

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

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
AND
INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2018

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2018

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**INDEPENDENT AUDITORS' REVIEW REPORT
ON THE INTERIM CONDENSED FINANCIAL INFORMATION**

The Shareholders

**Saudi Indian Company for Cooperative Insurance "Wafa Insurance"
(A Saudi Joint Stock Company)
Kingdom of Saudi Arabia**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Saudi Indian Company for Cooperative Insurance "Wafa Insurance" (A Saudi Joint Stock Company) ("the Company") as at 30 September 2018 and the related interim condensed statement of income and interim condensed statement of comprehensive income for the three and nine month periods then ended, interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the nine month period 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) as modified by Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax. Our responsibility is to express a conclusion on the interim condensed 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 condensed 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 (ISAs), as endorsed in Kingdom of Saudi Arabia, and consequently, it 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 as modified by SAMA for the accounting of zakat and income tax.

Emphasis of matters

We draw attention to following:

- note 2.1 and 2.2 to the accompanying interim condensed financial information which describe reasons for preparation of the interim condensed financial information considering the Company as a non-going concern. Accordingly, this interim condensed financial information has been prepared on liquidation basis i.e. assets and liabilities have been stated on expected realisable and settlement values respectively except for property and equipment and intangibles whose carrying values have been considered by management as approximating their fair values, and following IAS 34 as modified by SAMA for the accounting of zakat and income tax; and
- note 8 to the accompanying interim condensed financial information, which describes that the Company has filed a case for recovery of SR 2.8 million on account of rent paid and expenditure incurred on renovation of a property and has recorded this amount in prepayments and other assets. Pending decision from the court, ultimate outcome of the said case can not be determined at this stage.

Our conclusion is not qualified in respect of these matters.

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03 January 2019
27 Jumada al-Thani 1441H

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

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

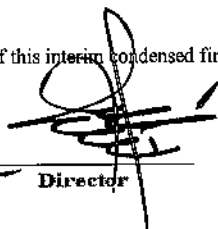
For the three and nine month periods ended 30 September 2018

	Three months period ended 30 Sept 2018	Three months period ended 30 Sept 2017	Nine months period ended 30 Sept 2018	Nine months period ended 30 Sept 2017
	SAR' 000	SAR' 000	SAR' 000	SAR' 000
REVENUES				
Gross premiums written	19	99,766	111,722	451,722
Reinsurance premiums ceded				
- Local	(112)	(26,770)	(9,142)	(66,180)
- Foreign	(344)	(9,328)	(33,360)	(92,702)
Excess of loss expenses				
- Local	(1,124)	-	(3,372)	-
- Foreign	(657)	(1,919)	(1,969)	(5,757)
Net premiums written	(2,218)	61,749	63,879	287,083
Changes in unearned premiums, net	30,001	36,283	78,671	27,543
Net premiums earned	27,783	98,032	142,550	314,626
Reinsurance commission earned	2,495	5,316	13,664	-
Other underwriting income	5	551	499	-
Total Revenues	30,283	103,899	156,713	314,626
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(76,135)	(96,123)	(294,128)	-
Reinsurers' share of claims paid	31,179	28,661	119,747	-
Net claims paid	(44,956)	(67,462)	(174,381)	-
Changes in outstanding claims, net	(7,051)	(1,572)	(41,019)	-
Changes in incurred but not reported claims, net	21,342	(5,839)	68,397	(4,996)
Changes in other reserves, net	(5,303)	797	(8,925)	15,399
Net claims incurred	(35,968)	(74,076)	(155,928)	10,403
Policy acquisition costs	(4,471)	(12,285)	(21,245)	(36,570)
Other underwriting expenses	(2,165)	(4,399)	(8,279)	(14,138)
Total underwriting costs and expenses	(42,604)	(90,760)	(185,452)	(40,305)
NET UNDERWRITING (LOSS)/ INCOME	(12,321)	13,139	(28,739)	274,321
OPERATING (EXPENSES) / INCOME				
General and administrative expenses	(11,372)	(16,267)	(38,574)	(40,686)
Provision for doubtful receivables	(9,973)	(5,866)	(11,757)	(5,957)
Other income	-	4,912	2,000	7,035
Investment income	442	560	2,356	2,324
Realized loss on investments	-	(60)	(972)	(156)
Total operating expenses	(20,903)	(16,721)	(46,947)	(37,440)
Total (loss)/ income for the period	(33,224)	(3,582)	(75,686)	236,881
Appropriation to policyholders operations	-	-	-	(351)
Total (loss)/ income for the period attributable to the shareholders	(33,224)	(3,582)	(75,686)	236,530
(Loss) / profit per share (SR)	(3.32)	(0.36)	(7.57)	23.65
Number of outstanding shares	10,000,000	10,000,000	10,000,000	10,000,000
		restated		restated

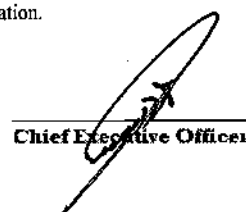
The accompanying notes 1 to 20 form an integral part of this interim condensed financial information.



Chairman



Director



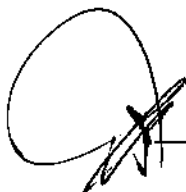
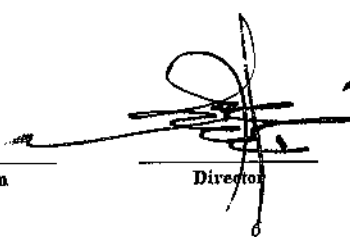

Chief Executive Officer

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

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
For the nine months period ended 30 September 2018

	Note	Share capital	Accumulated losses	Fair value reserve for available for sale investments	Total
SAR'000					
2018					
Balance as at 01 January 2018 (Audited)		122,000	(37,318)	(1,050)	83,632
Capital reduction	11	(22,000)	22,000	-	-
Capital reduction expenses	11	-	(300)	-	(300)
Total comprehensive loss for the period	18.3	-	(75,686)	-	(75,686)
Change in fair value for available for sale investments		-	-	1,050	1,050
Zakat charge for the period	10	-	(1,699)	-	(1,699)
Balance as at 30 Sept 2018 (Unaudited)		100,000	(93,003)	-	6,997
2017					
Balance as at 01 January 2017 (Audited)		205,000	(83,317)	(609)	121,074
Capital reduction	2.1	(83,000)	83,000	-	-
Capital reduction expenses		-	(355)	-	(355)
Total comprehensive loss for the period		-	3,338	-	3,338
Change in fair value for available for sale investments		-	-	(366)	(366)
Zakat charge for the period		-	(3,806)	-	(3,806)
Balance as at 30 Sept 2017 (Unaudited)		122,000	(1,140)	(975)	119,885

The accompanying notes 1 to 20 form an integral part of this interim condensed financial information.

Chairman
Director
Chief Executive Officer

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

1 REPORTING ENTITY AND OPERATIONS

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 10 June 2008G 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's license has been renewed by SAMA for a period of three years effective from 3 March 2017 corresponding to 4 Jumada II, 1438H.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This interim condensed financial information (interim condensed financial statements) of the Company has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax, which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the Zakat and Income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.

