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**METLIFE, AMERICAN INTERNATIONAL  
GROUP AND ARAB NATIONAL BANK  
COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

**31 December 2017**

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MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

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INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'  
REVIEW REPORT (UNAUDITED)  
At 31 December 2017

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## REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

**TO THE SHAREHOLDERS OF METLIFE, AMERICAN INTERNATIONAL GROUP AND  
ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Metlife, American International Group and Arab National Bank Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 December 2017 and the related interim statements of insurance operations and shareholders' comprehensive operations for the three month period and the year then ended and the related interim statements of changes in shareholders' equity and insurance operations' and shareholders' cash flows for the year then ended and the related notes which form an integral part of these interim condensed financial information. The Company's management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial information based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 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 the 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 as endorsed in the 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 are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax.

**PKF Al-Bassam & Co.**  
**Allied Accountants**  
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Kingdom of Saudi Arabia

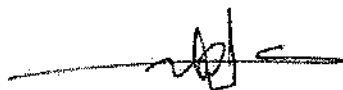


**Ibrahim A. Al Bassam**  
Certified Public Accountant  
Licence No. 337



6 February 2018  
21 Jumada I 1439H

**AlAzem & AlSudairy**  
**Certified Public Accountants**  
P. O. Box 10504  
Riyadh 11443  
Kingdom of Saudi Arabia



**Abdullah M. AlAzem**  
Certified Public Accountant  
License No. 335



MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

		31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
	Notes		
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	4	54,284,005	44,784,851
Time deposits	7	108,050,751	15,000,000
Premiums receivable, net	5	64,539,685	53,391,350
Reinsurers' balances receivable		1,538,456	1,249,349
Reinsurers' share of unearned premiums		16,027,548	28,592,267
Reinsurers' share of mathematical reserves	1.1	214,578,823	234,842,010
Reinsurers' share of outstanding claims		45,177,706	33,804,252
Deferred policy acquisition costs		11,438,022	9,083,617
Due from related parties	6	418,605	1,745,571
Prepaid expenses and other assets		20,687,353	35,261,723
Due from shareholders operations		733,365	2,904,525
Property and equipment, net		3,737,117	3,776,580
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>541,211,436</b>	<b>464,436,095</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	4	4,737,178	104,001,918
Time deposits	7	88,000,000	49,000,000
Investments	8	49,528,923	49,457,138
Prepaid expenses and other assets		1,123,529	750,301
Available for sale investments		3,175,163	3,175,163
Statutory deposit	9	35,000,000	35,000,000
Commission on statutory deposit	9	1,283,791	366,774
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>182,848,584</b>	<b>241,751,294</b>
<b>TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS</b>		<b>724,060,020</b>	<b>706,187,389</b>

  
Managing Director/  
Chief Executive Officer



  
Chief Financial Officer

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
Gross unearned premiums		128,277,435	96,831,054
Premium Deficiency Reserve		9,945,439	-
Gross outstanding claims		116,795,103	81,112,229
Gross mathematical reserves	1.1	214,578,823	234,842,010
Payables, accruals and others		33,328,641	21,776,258
Reinsurance balances payable		30,408,818	20,292,935
Unearned reinsurance commission income		3,698,582	4,952,097
Due to related parties	6	298,066	2,615,731
Employees' terminal benefits		3,880,529	2,013,781
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>		<b>541,211,436</b>	<b>464,436,095</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Zakat	11	2,023,658	523,658
Payables, accruals and others		1,028,835	871,560
Commission on statutory deposit	9	1,283,791	366,774
Due to insurance operations		733,365	2,904,525
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>5,069,649</b>	<b>4,666,517</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	350,000,000	350,000,000
Accumulated deficit		(172,221,065)	(112,915,223)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>177,778,935</b>	<b>237,084,777</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>182,848,584</b>	<b>241,751,294</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>724,060,020</b>	<b>706,187,389</b>

  
Managing Director/  
Chief Executive Officer



  
Chief Financial Officer

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

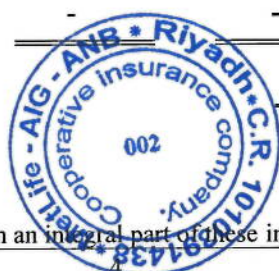


MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS

	<i>For the three month period ended 31 December 2017 (Unaudited) SR</i>	<i>For the year ended 31 December 2017 (Unaudited) SR</i>	<i>For the three month period ended 31 December 2016 (Unaudited) SR</i>	<i>For the year ended 31 December 2016 (Audited) SR</i>
Gross written premiums	60,523,440	354,879,697	60,143,735	208,090,001
Reinsurance premiums ceded	(11,441,081)	(64,934,578)	(10,470,164)	(58,487,360)
Excess of loss premiums	(174,099)	(1,154,482)	(163,171)	(678,289)
<b>NET WRITTEN PREMIUMS</b>	<b>48,908,260</b>	<b>288,790,637</b>	<b>49,510,400</b>	<b>148,924,352</b>
Net changes in unearned premiums	24,762,670	(44,011,099)	(12,182,479)	(3,830,454)
<b>NET EARNED PREMIUMS</b>	<b>73,670,930</b>	<b>244,779,538</b>	<b>37,327,921</b>	<b>145,093,898</b>
Reinsurance commission income	3,307,772	13,409,265	3,027,972	10,732,808
Other underwriting income	1,143,408	5,623,089	1,961,059	5,945,810
<b>UNDERWRITING REVENUE</b>	<b>78,122,110</b>	<b>263,811,892</b>	<b>42,316,952</b>	<b>161,772,516</b>
Gross claims paid	(94,574,606)	(246,330,174)	(31,233,286)	(127,394,847)
Reinsurers' share of claims paid	9,654,962	41,560,142	9,177,165	30,962,876
<b>NET CLAIMS PAID</b>	<b>(84,919,644)</b>	<b>(204,770,032)</b>	<b>(22,056,121)</b>	<b>(96,431,971)</b>
Net changes in outstanding claims	1,722,444	(24,309,418)	(11,299,748)	(27,579,549)
<b>NET CLAIMS INCURRED</b>	<b>(83,197,200)</b>	<b>(229,079,450)</b>	<b>(33,355,869)</b>	<b>(124,011,520)</b>
Change in Premium Deficiency Reserve	(9,945,439)	(9,945,439)	-	-
Commission incurred	(8,754,264)	(28,867,725)	(5,050,411)	(15,489,983)
Inspection and supervisory fees	(1,074,228)	(3,644,404)	(580,161)	(2,319,132)
Other direct underwriting expense	(965,583)	(2,066,904)	(541,848)	(1,246,730)
Doubtful debt expense	155,388	(6,323,308)	589,008	(2,971,471)
<b>UNDERWRITING EXPENSES</b>	<b>(103,781,326)</b>	<b>(279,927,230)</b>	<b>(38,939,281)</b>	<b>(146,038,836)</b>
<b>UNDERWRITING RESULTS</b>	<b>(25,659,216)</b>	<b>(16,115,338)</b>	<b>3,377,671</b>	<b>15,733,680</b>
General and administrative expenses	(13,192,133)	(47,471,821)	(11,699,556)	(43,497,187)
Special commission income	633,532	2,013,946	440,241	1,445,393
<b>NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS</b>	<b>(38,217,817)</b>	<b>(61,573,213)</b>	<b>(7,881,644)</b>	<b>(26,318,114)</b>
Shareholders' appropriation from deficit	38,217,817	61,573,213	7,881,644	26,318,114
<b>NET RESULT FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

