
**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 NINE MONTH PERIODS ENDED
30 SEPTEMBER 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 Nine Month Periods Ended 30 September 2017

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KPMG Al Fozan & Partners
Certified Public Accountants



Aldar Audit Bureau
Abdullah Al-Basri & Co.
Members firm of Grant Thornton International Ltd

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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 September 2017 and the related interim statements of comprehensive income - insurance and shareholders' operations for the three and nine month periods then ended and the interim statement of changes in shareholders' equity and interim statements of cash flows - insurance and shareholders' operations for the nine month period then 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 September 2017 are not prepared, in all material respects, in accordance with IAS 34 and SAMA guidance for the accounting of zakat and tax.

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17 Safar 1439H
6 November 2017



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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September

		30 September 2017 SR (Unaudited)	31 December 2016 SR (Audited)
	Notes		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	14,737,532	25,392,144
Term deposits	6	172,886,400	173,980,565
Investments	7(a)	1,923,079	1,923,079
Premiums and reinsurance balances receivable	9	89,849,085	64,217,031
Due from related parties		36,976	3,738,030
Due from shareholders' operations		--	10,331,206
Reinsurers' share of unearned premiums		49,885,191	65,177,646
Reinsurers' share of outstanding claims		58,564,320	59,932,896
Deferred policy acquisition costs		6,058,880	4,145,586
Prepayments and other assets		3,335,678	2,341,448
Property and equipment		418,849	159,872
TOTAL INSURANCE OPERATIONS' ASSETS		397,695,990	411,339,503
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	1,060,217	208,948
Term deposits	6	252,228,884	253,669,070
Investments	7(b)	75,652,910	75,877,200
Due from insurance operations		19,016,903	--
Other assets		1,578,436	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		391,740,990	372,621,181
TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS		789,436,980	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 September

		<i>30 September 2017 SR (Unaudited)</i>	<i>31 December 2016 SR (Audited)</i>
	<i>Notes</i>		
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims		159,449,748	170,703,351
Gross unearned premiums		92,908,298	120,085,145
Due to shareholders' operations		19,016,903	--
Accounts payable		16,024,956	9,549,217
Reinsurance balances payable		60,799,159	54,019,105
Due to related parties		525,312	854,256
Accrued expenses and other liabilities		23,031,938	31,471,807
Unearned reinsurance commission		6,354,290	6,906,953
Employees' end of service benefits		9,145,440	9,803,018
TOTAL INSURANCE OPERATIONS' LIABILITIES		387,256,044	403,392,852
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		10,439,946	7,946,651
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		397,695,990	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		32,863,314	29,031,265
TOTAL SHAREHOLDERS' LIABILITIES		35,479,989	41,665,400
SHAREHOLDERS' EQUITY			
Share capital	12	400,000,000	400,000,000
Fair value reserve for available for sale investments		(697,830)	(688,369)
Accumulated losses		(43,041,169)	(68,355,850)
TOTAL SHAREHOLDERS' EQUITY		356,261,001	330,955,781
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		391,740,990	372,621,181
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		789,436,980	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 nine month periods ended 30 September 2017

