
SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE
“WAFI INSURANCE”

(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND TWELVE MONTH PERIODS
ENDED 31 DECEMBER 2017

together with the
INDEPENDENT AUDITORS’ LIMITED REVIEW REPORT

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2017

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

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Saudi Indian company for Cooperative Insurance "Wafa Insurance" (A Saudi Joint Stock Company) (the "Company") as at 31 December 2017 and the related interim statement of comprehensive income - insurance operations, interim statement of income - shareholders' operations, interim statement of comprehensive income - shareholders' operations, for the three and twelve month periods then ended interim statement of changes in shareholders' equity, and interim statements of insurance operations' and shareholders' operations cash flows for the twelve month periods then ended, and the related notes which form an integral part of this interim condensed financial information. Management is responsible for the preparation and presentation of these interim condensed financial statements 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 these condensed interim financial statements 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 statements are not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for accounting of zakat and income tax.

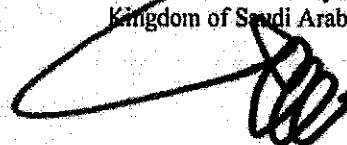
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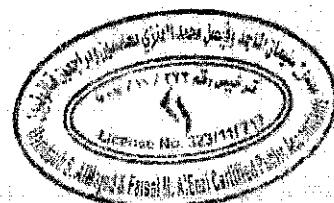
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February 18, 2018 (G)
Jumada Al Akhir 2, 1439 (H)

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
Expressed in Saudi Arabian Riyals

		31 December 2017 (Unaudited)	31 December 2016 (Audited)
	<u>Note</u>		
Insurance operations' assets			
Cash and cash equivalents	6	36,068,543	127,639,448
Receivable from policyholders, net	7	115,841,278	81,983,037
Receivable from reinsurers, net	8	25,836,850	10,364,244
Reinsurers' share of outstanding claims		127,723,548	125,397,905
Reinsurers' share of unearned premiums income		61,997,289	26,762,713
Deferred policy acquisition costs		14,230,992	20,078,599
Prepayments and other assets		3,083,095	1,342,713
Investments	9	15,619,014	3,005,918
Advances and other receivables		22,972,934	57,565,847
Property and equipment, net		4,539,374	2,751,710
Intangible assets, net		1,878,777	935,219
Due from shareholders' operations		13,634,627	69,518,495
Total insurance operations' assets		443,426,321	527,345,848
Shareholders' assets			
Cash and cash equivalents	6	84,266,595	174,391,110
Investments	9	3,949,881	4,391,036
Advances and other receivables		123,414	584,943
Statutory deposit	10	30,750,000	30,750,000
Return on statutory deposit	10	1,611,168	1,159,922
Total shareholders' assets		120,701,058	211,277,011
Total assets		564,127,379	738,622,859

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017
Expressed in Saudi Arabian Riyals

		31 December 2017 <u>Note</u> <u>(Unaudited)</u>	31 December 2016 <u>(Audited)</u>
Insurance operations' liabilities and surplus			
Insurance operations' liabilities			
Reinsurers' balances payable		9,531,231	15,663,169
Unearned premiums income		169,426,345	225,158,569
Unearned commission income		6,641,818	3,324,551
Outstanding claims including reserves		233,400,700	257,907,366
Reserve for life insurance operations		1,516,730	1,516,730
Accrued expenses		1,525,750	1,024,095
Other liabilities		10,827,335	13,460,398
Employees' end of service benefits	16	3,849,296	2,945,265
Total insurance operations' liabilities		436,719,205	521,000,143
Insurance operations' surplus			
Accumulated surplus to policyholders		6,345,705	6,345,705
Actuarial gain on end of service valuation	16	361,411	--
Total insurance operations' liabilities and surplus		443,426,321	527,345,848
Shareholders' liabilities and equity			
Shareholders' liabilities			
Zakat and income tax payable	12	3,965,299	4,921,363
Accrued expenses and other liabilities		2,843,500	2,871,315
Statutory deposit investment return payable	10	1,611,168	1,159,922
Share compensation	18	11,731,623	11,731,623
Due to insurance operations		13,634,627	69,518,495
Total shareholders' liabilities		33,786,217	90,202,718
Shareholders' equity			
Share capital	18	122,000,000	205,000,000
Accumulated deficit		(34,035,041)	(83,316,744)
Fair value reserve for available for sale investments		(1,050,118)	(608,963)
Total shareholders' equity		86,914,841	121,074,293
Total shareholders' liabilities and equity		120,701,058	211,277,011
Total liabilities' insurance operations' surplus and shareholders' equity		564,127,379	738,622,859

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF COMPREHNSIVE INCOME - INSURANCE OPERATIONS
(UNAUDITED)
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2017
Expressed in Saudi Arabian Riyals