Going Concern

As at 30 September 2018, the Company has accumulated losses of SR 93.00 million (2017: SR 37.32 million), which are 93.00% (2017: 30.59%) of the Company's share capital as at that date. The Company reduced its share capital by SR 83 million during the year 2017 and by SR 22 million during the nine months period ended 30 September 2018 (refer note 10). Further, the Company did not meet the solvency margin requirements as at 31 December 2017 and 30 September 2018 and the Company's solvency margin as at 30 September 2018 remained declined substantially.

The Company received a final warning from SAMA on 01 May 2018, requiring the Company to maintain the required solvency margin before 30 September 2018 and to appoint an independent consultant at the expense of the Company to provide advice on this matter. In case the Company does not take corrective measures, SAMA will take one or more actions including preventing the Company from accepting subscribers or investors or new subscribers in any of the insurance activities or reduce it.

The Board of Directors based on a business plan recommended the extra ordinary general assembly to approve the capital reduction of 22 million and capital injection of SR 100 million. On 29 April 2018 the Company appointed a consultant as a financial advisor to manage the process of reducing the Company's capital and carrying out all related procedures. The Company after receiving approval from SAMA and CMA, called for a general assembly meeting and the reduction of capital of SR 22 million was approved by the general assembly on 05 June 2018.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

2 BASIS OF PREPARATION (Continued)

2.1 Statement of compliance (Continued)

Going Concern (Continued)

On 24 May 2018, SAMA issued a letter regarding the Company's failure to meet the minimum solvency margin requirements and suspended the Company from issuing new policies and renewing current policies from 24 May 2018, and directed the Company to appoint a consultant which shall submit weekly report to SAMA. The Chairman of the Board of Directors shall inform all the board members of the receipt of this letter and that they shall take appropriate actions to address the solvency. SAMA may take more actions if the solvency position is not addressed.

The Company prepared a business plan internally to address accumulated losses and solvency margin issues.

On 06 June 2018, the Company appointed an actuarial firm to prepare a business plan, which was approved by the Board of Directors on 06 August 2018 and the same was submitted to SAMA on 16 September 2018. This revised business plan contains different scenarios and addresses the need of capital injection of SR 220 million to deal with the solvency situation and ensure going concern status of the Company.

On 31 May 2018, the Company with the approval of SAMA appointed a consultant to study and analyze the solvency situation of the Company. The consultant's report was submitted by the end of July 2018, in which the consultant recommended short term, medium term and long term actions. These recommendations include a minimum capital injection of SR 150 million, fixing the violations as mentioned in SAMA letters and improvement of operations.

On 29 July 2018, the Company announced that its accumulated losses have exceeded 50% of the share capital of the Company. The Board of Directors of the Company were informed of this significant event on 28 July 2018. The Company wishes to show its shareholders that according to Article 150 of the Companies Law, the Board of Directors of the Company shall, by 12 August 2018, call an Extraordinary General Assembly, The Extraordinary General Assembly must be called no later than 11 September 2018, to decide either to increase or decrease the share capital of the Company to the extent that the ratio of the losses becomes less than half of the capital or to dissolve the Company. The general assembly will be called within 45 days of the notification to the chairman of the board of directors and the decision of the general assembly of the shareholder must be implemented within 90 days of the general assembly meeting. Failure to implement the decision of general assembly within 90 days as aforesaid will lead to dissolution of the Company as mentioned in article 150 of the Law of Companies.

Furthermore, SAMA issued a letter on 29 July 2018 on various controls and governance related matters, requiring the Company to appoint a consultant within 15 days and to submit a report within 60 days from the date of this letter. The Company has appointed a consultant and received no objection from SAMA on 23 October 2018.

On 07 August 2018, the Company announced that the board of directors in their meeting held on 06 August 2018, recommended to call for an extra ordinary general assembly in accordance with article 150 of the Law of Companies to study the situation of the Company and take a decision to increase capital or reduce capital or dissolve the Company. The board of directors also clarified that this assembly is only for the purpose of taking decision on the strategy of dealing with the current situation of the Company and choosing one of the options referred to in article 150.

Extraordinary General Assembly Meeting was held on 10 September 2018 in which shareholders approved the direction of the Company to proceed with procedures to increase the share capital and obtain the approval of the competent authorities.

Board of Directors of the Company on 03/01/1440H corresponding to 13 September 2018 decided to recommend to the Extraordinary General Assembly to increase the capital of the Company through a rights issue of SR 220 million.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

2 BASIS OF PREPARATION (Continued)

2.1 Statement of compliance (Continued)

Going Concern (Continued)

The Company received letter 1509/89 from SAMA on 07/01/1440 corresponding to 18 September 2018 for no-objection to increase the Company's capital from SR 100 million to SR 320 million through a rights issue provided that the Company meets all requirements of other official authorities.

No-objection from Capital Market Authority (CMA) is still not received. Further, the Company is in process to find an underwriter for capital injection. The Company has received proposals from 1 financial advisors for capital injection which are under scrutiny.

The Company's management met SAMA on 11 October 2018 to check the status of the Company and to discuss solutions available to save/ rescue the Company in light of the current losses.

The Company announced on tadawul on 26/02/1440 H corresponding to 04 November 2018, that it would like to inform its shareholders that the Board of Directors reviewed developments on capital increase, and discussed intensively the challenges and difficulties faced by the Company in appointment of underwriter to cover the required amount of capital increase. The Board feels that they are entrusted to do what is possible to protect shareholders and stakeholders of the Company, and they are aware of the current stage and the time remaining and available under the law. However, it is not possible to obtain the underwriter to date to cover the capital increase. This entails a clear risk that the Company will be dissolved in accordance with Article 150 of the Law of Companies if the capital is not increased within the statutory period. Accordingly, in order to protect the interests of the shareholders of the Company, the Board of Directors has only an option to reduce the capital to ensure the Company's continuation. The reduction of capital of insurance companies to less than SR 100,000,000 is not possible under the Insurance Companies Control Law and its Executive Regulations. As stated by the SAMA in its explanatory statement issued on 13 August 2018, the Board recommends to change the activities of the Company, and reduce the capital after obtaining necessary regulatory approvals. The Company is not prevented from completing capital increase procedures if the arrangements with the underwriter are done on a timely basis, a possibility that the Board of Directors is unlikely to achieve under the current circumstances.

On 28/02/1440H corresponding to 06 November 2018, the Company received a letter reference 89/12886 from SAMA referring to the Company's announcement on the website of Tadawul dated 05 November 2018 containing the recommendation of the Board of directors to change the Company's activities and with reference to article 75 of the Implementing Regulations of Cooperative Insurance Companies Control System which contains procedures related to cessation of insurance activities. SAMA informed the Company's Board of directors to comply with all statutory requirements and, if the Company met those statutory requirements as per the recommendation to cease the activities of the Company as described in the announcement of the Company referred to above, it must provide SAMA with statutory requirements contained in the said Article 75.

