798,255	45,682,125	550,806,969
Reinsurance premiums ceded	--	(33,136,478)	(41,727,483)	(74,863,961)
Excess of loss premiums	(5,353,000)	--	(512,000)	(5,865,000)
<b>Net premiums written</b>	<b>410,973,589</b>	<b>55,661,777</b>	<b>3,442,642</b>	<b>470,078,008</b>
Changes in unearned premiums, net	(29,672,609)	44,254,625	1,050,826	15,632,842
<b>Net premiums earned</b>	<b>381,300,980</b>	<b>99,916,402</b>	<b>4,493,468</b>	<b>485,710,850</b>
Reinsurance commission income	--	13,693,221	9,027,891	22,721,112
Other operating income	5,774,947	--	--	5,774,947
Other income	3,858,930	9,000,000	--	12,858,930
Unrealized loss on investments held for trading	--	--	(256,756)	(256,756)
Investment income	--	--	3,213,322	3,213,322
<b>Total revenue</b>	<b>390,934,857</b>	<b>122,609,623</b>	<b>16,477,925</b>	<b>530,022,405</b>
Gross claims paid	303,237,164	101,972,911	13,063,549	418,273,624
Less: reinsurers' share of claims paid	(3,852,420)	(56,104,511)	(11,505,041)	(71,461,972)
<b>Net claims paid</b>	<b>299,384,744</b>	<b>45,868,400</b>	<b>1,558,508</b>	<b>346,811,652</b>
Changes in premiums deficiency and other reserves	(24,039,000)	345,000	(369,000)	(24,063,000)
Changes in IBNR reserve	51,946,000	(3,489,000)	(147,000)	48,310,000
Changes in outstanding claims	(23,976,216)	(843,595)	994,503	(23,825,308)
<b>Net claims incurred</b>	<b>303,315,528</b>	<b>41,880,805</b>	<b>2,037,011</b>	<b>347,233,344</b>
Policy acquisition costs	33,318,135	15,210,503	5,917,849	54,446,487
Other underwriting expenses	3,175,065	6,464,477	200,199	9,839,741
<b>Total claims and other expenses</b>	<b>339,808,728</b>	<b>63,555,785</b>	<b>8,155,059</b>	<b>411,519,572</b>
<b>Surplus from insurance operation</b>	<b>51,126,129</b>	<b>59,053,838</b>	<b>8,322,866</b>	<b>118,502,833</b>
General and administrative expenses	--	--	--	(55,045,781)
<b>Net surplus for the period</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>63,457,052</b>

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**  
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**15. SEGMENTAL INFORMATION (Continued)**

**As at 31 December 2016 (Unaudited)**

	<u><b>Motor</b></u>	<u><b>Health</b></u>	<u><b>Others</b></u>	<u><b>Total</b></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				349,131,935
<b>Total assets</b>				<u><b>521,371,152</b></u>
<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				36,788,487
<b>Total liabilities</b>				<u><b>521,371,152</b></u>



**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
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**15. SEGMENTAL INFORMATION (Continued)**

For the three-month period ended 31 December 2015 (Unaudited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	70,610,475	86,002,422	4,469,283	161,082,180
Reinsurance premiums ceded	--	(34,789,897)	(3,526,882)	(38,316,779)
Excess of loss premiums	(636,975)	--	(127,117)	(764,092)
Net premiums written	69,973,500	51,212,525	815,284	122,001,309
Changes in unearned premiums, net	(5,989,124)	(23,218,921)	262,378	(28,945,667)
Net premiums earned	63,984,376	27,993,604	1,077,662	93,055,642
Reinsurance commission income	--	15,221,303	1,646,532	16,867,835
Other operating income	245,275	--	--	245,275
Other income	--	--	1,416,880	1,416,880
Investment income	384,616	--	122,222	506,838
Underwriting revenue	64,614,267	43,214,907	4,263,296	112,092,470
Gross claims paid	61,446,334	17,493,897	907,845	79,848,076
Less: reinsurers' share of claims paid	(198,200)	(9,764,675)	(581,784)	(10,544,659)
Net claims paid	61,248,134	7,729,222	326,061	69,303,417
Changes in premiums deficiency and other reserves	43,441,000	--	680,000	44,121,000
Changes in IBNR reserve	17,517,000	3,009,000	(64,000)	20,462,000
Changes in outstanding claims and reserves – net	2,204,781	1,468,663	1,023,771	4,697,215
Net claims incurred	124,410,915	12,206,885	1,965,832	138,583,632
Policy acquisition costs	5,788,276	4,379,597	927,478	11,095,351
Other underwriting expenses	(544,573)	6,465,592	20,700	5,941,719
Total claims and other expenses	129,654,618	23,052,074	2,914,010	155,620,702
Underwriting (deficit) / surplus	(65,040,351)	20,162,833	1,349,286	(43,528,232)
General and administrative expenses				(11,963,306)
Net deficit for the period				(55,491,538)

