
SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE
"WAFA INSURANCE"
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS
ENDED 30 JUNE 2017
together with the
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

**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 SIX MONTH PERIODS ENDED 30 JUNE 2017**

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI INDIAN COOPERATIVE INSURANCE "WAFA INSURANCE" (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Saudi Indian Cooperative Insurance "Wafa Insurance" (A Saudi Joint Stock Company) (the "Company") as at 30 June 2017 and the related interim statement of comprehensive income - insurance operations; interim statement of income - shareholders' operations, interim statement of comprehensive income - shareholders' operations, for the three and six month periods then ended interim statement of changes in shareholders' equity, and interim statements of insurance operations' and shareholders' operations cash flows for the six month periods then ended, and the related notes which form an integral part of these interim condensed financial information. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for zakat and income tax. Our responsibility is to express a conclusion on this interim 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, as endorsed in the kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

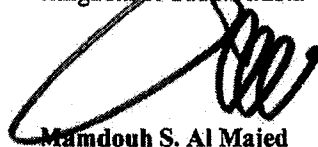
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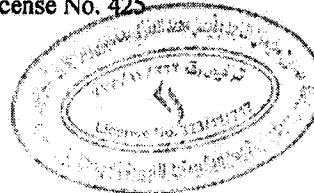
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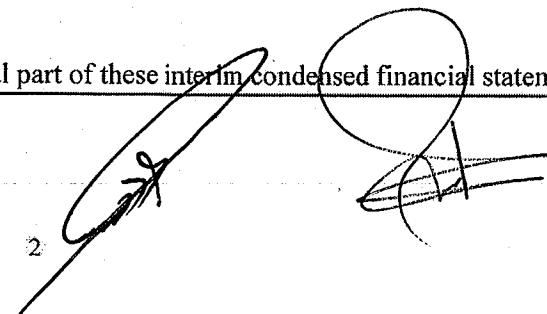


August 1, 2017(G)
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SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2017
Expressed in Saudi Arabian Riyals

		30 June 2017 (Unaudited)	31 December 2016 (Audited)
	<u>Notes</u>		
Insurance operations' assets			
Cash and cash equivalents	6	92,143,256	127,639,448
Receivable from policyholders, net	7	177,820,864	81,983,037
Receivable from reinsurers, net	8	22,071,266	10,364,244
Reinsurers' share of outstanding claims		84,740,374	125,397,905
Reinsurers' share of unearned premiums income		93,488,765	26,762,713
Deferred policy acquisition costs		25,690,163	20,078,599
Prepayments		6,287,708	1,342,713
Investments	9	2,909,913	3,005,918
Advances and other receivables		26,102,964	57,565,847
Property and equipment, net		3,568,647	2,751,710
Intangible assets, net		1,447,956	935,219
Due from shareholders' operations		48,101,174	69,518,495
Total insurance operations' assets		584,373,050	527,345,848
Shareholders' assets			
Cash and cash equivalents	6	155,050,371	174,391,110
Investments	9	4,147,600	4,391,036
Prepayments		150,000	--
Advances and other receivables		86,729	584,943
Return on statutory deposit	10	1,493,721	1,159,922
Statutory deposit	10	30,750,000	30,750,000
Total shareholders' assets		191,678,421	211,277,011
Total assets		776,051,471	738,622,859

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 30 June 2017
Expressed in Saudi Arabian Riyals

