
**AL ALAMIYA FOR COOPERATIVE INSURANCE
COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE AND TWELVE MONTH PERIODS ENDED
31 DECEMBER 2017**

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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KPMG Al Fozan & Partners
Certified Public Accountants

Aldar Audit Bureau
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Grant Thornton An instinct for growth

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

**TO: THE SHAREHOLDERS OF AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim statement of financial position of **Al Alamiya for Cooperative Insurance Company (A Saudi Joint Stock Company)** (the "Company") as at 31 December 2017 and the related interim statements of comprehensive income - insurance and shareholders' operations for the three and twelve month periods then ended and the interim statement of changes in shareholders' equity and interim statements of cash flows – insurance and shareholders' operations for the twelve month period ended and the related notes 1 through 17 which form an integral part of these interim condensed financial statements. The Company's management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as modified by the 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 Financial Information Performed by the Independent Auditor of the Entity" that is 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 that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 31 December 2017 are not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for the accounting of zakat and income tax.

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2 Jumada Al Thani 1439H
18 February 2018



AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December

		<i>31December</i> <i>2017</i> <i>SR</i> <i>(Unaudited)</i>	<i>31December</i> <i>2016</i> <i>SR</i> <i>(Audited)</i>
	<i>Notes</i>		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	15,010,117	25,392,144
Term deposits	6	181,537,208	173,980,565
Investments	7(a)	1,923,079	1,923,079
Premiums and reinsurance balances receivable	9	81,184,580	64,217,031
Due from related parties		31,065	3,738,030
Due from shareholders' operations		--	10,331,206
Reinsurers' share of unearned premiums		49,139,985	65,177,646
Reinsurers' share of outstanding claims		66,883,318	59,932,896
Deferred policy acquisition costs		3,791,590	4,145,586
Prepayments and other assets		2,949,754	2,341,448
Property and equipment		685,954	159,872
TOTAL INSURANCE OPERATIONS' ASSETS		403,136,650	411,339,503
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	1,641,181	208,948
Term deposits	6	252,567,514	253,669,070
Investments	7(b)	75,354,830	75,877,200
Due from insurance operations		29,936,364	--
Other assets		2,429,954	1,624,061
Return on investment of statutory deposit	10	2,203,640	1,241,902
Statutory deposit	10	40,000,000	40,000,000
TOTAL SHAREHOLDERS' ASSETS		404,133,483	372,621,181
TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS		807,270,133	783,960,684


Khalid Allagany
Chief Executive Officer


Fadi Aboul Hosn
Chief Financial Officer

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

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December

	<i>31 December</i> <i>2017</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2016</i> <i>SR</i> <i>(Audited)</i>
INSURANCE OPERATIONS' LIABILITIES		
Gross outstanding claims	165,707,733	170,703,351
Gross unearned premiums	100,103,327	120,085,145
Due to shareholders' operations	29,936,364	--
Accounts payable	13,018,837	9,549,217
Reinsurance balances payable	40,721,047	54,019,105
Due to related parties	650,776	854,256
Accrued expenses and other liabilities	29,671,446	31,471,807
Unearned reinsurance commission	4,464,666	6,906,953
Employees' end of service benefits	10,921,726	9,803,018
TOTAL INSURANCE OPERATIONS' LIABILITIES	395,195,922	403,392,852
INSURANCE OPERATIONS' SURPLUS		
Accumulated surplus	9,615,756	7,946,651
Remeasurements of defined benefit liability – employee benefits	(1,675,028)	-
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS	403,136,650	411,339,503
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Due to insurance operations	--	10,331,206
Due to a related party	413,035	1,061,027
Deferred return on investment of statutory deposit	10 2,203,640	1,241,902
Accrued expenses and other liabilities	34,652,071	29,031,265
TOTAL SHAREHOLDERS' LIABILITIES	37,268,746	41,665,400
SHAREHOLDERS' EQUITY		
Share capital	12 400,000,000	400,000,000
Fair value reserve for available for sale investments	(860,444)	(688,369)
Accumulated losses	(32,274,819)	(68,355,850)
TOTAL SHAREHOLDERS' EQUITY	366,864,737	330,955,781
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	404,133,483	372,621,181
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	807,270,133	783,960,684


Khalid Allagany
Chief Executive Officer


Fadi Aboul Hosn
Chief Financial Officer

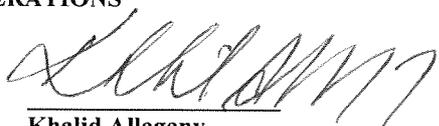
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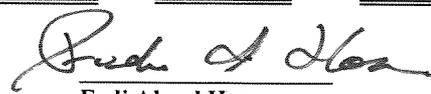
AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME – INSURANCE OPERATIONS
(UNAUDITED)

