

**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**

**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)**

**AND  
INDEPENDENT AUDITORS' REVIEW REPORT**

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

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

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018

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

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

**Introduction:**

We have reviewed the accompanying interim condensed statement of financial position of Saudi Indian Company for Cooperative Insurance "Wafa Insurance" – a Saudi Joint Stock Company - ("the Company") as at 31 March 2018 and the related interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the three months period then ended, and the related notes which form an integral part of these interim condensed financial statements. 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 interim condensed 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 condensed Financial Statements Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of these interim condensed financial statements 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 Kingdom of Saudi Arabia and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion:**

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

**Material Uncertainty Related to Going Concern:**

We draw attention to note 2.1 to the accompanying condensed interim financial statements. As at 31 March 2018, the Company has accumulated losses of SR 70.12 Million (2017: SR 37.32), which are 57.48% (2017: 30.59%) of the Company's share capital as at that date. The Company reduced its share capital by SR 83 Million during the year 2017. Further, the Company did not meet the solvency margin requirements as at 31 December 2017 and 31 March 2018 and the Company's solvency margin as at 31 March 2018 has declined substantially. Subsequent to the period ended 31 March 2018, the Company received a final warning from SAMA on 01 May 2018, requiring the Company to maintain the required solvency margin before 30 September 2018 and to appoint an independent consultant at the expense of the Company to provide advice on this matter. In case the Company does not take corrective measures, SAMA will take one or more decision including preventing the Company from accepting subscribers or investors or new subscribers in any of the insurance activities or reduce it. The accumulated losses, deficiency in solvency margin along with a final warning letter from SAMA in relation to the solvency margin as aforesaid, has created a material uncertainty and cast significant doubt on the Company's ability to continue as going concern and therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business. The management has prepared a business plan, under different scenarios including capital reduction of SR 22 million and capital injection of SR 100 million, to address the situation and ensure going concern status of the Company.

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المأجد والعنزي محاسبون مهنيون معتمدون



Morison KSI  
محاسبون مهنيون معتمدون

This plan shows the Company's ability to continue as going concern and address the issue of required solvency margin to be maintained under SAMA's Insurance Implementing Regulations and was approved by the Board of directors on 1 April 2018. Based on this, the financial statements of the Company for the period ended 31 March 2018 have been prepared by the management on going concern basis of accounting and these financial statements does not include any adjustments, which may be required, if the Company is not able to continue as going concern.

Our conclusion is not qualified in respect of this matter.

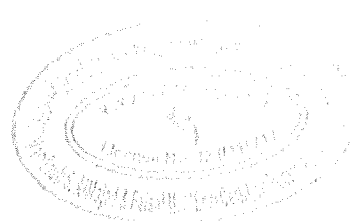
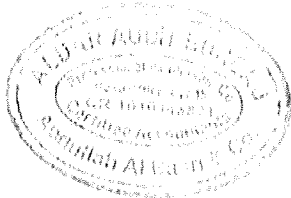
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9 May 2018  
23 Shaban 1439



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
As at 31 March 2018

	Note	31 March 2018 (Unaudited)	31 December 2017 (Audited)
SAR' 000			
ASSETS			
Cash and cash equivalents	4	41,092	120,336
Investments	5	15,619	19,569
Premiums and reinsurance receivables, net	6	186,607	149,222
Reinsurers' share of unearned premiums	8	64,585	69,033
Reinsurers' share of outstanding claims	7	76,556	86,484
Reinsurers' share of claims incurred but not reported	7	42,836	41,316
Reinsurers' share of other reserves	7	1,158	1,343
Deferred policy acquisition costs		14,468	14,231
Prepayments and other assets		22,063	16,553
Due from related parties	6	3,045	2,636
Statutory deposit	13	30,750	30,750
Statutory deposit investment return		1,748	1,611
Property and equipment		6,364	4,539
Intangible assets		3,224	1,879
TOTAL ASSETS		510,115	559,502
LIABILITIES			
Outstanding claims	7	64,655	61,561
Claims incurred but not reported	7	151,363	169,347
Premium deficiency reserve	7	674	207
Other reserves	7	8,112	4,121
Unearned premiums	8	156,675	176,943
Reinsurance balances payable		25,215	10,172
Unearned reinsurance commission		9,305	6,641
Accrued expenses and other liabilities		18,063	17,496
Zakat and income tax payable	9	4,966	3,966
Mathematical for life insurance operations		1,517	1,517
End of service benefits		3,849	3,849
Statutory deposit investment return payable		1,748	1,611
Due to related parties	11	11,732	11,732
TOTAL LIABILITIES		457,874	469,163
INSURANCE OPERATION SURPLUS			
Surplus distribution to Policyholder		-	6,346
Remeasurement of end of service benefits		361	361
		361	6,707
TOTAL LIABILITIES AND INSURANCE OPERATION'S SURPLUS			
		458,235	475,870
SHAREHOLDERS' EQUITY			
Share capital	10	122,000	122,000
Accumulated losses		(70,120)	(37,318)
Fair value reserve for available for sale investments		-	(1,050)
TOTAL SHAREHOLDERS' EQUITY		51,880	83,632
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		510,115	559,502

