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

**(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTH PERIODS  
ENDED 30 SEPTEMBER 2017**

**together with the  
INDEPENDENT AUDITORS’ LIMITED REVIEW REPORT**

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**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
**(A Saudi Joint Stock Company)**  
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITORS' LIMITED REVIEW REPORT**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2017**

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Aldar Audit Bureau  
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AlMajed & AlEnzi Certified Public Accountants  
المأجد والعنزي محاسبين معتمدين



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

### INTRODUCTION

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

### SCOPE OF REVIEW


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

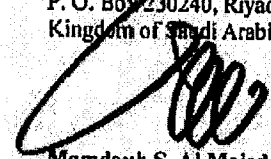
### CONCLUSION

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

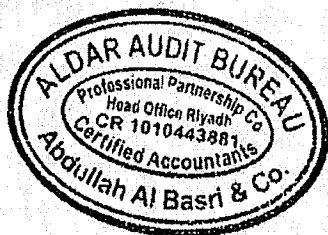
Aldar Audit Bureau  
Abdullah Al Basri & Co  
P. O. Box 2195 Riyadh 11451  
Kingdom of Saudi Arabia

Mamdouh Al Majed & Faisal Al Enzi  
Certified Public Accountants  
P. O. Box 230240, Riyadh 11321  
Kingdom of Saudi Arabia

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

  
Mamdouh S. Al Majed  
Certified Public Accountant  
License No. 425

October 31, 2017 (G)  
Safar 11, 1439 (H)



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

		30 September 2017 (Unaudited)	31 December 2016 (Audited)
	<u>Notes</u>		
<b>Insurance operations' assets</b>			
Cash and cash equivalents	6	34,684,313	127,639,448
Receivable from policyholders, net	7	175,726,836	81,983,037
Receivable from reinsurers, net	8	25,115,548	10,364,244
Reinsurers' share of outstanding claims		112,717,903	125,397,905
Reinsurers' share of unearned premiums income		87,921,158	26,762,713
Deferred policy acquisition costs		21,854,647	20,078,599
Prepayments and other assets		3,791,192	1,342,713
Investments	9	2,849,632	3,005,918
Advances and other receivables		25,799,451	57,565,847
Property and equipment, net		3,811,270	2,751,710
Intangible assets, net		1,503,884	935,219
Due from shareholders' operations		52,617,524	69,518,495
<b>Total insurance operations' assets</b>		<b>548,393,358</b>	<b>527,345,848</b>
<b>Shareholders' assets</b>			
Cash and cash equivalents	6	155,144,190	174,391,110
Investments	9	4,024,821	4,391,036
Prepayments and other assets		75,000	--
Advances and other receivables		543,085	584,943
Return on statutory deposit	10	1,537,983	1,159,922
Statutory deposit	10	30,750,000	30,750,000
<b>Total shareholders' assets</b>		<b>192,075,079</b>	<b>211,277,011</b>
<b>Total assets</b>		<b>740,468,437</b>	<b>738,622,859</b>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**As at 30 SEPTEMBER 2017**  
Expressed in Saudi Arabian Riyals

		30 September 2017 <u>(Unaudited)</u>	31 December 2016 <u>(Audited)</u>
	<u>Notes</u>		
<b>Insurance operations' liabilities and surplus</b>			
<b>Insurance operations' liabilities</b>			
Reinsurers' balances payable		25,573,296	15,663,169
Unearned premiums income		258,773,854	225,158,569
Unearned commission income		9,980,409	3,324,551
Outstanding claims including reserves		223,823,103	257,907,366
Reserve for life insurance operations		1,516,730	1,516,730
Accrued expenses		1,338,916	1,024,095
Other liabilities		17,745,929	13,460,398
Employees' end of service benefits		2,945,265	2,945,265
<b>Total insurance operations' liabilities</b>		<b>541,697,502</b>	<b>521,000,143</b>
<b>Insurance operations' surplus</b>			
Insurance operations' surplus distribution payable to policyholders		6,695,856	6,345,705
<b>Total insurance operations' liabilities and surplus</b>		<b>548,393,358</b>	<b>527,345,848</b>
<b>Shareholders' liabilities and equity</b>			
<b>Shareholders' liabilities</b>			
Zakat and income tax payable	12	3,805,463	4,921,363
Accrued expenses		2,497,501	2,586,000
Statutory deposit investment return payable	10	1,537,983	1,159,922
Other liabilities		--	285,315
Share compensation	17	11,731,623	11,731,623
Due to insurance operations		52,617,524	69,518,495
<b>Total shareholders' liabilities</b>		<b>72,190,094</b>	<b>90,202,718</b>
<b>Shareholders' equity</b>			
Share capital	17	122,000,000	205,000,000
Accumulated deficit		(1,139,837)	(83,316,744)
Fair value reserve for available for sale investments		(975,178)	(608,963)
<b>Total shareholders' equity</b>		<b>119,884,985</b>	<b>121,074,293</b>
<b>Total shareholders' liabilities and equity</b>		<b>192,075,079</b>	<b>211,277,011</b>
<b>Total liabilities, insurance operations' surplus and shareholders' equity</b>		<b>740,468,437</b>	<b>738,622,859</b>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME - INSURANCE OPERATIONS**  
**(UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2017**  
Expressed in Saudi Arabian Riyals

