

**Allianz Saudi Fransi Cooperative
Insurance Company
(A Saudi Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION AND
INDEPENDENT AUDITORS' REVIEW REPORT**

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2018

INDEX	PAGE
INDEPENDENT AUDITORS' REVIEW REPORT	1
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	2
INTERIM CONDENSED STATEMENT OF INCOME	3
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	5
INTERIM CONDENSED STATEMENT OF CASH FLOWS	6
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION	7-32



Aldar Audit Bureau
Abdullah Al-Basri & Co



INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at June 30, 2018 and the interim statements of income and comprehensive income for the three month and six month periods then ended and interim statements of changes in shareholders' equity and cash flows for the six months period then ended and other explanatory notes (the 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 accounting of zakat and income taxes. Our responsibility is to express a conclusion on this 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 financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

PricewaterhouseCoopers
P.O. Box 8282, Riyadh 11482
Kingdom of Saudi Arabia

Bader I. Benmohareb
Certified Public Accountant
Registration No. 471



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

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

26 Dhul-Qa'dah, 1439 H
August 8, 2018



**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		SAR	
		June 30, 2018	December 31, 2017
	Notes	(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents	4	44,165,428	133,330,865
Premiums receivable, net	5	494,704,249	362,511,115
Reinsurers' balance receivable, net	6	56,031,058	72,541,695
Reinsurers' share of outstanding claims	7.1	204,556,408	196,869,565
Reinsurers' share of unearned premiums	7.2	221,113,679	180,184,370
Reinsurers' share of claims incurred but not reported	7.1	69,452,743	85,853,718
Deferred policy acquisition costs		25,443,563	23,866,281
Available for sale investments	8.1	367,568,173	309,049,420
Unit linked investments		566,269,965	573,716,396
Prepaid expenses and other assets		43,054,604	26,886,205
Property and equipment		4,048,875	3,635,196
Statutory deposit		20,000,000	20,000,000
Accrued income on statutory deposit		877,254	817,056
TOTAL ASSETS		2,117,285,999	1,989,261,882
LIABILITIES			
Accrued and other liabilities		34,333,087	25,542,223
Policyholders claims payable		48,905,297	39,321,155
Reinsurers' balances payable		222,461,904	181,657,278
Outstanding claims	7.1	251,245,242	237,365,286
Claims incurred but not reported	7.1	177,267,356	197,176,081
Unit linked liabilities	7.1	564,527,652	573,051,956
Premium deficiency reserve	7.1	5,029,421	10,717,152
Additional premium reserves	7.1	1,285,202	1,317,438
Unearned premiums	7.2	497,042,496	415,612,645
Unearned reinsurance commission		8,774,355	10,813,751
End-of-service indemnities		16,297,374	15,457,826
Accrued commission income payable to SAMA		877,254	817,056
Zakat and income tax	13	20,450,669	21,416,946
TOTAL LIABILITIES		1,848,497,309	1,730,266,793
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		10,981,210	9,582,216
Actuarial reserve for employee benefits		(765,304)	(765,304)
Fair value reserve on investments	8.2	(4,431,291)	(926,182)
TOTAL INSURANCE OPERATIONS' SURPLUS		5,784,615	7,890,730
TOTAL LIABILITIES AND INSURANCE OPERATIONS' SURPLUS			
		1,854,281,924	1,738,157,523
SHAREHOLDERS' EQUITY			
Share capital	14	200,000,000	200,000,000
Share premium		22,711,315	22,711,315
Statutory reserve		6,983,645	6,983,645
Retained earnings		35,349,713	19,902,207
Fair value reserve on investments	8.2	(2,040,598)	1,507,192
TOTAL SHAREHOLDERS' EQUITY		263,004,075	251,104,359
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY			
		2,117,285,999	1,989,261,882
CONTINGENCIES			
		8,822,310	1,680,000

Xavier Denys
Chief Executive Officer

Al Waleed Abdulrazak Al Dryaan
Chairman

Mohammed Koubar
Chief Financial Officer

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

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME**

		For the three month period ended		For the six month period ended	
	Note	June 30 2018 (Unaudited)	June 30 2017 (Unaudited)	June 30 2018 (Unaudited)	June 30 2017 (Unaudited)
REVENUES					
Gross premiums written	7.2	224,828,765	227,032,989	523,309,703	526,573,123
Reinsurance premiums ceded abroad	7.2	(111,161,385)	(88,642,980)	(169,633,589)	(130,188,528)
Reinsurance premiums ceded locally	7.2	(5,294,683)	(2,729,352)	(9,238,937)	(6,191,852)
Excess of loss expenses	7.2	(713,660)	(1,196,693)	(2,854,640)	(2,829,458)
Net premiums written		107,659,037	134,463,964	341,582,537	387,363,285
Changes in unearned premiums, net		40,503,494	31,395,694	(40,500,542)	(74,108,095)
Net premiums earned	7.2	148,162,531	165,859,658	301,081,995	313,255,190
Reinsurance commissions		1,924,706	1,549,536	9,432,122	3,195,620
Unrealized gain on unit linked investments		6,983,582	5,373,746	14,075,807	9,807,785
TOTAL REVENUES		157,070,819	172,782,940	324,589,924	326,258,595
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(94,044,214)	(105,180,854)	(216,917,330)	(204,004,340)
Surrenders and maturities		(36,411,808)	(41,329,144)	(71,613,245)	(76,423,818)
Reinsurers' share of claims paid		29,287,533	36,067,631	57,160,595	71,943,156
Net claims and other benefits paid		(101,168,489)	(110,442,367)	(231,369,980)	(208,485,002)
Changes in outstanding claims, net		(7,030,659)	(3,421,250)	(6,193,113)	(5,911,001)
Changes in claims incurred but not reported, net		(2,985,337)	(15,141,038)	3,507,750	(27,058,532)
Net claims and other benefits incurred		(111,184,485)	(129,004,655)	(234,055,343)	(241,454,535)
Changes in unit linked liabilities		5,027,126	5,488,883	8,524,304	8,399,489
Changes in premium deficiency reserve		3,514,448	107,670	5,687,731	82,250
Changes in additional premium reserve		(53,994)	-	32,236	-
Policy acquisition costs		(13,534,693)	(17,039,902)	(27,189,219)	(27,689,558)
TOTAL UNDERWRITING COSTS AND EXPENSES		(116,231,598)	(140,448,004)	(247,000,291)	(260,662,354)
NET UNDERWRITING INCOME		40,839,221	32,334,936	77,589,633	65,596,241
OTHER OPERATING (EXPENSES) / INCOME					
Provision of doubtful debts		(3,655,550)	(2,144,587)	(3,631,173)	(1,579,459)
Inspection and supervision fees		(1,422,075)	(1,758,508)	(3,204,977)	(3,391,825)
General and administrative expenses		(28,532,461)	(23,185,796)	(56,902,236)	(49,029,755)
Other income		3,220,089	3,300,816	7,222,889	6,613,866
TOTAL OTHER OPERATING EXPENSES		(30,389,997)	(23,788,075)	(56,515,497)	(47,387,173)
Net income for the period		10,449,224	8,546,861	21,074,136	18,209,068
Net income for the period attributed to the insurance operations		(897,967)	(752,855)	(1,848,765)	(1,596,246)
Net income for the period attributable to the shareholders		9,551,257	7,794,006	19,225,371	16,612,822
Earnings per share					
Basic and diluted earning per share		0.48	0.39	0.96	0.83

Xavier Denys

Chief Executive Officer

Al Waleed Abdulrazak Al Dryaan

Chairman

Mohammed Koubar

Chief Financial Officer

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

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Notes	For the three month period ended		For the six month period ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total income for the period	10,449,224	8,546,861	21,074,136	18,209,068
Other comprehensive income				
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>				
- Fair value change in available for sale investments	8.2	(914,815)	695,937	(7,052,899)
		2,480,551		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		9,534,409	9,242,798	14,021,237
				20,689,619
Total comprehensive loss / (income) attributed to the insurance operations	16(c)	(620,634)	(771,478)	1,656,344
				(2,055,966)
Total comprehensive income for the period attributable to the shareholders		8,913,775	8,471,320	15,677,581
				18,633,653

