
**AL ALAMIYA FOR COOPERATIVE INSURANCE
COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT**

**FOR THE THREE AND SIX MONTH PERIODS ENDED
30 JUNE 2017**

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

Unaudited Interim Condensed Financial Statements and Independent Auditors' Review Report
For the Three and Six Month Periods Ended 30 June 2017

INDEX	PAGE
Independent auditors' review report	1
Interim statement of financial position	2 – 3
Interim statement of comprehensive income - insurance operations	4
Interim statement of comprehensive income - shareholders' operations	5
Interim statement of changes in shareholders' equity	6
Interim statement of cash flows - insurance operations	7
Interim statement of cash flows - shareholders' operations	8
Notes to the interim condensed financial statements	9 – 20



KPMG Al Fozan & Partners
Certified Public Accountants



Aldar Audit Bureau
Abdullah Al-Basri & Co.

Grant Thornton

An instinct for growth

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

**TO: THE SHAREHOLDERS OF AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim statement of financial position of **Al Alamiya for Cooperative Insurance Company** (A Saudi Joint Stock Company) (the "Company") as at 30 June 2017 and the related interim statements of comprehensive income - insurance and shareholders' operations for the three and six month periods then ended and the interim statements of changes in shareholders' equity and interim statements of cash flows - insurance and shareholders' operations for the six month period ended and the related notes 1 through 17 which form an integral part of these interim condensed financial statements. The Company's management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and Saudi Arabian Monetary Authority's ("SAMA") guidance for the accounting of zakat and tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

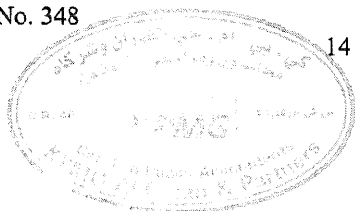
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" and SAMA guidance for the accounting of zakat and tax.

KPMG Al Fozan & Partners
Certified Public Accountants
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

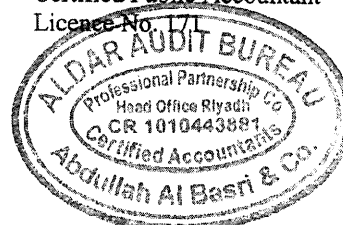
Aldar Audit Bureau
Abdullah Al Basri & Co
P. O. Box 2195
Riyadh 11451
Kingdom of Saudi Arabia

Abdullah Hamad Al Fozan
Certified Public Accountant
Licence No. 348



14 Dhu Al Qua'da 1438H
6 August 2017

Abdullah M. Al Basri
Certified Public Accountant
Licence No. 171




AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June

		30 June 2017 SR (Unaudited)	31 December 2016 SR (Audited)
	<i>Notes</i>		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	13,936,558	25,392,144
Term deposits	6	165,458,297	173,980,565
Investments	7(a)	1,923,079	1,923,079
Premiums and reinsurance balances receivable	9	87,196,481	64,217,031
Due from related parties		401,227	3,738,030
Due from shareholders' operations		--	10,331,206
Reinsurers' share of unearned premiums		45,548,536	65,177,646
Reinsurers' share of outstanding claims		53,053,008	59,932,896
Deferred policy acquisition costs		8,358,265	4,145,586
Prepayments and other assets		1,942,183	2,341,448
Property and equipment		162,779	159,872
TOTAL INSURANCE OPERATIONS' ASSETS		377,980,413	411,339,503
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	1,533,957	208,948
Term deposits	6	251,247,674	253,669,070
Investments	7(b)	75,906,738	75,877,200
Due from insurance operations		11,100,567	--
Other assets		1,244,420	1,624,061
Return on investment of statutory deposit	10	2,203,640	1,241,902
Statutory deposit	10	40,000,000	40,000,000
TOTAL SHAREHOLDERS' ASSETS		383,236,996	372,621,181
TOTAL ASSETS		761,217,409	783,960,684


Khalid Allagany
Chief Executive Officer


Fadi Aboul Hosn
Chief Financial Officer

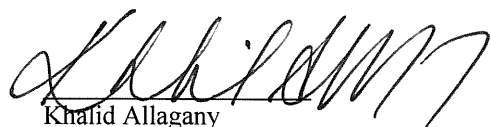
The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June

		<i>30 June</i> <i>2017</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2016</i> <i>SR</i> <i>(Audited)</i>
	<i>Notes</i>		
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims		157,067,479	170,703,351
Gross unearned premiums		106,112,999	120,085,145
Due to shareholders' operations		11,100,567	--
Accounts payable		11,165,176	9,549,217
Reinsurance balances payable		45,355,127	54,019,105
Due to related parties		513,706	854,256
Accrued expenses and other liabilities		21,871,557	31,471,807
Unearned reinsurance commission		5,849,201	6,906,953
Employees' end of service benefits		8,885,113	9,803,018
TOTAL INSURANCE OPERATIONS' LIABILITIES		367,920,925	403,392,852
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		10,059,488	7,946,651
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		377,980,413	411,339,503
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Due to insurance operations		--	10,331,206
Due to a related party		413,035	1,061,027
Deferred return on investment of statutory deposit	10	2,203,640	1,241,902
Accrued expenses and other liabilities		29,089,328	29,031,265
TOTAL SHAREHOLDERS' LIABILITIES		31,706,003	41,665,400
SHAREHOLDERS' EQUITY			
Share capital	12	400,000,000	400,000,000
Fair value reserve for available for sale investments		(579,467)	(688,369)
Accumulated losses		(47,889,540)	(68,355,850)
TOTAL SHAREHOLDERS' EQUITY		351,530,993	330,955,781
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		383,236,996	372,621,181
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		761,217,409	783,960,684



