

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 AND NINE MONTH PERIODS ENDED
30 SEPTEMBER 2016**

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 AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016**

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Audit - Consultancy - Zakat & Tax

Al-Bassam & Al-Nemer
Allied Accountants
(Member firm of PKF International)



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 – (WALA'A) (a Saudi Joint Stock Company) (the "Company") as at 30 September 2016, and the related interim condensed statements of insurance operations, shareholders' operations, shareholders' comprehensive income for the three and nine month periods then ended, and the interim condensed statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the nine month period then ended 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

Ibrahim Ahmed Al Bassam
Certified Public Accountant
License Number 337
P.O. Box 4636
Al Khobar 31952, Saudi Arabia

For Abdulaziz A. Alnaim
Certified Public Accountants

Abdulaziz A. Alnaim
Certified Public Accountant
License Number 394
P.O. Box 26991
Riyadh 11496, Saudi Arabia

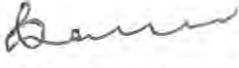
20 October 2016
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SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

		30 September 2016 SR (Un-audited)	31 December 2015 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	539,041,816	373,227,369
Premiums and insurance balances receivable - net	4	183,406,971	112,800,451
Reinsurers' share of unearned premiums	6	98,854,140	118,439,083
Reinsurers' share of outstanding claims	6	177,266,990	176,953,817
Deferred policy acquisition costs	6	36,167,492	22,812,919
Due from shareholders' operations		-	1,250,230
Prepaid expenses and other assets		40,940,138	33,629,989
Accrued commission income		1,530,546	-
Property and equipment		4,482,152	4,826,676
TOTAL INSURANCE OPERATIONS' ASSETS		1,081,690,245	843,940,534
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	267,186,036	213,979,283
Statutory deposit	8	40,000,000	40,000,000
Accrued commission on statutory deposit		1,845,531	1,350,228
Accrued commission income		1,623,949	534,935
Available-for-sale investments	7	71,023,089	84,725,686
Due from insurance operations		36,339,471	-
TOTAL SHAREHOLDERS' ASSETS		418,018,076	340,590,132
TOTAL ASSETS		1,499,708,321	1,184,530,666





Chief Financial Officer Chief Executive Officer Director

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

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 30 SEPTEMBER 2016

		30 September 2016 SR (Un-audited)	31 December 2015 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Liabilities arising from insurance contracts:			
Unearned premiums	6	476,689,201	349,482,711
Outstanding claims	6	389,180,197	359,011,104
Total liabilities arising from insurance contracts		865,869,398	708,493,815
Additional premium reserves	6	36,857,733	36,857,733
Other technical reserves	6	5,554,502	5,554,502
Accrued and other liabilities		66,679,231	64,768,393
Reinsurance balances payable		43,141,018	10,015,562
Due to shareholders' operations		36,339,471	-
Unearned reinsurance commission	6	8,317,403	10,279,353
End-of-service indemnities		6,924,722	5,823,730
Total insurance operations' liabilities		1,069,683,478	841,793,088
Insurance operations' surplus		12,006,767	2,147,446
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,081,690,245	843,940,534
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued and other liabilities		22,208,094	15,315,895
Commission on statutory deposit payable		1,845,531	1,350,228
Due to insurance operations		-	1,250,230
		24,053,625	17,916,353
Shareholders' equity			
Share capital	10	400,000,000	400,000,000
Share premium		30,107,690	30,107,690
Fair value reserve		(42,697,798)	(28,995,201)
Retained earnings/(accumulated losses)		6,554,559	(78,438,710)
Total shareholders' equity		393,964,451	322,673,779
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		418,018,076	340,590,132
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		1,499,708,321	1,184,530,666

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 AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016