For the three and twelve month periods ended 31 December 2017

	<i>For the three month period ended</i>		<i>For the twelve month period ended</i>	
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
<i>Note</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross written premiums	71,769,502	87,680,030	263,369,386	310,750,744
Less: Reinsurance premium ceded	(31,336,798)	(44,438,188)	(108,145,975)	(142,005,815)
Excess of loss premiums	298,521	3,224,219	(8,854,667)	(8,146,220)
NET WRITTEN PREMIUMS	40,731,225	46,466,061	146,368,744	160,598,709
Changes in unearned premiums	(7,195,029)	(10,620,146)	19,981,818	38,303,855
Changes in reinsurance share of unearned premiums	(745,206)	5,316,237	(16,037,661)	8,394,395
NET PREMIUMS EARNED	32,790,990	41,162,152	150,312,901	207,296,959
Gross claims paid	(34,400,272)	(43,649,254)	(90,479,346)	(190,962,395)
Reinsurers' share of gross claims paid	17,206,258	25,220,870	31,909,569	97,004,634
Changes in outstanding claims	(6,257,985)	22,757,730	4,995,618	89,450,875
Changes in reinsurance share of outstanding claims	8,318,998	(26,796,470)	6,950,422	(97,192,684)
NET CLAIMS INCURRED	(15,133,001)	(22,467,124)	(46,623,737)	(101,699,570)
Policy acquisition costs	(5,488,994)	(4,111,300)	(25,420,547)	(20,893,080)
Reinsurance commission income	11,198,369	3,169,837	22,289,939	16,999,892
Other underwriting expenses	(376,055)	(444,454)	(1,383,365)	(1,579,504)
NET UNDERWRITING SURPLUS	22,991,309	17,309,111	99,175,191	100,124,697
General and administrative expenses	(11,515,104)	(14,156,125)	(57,102,366)	(57,183,073)
Investment income	757,264	892,370	2,941,812	3,063,725
Other income	--	--	15,870	421,006
INSURANCE OPERATIONS' SURPLUS	12,233,469	4,045,356	45,030,507	46,426,355
Shareholders' appropriation from insurance operations' surplus	2 (11,010,122)	(3,640,821)	(40,527,456)	(41,783,720)
NET SURPLUS AT END OF THE PERIOD	1,223,347	404,535	4,503,051	4,642,635
OTHER COMPREHENSIVE INCOME	--	--	--	--
<i>Item that will not be reclassified to the statement of income</i>				
Remeasurements of defined benefit liability – employee benefits	(1,675,028)	--	(1,675,028)	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM INSURANCE OPERATIONS	(451,681)	404,535	2,828,023	4,642,635


Khalid Allagany
Chief Executive Officer


Fadi Aboul Hosn
Chief Financial Officer

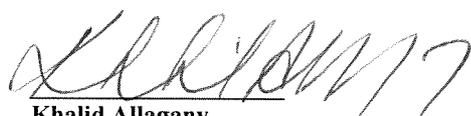
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AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME – SHAREHOLDERS’
OPERATIONS (UNAUDITED)

For the three and twelve month periods ended 31 December 2017

	<i>Notes</i>	<i>For the three month period ended</i>		<i>For the twelve month period ended</i>	
		<i>31 December</i> <i>2017</i> <i>SR</i>	<i>31 December</i> <i>2016</i> <i>SR</i>	<i>31 December</i> <i>2017</i> <i>SR</i>	<i>31 December</i> <i>2016</i> <i>SR</i>
INCOME					
Shareholders’ appropriation from insurance operations’ surplus	2	11,010,122	3,640,821	40,527,456	41,783,720
Investment income		1,553,508	2,010,475	5,763,492	6,297,116
		<u>12,563,630</u>	<u>5,651,296</u>	<u>46,290,948</u>	<u>48,080,836</u>
General and administration expenses		(545,861)	(559,587)	(1,805,936)	(1,579,299)
Realised loss on available for sale investment		--	(155,072)	--	(155,072)
NET INCOME FOR THE PERIOD		<u>12,017,769</u>	<u>4,936,637</u>	<u>44,485,012</u>	<u>46,346,465</u>
OTHER COMPREHENSIVE INCOME					
Item that will be reclassified subsequently to net income when conditions are met in future					
Change in fair value of available for sale investments	8	(162,614)	(780,899)	(172,075)	442,420
Transferred to realized loss on disposal of available for sale investment		--	155,072	--	155,072
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>11,855,155</u>	<u>4,310,810</u>	<u>44,312,937</u>	<u>46,943,957</u>
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD	11	<u>0.30</u>	<u>0.12</u>	<u>1.11</u>	<u>1.16</u>
WEIGHTED AVERAGE NUMBER OF ISSUED SHARES	11	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>



Khalid Allagany
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Chief Financial Officer

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AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the twelve month period ended 31 December 2017

	<i>Share Capital SR</i>	<i>Fair value reserve for available for sale investments SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
Balance at 1 January 2016 (audited)	400,000,000	(1,285,861)	(106,249,045)	292,465,094
Net income for the period	--	--	46,346,465	46,346,465
<i>Other comprehensive income:</i>				
Change in fair value of available for sale investments	--	597,492	--	597,492
Total comprehensive income	--	597,492	46,346,465	46,943,957
Charge for zakat (note 14)	--	--	(6,747,794)	(6,747,794)
Charge for tax (note 14)	--	--	(1,705,476)	(1,705,476)
Balance as at 31 December 2016 (audited)	400,000,000	(688,369)	(68,355,850)	330,955,781
Balance at 1 January 2017 (audited)	400,000,000	(688,369)	(68,355,850)	330,955,781
Net income for the period	--	--	44,485,012	44,485,012
<i>Other comprehensive income:</i>				
Change in fair value of available for sale investments	--	(172,075)	--	(172,075)
Total comprehensive income	--	(172,075)	44,485,012	44,312,937
Charge for zakat (note 14)	--	--	(6,697,498)	(6,697,498)
Charge for tax (note 14)	--	--	(1,706,483)	(1,706,483)
Balance as at 31 December 2017 (unaudited)	400,000,000	(860,444)	(32,274,819)	366,864,737