In response to SAMA's aforesaid letter, the Company informed SAMA on 29/02/1440H corresponding to 07 November 2018 that during the meeting with SAMA on 11 October 2018 they discussed the difficulty in having the underwriting arrangement in place for increase in capital. Further, because of the Company's current conditions, making it difficult for the Company to proceed with this option, the idea of cancelling the insurance license of the Company and change of its activities was discussed, if the Company is unable to appoint an underwriter. As it was not possible to appoint an underwriter to date due to suspension of business, ban on writing business and the time remaining before the Company is subjected to the Article 150 of the Law of Companies, the Board of Directors, to ensure continuation of the Company and protection of the Shareholders' equity and policyholders, have no other option but to reduce capital, which requires changing the Company's activities.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

2 BASIS OF PREPARATION (Continued)

2.1 Statement of compliance (Continued)

Going Concern (Continued)

Therefore, the Company requested SAMA to cancel the insurance license of the Company and to instruct the Ministry of Commerce and Investment (MOCI) and the Capital Market Authority (CMA) to complete the procedures for cessation of the insurance activities, and advising the Company to take the approval of the Extraordinary General Assembly, so that the Company can cease the operations and amend its activities. The Company will be deemed dissolved under article 150 of the Law of Companies on 09 December 2018. We hope to approve the change of the Company's activity immediately with our readiness to make the necessary commitments to complete the procedures of cancelling the insurance license according to the statutory requirement and within the periods prescribed in the executive regulation of the Insurance Companies Control Law.

Further to the above stated announcements, the Company announced on Tadawul on 02 December 2018 that it would like to inform its shareholders that the Board of Directors reviewed on 21/03/1440H corresponding to 29 November 2018 developments regarding the increase of capital and discussed intensively the efforts made to date, including the progress of negotiations with the underwriters and addressing the concerned parties on the change of activity. The Board is aware that it is only less than ten days to the end of statutory period prescribed under Article 150 of the Law of Companies (ninety days from the date of the General Assembly voted on capital increase), which is not sufficient to complete the statutory requirements for implementation of any of the two options referred to. Accordingly, since serious endeavors are still ongoing and based on what the Company's legal counsel has presented to, and the protection of the rights of shareholders and stakeholders, is to restrict the request for financial reorganization under Chapter IV with the Bankruptcy System in order to free the company from the period in the law of companies until the completion of necessary procedures to increase the capital of the company or change the activity and reduce the capital under Article 45 of the Bankruptcy Law and Article 42 of its executive regulations. The Board of Directors wishes to clarify that the financial reorganization procedure, although included in the bankruptcy system, is not considered a decision to liquidate the Company or to enter into bankruptcy. This is one of the new instruments approved by the regulator to protect troubled companies from liquidation and bankruptcy. The financial reorganization of the Company to increase its capital or reduce it after the change of activity and will be under the supervision of the Court. The procedure is subject to the approval of the regulators and stakeholders in all cases.

The Company has announced on Tadawul on 28/03/1440 corresponding to 6 December 2018 that it has successfully registered the application for the Company's financial reorganization, in accordance with Article 45 of the Bankruptcy Law and Article 42 of its Executive Regulations. Consequently, the Company shall be deemed to be exempted from the statutory period stipulated in Article 150 of Law of Companies.

The Company has announced on Tadawul on 19/4/1440 corresponding to 26 December 2018 that the request for financial reorganization has been sent to 9th Commercial Department at the Commercial Court in Riyadh.

The accumulated losses, deficiency in solvency margin, which led to final warning letter from SAMA and consequential suspension of business of the Company by SAMA, significant decrease in human resource, pending appointment of financial advisor and underwriter, the Company's intention to further reduce capital, the Company's request to SAMA to cancel its insurance license and cessation of insurance activities and registration of the Company's application for financial reorganization under Chapter IV of Bankruptcy Law, as aforesaid, have created a material uncertainty and cast significant doubt on the Company's ability to continue as going concern and therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

Due to the facts and reasons mentioned above, the interim condensed financial information of the Company for the period ended 30 September 2018 has not been prepared by management on a going concern basis of accounting (also refer note 2.2).

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

2.2 Basis of measurement

Under the going concern assumption it is assumed that the entity will continue in operation for the foreseeable future and has neither the intention nor the need to liquidate or curtail materially the scale of its operations. However, due to the facts and circumstances mentioned in note 2.1, going concern assumption has not been followed while preparing the interim condensed financial information for the period ended 30 September 2018. Therefore, this interim condensed financial information has been prepared under the liquidation basis of accounting i.e. assets and liabilities have been recorded on expected realizable and settlement values respectively except for property and equipment and intangibles whose carrying values have been considered by management as approximating their fair values, and following IAS 34 as modified by SAMA for the accounting of zakat and income tax.

2.3 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.

2.4 Functional and presentation currency

The financial statements are expressed in Saudi Arabian Riyals (SR), which is the functional and presentation currency of the Company. All financial information presented in SR has been rounded off to the nearest thousand, unless otherwise stated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards and amendments to existing standards

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial information for the year ended December 31, 2017 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 interim condensed financial information of the Company on the current period or prior period and are expected to have no significant effect in future periods. Certain figures for the prior period / year have been reclassified to conform to the presentation made in the current period:

IFRS 2 Share-based payment

Amendments to IFRS 2 – "Share-based Payment", applicable for the period beginning on or after 1 January 2018. The amendments cover classification and measurement of three accounting areas, first, measurement of cash-settled share-based payments, second, classification of share-based payments settled net of tax withholdings, and third, accounting for a modification of a share-based payment from cash-settled to equity-settled. The impact is not material for the Company.

IFRS 15 Revenue from contracts with customers

IFRS 15 – "Revenue from Contracts with Customers" applicable from 1 January 2018 presents a five-step model to determine when to recognize revenue, and at what amount. The application of this standard could have a significant impact on how and when revenue is recognized (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments), with new estimates and judgments, and the possibility of revenue recognition being accelerated or deferred. The management believes that adoption of IFRS 15 has no material impact on the Company's interim condensed financial information.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New standards and amendments to existing standards (continued)

Standards issued but not yet effective

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.

- a. 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 will avail exemptions available to insurers and is considering deferring the implementation of IFRS 9 until a later date, but no later than January 1, 2021. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the IFRS 17 "Insurance contracts". At present the Company has not fully assessed the effect of adoption of IFRS 9.
- b. IFRS 17 "Insurance contracts" was published on May 18, 2017 with the effective date of January 1, 2021. IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For non-life and short-term life insurance contracts IFRS 17 introduces mandatory discounting of loss reserves as well as a risk adjustment for non-financial risk, for which confidence level equivalent disclosure will be required. Further, IFRS 17 will change the presentation of insurance contract revenue, as gross written premium will no longer be presented in profit or loss. At the date of publication of this interim condensed financial information, the Company has not quantified the potential impact on the interim condensed financial information.
- c. IFRS 16 - "Leases", applicable for the period beginning on or after 1 January 2019. The new standard eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 proposes on-balance sheet accounting model.

3.2 Use of estimates in the preparation of interim condensed financial information

The preparation of interim condensed financial information 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 information 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 information present fairly, in all material respects, the financial position and results of operations.

3.3 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 information does 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, 2017.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

4 CASH AND CASH EQUIVALENTS

	As at 30 September 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Cash at banks – current accounts	14,943	1,492	16,435	36,069	14,267	50,336
Term deposit at banks (4.1)	-	-	-	-	70,000	70,000
Total	14,943	1,492	16,435	36,069	84,267	120,336

4.1 This represents investment in Murabaha term deposit having an original maturity of not more than three months from the date of acquisition and earned special commission income at a rate of interest ranging between 1% to 3.4% per annum.

5 INVESTMENTS

	As at 30 September 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Available for sale investments	1,923	-	1,923	15,619	3,950	19,569
Total	1,923	-	1,923	15,619	3,950	19,569

The movement during the period is as follows:

Available for sale investment

	30 September 2018 (unaudited)			31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	15,619	3,950	19,569	1,923	4,391	6,314
Addition	-	-	-	13,696	-	13,696
Changes in fair value	-	-	-	-	(441)	(441)
Disposals	(13,696)	(3,950)	(17,646)	-	-	-
Balance at the end	1,923	-	1,923	15,619	3,950	19,569

DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

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 takes place either:

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

The fair values of financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information.

