

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 NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2015**

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

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 September 2015, and the related interim condensed statements of insurance operations, shareholders' operations, shareholders' comprehensive income for the three months and nine months period then ended and the interim condensed statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the nine months period ended 30 September 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.

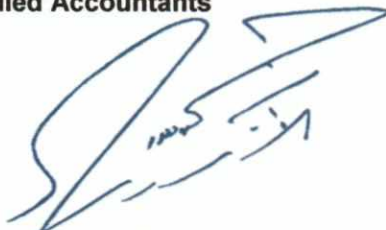
Conclusion

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.

For PKF Al Bassam & Al Nemer
Allied Accountants



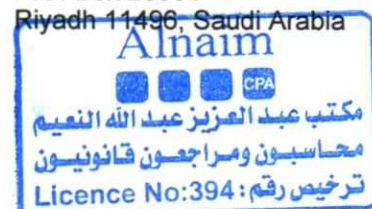
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For Abdulaziz A. Alnaim
Certified Public Accountants



Abdulaziz A. Alnaim
Certified Public Accountant
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P.O. Box 26991
Riyadh 11496, Saudi Arabia



15 October 2015
2 Muharram 1437H

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

		30 September	31 December
		2015	2014
	Note	SR	SR
		(Un-audited)	(Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	375,079,834	210,978,334
Premiums and insurance balances receivable - net	4	163,696,783	102,899,364
Reinsurers' share of unearned premiums	6	143,375,932	118,958,059
Reinsurers' share of outstanding claims	6	165,153,529	239,779,778
Deferred policy acquisition costs	6	26,512,744	15,538,816
Due from shareholders' operations		8,651,216	1,236,951
Prepaid expenses and other assets		11,364,702	10,396,711
Accrued commission income		-	74,063
Property and equipment		5,175,978	3,862,752
Intangible asset		-	1,710,558
TOTAL INSURANCE OPERATIONS' ASSETS		899,010,718	705,435,386
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	213,669,292	83,099,953
Prepaid expenses and other assets		-	1,139,024
Accrued commission income		1,343,174	1,081,279
Available-for-sale investments	7	89,595,712	79,284,833
Statutory deposit	8	40,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		344,608,178	184,605,089
TOTAL ASSETS		1,243,618,896	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 CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 30 SEPTEMBER 2015

		30 September 2015 SR (Un-audited)	31 December 2014 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Liabilities arising from insurance contracts:			
Unearned premiums	6	443,159,427	284,701,356
Outstanding claims	6	<u>311,737,940</u>	<u>334,174,041</u>
Total liabilities arising from insurance contracts		754,897,367	618,875,397
Accrued and other liabilities		62,252,680	47,046,865
Reinsurance balances payable		62,382,427	24,152,298
Unearned reinsurance commission	6	11,677,035	9,008,856
End-of-service indemnities		<u>5,653,763</u>	<u>4,204,524</u>
Total insurance operations' liabilities		896,863,272	703,287,940
Insurance operations' surplus		<u>2,147,446</u>	<u>2,147,446</u>
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		899,010,718	705,435,386
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued and other liabilities		18,298,840	14,980,095
Due to insurance operations		<u>8,651,216</u>	<u>1,236,951</u>
		26,950,056	16,217,046
Shareholders' equity			
Share capital	10	400,000,000	200,000,000
Share premium		30,107,690	-
Fair value reserve		(23,320,935)	(13,438,245)
Accumulated losses		<u>(89,128,633)</u>	<u>(18,173,712)</u>
Total shareholders' equity		317,658,122	168,388,043
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		344,608,178	184,605,089
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		1,243,618,896	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 CONDENSED STATEMENT OF INSURANCE OPERATIONS
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