Khalid Allagany
Chief Executive Officer



Fadi Aboul Hosn
Chief Financial Officer

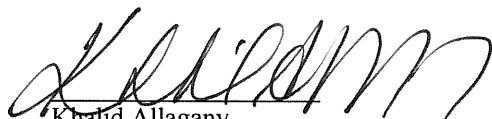
The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

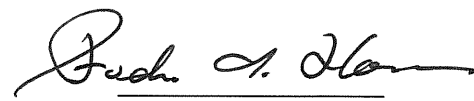
AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME – INSURANCE OPERATIONS
(UNAUDITED)

For the three and six month periods ended 30 June 2017

	<i>For the three month period ended</i>		<i>For the six month period ended</i>	
<i>Note</i>	<i>30 June 2017</i>	<i>30 June 2016</i>	<i>30 June 2017</i>	<i>30 June 2016</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross written premiums	48,116,555	49,797,808	134,437,399	158,842,493
Less: Reinsurance premium ceded	(22,530,037)	(24,415,198)	(41,104,237)	(60,440,401)
Excess of loss premiums	--	--	(9,153,188)	(11,370,439)
NET WRITTEN PREMIUMS	25,586,518	25,382,610	84,179,974	87,031,653
Changes in unearned premiums	33,716,900	41,186,899	13,972,146	34,401,102
Changes in reinsurance share of unearned premiums	(13,740,476)	(11,966,150)	(19,629,110)	(5,627,702)
NET PREMIUMS EARNED	45,562,942	54,603,359	78,523,010	115,805,053
Gross claims paid	(23,134,850)	(46,505,211)	(37,931,385)	(119,583,593)
Reinsurers' share of gross claims paid	8,877,243	22,078,829	11,503,933	63,695,342
Changes in outstanding claims	15,408,934	20,576,541	13,635,872	49,722,581
Changes in reinsurance share of outstanding claims	(13,640,384)	(20,741,149)	(6,879,888)	(48,361,839)
NET CLAIMS INCURRED	(12,489,057)	(24,590,990)	(19,671,468)	(54,527,509)
Policy acquisition costs	(9,909,199)	(4,945,827)	(14,402,789)	(12,332,110)
Reinsurance commission income	3,413,715	3,180,321	8,257,051	8,459,343
Other underwriting expenses	(271,601)	(262,498)	(677,949)	(799,138)
NET UNDERWRITING SURPLUS	26,306,800	27,984,365	52,027,855	56,605,639
General and administrative expenses	(19,787,267)	(14,621,901)	(29,429,455)	(27,172,555)
Investment income	601,852	659,501	1,535,497	1,282,641
Other income	--	--	16,037	36,322
INSURANCE OPERATIONS' SURPLUS	7,121,385	14,021,965	24,149,934	30,752,047
Shareholders' appropriation from insurance operations' surplus	2 (6,409,247)	(12,619,769)	(21,734,941)	(27,676,842)
NET SURPLUS AT END OF THE PERIOD	712,138	1,402,196	2,414,993	3,075,205
OTHER COMPREHENSIVE INCOME	--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM INSURANCE OPERATIONS	712,138	1,402,196	2,414,993	3,075,205


Khalid Allagany
Chief Executive Officer


Fadi Aboul Hosn
Chief Financial Officer

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

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME – SHAREHOLDERS’
OPERATIONS (UNAUDITED)

For the three and six month periods ended 30 June 2017

		<i>For the three month period ended</i>		<i>For the six month period ended</i>	
		<i>30 June 2017</i>	<i>30 June 2016</i>	<i>30 June 2017</i>	<i>30 June 2016</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
INCOME					
Shareholders’ appropriation from insurance operations’ surplus	2	6,409,247	12,619,769	21,734,941	27,676,842
Investment income		1,121,603	1,180,334	2,759,206	2,206,607
		<u>7,530,850</u>	<u>13,800,103</u>	<u>24,494,147</u>	<u>29,883,449</u>
General and administration expenses		(420,025)	(344,298)	(840,050)	(687,245)
NET INCOME FOR THE PERIOD		<u>7,110,825</u>	<u>13,455,805</u>	<u>23,654,097</u>	<u>29,196,204</u>
OTHER COMPREHENSIVE INCOME					
Item that will be reclassified subsequently to net income					
Change in fair value of available for sale investments	8	(137,554)	529,152	108,902	1,056,252
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>6,973,271</u>	<u>13,984,957</u>	<u>23,762,999</u>	<u>30,252,456</u>
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD					
	11	<u>0.18</u>	<u>0.34</u>	<u>0.59</u>	<u>0.73</u>
WEIGHTED AVERAGE NUMBER OF ISSUED SHARES					
	11	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>



Khalid Allagany
Chief Executive Officer



Fadi Aboul Hosn
Chief Financial Officer

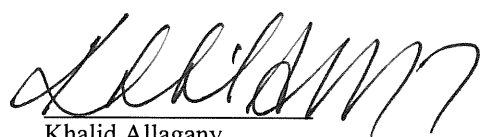
The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.


AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the three and six month periods ended 30 June

	<i>Share Capital SR</i>	<i>Fair value reserve for available for sale investments SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
Balance at 1 January 2016 (audited)	400,000,000	(1,285,861)	(106,249,045)	292,465,094
Net income for the period	--	--	29,196,204	29,196,204
Other comprehensive income:				
Change in fair value of available for sale investments	--	1,056,252	--	1,056,252
Total comprehensive income	--	1,056,252	29,196,204	30,252,456
Charge for zakat	--	--	(3,031,926)	(3,031,926)
Charge for Income tax	--	--	(1,532,327)	(1,532,327)
Balance as at 30 June 2016 (unaudited)	400,000,000	(229,609)	(81,617,094)	318,153,297
Balance at 1 January 2017 (audited)	400,000,000	(688,369)	(68,355,850)	330,955,781
Net income for the period	--	--	23,654,097	23,654,097
Other comprehensive income:				
Change in fair value of available for sale investments	--	108,902	--	108,902
Total comprehensive income	--	108,902	23,654,097	23,762,999
Charge for zakat	--	--	(2,168,494)	(2,168,494)
Charge for Income tax	--	--	(1,019,293)	(1,019,293)
Balance as at 30 June 2017 (unaudited)	400,000,000	(579,467)	(47,889,540)	351,530,993


Khalid Allagany
Chief Executive Officer


Fadi Aboul Hosn
Chief Financial Officer


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

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CASHFLOWS – INSURANCE OPERATIONS
(UNAUDITED)

		For the six month period ended	
		30 June 2017 SR	30 June 2016 SR
	Notes		
OPERATING ACTIVITIES			
Insurance operations' surplus after shareholders' appropriation		2,414,993	3,075,205
<i>Adjustments to reconcile insurance operations' surplus to net cash provided from operating activities:</i>			
Depreciation		23,593	98,639
Employees' end of service indemnities		1,100,000	1,310,001
Charge of provision for doubtful receivables	9	4,406,961	553,267
Operating cash inflows before changes in operating assets and liabilities		7,945,547	5,037,112
<i>Changes in operating assets and liabilities:</i>			
Premiums and insurance balances receivable		(27,386,410)	12,954,502
Due from related parties		3,336,803	(254,627)
Due to/ from shareholders' operations		21,431,772	27,676,842
Reinsurers' share of outstanding claims		6,879,888	48,361,839
Prepayments and other assets		399,265	(1,146,902)
Reinsurers' share of unearned premiums		19,629,110	5,627,702
Deferred policy acquisition costs		(4,212,679)	(3,008,433)
Gross outstanding claims		(13,635,872)	(49,722,581)
Gross unearned premiums		(13,972,146)	(34,401,102)
Accounts payable		1,615,959	2,309,996
Reinsurance balances payable		(8,663,978)	(12,643,819)
Due to related parties		(340,550)	(2,620,350)
Accrued expenses and other liabilities		(9,600,250)	445,637
Unearned reinsurance commission income		(1,057,752)	1,393,350
Disbursement of Surplus to policyholders		(302,156)	--
Cash (used in) / from operations		(17,933,449)	9,166
Employees' end of service benefits paid		(2,017,905)	(1,323,531)
Net cash used in operating activities		(19,951,354)	(1,314,365)
INVESTING ACTIVITY			
Purchase of property and equipment		(26,500)	(104,000)
Term deposits		8,522,268	(10,456,373)
Net cash from/ (used in) investing activity		8,495,768	(10,560,373)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,455,586)	(11,874,738)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		25,392,144	27,070,207
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	13,936,558	15,195,469



Khalid Allagany
Chief Executive Officer



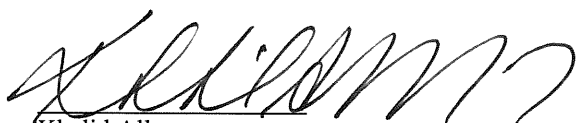
Fadi Aboul Hosn
Chief Financial Officer

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

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CASH FLOWS – SHAREHOLDERS’ OPERATIONS
(UNAUDITED)

	Note	<i>For the six month period ended</i>	
		<i>30 June 2017</i>	<i>30 June 2016</i>
		<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES			
Net income for the period		23,654,097	29,196,204
Operating cash flows before changes in operating assets and liabilities			
<i>Changes in operating assets and liabilities:</i>			
Other assets		379,641	713,953
Due to / from insurance operations		(21,431,771)	(27,676,842)
Accrued expenses and other liabilities		(2,167,988)	250,227
Due to related party		(647,992)	--
Statutory deposit		(961,738)	--
Net cash (used in) / from operating activities		(1,175,751)	2,483,542
INVESTING ACTIVITIES			
Term deposits		2,421,396	(1,612,877)
Investments		79,364	319,345
Net cash from / (used in) investing activities		2,500,760	(1,293,532)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,325,009	1,190,010
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		208,948	2,709,224
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	1,533,957	3,899,234
<u>Non-cash transactions:</u>			
Net change in fair value of available for sale investments		108,902	(1,056,252)