		30 June 2017 <u>(Unaudited)</u>	31 December 2016 <u>(Audited)</u>
	<u>Notes</u>		
Insurance operations' liabilities and surplus			
Insurance operations' liabilities			
Reinsurers' balances payable		41,317,601	15,663,169
Unearned premiums income		300,624,532	225,158,569
Unearned commission income		12,722,545	3,324,551
Outstanding claims including reserves		189,231,309	257,907,366
Reserve for life insurance operations		1,516,730	1,516,730
Accrued expenses		1,602,749	1,024,095
Other liabilities		27,366,811	13,460,398
Employees' end of service benefits		2,945,265	2,945,265
Total insurance operations' liabilities		<u>577,327,542</u>	<u>521,000,143</u>
Insurance operations' surplus			
Insurance operations' surplus distribution payable to policyholders		7,045,508	6,345,705
Total insurance operations' liabilities and surplus		<u>584,373,050</u>	<u>527,345,848</u>
Shareholders' liabilities and equity			
Shareholders' liabilities			
Zakat and income tax payable	12	2,323,086	4,921,363
Accrued expenses		2,996,000	2,586,000
Statutory deposit investment return payable	10	1,493,721	1,159,922
Other liabilities		--	285,315
Share compensation	17	11,731,623	11,731,623
Due to insurance operations		48,101,174	69,518,495
Total shareholders' liabilities		<u>66,645,604</u>	<u>90,202,718</u>
Shareholders' equity			
Share capital	17	122,000,000	205,000,000
Retained earnings/ (Accumulated deficit)		3,885,216	(83,316,744)
Fair value reserve for available for sale investments		(852,399)	(608,963)
Total shareholders' equity		<u>125,032,817</u>	<u>121,074,293</u>
Total shareholders' liabilities and equity		<u>191,678,421</u>	<u>211,277,011</u>
Total liabilities, insurance operations' surplus and shareholders' equity		<u>776,051,471</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 AND SIX MONTH PERIODS ENDED 30 JUNE 2017
Expressed in Saudi Arabian Riyals

	Three months ended 30 June		Six months ended 30 June	
<i>Note</i>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Gross premiums written	118,936,754	161,032,610	351,955,634	360,878,991
Reinsurance premium ceded	(43,917,409)	(19,760,318)	(122,783,367)	(47,601,220)
Excess of loss premium	(1,919,250)	(1,466,250)	(3,838,500)	(2,932,500)
Net premiums written	73,100,095	139,806,042	225,333,767	310,345,271
Changes in unearned premium, net	28,244,099	(12,257,853)	(8,739,912)	(74,053,172)
Net premium earned	101,344,194	127,548,189	216,593,855	236,292,099
Reinsurance commissions	5,004,376	2,740,475	7,995,517	4,681,776
Other operating income	208,083	2,170,553	1,851,732	3,554,038
Other income	1,169,000	920,538	2,122,655	1,467,123
Unrealized loss on investments held for trading	(66,608)	(47,490)	(96,005)	(47,490)
Investment income	164,846	609,003	571,070	1,369,122
Total revenue	107,823,891	133,941,268	229,038,824	247,316,668
Gross claims paid	148,895,814	101,953,493	291,806,102	189,679,226
Less: Reinsurers' share	(61,308,241)	(17,835,171)	(99,361,339)	(36,623,970)
Net claims paid	87,587,573	84,118,322	192,444,763	153,055,256
Changes in outstanding claims and reserves-net	(12,036,806)	18,149,629	(28,018,527)	(1,177,088)
Net claims incurred	75,550,767	102,267,951	164,426,236	151,878,168
Policy acquisition costs	12,266,227	14,424,559	24,285,238	27,286,519
Other underwriting expenses	3,767,343	1,298,479	9,739,357	5,107,496
Total claims and other expenses	91,584,337	117,990,989	198,450,831	184,272,183
Underwriting surplus	16,239,554	15,950,279	30,587,993	63,044,485
General and administrative expenses	(12,810,647)	(11,681,594)	(23,589,966)	(18,853,894)
Net surplus for the period	3,428,907	4,268,685	6,998,027	44,190,591
Surplus transferred to shareholders' operations	(3,086,016)	(3,841,817)	(6,298,224)	(39,771,532)
Net surplus for the period after appropriations to shareholders' operations	342,891	426,868	699,803	4,419,059
Other comprehensive income				
Total comprehensive surplus for the period	342,891	426,868	699,803	4,419,059

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 AND SIX MONTH PERIODS ENDED 30 JUNE 2017
Expressed in Saudi Arabian Riyals