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

Chairman

Director

Chief Executive Officer

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

**INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)**

For the three months period ended 31 March

Note	31 March 2018	31 March 2017
	SAR' 000	
<b>REVENUES</b>		
Gross premiums written	88,209	233,019
Reinsurance premiums ceded		
- Local	(6,972)	(28,479)
- Foreign	(27,620)	(50,387)
Excess of loss expenses		
- Local	(1,124)	-
- Foreign	(656)	(1,919)
<b>Net premiums written</b>	<b>51,837</b>	<b>152,234</b>
Changes in unearned premiums, net	15,819	(36,984)
<b>Net premiums earned</b>	<b>67,656</b>	<b>115,250</b>
Reinsurance commission earned	7,040	2,991
Other underwriting income	378	1,643
<b>Total Revenues</b>	<b>75,074</b>	<b>119,884</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>		
Gross claims paid	(118,509)	(142,910)
Reinsurers' share of claims paid	37,070	38,053
<b>Net claims paid</b>	<b>(81,439)</b>	<b>(104,857)</b>
Changes in outstanding claims, net	(13,020)	12,540
Changes in incurred but not reported claims , net	19,503	923
Changes in other reserves, net	(4,643)	2,519
<b>Net claims incurred</b>	<b>(79,599)</b>	<b>(88,875)</b>
Policy acquisition costs	(9,304)	(12,019)
Other underwriting expenses	(3,355)	(5,973)
<b>Total underwriting costs and expenses</b>	<b>(92,258)</b>	<b>(106,867)</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>(17,184)</b>	<b>13,017</b>
<b>OPERATING (EXPENSES) / INCOME</b>		
General and administrative expenses	(14,360)	(11,173)
Reversal of/ (Provision for) doubtful receivables	(1,369)	-
Other income	2,000	954
Investment income	83	1,205
Realized loss on investments	(972)	-
<b>Total operating (expenses)</b>	<b>(14,618)</b>	<b>(9,014)</b>
<b>Total (loss)/ income for the period</b>	<b>(31,802)</b>	<b>4,003</b>
Appropriation to policyholders operations	-	(357)
<b>Total (loss)/ income for the period attributable to the shareholders</b>	<b>(31,802)</b>	<b>3,646</b>
<b>(Loss) / profit per share (SR) - restated</b>	<b>(2.61)</b>	<b>0.30</b>
<b>Number of outstanding shares - restated</b>	<b>12,200,000</b>	<b>12,200,000</b>

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

Chairman

Director

Chief Executive Officer

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

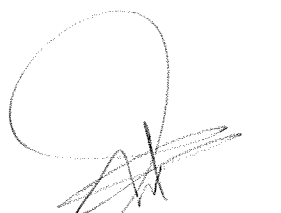
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)


For the three months period ended 31 March

	Notes	31 March 2018	31 March 2017
		SAR' 000	
Total (loss)/ Profit for the period		(31,802)	3,646
<b>Other comprehensive loss:</b>			
Items that will not reclassified to statement of income in subsequent periods			
Changes in fair value of available for sale investments		-	(157)
<b>Total comprehensive (loss)/ profit for the period</b>		<b>(31,802)</b>	<b>3,489</b>

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

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Chairman

  
Director

  
Chief Executive Officer

For the three months period ended 31 March

	Note	Share capital	Accumulated losses	Fair value reserve for available for sale investments	Total
					SAR'000
<b>2018</b>					
Balance as at 01 January 2018 (Audited)		122,000	(37,318)	(1,050)	83,632
Total comprehensive loss for the period	18.3	-	(31,802)	-	(31,802)
Change in fair value for available for sale investments		-	-	1,050	1,050
Zakat charge for the period	9	-	(1,000)	-	(1,000)
<b>Balance as at 31 March 2018 (Unaudited)</b>		<b>122,000</b>	<b>(70,120)</b>	<b>-</b>	<b>51,880</b>
<b>2017</b>					
Balance as at 01 January 2017 (Audited)		205,000	(83,317)	(609)	121,074
Total comprehensive loss for the period	18.3	-	3,646	-	3,646
Change in fair value for available for sale investments		-	-	(157)	(157)
Zakat and income tax charge for the period		-	(300)	-	(300)
<b>Balance as at 31 March 2017 (Unaudited)</b>		<b>205,000</b>	<b>(79,971)</b>	<b>(766)</b>	<b>124,263</b>

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

## Chairman

## Director

## Chief Executive Officer

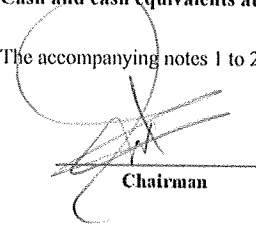
**SAUDI INDIAN COMPANY FOR COOPERATIVE INSURANCE "WAFA INSURANCE"**  
(A SAUDI JOINT STOCK COMPANY)

