

**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 SIX MONTH PERIODS ENDED 30 JUNE 2018**

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"**  
(A Saudi Joint Stock Company)

**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 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 June 2018 and the related interim condensed statement of income and interim condensed statement of comprehensive income for the three and six month periods then ended, interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the six 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.

### **Material Uncertainty Related to Going Concern**

We draw attention to note 2.1 to the accompanying interim condensed financial information. As at 30 June 2018, the Company has accumulated losses of SR 58.88 million (2017: SR 37.32 million), which are 58.88% (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 six months period ended 30 June 2018. Further, the Company did not meet the solvency margin requirements under Implementing Regulations issued by SAMA as at 31 December 2017 and 30 June 2018 and the Company's solvency margin as at 30 June 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 Saudi Kuwait Finance House 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 20 May 2018.

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.

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.

Subsequently 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 and to call for an extra ordinary general assembly meeting as required by Article 150 of Law of Companies by 12 August 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 is yet to appoint a consultant.

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.

The accumulated losses, deficiency in solvency margin, final warning letter from SAMA and subsequent suspension of business of the Company by SAMA, significant decrease in human resource and pending decision of the general assembly meeting, 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. The management with the help of an actuary has prepared a revised business plan which has been approved by the Board of Directors on 06 August 2018, which contains different scenarios and addresses the need of capital injection of SR 200 million, to deal with the solvency situation and ensure going concern status of the Company.

Based on this revised business plan and management's expectation of favorable arrangements to address the solvency situation which are also dependent upon decision of the general assembly meeting, as aforesaid, and future actions, events and approval of SAMA and CMA, the financial information of the Company for the period ended 30 June 2018 has been prepared by the management on going concern basis of accounting and does not include any adjustments, which may be required, if the Company is not able to continue as going concern.

Our conclusion is not qualified in respect of this matter.

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09 August 2018G  
27 Dhul-qa'dah 1439H

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	30 June 2018 (Unaudited)	31 December 2017 (Audited)
SAR' 000			
<b>ASSETS</b>			
Cash and cash equivalents	4	45,838	120,336
Investments	5	1,923	19,569
Premiums and reinsurance receivables, net	6	159,551	149,222
Reinsurers' share of unearned premiums	8	37,324	69,033
Reinsurers' share of outstanding claims	7	34,648	86,484
Reinsurers' share of claims incurred but not reported	7	48,767	41,316
Reinsurers' share of other reserves	7	-	1,343
Deferred policy acquisition costs		9,623	14,231
Prepayments and other assets		19,283	16,553
Due from related parties	11	11,657	2,636
Statutory deposit	14	30,750	30,750
Statutory deposit investment return		1,886	1,611
Property and equipment		6,121	4,539
Intangible assets		2,975	1,879
<b>TOTAL ASSETS</b>		<b>410,346</b>	<b>559,502</b>
<b>LIABILITIES</b>			
Outstanding claims	7	43,692	61,561
Claims incurred but not reported	7	129,741	169,347
Premium deficiency reserve	7	1,516	207
Other reserves	7	5,091	4,121
Unearned premiums	8	96,567	176,943
Reinsurance balances payable		21,898	10,172
Unearned reinsurance commission		6,363	6,641
Accrued expenses and other liabilities		48,664	17,496
Zakat and income tax payable	9	2,270	3,966
Mathematical for life insurance operations		1,517	1,517
End of service benefits	13	2,713	3,849
Statutory deposit investment return payable		1,886	1,611
Due to related parties	11	6,023	11,732
<b>TOTAL LIABILITIES</b>		<b>367,941</b>	<b>469,163</b>
<b>INSURANCE OPERATION SURPLUS</b>			
Surplus distribution to Policyholder		-	6,346
Remeasurement of end of service benefits	13	1,285	361
		<b>1,285</b>	<b>6,707</b>
<b>TOTAL LIABILITIES AND INSURANCE OPERATION'S SURPLUS</b>		<b>369,226</b>	<b>475,870</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	100,000	122,000
Accumulated losses		(58,880)	(37,318)
Fair value reserve for available for sale investments		-	(1,050)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>41,120</b>	<b>83,632</b>
<b>TOTAL LIABILITIES INSURANCE OPERATION SURPLUS AND SHAREHOLDERS' EQUITY</b>			
		<b>410,346</b>	<b>559,502</b>
<b>TOTAL LIABILITIES INSURANCE OPERATION SURPLUS AND SHAREHOLDERS' EQUITY</b>			

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 INCOME (Unaudited)**

For the three and six month periods ended 30 June 2018

	Three months period ended 30 June 2018	Three months period ended 30 June 2017	Six months period ended 30 June 2018	Six months period ended 30 June 2017
	SAR' 000		SAR' 000	
<b>REVENUES</b>				
Gross premiums written	23,494	118,937	111,703	351,956
Reinsurance premiums ceded				
- Local	(2,058)	(10,931)	(9,030)	(39,410)
- Foreign	(5,396)	(32,987)	(33,016)	(83,374)
Excess of loss expenses				
- Local	(1,124)	-	(2,248)	-
- Foreign	(656)	(1,919)	(1,312)	(3,838)
<b>Net premiums written</b>	<b>14,260</b>	<b>73,100</b>	<b>66,097</b>	<b>225,334</b>
Changes in unearned premiums, net	32,851	28,244	48,670	(8,739)
<b>Net premiums earned</b>	<b>47,111</b>	<b>101,344</b>	<b>114,767</b>	<b>216,595</b>
Reinsurance commission earned	4,129	5,004	11,169	7,995
Other underwriting income	116	208	494	1,851
<b>Total Revenues</b>	<b>51,356</b>	<b>106,556</b>	<b>126,430</b>	<b>226,441</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	(99,484)	(148,896)	(217,993)	(291,806)
Reinsurers' share of claims paid	51,498	61,308	88,568	99,361
<b>Net claims paid</b>	<b>(47,986)</b>	<b>(87,588)</b>	<b>(129,425)</b>	<b>(192,445)</b>
Changes in outstanding claims, net	(20,948)	4,431	(33,968)	16,970
Changes in incurred but not reported claims, net	27,552	(80)	47,055	843
Changes in other reserves, net	1,021	7,686	(3,622)	10,205
<b>Net claims incurred</b>	<b>(40,361)</b>	<b>(75,551)</b>	<b>(119,960)</b>	<b>(164,427)</b>
Policy acquisition costs	(7,470)	(12,266)	(16,774)	(24,285)
Other underwriting expenses	(2,759)	(3,767)	(6,114)	(9,739)
<b>Total underwriting costs and expenses</b>	<b>(50,590)</b>	<b>(91,584)</b>	<b>(142,848)</b>	<b>(198,451)</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>766</b>	<b>14,972</b>	<b>(16,418)</b>	<b>27,990</b>
<b>OPERATING (EXPENSES) / INCOME</b>				
General and administrative expenses	(12,842)	(13,246)	(27,202)	(24,510)
Provision for doubtful receivables	(415)	(90)	(1,784)	-
Other income	-	1,169	2,000	2,123
Investment income	1,831	528	1,914	1,763
Realized loss on investments	-	(66)	(972)	(96)
<b>Total operating expenses</b>	<b>(11,426)</b>	<b>(11,705)</b>	<b>(26,044)</b>	<b>(20,720)</b>
<b>Total (loss)/ income for the period</b>	<b>(10,660)</b>	<b>3,267</b>	<b>(42,462)</b>	<b>7,270</b>
Appropriation to policyholders operations	-	(343)	-	(699)
<b>Total (loss)/ income for the period attributable to the shareholders</b>	<b>(10,660)</b>	<b>2,924</b>	<b>(42,462)</b>	<b>6,571</b>
<b>(Loss) / profit per share (SR)</b>	<b>(1.07)</b>	<b>0.29</b>	<b>(4.25)</b>	<b>0.66</b>
<b>Number of outstanding shares</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>
		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 COMPREHENSIVE INCOME (Unaudited)**

