

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
(A SAUDI JOINT STOCK COMPANY)

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

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

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**INTERIM CONDENSED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDTORS' LIMITED REVIEW REPORT  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

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**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

To the shareholders of  
Saudi United Cooperative Insurance Company (WALA'A)  
(A Saudi Joint Stock Company)

**Scope of limited review**

We have reviewed the accompanying interim condensed statement of financial position of Saudi United Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as at 31 March 2016, and the related interim condensed statements of insurance operations, shareholders' operations, shareholders' comprehensive income for the three months period then ended, and the interim condensed statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the three months period ended 31 March 2016 and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and submitted to us together with all the information and explanations which we required.

We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**Conclusion**

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

**Emphasis of Matter**

We draw attention to Note 2 to the accompanying interim condensed financial statements. These interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

For PKF Al Bassam & Al Nemer  
Allied Accountants



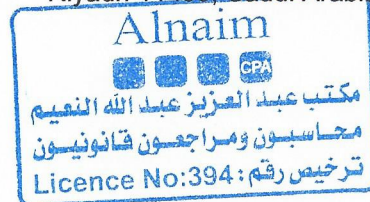
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For Abdulaziz A. Alnaim  
Certified Public Accountants



Abdulaziz A. Alnaim  
Certified Public Accountant  
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Riyadh 11496, Saudi Arabia



18 April 2016  
11 Rajab 1437H

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

		31 March 2016 SR	31 December 2015 SR
	Note	(Un-audited)	(Audited)
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	3	428,632,526	373,227,369
Premiums and insurance balances receivable - net	4	165,327,304	112,800,451
Reinsurers' share of unearned premiums	6	123,596,279	118,439,083
Reinsurers' share of outstanding claims	6	188,967,374	176,953,817
Deferred policy acquisition costs	6	28,572,803	22,812,919
Due from shareholders' operations		-	1,250,230
Prepaid expenses and other assets		36,448,476	33,629,989
Accrued commission income		270,835	-
Property and equipment		4,441,727	4,826,676
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>976,257,324</b>	<b>843,940,534</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	3	214,514,218	213,979,283
Statutory deposit	8	40,000,000	40,000,000
Accrued commission on statutory deposit		1,464,716	1,350,228
Accrued commission income		1,660,281	534,935
Available-for-sale investments	7	78,026,021	84,725,686
Due from insurance operations		17,940,774	-
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>353,606,010</b>	<b>340,590,132</b>
<b>TOTAL ASSETS</b>		<b>1,329,863,334</b>	<b>1,184,530,666</b>

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)  
AS AT 31 MARCH 2016

		31 March 2016 SR (Un-audited)	31 December 2015 SR (Audited)
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
<b>Liabilities arising from insurance contracts:</b>			
Unearned premiums	6	419,860,937	349,482,711
Outstanding claims	6	374,883,036	359,011,104
<b>Total liabilities arising from insurance contracts</b>		<b>794,743,973</b>	<b>708,493,815</b>
Additional premium reserves	6	36,857,733	36,857,733
Other technical reserves	6	5,554,502	5,554,502
Accrued and other liabilities		61,989,591	64,768,393
Reinsurance balances payable		38,188,551	10,015,562
Due to shareholders' operations		17,940,774	-
Unearned reinsurance commission	6	10,586,546	10,279,353
End-of-service indemnities		6,080,208	5,823,730
<b>Total insurance operations' liabilities</b>		<b>971,941,878</b>	<b>841,793,088</b>
Insurance operations' surplus		4,315,446	2,147,446
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>		<b>976,257,324</b>	<b>843,940,534</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Accrued and other liabilities		17,757,396	15,315,895
Commission on statutory deposit payable		1,464,716	1,350,228
Due to insurance operations		-	1,250,230
		19,222,112	17,916,353
<b>Shareholders' equity</b>			
Share capital	10	400,000,000	400,000,000
Share Premium		30,107,690	30,107,690
Fair value reserve		(35,694,866)	(28,995,201)
Accumulated losses		(60,028,926)	(78,438,710)
<b>Total shareholders' equity</b>		<b>334,383,898</b>	<b>322,673,779</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>353,606,010</b>	<b>340,590,132</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,329,863,334</b>	<b>1,184,530,666</b>
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The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF INSURANCE OPERATIONS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