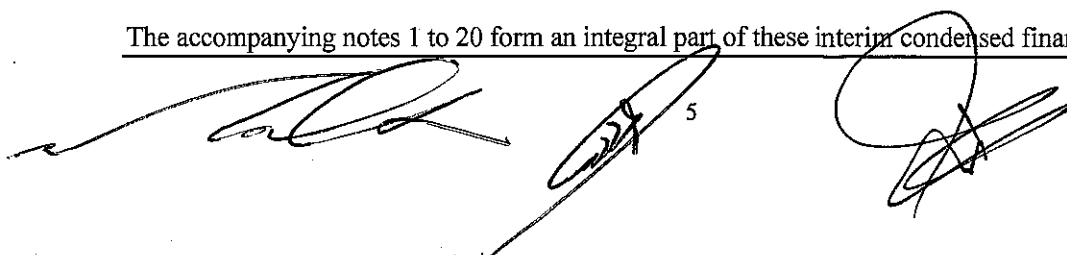
		Three months ended 31 December		Twelve months ended 31 December	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<i>Note</i>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Gross premiums written	17	48,273,149	96,772,265	499,995,242	550,806,969
Reinsurance premiums ceded		(20,010,187)	(13,510,274)	(178,891,491)	(74,863,961)
Excess of loss premiums	17	(14,335,796)	(1,466,250)	(20,093,546)	(5,865,000)
Net premiums written		13,927,166	81,795,741	301,010,205	470,078,008
Change in unearned premiums, net		63,423,640	41,342,680	90,966,798	15,632,842
Net premiums earned		77,350,806	123,138,421	391,977,003	485,710,850
Reinsurance commission income		5,618,022	15,826,064	18,929,266	22,721,112
Other operating income		1,274,253	10,205,837	7,677,144	14,774,947
Total revenue		84,243,081	149,170,322	418,583,413	523,206,909
 Gross claims paid		 115,451,716	 124,341,184	 503,380,440	 418,273,624
Less: Reinsurers' share of claims paid		(33,595,103)	(15,862,473)	(161,617,319)	(71,461,972)
Net claims paid		81,856,613	108,478,711	341,763,121	346,811,652
Change in outstanding claims and reserves-net		(5,428,050)	(7,473,580)	(26,832,310)	421,692
Net claims incurred		76,428,563	101,005,131	314,930,811	347,233,344
Policy acquisition costs		11,951,474	13,203,093	48,521,835	54,446,487
Other underwriting expenses		4,295,674	1,704,403	18,434,046	9,839,741
Total claims and other expenses		92,675,711	115,912,627	381,886,692	411,519,572
 Underwriting (deficit) / surplus		 (8,432,630)	 33,257,695	 36,696,721	 111,687,337
Other income		1,670,653	1,293,615	4,705,538	3,858,930
Unrealized gain / (loss) on investments held for trading		--	218,056	--	(256,756)
Investment income		--	811,662	424,046	3,213,322
Provision for doubtful debts	7,8	(11,312,271)	(11,761,868)	(17,269,743)	(11,961,826)
General and administrative expenses		(14,815,602)	(13,411,943)	(53,945,590)	(43,083,955)
Net (deficit) / surplus for the period / year		(32,889,850)	10,407,217	(29,389,028)	63,457,052
Deficit / (surplus) transferred to shareholders' operations	3	32,889,850	(9,366,495)	29,389,028	(57,111,347)
Net surplus for the period after appropriations to shareholders' operations		--	1,040,722	--	6,345,705
Other comprehensive income					
<i>Not to be subsequently reclassified</i>					
Actuarial gain on end of service valuation	16	361,411	--	361,411	--
Total comprehensive surplus for the period / year		361,411	1,040,722	361,411	6,345,705

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS (UNAUDITED)
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2017
Expressed in Saudi Arabian Riyals

		Three months ended 31 December		Twelve months ended 31 December	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Net (deficit) / surplus transferred from insurance operations	3	(32,889,850)	9,366,495	(29,389,028)	57,111,347
Investment income		<u>281,177</u>	<u>1,166,848</u>	<u>2,024,217</u>	<u>4,293,650</u>
		<u>(32,608,673)</u>	<u>10,533,343</u>	<u>(27,364,811)</u>	<u>61,404,997</u>
Directors' remuneration	13	(225,000)	(285,000)	(1,080,000)	(1,140,000)
General and administrative expenses		<u>(251,162)</u>	<u>(199,016)</u>	<u>(952,492)</u>	<u>(608,400)</u>
Net (loss) / profit for the period / year		<u>(33,084,835)</u>	<u>10,049,327</u>	<u>(29,397,303)</u>	<u>59,656,597</u>
			Restated		Restated
Basic and diluted (loss) / earnings per share - Saudi Riyals	14	<u>(2.71)</u>	<u>0.82</u>	<u>(2.41)</u>	<u>4.88</u>