For the three and six month periods ended 30 June 2018

	Three months period ended 30 June 2018	Three months period ended 30 June 2017	Six months period ended 30 June 2018	Six months period ended 30 June 2017
	SAR' 000		SAR' 000	
Total (loss)/ Profit for the period	(10,660)	3,267	(42,462)	7,270
<b>Other comprehensive loss:</b>				
Items that will not reclassified to statement of income in subsequent periods				
Changes in fair value of available for sale investments	-	(87)	-	(243)
<b>Total comprehensive (loss)/income for the period</b>	<b>(10,660)</b>	<b>3,180</b>	<b>(42,462)</b>	<b>7,027</b>
<b>Total comprehensive (loss)/income for the period attributable to insurance operations</b>		(343)		(699)
<b>Total comprehensive (loss)/income for the period attributable to shareholders' operations</b>	<b>(10,660)</b>	<b>2,837</b>	<b>(42,462)</b>	<b>6,328</b>

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 six months period ended 30 June 2018

	Note	Share capital	Accumulated losses	Fair value reserve for available for sale investments	Total
SAR'000					
<b>2018</b>					
Balance as at 01 January 2018 (Audited)		122,000	(37,318)	(1,050)	83,632
Capital reduction	10	(22,000)	22,000	-	-
Capital reduction expenses	10	-	(100)	-	(100)
Total comprehensive loss for the period	18.3	-	(42,462)	-	(42,462)
Change in fair value for available for sale investments		-	-	1,050	1,050
Zakat charge for the period	9	-	(1,000)	-	(1,000)
<b>Balance as at 30 June 2018 (Unaudited)</b>		<b>100,000</b>	<b>(58,880)</b>	<b>-</b>	<b>41,120</b>
<b>2017</b>					
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			(210)		(210)
Total comprehensive loss for the period		-	6,571	-	6,571
Change in fair value for available for sale investments		-	-	(243)	(243)
Zakat charge for the period		-	(2,159)	-	(2,159)
<b>Balance as at 30 June 2017 (Unaudited)</b>		<b>122,000</b>	<b>3,885</b>	<b>(852)</b>	<b>125,033</b>

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Chairman

  
Director

  
Chief Executive Officer

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

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)**

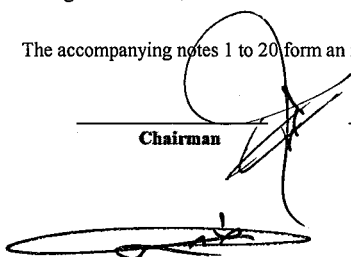
For the six months period ended 30 June 2018

	Note	31 June 2018	31 June 2017
		SAR' 000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / profit for the period		(42,462)	7,270
Adjustments for non cash items:			
Depreciation of property and equipment		755	390
Amortisation of intangibles		467	201
Provision for doubtful receivables		1,784	91
Realized loss on available for sale investment		972	-
Unrealized loss on investments		(1,398)	96
Provision for retirement benefit obligation	13	716	108
		(39,166)	8,156
Changes in operating assets and liabilities:			
Premiums and reinsurance receivables		(12,112)	(107,636)
Reinsurers' share of unearned premiums		31,709	(66,726)
Reinsurers' share of outstanding claims		51,836	43,606
Reinsurers' share of claims incurred but not reported		(7,451)	(2,948)
Reinsurers' share of other reserves		1,343	-
Deferred policy acquisition costs		4,608	(5,611)
Prepayments and other assets		(2,731)	2,271
Due from related parties		(9,021)	-
Outstanding claims		(17,869)	(60,576)
Claims incurred but not reported		(39,606)	2,106
Other reserves		970	(10,206)
Premium deficiency reserve		1,309	
Unearned premiums		(80,376)	75,466
Reinsurance balances payable		11,726	50,248
Unearned reinsurance commission		(279)	9,398
Accrued expenses and other liabilities		31,170	14,610
Share compensation		(5,708)	-
Cash (used in) / generated from operations		(79,648)	(47,842)
Zakat and income tax paid	9	(2,696)	(4,757)
Retirement benefit obligation paid	13	(928)	(108)
Surplus distribution paid		(6,346)	-
<b>Net cash used in operating activities</b>		<b>(89,618)</b>	<b>(52,707)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of intangibles		(1,564)	(714)
Proceeds from disposal of investments		19,122	-
Purchase of property and equipment		(2,338)	(1,207)
Transaction cost relating to reduction in share capital	10	(100)	(210)
<b>Net cash generated from / (used in) investing activities</b>		<b>15,120</b>	<b>(2,131)</b>
<b>Net change in cash and cash equivalents</b>		<b>(74,498)</b>	<b>(54,838)</b>
Cash and cash equivalents at the beginning of the period		120,336	302,030
<b>Cash and cash equivalents at the end of the period</b>	4	<b>45,838</b>	<b>247,192</b>

**Non Cash Information**

Changes in fair value of available for sale investment - (243)

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 six month periods ended 30 June 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 have 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 June 2018, the Company has accumulated losses of SR 58.88 million (2017: SR 37.32 million), which are 58.88% (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 six months period ended 30 June 2018. Further, the Company did not meet the solvency margin requirements as at 31 December 2017 and 30 June 2018 and the Company's solvency margin as at 30 June 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 20 May 2018.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 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.

