

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 AND SIX MONTHS PERIOD ENDED 30 JUNE 2015

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 AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

INDEX	PAGE
Independent auditors' limited review report	1
Interim condensed statement of financial position	2 - 3
Interim condensed statement of insurance operations	4
Interim condensed statement of shareholders' operations	5
Interim condensed statement of shareholders' comprehensive income	6
Interim condensed statement of changes in shareholders' equity	7
Interim condensed statement of insurance operations' cash flows	8
Interim condensed statement of shareholders' operations' cash flows	9
Notes to the interim condensed financial statements	10 - 19

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 30 June 2015, and the related interim condensed statements of insurance operations, shareholders' operations, shareholders' comprehensive income for the three month and six month periods then ended and the interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the six month period ended 30 June 2015 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

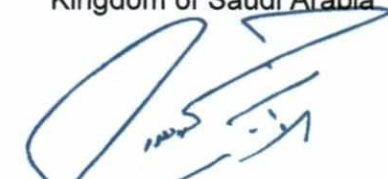
Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.


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.

PKF Al Bassam & Al Nemer
Allied Accountants
P O Box 4636
Al Kobar 31952
Kingdom of Saudi Arabia

Abdulaziz A. Alnaim
Certified Public Accountants
P O Box 26991
Riyadh 11496
Kingdom of Saudi Arabia


Ibrahim Ahmed Al Bassam
Certified Public Accountant
Licence No. 337


Abdulaziz A. Alnaim
Certified public Accountant
Licence No. 394

23 July 2015
7 Shawwal 1436H



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

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	30 June 2015 SR (Un-audited)	31 December 2014 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	268,006,913	210,978,334
Premiums and insurance balances receivable - net	4	146,902,155	102,899,364
Reinsurers' share of unearned premiums	6	94,022,667	118,958,059
Reinsurers' share of outstanding claims	6	174,655,085	239,779,778
Deferred policy acquisition costs	6	25,511,605	15,538,816
Due from shareholders' operations		68,808,904	1,236,951
Prepaid expenses and other assets		10,180,801	10,396,711
Accrued commission income		-	74,063
Property and equipment		5,535,797	3,862,752
Intangible asset		-	1,710,558
TOTAL INSURANCE OPERATIONS' ASSETS		793,623,927	705,435,386
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	286,774,284	83,099,953
Prepaid expenses and other assets		-	1,139,024
Accrued commission income		1,174,680	1,081,279
Available-for-sale investments	7	113,870,774	79,284,833
Statutory deposit	8	40,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		441,819,738	184,605,089
TOTAL ASSETS		1,235,443,665	890,040,475



Director



Chief Executive Officer



Chief Financial Officer

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 STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 30 JUNE 2015

	Note	30 June 2015 SR (Un-audited)	31 December 2014 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Liabilities arising from insurance contracts:			
Unearned premiums	6	380,028,708	284,701,356
Outstanding claims	6	301,748,988	334,174,041
Total liabilities arising from insurance contracts		681,777,696	618,875,397
Accrued and other liabilities		54,710,371	47,046,865
Reinsurance balances payable		38,272,323	24,152,298
Unearned reinsurance commission	6	11,429,456	9,008,856
End-of-service indemnities		5,286,635	4,204,524
Total insurance operations' liabilities		791,476,481	703,287,940
Insurance operations' surplus		2,147,446	2,147,446
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		793,623,927	705,435,386
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued and other liabilities		16,748,566	14,980,095
Due to insurance operations		68,808,904	1,236,951
		85,557,470	16,217,046
Shareholders' equity			
Share capital	10	400,000,000	200,000,000
Share premium		30,542,514	-
Fair value reserve		(4,726,096)	(13,438,245)
Accumulated losses		(69,554,150)	(18,173,712)
Total shareholders' equity		356,262,268	168,388,043
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		441,819,738	184,605,089
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		1,235,443,665	890,040,475

CONTINGENCIES

13



Director



Chief Executive Officer



Chief Financial Officer

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 STATEMENT OF INSURANCE OPERATIONS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015

