

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

**Interim Condensed
Financial Information
(Unaudited)
For the three months ended
March 31, 2018**

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

INTERIM CONDENSED (FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT AUDITORS'
REVIEW REPORT FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

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Aldar Audit Bureau
Abdullah Al-Basri & Co.
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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF AL RAJHI COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Al Rajhi Company for Cooperative Insurance (A Saudi Joint Stock Company) (the "Company") as at 31 March 2018 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. 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 the accounting of zakat and income tax. 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 tax.

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

Bader I. Benmohareb
Certified Public Accountant
Registration No. 471

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

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

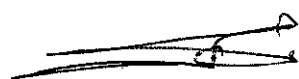
Date: 15 May 2018
Corresponding to: 29 Sha'aban 1439H



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	Notes	SAR '000	
		March 31, 2018 - (Unaudited)	December 31, 2017 - (Audited)
ASSETS			
Cash and cash equivalents	4	617,491	830,441
Contributions and re-takaful balances receivable – net	5	629,321	263,285
Re-takaful share of unearned contributions	8.2	101,263	91,709
Re-takaful share of outstanding claims	8.1	116,795	142,473
Re-takaful share of financial liabilities at FVPL		112	114
Deferred policy acquisition costs		59,098	35,789
Financial assets mandatorily measured at FVPL	7(a)	161,650	157,310
Financial assets designated at FVOCI	7(b)	119,805	84,766
Advances and prepayments		23,317	31,710
Financial assets at amortised cost	7(c)	1,598,780	1,369,110
Property and equipment		17,749	18,936
Statutory deposit	6	39,968	39,968
Accrued income on statutory deposit		2,766	2,565
Other assets		14,767	18,171
TOTAL ASSETS		3,502,882	3,086,347
LIABILITIES			
Payable, accruals and other liabilities		192,603	112,274
Provision for zakat and income tax	13	30,290	26,490
Re-takaful balances payable		44,780	66,318
Unearned contributions	8.2	1,585,189	1,304,110
Unearned re-takaful commission income		7,945	7,072
Gross outstanding claims	8.1	913,349	893,230
Financial liabilities at FVPL	8.1, 14	35,790	30,595
End-of-service indemnities		11,448	10,283
Payables to SAMA		3,675	3,473
		2,825,069	2,453,845
Accumulated surplus – Takaful operations			
Takaful operations' surplus		38,643	34,442
Fair value reserve	7(b)	(3,073)	-
TOTAL LIABILITIES AND SURPLUS		2,860,639	2,488,287
SHAREHOLDERS' EQUITY			
Share capital	15	400,000	400,000
Statutory reserve		62,569	54,297
Retained earnings		171,499	142,211
Fair value reserve	7(b)	8,175	1,552
Total shareholders' equity		642,243	598,060
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND SHAREHOLDERS' EQUITY		3,502,882	3,086,347
COMMITMENTS AND CONTINGENCIES	9	12,997	12,997



Ahmed Sulaiman Al Rajhi
Member-Board



Abdulaziz Mohammed Al Sedeas
Chief Executive Officer



Robert Pereira
Chief Financial Officer

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

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

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2018

	Note	SAR '000	
		March 31, 2018	March 31, 2017
REVENUES			
Gross contribution written		1,015,685	1,107,212
Re-takaful contributions ceded		(27,785)	(27,945)
Excess of loss expenses		(3,114)	(3,261)
Net contributions written		984,786	1,076,006
Changes in unearned contributions, net		(271,525)	(448,938)
Net contributions earned		713,261	627,068
Re-takaful commissions		2,654	3,373
Other underwriting income		3,296	4,004
TOTAL REVENUES		719,211	634,445
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		(537,267)	(422,266)
Surrenders and maturities		(652)	(264)
Expenses incurred related to claims		(17,845)	(13,045)
Re-takaful share of claims paid		10,970	5,513
Net claims and other benefits paid		(544,794)	(430,062)
Changes in outstanding claims, net		(1,953)	(7,046)
Changes in incurred but not reported claims, net		(43,844)	(103,839)
Net claims and other benefits incurred		(590,591)	(540,947)
Change in financial liabilities at FVPL		(4,690)	(2,992)
Policy acquisition costs		(33,769)	(17,595)
Other underwriting expenses		(7,511)	(7,485)
TOTAL UNDERWRITING COSTS AND EXPENSES		(636,561)	(569,019)
NET UNDERWRITING INCOME		82,650	65,426
OTHER OPERATING (EXPENSES)/ INCOME			
Allowance for doubtful debts		(1,494)	(1,029)
General and administrative expenses		(54,204)	(35,785)
Commission income on deposits		15,227	5,100
Net gains on investments mandatorily measured at FVPL		2,524	2,259
Dividend income		459	1,084
Impairment loss		(329)	(66)
Other income		728	515
TOTAL OTHER OPERATING EXPENSES		(37,089)	(27,922)
Net income for the period		45,561	37,504
Net income for the period attributed to the takaful operations		(4,201)	(3,391)
Net income for the period attributable to the shareholders		41,360	34,113
Earnings per share (expressed in SAR per share)			
Basic EPS	17	1.03	0.85



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AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2018

	SAR '000	
	March 31, 2018	March 31, 2017
Net income for the period	45,561	37,504
Other comprehensive income/(loss)		
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>		
- Net gains / (losses) on equity investments designated at fair value through other comprehensive income	3,550	(1,905)
<u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u>	49,111	35,599
Total comprehensive income attributed to the takaful operations	1,128	3,391
Total comprehensive income for the period attributable to the shareholders	47,983	32,208



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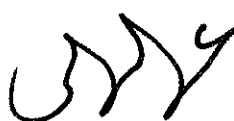
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2018
(SAR in '000')**

	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Total
Balance as at 1 January 2018	400,000	54,297	142,211	1,552	598,060
Total comprehensive income:					
Net income for the period	-	-	41,360	-	41,360
Net gains on investments designated as fair through value through other comprehensive income	-	-	-	6,623	6,623
	-	-	41,360	6,623	47,983
Transfer to statutory reserve	-	8,272	(8,272)	-	-
Provision for zakat and tax	-	-	(3,800)	-	(3,800)
Balance as at 31 March 2018	400,000	62,569	171,499	8,175	642,243