		Three months ended 30 September		Nine months ended 30 September	
	Note	2017 <u>(Unaudited)</u>	2016 <u>(Unaudited)</u>	2017 <u>(Unaudited)</u>	2016 <u>(Unaudited)</u>
Gross premiums written	16	99,766,459	93,155,713	451,722,093	454,034,704
Reinsurance premium ceded		(36,097,937)	(13,752,467)	(158,881,304)	(61,353,687)
Excess of loss premium		<u>(1,919,250)</u>	<u>(1,466,250)</u>	<u>(5,757,750)</u>	<u>(4,398,750)</u>
<b>Net premiums written</b>		<b>61,749,272</b>	<b>77,936,996</b>	<b>287,083,039</b>	<b>388,282,267</b>
Changes in unearned premium, net		<u>36,283,070</u>	<u>48,343,334</u>	<u>27,543,158</u>	<u>(25,709,838)</u>
<b>Net premium earned</b>		<b>98,032,342</b>	<b>126,280,330</b>	<b>314,626,197</b>	<b>362,572,429</b>
Reinsurance commission income		5,315,727	2,213,272	13,311,244	6,895,048
Other operating income		551,159	1,015,072	2,402,891	4,569,110
Other income		4,912,230	1,098,192	7,034,885	2,565,315
Unrealized loss on investments held for trading		<u>(60,281)</u>	<u>(427,322)</u>	<u>(156,286)</u>	<u>(474,812)</u>
Investment income		<u>9,946</u>	<u>1,032,538</u>	<u>581,016</u>	<u>2,401,660</u>
<b>Total revenue</b>		<b>108,761,123</b>	<b>131,212,082</b>	<b>337,799,947</b>	<b>378,528,750</b>
 Gross claims paid		 96,122,622	 104,253,214	 387,928,724	 293,932,440
Less: Reinsurers' share		<u>(28,660,877)</u>	<u>(18,975,529)</u>	<u>(128,022,216)</u>	<u>(55,599,499)</u>
<b>Net claims paid</b>		<b>67,461,745</b>	<b>85,277,685</b>	<b>259,906,508</b>	<b>238,332,941</b>
Changes in outstanding claims and reserves-net		<u>6,614,267</u>	<u>9,072,360</u>	<u>(21,404,260)</u>	<u>7,895,272</u>
<b>Net claims incurred</b>		<b>74,076,012</b>	<b>94,350,045</b>	<b>238,502,248</b>	<b>246,228,213</b>
Policy acquisition costs		12,285,123	13,956,875	36,570,361	41,243,394
Other underwriting expenses		<u>4,399,015</u>	<u>3,027,842</u>	<u>14,138,372</u>	<u>8,135,338</u>
<b>Total claims and other expenses</b>		<b>90,760,150</b>	<b>111,334,762</b>	<b>289,210,981</b>	<b>295,606,945</b>
 <b>Underwriting surplus</b>		 <b>18,000,973</b>	 <b>19,877,320</b>	 <b>48,588,966</b>	 <b>82,921,805</b>
General and administrative expenses		<u>(21,497,494)</u>	<u>(11,018,076)</u>	<u>(45,087,460)</u>	<u>(29,871,970)</u>
<b>Net (deficit) / surplus for the period</b>		<b>(3,496,521)</b>	<b>8,859,244</b>	<b>3,501,506</b>	<b>53,049,835</b>
Deficit/ (surplus) transferred to shareholders' operations	3	<u>3,496,521</u>	<u>(7,973,320)</u>	<u>(3,151,355)</u>	<u>(47,744,852)</u>
<b>Net surplus for the period after appropriations to shareholders' operations</b>			<b>885,924</b>	<b>350,151</b>	<b>5,304,983</b>
Other comprehensive income		--	--	--	--
<b>Total comprehensive surplus for the period</b>		<b>--</b>	<b>885,924</b>	<b>350,151</b>	<b>5,304,983</b>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2017**  
Expressed in Saudi Arabian Riyals

		Three months ended 30 September		Nine months ended 30 September	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net (deficit)/ surplus transferred from insurance operations	3	(3,496,521)	7,973,320	3,151,355	47,744,852
Investment income		550,174	1,112,682	1,743,040	3,126,802
		(2,946,347)	9,086,002	4,894,395	50,871,654
Directors' remuneration	13	(405,000)	(285,000)	(855,000)	(855,000)
General and administrative expenses		(230,897)	(135,448)	(701,330)	(409,384)
<b>Net (loss)/ profit for the period</b>		<b>(3,582,244)</b>	<b>8,665,554</b>	<b>3,338,065</b>	<b>49,607,270</b>
<b>Basic and diluted earnings per share - Saudi Riyals</b>	14	<b>(0.29)</b>	<b>0.71</b>	<b>0.27</b>	<b>4.06</b>
			Restated		Restated