	Note	Three-months ended 30 June 2015 SR (Un-audited)	Three-months ended 30 June 2014 SR (Un-audited)	Six-months ended 30 June 2015 SR (Un-audited)	Six-months ended 30 June 2014 SR (Un-audited)
REVENUES					
Gross premiums written	5, 6	199,437,264	175,629,059	396,666,102	356,712,353
Reinsurance premiums ceded		(61,748,814)	(91,031,558)	(92,514,791)	(171,546,704)
Net premiums written	6	137,688,450	84,597,501	304,151,311	185,165,649
Changes in unearned premiums, net		(41,351,917)	(21,383,621)	(120,262,744)	(72,400,611)
Net premiums earned	6	96,336,533	63,213,880	183,888,567	112,765,038
Reinsurance commission	6	4,975,579	4,545,026	9,173,800	8,390,430
Other underwriting income	6	635,989	169,565	958,098	278,555
Total revenue		101,948,101	67,928,471	194,020,465	121,434,023
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		138,146,237	49,047,807	209,384,558	101,686,395
Reinsurers' share of claims paid		(60,648,953)	(4,215,610)	(64,351,180)	(21,258,270)
Net claims paid		77,497,284	44,832,197	145,033,378	80,428,125
Changes in outstanding claims, net		29,993,750	5,096,266	32,699,640	18,911,023
Net incurred claims	6	107,491,034	49,928,463	177,733,018	99,339,148
Policy acquisition costs		10,629,766	8,690,725	19,825,796	14,998,670
Excess of loss expenses		4,828,106	3,043,982	6,588,940	4,393,379
Other underwriting expenses		5,522,921	3,175,642	9,284,861	4,900,169
Total underwriting costs and expenses		128,471,827	64,838,812	213,432,615	123,631,366
Net underwriting (loss) income		(26,523,726)	3,089,659	(19,412,150)	(2,197,434)
OTHER OPERATING EXPENSES, NET					
Operating and administrative salaries		(9,472,765)	(7,890,224)	(19,083,862)	(16,337,428)
General and administrative expenses		(5,949,476)	(3,969,634)	(11,865,590)	(9,355,649)
Commission income on bank deposits	6	-	-	12,188	12,610
Total other operating expenses, net		(15,422,241)	(11,859,858)	(30,937,264)	(25,680,467)
Net deficit from insurance operations		(41,945,967)	(8,770,199)	(50,349,414)	(27,877,810)
Shareholders' absorption of deficit		41,945,967	8,770,199	50,349,414	27,877,810
Net result from insurance operations after shareholders' absorption of deficit		-	-	-	-
Insurance operations' surplus, beginning of the period		2,147,446	2,147,446	2,147,446	2,147,446
Insurance operations' surplus, end of the period		2,147,446	2,147,446	2,147,446	2,147,446


Director


Chief Executive Officer


Chief Financial Officer

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 STATEMENT OF SHAREHOLDERS' OPERATIONS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015

		Three-months ended 30 June 2015	Three-Months ended 30 June 2014	Six-Months ended 30 June 2015	Six-Months ended 30 June 2014
	Note	SR	SR	SR	SR
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Net deficit transferred from insurance operations		(41,945,967)	(8,770,199)	(50,349,414)	(27,877,810)
Commission income on bank deposits		174,331	291,382	174,331	366,245
Commission income on held-to-maturity Investments		-	47,125	-	94,250
Dividends and realized fair value changes on available-for-sale investments		2,126,075	769,206	2,319,645	1,324,664
General and administrative expenses		(762,501)	(1,038,269)	(1,525,002)	(1,800,771)
Net loss for the period		(40,408,062)	(8,700,755)	(49,380,440)	(27,893,422)
Basic and diluted loss per share - restated	11	(1.44)	(0.33)	(1.76)	(1.07)
Weighted average number of outstanding shares - restated	11	28,088,398	26,000,000	28,088,398	26,000,000



Director



Chief Executive Officer



Chief Financial Officer

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 STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015