Khalid Allagany
Chief Executive Officer



Fadi Aboul Hosn
Chief Financial Officer

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

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six month periods ended 30 June 2017

1 ORGANISATION AND PRINCIPAL ACTIVITIES

Al Alamiya for Cooperative Insurance Company ("the Company") is a Saudi joint stock company registered on 29 Dhu-alQu'dah, 1430H (17 November 2009) under commercial registration (CR) number 4030194978. The registered head office of the Company is in Riyadh under CR number of 1010287831 with branches in Jeddah (CR 4030194978) and Khobar (CR 2051042939).

The activities of the Company are to transact cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 26 Dhu Al Hijjah, 1430H (13 December 2009), the Company received the license from Saudi Arabian Monetary Authority ("SAMA") to transact insurance business in the Kingdom of Saudi Arabia.

The registered office address of the Company is at Prince Mohammed bin Abdul Aziz Road, Home Centre Building, P.O. Box: 6393, Riyadh 11442, Kingdom of Saudi Arabia.

The Company operates in an industry where significant seasonal or cyclical variations in operating income are experienced during the financial year.

2 BASIS OF PREPARATION

Basis of measurement

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

Statement of compliance

The accompanying interim condensed financial statements for the three month and six month periods ended 30 June 2017 ("the period") are prepared in accordance with IAS 34 – Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and SAMA guidance for the accounting of zakat and tax, as such these do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2016. Until 31 December 2016, the financial statements of the Company were prepared in accordance with IFRS. This change in framework, however, does not result in any change in the Company's accounting policy for zakat and income tax.

During 2017, SAMA issued a Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and tax. As a result of these amendments, zakat and tax for the Company will continue to be accrued on a quarterly basis and recognized in statement of changes in shareholders' equity with a corresponding liability recognized in the statement of financial position.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Arabian Monetary Authority ("SAMA"). Any deficit arising on insurance operations is transferred to the shareholders operations in full.

In management's opinion, the 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. The interim results may not be indicative of the Company's annual results.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had no significant financial impact on the unaudited interim condensed financial statements of

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the six month periods ended 30 June 2017

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)

the Company on the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior year have been reclassified to conform to the presentation made in the current period:

Amendments to IASs- Disclosure Initiative” applicable from 1 January 2017.

Amendments to IAS 7 - “Statement of Cash Flows”, which is applicable for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Standards issued but not yet effective

In addition to the above-mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s condensed financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards, which have been published and are mandatory for compliance for the Company with effect from future dates.

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 re-classified 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 expected 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

IFRS 17 applies to virtually all insurance contracts (including reinsurance contracts) that an entity issues, reinsurance contracts that it holds and investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.

The following new or amended standards are not expected to have significant impact on the financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 16 Leases

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

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

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation of uncertainty were the same as those that were applied to the issued financial statements as at and for the year ended 31 December 2016.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the six month periods ended 30 June 2017

5 CASH AND CASH EQUIVALENTS

	<i>30 June 2017 (Unaudited)</i>		<i>31 December 2016 (Audited)</i>	
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash in hand	38,025	--	33,616	--
Cash at banks	13,898,533	1,533,957	25,358,528	208,948
	<u>13,936,558</u>	<u>1,533,957</u>	<u>25,392,144</u>	<u>208,948</u>

6 TERM DEPOSITS

Term deposits are placed with local banks with a maturity of more than three months from the date of original acquisition and earn investment income at an average rate of 1.7% per annum (31 December 2016: 2.3% per annum). The carrying amounts of the term deposits approximate the fair value at the statement of financial position date.

The Company holds an amount of SR 900,000 (31 December 2016: SR 1,300,000) in the statement of financial position of Insurance operations, in respect of deposits against letters of guarantee in favour of the Company's service providers.

7 INVESTMENTS

a) Insurance operations – Available for sale investments (AFS)

This represents investment in respect of the Company's shareholding in Najm for Insurance Services which is a Claim's Service Provider. This investment has been carried at cost in the absence of an active market or other means of reliably measuring its fair value.

b) Shareholders' operations – Available for sale investments (AFS)

	<i>30 June 2017 (Unaudited)</i>		<i>31 December 2016 (Audited)</i>	
	<i>Amortised cost</i>	<i>Market value</i>	<i>Amortised cost</i>	<i>Market value</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Bonds-Fixed Rate (Quoted)				
Abu Dhabi National Energy Company (TAQA)	3,924,489	3,945,938	4,003,797	4,031,250
SABIC Capital II BV	20,478,688	20,371,095	20,568,786	20,375,550
QNB (Qatar National Bank) Finance	13,699,172	13,533,750	13,733,256	13,459,500
Abu Dhabi Commercial Bank	15,655,308	15,518,568	15,665,254	15,428,400
Sukuks-Fixed Rate (Quoted)				
Saudi Electricity Company	--	--	18,765,876	18,768,750
EIB Sukuk Ltd(Emirates Islamic Bank)	3,790,473	3,811,762	3,828,600	3,813,750
KSA Sukuk Ltd	18,938,075	18,725,625	--	--
	<u>76,486,205</u>	<u>75,906,738</u>	<u>76,565,569</u>	<u>75,877,200</u>

The investment income ranges between 2% to 3% per annum (31 December 2016: 2% to 3% per annum) for bonds and sukuks.

