

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2015**

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015**

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Aldar Audit Bureau

Abdullah AlBasri & Co.

**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
TO THE SHAREHOLDERS OF SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi Arabian Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2015 and the related interim statements of insurance income and shareholders' comprehensive income for the three-month and six-month periods then ended, and changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the six-month period then ended and the related notes which form an integral part of these condensed interim financial statements. These condensed interim financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard - 34 "Interim Financial Reporting" ("IAS 34") 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 generally accepted auditing standards, 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 condensed interim financial statements for them to be in conformity with IAS 34.

EMPHASES OF MATTERS:

We draw attention to the following:

- These condensed interim financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.
- Note 10 to these condensed interim financial statements discloses the shareholders' approval in the extraordinary general assembly meeting held on 31 May 2015 (corresponding to 13 Shaban 1436H) of the increase in authorized share capital of the Company from Saudi Riyals 100 million to Saudi Riyals 250 million through a rights issue of Saudi Riyals 150 million. Since the shares had not been registered and issued as at 30 June 2015, the total contribution of Saudi Riyals 150 million, less related rights issue expenses, has been presented as additional paid in capital in the shareholders' equity.

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Kingdom of Saudi Arabia

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Aldar Audit Bureau

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Certified Public Accountant

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25 Ramadan 1436 H
(12 July 2015)



SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

(All amounts in Saudi Riyals unless otherwise stated)

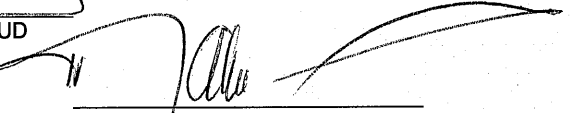
	Notes	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Insurance operations' assets			
Property and equipment, net		7,267,035	6,748,156
Reinsurers' share of outstanding claims		343,164,537	329,899,947
Reinsurers' share of unearned premiums		122,396,111	65,573,143
Deferred policy acquisition costs		30,901,632	23,820,183
Premiums and reinsurance balances receivable	6	184,458,318	169,662,464
Held-to-maturity investment	7	10,000,000	-
Available for sale investment	7	1,923,080	1,923,080
Prepayments and other assets		16,934,847	10,317,183
Due from related parties	8	62,821,505	47,986,002
Time deposits	5	25,759,177	180,160,386
Cash and cash equivalents	4	300,155,352	69,352,387
Total insurance operations' assets		1,105,781,594	905,442,931
Shareholders' assets			
Statutory deposit		10,000,000	10,000,000
Due from insurance operations		10,891,243	4,077,814
Prepayments and other assets		10,822,686	2,382,190
Restricted cash	10	140,082,980	-
Time deposits	5	20,000,000	19,550,000
Cash and cash equivalents	4	41,839,173	37,692,870
Total shareholders' assets		233,636,082	73,702,874
Total insurance operations' and shareholders' assets		1,339,417,676	979,145,805

Continued to p-3

The notes on pages 9 to 22 are an integral part of these condensed interim financial statements.


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER


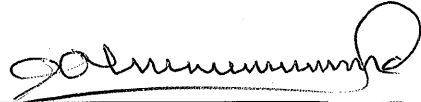


HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION *(continued)*
AS AT 30 JUNE 2015
(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Insurance operations' liabilities			
Employees' end-of-service benefits		8,632,638	7,308,406
Insurance operations' surplus distribution payable		5,945,648	4,235,643
Due to shareholders' operations		10,891,243	4,077,814
Gross outstanding claims		530,815,550	492,798,975
Gross unearned premiums		431,143,047	300,820,148
Unearned commission income		19,079,471	15,471,000
Reinsurance balances payable		44,652,651	43,309,794
Accrued expenses and other liabilities		54,621,346	37,421,151
Total insurance operations' liabilities		1,105,781,594	905,442,931
Shareholders' liabilities			
Provision for zakat		1,109,120	2,059,158
Accounts payable		4,893,998	1,681,165
Total shareholders' liabilities		6,003,118	3,740,323
Shareholders' equity			
Share capital	10	100,000,000	100,000,000
Additional paid in capital	10	145,286,857	-
Accumulated losses		(17,653,893)	(30,037,449)
Total shareholders' equity		227,632,964	69,962,551
Total shareholders' liabilities and equity		233,636,082	73,702,874
Total insurance operations' liabilities and shareholders' liabilities and equity		1,339,417,676	979,145,805

The notes on pages 9 to 22 are an integral part of these condensed interim financial statements.