Khalid Allagany
Chief Executive Officer

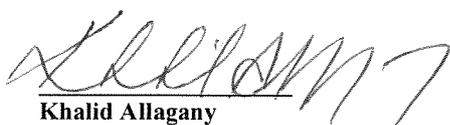

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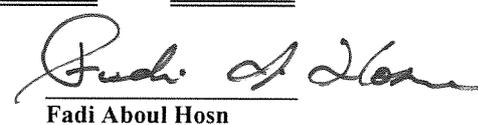
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AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CASHFLOWS – INSURANCE OPERATIONS
(UNAUDITED)

	<i>For the twelve month period ended</i>	
	<i>31 December 2017 SR</i>	<i>31 December 2016 SR</i>
OPERATING ACTIVITIES		
Insurance operations' surplus after shareholders' appropriation	4,503,051	4,642,635
<i>Adjustments to reconcile insurance operations' surplus to net cash provided from operating activities:</i>		
Depreciation	127,590	150,655
Employees' end of service benefits	2,051,522	3,327,445
Charge of (release) provision for doubtful receivables	1,721,944	(1,004,014)
Operating cash inflows before changes in operating assets and liabilities	8,404,107	7,116,721
<i>Changes in operating assets and liabilities:</i>		
Deposits against letters of guarantee	(900,000)	--
Premiums and insurance balances receivable	(18,689,493)	22,598,632
Due from related parties	3,706,965	(325,733)
Due to/ from shareholders' operations	40,267,570	41,302,177
Reinsurers' share of outstanding claims	(6,950,422)	97,192,684
Prepayments and other assets	(608,306)	(25,020)
Reinsurers' share of unearned premiums	16,037,661	(8,394,395)
Deferred policy acquisition costs	353,996	1,357,285
Gross outstanding claims	(4,995,618)	(89,450,875)
Gross unearned premiums	(19,981,818)	(38,303,855)
Accounts payable	3,469,620	5,806,272
Reinsurance balances payable	(13,298,058)	(15,961,660)
Due to related parties	(203,480)	(2,632,428)
Accrued expenses and other liabilities	(1,800,361)	5,529,608
Unearned reinsurance commission income	(2,442,287)	(126,432)
Disbursement of surplus to policyholders	(2,833,946)	(66,663)
Cash from operations	(463,870)	25,616,318
Employees' end of service benefits paid	(2,607,842)	(2,675,905)
Net cash (used in) / from operating activities	(3,071,712)	22,940,413
INVESTING ACTIVITY		
Purchase of property and equipment	(653,672)	(104,000)
Term deposits	(7,556,643)	(24,514,476)
Net cash used in investing activity	(8,210,315)	(24,618,476)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,282,027)	(1,678,063)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	25,392,144	27,070,207
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14,110,117	25,392,144


Khalid Allagany
Chief Executive Officer

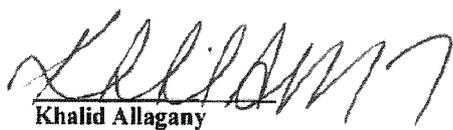

Fadi Aboul Hosn
Chief Financial Officer

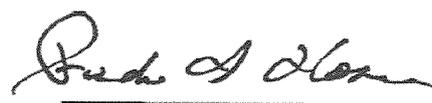
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AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CASH FLOWS – SHAREHOLDERS’ OPERATIONS
(UNAUDITED)

	<i>Note</i>	<i>For the twelve month period ended</i>	
		<i>31 December 2017 SR</i>	<i>31 December 2016 SR</i>
OPERATING ACTIVITIES			
Net income for the period		44,485,012	46,346,465
Operating cash flows before changes in operating assets and liabilities			
<i>Changes in operating assets and liabilities:</i>			
Other assets		(805,893)	325,364
Due to / from insurance operations		(40,267,570)	(41,302,178)
Accrued expenses and other liabilities		(1,821,437)	948,103
Due to related party		(647,992)	--
Statutory deposit		(961,738)	--
Net cash (used in) / from operating activities		(19,618)	6,317,754
INVESTING ACTIVITIES			
Term deposits		1,101,556	(23,125,295)
Investments		350,295	14,307,265
Net cash from / (used in) investing activities		1,451,851	(8,818,030)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,432,233	(2,500,276)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		208,948	2,709,224
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	1,641,181	208,948
<i>Non-cash transactions:</i>			
Net change in fair value of available for sale investments		(172,075)	597,492


Khalid Allagany
Chief Executive Officer


Fadi About Hosn
Chief Financial Officer

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

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

For the twelve month period ended 31 December 2017

1 ORGANISATION AND PRINCIPAL ACTIVITIES

Al Alamiya for Cooperative Insurance Company (“the Company”) is a Saudi joint stock company registered on 29 Dhu-al Qu’dah, 1430H (17 November 2009) under commercial registration (CR) number 4030194978. The registered head office of the Company is in Riyadh under CR number of 1010287831 with branches in Jeddah (CR 4030194978) and Khobar (CR 2051042939).