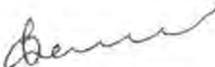
	Three month period ended 30 September 2016	Three month period ended 30 September 2015	Nine month period ended 30 September 2016	Nine month period ended 30 September 2015
Note	SR	SR	SR	SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
REVENUES				
Gross premiums written	268,442,991	227,811,275	752,833,387	624,477,377
Less: Reinsurance premiums ceded	(71,905,063)	(100,946,062)	(159,032,931)	(193,460,853)
Net premiums written	196,537,928	126,865,213	593,800,456	431,016,524
Changes in unearned premiums, net	(31,859,245)	(8,512,696)	(146,791,433)	(121,180,389)
Net premiums earned	164,678,683	118,352,517	447,009,023	309,836,135
Reinsurance commission	3,756,133	4,787,905	13,346,913	13,961,705
Other underwriting income	244,345	503,803	2,144,647	1,461,901
Total revenue	168,679,161	123,644,225	462,500,583	325,259,741
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	67,384,885	81,469,198	239,879,366	290,853,756
Reinsurers' share of claims paid	(1,904,075)	(2,687,781)	(24,273,030)	(67,038,961)
Net claims paid	65,480,810	78,781,417	215,606,336	223,814,795
Changes in outstanding claims, net	17,877,472	19,767,048	29,855,920	52,086,122
Net incurred claims	83,358,282	98,548,465	245,462,256	275,900,917
Changes in additional premium reserves	-	4,988,218	-	12,863,835
Changes in other technical reserves	-	-	-	100,000
Policy acquisition costs	16,868,443	11,765,177	43,829,523	31,590,973
Excess of loss expenses	3,897,198	4,624,733	7,157,310	11,213,673
Other underwriting expenses	6,837,628	4,696,861	19,433,965	13,981,722
Total underwriting costs and expenses	110,961,551	124,623,454	315,883,054	345,651,120
Net underwriting income (loss)	57,717,610	(979,229)	146,617,529	(20,391,379)
OTHER OPERATING EXPENSES, NET				
Operating and administrative salaries	(10,688,576)	(9,587,244)	(32,780,978)	(28,671,106)
General and administrative expenses	(6,277,785)	(7,495,522)	(19,371,942)	(19,361,112)
Commission income on bank deposits	2,358,046	-	4,128,601	12,188
Total other operating expenses, net	(14,608,315)	(17,082,766)	(48,024,319)	(48,020,030)
Net surplus (deficit) from insurance operations	43,109,295	(18,061,995)	98,593,210	(68,411,409)
Shareholders' (appropriation of surplus) absorption of deficit	(38,798,365)	18,061,995	(88,733,889)	68,411,409
Net result from insurance operations after shareholders' (appropriation of surplus) absorption of deficit	4,310,930	-	9,859,321	-
Insurance operations' surplus, beginning of the period	7,695,837	2,147,446	2,147,446	2,147,446
Insurance operations' surplus, end of the period	12,006,767	2,147,446	12,006,767	2,147,446

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 AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016

Note	Three month period ended 30 September 2016	Three month period ended 30 September 2015	Nine month period ended 30 September 2016	Nine month period ended 30 September 2015
	SR	SR	SR	SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Net surplus (deficit) transferred from insurance operations	38,798,365	(18,061,995)	88,733,889	(68,411,409)
Commission income on bank deposits	1,606,701	250,012	4,295,768	424,343
Dividends and realized fair value changes on available-for-sale investments	384,616	-	384,616	2,319,645
General and administrative expenses	(800,004)	(762,500)	(2,421,001)	(2,287,502)
Net profit (loss) for the period	39,989,678	(18,574,483)	90,993,272	(67,954,923)
Basic and diluted profit (loss) per share - restated	0.99	(0.46)	2.27	(2.12)
Weighted average number of outstanding shares - restated	40,000,000	40,000,000	40,000,000	32,102,564