	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
<i>Note</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross written premiums	57,162,485	64,228,221	191,599,884	223,070,714
Less: Reinsurance premium ceded	(35,704,940)	(37,127,226)	(76,809,177)	(97,567,627)
Excess of loss premiums	--	--	(9,153,188)	(11,370,439)
NET WRITTEN PREMIUMS	21,457,545	27,100,995	105,637,519	114,132,648
Changes in unearned premiums	13,204,701	14,522,899	27,176,847	48,924,001
Changes in reinsurance share of unearned premiums	4,336,655	8,705,860	(15,292,455)	3,078,158
NET PREMIUMS EARNED	38,998,901	50,329,754	117,521,911	166,134,807
Gross claims paid	(18,147,689)	(27,729,548)	(56,079,074)	(147,313,141)
Reinsurers' share of gross claims paid	3,199,378	8,088,422	14,703,311	71,783,764
Changes in outstanding claims	(2,382,269)	16,970,564	11,253,603	66,693,145
Changes in reinsurance share of outstanding claims	5,511,312	(22,034,375)	(1,368,576)	(70,396,214)
NET CLAIMS INCURRED	(11,819,268)	(24,704,937)	(31,490,736)	(79,232,446)
Policy acquisition costs	(5,528,764)	(4,449,670)	(19,931,553)	(16,781,780)
Reinsurance commission income	2,834,519	5,370,712	11,091,570	13,830,055
Other underwriting expenses	(329,361)	(335,912)	(1,007,310)	(1,135,050)
NET UNDERWRITING SURPLUS	24,156,027	26,209,947	76,183,882	82,815,586
General and administrative expenses	(16,157,974)	(15,854,393)	(45,587,409)	(43,026,948)
Investment income	649,051	888,714	2,184,548	2,171,355
Other income	--	384,684	16,017	421,006
INSURANCE OPERATIONS' SURPLUS	8,647,104	11,628,952	32,797,038	42,380,999
Shareholders' appropriation from insurance operations' surplus	2 (7,782,393)	(10,466,057)	(29,517,334)	(38,142,899)
NET SURPLUS AT END OF THE PERIOD	864,711	1,162,895	3,279,704	4,238,100
OTHER COMPREHENSIVE INCOME	--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM INSURANCE OPERATIONS	864,711	1,162,895	3,279,704	4,238,100



Khalid Allagany
Chief Executive Officer



Fadi Aboul Hosn
Chief Financial Officer

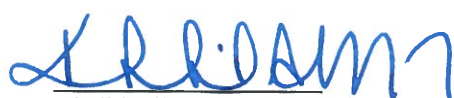
The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

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

For the three and nine month periods ended 30 September 2017

		<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
		<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>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	7,782,393	10,466,057	29,517,334	38,142,899
Investment income		1,450,778	2,080,034	4,209,984	4,286,641
		<u>9,233,171</u>	<u>12,546,091</u>	<u>33,727,318</u>	<u>42,429,540</u>
General and administration expenses		<u>(420,025)</u>	<u>(332,467)</u>	<u>(1,260,075)</u>	<u>(1,019,712)</u>
NET INCOME FOR THE PERIOD		8,813,146	12,213,624	32,467,243	41,409,828
OTHER COMPREHENSIVE INCOME					
Item that will be reclassified subsequently to net income when conditions are met in future					
Change in fair value of available for sale investments	8	<u>(118,363)</u>	<u>167,067</u>	<u>(9,461)</u>	<u>1,223,319</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>8,694,783</u>	<u>12,380,691</u>	<u>32,457,782</u>	<u>42,633,147</u>
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD	11	<u>0.22</u>	<u>0.31</u>	<u>0.81</u>	<u>1.04</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

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the nine month period ended 30 September 2017

	<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	--	--	41,409,828	41,409,828
<i>Other comprehensive income:</i>				
Change in fair value of available for sale investments	--	1,223,319	--	1,223,319
Total comprehensive income	--	1,223,319	41,409,828	42,633,147
Charge for zakat (note 14)	--	--	(4,697,863)	(4,697,863)
Charge for tax (note 14)	--	--	(2,058,425)	(2,058,425)
Balance as at 30 September 2016 (unaudited)	400,000,000	(62,542)	(71,595,505)	328,341,953
Balance at 1 January 2017 (audited)	400,000,000	(688,369)	(68,355,850)	330,955,781
Net income for the period	--	--	32,467,243	32,467,243
<i>Other comprehensive income:</i>				
Change in fair value of available for sale investments	--	(9,461)	--	(9,461)
Total comprehensive income	--	(9,461)	32,467,243	32,457,782
Charge for zakat (note 14)	--	--	(5,700,480)	(5,700,480)
Charge for tax (note 14)	--	--	(1,452,082)	(1,452,082)
Balance as at 30 September 2017 (unaudited)	400,000,000	(697,830)	(43,041,169)	356,261,001