The activities of the Company are to transact cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 26 Dhu Al Hijjah, 1430H (13 December 2009), the Company received the license from Saudi Arabian Monetary Authority (“SAMA”) to transact insurance business in the Kingdom of Saudi Arabia.

The registered office address of the Company is at Prince Mohammed bin Abdul Aziz Road, Home Centre Building, P.O. Box: 6393, Riyadh 11442, Kingdom of Saudi Arabia.

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

Basis of measurement

The interim condensed financial statements have been prepared under the historical cost basis except for the measurement at fair value of available for sale investments.

Statement of compliance

The accompanying interim condensed financial statements for the three month and twelve month periods ended 31 December 2017 (“the period”) are prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as modified by the Saudi Arabian Monetary Authority (“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 SAMA Circular No. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for Zakat and Income tax (“SAMA Circular”), the Zakat and Income tax will continue to be accrued on a quarterly basis through statement of changes in shareholders’ equity under retained earnings with a corresponding liability recognized in the statement of financial position.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by the SAMA. Any deficit arising on insurance operations is transferred to the shareholders operations in full.

In management’s opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. The interim results may not be indicative of the Company’s annual results.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 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 unaudited interim condensed financial statements of the Company in the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior year have been reclassified to conform to the presentation made in the current period:

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)

For the twelve month period ended 31 December 2017

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (Continued)

Amendments to IASs - Disclosure Initiative” applicable from 1 January 2017.

Amendments to IAS 7 - “Statement of Cash Flows”, which is applicable for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Standards issued but not yet effective

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

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 will defer the implementation of IFRS 9 until a later date, but no later than 1 January, 2021.

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.

The following new or amended standards are not expected to have significant impact on the financial statements.

IFRS 16 Leases

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

The preparation of the interim condensed financial statements 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 expenses. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation of uncertainty were the same as those that were applied to the issued financial statements as at and for the year ended 31 December 2016.

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5 CASH AND CASH EQUIVALENTS

	31 December 2017 (Unaudited)		31 December 2016 (Audited)	
	Insurance Operations SR	Shareholders' operations SR	Insurance operations SR	Shareholders' operations SR
Cash in hand	29,768	--	33,616	--
Cash at banks	14,080,349	1,641,181	25,358,528	208,948
Cash and cash equivalents in the statement of cash flows	14,110,117	1,641,181	25,392,144	208,948
Deposit against letters of guarantee	900,000	--	--	--
	15,010,117	1,641,181	25,392,144	208,948

The Company holds an amount of SR 900,000 (31 December 2016: Nil) in the statement of financial position of Insurance operations, in respect of cash and cash equivalents against letters of guarantee in favour of the Company's service providers.

6 TERM DEPOSITS

Term deposits are placed with local banks with a maturity of more than three months from the date of original acquisition and earn investment income at an average rate of 1.8% per annum (31 December 2016: 2.3% per annum). The carrying amounts of these term deposits approximate the fair value at the statement of financial position date. The Company holds an amount of SR Nil (31 December 2016: SR 1,300,000) against letters of guarantee in favour of the Company's service providers as a placement at the bank.

7 INVESTMENTS

a) Insurance operations – Available for sale investments (AFS)

This represents investment in respect of the Company's shareholding in Najm for Insurance Services which is a Claim's Service Provider. This investment has been carried at cost in the absence of an active market or other means of reliably measuring its fair value.

b) Shareholders' operations – Available for sale investments (AFS)

	31 December 2017 (Unaudited)		31 December 2016 (Audited)	
	Amortised cost SR	Market value SR	Amortised cost SR	Market value SR
Bonds-Fixed Rate (Quoted)				
Abu Dhabi National Energy Company (TAQA)	3,845,180	3,855,000	4,003,797	4,031,250
SABIC Capital II BV	20,388,588	20,259,518	20,568,786	20,375,550
QNB (Qatar National Bank) Finance	13,665,088	13,367,565	13,733,256	13,459,500
Abu Dhabi Commercial Bank	15,645,363	15,484,872	15,665,254	15,428,400
Sukuks-Fixed Rate (Quoted)				
Saudi Electricity Company	--	--	18,765,876	18,768,750
EIB Sukuk Ltd (Emirates Islamic Bank)	3,752,346	3,751,500	3,828,600	3,813,750
KSA Sukuk Ltd	18,918,709	18,636,375	--	--
	76,215,274	75,354,830	76,565,569	75,877,200

The investment income ranges between 2% to 3% per annum (31 December 2016: 2% to 3% per annum) for bonds and sukuks. These investments include Bonds and Sukuks amounting to SR 27,866,018 which are maturing in the next twelve months.