  
Managing Director/  
Chief Executive Officer



  
Chief Financial Officer

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS

		<i>For the three month period ended 31 December 2017 (Unaudited) SR</i>	<i>For the year ended 31 December 2017 (Unaudited) SR</i>	<i>For the three month period ended 31 December 2016 (Unaudited) SR</i>	<i>For the year ended 31 December 2016 (Audited) SR</i>
	<i>Notes</i>				
Appropriation of deficit from insurance operations		(38,217,817)	(61,573,213)	(7,881,644)	(26,318,114)
Special commission income		1,364,475	5,498,425	1,848,126	5,490,310
Dividend income		-	-	-	384,616
General and administrative expenses		(476,595)	(1,731,054)	(342,010)	(1,412,047)
<b>NET LOSS FOR THE PERIOD</b>		<b>(37,329,937)</b>	<b>(57,805,842)</b>	<b>(6,375,528)</b>	<b>(21,855,235)</b>
<b>LOSS PER SHARE:</b>					
Basic and diluted loss per share	12	<u>(1.07)</u>	<u>(1.65)</u>	<u>(0.18)</u>	<u>(0.64)</u>

  
Managing Director/  
Chief Executive Officer



  
Chief Financial Officer

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Cooperative Insurance Company  
(A Saudi Joint Stock Company)

## INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Saudi and GCC Shareholders		Foreign Shareholders		Total Shareholders	
	Share Capital SR	Accumulated Deficit SR	Share Capital SR	Accumulated Deficit SR	Share Capital SR	Accumulated Deficit SR
						Total SR
Balance as at 1 January 2017 (Audited)	210,000,000	(68,648,404)	140,000,000	(44,266,819)	350,000,000	(112,915,223)
Net loss for the period	-	(34,683,505)	-	(23,122,337)	-	(57,805,842)
Zakat for the current period (note 11)	-	(1,500,000)	-	-	-	(1,500,000)
Balance as at 31 December 2017 (Unaudited)	210,000,000	(104,831,909)	140,000,000	(67,389,156)	350,000,000	(172,221,065)
Balance as at 1 January 2016 (Audited)	105,000,000	(52,597,508)	70,000,000	(33,826,243)	175,000,000	(86,423,751)
Issue of share capital	105,000,000	-	70,000,000	-	175,000,000	-
Transaction costs on issue of share capital	-	(2,547,722)	-	(1,698,482)	-	(4,246,204)
Net loss for the period	-	(13,113,141)	-	(8,742,094)	-	(21,855,235)
Zakat for the period (note 11)	-	(390,033)	-	-	-	(390,033)
Balance as at 31 December 2016 (Audited)	210,000,000	(68,648,404)	140,000,000	(44,266,819)	350,000,000	(112,915,223)
						237,084,777

**Managing Director/  
Chief Executive Officer**

Chief Financial Officer

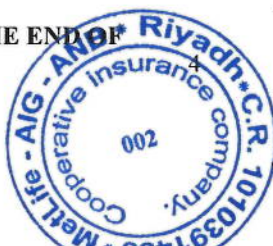


MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
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INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

	<i>For the year ended 31 December 2017 SR (Unaudited)</i>	<i>For the year ended 31 December 2016 SR (Audited)</i>
<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	-	-
<i>Adjustments for:</i>		
Shareholders' appropriation from deficit	(61,573,213)	(26,318,114)
Depreciation	1,955,048	2,452,343
Special commission income	(2,013,946)	(1,445,393)
Provision for doubtful receivables	6,323,308	2,971,471
Employees' terminal benefits	2,397,303	980,519
	<u>(52,911,500)</u>	<u>(21,359,174)</u>
<i>Changes in operating assets and liabilities:</i>		
Premiums receivable	(17,471,643)	(20,701,398)
Reinsurers' balances receivable	(289,107)	(1,249,349)
Reinsurers' share of outstanding claims	(11,373,454)	(13,880,608)
Reinsurers' share of unearned premiums	12,564,719	(969,535)
Reinsurers' share of mathematical reserves	20,263,187	16,812,616
Deferred policy acquisition costs	(2,354,405)	(4,225,754)
Due from related parties	1,326,966	(1,270,831)
Prepaid expenses and other assets	14,892,131	(21,212,172)
Gross outstanding claims	35,682,874	41,460,156
Gross unearned premiums	31,446,381	4,799,987
Gross mathematical reserves	(20,263,187)	(16,812,616)
Premium deficiency reserve	9,945,439	-
Payables, accruals and others	11,552,383	9,054,274
Reinsurance balances payable	10,115,883	(9,582,370)
Unearned reinsurance commission income	(1,253,515)	1,198,076
Due to related parties	(2,317,665)	940,694
Due to/from shareholders' operations	63,744,373	31,423,700
Employees' terminal benefits paid	(530,555)	(4,224)
	<u>102,769,305</u>	<u>(5,578,528)</u>
<b>INVESTING ACTIVITIES</b>		
Time Deposits	(93,050,751)	(15,000,000)
Purchase of property and equipment	(1,915,585)	(471,770)
Special commission income received	1,696,185	1,145,908
	<u>(93,270,151)</u>	<u>(14,325,862)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,499,154</b>	<b>(19,904,390)</b>
Cash and cash equivalents at the beginning of the period	44,784,851	64,689,241
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>54,284,005</b>	<b>44,784,851</b>