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

For the three months period ended 31 March

Note	31 March 2018	31 March 2017
	SAR' 000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / profit for the period	(31,802)	4,003
Adjustments for non cash items:		
Depreciation of property and equipment	371	180
Amortisation of intangibles	205	87
Provision for doubtful receivables	6 1,369	-
Realized loss on AFS	972	-
Unrealized loss on investments	-	29
Provision for retirement benefit obligation	79	42
	(28,806)	4,341
Changes in operating assets and liabilities:		
Premiums and reinsurance receivables	6 (38,754)	(80,839)
Reinsurers' share of unearned premiums	8 4,448	(56,720)
Reinsurers' share of outstanding claims	7 9,928	(1,407)
Reinsurers' share of claims incurred but not reported	7 (1,520)	(2,252)
Reinsurers' share of other reserves	7 185	-
Deferred policy acquisition costs	(237)	(8,424)
Prepayments and other assets	(5,510)	1,489
Due from related parties	(409)	-
Outstanding claims	7 3,094	(11,132)
Claims incurred but not reported	7 (17,984)	1,328
Other reserves	7 3,991	(2,519)
Premium deficiency reserve	7 467	
Unearned premiums	8 (20,268)	93,704
Reinsurance balances payable	15,043	35,893
Unearned reinsurance commission	2,663	10,131
Accrued expenses and other liabilities	568	3,773
Surplus Distribution payable	(6,346)	-
Cash (used in) / generated from operations	(79,447)	(12,634)
Retirement benefit obligation paid	(79)	(42)
<b>Net cash used in operating activities</b>	<b>(79,526)</b>	<b>(12,676)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangibles	(1,550)	(499)
Proceeds from disposal of investments	4,028	-
Purchase of property and equipment	(2,196)	(518)
<b>Net cash generated from / (used in) investing activities</b>	<b>282</b>	<b>(1,017)</b>
<b>Net change in cash and cash equivalents</b>	<b>(79,244)</b>	<b>(13,693)</b>
Cash and cash equivalents at the beginning of the period	120,336	302,030
<b>Cash and cash equivalents at the end of the period</b>	<b>41,092</b>	<b>288,337</b>

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

  
Chairman

  
Director

  
Chief Executive Officer

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three months period ended 31 March

**1 REPORTING ENTITY AND OPERATIONS**

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

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

The Company has been granted the license (number TMN/14/20086) to practice all lines of insurance business on 6 Jumada II, 1429H corresponding to 10 June 2008G from Saudi Arabian Monetary Authority (“SAMA”). The Company commenced its general insurance operations from 20 August 2008 and protection and savings insurance operations from 11 January 2009. The Company’s license has been renewed by SAMA for a period of three years effective from 3 March 2017 corresponding to 4 Jumada II, 1438H.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

As at 31 March 2018, the Company has accumulated losses of SR 70.12 million (2017: SR 37.32 million) which are 57.48% (2017: 30.59%) of the Company’s share capital as at that date. The Company reduced its capital by SR 83,000,000 during the year 2017. Further, the Company’s solvency margin as at 31 March 2018 has declined substantially, which will lead to implications and actions under Insurance Implementing Regulations, issued by SAMA. This situation has created a significant uncertainty with regards to going concern assumption followed in preparation of the financial statements and cast significant doubt as to the Company’s ability to continue as going concern and therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management has prepared a business plan, under different scenarios including capital reduction of SR 22 million and capital injection of SR 100 million, to address the situation and ensure going concern status of the Company. The said business plan was approved by the Company’s board of directors on 1st April 2018. The board of Directors has recommended the extra ordinary general assembly to approve the capital reduction of 22 Million and Capital Injection of SR 100 Million. On 29 April 2018 the company has Appointed Saudi Kuwait Finance House as a financial advisor to manage the process of reducing the company's capital and carrying out all related procedures. The company is in process of determining the date of extra ordinary general assembly and submit the request of Capital reduction and injection to the CMA. This plan shows the Company’s ability to continue as going concern and addresses issue of required solvency margin to be maintained under SAMA’s Insurance Implementing Regulations by 31 December 2018. Based on this, the financial statements of the Company have been prepared by the management on going concern basis of accounting.

Subsequent to the period ended 31 March 2018, the Company received a final warning from SAMA on 1 May 2018, requiring the Company to maintain the required solvency margin before 30 September 2018 and to appoint an independent consultant at the expense of the Company to provide advice on this matter. In case the Company doesn't take corective measures, SAMA will take one or more decisions including preventing the Company from accepting subscribers or investors or new subscribers in any of the insurance activities or reduce it.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three months period ended 31 March

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**2 BASIS OF PREPARATION (continued)**

**2.2 Basis of measurement**

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

**2.3 BASIS OF PRESENTATION**

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

**2.4 Functional and presentation currency**

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 New standards and amendments to existing standards**

The significant accounting policies adopted in the preparation of these interim condensed financial information are consistent with those followed in the preparation of the previous financial year, except for the following new and amended IFRSs and IFRIC interpretations. The Company has applied number of amendments to IFRSs and new interpretations issued by International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods beginning on or after 1 January 2017. The adoption of new standards, amendments and revisions to existing standards, as mentioned below, had no significant financial impact on the financial

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 interim condensed financial information 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 2 Share-based payment**

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three months period ended 31 March

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.1 New standards and amendments to existing standards (continued)**

**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 re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company will avail of the exemptions available to insurers and is considering deferring the implementation of IFRS 9 until a later date, but no later than January 1, 2021.

**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 Company is currently assessing the implication and effects of adopting IFRS 15 and the management believe that adoption of IFRS 15 will not have a material impact on the Company’s financial information.

