

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

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

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2018

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



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

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at September 30, 2018 and the interim statements of income and comprehensive income for the three month and nine month periods then ended and interim statements of changes in shareholders' equity and cash flows for the nine months period then ended and other explanatory notes (the interim condensed financial information). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by Saudi Arabian Monetary Authority (SAMA) for accounting of zakat and income taxes. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

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

Bader I. Benmohareb
Certified Public Accountant
Registration No. 471



30 Safar 1440 H
8 November 2018

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

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



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

INTERIM STATEMENT OF FINANCIAL POSITION

		SAR	
	Notes	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS			
Cash and cash equivalents	4	74,846,895	133,330,865
Premiums receivable, net	5	367,377,569	362,511,115
Reinsurers' balance receivable, net	6	41,050,057	72,541,695
Reinsurers' share of outstanding claims	7.1	217,416,398	196,869,565
Reinsurers' share of unearned premiums	7.2	175,375,951	180,184,370
Reinsurers' share of claims incurred but not reported	7.1	80,684,835	85,853,718
Deferred policy acquisition costs		20,466,558	23,866,281
Available for sale investments	8.1	364,045,248	309,049,420
Unit linked investments		567,086,232	573,716,396
Prepaid expenses and other assets		73,910,723	26,886,205
Property and equipment		4,495,277	3,635,196
Statutory deposit		20,000,000	20,000,000
Accrued income on statutory deposit		995,895	817,056
TOTAL ASSETS		2,007,751,638	1,989,261,882
LIABILITIES			
Accrued and other liabilities		65,269,234	25,542,223
Policyholders claims payable		58,159,271	39,321,155
Reinsurers' balances payable		134,500,887	181,657,278
Outstanding claims	7.1	267,179,851	237,365,286
Claims incurred but not reported	7.1	189,265,373	197,176,081
Unit linked liabilities	7.1	561,864,124	573,051,956
Premium deficiency reserve	7.1	6,601,259	10,717,152
Additional premium reserves	7.1	1,084,440	1,317,438
Unearned premiums	7.2	404,002,516	415,612,645
Unearned reinsurance commission		7,160,140	10,813,751
End-of-service indemnities		16,514,808	15,457,826
Accrued commission income payable to SAMA		995,895	817,056
Zakat and income tax	13	20,944,015	21,416,946
TOTAL LIABILITIES		1,733,541,813	1,730,266,793
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		11,742,361	9,582,216
Actuarial reserve for employee benefits		(765,304)	(765,304)
Fair value reserve on investments	8.2	(4,424,569)	(926,182)
TOTAL INSURANCE OPERATIONS' SURPLUS		6,552,488	7,890,730
TOTAL LIABILITIES AND INSURANCE OPERATIONS' SURPLUS			
		1,740,094,301	1,738,157,523
SHAREHOLDERS' EQUITY			
Share capital	14	200,000,000	200,000,000
Share premium		22,711,315	22,711,315
Statutory reserve		6,983,645	6,983,645
Retained earnings		43,290,445	19,902,207
Fair value reserve on investments	8.2	(5,328,068)	1,507,192
TOTAL SHAREHOLDERS' EQUITY		267,657,337	251,104,359
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY			
		2,007,751,638	1,989,261,882
CONTINGENCIES			
		10,710,000	1,680,000
Xavier Denys Chief Executive Officer		Alwaleed Abdulrazak Al Dryaan Chairman	
		Mohammad Koubar Chief Financial Officer	


The accompanying notes 1 to 18 form an integral part of these interim condensed financial information.

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

		SAR			
		<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
		<i>September 30, 2018</i>	<i>September 30, 2017</i>	<i>September 30, 2018</i>	<i>September 30, 2017</i>
Note		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUES					
	Gross premiums written	7.2 140,581,926	147,136,786	663,891,629	673,709,909
	Reinsurance premiums ceded abroad	7.2 (32,474,455)	(41,168,212)	(202,108,044)	(171,356,740)
	Reinsurance premiums ceded locally	7.2 (4,123,886)	(2,390,084)	(13,362,823)	(8,581,936)
	Excess of loss expenses	7.2 (1,427,320)	(1,381,752)	(4,281,960)	(4,211,210)
	Net premiums written	102,556,265	102,196,738	444,138,802	489,560,023
	Changes in unearned premiums, net	47,302,252	57,716,640	6,801,710	(16,391,455)
	Net premiums earned	149,858,517	159,913,378	450,940,512	473,168,568
	Reinsurance commissions	6,058,947	7,798,432	15,491,069	10,994,052
	Unrealized (loss) / gain on unit linked investments	(2,359,385)	3,246,145	11,716,422	13,053,930
	TOTAL REVENUES	153,558,079	170,957,955	478,148,003	497,216,550
UNDERWRITING COSTS AND EXPENSES					
	Gross claims paid	(117,333,715)	(126,665,941)	(334,251,045)	(330,670,281)
	Surrenders and maturities	(32,749,015)	(32,915,837)	(104,362,260)	(109,339,655)
	Reinsurers' share of claims paid	42,790,876	34,868,549	99,951,471	106,811,705
	Net claims and other benefits paid	(107,291,854)	(124,713,229)	(338,661,834)	(333,198,231)
	Changes in outstanding claims, net	(3,074,619)	6,216,912	(9,267,732)	305,911
	Changes in claims incurred but not reported, net	(765,925)	(5,823,242)	2,741,825	(32,881,774)
	Net claims and other benefits incurred	(111,132,398)	(124,319,559)	(345,187,741)	(365,774,094)
	Changes in unit linked liabilities	2,663,528	3,989,070	11,187,832	12,388,559
	Changes in premium deficiency reserve	(1,571,838)	(2,333,287)	4,115,893	(2,251,037)
	Changes in additional premium reserve	200,762	-	232,998	-
	Policy acquisition costs	(13,965,441)	(15,921,797)	(41,154,660)	(43,611,355)
	TOTAL UNDERWRITING COSTS AND EXPENSES	(123,805,387)	(138,585,573)	(370,805,678)	(399,247,927)
	NET UNDERWRITING INCOME	29,752,692	32,372,382	107,342,325	97,968,623
OTHER OPERATING (EXPENSES) / INCOME					
	Provision of doubtful debts	(559,482)	(187,739)	(4,190,655)	(1,767,198)
	Inspection and supervision fees	(1,459,351)	(1,030,676)	(4,664,328)	(4,422,501)
	General and administrative expenses	(22,887,519)	(25,576,912)	(79,789,755)	(74,606,667)
	Other income	5,207,209	3,134,074	12,430,098	9,747,940
	TOTAL OTHER OPERATING EXPENSES	(19,699,143)	(23,661,253)	(76,214,640)	(71,048,426)
	Net income for the period	10,053,549	8,711,129	31,127,685	26,920,197
	Net income for the period attributed to the insurance operations	(826,634)	(736,043)	(2,675,399)	(2,332,289)
	Net income for the period attributable to the shareholders	9,226,915	7,975,086	28,452,286	24,587,908
Earnings per share					
	Basic and diluted earnings per share	0.46	0.40	1.42	1.23


Xavier Denys
Chief Executive Officer


Alwaleed Abdulrazak Al Dryaan
Chairman


Mohammad Koubar
Chief Financial Officer

The accompanying notes 1 to 18 form an integral part of these interim condensed financial information.