  
Managing Director/  
Chief Executive Officer



  
Chief Financial Officer

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

		For the year ended 31 December 2017 SR (Unaudited)	For the year ended 31 December 2016 SR (Unaudited)
	Notes		
<b>OPERATING ACTIVITIES</b>			
Net loss before Zakat		(57,805,842)	(21,855,235)
<i>Adjustments for:</i>			
Appropriation of deficit from insurance operations		61,573,213	26,318,114
Special commission income		(5,498,425)	(5,490,310)
Dividends		-	(384,616)
Amortization of Discount on HTM		(71,785)	(16,638)
		(1,802,839)	(1,428,685)
<i>Changes in operating assets and liabilities:</i>			
Statutory deposit	9	-	(17,500,000)
Due to / from insurance operations		(63,744,373)	(31,423,700)
Prepaid expenses and other assets		64,860	776,487
Payables, accruals and others		157,275	138,500
Zakat paid	11	-	(481,848)
Net cash used in operating activities		(65,325,077)	(49,919,246)
<b>INVESTING ACTIVITIES</b>			
Held to maturity investment		-	(39,440,500)
Time deposits		(39,000,000)	(49,000,000)
Special commission income received		5,060,337	4,908,452
Dividends received		-	384,616
Net cash used in investing activities		(33,939,663)	(83,147,432)
<b>FINANCING ACTIVITIES</b>			
Issue of share capital	10	-	175,000,000
Transaction costs on issue of share capital	10	-	(4,246,204)
Net cash from financing activities		-	170,753,796
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(99,264,740)</b>	<b>37,687,118</b>
Cash and cash equivalents at the beginning of the period		104,001,918	66,314,800
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	4	<b>4,737,178</b>	<b>104,001,918</b>

  
Managing Director/  
Chief Executive Officer



  
Chief Financial Officer

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

**MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)**

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

For the period ended 31 December 2017

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

MetLife, American International Group and Arab National Bank Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010391438 dated 22 Dhul-Hijjah 1434H (corresponding to 27 October 2013).

The address of registered office of the Company is as follows:

MetLife, American International Group and Arab National Bank Cooperative Insurance Company  
P.O. Box 56437  
Riyadh 11554  
Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations applicable in the Kingdom of Saudi Arabia. Its principal lines of business include individual and group life, accident and health and all classes of general insurance. The Company's shares were listed on the Saudi Arabian Stock Exchange ("Tadawul") on 23 Muharram 1435H (corresponding to 26 November 2013).

The Company received the approval letters from the Saudi Arabian Monetary Agency and Ministry of Commerce and Investment regarding the amendment of the Company's by-laws to be in accordance with the new companies' regulations. Based on the above, the Company's extraordinary general assembly was held on 12 April 2017 corresponding to 15 Rajab 1438 and accordingly the new by-laws was approved.

**1.1 METLIFE ALICO PORTFOLIO TRANSFER**

The Company has entered into an agreement with MetLife ALICO (30% shareholder) by which MetLife ALICO has transferred its existing Saudi run-off portfolio to the Company effective 01 April 2015. This portfolio includes long-term life Protection and Savings insurance products and Personal Accident policies. The Company reinsures back to MetLife 100% of this portfolio under a quota-share reinsurance agreement. Accordingly, the Company has become the owner of the transferred policies and MetLife has become the reinsurer of this block of business. The transfer of the portfolio was made at book value with no cash payment. Accordingly, the liabilities related to this portfolio were recorded in the Company's books at book value with an offsetting assets representing the reinsurance share of these liabilities. MetLife paid to the Company a reinsurance commission amounting to SR 2,369,458 for the year ended 31 December 2017 (SR 2,634,648 for the year ended 31 December 2016) to compensate the cost of capital for this portfolio in addition to reimbursing the Company for all expenses related to the administration of this portfolio by paying an administration fee amounting to SR 1,475,967 for the year ended 31 December 2017 (SR 1,570,831 for the year ended 31 December 2016) which is booked under "Other underwriting income".

The portfolio transfer has been approved by the Board of Directors on 16 February 2015 and by the shareholders of the Company in their General Assembly meeting on 12 May 2015. Saudi Arabian Monetary Authority ("SAMA") has also provided their approval on 28/5/1436 H corresponding to 19 March 2015.

Assets and liabilities of the transferred portfolio as at 31 December 2017 are shown as below:

Assets			Liabilities		
	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR		31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Cash and Cash equivalents	1,661,261	3,724,653	Gross unearned premiums	227,684	453,881
Reinsurers' share of unearned premiums	227,684	453,881	Gross outstanding claims	11,088,012	11,126,543
Reinsurers' share of mathematical reserves	214,578,823	234,842,010	Gross mathematical reserves	214,578,823	234,842,010
Reinsurers' share of outstanding claims	11,088,012	11,126,543	Due to shareholders operations	4,160,057	7,485,578
Reinsurers' balances receivable	1,538,456	1,249,349	Reinsurance balances payable	-	-
Receivable & other assets	1,155,640	2,612,822	Payable and other liabilities	195,300	101,246
Total	230,249,876	254,009,258	Total	230,249,876	254,009,258

MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2017

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)**

**1.2 MANAFETH AGREEMENT WITH TAWUNIYA**

The Company participated in the Manafeth agreement between Tawuniya and the majority of the insurance companies in Saudi Arabia effective 01 January 2015 for co-insuring cars entering into Saudi Arabia from all Saudi borders (except the border with Al-Bahrain). Based on this agreement, all insurance companies participating in this coverage will have an equal share of the net result of this portfolio after allowing for all expenses related to managing this portfolio by Tawuniya. This deal is for three years starting from 01 January 2015 and is expected to renew at same terms. The income related to this portfolio is included in the interim statement of insurance operations under "Other underwriting income" and is allocated to Motor Insurance in the segment reporting.

**2 BASIS OF PREPARATION**

*Basis of preparation*

The interim condensed financial statements have been prepared under the historical cost basis.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors. As per the by-laws of the Company, the deficit arising from the Insurance Operations is allocated fully to Shareholders Operations whereas any surplus arising from the Insurance Operations is distributed as follows:

Shareholders	90%
Policyholders	10%
	<u>100%</u>

*Going Concern*

The Company announced a material development relating to unexpected losses which significantly pertains to medical business. As at 31 December 2017 the accumulated losses of the Company reached to 49% of its capital.