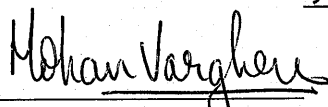
 MOHAN VARGHESE CHIEF FINANCIAL OFFICER	 ABDULAZIZ A. ABUSSUUD BOARD MEMBER	 HASSAN ABDULLA DORAR ALI PRESIDENT & CEO
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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

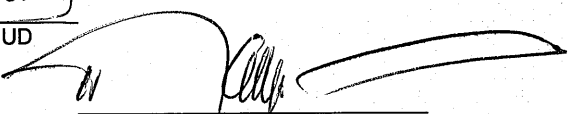
INTERIM STATEMENT OF INSURANCE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015
(All amounts in Saudi Riyals unless otherwise stated)

		Three months ended 30 June		Six months ended 30 June	
	Notes	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Revenues					
Gross written premiums		168,501,613	150,199,705	623,485,419	422,076,924
Reinsurance premiums ceded		(43,243,456)	(33,356,273)	(188,505,405)	(150,771,923)
Excess of loss/ stop loss premiums		(7,048,057)	(7,543,393)	(34,405,031)	(8,613,622)
Net written premiums		118,210,100	109,300,039	400,574,983	262,691,379
Movement in unearned premiums, net		53,394,573	(3,355,250)	(73,499,935)	(53,838,469)
Net earned premiums		171,604,673	105,944,789	327,075,048	208,852,910
Commission income					
Commission income		11,373,867	9,700,034	21,935,961	20,972,991
Income from investments	7	2,024,524	-	2,165,072	-
Special commission income		198,352	222,776	488,011	549,098
Other income		5,209,178	2,023,985	6,072,846	3,992,681
Total insurance revenues		190,410,594	117,891,584	357,736,938	234,367,680
Costs and expenses					
Gross claims paid		132,317,085	105,457,412	250,853,979	185,737,030
Reinsurers' share of claims paid		(8,175,535)	(20,079,971)	(17,282,079)	(37,925,449)
Net claims paid		124,141,550	85,377,441	233,571,900	147,811,581
Movement in outstanding claims, net		17,630,462	(2,673,027)	24,751,988	18,432,910
Net claims incurred		141,772,012	82,704,414	258,323,888	166,244,491
Policy acquisition costs					
Policy acquisition costs		17,070,118	13,837,526	32,939,988	28,006,898
General and administration expenses					
General and administration expenses		20,285,817	14,564,955	43,645,536	29,171,324
(Reversal of) / provision for doubtful receivables	6	307,863	(34,253)	284,858	(1,605,337)
Inspection and supervision fees		1,547,502	1,457,654	5,442,616	3,530,865
Total costs and expenses		180,983,312	112,530,296	340,636,886	225,348,241
Net surplus for the period from insurance operations		9,427,282	5,361,288	17,100,052	9,019,439
Shareholders' appropriation from surplus		(8,484,554)	(4,825,159)	(15,390,047)	(8,117,495)
Net surplus for the period from insurance operations after shareholders' appropriation		942,728	536,129	1,710,005	901,944

The notes on pages 9 to 22 are an integral part of these condensed interim financial statements.


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER

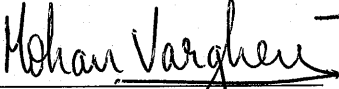
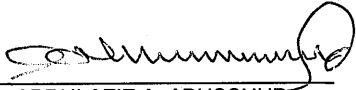


HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015
 (All amounts in Saudi Riyals unless otherwise stated)

Note	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Appropriation of surplus from insurance operations	8,484,554	4,825,159	15,390,047	8,117,495
Special commission income	55,892	76,356	106,836	196,743
General and administration expenses	(366,964)	(333,980)	(764,429)	(555,064)
Income before zakat	8,173,482	4,567,535	14,732,454	7,759,174
Zakat	(579,578)	(363,165)	(2,348,898)	(725,665)
Net income for the period	7,593,904	4,204,370	12,383,556	7,033,509
Other comprehensive income				
Change in fair value of available for sale investment	-	-	-	-
Total comprehensive income for the period	7,593,904	4,204,370	12,383,556	7,033,509
Earnings per share				
Basic and diluted earnings per share (in Saudi Riyals)	11 0.76	0.42	1.24	0.70
Weighted average number of shares in issue throughout the period (in thousands)	10,000	10,000	10,000	10,000

The notes on pages 9 to 22 are an integral part of these condensed interim financial statements.

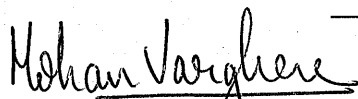
 MOHAN VARGHESE CHIEF FINANCIAL OFFICER	 ABDULAZIZ A. ABUSSUUD BOARD MEMBER	 HASSAN ABDULLA DORAR ALI PRESIDENT & CEO
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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015
 (All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Additional paid in capital (Note 10)	Accumulated losses	Total
Balance as at 1 January 2014	100,000,000	-	(48,261,864)	51,738,136
Total comprehensive income for the period	-	-	7,033,509	7,033,509
Balance as at 30 June 2014 (Unaudited)	100,000,000	-	(41,228,355)	58,771,645
Balance as at 1 January 2015	100,000,000	-	(30,037,449)	69,962,551
Paid in capital from rights issue	-	145,286,857	-	145,286,857
Total comprehensive income for the period	-	-	12,383,556	12,383,556
Balance as at 30 June 2015 (Unaudited)	100,000,000	145,286,857	(17,653,893)	227,632,964

The notes on pages 9 to 22 are an integral part of these condensed interim financial statements.