	<i>Note</i>	Three months ended 30 June		Six months ended 30 June	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net surplus transferred from insurance operations	3	3,086,016	3,841,817	6,298,224	39,771,532
Investment income		364,758	1,062,589	1,192,866	2,014,120
		3,450,774	4,904,406	7,491,090	41,785,652
Directors' remuneration	12	(225,000)	(285,000)	(450,000)	(570,000)
General and administrative expenses		(301,347)	(137,528)	(470,433)	(273,936)
Net profit for the period		<u>2,924,427</u>	<u>4,481,878</u>	<u>6,570,657</u>	<u>40,941,716</u>
Basic and diluted earnings per share - Saudi Riyals	14	<u>0.24</u>	<u>0.37</u>	<u>0.54</u>	<u>3.35</u>
			Restated		Restated

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 AND SIX MONTH PERIODS ENDED 30 JUNE 2017
Expressed in Saudi Arabian Riyals

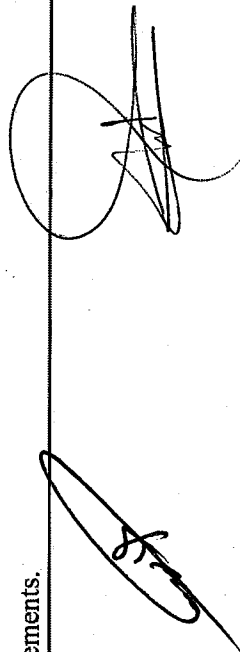
	Three months ended 30 June		Six months ended 30 June	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Profit for the period	2,924,427	4,481,878	6,570,657	40,941,716
<i>Other comprehensive income</i>				
<i>Items that will be subsequently reclassified to the statement of income-shareholders' operations</i>				
Changes in fair value of available for sale investments (Note 9.2)	(87,162)	180,022	(243,436)	(93,543)
Total comprehensive income for the period	<u>2,837,265</u>	<u>4,661,900</u>	<u>6,327,221</u>	<u>40,848,173</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 CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2017
Expressed in Saudi Arabian Riyals

	Notes	Share capital	(Accumulated deficit) / Retained earnings	Fair value reserve for available for sale investments	Total shareholders' equity
Balance at 1 January 2016		205,000,000	(137,707,149)	(477,549)	66,815,302
Net profit for the period		--	40,941,716	--	40,941,716
Changes in fair value of available for sale investments		--	--	(93,543)	(93,543)
Provision for zakat		--	(247,414)	--	(247,414)
Provision for income tax		--	(352,586)	--	(352,586)
Balance as at 30 June 2016		205,000,000	(97,365,433)	(571,092)	107,063,475
Balance at 1 January 2017		205,000,000	(83,316,744)	(608,963)	121,074,293
Net profit for the period		--	6,570,657	--	6,570,657
Reduction of share capital	16	(83,000,000)	83,000,000	--	--
Transaction cost relating to reduction in share capital	16	--	(210,000)	--	(210,000)
Changes in fair value of available for sale investments		--	--	(243,436)	(243,436)
Provision for zakat	12	--	(1,731,744)	--	(1,731,744)
Provision for income tax	12	--	(426,953)	--	(426,953)
Balance as at 30 June 2017		122,000,000	3,885,216	(852,399)	125,032,817

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 AND SIX MONTH PERIODS ENDED 30 JUNE 2017
Expressed in Saudi Arabian Riyals