Xavier Denys

Chief Executive Officer

الولي لدرين

Al Waleed Abdulrazak Al Dryaan

Chairman

Mohammed Koubar

Chief Financial Officer

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

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018**

SAR						
Notes	Share capital	Share premium	Statutory reserve	Retained earnings	Fair value reserve on investments	Total
Balance at January 01, 2018 (Audited)	200,000,000	22,711,315	6,983,645	19,902,207	1,507,192	251,104,359
Total comprehensive income for the period:						
Changes in fair values of available for sale investments	-	-	-	-	(3,547,790)	(3,547,790)
Net income for the period attributable to shareholders	-	-	-	19,225,371	-	19,225,371
Total comprehensive income for the period attributable to shareholders	-	-	-	19,225,371	(3,547,790)	15,677,581
Zakat charge for the period	-	-	-	(1,776,203)	-	(1,776,203)
Income tax charge for the period	-	-	-	(2,001,662)	-	(2,001,662)
Balance at June 30, 2018 (Unaudited)	200,000,000	22,711,315	6,983,645	35,349,713	(2,040,598)	263,004,075
Balance at January 01, 2017 (Audited)	200,000,000	22,711,315		(448,379)	(908,650)	221,354,286
Total comprehensive income for the period:						
Changes in fair values of available for sale investments	-	-	-	-	2,020,831	2,020,831
Net income for the period attributable to shareholders	-	-	-	16,612,822	-	16,612,822
Total comprehensive income for the period attributable to shareholders	-	-	-	16,612,822	2,020,831	18,633,653
Zakat charge for the period	-	-	-	(2,041,353)	-	(2,041,353)
Income tax charge for the period	-	-	-	(1,397,688)	-	(1,397,688)
Balance at June 30, 2017 (Unaudited)	200,000,000	22,711,315	-	12,725,402	1,112,181	236,548,898

Xavier Denys

Chief Executive Officer

Al Waleed Abdulrazzak Al Dryaan

Chairman

Mohammed Koubar

Chief Financial Officer

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

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

	Notes	SAR	
		For the six month period ended	
		June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		21,074,136	18,209,068
Adjustments for non-cash items:			
Depreciation of property and equipment		893,717	352,629
Amortization of investments premium		509,809	719,015
Allowance for doubtful debts		3,631,173	1,579,459
Unrealized gain on unit linked investments		(14,075,807)	(9,807,785)
Provision for end-of-service indemnities		2,682,240	2,455,161
		14,715,268	13,507,547
<u>Changes in operating assets and liabilities:</u>			
Reinsurers' balance receivable		16,510,637	(481,562)
Premiums receivable		(135,824,307)	(88,882,131)
Deferred policy acquisition costs		(1,577,282)	(6,357,408)
Unit linked investments		21,522,238	17,840,994
Prepaid expenses and other assets		(16,168,399)	(5,844,567)
Reinsurers' balances payable		40,804,626	20,704,888
Unearned premiums, net		40,500,542	74,108,095
Unit linked liabilities		(8,524,304)	(8,399,489)
Unearned reinsurance commission		(2,039,396)	1,165,710
Outstanding claims, net		6,193,113	5,911,001
Claims incurred but not reported, net		(3,507,750)	27,058,532
Premium deficiency reserve		(5,687,731)	(82,250)
Additional premium reserves		(32,236)	-
Accrued expenses and other liabilities		8,790,864	15,878,057
Policyholders claims payable		9,584,142	16,262,367
Cash (used in) / generated from operations		(14,739,975)	82,389,784
End-of-service indemnities paid		(1,842,692)	(192,484)
Surplus paid to policy holders		(449,771)	(3,297,475)
Zakat and income tax paid		(4,744,142)	-
Net cash (used in) / generated from operating activities		(21,776,580)	78,899,825
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in available for sale investments	8.2	(66,081,461)	(38,501,262)
Proceeds from available for sale investments		-	20,000,000
Additions in property and equipment		(1,307,396)	(1,199,713)
Net cash used in investing activities		(67,388,857)	(19,700,975)
Net change in cash and cash equivalents		(89,165,437)	59,198,850
Cash and cash equivalents, beginning of the period		133,330,865	93,493,581
Cash and cash equivalents, end of the period	4	44,165,428	152,692,431
NON-CASH INFORMATION:			
Change in fair value of available for sale investments	8.2	(7,052,899)	2,480,551

Xavier Denys

Chief Executive Officer

Al Waleed Abdulrazak Al Doryaan

Chairman

Mohammed Koubar

Chief Financial Officer

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

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)

June 30, 2018

1. General

Allianz Saudi Fransi Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), "the Company", was formed pursuant to Royal Decree No. 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006). The Company operates under Commercial Registration no. 1010235601 dated 26 Jumada Thani 1428H corresponding to 12 July 2007. The Company operates through its six branches in the Kingdom of Saudi Arabia. The registered address of the Company's head office is as follows:

Allianz Saudi Fransi Cooperative Insurance Company
Al Safwa Commercial Building, Khurais Road.
P.O. Box 3540
Riyadh 11481, Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities. Its principal lines of business include Medical, Protection and saving, Motor, Engineering, Property and Other general insurance.

On 31 July 2003, corresponding to 2 Jumada II 1424H, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). During March 2008, the Saudi Arabian Monetary Authority ("SAMA"), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

On 1 January 2016, the Company management approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policy holders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders' operations in full.

On January 28, 2018, SAMA suspended the Company from issuing or renewing any third party motor insurance policies due to non-compliance with some of SAMA's regulatory requirements for motor business. On June 5, 2018, SAMA lifted the ban from the Company based on the corrective measures taken by the Company to comply with SAMA's requirement for Motor business.

Seasonality of operations

The Company operates in an industry where significant seasonal or cyclical variations in operating income are experienced during the financial year.

2. Basis of preparation

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

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments and recording of end of service benefits at present value. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: Cash and cash equivalents, Prepaid expenses and other assets, Premiums receivable, net, Reinsurers' receivables, net, Unit linked investments, Deferred policy acquisition costs, Reinsurers' share of outstanding claims, Reinsurers' share of claims incurred but not reported, Reinsurers' share of unearned premiums, Accrued expenses and other liabilities,

June 30, 2018

2. Basis of preparation (continued)**(a) Basis of presentation (continued)**

Reinsurers' balances payable, Outstanding claims, Claims incurred but not reported, Additional premium reserves, Unit linked liabilities, Unearned reinsurance commission and Unearned premiums. The following balances would generally be classified as non-current: available for sale investments, property and equipment, statutory deposit, accrued income on statutory deposit and end-of-service indemnities.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and prepares the financial information accordingly. 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.

The interim condensed statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 16 of the financial information have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations. Until 31 December 2017, this information was shown in the main statements. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations. The surplus from insurance operations, fair value reserves from available for sale investments and actuarial reserves for employee benefits are shown separately as Insurance Operation Surplus in the statement of financial position.

In preparing the Company's financial information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for similar transactions and events in similar circumstances.

The inclusion of separate information of the insurance operations with the financial information of the Company in the interim condensed statement of financial position, the statements of income, comprehensive income and cash flows as well as certain relevant notes to the financial information represents additional supplementary information as required by the implementing regulations (Note 16).

In accordance with the Saudi Arabian Insurance Regulations, the Company is required to distribute 10% of net annual surplus from insurance operations to policyholders and the remaining 90% of the surplus to be transferred to the shareholders' operations and losses to be borne by shareholders' operations.

The interim condensed financial information do not include all of the information required for full annual financial information and should be read in conjunction with the annual financial information as at and for the year ended December 31, 2017.

These interim condensed financial information are expressed in Saudi Arabian Riyals (SAR).

(b) Critical accounting judgments, estimates and assumptions

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual financial information as at and for the year ended December 31, 2017.