MOHAN VARGHESE
 CHIEF FINANCIAL OFFICER



ABDULAZIZ A. ABUSSUUD
 BOARD MEMBER



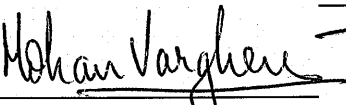
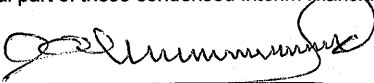
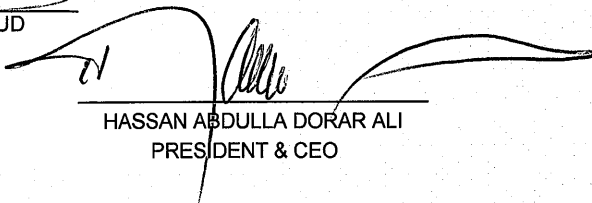
HASSAN ABDULLA DORAR ALI
 PRESIDENT & CEO

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Operating activities			
Net surplus from insurance operations after shareholders' appropriation		1,710,005	901,944
Adjustments for:			
Depreciation		1,763,356	2,336,834
(Reversal of) / provision for doubtful receivables	6	284,858	(1,605,337)
Employees' end-of-service benefits, net		1,324,232	(100,653)
Shareholders' appropriation from surplus		15,390,047	8,117,495
Changes in operating assets and liabilities:			
Reinsurers' share of outstanding claims		(13,264,590)	(62,695,194)
Reinsurers' share of unearned premiums		(56,822,968)	(41,925,175)
Deferred policy acquisition costs		(7,081,449)	(6,257,806)
Premiums and reinsurance balances receivable		(15,080,712)	(29,172,466)
Prepayments and other assets		(6,617,664)	(15,153,191)
Due from related parties		(14,835,503)	1,492,729
Gross outstanding claims		38,016,575	81,128,101
Gross unearned premiums		130,322,899	95,763,639
Unearned commission income		3,608,471	3,223,693
Reinsurance balances payable		1,342,857	(5,897,216)
Accrued expenses and other liabilities		17,200,195	(9,192,795)
Net cash from operating activities		97,260,609	20,964,602
Investing activities			
Purchase of property and equipment		(2,282,235)	(1,315,857)
Acquisition of held-to-maturity investment		(10,000,000)	-
Decrease / (increase) in time deposits		154,401,209	(30,000,000)
Net cash from / (used in) investing activities		142,118,974	(31,315,857)
Financing activity			
Due to shareholders' operations, net		(8,576,618)	6,608,048
Net cash (used in) / from a financing activity		(8,576,618)	6,608,048
Net increase / (decrease) in cash and cash equivalents		230,802,965	(3,743,207)
Cash and cash equivalents at the beginning of the period		69,352,387	95,744,470
Cash and cash equivalents at the end of the period	4	300,155,352	92,001,263

The notes on pages 9 to 22 are an integral part of these condensed interim financial statements.

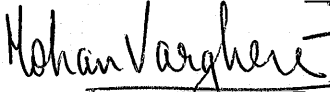
 MOHAN VARGHESE CHIEF FINANCIAL OFFICER	 ABDULAZIZ A. ABUSSUUD BOARD MEMBER	 HASSAN ABDULLA DORAR ALI PRESIDENT & CEO
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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Operating activities			
Income before zakat		14,732,454	7,759,174
Adjustment for:			
Appropriation of surplus from insurance operations income		(15,390,047)	(8,117,495)
Changes in operating assets and liabilities:			
Prepayments and other assets		(8,440,496)	(255,370)
Accounts payable		3,212,833	442,588
Cash used in operations		(5,885,256)	(171,103)
Zakat paid		(3,298,936)	(1,365,832)
Net cash used in operating activities		(9,184,192)	(1,536,935)
Investing activities			
Decrease / (increase) in time deposits		(450,000)	(10,830,000)
Net cash used in an investing activity		(450,000)	(10,830,000)
Financing activities			
Due from insurance operations, net		8,576,618	(6,608,048)
Paid in capital from rights issue	10	145,286,857	-
Restricted cash	10	(140,082,980)	-
Net cash from / (used in) financing activities		13,780,495	(6,608,048)
Net increase / (decrease) in cash and cash equivalents		4,146,303	(18,974,983)
Cash and cash equivalents at beginning of the period		37,692,870	20,513,348
Cash and cash equivalent at the end of the period	4	41,839,173	1,538,365

The notes pages 9 to 22 are an integral part of these condensed interim financial statements.


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER


HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015
(All amounts in Saudi Riyals unless otherwise stated)

1. Organization and principal activities

Saudi Arabian Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010237214 dated 7 Shaban 1428H, (corresponding to 20 August 2007). The registered office address of the Company is P.O. Box 58073, Riyadh 11594, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Saudi Stock Exchange ("Tadawul") on 3 September 2007.