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

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.

	SAR'000			
	Level 1	Level 2	Level 3	Total
As at 30 Sept 2018 (unaudited)				
Insurance operations	-	-	1,923	1,923
Total	-	-	1,923	1,923
As at 31 December 2017 (Audited)				
Insurance operations	-	-	15,619	15,619
Shareholder's operations	3,950	-	-	3,950
Total	3,950	-	15,619	19,569

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6 PREMIUMS AND REINSURANCE RECEIVABLES - NET

	As at 30 September 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Policyholders	87,478	-	87,478	151,962	-	151,962
Related party (note 12)	2,823	-	2,823	-	-	-
Reinsurance receivables	53,838	-	53,838	35,647	-	35,647
	144,139	-	144,139	187,609	-	187,609
Provision for doubtful receivables	(50,144)	-	(50,144)	(38,387)	-	(38,387)
	93,995	-	93,995	149,222	-	149,222

7 OUTSTANDING CLAIMS

	As at 30 September 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Outstanding claims	47,845	28,295	19,550	102,079	86,484	15,595
Less: realizable value of salvage and subrogation	3,453	-	3,453	40,518	-	40,518
Gross outstanding claims	44,392	28,295	16,097	61,561	86,484	(24,923)
Claims incurred but not reported	97,680	38,047	59,633	169,347	41,316	128,031
Premium deficiency reserve	7,981	-	7,981	207	-	207
Other technical reserves	3,928	-	3,928	4,121	1,343	2,778
	153,981	66,342	87,639	235,236	129,143	106,093

8 CONTINGENCIES AND COMMITMENTS

The Company has filed a legal suit for recovery of SR 2.8 million against a company on account of rent and expenses on improvements, which the Company did on a rented property. However, the property could not be delivered to the Company due to certain non-compliance of legal requirements. The Company, based on internal legal opinion, is of the view that the judgment will be in favor of the Company. Accordingly, SR 2.8 million comprising SR 1.2 million on account of rent and SR 1.6 million being advances paid for initial cost to establish the site for use of the Company's operations, which were previously charged out have now been recorded under prepayment and other assets

9 MOVEMENT IN UNEARNED PREMIUMS

	As at 30 September 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Balance as at the beginning of the period	96,567	37,324	59,243	225,159	26,763	198,396
Premium written during the period/ year	19	456	(437)	499,995	178,891	321,104
Premium earned during the period/ year	(46,980)	(17,412)	(29,568)	(548,211)	(136,621)	(411,590)
Balance as at the end of the period/ year	49,606	20,368	29,238	176,943	69,033	107,910

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10 ZAKAT AND INCOME TAX PAYABLE

	As at 30 September 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Zakat payable		2,804	2,804	-	3,801	3,801
Income tax payable		165	165	-	165	165
Zakat and Income tax payable	-	2,969	2,969	-	3,966	3,966

The difference between the accounting income and the adjusted net loss is mainly due to provisions which are not allowed in the calculation of adjustable net income. Local shareholding used for the Zakat calculation is 84.88% (2017: 84.88%).

The movement in Zakat provision is as follows:

	As at 30 September 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	3,801	3,801	-	3,172	3,172
Zakat charge	-	1,699	1,699	-	3,902	3,902
Zakat payment made	-	(2,696)	(2,696)	-	(3,273)	(3,273)
Balance at the end	-	2,804	2,804	-	3,801	3,801

The Company has filed zakat and income tax returns till the financial year 2017 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 has filed objection on initial assessment before GAZT and the Company has received revised assessment with an additional liability of SAR 4.5 million. The Company has further filed objection appeal before GAZT and is confident of a favorable outcome. However, the Company has booked a provision of SAR 3.8 million.

Income tax:

Provision for income tax has been made at 20% of the adjusted net income attributable to the foreign shareholders of the Company. Foreign shareholder subject to income tax is 15.12% (2017: 15.12%).

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10 ZAKAT AND INCOME TAX PAYABLE (continued)

Income tax:

The movement in income tax provision is as follows:

	As at 30 September 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	165	165	-	1,750	1,750
Income tax charge	-	-	-	-	65	65
Income tax payment made	-	-	-	-	(1,650)	(1,650)
Balance at the end of the period/year	-	165	165	-	165	165

11 SHARE CAPITAL

The share capital of the Company is SAR 100 million as at 30 September 2018 (31 December 2017 SAR 122 million) consisting of 10 million shares (31 December 2017: 12.2 million) of SAR 10 each.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax.

	As at 30 September 2018 (unaudited)			As at 31 December 2017 (Audited)		
	No. of shares	Value per share	SAR'000	No. of shares	Value per share	SAR'000
The New India Assurance Co. Ltd	517,072	10	5,171	630,829	10	6,308
Life Insurance Corporation of India	497,560	10	4,976	607,024	10	6,070
LIC (International) BSC	497,560	10	4,976	607,024	10	6,070
Local shareholders and general public	8,487,808	10	84,877	10,355,123	10	103,552
	10,000,000	10	100,000	12,200,000	10	122,000

The Company's board of directors recommended the reduction of Company's capital by a value equal to 18.03% of the Company's share capital, resulting in a reduction from SAR 122,000,000 to a value of SAR 100,000,000. The Company obtained Saudi Arabian Monetary Authority (SAMA) approval, dated 15th May 2018 corresponding to 29 She'ban 1439 H. The Company obtained Capital Market Authority (CMA) approval on 17th May 2018 corresponding to 02 Ramadan 1439 H, thus reducing the number of shares from 12,200,000 shares to 10,000,000 shares. During the period ended 30 September 2018, 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 5 June 2018 corresponding to 19 Ramadan 1439 H. (Refer to note 2.1). Transaction cost with respect to reduction of share capital amounted to SR 300,000 has been charged to retained earnings and presented in the interim condensed statement of changes in shareholders' equity.

12 TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of business, the Company transacts with related parties. Transactions with related parties are carried out on an arm's length basis.

The details of major related party transactions during the period/year and the related balances at the end of the period/year:

Nature of transactions	For the three months period ended 30 September 2018 (unaudited)			For the three months period ended 30 Sept 2017 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Reinsurance premiums ceded	8	-	8	307	-	307
Reinsurance commission	2	-	2	77	-	77
Reinsurance share of claims	-	-	-	197	-	197
Nature of transactions	For the Nine months period ended 30 September 2018 (unaudited)			For the Nine months period ended 30 September 2017 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Reinsurance premiums ceded	45	-	45	1,179	-	1,179
Reinsurance commission	9	-	9	292	-	292
Reinsurance share of claims	11	-	11	449	-	449

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13 EMPLOYEES'S END OF SERVICE BENEFITS

The following tables summarize the components of end of service benefits recognised in the statement of income, accumulated surplus and amounts recognised in the statement of comprehensive income and statement of financial position of insurance operations:

	30-Sep-18	31-Dec-17
Amount recognised in the statement of financial position		
Present value of defined benefit obligation	2,713	3,849
Fair value of plan assets	-	-
Net liability at end of the period/year	2,713	3,849
	30-Sep-18	31-Dec-17
Benefit expense (recognised in profit or loss)		
Current service cost	648	1,512
Commission rate cost	68	191
Benefit expense	716	1,703
	30-Sep-18	31-Dec-17
Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	3,849	2,945
Current service cost	1,422	1,512
Commission rate cost	68	191
Actuarial (Gain) on defined benefit plan	(924)	(361)
Benefits paid	(1,702)	(438)
Present value of defined benefit obligation at end of the period/year	2,713	3,849
	30-Sep-18	31-Dec-17
Movement in net liability recognised in balance sheet		
Net liability at beginning of the year	3,849	2,945
Charge recognised in profit or loss	716	1,703
Actuarial (Gain) recognised in other comprehensive income	(924)	(361)
Benefits paid	(928)	(438)
Net liability at end of the period/year	2,713	3,849
	30-Sep-18	31-Dec-17
Principal actuarial assumption		
Discount rate	4.30%	4.00%
Salary increase rate	3.30%	3.00%
Return on plan assets	Not applicable	Not applicable

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14 STATUTORY DEPOSITS

In accordance with the Saudi Arabian Implementing Regulations issued by SAMA, the Company has deposited an amount equivalent to 15% (2017: 15%) of its paid up share capital in a bank account designated by SAMA. This is a restricted deposit and cannot be utilized in the operations of the Company.

15 CAPITAL MANAGEMENT

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

The Company has not fully complied with the externally imposed capital requirements during the reported financial period. (refer to note 2.1 and 10).

16 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 10,000,000 shares for the three and Nine-month periods ended 30 September 2018 and 10,000,000 shares for the three and Nine-month periods ended 30 Sept 2017. 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". (refer note 10).

17 SEGMENT REPORTING

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed income statement. Segment assets and liabilities comprise operating assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2017.

Segment liabilities do not include reinsurance balance payable, accrued expenses and other liabilities and retirement benefit obligation.

Segment results do not include general and administrative expenses.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

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17 SEGMENT REPORTING (Continued)

	For the three month ended 30 Sept 2018					
	Motor	Medical	Others	Total insurance operations	Shareholders' operations	Total
	SAR'000					
REVENUES						
Gross premiums written	37	1,309	(1,327)	19	-	19
Reinsurance premiums ceded	(22)	(499)	65	(456)	-	(456)
Excess of loss expenses	(1,312)	-	(469)	(1,781)	-	(1,781)
Net premiums written	(1,297)	810	(1,731)	(2,218)	-	(2,218)
Net change in unearned premiums	20,596	7,780	1,625	30,001	-	30,001
Net premiums earned	19,299	8,590	(106)	27,783	-	27,783
Reinsurance commission earned	575	-	1,920	2,495	-	2,495
Other underwriting income	5	-	-	5	-	5
Total insurance revenues	19,879	8,590	1,814	30,283	-	30,283
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(37,430)	(27,838)	(10,867)	(76,135)	-	(76,135)
Reinsurers' share of claims paid	8,005	14,209	8,965	31,179	-	31,179
Net claims paid	(29,425)	(13,629)	(1,902)	(44,956)	-	(44,956)
Changes in outstanding claims, net	(8,620)	(29)	1,598	(7,051)	-	(7,051)
Changes in incurred but not reported claims, net	15,255	6,028	59	21,342	-	21,342
Changes in other reserves, net	(5,112)	(222)	31	(5,303)	-	(5,303)
Net claims incurred	(27,902)	(7,852)	(214)	(35,968)	-	(35,968)
Policy acquisition costs	(2,550)	(940)	(981)	(4,471)	-	(4,471)
Other underwriting expenses	(2,021)	(125)	(19)	(2,165)	-	(2,165)
Total underwriting costs and expenses	(32,473)	(8,917)	(1,214)	(42,604)	-	(42,604)
NET UNDERWRITING (LOSS)/ INCOME	(12,594)	(327)	600	(12,321)	-	(12,321)
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses				(11,024)	(348)	(11,372)
Provision for doubtful receivables				(9,973)	-	(9,973)
Other income				-	-	-
Investment income				442	-	442
Realized loss on investments				-	-	-
Total operating expenses				(20,555)	(348)	(20,903)
Total (loss)/ income for the period				(32,876)	(348)	(33,224)
Appropriation to policyholders operations				-	-	-
Total (loss) for the period attributable to the shareholders				(32,876)	(348)	(33,224)

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17 SEGMENT REPORTING (Continued)

	For the nine months ended 30 Sept 2018					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
REVENUES						
Gross premiums written	59,629	21,473	30,620	111,722	-	111,722
Reinsurance premiums ceded	(6,310)	(7,195)	(28,997)	(42,502)	-	(42,502)
Excess of loss expenses	(3,935)	-	(1,406)	(5,341)	-	(5,341)
Net premiums written	49,384	14,278	217	63,879	-	63,879
Net change in unearned premiums	33,428	43,916	1,327	78,671	-	78,671
Net premiums earned	82,812	58,194	1,544	142,550	-	142,550
Reinsurance commission earned	3,681	2,364	7,619	13,664	-	13,664
Other underwriting income	499	-	-	499	-	499
Total insurance revenues	86,992	60,558	9,163	156,713	-	156,713
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(158,653)	(92,494)	(42,981)	(294,128)	-	(294,128)
Reinsurers' share of claims paid	33,870	46,869	39,008	119,747	-	119,747
Net claims paid	(124,783)	(45,625)	(3,973)	(174,381)	-	(174,381)
Changes in outstanding claims, net	(41,304)	(1,425)	1,710	(41,019)	-	(41,019)
Changes in incurred but not reported claims, net	69,437	(661)	(379)	68,397	-	68,397
Changes in other reserves, net	(8,569)	(492)	136	(8,925)	-	(8,925)
Net claims incurred	(105,219)	(48,203)	(2,506)	(155,928)	-	(155,928)
Policy acquisition costs	(10,296)	(6,696)	(4,253)	(21,245)	-	(21,245)
Other underwriting expenses	(5,266)	(2,577)	(436)	(8,279)	-	(8,279)
Total underwriting costs and expenses	(120,781)	(57,476)	(7,195)	(185,452)	-	(185,452)
NET UNDERWRITING (LOSS)/ INCOME	(33,789)	3,082	1,968	(28,739)	-	(28,739)
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses				(37,321)	(1,253)	(38,574)
Provision for doubtful receivables				(11,757)	-	(11,757)
Other income				2,000	-	2,000
Investment income				2,273	83	2,356
Realized loss on investments				-	(972)	(972)
Total operating expenses				(44,805)	(2,142)	(46,947)
Total (loss) for the period				(73,544)	(2,142)	(75,686)
Appropriation to policyholders operations				-	-	-
Total (loss) for the period attributable to the shareholders				(73,544)	(2,142)	(75,686)

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17 SEGMENT REPORTING (Continued)