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(UNAUDITED) (continued)

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7 INVESTMENTS (Continued)

The geographical split of investments held as available for sale comprise of sukuks/ bonds issued by Government of Kingdom of Saudi Arabia and GCC (Gulf Cooperation Council) based companies through international stock exchanges.

8 FAIR VALUE 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 in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair values of recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial statements. The estimated fair values of financial instruments are based on quoted market prices, when available. The fair values of these investments are disclosed below.

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 identical instrument (i.e., without modification or repacking);

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.

As at 31 December 2017 and 31 December 2016, all financial instruments under shareholders' operation which are measured at fair value are level 1 instrument.

The unlisted security of SR 1.92 million (2016: SR 1.92 million) held as part of Company's insurance operations, were stated at cost in the absence of active markets or other means of reliably measuring their fair value.

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

During the three month and twelve month periods ended 31 December 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements. The net change in fair value of AFS investments for the twelve months period amounts to a loss of SR 172,075 (31 December 2016: gain of SR 597,492) which has been recorded in the interim statement of comprehensive income – shareholders' operations.

The Company has not disclosed the fair value of other financial assets and liabilities as their carrying value are approximate to their fair values.

The credit quality of investment portfolio is as follows:

Credit Quality	Credit Rating Agency	Financial Instrument	31 December 2017 (Unaudited) SR
A+	Fitch	Bonds/ Sukuks	35,755,440
A to A-	S&P	Bonds/ Sukuks	35,744,390
BBB+	S&P	Bonds	3,855,000
			<u>75,354,830</u>
			31 December 2016 (Audited) SR
Credit Quality	Credit Rating Agency	Financial Instrument	
A to A-	S&P	Bonds/ Sukuks	58,603,950
AA- to A	Fitch	Bonds/ Sukuks	17,273,250
			<u>75,877,200</u>

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9 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

	<i>31 December 2017</i> <i>(Unaudited)</i>	<i>31 December 2016</i> <i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Premiums receivable	<u>69,948,828</u>	<u>63,098,370</u>
Receivables from insurance and reinsurance companies	<u>19,968,242</u>	<u>6,692,881</u>
Receivables from related parties	<u>5,960,405</u>	<u>7,396,731</u>
	<u>95,877,475</u>	<u>77,187,982</u>
Less: Allowance for impairment of receivables	<u>(14,692,895)</u>	<u>(12,970,951)</u>
	<u><u>81,184,580</u></u>	<u><u>64,217,031</u></u>

Allowance for impairment of receivables includes SR 1.2 million (31 December 2016: SR 1.4 million) against receivables from related parties. Movement in the allowance for doubtful debts was as follows:

	<i>31 December 2017</i> <i>(Unaudited)</i>	<i>31 December 2016</i> <i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Opening balance	<u>12,970,951</u>	<u>15,120,764</u>
Debts written off against the provision	--	(1,145,799)
Charge / (release) of provision for the period / year	<u>1,721,944</u>	<u>(1,004,014)</u>
Closing balance	<u><u>14,692,895</u></u>	<u><u>12,970,951</u></u>

10 STATUTORY DEPOSIT

In compliance with Insurance Implementing Regulations of SAMA, the Company deposited 10% of its paid up capital, amounting to SR 40 million in a bank designated by SAMA. The received investment return on the deposit as at 31 December 2017 is SR 2,203,640 (31 December 2016: SR 1,241,902) and has been disclosed in assets as "Return on investment of statutory deposit" and the corresponding amount received is shown in the liabilities as "Deferred return on investment of statutory deposit". As these deposit cannot be withdrawn without SAMA's consent.

11 BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD

The basic and diluted earnings per share are as follows:

	For the twelve month period ended 31 December 2017 (Unaudited)	For the twelve month period ended 31 December 2016 (Unaudited)
	SR	SR
Net income for the period	<u>44,485,012</u>	<u>46,346,465</u>
Weighted average number of issued shares	<u>40,000,000</u>	<u>40,000,000</u>
Basic and diluted earnings per share	<u>1.11</u>	<u>1.16</u>

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12 SHARE CAPITAL

The authorized and paid up share capital of the Company is SR 400 million divided into 40 million shares of SR 10 each (31 December 2016: SR 400 million divided into 40 million shares of SR 10 each).

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms, which are approved by the management. Related parties mainly include RSA group in United Kingdom as well as affiliated companies in United Arab Emirates, Sultanate of Oman and Kingdom of Bahrain and Riyad Bank. The following are the details of major related party transactions for insurance and shareholders' operations during the period and the balances at the end of the period / year:

Related party	Nature of transaction	For the twelve month periods ended	
		31 December 2017 (Unaudited) SR	31 December 2016 (Unaudited) SR
Shareholders' / Companies under common management	- Gross written premiums	60,535,875	49,317,807
	- Gross claims paid	27,310,337	37,259,567
	- Reinsurance premiums ceded	24,741,414	32,091,863
	- Reinsurers' share of gross claims paid	11,842,593	16,754,617
	- Reinsurance commission income	13,389,420	9,128,900
	- Profit commission incurred - Group life	6,135,003	--
	- Technical services charges*	5,139,000	4,750,000
	- Brand fee*	30,100	30,100
RSA group entities	- Operational expenses paid on behalf of affiliates and reinsurance placements	323,942	934,654
	- Operation expenses paid by affiliates on behalf of Company	(858,654)	(927,105)
Key management personnel and Board members	- Gross written premiums	45,046	181,604
Board of directors	- Remuneration and meeting fee	630,000	588,750

*Technical services charges and brand fee are included within the accrued expenses and other liabilities appearing on the face of the interim statement of financial position.

