

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 MONTH AND TWELVE MONTH PERIODS ENDED
31 DECEMBER 2014**

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDTORS' LIMITED REVIEW REPORT
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2014**

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

To the Shareholders
Saudi United Cooperative Insurance Company (WALA'A)
Al-Khobar, Saudi Arabia

SCOPE OF REVIEW

We have reviewed the accompanying interim statement of financial position of Saudi United Cooperative Insurance Company (Wala'a) - a Saudi Joint Stock Company ("the Company") as at 31 December 2014, and the related interim statements of insurance operations, shareholders' operations, shareholders' comprehensive income for the three month and twelve month periods then ended, and the interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the twelve month period ended 31 December 2014 and the 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. The scope of such limited review is substantially less than an audit conducted in accordance with the auditing standards generally accepted in 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.

REVIEW 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.

PricewaterhouseCoopers

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January 15, 2015



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

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31 December 2014 SR (Un-audited)	31 December 2013 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	210,978,334	119,381,611
Premiums and insurance balances receivable	4	102,899,364	79,108,899
Reinsurers' share of unearned premiums		118,958,059	57,439,907
Reinsurers' share of outstanding claims		239,779,778	105,122,990
Deferred policy acquisition costs		15,538,816	12,050,405
Due from shareholders' operations		1,236,951	-
Prepaid expenses and other assets		10,396,711	14,288,196
Accrued commission income		74,063	34,675
Property and equipment		5,573,310	4,532,680
TOTAL INSURANCE OPERATIONS' ASSETS		705,435,386	391,959,363
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	83,099,953	86,366,117
Short-term deposits		-	26,983,859
Other financial assets	7	79,284,833	60,941,698
Due from insurance operations		-	19,815,072
Prepaid expenses and other assets		1,139,024	-
Accrued commission income		1,081,279	939,190
Statutory deposit	8	20,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		184,605,089	215,045,936
TOTAL ASSETS		890,040,475	607,005,299

(Continued)

Chief Financial Officer

Chief Executive Officer

Director

The accompanying notes from 1 to 14 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 31 DECEMBER 2014

	Note	31 December 2014 SR (Un-audited)	31 December 2013 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES			
Liabilities arising from insurance contracts:			
Unearned premiums		259,319,357	132,352,853
Outstanding claims		359,556,040	181,437,542
Total liabilities arising from insurance contracts		618,875,397	313,790,395
Accrued and other liabilities		47,046,865	29,283,978
Reinsurance balances payable		24,152,298	18,361,378
Unearned reinsurance commission		9,008,856	5,501,830
Due to shareholders' operations		-	19,815,072
End-of-service indemnities		4,204,524	3,059,264
TOTAL INSURANCE OPERATIONS' LIABILITIES		703,287,940	389,811,917
Insurance operations' surplus		2,147,446	2,147,446
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		705,435,386	391,959,363
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accrued and other liabilities		9,700,717	8,269,395
Due to insurance operations		1,236,951	-
		10,937,668	8,269,395
SHAREHOLDERS' EQUITY			
Share capital	10	200,000,000	200,000,000
Accumulated losses		(12,894,334)	(14,481,813)
Fair value reserve		(13,438,245)	21,258,354
TOTAL SHAREHOLDERS' EQUITY		173,667,421	206,776,541
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		184,605,089	215,045,936
TOTAL LIABILITIES, INSURANCE OPERATIONS SURPLUS AND SHAREHOLDERS' EQUITY		890,040,475	607,005,299



Chief Financial Officer



Chief Executive Officer



Director

The accompanying notes from 1 to 14 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 MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2014