The Company is currently assessing the root causes of these losses and will be taking all required corrective measures.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis."

*Statement of compliance*

The accompanying interim condensed financial statements (interim condensed financial information) of the Company (the Company) for the three-month and twelve-month periods ended 31 December 2017 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. Until 31 December 2016, the financial statements of the Company were prepared in accordance with IFRSs. This change in framework, however, does not result in any change in the Company's accounting policy for zakat and tax.

The interim condensed financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2016.



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**2 BASIS OF PREPARATION (continued)**

*Statement of compliance (continued)*

In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. The Company's interim results may not be indicative of its annual results.

*Functional and presentational currency*

The functional and presentation currency of the Company is Saudi Riyals.

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY**

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2016, except for the adoption of new standards and amendments to existing standards effective for the annual period beginning 1 January 2017.

The nature and the impact of each new standard / amendment are summarized as follows:

*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.

*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.

*Standards issued but not yet effective*

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

*IFRS 9 Financial Instruments*

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB decided that IFRS 9 would be mandatorily effective for years ending on or after 31 December 2018.

IASB issued prepayment features with negative compensation (amendment to IFRS 9) to address concern about how IFRS 9 classifies particular financial assets.

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 recognise 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 instruments.

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*IFRS 16 Leases*

The amended IFRS 16 (Leases) released on January 13, 2016 which changes the set of requirements for the accounting treatment for asset, liability and other complexities such as non-lease element, variable lease period and option periods. The standard is effective from January 01, 2019 with early adoption permitted in certain circumstances.

*IFRS 17 Insurance Contracts*

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.

The new standard introduces revised insurance contracts measurement principles and will replace existing 'IFRS 4' Insurance contracts.

**4 CASH AND CASH EQUIVALENTS**

	<i>31 December 2017 (Unaudited)</i>		<i>31 December 2016 (Audited)</i>	
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash at banks and in hand	14,265,802	1,737,178	13,784,851	2,001,918
Short-term deposit with original maturity of three months or less	40,018,203	3,000,000	31,000,000	102,000,000
	<u>54,284,005</u>	<u>4,737,178</u>	<u>44,784,851</u>	<u>104,001,918</u>

Cash at banks are placed with local commercial banks with good investment grade credit ratings.

**5 PREMIUMS RECEIVABLE, NET**

	<i>31 December 2017 (Unaudited)</i>	<i>31 December 2016 (Audited)</i>
	<i>SR</i>	<i>SR</i>
Premiums receivable	75,157,591	57,685,948
Provision for doubtful debts	(10,617,906)	(4,294,598)
<b>Premiums receivable, net</b>	<u>64,539,685</u>	<u>53,391,350</u>

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For the period ended 31 December 2017

6 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. Pricing policies and term of settlements with related parties are as per the commercial terms. The significant related party transactions and the related balances at the end of the period are set out below:

Related party / Nature of transactions	Amount of transactions		
	For the year ended 31		Balance
	December 2017	December 2016	31 December
	SR	SR	SR
	(Unaudited)	(Audited)	(Unaudited)
<b>Premium receivable from / Commission Payable to a related party</b>			
Arab National Bank ("ANB") (Shareholder)	31,531,361	11,938,623	4,757,170
Premiums receivable on policies sold through agency agreement with ANB agency	(3,473,006)	(1,644,812)	(334,235)
Commission payable on policies sold through agency agreement with ANB agency			572,042
			(84,857)
<b>Reinsurance balances payable</b>			
American International Group ("AIG") (Shareholder)	9,959,740	15,189,388	18,057,493
Reinsurance premiums payable & XOL	(5,595,768)	(3,664,697)	-
Reinsurance commission	(2,633,236)	(690,042)	-
Reinsurance share of paid claims			6,768,162
<b>Delaware American Life Insurance Company (Owned 100% by MetLife)</b>			
Reinsurance premiums payable	5,783,584	2,775,607	2,466,457
Reinsurance commission	(843,234)	(434,549)	-
Reinsurance share of paid claims	(3,051,171)	(1,339,336)	-
<b>Reinsurance balances receivable / (Payable)</b>			
American Life Insurance Company "ALICO" (Owned 100% by MetLife)	10,974,541	14,799,727	1,538,456
Reinsurance premiums (portfolio transfer)	(2,369,458)	(2,643,120)	-
Reinsurance commission	(30,257,860)	(27,668,020)	-
Reinsurance share of claims paid (portfolio transfer)			1,249,349

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6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Related party/ Nature of transactions</i>	<i>Amount of transactions</i>			
	<i>For the year ended 31 December 2017</i> SR (Unaudited)	<i>For the year ended 31 December 2016</i> SR (Audited)	<i>Balance 31 December 2017</i> SR (Unaudited)	<i>Balance 31 December 2016</i> SR (Audited)
<b>Due from related parties</b>				
<b>MetLife (Shareholder)</b>				
General and administrative expenses paid on behalf of the Company and recharged to the Company	270,205	-	418,605	1,745,571
Administration Fees Income (portfolio transfer)	(1,475,967)	1,570,831	-	-
<b>Due to related parties</b>				
<b>American International Group ("AIG") (Shareholder)</b>				
General and administrative expenses paid on behalf of the Company and recharged to the Company	795,746	940,695	-	-
Administration Fees Income	(69,264)	-	298,066	2,615,731



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For the period ended 31 December 2017

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party/ Nature of transactions	Amount of transactions		Balance	
	For the year ended 31 December 2017		31 December 2017	
	SR (Unaudited)	SR (Audited)	SR (Unaudited)	SR (Audited)
<b>Commitments and Contingencies</b>				
Arab National Bank ("ANB") (Shareholder)	-	-	1,411,349	3,473,849
Letters of Guarantee				
<b>Investment activities</b>				
Arab National Bank ("ANB") (Shareholder)	-	-	88,000,000	53,062,500
Time Deposits			944,714	35,955
Special commission income on deposits	1,211,261	2,773,745	10,000,000	10,000,000
Held to Maturity Investment (investment in ANB Sukuk)	-	-	81,371	90,759
Special commission income on held to maturity investments	357,493	308,001		
<b>Key management personnel</b>				
Salaries and other benefits	7,662,899	7,952,484	-	-
Board of Directors and Executive Committees' fees	894,275	797,500	884,275	857,000

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**7 TIME DEPOSITS**

Time deposits represent deposits with local commercial banks with good investment grade credit ratings and have an original maturity of more than three months from date of acquisition. Time Deposits invested for more than three months is set out below:

	<i>31 December 2017</i> <i>(Unaudited)</i>		<i>31 December 2016</i> <i>(Audited)</i>	
	<i>Insurance operations</i> <i>SR</i>	<i>Shareholders' operations</i> <i>SR</i>	<i>Insurance operations</i> <i>SR</i>	<i>Shareholders' operations</i> <i>SR</i>
Time deposits	108,050,751	88,000,000	15,000,000	49,000,000
Average variable special commission rate	2.25%	2.85%	3.250%	3.648%

The carrying values of time deposits approximate their fair value at the reporting date.