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS'**  
**OPERATIONS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2017**  
Expressed in Saudi Arabian Riyals

	Three months ended 30 September		Nine months ended 30 September	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
(Loss) / profit for the period	<b>(3,582,244)</b>	8,665,554	<b>3,338,065</b>	49,607,270
<i>Other comprehensive income</i>				
<i>Items that will be subsequently</i>				
<i>reclassified to the statement of income-</i>				
<i>shareholders' operations</i>				
Changes in fair value of available for sale investments (Note 9.2)	<b>(122,779)</b>	(524,464)	<b>(366,215)</b>	(618,008)
<b>Total comprehensive (loss)/ income for the period</b>	<b><u>(3,705,023)</u></b>	<u>8,141,090</u>	<b><u>2,971,850</u></b>	<u>48,989,262</u>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.



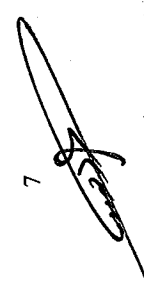
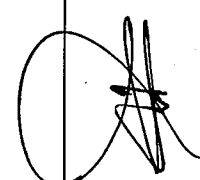
**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2017**  
Expressed in Saudi Arabian Riyals

	<i>Notes</i>	<b>Share capital</b>	<b>Accumulated deficit</b>	<b>Fair value reserve for available for sale investments</b>	<b>Total shareholders' equity</b>
Balance at 1 January 2016		205,000,000	(137,707,149)	(477,549)	66,815,302
Net profit for the period		--	49,607,270	--	49,607,270
Changes in fair value of available for sale investments		--	--	(618,008)	(618,008)
Provision for zakat		--	(528,879)	--	(528,879)
Provision for income tax		--	(371,121)	--	(371,121)
Balance as at 30 September 2016		205,000,000	(88,999,879)	(1,095,557)	114,904,564
<b>Balance at 1 January 2017</b>		<b>205,000,000</b>	<b>(83,316,744)</b>	<b>(608,963)</b>	<b>121,074,293</b>
Net profit for the period		--	3,338,065	--	3,338,065
Reduction of share capital	17	(83,000,000)	83,000,000	--	--
Transaction cost relating to reduction in share capital	17	--	(354,689)	--	(354,689)
Changes in fair value of available for sale investments	9-2	--	--	(366,215)	(366,215)
Provision for zakat	12	--	(3,302,171)	--	(3,302,171)
Provision for income tax	12	--	(504,298)	--	(504,298)
<b>Balance as at 30 September 2017</b>		<b>122,000,000</b>	<b>(1,139,837)</b>	<b>(975,178)</b>	<b>119,884,985</b>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.



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**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE",**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CASH FLOWS - INSURANCE OPERATIONS (UNAUDITED)**  
**FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2017**  
Expressed in Saudi Arabian Riyals

		30 September 2017 <u>(Unaudited)</u>	30 September 2016 <u>(Unaudited)</u>
	<u>Notes</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net surplus for the period from insurance operations' after shareholders' appropriation		350,151	5,304,983
<u>Adjustments for:</u>			
Surplus transferred to shareholders' operations		3,151,355	47,744,852
Provision for employees' end of service benefits		249,305	589,402
Unrealized loss on investments held for trading		156,286	474,812
Amortization of intangible assets		327,426	620,745
Depreciation of property and equipment		625,116	324,970
Changes in reinsurers' share of unearned premium during the period		(61,158,445)	21,109,492
Changes in unearned premiums income during the period		33,615,285	4,600,346
Provision for doubtful debts		5,957,471	199,958
		<u>(16,726,050)</u>	<u>80,969,560</u>
<b>Changes in operating assets and liabilities:</b>			
Receivable from policyholders, net	7	(96,644,468)	(25,984,943)
Receivable from reinsurers, net	8	(17,808,106)	(7,473,453)
Reinsurers' share of outstanding claims		12,680,002	(35,874,415)
Deferred policy acquisition costs		(1,776,048)	86,351
Prepayments and other assets		(2,448,479)	(3,063,125)
Advances and other receivables		31,766,396	(4,622,697)
Reinsurers' balances payable		9,910,127	(11,906,847)
Unearned commission income		6,655,858	1,614,552
Outstanding claims and reserves		(34,084,263)	43,769,687
Accrued expenses		314,821	(631,022)
Other liabilities		4,285,531	(6,577,889)
Due from shareholders' operations		13,749,616	26,799,994
Cash (used in) / generated from operations		(90,125,063)	57,105,753
Employees' end of service benefits paid		(249,305)	(86,097)
<b>Net cash (used in) / generated from operating activities</b>		<u>(90,374,368)</u>	<u>57,019,656</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of intangibles assets		(896,091)	(545,896)
Purchase of property and equipment		(1,684,676)	(1,641,141)
Payments for purchase of held to maturity investments		--	(4,773,324)
Receipts from disposal of investments		--	47,412,190
<b>Net cash (used in) / generated from investing activities</b>		<u>(2,580,767)</u>	<u>40,451,829</u>
<b>(Decrease) / increase in cash and cash equivalents during the period</b>		<u>(92,955,135)</u>	<u>97,471,485</u>
Cash and cash equivalents at the beginning of the period		127,639,448	57,617,704
<b>Cash and cash equivalents at the end of the period</b>	6	<u>34,684,313</u>	<u>155,089,189</u>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"  
(A Saudi Joint Stock Company)  
INTERIM STATEMENT OF CASH FLOWS - SHAREHOLDERS' OPERATIONS  
(UNAUDITED)  
FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2017  
Expressed in Saudi Arabian Riyals