	30 June 2017 <u>(Unaudited)</u>	30 June 2016 <u>(Unaudited)</u>
<u>Notes</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus for the period from insurance operations' after shareholders' appropriation	699,803	4,419,059
<u>Adjustments for:</u>		
Surplus transferred to shareholders' operations	6,298,224	39,771,532
Provision for employees' end of service benefits	107,982	436,041
Unrealized loss on investments held for trading	96,005	47,490
Amortization of intangible assets	200,883	397,353
Depreciation of property and equipment	389,734	203,044
Changes in reinsurers' share of unearned premium during the period	(66,726,052)	9,536,786
Changes in unearned premiums income during the period	75,465,963	64,516,386
Provision for doubtful debts	90,973	1,581,674
	<u>16,623,515</u>	<u>120,909,365</u>
Changes in operating assets and liabilities:		
Receivable from policyholders, net	(95,928,800)	(37,704,163)
Receivable from reinsurers, net	(11,707,022)	(953,206)
Reinsurers' share of outstanding claims	40,657,531	10,933,708
Deferred policy acquisition costs	(5,611,564)	(5,415,944)
Prepayments	(4,944,995)	(4,308,756)
Advances and other receivables	6,869,322	(4,914,140)
Reinsurers' balances payable	50,247,993	(193,116)
Unearned commission income	9,397,994	2,826,748
Outstanding claims and reserves	(68,676,057)	(12,110,794)
Accrued expenses	578,654	(1,807,522)
Other liabilities	13,906,413	(5,958,175)
Due from shareholders' operations	15,119,097	13,993,297
Cash (used in) / generated from operations	(33,467,919)	75,297,302
Employees' end of service benefits paid	(107,982)	(48,317)
Net cash (used in) / generated from operating activities	<u>(33,575,901)</u>	<u>75,248,985</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangibles assets	(713,620)	(516,874)
Purchase of property and equipment	(1,206,671)	(1,049,366)
Payments for purchase of held to maturity investments	--	(4,393,492)
Receipts from disposal of investments	--	46,342,502
Net cash (used in) / generated from investing activities	<u>(1,920,291)</u>	<u>40,382,770</u>
(Decrease) / increase in cash and cash equivalents during the period	<u>(35,496,192)</u>	<u>115,631,755</u>
Cash and cash equivalents at the beginning of the period	127,639,448	57,617,704
Cash and cash equivalents at the end of the period	6 <u>92,143,256</u>	<u>173,249,459</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 AND SIX MONTH PERIODS ENDED 30 JUNE 2017
Expressed in Saudi Arabian Riyals

	30 June 2017	30 June 2016
<i>Notes</i>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period before zakat and income tax	6,570,657	40,941,716
<u>Adjustments for:</u>		
Surplus transferred from insurance operations	(6,298,224)	(39,771,532)
	<u>272,433</u>	<u>1,170,184</u>
Changes in operating assets and liabilities:		
Prepaid expenses	(150,000)	(150,000)
Advances and other receivables	498,214	(120,700)
Accrued expenses	410,000	687,000
Other liabilities	(285,315)	3,534
Statutory deposit investment return payable	333,799	--
Due to insurance operations	(15,119,097)	(13,993,297)
Zakat and income tax paid	(4,756,974)	--
Net cash (used in) operating activities	<u>(18,796,940)</u>	<u>(12,403,279)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Return on statutory deposit	(333,799)	(153,633)
Statutory deposit	--	(10,000,000)
Disposal of investment	--	156,000,000
Net cash (used in) / generated from investing activities	<u>(333,799)</u>	<u>145,846,367</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Transaction cost relating to reduction in share capital	16 (210,000)	--
Net cash (used in) financing activities	<u>(210,000)</u>	<u>--</u>
(Decrease) / increase in cash and cash equivalents during the period	<u>(19,340,739)</u>	<u>133,443,088</u>
Cash and cash equivalents at the beginning of the period	174,391,110	33,050,707
Cash and cash equivalents at the end of the period	6 <u>155,050,371</u>	<u>166,493,795</u>
Non-cash supplemental information:		
Net change in the fair value of available for sale investments	<u>(243,436)</u>	<u>(93,543)</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 AND SIX MONTH PERIODS ENDED 30 JUNE 2017
Expressed in Saudi Arabian Riyals

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"). The Company commenced its general insurance operations from 20 August 2008 and protection and savings insurance operations from 11 January 2009. The company license has been renewed by SAMA for a period of three years effective from 3 March 2017 corresponding to 4 Jumada II, 1438H.

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 (interim condensed financial information) of the Company as at and for the three and six-month period ended 30 June 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 and held for trading 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 AND SIX MONTH PERIODS ENDED 30 JUNE 2017
Expressed in Saudi Arabian Riyals

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 / period 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.

New International Financial Reporting Standards (IFRS) 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.

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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 on or 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 implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available for sale being reclassified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are to increase due to the introduction of the expected credit loss methodology. Upon implementation of the revised standard IFRS 4 'Insurance Contracts', more assets may be classified as at fair value through profit or loss under the fair value option. The Company continues to monitor the IASB progress on amendments to IFRS 4, which also introduces a temporary exemption for the implementation of IFRS 9 for reporting entities whose activities predominantly relate to insurance. The Company expects that it will be eligible for this temporary exemption and will consider deferring the implementation of IFRS 9 until a later date, but no later than 1 January 2021.