**8 INVESTMENTS**

*(i) Held to maturity*

Held to Maturity ("HTM") investments amounting to SR 49,528,923 (31 December 2016: SR 49,457,138) comprise of unquoted Sukuk and its maturity up to ten years. Management's opinion is that the fair value of the HTM investment as at 31 December 2017 was not materially different from its carrying value, book value net of amortization is set out below:

<b>Type of Investments</b>	<i>Shareholders' operations</i>	
	<i>31 December 2017</i> <i>(Unaudited)</i>	<i>31 December 2016</i> <i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Sukuk – Private – Floating rate	35,000,000	35,000,000
Sukuk – Governmental – Fixed rate	14,440,500	14,440,500
Amortization of discount on HTM	88,423	16,638
	<b>49,528,923</b>	<b>49,457,138</b>

The movement in HTM investments for the period ended 31 December 2017 and 31 December 2016 is set out below:

	<i>Shareholders' operations</i>	
	<i>31 December 2017</i> <i>(Unaudited)</i>	<i>31 December 2016</i> <i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Beginning balance	49,457,138	10,000,000
Acquisitions during the year	-	40,000,000
Discount on Sukuk	-	(559,500)
Amortization of discount on HTM	71,785	16,638
Disposals during the year	-	-
	<b>49,528,923</b>	<b>49,457,138</b>

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8 INVESTMENTS (continued)

(ii) Available for sale

This investment represents equity holding in the unquoted share capital of "Najm For Insurance Services Company". As the fair value is not readily available, this investment has been carried at cost and reviewed by management for impairment. Management opinion that the fair value of this investment is not materially different from its carrying value.

(iii) Levels of Investments

The above held to maturity investments have not been classified into levels as they are kept at amortized cost. Regarding the available for sale investment, it is classified under level 3.

There are no movements in level 1, 2 & 3 during the year.

9 STATUTORY DEPOSIT

	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Statutory Deposit (10% of paid-up share capital)	35,000,000	35,000,000
	<u>35,000,000</u>	<u>35,000,000</u>

Statutory deposit represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Authority ("SAMA"). SAMA is entitled for the income generated on the Statutory Deposit which cannot be withdrawn without the consent of SAMA. Commission on Statutory Deposit amounted to SR 1,283,791 as of 31 December 2017 (SR 366,774 as of 31 December 2016) and was reported separately under Shareholders' Assets and Shareholders' Liabilities in accordance with SAMA instructions.

10 SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company is SR 350 million divided into 35 million shares of SAR 10 each (31 December 2016: SR 350 million divided into 35 million shares of SAR 10 each).

The Company held an extraordinary general assembly of its shareholders on 22 February 2016 to approve the increase in the share capital from SAR 175 million to SAR 350 million through rights issue. Based on the approval received from shareholders at the extraordinary general assembly, the Company proceeded successfully in March 2016 to raise SAR 175 million through a rights issue. Under the terms of the rights issue, the Company offered 17,500,000 ordinary new shares by way of rights to qualifying shareholders at an offer price of SR 10 per share at close of trading on the date of 22 February 2016 (the "Eligibility Date"). The rights were made on the ratio of one right for every one share held by shareholders as of the Eligibility Date. Rights issue transaction costs incurred amounting to SR 4,246,204 was charged to the interim statement of changes in shareholders' equity.

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**11 ZAKAT AND INCOME TAX**

a) Zakat Charge for the period:

The zakat charge for the period consists of the current period's provision amounting to SR 1,500,000 (31 December 2016: SR390,033). The zakat provision is based on Saudi Shareholders' share of capital at 48.02% (31 December 2016: 48.02%).

b) Income tax charge for the period:

There was no income tax charge for the period relating to the Non-Saudi shareholder due to the net adjusted loss (same for 31 December 2016). The Non-Saudi Shareholders' share of capital is 51.98% (31 December 2016: 51.98%).

c) Status of zakat and income tax assessments:

Tax/zakat return of the Company for the 12 months ending 31 December 2016 has been filed within the stipulated deadline. The tax/zakat certificate has been received which is valid till 30 April 2018.

During 2016 the Company has received the following assessments related to 2014 Tax and Zakat filing as follows:

- GAZT letter No. 019000006784 dated 03 November 2016 requesting the Company to pay additional zakat of SR 351,479 for the year 2014 and Company filed an appeal during the legal period.
- GAZT letter No. 024000033080 dated 03 November 2016 requesting the Company to pay additional suppliers' withholding tax of SR 246,462 for the year 2014 (include SR 58,323 as delay fines) and Company filed an appeal during the legal period.

The Company's management expects the success in defending all items raised by GAZT above is most likely; therefore, no additional provisions were provided for these items.

**12 BASIC AND DILUTED LOSS PER SHARE**

Basic and diluted loss per share for the period has been calculated by dividing the net loss for the period by the weighted average number of outstanding shares at the period end.

The weighted average number of shares has been retrospectively adjusted for all prior periods to reflect the bonus element of the rights issue as required by IAS 33, "Earnings per share" as follows:

	<i>For the three month period ended 31 December 2017</i>	<i>For the year ended 31 December 2017</i>	<i>For the three month period ended 31 December 2016</i>	<i>For the year ended 31 December 2016</i>
Issued ordinary shares at the beginning of the period	35,000,000	35,000,000	35,000,000	17,500,000
Adjusted rights issue	-	-	-	16,424,180
Effects of rights issue of shares	-	-	-	-
<b>Weighted average number of ordinary shares</b>	<b>35,000,000</b>	<b>35,000,000</b>	<b>35,000,000</b>	<b>33,924,180</b>

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.7, which is a ratio of the theoretical ex-rights of SR 33.52 and the closing price per share of SR 57.04 on 22 February 2016, the last day on which the shares were traded before the rights issue.