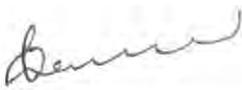

 Chief Financial Officer Chief Executive Officer Director

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

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

INTERIM CONDENSED STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016

	Three month period ended 30 September 2016 SR	Three month period ended 30 September 2015 SR	Nine month period ended 30 September 2016 SR	Nine month period ended 30 September 2015 SR
Note	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Shareholders' net profit (loss) for the period	39,989,678	(18,574,483)	90,993,272	(67,954,923)
Provision for zakat and income tax	(2,000,002)	(1,000,000)	(6,000,003)	(2,999,998)
Net profit (loss) for the period after Zakat and income tax	37,989,676	(19,574,483)	84,993,269	(70,954,921)
Items that may subsequently be reclassified to the statement of shareholders' operations:				
Unrealized fair value changes on available- for-sale investment, net	(10,893,043)	(18,594,839)	(13,702,597)	(9,882,690)
Total comprehensive profit (loss) for the period	27,096,633	(38,169,322)	71,290,672	(80,837,611)
Basic and diluted profit (loss) per share – restated	0.68	(0.95)	1.78	(2.52)
Weighted average number of outstanding shares – restated	40,000,000	40,000,000	40,000,000	32,102,564


 Chief Financial Officer


 Chief Executive Officer


 Director

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

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

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2016

	Share capital SR	Share Premium SR	Fair value reserve SR	Retained earnings/ (Accumulated losses) SR	Total SR
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)	400,000,000	30,107,690	(23,320,935)	(89,128,633)	317,658,122
Balance at 1 January 2016 (Audited)	400,000,000	30,107,690	(28,995,201)	(78,438,710)	322,673,779
Shareholders' net profit for the period	-	-	-	90,993,272	90,993,272
Unrealized fair value changes on available- for-sale investments, net	-	-	(13,702,597)	-	(13,702,597)
Provision for zakat and income tax	-	-	-	(6,000,003)	(6,000,003)
Balance at 30 September 2016 (Un-audited)	400,000,000	30,107,690	(42,697,798)	6,554,559	393,964,451


 Chief Financial Officer


 Chief Executive Officer


 Director

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

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

INTERIM CONDENSED STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2016

	Note	Nine month period ended 30 September 2016 SR (Un-audited)	Nine month period ended 30 September 2015 SR (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus from insurance operations		9,859,321	-
Adjustments for:			
Depreciation		1,775,002	1,548,241
Allowance for doubtful debts		2,565,456	6,185,000
End-of-service indemnities, net		1,100,992	1,449,239
		<u>15,300,771</u>	<u>9,182,480</u>
<u>Changes in operating assets and liabilities:</u>			
Due from/ (to) shareholders' operations		37,589,701	(7,414,265)
Premiums and insurance balances receivable		(73,171,976)	(66,982,419)
Reinsurers' share of unearned premiums		19,584,943	(24,417,873)
Reinsurers' share of outstanding claims		(313,173)	74,626,249
Deferred policy acquisition costs		(13,354,573)	(10,973,928)
Prepaid expenses and other assets		(7,310,149)	(967,991)
Accrued commission income		(1,530,546)	74,063
Unearned premiums		127,206,490	145,594,236
Outstanding claims		30,169,093	(22,536,101)
Additional premium reserves		-	12,863,835
Other technical reserves		-	100,000
Unearned reinsurance commission		(1,961,950)	2,668,179
Reinsurance balances payable		33,125,456	38,230,129
Accrued and other liabilities		1,910,838	15,205,815
Net cash generated from operating activities		<u>167,244,925</u>	<u>165,252,409</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property and equipment		(1,430,478)	(1,150,909)
Net cash used in investing activity		<u>(1,430,478)</u>	<u>(1,150,909)</u>
Net Increase in cash and cash equivalents		165,814,447	164,101,500
Cash and cash equivalents at the beginning of the period		<u>373,227,369</u>	<u>210,978,334</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	<u>539,041,816</u>	<u>375,079,834</u>