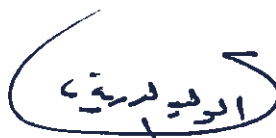
**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF COMPREHENSIVE INCOME

Notes	SAR			
	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
	<i>September 30, 2018</i>	<i>September 30, 2017</i>	<i>September 30, 2018</i>	<i>September 30, 2017</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total income for the period	10,053,549	8,711,129	31,127,685	26,920,197
Other comprehensive income				
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>				
- Fair value change in available for sale investments	8.2 (3,280,748)	551,473	(10,333,647)	3,032,024
- Transferred to realised loss on available for sale investments disposal	-	283,306	-	283,306
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,772,801	9,545,908	20,794,038	30,235,527
Total comprehensive loss / (income) attributed to the insurance operations	16(c) (833,356)	(1,335,131)	822,988	(3,391,097)
Total comprehensive income for the period attributable to the shareholders	5,939,445	8,210,777	21,617,026	26,844,430



Xavier Denys
Chief Executive Officer



Alwaleed Abdulrazak Al Dryaan
Chairman




Mohammad Koubar
Chief Financial Officer


The accompanying notes 1 to 18 form an integral part of these interim condensed financial information.

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SAR						
Notes	Share capital	Share premium	Statutory reserve	Retained earnings	Fair value reserve on investments	Total
Balance at January 01, 2018 (Audited)	200,000,000	22,711,315	6,983,645	19,902,207	1,507,192	251,104,359
Total comprehensive income for the period:						
Changes in fair values of available for sale investments	-	-	-	-	(6,835,260)	(6,835,260)
Net income for the period attributable to shareholders	-	-	-	28,452,286	-	28,452,286
Total comprehensive income for the period attributable to shareholders				28,452,286	(6,835,260)	21,617,026
Zakat charge for the period				(2,446,258)	-	(2,446,258)
Income tax charge for the period				(2,617,790)	-	(2,617,790)
Balance at September 30, 2018 (Unaudited)	200,000,000	22,711,315	6,983,645	43,290,445	(5,328,068)	267,657,337
Balance at January 01, 2017 (Audited)	200,000,000	22,711,315		(448,379)	(908,650)	221,354,286
Total comprehensive income for the period:						
Changes in fair values of available for sale investments	-	-	-	-	2,256,522	2,256,522
Net income for the period attributable to shareholders	-	-	-	24,587,908	-	24,587,908
Total comprehensive income for the period attributable to shareholders				24,587,908	2,256,522	26,844,430
Zakat charge for the period				(3,062,803)	-	(3,062,803)
Income tax charge for the period				(1,963,876)	-	(1,963,876)
Balance at September 30, 2017 (Unaudited)	200,000,000	22,711,315	-	19,112,850	1,347,872	243,172,037


Alwaleed Abdulrazak Al Dryaan
Chairman


Mohammed Koubar
Chief Financial Officer


Xavier Darys
Chief Executive Officer


Alwaleed Abdulrazzak Al Dryaan
Chairman


Mohammed Koubar
Chief Financial Officer

The accompanying notes 1 to 18 form an integral part of these interim condensed financial information.

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

INTERIM STATEMENT OF CASH FLOWS (Unaudited)

		SAR	
		For the nine month period ended	
Notes		September 30, 2018	September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
		31,127,685	26,920,197
	Net income for the period		
	Adjustments for non-cash items:		
	Depreciation of property and equipment	1,272,767	531,891
	Amortization of investments premium	751,986	1,082,414
	Allowance for doubtful debts	4,190,655	1,767,198
	Realized loss on sale of available for sale investments	-	283,306
	Unrealized gain on unit linked investments	(11,716,422)	(13,053,930)
	Provision for end-of-service indemnities	3,809,524	3,457,158
		29,436,195	20,988,234
Changes in operating assets and liabilities:			
	Premiums receivable	(8,497,627)	(27,433,126)
	Reinsurers' balance receivable	30,932,156	1,445,224
	Deferred policy acquisition costs	3,399,723	(2,511,493)
	Unit linked investments	18,346,586	21,036,949
	Prepaid expenses and other assets	(47,024,518)	(11,589,591)
	Reinsurers' balances payable	(47,156,391)	925,906
	Unearned premiums, net	(6,801,710)	16,391,455
	Unit linked liabilities	(11,187,832)	(12,388,560)
	Unearned reinsurance commission	(3,653,611)	(1,242,937)
	Outstanding claims, net	9,267,732	(305,911)
	Claims incurred but not reported, net	(2,741,825)	32,881,774
	Premium deficiency reserve	(4,115,893)	2,251,037
	Additional premium reserves	(232,998)	-
	Accrued expenses and other liabilities	39,727,011	12,789,381
	Policyholders claims payable	18,838,116	19,988,501
	Cash generated from operations	18,535,114	73,226,843
	End-of-service indemnities paid	(2,752,542)	(1,128,633)
	Surplus paid to policy holders	(515,254)	(1,216,178)
	Zakat and income tax paid	(5,536,979)	(2,228,615)
	Net cash generated from operating activities	9,730,339	68,653,417
CASH FLOWS FROM INVESTING ACTIVITIES			
	Additions in available for sale investments	(66,081,461)	(99,662,570)
8.2	Proceeds from sale of available for sale investments	-	31,058,645
	Additions in property and equipment	(2,132,848)	(1,440,791)
	Net cash used in investing activities	(68,214,309)	(70,044,716)
	Net change in cash and cash equivalents	(58,483,970)	(1,391,299)
	Cash and cash equivalents, beginning of the period	133,330,865	93,493,581
	Cash and cash equivalents, end of the period	74,846,895	92,102,282
NON-CASH INFORMATION:			
	Change in fair value of available for sale investments	(10,333,647)	(3,032,024)
8.2			

Xavier Denys
Chief Executive Officer

Alwaleed Abdulrazak Al Dryaan
Chairman

Mohammad Koubar
Chief Financial Officer

The accompanying notes 1 to 18 form an integral part of these interim condensed financial information.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Unaudited)

September 30, 2018

1. General

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

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

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

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

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

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

Seasonality of operations

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

2. Basis of preparation

(a) Basis of presentation (continued)

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

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments and recording of end of service benefits at present value. The Company's interim statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, prepaid expenses and other assets, premiums receivable, net, reinsurers' receivables, net, unit linked investments, deferred policy acquisition costs, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, reinsurers' share of unearned premiums, accrued expenses and other liabilities, reinsurers' balances payable, outstanding claims, claims incurred but not reported, additional premium reserves, unit linked liabilities, unearned reinsurance commission and unearned premiums. The following balances would generally be classified as non-current: available for sale investments, property and equipment, statutory deposit, accrued income on statutory deposit and end-of-service indemnities.

