
**METLIFE, AMERICAN INTERNATIONAL
GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**
(A SAUDI JOINT STOCK COMPANY)

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

31 March 2017

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

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

At 31 March 2017

INDEX	PAGE
Independent auditors' limited review report	1
Interim statement of financial position	2 - 3
Interim statement of insurance operations	4
Interim statement of shareholders' comprehensive operations	5
Interim statement of changes in shareholders' equity	6
Interim statement of insurance operations' cash flows	7
Interim statement of shareholders' cash flows	8
Notes to the interim condensed financial statements	9 – 23

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

**TO THE SHAREHOLDERS OF METLIFE, AMERICAN INTERNATIONAL GROUP AND
ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Metlife, American International Group and Arab National Bank Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2017 and the related interim statements of insurance operations, shareholders' comprehensive operations, the related interim statements of changes in shareholders' equity, insurance operations' and shareholders' cash flows for the three month then ended and the related notes which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for Zakat and Income Tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for Zakat and Income Tax.

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9 May 2017
13 Shaaban 1438



MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

		31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR
	<i>Notes</i>		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	40,731,629	44,784,851
Time deposits		31,293,014	15,000,000
Premiums receivable, net	5	93,493,605	53,391,350
Reinsurers' balances receivable		4,148,723	1,249,349
Reinsurers' share of unearned premiums		25,673,543	28,592,267
Reinsurers' share of mathematical reserves	1.1	230,837,901	234,842,010
Reinsurers' share of outstanding claims		39,732,996	33,804,252
Deferred policy acquisition costs		12,483,103	9,083,617
Due from related parties	6	421,512	1,745,571
Prepaid expenses and other assets		36,561,117	35,261,723
Due from shareholders operations		7,921,546	2,904,525
Property and equipment, net		3,608,402	3,776,580
TOTAL INSURANCE OPERATIONS' ASSETS		526,907,091	464,436,095
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	49,561,960	104,001,918
Time deposits		101,000,000	49,000,000
Held to maturity investment		49,474,756	49,457,138
Prepaid expenses and other assets		1,557,485	750,301
Available for sale investments		3,175,163	3,175,163
Statutory deposit	7	35,000,000	35,000,000
Commission on statutory deposit	7	366,774	366,774
TOTAL SHAREHOLDERS' ASSETS		240,136,138	241,751,294
TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS		767,043,229	706,187,389



Managing Director/
Chief Executive Officer



Chief Financial Officer

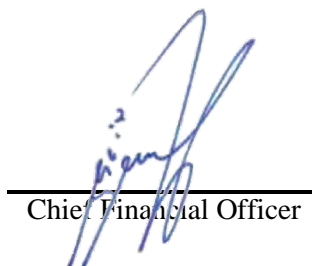
MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

		31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR
	Notes		
INSURANCE OPERATIONS' LIABILITIES			
Gross unearned premiums		134,912,169	96,831,054
Gross outstanding claims		88,442,249	81,112,229
Gross mathematical reserves	1.1	230,837,901	234,842,010
Payables, accruals and others		36,835,827	21,776,258
Reinsurance balances payable		26,263,426	20,292,935
Unearned reinsurance commission income		4,648,778	4,952,097
Due to related parties	6	2,656,973	2,615,731
Employees' terminal benefits		2,309,768	2,013,781
TOTAL INSURANCE OPERATIONS' LIABILITIES		526,907,091	464,436,095
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Zakat		1,063,658	523,658
Payables, accruals and others		1,107,310	871,560
Commission on statutory deposit	7	366,774	366,774
Due to insurance operations		7,921,546	2,904,525
TOTAL SHAREHOLDERS' LIABILITIES		10,459,288	4,666,517
SHAREHOLDERS' EQUITY			
Share capital	8	350,000,000	350,000,000
Accumulated deficit		(120,323,150)	(112,915,223)
TOTAL SHAREHOLDERS' EQUITY		229,676,850	237,084,777
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		240,136,138	241,751,294
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY		767,043,229	706,187,389