**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 impact is not material for the Company.

**IFRS 17 - Insurance Contracts**

IFRS 17 applies to virtually all insurance contracts (including reinsurance contracts) that an entity issues, reinsurance contracts that it holds and investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three months period ended 31 March

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.2 Use of estimates in the preparation of interim condensed financial statements**

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

**3.3 Financial risk management**

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three months period ended 31 March

**4 CASH AND CASH EQUIVALENTS**

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Cash at banks – current accounts	27,883	13,209	41,092	36,069	14,267	50,336
Term deposit at banks (A.I.)	-	-	-	-	70,000	70,000
<b>Total</b>	<b>27,883</b>	<b>13,209</b>	<b>41,092</b>	<b>36,069</b>	<b>84,267</b>	<b>120,336</b>

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

**5 INVESTMENTS**

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Available for sale investments	15,619	-	15,619	15,619	3,950	19,569
<b>Total</b>	<b>15,619</b>	<b>-</b>	<b>15,619</b>	<b>15,619</b>	<b>3,950</b>	<b>19,569</b>

The movement during the period is as follows:

**Available for sale investment**

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	15,619	3,950	19,569	1,923	4,391	6,314
Addition	-	-	-	13,696	-	13,696
Changes in fair value	-	-	-	-	(441)	(441)
Redemptions	-	(3,950)	(3,950)	-	-	-
Balance at the end	<b>15,619</b>	<b>-</b>	<b>15,619</b>	<b>15,619</b>	<b>3,950</b>	<b>19,569</b>

**DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY**

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

in the accessible principal market for the asset or liability, or

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

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

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

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

	SAR'000			
As at 31 March 2018 (unaudited)	Level 1	Level 2	Level 3	Total
Insurance operations	-	-	15,619	15,619
<b>Total</b>	<b>-</b>	<b>-</b>	<b>15,619</b>	<b>15,619</b>
	SAR'000			
As at 31 December 2017 (Audited)	Level 1	Level 2	Level 3	Total
Insurance operations	-	-	15,619	15,619
Shareholder's operations	3,950	-	-	3,950
<b>Total</b>	<b>3,950</b>	<b>-</b>	<b>15,619</b>	<b>19,569</b>

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**6 PREMIUMS AND REINSURANCE RECEIVABLES - NET**

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Policyholders	164,612	-	164,612	151,962	-	151,962
Related party (note 12)	3,045	-	3,045	2,636	-	2,636
Reinsurance receivables	61,751	-	61,751	35,647	-	35,647
	229,408	-	229,408	190,245	-	190,245
Provision for doubtful receivables	(39,756)	-	(39,756)	(38,387)	-	(38,387)
	189,652	-	189,652	151,858	-	151,858

**7 OUTSTANDING CLAIMS**

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Outstanding claims	104,703	76,556	28,147	102,079	86,484	15,595
Less: Realizable value of salvage and subro	40,048	-	40,048	40,518	-	40,518
Gros Outstanding claims	64,655	76,556	(11,901)	61,561	86,484	(24,923)
Claims incurred but not reported	151,363	42,836	108,527	169,347	41,317	128,030
Premium deficiency reserve	674	-	674	207	-	207
Other technical reserves	8,112	1,158	6,954	4,121	1,343	2,778
	224,804	120,550	104,254	235,236	129,144	106,092

**8 MOVEMENT IN UNEARNED PREMIUMS**

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Balance as at the beginning of the period	176,943	69,033	107,910	225,159	26,763	198,396
Premium written during the period	88,208	36,370	51,838	499,995	178,891	321,104
Premium earned during the period	(108,476)	(40,818)	(67,658)	(548,211)	(136,621)	(411,590)
Balance as at the end of the period	156,675	64,585	92,090	176,943	69,033	107,910

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**9 ZAKAT AND INCOME TAX PAYABLE**

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Zakat payable		4,801	4,801	-	3,801	3,801
Income tax payable		165	165	-	165	165
Zakat and Income tax payable	-	4,966	4,966	-	3,966	3,966

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

The movement in Zakat provision is as follows:

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	3,801	3,801	-	3,172	3,172
Zakat charge	-	1,000	1,000	-	3,902	3,902
Zakat payment made	-	-	-	-	(3,273)	(3,273)
<b>Balance at the end</b>	-	4,801	4,801	-	3,801	3,801

The Company has filed zakat and income tax returns for the financial year 2017 with the General Authority of Zakat and Tax (the "GAZT") and obtained the required certificate.

The GAZT issued assessment for the years 2006 - 2013 with an additional liability of SAR 8.5 million. The Company has received revised assessment with an additional liability of SAR 4.5 million. The Company is in process of filing appeal against GAZT revised assessment and is confident of a favorable outcome. However, the Company has booked a provision of SAR 3.8 million.

**Income tax:**

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

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

**Income tax:**

The movement in income tax provision is as follows:

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	166	166	-	1,750	1,750
Income tax charge	-	-	-	-	65	65
Income tax payment made	-	-	-	-	(1,650)	(1,650)
<b>Balance at the end of the period/ year</b>	<b>-</b>	<b>166</b>	<b>166</b>	<b>-</b>	<b>165</b>	<b>165</b>

**10 SHARE CAPITAL**

The share capital of the company was SAR 122 Million as at 31 March 2018 (31 December 2017: SAR 122 Million) consisting of 12.2 Million shares (31 December 2017: 12.2 Million) of SAR 10 each.