	For the three month ended 30 Sept 2017					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations	Total
	SAR'000					
REVENUES						
Gross premiums written	38,203	53,410	8,153	99,766	-	99,766
Reinsurance premiums ceded	(9,686)	(19,273)	(7,139)	(36,098)	-	(36,098)
Excess of loss expenses	(1,774)	-	(145)	(1,919)	-	(1,919)
Net premiums written	26,743	34,137	869	61,749	-	61,749
Net change in unearned premiums	40,620	(4,544)	207	36,283	-	36,283
Net premiums earned	67,363	29,593	1,076	98,032	-	98,032
Reinsurance commission earned	2,825	-	2,491	5,316	-	5,316
Other underwriting income	551	-	-	551	-	551
Total insurance revenues	70,739	29,593	3,567	103,899	-	103,899
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(66,567)	(27,664)	(1,892)	(96,123)	-	(96,123)
Reinsurers' share of claims paid	12,590	14,575	1,496	28,661	-	28,661
Net claims paid	(53,977)	(13,089)	(396)	(67,462)	-	(67,462)
Changes in outstanding claims, net	(1,241)	551	(882)	(1,572)	-	(1,572)
Changes in incurred but not reported claims, net	2,455	(8,137)	(157)	(5,839)	-	(5,839)
Changes in other reserves, net	797	-	-	797	-	797
Net claims incurred	(51,966)	(20,675)	(1,435)	(74,076)	-	(74,076)
Policy acquisition costs	(7,128)	(3,671)	(1,486)	(12,285)	-	(12,285)
Other underwriting expenses	(919)	(3,429)	(51)	(4,399)	-	(4,399)
Total underwriting costs and expenses	(60,013)	(27,775)	(2,972)	(90,760)	-	(90,760)
NET UNDERWRITING (LOSS)/ INCOME	10,726	1,818	595	13,139	-	13,139
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses				(15,629)	(636)	(16,265)
Provision for doubtful receivables				(5,868)	-	(5,868)
Other income				4,912	-	4,912
Investment income				10	550	560
Realized loss on investments				(60)	-	(60)
Total operating expenses				(16,635)	(86)	(16,721)
Total income / (loss) for the period				(3,496)	(86)	(3,582)
Appropriation to policyholders operations				-	-	-
Total income / (loss) for the period attributable to the shareholders				(3,496)	(86)	(3,582)

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17 SEGMENT REPORTING (Continued)

	For the nine month ended 30 Sept 2017					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations	Total
	SAR'000					
REVENUES						
Gross premiums written	239,691	171,419	40,612	451,722	-	451,722
Reinsurance premiums ceded	(60,844)	(61,035)	(37,002)	(158,881)	-	(158,881)
Excess of loss expenses	(5,323)	-	(435)	(5,758)	-	(5,758)
Net premiums written	173,524	110,384	3,175	287,083	-	287,083
Net change in unearned premiums	70,408	(43,025)	160	27,543	-	27,543
Net premiums earned	243,932	67,359	3,335	314,626	-	314,626
Reinsurance commission earned	5,978	-	7,333	13,311	-	13,311
Other underwriting income	2,403	-	-	2,402	-	2,402
Total insurance revenues	252,313	67,359	10,668	330,340	-	330,340
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(250,407)	(76,107)	(61,415)	(387,929)	-	(387,929)
Reinsurers' share of claims paid	27,647	41,075	59,300	128,022	-	128,022
Net claims paid	(222,760)	(35,032)	(2,115)	(259,907)	-	(259,907)
Changes in outstanding claims, net	11,001	-	-	11,001	-	11,001
Changes in incurred but not reported claims, net	3,298	(8,137)	(157)	(4,996)	-	(4,996)
Changes in other reserves, net	15,096	701	(398)	15,399	-	15,399
Net claims incurred	(193,365)	(42,468)	(2,670)	(238,503)	-	(238,503)
Policy acquisition costs	(23,732)	(8,699)	(4,139)	(36,570)	-	(36,570)
Other underwriting expenses	(2,738)	(11,017)	(384)	(14,139)	-	(14,139)
Total underwriting costs and expenses	(219,835)	(62,184)	(7,193)	(289,212)	-	(289,212)
NET UNDERWRITING (LOSS)/ INCOME	32,478	5,175	3,475	41,128	-	41,128
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses				(39,130)	(1,556)	(40,686)
Provision for doubtful receivables				(5,957)	-	(5,957)
Other income				7,035	-	7,035
Investment income				581	1,743	2,324
Realized loss on investments				(156)	-	(156)
Total operating (expenses) / income				(37,627)	187	(37,440)
Total income for the period				3,501	187	3,688
Appropriation to policyholders operations				(351)	-	(351)
Total income for the period attributable to the shareholders				3,150	187	3,337

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

17 SEGMENT REPORTING (Continued)

	As at 30 Sept 2018					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations	Total
	SAR'000					
ASSETS						
Reinsurers' share of outstanding claims	3,189	3,223	21,883	28,295	-	28,295
Reinsurers' share of claims incurred but not reported	2,825	21,829	13,393	38,047	-	38,047
Reinsurers' share of other reserves	-	-	-	-	-	-
Reinsurers' share of unearned premiums	3,191	2,794	14,383	20,368	-	20,368
Deferred policy acquisition costs	2,852	475	1,809	5,136	-	5,136
Unallocated assets	-	-	-	142,149	34,265	176,414
Total assets				233,995	34,265	268,260

	As at 30 Sept 2018					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations	Total
	SAR'000					
LIABILITIES						
Outstanding claims	14,012	6,445	23,935	44,392	-	44,392
Claims incurred but not reported	39,840	43,546	14,294	97,680	-	97,680
Premium deficiency reserve	7,513	468	-	7,981	-	7,981
Other reserves	2,870	1,000	58	3,928	-	3,928
Unearned premiums	26,357	7,814	15,435	49,606	-	49,606
Unearned insurance commission	477	-	3,322	3,799	-	3,799
Unallocated liabilities	-	-	-	26,609	34,265	60,874
Total liabilities				233,995	34,265	268,260

	As at 31 December 2017					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations	Total
	SAR'000					
ASSETS						
Reinsurers' share of outstanding claims	1,810	2,041	82,633	86,484	-	86,484
Reinsurers' share of claims incurred but not reported	7,450	23,913	9,953	41,316	-	41,316
Reinsurers' share of other reserves	-	-	1,343	1,343	-	1,343
Reinsurers' share of unearned premiums	18,853	33,218	16,962	69,033	-	69,033
Deferred policy acquisition costs	6,801	5,850	1,580	14,231	-	14,231
Unallocated assets	-	-	-	226,394	120,701	347,095
Total assets				438,801	120,701	559,502

	As at 31 December 2017					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations	Total
	SAR'000					
LIABILITIES						
Outstanding claims	(28,670)	3,838	86,393	61,561	-	61,561
Claims incurred but not reported	113,903	44,968	10,476	169,347	-	169,347
Premium deficiency reserve	-	207	-	207	-	207
Other reserves	1,814	769	1,538	4,121	-	4,121
Unearned premiums	75,447	82,154	19,342	176,943	-	176,943
Unearned insurance commission	3,212	-	3,429	6,641	-	6,641
Unallocated liabilities	-	-	-	19,981	120,701	140,682
Total liabilities				438,801	120,701	559,502