3. Significant accounting policies

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 is 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:

Amendments to IASs' – "Disclosure Initiative" applicable from 1 January 2018.***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 application of this new standard have no material impact on the Company's interim condensed financial statements.

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 application of this new standard have no material impact on the Company's interim condensed financial statements.

Standards issued but not yet effective

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

IFRS 9, Financial Instruments (including amendments to IFRS 4, Insurance Contracts)

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2021. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

The Company is eligible and have chosen to apply the deferral approach under the amendments to IFRS 4. 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 forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)**

June 30, 2018

3. Significant accounting policies (continued)**IFRS 17 - Insurance Contracts**

IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2021, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the income statement and the balance sheet. The Company has decided not to early adopt this new standard.

IFRS 16 - "Leases"

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. The Company has decided not to early adopt this new standard.

4. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

		Insurance operations	
		June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR			
Bank balances and cash		39,422,540	77,246,209
Deposits maturing within 3 months from the acquisition date		-	30,000,000
Total		39,422,540	107,246,209
		Shareholders' operations	
		June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR			
Bank balances		4,742,888	26,084,656
Total		4,742,888	26,084,656
Total cash and cash equivalents for insurance and shareholders' operations		44,165,428	133,330,865

5. Premiums receivable, net

Premiums receivable comprise amounts due from the following:

		June 30, 2018 (Unaudited)	December 31, 2017 (Unaudited)
SAR			
Policyholders		293,409,231	242,012,112
Brokers and agents		215,789,356	143,819,453
Related parties (Note-12)		37,553,708	25,452,683
		546,752,295	411,284,248
Provision for doubtful receivable		(52,048,046)	(48,773,133)
Premiums receivable, net		494,704,249	362,511,115

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)

June 30, 2018

6. Reinsurers receivable, net

SAR	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Receivables from reinsurers	59,192,538	75,703,175
Provision for doubtful reinsurers receivables	(3,161,480)	(3,161,480)
Reinsurers receivable, net	56,031,058	72,541,695

7. Technical reserves
7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

SAR	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Outstanding claims	251,245,242	237,365,286
Claims incurred but not reported	177,267,356	197,176,081
Premium deficiency reserves	5,029,421	10,717,152
Additional premium reserves	1,285,202	1,317,438
Unit linked liabilities	564,527,652	573,051,956
	999,354,873	1,019,627,913
Less:		
- Reinsurers' share of outstanding claims	(204,556,408)	(196,869,565)
- Reinsurers' share of claims incurred but not reported	(69,452,743)	(85,853,718)
Net outstanding claims and reserves	725,345,722	736,904,630

7.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

SAR	Three month period ended June 30, 2018 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	496,971,846	(180,539,535)	316,432,311
Premium written during the period	224,828,765	*(117,169,728)	107,659,037
Premium earned during the period	(224,758,115)	76,595,584	(148,162,531)
Balance as at the end of the period	497,042,496	(221,113,679)	275,928,817

*This amount includes SR 115,105,639 for reinsurance premium ceded abroad, SR 1,350,429 for reinsurance premium ceded locally and SR 713,660 for excess of loss expenses.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)

June 30, 2018

7. Technical reserves (continued)
7.2 Movement in unearned premiums (continued)

SAR	Six month period ended June 30, 2018 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	415,612,645	(180,184,370)	235,428,275
Premium written during the period	523,309,703	*(181,727,166)	341,582,537
Premium earned during the period	(441,879,852)	140,797,857	(301,081,995)
Balance as at the end of the period	497,042,496	(221,113,679)	275,928,817

*This amount includes SR 173,577,843 for reinsurance premium ceded abroad, SR 5,294,683 for reinsurance premium ceded locally and SR 2,854,640 for excess of loss expenses.

SAR	Three month period June 30, 2017 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	541,355,574	(213,054,994)	328,300,580
Premium written during the period	227,032,989	*(92,569,025)	134,463,964
Premium earned during the period	(240,047,459)	74,187,801	(165,859,658)
Balance as at the end of the period	528,341,104	(231,436,218)	296,904,886

*This amount includes SR 88,642,980 for reinsurance premium ceded abroad, SR 2,729,352 for reinsurance premium ceded locally and SR 1,196,693 for excess of loss expenses.

SAR	Six month period June 30, 2017 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	459,257,288	(236,460,497)	222,796,791
Premium written during the period	526,573,123	*(139,209,838)	387,363,285
Premium earned during the period	(457,489,307)	144,234,117	(313,255,190)
Balance as at the end of the period	528,341,104	(231,436,218)	296,904,886

*This amount includes SR 130,188,528 for reinsurance premium ceded abroad, SR 6,191,852 for reinsurance premium ceded locally and SR 2,829,458 for excess of loss expenses.

SAR	Twelve month period December 31, 2017 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	459,257,288	(236,460,497)	222,796,791
Premium written during the period	925,536,707	*(274,685,644)	650,851,063
Premium earned during the period	(969,181,350)	330,961,771	(638,219,579)
Balance as at the end of the period	415,612,645	(180,184,370)	235,428,275

*This amount includes SR 263,596,813 for reinsurance premium ceded abroad, SR 5,729,838 for reinsurance premium ceded locally and SR 5,358,993 for excess of loss expenses.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)

June 30, 2018

8. Available for sale investments
8.1. Investment are classified as follows

	Insurance operations	
	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR		
<u>Unquoted</u>		
Bond – Floating rate	5,000,000	5,000,000
Sukuk – Fixed rate	10,000,000	-
<u>Quoted</u>		
Bonds – Floating rate	4,813,234	5,020,031
Bonds – Fixed rate	91,353,387	94,667,945
Mutual Funds	4,682,504	4,736,140
Total	115,849,125	109,424,116
	Shareholders' operations	
	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR		
<u>Unquoted</u>		
Sukuk – Floating rate	40,000,000	40,000,000
Sukuk – Fixed rate	35,000,000	25,000,000
Bonds – Floating rate	12,000,000	12,000,000
Equities	3,223,078	3,223,078
<u>Quoted</u>		
Sukuk – Fixed rate	16,118,033	16,611,422
Bonds – Fixed rate	140,644,101	97,904,545
Mutual funds	4,733,836	4,886,259
Total	251,719,048	199,625,304
Total available for sale investments for insurance and shareholders' operations	367,568,173	309,049,420

8.2. Movement in available for sale investment balance is as follows

	Insurance operations	
	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR		
Opening balance	109,424,116	60,141,396
Purchases	10,061,207	61,161,308
Disposals	-	(10,384,321)
Investment premium amortization	(131,089)	(688,909)
Realized loss on disposal of available for sale investments	-	(283,306)
Unrealized (loss)/gain on fair value of available for sale investments	(3,505,109)	(522,052)
Closing balance	115,849,125	109,424,116

The cumulative unrealised loss in fair value of available for sale investments amounts to SR 4,431,291 (31 December 2017: loss of SR 926,182) is presented within the insurance operations surplus in the statement of financial position.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)**

June 30, 2018

8. Available for sale investments (continued)**8.2. Movement in available for sale investment balance is as follows (continued)**

SAR	Shareholder operations	
	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Opening balance	199,625,304	180,253,582
Purchases	56,020,254	38,501,262
Disposals	-	(20,720,694)
Investment premium amortization	(378,720)	(824,688)
Unrealized (loss)/gain on fair value of available for sale investments	(3,547,790)	2,415,842
Closing balance	251,719,048	199,625,304

The cumulative unrealised loss in fair value of available for sale investments amounts to SR 2,040,598 (31 December 2017: gain of SR 1,507,192) is presented within the shareholders' equity in the statement of financial position.

9. Contingencies

a) The Company's contingencies are as follows:

SAR	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Letters of guarantee	8,822,310	1,680,000

b) The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its financial position and results as at and for the period ended 30 June 2018. There was no change in the status of legal proceedings as disclosed at December 31, 2017.

10. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction 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 on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information.