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

	As at 31 March 2018 (unaudited)			As at 31 December 2017 (Audited)		
	No. of shares	Value per share	SAR'000	No. of shares	Value per share	SAR'000
The New India Assurance Co. Ltd	630,829	10	6,308	630,829	10	6,308
Life Insurance Corporation of India	607,024	10	6,070	607,024	10	6,070
LIC (International) BSC	607,024	10	6,070	607,024	10	6,070
Local shareholders and general public	10,355,123	10	103,552	10,355,123	10	103,552
	<b>12,200,000</b>	<b>10</b>	<b>122,000</b>	<b>12,200,000</b>	<b>10</b>	<b>122,000</b>

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 H. The legal procedures have been completed related to updating the commercial registration and Company's by-laws. (Refer to note 2.1).

**11 TRANSACTIONS WITH RELATED PARTIES**

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

In addition to the notes 4 and 5, following are the details of major related party transactions during the year and the related balances at the end of the year:

Nature of transactions	For the three months period ended 31 Mar 2018 (unaudited)			For the three months period ended 31 Mar 2017 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Reinsurance premiums ceded	15	-	15	538	-	538
Reinsurance commission	3	-	3	141	-	141
Reinsurance share of claims	10	-	10	248	-	248
	<b>As at 31 March 2018 (unaudited)</b>			<b>As at 31 December 2017 (Audited)</b>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Net Receivable	3,045	-	3,045	2,636	-	2,636
Share compensation payable	-	11,173	11,173	-	11,173	11,173
<u>Other related parties</u>						
Investments	13,696	-	13,696	13,696	-	13,696

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**11 TRANSACTIONS WITH RELATED PARTIES (continued)**

Information relating to key management personnel:	For the three months period ended 31 March 2018 (unaudited)			For the three months period ended 31 March 2017 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Employee benefits	1,272	-	1,272	896	-	896

Board and sub committees related expenses:	For the three months period ended 31 March 2018 (unaudited)			For the three months period ended 31 March 2017 (unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Directors' remuneration	-	225	225	-	225	225
Attendance fees	-	248	248	-	59	59
Payables	-	2,724	2,724	-	2,844	2,844

**12 CONTINGENCIES AND COMMITMENT**

As at 31 March 2018, there are no contingencies and commitments.

**13 STATUTORY DEPOSITS**

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

**14 CAPITAL MANAGEMENT**

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

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period. (Refer to note 2.1 and 11).

**15 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 month period ended 31 March 2018 (31 March 2017: 12,200,000 shares).

**16 SEGMENT REPORTING**

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

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

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

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

Segment results do not include general and administrative expenses.

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

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**17 SEGMENT REPORTING (Continued)**

	For the period ended 31 March 2018			
	Motor	Medical	Others	Total
	SAR'000			
<b>REVENUES</b>				
Gross premiums written	47,244	13,680	27,285	88,209
Reinsurance premiums ceded	(5,074)	(4,444)	(25,074)	(34,592)
Excess of loss expenses	(1,312)	-	(468)	(1,780)
Net premiums written	40,858	9,236	1,743	51,837
Net change in unearned premiums	(2,618)	19,572	(1,135)	15,819
Net premiums earned	38,240	28,808	608	67,656
Reinsurance commission earned	2,141	2,364	2,535	7,040
Other underwriting income	378	-	-	378
Total insurance revenues	40,759	31,172	3,143	75,074
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	80,398	35,280	2,831	118,509
Reinsurers' share of claims paid	16,712	17,890	2,468	37,070
Net claims paid	63,686	17,390	363	81,439
Changes in outstanding claims, net	5,903	5,932	1,185	13,020
Changes in incurred but not reported claims , 1	(21,578)	1,903	172	(19,503)
Changes in other reserves, net	4,371	257	15	4,643
Net claims incurred	52,382	25,482	1,735	79,599
Policy acquisition costs	4,477	3,319	1,508	9,304
Other underwriting expenses	1,563	1,630	162	3,355
Total underwriting costs and expenses	58,422	30,431	3,405	92,258
NET UNDERWRITING (LOSS)/ INCOME	(17,663)	741	(262)	(17,184)
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>				
General and administrative expenses				(13,803)
Provision for doubtful receivables				(1,369)
Other Income				2,000
Total other operating expenses				(13,172)
Net deficit				(30,356)
Appropriation to policyholders operations				-
Net deficit after appropriations to policyholders operations				(30,356)

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**17 SEGMENT REPORTING (Continued)**

	For the period ended 31 March 2017			
	Motor	Medical	Others	Total
	SAR'000			
<b>REVENUES</b>				
Gross premiums written	146,131	65,483	21,405	233,019
Reinsurance premiums ceded	(36,934)	(22,244)	(19,688)	(78,866)
Excess of loss expenses	(1,774)	-	(145)	(1,919)
Net premiums written	107,423	43,239	1,572	152,234
Net change in unearned premiums	(9,747)	(26,819)	(418)	(36,984)
Net premiums earned	97,676	16,420	1,154	115,250
Reinsurance commission earned	879	-	2,112	2,991
Other underwriting income	2,597	-	377	2,974
Total insurance revenues	101,152	16,420	3,643	121,215
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	97,525	25,836	19,549	142,910
Reinsurers' share of claims paid	4,818	14,198	19,037	38,053
Net claims paid	92,707	11,638	512	104,857
Changes in outstanding claims, net	(2,519)	-	-	(2,519)
Changes in incurred but not reported claims , 1	(924)	-	-	(924)
Changes in other reserves, net	(12,196)	(670)	327	(12,539)
Net claims incurred	77,068	10,968	839	88,875
Policy acquisition costs	8,888	2,164	967	12,019
Other underwriting expenses	1,242	4,635	96	5,973
Total underwriting costs and expenses	87,198	17,767	1,902	106,867
<b>NET UNDERWRITING INCOME</b>	13,954	(1,347)	1,741	14,348
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>				
General and administrative expenses	6,791	3,018	970	10,779
Total other operating expenses				10,779
Net surplus				3,569
Appropriation to policyholders operations				-
Net surplus after appropriations to policyholders operations				3,569