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 and the Chief Financial Officer of the Company.

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13 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The significant amounts with the related parties are included in the following balances as at the financial position date:

	<i>31 December 2017</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2016</i> <i>(Audited)</i> <i>SR</i>
Entities controlled, jointly controlled or significantly influenced by related parties - Premiums receivable, net	<u>5,960,405</u>	<u>7,396,731</u>
- Accrued expenses	<u>(7,698,560)</u>	<u>(9,625,626)</u>
- Reinsurance share of gross outstanding claims	<u>11,263,506</u>	<u>9,365,820</u>
- Gross outstanding claims	<u>(25,586,141)</u>	<u>(25,728,269)</u>
Operational expenses paid on behalf of affiliates and reinsurance placements - Due from related parties	<u>31,065</u>	<u>3,738,030</u>
Operation expenses paid by affiliates on behalf of Company - Due to related parties	<u>(1,063,811)</u>	<u>(1,906,283)</u>

Key management personnel's remuneration

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

	<i>31 December 2017</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2016</i> <i>(Audited)</i> <i>SR</i>
Short term benefits	<u>7,143,216</u>	<u>7,022,061</u>
End of service benefits	<u>223,755</u>	<u>223,448</u>
	<u><u>7,366,971</u></u>	<u><u>7,245,509</u></u>

14 ZAKAT AND TAX

The Company's zakat and tax calculations and corresponding accruals and payments of zakat and tax are based on the ownership percentages which are 74.97% for zakat and 25.03% for the tax.

The Company has submitted its zakat and tax returns up to the period / years ended 31 December 2016 and obtained the required certificates and acknowledgements. General Authority of Zakat and Tax [GAZT] has raised final assessments for the period / years ended 2010 to 2013 with an additional Zakat and withholding tax (WHT) liabilities. The company submitted an appeal against the GAZT's assessments. GAZT's review is awaited.

The zakat and tax charge for the period are as follows:

	<i>31 December</i> <i>2017</i> <i>(unaudited)</i> <i>SR</i>	<i>31 December</i> <i>2016</i> <i>(Audited)</i> <i>SR</i>
Charge for zakat for the period	<u>6,697,498</u>	<u>6,747,794</u>
Charge for tax for the period	<u>1,706,483</u>	<u>1,705,476</u>
Zakat and tax provision at the end of period	<u>31,054,861</u>	<u>25,516,159</u>

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15 SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by management. In respect of the Company's activities, assets and liabilities as stated below segment results do not include general and administration expenses and other income.

Segment assets do not include (in respect of insurance operations) property and equipment, due from shareholders' operations, bank balances and cash and cash equivalents, prepaid expenses and other assets, premiums and reinsurance balances receivable, net. Accordingly, these are included in unallocated assets and are managed and reported to the chief operating decision maker on a centralised basis.

Segment liabilities do not include (in respect of insurance operations) employees' end of service benefits, reinsurance balances payable, accrued expenses and other liabilities. Accordingly these are included in unallocated liabilities and are managed and reported to the chief operating decision maker on a centralised basis.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia (except certain reinsurance balances and related party receivables).

Shareholders' operations a non-operating segment contain direct operating expenses, other overhead expenses and loss or surplus from the insurance operations and are allocated to this segment on an appropriate basis.

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

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	39,359,606	14,068,859	2,955,971	594,994	6,911,931	5,808,942	2,069,199	71,769,502
Reinsurance premiums ceded	(19,767,460)	(62,000)	(3,242,294)	(228,403)	(4,743,981)	(2,961,990)	(330,670)	(31,336,798)
Excess of loss premiums	70,156	62,019	(42,073)	(2,595)	493,723	(349,977)	67,268	298,521
Net written premiums	19,662,302	14,068,878	(328,396)	363,996	2,661,673	2,496,975	1,805,797	40,731,225
Change in unearned premiums, net	(13,020,910)	5,153,668	(444,355)	233,617	(168,428)	59,999	246,174	(7,940,235)
Net premiums earned	6,641,392	19,222,546	(772,751)	597,613	2,493,245	2,556,974	2,051,971	32,790,990
Gross claims paid	(5,824,942)	(11,786,882)	(5,675,944)	(1,400,986)	(5,040,949)	(2,291,977)	(2,378,592)	(34,400,272)
Reinsurers' share of gross claims paid	4,479,855	--	4,900,751	982,991	3,127,869	1,690,983	2,023,809	17,206,258
Change in outstanding claims, net	2,218,634	(3,181,232)	(88,980)	697,375	3,322,260	(1,498,265)	591,221	2,061,013
Net claims incurred	873,547	(14,968,114)	(864,173)	279,380	1,409,180	(2,099,259)	236,438	(15,133,001)
Policy acquisition costs	(833,407)	(2,294,942)	(242,839)	(6,935)	(440,995)	(1,558,187)	(111,689)	(5,488,994)
Reinsurance commission income	1,741,332	--	6,101,902	(20,349)	3,690,474	(107,932)	(207,058)	11,198,369
	8,422,864	1,959,490	4,222,139	849,709	7,151,904	(1,208,404)	1,969,662	23,367,364
Other underwriting expenses	--	--	--	--	--	--	--	(376,055)
Net underwriting surplus								22,991,309
General and administrative expenses								(11,515,104)
Investment income								757,264
Other income								--
Insurance operations' surplus								<u>12,233,469</u>