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Subsequently 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 and to call for an extra ordinary general assembly meeting as required by Article 150 of Law of Companies by 12 August 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 is yet to appoint a consultant.

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.

The accumulated losses, deficiency in solvency margin, final warning letter from SAMA and subsequent suspension of business of the Company by SAMA, significant decrease in human resource and pending decision of the general assembly meeting, as aforesaid, has 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. The management with the help of an actuary has prepared a revised business plan which has been approved by the Board of Directors on 06 August 2018, which contains different scenarios and addresses the need of capital injection of SR 200 million, to deal with the solvency situation and ensure going concern status of the Company.

Based on this revised business plan and management's expectation of favorable arrangements to address the solvency situation which are also dependent upon decision of the general assembly meeting, as aforesaid, and future actions, events and approval of SAMA and CMA, the financial information of the Company for the period ended 30 June 2018 has been prepared by the management on going concern basis of accounting and does not include any adjustments, which may be required, if the Company is not able to continue as going concern.

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 2018

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**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for investments classified as 'available for sale' and 'held for trading' which are being carried at fair value, and retirement benefit obligations that are measured at present value.

**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 statements 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 have no material impact on the Company's financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

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**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 statements**

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

**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 statements do not include all financial risk management information and disclosure required in the annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017.

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4 CASH AND CASH EQUIVALENTS

	As at 30 June 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	44,346	1,492	45,838	36,069	14,267	50,336
Term deposit at banks (4.1)	-	-	-	-	70,000	70,000
<b>Total</b>	<b>44,346</b>	<b>1,492</b>	<b>45,838</b>	<b>36,069</b>	<b>84,267</b>	<b>120,336</b>

- 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 June 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
<b>Total</b>	<b>1,923</b>	<b>-</b>	<b>1,923</b>	<b>15,619</b>	<b>3,950</b>	<b>19,569</b>

The movement during the period is as follows:

Available for sale investment

	As at 30 June 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	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)	-	-	-
<b>Balance at the end</b>	<b>1,923</b>	<b>-</b>	<b>1,923</b>	<b>15,619</b>	<b>3,950</b>	<b>19,569</b>

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 advantages 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
<b>As at 30 June 2018 (unaudited)</b>				
Insurance operations	-	-	1,923	1,923
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,923</b>	<b>1,923</b>
	SAR'000			
<b>As at 31 December 2017 (Audited)</b>				
Insurance operations	-	-	15,619	15,619
Shareholder's operations	3,950	-	-	3,950
<b>Total</b>	<b>3,950</b>	<b>-</b>	<b>15,619</b>	<b>19,569</b>

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6 PREMIUMS AND REINSURANCE RECEIVABLES - NET

	As at 30 June 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Policyholders	122,651	-	122,651	151,962	-	151,962
Related party (note 11)	11,657	-	11,657	2,636	-	2,636
Reinsurance receivables	77,071	-	77,071	35,647	-	35,647
	211,379	-	211,379	190,245	-	190,245
Provision for doubtful receivables	(40,171)	-	(40,171)	(38,387)	-	(38,387)
	171,208	-	171,208	151,858	-	151,858

7 OUTSTANDING CLAIMS

	As at 30 June 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Outstanding claims	48,517	34,648	13,869	102,079	86,484	15,595
Less: realizable value of salvage and subrogation	4,825	-	4,825	40,518	-	40,518
Gross outstanding claims	43,692	34,648	9,044	61,561	86,484	(24,923)
Claims incurred but not reported	129,741	48,767	80,974	169,347	41,317	128,030
Premium deficiency reserve	1,516	-	1,516	207	-	207
Other technical reserves	5,091	-	5,091	4,121	1,343	2,778
	180,040	83,415	96,625	235,236	129,144	106,092

8 MOVEMENT IN UNEARNED PREMIUMS

	As at 30 June 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	156,675	64,585	92,090	225,159	26,763	198,396
Premium written during the period	23,494	7,454	16,040	499,995	178,891	321,104
Premium earned during the period	(83,602)	(34,715)	(48,887)	(548,211)	(136,621)	(411,590)
Balance as at the end of the period	96,567	37,324	59,243	176,943	69,033	107,910



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**9 ZAKAT AND INCOME TAX PAYABLE**

	As at 30 June 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Zakat payable		2,105	2,105	-	3,801	3,801
Income tax payable		165	165	-	165	165
Zakat and Income tax payable	-	2,270	2,270	-	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%

The movement in Zakat provision is as follows:

	As at 30 June 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	-	1,000	1,000	-	3,902	3,902
Zakat payment made	-	(2,696)	(2,696)	-	(3,273)	(3,273)
Balance at the end	-	2,105	2,105	-	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 received revised assessment with an additional liability of SAR 4.5 million. The Company is in process of filing appeal against GAZT revised assessment 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 shareholder of the Company. Foreign shareholder subject to income tax is 15.12%.

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**9 ZAKAT AND INCOME TAX PAYABLE (continued)**

**Income tax:**

The movement in income tax provision is as follows:

	As at 30 June 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

**10 SHARE CAPITAL**

The share capital of the Company is SAR 100 million as at 30 June 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 June 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 7 Rajab 1439 H. The Company obtained Capital Market Authority (CMA) approval on 17th May 2018 corresponding to 27 Rajab 1439 H, thus reducing the number of shares from 12,200,000 shares to 10,000,000 shares. During the period ended 30 June 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 100,000 has been charged to retained earnings and presented in the interim condensed statement of changes in shareholders' equity.

**11 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 year and the related balances at the end of the year:

Nature of transactions	For the three months period ended 30 June 2018 (unaudited)			For the three months period ended 30 June 2017 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Reinsurance premiums ceded	22	-	22	334	-	334
Reinsurance commission	4	-	4	79	-	79
Reinsurance share of claims	1	-	1	86	-	86
Nature of transactions	For the six months period ended 30 June 2018 (unaudited)			For the six months period ended 30 June 2017 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Reinsurance premiums ceded	37	-	37	872	-	872
Reinsurance commission	7	-	7	221	-	221
Reinsurance share of claims	11	-	11	86	-	86

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11 TRANSACTIONS WITH RELATED PARTIES (continued)