Determination of fair value and fair value hierarchy

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

Level 1: quoted prices in active markets for 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.

a. Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)

June 30, 2018

10. Fair values of financial instruments (continued)
10.1 Insurance operations

		Fair value			
SAR	Carrying value	Level 1	Level 2	Level 3	Total
June 30, 2018 (Unaudited)					
Available for sale investments measured at fair value					
Bonds and Sukuk	111,166,621	96,166,621	-	15,000,000	111,166,621
Mutual Funds	4,682,504	4,682,504	-	-	4,682,504
	115,849,125	100,849,125	-	15,000,000	115,849,125

SAR	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
December 31, 2017 (Audited)					
Available for sale investments measured at fair value					
Bonds and Sukuk	104,687,976	99,687,976	-	5,000,000	104,687,976
Mutual Funds	4,736,140	4,736,140	-	-	4,736,140
	109,424,116	104,424,116	-	5,000,000	109,424,116

10.2 Shareholders' operations

			Fair value				
SAR			Carrying value	Level 1	Level 2	Level 3	Total
June 30, 2018	(Unaudited)						
Available for sale investments measured at fair value							
Bonds and Sukuk			243,762,134	156,762,134	-	87,000,000	243,762,134
Mutual Funds			4,733,836	4,733,836	-	-	4,733,836
Equities			3,223,078	-	-	3,223,078	3,223,078
			251,719,048	161,495,970	-	90,223,078	251,719,048

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)**

June 30, 2018

10. Fair values of financial instruments (continued)**10.2 Shareholders' operations (continued)**

		Fair value			
SAR	Carrying value	Level 1	Level 2	Level 3	Total
December 31, 2017 (Audited)					
Available for sale investments measured at fair value					
Bonds and Sukuk	191,515,967	114,515,967	-	77,000,000	191,515,967
Mutual Funds	4,886,259	4,886,259	-	-	4,886,259
Equities	3,223,078	-	-	3,223,078	3,223,078
	199,625,304	119,402,226	-	80,223,078	199,625,304

The unlisted available for sale investments not measured at fair value are not evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets. The management believes that the carrying amounts of these securities are not materially different from their carrying values.

There were no transfers between Level 1 and Level 3 fair value measurements during the period ended 30 June 2018 and year ended 31 December 2017.

b. Measurement of fair values**i. Valuation technique and significant unobservable inputs**

The Discounted Cash flow Model (DCF) has been used to determine the fair value of debt securities of both insurance operations and shareholders' operations. This model considers the present value of net cash flows to be generated from the debt securities, discounted at the market yield of similar quoted instruments and adjusted for the effect of non-marketability of the debt securities. The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy.

Insurance operations:

	Opening	Purchase	Sale	Closing
2018	<u>5,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>15,000,000</u>
2017	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>

Shareholders' operations

	Opening	Purchase	Sale	Closing
2018	<u>77,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>87,000,000</u>
2017	<u>57,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>77,000,000</u>

June 30, 2018

10. Fair values of financial instruments (continued)**b. Measurement of fair values (continued)****Sensitivity Analysis**

The sensitivity to a 1% increase in the risk adjusted discount rate with all other variables constant on the fair value of the level 3 available for sale investments of both insurance and shareholders' operation is SR 2,112,967 and sensitivity to 1% decrease in the risk adjusted discount rate with all other variables constant on the fair value of the level 3 available for sale investments of both insurance and shareholders' operation is SR 2,112,967.

11. Operating Segments

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 interim 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 assets do not include cash and cash equivalents, prepaid expenses, available for sale investments, reinsurance balances, property and equipment and statutory deposit. Accordingly, they are included in unallocated assets. Segment liabilities do not include reinsurers' balances payable, employees' end of service benefits, accrued expenses and other liabilities. Accordingly, they are included in unallocated liabilities.

The unallocated assets and unallocated liabilities are reported to chief operating decision maker on the cumulative basis and not reported under the related segments.

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities as at June 30, 2018 and December 31, 2017, its total revenues, expenses, and net income for the three months periods then ended, are as follows:

Motor	:	Motor corporate and motor individual
Engineering	:	Construction
Medical	:	Medical
Property	:	Fire, Burglary and Money
Other general	:	Liability and Marine
Protection and Saving	:	Group Retirement and Individual Protection and Saving

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
June 30, 2018

11. Operating Segments (Continued)

	Motor	Engineering	Medical	Property	Other General	Protection and Saving	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
For the three month period ended 30 June 2018 (Unaudited)								
Gross written premiums – retail	1,135,216	-	-	-	434,439	18,943,470	-	20,513,125
Gross written premiums – corporate	47,623,134	17,911,026	30,114,516	63,370,821	21,546,647	23,749,496	-	204,315,640
Reinsurance premiums ceded	-	(14,872,410)	(14,151,876)	(56,937,513)	(18,743,121)	(11,751,148)	-	(116,456,068)
Excess of loss expenses	(597,644)	(3,656)	-	(71,735)	(40,625)	-	-	(713,660)
Net premiums written	48,160,706	3,034,960	15,962,640	6,361,573	3,197,340	30,941,818	-	107,659,037
Changes in unearned premiums, net	44,670,566	(206,626)	(1,089,766)	(473,919)	2,035,191	(4,431,952)	-	40,503,494
Net premiums earned	92,831,272	2,828,334	14,872,874	5,887,654	5,232,531	26,509,866	-	148,162,531
Reinsurance commissions	5,320	4,318	-	1,819,672	514,848	(419,452)	-	1,924,706
Unrealized gain on unit linked investments	-	-	-	-	-	6,983,582	-	6,983,582
Net claims and other benefits paid	(56,497,902)	(141,649)	(8,128,464)	(830,542)	(1,433,080)	(34,136,852)	-	(101,168,489)
Changes in outstanding claims, net	(5,775,526)	(147,249)	(440,722)	(1,776,118)	934,790	174,166	-	(7,030,659)
Changes in claims incurred but not reported, net	(5,092,255)	158,612	909,462	(586,717)	516,148	1,109,413	-	(2,985,337)
Change in unit linked liabilities	-	-	-	-	-	5,027,126	-	5,027,126
Changes in premium deficiency reserve	3,620,474	-	107,852	-	(213,878)	-	-	3,514,448
Changes in additional premium reserve	-	(53,994)	-	-	-	-	-	(53,994)
Policy acquisition costs	(6,909,315)	(1,024,193)	(1,241,612)	(2,440,180)	(1,055,762)	(863,631)	-	(13,534,693)
Net underwriting income	22,182,068	1,624,179	6,079,390	2,073,769	4,495,597	4,384,218	-	40,839,221
Reversal of doubtful debts	-	-	-	-	-	-	-	-
Inspection and supervision fees	-	-	-	-	-	-	-	(3,655,550)
General and administrative expenses	-	-	-	-	-	-	-	(1,422,075)
Other income	-	-	-	-	-	-	-	(28,532,461)
Total income for the period								3,220,089
								10,449,224