		Three-months period ended 31 March 2016 SR (Un-audited)	Three-months period ended 31 March 2015 SR (Un-audited)
	Note		
<b>REVENUES</b>			
Gross premiums written	5, 6	262,060,420	197,228,838
Reinsurance premiums ceded		<u>(60,831,619)</u>	<u>(30,765,977)</u>
Net premiums written	6	201,228,801	166,462,861
Changes in unearned premiums, net		<u>(65,221,030)</u>	<u>(78,910,827)</u>
Net premiums earned	6	136,007,771	87,552,034
Reinsurance commission	6	4,316,490	4,198,221
Other underwriting income	6	<u>795,582</u>	<u>322,109</u>
<b>Total revenue</b>		<u>141,119,843</u>	<u>92,072,364</u>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid		87,758,593	71,238,321
Reinsurers' share of claims paid		<u>(8,966,528)</u>	<u>(3,702,227)</u>
Net claims paid		78,792,065	67,536,094
Changes in outstanding claims, net		<u>3,858,375</u>	<u>2,705,890</u>
Net incurred claims	6	82,650,440	70,241,984
Policy acquisition costs		12,866,285	9,196,030
Excess of loss expenses		1,630,056	1,760,834
Other underwriting expenses		<u>5,936,526</u>	<u>3,761,940</u>
<b>Total underwriting costs and expenses</b>		<u>103,083,307</u>	<u>84,960,788</u>
<b>Net underwriting income</b>		<u>38,036,536</u>	<u>7,111,576</u>
<b>OTHER OPERATING EXPENSES, NET</b>			
Operating and administrative salaries		(9,854,886)	(9,611,097)
General and administrative expenses		(6,772,483)	(5,916,114)
Commission income on bank deposits	6	<u>270,834</u>	<u>12,188</u>
<b>Total other operating expenses, net</b>		<u>(16,356,535)</u>	<u>(15,515,023)</u>
<b>Net surplus (deficit) from insurance operations</b>		<u>21,680,001</u>	<u>(8,403,447)</u>
Shareholders' (appropriation of surplus) absorption of deficit		<u>(19,512,001)</u>	<u>8,403,447</u>
<b>Net result from insurance operations after shareholders' (appropriation of surplus) absorption of deficit</b>		<u>2,168,000</u>	<u>-</u>
Insurance operations' surplus, beginning of the period		<u>2,147,446</u>	<u>2,147,446</u>
<b>Insurance operations' surplus, end of the period</b>		<u>4,315,446</u>	<u>2,147,446</u>

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

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Chief Financial Officer

  
Chief Executive Officer

  
Director

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF SHAREHOLDERS' OPERATIONS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	Note	Three-months period ended 31 March 2016	Three-months period ended 31 March 2015
		SR (Un-audited)	SR (Un-audited)
Net surplus (deficit) transferred from Insurance operations		19,512,001	(8,403,447)
Commission Income on bank deposits		1,660,281	-
Dividends and realized fair value changes on available-for-sale investments		-	193,570
General and administrative expenses		(762,498)	(762,501)
<b>Net profit (loss) for the period</b>		<b>20,409,784</b>	<b>(8,972,378)</b>
<b>Basic and diluted profit (loss) loss per share - restated</b>	11	<b>0.51</b>	<b>(0.35)</b>
<b>Weighted average number of outstanding shares - restated</b>		<b>40,000,000</b>	<b>26,000,000</b>

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.


**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	Three-months period ended 31 March 2016	Three-months period ended 31 March 2015
Note	(Un-audited)	(Un-audited)
Shareholders' net profit (loss) for the period	20,409,784	(8,972,378)
Provision for zakat and income tax	<u>(2,000,000)</u>	<u>(1,000,000)</u>
<b>Net profit (loss) for the period after Zakat and income tax</b>	<b>18,409,784</b>	<b>(9,972,378)</b>
<b>Items that may subsequently be reclassified to the statement of shareholders' operations:</b>		
Unrealized fair value changes on available for sale investment, net	<u>(6,699,665)</u>	3,613,143
<b>Total comprehensive profit (loss) for the period</b>	<u><b>11,710,119</b></u>	<u><b>(6,359,235)</b></u>
<b>Basic and diluted profit (loss) per share - restated</b>	<b>0.29</b>	<b>(0.25)</b>
<b>Weighted average number of outstanding shares - restated</b>	<u><b>40,000,000</b></u>	<u><b>26,000,000</b></u>