Balances	As at 30 June 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Net Receivable	11,657	-	11,657	2,636	-	2,636
Share compensation payable	-	6,023	6,023	-	11,173	11,173
<u>Other related parties</u>						
Investments	-	-	-	13,696	-	13,696
<b>Information relating to key management personnel:</b>	<b>For the three months period ended 30 June 2018 (unaudited)</b>			<b>For the three months period ended 31 March 2017 (unaudited)</b>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Employee benefits	1,227	-	1,227	946	-	946
<b>Information relating to key management personnel:</b>	<b>For the six months period ended 30 June 2018 (unaudited)</b>			<b>For the six months period ended 30 June 2017 (unaudited)</b>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Employee benefits	2,498	-	2,498	1,842	-	1,842
<b>Board and sub committees related expenses:</b>	<b>For the three months period ended 30 June 2018 (unaudited)</b>			<b>For the three months period ended 30 June 2017 (unaudited)</b>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Directors' remuneration	-	225	225	-	225	225
Attendance fees	-	58	58	-	59	59
<b>Board and sub committees related expenses:</b>	<b>For the six months period ended 30 June 2018 (unaudited)</b>			<b>For the six months period ended 30 June 2017 (unaudited)</b>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Directors' remuneration	-	450	450	-	225	225
Attendance fees	-	306	306	-	59	59
Board and sub committees member	-	3,069	3,069	-	2,844	2,844

12 CONTINGENCIES AND COMMITTEMENT

As at 30 June 2018, there are no significant changes in contingencies and commitments from 31 December 2017.

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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:

	<u>31-Dec-18</u>	<u>31-Dec-17</u>
<b>Amount recognised in the statement of financial position</b>		
Present value of defined benefit obligation	2,713	3,849
Fair value of plan assets	-	-
<b>Net liability at end of the year</b>	<u>2,713</u>	<u>3,849</u>
	<u>31-Dec-18</u>	<u>31-Dec-17</u>
<b>Benefit expense (recognised in profit or loss)</b>		
Current service cost	648	1,512
Commission rate cost	68	191
<b>Benefit expense</b>	<u>716</u>	<u>1,703</u>
	<u>31-Dec-18</u>	<u>31-Dec-17</u>
<b>Movement in the present value of defined benefit obligation</b>		
Present value of defined benefit obligation at beginning of the year	3,849	2,945
Current service cost	648	1,512
Commission rate cost	68	191
Actuarial (Gain) on defined benefit plan	(924)	(361)
Benefits paid	(928)	(438)
<b>Present value of defined benefit obligation at end of the year</b>	<u>2,713</u>	<u>3,849</u>
	<u>31-Dec-18</u>	<u>31-Dec-17</u>
<b>Movement in net liability recognised in balance sheet</b>		
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)
<b>Net liability at end of the year</b>	<u>2,713</u>	<u>3,849</u>
	<u>31-Dec-18</u>	<u>31-Dec-17</u>
<b>Principal actuarial assumption at 31 December 2017</b>		
Discount rate	4.30%	4.00%
Salary increase rate	3.30%	3.00%
Return on plan assets	Not applicable	Not applicable

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and six month periods ended 30 June 2018

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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

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period. (refer to note 2.1).

**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 six-month periods ended 30 June 2018 and 10,000,000 shares for the three and six-month periods ended 30 June 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 June 2018					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
<b>REVENUES</b>						
Gross premiums written	12,348	6,484	4,662	23,494	-	23,494
Reinsurance premiums ceded	(1,215)	(2,252)	(3,987)	(7,454)	-	(7,454)
Excess of loss expenses	(1,312)	-	(468)	(1,780)	-	(1,780)
Net premiums written	9,821	4,232	207	14,260	-	14,260
Net change in unearned premiums	15,449	16,564	838	32,851	-	32,851
Net premiums earned	25,270	20,796	1,045	47,111	-	47,111
Reinsurance commission earned	966	-	3,163	4,129	-	4,129
Other underwriting income	116	-	-	116	-	116
Total insurance revenues	26,352	20,796	4,208	51,356	-	51,356
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	40,825	29,376	29,283	99,484	-	99,484
Reinsurers' share of claims paid	(9,153)	(14,769)	(27,576)	(51,498)	-	(51,498)
Net claims paid	31,672	14,607	1,707	47,986	-	47,986
Changes in outstanding claims, net	26,780	(4,536)	(1,296)	20,948	-	20,948
Changes in incurred but not reported claims, net	(32,604)	4,786	266	(27,552)	-	(27,552)
Changes in other reserves, net	(914)	12	(119)	(1,021)	-	(1,021)
Net claims incurred	24,934	14,869	558	40,361	-	40,361
Policy acquisition costs	3,269	2,437	1,764	7,470	-	7,470
Other underwriting expenses	1,279	1,439	41	2,759	-	2,759
Total underwriting costs and expenses	29,482	18,745	2,363	50,590	-	50,590
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	(3,130)	2,051	1,845	766	-	766
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
General and administrative expenses				(12,494)	(348)	(12,842)
Provision for doubtful receivables				(415)	-	(415)
Investment income				1,831	-	1,831
Realized loss on investments				-	-	-
<b>Total operating expenses</b>				(11,078)	(348)	(11,426)
<b>Total (loss)/ income for the period</b>				(10,312)	(348)	(10,660)
Appropriation to policyholders operations				-	-	-
<b>Total (loss) for the period attributable to the shareholders</b>				(10,312)	(348)	(10,660)
<b>Customer wise portfolio</b>						
Gross premiums written						
- Retail (individual)	6,234	5,895	499	12,628	-	12,628
- Corporate	6,114	589	4,163	10,866	-	10,866
	12,348	6,484	4,662	23,494	-	23,494

The Company maintains retail (individual) and corporate customer wise breakup only.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 2018