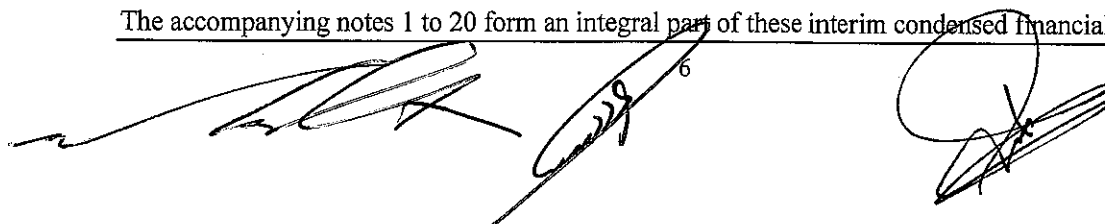
The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.



SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF COMPREHENSIVE INCOME- SHAREHOLDERS'
OPERATIONS (UNAUDITED)
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2017
Expressed in Saudi Arabian Riyals

		Three months ended 31 December		Twelve months ended 31 December	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net (Loss) / profit for the period / year	<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Net (Loss) / profit for the period / year		(33,084,835)	10,049,327	(29,397,303)	59,656,597
Other comprehensive income					
<i>Items that will be subsequently reclassified to the statement of income-shareholders' operations</i>					
Changes in fair value of available for sale investments	9.2	74,940	486,594	(441,155)	(131,414)
Total comprehensive (loss)/ income for the period / year		<u>(33,009,895)</u>	<u>10,535,921</u>	<u>(29,838,458)</u>	<u>59,525,183</u>

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.



SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2017

Expressed in Saudi Arabian Riyals

	Notes	Share capital	Accumulated deficit	Fair value reserve for available for sale investments	Total shareholders' equity
For the twelve month period ended 31 December 2016					
Balance at 1 January 2016		205,000,000	(137,707,149)	(477,549)	66,815,302
Net profit for the year		--	59,656,597	--	59,656,597
Changes in fair value of available for sale investments	9.2	--	--	(131,414)	(131,414)
Provision for zakat	12	--	(3,516,679)	--	(3,516,679)
Provision for income tax	12	--	(1,749,513)	--	(1,749,513)
Balance as at 31 December 2016 (Audited)		<u>205,000,000</u>	<u>(83,316,744)</u>	<u>(608,963)</u>	<u>121,074,293</u>
For the twelve month period ended 31 December 2017					
Balance at 1 January 2017		205,000,000	(83,316,744)	(608,963)	121,074,293
Net loss for the year		--	(29,397,303)	--	(29,397,303)
Changes in fair value of available for sale investments	9.2	--	--	(441,155)	(441,155)
Reduction of share capital	18	(83,000,000)	83,000,000	--	--
Transaction cost relating to reduction in share capital	18	--	(354,689)	--	(354,689)
Provision for zakat	12	--	(3,901,529)	--	(3,901,529)
Provision for income tax	12	--	(64,776)	--	(64,776)
Balance as at 31 December 2017 (Unaudited)		<u>122,000,000</u>	<u>(34,035,041)</u>	<u>(1,050,118)</u>	<u>86,914,841</u>

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS - INSURANCE OPERATIONS (UNAUDITED)
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2017
Expressed in Saudi Arabian Riyals

	<u>Note</u>	31 December 2017 (Unaudited)	31 December 2016 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus for the year from insurance operations' after shareholders' appropriation		--	6,345,705
<u>Adjustments for:</u>			
(Deficit) / surplus transferred to Shareholders' operations		(29,389,028)	57,111,347
Provision for employees' end of service benefits		1,703,295	1,669,214
Unrealized loss on investments held for trading		--	256,756
Amortization of intangible assets		485,279	782,599
Depreciation of property and equipment		904,839	489,203
Loss on disposal of investments		151,167	--
Changes in reinsurers' share of unearned premium during the year		(35,234,576)	29,190,308
Changes in unearned premiums income during the year		(55,732,224)	(44,823,150)
Provision for doubtful debts	7&8	17,269,742	11,961,826
		(99,841,506)	62,983,808
Changes in operating assets and liabilities:			
Receivable from policyholders, net	7	(46,493,877)	(4,139,201)
Receivable from reinsurers, net	8	(20,106,713)	343,082
Reinsurers' share of outstanding claims		(2,325,643)	(88,946,277)
Deferred policy acquisition costs		5,847,607	4,824,783
Prepayments and other assets		(1,740,382)	409,670
Advances and other receivables		34,592,913	(28,049,032)
Reinsurers' balances payable		(6,131,938)	(13,502,240)
Unearned commission income		3,317,267	916,989
Outstanding claims including reserves		(24,506,666)	89,367,971
Accrued expenses		501,655	(2,466,102)
Other liabilities		(2,633,063)	4,157,565
Due from shareholders' operation		85,272,896	7,122,881
Cash (used in) / generated from operations		(74,247,450)	33,023,897
Employees' end of service benefits paid		(437,853)	(379,996)
Net cash (used in) / generated from operating activities		(74,685,303)	32,643,901
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangibles assets		(1,428,836)	(566,736)
Purchase of property and equipment		(2,692,503)	(2,176,809)
Purchase of investments		(13,695,936)	(4,298,512)
Proceeds from disposal of investment		931,673	44,419,900
Net cash (used in) / generated from investing activities		(16,885,602)	37,377,843
(Decrease) / increase in cash and cash equivalents during the year		(91,570,905)	70,021,744
Cash and cash equivalents at the beginning of the year		127,639,448	57,617,704
Cash and cash equivalents at the end of the year	6	36,068,543	127,639,448
Non-cash supplemental information:			
Transferred from capital work in progress to property and equipment		--	92,325
Actuarial gain on end of service valuation	16	361,411	--