The Company has been licensed to conduct insurance business in Saudi Arabia under co-operative principles in accordance with Royal Decree numbered 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to the Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

Following the completion of the public offering on 28 May 2007, the Ministry of Commerce and Industry ("MOCI") issued a resolution declaring the incorporation of the Company on 21 Rajab 1428H (corresponding to 5 August 2007).

On 29 Shaban 1428H (corresponding to 11 September 2007), the Saudi Arabian Monetary Agency ("SAMA") issued a formal approval to transact insurance business, thus authorizing the Company to commence operations as soon as product approval and related formalities are completed.

2. Basis of preparation

The condensed interim financial statements for the six-month period ended 30 June 2015 have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" (IAS - 34). Accordingly, these condensed interim financial statements are not intended to be a presentation in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia, i.e., in accordance with Standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2014.

In management's opinion, the condensed interim financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. The Company's interim results may not be indicative of its annual results.

3. New standards, amendments and interpretations

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and amendments to existing standards effective for the annual period beginning 1 January 2015.

The nature and the impact of each new standard / amendment are summarized as follows:

- a. Amendments to IAS 19 applicable for annual periods beginning on or after 1 July 2014 are applicable to defined benefit plans involving contribution from employees and / or third parties. This provides relief, based on meeting certain criteria's, from the requirements proposed in the amendments of 2011 for attributing employee / third party contributions to periods of service under the plan benefit formula or on a straight line basis. The current amendment gives an option, if conditions satisfy, to reduce service cost in period in which the related service is rendered.
- b. Annual improvements to IFRS 2010-2012 and 2011-2013 cycle applicable for annual periods beginning on or after 1 July 2014. A summary of the amendments is contained as under:
 - IFRS 3 - "business combinations" amended to clarify the classification and measurement of contingent consideration in a business combination. It has been further amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015
(All amounts in Saudi Riyals unless otherwise stated)

3. New standards, amendments and interpretations (continued)

- IFRS 8 - "operating segments" has been amended to explicitly require disclosure of judgments made by management in applying aggregation criteria.
- IFRS 13 has been amended to clarify measurement of interest free short term receivables and payables at their invoiced amount without discounting, if the effect of discounting is immaterial. It has been further amended to clarify that the portfolio exception potentially applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.
- IAS 16 - "Property plant and equipment" and IAS 38 - "intangible assets": - the amendments clarify the requirements of revaluation model recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 - "related party disclosures"- the definition of a related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or indirectly.

In addition to the above, the Company has chosen not to early adopt IFRS 9 (2010) - Financial instruments which will not be effective until January 1, 2018.

4. Cash and cash equivalents

For the purpose of the interim statements of insurance operations' cash flows and shareholders' cash flows, cash and cash equivalents comprise of the following:

	30 June 2015		31 December 2014	
	(Unaudited)		(Audited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Cash in banks	85,123,216	299,173	69,320,251	342,870
Cash on hand	32,136	-	32,136	-
Short-term deposits	215,000,000	41,540,000	-	37,350,000
	300,155,352	41,839,173	69,352,387	37,692,870

Cash in banks are placed with counterparties who have investment grade credit ratings. The short-term deposits, which are denominated in Saudi Riyals, are made for varying periods of between one day and three month depending on the immediate cash requirements of the Company.

As at 30 June 2015, the Company holds an amount of Saudi Riyals 35,222 (31 December 2014: Saudi Riyals 90,210) in a fiduciary capacity, in respect of claims to be settled for a third party insurer. Accordingly, such amount is not accounted for in these condensed interim financial statements.

5. TIME DEPOSITS

Time deposits represent deposits with local banks that have investment grade credit ratings and have an original maturity of more than three month from date of acquisition. The deposits earn commission at an effective commission rate of 0.85% per annum (31 December 2014: 0.98% per annum).

As at 30 June 2015, the Company has short-term money market placements amounting to Saudi Riyals 45.8 million (31 December 2014: 45.2 million) with the Saudi Hollandi Capital (SHC) under a portfolio managed account based on agreed terms.

Investment income earned upon maturity of the short-term placements under insurance operations' assets recognized during the six-month period ended 30 June 2015 amounted to Saudi Riyals 0.6 million.