	Three-months ended 30 June 2015	Three-months ended 30 June 2014	Six-months ended 30 June 2015	Six months ended 30 June 2014
Note	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Shareholders' net loss for the period	(40,408,062)	(8,700,755)	(49,380,440)	(27,893,422)
Provision for zakat and income tax	(999,998)	(812,499)	(1,999,998)	(1,624,998)
Net loss for the period after Zakat and income tax	(41,408,060)	(9,513,254)	(51,380,438)	(29,518,420)
Items that may subsequently be reclassified to the statement of shareholders' operations:				
Unrealized fair value changes on available for sale investment, net	5,099,006	1,322,773	8,712,149	7,841,818
Total comprehensive loss for the period	(36,309,054)	(8,190,481)	(42,668,289)	(21,676,602)
Basic and diluted loss per share - restated	11 (1.29)	(0.32)	(1.52)	(0.83)
Weighted average number of outstanding shares - restated	11 28,088,398	26,000,000	28,088,398	26,000,000



Director



Chief Executive Officer



Chief Financial Officer

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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	Share capital SR	Share Premium SR	Fair value reserve SR	Accumulated losses SR	Total SR
Balance at 1 January 2014 (Audited)	200,000,000	-	21,258,354	(14,481,813)	206,776,541
Shareholders' net loss for the period	-	-	-	(27,893,422)	(27,893,422)
Unrealized fair value changes on available-for-sale investments, net	-	-	7,841,818	-	7,841,818
Provision for zakat and income tax	-	-	-	(1,624,998)	(1,624,998)
Balance at 30 June 2014 (Un-audited)	<u>200,000,000</u>	<u>-</u>	<u>29,100,172</u>	<u>(44,000,233)</u>	<u>185,099,939</u>
Balance at 1 January 2015 (Audited)	200,000,000	-	(13,438,245)	(18,173,712)	168,388,043
Shareholders' net loss for the period	-	-	-	(49,380,440)	(49,380,440)
Additional capital introduced	200,000,000	-	-	-	200,000,000
Premium on additional capital	-	40,000,000	-	-	40,000,000
Cost of right issue	-	(9,457,486)	-	-	(9,457,486)
Unrealized fair value changes on available-for-sale investments, net	-	-	8,712,149	-	8,712,149
Provision for Zakat and income tax	-	-	-	(1,999,998)	(1,999,998)
Balance at 30 June 2015 (Un-audited)	<u>400,000,000</u>	<u>30,542,514</u>	<u>(4,726,096)</u>	<u>(69,554,150)</u>	<u>356,262,268</u>



Director



Chief Executive Officer



Chief Financial Officer

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 STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	Note	Six months ended 30 June 2015 SR (Un-audited)	Six months ended 30 June 2014 SR (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit from insurance operations		(50,349,414)	(27,877,810)
Adjustments for:			
Depreciation		968,622	769,713
End-of-service indemnities, net		1,082,111	683,298
Loss on Disposal of property and equipment		297	-
		<u>(48,298,384)</u>	<u>(26,424,799)</u>
Changes in operating assets and liabilities:			
Premiums and insurance balances receivable		(44,002,791)	(52,706,602)
Reinsurers' share of unearned premiums		24,935,392	(45,957,668)
Reinsurers' share of outstanding claims		65,124,693	(12,616,167)
Deferred policy acquisition costs		(9,972,789)	(8,099,001)
Prepaid expenses and other assets		215,910	(1,036,265)
Accrued commission income		74,063	34,675
Unearned premiums		95,327,352	118,358,279
Outstanding claims		(32,425,053)	31,527,190
Unearned reinsurance commission		2,420,600	4,740,552
Reinsurance balances payable		14,120,025	24,923,847
Accrued and other liabilities		7,663,506	14,782,517
Net cash generated from operating activities		<u>75,182,524</u>	<u>47,526,558</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(933,906)	(429,585)
Proceeds from disposal of property and equipment		2,500	-
Net cash used in investing activities		<u>(931,406)</u>	<u>(429,585)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Due to shareholders' operations		(17,222,539)	(3,059,961)
Net Increase in cash and cash equivalents		57,028,579	44,037,012
Cash and cash equivalents at the beginning of the period		<u>210,978,334</u>	<u>119,381,611</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	<u><u>268,006,913</u></u>	<u><u>163,418,623</u></u>