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**12 BASIC AND DILUTED LOSS PER SHARE (Continued)**

The basic and diluted earnings per share are as follows:

	<i>For the three month period ended 31 December 2017 SR</i>	<i>For the year ended 31 December 2017 SR</i>	<i>For the three month period ended 31 December 2016 SR</i>	<i>For the year ended 31 December 2016 SR</i>
Net loss before Zakat for the period	(37,329,937)	(57,805,842)	(6,375,528)	(21,855,235)
Weighted average number of ordinary shares	35,000,000	35,000,000	35,000,000	33,924,180
<b>Basic and diluted loss per share</b>	<b>(1.07)</b>	<b>(1.65)</b>	<b>(0.18)</b>	<b>(0.64)</b>

**13 SEGMENT 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 as stated below. Segment results do not include general and administration expenses.

Segment assets do not include cash and cash equivalents, prepayments and other assets, due from shareholders' operations and property and equipment. Accordingly they are included in unallocated assets.

Segment liabilities do not include part of end-of-service indemnities, accrued expenses and other liabilities and due to related parties. Accordingly they are included in unallocated liabilities.

All unallocated assets and liabilities are reported to chief operating decision maker as unallocated assets and liabilities and are monitored on a centralized basis.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

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13 SEGMENT INFORMATION (Continued)

a) Interim statement of insurance operations

For the three month period ended 31 December 2017 (Unaudited)

	<i>Protection &amp; Savings SR</i>	<i>Health Insurance SR</i>	<i>Motor Insurance SR</i>	<i>Other General Insurance SR</i>	<i>Total SR</i>
Gross written premiums	6,783,068	39,479,429	5,134,443	9,126,500	60,523,440
Reinsurance premiums ceded	(4,463,134)	692,914	-	(7,670,861)	(11,441,081)
Excess of loss premiums	-	-	(102,296)	(71,803)	(174,099)
<b>Net written premiums</b>	<b>2,319,934</b>	<b>40,172,343</b>	<b>5,032,147</b>	<b>1,383,836</b>	<b>48,908,260</b>
Net changes in unearned premiums	663,005	19,670,911	4,651,175	(222,421)	24,762,670
<b>Net earned premiums</b>	<b>2,982,939</b>	<b>59,843,254</b>	<b>9,683,322</b>	<b>1,161,415</b>	<b>73,670,930</b>
Reinsurance commission income	674,345	150,038	-	2,483,389	3,307,772
Other underwriting income	342,068	-	745,187	56,153	1,143,408
<b>Underwriting revenue</b>	<b>3,999,352</b>	<b>59,993,292</b>	<b>10,428,509</b>	<b>3,700,957</b>	<b>78,122,110</b>
Gross claims paid	(11,379,801)	(73,582,019)	(8,031,814)	(1,580,972)	(94,574,606)
Reinsurers' share of claims paid	9,416,046	(1,294,829)	-	1,533,745	9,654,962
<b>Net claims paid</b>	<b>(1,963,755)</b>	<b>(74,876,848)</b>	<b>(8,031,814)</b>	<b>(47,227)</b>	<b>(84,919,644)</b>
Changes in outstanding claims	1,852,839	2,449,420	(1,739,031)	(840,784)	1,722,444
<b>Net claims incurred</b>	<b>(110,916)</b>	<b>(72,427,428)</b>	<b>(9,770,845)</b>	<b>(888,011)</b>	<b>(83,197,200)</b>
Change in Premium Deficiency Reserve	-	(9,945,439)	-	-	(9,945,439)
Commissions incurred	(735,191)	(5,660,710)	(1,069,419)	(1,288,944)	(8,754,264)
Inspection and supervisory fees	(38,114)	(914,349)	(48,418)	(73,347)	(1,074,228)
Other direct underwriting expense	-	(814,680)	(126,693)	(24,210)	(965,583)
Doubtful debt expense	52,479	(107,644)	1,056,470	(845,917)	155,388
<b>Underwriting expenses</b>	<b>(831,742)</b>	<b>(89,870,250)</b>	<b>(9,958,905)</b>	<b>(3,120,429)</b>	<b>(103,781,326)</b>
<b>Underwriting result</b>	<b>3,167,610</b>	<b>(29,876,958)</b>	<b>469,604</b>	<b>580,528</b>	<b>(25,659,216)</b>
Unallocated expenses					(13,192,133)
Unallocated special commission income					633,532
<b>Net deficit for the period from insurance operations</b>					<b>(38,217,817)</b>

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13 SEGMENT INFORMATION (Continued)

a) Interim statement of insurance operations

For the year ended 31 December 2017 (Unaudited)