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS - SHAREHOLDERS' OPERATIONS
(UNAUDITED)
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2017
Expressed in Saudi Arabian Riyals

		31 December 2017 <u>(Unaudited)</u>	31 December 2016 <u>(Audited)</u>
	<u>Note</u>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / profit for the year before zakat and income tax		(29,397,303)	59,656,597
<u>Adjustments for:</u>			
Deficit / (surplus) transferred from insurance operations		29,389,028	(57,111,347)
		(8,275)	2,545,250
Changes in operating assets and liabilities:			
Advances and other receivables		461,529	(192,997)
Accrued expenses and other liabilities		(27,815)	270,400
Share compensation		--	(9,369)
Statutory deposit investment return payable		451,246	298,705
Due to insurance operations		(85,272,896)	(7,122,881)
		(84,396,211)	(4,210,892)
Zakat paid	12	(3,272,725)	--
Income tax paid	12	(1,649,644)	--
Net cash (used in) operating activities		(89,318,580)	(4,210,892)
CASH FLOWS FROM INVESTING ACTIVITIES			
Statutory deposit		--	(10,150,000)
Return on statutory deposit	10	(451,246)	(298,705)
Proceeds from disposal of investments		--	156,000,000
Net cash (used in) / generated from investing activities		(451,246)	145,551,295
CASH FLOWS FROM FINANCING ACTIVITIES			
Transaction cost relating to reduction in share capital	18	(354,689)	--
Net cash used in financing activities		(354,689)	--
Increase in cash and cash equivalents during the year		(90,124,515)	141,340,403
Cash and cash equivalents at the beginning of the year		174,391,110	33,050,707
Cash and cash equivalents at the end of the year	6	84,266,595	174,391,110
<u>Non-cash supplemental information:</u>			
Net change in the fair value of available for sale investments	9.2	(441,155)	(131,414)

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "Wafa Insurance"
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2017
Expressed in Saudi Arabian Riyals

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

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

On 19 August 2017 corresponding to 27 Zulqadh 1438H, SAMA suspended the Company from issuance or renewal of motor third party liability insurance policies due to non-compliance with related laws and regulatory requirements. Based on the corrective actions taken by the Company SAMA removed the suspension on 28 December 2017 corresponding to 10 Rabi al Awwal 1439H, and has allowed the Company for issuance or renewal of motor liability third party insurance.

2. BASIS OF PREPARATION

Statement of compliance

The interim condensed financial information of the Company ("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.

Refer note 12 for the accounting policy of zakat and income tax.

As at 31 December 2017 the Company has accumulated losses of SR 34.04 million (31 December 2016: SR 83.32 million) that is 27.89% of the share capital (31 December 2016: 40.64%).

Basis of measurement

The financial statements have been prepared on a historical cost basis except for the measurement at fair value of available for sale investments and employee end of service benefits at present value.

SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE “WAFA INSURANCE”
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(Continued)
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2017
Expressed in Saudi Arabian Riyals

3. BASIS OF PRESENTATION

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

4. FUNCTIONAL AND PRESENTATION CURRENCY

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

5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

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

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

- Amendments to IAS 7, ‘Statement of Cash flows’ disclosure initiative

Amendments to IAS 7, ‘Statement of Cash flows’ on disclosure initiative, effective January 1, 2017. These amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from the financing activities.

- Amendments to IAS 12, ‘Income taxes’ on ‘Recognition of deferred tax assets for unrealised losses’

Amendments to IAS 12, ‘Income taxes’ on Recognition of deferred tax assets for unrealised losses, effective January 1, 2017. This amendment clarify how to account for deferred tax assets related to debt instruments measured at fair value.