Khalid Allagany
Chief Executive Officer


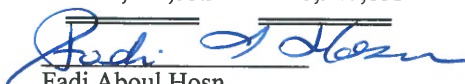


Fadi Aboul Hosn
Chief Financial Officer

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)

	<i>For the nine month period ended</i>	
	<i>30 September 2017 SR</i>	<i>30 September 2016 SR</i>
<i>Notes</i>		
OPERATING ACTIVITIES		
Insurance operations' surplus after shareholders' appropriation	3,279,704	4,238,100
<i>Adjustments to reconcile insurance operations' surplus to net cash provided from operating activities:</i>		
Depreciation	43,792	128,653
Employees' end of service benefits	1,650,000	1,975,227
Charge of provision for doubtful receivables	9 7,207,846	1,671,277
Operating cash inflows before changes in operating assets and liabilities	12,181,342	8,013,257
<i>Changes in operating assets and liabilities:</i>		
Premiums and insurance balances receivable	(32,839,900)	7,728,265
Due from related parties	3,701,054	(399,954)
Due to/ from shareholders' operations	29,348,109	38,142,899
Reinsurers' share of outstanding claims	1,368,576	70,396,214
Prepayments and other assets	(994,230)	(1,360,792)
Reinsurers' share of unearned premiums	15,292,455	(3,078,158)
Deferred policy acquisition costs	(1,913,294)	(1,062,736)
Gross outstanding claims	(11,253,603)	(66,693,145)
Gross unearned premiums	(27,176,847)	(48,924,001)
Accounts payable	6,475,739	4,739,268
Reinsurance balances payable	6,780,054	(7,459,501)
Due to related parties	(328,944)	(2,623,218)
Accrued expenses and other liabilities	(8,439,869)	504,580
Unearned reinsurance commission income	(552,663)	1,572,735
Disbursement of surplus to policyholders	(786,409)	(1,012)
<i>Cash used in operations</i>	(9,138,430)	(505,299)
Employees' end of service benefits paid	(2,307,578)	(1,869,086)
Net cash used in operating activities	(11,446,008)	(2,374,385)
INVESTING ACTIVITY		
Purchase of property and equipment	(302,769)	(104,000)
Term deposits	1,094,165	(5,644,169)
Net cash from / (used in) investing activity	791,396	(5,748,169)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,654,612)	(8,122,554)
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 14,737,532	18,947,653
 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)

	<i>For the nine month period ended</i>	
	<i>30 September 2017</i>	<i>30 September 2016</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Net income for the period	32,467,243	41,409,828
Operating cash flows before changes in operating assets and liabilities		
<i>Changes in operating assets and liabilities:</i>		
Other assets	45,625	(1,405,023)
Due to / from insurance operations	(29,348,108)	(38,142,899)
Accrued expenses and other liabilities	(2,358,776)	--
Due to related party	(647,992)	720,470
Statutory deposit	(961,738)	--
Net cash (used in) / from operating activities	(803,746)	2,582,376
INVESTING ACTIVITIES		
Term deposits	1,440,186	(1,762,325)
Investments	214,829	479,017
Net cash from / (used in) investing activities	1,655,015	(1,283,308)
NET INCREASE IN CASH AND CASH EQUIVALENTS	851,269	1,299,068
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	208,948	2,709,224
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5 1,060,217	4,008,292
<u>Non-cash transactions:</u>		
Net change in fair value of available for sale investments	(9,461)	1,223,319



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 nine month period ended 30 September 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 nine month periods ended 30 September 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 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 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 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:

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

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

For the nine month period ended 30 September 2017

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

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. The Company plans to avail of the exemptions available to insurers and is considering deferring the implementation of IFRS 9 until a later date, but no later than January 1, 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 nine month period ended 30 September 2017

5 CASH AND CASH EQUIVALENTS

	<u>30 September 2017(Unaudited)</u>		<u>31 December 2016 (Audited)</u>	
	<i>Insurance Operations SR</i>	<i>Shareholders' operations SR</i>	<i>Insurance operations SR</i>	<i>Shareholders' operations SR</i>
Cash in hand	32,881	--	33,616	--
Cash at banks	14,704,651	1,060,217	25,358,528	208,948
	<u>14,737,532</u>	<u>1,060,217</u>	<u>25,392,144</u>	<u>208,948</u>

The Company holds an amount of SR 900,000 in the statement of financial position of Insurance operations, in respect of cash and cash equivalents against letters of guarantee in favour of the Company's service providers.