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

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and prepares the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

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

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

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

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

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

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

(b) Critical accounting judgments, estimates and assumptions

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

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

3. Significant accounting policies

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial information for the year ended December 31, 2017 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had no significant financial impact on the interim condensed financial statements of the Company on the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior period / year have been reclassified to conform to the presentation made in the current period:

Amendments to IASs' - "Disclosure Initiative" applicable from 1 January 2018.***IFRS 2 Share-based payment***

Amendments to IFRS 2 – "Share-based Payment", applicable for the period beginning on or after 1 January 2018. The amendments cover classification and measurement of three accounting areas, first, measurement of cash-settled share-based payments, second, classification of share-based payments settled net of tax withholdings, and third, accounting for a modification of a share-based payment from cash-settled to equity-settled. The application of this new standard have no material impact on the Company's interim condensed financial information.

IFRS 15 Revenue from contracts with customers

IFRS 15 – "Revenue from Contracts with Customers" applicable from 1 January 2018 presents a five-step model to determine when to recognize revenue, and at what amount. The application of this standard could have a significant impact on how and when revenue is recognized (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments), with new estimates and judgments, and the possibility of revenue recognition being accelerated or deferred. The application of this new standard have no material impact on the Company's interim condensed financial information.

Standards issued but not yet effective

In addition to the above-mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's condensed financial 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 9, Financial Instruments (including amendments to IFRS 4, Insurance Contracts)

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

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

The Company is eligible and have chosen to apply the deferral approach under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

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

September 30, 2018

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

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

IFRS 16 - "Leases"

IFRS 16 - "Leases", applicable for the period beginning on or after 1 January 2019. The new standard eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 proposes on-balance sheet accounting model. The Company has decided not to early adopt this new standard.

4. Cash and cash equivalents

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

Insurance operations	
September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR	
Bank balances and cash	77,246,209
Deposits maturing within 3 months from the acquisition date	30,000,000
Total	107,246,209
Shareholders' operations	
September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR	
Bank balances	26,084,656
Total cash and cash equivalents for insurance and shareholders' operations	133,330,865

5. Premiums receivable, net

Premiums receivable comprise amounts due from the following:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR		
Policyholders	303,363,343	242,012,112
Brokers and agents	75,924,171	143,819,453
Related parties (Note 12)	40,138,102	25,452,683
	419,425,616	411,284,248
Provision for doubtful receivable	(52,048,047)	(48,773,133)
Premiums receivable, net	367,377,569	362,511,115

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

September 30, 2018

6. Reinsurers receivable, net

SAR	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Receivables from reinsurers	44,771,019	75,703,175
Provision for doubtful reinsurers receivables	(3,720,962)	(3,161,480)
Reinsurers receivable, net	41,050,057	72,541,695

7. Technical reserves**7.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

SAR	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Outstanding claims	308,794,600	280,334,769
Less: Realizable value of salvage and subrogation	(41,614,749)	(42,969,483)
	267,179,851	237,365,286
Claims incurred but not reported	189,265,373	197,176,081
Premium deficiency reserves	6,601,259	10,717,152
Additional premium reserves	1,084,440	1,317,438
Unit linked liabilities	561,864,124	573,051,956
	1,025,995,047	1,019,627,913
Less:		
- Reinsurers' share of outstanding claims	(217,416,398)	(196,869,565)
- Reinsurers' share of claims incurred but not reported	(80,684,835)	(85,853,718)
Net outstanding claims and reserves	727,893,814	736,904,630

7.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

SAR	Three month period ended September 30, 2018 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	497,042,496	(221,113,679)	275,928,817
Premium written during the period	140,581,926	*(38,025,661)	102,556,265
Premium earned during the period	(233,621,906)	83,763,389	(149,858,517)
Balance as at the end of the period	404,002,516	(175,375,951)	228,626,565

*This amount includes SR 32,474,455 for reinsurance premium ceded abroad, SR 4,123,886 for reinsurance premium ceded locally and SR 1,427,320 for excess of loss expenses.

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

September 30, 2018

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

SAR	Nine month period ended September 30, 2018 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	415,612,645	(180,184,370)	235,428,275
Premium written during the period	663,891,629	*(219,752,827)	444,138,802
Premium earned during the period	(675,501,758)	224,561,246	(450,940,512)
Balance as at the end of the period	404,002,516	(175,375,951)	228,626,565

*This amount includes SR 202,108,044 for reinsurance premium ceded abroad, SR 13,362,823 for reinsurance premium ceded locally and SR 4,281,960 for excess of loss expenses.

SAR	Three month period ended September 30, 2017 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	528,341,104	(231,436,218)	296,904,886
Premium written during the period	147,136,786	*(44,940,048)	102,196,738
Premium earned during the period	(236,409,442)	76,496,064	(159,913,378)
Balance as at the end of the period	439,068,448	(199,880,202)	239,188,246

*This amount includes SR 41,168,212 for reinsurance premium ceded abroad, SR 2,390,084 for reinsurance premium ceded locally and SR 1,381,752 for excess of loss expenses.

SAR	Nine month period ended September 30, 2017 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	459,257,288	(236,460,497)	222,796,791
Premium written during the period	673,709,909	*(184,149,886)	489,560,023
Premium earned during the period	(693,898,749)	220,730,181	(473,168,568)
Balance as at the end of the period	439,068,448	(199,880,202)	239,188,246

*This amount includes SR 171,356,740 for reinsurance premium ceded abroad, SR 8,581,936 for reinsurance premium ceded locally and SR 4,211,210 for excess of loss expenses.