	Note	Three-month ended 31 December 2014 SR (Un-audited)	Three-month ended 31 December 2013 SR (Un-audited)	Twelve-month ended 31 December 2014 SR (Un-audited)	Twelve-month ended 31 December 2013 SR (Audited)
REVENUES					
Gross premiums written	5,6	102,154,364	70,490,658	649,613,045	347,190,906
Reinsurance premiums ceded		(17,285,360)	(16,652,168)	(314,578,992)	(153,798,417)
Net premiums written	6	84,869,004	53,838,490	335,034,053	193,392,489
Changes in unearned premiums, net		(687,830)	(2,060,396)	(65,448,352)	(28,081,334)
Net premiums earned	6	84,181,174	51,778,094	269,585,701	165,311,155
Reinsurance commission	6	5,860,792	2,723,373	19,247,111	21,223,135
Other underwriting income	6	223,014	19,695	653,420	96,153
TOTAL REVENUES		90,264,980	54,521,162	289,486,232	186,630,443
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		58,167,135	35,513,760	212,901,928	117,449,436
Reinsurers' share of claims paid		(9,750,978)	(7,618,756)	(35,743,480)	(22,239,744)
Net claims paid		48,416,157	27,895,004	177,158,448	95,209,692
Changes in outstanding claims, net		20,744,334	5,607,962	43,461,710	15,193,685
Net claims incurred	6	69,160,491	33,502,966	220,620,158	110,403,377
Policy acquisition costs		12,482,898	6,846,310	36,003,583	20,593,378
Excess of loss expenses		2,242,576	1,910,045	9,374,353	6,724,498
Other expenses		2,361,882	1,147,308	10,587,648	3,947,330
TOTAL UNDERWRITING COSTS AND EXPENSES		86,247,847	43,406,629	276,585,742	141,668,583
NET UNDERWRITING INCOME		4,017,133	11,114,533	12,900,490	44,961,860
OTHER OPERATING EXPENSES, NET					
Operating and administrative salaries		(9,050,308)	(7,747,459)	(30,859,386)	(30,834,065)
General and administrative expenses		(4,414,735)	(3,707,274)	(18,043,251)	(14,266,654)
Commission income on bank deposits		74,062	113,826	86,672	401,117
TOTAL OTHER OPERATING EXPENSES, NET		(13,390,981)	(11,340,907)	(48,815,965)	(44,699,602)
Net (deficit) surplus from insurance operations		(9,373,848)	(226,374)	(35,915,475)	262,258
Insurance operations deficit (surplus) transferred to shareholders' operations		9,373,848	226,374	35,915,475	(236,032)
Net result from insurance operations after shareholders' appropriation		-	-	-	26,226

The accompanying notes from 1 to 14 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 STATEMENT OF SHAREHOLDERS' OPERATIONS
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2014

	Three-month ended 31 December 2014	Three-month ended 31 December 2013	Twelve- month ended 31 December 2014	Twelve-month ended 31 December 2013
Note	SR	SR	SR	SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)
Net (deficit) surplus transferred from insurance operations	(9,373,848)	(226,374)	(35,915,475)	236,032
Commission income on bank deposits	196,992	371,667	626,372	605,027
Commission income on held-to-maturity investments	49,136	47,124	190,512	188,500
Dividends and realized fair value changes on available-for-sale investments	(174,049)	12,751,094	41,924,299	25,655,323
General and administrative expenses	314,270	(450,000)	(1,988,233)	(2,038,500)
Net (loss) income for the period	(8,987,499)	12,493,511	4,837,475	24,646,382
Basic and diluted (loss) earnings per share	(0.45)	0.62	0.24	1.23
Weighted average number of outstanding shares	20,000,000	20,000,000	20,000,000	20,000,000

Chief Financial Officer

Chief Executive Officer

Director

The accompanying notes from 1 to 14 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 MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2014

	Three-month ended 31 December 2014	Three-month ended 31 December 2013	Twelve- month ended 31 December 2014	Twelve-month ended 31 December 2013
Note	SR	SR	SR	SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)
Shareholders' net (loss) income for the period	(8,987,499)	12,493,511	4,837,475	24,646,382
Unrealized fair value changes on available for sale investments	(20,301,697)	(6,458,250)	(34,696,599)	9,992,964
Provision for zakat and income tax	(812,499)	(750,000)	(3,249,996)	(3,000,000)
Total comprehensive (loss) income for the period	(30,101,695)	5,285,261	(33,109,120)	31,639,346
Basic and diluted (loss) earnings per share	11 (1.51)	0.26	(1.66)	1.58
Weighted average number of outstanding shares	10 20,000,000	20,000,000	20,000,000	20,000,000

Chief Financial Officer

Chief Executive Officer

Director

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

	Share capital SR	Accumulated losses SR	Fair value reserve SR	Total SR
Balance at 1 January 2013 (Audited)	200,000,000	(36,128,195)	11,265,390	175,137,195
Shareholders' net income for the period	-	24,646,382	-	24,646,382
Unrealized fair value changes on available-for-sale investments , net	-	-	9,992,964	9,992,964
Provision for zakat and income tax	-	(3,000,000)	-	(3,000,000)
Balance at 31 December 2013 (Audited)	200,000,000	(14,481,813)	21,258,354	206,776,541
Balance at 1 January 2014 (Audited)	200,000,000	(14,481,813)	21,258,354	206,776,541
Shareholders' net income for the period	-	4,837,475	-	4,837,475
Unrealized fair value changes on available-for-sale investments, net	-	-	(34,696,599)	(34,696,599)
Provision for zakat and income tax	-	(3,249,996)	-	(3,249,996)
Balance at 31 December 2014 (Un-audited)	200,000,000	(12,894,334)	(13,438,245)	173,667,421