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

June 30, 2018

11. Operating Segments (Continued)

	Motor	Engineering	Medical	Property	Other General	Protection and Saving	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
For the six month period ended 30 June 2018 (Unaudited)								
Gross written premiums – retail	3,314,303	-	-	-	745,205	38,931,407	-	42,990,915
Gross written premiums – corporate	225,465,837	29,015,709	58,842,840	101,887,637	34,636,797	30,469,968	-	480,318,788
Reinsurance premiums ceded	-	(23,490,552)	(31,137,756)	(87,759,197)	(23,741,715)	(12,743,306)	-	(178,872,526)
Excess of loss expenses	(2,305,676)	(191,618)	-	(156,109)	(201,237)	-	-	(2,854,640)
Net premiums written	226,474,464	5,333,539	27,705,084	13,972,331	11,439,050	56,658,069	-	341,582,537
Changes in unearned premiums, net	(34,965,561)	(35,815)	1,240,888	(2,309,579)	(1,912,841)	(2,517,634)	-	(40,500,542)
Net premiums earned	191,508,903	5,297,724	28,945,972	11,662,752	9,526,209	54,140,435	-	301,081,995
Reinsurance commissions	10,582	4,021,334	-	4,329,362	1,342,795	(271,951)	-	9,432,122
Unrealized gain on unit linked investments	-	-	-	-	-	14,075,807	-	14,075,807
Net claims and other benefits paid	(144,620,223)	(413,795)	(15,654,359)	(1,503,205)	(2,078,816)	(67,099,582)	-	(231,369,980)
Changes in outstanding claims, net	(2,841,149)	(15,046)	(440,722)	(828,433)	(1,899,661)	(168,102)	-	(6,193,113)
Changes in claims incurred but not reported, net	3,910,959	645,125	(590,091)	(372,769)	(381,715)	296,241	-	3,507,750
Change in unit linked liabilities	-	-	-	-	-	8,524,304	-	8,524,304
Changes in premium deficiency reserve	3,620,474	-	2,281,135	-	(213,878)	-	-	5,687,731
Changes in additional premium reserve	-	32,236	-	-	-	-	-	32,236
Policy acquisition costs	(14,014,912)	(1,994,459)	(2,420,463)	(5,086,956)	(1,933,570)	(1,738,859)	-	(27,189,219)
Net underwriting income	37,574,634	7,573,119	12,121,472	8,200,751	4,361,364	7,758,293	-	77,589,633
Reversal of doubtful debts	-	-	-	-	-	-	-	(3,631,173)
Inspection and supervision fees	-	-	-	-	-	-	-	(3,204,977)
General and administrative expenses	-	-	-	-	-	-	-	(56,902,236)
Other income	-	-	-	-	-	-	-	7,222,889
Total income for the period								21,074,136

11. Operating Segments (Continued)

As at 30 June 2018 (Unaudited)	Motor	Engineering	Medical	Property	Other General	Protection and Saving	Insurance' Operations	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Assets									
Premiums receivable, gross	218,557,830	42,136,928	71,130,257	123,747,069	75,832,541	15,347,670	-	-	546,752,295
Provision for doubtful debts	-	-	-	-	-	-	(52,048,046)	-	(52,048,046)
Reinsurers' share of outstanding claims	6,622,005	78,841,108	-	62,434,491	53,219,550	3,439,254	-	-	204,556,408
Reinsurers' share of claims incurred but not reported	832,122	18,178,894	19,752,604	22,841,103	3,788,606	4,059,414	-	-	69,452,743
Reinsurers' share of unearned premiums	111,525	55,970,482	35,207,962	82,692,094	35,061,492	12,070,124	-	-	221,113,679
Deferred policy acquisition costs	14,877,877	3,598,695	1,951,511	4,798,406	1,480,488	(1,263,414)	-	-	25,443,563
Unit linked investments	-	-	-	-	-	566,269,965	-	-	566,269,965
Unallocated assets	-	-	-	-	-	-	251,078,028	284,667,364	535,745,392
Total assets									<u>2,117,285,999</u>
Liabilities									
Outstanding claims	33,412,869	82,222,719	440,722	68,694,188	60,566,978	5,907,766	251,245,242	-	251,245,242
Claims incurred but not reported	85,475,728	18,798,846	37,381,503	24,179,856	5,322,201	6,109,222	177,267,356	-	177,267,356
Unearned reinsurance commission	7,249	3,033,212	-	4,501,972	681,480	550,442	8,774,355	-	8,774,355
Unit linked liabilities	-	-	-	-	-	564,527,652	564,527,652	-	564,527,652
Unearned premium	209,207,376	61,848,600	65,131,606	97,935,262	43,897,175	19,022,477	497,042,496	-	497,042,496
Unallocated liabilities and surplus	-	-	-	-	-	-	333,761,534	21,663,289	355,424,823
Shareholders' equity							-	263,004,075	263,004,075
Total liabilities and shareholders' equity									<u>2,117,285,999</u>

June 30, 2018

11. Operating Segments (Continued)

	Motor	Engineering	Medical	Property	Other General	Protection and Savings	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
For the three month period ended								
30 June 2017 (Unaudited)								
Gross written premiums – retail	4,876,140	-	-	-	759,751	22,752,712	-	28,388,603
Gross written premiums – corporate	68,803,072	10,314,913	18,501,208	49,932,505	25,362,648	25,730,040	-	198,644,386
Reinsurance premiums ceded	-	(7,520,008)	(8,828,847)	(43,114,973)	(19,852,725)	(12,055,779)	-	(91,372,332)
Excess of loss expenses	(991,267)	(46,424)	-	(80,379)	(78,623)	-	-	(1,196,693)
Net premiums written	72,687,945	2,748,481	9,672,361	6,737,153	6,191,051	36,426,973	-	134,463,964
Changes in unearned premiums, net	30,954,647	436,303	5,785,515	(1,020,839)	765,301	(5,525,233)	-	31,395,694
Net premiums earned	103,642,592	3,184,784	15,457,876	5,716,314	6,956,352	30,901,740	-	165,859,658
Reinsurance commissions	14,127	(51,225)	-	2,416,070	(1,009,242)	179,806	-	1,549,536
Unrealized gain on unit linked investments	-	-	-	-	-	5,373,746	-	5,373,746
Net claims and other benefits paid	(57,154,780)	(923,232)	(14,270,272)	(723,529)	(166,624)	(37,203,930)	-	(110,442,367)
Changes in outstanding claims, net	(2,709,870)	(854,021)	-	322,782	(821,071)	640,930	-	(3,421,250)
Changes in claims incurred but not reported, net	(13,024,994)	(130,311)	(4,243,744)	45,130	2,094,126	118,755	-	(15,141,038)
Change in unit linked liabilities	-	-	-	-	-	5,488,883	-	5,488,883
Changes in additional premium reserve	-	-	107,670	-	-	-	-	107,670
Policy acquisition costs	(7,756,511)	(1,087,148)	(1,192,637)	(4,648,305)	(1,384,967)	(970,334)	-	(17,039,902)
Net underwriting income	23,010,564	138,847	(4,141,107)	3,128,462	5,668,574	4,529,596	-	32,334,936
Reversal of doubtful debts	-	-	-	-	-	-	-	(2,144,587)
Inspection and supervision fees	-	-	-	-	-	-	-	(1,758,508)
General and administrative expenses	-	-	-	-	-	-	-	(23,185,796)
Other income	-	-	-	-	-	-	-	3,300,816
Total income for the period								8,546,861

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
June 30, 2018

11. Operating Segments (Continued)

	Motor	Engineering	Medical	Property	Other General	Protection and Saving	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
For the six month period ended 30 June 2017 (Unaudited)								
Gross written premiums – retail	11,370,933	-	-	-	999,124	46,587,138	-	58,957,195
Gross written premiums – corporate	262,008,776	22,749,580	33,248,629	74,314,540	41,018,014	34,276,389	-	467,615,928
Reinsurance premiums ceded	(9,500)	(16,773,972)	(16,375,280)	(60,700,206)	(28,485,324)	(14,036,098)	-	(136,380,380)
Excess of loss expenses	(2,235,818)	(184,753)	-	(157,052)	(251,835)	-	-	(2,829,458)
Net premiums written	271,134,391	5,790,855	16,873,349	13,457,282	13,279,979	66,827,429	-	387,363,285
Changes in unearned premiums, net	(82,388,843)	1,184,197	14,016,105	(2,030,262)	(868,094)	(4,021,198)	-	(74,108,095)
Net premiums earned	188,745,548	6,975,052	30,889,454	11,427,020	12,411,885	62,806,231	-	313,255,190
Reinsurance commissions	27,782	1,494,398	-	1,633,296	(306,033)	346,177	-	3,195,620
Unrealized gain on unit linked investments	-	-	-	-	-	9,807,785	-	9,807,785
Net claims and other benefits paid	(110,006,270)	(1,611,752)	(25,420,174)	(1,276,429)	(639,942)	(69,530,435)	-	(208,485,002)
Changes in outstanding claims, net	(7,214,625)	(419,645)	-	(759,483)	2,102,329	380,423	-	(5,911,001)
Changes in claims incurred but not reported, net	(23,645,620)	(64,562)	(3,715,206)	(111,278)	410,210	67,924	-	(27,058,532)
Change in unit linked liabilities	-	-	-	-	-	8,399,489	-	8,399,489
Changes in premium deficiency reserve	-	-	82,250	-	-	-	-	82,250
Policy acquisition costs	(13,854,699)	(2,465,321)	(2,408,662)	(4,364,398)	(2,495,273)	(2,101,205)	-	(27,689,558)
Net underwriting income	34,052,116	3,908,170	(572,338)	6,548,728	11,483,176	10,176,389	-	65,596,241
Net insurance operations' surplus after shareholders' appropriation for the period								(1,579,459)
Inspection and supervision fees								(3,391,825)
General and administrative expenses								(49,029,755)
Other income								6,613,866
Total income for the period								18,209,068