	<i>Protection &amp; Savings SR</i>	<i>Health Insurance SR</i>	<i>Motor Insurance SR</i>	<i>Other General Insurance SR</i>	<i>Total SR</i>
Gross written premiums	30,796,751	240,043,522	38,501,872	45,537,552	354,879,697
Reinsurance premiums ceded	(17,897,860)	(6,007,912)	-	(41,028,806)	(64,934,578)
Excess of loss premiums	(22,907)	-	(719,123)	(412,452)	(1,154,482)
<b>Net written premiums</b>	<b>12,875,984</b>	<b>234,035,610</b>	<b>37,782,749</b>	<b>4,096,294</b>	<b>288,790,637</b>
Net changes in unearned premiums	331,921	(36,548,316)	(7,892,217)	97,513	(44,011,099)
<b>Net earned premiums</b>	<b>13,207,905</b>	<b>197,487,294</b>	<b>29,890,532</b>	<b>4,193,807</b>	<b>244,779,538</b>
Reinsurance commission income	2,560,130	884,939	-	9,964,196	13,409,265
Other underwriting income	1,475,967	-	3,938,708	208,414	5,623,089
<b>Underwriting revenue</b>	<b>17,244,002</b>	<b>198,372,233</b>	<b>33,829,240</b>	<b>14,366,417</b>	<b>263,811,892</b>
Gross claims paid	(39,400,375)	(184,507,771)	(17,865,740)	(4,556,288)	(246,330,174)
Reinsurers' share of claims paid	34,095,070	3,051,171	-	4,413,901	41,560,142
<b>Net claims paid</b>	<b>(5,305,305)</b>	<b>(181,456,600)</b>	<b>(17,865,740)</b>	<b>(142,387)</b>	<b>(204,770,032)</b>
Changes in outstanding claims	(808,232)	(14,467,289)	(7,759,604)	(1,274,293)	(24,309,418)
<b>Net claims incurred</b>	<b>(6,113,537)</b>	<b>(195,923,889)</b>	<b>(25,625,344)</b>	<b>(1,416,680)</b>	<b>(229,079,450)</b>
Change in Premium Deficiency Reserve	-	(9,945,439)	-	-	(9,945,439)
Commissions incurred	(2,893,419)	(16,935,960)	(3,538,244)	(5,500,102)	(28,867,725)
Inspection and supervisory fees	(155,775)	(3,045,832)	(152,538)	(290,259)	(3,644,404)
Other direct underwriting expense	-	(1,647,108)	(365,304)	(54,492)	(2,066,904)
Doubtful debt expense	(104,598)	(2,148,405)	(764,628)	(3,305,677)	(6,323,308)
<b>Underwriting expenses</b>	<b>(9,267,329)</b>	<b>(229,646,633)</b>	<b>(30,446,058)</b>	<b>(10,567,210)</b>	<b>(279,927,230)</b>
<b>Underwriting result</b>	<b>7,976,673</b>	<b>(31,274,400)</b>	<b>3,383,182</b>	<b>3,799,207</b>	<b>(16,115,338)</b>
Unallocated expenses					(47,471,821)
Unallocated special commission income					2,013,946
<b>Net deficit for the period from insurance operations</b>					<b>(61,573,213)</b>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2017

13 SEGMENT INFORMATION (Continued)

a) Interim statement of insurance operations

For the three month period ended 31 December 2016 (Unaudited)

	Protection & Savings SR	Health Insurance SR	Motor Insurance SR	Other General Insurance SR	Total SR
Gross written premiums	6,635,845	43,077,364	3,384,082	7,046,444	60,143,735
Reinsurance premiums ceded	(4,276,406)	(237,293)	-	(5,956,465)	(10,470,164)
Excess of loss premiums	(17,453)	-	(41,708)	(104,010)	(163,171)
Net written premiums	2,341,986	42,840,071	3,342,374	985,969	49,510,400
Net changes in unearned premiums	648,415	(12,366,642)	(634,022)	169,770	(12,182,479)
Net earned premiums	2,990,401	30,473,429	2,708,352	1,155,739	37,327,921
Reinsurance commission income	688,282	116,370	-	2,223,320	3,027,972
Other underwriting income	428,685	-	1,313,621	218,753	1,961,059
Underwriting revenue	4,107,368	30,589,799	4,021,973	3,597,812	42,316,952
Gross claims paid	(9,959,000)	(19,258,858)	(1,837,719)	(177,709)	(31,233,286)
Reinsurers' share of claims paid	8,838,984	168,802	-	169,379	9,177,165
Net claims paid	(1,120,016)	(19,090,056)	(1,837,719)	(8,330)	(22,056,121)
Changes in outstanding claims	(4,044,495)	(6,215,020)	(750,551)	(289,682)	(11,299,748)
Net claims incurred	(5,164,511)	(25,305,076)	(2,588,270)	(298,012)	(33,355,869)
Commissions incurred	(648,778)	(2,708,579)	(382,298)	(1,310,756)	(5,050,411)
Inspection and supervisory fees	(36,902)	(466,283)	(13,746)	(63,230)	(580,161)
Other direct underwriting expense	-	(331,784)	(14,314)	(195,750)	(541,848)
Doubtful debt expense	(8,758)	482,324	191,375	(75,933)	589,008
Underwriting expenses	(5,858,949)	(28,329,398)	(2,807,253)	(1,943,681)	(38,939,281)
Underwriting result	(1,751,581)	2,260,401	1,214,720	1,654,131	3,377,671
Unallocated expenses					(11,699,556)
Unallocated special commission income					440,241
Net deficit for the period from insurance operations					(7,881,644)



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2017

13 SEGMENT INFORMATION (Continued)

a) Interim statement of insurance operations

For the year ended 31 December 2016 (Unaudited)

	Protection & Savings SR	Health Insurance SR	Motor Insurance SR	Other General Insurance SR	Total SR
Gross written premiums	24,198,511	127,311,630	13,572,220	43,007,640	208,090,001
Reinsurance premiums ceded	(16,781,403)	(2,724,727)	-	(38,981,230)	(58,487,360)
Excess of loss premiums	(24,306)	-	(258,885)	(395,098)	(678,289)
Net written premiums	7,392,802	124,586,903	13,313,335	3,631,312	148,924,352
Net changes in unearned premiums	(778,781)	2,646,606	(5,449,774)	(248,505)	(3,830,454)
Net earned premiums	6,614,021	127,233,509	7,863,561	3,382,807	145,093,898
Reinsurance commission income	2,944,852	496,302	-	7,291,654	10,732,808
Other underwriting income	1,570,831	-	4,156,226	218,753	5,945,810
Underwriting revenue	11,129,704	127,729,811	12,019,787	10,893,214	161,772,516
Gross claims paid	(32,888,273)	(89,514,394)	(4,249,046)	(743,134)	(127,394,847)
Reinsurers' share of claims paid	28,893,037	1,339,336	-	730,503	30,962,876
Net claims paid	(3,995,236)	(88,175,058)	(4,249,046)	(12,631)	(96,431,971)
Changes in outstanding claims	(3,868,164)	(20,310,256)	(3,296,619)	(104,510)	(27,579,549)
Net claims incurred	(7,863,400)	(108,485,314)	(7,545,665)	(117,141)	(124,011,520)
Commissions incurred	(1,322,446)	(8,364,664)	(1,128,273)	(4,674,600)	(15,489,983)
Inspection and supervisory fees	(116,899)	(1,953,259)	(40,589)	(208,385)	(2,319,132)
Other direct underwriting expense	-	(930,853)	(120,027)	(195,850)	(1,246,730)
Doubtful debt expense	(71,638)	(2,248,040)	(652,558)	765	(2,971,471)
Underwriting expenses	(9,374,383)	(121,982,130)	(9,487,112)	(5,195,211)	(146,038,836)
Underwriting result	1,755,321	5,747,681	2,532,675	5,698,003	15,733,680
Unallocated expenses					(43,497,187)
Unallocated special commission income					1,445,393
Net deficit for the period from insurance operations					(26,318,114)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2017