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

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

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

September 30, 2018

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

	Insurance operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR		
<u>Unquoted</u>		
Bond – Floating rate	5,000,000	5,000,000
Sukuk – Fixed rate	9,817,750	-
<u>Quoted</u>		
Bonds – Floating rate	4,831,954	5,020,031
Bonds – Fixed rate	91,468,467	94,667,945
Mutual Funds	4,670,763	4,736,140
Total	115,788,934	109,424,116
	Shareholders' operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR		
<u>Unquoted</u>		
Sukuk – Floating rate	37,769,214	40,000,000
Sukuk – Fixed rate	33,226,090	25,000,000
Bonds – Floating rate	11,947,290	12,000,000
Equities	3,223,078	3,223,078
<u>Quoted</u>		
Sukuk – Fixed rate	16,080,544	16,611,422
Bonds – Fixed rate	141,222,021	97,904,545
Mutual funds	4,788,077	4,886,259
Total	248,256,314	199,625,304
Total available for sale investments for insurance and shareholders' operations	364,045,248	309,049,420

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

	Insurance operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR		
Opening balance	109,424,116	60,141,396
Purchases	10,061,207	61,161,308
Disposals	-	(10,384,321)
Investment premium amortization	(198,002)	(688,909)
Realized loss on disposal of available for sale investments	-	(283,306)
Unrealized loss on fair value of available for sale investments	(3,498,387)	(522,052)
Closing balance	115,788,934	109,424,116

The cumulative unrealised loss in fair value of available for sale investments amounts to SR 4,424,569 (31 December 2017: unrealized loss of SR 926,182) is presented within the insurance operations surplus in the statement of financial position.

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

September 30, 2018

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

SAR	Shareholder operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Opening balance	199,625,304	180,253,582
Purchases	56,020,254	38,501,262
Disposals	-	(20,720,694)
Investment premium amortization	(553,984)	(824,688)
Unrealized (loss)/gain on fair value of available for sale investments	(6,835,260)	2,415,842
Closing balance	248,256,314	199,625,304

The cumulative unrealised loss in fair value of available for sale investments amounts to SR 5,328,068 (31 December 2017: unrealized gain of SR 1,507,192) is presented within the shareholders' equity in the statement of financial position.

9. Contingencies

a) The Company's contingencies are as follows:

SAR	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Letters of guarantee	10,710,000	1,680,000

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

10. Fair values of financial instruments

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

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

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

Determination of fair value and fair value hierarchy

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

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

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

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

a. Carrying amounts and fair value

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

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

September 30, 2018

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

		Fair value			
SAR	Carrying value	Level 1	Level 2	Level 3	Total
September 30, 2018 (Unaudited)					
Available for sale investments measured at fair value					
Bonds and Sukuk	111,118,171	96,300,421	-	14,817,750	111,118,171
Mutual Funds	4,670,763	4,670,763	-	-	4,670,763
	115,788,934	100,971,184	-	14,817,750	115,788,934

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

10.2 Shareholders' operations

		Fair value			
SAR	Carrying value	Level 1	Level 2	Level 3	Total
September 30, 2018 (Unaudited)					
Available for sale investments measured at fair value					
Bonds and Sukuk	240,245,159	157,302,565	-	82,942,594	240,245,159
Mutual Funds	4,788,077	4,788,077	-	-	4,788,077
Equities	3,223,078	-	-	3,223,078	3,223,078
	248,256,314	162,090,642	-	86,165,672	248,256,314

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

September 30, 2018

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

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

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

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

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

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

ii. Reconciliation of level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values:

SAR	Insurance operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Opening balance	5,000,000	5,000,000
Purchases	10,061,207	-
Unrealized loss on fair value of available for sale investments	(243,457)	-
Closing balance	<u>14,817,750</u>	<u>5,000,000</u>
SAR	Shareholder operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Opening balance	80,223,078	65,223,078
Purchases	10,098,000	20,000,000
Disposal	-	(5,000,000)
Unrealized loss on fair value of available for sale investments	(4,155,406)	-
Closing balance	<u>86,165,672</u>	<u>80,223,078</u>

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

The sensitivity to a 1% increase in the risk adjusted discount rate with all other variables constant on the fair value of the level 3 available for sale investments of both insurance and shareholders' operation is SR 1,949,153 and sensitivity to 1% decrease in the risk adjusted discount rate with all other variables constant on the fair value of the level 3 available for sale investments of both insurance and shareholders' operation is SR 1,949,153.

11. Operating Segments

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

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

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

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

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

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

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

11. Operating Segments (Continued)

	Motor	Engineering	Medical	Property	Other General	Protection and Saving	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
For the three month period ended 30								
September 2018 (Unaudited)								
Gross written premiums – retail	2,588,849	-	-	-	425,081	18,234,307	-	21,248,237
Gross written premiums – corporate	49,222,298	5,041,884	27,858,547	18,699,314	12,074,218	6,437,428	-	119,333,689
Reinsurance premiums ceded	-	(3,826,736)	(13,070,957)	(12,742,871)	(6,352,838)	(604,939)	-	(36,598,341)
Excess of loss expenses	(1,193,710)	(57,851)	-	(118,077)	(57,682)	-	-	(1,427,320)
Net premiums written	50,617,437	1,157,297	14,787,590	5,838,366	6,088,779	24,066,796	-	102,556,265
Changes in unearned premiums, net	43,273,351	1,410,061	1,069,924	776,912	(936,843)	1,708,847	-	47,302,252
Net premiums earned	93,890,788	2,567,358	15,857,514	6,615,278	5,151,936	25,775,643	-	149,858,517
Reinsurance commissions	5,378	(2,701,686)	702,214	6,678,669	1,229,270	145,102	-	6,058,947
Unrealized gain on unit linked investments	-	-	-	-	-	(2,359,385)	-	(2,359,385)
Net claims and other benefits paid	(64,025,234)	(64,905)	(13,080,516)	(632,943)	(1,034,973)	(28,453,283)	-	(107,291,854)
Changes in outstanding claims, net	(3,622,642)	44,604	(122,309)	135,234	653,539	(163,045)	-	(3,074,619)
Changes in claims incurred but not reported, net	4,368,813	67,911	(4,892,324)	327,021	233,810	(871,156)	-	(765,925)
Change in unit linked liabilities	-	-	-	-	-	2,663,528	-	2,663,528
Changes in premium deficiency reserve	1,695,069	-	(2,921,947)	-	(344,960)	-	-	(1,571,838)
Changes in additional premium reserve	-	200,762	-	-	-	-	-	200,762
Policy acquisition costs	(6,792,055)	(1,663,713)	(1,167,663)	(2,554,853)	(948,451)	(838,706)	-	(13,965,441)
Net underwriting income/(loss)	25,520,117	(1,549,669)	(5,625,031)	10,568,406	4,940,171	(4,101,302)	-	29,752,692
Provision of doubtful debts	-	-	-	-	-	-	-	(559,482)
Inspection and supervision fees	-	-	-	-	-	-	-	(1,459,351)
General and administrative expenses	-	-	-	-	-	-	-	(22,887,519)
Other income	-	-	-	-	-	-	-	5,207,209
Total income for the period								10,053,549