June 30, 2018

11. Operating Segments (Continued)

As at 31 December 2017 (Audited)	Motor SAR	Engineering SAR	Medical SAR	Property SAR	Other General SAR	Protection and Saving SAR	Total Insurance's Operation SAR	Shareholders' Operations SAR	Total SAR
Assets									
Premiums receivable, gross	134,560,050	34,442,350	72,214,624	39,565,519	130,436,452	65,253	411,284,248	-	411,284,248
Provision for doubtful debts	-	-	-	-	-	-	(48,773,133)	-	(48,773,133)
Reinsurers' share of outstanding claims	3,869,594	82,714,668	-	57,412,861	49,704,745	3,167,697	196,869,565	-	196,869,565
Reinsurers' share of claims incurred but not reported	75,186	36,002,101	20,927,177	12,683,380	11,106,298	5,059,576	85,853,718	-	85,853,718
Reinsurers' share of unearned premiums	274,316	66,580,146	36,185,210	45,532,072	25,058,951	6,553,675	180,184,370	-	180,184,370
Deferred policy acquisition costs	13,641,088	2,946,128	2,482,196	4,491,210	1,398,241	(1,092,582)	23,866,281	-	23,866,281
Unit linked investments	-	-	-	-	-	573,716,396	573,716,396	-	573,716,396
Unallocated assets	-	-	-	-	-	-	292,653,710	273,606,727	566,260,437
Total assets									<u>1,989,261,882</u>
Liabilities									
Outstanding claims	27,819,309	86,081,233	-	62,844,125	55,152,512	5,468,107	237,365,286	-	237,365,286
Claims incurred but not reported	88,629,751	37,267,178	37,965,985	13,649,364	12,258,178	7,405,625	197,176,081	-	197,176,081
Unearned premiums	174,404,606	72,422,449	67,349,742	58,465,661	31,981,793	10,988,394	415,612,645	-	415,612,645
Unearned reinsurance commission	17,831	4,856,394	-	4,560,308	1,089,144	290,074	10,813,751	-	10,813,751
Unit linked liabilities	-	-	-	-	-	573,051,956	573,051,956	-	573,051,956
Unallocated liabilities and surplus	-	-	-	-	-	-	281,635,436	22,502,368	304,137,804
Shareholders' equity	-	-	-	-	-	-	-	251,104,359	251,104,359
Total liabilities and shareholders' equity									<u>1,989,261,882</u>

12. Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances:

	Transactions for the six month period ended		Balance as at	
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	SAR			
Major shareholders				
- Insurance premium written	104,996,346	84,656,034	-	-
- Insurance premium ceded	29,386,638	30,911,298	-	-
- Claims paid	26,556,434	22,387,941	-	-
- Reinsurers' share of claims paid	17,532,492	13,537,329	-	-
- Commission expense	1,776,369	1,932,038	-	-
- Commission income	2,906,391	2,328,319	-	-
- Other expenses	5,889,709	3,639,366	-	-
- Accrued expenses	-	-	5,616,684	6,753,903
- Premium receivable, net	-	-	37,553,708	25,452,683
- Reinsurance balance payable, net	-	-	28,033,530	23,030,672
- Outstanding claims	-	-	20,458,289	39,957,886

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, Deputy Chief Executive Officer and the Chief Financial Officer of the Company. All Unit Linked investments and certain significant available for sale investments are managed by an affiliate, Saudi Fransi Capital.

Cash and cash equivalents include bank accounts, the majority of which are maintained with the shareholder of the Company, Banque Saudi Fransi.

Related parties include Allianz SNA, Allianz Mena Holding Bermuda, Allianz Risk Transfer A.G. Dubai, Allianz France, Allianz Global Corporate and Speciality AG, Allianz World Wide Care, Allianz Global risks U.S Insurance, Allianz Belgium, Euler Hermes, Allianz SE Zurich, Allianz Insurance Hong Kong, Allianz Global Risks Netherland, Allianz Insurance Singapore, Allianz Insurance New Zealand, Saudi Fransi Insurance Agency, Banque Saudi Fransi, Saudi Fransi Leasing Company, Saudi Next Care, Saudi Fransi Capital.

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

	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
	SAR	
Salaries and other allowances	3,269,610	2,856,647
End of service indemnities	298,952	274,698
	3,568,562	3,131,345

June 30, 2018

13. Zakat and income tax

A summary of the Company's share capital and percentages of ownership are as follows:

	30 June 2018		31 December 2017	
	SAR	%	SAR	%
Saudi and GCC Shareholders	93,820,000	46.91%	114,760,000	57.38%
Non-Saudi and GCC Shareholders	106,180,000	53.09%	85,240,000	42.62%
Total	200,000,000	100%	200,000,000	100%

As at 30 June 2018 and 31 December 2017, the authorized, issued and fully paid-in share capital of the Company consists of 20 million shares of SR 10 each. The Company's zakat and income tax calculations and corresponding accruals and payments of zakat and income tax are based on the above ownership percentages in accordance with the relevant provisions of the Saudi Arabian zakat and income tax regulations.

The zakat and income tax provision as at the period / year end is as follows:

SAR	30 June 2018	31 December 2017
Provision for zakat	19,467,303	18,127,683
Provision for income tax	983,366	3,289,263
Total	20,450,669	21,416,946

The zakat and income tax charge for the six month period is as follows:

SAR	30 June 2018	30 June 2017
Zakat	1,776,203	2,041,353
Income tax	2,001,662	1,397,688
Total	3,777,865	3,439,041

Status of assessments

The Company has filed tax and zakat declarations for the years ended 31 December 2008 to 31 December 2017 based on what the management believes to be the correct Zakat and Tax treatment. The Company books the provision of Zakat and Tax assuming all disallowances usually applied by GAZT. The Company has received the assessments for the years 2010 to 2013 in which the GAZT requires additional Zakat and Tax of SAR 9.9 million arising from the disallowance related to the deduction of long-term investments and the statutory deposits from the Zakat base. The Company has filed an appeal against GAZT assessment and still waiting for the verdict from Preliminary Objection Committee (POC).

The company did need not book any additional provision as the Zakat and Tax liabilities appearing in the condensed financial statement are sufficient to cover the potential liabilities arising from the assessment of GAZT.

14. Share capital

The authorised and issued share capital of the Company is SR 200 million divided into 20 million shares of SR 10 each (31 December 2017: SR 200 million divided into 20 million shares of SR 10 each). The founding shareholders of the Company have subscribed and paid for 13 million shares with a nominal value of SR 10 each, which represents 65% of the shares of the Company's capital and the remaining 7 million shares with a nominal value of SR 10 each have been subscribed by general public.

On 25th October 2017, Allianz Europe BV (a 100% subsidiary of Allianz SE) entered in a legally binding agreement with Banque Saudi Fransi (BSF) to purchase from BSF 57% of its shareholding in the Company, representing 18.5% of the share capital of the Company. This agreement received SAMA's no-objection and was completed by Allianz Europe BV on 29 March 2018. Accordingly, Group holds 51.0% of the share capital of Allianz Saudi Fransi Cooperative Insurance Company (Allianz Europe BV holds 18.5%, Allianz France International holds 16.25% and Allianz Mena Holding Bermuda holds 16.25%) and BSF holds 14.0% of the share capital.