Chief Financial Officer

Chief Executive Officer

Director

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

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

	Twelve-month ended 31 December 2014 SR (Un-audited)	Twelve-month ended 31 December 2013 SR (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (deficit)/ surplus from insurance operations	(35,915,475)	262,258
Adjustments for:		
Depreciation	1,537,370	1,396,066
End-of-service indemnities, net	1,145,260	878,630
	(33,232,845)	2,536,954
Changes in operating assets and liabilities:		
Premiums and insurance balances receivable	(23,790,465)	(17,043,020)
Reinsurers' share of unearned premiums	(61,518,152)	(13,155,786)
Reinsurers' share of outstanding claims	(134,656,788)	(58,969,976)
Deferred policy acquisition costs	(3,488,411)	(2,329,637)
Prepaid expenses and other assets	3,891,485	(7,837,758)
Accrued commission income	(39,388)	43,228
Unearned premiums	126,966,504	41,237,120
Outstanding claims	178,118,498	74,163,661
Accrued and other liabilities	17,762,887	2,045,046
Reinsurance balances payable	5,790,920	10,163,608
Unearned reinsurance commission	3,507,026	303,697
Net cash generated from operating activities	79,311,271	31,157,137
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of property and equipment	(2,578,000)	(2,720,954)
CASH FLOW FROM FINANCING ACTIVITY		
Due from / to shareholders' operations	14,863,452	9,159,023
Net increase in cash and cash equivalents	91,596,723	37,595,206
Cash and cash equivalents at the beginning of the period	119,381,611	81,786,405
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	210,978,334	119,381,611



Chief Financial Officer



Chief Executive Officer



Director

The accompanying notes from 1 to 14 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 TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

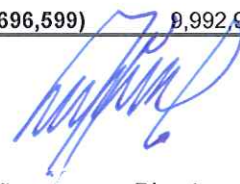
	Twelve-month ended 31 December 2014 SR (Un-audited)	Twelve-month ended 31 December 2013 SR (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	4,837,475	24,646,382
Adjustments for:		
Commission income	(626,372)	(605,027)
Dividends and realized fair value changes on available-for-sale investments	(41,924,299)	(25,655,323)
	(37,713,196)	(1,613,968)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(1,139,024)	-
Due from / to insurance operations	21,052,023	(9,395,055)
Accrued and other liabilities	211,923	(265,523)
Net cash used in operations	(17,588,274)	(11,274,546)
Zakat paid	(2,030,597)	(2,192,282)
Net cash used in operating activities	(19,618,871)	(13,466,828)
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term deposits	26,983,859	(507,865)
Movement in other financial assets, net	(53,039,734)	39,507,095
Commission, dividend received and realized fair value changes	42,408,582	833,715
Net cash generated from investing activities	16,352,707	39,832,945
Net change in cash and cash equivalents	(3,266,164)	26,366,117
Cash and cash equivalents at the beginning of the period	86,366,117	60,000,000
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	83,099,953	86,366,117
<u>Supplemental cash flow information</u>		
Provision for zakat and income tax	3,249,996	3,000,000
Unrealized fair value changes on available-for-sale investments, net	(34,696,599)	9,992,964



Chief Financial Officer



Chief Executive Officer



Director

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014**

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 4 July 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 2 July 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the three-month and twelve-month periods ended 31 December 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.

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 31 December 2013, except for the adoption of amendments and revisions to existing standards as mentioned below, which had no significant financial impact on these 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 31 December 2013.