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15 SEGMENTAL INFORMATION (continued)

	<i>For the three months period ended 31 December 2016 (Unaudited)</i>							
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	62,139,378	9,429,906	2,199,978	713,992	8,180,918	169,998	4,845,860	87,680,030
Reinsurance premiums ceded	(38,105,219)	--	(2,467,075)	(417,996)	(4,890,651)	1,830,982	(388,229)	(44,438,188)
Excess of loss premiums	1,226,380	324,062	380,229	207,868	1,044,488	--	41,192	3,224,219
Net written premiums	25,260,539	9,753,968	113,132	503,864	4,334,755	2,000,980	4,498,823	46,466,061
Change in unearned premiums, net	(16,576,097)	11,506,140	317,823	(549,169)	563,451	607,944	(1,174,001)	(5,303,909)
Net premiums earned	8,684,442	21,260,108	430,955	(45,305)	4,898,206	2,608,924	3,324,822	41,162,152
Gross claims paid	(22,082,780)	(15,830,842)	(1,066,990)	(530,995)	(2,226,978)	(1,490,986)	(419,683)	(43,649,254)
Reinsurers' share of gross claims paid	21,702,983	--	999,468	367,996	1,111,888	1,121,989	(83,454)	25,220,870
Change in outstanding claims, net	(3,791,512)	(2,461,235)	551,264	(519,164)	1,351,016	25,490	805,401	(4,038,740)
Net claims incurred	(4,171,309)	(18,292,077)	483,742	(682,163)	235,926	(343,507)	302,264	(22,467,124)
Policy acquisition costs	(469,829)	(2,383,395)	(249,743)	(4,241)	(442,993)	(83,430)	(477,669)	(4,111,300)
Reinsurance commission income	1,318,238	--	1,176,311	(98,048)	1,705,974	(857,184)	(75,454)	3,169,837
Other underwriting expenses	5,361,542	584,636	1,841,265	(829,757)	6,397,113	1,324,803	3,073,963	17,753,565
	--	--	--	--	--	--	--	(444,454)
Net underwriting surplus								17,309,111
General and administrative expenses								(14,156,125)
Investment income								892,370
Other income								--
Insurance operations' surplus								<u>4,045,356</u>

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15 SEGMENTAL INFORMATION (continued)

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

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	91,652,083	91,653,083	17,017,830	4,992,950	26,004,740	16,871,831	15,176,869	263,369,386
Reinsurance premiums ceded	(61,266,095)	--	(14,925,387)	(2,412,040)	(13,596,592)	(10,360,016)	(5,585,845)	(108,145,975)
Excess of loss premiums	(2,499,818)	(1,707,963)	(1,390,811)	(223,134)	(1,936,431)	(749,973)	(346,537)	(8,854,667)
Net written premiums	27,886,170	89,945,120	701,632	2,357,776	10,471,717	5,761,842	9,244,487	146,368,744
Change in unearned premiums, net	4,467,349	(3,947,742)	213,518	(649,124)	937,355	521,021	2,401,780	3,944,157
Net premiums earned	32,353,519	85,997,378	915,150	1,708,652	11,409,072	6,282,863	11,646,267	150,312,901
Gross claims paid	(8,785,912)	(47,458,525)	(9,431,906)	(3,394,966)	(10,278,897)	(7,363,926)	(3,765,214)	(90,479,346)
Reinsurers' share of gross Claims paid	7,019,030	--	8,392,316	2,140,979	5,600,644	5,517,445	3,239,155	31,909,569
Change in outstanding claims, net	2,793,990	1,572,421	1,850,677	185,561	6,185,714	(935,675)	293,352	11,946,040
Net claims incurred	1,027,108	(45,886,104)	811,087	(1,068,426)	1,507,461	(2,782,156)	(232,707)	(46,623,737)
Policy acquisition costs	(3,676,622)	(8,429,968)	(2,131,703)	(136,996)	(1,587,987)	(8,597,367)	(859,904)	(25,420,547)
Reinsurance commission income	7,950,241	--	8,742,882	(87,632)	5,802,280	(322,760)	204,928	22,289,939
Other underwriting expenses	37,654,246	31,681,306	8,337,416	415,598	17,130,826	(5,419,420)	10,758,584	100,558,556
	--	--	--	--	--	--	--	(1,383,365)
Net underwriting surplus								99,175,191
General and administrative expenses								(57,102,366)
Investment income								2,941,812
Other income								15,870
								--
Insurance operations' surplus								<u>45,030,507</u>

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15 SEGMENTAL INFORMATION (continued)