	Note	Three-months ended 30 September 2015 SR (Un-audited)	Three-months ended 30 September 2014 SR (Un-audited)	Nine-months ended 30 September 2015 SR (Un-audited)	Nine-months ended 30 September 2014 SR (Un-audited)
REVENUES					
Gross premiums written	5, 6	227,811,275	190,746,328	624,477,377	547,458,681
Reinsurance premiums ceded		(100,946,062)	(125,746,928)	(193,460,853)	(297,293,632)
Net premiums written	6	126,865,213	64,999,400	431,016,524	250,165,049
Changes in unearned premiums, net		(13,777,454)	7,640,089	(134,040,198)	(64,760,522)
Net premiums earned	6	113,087,759	72,639,489	296,976,326	185,404,527
Reinsurance commission	6	4,787,905	4,995,889	13,961,705	13,386,319
Other underwriting income	6	503,803	151,851	1,461,901	430,406
Total revenue		118,379,467	77,787,229	312,399,932	199,221,252
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		81,469,198	53,048,398	290,853,756	154,734,793
Reinsurers' share of claims paid		(2,687,781)	(4,734,232)	(67,038,961)	(25,992,502)
Net claims paid		78,781,417	48,314,166	223,814,795	128,742,291
Changes in outstanding claims, net		19,490,508	3,806,353	52,190,148	22,717,376
Net incurred claims	6	98,271,925	52,120,519	276,004,943	151,459,667
Policy acquisition costs		11,765,177	8,522,015	31,590,973	23,520,685
Excess of loss expenses		4,624,733	2,738,398	11,213,673	7,131,777
Other underwriting expenses		4,696,861	3,325,597	13,981,722	8,225,766
Total underwriting costs and expenses		119,358,696	66,706,529	332,791,311	190,337,895
Net underwriting (loss) income		(979,229)	11,080,700	(20,391,379)	8,883,357
OTHER OPERATING EXPENSES, NET					
Operating and administrative salaries		(9,587,244)	(5,471,650)	(28,671,106)	(21,809,078)
General and administrative expenses		(7,495,522)	(4,272,867)	(19,361,112)	(13,628,516)
Commission income on bank deposits	6	-	-	12,188	12,610
Total other operating expenses, net		(17,082,766)	(9,744,517)	(48,020,030)	(35,424,984)
Net (deficit) surplus from insurance operations		(18,061,995)	1,336,183	(68,411,409)	(26,541,627)
Shareholders' absorption of deficit (surplus)		18,061,995	(1,336,183)	68,411,409	26,541,627
Net result from insurance operations		-	-	-	-
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 CONDENSED STATEMENT OF SHAREHOLDERS' OPERATIONS
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

	Three-months ended 30 September 2015 SR (Un-audited)	Three-months ended 30 September 2014 SR (Un-audited)	Nine-months ended 30 September 2015 SR (Un-audited)	Nine-months ended 30 September 2014 SR (Un-audited)
Net (deficit) surplus transferred from insurance operations	(18,061,995)	1,336,183	(68,411,409)	(26,541,627)
Commission income on bank deposits	250,012	63,135	424,343	429,380
Commission income on held-to-maturity investments	-	47,126	-	141,376
Dividends and realized fair value changes on available-for-sale investments	-	40,773,684	2,319,645	42,098,348
General and administrative expenses	(762,500)	(501,732)	(2,287,502)	(2,302,503)
Net (loss) income for the period	(18,574,483)	41,718,396	(67,954,923)	13,824,974
Basic and diluted (loss) income per share - restated	11 (0.46)	1.60	(2.12)	0.53
Weighted average number of outstanding shares - restated	11 40,000,000	26,000,000	32,102,564	26,000,000


Director


Chief Executive Officer

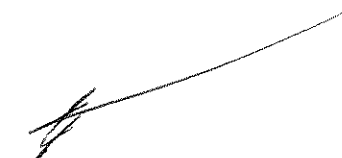

Chief Financial Officer

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

INTERIM CONDENSED STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

	Three-months ended 30 September 2015 SR	Three-months ended 30 September 2014 SR	Nine-months ended 30 September 2015 SR	Nine-months ended 30 September 2014 SR
Note	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Shareholders' net (loss) income for the period	(18,574,483)	41,718,396	(67,954,923)	13,824,974
Provision for zakat and income tax	(1,000,000)	(812,499)	(2,999,998)	(2,437,497)
Net loss for the period after Zakat and income tax	(19,574,483)	40,905,897	(70,954,921)	11,387,477
Items that may subsequently be reclassified to the statement of shareholders' operations:				
Unrealized fair value changes on available for sale investment, net	(18,594,839)	(22,236,720)	(9,882,690)	(14,394,902)
Total comprehensive loss for the period	(6,555,354)	18,669,177	(80,837,611)	(3,007,425)
Basic and diluted loss per share - restated	(0.95)	0.72	(2.52)	(0.12)
Weighted average number of outstanding shares - restated	40,000,000	26,000,000	32,102,564	26,000,000