  
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Chief Executive Officer

  
Director

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**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	Share capital SR	Share Premium SR	Fair value reserve SR	Accumulated losses SR	Total SR
<b>Balance at 1 January 2015 (Audited)</b>	200,000,000	-	(13,438,245)	(18,173,712)	168,388,043
Shareholders' net loss for the period	-	-	-	(8,972,378)	(8,972,378)
Unrealized fair value changes on available- for-sale investments , net	-	-	3,613,143	-	3,613,143
Provision for zakat and income tax	-	-	-	(1,000,000)	(1,000,000)
<b>Balance at 31 March 2015 (Un-audited)</b>	<b>200,000,000</b>	<b>-</b>	<b>(9,825,102)</b>	<b>(28,146,090)</b>	<b>162,028,808</b>
<b>Balance at 1 January 2016 (Audited)</b>	400,000,000	30,107,690	(28,995,201)	(78,438,710)	322,673,779
Shareholders' net profit for the period	-	-	-	20,409,784	20,409,784
Unrealized fair value changes on available- for-sale Investments, net	-	-	(6,699,665)	-	(6,699,665)
Provision for Zakat and income tax	-	-	-	(2,000,000)	(2,000,000)
<b>Balance at 31 March 2016 (Un-audited)</b>	<b>400,000,000</b>	<b>30,107,690</b>	<b>(35,694,866)</b>	<b>(60,028,926)</b>	<b>334,383,898</b>

  
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 Chief Executive Officer

  
 Director

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	Three months period ended 31 March 2016 SR (Un-audited)	Three months period ended 31 March 2015 SR (Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net surplus (deficit) from insurance operations	2,168,000	(8,403,447)
Adjustments for:		
Depreciation	576,173	361,552
Amortization	-	105,445
End-of-service indemnities, net	256,478	688,969
Loss on Disposal of property and equipment	-	297
	<u>3,000,651</u>	<u>(7,247,184)</u>
Changes in operating assets and liabilities:		
Due from shareholders' operations	17,940,774	-
Due to shareholders' operations	1,250,230	(1,107,218)
Premiums and insurance balances receivable	(52,526,853)	(31,683,322)
Reinsurers' share of unearned premiums	(5,157,196)	19,966,824
Reinsurers' share of outstanding claims	(12,013,557)	20,173,455
Deferred policy acquisition costs	(5,759,884)	(6,775,277)
Prepaid expenses and other assets	(2,818,487)	(985,025)
Accrued commission income	(270,835)	74,063
Unearned premiums	70,378,226	58,944,003
Outstanding claims	15,871,932	(17,467,565)
Unearned reinsurance commission	307,193	548,525
Reinsurance balances payable	28,172,989	6,128,524
Accrued and other liabilities	(2,778,802)	1,135,988
<b>Net cash generated from operating activities</b>	<u>55,596,381</u>	<u>41,705,791</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(191,224)	(473,670)
Proceeds from disposal of property and equipment	-	2,500
<b>Net cash used in investing activities</b>	<u>(191,224)</u>	<u>(471,170)</u>
<b>Net increase in cash and cash equivalents</b>	<u>55,405,157</u>	<u>41,234,621</u>
Cash and cash equivalents at the beginning of the period	<u>373,227,369</u>	<u>210,978,334</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>3</u> <u>428,632,526</u>	<u>252,212,955</u>

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF SHAREHOLDERS' OPERATIONS' CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	Note	Three months period ended 31 March 2016 SR (Un-audited)	Three months period ended 31 March 2015 SR (Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit (loss) for the period		20,409,784	(8,972,378)
Adjustments for:			
Realized dividends and fair value changes on available-for-sale investments		-	(193,570)
		20,409,784	(9,165,948)
<u>Changes in operating assets and liabilities:</u>			
Due from insurance operations		(17,940,774)	9,510,665
Due to insurance operations		(1,250,230)	-
Accrued commission on statutory deposit		(114,488)	(53,756)
Accrued commission income		(1,125,346)	(541,170)
Commission on statutory deposit payable		114,488	53,756
Accrued and other liabilities		441,501	418,653
<b>Cash from (used in) operations</b>		<b>534,935</b>	<b>222,200</b>
Zakat and income tax paid		-	(222,200)
<b>Net cash generated (used in) operating activities</b>		<b>534,935</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>		<b>534,935</b>	<b>-</b>
Cash and cash equivalents at the beginning of the period		213,979,283	83,099,953
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>214,514,218</b>	<b>83,099,953</b>
<u>Non-cash transactions:</u>			
Unrealized fair value changes on available-for-sale investments	3	(6,699,665)	3,613,143
Provision for zakat and income tax		-	(1,000,000)