- Annual improvements 2014 – 2016

Amendments to IFRS 12 on disclosure of interest in other entities, effective January 1, 2017. This amendment clarifies the scope of IFRS 12 by specifying that its disclosure requirements apply to an entity's interests irrespective of whether they are classified as held for sale or as discontinued operations in accordance with IFRS 5.

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

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

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

- IFRS 9 'Financial Instruments'

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

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

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

- IFRS 17 'Insurance Contracts'

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

- IFRS 16 'Leases'

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

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

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5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES (Continued)

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

- IFRS 15 'Revenue from Contracts with Customers'

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

- IFRIC 23 'Uncertainty over Income Tax Treatments'

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

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

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

- Annual improvements 2014 - 2016

It includes changes to

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

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

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

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

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

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

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

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

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

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

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

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

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

Provisions for employees' end of service benefits

The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases, mortality rates and future increase in medical costs. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties.

Use of estimates in the preparation of interim condensed financial statements

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

Financial risk management

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

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

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6. CASH AND CASH EQUIVALENTS

	31 December 2017	
	(Unaudited)	
	<i>Insurance Operations</i>	<i>Shareholders' Operation</i>
Balance in current account	36,068,543	14,266,595
Term deposit at banks(<i>note no 6.1</i>)	--	70,000,000
	<u>36,068,543</u>	<u>84,266,595</u>
	31 December 2016 (Audited)	
	<i>Insurance Operations</i>	<i>Shareholder' Operation</i>
Cash in hand	1,562	--
Balance in current account	66,637,886	35,391,110
Term deposit at banks(<i>note no 6.1</i>)	61,000,000	139,000,000
	<u>127,639,448</u>	<u>174,391,110</u>

6.1 This represents investment in murahaba 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.

7. RECEIVABLE FROM POLICYHOLDERS, NET

	31 December 2017	31 December 2016
	(Unaudited)	(Audited)
Gross receivables arising from insurance contracts	151,962,781	105,468,905
Less: Provision for doubtful debts (<i>note 7.1</i>)	(36,121,503)	(23,485,868)
Net receivables	<u>115,841,278</u>	<u>81,983,037</u>

7.1 The movement in the provision for doubtful debts of receivable from policyholders is as follows:

	31 December 2017	31 December 2016
	(Unaudited)	(Audited)
Opening balance	23,485,868	8,840,275
Charge of provision during the year	12,635,635	14,645,593
Closing balance	<u>36,121,503</u>	<u>23,485,868</u>

8. RECEIVABLES FROM REINSURERS, NET

	31 December 2017	31 December 2016
	(Unaudited)	(Audited)
Gross receivables	30,555,568	10,448,855
Less: Provision for doubtful debts (<i>note 8.1</i>)	(4,718,718)	(84,611)
Net receivables	<u>25,836,850</u>	<u>10,364,244</u>

8.1 The movement in the provision for doubtful debts of reinsurance receivables is as follows:

	31 December 2017	31 December 2016
	(Unaudited)	(Audited)
Opening balance	84,611	2,768,378
Charge / (Reversal) during the year	4,634,107	(2,683,767)
Closing balance	<u>4,718,718</u>	<u>84,611</u>

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9. INVESTMENTS

		31 DECEMBER 2017	
		(Unaudited)	
		<i>Insurance Operations</i>	<i>Shareholders</i>
Available for sale			
Unquoted securities	9.1	1,923,078	---
Shariah compliant funds-quoted	9.2	--	3,949,881
Investment in real estate fund	9.3	13,695,936	--
		<u>15,619,014</u>	<u>3,949,881</u>
		31 December 2016	
		(Audited)	
		<i>Insurance Operations</i>	<i>Shareholders'</i>
Available for sale			
Unquoted securities	9.1	1,923,078	--
Shariah compliant fund - quoted	9.2	--	4,391,036
Held for trading			
Quoted securities		1,082,840	--
		<u>3,005,918</u>	<u>4,391,036</u>

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

9.2 Shariah compliant fund

	31 December 2017	31 December 2016
	(Unaudited)	(Audited)
Opening balance	4,391,036	4,522,450
Unrealized loss during the year	(441,155)	(131,414)
Closing balance	<u>3,949,881</u>	<u>4,391,036</u>

9.3 This represents investment in Alinma Makkah Fund.

10. STATUTORY DEPOSIT

In accordance with Article 58 of the Implementing Regulations for Cooperative Insurance, the Company has deposited an amount of SR 30,750,000 (31 December 2016: SAR 30,750,000) with Riyadh Bank. During 2016 statutory deposit was increased from 10% to 15% of share capital in order to comply with SAMA letter no 371000070032 dated 30th March 2016. However, the Company is not allowed to withdraw any portion of the original deposit or the profit unless prior approval is obtained from SAMA. Profit accrued of SAR 1,611,168 (31 December 2016: SAR 1,159,922) and the corresponding liability have been shown separately.