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6. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

Insurance operations receivables are comprised of net amounts due from the following:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Premiums receivable	198,500,963	182,950,335
Reinsurers and others	3,643,020	4,112,936
Total premiums and reinsurance balances receivable	202,143,983	187,063,271
Less: Provision for doubtful receivables	(17,685,665)	(17,400,807)
	184,458,318	169,662,464

The movement in the provision for doubtful receivables is as follows:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Beginning balance	17,400,807	14,919,376
Provision made during the period / year	284,858	2,481,431
Ending balance	17,685,665	17,400,807

7. INVESTMENTS

a. Investments at fair value through profit or loss

During the six-month period ended 30 June 2015, the Company invested in IPO shares of a certain company which resulted in gain upon sale of the IPO shares in the same period amounting to Saudi Riyals 1.2 million.

b. Held-to-maturity investment

As at 30 June 2015, the Company invested in Islamic bonds ("sukuk") issued by a local bank amounting to Saudi Riyals 10 million comprising of 10 sukuk denominated at Saudi Riyals 1 million each and a margin equivalent to 6 month SIBOR plus 130 basis points. See also Note 12.

c. Available-for-sale investment

Available for sale investment comprises of Saudi Riyals 1.9 million in respect of the Company's share in the capital of Najm for Insurance Services Company ("Najm") which represents a 3.85% equity holding in Najm. In assessing the relationship of unobservable inputs to fair value, management considered the Company's long-term revenue growth rates. As at 30 June 2015 and 31 December 2014, management believes that the carrying amount of the available for sale investment is a reasonable estimate of its fair value (Note 12).

Dividends received from Najm during the three-month period ended 30 June 2015 amounted to Saudi Riyals 339,103.

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8. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, key management personnel of the Company and companies where they are principal owners and other entities significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management.

a. Transactions with related parties

The following are the details of major related parties' transactions during the six-month period ended 30 June:

Related parties	Nature of transactions	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Amounts paid on behalf of SAICO B.S.C (C), net	(747,249)	(2,628,138)
ACE Insurance Agents Limited ("Agent") (Affiliate)	Premiums received through Agent	25,161,800	8,640,461
	Claims paid through Agent	9,228	24,565
	Commission expense	2,477,170	1,193,085
ACE Limited (Affiliate)	Premiums and claims, net	(487,027)	(715,550)
ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate)	Premiums received through Broker, net	163,205,038	123,442,935
	Commission expense	11,832,846	11,686,599
	Premiums ceded through Broker	97,341,553	68,183,954
	Commission received	3,157,204	3,944,113

b. Balances with related parties

The above transactions with the related parties resulted in the following balances as at the financial reporting date:

Due from related parties	Nature of transactions	30 June 2015 (Unaudited)	31 December 2014 (Audited)
ACE Insurance and Reinsurance Brokers Limited ("Broker") affiliate	Insurance operations	47,159,542	34,287,716
ACE Insurance Agents Limited ("Agent") (Affiliate)	Insurance operations	12,376,720	9,553,855
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Insurance operations	2,953,013	3,700,261
ACE Limited (Affiliate)	Insurance operations	332,230	444,170
		62,821,505	47,986,002

c. Compensation of key management personnel

Key management personnel of the Company include all directors (executives and non-executives) and senior management. The summary of compensation of key management personnel for the six-month period ended 30 June is as follows:

	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Short-term benefits	3,004,529	1,981,668
Bonus	479,250	-
Employees' end-of-service benefits	119,232	134,370
	3,603,011	2,116,038

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9. SEGMENT INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses, provision for doubtful receivables, inspection and supervision fees and other income.

Segment assets do not include insurance operations' property and equipment, prepayments and other assets, due from related parties, premiums and reinsurance balances receivable, time deposits and cash and cash equivalents. Accordingly, they are included in unallocated assets.

Segment liabilities do not include insurance operations' due to shareholders' operations, due to related parties, employees' end-of-service benefits, reinsurance balances payable and accrued expense and other liabilities. Accordingly, they are included in unallocated liabilities.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

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9. SEGMENT INFORMATION

Three months ended 30 June 2015 (Unaudited)
(Amounts in Saudi Riyals thousands)

Operating segment	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Revenues									
Gross written premiums	71,464	47,454	12,553	13,686	15,140	2,620	2,690	2,895	168,502
Reinsurance premiums ceded	-	(118)	(11,006)	(13,092)	(14,158)	(1,408)	(2,308)	(1,154)	(43,244)
Excess of loss premiums	(6,704)	652	(514)	(114)	(327)	(27)	-	(14)	(7,048)
Net written premiums	64,760	47,988	1,033	480	655	1,185	382	1,727	118,210
Movement in unearned premiums, net	25,435	26,087	467	213	265	408	59	461	53,395
Net earned premiums	90,195	74,075	1,500	693	920	1,593	441	2,188	171,605
Commission income	-	341	3,657	2,060	3,361	810	1,542	(66)	11,705
Total allocated revenue	90,195	74,416	5,157	2,753	4,281	2,403	1,983	2,122	183,310
Unallocated revenue									7,101
Total insurance revenues									190,411
Cost and expenses									
Gross claims paid	59,842	63,769	2,603	467	2,901	12	1,379	1,344	132,317
Reinsurers' share of claims paid	(71)	(25)	(2,374)	(424)	(2,738)	(7)	(1,345)	(1,191)	(8,175)
Net claims paid	59,771	63,744	229	43	163	5	34	153	124,142
Movement in outstanding claims, net	16,181	728	530	(251)	(67)	(210)	915	(196)	17,630
Net claims incurred	75,952	64,472	759	(208)	96	(205)	949	(43)	141,772
Policy acquisition costs	3,975	7,101	1,896	955	1,930	454	237	523	17,071
Total allocated costs and expenses	79,927	71,573	2,655	747	2,026	249	1,186	480	158,842
Unallocated expenses									22,141
Total costs and expenses									180,984
Net surplus from insurance operations									9,427