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

18 SUPPLEMENTARY INFORMATION

18.1 Interim condensed statement of financial position

	As at 30 September 2018 (Unaudited)			As at 31 December 2017 (Audited)		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
ASSETS						
Cash and cash equivalents	14,943	1,492	16,435	36,069	84,267	120,336
Investments	1,923	-	1,923	15,619	3,950	19,569
Premiums and reinsurance receivables, net	91,172	-	91,172	149,222	-	149,222
Reinsurers' share of unearned premiums	20,368	-	20,368	69,033	-	69,033
Reinsurers' share of outstanding claims	28,295	-	28,295	86,484	-	86,484
Reinsurers' share of claims incurred but not reported	38,047	-	38,047	41,316	-	41,316
Reinsurers' share of other reserves	-	-	-	1,343	-	1,343
Deferred policy acquisition costs	5,136	-	5,136	14,231	-	14,231
Prepayments and other assets	24,337	-	24,337	16,430	123	16,553
Due from related parties	2,823	-	2,823	2,636	-	-
Due from shareholders' operations	13,751	-	13,751	16,917	-	16,917
Statutory deposit	-	30,750	30,750	-	30,750	30,750
Statutory deposit investment return	-	2,023	2,023	-	1,611	1,611
Property and equipment	4,721	-	4,721	4,539	-	4,539
Intangible Assets - Software	2,230	-	2,230	1,879	-	1,879
TOTAL ASSETS	247,746	34,265	282,011	455,718	120,701	573,783
LIABILITIES						
Outstanding claims	44,392	-	44,392	61,561	-	61,561
Claims incurred but not reported	97,680	-	97,680	169,347	-	169,347
Premium deficiency reserve	7,981	-	7,981	207	-	207
Other reserves	3,928	-	3,928	4,121	-	4,121
Unearned premiums	49,606	-	49,606	176,943	-	176,943
Reinsurance balances payable	15,590	-	15,590	10,172	-	10,172
Unearned reinsurance commission	3,799	-	3,799	6,642	-	6,642
Accrued expenses and other liabilities	19,256	2,502	21,758	14,652	2,844	17,496
Zakat and income tax payable	-	2,969	2,969	-	3,965	3,965
Mathematical for life insurance operations	1,517	-	1,517	1,517	-	1,517
End of service benefits	2,713	-	2,713	3,849	-	3,849
Statutory deposit investment return payable	-	2,023	2,023	-	1,611	1,611
Due to related parties	-	6,023	6,023	-	11,732	11,732
Due to insurance operations	-	13,751	13,751	-	16,917	16,917
TOTAL LIABILITIES	246,462	27,268	273,730	449,011	37,069	486,080
INSURANCE OPERATION SURPLUS						
Surplus distribution to Policyholder	-	-	-	6,346	-	6,346
Remeasurement of end of service benefits	1,284	-	1,284	361	-	361
	1,284	-	1,284	6,707	-	6,707
TOTAL LIABILITIES AND INSURANCE OPERATION'S SURPLUS						
	247,746	27,268	275,014	455,718	37,069	492,787
SHAREHOLDERS' EQUITY						
Share capital	-	100,000	100,000	-	122,000	122,000
Accumulated losses	-	(93,003)	(93,003)	-	(37,318)	(37,318)
Fair value reserve for available for sale investments	-	-	-	-	(1,050)	(1,050)
TOTAL SHAREHOLDERS' EQUITY	-	6,997	6,997	-	83,632	83,632
TOTAL LIABILITIES, INSURANCE OPERATION SURPLUS AND SHAREHOLDERS' EQUITY						
	247,746	34,265	282,011	455,718	120,701	576,419

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

18 SUPPLEMENTARY INFORMATION (continued)

18.2 Interim condensed statement of income (unaudited)

	Nine month periods ended 30 Sept 2018			Nine month periods ended 30 Sept 2017		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross premiums written	111,722	-	111,722	451,722	-	451,722
Reinsurance premiums ceded						
- Local	(9,142)	-	(9,142)	(66,180)	-	(66,180)
- Foreign	(33,360)	-	(33,360)	(92,702)	-	(92,702)
Excess of loss expenses						
- Local	(3,372)	-	(3,372)	-	-	-
- Foreign	(1,969)	-	(1,969)	(5,757)	-	(5,757)
Net premiums written	63,879	-	63,879	287,083	-	287,083
Changes in unearned premiums, net	78,671	-	78,671	27,543	-	
Net premiums earned	142,550	-	142,550	314,626	-	
Reinsurance commission earned	13,664	-	13,664	13,311	-	
Other underwriting income	499	-	499	2,402	-	
Total Revenues	156,713	-	156,713	330,339	-	
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(294,128)	-	(294,128)	(387,929)	-	
Reinsurers' share of claims paid	119,747	-	119,747	128,022	-	
Net claims paid	(174,381)	-	(174,381)	(259,907)	-	
Changes in outstanding claims, net	(41,019)	-	(41,019)	11,001	-	
Changes in incurred but not reported claims, net	68,397	-	68,397	(4,996)	-	(4,996)
Changes in other reserves, net	(8,925)	-	(8,925)	15,399	-	15,399
Net claims incurred	(155,928)	-	(155,928)	(238,503)	-	10,403
Policy acquisition costs	(21,245)	-	(21,245)	(36,570)	-	(36,570)
Other underwriting expenses	(8,279)	-	(8,279)	(14,138)	-	(14,138)
Total underwriting costs and expenses	(185,452)	-	(185,452)	(289,211)	-	(40,305)
NET UNDERWRITING (LOSS) / INCOME	(28,739)	-	(28,739)	41,128	-	(40,305)
OPERATING (EXPENSES) / INCOME						
General and administrative expenses	(37,321)	(1,253)	(38,574)	(39,130)	(1,556)	(40,686)
(Provision for) doubtful receivables	(11,757)	-	(11,757)	(5,957)	-	(5,957)
Other Income	2,000	-	2,000	7,035	-	7,035
Investment income	2,273	83	2,356	581	1,743	2,324
Realized loss on investments	-	(972)	(972)	(156)	-	(156)
Total operating (expenses)/ income	(44,805)	(2,142)	(46,947)	(37,627)	187	(37,440)
Net (deficit) / surplus	(73,544)	(2,142)	(75,686)	3,501	187	(77,745)
Appropriation to policyholders operations	73,544	(73,544)	-	(351)	-	(351)
Net (deficit) / Surplus after appropriations to policyholders operations	-	(75,686)	(75,686)	3,150	187	(78,096)
(Loss) / income per share (SR)			(7.57)			(7.81)
Number of outstanding shares			10,000,000			10,000,000
						restated