- IFRS 17 'Insurance Contracts'

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.

- 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.

- IFRIC 23 'Uncertainty over Income Tax Treatments'

The IFRS interpretations committee (IFRIC) has published a new interpretation IFRIC 23 'Uncertainty over Income Tax Treatments' specifying how entities should reflect uncertainties in accounting for income taxes. IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019 and is not expected to affect the Company materially.

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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)*

- 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'.

- 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, "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 recognized.
- 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.

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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)*

- 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 recognize 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 instrument

- 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

	30 June 2017 (Unaudited)	
	<i>Insurance Operations</i>	<i>Shareholders' Operation</i>
Cash in hand	3,408	--
Balance in current account	89,535,439	14,359,291
Term deposit at banks (<i>note no 6.a</i>)	2,604,409	140,691,080
	<u>92,143,256</u>	<u>155,050,371</u>
	31 December 2016 (Audited)	
	<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

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Gross receivables arising from insurance contracts	201,306,732	105,468,905
Less: Provision for doubtful debts (<i>note 7.1</i>)	(23,485,868)	(23,485,868)
Net receivables	<u>177,820,864</u>	<u>81,983,037</u>

7.1 The movement in provision for doubtful debts is as follows:

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

8. RECEIVABLES FROM REINSURERS, NET

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Gross receivables	22,246,850	10,448,855
Less: Provision for doubtful debts (<i>note 8.1</i>)	(175,584)	(84,611)
Net receivables	<u>22,071,266</u>	<u>10,364,244</u>

8.1 The movement in the provision for doubtful debts is as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Opening balance	84,611	2,768,378
Charge / (reversal) during the period / year	90,973	(2,683,767)
Closing balance	<u>175,584</u>	<u>84,611</u>

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9. INVESTMENTS

		30 June 2017	
		(Unaudited)	
		<i>Insurance Operations</i>	<i>Shareholder's Operations</i>
Available for sale			
Unquoted securities	9.1	1,923,078	--
Shariah compliant funds-quoted	9.2	--	4,147,600
Held for trading			
Quoted securities	9.3	986,835	--
		<u>2,909,913</u>	<u>4,147,600</u>
		31 December 2016	
		(Audited)	
		<i>Insurance Operations</i>	<i>Shareholders</i>
Available for sale			
Unquoted securities	9.1	1,923,078	--
Shariah compliant fund - quoted	9.2	--	4,391,036
Held for trading			
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 (31 December 2016: SAR 1,923,078).

9.2 Shariah compliant fund

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
Opening balance	4,391,036	4,522,450
Unrealized loss during the period / year	(243,436)	(131,414)
Closing balance	<u>4,147,600</u>	<u>4,391,036</u>

9.3 This represents investment in quoted shares amounting to SAR 986,835 (31 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 before reduction of capital in order to comply with SAMA letter no 371000070032 dated 30th 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 1,493,721 (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

Related parties	Nature of transactions	Notes	Amount of transactions				Balances	
			30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	31 December 2016
			Three months	Three months	Six months	Six months		
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
The New India Assurance Company Limited (Shareholder)	- Reinsurance premium ceded		333,871	639,467	871,551	1,179,192	--	--
	- Reinsurance commission income		79,380	157,483	220,846	291,725	--	--
	- Reinsurer's share of outstanding claims		86,451	247,845	86,451	448,836	--	--
	-Balance receivable		--	--	--	--	3,393,413	1,722,908
Life Insurance Corporation of India (Shareholder)	-Share compensation balance payable		--	--	--	--	--	5,932,155
	-Share compensation balance payable		--	--	--	--	--	5,708,300
	-Remuneration	13	225,000	285,000	450,000	570,000	--	--
Directors and Executive Committee	-Balance payable		--	--	--	--	2,416,380	2,146,380
Directors and Executive Committee	-Meeting attendance fee		58,500	58,500	117,000	117,000	--	--
	-Balance payable		--	--	--	--	579,620	439,620

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12. ZAKAT AND INCOME TAX PAYABLE