13 SEGMENT INFORMATION (Continued)

b) Insurance operations' assets and liabilities

31 December 2017 (Unaudited)

	Protection & Savings SR	Health Insurance SR	Motor Insurance SR	Other General Insurance SR	Unallocated SR	Total SR
<b>Insurance operations' assets</b>						
Cash and cash equivalents	-	-	-	-	54,284,005	54,284,005
Premiums receivable, net	998,480	44,962,792	7,510,198	11,068,215	-	64,539,685
Reinsurers' balances receivable	1,523,209	-	-	15,247	-	1,538,456
Reinsurers' share of unearned premiums	180,140	668,040	-	15,179,368	-	16,027,548
Reinsurers' share of mathematical reserves	214,578,823	-	-	-	-	214,578,823
Reinsurers' share of outstanding claims	19,097,976	1,745,215	-	24,334,515	-	45,177,706
Deferred policy acquisition costs	202,753	8,142,473	1,422,830	1,669,966	-	11,438,022
Due from related parties	257,946	-	-	-	160,659	418,605
Prepaid expenses and other assets	108,152	9,770,758	3,017,079	283,958	7,507,406	20,687,353
Time deposits	-	-	-	-	108,050,751	108,050,751
Due from shareholders operations	-	-	-	-	733,365	733,365
Property and equipment, net	-	-	-	-	3,737,117	3,737,117
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>	<b>236,947,479</b>	<b>65,289,278</b>	<b>11,950,107</b>	<b>52,551,269</b>	<b>174,473,303</b>	<b>541,211,436</b>
<b>Insurance operations' liabilities</b>						
Gross unearned premiums	1,505,972	96,709,376	13,510,953	16,551,134	-	128,277,435
Gross outstanding claims	25,737,904	52,460,817	11,229,336	27,367,046	-	116,795,103
Gross mathematical reserves	214,578,823	-	-	-	-	214,578,823
Premium Deficiency Reserve	-	9,945,439	-	-	-	9,945,439
Payables, accruals and others	1,136,226	18,876,871	3,027,885	5,842,786	4,444,873	33,328,641
Reinsurance balances payable	5,188,494	2,795,346	859,086	21,565,892	-	30,408,818
Unearned reinsurance commission income	39,145	151,437	-	3,508,000	-	3,698,582
Due to related parties	-	-	-	-	298,066	298,066
Employees' terminal benefits	-	-	-	-	3,880,529	3,880,529
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>	<b>248,186,564</b>	<b>180,939,286</b>	<b>28,627,260</b>	<b>74,834,858</b>	<b>8,623,468</b>	<b>541,211,436</b>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2017

13 SEGMENT INFORMATION (Continued)

b) Insurance operations' assets and liabilities

31 December 2016 (Audited)

	<i>Protection &amp; Savings SR</i>	<i>Health Insurance SR</i>	<i>Motor Insurance SR</i>	<i>Other General Insurance SR</i>	<i>Unallocated SR</i>	<i>Total SR</i>
Insurance operations' assets						
Cash and cash equivalents	-	31,000,000	-	-	13,784,851	44,784,851
Premiums receivable, net	624,199	34,600,805	5,052,236	13,114,110	-	53,391,350
Reinsurers' balances receivable	1,249,349	-	-	-	-	1,249,349
Reinsurers' share of unearned premiums	206,192	282,253	-	28,103,822	-	28,592,267
Reinsurers' share of mathematical reserves	234,842,010	-	-	-	-	234,842,010
Reinsurers' share of outstanding claims	15,715,914	852,998	-	17,235,340	-	33,804,252
Deferred policy acquisition costs	262,429	5,132,546	763,885	2,924,757	-	9,083,617
Due from related parties	-	-	-	-	1,745,571	1,745,571
Prepaid expenses and other assets	32,926	19,574,671	3,430,779	377,560	11,845,787	35,261,723
Time deposits	-	-	-	-	15,000,000	15,000,000
Due from shareholders' operations	-	-	-	-	2,904,525	2,904,525
Property and equipment, net	-	-	-	-	3,776,580	3,776,580
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>	<b>252,933,019</b>	<b>91,443,273</b>	<b>9,246,900</b>	<b>61,755,589</b>	<b>49,057,314</b>	<b>464,436,095</b>
Insurance operations' liabilities						
Gross unearned premiums	1,863,946	59,775,272	5,618,736	29,573,100	-	96,831,054
Gross outstanding claims	21,547,611	37,101,310	3,469,732	18,993,576	-	81,112,229
Gross mathematical reserves	234,842,010	-	-	-	-	234,842,010
Payables, accruals and others	1,093,708	11,547,455	1,027,546	1,848,298	6,259,251	21,776,258
Reinsurance balances payable	1,760,672	793,867	99,295	17,639,101	-	20,292,935
Unearned reinsurance commission income	45,489	81,114	-	4,825,494	-	4,952,097
Due to related parties	-	-	-	-	2,615,731	2,615,731
Employees' terminal benefits	-	-	-	-	2,013,781	2,013,781
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>	<b>261,153,436</b>	<b>109,299,018</b>	<b>10,215,309</b>	<b>72,879,569</b>	<b>10,888,763</b>	<b>464,436,095</b>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2017

**14 COMMITMENTS AND CONTINGENCIES**

At 31 December 2017, Letters of Guarantee amounting to SR3,161,349 were outstanding in favour of medical providers and general insurance tenders (SR 3,543,980 as at 31 December 2016). These letters of guarantee were issued against cash margin amounting to SR1,411,349 and SR 3,543,980 as at 31 December 2017 and 31 December 2016 respectively which are classified under prepaid expenses and other assets in the interim statement of financial position. There were no other commitments, contingencies, or outstanding legal proceedings or disputes of material nature.

**15 COMPARATIVE FIGURES**

Certain figures for the prior period have been reclassified to conform to the presentation made in the current period; however the impact of such reclassifications was not material to the overall presentation of the interim financial statements.

**16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved on 21- Jumada Al-Awwal-1439H corresponding to (06-February-2018 G).

  
\_\_\_\_\_  
Managing Director/  
Chief Executive Officer



  
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Chief Financial Officer