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

14. Share capital (continued)

June 30, 2018	
No. of Shares	Authorized, issued and paid up capital
SAR	
Allianz Europe BV	3.70 Million 37 Million
Allianz France International	3.25 Million 32.5 Million
Allianz Mena Holding Bermuda	3.25 Million 32.5 Million
Banque Saudi Fransi	2.80 Million 28 Million
Public	7.00 Million 70 Million
20.0 Million	200 Million

December 31, 2017	
No. of Shares	Authorized, issued and paid up capital
SAR	
Allianz France International	3.25 Million 32.5 Million
Allianz Mena Holding Bermuda	3.25 Million 32.5 Million
Banque Saudi Fransi	6.50 Million 65 Million
Public	7.00 Million 70 Million
20.0 Million	200 Million

15. Capital management

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

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

The operations of the Company are subject to local regulatory requirements within the jurisdiction where it is incorporated. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

The Company maintains its capital as per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained. According to the said Article, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 200 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company has fully complied with the externally imposed capital requirements during the reported financial year.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

June 30, 2018

16. Supplementary information
a) Interim condensed financial position

	SAR '000					
	June 30, 2018 - (Unaudited)			December 31, 2017 - (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	39,423	4,743	44,166	107,246	26,085	133,331
Premiums receivable, net	494,704	-	494,704	362,511	-	362,511
Reinsurers' balance receivable, net	56,031	-	56,031	72,542	-	72,542
Reinsurers' share of outstanding claims	204,556	-	204,556	196,870	-	196,870
Reinsurers' share of unearned premiums	69,452	-	69,452	180,184	-	180,184
Reinsurers' share of claims incurred but not reported	221,114	-	221,114	85,854	-	85,854
Deferred policy acquisition costs	25,444	-	25,444	23,866	-	23,866
Available for sale investments	115,849	251,719	367,568	109,424	199,625	309,049
Unit linked investments	566,270	-	566,270	573,716	-	573,716
Prepaid expenses and other assets	30,807	12,247	43,054	18,732	8,154	26,886
Property and equipment	4,049	-	4,049	3,635	-	3,635
Statutory deposit	-	20,000	20,000	-	20,000	20,000
Accrued income on statutory deposit	-	877	877	-	817	817
Due to / from insurance operation / shareholders operation*	4,919	(4,919)	-	(18,926)	18,926	-
TOTAL ASSETS	1,832,618	284,667	2,117,285	1,715,654	273,607	1,989,261
LIABILITIES						
Accrued and other liabilities	33,998	335	34,333	25,273	269	25,542
Policyholders claims payable	48,905	-	48,905	39,321	-	39,321
Reinsurers' balances payable	222,462	-	222,462	181,657	-	181,657
Outstanding claims	251,245	-	251,245	237,365	-	237,365
Claims incurred but not reported	177,267	-	177,267	197,176	-	197,176
Unit linked liabilities	564,528	-	564,528	573,052	-	573,052
Premium deficiency reserve	5,029	-	5,029	10,717	-	10,717
Additional premium reserves	1,285	-	1,285	1,317	-	1,317
Unearned premiums	497,043	-	497,043	415,613	-	415,613
Unearned reinsurance commission	8,774	-	8,774	10,814	-	10,814
End-of-service indemnities	16,297	-	16,297	15,458	-	15,458
Accrued commission income payable to SAMA	-	877	877	-	817	817
Zakat and income tax	-	20,451	20,451	-	21,417	21,417
TOTAL LIABILITIES EXCLUDING INSURANCE OPERATIONS' SURPLUS	1,826,833	21,663	1,848,496	1,707,763	22,503	1,730,266
INSURANCE OPERATIONS' SURPLUS						
Accumulated surplus	10,981	-	10,981	9,582	-	9,582
Actuarial reserve for employee benefits	(765)	-	(765)	(765)	-	(765)
Fair value reserve on investments	(4,431)	-	(4,431)	(926)	-	(926)
TOTAL INSURANCE OPERATIONS' SURPLUS	5,785	-	5,785	7,891	-	7,891
TOTAL LIABILITIES INCLUDING INSURANCE OPERATIONS' SURPLUS	1,832,618	21,663	1,854,281	1,715,654	22,503	1,738,157
SHAREHOLDERS' EQUITY						
Share capital	-	200,000	200,000	-	200,000	200,000
Share premium	-	22,711	22,711	-	22,711	22,711
Statutory reserve	-	6,984	6,984	-	6,984	6,984
Retained earnings	-	35,350	35,350	-	19,902	19,902
Fair value reserve (loss)/gain on available for sale investments	-	(2,041)	(2,041)	-	1,507	1,507
TOTAL SHAREHOLDERS' EQUITY	-	263,004	263,004	-	251,104	251,104
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY	1,832,618	284,667	2,117,285	1,715,654	273,607	1,989,261

* These items are not included in the interim condensed statement of financial position

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

June 30, 2018

16. Supplementary information (continued)
b) Interim condensed statement of income

	SAR '000					
	<i>For the six month period ended</i>					
	June 30, 2018			June 30, 2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
REVENUES						
Gross premiums written	523,310	-	523,310	526,573	-	526,573
Reinsurance premiums ceded abroad	(169,634)	-	(169,634)	(130,189)	-	(130,189)
Reinsurance premiums ceded locally	(9,239)	-	(9,239)	(6,192)	-	(6,192)
Excess of loss expenses	(2,855)	-	(2,855)	(2,829)	-	(2,829)
Net premiums written	341,582	-	341,582	387,363	-	387,363
Changes in unearned premiums, net	(40,500)	-	(40,500)	(74,108)	-	(74,108)
Net premiums earned	301,082	-	301,082	313,255	-	313,255
Reinsurance commissions	9,432	-	9,432	3,196	-	3,196
Unrealized gain on unit linked investments	14,076	-	14,076	9,808	-	9,808
TOTAL REVENUES	324,590	-	324,590	326,259	-	326,259
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(216,917)	-	(216,917)	(204,004)	-	(204,004)
Surrenders and maturities	(71,613)	-	(71,613)	(76,424)	-	(76,424)
Reinsurers' share of claims paid	57,160	-	57,160	71,943	-	71,943
Net claims and other benefits paid	(231,370)	-	(231,370)	(208,485)	-	(208,485)
Changes in outstanding claims, net	(6,193)	-	(6,193)	(5,911)	-	(5,911)
Changes in claims incurred but not reported, net	3,508	-	3,508	(27,059)	-	(27,059)
Changes in unit linked liabilities	8,524	-	8,524	8,399	-	8,399
Change in premium deficiency reserve	5,688	-	5,688	82	-	82
Changes in additional premium reserve	32	-	32	-	-	-
Policy acquisition costs	(27,189)	-	(27,189)	(27,690)	-	(27,690)
TOTAL UNDERWRITING COSTS AND EXPENSES	(247,000)	-	(247,000)	(260,664)	-	(260,664)
NET UNDERWRITING INCOME	77,590	-	77,590	65,595	-	65,595
OTHER OPERATING (EXPENSES) / INCOME						
Provision of doubtful debts	(3,631)	-	(3,631)	(1,579)	-	(1,579)
Inspection and supervision fees	(3,205)	-	(3,205)	(3,392)	-	(3,392)
General and administrative expenses	(56,399)	(503)	(56,902)	(48,533)	(496)	(49,029)
Other income	4,132	3,090	7,222	3,871	2,743	6,614
TOTAL OTHER OPERATING EXPENSES	(59,103)	2,587	(56,516)	(49,633)	2,247	(47,386)
Total income for the period before shareholders' appropriations	18,487	2,587	21,074	15,962	2,247	18,209
Net surplus transferred to shareholders' operations	(16,638)	16,638	-	(14,366)	14,366	-
Net income for the period after shareholders' appropriations	1,849	19,225	21,074	1,596	16,613	18,209