These investments include SR 3,811,762 that is due to mature in coming twelve months.

The geographical split of investments held as available for sale comprise of bonds/ sukuks issued by GCC based companies through international stock exchanges.

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the six month periods ended 30 June 2017

8 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 in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair values of recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial statements. The estimated fair values of financial instruments are based on quoted market prices, when available. The fair values of these investments are disclosed below.

Determination of fair value and fair value hierarchy

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

Level 1: quoted prices in active markets for identical instrument (i.e., without modification or repacking);

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

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

As at 30 June 2017 and 31 December 2016, all financial instruments under shareholders operation which are measured at fair value are level 1 instrument.

The unlisted security of SR1.92 million (2016: SR 1.92 million) held as part of Company's insurance operations, were stated at cost in the absence of active markets or other means of reliably measuring their fair value.

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

During the three month and six month periods ended 30 June 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements. The net change in fair value of AFS investments amounts to a gain of SR 108,902 (30 June 2016: gain of SR 1,056,252) which has been recorded in the interim statement of comprehensive income – shareholders' operations.

The Company has not disclosed the fair value of other financial assets and liabilities as their carrying value are approximate to their fair values.

The credit quality of investment portfolio is as follows:

			30 June 2017
			(Unaudited)
			SR
Credit Quality	Credit Rating Agency	Financial Instrument	
A to A-	S&P	Bonds/ Sukuks	35,889,663
BBB+	S&P	Bonds	3,945,938
AA- to A	Fitch	Bonds/ Sukuks	36,071,137
			75,906,738
			31 December 2016
			(Audited)
			SR
Credit Quality	Credit Rating Agency	Financial Instrument	
A to A-	S&P	Bonds/ Sukuks	58,603,950
AA- to A	Fitch	Bonds/ Sukuks	17,273,250
			75,877,200

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the six month periods ended 30 June 2017

9 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Premiums receivable	88,071,154	63,098,370
Receivables from insurance and reinsurance companies	6,011,527	6,692,881
Receivables from related parties	10,491,712	7,396,731
	104,574,393	77,187,982
Less: Allowance for impairment of receivables	(17,377,912)	(12,970,951)
	87,196,481	64,217,031

Allowance for impairment of receivables includes SR 1.6 million (31 December 2016: SR 1.4 million) against receivables from related parties. Movement in the allowance for doubtful debts was as follows:

	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Opening balance	12,970,951	15,120,764
Debts written off against the provision	--	(1,145,799)
Charge/ (release) of provision for the period / year	4,406,961	(1,004,014)
Closing balance	17,377,912	12,970,951

10 STATUTORY DEPOSIT

In compliance with Insurance Implementing Regulations of SAMA, the Company deposited 10% of its paid up capital, amounting to SR 40 million in a bank designated by SAMA. The received investment return on the deposit as at 30 June 2017 is SR 2,203,640 (31 December 2016: SR1,241,902) and has been disclosed in assets as "Return on investment of statutory deposit" and the corresponding received investment return is shown in the liabilities as "Deferred return on investment of statutory deposit". This deposit cannot be withdrawn without SAMA's consent.

11 BASIC AND DILUTED EARNING PER SHARE FOR THE PERIOD

The basic and diluted earnings per share are as follows:

	For the six month period ended 30 June 2017 (Unaudited) SR	For the six month period ended 30 June 2016 (Unaudited) SR
Net income for the period	23,654,097	29,196,204
Weighted average number of outstanding shares	40,000,000	40,000,000
Basic and diluted earnings per share	0.59	0.73

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the six month periods ended 30 June 2017

12 SHARE CAPITAL

The authorized and paid up share capital of the Company is SR 400 million divided into 40 million shares of SR 10 each (31 December 2016: SR 400 million divided into 40 million shares of SR 10 each).