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17 SEGMENT REPORTING (Continued)

	As at 31 March 2018			
	Motor	Medical	Others	Total
	SAR'000			
<b>ASSETS</b>				
Reinsurers' share of outstanding claims	3,174	7,852	65,530	76,556
Reinsurers' share of claims incurred but not reported	6,402	23,133	13,301	42,836
Reinsurers' share of other reserves	-	-	1,158	1,158
Reinsurers' share of unearned premiums	12,043	20,997	31,545	64,585
Deferred policy acquisition costs	7,119	3,334	4,015	14,468
Unallocated assets	-	-	-	264,805
<b>Total assets</b>				<b>464,408</b>

	As at 31 March 2018			
	Motor	Medical	Others	Total
	SAR'000			
<b>LIABILITIES</b>				
Outstanding claims	(21,403)	15,581	70,477	64,655
Claims incurred but not reported	91,277	46,092	13,995	151,364
Premium deficiency reserve	674	-	-	674
Other reserves	5,510	1,233	1,368	8,111
Unearned premiums	71,255	50,362	35,058	156,675
Unearned insurance commission	1,832	-	7,473	9,305
Unallocated liabilities	-	-	-	73,624
<b>Total liabilities</b>				<b>464,408</b>

	As at 31 December 2017			
	Motor	Medical	Others	Total
	SAR'000			
<b>ASSETS</b>				
Reinsurers' share of outstanding claims	1,810	2,041	82,632	86,483
Reinsurers' share of claims incurred but not reported	7,450	23,913	9,954	41,317
Reinsurers' share of other reserves	-	-	1,343	1,343
Reinsurers' share of unearned premiums	18,853	33,218	16,962	69,033
Deferred policy acquisition costs	6,801	5,850	1,580	14,231
Unallocated assets	-	-	-	243,311
<b>Total assets</b>				<b>455,718</b>

	As at 31 December 2017			
	Motor	Medical	Others	Total
	SAR'000			
<b>LIABILITIES</b>				
Outstanding claims	(28,670)	3,838	86,393	61,561
Claims incurred but not reported	113,903	44,968	10,475	169,346
Premium deficiency reserve	-	207	-	207
Other reserves	1,814	770	1,538	4,122
Unearned premiums	75,447	82,154	19,342	176,943
Unearned insurance commission	3,212	-	3,430	6,642
Unallocated liabilities	-	-	-	36,897
<b>Total liabilities</b>				<b>455,718</b>

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**18 SUPPLEMENTARY INFORMATION**

**18.1 Interim condensed statement of financial position**

	As at 31 March 2018 (Unaudited)			As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<b>ASSETS</b>						
Cash and cash equivalents	27,883	13,209	41,092	36,069	84,267	120,336
Investments	15,619	-	15,619	15,619	3,950	19,569
Premiums and reinsurance receivables, net	186,607	-	186,607	149,222	-	149,222
Reinsurers' share of unearned premiums	64,585	-	64,585	69,033	-	69,033
Reinsurers' share of outstanding claims	76,556	-	76,556	86,484	-	86,484
Reinsurers' share of claims incurred but not reported	42,836	-	42,836	41,316	-	41,316
Reinsurers' share of other reserves	1,158	-	1,158	1,343	-	1,343
Deferred policy acquisition costs	14,468	-	14,468	14,231	-	14,231
Prepayments and other assets	22,063	-	22,063	16,430	123	16,553
Due from related parties	3,045	-	3,045	2,636	-	2,636
Due from shareholders' operations	-	-	-	16,917	-	16,917
Due from shareholders' operations	-	27,344	27,344	-	-	-
Statutory deposit	-	30,750	30,750	-	30,750	30,750
Statutory deposit investment return	-	1,748	1,748	-	1,611	1,611
Property and equipment	6,364	-	6,364	4,539	-	4,539
Intangible Assets - Software	3,224	-	3,224	1,879	-	1,879
<b>TOTAL ASSETS</b>	<b>464,408</b>	<b>73,051</b>	<b>537,459</b>	<b>455,718</b>	<b>120,701</b>	<b>576,419</b>
<b>LIABILITIES</b>						
Outstanding claims	64,655	-	64,655	61,561	-	61,561
Claims incurred but not reported	151,363	-	151,363	169,347	-	169,347
Premium deficiency reserve	674	-	674	207	-	207
Other reserves	8,112	-	8,112	4,121	-	4,121
Unearned premiums	156,675	-	156,675	176,943	-	176,943
Reinsurance balances payable	25,215	-	25,215	10,172	-	10,172
Unearned reinsurance commission	9,305	-	9,305	6,642	-	6,642
Accrued expenses and other liabilities	15,338	2,725	18,063	14,652	3,965	18,617
Zakat and income tax payable	-	4,966	4,966	-	2,844	2,844
Mathematical for life insurance operations	1,517	-	1,517	1,517	-	1,517
End of service benefits	3,849	-	3,849	3,849	-	3,849
Statutory deposit investment return payable	-	1,748	1,748	-	1,611	1,611
Due to related parties	-	11,732	11,732	-	11,732	11,732
Due to insurance operations	-	-	-	-	16,917	16,917
Due from shareholders' operations	27,344	-	27,344	-	-	-
<b>TOTAL LIABILITIES</b>	<b>464,047</b>	<b>21,171</b>	<b>485,218</b>	<b>449,011</b>	<b>37,069</b>	<b>486,080</b>
<b>INSURANCE OPERATION SURPLUS</b>						
Surplus distribution to Policyholder	-	-	-	6,346	-	6,346
Remeasurement of end of service benefits	361	-	361	361	-	361
	<b>361</b>	<b>-</b>	<b>361</b>	<b>6,707</b>	<b>-</b>	<b>6,707</b>
<b>TOTAL LIABILITIES AND INSURANCE OPERATION'S SURPLUS</b>	<b>464,408</b>	<b>21,171</b>	<b>485,579</b>	<b>455,718</b>	<b>37,069</b>	<b>492,787</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	-	122,000	122,000	-	122,000	122,000
Accumulated losses	-	(70,120)	(70,120)	-	(37,318)	(37,318)
Fair value reserve for available for sale investments	-	-	-	-	(1,050)	(1,050)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>51,880</b>	<b>51,880</b>	<b>-</b>	<b>83,632</b>	<b>83,632</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>464,408</b>	<b>73,051</b>	<b>537,459</b>	<b>455,718</b>	<b>120,701</b>	<b>576,419</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three months period ended 31 March