<u>Standard</u>	<u>Description</u>
Amendment to IAS 32	Financial instruments: Presentation on asset and liability offsetting
Amendments to IFRS 10, 12 and IAS 27	Consolidation for investment entities
Amendment to IAS 36	Impairment of assets: Recoverable amount disclosures for impaired assets
Amendment to IAS 39	Novation of derivatives and hedge accounting
IFRIC 21	Levies

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Accounting policies (Continued)

The Company's management decided not to choose the early adoption of the following new and amended standards and interpretations:

<u>Standard</u>	<u>Description</u>
Amendment to IAS 19	Defined benefit plans
Amendment to IFRS 9	Financial instruments regarding general hedge accounting
IFRS 9	Financial instruments
Annual improvements 2012	
Annual improvements 2013	

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

	31 December 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Cash in hand	67,000	67,000
Cash at banks	210,911,334	33,419,629
Time deposits	-	85,894,982
	210,978,334	119,381,611

Shareholders' operations

	31 December 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Cash at banks	83,099,953	86,366,117

Bank current accounts are placed with financial institutions that have investment grade credit ratings.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

4. PREMIUMS AND INSURANCE BALANCES RECEIVABLE

	31 December 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Premiums receivable	117,456,241	91,589,538
Insurance and reinsurance receivables	2,404,011	1,563,971
Allowance for doubtful debts	(16,960,888)	(14,044,610)
	102,899,364	79,108,899

5. RELATED PARTY TRANSACTIONS

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

	31 December 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Gross premium received from directors and their related parties	7,559,072	1,648,337
Gross premium received from key management personnel	12,806	11,298
Compensation of key management personnel - other benefits	4,607,920	3,951,977

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

	31 December 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Premiums (payable) receivable (to) from key management personnel, directors and their related parties	(136,440)	125,767
Claims payable to directors and related parties	(2,232,973)	(567,763)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

6. SEGMENTAL INFORMATION

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

Segment results do not include operating and administrative salaries and general and administrative expenses.

Segment assets do not include cash and cash equivalents, time deposits, investments, premiums and insurance balances receivable, prepayments and other assets and property and equipment.

Segment liabilities do not include accounts payable; reinsurance balances payable, accrued expenses and other liabilities, due to shareholders' operations and end-of-service indemnities.

Operating segments

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
For the three-month period ended 31 December 2014 (Un-audited)						
Gross premiums written	10,927,963	63,487,105	4,052,261	8,640,621	15,046,414	102,154,364
Net premiums written	10,927,963	63,479,836	1,761,963	650,657	8,048,585	84,869,004
Net premiums earned	12,376,249	56,618,834	1,527,940	935,026	12,723,125	84,181,174
Reinsurance commission	219,998	72,521	3,006,500	2,112,981	448,792	5,860,792
Other underwriting income	-	204,965	1,614	1,510	14,925	223,014
Net claims incurred	(3,145,549)	(59,974,449)	(391,988)	(3,063,436)	(2,585,069)	(69,160,491)
Other underwriting expenses	(5,139,610)	(7,170,751)	(1,539,744)	(767,126)	(2,470,125)	(17,087,356)
Other general and administrative expenses (unallocated)						(13,465,043)
Deficit from insurance operations						(9,447,910)
Commission income on bank deposits						74,062
Net deficit from insurance operations						(9,373,848)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

6. SEGMENTAL INFORMATION (Continued)

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
For the twelve-month period ended 31 December 2014 (Un-audited)						
Gross premiums written	47,254,807	240,485,615	186,440,120	115,434,171	59,998,332	649,613,045
Net premiums written	47,254,807	239,121,755	7,459,068	5,935,935	35,262,488	335,034,053
Net premiums earned	48,413,295	176,977,039	6,812,181	4,395,357	32,987,829	269,585,701
Reinsurance commission	219,998	272,786	10,848,263	6,727,096	1,178,968	19,247,111
Other underwriting income	-	567,240	10,859	7,260	68,061	653,420
Net claims incurred	(25,291,251)	(172,005,813)	(4,783,889)	(5,309,577)	(13,229,628)	(220,620,158)
Other underwriting expenses	(11,290,220)	(28,816,124)	(6,292,955)	(3,076,157)	(6,490,128)	(55,965,584)
Other general and administrative expenses (unallocated)						(48,902,637)
Deficit from insurance operations						(36,002,147)
Commission income on bank deposits						86,672
Net deficit from insurance operations						(35,915,475)
	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
As at 31 December 2014 (Un-audited)						
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 assets						705,435,386
Insurance operations' liabilities						
Unearned premiums	23,161,769	103,607,408	58,829,595	50,786,752	22,933,833	259,319,357
Outstanding claims	8,655,970	87,439,345	201,162,771	46,244,656	16,053,298	359,556,040
Unearned reinsurance commission	-	-	3,523,660	4,949,834	535,362	9,008,856
Unallocated liabilities						77,551,133
Total liabilities and surplus						705,435,386