		30 September 2017 <u>(Unaudited)</u>	30 September 2016 <u>(Unaudited)</u>
	<u>Notes</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the period before zakat and income tax		3,338,065	49,607,270
<u>Adjustments for:</u>			
Surplus transferred from insurance operations		(3,151,355)	(47,744,852)
		186,710	1,862,418
<b>Changes in operating assets and liabilities:</b>			
Prepayments and other assets		(75,000)	(75,000)
Advances and other receivables		41,858	(199,606)
Accrued expenses		(88,499)	(73,000)
Other liabilities		(285,315)	128,940
Statutory deposit investment return payable		378,061	--
Due to insurance operations		(13,749,616)	(26,799,994)
		(13,591,801)	(25,156,242)
Zakat paid	12	(3,272,725)	--
Income tax paid	12	(1,649,644)	--
<b>Net cash (used in) operating activities</b>		<b>(18,514,170)</b>	<b>(25,156,242)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Return on statutory deposit	10	(378,061)	(279,039)
Statutory deposit		--	(10,000,000)
Disposal of investment		--	156,000,000
<b>Net cash (used in) / generated from investing activities</b>		<b>(378,061)</b>	<b>145,720,961</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Transaction cost relating to reduction in share capital	17	(354,689)	--
<b>Net cash (used in) financing activities</b>		<b>(354,689)</b>	<b>--</b>
<b>(Decrease) / increase in cash and cash equivalents during the period</b>		<b>(19,246,920)</b>	<b>120,564,719</b>
Cash and cash equivalents at the beginning of the period		174,391,110	33,050,707
<b>Cash and cash equivalents at the end of the period</b>	6	<b>155,144,190</b>	<b>153,615,426</b>
<b>Non-cash supplemental information:</b>			
Net change in the fair value of available for sale investments	9.2	(366,215)	(618,008)

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2017**  
Expressed in Saudi Arabian Riyals

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**1. ORGANISATION AND PRINCIPAL ACTIVITIES**

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

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

The Company has been granted the license (number TMN/14/20086) to practice all lines of insurance business on 6 Jumada II, 1429H corresponding to 8 September 2008 from Saudi Arabian Monetary Authority ("SAMA"). The Company commenced its general insurance operations from 20 August 2008 and protection and savings insurance operations from 11 January 2009. The company license has been renewed by SAMA for a period of three years effective from 3 March 2017 corresponding to 4 Jumada II, 1438H.

The Company was suspended by SAMA on 19 August 2017 corresponding to 27 Zulqadh 1438H from issuing or renews motor third part liability insurance policies due to non-compliance with related laws and regulatory requirements. However, the Company is allowed to add vehicles on existing policies. The Company is taking corrective actions to get the suspension lifted and to avoid suspension in future.

**2. BASIS OF PREPARATION**

*Statement of compliance*

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

Applying the above framework, the interim condensed financial statements (interim condensed financial information) of the Company as at and for the three and nine-month period ended 30 September 2017 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") and SAMA guidance for the accounting of zakat and income tax.