For the twelve month period ended 31 December 2016 (Unaudited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	136,185,638	84,345,157	18,732,813	2,355,976	34,607,654	13,174,868	21,348,638	310,750,744
Reinsurance premiums ceded	(95,097,749)	--	(15,415,346)	(1,288,987)	(17,217,828)	(7,004,180)	(5,981,725)	(142,005,815)
Excess of loss premiums	(2,826,972)	(1,224,988)	(749,993)	(182,998)	(1,580,984)	(1,359,986)	(220,299)	(8,146,220)
Net written premiums	38,260,917	83,120,169	2,567,474	883,991	15,808,842	4,810,702	15,146,614	160,598,709
Change in unearned premiums, net	3,616,736	39,583,199	91,141	37,339	1,051,836	2,382,006	(64,007)	46,698,250
Net premiums earned	41,877,653	122,703,368	2,658,615	921,330	16,860,678	7,192,708	15,082,607	207,296,959
Gross claims paid	(75,135,249)	(80,127,199)	(7,338,927)	(2,420,976)	(11,948,881)	(10,949,891)	(3,041,272)	(190,962,395)
Reinsurers' share of gross claims paid	73,783,562	--	6,570,444	1,301,987	6,556,834	8,647,914	143,893	97,004,634
Change in outstanding claims, net	(8,117,384)	(4,001,939)	1,764,584	(56,159)	1,063,943	1,093,576	511,570	(7,741,809)
Net claims incurred	(9,469,071)	(84,129,138)	996,101	(1,175,148)	(4,328,104)	(1,208,401)	(2,385,809)	(101,699,570)
Policy acquisition costs	(5,281,459)	(9,645,456)	(1,964,726)	(19,966)	(2,136,976)	(174,428)	(1,670,069)	(20,893,080)
Reinsurance commission income	7,735,746	--	3,212,379	(104,437)	4,606,169	1,248,003	302,032	16,999,892
Other underwriting expenses	--	--	--	--	--	--	--	(1,579,504)
Net underwriting surplus								100,124,697
General and administrative Expenses								(57,183,073)
Investment income								3,063,725
Other income								421,006
Insurance operations' surplus								<u>46,426,355</u>

As at 31 December 2017 (Unaudited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations' assets								
Reinsurers' share of unearned Premiums	32,907,828	--	7,588,561	1,188,852	4,249,986	92,019	3,112,739	49,139,985
Reinsurers' share of outstanding claims	26,260,875	--	11,228,148	678,541	8,979,914	14,887,151	4,848,689	66,883,318
Deferred policy acquisition Costs	697,148	1,764,784	780,523	196,293	207,998	31,094	113,750	3,791,590
Unallocated assets								<u>283,321,757</u>
								<u>403,136,650</u>
Insurance operations' liabilities								
Gross outstanding claims	37,797,835	68,486,339	14,028,601	1,576,150	14,089,670	21,168,336	8,560,802	165,707,733
Gross unearned premiums	52,061,479	23,805,762	8,589,914	2,428,976	6,911,931	177,998	6,127,267	100,103,327
Unearned reinsurance commission Income	1,861,075	--	1,746,803	--	584,833	--	271,955	4,464,666
Unallocated liabilities								<u>132,860,924</u>
								<u>403,136,650</u>

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the twelve month period ended 31 December 2017

15 SEGMENTAL INFORMATION (continued)

As at 31 December 2016(Audited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations' assets								
Reinsurers' share of unearned Premiums	48,019,520	--	8,500,861	679,993	4,580,654	629,994	2,766,624	65,177,646
Reinsurers' share of outstanding claims	20,307,937	--	11,593,904	203,518	10,063,909	11,508,338	6,255,290	59,932,896
Deferred policy acquisition Costs	1,258,801	1,197,842	1,019,245	51,292	340,000	27,547	250,859	4,145,586
Unallocated assets								<u>282,083,375</u>
								<u>411,339,503</u>
Insurance operations' liabilities								
Gross outstanding claims	34,638,744	70,058,059	16,244,988	1,286,677	21,359,266	16,849,762	10,265,855	170,703,351
Gross unearned premiums	71,640,284	19,857,801	9,715,720	1,270,987	8,180,918	1,236,988	8,182,447	120,085,145
Unearned reinsurance commission income	3,940,986	--	1,875,521	32,917	936,568	2,517	118,444	6,906,953
Unallocated liabilities								<u>113,644,054</u>
								<u>411,339,503</u>

16 CONTINGENCIES AND COMMITMENTS

Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management believes that such proceedings (including litigations) will not have a material effect on its results and financial position. The Company did not have any significant outstanding legal proceedings as at the reporting date.

Operating lease commitments

Rental expenses under operating leases pertaining to office spaces in various locations amounting to SR 1.69 million for the period ended 31 December 2017 (31 December 2016: SR 1.19 million) are recognised in the interim statement of comprehensive income - insurance operations.

Future minimum lease payments under the operating lease arrangements as at 31 December are as follows:

	<i>31 December 2017</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2016</i> <i>(Audited)</i> <i>SR</i>
Less than one year	<u>399,070</u>	<u>587,384</u>

17 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 25 January 2018 corresponding to 08 Jumada Al Awal 1439H.