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

6. SEGMENTAL INFORMATION (Continued)

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
For the three month period ended 31 December 2013 (Un-audited)						
Gross premiums written	14,093,657	31,665,137	5,361,573	8,612,800	10,757,491	70,490,658
Net premiums written	14,093,657	31,657,598	383,109	2,598,035	5,106,091	53,838,490
Net premium earned	11,644,934	24,506,281	1,126,036	917,089	13,583,754	51,778,094
Reinsurance commission	(1,070,719)	55,262	2,458,848	1,194,547	85,435	2,723,373
Other underwriting income	-	7,900	1,266	1,035	9,494	19,695
Net incurred claims	280,668	(30,114,752)	(1,276,076)	2,322,985	(4,715,791)	(33,502,966)
Other underwriting expenses	(3,815,339)	(3,853,422)	(1,165,351)	(719,652)	(349,899)	(9,903,663)
Other general and administrative expenses (unallocated)						(11,454,733)
Deficit from insurance operations						(340,200)
Commission income on bank deposits						113,826
Net deficit from insurance operations						(226,374)

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
For the twelve month period ended 31 December 2013 (Audited)						
Gross premiums written	44,508,962	106,830,833	122,196,882	28,970,362	44,683,867	347,190,906
Net premiums written	44,508,962	105,820,676	4,399,074	3,926,378	34,737,399	193,392,489
Net premium earned	42,630,979	82,668,925	3,828,399	3,335,185	32,847,667	165,311,155
Reinsurance commission	7,585,093	202,028	8,621,795	4,587,751	226,468	21,223,135
Other underwriting income	-	42,889	9,730	4,440	39,094	96,153
Net incurred claims	(18,560,087)	(75,574,613)	(7,347,469)	14,562	(8,935,770)	(110,403,377)
Other underwriting expenses	(7,263,265)	(11,583,605)	(3,924,981)	(2,839,037)	(5,654,318)	(31,265,206)
Other general and administrative expenses (unallocated)						(45,100,719)
Deficit from insurance operations						(138,859)
Commission income on bank deposits						401,117
Net surplus from insurance operations						262,258

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

6. SEGMENTAL INFORMATION (Continued)

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
As at 31 December 2013 (Audited)						
Insurance operations' assets						
Reinsurers' share of unearned premiums	-	-	37,607,395	9,112,591	10,719,921	57,439,907
Reinsurers' share of outstanding claims	1,254,506	775,866	60,642,848	38,806,430	3,643,340	105,122,990
Deferred policy acquisition costs	4,940,066	3,394,692	1,308,141	956,861	1,450,645	12,050,405
Unallocated assets						<u>217,346,061</u>
Total assets						<u>391,959,363</u>
Insurance operations' liabilities						
Unearned premiums	24,320,257	41,462,694	38,712,029	9,947,478	17,910,395	132,352,853
Outstanding claims	11,714,321	48,611,139	65,870,243	42,264,346	12,977,493	181,437,542
Unearned reinsurance commission	219,998	-	3,145,644	1,770,772	365,416	5,501,830
Unallocated liabilities						<u>72,667,138</u>
Total liabilities						<u>391,959,363</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. OTHER FINANCIAL ASSETS

The Company's other financial assets are classified as follows:

	31 December 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Held-to-maturity	-	6,500,000
Available-for-sale	79,284,833	53,941,698
Loans and receivables	-	500,000
	<u>79,284,833</u>	<u>60,941,698</u>

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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

10. SHARE CAPITAL

The authorized, issued and paid up share capital of the Company is Saudi Riyal 200 million consisting of 20 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. The Company is currently in the process of obtaining approval from the Capital Market Authority (CMA) after submission of information and documents specified by them. As a result of this rights issue, the share capital of the Company will increase to SR 400 million comprising of 40 million shares of SR 10 each in issued and fully paid up shares.

11. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

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

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 December 2014 and 31 December 2013 based on their value hierarchy:

As at 31 December 2014 (Un-audited)

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
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12. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

As at 31 December 2013 (Audited)

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial instruments				
Held to maturity				
Debt securities	-	6,500,000	-	6,500,000
Investments available-for-sale				
Equity securities	51,218,620	-	2,723,078	53,941,698
Loans and advances				
Loan	-	-	500,000	500,000
Total	51,218,620	6,500,000	3,223,078	60,941,698

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 twelve month period ended 31 December 2014, 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.

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. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on January 15, 2015.