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

*Basis of measurement*

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

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**3. BASIS OF PRESENTATION**

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

**4. FUNCTIONAL AND PRESENTATION CURRENCY**

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

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

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

**New International Financial Reporting Standards (IFRS) and Interpretations Committee's interpretations ("IFRIC") and amendments thereof, adopted by the Company**

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

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

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

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

**- IFRS 9 'Financial Instruments'**

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

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

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

**- IFRS 17 'Insurance Contracts'**

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

**- IFRS 16 'Leases'**

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

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

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

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

**- IFRS 15 'Revenue from Contracts with Customers'**

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

**- IFRIC 23 'Uncertainty over Income Tax Treatments'**

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

**- Amendments to IFRIC 22, 'Foreign currency transactions and advance consideration'**

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

**- Annual improvements 2014 - 2016**

It includes changes to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Financial risk management**

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

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



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**6. CASH AND CASH EQUIVALENTS**

	<b>30 September 2017 (Unaudited)</b>	
	<i>Insurance Operations</i>	<i>Shareholders' Operation</i>
Cash in hand	3,408	--
Balance in current account	32,074,784	14,359,292
Term deposit at banks (note no 6.a)	2,606,121	140,784,898
	<u>34,684,313</u>	<u>155,144,190</u>
	<b>31 December 2016 (Audited)</b>	
	<i>Insurance Operations</i>	<i>Shareholders' Operation</i>
Cash in hand	1,562	--
Balance in current account	66,637,886	35,391,110
Term deposit at banks (note no 6.a)	61,000,000	139,000,000
	<u>127,639,448</u>	<u>174,391,110</u>

- 6 (a)** This represents investment in murahaba term deposit having maturity of not more than three months at a rate of interest ranging between 1.5% to 1.7% per annum (2016: 1% to 3.4% per annum).

**7. RECEIVABLE FROM POLICYHOLDERS, NET**

	<b>30 September 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Gross receivables arising from insurance contracts	202,113,373	105,468,905
Less: Provision for doubtful debts (note 7.1)	(26,386,537)	(23,485,868)
Net receivables	<u>175,726,836</u>	<u>81,983,037</u>

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

	<b>30 September 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Opening balance	23,485,868	8,840,275
Charge during the period / year	2,900,669	14,645,593
Closing balance	<u>26,386,537</u>	<u>23,485,868</u>

**8. RECEIVABLES FROM REINSURERS, NET**

	<b>30 September 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Gross receivables	28,256,961	10,448,855
Less: Provision for doubtful debts (note 8.1)	(3,141,413)	(84,611)
Net receivables	<u>25,115,548</u>	<u>10,364,244</u>

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

	<b>30 September 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Opening balance	84,611	2,768,378
Charge / (reversal) during the period / year	3,056,802	(2,683,767)
Closing balance	<u>3,141,413</u>	<u>84,611</u>

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**9. INVESTMENTS**

		<b>30 SEPTEMBER 2017</b>	
		<b>(Unaudited)</b>	
		<i>Insurance Operations</i>	<i>Shareholders' Operations</i>
<b>Available for sale</b>			
Unquoted securities	9.1	1,923,078	--
Shariah compliant funds-quoted	9.2	--	4,024,821
<b>Held for trading</b>			
Quoted securities	9.3	926,554	--
		<u>2,849,632</u>	<u>4,024,821</u>
		<b>31 December 2016</b>	
		<b>(Audited)</b>	
		<i>Insurance Operations</i>	<i>Shareholders' Operations</i>
<b>Available for sale</b>			
Unquoted securities	9.1	1,923,078	--
Shariah compliant fund - quoted	9.2	--	4,391,036
<b>Held for trading</b>			
Quoted securities	9.3	1,082,840	--
		<u>3,005,918</u>	<u>4,391,036</u>

**9.1** This represents investment in shares of Najm for insurance Services Company amounting to SAR 1,923,078 (31 December 2016: SAR 1,923,078).

**9.2 Shariah compliant fund**

	<b>30 September 2017</b>	<b>31 December 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	4,391,036	4,522,450
Unrealized loss during the period / year	(366,215)	(131,414)
Closing balance	<u>4,024,821</u>	<u>4,391,036</u>

**9.3** This represents investment in quoted shares amounting to SAR 926,554 (31 December 2016: SAR 1,082,840).

**10. STATUTORY DEPOSIT**

In accordance with Article 58 of the Implementing Regulations for Cooperative Insurance, the Company has deposited an amount of SAR 30,750,000 (31 December 2016: SAR 30,750,000) with Riyadh Bank. During the year 2016 statutory deposit was increased from 10% to 15% of share capital before reduction of capital in order to comply with SAMA letter no 371000070032 dated 30<sup>th</sup> March 2016. However, the Company is not allowed to withdraw any portion of the original deposit or the profit unless prior approval is obtained from SAMA. Profit accrued of SAR 1,537,983 (31 December 2016: SAR 1,159,922) and the corresponding liability have been shown separately.