11. Operating Segments (Continued)

	Motor		Engineering		Medical		Property		Other General		Protection and Saving		Shareholders' Operations		Total	
	SAR		SAR		SAR		SAR		SAR		SAR		SAR		SAR	
For the nine month period ended 30																
September 2018 (Unaudited)																
Gross written premiums – retail	5,903,152	-	-	-	-	-	-	-	1,170,286	-	57,165,714	-	-	-	64,239,152	-
Gross written premiums – corporate	274,688,135	34,057,593	86,701,387	120,586,951	46,711,015	36,907,396	-	-	-	-	-	-	-	-	599,652,477	-
Reinsurance premiums ceded	-	(27,317,288)	(44,208,713)	(100,502,068)	(30,094,553)	(13,348,245)	-	-	-	-	-	-	-	-	(215,470,867)	-
Excess of loss expenses	(3,499,386)	(249,469)	-	(274,186)	(258,919)	-	-	-	-	-	-	-	-	-	(4,281,960)	-
Net premiums written	277,091,901	6,490,836	42,492,674	19,810,697	17,527,829	80,724,865	-	-	17,527,829	-	80,724,865	-	-	-	444,138,802	-
Changes in unearned premiums, net	8,307,790	1,374,246	2,310,812	(1,532,667)	(2,849,684)	(808,787)	-	-	(2,849,684)	-	(808,787)	-	-	-	6,801,710	-
Net premiums earned	285,399,691	7,865,082	44,803,486	18,278,030	14,678,145	79,916,078	-	-	14,678,145	-	79,916,078	-	-	-	450,940,512	-
Reinsurance commissions	15,960	1,319,648	702,214	11,008,031	2,572,065	(126,849)	-	-	2,572,065	-	(126,849)	-	-	-	15,491,069	-
Unrealized gain on unit linked investments	-	-	-	-	-	11,716,422	-	-	-	-	11,716,422	-	-	-	11,716,422	-
Net claims and other benefits paid	(208,645,457)	(478,700)	(28,734,875)	(2,136,148)	(3,113,789)	(95,552,865)	-	-	(3,113,789)	-	(95,552,865)	-	-	-	(338,661,834)	-
Changes in outstanding claims, net	(6,463,791)	29,558	(563,031)	(693,199)	(1,246,122)	(331,147)	-	-	(1,246,122)	-	(331,147)	-	-	-	(9,267,732)	-
Changes in claims incurred but not reported, net	8,279,772	713,036	(5,482,415)	(45,748)	(147,905)	(574,915)	-	-	(147,905)	-	(574,915)	-	-	-	2,741,825	-
Change in unit linked liabilities	-	-	-	-	-	11,187,832	-	-	-	-	11,187,832	-	-	-	11,187,832	-
Changes in premium deficiency reserve	5,315,543	-	(640,812)	-	(558,838)	-	-	-	(558,838)	-	-	-	-	-	4,115,893	-
Changes in additional premium reserve	-	232,998	-	-	-	-	-	-	-	-	-	-	-	-	232,998	-
Policy acquisition costs	(20,806,967)	(3,658,172)	(3,588,126)	(7,641,809)	(2,882,021)	(2,577,565)	-	-	(2,882,021)	-	(2,577,565)	-	-	-	(41,154,660)	-
Net underwriting income	63,094,751	6,023,450	6,496,441	18,769,157	9,301,535	3,656,991	-	-	9,301,535	-	3,656,991	-	-	-	107,342,325	-
Provision of doubtful debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,190,655)	-
Inspection and supervision fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,664,328)	-
General and administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,789,755)	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,430,098	-
Total income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,127,685	-

11. Operating Segments (Continued)

	Motor	Engineering	Medical	Property	Other General	Protection and Saving	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
For the three month period ended 30 September 2017 (Unaudited)								
Gross written premiums – retail	2,844,258	-	-	-	907,267	21,710,984	-	25,462,509
Gross written premiums – corporate	49,789,603	8,173,402	29,499,307	20,990,155	6,223,195	6,998,615	-	121,674,277
Reinsurance premiums ceded	-	(6,497,305)	(16,584,282)	(16,446,253)	(3,166,931)	(863,525)	-	(43,558,296)
Excess of loss expenses	(1,159,774)	(70,039)	-	(64,056)	(87,883)	-	-	(1,381,752)
Net premiums written	51,474,087	1,606,058	12,915,025	4,479,846	3,875,648	27,846,074	-	102,196,738
Changes in unearned premiums, net	53,917,113	1,431,422	(2,750,292)	1,519,595	1,735,675	1,863,127	-	57,716,640
Net premiums earned	105,391,200	3,037,480	10,164,733	5,999,441	5,611,323	29,709,201	-	159,913,378
Reinsurance commissions	14,282	2,218,212	-	4,563,745	1,144,380	(142,187)	-	7,798,432
Unrealized gain on unit linked investments	-	-	-	-	-	3,246,145	-	3,246,145
Net claims and other benefits paid	(76,838,864)	(369,874)	(15,129,545)	(301,082)	(737,488)	(31,336,376)	-	(124,713,229)
Changes in outstanding claims, net	6,180,238	689,104	-	(301,367)	(531,702)	180,639	-	6,216,912
Changes in claims incurred but not reported, net	(13,938,016)	100,921	8,147,634	(37,766)	(103,746)	7,731	-	(5,823,242)
Change in unit linked liabilities	-	-	-	-	-	3,989,070	-	3,989,070
Changes in premium deficiency reserve	-	-	(2,333,287)	-	-	-	-	(2,333,287)
Policy acquisition costs	(8,060,206)	(1,092,785)	(811,932)	(2,827,007)	(1,969,483)	(1,160,384)	-	(15,921,797)
Net underwriting income	12,748,634	4,583,058	37,603	7,095,964	3,413,284	4,493,839	-	32,372,382
Provision of doubtful debts	-	-	-	-	-	-	-	(187,739)
Inspection and supervision fees	-	-	-	-	-	-	-	(1,030,676)
General and administrative expenses	-	-	-	-	-	-	-	(25,576,912)
Other income	-	-	-	-	-	-	-	3,134,074
Total income for the period	-	-	-	-	-	-	-	8,711,129