**17 SEGMENT REPORTING (Continued)**

	For the six months ended 30 June 2018				
	Motor	Medical	Others	Total Insurance Operations	Shareholders' Operations
	SAR'000				
<b>REVENUES</b>					
Gross premiums written	59,592	20,164	31,947	111,703	-
Reinsurance premiums ceded	(6,288)	(6,696)	(29,062)	(42,046)	-
Excess of loss expenses	(2,624)	-	(936)	(3,560)	-
Net premiums written	50,680	13,468	1,949	66,097	-
Net change in unearned premiums	12,832	36,136	(298)	48,670	-
Net premiums earned	63,512	49,604	1,651	114,767	-
Reinsurance commission earned	3,106	2,364	5,699	11,169	-
Other underwriting income	494	-	-	494	-
Total insurance revenues	67,112	51,968	7,350	126,430	-
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	121,223	64,656	32,114	217,993	-
Reinsurers' share of claims paid	(25,865)	(32,659)	(30,044)	(88,568)	-
Net claims paid	95,358	31,997	2,070	129,425	-
Changes in outstanding claims, net	32,683	1,396	(111)	33,968	-
Changes in incurred but not reported claims, net	(54,182)	6,689	438	(47,055)	-
Changes in other reserves, net	3,457	269	(104)	3,622	-
Net claims incurred	77,316	40,351	2,293	119,960	-
Policy acquisition costs	7,746	5,756	3,272	16,774	-
Other underwriting expenses	3,245	2,453	416	6,114	-
Total underwriting costs and expenses	88,307	48,560	5,981	142,848	-
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	(21,195)	3,408	1,369	(16,418)	-
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>					
General and administrative expenses				(26,297)	(905)
Provision for doubtful receivables				(1,784)	-
Other income				2,000	-
Investment income				1,831	83
Realized loss on investments				-	(972)
Total operating expenses				(24,250)	(1,794)
<b>Total (loss) for the period</b>				(40,668)	(1,794)
Appropriation to policyholders operations				-	-
<b>Total (loss) for the period attributable to the shareholders</b>				(40,668)	(1,794)
<b>Customer wise portfolio</b>					
Gross premiums written					
- Retail (individual)	25,788	13,980	3,763	43,531	-
- Corporate	33,804	6,184	28,184	68,172	-
	59,592	20,164	31,947	111,703	-

The Company maintains retail (individual) and corporate customer wise breakup only.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 2018

**17 SEGMENT REPORTING (Continued)**

	For the three month ended 30 June 2017					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations	Total
	SAR'000					
<b>REVENUES</b>						
Gross premiums written	55,357	52,526	11,054	118,937	-	118,937
Reinsurance premiums ceded	(14,224)	(19,519)	(10,175)	(43,918)	-	(43,918)
Excess of loss expenses	(1,774)	-	(145)	(1,919)	-	(1,919)
Net premiums written	39,359	33,007	734	73,100	-	73,100
Net change in unearned premiums	39,535	(11,662)	371	28,244	-	28,244
Net premiums earned	78,894	21,345	1,105	101,344	-	101,344
Reinsurance commission earned	2,275	-	2,729	5,004	-	5,004
Other underwriting income	208	-	-	208	-	208
Total insurance revenues	81,377	21,345	3,834	106,556	-	106,556
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	86,315	22,607	39,974	148,896	-	148,896
Reinsurers' share of claims paid	(10,239)	(12,302)	(38,767)	(61,308)	-	(61,308)
Net claims paid	76,076	10,305	1,207	87,588	-	87,588
Changes in outstanding claims, net	(4,141)	520	(810)	(4,431)	-	(4,431)
Changes in incurred but not reported claims , net	80	-	-	80	-	80
Changes in other reserves, net	(7,686)	-	-	(7,686)	-	(7,686)
Net claims incurred	64,329	10,825	397	75,551	-	75,551
Policy acquisition costs	7,715	2,864	1,687	12,266	-	12,266
Other underwriting expenses	577	2,953	237	3,767	-	3,767
Total underwriting costs and expenses	72,621	16,642	2,321	91,584	-	91,584
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	8,756	4,703	1,513	14,972	-	14,972
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
General and administrative expenses				(12,720)	(526)	(13,246)
Provision for doubtful receivables				(90)	-	(90)
Other income				1,169	-	1,169
Investment income				164	364	528
Realized loss on investments				(66)	-	(66)
<b>Total operating expenses</b>				(11,543)	(162)	(11,705)
<b>Total income / (loss) for the period</b>				3,429	(162)	3,267
Appropriation to policyholders operations				(343)	-	(343)
<b>Total income / (loss) for the period attributable to the shareholders</b>				3,086	(162)	2,924
<b>Customer wise portfolio</b>						
Gross premiums written						
- Retail (individual)	10,983	26,528	3,921	41,432	-	41,432
- Corporate	44,374	25,998	7,133	77,505	-	77,505
	55,357	52,526	11,054	118,937	-	118,937

The Company maintains retail (individual) and corporate customer wise breakup only.



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 2018

**17 SEGMENT REPORTING (Continued)**

	For the six month ended 30 June 2017				
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations
	SAR'000				
<b>REVENUES</b>					
Gross premiums written	201,488	118,009	32,459	351,956	-
Reinsurance premiums ceded	(51,158)	(41,763)	(29,863)	(122,784)	-
Excess of loss expenses	(3,549)	-	(289)	(3,838)	-
Net premiums written	146,781	76,246	2,307	225,334	-
Net change in unearned premiums	29,788	(38,481)	(46)	(8,739)	-
Net premiums earned	176,569	37,765	2,261	216,595	-
Reinsurance commission earned	3,154	-	4,841	7,995	-
Other underwriting income	1,851	-	-	1,851	-
Total insurance revenues	181,574	37,765	7,102	226,441	-
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	183,840	48,443	59,523	291,806	-
Reinsurers' share of claims paid	(15,057)	(26,499)	(57,805)	(99,361)	-
Net claims paid	168,783	21,944	1,718	192,445	-
Changes in outstanding claims, net	(16,337)	(151)	(482)	(16,970)	-
Changes in incurred but not reported claims, net	(843)	-	-	(843)	-
Changes in other reserves, net	(10,205)	-	-	(10,205)	-
Net claims incurred	141,398	21,793	1,236	164,427	-
Policy acquisition costs	16,603	5,028	2,654	24,285	-
Other underwriting expenses	1,818	7,588	333	9,739	-
Total underwriting costs and expenses	159,819	34,409	4,223	198,451	-
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	21,755	3,356	2,879	27,990	-
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>					
General and administrative expenses				(23,590)	(920)
Provision for doubtful receivables				-	-
Other income				2,123	-
Investment income				571	1,192
Realized loss on investments				(96)	-
<b>Total operating (expenses) / income</b>				(20,992)	272
<b>Total income for the period</b>				6,998	272
Appropriation to policyholders operations				(699)	-
<b>Total income for the period attributable to the shareholders</b>				6,299	272
<b>Customer wise portfolio</b>					
Gross premiums written					
- Retail (individual)	90,114	62,331	5,810	158,255	-
- Corporate	111,374	55,678	26,649	193,701	-
	201,488	118,009	32,459	351,956	-

The Company maintains retail (individual) and corporate customer wise breakup only.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 2018

**17 SEGMENT REPORTING (Continued)**

	As at 30 June 2018					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations	Total
SAR'000						
ASSETS						
Reinsurers' share of outstanding claims	1,448	3,232	29,968	34,648	-	34,648
Reinsurers' share of claims incurred but not repor	7,081	28,095	16,313	51,489	-	51,489
Reinsurers' share of other reserves	-	-	-	-	-	0
Reinsurers' share of unearned premiums	7,111	7,351	22,862	37,324	-	37,324
Deferred policy acquisition costs	5,398	1,341	2,884	9,623	-	9,623
Unallocated assets	-	-	-	225,794	54,367	280,161
Total assets				358,878	54,367	413,245