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 these term deposits approximate the fair value at the statement of financial position date.

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)

	<u>30 September 2017(Unaudited)</u>		<u>31 December 2016(Audited)</u>	
	<i>Amortised cost SR</i>	<i>Market value SR</i>	<i>Amortised cost SR</i>	<i>Market value SR</i>
Bonds-Fixed Rate (Quoted)				
Abu Dhabi National Energy Company (TAQA)	3,884,834	3,904,838	4,003,797	4,031,250
SABIC Capital II BV	20,433,638	20,312,775	20,568,786	20,375,550
QNB (Qatar National Bank)Finance	13,682,130	13,411,575	13,733,256	13,459,500
Abu Dhabi Commercial Bank	15,650,336	15,609,672	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)	3,771,409	3,762,488	3,828,600	3,813,750
KSA Sukuk Ltd	18,928,393	18,651,562	--	--
	<u>76,350,740</u>	<u>75,652,910</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 Bonds, Sukuks amounting to SR 7,667,326 which are maturing in the coming twelve months period. The geographical split of investments held as available for sale comprise of sukuks/ bonds issued by Government of Kingdom of Saudi Arabia and GCC and Saudi Arabia based companies through international stock exchanges.

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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 September 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 SR 1.92 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 nine month periods ended 30 September 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 loss of SR 9,461 (30 September 2016: gain of SR 1,223,319) 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 September 2017
			(Unaudited)
			SR
Credit Quality	Credit Rating Agency	Financial Instrument	
A+	Fitch	Bonds/ Sukuks	35,825,625
A to A-	S&P	Bonds/ Sukuks	35,922,447
BBB+	S&P	Bonds	3,904,838
			75,652,910
			31 December 2016
			(Audited)
			SR
Credit Quality	Credit Rating Agency	Financial Instrument	
AA- to A	Fitch	Bonds/ Sukuks	17,273,250
A to A-	S&P	Bonds/ Sukuks	58,603,950
			75,877,200

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9 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
	SR	SR
Premiums receivable	86,492,544	63,098,370
Receivables from insurance and reinsurance companies	4,135,958	6,692,881
Receivables from related parties	19,399,380	7,396,731
	110,027,882	77,187,982
Less: Allowance for impairment of receivables	(20,178,797)	(12,970,951)
	89,849,085	64,217,031

Allowance for impairment of receivables includes SR 1.1 million (31 December 2016: SR 1.4 million) against receivables from related parties. Movement in the allowance for doubtful debts was as follows:

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
	SR	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	7,207,846	(1,004,014)
Closing balance	20,178,797	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 September 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 amount is shown in the liabilities as "Deferred return on investment of statutory deposit". As these deposit cannot be withdrawn without SAMA's consent.

11 BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD

The basic and diluted earnings per share are as follows:

	For the nine month period ended 30 September 2017 (Unaudited)	For the nine month period ended 30 September 2016 (Unaudited)
	SR	SR
Net income for the period	32,467,243	41,409,828
Weighted average number of issued shares	40,000,000	40,000,000
Basic and diluted earnings per share	0.81	1.04

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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 mainly include RSA group in United Kingdom as well as affiliated companies in United Arab Emirates, Sultanate of Oman and Kingdom of Bahrain and Riyadh 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:

Related party	Nature of transaction	<i>For the nine month periods ended</i>	
		<i>30 September 2017</i> <i>(Unaudited)</i> <i>SR</i>	<i>30 September 2016</i> <i>(Unaudited)</i> <i>SR</i>
Shareholders' / Companies under common management	- Gross written premiums	45,841,279	48,246,513
	- Gross claims paid	14,405,994	30,237,588
	- Reinsurance premiums ceded	20,740,595	26,209,103
	- Reinsurers' share of gross claims paid	3,833,398	14,750,786
	- Reinsurance commission income	5,853,306	7,445,132
	- Profit commission incurred - Group life	5,499,003	--
	- Technical services charges*	4,229,250	4,537,500
	- Brand fee*	22,575	22,575
RSA group entities	- Operational expenses paid on behalf of affiliates and reinsurance placements	299,405	425,375
	- Operation expenses paid by affiliates on behalf of Company	(702,742)	(523,528)
Key management personnel and Board members	- Gross written premiums	31,731	23,644
	- Remuneration and meeting fee	472,500	348,750

*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.

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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:

	<i>30 September 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Entities controlled, jointly controlled or significantly influenced by related parties - Premiums receivable, net	19,399,380	7,396,731
- Accrued expenses	(6,631,310)	(9,625,626)
- Reinsurance share of gross outstanding claims	12,882,880	9,365,820
- Gross outstanding claims	(25,193,004)	(25,728,269)
- Profit commission – Group life	(3,664,597)	--
Operational expenses paid on behalf of affiliates and reinsurance placements -Due from related parties	36,976	3,738,030
Operation expenses paid by affiliates on behalf of Company -Due to related parties	(938,347)	(1,906,283)

Key management personnel's remuneration

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

	<i>30 September 2017 (Unaudited) SR</i>	<i>30 September 2016 (Unaudited) SR</i>
Short term benefits	5,360,838	5,261,921
End of service benefits	168,207	167,095
	5,529,045	5,429,016

14. ZAKAT AND TAX

The Company's zakat and tax (CIT) calculations and corresponding accruals and payments of zakat and tax are based on the ownership percentages which are 74.97% for zakat and 25.03% for the tax. The Company has submitted its zakat and 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 tax charge for the period / year are as follows:

	<i>30 September 2017 (unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>	<i>30 September 2016 (unaudited) SR</i>
Charge for zakat for the period	5,700,480	6,747,794	4,697,863
Charge for tax for the period	1,452,082	1,705,476	2,058,425
Zakat and tax provision at the end of period	29,803,441	25,516,159	23,819,177

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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 three month period ended 30 September 2017 (Unaudited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	25,456,745	5,473,945	2,307,977	1,240,988	7,404,926	7,391,926	7,885,978	57,162,485
Reinsurance premiums ceded	(18,889,411)	62,000	(1,998,589)	(588,994)	(4,165,758)	(5,219,448)	(4,904,740)	(35,704,940)
Excess of loss premiums	--	--	--	--	--	--	--	--
Net written premiums	6,567,334	5,535,945	309,388	651,994	3,239,168	2,172,478	2,981,238	21,457,545
Change in unearned premiums, net	2,645,724	14,464,376	46,225	(21,340)	(1,188,768)	569,495	1,025,644	17,541,356
Net premiums earned	9,213,058	20,000,321	355,613	630,654	2,050,400	2,741,973	4,006,882	38,998,901
Gross claims paid	(357,996)	(13,145,868)	(27,999)	(1,043,989)	(975,991)	(2,485,975)	(109,871)	(18,147,689)
Reinsurers' share of gross claims paid	139,999	--	22,900	691,993	450,195	1,864,982	29,309	3,199,378
Change in outstanding claims, net	771,361	1,055,229	690,593	(719,993)	2,389,176	(362,997)	(694,326)	3,129,043
Net claims incurred	553,364	(12,090,639)	685,494	(1,071,989)	1,863,380	(983,990)	(774,888)	(11,819,268)
Policy acquisition costs	(822,545)	(2,170,702)	(421,421)	(130,061)	(384,105)	(1,167,360)	(432,570)	(5,528,764)
Reinsurance commission income	2,048,778	--	346,541	(67,283)	477,338	(106,745)	135,890	2,834,519
Other underwriting expenses	10,992,655	5,738,980	966,227	(638,679)	4,007,013	483,878	2,935,314	24,485,388
Net underwriting surplus								(329,361)
General and administrative expenses								24,156,027
Investment income								(16,157,974)
Other income								649,051
Insurance operations' surplus								--
								8,647,104