**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 AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2016**  
**Expressed in Saudi Arabian Riyals**

**15. SEGMENTAL INFORMATION (Continued)**

For the twelve-month period ended 31 December 2015 (Audited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	284,467,515	204,598,140	32,632,406	521,698,061
Reinsurance premiums ceded	--	(83,098,630)	(27,811,611)	(110,910,241)
Excess of loss premiums	(2,547,901)	--	(508,469)	(3,056,370)
Net premiums written	281,919,614	121,499,510	4,312,326	407,731,450
Changes in unearned premiums, net	(114,029,539)	(28,735,905)	(494,525)	(143,259,969)
Net premiums earned	167,890,075	92,763,605	3,817,801	264,471,481
Reinsurance commission income	--	18,221,303	5,646,630	23,867,933
Other operating income	3,800,261	--	--	3,800,261
Other income	--	--	1,416,880	1,416,880
Investment income	384,616	--	122,222	506,838
Underwriting revenue	172,074,952	110,984,908	11,003,533	294,063,393
Gross claims paid	140,977,575	75,091,009	5,488,782	221,557,366
Reinsurers' share of claims paid	(1,329,866)	(41,885,064)	(4,409,480)	(47,624,410)
Net claims paid	139,647,709	33,205,945	1,079,302	173,932,956
Changes in premiums deficiency reserve and other reserves	41,396,000	--	680,000	42,076,000
Changes in IBNR reserve	54,820,000	2,915,000	(64,000)	57,671,000
Changes in outstanding claims and reserves -- net	(199,862)	1,466,871	1,136,268	2,403,277
Net claims incurred	235,663,847	37,587,816	2,831,570	276,083,233
Policy acquisition costs	15,826,881	14,819,195	3,743,930	34,390,006
Other underwriting expenses	1,210,219	13,754,712	157,074	15,122,005
Total claims and other expenses	252,700,947	66,161,723	6,732,574	325,595,244
Underwriting (deficit) / surplus	(80,625,995)	44,823,185	4,270,959	(31,531,851)
General and administrative expenses				(33,561,431)
Net deficit for the period				(65,093,282)

**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 AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2016**  
**Expressed in Saudi Arabian Riyals**

**15. SEGMENTAL INFORMATION (Continued)**

As at 31 December 2015 (Audited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
<b>Assets:</b>				
Reinsurers' share of outstanding claims	731,000	14,792,985	20,927,643	36,451,628
Reinsurers' share of unearned premium income	--	47,080,097	8,872,924	55,953,021
Deferred policy acquisition costs	12,452,951	10,833,056	1,617,375	24,903,382
Unallocated assets				368,751,861
Total assets				<u>486,059,892</u>
<b>Liabilities:</b>				
Unearned premium income	142,436,713	116,025,234	11,519,772	269,981,719
Outstanding claims	117,041,464	26,887,312	24,610,619	168,539,395
Reserve for life insurance operations	--	--	1,516,730	1,516,730
Unallocated liabilities				46,022,048
Total liabilities				<u>486,059,892</u>

**16. SHARE CAPITAL**

The authorized, issued and paid-up share capital of the Company is SAR 205 million as at 31 December 2016 (2015: SAR 205 million) consisting of 20.5 million shares (2015: 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. 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.

**17. APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the board of directors of the company on 20, Rabi al Akhir 1438H corresponding to 18th January 2017