	As at 30 June 2018					
	Motor	Medical	Others	Total Insurance Operations	Shareholders' operations	Total
	SAR'000					
<b>LIABILITIES</b>						
Outstanding claims	3,650	6,426	33,616	43,692	-	43,692
Claims incurred but not reported	59,352	55,839	17,272	132,463	-	132,463
Premium deficiency reserve	1,516	-	-	1,516	-	1,516
Other reserves	3,931	1,245	92	5,268	-	5,268
Unearned premiums	50,874	20,151	25,542	96,567	-	96,567
Unearned insurance commission	1,049	-	5,314	6,363	-	6,363
Unallocated liabilities	-	-	-	73,009	54,367	127,376
<b>Total liabilities</b>				<b>358,878</b>	<b>54,367</b>	<b>413,245</b>

	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	82,632	86,483	-	86,483
Reinsurers' share of claims incurred but not reported	7,450	23,913	9,954	41,317	-	41,317
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					
<b>LIABILITIES</b>						
Outstanding claims	(28,670)	3,838	86,393	61,561	-	61,561
Claims incurred but not reported	113,903	44,968	10,475	169,346	-	169,346
Premium deficiency reserve	-	207	-	207	-	207
Other reserves	1,814	770	1,538	4,122	-	4,122
Unearned premiums	75,447	82,154	19,342	176,943	-	176,943
Unearned insurance commission	3,212	-	3,430	6,642	-	6,642
Unallocated liabilities	-	-	-	19,980	120,701	140,681
<b>Total liabilities</b>				<b>438,801</b>	<b>120,701</b>	<b>559,502</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 2018

**18 SUPPLEMENTARY INFORMATION**

**18.1 Interim condensed statement of financial position**

	As at 30 June 2018 (Unaudited)			As at 31 December 2017 (Audited)		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
<b>ASSETS</b>						
Cash and cash equivalents	44,346	1,492	45,838	36,069	84,267	120,336
Investments	1,923	-	1,923	15,619	3,950	19,569
Premiums and reinsurance receivables, net	159,551	-	159,551	149,222	-	149,222
Reinsurers' share of unearned premiums	37,324	-	37,324	69,033	-	69,033
Reinsurers' share of outstanding claims	34,648	-	34,648	86,484	-	86,484
Reinsurers' share of claims incurred but not reported	48,767	-	48,767	41,316	-	41,316
Reinsurers' share of other reserves	-	-	-	1,343	-	1,343
Deferred policy acquisition costs	9,623	-	9,623	14,231	-	14,231
Prepayments and other assets	19,283	-	19,283	16,430	123	16,553
Due from related parties	11,657	-	11,657	2,636	-	2,636
Due from shareholders' operations	-	20,239	20,239	16,917	-	16,917
Statutory deposit	-	30,750	30,750	-	30,750	30,750
Statutory deposit investment return	-	1,886	1,886	-	1,611	1,611
Property and equipment	6,121	-	6,121	4,539	-	4,539
Intangible Assets - Software	2,975	-	2,975	1,879	-	1,879
<b>TOTAL ASSETS</b>	<b>376,218</b>	<b>54,367</b>	<b>430,585</b>	<b>455,718</b>	<b>120,701</b>	<b>576,419</b>
<b>LIABILITIES</b>						
Outstanding claims	43,692	-	43,692	61,561	-	61,561
Claims incurred but not reported	129,741	-	129,741	169,347	-	169,347
Premium deficiency reserve	1,516	-	1,516	207	-	207
Other reserves	5,091	-	5,091	4,121	-	4,121
Unearned premiums	96,567	-	96,567	176,943	-	176,943
Reinsurance balances payable	21,898	-	21,898	10,172	-	10,172
Unearned reinsurance commission	6,363	-	6,363	6,642	-	6,642
Accrued expenses and other liabilities	45,596	3,068	48,664	14,652	2,844	17,496
Zakat and income tax payable	-	2,270	2,270	-	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	-	1,886	1,886	-	1,611	1,611
Due to related parties	-	6,023	6,023	-	11,732	11,732
Due to insurance operations	-	-	-	-	16,917	16,917
Due from shareholders' operations	20,239	-	20,239	-	-	-
<b>TOTAL LIABILITIES</b>	<b>374,933</b>	<b>13,247</b>	<b>388,180</b>	<b>449,011</b>	<b>37,069</b>	<b>486,080</b>
<b>INSURANCE OPERATION SURPLUS</b>						
Surplus distribution to Policyholder	-	-	-	6,346	-	6,346
Remeasurement of end of service benefits	1,285	-	1,285	361	-	361
	<b>1,285</b>	<b>-</b>	<b>1,285</b>	<b>6,707</b>	<b>-</b>	<b>6,707</b>
<b>TOTAL LIABILITIES AND INSURANCE OPERATION'S SURPLUS</b>	<b>376,218</b>	<b>13,247</b>	<b>389,465</b>	<b>455,718</b>	<b>37,069</b>	<b>492,787</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	-	100,000	100,000	-	122,000	122,000
Accumulated losses	-	(58,880)	(58,880)	-	(37,318)	(37,318)
Fair value reserve for available for sale investments	-	-	-	-	(1,050)	(1,050)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>41,120</b>	<b>41,120</b>	<b>-</b>	<b>83,632</b>	<b>83,632</b>
<b>TOTAL LIABILITIES, INSURANCE OPERATION SURPLUS AND SHAREHOLDERS' EQUITY</b>	<b>376,218</b>	<b>54,367</b>	<b>430,585</b>	<b>455,718</b>	<b>120,701</b>	<b>576,419</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 2018

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.2 Interim condensed statement of income (unaudited)**