Chief Financial Officer


Chief Executive Officer


Director

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

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

INTERIM CONDENSED STATEMENT OF SHAREHOLDERS' OPERATIONS' CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2016

	Note	Nine month period ended 30 September 2016 SR (Un-audited)	Nine month period ended 30 September 2015 SR (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss) for the period		90,993,272	(67,954,923)
Adjustments for:			
Commission income		(4,295,768)	(424,343)
Dividends and realized fair value changes on available-for-sale investments		(384,616)	(2,319,645)
		86,312,888	(70,698,911)
<u>Changes in operating assets and liabilities:</u>			
Due from/ (to) insurance operations		(37,589,701)	7,414,265
Accrued commission on statutory deposit		(495,303)	(181,176)
Prepaid expenses and other assets		-	1,320,200
Commission on statutory deposit payable		495,303	181,176
Accrued and other liabilities		1,500,001	1,343,656
Cash generated from / (used in) operations		50,223,188	(60,620,790)
Zakat and income tax paid		(607,805)	(1,206,085)
Net cash generated from / (used in) operating activities		49,615,383	(61,826,875)
CASH FLOW FROM INVESTING ACTIVITIES			
Movement in available-for-sale investments		-	(20,193,569)
Commission, dividend received and realized fair value changes		3,591,370	2,482,093
Net cash generated from / (used in) investing activities		3,591,370	(17,711,476)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase of share capital		-	200,000,000
Share premium, net		-	30,107,690
Statutory deposit, net		-	(20,000,000)
Net cash generated from financing activities		-	210,107,690
Net change in cash and cash equivalents		53,206,753	130,569,339
Cash and cash equivalents at the beginning of the period		213,979,283	83,099,953
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	267,186,036	213,669,292
<u>Non-cash transactions:</u>			
Unrealized fair value changes on available-for-sale investments	7	(13,702,597)	(18,594,839)
Provision for zakat and income tax		(6,000,003)	(2,999,998)

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)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016**

1. GENERAL INFORMATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the three month and nine month periods ended 30 September 2016 and 2015 have been prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" (IAS 34). Accordingly, these interim condensed financial statements are not intended to be a presentation in conformity with accounting principles generally accepted in the Kingdom of Saudi Arabia i.e. in accordance with the standard on Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants (SOCPA).

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

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

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

2.2 Accounting policies

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

a) New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

- Agriculture: Bearer Plants (Amendment to IAS 16 and 41), effective for annual period on or after 1 January 2016.
- IFRS 14 Regulatory Deferral Accounts, effective for annual period on or after 1 January 2016.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Accounting policies (Continued)

- Accounting for acquisition of Interest in Joint Operations (Ammended to IFRS 11), effective for annual period on or after 1 January 2016.
- Classification of acceptable methods of depreciation and amortization (Ammended to IAS 16 and IAS38), effective for annual period on or after 1 January 2016.
- Equity method in separate financial statements (Ammendment to IAS 27), effective for annual period on or after 1 January 2016.
- Sales or contribution of Assets between an Investor and its Associate or Joint Venture (Amended to IFRS 10 and IAS28), effective for annual period on or after 1 January 2016.
- Annual improvements to IFRSs 2012 – 2014 Cycle – various standards, effective for annual period on or after 1 January 2016.
- Investment Entities: Applying the consolidation exceptions (Ammendment to IFRS 10, IFRS 12, IAS 28), effective for annual period on or after 1 January 2016.
- Disclosure initiative (Ammendment to IAS 1), effective for annual period on or after 1 January 2016.

b) Standards, interpretations and amendments to published standards that will be effective for the periods commencing after January 1, 2017 and have not been early adopted by 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 after January 1, 2017:

- IFRS 9 Financial Instruments: IFRS 9, published in July 2014, replace the existing guidance in IAS 39 Financial Instruments: Recognition and measurements. IFRS 9 includes revised guidance on the classification and measurements of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.
- IFRS 16 Leases, effective for annual period on or after 1 January 2019. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

The following new or amended standards are not expected to have significant impact on the interim condensed financial statements.

- IFRS 15 Revenue from contracts with customers, effective for annual period on or after 1 January 2018.
- Disclosure initiative (Ammendment to IAS 7), effective for annual period on or after 1 January 2018.
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) effective for annual period on or after 1 January 2017
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) effective for annual period on or after 31 December 2018.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 periods. 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 2016 SR	31 December 2015 SR
	(Un-audited)	(Audited)
Cash in hand	67,000	67,000
Deposits with banks	350,000,000	-
Cash at banks	188,974,816	373,160,369
	539,041,816	373,227,369

Shareholders' operations

	30 September 2016 SR	31 December 2015 SR
	(Un-audited)	(Audited)
Deposits with banks	267,186,036	213,979,283

Deposits with banks comprise of short term deposits having maturity periods of less than three months and have been placed with local banks.