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
(A SAUDI JOINT STOCK COMPANY)

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

**1. GENERAL INFORMATION**

The Saudi United Cooperative Insurance Company (Wala'a) ("the Company") is a Saudi Joint Stock Company established in Al Khobar, Kingdom of Saudi Arabia and incorporated on 19 Jumada II 1428H corresponding to July 4, 2007 under Commercial Registration No. 2051034982.

The principal activities of the Company are to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies (the "Law") and its implementing regulations in the Kingdom of Saudi Arabia. The Company was granted the license (number TMN/16/2008) to practice general and medical insurance and re-insurance business from the Saudi Arabian Monetary Agency (SAMA) on 28 Jumada II 1429H corresponding to July 2, 2008.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These interim condensed financial statements for the three-month3 period ended 31 March 2016 and 2015 have been prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" (IAS 34). Accordingly, these interim condensed financial statements are not intended to be a presentation in conformity with accounting principles generally accepted in the Kingdom of Saudi Arabia i.e. in accordance with the standard on Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants (SOCPA).

These interim condensed financial statements include all transactions comprising mainly of normal recurring nature considered necessary by the Company's management to present a fair statement of the financial position, results of operations and cash flows.

These interim condensed financial statements have been prepared under historical cost convention, except for certain available-for-sale investments which are measured at fair value and are presented in Saudi Riyals, which is also the functional currency of the Company, and the presentation currency for these interim condensed financial statements.

The Saudi Arabian insurance regulations require separate accounts to be maintained for insurance operations and shareholders' activities. Also, as per the insurance implementing regulations the shareholders of the Company are to receive 90% of the annual surplus from the insurance operations and the policyholders are to receive 10% or this percentage to be deducted from their next period's premiums. If the insurance operations result in a deficit, the entire deficit is borne by the shareholders' operations.

**2.2 Accounting policies**

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual audited financial statements as at and for the year ended December 31, 2015, except for the adoption of certain amendments and revisions to existing standards as mentioned below, which had no significant financial impact on the interim condensed financial statements of the Company. These interim condensed financial statements should therefore be read in conjunction with the audited financial statements for the year ended December 31, 2015. The results of the interim period are not indicative of the results of the full statutory financial year.

<b>Standard</b>	<b>Description</b>
IFRS 14	Regulatory deferral accounts
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to IAS 16	Property, plant and equipment
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.2 Accounting policies (Continued)**

The adoption of the above standards did not have any impact on the accounting policies, financial position or performance of the Company.

The Company's management decided not to choose the early adoption of the following new and amended standards and interpretations issued which will become effective for the period commencing on or after January 1, 2016:

<b>Standard</b>	<b>Description</b>
IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases
Amendments to IFRS 9	Financial instruments regarding general hedge accounting
Amendments to IAS 27	Equity method in separate financial statements
Annual improvements 2014	

**2.3 Use of estimates in preparation of financial statements**

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

**3. CASH AND CASH EQUIVALENTS**

**Insurance operations**

	<b>31 March 2016 SR</b>	31 December 2015 SR
	<b>(Un-audited)</b>	(Audited)
Cash in hand	<b>67,000</b>	67,000
Deposits with bank	<b>100,000,000</b>	-
Cash at banks	<b>328,565,526</b>	373,160,369
	<b>428,632,526</b>	373,227,369

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

**3. CASH AND CASH EQUIVALENTS (Continued)**

**Shareholders' operations**

	<b>31 March 2016 SR</b>	31 December 2015 SR
	<b>(Un-audited)</b>	(Audited)
Deposits at banks	<b>214,514,218</b>	213,979,283