11. Operating Segments (Continued)

	Motor	Engineering	Medical	Property	Other General	Protection and Saving	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
For the nine month period ended 30								
September 2017 (Unaudited)								
Gross written premiums – retail	14,215,191	-	-	-	1,906,391	68,298,122	-	84,419,704
Gross written premiums – corporate	311,798,379	30,922,982	62,747,936	95,304,695	47,241,209	41,275,004	-	589,290,205
Reinsurance premiums ceded	(9,500)	(23,271,277)	(32,959,562)	(77,146,459)	(31,652,255)	(14,899,623)	-	(179,938,676)
Excess of loss expenses	(3,395,592)	(254,792)	-	(221,108)	(339,718)	-	-	(4,211,210)
Net premiums written	322,608,478	7,396,913	29,788,374	17,937,128	17,155,627	94,673,503	-	489,560,023
Changes in unearned premiums, net	(28,471,730)	2,615,619	11,265,813	(510,667)	867,581	(2,158,071)	-	(16,391,455)
Net premiums earned	294,136,748	10,012,532	41,054,187	17,426,461	18,023,208	92,515,432	-	473,168,568
Reinsurance commissions	42,063	3,712,610	-	6,197,041	838,347	203,991	-	10,994,052
Unrealized gain on unit linked investments	-	-	-	-	-	13,053,930	-	13,053,930
Net claims and other benefits paid	(186,845,134)	(1,981,626)	(40,549,719)	(1,577,511)	(1,377,430)	(100,866,811)	-	(333,198,231)
Changes in outstanding claims, net	(1,034,387)	269,458	-	(1,060,850)	1,570,629	561,061	-	305,911
Changes in claims incurred but not reported, net	(37,583,636)	36,359	4,432,428	(149,044)	306,464	75,655	-	(32,881,774)
Change in unit linked liabilities	-	-	-	-	-	12,388,559	-	12,388,559
Changes in premium deficiency reserve	-	-	(2,251,037)	-	-	-	-	(2,251,037)
Policy acquisition costs	(21,914,905)	(3,558,107)	(3,220,594)	(7,191,404)	(4,464,755)	(3,261,590)	-	(43,611,355)
Net underwriting income	46,800,749	8,491,226	(534,735)	13,644,693	14,896,463	14,670,227	-	97,968,623
Reversal of doubtful debts	-	-	-	-	-	-	-	(1,767,198)
Inspection and supervision fees	-	-	-	-	-	-	-	(4,422,501)
General and administrative expenses	-	-	-	-	-	-	-	(74,606,667)
Other income	-	-	-	-	-	-	-	9,747,940
Total income for the period								26,920,197

September 30, 2018

11. Operating Segments (Continued)

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

September 30, 2018

12. Related party transactions and balances

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

	Transactions For the nine month period ended		Balance as at	
	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	SAR			
<u>Major shareholders</u>				
- Insurance premium written	120,823,892	97,988,209		
- Claims paid	36,644,745	28,253,592		
- Commission expense	2,549,566	2,527,833		
- Premium receivable, net			40,138,102	25,452,683
- Outstanding claims			24,565,176	39,957,886
<u>Associates</u>				
- Insurance premium ceded	32,171,111	41,806,755		
- Reinsurers' share of claims paid	28,674,347	18,739,460		
- Commission income	3,069,890	3,281,017		
- TPA expenses/ Saudi Nextcare	7,959,488	4,750,301		
- Accrued TPA/ Saudi Nextcare			8,431,240	6,753,903
- Reinsurance balance payable, net			35,654,856	23,030,672
- Investments			800,000	800,000

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

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

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

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

	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)
	SAR	
Salaries and other allowances	4,648,568	4,372,904
End of service indemnities	387,845	365,643
	5,036,413	4,738,547

September 30, 2018

13. Zakat and income tax

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

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

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

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

SAR	30 September 2018 (Unaudited)	31 December 2017 (Audited)
Provision for zakat	20,137,358	18,127,683
Provision for income tax	806,657	3,289,263
Total	20,944,015	21,416,946

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

SAR	30 September 2018 (Unaudited)	30 September 2017 (Unaudited)
Zakat	2,446,258	3,062,803
Income tax	2,617,790	1,963,876
Total	5,064,048	5,026,679

Status of assessments

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

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

14. Share capital

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

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

September 30, 2018

14. Share capital (continued)

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

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

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

15. Capital management

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

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

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

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

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

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

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

September 30, 2018

16. Supplementary information
a) Interim financial position

	SAR					
	September 30, 2018 - (Unaudited)			December 31, 2017 - (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	57,716,414	17,130,481	74,846,895	107,246,209	26,084,656	133,330,865
Premiums receivable, net	367,377,569	-	367,377,569	362,511,115	-	362,511,115
Reinsurers' balance receivable, net	41,050,057	-	41,050,057	72,541,695	-	72,541,695
Reinsurers' share of outstanding claims	217,416,398	-	217,416,398	196,869,565	-	196,869,565
Reinsurers' share of unearned premiums	175,375,951	-	175,375,951	180,184,370	-	180,184,370
Reinsurers' share of claims incurred but not reported	80,684,835	-	80,684,835	85,853,718	-	85,853,718
Deferred policy acquisition costs	20,466,558	-	20,466,558	23,866,281	-	23,866,281
Available for sale investments	115,788,934	248,256,314	364,045,248	109,424,116	199,625,304	309,049,420
Unit linked investments	567,086,232	-	567,086,232	573,716,396	-	573,716,396
Prepaid expenses and other assets	70,727,245	3,183,478	73,910,723	18,732,552	8,153,653	26,886,205
Property and equipment	4,495,277	-	4,495,277	3,635,196	-	3,635,196
Statutory deposit	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Accrued income on statutory deposit	-	995,895	995,895	-	817,056	817,056
Due to / from insurance operation / shareholders operation*	(420,946)	420,946	-	(18,926,058)	18,926,058	-
TOTAL ASSETS	1,717,764,524	289,987,114	2,007,751,638	1,715,655,155	273,606,727	1,989,261,882
LIABILITIES						
Accrued and other liabilities	64,879,367	389,867	65,269,234	25,273,857	268,366	25,542,223
Policyholders claims payable	58,159,271	-	58,159,271	39,321,155	-	39,321,155
Reinsurers' balances payable	134,500,887	-	134,500,887	181,657,278	-	181,657,278
Outstanding claims	267,179,851	-	267,179,851	237,365,286	-	237,365,286
Claims incurred but not reported	189,265,373	-	189,265,373	197,176,081	-	197,176,081
Unit linked liabilities	561,864,124	-	561,864,124	573,051,956	-	573,051,956
Premium deficiency reserve	6,601,259	-	6,601,259	10,717,152	-	10,717,152
Additional premium reserves	1,084,440	-	1,084,440	1,317,438	-	1,317,438
Unearned premiums	404,002,516	-	404,002,516	415,612,645	-	415,612,645
Unearned reinsurance commission	7,160,140	-	7,160,140	10,813,751	-	10,813,751
End-of-service indemnities	16,514,808	-	16,514,808	15,457,826	-	15,457,826
Accrued commission income payable to SAMA	-	995,895	995,895	-	817,056	817,056
Zakat and income tax	-	20,944,015	20,944,015	-	21,416,946	21,416,946
TOTAL LIABILITIES EXCLUDING INSURANCE OPERATIONS' SURPLUS	1,711,212,036	22,329,777	1,733,541,813	1,707,764,425	22,502,368	1,730,266,793
INSURANCE OPERATIONS' SURPLUS						
Accumulated surplus	11,742,361	-	11,742,361	9,582,216	-	9,582,216
Actuarial reserve for employee benefits	(765,304)	-	(765,304)	(765,304)	-	(765,304)
Fair value reserve on investments	(4,424,569)	-	(4,424,569)	(926,182)	-	(926,182)
TOTAL INSURANCE OPERATIONS' SURPLUS	6,552,488	-	6,552,488	7,890,730	-	7,890,730
TOTAL LIABILITIES INCLUDING INSURANCE OPERATIONS' SURPLUS	1,717,764,524	22,329,777	1,740,094,301	1,715,655,155	22,502,368	1,738,157,523
SHAREHOLDERS' EQUITY						
Share capital	-	200,000,000	200,000,000	-	200,000,000	200,000,000
Share premium	-	22,711,315	22,711,315	-	22,711,315	22,711,315
Statutory reserve	-	6,983,645	6,983,645	-	6,983,645	6,983,645
Retained earnings	-	43,290,445	43,290,445	-	19,902,207	19,902,207
Fair value reserve on investments	-	(5,328,068)	(5,328,068)	-	1,507,192	1,507,192
TOTAL SHAREHOLDERS' EQUITY	-	267,657,337	267,657,337	-	251,104,359	251,104,359
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY	1,717,764,524	289,987,114	2,007,751,638	1,715,655,155	273,606,727	1,989,261,882