4. PREMIUMS AND INSURANCE BALANCES RECEIVABLE, Net

	30 September 2016 SR	31 December 2015 SR
	(Un-audited)	(Audited)
Premiums receivable	203,942,712	130,768,288
Insurance and reinsurance receivables	1,591,011	1,593,456
Less: Allowance for doubtful debts	(22,126,752)	(19,561,293)
	183,406,971	112,800,451

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5. RELATED PARTIES TRANSACTIONS

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

	30 September 2016 SR	30 September 2015 SR
	(Un-audited)	(Un-audited)
Gross premium received from directors and their related parties	3,556,961	10,243,632
Gross premium received from key management personnel	11,293	14,188
Gross claims paid to directors and their related parties	9,336,223	957,366
Compensation of key management personnel - other benefits	2,568,927	3,019,066

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

	30 September 2016 SR	31 December 2015 SR
	(Un-audited)	(Audited)
Premiums receivable from key management personnel, directors and their related parties	1,047,034	677,790
Claims payable to directors and related parties	(1,684,761)	(8,322,769)

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6. SEGMENTAL INFORMATION

For management purposes, the Company is organized into business segments classified as: medical, motor, property, engineering and others. Others include 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 segments have 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 assets;
- 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 these have been presented under unallocated expenses.

Operating segments

Insurance operations for the three month period ended 30 September 2016 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	32,798,469	147,475,970	53,888,527	13,306,453	20,973,572	268,442,991
Net premiums written	32,798,469	147,844,295	731,374	731,375	14,432,415	196,537,928
Net premiums earned	36,657,801	119,393,841	1,126,852	714,120	6,786,069	164,678,683
Reinsurance commission	-	6,926	1,772,299	1,405,744	571,164	3,756,133
Other underwriting income	-	232,620	1,570	960	9,195	244,345
Net incurred claims	(17,918,743)	(61,858,320)	(1,473,672)	(2,234,947)	127,400	(83,358,282)
Other underwriting expenses	(5,484,692)	(18,559,394)	(1,149,722)	(1,144,657)	(1,264,804)	(27,603,269)
Unallocated expenses						(16,966,361)
Surplus from insurance operations						40,751,249
Commission income on bank deposits						2,358,046
Net surplus from insurance operations						43,109,295

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6. SEGMENTAL INFORMATION (Continued)

Insurance operations for the nine month period ended 30 September 2016 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Gross premiums written	127,297,432	429,724,262	77,901,242	44,327,580	73,582,871	752,833,387
Net premiums written	127,297,432	428,561,938	3,265,585	5,014,709	29,660,792	593,800,456
Net premiums earned	86,854,822	330,021,178	3,385,292	4,600,187	22,147,544	447,009,023
Reinsurance commission	-	150,027	5,866,490	4,366,903	2,963,493	13,346,913
Other underwriting income	-	2,096,867	6,495	4,110	37,175	2,144,647
Net incurred claims	(42,538,468)	(184,700,745)	(6,441,087)	(3,322,954)	(8,459,002)	(245,462,256)
Other underwriting expenses	(13,411,293)	(45,981,989)	(3,543,985)	(3,398,363)	(4,085,168)	(70,420,798)
Unallocated expenses						(52,152,920)
Surplus from insurance operations						94,464,609
Commission income on bank deposits						4,128,601
Net surplus from insurance operations						98,593,210

Insurance operations' financial position as at 30 September 2016 (Un-audited):

	Medical SR	Motor SR	Property SR	Engineering SR	Others SR	Total SR
Insurance operations' assets						
Reinsurers' share of unearned premiums	-	417,874	45,512,792	36,170,799	16,752,675	98,854,140
Reinsurers' share of outstanding claims	-	409,100	128,892,261	44,594,842	3,370,787	177,266,990
Deferred policy acquisition costs	6,712,178	23,069,793	1,758,755	852,662	3,774,104	36,167,492
Unallocated assets						769,401,623
Total assets						1,081,690,245
Insurance operations' liabilities						
Unearned premiums	78,507,828	274,840,987	47,154,436	39,820,690	36,365,260	476,689,201
Outstanding claims	36,488,978	148,116,989	138,745,986	47,721,703	18,106,541	389,180,197
Additional premium reserves	-	34,418,701	-	2,439,032	-	36,857,733
Other technical reserves	1,087,100	1,106,504	2,639,870	721,028	-	5,554,502
Unearned reinsurance commission	-	84,012	3,097,150	3,415,688	1,720,553	8,317,403
Unallocated liabilities and surplus						165,091,209
Total liabilities and surplus						1,081,690,245