**4. PREMIUMS AND INSURANCE BALANCES RECEIVABLE - net**

	<b>31 March 2016 SR</b>	31 December 2015 SR
	<b>(Un-audited)</b>	(Audited)
Premiums receivable	<b>185,388,597</b>	130,768,288
Insurance and reinsurance receivables	-	1,593,456
Allowance for doubtful debts	<b>(20,061,293)</b>	(19,561,293)
	<b>165,327,304</b>	112,800,451

**5. RELATED PARTY TRANSACTIONS**

The significant transactions with related parties and the related approximate amounts during the period are as follows:

	<b>31 March 2016 SR</b>	31 March 2015 SR
	<b>(Un-audited)</b>	(Un-audited)
Gross premium received from directors and their related parties	<b>2,250,955</b>	8,405,106
Gross premium received from key management personnel	<b>3,280</b>	4,975
Gross claims paid to directors and their related parties	<b>179,702</b>	180,889
Compensation of key management personnel - other benefits	<b>879,530</b>	966,109

Balances due from (to) related parties are comprised of the following:

	<b>31 March 2016 SR</b>	31 December 2015 SR
	<b>(Un-audited)</b>	(Audited)
Premiums receivable from key management personnel, directors and their related parties	<b>2,811,967</b>	<b>677,790</b>
Claims payable to directors and their related parties	<b>(8,156,785)</b>	<b>(8,322,769)</b>

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
(A SAUDI JOINT STOCK COMPANY)

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**6. SEGMENTAL INFORMATION**

For management purposes, the Company is organized into business segments classified as: Medical, Motor, property, engineering and others. Others include fire, marine and other general insurance. These segments are the basis on which the Company reports its primary segment information.

Consistent with the Company's internal reporting process, business segment has been approved by management in respect of the Company's activities, assets and liabilities as stated below.

- Segment assets do not include cash and cash equivalents, premiums and insurance balances receivable - net, due from shareholders' operations, prepaid expenses and other assets, accrued commission income, property and equipment and intangible asset;
- Segment liabilities and surplus do not include accrued and other liabilities, reinsurance balances payable, due to shareholders' operations, end-of-service indemnities and insurance operations' surplus; and
- Operating segments do not include shareholders' operations.
- Segment results do not include operating and administrative salaries and general and administrative expenses and have been presented under unallocated expenses.

**Operating segments**

**Insurance operations for the three months period ended 31 March 2016 (Un-audited):**

	<b>Medical SR</b>	<b>Motor SR</b>	<b>Property SR</b>	<b>Engineering SR</b>	<b>Others SR</b>	<b>Total SR</b>
Gross premiums written	<b>43,175,157</b>	<b>147,420,855</b>	<b>5,775,171</b>	<b>26,595,351</b>	<b>39,093,886</b>	<b>262,060,420</b>
Net premiums written	<b>43,175,157</b>	<b>145,836,556</b>	<b>1,032,519</b>	<b>2,879,608</b>	<b>8,304,961</b>	<b>201,228,801</b>
Net premium earned	<b>21,488,743</b>	<b>103,263,732</b>	<b>1,127,723</b>	<b>1,758,163</b>	<b>8,369,410</b>	<b>136,007,771</b>
Reinsurance commission	-	<b>77,219</b>	<b>2,220,420</b>	<b>1,612,035</b>	<b>406,816</b>	<b>4,316,490</b>
Other underwriting income	-	<b>776,446</b>	<b>2,590</b>	<b>1,615</b>	<b>14,931</b>	<b>795,582</b>
Net incurred claims	<b>(7,760,593)</b>	<b>(66,169,348)</b>	<b>(3,678,294)</b>	<b>(2,453,916)</b>	<b>(2,588,289)</b>	<b>(82,650,440)</b>
Other underwriting expenses	<b>(3,336,775)</b>	<b>(13,213,171)</b>	<b>(1,256,175)</b>	<b>(1,256,871)</b>	<b>(1,369,875)</b>	<b>(20,432,867)</b>
Other general and administrative expenses (unallocated)						<b>(16,627,369)</b>
<b>Surplus from insurance operations</b>						<b>21,409,167</b>
Commission income on bank deposits						<b>270,834</b>
<b>Net surplus from insurance operations</b>						<b>21,680,001</b>

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**6. SEGMENTAL INFORMATION (Continued)**