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

Movements in zakat is as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Balance at beginning of the period / year	3,171,850	(344,829)
Provision during the period / year	1,731,744	3,516,679
Payment during the period / year	(3,107,330)	
Balance at end of the period / year	<u>1,796,264</u>	<u>3,171,850</u>

Movements in the income tax is as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Balance at beginning of the period / year	1,749,513	--
Provision during the period / year	426,953	1,749,513
Payment during the period / year	(1,649,644)	
Balance at end of the period / year	<u>526,822</u>	<u>1,749,513</u>

Shareholdings

Following is the shareholding structure of the Company as on:

	30 June 2017	31 December 2016
Shareholding subject to Zakat	84.88%	84.88%
Shareholding subject to Income Tax	15.12%	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").

The GAZT issued assessment for the years 2006-2013 with an additional liability of SAR 8.5 million. The Company is in process of filing appeal against GAZT treatment and is confident of a favorable outcome. However, the Company has booked a provision of SAR 1.5 million.

13. DIRECTORS' REMUNERATION

During the six-month period ended 30 June 2017, provision has been made for the Board of Directors' remuneration for an amount of SAR 450,000 (30 June 2016: SAR 570,000).

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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 12,200,000 shares for the three and six-month periods ended 30 June 2017 and 12,200,000 shares for the three and six-month periods ended 30 June 2016. The weighted average number of shares have been retrospectively adjusted for all prior periods to reflect the reduction in share capital in line with the requirement of IAS 33 "Earnings per share".

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 given on next page presents the financial instruments at their fair values as of 30 June 2017 based on the fair value hierarchy:

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15. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

30 June 2017 (Unaudited)	Level 1	Level 2	Level 3	Total
Investments				
- Insurance operations	986,835	--	1,923,078	2,909,913
- Shareholders' operations	4,147,600	--	--	4,147,600
Total	5,134,435	--	1,923,078	7,057,513

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

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 six-month period ended 30 June 2017 and year 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.

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 30 June 2017 (Unaudited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	55,357,330	52,525,677	11,053,747	118,936,754
Reinsurance premiums ceded	(14,223,611)	(19,519,221)	(10,174,577)	(43,917,409)
Excess of loss premiums	(1,774,250)	--	(145,000)	(1,919,250)
Net premiums written	39,359,469	33,006,456	734,170	73,100,095
Change in unearned premiums, net	39,535,282	(11,662,178)	370,995	28,244,099
Net premiums earned	78,894,751	21,344,278	1,105,165	101,344,194
Reinsurance commission income	2,274,848	--	2,729,528	5,004,376
Other operating income	208,083	--	--	208,083
Other income	1,169,000	--	--	1,169,000
Unrealized loss on investments held for trading	--	--	(66,608)	(66,608)
Investment income	--	--	164,846	164,846
Total revenue	82,546,682	21,344,278	3,932,931	107,823,891
Gross claims paid	86,314,676	22,607,011	39,974,127	148,895,814
Less: reinsurers' share of claims paid	(10,238,850)	(12,301,581)	(38,767,810)	(61,308,241)
Net claims paid	76,075,826	10,305,430	1,206,317	87,587,573
Changes in outstanding claims and reserves – net	(11,747,410)	520,169	(809,565)	(12,036,806)
Net claims incurred	64,328,416	10,825,599	396,752	75,550,767
Policy acquisition costs	7,715,067	2,864,010	1,687,150	12,266,227
Other underwriting expenses	576,614	2,953,213	237,516	3,767,343
Total claims and other expenses	72,620,097	16,642,822	2,321,418	91,584,337
Surplus from insurance operations	9,926,585	4,701,456	1,611,513	16,239,554
General and administrative expenses	--	--	--	(12,810,647)
Net surplus for the period	--	--	--	3,428,907

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16. SEGMENTAL INFORMATION (Continued)