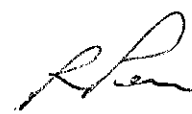
	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Total
Balance as at 1 January 2017 (audited)	400,000	17,725	11,136	502	429,363
Changes on initial adoption of IFRS-9	-	-	277	(502)	(225)
Restated balance as at 1 January 2017	400,000	17,725	11,413	-	429,138
Total comprehensive income/ (loss):					
Net income for the period	-	-	34,113	-	34,113
Net loss on investments designated as fair through value through other comprehensive income	-	-	-	(1,905)	(1,905)
	-	-	34,113	(1,905)	32,208
Transfer to statutory reserve	-	6,823	(6,823)	-	-
Provision for zakat and tax	-	-	(2,750)	-	(2,750)
Balance as at 31 March 2017	400,000	24,548	35,953	(1,905)	458,596



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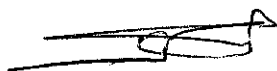
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AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31,

	Note	March 31, 2018	March 31, 2017
<u>SAR '000</u>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		45,561	37,504
Adjustments for non-cash items:			
Depreciation of property and equipment		1,984	1,996
Allowance for doubtful debts		732	1,029
Unrealized gain on investments		(453)	(311)
Impairment of investments		329	66
Provision for end-of-service indemnities		1,309	614
		<u>49,462</u>	<u>40,898</u>
Changes in operating assets and liabilities:			
Contributions and re-takaful receivable		(366,768)	65,241
Re-takaful share of unearned contributions		(9,554)	(5,775)
Re-takaful share of outstanding claims		25,678	(21,528)
Re-takaful share of mathematical reserve		2	(7)
Deferred policy acquisition costs		(23,309)	(21,897)
Advances and prepayments		8,393	(1,596)
Other assets		3,404	5,071
Accrued income on statutory deposit		(201)	-
Payable, accruals and other liabilities		80,329	83,558
Financial liabilities at FVPL		5,195	3,205
Re-takfuls balances payable		(21,538)	11,041
Unearned contributions		281,079	454,713
Unearned re-takaful commission		873	127
Outstanding claims		20,119	132,413
Payables to SAMA		202	-
		<u>53,366</u>	<u>745,464</u>
End-of-service indemnities paid		(144)	(182)
Net cash generated from operating activities		<u>53,222</u>	<u>745,282</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in financial assets measured at FVPL		(589,680)	(403,150)
Disposals in financial assets measured at FVPL		585,793	367,052
Additions in equity investments designated at FVOCI		(55,602)	(15,672)
Disposals in equity investments designated at FVOCI		25,026	23,608
Movement in cash balance in equity share portfolio		(912)	(7,936)
Additions in financial assets at amortised cost		(230,000)	(445,000)
Disposals in financial assets at amortised cost		-	735,000
Additions in property and equipment		(797)	(2,636)
Net cash (used in)/ generated from investing activities		<u>(266,172)</u>	<u>251,266</u>
Net change in cash and cash equivalents		(212,950)	996,548
Cash and cash equivalents, beginning of the period	4	<u>816,779</u>	<u>461,265</u>
Cash and cash equivalents, end of the period	4	<u>603,829</u>	<u>1,457,813</u>
NON-CASH INFORMATION			
<i>Changes in fair value of financial assets at FVOCI</i>		3,550	(1,905)



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2018**

1. GENERAL

Al Rajhi Company for Cooperative Insurance (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), "the Company", was formed pursuant to Royal Decree No. (M/35) dated 27/06/1429. (01/01/2008). The Company operates under Commercial Registration no. 1010270371 dated 5 Rajab 1430 corresponding to 28 June 2009. The registered address of the Company's head office is as follows:

Al Rajhi Company for Cooperative Insurance
P.O. Box 67791
Riyadh 11517
Kingdom of Saudi Arabia.

The purpose of the Company is to conduct cooperative insurance operations and all related activities including re-takaful and agency activities. Its principal lines of business include medical, motor, marine, fire, engineering, energy, aviation, takaful and casualty insurance.

On 20/04/2004G, corresponding to 01/03/1425H, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). On 31/07/2003G, corresponding to 02/06/1424H, 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.

2. BASIS OF PREPARATION

(a) Basis of presentation

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 shareholder's equity under retained earnings.

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for financial assets measured at fair value through profit or loss (FVPL), financial assets measured at fair value through other comprehensive income (FVOCI) financial liabilities measured at fair value through profit or loss (FVPL) and end of service indemnities at present value.

The Company's interim condensed statement of financial position is not presented using a current/non-current classification. The following balances would generally be classified as non-current : financial assets at fair value through other comprehensive income, financial asset at amortised cost, property and equipment, statutory deposit, other assets, end of service benefits and payable to shareholders. All other assets and liabilities are classified as current.

As required by the Saudi Arabian Insurance Regulations and guidelines of the sharia board, the Company maintains separate books of accounts for takaful operations and shareholders' operations and presents the financial information accordingly (refer note 17). 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.

As per the Company's policy, all general and administrative expenses of takaful operations are charged to shareholders' operations. The Company in accordance with the Islamic Shariah provisions managing the co-operative insurance operations and calculates the management fee in the below manner and pays it in full shortly after at the end of the fiscal year.

The first component of the management fee is calculated based on the net contributions written for the period after adjusting commission income and cost of production for motor and general at 40% and for health at 30% and is limited to the extent of general and administrative expenses charged in the interim statement of income – shareholders' operations (refer note 17); and

2. BASIS OF PREPARATION (continued)

(a) Basis of presentation (continued)

The other component of the management fee is determined up to 90% of the net surplus, if any, for the period from takaful operations remaining after computing the first component of management fee. The Company is required to distribute the remaining 10% of the net surplus from Takaful operations to policyholders in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Arabian Monetary Agency ("SAMA").

The interim condensed statement of financial position, statements of income, comprehensive income and cash flows of the takaful operations and shareholders' operations which are presented in note 17 of the financial information have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the takaful operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the takaful operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level financial information in compliance with IFRS, the balances and transactions of the takaful 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 takaful operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

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 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 applied to the annual financial information as at and for the year ended December 31, 2017.

c) Seasonality of operations

There are no seasonal changes that may affect takaful operations of the Company.

d) Functional and presentation currency

The functional and presentational currency of the Company is Saudi Riyals. The financial information values are presented in Saudi Riyals rounded to the nearest thousand (SAR'000), unless otherwise indicated.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards and amendments to the existing standards, as mentioned below, which has no significant financial impact on the financial information of the Company.