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6. SEGMENTAL INFORMATION (Continued)

Insurance operations for the three month 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	94,113,314	1,339,298	1,729,091	7,226,802	118,352,517
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)	(216,193)	(5,020,592)	(98,548,465)
Changes in additional premium reserves	-	(4,984,190)	-	(4,028)	-	(4,988,218)
Changes in other technical reserves	-	-	-	-	-	-
Other underwriting expenses	(2,085,882)	(14,846,943)	(1,587,187)	(1,201,778)	(1,364,981)	(21,086,771)
Unallocated expenses						(17,082,766)
Deficit from insurance operations						(18,061,995)
Commission income on bank deposits						-
Net deficit from insurance operations						(18,061,995)

Insurance operations for the nine month 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	240,434,212	5,161,650	4,762,438	21,809,411	309,836,135
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)	(4,794,773)	(539,192)	(11,834,659)	(275,900,917)
Changes in additional premium reserves	-	(12,885,549)	-	(4,025)	25,739	(12,863,835)
Changes in other technical reserves	-	-	(100,000)	-	-	(100,000)
Other underwriting expenses	(7,615,041)	(37,653,106)	(3,955,838)	(3,232,083)	(4,330,300)	(56,786,368)
Unallocated expenses						(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)

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6. SEGMENTAL INFORMATION (Continued)

Insurance operations' financial position as at 31 December 2015 (Audited):

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

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 2016 SR (Un-audited)	31 December 2015 SR (Audited)
Quoted securities	69,100,011	82,802,608
Unquoted securities	1,923,078	1,923,078
	71,023,089	84,725,686

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

	30 September 2016 SR (Un-audited)	31 December 2015 SR (Audited)
Beginning of period / year	84,725,686	79,284,833
Purchases and dividends reinvested	-	26,678,032
Disposals	-	(5,680,223)
Unrealized fair value changes	(13,702,597)	(15,556,956)
Ending of period / year	71,023,089	84,725,686

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8. STATUTORY DEPOSIT

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

9. STATUTORY RESERVE

In accordance with the Law, the Company is required to transfer not less than 20% of its annual profits to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company.

10. SHARE CAPITAL

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

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

11. BASIC AND DILUTED PROFIT (LOSS) PER SHARE

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

The weighted average number of shares has been computed as required by IAS 33 "Earnings per share" as follows:

	30 September 2016	30 September 2015
	(Un-audited)	(Re-stated)
Issued ordinary shares as at 1 January	20,000,000	20,000,000
Effect of right share issue	20,000,000	12,102,564
	40,000,000	32,102,564

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12. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The Company's financial assets consist of cash and cash equivalents, other financial assets and other assets and its financial liabilities consist of payable, accrued and other liabilities.

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

Determination of fair value and fair value hierarchy

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

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking)

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation technique for which any significant input is not based on observable market data.

The table below presents the financial assets which are carried at fair values as at 30 September 2016 and 31 December 2015 based on their value hierarchy:

As at 30 September 2016 (Un-audited)

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial instruments				
Investments Available-for-sale				
Equity securities	69,100,011	-	1,923,078	71,023,089
Total	69,100,011	-	1,923,078	71,023,089

As at 31 December 2015 (Audited)

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

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

During the nine month period ended 30 September 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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13. CONTINGENCIES

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

14. RESULTS OF THE INTERIM PERIOD

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

15. COMPARATIVE FIGURES

Certain of the comparative period amounts have been reclassified to conform to the presentation in the current period.

16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 19 October 2016 corresponding to 18 Muharam 1438H.