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

18 SUPPLEMENTARY INFORMATION (continued)

18.2 Interim condensed statement of income (unaudited)

	Three months period ended 30 Sept 2018			Three months period ended 30 Sept 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross premiums written	19	-	19	99,766	-	99,766
Reinsurance premiums ceded						
- Local	(112)	-	(112)	(26,770)	-	(26,770)
- Foreign	(344)	-	(344)	(9,328)	-	(9,328)
Excess of loss expenses						
- Local	(1,124)	-	(1,124)	-	-	-
- Foreign	(657)	-	(657)	(1,919)	-	(1,919)
Net premiums written	(2,218)	-	(2,218)	61,749	-	61,749
Changes in unearned premiums, net	30,001	-	30,001	36,283	-	36,283
Net premiums earned	27,783	-	27,783	98,032	-	98,032
Reinsurance commission earned	2,495	-	2,495	5,316	-	5,316
Other underwriting income	5	-	5	551	-	551
Total Revenues	30,283	-	30,283	103,899	-	103,899
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(76,135)	-	(76,135)	(96,123)	-	(96,123)
Reinsurers' share of claims paid	31,179	-	31,179	28,661	-	28,661
Net claims paid	(44,956)	-	(44,956)	(67,462)	-	(67,462)
Changes in outstanding claims, net	(7,051)	-	(7,051)	(1,572)	-	(1,572)
Changes in incurred but not reported claims, net	21,342	-	21,342	(5,839)	-	(5,839)
Changes in other reserves, net	(5,303)	-	(5,303)	797	-	797
Net claims incurred	(35,968)	-	(35,968)	(74,076)	-	(74,076)
Policy acquisition costs	(4,471)	-	(4,471)	(12,285)	-	(12,285)
Other underwriting expenses	(2,165)	-	(2,165)	(4,399)	-	(4,399)
Total underwriting costs and expenses	(42,604)	-	(42,604)	(90,760)	-	(90,760)
NET UNDERWRITING (LOSS) / INCOME	(12,321)	-	(12,321)	13,139	-	13,139
OPERATING (EXPENSES) / INCOME						
General and administrative expenses	(11,024)	(348)	(11,372)	(15,631)	(636)	(16,267)
(Provision for) doubtful receivables	(9,973)	-	(9,973)	(5,866)	-	(5,866)
Other Income	-	-	-	4,912	-	4,912
Investment income	442	-	442	10	550	560
Realized loss on investments	-	-	-	(60)	-	(60)
Total operating expenses	(20,555)	(348)	(20,903)	(16,635)	(86)	(16,721)
Net (deficit) / surplus	(32,876)	(348)	(33,224)	(3,496)	(86)	(3,582)
Appropriation to policyholders operations	32,876	(32,876)	-	-	-	-
Net (deficit) / Surplus after appropriations to policyholders operations	-	(33,224)	(33,224)	(3,496)	(86)	(3,582)
(Loss) / income per share (SR)			(3.32)			(0.36)
Number of outstanding shares			10,000,000			10,000,000
						restated

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

18 SUPPLEMENTARY INFORMATION (continued)

18.3 Interim condensed statement of comprehensive income (unaudited)

	Nine months period ended 30 sept 2018			Nine months period ended 30 Sept 2017		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
Total (loss) / profit for the period	-	(75,686)	(75,686)	3,501	187	3,688
Other comprehensive loss:						
<i>Items that will not be reclassified to statement of income in subsequent periods:</i>						
Remeasurement of end of service benefits	1,284	-	1,284	-	-	-
<i>Items that will not be reclassified to statement of income in subsequent periods:</i>						
Changes in fair value of available for sale investments	-	-	-	-	(366)	(366)
Total comprehensive (loss) / income for the period	1,284	(75,686)	(74,402)	3,501	(179)	3,322

18.3 Interim condensed statement of comprehensive income (unaudited)

	Three months period ended 30 Sept 2018			Three months period ended 30 Sept 2017		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
Total (loss) / profit for the period	-	(33,224)	(33,224)	(3,496)	(86)	(3,582)
Other comprehensive loss:						
<i>Items that will not be reclassified to statement of income in subsequent periods:</i>						
Remeasurement of end of service benefits	-	-	-	-	-	-
<i>Items that will not be reclassified to statement of income in subsequent periods:</i>						
Changes in fair value of available for sale investments	-	-	-	-	(123)	(123)
Total comprehensive (loss) / income for the period	-	(33,224)	(33,224)	(3,496)	(209)	(3,705)

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and nine month periods ended 30 September 2018

18 SUPPLEMENTARY INFORMATION (continued)

18.4 Interim condensed statement of cash flows (unaudited)

	Nine months period ended 30 Sept 2018			Nine months period ended 30 Sept 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net (loss) / profit for the period	-	(75,686)	(75,686)	350	3,338	3,688
<i>Adjustments for non cash items:</i>						
Shareholders' operations appropriations	(73,544)	73,544	-	3,151	(3,151)	-
Depreciation of property and equipment	2,181	-	2,181	625	-	625
Amortisation of intangibles	1,212	-	1,212	327	-	327
Provision for doubtful receivables	2,555	-	2,555	5,957	-	5,957
Realized on AFS	-	1,050	1,050	-	-	-
(Gain) / loss on disposal of investments	(1,397)	-	(1,397)	156	-	-
Provision for end of service benefits	1,702	-	1,702	249	-	-
	(67,291)	(1,092)	(68,383)	10,815	187	-
Changes in operating assets and liabilities:						
Premiums and reinsurance receivables	55,479	-	55,479	(114,452)	-	-
Reinsurers' share of unearned premiums	48,665	-	48,665	(61,158)	-	-
Reinsurers' share of outstanding claims	58,189	-	58,189	33,609	-	-
Reinsurers' share of claims incurred but not reported	3,269	-	3,269	(20,929)	-	-
Reinsurers' share of other reserves	1,343	-	1,343	-	-	-
Deferred policy acquisition costs	9,095	-	9,095	(1,776)	-	-
Prepayments and other assets	(7,908)	123	(7,785)	29,318	(33)	-
Due from related parties	(187)	-	(187)	-	-	-
Due to insurance operations	-	(16,917)	(16,917)	-	(13,750)	(13,750)
Due from insurance operation	-	(59,784)	(59,784)	-	-	-
Outstanding claims	(17,169)	-	(17,169)	(49,008)	-	(49,008)
Claims incurred but not reported	(71,667)	-	(71,667)	25,925	-	25,925
Other reserves	(193)	-	(193)	(11,001)	-	(11,001)
Premium deficiency reserve	7,774	-	7,774	-	-	-
Unearned premiums	(127,337)	-	(127,337)	33,615	-	33,615
Reinsurance balances payable	5,418	-	5,418	9,910	-	9,910
Unearned reinsurance commission	(2,843)	-	(2,843)	6,656	-	6,656
Accrued expenses and other liabilities	4,604	(351)	4,253	4,602	(374)	4,228
Share compensation	-	(5,708)	(5,708)	-	-	-
Due to shareholders' operations	59,784	-	59,784	-	-	-
Due from shareholders' operations	16,917	-	16,917	13,749	-	13,749
Cash (used in) / generated from operations	(24,058)	(83,729)	(107,787)	(90,125)	(13,970)	20,324
Zakat and income tax paid	-	(2,696)	(2,696)	-	(4,923)	(4,923)
Retirement benefit obligation paid	(1,914)	-	(1,914)	(249)	-	(249)
Surplus distribution paid	(6,346)	-	(6,346)	-	-	-
Net cash (used in) / operating activities	(32,318)	(86,425)	(118,743)	(90,374)	(18,893)	15,152
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of intangibles	(1,564)	-	(1,564)	(896)	-	(896)
Proceeds from disposal of investments	15,094	3,950	19,044	-	-	-
Purchase of property and equipment	(2,338)	-	(2,338)	(1,685)	-	(1,685)
Transaction cost relating to reduction in share capital	-	(300)	(300)	-	(354)	(354)
Net cash generated / (used in) investing activities	11,192	3,650	14,842	(2,581)	(354)	(2,935)
Net change in cash and cash equivalents	(21,126)	(82,775)	(103,901)	(92,955)	(19,247)	(112,202)
Cash and cash equivalents at the beginning of the period	36,069	84,267	120,336	127,639	174,391	302,030
Cash and cash equivalents at the end of the period	14,943	1,492	16,435	34,684	155,144	189,828
Non cash information						
Changes in fair value of available for sale investment	-	-	-	(366)	-	(366)

19 COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation.

20 APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information has been approved by the board of directors of the Company on 1 January 2019 G corresponding to 25 Rabi II 1440 H as authorized by the board of directors.