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

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

September 30, 2018

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

	SAR					
	<i>For the nine month period ended</i>					
	September 30, 2018			September 30, 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	663,891,629	-	663,891,629	673,709,909	-	673,709,909
Reinsurance premiums ceded abroad	(202,108,044)	-	(202,108,044)	(171,356,740)	-	(171,356,740)
Reinsurance premiums ceded locally	(13,362,823)	-	(13,362,823)	(8,581,936)	-	(8,581,936)
Excess of loss expenses	(4,281,960)	-	(4,281,960)	(4,211,210)	-	(4,211,210)
Net premiums written	444,138,802	-	444,138,802	489,560,023	-	489,560,023
Changes in unearned premiums, net	6,801,710	-	6,801,710	(16,391,455)	-	(16,391,455)
Net premiums earned	450,940,512	-	450,940,512	473,168,568	-	473,168,568
Reinsurance commissions	15,491,069	-	15,491,069	10,994,052	-	10,994,052
Unrealized gain on unit linked investments	11,716,422	-	11,716,422	13,053,930	-	13,053,930
TOTAL REVENUES	478,148,003	-	478,148,003	497,216,550	-	497,216,550
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(334,251,045)	-	(334,251,045)	(330,670,281)	-	(330,670,281)
Surrenders and maturities	(104,362,260)	-	(104,362,260)	(109,339,655)	-	(109,339,655)
Reinsurers' share of claims paid	99,951,471	-	99,951,471	106,811,705	-	106,811,705
Net claims and other benefits paid	(338,661,834)	-	(338,661,834)	(333,198,231)	-	(333,198,231)
Changes in outstanding claims, net	(9,267,732)	-	(9,267,732)	305,911	-	305,911
Changes in claims incurred but not reported, net	2,741,825	-	2,741,825	(32,881,774)	-	(32,881,774)
Changes in unit linked liabilities	11,187,832	-	11,187,832	12,388,559	-	12,388,559
Change in premium deficiency reserve	4,115,893	-	4,115,893	(2,251,037)	-	(2,251,037)
Changes in additional premium reserve	232,998	-	232,998	-	-	-
Policy acquisition costs	(41,154,660)	-	(41,154,660)	(43,611,355)	-	(43,611,355)
TOTAL UNDERWRITING COSTS AND EXPENSES	(370,805,678)	-	(370,805,678)	(399,247,927)	-	(399,247,927)
NET UNDERWRITING INCOME	107,342,325	-	107,342,325	97,968,623	-	97,968,623
OTHER OPERATING (EXPENSES) / INCOME						
Provision of doubtful debts	(4,190,655)	-	(4,190,655)	(1,767,198)	-	(1,767,198)
Inspection and supervision fees	(4,664,328)	-	(4,664,328)	(4,422,501)	-	(4,422,501)
General and administrative expenses	(79,083,186)	(706,569)	(79,789,755)	(73,943,969)	(662,698)	(74,606,667)
Other income	7,349,840	5,080,258	12,430,098	5,487,933	4,260,007	9,747,940
TOTAL OTHER OPERATING EXPENSES	(80,588,329)	4,373,689	(76,214,640)	(74,645,735)	3,597,309	(71,048,426)
Total income for the period before shareholders' appropriations	26,753,996	4,373,689	31,127,685	23,322,888	3,597,309	26,920,197
Net surplus transferred to shareholders' operations	(24,078,597)	24,078,597	-	(20,990,599)	20,990,599	-
Net income for the period after shareholders' appropriations	2,675,399	28,452,286	31,127,685	2,332,289	24,587,908	26,920,197

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

September 30, 2018

16. Supplementary information (continued)

SAR					
<i>For the three month period ended</i>					
September 30, 2018			September 30, 2017		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES					
Gross premiums written		140,581,926	147,136,786		147,136,786
Reinsurance premiums ceded abroad		(32,474,455)	(41,168,212)		(41,168,212)
Reinsurance premiums ceded locally		(4,123,886)	(2,390,084)		(2,390,084)
Excess of loss expenses		(1,427,320)	(1,381,752)		(1,381,752)
Net premiums written		102,556,265	102,196,738		102,196,738
Changes in unearned premiums, net		47,302,252	57,716,640		57,716,640
Net premiums earned		149,858,517	159,913,378		159,913,378
Reinsurance commissions		6,058,947	7,798,432		7,798,432
Unrealized gain on unit linked investments		(2,359,385)	3,246,145		3,246,145
TOTAL REVENUES		153,558,079	170,957,955		170,957,955
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(117,333,715)	(126,665,941)		(126,665,941)
Surrenders and maturities		(32,749,015)	(32,915,837)		(32,915,837)
Reinsurers' share of claims paid		42,790,876	34,868,549		34,868,549
Net claims and other benefits paid		(107,291,854)	(124,713,229)		(124,713,229)
Changes in outstanding claims, net		(3,074,619)	6,216,912		6,216,912
Changes in claims incurred but not reported, net		(765,925)	(5,823,242)		(5,823,242)
Changes in unit linked liabilities		2,663,528	3,989,070		3,989,070
Change in premium deficiency reserve		(1,571,838)	(2,333,287)		(2,333,287)
Changes in additional premium reserve		200,762	-		-
Policy acquisition costs		(13,965,441)	(15,921,797)		(15,921,797)
TOTAL UNDERWRITING COSTS AND EXPENSES		(123,805,387)	(138,585,573)		(138,585,573)
NET UNDERWRITING INCOME		29,752,692	32,372,382		32,372,382
OTHER OPERATING (EXPENSES) / INCOME					
Provision of doubtful debts		(559,482)	(187,739)		(187,739)
Inspection and supervision fees		(1,459,351)	(1,030,676)		(1,030,676)
General and administrative expenses	(203,455)	(22,887,519)	(25,410,624)	(166,288)	(25,576,912)
Other income	3,216,549	5,207,209	1,617,082	1,516,992	3,134,074
TOTAL OTHER OPERATING EXPENSES/ INCOME	1,787,205	(19,699,143)	(25,011,957)	1,350,704	(23,661,253)
Total income for the period before shareholders' appropriation	1,787,205	10,053,549	7,360,425	1,350,704	8,711,129
Net surplus transferred to shareholders' operations	7,439,710		(6,624,382)	6,624,382	
Total income for the period after shareholders' appropriation	9,226,915	10,053,549	736,043	7,975,086	8,711,129