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15 SEGMENTAL INFORMATION (continued)

	<i>For the three months period ended 30 September 2016 (Unaudited)</i>							Total SR
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	
Insurance operations								
Gross written premiums	29,058,710	12,789,872	2,446,976	20,000	10,833,892	(18,000)	9,096,771	64,228,221
Reinsurance premiums ceded	(24,622,954)	--	(1,866,682)	5,000	(5,757,443)	7,750	(4,892,897)	(37,127,226)
Excess of loss premiums	--	--	--	--	--	--	--	--
Net written premiums	4,435,756	12,789,872	580,294	25,000	5,076,449	(10,250)	4,203,874	27,100,995
Change in unearned premiums, net	7,528,640	15,542,044	570,019	11,208	(2,002,856)	1,179,038	400,666	23,228,759
Net premiums earned	11,964,396	28,331,916	1,150,313	36,208	3,073,593	1,168,788	4,604,540	50,329,754
Gross claims paid	(392,996)	(17,041,830)	(2,951,970)	(264,997)	(3,795,962)	(1,987,980)	(1,293,813)	(27,729,548)
Reinsurers' share of gross claims paid	282,497	--	2,721,704	153,999	3,389,067	1,539,985	1,170	8,088,422
Change in outstanding claims, net	(3,049,370)	(3,332,967)	614,819	(31,000)	(1,243,787)	1,112,988	865,506	(5,063,811)
Net claims incurred	(3,159,869)	(20,374,797)	384,553	(141,998)	(1,650,682)	664,993	(427,137)	(24,704,937)
Policy acquisition costs	(1,229,080)	(1,808,711)	(587,994)	(3,220)	(355,996)	(78,313)	(386,356)	(4,449,670)
Reinsurance commission income	2,779,592	--	808,773	(793)	603,349	989,572	190,219	5,370,712
Other underwriting expenses	10,355,039	6,148,408	1,755,645	(109,803)	1,670,264	2,745,040	3,981,266	26,545,859
Net underwriting surplus								(335,912)
General and administrative expenses								26,209,947
Investment income								(15,854,393)
Other income								888,714
Insurance operations' surplus								384,684
								11,628,952

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15 SEGMENTAL INFORMATION (continued)

<i>For the nine month period ended 30 September 2017 (Unaudited)</i>								
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	52,292,477	77,584,224	14,061,859	4,397,956	19,092,809	11,062,889	13,107,670	191,599,884
Reinsurance premiums ceded	(41,498,635)	62,000	(11,683,093)	(2,183,637)	(8,852,611)	(7,398,026)	(5,255,175)	(76,809,177)
Excess of loss premiums	(2,569,974)	(1,769,982)	(1,348,738)	(220,539)	(2,430,154)	(399,996)	(413,805)	(9,153,188)
Net written premiums	8,223,868	75,876,242	1,030,028	1,993,780	7,810,044	3,264,867	7,438,690	105,637,519
Change in unearned premiums, net	17,488,259	(9,101,410)	657,873	(882,741)	1,105,783	461,022	2,155,606	11,884,392
Net premiums earned	25,712,127	66,774,832	1,687,901	1,111,039	8,915,827	3,725,889	9,594,296	117,521,911
Gross claims paid	(2,960,970)	(35,671,643)	(3,755,962)	(1,993,980)	(5,237,948)	(5,071,949)	(1,386,622)	(56,079,074)
Reinsurers' share of gross Claims paid	2,539,175	-	3,491,565	1,157,988	2,472,775	3,826,462	1,215,346	14,703,311
Change in outstanding claims, net	575,356	4,753,653	1,939,657	(511,814)	2,863,454	562,590	(297,869)	9,885,027
Net claims incurred	153,561	(30,917,990)	1,675,260	(1,347,806)	98,281	(682,897)	(469,145)	(31,490,736)
Policy acquisition costs	(2,843,215)	(6,135,026)	(1,888,864)	(130,061)	(1,146,992)	(7,039,180)	(748,215)	(19,931,553)
Reinsurance commission income	6,208,909	--	2,640,980	(67,283)	2,111,806	(214,828)	411,986	11,091,570
	29,231,382	29,721,816	4,115,277	(434,111)	9,978,922	(4,211,016)	8,788,922	77,191,192
Other underwriting expenses								(1,007,310)
Net underwriting surplus								76,183,882
General and administrative Expenses								(45,587,409)
Investment income								2,184,548
Other income								16,017
Insurance operations' surplus								<u>32,797,038</u>