**Insurance operations' financial position as of March 31, 2016 (Un-audited):**

	<b>Medical SR</b>	<b>Motor SR</b>	<b>Property SR</b>	<b>Engineering SR</b>	<b>Others SR</b>	<b>Total SR</b>
<b>Insurance operations' assets</b>						
Reinsurers' share of unearned premiums	-	1,199,537	29,338,948	56,483,625	36,574,169	123,596,279
Reinsurers' share of outstanding claims	-	508,571	143,965,291	41,074,747	3,418,765	188,967,374
Deferred policy acquisition costs	4,998,529	17,986,689	1,173,064	2,037,806	2,376,715	28,572,803
Unallocated assets						<u>635,120,868</u>
<b>Total assets</b>						<u><b>976,257,324</b></u>
<b>Insurance operations' liabilities</b>						
Unearned premiums	59,751,632	219,654,715	31,005,096	60,840,437	48,609,057	419,860,937
Outstanding claims	16,474,716	136,508,605	154,861,626	46,029,926	21,008,163	374,883,036
Additional premium reserves	-	34,418,701	-	2,439,032	-	36,857,733
Other technical reserves	1,087,100	1,106,504	2,639,870	721,028	-	5,554,502
Unearned reinsurance commission		241,214	2,315,523	5,159,144	2,870,665	10,586,546
Unallocated liabilities and surplus						<u>128,514,570</u>
<b>Total liabilities and surplus</b>						<u><b>976,257,324</b></u>



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
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Insurance operations for the three months period ended 31 March 2015 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	10,629,274	143,252,236	12,493,611	13,089,983	17,763,734	197,228,838
Net premiums written	10,629,274	142,012,958	3,228,129	1,648,200	8,944,300	166,462,861
Net premium earned	11,256,340	65,180,515	2,480,655	1,241,714	7,392,810	87,552,034
Reinsurance commission	-	60,753	1,906,041	1,884,626	346,801	4,198,221
Other underwriting income	-	294,490	4,185	1,730	21,704	322,109
Net incurred claims	(5,697,612)	(63,662,732)	239,519	134,524	(1,255,683)	(70,241,984)
Other underwriting expenses	(1,707,990)	(9,500,524)	(1,063,151)	(985,786)	(1,461,353)	(14,718,804)
Other general and administrative expenses (unallocated)						(15,527,211)
<b>Deficit from insurance operations</b>						(8,415,635)
Commission income on bank deposits						12,188
<b>Net deficit from insurance operations</b>						(8,403,447)

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
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**6. SEGMENTAL INFORMATION (Continued)**

Insurance operations' financial position as of December 31, 2015:

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
<b>Insurance operations' assets</b>						
Reinsurers' share of unearned premiums	-	-	53,037,306	52,141,226	13,260,551	118,439,083
Reinsurers' share of outstanding claims	-	462,062	134,304,790	39,261,670	2,925,295	176,953,817
Deferred policy acquisition costs	2,837,629	13,775,437	1,724,584	2,445,082	2,030,187	22,812,919
Unallocated assets						525,734,715
<b>Total insurance operations' assets</b>						<b>843,940,534</b>
<b>Insurance operations' liabilities and surplus</b>						
Unearned premiums	38,065,218	175,882,354	54,798,658	55,376,593	25,359,888	349,482,711
Outstanding claims	13,480,728	141,660,409	141,899,476	43,630,026	18,340,465	359,011,104
Additional premium reserves	-	34,418,701	-	2,439,032	-	36,857,733
Other technical reserves	1,087,100	1,106,504	2,639,870	721,028	-	5,554,502
Unearned reinsurance commission	-	-	3,622,831	5,704,513	952,009	10,279,353
Unallocated liabilities and surplus						82,755,131
<b>Total insurance operations' liabilities and surplus</b>						<b>843,940,534</b>

**Geographical distributions**

All of the significant assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for a minor portion of the reinsurance assets / liabilities which are held outside the Kingdom of Saudi Arabia

**7. INVESTMENTS**

**Available-for-sale investments**

Available-for-sale investments include the following:

	31 March 2016 (Un-audited)	31 December 2015 (Audited)
Quoted securities	76,102,943	82,802,608
Unquoted securities	1,923,078	1,923,078
	<b>78,026,021</b>	84,725,686

Movement in available-for-sale investments is as follows:

	31 March 2016 (Un-audited)	31 December 2015 (Audited)
Beginning of period / year	84,725,686	79,284,833
Purchases and dividends reinvested	-	26,678,032
Disposals	-	(5,680,223)
Unrealized fair value changes	(6,699,665)	(15,556,956)
Ending of period / year	<b>78,026,021</b>	84,725,686

**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
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**8. STATUTORY DEPOSIT**

The statutory deposit represents 10% of the paid-up share capital which is maintained in accordance with the Law. This statutory deposit cannot be withdrawn without the consent of SAMA.