Director



Chief Executive Officer



Chief Financial Officer

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 STATEMENT OF SHAREHOLDERS' OPERATIONS' CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

Note	Six months ended 30 June 2015 SR	Six months ended 30 June 2014 SR
	(Un-audited)	(Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(49,380,440)	(27,893,422)
Adjustments for:		
Commission income	(174,331)	(366,245)
Realized dividends and fair value changes on available- for-sale investments	(2,319,645)	(1,324,664)
	(51,874,416)	(29,584,331)
<u>Changes in operating assets and liabilities:</u>		
Due from/ to insurance operations	67,571,953	30,937,771
Prepaid expenses and other assets	1,139,024	
Accrued and other liabilities	974,557	(1,015,612)
Cash from operations	17,811,118	337,828
Zakat and income tax paid	(1,206,084)	-
Net cash generated from operating activities	16,605,034	337,828
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in other financial assets	(25,873,792)	(42,485,664)
Commission, dividend received and realized fair value changes	2,400,575	1,394,242
Net cash used in investing activities	(23,473,217)	(41,091,422)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase of share capital	200,000,000	-
Share premium, net	30,542,514	-
Statutory deposit	(20,000,000)	-
Net cash generated from financing activities	210,542,514	-
Net change in cash and cash equivalents	203,674,331	(40,753,594)
Cash and cash equivalents at the beginning of the period	83,099,953	86,366,117
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3 286,774,284	45,612,523

Non-cash transactions:

Unrealized fair value changes on available-for-sale investments	8,712,149	7,841,818
Provision for zakat and income tax	(1,999,998)	(1,624,998)


Director


Chief Executive Officer


Chief Financial Officer

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

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 six-month periods ended 30 June 2015 and 2014 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, 2014, 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, 2014.

<u>Standard</u>	<u>Description</u>
Amendments to IAS 19	Defined benefit plans

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

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 became effective for the periods commencing on or after April 1, 2015:

<u>Standard</u>	<u>Description</u>
IFRS 9	Financial instruments
IFRS 14	Regulatory deferral accounts
IFRS 15	Revenue from contracts with customers
Amendment to IAS 1	Presentation of financial statements
Amendments to IFRS 9	Financial instruments regarding general hedge accounting
Amendments to IAS 16 and IAS 38	'Property, plant and equipment' and 'Intangible assets' – depreciation and amortization
Amendments to IAS 27 separate financial statements	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

	30 June 2015 SR	31 December 2014 SR
	(Un-audited)	(Audited)
Cash in hand	67,000	67,000
Cash at banks	267,939,913	210,911,334
	<u>268,006,913</u>	<u>210,978,334</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

3. CASH AND CASH EQUIVALENTS (Continued)

Shareholders' operations

	30 June 2015 SR	31 December 2014 SR
	(Un-audited)	(Audited)
Cash at banks	<u>286,774,284</u>	<u>83,099,953</u>

4. PREMIUMS AND INSURANCE BALANCES RECEIVABLE - net

	30 June 2015 SR	31 December 2014 SR
	(Un-audited)	(Audited)
Premiums receivable	164,324,660	116,595,540
Insurance and reinsurance receivables	2,538,383	3,264,712
Allowance for doubtful debts	<u>(19,960,888)</u>	<u>(16,960,888)</u>
	<u>146,902,155</u>	<u>102,899,364</u>

5. RELATED PARTY TRANSACTIONS

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

	30 June 2015 SR	30 June 2014 SR
	(Un-audited)	(Un-audited)
Gross premium received from directors and their related parties	9,697,528	1,937,482
Gross premium received from key management personnel	8,338	7,721
Amount received on behalf of affiliates	-	105,625
Compensation of key management personnel - other benefits	2,009,905	2,641,201