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11. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties	Nature of transactions	Notes	Amount of transactions				Balances	
			31 December				2017	2016
			2017 Three months (Unaudited)	2016 Three months (Unaudited)	2017 Twelve months (Unaudited)	2016 Twelve months (Audited)		
The New India Assurance Company Limited (Shareholder)	-Reinsurance premium ceded		116,544	128,264	1,293,337	1,491,997	--	--
	-Reinsurance commission income		20,459	30,574	259,513	365,127	--	--
	-Reinsurer's share of outstanding claims		134,034	200,990	3,086,907	448,836	--	--
	-Balance receivable		--	--	--	--	2,636,227	1,722,908
	-Share compensation balance payable		--	--	--	--	5,932,155	5,932,155
Life Insurance Corporation of India (Shareholder)	-Share compensation balance payable		--	--	--	--	5,708,300	5,708,300
	-Share compensation balance payable		--	--	--	--	91,168	91,168
Other Shareholders Alinma Makkah Fund (Common Directors)	-Investment		13,695,936	--	13,695,936	--	13,695,936	--
Directors and Executive Committee	-Remuneration	13	225,000	285,000	1,080,000	1,140,000	--	--
	-Balance payable		--	--	--	--	2,266,380	2,146,380
Directors and Executive Committee	-Meeting attendance fee		58,500	58,500	234,000	234,000	--	--
	-Balance payable		--	--	--	--	327,120	439,620

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12. ZAKAT AND INCOME TAX PAYABLE

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

Movements in zakat is as follows:

	31 December 2017 (Unaudited)	31 December 2016 (Audited)
Balance at beginning of the year	3,171,850	(344,829)
Provision during the year	3,901,529	3,516,679
Payment during the year	(3,272,725)	--
Balance at end of the year	<u>3,800,654</u>	<u>3,171,850</u>

Movements in the income tax is as follows:

	31 December 2017 (Unaudited)	31 December 2016 (Audited)
Balance at beginning of the year	1,749,513	--
Provision during the year	64,776	1,749,513
Payment during the year	(1,649,644)	--
Balance at end of the year	<u>164,645</u>	<u>1,749,513</u>
 Zakat and income tax payable	 <u>3,965,299</u>	 <u>4,921,363</u>

Shareholdings

Following is the shareholding structure of the Company as on:

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

Status of assessments

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

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

13. DIRECTORS' REMUNERATION

During the period, provision has been made for the Board of Directors' remuneration for an amount of SAR 1,080,000 (31 December 2016: SAR 1,140,000). (Refer note 11)

14. BASIC AND DILUTED EARNING PER SHARE

Basic and diluted earnings per share have been computed by dividing the net income for the relevant periods by the weighted average number of issued outstanding shares. The relevant averages are 12,200,000 shares for the three and twelve-month periods ended 31 December 2017 (31 December 2016: 12,200,000 shares).

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The weighted average number of shares have been retrospectively adjusted for all prior periods to reflect the reduction in share capital in line with the requirement of IAS 33 "Earnings per share".

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

Determination of fair value and fair value hierarchy

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

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

The table below presents the financial instruments at their fair values as of 31 December based on the fair value hierarchy:

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15. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

31 December 2017 (Unaudited)	Level 1	Level 2	Level 3	Total
Investments				
- Insurance operations	--	--	15,619,014	15,619,014
- Shareholders' operations	3,949,881	--	--	3,949,881
Total	3,949,881	--	15,619,014	19,568,895

31 December 2016 (Audited)	Level 1	Level 2	Level 3	Total
Investments				
- Insurance operations	1,082,840	--	1,923,078	3,005,918
- Shareholders' operations	4,391,036	--	--	4,391,036
Total	5,473,876	--	1,923,078	7,396,954

The unlisted securities amounting to SAR 15,619,014 (31 December 2016: SAR 1,923,078) are stated at cost in the absence of active markets or other means of reliably measuring their fair value.