September 30, 2018

16. Supplementary information (continued)

c) Interim statement of comprehensive income

	SAR					
	<i>For the nine month period ended</i>					
	September 30, 2018			September 30, 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	2,675,399	28,452,286	31,127,685	2,332,289	24,587,908	26,920,197
Other comprehensive income						
<i>Items that are or may be reclassified to interim statements of income in subsequent periods</i>						
- Fair value change in investments	(3,498,387)	(6,835,260)	(10,333,647)	775,502	2,256,522	3,032,024
- Transferred to realised loss on available for sale investments disposal	-	-	-	283,306	-	283,306
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(822,988)	21,617,026	20,794,038	3,391,097	26,844,430	30,235,527

	SAR					
	<i>For the three month period ended</i>					
	September 30, 2018			September 30, 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	826,634	9,226,915	10,053,549	736,043	7,975,086	8,711,129
Other comprehensive income						
<i>Items that are or may be reclassified to interim statements of income in subsequent periods</i>						
- Fair value change in investments	6,722	(3,287,470)	(3,280,748)	315,782	235,691	551,473
- Transferred to realised loss on available for sale investments disposal	-	-	-	283,306	-	283,306
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	833,356	5,939,445	6,772,801	1,335,131	8,210,777	9,545,908

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

September 30, 2018

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

	SAR					
	<i>For the nine month period ended</i>					
	September 30, 2018			September 30, 2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total income for the period	2,675,399	28,452,286	31,127,685	2,332,289	24,587,908	26,920,197
Adjustments for non-cash items:						
Depreciation of property and equipment	1,272,767	-	1,272,767	531,891	-	531,891
Investment Premium Amortization	198,002	553,984	751,986	415,077	667,337	1,082,414
Allowance for doubtful debts	4,190,655	-	4,190,655	1,767,198	-	1,767,198
Realized (gain) / loss on sale of available for sale investments	-	-	-	283,306	-	283,306
Unrealized gain on unit linked investments	(11,716,422)	-	(11,716,422)	(13,053,930)	-	(13,053,930)
Provision for end-of-service indemnities	3,809,524	-	3,809,524	3,457,158	-	3,457,158
Shareholders' appropriation from insurance operations' surplus	24,078,596	(24,078,596)	-	20,990,599	(20,990,599)	-
	24,508,521	4,927,674	29,436,195	16,723,588	4,264,646	20,988,234
Changes in operating assets and liabilities:						
Reinsurers' balance receivable	30,932,156	-	30,932,156	1,445,224	-	1,445,224
Premium receivable	(8,497,627)	-	(8,497,627)	(27,433,126)	-	(27,433,126)
Deferred policy acquisition costs	3,399,723	-	3,399,723	(2,511,493)	-	(2,511,493)
Unit linked investments	18,346,586	-	18,346,586	21,036,949	-	21,036,949
Prepaid expenses and other assets	(51,994,693)	4,970,175	(47,024,518)	(7,315,754)	(4,273,837)	(11,589,591)
Reinsurers' balances payable	(47,156,391)	-	(47,156,391)	925,906	-	925,906
Unearned premiums, net	(6,801,710)	-	(6,801,710)	16,391,455	-	16,391,455
Unit linked liabilities	(11,187,832)	-	(11,187,832)	(12,388,560)	-	(12,388,560)
Unearned commission income	(3,653,611)	-	(3,653,611)	(1,242,937)	-	(1,242,937)
Outstanding claims, net	9,267,732	-	9,267,732	(305,911)	-	(305,911)
Claims incurred but not reported, net	(2,741,825)	-	(2,741,825)	32,881,774	-	32,881,774
Premium deficiency reserve	(4,115,893)	-	(4,115,893)	2,251,037	-	2,251,037
Additional premium reserves	(232,998)	-	(232,998)	-	-	-
Accrued expenses and other liabilities	39,605,510	121,501	39,727,011	12,493,868	295,513	12,789,381
End-of-service indemnities paid	18,838,116	-	18,838,116	19,988,501	-	19,988,501
Surplus paid to policy holders	(2,752,542)	-	(2,752,542)	(1,128,633)	-	(1,128,633)
Policyholders claims payable	(515,254)	-	(515,254)	(1,216,178)	-	(1,216,178)
Zakat and income tax paid	-	(5,536,979)	(5,536,979)	-	(2,228,615)	(2,228,615)
Net cash generated from (used in) operating activities	5,247,968	4,482,371	9,730,339	70,595,710	(1,942,293)	68,653,417
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions in available for sale investments	(10,061,207)	(56,020,254)	(66,081,461)	(61,161,308)	(38,501,262)	(99,662,570)
Proceed from disposal of available for sale investments	-	-	-	11,058,645	20,000,000	31,058,645
Additions in property and equipment	(2,132,848)	-	(2,132,848)	(1,440,791)	-	(1,440,791)
Net cash used in investing activities	(12,194,055)	(56,020,254)	(68,214,309)	(51,543,454)	(18,501,262)	(70,044,716)
CASH FLOWS FROM FINANCING ACTIVITY						
Due from / to (insurance operations / shareholder operations)*	(42,583,708)	42,583,708	-	(30,000,000)	30,000,000	-
Net cash used in financing activities	(42,583,708)	42,583,708	-	(30,000,000)	30,000,000	-
Net change in cash and cash equivalents	(49,529,795)	(8,954,175)	(58,483,970)	(10,947,744)	9,556,445	(1,391,299)
Cash and cash equivalents, beginning of the period	107,246,209	26,084,656	133,330,865	77,221,164	16,272,417	93,493,581
Cash and cash equivalents, end of the period	57,716,414	17,130,481	74,846,895	66,273,420	25,828,862	92,102,282
NON-CASH INFORMATION:						
Change in fair value of available for sale investments	(3,498,387)	(6,835,260)	(10,333,647)	(775,502)	(2,256,522)	(3,032,024)

* These items are not included in the interim statement of cash flows.

September 30, 2018

17. Corresponding figures

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

18. Approval of the interim condensed financial information

The interim condensed financial information have been approved by the Company's Board of Directors on 30 Safer 1440H, corresponding to 8 November 2018.