Director,


Chief Executive Officer

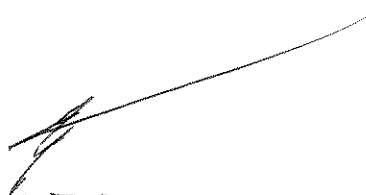

Chief Financial Officer

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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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 income for the period	-	-	-	13,824,974	13,824,974
Unrealized fair value changes on available-for-sale investments, net	-	-	(14,394,902)	-	(14,394,902)
Provision for zakat and income tax	-	-	-	(2,437,497)	(2,437,497)
Balance at 30 September 2014 (Un-audited)	<u>200,000,000</u>	<u>-</u>	<u>6,863,452</u>	<u>(3,094,336)</u>	<u>203,769,116</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	-	-	-	(67,954,923)	(67,954,923)
Additional capital introduced	200,000,000	-	-	-	200,000,000
Premium on additional capital	-	40,000,000	-	-	40,000,000
Cost of right issue	-	(9,892,310)	-	-	(9,892,310)
Unrealized fair value changes on available-for-sale investments, net	-	-	(9,882,690)	-	(9,882,690)
Provision for Zakat and income tax	-	-	-	(2,999,998)	(2,999,998)
Balance at 30 September 2015 (Un-audited)	<u>400,000,000</u>	<u>30,107,690</u>	<u>(23,320,935)</u>	<u>(89,128,633)</u>	<u>317,658,122</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 CONDENSED STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

	Note	Nine-months ended 30 September 2015 SR (Un-audited)	Nine-months ended 30 September 2014 SR (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit from insurance operations		-	-
Adjustments for:			
Depreciation		1,548,241	1,184,521
End-of-service indemnities, net		1,449,239	894,383
		<u>2,997,480</u>	<u>2,078,904</u>
Changes in operating assets and liabilities:			
Premiums and insurance balances receivable		(60,797,419)	(49,896,602)
Reinsurers' share of unearned premiums		(24,417,873)	(108,032,291)
Reinsurers' share of outstanding claims		74,626,249	(148,804,155)
Deferred policy acquisition costs		(10,973,928)	(7,332,251)
Prepaid expenses and other assets		(967,991)	1,648,535
Accrued commission income		74,063	34,675
Unearned premiums		158,458,071	172,792,813
Outstanding claims		(22,436,101)	171,521,531
Unearned reinsurance commission		2,668,179	6,345,142
Reinsurance balances payable		38,230,129	26,733,365
Accrued and other liabilities		15,205,815	14,688,702
Due to shareholders' operations		(7,414,265)	(16,729,831)
Net cash generated from operating activities		<u>165,252,409</u>	<u>65,048,537</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Property and equipment, net		(1,150,909)	(727,353)
Net cash used in investing activities		<u>(1,150,909)</u>	<u>(727,353)</u>
Net increase in cash and cash equivalents		164,101,500	64,321,184
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>375,079,834</u></u>	<u><u>183,702,795</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 CONDENSED STATEMENT OF SHAREHOLDERS' OPERATIONS' CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

	Note	Nine-months ended 30 September 2015 SR (Un-audited)	Nine-months ended 30 September 2014 SR (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		(67,954,923)	13,824,974
Adjustments for:			
Commission income		(424,343)	(570,756)
Realized dividends and fair value changes on available-for-sale investments		(2,319,645)	(42,098,348)
		(70,698,911)	(28,844,130)
<u>Changes in operating assets and liabilities:</u>			
Due from/ to insurance operations		7,414,265	16,729,831
Prepaid expenses and other assets		1,139,024	(791,636)
Accrued and other liabilities		1,524,832	(517,171)
Cash from operations		(60,620,790)	(13,423,106)
Zakat and income tax paid		(1,206,085)	-
Net cash generated from operating activities		(61,826,875)	(13,423,106)
CASH FLOWS FROM INVESTING ACTIVITIES			
Short term deposits		-	(247,352)
Movement in other financial assets		(20,193,569)	(9,539,734)
Commission, dividend received and realized fair value changes		2,482,093	42,456,599
Net cash used in investing activities		(17,711,476)	32,669,513
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase of share capital		200,000,000	-
Share premium, net		30,107,690	-
Statutory deposit		(20,000,000)	-
Net cash generated from financing activities		210,107,690	-
Net change in cash and cash equivalents		130,569,339	19,246,407
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	213,669,292	105,612,524
<u>Non-cash transactions:</u>			
Unrealized fair value changes on available-for-sale investments		(18,594,839)	(14,394,902)
Provision for zakat and income tax		(2,999,998)	(2,437,497)


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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 Nine-months period ended 30 September 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, 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. The Company's interim results may not be indicative of its annual results.