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**11. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties	Nature of transactions	Notes	Amount of transactions				Balances	
			30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	31 December 2016
			Three months (Unaudited)	Three months (Unaudited)	Nine months (Unaudited)	Nine months (Unaudited)	(Unaudited)	(Audited)
The New India Assurance Company Limited (Shareholder)	- Reinsurance premium ceded		307,476	199,215	1,179,192	1,378,406	--	--
	- Reinsurance commission income		77,260	45,763	291,725	337,489	--	--
	- Reinsurer's share of outstanding claims		197,367	200,990	448,836	448,836	--	--
	- Balance receivable		--	--	--	--	2,883,713	1,722,908
Life Insurance Corporation of India (Shareholder)	- Share compensation balance payable		--	--	--	--	5,932,155	5,932,155
	- Share compensation balance payable		--	--	--	--	5,708,300	5,708,300
Directors and Executive Committee	- Remuneration	13	405,000	285,000	855,000	855,000	--	--
	- Balance payable		--	--	--	--	2,221,380	2,146,380
Directors and Executive Committee	- Meeting attendance fee		58,500	58,500	175,500	175,500	--	--
	- Balance payable		--	--	--	--	268,620	439,620

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**12. ZAKAT AND INCOME TAX PAYABLE**

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

Movements in zakat is as follows:

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Balance at beginning of the period / year	3,171,850	(344,829)
Provision during the period / year	3,302,171	3,516,679
Payment during the period / year	(3,272,725)	--
Balance at end of the period / year	<u>3,201,296</u>	<u>3,171,850</u>

Movements in the income tax is as follows:

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Balance at beginning of the period / year	1,749,513	--
Provision during the period / year	504,298	1,749,513
Payment during the period / year	(1,649,644)	--
Balance at end of the period / year	<u>604,167</u>	<u>1,749,513</u>

**Shareholdings**

Following is the shareholding structure of the Company as on:

	30 September 2017	31 December 2016
Shareholding subject to Zakat	84.88%	84.88%
Shareholding subject to Income Tax	15.12%	15.12%

**Status of assessments**

The Company has filed zakat and income tax returns for the financial year 2016 with the General Authority of Zakat and Tax (the "GAZT") and obtained the required certificate.

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

**13. DIRECTORS' REMUNERATION**

During the nine-month period ended 30 September 2017, provision has been made for the Board of Directors' remuneration for an amount of SAR 855,000 (30 September 2016: SAR 855,000).

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

Basic and diluted earnings per share have been computed by dividing the net income for the relevant periods by the weighted average number of issued outstanding shares. The relevant averages are 12,200,000 shares for the three and nine-month periods ended 30 September 2017 and 12,200,000 shares for the three and nine-month periods ended 30 September 2016. The weighted average number of shares have been retrospectively adjusted for all prior periods to reflect the reduction in share capital in line with the requirement of IAS 33 "Earnings per share".

**15. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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

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

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

***Determination of fair value and fair value hierarchy***

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

- Level 1: Quoted market prices in active market for the identical instrument (i.e., without modification or adjustment);
- Level 2: Quoted market prices in active market for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

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

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

**30 SEPTEMBER 2017**

**(Unaudited)**

**Investments**

	Level 1	Level 2	Level 3	Total
- Insurance operations	926,554	--	1,923,078	2,849,632
- Shareholders' operations	4,024,821	--	--	4,024,821
<b>Total</b>	<b>4,951,375</b>	<b>--</b>	<b>1,923,078</b>	<b>6,874,453</b>

**31 December 2016 (Audited)**

**Investments**

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

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

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

During the nine-month period ended 30 September 2017 and year ended 31 December 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

**16. SEGMENTAL INFORMATION**

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

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

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

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**16. SEGMENTAL INFORMATION (Continued)**

**For the three-month period ended 30 SEPTEMBER 2017 (Unaudited)**

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	38,203,054	53,410,023	8,153,382	99,766,459
Reinsurance premiums ceded	(9,686,495)	(19,272,516)	(7,138,926)	(36,097,937)
Excess of loss premiums	(1,774,250)	--	(145,000)	(1,919,250)
<b>Net premiums written</b>	<b>26,742,309</b>	<b>34,137,507</b>	<b>869,456</b>	<b>61,749,272</b>
Change in unearned premiums, net	40,619,795	(4,543,864)	207,139	36,283,070
<b>Net premiums earned</b>	<b>67,362,104</b>	<b>29,593,643</b>	<b>1,076,595</b>	<b>98,032,342</b>
Reinsurance commission income	2,824,715	--	2,491,012	5,315,727
Other operating income	551,159	--	--	551,159
Other income	912,230	4,000,000	--	4,912,230
Unrealized loss on investments held for trading	--	--	(60,281)	(60,281)
Investment income	--	--	9,946	9,946
<b>Total revenue</b>	<b>71,650,208</b>	<b>33,593,643</b>	<b>3,517,272</b>	<b>108,761,123</b>
Gross claims paid	66,567,386	27,663,806	1,891,430	96,122,622
Less: reinsurers' share of claims paid	(12,590,120)	(14,575,434)	(1,495,323)	(28,660,877)
<b>Net claims paid</b>	<b>53,977,266</b>	<b>13,088,372</b>	<b>396,107</b>	<b>67,461,745</b>
Changes in outstanding claims and reserves – net	(2,009,520)	7,586,282	1,037,505	6,614,267
<b>Net claims incurred</b>	<b>51,967,746</b>	<b>20,674,654</b>	<b>1,433,612</b>	<b>74,076,012</b>
Policy acquisition costs	7,128,250	3,671,379	1,485,494	12,285,123
Other underwriting expenses	919,189	3,428,691	51,135	4,399,015
<b>Total claims and other expenses</b>	<b>60,015,185</b>	<b>27,774,724</b>	<b>2,970,241</b>	<b>90,760,150</b>
<b>Underwriting surplus</b>	<b>11,635,023</b>	<b>5,818,919</b>	<b>547,031</b>	<b>18,000,973</b>
General and administrative expenses	--	--	--	(21,497,494)
<b>Net deficit for the period</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(3,496,521)</b>