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

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

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16. EMPLOYEES' END OF SERVICE BENEFITS

The following tables summarise 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:

	2017
	(Unaudited)
Amount recognised in the statement of financial position	
Present value of defined benefit obligation	3,849,296
Fair value of plan assets	-
Net liability at end of the year	3,849,296

	2017
	(Unaudited)
Benefit expense (recognised in profit or loss)	
Current service cost	1,512,451
Commission rate cost	190,844
Benefit expense	1,703,295

	2017
	(Unaudited)
Movement in the present value of defined benefit obligation	
Present value of defined benefit obligation at beginning of the year	2,945,265
Current service cost	1,512,451
Commission rate cost	190,844
Actuarial (Gain) on defined benefit plan	(361,411)
Benefits paid	(437,853)
Present value of defined benefit obligation at end of the year	3,849,296

	2017
	(Unaudited)
Movement in net liability recognised in balance sheet	
Net liability at beginning of the year	2,945,265
Charge recognised in profit or loss	1,703,295
Actuarial (Gain) recognised in other comprehensive income	(361,411)
Benefits paid	(437,853)
Net liability at end of the year	3,849,296

Principal actuarial assumption at 31 December 2017

Discount rate	4.0%
Salary increase rate	3.0%
Return on plan assets	Not applicable

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17. SEGMENTAL INFORMATION

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

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

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

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17. SEGMENTAL INFORMATION (Continued)

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

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	15,756,483	23,146,302	9,370,364	48,273,149
Reinsurance premiums ceded	(4,032,491)	(7,809,155)	(8,168,541)	(20,010,187)
Excess of loss premiums*	(13,645,453)	--	(690,343)	(14,335,796)
Net premiums written	(1,921,461)	15,337,147	511,480	13,927,166
Change in unearned premiums, net	44,717,167	18,446,913	259,560	63,423,640
Net premiums earned	42,795,706	33,784,060	771,040	77,350,806
Reinsurance commission income	3,098,173	--	2,519,849	5,618,022
Other operating income	74,253	1,200,000	--	1,274,253
Total revenue	45,968,132	34,984,060	3,290,889	84,243,081
Gross claims paid	82,375,944	30,046,320	3,029,452	115,451,716
Less: reinsurers' share of claims paid	(15,697,031)	(15,303,675)	(2,594,397)	(33,595,103)
Net claims paid	66,678,913	14,742,645	435,055	81,856,613
Changes in outstanding claims and reserves – net	(13,240,152)	7,732,324	79,778	(5,428,050)
Net claims incurred	53,438,761	22,474,969	514,833	76,428,563
Policy acquisition costs	6,232,349	4,148,799	1,570,326	11,951,474
Other underwriting expenses	2,964,866	1,094,908	235,900	4,295,674
Total claims and other expenses	62,635,976	27,718,676	2,321,059	92,675,711
Underwriting (deficit) / surplus	(16,667,844)	7,265,384	969,830	(8,432,630)
Other income				1,670,653
Provision for doubtful debts				(11,312,271)
General and administrative expenses				(14,815,602)
Net deficit for the period				(32,889,850)

* This includes net impact of actual excess of loss premiums ceded and related reserves pertaining to respective treaties.

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17. SEGMENTAL INFORMATION (Continued)

For the twelve-month period ended 31 December 2017 (Unaudited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	255,447,860	194,565,354	49,982,028	499,995,242
Reinsurance premiums ceded	(64,876,499)	(68,844,427)	(45,170,565)	(178,891,491)
Excess of loss premiums	(18,968,203)	--	(1,125,343)	(20,093,546)
Net premiums written	171,603,158	125,720,927	3,686,120	301,010,205
Changes in unearned premiums, net	115,125,436	(24,578,316)	419,678	90,966,798
Net premiums earned	286,728,594	101,142,611	4,105,798	391,977,003
Reinsurance commission income	9,076,674	--	9,852,592	18,929,266
Other operating income	2,477,144	5,200,000	--	7,677,144
Total revenue	298,282,412	106,342,611	13,958,390	418,583,413
Gross claims paid	332,782,888	106,153,403	64,444,149	503,380,440
Less: reinsurers' share of claims paid	(43,343,733)	(56,378,385)	(61,895,201)	(161,617,319)
Net claims paid	289,439,155	49,775,018	2,548,948	341,763,121
Changes in outstanding claims and reserves – net	(42,635,473)	15,167,819	635,344	(26,832,310)
Net claims incurred	246,803,682	64,942,837	3,184,292	314,930,811
Policy acquisition costs	29,963,593	12,848,101	5,710,141	48,521,835
Other underwriting expenses	5,702,457	12,111,457	620,132	18,434,046
Total claims and other expenses	282,469,732	89,902,395	9,514,565	381,886,692
Underwriting surplus	15,812,680	16,440,216	4,443,825	36,696,721
Other income				4,705,538
Investment income				424,046
Provision for doubtful debts				(17,269,743)
General and administrative expenses				(53,945,590)
Net deficit for the year				(29,389,028)

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17. SEGMENTAL INFORMATION (Continued)