For the six-month period ended 30 June 2017 (Unaudited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	201,488,323	118,009,029	32,458,282	351,955,634
Reinsurance premiums ceded	(51,157,513)	(41,762,756)	(29,863,098)	(122,783,367)
Excess of loss premiums	(3,548,500)	--	(290,000)	(3,838,500)
Net premiums written	146,782,310	76,246,273	2,305,184	225,333,767
Change in unearned premiums, net	29,788,474	(38,481,365)	(47,021)	(8,739,912)
Net premiums earned	176,570,784	37,764,908	2,258,163	216,593,855
Reinsurance commission income	3,153,786	--	4,841,731	7,995,517
Other operating income	1,851,732	--	--	1,851,732
Other income	2,122,655	--	--	2,122,655
Unrealized loss on investments held for trading	--	--	(96,005)	(96,005)
Investment income	--	--	571,070	571,070
Total revenue	183,698,957	37,764,908	7,574,959	229,038,824
Gross claims paid	183,839,559	48,443,277	59,523,266	291,806,102
Less: reinsurers' share of claims paid	(15,056,582)	(26,499,276)	(57,805,481)	(99,361,339)
Net claims paid	168,782,977	21,944,001	1,717,785	192,444,763
Changes in outstanding claims and reserves – net	(27,385,803)	(150,787)	(481,937)	(28,018,527)
Net claims incurred	141,397,174	21,793,214	1,235,848	164,426,236
Policy acquisition costs	16,602,994	5,027,923	2,654,321	24,285,238
Other underwriting expenses	1,818,402	7,587,858	333,097	9,739,357
Total claims and other expenses	159,818,570	34,408,995	4,223,266	198,450,831
Surplus from insurance operations	23,880,387	3,355,913	3,351,693	30,587,993
General and administrative expenses	--	--	--	(23,589,966)
Net surplus for the period	--	--	--	6,998,027

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16. SEGMENTAL INFORMATION (Continued)

As at 30 June 2017 (Unaudited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Assets:				
Reinsurers' share of outstanding claims	7,175,536	9,087,539	68,477,299	84,740,374
Reinsurers' share of unearned premiums income	35,388,193	35,625,496	22,475,076	93,488,765
Deferred policy acquisition costs	15,088,602	7,541,565	3,059,996	25,690,163
Unallocated assets				380,453,748
Total assets				584,373,050
Liabilities and surplus:				
Unearned premiums income	177,709,041	98,797,368	24,118,123	300,624,532
Outstanding claims including reserves	100,030,982	17,043,494	72,156,833	189,231,309
Reserve for life insurance operations	--	--	1,516,730	1,516,730
Unallocated liabilities and surplus				93,000,479
Total liabilities and surplus				584,373,050

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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Expressed in Saudi Arabian Riyals

16. SEGMENTAL INFORMATION (Continued)

For the three-month period ended 30 June 2016 (Unaudited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	138,304,939	2,563,970	20,163,701	161,032,610
Reinsurance ceded	--	(844,483)	(18,915,835)	(19,760,318)
Excess of loss premiums ceded	(1,338,250)	--	(128,000)	(1,466,250)
Net premium written	136,966,689	1,719,487	1,119,866	139,806,042
Changes in unearned premium, net	(37,066,223)	24,613,029	195,341	(12,257,853)
Net premium earned	99,900,466	26,332,516	1,315,207	127,548,189
Reinsurance commissions	--	--	2,740,475	2,740,475
Other operating income	2,170,553	--	--	2,170,553
Other income	920,538	--	--	920,538
Unrealized loss on investments held for trading	--	--	(47,490)	(47,490)
Investment income	--	--	609,003	609,003
Total revenue	102,991,557	26,332,516	4,617,195	133,941,268
Gross claims paid	74,483,534	25,656,389	1,813,570	101,953,493
Less: reinsurers' share	(2,257,000)	(14,109,703)	(1,468,468)	(17,835,171)
Net claims paid	72,226,534	11,546,686	345,102	84,118,322
Changes in outstanding claims and reserves -- net	17,627,313	679,166	(156,850)	18,149,629
Net claims incurred	89,853,847	12,225,852	188,252	102,267,951
Policy acquisition costs	8,647,645	4,045,838	1,731,076	14,424,559
Other underwriting expenses	912,805	298,397	87,277	1,298,479
Total claims and other expenses	99,414,297	16,570,087	2,006,605	117,990,989
Surplus from insurance operations	3,577,260	9,762,429	2,610,590	15,950,279
General and administrative expenses	--	--	--	(11,681,594)
Net surplus for the period	--	--	--	4,268,685