16. Supplementary information (continued)

	SAR '000					
	<i>For the three month period ended</i>					
	June 30, 2018			June 30, 2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
REVENUES						
Gross premiums written	224,829	-	224,829	227,033	-	227,033
Reinsurance premiums ceded abroad	(111,161)	-	(111,161)	(88,643)	-	(88,643)
Reinsurance premiums ceded locally	(5,295)	-	(5,295)	(2,729)	-	(2,729)
Excess of loss expenses	(714)	-	(714)	(1,197)	-	(1,197)
Net premiums written	107,659	-	107,659	134,464	-	134,464
Changes in unearned premiums, net	40,503	-	40,503	31,396	-	31,396
Net premiums earned	148,162	-	148,162	165,860	-	165,860
Reinsurance commissions	1,925	-	1,925	1,549	-	1,549
Unrealized gain on unit linked investments	6,984	-	6,984	5,374	-	5,374
TOTAL REVENUES	157,071	-	157,071	172,783	-	172,783
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(94,044)	-	(94,044)	(105,181)	-	(105,181)
Surrenders and maturities	(36,412)	-	(36,412)	(41,329)	-	(41,329)
Reinsurers' share of claims paid	29,287	-	29,287	36,067	-	36,067
Net claims and other benefits paid	(101,169)	-	(101,169)	(110,443)	-	(110,443)
Changes in outstanding claims, net	(7,031)	-	(7,031)	(3,421)	-	(3,421)
Changes in claims incurred but not reported, net	(2,985)	-	(2,985)	(15,141)	-	(15,141)
Changes in unit linked liabilities	5,027	-	5,027	5,489	-	5,489
Change in premium deficiency reserve	3,515	-	3,515	108	-	108
Changes in additional premium reserve	(54)	-	(54)	-	-	-
Policy acquisition costs	(13,534)	-	(13,534)	(17,040)	-	(17,040)
TOTAL UNDERWRITING COSTS AND EXPENSES	(116,231)	-	(116,231)	(140,448)	-	(140,448)
NET UNDERWRITING INCOME	40,840	-	40,840	32,335	-	32,335
OTHER OPERATING (EXPENSES) / INCOME						
Provision of doubtful debts	(3,655)	-	(3,655)	(2,145)	-	(2,145)
Inspection and supervision fees	(1,422)	-	(1,422)	(1,759)	-	(1,759)
General and administrative expenses	(28,300)	(233)	(28,533)	(22,817)	(368)	(23,185)
Other income	1,516	1,703	3,219	1,914	1,387	3,301
TOTAL OTHER OPERATING EXPENSES/ INCOME	(31,861)	1,470	(30,391)	(24,806)	1,019	(23,788)
Total income for the period before shareholders' appropriation	8,979	1,470	10,499	7,528	1,019	8,547
Net surplus transferred to shareholders' operations	(8,081)	8,081	-	(6,775)	6,775	-
Total income for the period after shareholders' appropriation	898	9,551	10,499	753	7,794	8,547

16. Supplementary information (continued)

c) Interim condensed statement of comprehensive income

	SAR '000					
	<i>For the six month period ended</i>					
	June 30, 2018			June 30, 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	1,849	19,225	21,074	1,596	16,613	18,209

Other comprehensive income

Items that will not be reclassified to interim condensed statement of income in subsequent periods

- Actuarial gains / (losses) on defined employee benefits

Items that are or may be reclassified to interim condensed statements of income in subsequent periods

- Fair value change in investments

TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(3,505)	(3,548)	(7,053)	460	2,021	2,481
	(1,656)	15,677	14,021	2,056	18,634	20,690

	SAR '000					
	<i>For the three month period ended</i>					
	June 30, 2018			June 30, 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	898	9,551	10,449	753	7,794	8,547

Other comprehensive income

Items that will not be reclassified to interim condensed statement of income in subsequent periods

- Actuarial gains / (losses) on defined employee benefits

Items that are or may be reclassified to interim condensed statements of income in subsequent periods

- Fair value change in investments

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(277)	(638)	(915)	19	677	696
	621	8,913	9,534	772	8,471	9,243

June 30, 2018

16. Supplementary information (continued)
d) Interim condensed statement of cash flows

	SAR' 000					
	For the six month period ended					
	June 30, 2018			June 30, 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total income for the period	1,849	19,225	21,074	1,596	16,613	18,209
Adjustments for non-cash items:						
Depreciation of property and equipment	894	-	894	353	-	353
Investment Premium Amortization	131	379	510	230	489	719
Allowance for doubtful debts	3,631	-	3,631	1,579	-	1,579
Unrealized gain on unit linked investments	(14,076)	-	(14,076)	(9,808)	-	(9,808)
Provision for end-of-service indemnities	2,682	-	2,682	2,455	-	2,455
Shareholders' appropriation from insurance operations' surplus	16,639	(16,639)	-	14,366	(14,366)	-
	11,750	2,965	14,715	10,771	2,736	13,507
Changes in operating assets and liabilities:						
Reinsurers' balance receivable	16,510	-	16,510	(482)	-	(482)
Premium receivable	(135,824)	-	(135,824)	(88,882)	-	(88,882)
Deferred policy acquisition costs	(1,577)	-	(1,577)	(6,357)	-	(6,357)
Unit linked investments	21,522	-	21,522	17,841	-	17,841
Prepaid expenses and other assets	(12,075)	(4,094)	(16,169)	(3,195)	(2,649)	(5,844)
Reinsurers' balances payable	40,805	-	40,805	20,705	-	20,705
Unearned premiums, net	40,501	-	40,501	74,108	-	74,108
Unit linked liabilities	(8,524)	-	(8,524)	(8,399)	-	(8,399)
Unearned commission income	(2,039)	-	(2,039)	1,166	-	1,166
Outstanding claims, net	6,193	-	6,193	5,911	-	5,911
Claims incurred but not reported, net	(3,508)	-	(3,508)	27,058	-	27,058
Premium deficiency reserve	(5,688)	-	(5,688)	(82)	-	(82)
Additional premium reserves	(32)	-	(32)	-	-	-
Accrued expenses and other liabilities	8,724	67	8,791	15,637	241	15,878
End-of-service indemnities paid	(1,843)	-	(1,843)	(192)	-	(192)
Surplus paid to policy holders	(450)	-	(450)	(3,298)	-	(3,298)
Policyholders claims payable	9,584	-	9,584	16,262	-	16,262
Zakat and income tax paid	-	(4,744)	(4,744)	-	-	-
Net cash generated (used in) / from operating activities	(15,971)	(5,806)	(21,777)	78,572	328	78,900
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions in available for sale investments	(10,061)	(56,020)	(66,081)	-	(38,501)	(38,501)
Proceed from disposal of available for sale investments	-	-	-	-	20,000	20,000
Additions in property and equipment	(1,307)	-	(1,307)	(1,199)	-	(1,199)
Net cash generated used in investing activities	(11,368)	(56,020)	(67,388)	(1,199)	(18,501)	(19,700)
CASH FLOWS FROM FINANCING ACTIVITY						
Due from / to (insurance operations / shareholder operations)*	(40,484)	40,484	-	(30,000)	30,000	-
Net cash generated used in financing activities	(40,484)	40,484	-	(30,000)	30,000	-
Net change in cash and cash equivalents	(67,823)	(21,342)	(89,165)	47,373	11,827	59,200
Cash and cash equivalents, beginning of the period	107,246	26,085	133,331	77,221	16,271	93,492
Cash and cash equivalents, end of the period	39,423	4,743	44,166	124,594	28,098	152,692
NON-CASH INFORMATION:						
Change in fair value of available for sale investments	(3,505)	(3,548)	(7,053)	460	2,021	2,481

June 30, 2018

17. Approval of the interim condensed financial information

The interim condensed financial information have been approved by the Company's Board of Directors on 28 Dhu al-Qidah 1439H, corresponding to 09 August, 2018.