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9. SEGMENT INFORMATION (continued)

Three months ended 30 June 2014 (Unaudited)
(Amounts in Saudi Riyals thousands)

Operating segment	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Revenues									
Gross written premiums	71,913	37,657	12,480	8,336	11,895	3,516	1,696	2,706	150,199
Reinsurance premiums ceded	-	(190)	(11,165)	(7,454)	(11,458)	(828)	(1,347)	(914)	(33,356)
Excess of loss premiums	(5,683)	(826)	(483)	(311)	(164)	(60)	-	(16)	(7,543)
Net written premiums	66,230	36,641	832	571	273	2,628	349	1,776	109,300
Movement in unearned premiums, net	692	(3,926)	137	(75)	(61)	(662)	171	369	(3,355)
Net earned premiums	66,922	32,715	969	496	212	1,966	520	2,145	105,945
Commission income	-	33	3,813	2,876	1,066	313	1,468	131	9,700
Total allocated revenue	66,922	32,748	4,782	3,372	1,278	2,279	1,988	2,276	115,645
Unallocated revenue									2,247
Total insurance revenues									117,892
Costs and expenses									
Gross claims paid	63,630	21,873	14,225	1,618	626	145	1,016	2,324	105,457
Reinsurers' share of claims paid	(203)	(1,706)	(13,939)	(1,464)	(599)	(27)	(545)	(1,597)	(20,080)
Net claims paid	63,247	20,167	286	154	27	118	471	727	85,377
Movement in outstanding claims, net	(6,991)	2,696	2,105	304	(1,123)	257	20	59	(2,673)
Net claims incurred	56,436	22,863	2,391	458	(1,096)	375	491	786	82,704
Policy acquisition costs	3,880	4,412	2,851	990	549	400	274	482	13,838
Total allocated costs and expenses	60,316	27,275	5,242	1,448	(547)	775	765	1,268	96,542
Unallocated expenses									15,989
Total costs and expenses									112,531
Net surplus from insurance operations									5,361

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9. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2015 (Unaudited)
(Amounts in Saudi Riyals thousands)

	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Revenues									
Gross written premiums	246,258	170,038	131,085	19,717	23,728	10,893	11,185	10,581	623,485
Reinsurance premiums ceded	-	(339)	(125,203)	(18,320)	(22,278)	(6,780)	(10,359)	(5,226)	(188,505)
Excess of loss premiums	(29,300)	(2,080)	(2,084)	(325)	(483)	(91)	-	(42)	(34,405)
Net written premiums	216,959	167,619	3,798	1,072	967	4,022	826	5,313	400,575
Movement in unearned premiums, net	(46,837)	(23,848)	(1,994)	152	432	(1,007)	72	(470)	(73,500)
Net earned premiums	170,121	143,771	1,804	1,224	1,399	3,015	898	4,843	327,075
Commission income	(49)	378	7,079	3,866	6,025	1,332	3,212	424	22,267
Total allocated revenues	170,072	144,149	8,883	5,090	7,424	4,347	4,110	5,267	349,342
Unallocated revenue									8,395
Total insurance revenues									357,737
Costs and expenses									
Gross claims paid	117,254	113,317	8,977	2,295	5,139	12	1,681	2,179	250,854
Reinsurers' share of claims paid	78	(47)	(6,983)	(2,055)	(4,827)	(7)	(1,534)	(1,751)	(17,282)
Net claims paid	117,176	113,270	1,995	240	312	5	147	428	233,572
Movement in outstanding claims, net	16,946	7,162	(174)	(45)	(206)	140	1,077	(148)	24,752
Net claims incurred	134,122	120,432	1,510	195	106	145	1,224	280	258,324
Policy acquisition cost	7,791	13,608	3,707	1,764	3,386	920	488	1,276	32,940
Total allocated costs and expenses	141,913	134,040	5,527	1,959	3,492	1,065	1,712	1,556	291,264
Unallocated expenses									49,373
Total costs and expenses									340,637
Net surplus from insurance operations									17,100

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9. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2014 (Unaudited)
(Amounts in Saudi Riyals thousands)