Managing Director/
Chief Executive Officer



Chief Financial Officer

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

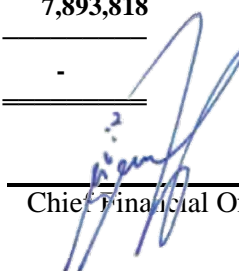
MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS

	<i>For the three month period ended 31 March 2017 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2016 (Unaudited) SR</i>
Gross written premiums	103,319,743	54,983,301
Reinsurance premiums ceded	(14,834,345)	(13,251,347)
Excess of loss premiums	(824,286)	(415,469)
NET WRITTEN PREMIUMS	87,661,112	41,316,485
Net changes in unearned premiums	(40,999,837)	(12,471,698)
NET EARNED PREMIUMS	46,661,275	28,844,787
Reinsurance commission income	3,235,878	1,878,742
Other underwriting income	1,473,946	1,226,198
UNDERWRITING REVENUE	51,371,099	31,949,727
Gross claims paid	(47,145,551)	(21,648,774)
Reinsurers' share of claims paid	10,464,012	6,988,412
NET CLAIMS PAID	(36,681,539)	(14,660,362)
Net changes in outstanding claims	(1,401,275)	(6,962,339)
NET CLAIMS INCURRED	(38,082,814)	(21,622,701)
Commission incurred	(6,052,472)	(2,266,919)
Inspection and supervisory fees	(700,394)	(477,015)
Other direct underwriting expense	(393,105)	(290,230)
Doubtful debt expense	(2,076,481)	(1,615,384)
UNDERWRITING EXPENSES	(47,305,266)	(26,272,249)
UNDERWRITING RESULTS	4,065,833	5,677,478
General and administrative expenses	(12,263,180)	(9,744,494)
Special commission income	303,529	267,909
NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS	(7,893,818)	(3,799,107)
Shareholders' appropriation from deficit	7,893,818	3,799,107
NET RESULT FOR THE PERIOD	-	-



Managing Director/
Chief Executive Officer



Chief Financial Officer

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MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS

		<i>For the three month period ended 31 March 2017 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2016 (Unaudited) SR</i>
	<i>Notes</i>		
Appropriation of deficit from insurance operations		(7,893,818)	(3,799,107)
Special commission income		1,379,970	447,081
General and administrative expenses		(354,079)	(327,404)
NET LOSS FOR THE PERIOD		(6,867,927)	(3,679,430)
LOSS PER SHARE:			
Basic and diluted loss per share - restated	10	(0.20)	(0.12)



Managing Director/
Chief Executive Officer



Chief Financial Officer

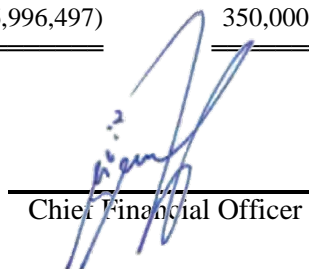
MetLife, American International Group and Arab National Bank
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INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>Saudi and GCC Shareholders Share Capital SR</i>	<i>Accumulated Deficit SR</i>	<i>Foreign Shareholders Share Capital SR</i>	<i>Accumulated Deficit SR</i>	<i>Total Shareholders Share Capital SR</i>	<i>Accumulated Deficit SR</i>	<i>Total SR</i>
Balance as at 1 January 2017 (Audited)	210,000,000	(68,648,404)	140,000,000	(44,266,819)	350,000,000	(112,915,223)	237,084,777
Net loss for the period	-	(4,120,756)	-	(2,747,171)	-	(6,867,927)	(6,867,927)
Zakat for the current period (note 9)	-	(540,000)	-	-	-	(540,000)	(540,000)
Balance as at 31 March 2017 (Unaudited)	210,000,000	(73,309,160)	140,000,000	(47,013,990)	350,000,000	(120,323,150)	229,676,850
Balance as at 1 January 2016 (Audited)	105,000,000	(52,597,508)	70,000,000	(33,826,243)	175,000,000	(86,423,751)	88,576,249
Issue of share capital	105,000,000	-	70,000,000	-	175,000,000	-	175,000,000
Transaction costs on issue of share capital	-	(2,547,722)	-	(1,698,482)	-	(4,246,204)	(4,246,204)
Net loss for the period	-	(2,207,658)	-	(1,471,772)	-	(3,679,430)	(3,679,430)
Zakat for the period	-	(62,995)	-	-	-	(62,995)	(62,995)
Balance as at 31 March 2016 (Unaudited)	210,000,000	(57,415,883)	140,000,000	(36,996,497)	350,000,000	(94,412,380)	255,587,620