	Six month periods ended 30 June 2018			Six month periods ended 30 June 2017		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
<b>REVENUES</b>						
Gross premiums written	111,703	-	111,703	351,956	-	351,956
Reinsurance premiums ceded						
- Local	(9,030)	-	(9,030)	(39,410)	-	(39,410)
- Foreign	(33,016)	-	(33,016)	(83,374)	-	(83,374)
Excess of loss expenses						
- Local	(2,248)	-	(2,248)	-	-	-
- Foreign	(1,312)	-	(1,312)	(3,838)	-	(3,838)
<b>Net premiums written</b>	<b>66,097</b>	<b>-</b>	<b>66,097</b>	<b>225,334</b>	<b>-</b>	<b>225,334</b>
Changes in unearned premiums, net	48,670	-	48,670	(8,739)	-	(8,739)
<b>Net premiums earned</b>	<b>114,767</b>	<b>-</b>	<b>114,767</b>	<b>216,595</b>	<b>-</b>	<b>216,595</b>
Reinsurance commission earned	11,169	-	11,169	7,995	-	7,995
Other underwriting income	494	-	494	1,851	-	1,851
<b>Total Revenues</b>	<b>126,430</b>	<b>-</b>	<b>126,430</b>	<b>226,441</b>	<b>-</b>	<b>226,441</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(217,993)	-	(217,993)	(291,806)	-	(291,806)
Reinsurers' share of claims paid	88,568	-	88,568	99,361	-	99,361
<b>Net claims paid</b>	<b>(129,425)</b>	<b>-</b>	<b>(129,425)</b>	<b>(192,445)</b>	<b>-</b>	<b>(192,445)</b>
Changes in outstanding claims, net	(33,968)	-	(33,968)	16,970	-	16,970
Changes in incurred but not reported claims, net	47,055	-	47,055	843	-	843
Changes in other reserves, net	(3,622)	-	(3,622)	10,205	-	10,205
<b>Net claims incurred</b>	<b>(119,960)</b>	<b>-</b>	<b>(119,960)</b>	<b>(164,427)</b>	<b>-</b>	<b>(164,427)</b>
Policy acquisition costs	(16,774)	-	(16,774)	(24,285)	-	(24,285)
Other underwriting expenses	(6,114)	-	(6,114)	(9,739)	-	(9,739)
<b>Total underwriting costs and expenses</b>	<b>(142,848)</b>	<b>-</b>	<b>(142,848)</b>	<b>(198,451)</b>	<b>-</b>	<b>(198,451)</b>
<b>NET UNDERWRITING (LOSS) / INCOME</b>	<b>(16,418)</b>	<b>-</b>	<b>(16,418)</b>	<b>27,990</b>	<b>-</b>	<b>27,990</b>
<b>OPERATING (EXPENSES) / INCOME</b>						
General and administrative expenses	(26,297)	(905)	(27,202)	(23,590)	(920)	(24,510)
(Provision for) doubtful receivables	(1,784)	-	(1,784)	-	-	-
Other Income	2,000	-	2,000	2,123	-	2,123
Investment income	1,831	83	1,914	571	1,192	1,763
Realized loss on investments	-	(972)	(972)	(96)	-	(96)
<b>Total operating (expenses)/ income</b>	<b>(24,250)</b>	<b>(1,794)</b>	<b>(26,044)</b>	<b>(20,992)</b>	<b>272</b>	<b>(20,720)</b>
<b>Net (deficit) / surplus</b>	<b>(40,668)</b>	<b>(1,794)</b>	<b>(42,462)</b>	<b>6,998</b>	<b>272</b>	<b>7,270</b>
Appropriation to policyholders operations	40,668	(40,668)	-	(699)	-	(699)
<b>Net (deficit) / Surplus after appropriations to policyholders operations</b>	<b>-</b>	<b>(42,462)</b>	<b>(42,462)</b>	<b>6,299</b>	<b>272</b>	<b>6,571</b>
<b>(Loss) / income per share (SR)</b>			<b>(4.25)</b>			<b>0.66</b>
<b>Number of outstanding shares</b>			<b>10,000,000</b>			<b>10,000,000</b>
						restated

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the three and six month periods ended 30 June 2018

18 SUPPLEMENTARY INFORMATION (continued)

18.2 Interim condensed statement of income (unaudited)

	Three months period ended 30 June 2018			Three months period ended 30 June 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<b>REVENUES</b>						
Gross premiums written	23,494	-	23,494	118,937	-	118,937
Reinsurance premiums ceded						
- Local	(2,058)	-	(2,058)	(10,931)	-	(10,931)
- Foreign	(5,396)	-	(5,396)	(32,987)	-	(32,987)
Excess of loss expenses						
- Local	(1,124)	-	(1,124)	-	-	-
- Foreign	(656)	-	(656)	(1,919)	-	(1,919)
Net premiums written	14,260	-	14,260	73,100	-	73,100
Changes in unearned premiums, net	32,851	-	32,851	28,244	-	28,244
Net premiums earned	47,111	-	47,111	101,344	-	101,344
Reinsurance commission earned	4,129	-	4,129	5,004	-	5,004
Other underwriting income	116	-	116	208	-	208
<b>Total Revenues</b>	<b>51,356</b>	<b>-</b>	<b>51,356</b>	<b>106,556</b>	<b>-</b>	<b>106,556</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(99,484)	-	(99,484)	(148,896)	-	(148,896)
Reinsurers' share of claims paid	51,498	-	51,498	61,308	-	61,308
Net claims paid	(47,986)	-	(47,986)	(87,588)	-	(87,588)
Changes in outstanding claims, net	(20,948)	-	(20,948)	4,431	-	4,431
Changes in incurred but not reported claims, net	27,552	-	27,552	(80)	-	(80)
Changes in other reserves, net	1,021	-	1,021	7,686	-	7,686
Net claims incurred	(40,361)	-	(40,361)	(75,551)	-	(75,551)
Policy acquisition costs	(7,470)	-	(7,470)	(12,266)	-	(12,266)
Other underwriting expenses	(2,759)	-	(2,759)	(3,767)	-	(3,767)
<b>Total underwriting costs and expenses</b>	<b>(50,590)</b>	<b>-</b>	<b>(50,590)</b>	<b>(91,584)</b>	<b>-</b>	<b>(91,584)</b>
<b>NET UNDERWRITING (LOSS) / INCOME</b>	<b>766</b>	<b>-</b>	<b>766</b>	<b>14,972</b>	<b>-</b>	<b>14,972</b>
<b>OPERATING (EXPENSES) / INCOME</b>						
General and administrative expenses	(12,494)	(348)	(12,842)	(12,720)	(526)	(13,246)
(Provision for) doubtful receivables	(415)	-	(415)	(90)	-	(90)
Other Income	-	-	-	1,169	-	1,169
Investment income	1,831	-	1,831	164	364	528
Realized loss on investments	-	-	-	(66)	-	(66)
<b>Total operating expenses</b>	<b>(11,078)</b>	<b>(348)</b>	<b>(11,426)</b>	<b>(11,543)</b>	<b>(162)</b>	<b>(11,705)</b>
<b>Net (deficit) / surplus</b>	<b>(10,312)</b>	<b>(348)</b>	<b>(10,660)</b>	<b>3,429</b>	<b>(162)</b>	<b>3,267</b>
Appropriation to policyholders operations	10,312	(10,312)	-	(343)	-	(343)
<b>Net (deficit) / Surplus after appropriations to policyholders operations</b>	<b>-</b>	<b>(10,660)</b>	<b>(10,660)</b>	<b>3,086</b>	<b>(162)</b>	<b>2,924</b>
<b>(Loss) / income per share (SR)</b>			<b>(1.07)</b>			<b>0.29</b>
<b>Number of outstanding shares</b>			<b>10,000,000</b>			<b>10,000,000</b>
						restated