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms, which are approved by the management. Related parties include RSA group in United Kingdom as well as affiliated companies in United Arab Emirates, Sultanate of Oman and Kingdom of Bahrain and Riyad Bank. The following are the details of major related party transactions for insurance and shareholders' operations during the period and the balances at the end of the period / year:

		<i>For the six month period ended</i>	
		<i>30 June 2017</i>	<i>30 June 2016</i>
Related party	Nature of transaction	(Unaudited)	(Unaudited)
		SR	SR
Shareholders' / Companies under common management	- Gross written premiums	23,567,622	19,444,310
	- Gross claims paid	8,996,025	12,475,736
	- Reinsurance premiums ceded	14,935,539	15,969,132
	- Reinsurers' share of gross claims paid	3,287,234	10,788,907
	- Reinsurance commission income	4,162,916	4,489,057
	- Profit commission incurred - Group life	5,499,003	--
	- Technical services charges*	2,469,000	3,025,000
	- Brand fee*	15,050	15,050
RSA group entities	- Operational expenses paid on behalf of affiliates and reinsurance placements	110,927	398,350
	- Operation expenses paid by affiliates on behalf of Company	223,081	160,353
Key management personnel and Board members	- Gross written premiums	12,863	--
Board of directors	- Remuneration and meeting fee	232,500	232,500

*Technical services charges and brand fee are included within the accrued expenses and other liabilities appearing on the face of the interim statement of financial position.

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company.

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the six months periods ended 30 June 2017

13 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The significant amounts with the related parties are included in the following balances as at the financial position date:

	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Entities controlled, jointly controlled or significantly influenced by related parties - Premiums receivable, net	10,491,712	7,396,731
- Accrued expenses	(4,737,978)	(9,625,626)
- Reinsurance share of gross outstanding claims	11,939,326	9,365,820
- Gross outstanding claims	(21,734,382)	(25,728,269)
- Profit commission – Group life	(3,664,597)	--
Operational expenses paid on behalf of affiliates and reinsurance placements -Due from related parties	401,227	3,738,030
Operation expenses paid by affiliates on behalf of Company -Due to related parties	(926,741)	(1,915,283)

Key management personnel's remuneration

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

	30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR
Short term benefits	3,578,461	3,464,281
End of service benefits	112,659	110,742
	3,691,120	3,575,023

14. ZAKAT & INCOME TAX

The Company's Zakat and Income Tax (CIT) calculations and corresponding accruals and payments of Zakat and Income Tax are based on the ownership percentages which are 74.97% for Zakat and 25.03% for Income tax. The Company has submitted its zakat and Income Tax returns up to the year ended 31 December 2016 and obtained the required certificates and acknowledgements.

The Company has filed an appeal against the GAZT's initial assessments for the years ended 31 December 2010, 2011, 2012 and 2014. The GAZT has raised final assessment for the long period/years ended 31 December 2010 through 2013 on their ERAD system. The Company requested the GAZT to provide details of the basis for the additional liability for the long period/years ended 31 December 2010 through 2013. The Authority provided the details of assessment through their letter No. 25029/16/1438 dated 27.08.1438H (corresponding to 23.05.2017). The Company submitted an appeal against the GAZT's assessment. The Authority's review is awaited.

The zakat and income tax charge for the period / year are as follows:

	30 June 2017 (unaudited) SR	31 December 2016 (Audited) SR	30 June 2016 (unaudited) SR
Charge for Zakat for the period	2,168,494	6,747,794	3,031,926
Charge for Income Tax for the period	1,019,293	1,705,476	1,532,327
Zakat and Income Tax provision at the end of period	25,903,639	25,516,159	21,627,142

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)**

For the six month periods ended 30 June 2017

15 SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by management. In respect of the Company's activities, assets and liabilities as stated below segment results do not include general and administration expenses and other income.

Segment assets do not include (in respect of insurance operations) property and equipment, due from shareholders' operations, bank balances and cash and cash equivalents, prepaid expenses and other assets, premiums and reinsurance balances receivable, net. Accordingly, these are included in unallocated assets and are managed and reported to the chief operating decision maker on a centralised basis.

Segment liabilities do not include (in respect of insurance operations) employees' end of service benefits, reinsurance balances payable, accrued expenses and other liabilities. Accordingly these are included in unallocated liabilities and are managed and reported to the chief operating decision maker on a centralised basis.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia (except certain reinsurance balances and related party receivables).

Shareholders' operations a non-operating segment certain direct operating expenses, other overhead expenses and loss or surplus from the insurance operations are allocated to this segment on an appropriate basis.

For the six month periods ended 30 June 2017 (Unaudited)							
Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
26,835,732 (22,609,224)	72,110,279 --	11,753,882 (9,622,504)	3,156,968 (1,592,184)	11,687,883 (4,686,853)	3,670,963 (2,178,578)	5,221,692 (414,894)	134,437,399 (41,104,237)
(2,569,974)	(1,769,982)	(1,410,738)	(222,998)	(2,430,154)	(399,996)	(349,346)	(9,153,188)
1,656,534 14,842,535	70,340,297 (23,565,786)	720,640 611,648	1,341,786 (861,401)	4,570,876 2,294,551	1,092,389 (108,473)	4,457,452 1,129,962	84,179,974 (5,656,964)
16,499,069	46,774,511	1,332,288	480,385	6,865,427	983,916	5,587,414	78,523,010
(2,602,974)	(22,525,775)	(3,727,963)	(949,991)	(4,261,957)	(2,585,974)	(1,276,751)	(37,931,385)
2,399,176	--	3,468,665	465,995	2,022,580	1,961,480	1,186,037	11,503,933
(196,005)	3,698,424	1,249,064	208,179	474,278	925,587	396,457	6,755,984
(399,803)	(18,827,351)	989,766	(275,817)	(1,765,099)	301,093	305,743	(19,671,468)
(2,020,670)	(3,964,324)	(1,467,443)	--	(762,887)	(5,871,820)	(315,645)	(14,402,789)
4,160,131	--	2,294,439	--	1,634,468	(108,083)	276,096	8,257,051
18,238,727	23,982,836	3,149,050	204,568	5,971,909	(4,694,894)	5,853,608	52,705,804
							(677,949)
							52,027,855
							(29,429,455)
							1,535,497
							16,037
							24,149,934