<u>Standard</u>	<u>Description</u>
Amendments to IAS 19	Defined benefit plans
Annual improvements 2012	
Annual improvements 2013	

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 will become effective for the period commencing on or after January 1, 2016:

<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 - Disclosure initiatives
Amendments to IFRS 9	Financial instruments regarding general hedge accounting
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to IAS 16 and IAS 38	'Property, plant and equipment' and 'Intangible assets' - depreciation and amortization
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

	30 September	31 December
	2015	2014
	SR	SR
	(Un-audited)	(Audited)
Cash in hand	67,000	67,000
Cash at banks	375,012,834	210,911,334
	375,079,834	210,978,334

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

3. CASH AND CASH EQUIVALENTS (Continued)

Shareholders' operations

	30 September 2015 SR	31 December 2014 SR
	(Un-audited)	(Audited)
Cash at banks	-	83,099,953
Short term deposits	213,669,292	-
	213,669,292	83,099,953

4. PREMIUMS AND INSURANCE BALANCES RECEIVABLE - net

	30 September 2015 SR	31 December 2014 SR
	(Un-audited)	(Audited)
Premiums receivable	184,418,487	116,595,540
Insurance and reinsurance receivables	2,424,184	3,264,712
Allowance for doubtful debts	(23,145,888)	(16,960,888)
	163,696,783	102,899,364

5. RELATED PARTY TRANSACTIONS

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

	30 September 2015 SR	30 September 2014 SR
	(Un-audited)	(Un-audited)
Gross premium received from directors and their related parties	10,243,632	2,098,515
Gross premium received from key management personnel	14,188	12,806
Amount received on behalf of affiliates	-	105,625
Compensation of key management personnel - other benefits	3,019,066	2,760,110
Gross claims paid to Directors and their related parties	957,366	1,147,042

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

	30 September 2015 SR	31 December 2014 SR
	(Un-audited)	(Audited)
Premiums receivable from key management personnel, directors and their related parties	2,987,496	945,659
Claims payable to directors and their related parties	(8,902,360)	(2,369,413)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 September 2015 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	17,355,117	93,068,660	88,906,645	10,224,943	18,255,910	227,811,275
Net premiums written	17,355,117	93,010,014	911,227	2,146,943	13,441,912	126,865,213
Net premium earned	13,944,012	88,848,553	1,339,298	1,729,091	7,226,805	113,087,759
Reinsurance commission	-	68,866	2,673,828	1,676,527	368,684	4,787,905
Other underwriting income	-	488,508	1,345	1,150	12,800	503,803
Net incurred claims	(5,337,629)	(84,423,550)	(3,550,501)	60,346	(5,020,591)	(98,271,925)
Other underwriting expenses	(2,085,882)	(14,846,943)	(1,587,187)	(1,201,778)	(1,364,981)	(21,086,771)
Other general and administrative expenses (unallocated)						(17,082,766)
Deficit from insurance operations						(18,061,995)
Commission income on bank deposits						-
Net deficit from insurance operations						(18,061,995)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

6. SEGMENTAL INFORMATION (Continued)

Insurance operations for the nine months period ended 30 September 2015 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	47,537,287	342,518,971	118,717,461	66,710,905	48,992,753	624,477,377
Net premiums written	47,537,287	341,221,535	5,554,145	6,175,015	30,528,542	431,016,524
Net premium earned	37,668,424	227,548,665	5,161,650	4,762,438	21,835,149	296,976,326
Reinsurance commission	-	189,314	7,272,055	5,460,324	1,040,012	13,961,705
Other underwriting income	-	1,400,808	8,815	5,355	46,923	1,461,901
Net incurred claims	(16,257,138)	(242,475,155)	(4,694,773)	(543,219)	(12,034,658)	(276,004,943)
Other underwriting expenses Other general and administrative expenses (unallocated)	(7,615,041)	(37,653,106)	(3,955,838)	(3,232,083)	(4,330,300)	(56,786,368)
						(48,032,218)
Deficit from insurance operations						(68,423,597)
Commission income on bank deposits						12,188
Net deficit from insurance operations						(68,411,409)