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 2018

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.3 Interim condensed statement of comprehensive income (unaudited)**

	Six months period ended 30 June 2018			Six months period ended 30 June 2017		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
Total (loss) / profit for the period	-	(42,462)	(42,462)	6,299	272	6,571
<b>Other comprehensive loss:</b>						
Items that will not be reclassified to statement of income in subsequent periods:						
Changes in fair value of available for sale investments	-	-	-	-	(243)	(243)
<b>Total comprehensive (loss) / income for the period</b>	<b>-</b>	<b>(42,462)</b>	<b>(42,462)</b>	<b>6,299</b>	<b>29</b>	<b>6,328</b>

**18.3 Interim condensed statement of comprehensive income (unaudited)**

	Three months period ended 30 June 2018			Three months period ended 30 June 2017		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR'000			SAR'000		
Total (loss) / profit for the period	-	(10,660)	(10,660)	3,086	(162)	2,924
<b>Other comprehensive loss:</b>						
Items that will not be reclassified to statement of income in subsequent periods:						
Changes in fair value of available for sale investments	-	-	-	-	(87)	(87)
<b>Total comprehensive (loss) / income for the period</b>	<b>-</b>	<b>(10,660)</b>	<b>(10,660)</b>	<b>3,086</b>	<b>(249)</b>	<b>2,837</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

For the three and six month periods ended 30 June 2018

**18 SUPPLEMENTARY INFORMATION (continued)**

**18.4 Interim condensed statement of cash flows(unaudited)**

	Six months period ended 30 June 2018			Six months period ended 30 June 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net (loss) / profit for the period	-	(42,462)	(42,462)	700	6,570	7,270
Adjustments for non cash items:						
Shareholders' operations appropriations	(40,668)	40,668	-	6,298	(6,298)	-
Depreciation of property and equipment	755	-	755	390	-	390
Amortisation of intangibles	467	-	467	201	-	201
Provision for doubtful receivables	1,784	-	1,784	91	-	91
Realized on AFS	-	972	972	-	-	-
(Gain) / on disposal of investments	(1,398)	-	(1,398)	96	-	96
Provision for end of service benefits	716	-	716	108	-	108
	(38,344)	(822)	(39,166)	7,884	272	8,156
Changes in operating assets and liabilities:						
Premiums and reinsurance receivables	(12,112)	-	(12,112)	(107,636)	-	(107,636)
Reinsurers' share of unearned premiums	31,709	-	31,709	(66,726)	-	(66,726)
Reinsurers' share of outstanding claims	51,836	-	51,836	43,606	-	43,606
Reinsurers' share of claims incurred but not reported	(7,451)	-	(7,451)	(2,948)	-	(2,948)
Reinsurers' share of other reserves	1,343	-	1,343	-	-	-
Deferred policy acquisition costs	4,608	-	4,608	(5,611)	-	(5,611)
Prepayments and other assets	(2,854)	123	(2,731)	1,923	348	2,271
Due from related parties	(9,021)	-	(9,021)	-	-	-
Due to insurance operations	-	(16,917)	(16,917)	-	(15,119)	(15,119)
Due from insurance operation	-	(60,909)	(60,909)	-	-	-
Outstanding claims	(17,869)	-	(17,869)	(60,576)	-	(60,576)
Claims incurred but not reported	(39,606)	-	(39,606)	2,106	-	2,106
Other reserves	970	-	970	(10,206)	-	(10,206)
Premium deficiency reserve	1,309	-	1,309	-	-	-
Unearned premiums	(80,376)	-	(80,376)	75,466	-	75,466
Reinsurance balances payable	11,726	-	11,726	50,248	-	50,248
Unearned reinsurance commission	(279)	-	(279)	9,398	-	9,398
Accrued expenses and other liabilities	30,944	226	31,170	14,485	125	14,610
Share compensation	-	(5,708)	(5,708)	-	-	-
Due to shareholders' operations	60,909	-	60,909	-	-	-
Due from shareholders' operations	16,917	-	16,917	15,119	-	15,119
Cash (used in) / generated from operations	4,359	(84,007)	(79,648)	(33,468)	(14,374)	(47,842)
Zakat and income tax paid	-	(2,696)	(2,696)	-	(4,757)	(4,757)
Retirement benefit obligation paid	(928)	-	(928)	(108)	-	(108)
Surplus distribution paid	(6,346)	-	(6,346)	-	-	-
<b>Net cash (used in) / operating activities</b>	<b>(2,915)</b>	<b>(86,703)</b>	<b>(89,618)</b>	<b>(33,576)</b>	<b>(19,131)</b>	<b>(52,707)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of intangibles	(1,564)	-	(1,564)	(714)	-	(714)
Proceeds from disposal of investments	15,094	4,028	19,122	-	-	-
Purchase of property and equipment	(2,338)	-	(2,338)	(1,207)	-	(1,207)
Transaction cost relating to reduction in share capital	-	(100)	(100)	-	(210)	(210)
<b>Net cash generated / (used in) investing activities</b>	<b>11,192</b>	<b>3,928</b>	<b>15,120</b>	<b>(1,921)</b>	<b>(210)</b>	<b>(2,131)</b>
<b>Net change in cash and cash equivalents</b>	<b>8,277</b>	<b>(82,775)</b>	<b>(74,498)</b>	<b>(35,497)</b>	<b>(19,341)</b>	<b>(54,838)</b>
Cash and cash equivalents at the beginning of the period	36,069	84,267	120,336	127,639	174,391	302,030
<b>Cash and cash equivalents at the end of the period</b>	<b>44,346</b>	<b>1,492</b>	<b>45,838</b>	<b>92,142</b>	<b>155,050</b>	<b>247,192</b>
<b>Non cash information</b>						
Changes in fair value of available for sale investment	-	-	-	(243)	-	(243)

**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 have been approved by the executive committee of the board of directors of the company on 9 August 2018 G corresponding to 27 Dhul Qadah 1439 H as authorized by the board of directors.