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**16. SEGMENTAL INFORMATION (Continued)**

**For the nine-month period ended 30 September 2017 (Unaudited)**

	<u><b>Motor</b></u>	<u><b>Health</b></u>	<u><b>Others</b></u>	<u><b>Total</b></u>
Gross premiums written	239,691,377	171,419,052	40,611,664	451,722,093
Reinsurance premiums ceded	(60,844,008)	(61,035,272)	(37,002,024)	(158,881,304)
Excess of loss premiums	(5,322,750)	--	(435,000)	(5,757,750)
<b>Net premiums written</b>	<b>173,524,619</b>	<b>110,383,780</b>	<b>3,174,640</b>	<b>287,083,039</b>
Change in unearned premiums, net	70,408,269	(43,025,229)	160,118	27,543,158
<b>Net premiums earned</b>	<b>243,932,888</b>	<b>67,358,551</b>	<b>3,334,758</b>	<b>314,626,197</b>
Reinsurance commission income	5,978,501	--	7,332,743	13,311,244
Other operating income	2,402,891	--	--	2,402,891
Other income	3,034,885	4,000,000	--	7,034,885
Unrealized loss on investments held for trading	--	--	(156,286)	(156,286)
Investment income	--	--	581,016	581,016
<b>Total revenue</b>	<b>255,349,165</b>	<b>71,358,551</b>	<b>11,092,231</b>	<b>337,799,947</b>
Gross claims paid	250,406,945	76,107,083	61,414,696	387,928,724
Less: reinsurers' share of claims paid	(27,646,702)	(41,074,710)	(59,300,804)	(128,022,216)
<b>Net claims paid</b>	<b>222,760,243</b>	<b>35,032,373</b>	<b>2,113,892</b>	<b>259,906,508</b>
Changes in outstanding claims and reserves – net	(29,395,321)	7,435,495	555,566	(21,404,260)
<b>Net claims incurred</b>	<b>193,364,922</b>	<b>42,467,868</b>	<b>2,669,458</b>	<b>238,502,248</b>
Policy acquisition costs	23,731,244	8,699,302	4,139,815	36,570,361
Other underwriting expenses	2,737,591	11,016,549	384,232	14,138,372
<b>Total claims and other expenses</b>	<b>219,833,757</b>	<b>62,183,719</b>	<b>7,193,505</b>	<b>289,210,981</b>
<b>Underwriting surplus</b>	<b>35,515,408</b>	<b>9,174,832</b>	<b>3,898,726</b>	<b>48,588,966</b>
General and administrative expenses	--	--	--	(45,087,460)
<b>Net surplus for the period</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3,501,506</b>



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**16. SEGMENTAL INFORMATION (Continued)**

**As at 30 SEPTEMBER 2017 (Unaudited)**

<b>Assets:</b>	<b><u>Motor</u></b>	<b><u>Health</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
Reinsurers' share of outstanding claims	8,233,165	16,891,825	87,592,913	112,717,903
Reinsurers' share of unearned premiums income	30,595,579	38,723,771	18,601,808	87,921,158
Deferred policy acquisition costs	11,482,781	8,162,799	2,209,067	21,854,647
Unallocated assets				325,899,650
<b>Total assets</b>				<b>548,393,358</b>
<b>Liabilities and surplus:</b>				
Unearned premiums income	132,296,458	106,439,505	20,037,891	258,773,854
Outstanding claims including reserves	99,079,092	32,434,062	92,309,949	223,823,103
Reserve for life insurance operations	--	--	1,516,730	1,516,730
Unallocated liabilities and surplus				64,279,671
<b>Total liabilities and surplus</b>				<b>548,393,358</b>

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**16. SEGMENTAL INFORMATION (Continued)**