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

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Insurance operations' assets						
Reinsurers' share of unearned premiums	-	350,867	76,945,800	52,743,768	13,335,497	143,375,932
Reinsurers' share of outstanding claims	-	1,604,323	133,465,695	25,875,790	4,207,721	165,153,529
Deferred policy acquisition costs	2,518,386	16,199,436	2,146,332	2,527,454	3,121,136	26,512,744
Unallocated assets						563,968,513
Total assets						899,010,718
Insurance operations' liabilities						
Unearned premiums	33,030,632	242,987,409	79,089,818	56,531,811	31,519,757	443,159,427
Outstanding claims	9,258,344	109,553,645	142,689,895	31,557,990	18,678,066	311,737,940
Unearned reinsurance commission	-	70,173	5,079,330	5,688,844	838,688	11,677,035
Unallocated liabilities and surplus						132,436,316
Total liabilities and surplus						899,010,718

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

6. SEGMENTAL INFORMATION (Continued)

Insurance operations for the three months period ended 30 September 2014 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	11,002,394	38,518,734	103,300,422	19,907,314	18,017,464	190,746,328
Net premiums written	11,002,394	38,510,563	1,307,655	2,420,882	11,757,906	64,999,400
Net premium earned	12,709,281	50,678,664	926,131	1,395,433	6,929,980	72,639,489
Reinsurance commission	-	70,876	2,801,075	1,891,205	232,733	4,995,889
Other underwriting income	-	132,540	1,355	1,785	16,171	151,851
Net incurred claims	(7,061,384)	(36,338,371)	(3,269,525)	(75,056)	(5,376,183)	(52,120,519)
Other underwriting expenses	(2,128,605)	(8,967,637)	(1,271,353)	(875,685)	(1,342,730)	(14,586,010)
Other general and administrative expenses (unallocated)						(9,744,517)
Surplus from insurance operations						1,336,183
Commission income on bank deposits						-
Net surplus from insurance operations						<u>1,336,183</u>

Insurance operations for the nine months period ended 30 September 2014 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	36,326,844	176,998,510	182,387,859	106,793,550	44,951,918	547,458,681
Net premiums written	36,326,844	175,641,919	5,697,105	5,285,278	27,213,903	250,165,049
Net premium earned	36,037,046	120,358,205	5,284,241	3,460,331	20,264,704	185,404,527
Reinsurance commission	-	200,265	7,841,763	4,614,115	730,176	13,386,319
Other underwriting income	-	362,275	9,245	5,750	53,136	430,406
Net incurred claims	(22,145,702)	(112,031,364)	(4,391,901)	(2,246,142)	(10,644,558)	(151,459,667)
Other underwriting expenses	(6,150,610)	(21,645,373)	(4,753,211)	(2,309,031)	(4,020,003)	(38,878,228)
Other general and administrative expenses (unallocated)						(35,437,594)
Deficit from insurance operations						(26,554,237)
Commission income on bank deposits						12,610
Net deficit from insurance operations						<u>(26,541,627)</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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						<u>331,158,733</u>
Total insurance operations' assets						<u>705,435,386</u>
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						<u>77,551,133</u>
Total insurance operations' liabilities and surplus						<u>705,435,386</u>

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 September 2015	31 December 2014
	(Un-audited)	(Audited)
Quoted securities	87,672,634	77,361,755
Unquoted securities	1,923,078	1,923,078
	<u>89,595,712</u>	<u>79,284,833</u>

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

	30 September 2015	31 December 2014
	(Un-audited)	(Audited)
Beginning of period / year	79,284,833	54,441,698
Purchases and dividends reinvested	25,873,792	91,661,000
Disposals	(5,680,223)	(32,121,266)
Unrealized fair value changes	(9,882,690)	(34,696,599)
Ending of period / year	<u>89,595,712</u>	<u>79,284,833</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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:

	Nine-months ended 30 September 2015 (Un-audited)	Nine-months ended 30 September 2014 (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	12,102,564	-
	32,102,564	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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 September 2015 and 31 December 2014 based on their value hierarchy:

As at 30 September 2015 (Un-audited)

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial instruments				
Investments available-for-sale				
Equity securities	87,672,634	-	1,923,078	89,595,712
Total	87,672,634	-	1,923,078	89,595,712

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 Nine months period ended 30 September 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 15 October 2015 corresponding to 2 Muharram 1437H.