**18 SUPPLEMENTARY INFORMATION (continued)**

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

Note	Three months period ended 31 March 2018			Three months period ended 31 March 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<b>REVENUES</b>						
Gross premiums written	88,209	-	88,209	233,019	-	233,019
Reinsurance premiums ceded						
- Local	(6,972)	-	(6,972)	(28,479)	-	(28,479)
- Foreign	(27,620)	-	(27,620)	(50,387)	-	(50,387)
Excess of loss expenses						
- Local	(1,124)	-	(1,124)	-	-	-
- Foreign	(656)	-	(656)	(1,919)	-	(1,919)
<b>Net premiums written</b>	<b>51,837</b>	<b>-</b>	<b>51,837</b>	<b>152,234</b>	<b>-</b>	<b>152,234</b>
Changes in unearned premiums, net	15,819	-	15,819	(36,984)	-	(36,984)
<b>Net premiums earned</b>	<b>67,656</b>	<b>-</b>	<b>67,656</b>	<b>115,250</b>	<b>-</b>	<b>115,250</b>
Reinsurance commission earned	7,040	-	7,040	2,991	-	2,991
Other underwriting income	378	-	378	1,643	-	1,643
<b>Total Revenues</b>	<b>75,074</b>	<b>-</b>	<b>75,074</b>	<b>119,884</b>	<b>-</b>	<b>119,884</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(118,509)	-	(118,509)	(142,910)	-	(142,910)
Reinsurers' share of claims paid	37,070	-	37,070	38,053	-	38,053
<b>Net claims paid</b>	<b>(81,439)</b>	<b>-</b>	<b>(81,439)</b>	<b>(104,857)</b>	<b>-</b>	<b>(104,857)</b>
Changes in outstanding claims, net	(13,020)	-	(13,020)	12,539	-	12,539
Changes in incurred but not reported claims , net	19,503	-	19,503	924	-	924
Changes in other reserves, net	(4,643)	-	(4,643)	2,519	-	2,519
<b>Net claims incurred</b>	<b>(79,599)</b>	<b>-</b>	<b>(79,599)</b>	<b>(88,875)</b>	<b>-</b>	<b>(88,875)</b>
Policy acquisition costs	(9,304)	-	(9,304)	(12,019)	-	(12,019)
Other underwriting expenses	(3,355)	-	(3,355)	(5,973)	-	(5,973)
<b>Total underwriting costs and expenses</b>	<b>(92,258)</b>	<b>-</b>	<b>(92,258)</b>	<b>(106,867)</b>	<b>-</b>	<b>(106,867)</b>
<b>NET UNDERWRITING INCOME</b>	<b>(17,184)</b>	<b>-</b>	<b>(17,184)</b>	<b>13,017</b>	<b>-</b>	<b>13,017</b>
<b>OPERATING (EXPENSES) / INCOME</b>						
General and administrative expenses	(13,803)	(557)	(14,360)	(10,779)	(394)	(11,173)
(Provision for) doubtful receivables	(1,369)	-	(1,369)	-	-	-
Other Income	2,000	-	2,000	954	-	954
Investment income	-	83	83	377	828	1,205
Realized loss on investments	-	(972)	(972)	-	-	-
<b>Total operating (expenses)/ income</b>	<b>(13,172)</b>	<b>(1,446)</b>	<b>(14,618)</b>	<b>(9,448)</b>	<b>434</b>	<b>(9,014)</b>
<b>Net (deficit) / surplus</b>	<b>(30,356)</b>	<b>(1,446)</b>	<b>(31,802)</b>	<b>3,569</b>	<b>434</b>	<b>4,003</b>
Appropriation to policyholders operations	30,356	(30,356)	-	(357)	-	(357)
<b>Net deficit / Surplus after appropriations to policyholders operations</b>	<b>-</b>	<b>(31,802)</b>	<b>(31,802)</b>	<b>3,212</b>	<b>434</b>	<b>3,646</b>
<b>(Loss) / profit per share (SR)</b>			<b>(2.61)</b>			<b>0.30</b>
<b>Number of outstanding shares</b>			<b>12,200,000</b>			<b>12,200,000</b>
						restated