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

	30 June 2015 SR	31 December 2014 SR
	(Un-audited)	(Audited)
Premiums receivable from key management personnel, directors and their related parties	4,844,417	-
Claims payable to directors and their related parties	<u>(2,074,500)</u>	<u>(2,369,413)</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

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 30 June 2015 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	19,552,896	106,198,076	17,317,205	43,395,979	12,973,108	199,437,264
Net premiums written	19,552,896	106,198,564	1,414,790	2,379,871	8,142,329	137,688,450
Net premium earned	12,468,072	73,519,598	1,341,696	1,791,633	7,215,534	96,336,533
Reinsurance commission	-	59,696	2,692,186	1,899,171	324,526	4,975,579
Other underwriting income	-	617,810	3,285	2,475	12,419	635,989
Net incurred claims	(5,221,897)	(94,388,873)	(1,383,791)	(738,089)	(5,758,384)	(107,491,034)
Other underwriting expenses	(3,821,170)	(13,305,640)	(1,305,501)	(1,044,515)	(1,503,967)	(20,980,793)
Other general and administrative expenses (unallocated)						(15,422,241)
Deficit from insurance operations						(41,945,967)
Commission income on bank deposits						-
Net deficit from insurance operations						(41,945,967)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

6. SEGMENTAL INFORMATION (Continued)

Insurance operations for the six months period ended 30 June 2015 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	30,182,170	249,450,312	29,810,816	56,485,962	30,736,842	396,666,102
Net premiums written	30,182,170	248,211,522	4,642,919	4,028,071	17,086,629	304,151,311
Net premium earned	23,724,412	138,700,112	3,822,351	3,033,347	14,608,345	183,888,567
Reinsurance commission	-	120,449	4,598,227	3,783,797	671,327	9,173,800
Other underwriting income	-	912,300	7,470	4,205	34,123	958,098
Net incurred claims	(10,919,509)	(158,051,605)	(1,144,272)	(603,565)	(7,014,067)	(177,733,018)
Other underwriting expenses Other general and administrative expenses (unallocated)	(5,529,159)	(22,806,163)	(2,368,651)	(2,030,305)	(2,965,319)	(35,699,597)
						<u>(30,949,452)</u>
Deficit from insurance operations						(50,361,602)
Commission income on bank deposits						<u>12,188</u>
Net deficit from insurance operations						<u>(50,349,414)</u>

Insurance operations' financial position as of 30 June, 2015 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Insurance operations' assets						
Reinsurers' share of unearned premiums	-	636,549	19,214,007	59,302,922	14,869,189	94,022,667
Reinsurers' share of outstanding claims	-	1,118,718	135,249,807	34,614,000	3,672,560	174,655,085
Deferred policy acquisition costs	2,198,349	16,182,362	2,653,708	2,262,975	2,214,211	25,511,605
Unallocated assets						<u>499,434,570</u>
Total assets						<u>793,623,927</u>
Insurance operations' liabilities						
Unearned premiums	29,619,527	239,111,630	21,786,096	62,673,114	26,838,341	380,028,708
Outstanding claims	8,501,463	93,831,327	140,986,609	40,506,921	17,922,668	301,748,988
Unearned reinsurance commission	-	127,309	4,541,421	5,944,378	816,348	11,429,456
Unallocated liabilities and surplus						<u>100,416,775</u>
Total liabilities and surplus						<u>793,623,927</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

6. SEGMENTAL INFORMATION (Continued)

Insurance operations for the three month period ended 30 June 2014 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	15,180,843	57,789,548	32,594,456	56,302,115	13,762,097	175,629,059
Net premiums written	15,180,843	57,751,241	2,756,653	1,209,435	7,699,329	84,597,501
Net premium earned	12,072,500	39,551,300	3,289,916	1,209,118	7,090,976	63,213,880
Reinsurance commission	-	68,255	2,657,266	1,602,410	217,095	4,545,026
Other underwriting income	-	144,215	3,095	1,790	20,465	169,565
Net incurred claims	(6,141,335)	(39,970,587)	(625,391)	68,012	(3,259,162)	(49,928,463)
Other underwriting expenses	(2,451,074)	(7,908,213)	(2,328,954)	(749,336)	(1,472,772)	(14,910,349)
Other general and administrative expenses (unallocated)						<u>(11,859,858)</u>
Deficit from insurance operations						(8,770,199)
Commission income on bank deposits						-
Net deficit from insurance operations						<u>(8,770,199)</u>