The Company adopted IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has opted for the modified retrospective application permitted by IFRS 15 upon adoption of the new standard. Modified retrospective application requires the recognition of the cumulative impact of adoption of IFRS 15 on all contracts as at 1 January 2018 in equity. IFRS-15 does not have a material impact on the financial statement of the Company.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Following is a brief on the new IFRS and amendments to IFRS, effective for future period. The Company has chosen not to early adopt these standards;

- 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.
- 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 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:

	Takaful operations	
SAR'000	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Bank balances and cash	99,449	316,460
Deposits maturing within 3 months from the acquisition date	300,000	250,000
Cash and cash equivalents in the statement of cash flow	399,449	566,460
Less : Impairment loss	(189)	(175)
Cash and cash equivalents, net	399,260	566,285
Deposits against letters of guarantee	12,997	12,997
Total	412,257	579,282
	Shareholders' operations	
SAR'000	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Bank balances and cash	4,380	319
Deposits maturing within 3 months from the acquisition date	200,000	250,000
Cash and cash equivalents in the statement of cash flow	204,380	250,319
Less : Impairment loss	(54)	(68)
Cash and cash equivalents, net	204,326	250,251
Cash at banks (statutory deposit income)	908	908
Total	205,234	251,159
Total	617,491	830,441

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5. CONTRIBUTIONS AND RE-TAKAFUL BALANCES RECEIVABLE - NET

Receivables comprise amounts due from the following:

SAR'000	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Policyholders	194,923	107,328
Brokers and agents	54,754	44,879
Related parties (note 11)	413,966	143,801
Receivables from re-takaful	5,658	5,763
	<u>669,301</u>	<u>301,771</u>
Provision for doubtful receivables	(39,980)	(38,486)
Contributions and re-takaful balances receivable – net	<u>629,321</u>	<u>263,285</u>

6. STATUTORY DEPOSIT

Statutory deposit amounting to SR 40 million (31 December 2016: SR 40 million) represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Authority ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA. Under ECL method the Company charged an impairment loss amounting to SR 0.03 million.

7. INVESTMENTS

Investments are classified as follows:

SAR'000	Takaful operations	
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
- Financial assets mandatorily measured at FVPL	120,758	124,829
- Financial assets designated at FVOCI	27,965	-
- Financial assets at amortised cost	1,383,810	1,284,094
Total	<u>1,532,533</u>	<u>1,408,923</u>
	Shareholders' operations	
SAR'000	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
- Financial assets mandatorily measured at FVPL	40,892	32,481
- Financial assets designated at FVOCI	91,840	84,766
- Financial assets at amortised cost	214,970	85,016
Total	<u>347,702</u>	<u>202,263</u>

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7. INVESTMENTS (continued)

Movement in the investment balance is as follows:

a) Financial assets mandatorily measured at FVPL

SAR'000	Takaful operations	
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
At the beginning of the year	124,829	13,101
Reclassification of investment from AFS to FVPL	-	15,096
Purchased during the period / year	389,680	2,392,671
Sold during the period/year	(394,199)	(2,297,000)
Net change in fair values during the period/year	448	961
At the end of the period/year	120,758	124,829
SAR'000	Shareholders' operations	
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
At the beginning of the year	32,481	82,047
Reclassification of equity investments from FVPL to FVOCI	-	(82,047)
Reclassification of investment from AFS to FVPL	-	84,380
Purchased during the period / year	200,000	552,486
Sold during the period / year	(191,594)	(604,474)
Net change in fair values during the period/year	5	89
At the end of the period / year	40,892	32,481
Total	161,650	157,310

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7. INVESTMENTS (continued)

b) Financial assets designated at FVOCI

SAR'000	Takaful operations	
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Opening balance	-	-
Purchases	31,038	-
Disposals	-	-
Impairment of investments	-	-
Changes in fair value of investments	(3,073)	-
Closing balance	27,965	-
	Shareholders' operations	
SAR'000	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
At the beginning of the year	84,766	-
Re-classified from FVPL	-	82,047
Balance of equity shares portfolio with Al Rajhi Capital	78,738	79,648
Cash balance with Al Rajhi Capital	(22)	2,399
Equity - unlisted shares	6,050	1,923
Total at the beginning of the period	84,766	83,970
Movement during the period / year		
Purchased during the period / year	24,564	62,139
Sold during the period / year	(25,026)	(60,472)
Net change in fair values during the period / year	6,623	1,552
Net change in cash balance with Al Rajhi Capital	913	(2,423)
Closing balance of equity shares portfolio	91,840	84,766
Portfolio balance with Al Rajhi Capital at the end of the period	84,900	78,738
Cash balance with Al Rajhi Capital	890	(22)
Equity - unlisted shares	6,050	6,050
At the end of the period / year	91,840	84,766
Total	119,805	84,766

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7. INVESTMENTS (continued)

c) Financial assets measured at amortised cost

Investments in Murabaha deposits and Sukuks are classified as financial assets measured at amortised cost. The Company's business model for these investments is to hold to collect the contractual cash flows. The cash flows of Murabaha deposits and Sukuks represent solely payments of principal and profit on the principal outstanding.

The movement during the period/year is set out below:

SAR'000	Takaful operations	
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
At the beginning of the year:		
Murabaha deposits	1,234,094	655,000
Sukuk	50,000	50,000
Purchases	100,000	1,535,000
Disposals/Maturities	-	(955,000)
At the end of the period / year, gross	1,384,094	1,285,000
Less: Impairment loss	(284)	(906)
At the end of the period / year, net	1,383,810	1,284,094

SAR'000	Shareholders' operations	
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
At the beginning of the year	85,016	180,000
Purchased during the period / year	130,000	330,109
Maturities during the period / year	-	(425,035)
At the end of the period / year, gross	215,016	85,074
Less: Impairment loss	(46)	(58)
At the end of the period / year, net	214,970	85,016
Total	1,598,780	1,369,110

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7. INVESTMENTS (continued)

d) Maximum exposure to credit risk – financial instruments subject to ECL

The following tables contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets measured at amortised cost below also represents the Company's maximum exposure to credit risk on these assets.