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three months period ended 31 March

**18 SUPPLEMENTARY INFORMATION (continued)**

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

Note	Three months period ended 31 March 2018			Three months period ended 31 March 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Total (loss) / Profit for the period	-	(31,802)	(31,802)	3,212	434	3,646
<b>Other comprehensive loss:</b>						
Items that will not be reclassified to statement of income in subsequent periods:						
Changes in fair value of available for sale investments	-	-	-	-	(157)	(157)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(31,802)</b>	<b>(31,802)</b>	<b>3,212</b>	<b>277</b>	<b>3,489</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three months period ended 31 March

**18 SUPPLEMENTARY INFORMATION (continued)**

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

	Three months period ended 31 March			Three months period ended 31 March		
Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net (loss) / profit for the period	-	(31,802)	(31,802)	357	3,646	4,003
Adjustments for non cash items:						
Shareholders' operations appropriations	(30,356)	30,356	-	3,212	(3,212)	-
Depreciation of property and equipment	371	-	371	180	-	180
Amortisation of intangibles	205	-	205	87	-	87
Provision for doubtful receivables	1,369	-	1,369	-	-	-
Realized loss on AFS	-	972	972	-	-	-
Unrealized loss on investments	-	-	-	29	-	29
Provision for end of service benefits	79	-	79	42	-	42
	(28,332)	(474)	(28,806)	3,907	434	4,341
Changes in operating assets and liabilities:						
Premiums and reinsurance receivables	(38,754)	-	(38,754)	(80,839)	-	(80,839)
Reinsurers' share of unearned premiums	4,448	-	4,448	(56,720)	-	(56,720)
Reinsurers' share of outstanding claims	9,928	-	9,928	(1,407)	-	(1,407)
Reinsurers' share of claims incurred but not reported	(1,520)	-	(1,520)	(2,252)	-	(2,252)
Reinsurers' share of other reserves	185	-	185	-	-	-
Deferred policy acquisition costs	(237)	-	(237)	(8,424)	-	(8,424)
Prepayments and other assets	(5,633)	123	(5,510)	1,418	71	1,489
Due from related parties	(409)	-	(409)	-	-	-
Due to insurance operations	-	(16,917)	(16,917)	-	(19,935)	(19,935)
Due from insurance operation	-	(57,698)	(57,698)	-	-	-
Outstanding claims	3,094	-	3,094	(11,132)	-	(11,132)
Claims incurred but not reported	(17,984)	-	(17,984)	1,328	-	1,328
Other reserves	3,991	-	3,991	(2,519)	-	(2,519)
Premium deficiency reserve	467	-	467	-	-	-
Unearned premiums	(20,268)	-	(20,268)	93,704	-	93,704
Reinsurance balances payable	15,043	-	15,043	35,893	-	35,893
Unearned reinsurance commission	2,663	-	2,663	10,131	-	10,131
Accrued expenses and other liabilities	688	(120)	568	3,997	(224)	3,773
Surplus Distribution payable	(6,346)	-	(6,346)	-	-	-
Due to shareholders' operations	57,698	-	57,698	-	-	-
Due from shareholders' operations	16,917	-	16,917	19,935	-	19,935
Cash (used in) / generated from operations	(4,361)	(75,086)	(79,447)	7,020	(19,654)	(12,634)
End of service benefits paid	(79)	-	(79)	(42)	-	(42)
<b>Net cash (used in) / generated from operating activities</b>	<b>(4,440)</b>	<b>(75,086)</b>	<b>(79,526)</b>	<b>6,978</b>	<b>(19,654)</b>	<b>(12,676)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of intangibles	(1,550)	-	(1,550)	(499)	-	(499)
Proceeds from disposal of investments	-	4,028	4,028	-	-	-
Purchase of property and equipment	(2,196)	-	(2,196)	(518)	-	(518)
<b>Net cash generated (used in)/ from investing activities</b>	<b>(3,746)</b>	<b>4,028</b>	<b>282</b>	<b>(1,017)</b>	<b>-</b>	<b>(1,017)</b>
<b>Net change in cash and cash equivalents</b>	<b>(8,186)</b>	<b>(71,058)</b>	<b>(79,244)</b>	<b>5,961</b>	<b>(19,654)</b>	<b>(13,693)</b>
Cash and cash equivalents at the beginning of the period	36,069	84,267	120,336	127,639	174,391	302,030
<b>Cash and cash equivalents at the end of the period</b>	<b>27,883</b>	<b>13,209</b>	<b>41,092</b>	<b>133,600</b>	<b>154,737</b>	<b>288,337</b>

**19 COMPARATIVE FIGURES**

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

**20 APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the board of directors of the company on 9 May 2018 G corresponding to 23 Shaban 1439 H.