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

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	60,211,259	28,387,270	4,557,184	93,155,713
Reinsurance ceded	--	(9,835,553)	(3,916,914)	(13,752,467)
Excess of loss premiums ceded	(1,338,250)	--	(128,000)	(1,466,250)
Net premium written	58,873,009	18,551,717	512,270	77,936,996
Changes in unearned premium, net	42,120,306	5,612,188	610,840	48,343,334
Net premium earned	100,993,315	24,163,905	1,123,110	126,280,330
Reinsurance commissions	--	--	2,213,272	2,213,272
Other operating income	1,015,072	--	--	1,015,072
Other income	1,098,192	--	--	1,098,192
Unrealized loss on investments held for trading	--	--	(427,322)	(427,322)
Investment income	--	--	1,032,538	1,032,538
Total revenue	103,106,579	24,163,905	3,941,598	131,212,082
Gross claims paid	72,543,676	28,979,845	2,729,693	104,253,214
Less: reinsurers' share	(826,300)	(15,938,915)	(2,210,314)	(18,975,529)
Net claims paid	71,717,376	13,040,930	519,379	85,277,685
Changes in outstanding claims and reserves – net	8,679,005	(463,054)	856,409	9,072,360
Net claims incurred	80,396,381	12,577,876	1,375,788	94,350,045
Policy acquisition costs	8,822,811	3,641,213	1,492,851	13,956,875
Other underwriting expenses	691,916	2,317,807	18,119	3,027,842
Total claims and other expenses	89,911,108	18,536,896	2,886,758	111,334,762
Underwriting surplus	13,195,471	5,627,009	1,054,840	19,877,320
General and administrative expenses	--	--	--	(11,018,076)
Net surplus for the period	--	--	--	8,859,244

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**16. SEGMENTAL INFORMATION (Continued)**

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

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	346,153,613	68,697,350	39,183,741	454,034,704
Reinsurance ceded	--	(25,708,231)	(35,645,456)	(61,353,687)
Excess of loss premiums ceded	(4,014,750)	--	(384,000)	(4,398,750)
Net premium written	342,138,863	42,989,119	3,154,285	388,282,267
Changes in unearned premium, net	(64,000,717)	37,750,454	540,425	(25,709,838)
Net premium earned	278,138,146	80,739,573	3,694,710	362,572,429
Reinsurance commissions	--	--	6,895,048	6,895,048
Other operating income	4,569,110	--	--	4,569,110
Other income	2,565,315	--	--	2,565,315
Unrealized loss on investments held for trading	--	--	(474,812)	(474,812)
Investment income	--	--	2,401,660	2,401,660
Total revenue	285,272,571	80,739,573	12,516,606	378,528,750
Gross claims paid	206,063,760	76,904,164	10,964,516	293,932,440
Less: reinsurers' share	(3,464,680)	(42,302,941)	(9,831,878)	(55,599,499)
Net claims paid	202,599,080	34,601,223	1,132,638	238,332,941
Changes in outstanding claims and reserves – net	9,525,920	(2,277,211)	646,563	7,895,272
Net claims incurred	212,125,000	32,324,012	1,779,201	246,228,213
Policy acquisition costs	24,372,752	12,412,468	4,458,174	41,243,394
Other underwriting expenses	2,474,054	5,489,046	172,238	8,135,338
Total claims and other expenses	238,971,806	50,225,526	6,409,613	295,606,945
Underwriting surplus	46,300,765	30,514,047	6,106,993	82,921,805
General and administrative expenses	--	--	--	(29,871,970)
Net surplus for the period	--	--	--	53,049,835

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**16. SEGMENTAL INFORMATION (Continued)**

As at 31 December 2016 (Audited)

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)(Continued)**  
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**17. SHARE CAPITAL**

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

The Company's board of directors has recommended on 20<sup>th</sup> March 2017 corresponding to 21 Jumada Al Thani 1438 H the reduction of Company's capital by a value equal to 40.49% of the Company's capital in share capital, resulting in a reduction from the current value of SAR 205,000,000 to a value of SAR 122,000,000. The Company obtained Saudi Arabian Monetary Authority (SAMA) approval, approval number 381000072304/ dated 4<sup>th</sup> April 2017 corresponding to 7 Rajab 1438 H. The Company obtained Capital Market Authority (CMA) approval on 24<sup>th</sup> April 2017 corresponding to 27 Rajab 1438 H, thus reducing the number of shares from 20,500,000 shares to 12,200,000 shares. During the period ended 30 June 2017, the shareholders of the Company have approved this reduction and the required changes in the Company by-laws relating to its reduction, in an extra-ordinary general meeting held on 14 June 2017 corresponding to 19 Ramadan 1438. The legal procedures have completed related to updating the commercial registration and Company's by-laws.

During the period ended 30 June 2017 the Company has incurred transaction cost of SAR 354,689 in respect of reduction in share capital, which has been charged directly in statement of equity.

The share compensation belongs to shareholders who have not subscribed to the rights issue in 2015. Since the selling price of the unsubscribed shares is higher than the 'Offer Price', the difference is distributable in compensation to holders of rights who have not subscribed to their rights according to the percentage of the rights owned by them (Refer note 11).

**18. COMPARITIVE FIGURES**

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

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

**19. APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the board of directors of the Company on October 31, 2017(G) corresponding to Safar 11, 1439 (H).