	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Revenues									
Gross written premiums	166,981	87,961	100,263	15,293	23,538	7,806	11,457	8,778	422,077
Reinsurance premiums ceded	(575)	(411)	(96,318)	(13,611)	(22,369)	(3,313)	(10,433)	(3,742)	(150,772)
Excess of loss premiums	(4,092)	(1,929)	(1,517)	(489)	428	(101)	-	(58)	(8,614)
Net written premiums	162,314	85,621	2,428	1,193	741	4,392	(1,024)	4,978	262,691
Movement in unearned premiums, net	(25,744)	(24,491)	(1,211)	(211)	(87)	(1,286)	(2)	(806)	(53,838)
Net earned premiums	136,570	61,130	1,217	982	654	3,106	1,022	4,172	208,853
Commission income	25	79	7,079	4,705	4,220	1,179	2,782	904	20,973
Total allocated revenues	136,595	61,209	8,296	5,687	4,874	4,285	3,804	5,076	229,826
Unallocated revenue									4,541
Total insurance revenues									234,367
Costs and expenses									
Gross claims paid	105,597	42,608	25,521	2,715	5,646	145	1,114	2,391	185,737
Reinsurers' share of claims paid	(1,625)	(1,1743)	(24,423)	(2,417)	(5,402)	(27)	(638)	(1,650)	(37,925)
Net claims paid	103,972	40,685	1,098	298	244	118	476	741	147,812
Movement in outstanding claims, net	12,405	1,190	2,013	773	312	1,312	201	227	18,433
Net claims incurred	116,377	42,055	3,111	1,071	556	1,430	677	968	166,245
Policy acquisition cost	7,808	8,162	5,190	1,782	2,104	1,280	540	1,141	28,007
Total allocated costs and expenses	124,185	50,217	8,301	2,853	2,660	2,710	1,217	2,109	194,252
Unallocated expenses									31,096
Total costs and expenses									225,348
Net surplus from insurance operations									9,019

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9. SEGMENT INFORMATION (Continued)

As at 30 June 2015 (Unaudited)
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	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Assets									
Reinsurers' share of outstanding claims	-	1,666	81,392	55,712	60,657	762	140,995	1,981	343,165
Reinsurers' share of unearned premiums	-	240	71,508	11,895	22,455	6,379	8,433	1,486	122,396
Deferred policy acquisition costs	6,730	14,557	3,595	1,041	3,156	936	452	435	30,902
Segment assets	6,730	16,463	156,495	68,648	86,268	8,077	149,880	3,902	496,463
Unallocated assets									609,319
Total assets									1,105,782
Liabilities									
Gross outstanding claims	116,539	51,392	90,849	58,516	63,840	1,841	144,194	3,645	530,816
Gross unearned premiums	159,310	137,364	75,228	12,487	23,353	10,952	9,131	3,318	431,143
Unearned commission income	-	71	7,042	2,027	5,686	1,337	2,785	131	19,079
Segment liabilities	275,849	188,827	173,119	73,030	92,879	14,130	156,110	7,094	981,038
Unallocated liabilities									124,744
Total liabilities									1,105,782

Unallocated assets at 30 June 2015 consists mainly of premiums and reinsurance balances receivable of Saudi Riyals 184.5 million, due from related parties of Saudi Riyals 62.6 million, cash and cash equivalents of Saudi Riyals 300.2 million, and other insurance operations' assets of Saudi Riyals 61.8 million.

At 30 June 2015, the total premiums and reinsurance balances receivable amounting to Saudi Riyals 184.5 million comprised mainly of premiums receivable from Medical clients of Saudi Riyals 97 million while the remaining balance of Saudi Riyals 84 million is consisting mainly of receivables from top 10 policyholders from the following lines of business: (a) Motor Private (b) Motor Commercial (c) Fire & Burglary (d) Engineering and (e) General Accident.

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As at 31 December 2014 (Audited)
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	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Assets									
Reinsurers' share of outstanding claims	6	2,086	66,663	54,414	66,869	702	136,607	2,553	329,900
Reinsurers' share of unearned premiums	-	128	17,353	7,635	24,324	5,174	10,252	707	65,573
Deferred policy acquisition costs	6,422	10,243	1,430	908	3,519	736	323	239	23,820
Segment assets	6,428	12,457	85,446	62,957	94,712	6,612	147,182	3,499	419,293
Unallocated assets									486,150
Total assets									905,443
Liabilities									
Gross outstanding claims	99,600	44,650	76,261	57,248	70,255	1,669	138,727	4,389	492,799
Gross unearned premiums	112,474	113,404	19,078	8,379	25,653	8,740	11,022	2,070	300,820
Unearned commission income	-	37	3,233	1,999	6,494	733	2,933	42	15,471
Segment liabilities	212,074	158,091	98,572	67,626	102,402	11,142	152,682	6,501	809,090
Unallocated liabilities									96,353
Total liabilities									905,443

Unallocated assets at 31 December 2014 consists mainly of premiums and reinsurance balances receivable of Saudi Riyals 169.7 million, due from related parties of Saudi Riyals 47.9 million, cash and cash equivalents of Saudi Riyals 69.3 million, and other insurance operations' assets of Saudi Riyals 64.3 million.

At 31 December 2015, the total premiums and reinsurance balances receivable amounting to Saudi Riyals 169.7 million comprised mainly of premiums receivable from Medical clients of Saudi Riyals 71.4 million while the remaining balance of Saudi Riyals 98.3 million is consisting mainly of receivables from top 10 policyholders from the following lines of business: (a) Motor Private (b) Motor Commercial (c) Fire & Burglary (d) Engineering and (e) General Accident.