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the six month periods ended 30 June 2017

15 SEGMENTAL INFORMATION (continued)

	<i>For the six months period ended 30 June 2016 (Unaudited)</i>							
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	44,987,550	62,125,379	14,085,859	1,621,984	15,592,844	13,022,870	7,406,007	158,842,493
Reinsurance premiums ceded	(32,369,576)	--	(11,081,589)	(875,991)	(6,569,734)	(8,842,912)	(700,599)	(60,440,401)
Excess of loss premiums	(4,053,352)	(1,549,050)	(1,130,222)	(390,866)	(2,625,472)	(1,359,986)	(261,491)	(11,370,439)
Net written premiums	8,564,622	60,576,329	1,874,048	355,127	6,397,638	2,819,972	6,443,917	87,031,653
Change in unearned premiums, net	12,664,193	12,535,015	(796,701)	575,300	2,491,241	595,024	709,328	28,773,400
Net premiums earned	21,228,815	73,111,344	1,077,347	930,427	8,888,879	3,414,996	7,153,245	115,805,053
Gross claims paid	(52,659,473)	(47,254,527)	(3,319,967)	(1,624,984)	(5,925,941)	(7,470,925)	(1,327,776)	(119,583,593)
Reinsurers' share of gross claims paid	51,798,082	--	2,849,272	779,992	2,055,879	5,985,940	226,177	63,695,342
Change in outstanding claims, net	(1,276,502)	1,792,263	598,501	494,005	956,714	(44,902)	(1,159,337)	1,360,742
Net claims incurred	(2,137,893)	(45,462,264)	127,806	(350,987)	(2,913,348)	(1,529,887)	(2,260,936)	(54,527,509)
Policy acquisition costs	(3,582,550)	(5,453,350)	(1,126,989)	(12,505)	(1,337,987)	(12,685)	(806,044)	(12,332,110)
Reinsurance commission income	3,637,916	--	1,227,296	(5,596)	2,296,846	1,115,615	187,266	8,459,343
Other underwriting expenses	19,146,288	22,195,730	1,305,460	561,339	6,934,390	2,988,039	4,273,531	57,404,777 (799,138)
Net underwriting surplus								56,605,639
General and administrative expenses								(27,172,555)
Investment income								1,282,641
Other income								36,322
Insurance operations' surplus								<u>30,752,047</u>

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the six month periods ended 30 June 2017

15 SEGMENTAL INFORMATION (continued)

For the three month period ended 30 June 2017 (Unaudited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	15,937,841	17,132,829	3,696,963	3,174,968	4,285,957	1,970,980	1,917,017	48,116,555
Reinsurance premiums ceded	(15,129,698)	--	(3,362,667)	(1,600,984)	(1,630,484)	(1,117,989)	311,785	(22,530,037)
Excess of loss premiums	--	--	--	--	--	--	--	--
Net written premiums	808,143	17,132,829	334,296	1,573,984	2,655,473	852,991	2,228,802	25,586,518
Change in unearned premiums, net	6,972,327	12,642,213	57,239	(1,264,816)	1,279,887	(279,598)	569,172	19,976,424
Net premiums earned	7,780,470	29,775,042	391,535	309,168	3,935,360	573,393	2,797,974	45,562,942
Gross claims paid	(2,549,975)	(11,953,881)	(3,093,969)	(616,994)	(2,902,971)	(1,872,981)	(144,079)	(23,134,850)
Reinsurers' share of gross claims paid	2,380,876	--	2,915,171	272,997	1,810,382	1,399,486	98,331	8,877,243
Change in outstanding claims, net	386,496	91,759	80,799	(494,995)	236,068	669,993	798,430	1,768,550
Net claims incurred	217,397	(11,862,122)	(97,999)	(838,992)	(856,521)	196,498	752,682	(12,489,057)
Policy acquisition costs	(896,505)	(2,232,201)	(418,324)	--	(422,891)	(5,820,066)	(119,212)	(9,909,199)
Reinsurance commission income	2,134,172	--	549,399	--	697,907	(26,086)	58,323	3,413,715
Other underwriting expenses	9,235,534	15,680,719	424,611	(529,824)	3,353,855	(5,076,261)	3,489,767	26,578,401
Net underwriting surplus								(271,601)
General and administrative expenses								26,306,800
Investment income								(19,787,267)
Other income								601,852
Insurance operations' surplus								--
								7,121,385

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the six month periods ended 30 June 2017