i) Takaful operations

Financial statement line item	March 31, 2018 (Unaudited)			Total	December 31,
	Stage 1	Stage 2	Stage 3		2017
	12-month	Lifetime	Lifetime		(Audited)
	ECL	ECL	ECL		
	SR'000	SR'000	SR'000	SR'000	SR'000
Bank balances and cash	412,446	-	-	412,446	579,457
Financial assets at amortised cost	1,384,094	-	-	1,384,094	1,285,000
Gross carrying amount	1,796,540	-	-	1,796,540	1,864,457
Loss allowance	(473)	-	-	(473)	(1,081)
Carrying amount	1,796,067	-	-	1,796,067	1,863,376

Credit grade	March 31, 2018 (Unaudited)			Total	December
	Stage 1	Stage 2	Stage 3		31, 2017
	12-month	Lifetime	Lifetime		(Audited)
	ECL	ECL	ECL		
	SR'000	SR'000	SR'000	SR'000	SR'000
Investment grade	1,796,540	-	-	1,796,540	1,864,457
Standard monitoring	-	-	-	-	-
Special monitoring	-	-	-	-	-
Default	-	-	-	-	-
Gross carrying amount	1,796,540	-	-	1,796,540	1,864,457
Loss allowance	(473)	-	-	(473)	(1,081)
Carrying amount	1,796,067	-	-	1,796,067	1,863,376

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7. INVESTMENTS (continued)

d) Maximum exposure to credit risk – financial instruments subject to ECL (continued)

ii) Shareholders' operations

Financial statement line item	March 31, 2018 (Unaudited)				December 31, 2017 (Audited)
	Stage 1	Stage 2	Stage 3	Total	SR'000
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL		
	SR'000	SR'000	SR'000	SR'000	SR'000
Bank balances and cash	205,288	-	-	205,288	251,227
Financial assets at amortised cost	215,016	-	-	215,016	85,074
Statutory deposits	40,000	-	-	40,000	40,000
Gross carrying amount	460,304	-	-	460,304	376,301
Loss allowance	(132)	-	-	(132)	(158)
Carrying amount	460,172	-	-	460,172	376,143

Credit grade	March 31, 2018 (Unaudited)				December 31, 2017 (Audited)
	Stage 1	Stage 2	Stage 3	Total	SR'000
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL		
	SR'000	SR'000	SR'000	SR'000	SR'000
Investment grade	460,304	-	-	460,304	376,301
Standard monitoring	-	-	-	-	-
Special monitoring	-	-	-	-	-
Default	-	-	-	-	-
Gross carrying amount	460,304	-	-	460,304	376,301
Loss allowance	(132)	-	-	(132)	(158)
Carrying amount	460,172	-	-	460,172	376,143

The Company's exposures to credit risk are not collateralized.

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7. INVESTMENTS (continued)

e) Loss allowance

The loss allowance recognised in the period and the change in the loss allowance between the beginning and the end of the annual period is given below.

i) Takaful operations:

	Stage 1 12-month ECL SR'000	Stage 2 Lifetime ECL SR'000	Stage 3 Lifetime ECL SR'000	Total SR'000
Loss allowance as at 1 January 2018	1081	-	-	1081
Movements with the statement of income				
Transfers:				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
New financial assets originated or purchased	216	-	-	216
Net re-measurement of loss allowance	256	-	-	256
Financial assets derecognised during the period	(175)	-	-	(175)
Write-offs	-	-	-	-
Total loss allowance for the period	297	-	-	297
Loss allowance as at March 31, 2018	1,378	-	-	1,378

ii) Shareholders' operations:

	Stage 1 12-month ECL SR'000	Stage 2 Lifetime ECL SR'000	Stage 3 Lifetime ECL SR'000	Total SR'000
Loss allowance as at 1 January 2018	158	-	-	158
Movements with the statement of income				
Transfers:				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
New financial assets originated or purchased	89	-	-	89
Net re-measurement of loss allowance	11	-	-	11
Financial assets derecognised during the year	(68)	-	-	(68)
Write-offs	-	-	-	-
Total loss allowance for the period	32	-	-	32
Loss allowance as at March 31, 2018	190	-	-	190

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8. TECHNICAL RESERVES

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

SAR'000	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Outstanding claims	380,982	411,085
Less: Realizable value of salvage and subrogation	(116,495)	(131,959)
	<u>264,487</u>	<u>279,126</u>
Claims incurred but not reported	648,862	614,104
	<u>913,349</u>	<u>893,230</u>
Other technical reserves	35,790	30,595
	<u>949,139</u>	<u>923,825</u>
Less:		
Re-takaful share of outstanding claims	80,747	97,339
Re-takaful share of claims incurred but not reported	36,048	45,134
	<u>116,795</u>	<u>142,473</u>
Net outstanding claims and reserves	<u>832,344</u>	<u>781,352</u>

8.2 Movement in unearned contributions

Movement in unearned contributions comprise of the following:

SAR'000	Three months ended March 31, 2018 (Unaudited)		
	Gross	Re-takaful	Net
Balance as at the beginning of the period	1,304,110	(91,709)	1,212,401
Contribution written during the period	1,015,685	(30,899)	984,786
Contribution earned during the period	(734,606)	21,345	(713,261)
Balance as at the end of the period	<u>1,585,189</u>	<u>(101,263)</u>	<u>1,483,926</u>
	Year ended December 31, 2017 (Audited)		
SAR'000	Gross	Re-takaful	Net
Balance as at the beginning of the year	996,386	(69,666)	926,720
Contribution written during the year	3,193,474	(120,456)	3,073,018
Contribution earned during the year	(2,885,750)	98,413	(2,787,337)
Balance as at the end of the year	<u>1,304,110</u>	<u>(91,709)</u>	<u>1,212,401</u>

9. COMMITMENTS AND CONTINGENCIES

a) The Company's commitments and contingencies are as follows:

SAR'000	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Letters of guarantee	<u>12,997</u>	<u>12,997</u>
Total	<u>12,997</u>	<u>12,997</u>

b) The Company is subject to legal proceedings in the ordinary course of business. 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.