Insurance operations for the Six month period ended 30 June 2014 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	25,324,450	138,479,776	79,087,437	86,886,236	26,934,454	356,712,353
Net premiums written	25,324,450	137,131,356	4,389,450	2,864,396	15,455,997	185,165,649
Net premium earned	23,327,765	69,679,541	4,358,110	2,064,898	13,334,724	112,765,038
Reinsurance commission	-	129,389	5,040,688	2,722,810	497,443	8,390,430
Other underwriting income	-	229,735	7,890	3,965	36,965	278,555
Net incurred claims	(15,084,318)	(75,692,993)	(1,122,376)	(2,171,086)	(5,268,375)	(99,339,148)
Other underwriting expenses	(4,022,005)	(12,677,736)	(3,481,858)	(1,433,346)	(2,677,273)	(24,292,218)
Other general and administrative expenses (unallocated)						<u>(25,693,077)</u>
Deficit from insurance operations						(27,890,420)
Commission income on bank deposits						12,610
Net deficit from insurance operations						<u>(27,877,810)</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

6. SEGMENTAL INFORMATION (Continued)

Insurance operations' financial position as of December 31, 2014 (Audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Insurance operations' assets						
Reinsurers' share of unearned premiums	-	-	57,078,073	48,411,286	13,468,700	118,958,059
Reinsurers' share of outstanding claims	332,258	1,172,087	194,162,616	40,560,451	3,552,366	239,779,778
Deferred policy acquisition costs	1,574,460	8,897,799	1,229,304	1,876,688	1,960,565	15,538,816
Unallocated assets						331,158,733
Total insurance operations' assets						705,435,386
Insurance operations' liabilities and surplus						
Unearned premiums	23,161,769	128,961,537	58,829,595	50,786,752	22,961,703	284,701,356
Outstanding claims	8,655,970	62,085,216	201,162,771	46,244,656	16,025,428	334,174,041
Unearned reinsurance commission	-	-	3,523,660	4,949,834	535,362	9,008,856
Unallocated liabilities and surplus						77,551,133
Total insurance operations' liabilities and surplus						705,435,386

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:

	30 June 2015 (Un-audited)	31 December 2014 (Audited)
Quoted securities	111,947,696	77,361,755
Unquoted securities	1,923,078	1,923,078
	113,870,774	79,284,833

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

	30 June 2015 (Un-audited)	31 December 2014 (Audited)
Beginning of period / year	79,284,833	54,441,698
Purchases and dividends reinvested	25,873,792	91,661,000
Disposals	-	(32,121,266)
Unrealized fair value changes	8,712,149	(34,696,599)
Ending of period / year	113,870,774	79,284,833

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

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 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 LOSS PER SHARE

Basic and diluted loss per share from shareholders' operations and shareholders' comprehensive income (loss) are calculated by dividing net 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:

	Six-months ended 30 June 2015	Six-months ended 30 June 2014
	(Un-audited)	(Audited)
Issued ordinary shares as at 1 January	20,000,000	20,000,000
Effect of bonus element of right share issue	-	6,000,000
Effect of right share issue	8,088,398	-
	<u>28,088,398</u>	<u>26,000,000</u>

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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

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 30 June 2015 and 31 December 2014 based on their value hierarchy:

As at 30 June 2015 (Un-audited)

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial instruments				
Investments available-for-sale				
Equity securities	111,947,696	-	1,923,078	113,870,774
Total	111,947,696	-	1,923,078	113,870,774

As at 31 December 2014 (Audited)

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial instruments				
Available-for-sale investments				
Equity securities	77,361,755	-	1,923,078	79,284,833
Total	77,361,755	-	1,923,078	79,284,833

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 six months period ended 30 June 2015, 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
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2015**

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 23 July 2015.