**9. STATUTORY RESERVE**

In accordance with the Law, the Company is required to transfer not less than 20% of its annual profits to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. No such transfer has been made during the period due to accumulated losses at the period end.

**10. SHARE CAPITAL**

The authorized, issued and paid up share capital of the Company is Saudi Riyal 400 million at the year end and consisting of 40 million shares of Saudi Riyal 10 each.

On April 23, 2014 (corresponding to 23 Jumada II 1435H), the Company received an approval from SAMA for increasing its ordinary share capital by SAR 200 million, by way of issuance of right shares to its existing shareholders. On March 2, 2015 the Company obtained the approval from the Capital Market Authority (CMA) to increase its share capital by way of rights issue valued at SR 200 million with share premium of SR 40 million. The shareholders approved rights issue of SR 200 million in the extra-ordinary general meeting held on 27 April 2015 corresponding to 8 Rajab 1436H. As approved by the regulators and shareholders, 20 million ordinary shares were offered at an exercise price of SR 12 per share, the subscription period for which started on 5 May 2015 and ended on 25 May 2015. The legal formalities have been completed and the share capital has been increased from SR 200 Million to SR 400 Million

**11. BASIC AND DILUTED PROFIT (LOSS) PER SHARE**

Basic and diluted loss per share from shareholders' operations and shareholders' comprehensive income (loss) are calculated by dividing net profit (loss) for the period by the weighted average number of ordinary shares outstanding during the period.

The weighted average number of shares has been retrospectively adjusted for prior period to reflect the bonus element of right share issue as required by IAS 33 "Earnings per share" as follows:

	<b>31 March 2016</b>	31 March 2015
	<b>(Un-audited)</b>	(Re-stated)
Issued ordinary shares as at 1 January	<b>20,000,000</b>	20,000,000
Effect of bonus element of right share issue	-	6,000,000
Effect of right share issue	<b>20,000,000</b>	-
	<b>40,000,000</b>	26,000,000

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.299 which is a ratio of the theoretical ex-rights price of SR 17.07 per ordinary share and the closing price of SR 22.13 per ordinary share on the last day on which the shares were traded before the right issue.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
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**12. 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 (i.e. an exit price). The Company's financial assets consist of cash and cash equivalents, other financial assets and other assets and its financial liabilities consist of payable, accrued and other liabilities.

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

*Determination of fair value and fair value hierarchy*

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

Level 1: quoted prices in active markets for the same 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 technique for which any significant input is not based on observable market data.

The table below presents the financial assets which are carried at fair values as at 31 March 2016 and 31 December 2015 based on their value hierarchy:

**As at 31 March 2016 (Un-audited)**

Financial instruments	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
<b>Investments available-for-sale</b>				
Equity securities	76,102,943	-	1,923,078	78,026,021
<b>Total</b>	76,102,943	-	1,923,078	78,026,021

**As at 31 December 2015 (Audited)**

Financial instruments	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Available-for-sale investments				
Equity securities	82,802,608	-	1,923,078	84,725,686
<b>Total</b>	82,802,608	-	1,923,078	84,725,686

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

During the three months period ended 31 March 2016, 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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
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**13. CONTINGENCIES**

The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company's management, based on independent legal advice, believes that the outcome of court cases will not have a material impact on the Company's income or financial condition.

**14. RESULTS OF THE INTERIM PERIOD**

The results of the interim period are not an indication of the results of the full statutory financial year.

**15. COMPARATIVE FIGURES**

Certain of the comparative period amounts have been reclassified to conform to the presentation in the current period, the effects of which are not material.

**16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements have been approved by the Board of Directors on April 14, 2016 corresponding to 7 Rajab 1437H.