As at 31 December 2017 (Unaudited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Assets:				
Reinsurers' share of outstanding claims	9,261,191	25,876,965	92,585,392	127,723,548
Reinsurers' share of unearned premiums income	18,981,385	28,203,341	14,812,563	61,997,289
Deferred policy acquisition costs	6,800,665	5,849,541	1,580,786	14,230,992
Unallocated assets				239,474,492
Total assets				<u><u>443,426,321</u></u>
Liabilities and surplus				
Unearned premiums income	75,965,097	77,472,163	15,989,085	169,426,345
Outstanding claims including reserves	86,866,966	49,151,526	97,382,208	233,400,700
Reserve for life insurance operations	--	--	1,516,730	1,516,730
Unallocated liabilities and surplus				39,082,546
Total liabilities and surplus				<u><u>443,426,321</u></u>

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17. SEGMENTAL INFORMATION (Continued)

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

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	70,172,976	20,100,905	6,498,384	96,772,265
Reinsurance premiums ceded	--	(7,428,247)	(6,082,027)	(13,510,274)
Excess of loss premiums	(1,338,250)	--	(128,000)	(1,466,250)
Net premiums written	68,834,726	12,672,658	288,357	81,795,741
Change in unearned premiums, net	34,328,108	6,504,171	510,401	41,342,680
Net premiums earned	103,162,834	19,176,829	798,758	123,138,421
Reinsurance commission income	--	13,693,221	2,132,843	15,826,064
Other operating income	1,205,837	9,000,000	--	10,205,837
Total revenue	104,368,671	41,870,050	2,931,601	149,170,322
Gross claims paid	97,173,404	25,068,747	2,099,033	124,341,184
Less: reinsurers' share of claims paid	(387,740)	(13,801,570)	(1,673,163)	(15,862,473)
Net claims paid	96,785,664	11,267,177	425,870	108,478,711
Changes in outstanding claims and reserves -- net	(5,595,135)	(1,710,384)	(168,061)	(7,473,580)
Net claims incurred	91,190,529	9,556,793	257,809	101,005,131
Policy acquisition costs	8,945,383	2,798,035	1,459,675	13,203,093
Other underwriting expenses	701,011	975,431	27,961	1,704,403
Total claims and other expenses	100,836,923	13,330,259	1,745,445	115,912,627
Underwriting surplus	3,531,748	28,539,791	1,186,156	33,257,695
Other income	--	--	--	1,293,615
Unrealized loss on investments held for trading	--	--	--	218,056
Investment income	--	--	--	811,662
Provision for doubtful debts	--	--	--	(11,761,868)
General and administrative expenses	--	--	--	(13,411,943)
Net surplus for the period				10,407,217

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17. SEGMENTAL INFORMATION (Continued)

For the twelve-month period ended 31 December 2016 (Audited)

	<u>Motor</u>	<u>Health</u>	<u>Others</u>	<u>Total</u>
Gross premiums written	416,326,589	88,798,255	45,682,125	550,806,969
Reinsurance premiums ceded	--	(33,136,478)	(41,727,483)	(74,863,961)
Excess of loss premiums	(5,353,000)	--	(512,000)	(5,865,000)
Net premiums written	410,973,589	55,661,777	3,442,642	470,078,008
Changes in unearned premiums, net	(29,672,609)	44,254,625	1,050,826	15,632,842
Net premiums earned	381,300,980	99,916,402	4,493,468	485,710,850
Reinsurance commission income	--	13,693,221	9,027,891	22,721,112
Other operating income	5,774,947	9,000,000	--	14,774,947
Total revenue	387,075,927	122,609,623	13,521,359	523,206,909
Gross claims paid	303,237,164	101,972,911	13,063,549	418,273,624
Less: reinsurers' share of claims paid	(3,852,420)	(56,104,511)	(11,505,041)	(71,461,972)
Net claims paid	299,384,744	45,868,400	1,558,508	346,811,652
Changes in outstanding claims and reserves — net	3,930,784	(3,987,595)	478,503	421,692
Net claims incurred	303,315,528	41,880,805	2,037,011	347,233,344
Policy acquisition costs	33,318,135	15,210,503	5,917,849	54,446,487
Other underwriting expenses	3,175,065	6,464,477	200,199	9,839,741
Total claims and other expenses	339,808,728	63,555,785	8,155,059	411,519,572
Underwriting surplus	47,267,199	59,053,838	5,366,300	111,687,337
Other income				3,858,930
Unrealized loss on investments held for trading				(256,756)
Investment income				3,213,322
Provision for doubtful debts				(11,961,826)
General and administrative expenses				(43,083,955)
Net surplus for the year				63,457,052

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17. SEGMENTAL INFORMATION (Continued)

As at 31 December 2016 (Audited)

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

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18. SHARE CAPITAL

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

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

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

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

19. COMPARATIVE FIGURES

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

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

20. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the board of directors of the company on February 18, 2018 (G) corresponding to Jumada al Akhira 2, 1439 (H).