15 SEGMENTAL INFORMATION (continued)

<i>For the three month period ended 30 June 2016 (Unaudited)</i>								
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	17,831,822	12,147,879	7,252,927	1,467,986	5,768,942	2,219,978	3,108,274	49,797,808
Reinsurance premiums ceded	(13,903,961)	--	(5,740,642)	(864,991)	(2,334,376)	(1,548,464)	(22,764)	(24,415,198)
Excess of loss premiums	--	--	--	--	--	--	--	--
Net written premiums	3,927,861	12,147,879	1,512,285	602,995	3,434,566	671,514	3,085,510	25,382,610
Change in unearned premiums, net	6,280,162	21,250,828	(1,036,819)	(35,134)	1,494,521	758,193	508,998	29,220,749
Net premiums earned	10,208,023	33,398,707	475,466	567,861	4,929,087	1,429,707	3,594,508	54,603,359
Gross claims paid	(15,845,841)	(22,194,778)	(3,031,970)	(652,994)	(1,103,989)	(3,503,965)	(171,674)	(46,505,211)
Reinsurers' share of gross claims paid	15,684,343	--	2,652,774	378,996	301,997	2,979,970	80,749	22,078,829
Change in outstanding claims, net	(11,000)	2,600,474	(244,256)	(48,000)	(1,410,686)	111,999	(1,163,139)	(164,608)
Net claims incurred	(172,498)	(19,594,304)	(623,452)	(321,998)	(2,212,678)	(411,996)	(1,254,064)	(24,590,990)
Policy acquisition costs	(793,873)	(2,584,012)	(522,995)	(4,677)	(806,992)	46,955	(280,233)	(4,945,827)
Reinsurance commission income	1,128,572	--	270,550	(2,498)	1,090,706	451,806	241,185	3,180,321
	10,370,224	11,220,391	(400,431)	238,688	3,000,123	1,516,472	2,301,396	28,246,863
Other underwriting expenses	--	--	--	--	--	--	--	(262,498)
Net underwriting surplus	10,370,224	11,220,391	(400,431)	238,688	3,000,123	1,516,472	2,301,396	27,984,365
General and administrative Expenses								(14,621,901)
Investment income								659,501
Other income								--
Insurance operations' surplus								<u>14,021,965</u>

<i>As at 30 June 2017 (Unaudited)</i>								
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations' assets								
Reinsurers' share of unearned Premiums	27,451,173	621,774	11,323,658	1,645,568	2,981,208	471,515	1,053,640	45,548,536
Reinsurers' share of outstanding claims	16,604,824	--	13,502,765	240,998	9,185,608	7,425,959	6,092,854	53,053,008
Deferred policy acquisition Costs	1,780,106	4,882,442	787,790	183,882	384,105	148,667	191,273	8,358,265
Unallocated assets								<u>271,020,604</u>
								<u>377,980,413</u>
Insurance operations' liabilities								
Gross outstanding claims	31,131,779	66,360,336	16,904,831	1,115,989	20,006,800	11,845,882	9,701,862	157,067,479
Gross unearned premiums	36,229,638	44,045,560	11,926,881	3,097,969	4,285,957	1,186,988	5,340,006	106,112,999
Unearned reinsurance commission Income	4,077,973	--	1,190,773	--	477,080	1,321	102,054	5,849,201
Unallocated liabilities								<u>108,950,734</u>
								<u>377,980,413</u>

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)**

For the six month periods ended 30 June 2017

15 SEGMENTAL INFORMATION (continued)

As at 31 December 2016 (Audited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations' assets								
Reinsurers' share of unearned Premiums	48,019,520	--	8,500,861	679,993	4,580,654	629,994	2,766,624	65,177,646
Reinsurers' share of outstanding claims	20,307,937	--	11,593,904	203,518	10,063,909	11,508,338	6,255,290	59,932,896
Deferred policy acquisition Costs	1,258,801	1,197,842	1,019,245	51,292	340,000	27,547	250,859	4,145,586
Unallocated assets								<u>282,083,375</u>
								<u>411,339,503</u>
Insurance operations' liabilities								
Gross outstanding claims	34,638,744	70,058,059	16,244,988	1,286,677	21,359,266	16,849,762	10,265,855	170,703,351
Gross unearned premiums	71,640,284	19,857,801	9,715,720	1,270,987	8,180,918	1,236,988	8,182,447	120,085,145
Unearned reinsurance commission income	3,940,986	--	1,875,521	32,917	936,568	2,517	118,444	6,906,953
Unallocated liabilities								<u>113,644,054</u>
								<u>411,339,503</u>

16 CONTINGENCIES AND COMMITMENTS

Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management believes that such proceedings (including litigations) will not have a material effect on its results and financial position. The Company did not have any significant outstanding legal proceedings as at the reporting date.

Operating lease commitments

Rental expenses under operating leases pertaining to office spaces in various locations amounting to SR 0.76 million for the period ended 30 June 2017 (30 June 2016: SR 0.69 million) are recognised in the interim statement of comprehensive income - insurance operations.

Future minimum lease payments under the operating lease arrangements as at 30 June are as follows:

	<i>30 June 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Less than one year	<u>396,570</u>	<u>587,384</u>

17 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 26 July 2017, corresponding to 03 Dhul Qa'dah 1438H.