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10. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy (continued)

a. Carrying amounts and fair value (continued)

SAR'000s	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
March 31, 2018 (Unaudited)					
Financial assets measured at fair value					
- Financial assets measured at FVPL	161,650	127,735	33,915	-	161,650
- Financial assets at FVOCI – Quoted securities	113,755	113,755	-	-	113,755
- Financial assets at FVOCI – Unquoted securities	6,050	-	-	6,050	6,050
	281,455	241,490	33,915	6,050	281,455
Financial assets not measured at fair value					
- Cash and cash equivalents	617,491	-	-	-	617,491
- Financial assets amortised cost	1,598,780	-	-	-	1,598,780
- Statutory deposits at amortised cost	39,968	-	-	-	39,968
- Other assets	14,767	-	-	-	14,767
	2,271,006	-	-	-	2,271,006
December 31, 2017 (Audited)					
Financial assets measured at fair value					
- Financial assets measured at FVPL	157,310	88,857	-	68,453	157,310
- Financial assets at FVOCI – Quoted securities	78,716	78,716	-	-	78,716
- Financial assets at FVOCI – Unquoted securities	6,050	-	-	6,050	6,050
	242,076	167,573	-	74,503	242,076
Financial assets not measured at fair value					
- Cash and cash equivalents	830,441	-	-	-	830,441
- Financial assets amortised cost	1,369,110	-	-	-	1,369,110
- Statutory deposits at amortised cost	39,968	-	-	-	39,968
- Other assets	18,171	-	-	-	18,171
	2,257,690	-	-	-	2,257,690

The fair values of the financial assets not measured at fair value are not materially different from their carrying values.

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10. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy (continued)

a. Carrying amounts and fair value (continued)

SAR'000s	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
March 31, 2018 (Unaudited)					
Financial liabilities measured at fair value					
- Financial liabilities at FVPL	35,790	35,790	-	-	35,790
	<u>35,790</u>	<u>35,790</u>	<u>-</u>	<u>-</u>	<u>35,790</u>

SAR'000s	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
December 31, 2017 (Audited)					
Financial liabilities measured at fair value					
- Financial liabilities at FVPL	30,595	30,595	-	-	30,595
	<u>30,595</u>	<u>30,595</u>	<u>-</u>	<u>-</u>	<u>30,595</u>

i) Level 3 fair values

Reconciliation of Level 3 fair values

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

Shareholders' operations

SAR'000s	Equity securities - available-for-sale (Unquoted)
Balance at January 1, 2018	6,050
Purchases	-
Sales	-
Gain/loss included in profit/loss	-
Gain/loss included in OCI	-
Balance at March 31, 2018	<u>6,050</u>

10. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

i) Level 3 fair values (continued)

Reconciliation of Level 3 fair values

SAR'000s	Equity securities - available-for -sale (Unquoted)
Balance at January 1, 2017	1,923
Purchases	-
Sales	-
Gain/loss included in profit/loss	-
Gain included in OCI	4,127
Balance at December 31, 2017	<u>6,050</u>

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 condensed income statement. Segment assets and liabilities comprise operating assets and liabilities.

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

Segment assets do not include takaful operations' bank balances and cash, net contributions receivable, investments etc., accordingly, they are included in unallocated assets. Segment liabilities do not include takaful operations' payables accruals and other liabilities and re-takaful balances payable etc., accordingly, they are included in unallocated liabilities.

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

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

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11. OPERATING SEGMENTS (continued)

As at March 31, 2018
(Unaudited)

Operating segments	Takaful operations					Total - Takaful operations	Shareholders' operations	Total
	Medical	Motor	Property & casualty	Protection & Savings	SAR'000			
Assets								
Cash and cash equivalents	-	-	-	-	-	412,257	205,234	617,491
Contributions and re-takaful balances receivable – net	-	-	-	-	-	629,321	-	629,321
Re-takaful share of unearned contributions	-	30,695	69,471	1,097	-	101,263	-	101,263
Re-takaful share of outstanding claims	-	25,303	80,582	10,910	-	116,795	-	116,795
Deferred policy acquisition costs	18,479	36,245	3,869	505	-	59,098	-	59,098
Investments	-	-	-	-	-	1,532,533	347,702	1,880,235
Unallocated assets	-	-	-	-	-	(68,445)	167,124	98,679
Total assets	18,479	92,243	153,922	12,512	-	2,782,822	720,060	3,502,882
Liabilities								
Unearned contributions	237,658	1,257,730	85,301	4,500	-	1,585,189	-	1,585,189
Unearned re-takaful commission	-	1,482	6,463	-	-	7,945	-	7,945
Outstanding claims	109,982	702,790	86,519	14,058	-	913,349	-	913,349
Unallocated liabilities	-	-	-	-	-	276,339	720,060	996,399
Total liabilities and surplus	347,640	1,962,002	178,283	18,558	-	2,782,822	720,060	3,502,882

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II. OPERATING SEGMENTS (continued)

As at December 31, 2017

(Audited)

Operating segments	Takaful operations						Total - Takaful operations	Shareholders' operations	Total
	Medical	Motor	Property & casualty	Protection & savings	SAR'000				
Assets									
Cash and cash equivalents	-	-	-	-	-	-	579,282	251,159	830,441
Contributions and re-takaful balances receivable – net	-	-	-	-	-	-	263,285	-	263,285
Re-takaful share of unearned contributions	-	1,178	87,883	2,648	-	-	91,709	-	91,709
Re-takaful share of outstanding claims	-	22,612	110,829	9,032	-	-	142,473	-	142,473
Deferred policy acquisition costs	12,662	19,751	3,018	358	-	-	35,789	-	35,789
Investments	-	-	-	-	-	-	1,408,923	202,263	1,611,186
Unallocated assets	-	-	-	-	-	-	(105,197)	216,661	111,464
Total assets	12,662	43,541	201,730	12,038	-	-	2,416,264	670,083	3,086,347
Liabilities									
Unearned contributions	204,819	1,022,975	72,928	3,388	-	-	1,304,110	-	1,304,110
Unearned re-takaful commission	-	-	7,072	-	-	-	7,072	-	7,072
Outstanding claims	101,416	661,301	118,960	11,553	-	-	893,230	-	893,230
Unallocated liabilities	-	-	-	-	-	-	211,852	670,083	881,935
Total liabilities	306,235	1,684,276	198,960	14,941	-	-	2,416,264	670,083	3,086,347

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11. OPERATING SEGMENTS (continued)