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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Expressed in Saudi Arabian Riyals

16. SEGMENTAL INFORMATION (Continued)

For the six-month period ended 30 June 2016 (Unaudited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	285,942,354	40,310,080	34,626,557	360,878,991
Reinsurance ceded	--	(15,872,678)	(31,728,542)	(47,601,220)
Excess of loss premiums ceded	(2,676,500)	--	(256,000)	(2,932,500)
Net premium written	283,265,854	24,437,402	2,642,015	310,345,271
Changes in unearned premium, net	(106,121,023)	32,138,266	(70,415)	(74,053,172)
Net premium earned	177,144,831	56,575,668	2,571,600	236,292,099
Reinsurance commissions	--	--	4,681,776	4,681,776
Other operating income	3,554,038	--	--	3,554,038
Other income	1,467,123	--	--	1,467,123
Unrealized loss on investments held for trading	--	--	(47,490)	(47,490)
Investment income	--	--	1,369,122	1,369,122
Total revenue	182,165,992	56,575,668	8,575,008	247,316,668
Gross claims paid	133,520,084	47,924,319	8,234,823	189,679,226
Less: reinsurers' share	(2,638,380)	(26,364,026)	(7,621,564)	(36,623,970)
Net claims paid	130,881,704	21,560,293	613,259	153,055,256
Changes in outstanding claims and reserves – net	846,915	(1,814,157)	(209,846)	(1,177,088)
Net claims incurred	131,728,619	19,746,136	403,413	151,878,168
Policy acquisition costs	15,549,941	8,771,255	2,965,323	27,286,519
Other underwriting expenses	1,782,138	3,171,239	154,119	5,107,496
Total claims and other expenses	149,060,698	31,688,630	3,522,855	184,272,183
Surplus from insurance operation	33,105,294	24,887,038	5,052,153	63,044,485
General and administrative expenses	--	--	--	(18,853,894)
Net surplus for the period	--	--	--	44,190,591

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFI INSURANCE"

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 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>
Assets:				
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
Total assets				<u>527,345,848</u>
Liabilities and surplus:				
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
Total liabilities and surplus				<u>527,345,848</u>

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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17. SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company was SAR 205 million consisting of 20.5 million shares.

The Company's board of directors has recommended on 20th 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 obtained Saudi Arabian Monetary Agency (SAMA) approval, approval number 381000072304/ dated 4th April 2017 corresponding to 7 Rajab 1438 H. The Company obtained Capital Market Authority (CMA) approval on 24th April 2017 corresponding to 27 Rajab 1438 H, thus reducing the number of shares from 20,500,000 shares to 12,200,000 shares. During the period ended 30 June 2017, the shareholders of the Company have approved this reduction and the required changes in the Company by-laws relating to its reduction, in an extra-ordinary general meeting held on 14 June 2017 corresponding to 19 Ramadan 1438. The legal procedures related to updating the commercial registration and Company's by-laws is in process.

During the period ended 30 June 2017 the company has incurred transaction cost of SAR 210,000 in respect of reduction in share capital, which has been charged directly in statement of equity.

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. (Refer note 11).

18. COMPARITIVE FIGURES

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

During the period ended 30 June 2017, the management has reclassified a balance of SAR 5,974,696 from other liabilities to receivable from reinsurers-net in the comparative figures for year ended 31 December 2016.

19. EVENTS AFTER REPORTING PERIOD

The Company was suspended by SAMA from issuing new motor insurance policies effective from 27 April 2017 G corresponding to 1 Shaban 1438 H due to non-compliance with the related regulatory requirements. However, the Company was allowed to add vehicles on existing policies as well as renew policies issued prior to 27 April 2017 G corresponding to 1 Shaban 1438 H subject to renewing policies within a period not exceeding 30 days from policy expiry dates.

Effective from 4 July 2017 corresponding to 10 Shawwal 1438H suspension with respect to motor business was removed by SAMA.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the board of directors of the company on August 1, 2017(G) corresponding to Dhul-Qa'da 9, 1438 (H).