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10. SHARE CAPITAL

As at 30 June 2015, the authorized, issued and paid up share capital of the Company was Saudi Riyals 100 million divided into 10 million shares of Saudi Riyals 10 each (31 December 2014: Saudi Riyals 100 million divided into 10 million shares of Saudi Riyals 10 each). The founding shareholders of the Company held 3.2 million shares with a nominal value of Saudi Riyals 10 each as at 30 June 2015, which represents 32% of the Company's share capital and the remaining 6.8 million shares with a nominal value of Saudi Riyals 10 each were owned by other shareholders.

The Company held an extraordinary general assembly meeting of its shareholders on 31 May 2015 (corresponding to 13 Shaban 1436H) at which the shareholders approved an increase in the authorized share capital of the Company from Saudi Riyals 100 million to Saudi Riyals 250 million through a rights issue of Saudi Riyals 150 million via a three stage process between 9 June 2015 (corresponding to 22 Shaban 1436H) and 29 June 2015 (corresponding to 12 Ramadan 1436H), which included bidding for shares left unsubscribed by rights' holders (the "Rump Shares") by certain Institutional Investors through a process outlined in the rights issue prospectus as approved by the Capital Market Authority.

Of the Saudi Riyals 150 million proceeds from the subscription that was payable to the Company, Saudi Riyals 140,082,980 comprising sale of shares to rights holders was held in an escrow account with the lead manager of the rights issue as at 30 June 2015. The remaining Saudi Riyals 9,917,020 comprising the proceeds from the sale of Rump Shares was yet to be paid by the Institutional Investors to the said escrow account as of 30 June 2015 since the settlement for the sale of Rump Shares is scheduled for after that date.

As the Saudi Riyals 140.1 million proceeds were held in the said escrow account and not available to the Company as at 30 June 2015, it has been excluded from cash and cash equivalents (Note 4). It is presented as part of restricted cash in the shareholders' assets while the unpaid portion as at 30 June 2015 of SR 9.9 million has been recognised as shares subscription receivable as part of prepayments and other assets in the shareholders' assets.

Since the shares had not been registered and issued as at 30 June 2015, the total contribution of Saudi Riyals 150 million, less related rights issue expenses, has been presented as additional paid in capital in the shareholders' equity. The Saudi Riyals 150 million, less deductible expenses related to the rights issue, has been paid to the Company on 8 July 2015 (corresponding to 21 Ramadan 1436H).

The founding shareholders have subscribed for the full amount of new shares to which they were entitled.

11. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period have been calculated by dividing the total comprehensive income for the period by the weighted average number of shares in issue throughout the period of 10 million shares.

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 in the principal (or the most advantageous) market between market participants at the measurement date, under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

The fair values of the Company's recognised financial instruments are not significantly different from the carrying values included in the condensed interim 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 market prices in an active market (that are unadjusted) for identical assets or liabilities,
- Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable); and,
- Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

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During the six-month 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.

The following table summarizes the financial assets recorded at fair value by level of the fair value hierarchy.

As at 30 June 2015 (Unaudited)	Insurance operations' assets			
	Level 1	Level 2	Level 3	Total
Financial assets				
Held-to-maturity investment	-	10,000,000	-	10,000,000
Available-for-sale investment	-	-	1,923,080	1,923,080
	-	10,000,000	1,923,080	11,932,080

As at 31 December 2014 (Audited)	Insurance operations' assets			
	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale investment	-	-	1,923,080	1,923,080
	-	-	1,923,080	1,923,080

13. CONTINGENCIES AND COMMITMENTS

a. Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

b. Operating lease commitments

Rental expenses under operating leases pertained to leases of office spaces in various locations amounted to Saudi Riyals 1.2 million for the six-month period ended 30 June 2015 (Six-month period ended 30 June 2014: Saudi Riyals 1.2 million) are recognized in the interim statement of insurance income.

Future minimum lease payments under the operating lease arrangements as at the financial reporting date are as follows:

<u>Years</u>	30 June 2015 (Unaudited)	31 December 2014 (Audited)
2015	1,252,258	2,043,949
2016	2,411,548	1,979,542
2017	638,874	646,412
	4,302,680	4,669,903

14. NET UNDERWRITING SURPLUS

Net underwriting surplus as defined by the management of the Company for the period is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Net earned premiums	171,604,673	105,944,789	327,075,048	208,852,910
Commission income	11,373,867	9,700,034	21,935,961	20,972,991
Other underwriting income	331,192	-	331,192	-
Policy acquisition costs	(17,070,118)	(13,837,526)	(32,939,988)	(28,006,898)
Net claims incurred	(141,772,012)	(82,704,414)	(258,323,888)	(166,244,491)
Net underwriting surplus	24,467,602	19,102,883	58,078,325	35,574,512

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015
(All amounts in Saudi Riyals unless otherwise stated)

15. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on Ramadan 25, 1436 H (corresponding to 12 July 2015).