Operating segments	For the three months ended March 31, 2018 (Unaudited)				Total
	Medical	Motor	Property & casualty	Protection & Savings	
<u>REVENUES</u>					
Gross contributions written	146,906	814,636	35,079	19,064	1,015,685
Re-takaful contributions ceded	-	(385)	(24,389)	(3,011)	(27,785)
Excess of loss expenses	-	(2,530)	(584)	-	(3,114)
Net contributions written	146,906	811,721	10,106	16,053	984,786
Changes in unearned contributions, net	(32,840)	(231,816)	(4,207)	(2,662)	(271,525)
Net contributions earned	114,066	579,905	5,899	13,391	713,261
Re-takaful commissions	-	106	2,548	-	2,654
Other underwriting income	(3)	2,795	41	463	3,296
<u>TOTAL REVENUES</u>	114,063	582,806	8,488	13,854	719,211
<u>UNDERWRITING COSTS AND EXPENSES</u>					
Gross claims paid and loss adjustment expenses	(86,513)	(457,712)	(10,182)	(705)	(555,112)
Surrender and maturities	-	-	-	(652)	(652)
Re-takaful' share of claims paid	-	1,082	9,333	555	10,970
Net claims paid	(86,513)	(456,630)	(849)	(802)	(544,794)
Changes in outstanding claims	(8,567)	(38,796)	2,192	(626)	(45,797)
Net claims incurred	(95,080)	(495,426)	1,343	(1,428)	(590,591)
Policy acquisition costs	(9,521)	(20,494)	(1,617)	(2,137)	(33,769)
Other underwriting expenses	(2,348)	(4,865)	(186)	(4,802)	(12,201)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(106,949)	(520,785)	(460)	(8,367)	(636,561)
NET UNDERWRITING INCOME	7,114	62,021	8,028	5,487	82,650
<u>OTHER OPERATING EXPENSES</u>					
Allowance for doubtful debts	(476)	(693)	(20)	(305)	(1,494)
Management fee for administration of takaful operations	(12,560)	(30,708)	(3,508)	(7,428)	(54,204)
Commission income on deposits	-	-	-	-	15,227
Net gains on investments mandatorily measured at fair value through profit or loss	-	-	-	-	2,524
Dividend income	-	-	-	-	459
Impairment loss	-	-	-	-	(329)
Other income	-	-	-	-	728
<u>NET INCOME FOR THE PERIOD</u>					<u>45,561</u>

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11. OPERATING SEGMENTS (continued)

	For the three months ended March 31, 2017 (Unaudited)				Total
	Medical	Motor	Property & casualty	Protection & Savings	
REVENUES					
Gross contributions written	98,160	961,972	37,272	9,808	1,107,212
Re-takaful contributions ceded	-	(1,282)	(24,750)	(1,913)	(27,945)
Excess of loss expenses	(250)	(2,637)	(374)	-	(3,261)
Net contributions written	97,910	958,053	12,148	7,895	1,076,006
Changes in unearned contributions, net	(43,959)	(396,550)	(8,306)	(123)	(448,938)
Net contributions earned	53,951	561,503	3,842	7,772	627,068
Re-takaful commissions	-	301	3,072	-	3,373
Other underwriting income	-	3,818	27	159	4,004
TOTAL REVENUES	53,951	565,622	6,941	7,931	634,445
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid and loss adjustment expenses	(46,459)	(384,383)	(1,762)	(2,707)	(435,311)
Surrender and maturities	-	-	-	(264)	(264)
Reinsurers' share of claims paid	213	1,869	1,305	2,126	5,513
Net claims paid	(46,246)	(382,514)	(457)	(845)	(430,062)
Changes in outstanding claims	(1,337)	(108,488)	(995)	(65)	(110,885)
Net claims incurred	(47,583)	(491,002)	(1,452)	(910)	(540,947)
Policy acquisition costs	(1,561)	(13,962)	(1,172)	(900)	(17,595)
Other underwriting expenses	(1,243)	(5,976)	(217)	(3,041)	(10,477)
TOTAL UNDERWRITING COSTS AND EXPENSES	(50,387)	(510,940)	(2,841)	(4,851)	(569,019)
NET UNDERWRITING INCOME	3,564	54,682	4,100	3,080	65,426
OTHER OPERATING EXPENSES					
Allowance for doubtful debts	(411)	(597)	(21)	-	(1,029)
Management fee for administration of takaful operations	(6,684)	(21,909)	(2,693)	(4,499)	(35,785)
Commission income on deposits	-	-	-	-	5,100
Net gains on investments mandatorily measured at fair value through profit or loss	-	-	-	-	2,259
Dividend income	-	-	-	-	1,084
Impairment loss	-	-	-	-	(66)
Other income	-	-	-	-	515
NET INCOME FOR THE PERIOD					37,504

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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 period ended		Balance receivable / (payable) as at	
	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR'000				
<u>Major shareholders</u>				
Gross contribution written	279,411	337,425	393,086	121,017
Claims paid	275,267	249,219	(4,941)	(3,743)
Claims incurred and notified during the period	246,984	272,714	(117,019)	(146,500)
Reimbursement from / (expenses paid) on behalf of related party	340	-	-	340
Bank Balance	-	-	87,693	289,236
Investment in shares of Al Rajhi Bank	(6)	956	15,887	13,679
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Gross contribution written	9,163	10,986	20,880	22,784
Claims paid	10,106	6,930	(4)	(1,148)
Claims incurred and notified during the period	10,319	2,770	(16,141)	(14,784)
Investments managed by affiliates	3,887	35,893	93,197	88,857
Income received from sale of investment in Al Rajhi Capital commodity fund	1,154	1,948	-	-
Investment management fee paid to Al Rajhi Capital	802	643	-	-

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

	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
SAR'000		
Salaries and other allowances	1,543	1,490
End of service indemnities	600	677
	2,143	2,167
Shariah committee remuneration	74	88

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13. ZAKAT AND INCOME TAX

Status of assessments

The Company had filed zakat and income tax returns with the General Authority of Zakat and Tax ("GAZT") for the years from 2010 to 2016.

For the year 2011, the Company has filed an appeal against the additional paid zakat assessment of SR 1,852 thousand raised by the GAZT. The appeal is still pending.

14. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The movement during the year in financial liabilities at fair value through profit or loss is set out below:

	March 31, 2018 (Unaudited) SR'000	December 31, 2017 (Unaudited) SR'000
At the beginning of the year	30,595	14,196
Net changes in reserve during the period/ year	4,689	15,438
Net change in fair values during the period / year	506	961
At the end of the period / year	35,790	30,595

15. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 400 million at March 31, 2018 (December 31, 2017: SAR 400 million) consisting of 40 million shares (December 31, 2017: 40 million shares) of SAR 10 each.

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

	March 31, 2018		
	Authorized and issued	Paid up	
	No. of shares	SAR'000	
Al Rajhi Insurance Co. Ltd. (Bahrain)	10,600,000	106,000	106,000
Al Rajhi Bank	9,000,000	90,000	90,000
Oman Insurance Co - Dubai	2,400,000	24,000	24,000
Others	18,000,000	180,000	180,000
	40,000,000	400,000	400,000

	December 31, 2017		
	Authorized and issued	Paid up	
	No. of Shares	SAR'000	
Al Rajhi Insurance Co. Ltd. (Bahrain)	10,600,000	106,000	106,000
Al Rajhi Bank	9,000,000	90,000	90,000
Oman Insurance Co - Dubai	2,400,000	24,000	24,000
Others	18,000,000	180,000	180,000
	40,000,000	400,000	400,000

16. CAPITAL MANAGEMENT

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

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

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

17. EARNINGS PER SHARE ("EPS")

Earnings per share for the period ended March 31, 2018 and 2017 is calculated by dividing the net income for the period attributable to the equity holders by 40 million shares.

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18. SUPPLEMENTARY INFORMATION

Interim condensed financial information

	SAR '000					
	March 31, 2018 - (Unaudited)		December 31, 2017 (Audited)			
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	412,257	205,234	617,491	579,282	251,159	830,441
Contributions and re-takaful balances receivable - net	629,321	-	629,321	263,285	-	263,285
Re-takaful share of unearned contributions	101,263	-	101,263	91,709	-	91,709
Re-takaful share of outstanding claims	116,795	-	116,795	142,473	-	142,473
Re-takaful share of financial liabilities at FVPL	112	-	112	114	-	114
Deferred policy acquisition costs	59,098	-	59,098	35,789	-	35,789
Financial assets mandatorily measured at FVPL	120,758	40,892	161,650	124,829	32,481	157,310
Financial assets designated at FVOCI	27,965	91,840	119,805	-	84,766	84,766
Due (to)/ from shareholders/ takaful operations	(92,010)	92,010	-	(139,387)	139,387	-
Advances and prepayments	8,686	14,631	23,317	15,905	15,805	31,710
Financial assets at amortised cost	1,383,810	214,970	1,598,780	1,284,094	85,016	1,369,110
Property and equipment	-	17,749	17,749	-	18,936	18,936
Statutory deposit	-	39,968	39,968	-	39,968	39,968
Accrued income on statutory deposit	-	2,766	2,766	-	2,565	2,565
Other assets	14,767	-	14,767	18,171	-	18,171
TOTAL ASSETS	2,782,822	720,060	3,502,882	2,416,264	670,083	3,086,347

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	SAR '000			
	March 31, 2018 - (Unaudited)		December 31, 2017 - (Audited)	
	Takaful operations	Shareholders' operations	Total	Total
LIABILITIES				
Payable, accruals and other liabilities	160,199	32,404	192,603	112,274
Provision for zakat and income tax	-	30,290	30,290	26,490
Re-takaful balances payable	44,780	-	44,780	66,318
Unearned contributions	1,585,189	-	1,585,189	1,304,110
Unearned re-takaful commission income	7,945	-	7,945	7,072
Gross outstanding claims	913,349	-	913,349	893,230
Financial liabilities at FVPL	35,790	-	35,790	30,595
End-of-service indemnities	-	11,448	11,448	10,283
Payables to SAMA	-	3,675	3,675	3,473
	2,747,252	77,817	2,825,069	2,453,845
Accumulated surplus – Takaful operations				
Takaful operations' surplus	38,643	-	38,643	34,442
Fair value reserve	(3,073)	-	(3,073)	-
TOTAL LIABILITIES AND SURPLUS	2,782,822	77,817	2,860,639	2,488,287
SHAREHOLDERS' EQUITY				
Share capital	-	400,000	400,000	400,000
Statutory reserve	-	62,569	62,569	54,297
Retained earnings	-	171,499	171,499	142,211
Fair value reserve	-	8,175	8,175	1,552
TOTAL EQUITY	-	642,243	642,243	598,060
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND SHAREHOLDERS' EQUITY	2,782,822	720,060	3,502,882	3,086,347
COMMITMENTS AND CONTINGENCIES	12,997	-	12,997	12,997

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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Interim condensed statement of income (Unaudited)