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15 SEGMENTAL INFORMATION (continued)

For the nine month period ended 30 September 2016 (Unaudited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	74,046,260	74,915,251	16,532,835	1,641,984	26,426,736	13,004,870	16,502,778	223,070,714
Reinsurance premiums ceded	(56,992,530)	--	(12,948,271)	(870,991)	(12,327,177)	(8,835,162)	(5,593,496)	(97,567,627)
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	13,000,378	73,366,201	2,454,342	380,127	11,474,087	2,809,722	10,647,791	114,132,648
Change in unearned premiums, net	20,192,833	28,077,059	(226,682)	586,508	488,385	1,774,062	1,109,994	52,002,159
Net premiums earned	33,193,211	101,443,260	2,227,660	966,635	11,962,472	4,583,784	11,757,785	166,134,807
Gross claims paid	(53,052,469)	(64,296,357)	(6,271,937)	(1,889,981)	(9,721,903)	(9,458,905)	(2,621,589)	(147,313,141)
Reinsurers' share of gross claims paid	52,080,579	--	5,570,976	933,991	5,444,946	7,525,925	227,347	71,783,764
Change in outstanding claims, net	(4,325,872)	(1,540,704)	1,213,320	463,005	(287,073)	1,068,086	(293,831)	(3,703,069)
Net claims incurred	(5,297,762)	(65,837,061)	512,359	(492,985)	(4,564,030)	(864,894)	(2,688,073)	(79,232,446)
Policy acquisition costs	(4,811,630)	(7,262,061)	(1,714,983)	(15,725)	(1,693,983)	(90,998)	(1,192,400)	(16,781,780)
Reinsurance commission income	6,417,508	--	2,036,068	(6,389)	2,900,195	2,105,187	377,486	13,830,055
	29,501,327	28,344,138	3,061,104	451,536	8,604,654	5,733,079	8,254,798	83,950,636
Other underwriting expenses								(1,135,050)
Net underwriting surplus								82,815,586
General and administrative Expenses								(43,026,948)
Investment income								2,171,355
Other income								421,006
Insurance operations' surplus								<u>42,380,999</u>

As at 30 September 2017 (Unaudited)

	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	29,283,905	292,297	9,177,905	1,578,228	4,911,409	546,015	4,095,432	49,885,191
Reinsurers' share of outstanding claims	19,426,164	--	8,712,413	257,997	11,955,780	11,058,922	7,153,044	58,564,320
Deferred policy acquisition Costs	1,293,557	3,280,734	610,366	154,229	440,996	86,296	192,702	6,058,880
Unallocated assets								<u>283,187,599</u>
								<u>397,695,990</u>
Insurance operations' liabilities								
Gross outstanding claims	33,181,758	65,305,107	11,423,886	1,852,981	20,387,796	15,841,842	11,456,378	159,449,748
Gross unearned premiums	35,416,646	29,251,707	9,734,903	3,051,969	7,404,926	691,993	7,356,154	92,908,298
Unearned reinsurance commission Income	3,473,996	--	1,401,571	(8,349)	1,278,616	(3,933)	212,389	6,354,290
Unallocated liabilities								<u>138,983,654</u>
								<u>397,695,990</u>

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

For the nine month period ended 30 September 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 1.26 million for the period ended 30 September 2017 (30 September 2016:SR0.98 million) are recognised in the interim statement of comprehensive income - insurance operations.

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

	<i>30 September 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 October 2017 corresponding to 06 Safar 1439H.