	SAR '000					
	March 31, 2018			March 31, 2017		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
REVENUES						
Gross contributions written	1,015,685	-	1,015,685	1,107,212	-	1,107,212
Re-takaful contributions ceded - domestic	(600)	-	(600)	(400)	-	(400)
Re-takaful contributions ceded - foreign	(27,185)	-	(27,185)	(27,545)	-	(27,545)
Excess of loss expenses – foreign	(3,114)	-	(3,114)	(3,261)	-	(3,261)
Net contributions written	984,786	-	984,786	1,076,006	-	1,076,006
Changes in unearned contributions, net	(271,525)	-	(271,525)	(448,938)	-	(448,938)
Net contributions earned	713,261	-	713,261	627,068	-	627,068
Re-takaful commissions	2,654	-	2,654	3,373	-	3,373
Other underwriting income	3,296	-	3,296	4,004	-	4,004
TOTAL REVENUES	719,211	-	719,211	634,445	-	634,445
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(537,267)	-	(537,267)	(422,266)	-	(422,266)
Surrenders and maturities	(652)	-	(652)	(264)	-	(264)
Expenses incurred related to claims	(17,845)	-	(17,845)	(13,045)	-	(13,045)
Reinsurers' share of claims paid	10,970	-	10,970	5,513	-	5,513
Net claims and other benefits paid	(544,794)	-	(544,794)	(430,062)	-	(430,062)
Changes in outstanding claims, net	(1,953)	-	(1,953)	(7,046)	-	(7,046)
Changes in incurred but not reported claims, net	(43,844)	-	(43,844)	(103,839)	-	(103,839)
Net claims and other benefits incurred	(590,591)	-	(590,591)	(540,947)	-	(540,947)
Other technical reserves	(4,690)	-	(4,690)	(2,992)	-	(2,992)
Policy acquisition costs	(33,769)	-	(33,769)	(17,595)	-	(17,595)
Other underwriting expenses	(7,511)	-	(7,511)	(7,485)	-	(7,485)
TOTAL UNDERWRITING COSTS AND EXPENSES	(636,561)	-	(636,561)	(569,019)	-	(569,019)
NET UNDERWRITING INCOME	82,650	-	82,650	65,426	-	65,426
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	(1,494)	-	(1,494)	(1,029)	-	(1,029)
Management fee for administration of takaful operations	(54,204)	54,204	-	(35,785)	35,785	-
General and administrative expenses	-	(54,204)	(54,204)	-	(35,785)	(35,785)
Commission income on deposits	13,239	1,988	15,227	3,806	1,294	5,100
Net gains on investments mandatorily measured at FVPL	2,113	411	2,524	1,528	731	2,259
Dividend income	-	459	459	-	1,084	1,084
Impairment loss	(297)	(32)	(329)	(36)	(30)	(66)
Other income	-	728	728	-	515	515
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(40,643)	3,554	(37,089)	(31,516)	3,594	(27,922)
NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF MANAGEMENT FEE						
	42,007	3,554	45,561	33,910	3,594	37,504
Management fee attributable to shareholders' operations	(37,806)	37,806	-	(30,519)	30,519	-
NET INCOME FOR THE PERIOD AFTER ATTRIBUTION OF MANAGEMENT FEE	4,201	41,360	45,561	3,391	34,113	37,504

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Interim condensed statement of comprehensive income (Unaudited)

	SAR '000					
	March 31, 2018			March 31, 2017		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
Net income after attribution of management fee to shareholders' operations	4,201	41,360	45,561	3,391	34,113	37,504
Other comprehensive income/(loss)						
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>						
- Net (losses) / gains on equity investments designated at fair value through other comprehensive income	(3,073)	6,623	3,550	-	(1,905)	(1,905)
<u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u>	1,128	47,983	49,111	3,391	32,208	35,599

**AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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Interim condensed statement of cash flows (Unaudited)

	SAR *000					
	Takaful Operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017	March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the period after attribution of management fee	4,201	41,360	45,561	3,391	34,113	37,504
Adjustments for non-cash items:						
Depreciation of property and equipment	-	1,984	1,984	-	1,996	1,996
Management fee for administration of takaful operations	54,204	(54,204)	-	35,785	(35,785)	-
Management fee attributable to shareholders' operations	37,806	(37,806)	-	30,519	(30,519)	-
Allowance for doubtful debts	732	-	732	1,029	-	1,029
Unrealized gain on investments	(448)	(5)	(453)	(63)	(248)	(311)
Impairment of investments	297	32	329	36	30	66
Provision for end-of-service indemnities	-	1,309	1,309	-	614	614
	96,792	(47,330)	49,462	70,697	(29,799)	40,898
Changes in operating assets and liabilities:						
Contributions and reinsurers' receivable	(366,768)	-	(366,768)	65,241	-	65,241
Re-takaful share of unearned contributions	(9,554)	-	(9,554)	(5,775)	-	(5,775)
Re-takaful share of outstanding claims	25,678	-	25,678	(21,528)	-	(21,528)
Re-takaful share of mathematical reserve	2	-	2	(7)	-	(7)
Deferred policy acquisition costs	(23,309)	-	(23,309)	(21,897)	-	(21,897)
Advances and prepayments	7,219	1,174	8,393	(3,057)	1,461	(1,596)
Other assets	3,404	-	3,404	5,071	-	5,071
Accrued income- statutory deposit	-	(201)	(201)	-	-	-
Payable to SAMA	-	202	202	-	-	-
Payable, accruals and other liabilities	79,702	627	80,329	87,229	(3,671)	83,558
Financial liabilities at FVPL	5,195	-	5,195	3,205	-	3,205
Re-takaful balances payable	(21,538)	-	(21,538)	11,041	-	11,041
Unearned contributions	281,079	-	281,079	454,713	-	454,713
Unearned re-takaful commission	873	-	873	127	-	127

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SAR '000

	Shareholders' operations		Takaful operations		Total
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
Outstanding claims	20,119	-	20,119	132,413	132,413
Management fee (paid) / received	98,894	(45,528)	53,366	777,473	745,464
End-of-service indemnities paid	(343,709)	343,709	-	(169,554)	-
Net cash (used in) / generated from operating activities	(244,815)	298,037	53,222	607,919	745,282
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions in financial assets measured at FVPL	(389,680)	(200,000)	(589,680)	(318,150)	(403,150)
Disposals in financial assets measured at FVPL	394,199	191,594	585,793	298,535	367,052
Additions in equity investments designated at FVOCI	(31,037)	(24,565)	(55,602)	-	(15,672)
Disposals in equity investments designated at FVOCI	-	25,026	25,026	555,000	23,608
Movement in cash balance in equity share portfolio	-	(912)	(912)	-	(7,936)
Additions in financial assets at amortised cost	(100,000)	(130,000)	(230,000)	(200,000)	(445,000)
Disposals in financial assets at amortised cost	-	-	-	-	735,000
Additions in property and equipment	-	(797)	(797)	-	(2,636)
Net cash (used in) / generated from investing activities	(126,518)	(139,654)	(266,172)	335,385	251,266
CASH FLOWS FROM FINANCING ACTIVITIES					
Due from / (to) shareholders / takaful operations	204,322	(204,322)	-	-	-
Net cash generated from / (used in) financing activities	204,322	(204,322)	-	-	-
Net change in cash and cash equivalents	(167,011)	(45,939)	(212,950)	943,304	996,548
Cash and cash equivalents, beginning of the period	566,460	250,319	816,779	376,925	461,265
Cash and cash equivalents, end of the period	399,449	204,380	603,829	1,320,229	1,457,813
NON-CASH INFORMATION					
Changes in fair value of financial assets at FVOCI	(3,073)	6,623	3,550	-	1,552

19. COMPARATIVE FIGURES

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

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information has been approved by the Board of Directors, on 16, Shaban 1439H, corresponding May 2, 2018.