Managing Director/
Chief Executive Officer



Chief Financial Officer

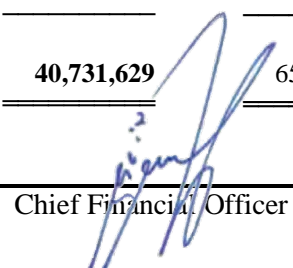
The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

	<i>For the three month period ended 31 March 2017 SR (Unaudited)</i>	<i>For the three month period ended 31 March 2016 SR (Unaudited)</i>
OPERATING ACTIVITIES	<i>Notes</i>	
Net loss for the period	-	-
<i>Adjustments for:</i>		
Shareholders' appropriation from deficit	(7,893,818)	(3,799,107)
Depreciation	577,644	654,910
Special commission income	(303,529)	(267,909)
Provision for doubtful receivables	2,076,481	1,615,384
Employees' terminal benefits	350,935	261,257
	(5,192,287)	(1,535,465)
<i>Changes in operating assets and liabilities:</i>		
Premiums receivable	(42,178,736)	(18,737,302)
Reinsurers' balances receivable	(2,899,374)	-
Reinsurers' share of outstanding claims	(5,928,744)	(3,941,479)
Reinsurers' share of unearned premiums	2,918,724	(2,333,577)
Reinsurers' share of mathematical reserves	4,004,109	4,911,948
Deferred policy acquisition costs	(3,399,486)	(2,946,990)
Due from related parties	1,324,059	(346,119)
Prepaid expenses and other assets	(1,546,862)	(3,483,733)
Gross outstanding claims	7,330,020	10,903,818
Gross unearned premiums	38,081,115	14,805,274
Gross mathematical reserves	(4,004,109)	(4,911,948)
Payables, accruals and others	15,059,569	(2,195,919)
Reinsurance balances payable	5,970,491	7,078,724
Unearned reinsurance commission income	(303,319)	634,901
Due to related parties	41,242	(75)
Due to/from shareholders' operations	2,876,797	3,214,746
Employees' terminal benefits paid	(54,948)	-
Net cash from operating activities	12,098,261	1,116,804
INVESTING ACTIVITIES		
Time Deposits	(16,293,014)	-
Purchase of property and equipment	(409,466)	(149,724)
Special commission income received	550,997	187,222
Net cash (used in) / from investing activities	(16,151,483)	37,498
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,053,222)	1,154,302
Cash and cash equivalents at the beginning of the period	44,784,851	64,689,241
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	40,731,629	65,843,543


Managing Director/
Chief Executive Officer


Chief Financial Officer

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

MetLife, American International Group and Arab National Bank
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INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

		<i>For the three month period ended 31 March 2017 SR (Unaudited)</i>	<i>For the three month period ended 31 March 2016 SR (Unaudited)</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Net loss before Zakat		(6,867,927)	(3,679,430)
<i>Adjustments for:</i>			
Appropriation of deficit from insurance operations		7,893,818	3,799,107
Special commission income		(1,379,970)	(447,081)
Amortization of Discount on HTM		(17,618)	-
		(371,697)	(327,404)
<i>Changes in operating assets and liabilities:</i>			
Statutory deposit	7	-	(17,500,000)
Due to/from insurance operations		(2,876,797)	(3,214,746)
Prepaid expenses and other assets		(209,031)	581,972
Payables, accruals and others		235,750	487,273
Net cash used in operating activities		(3,221,775)	(19,972,905)
INVESTING ACTIVITIES			
Time deposits		(52,000,000)	-
Special commission income received		781,817	352,212
Net cash (used in) / from investing activities		(51,218,183)	352,212
FINANCING ACTIVITIES			
Issue of share capital	8	-	175,000,000
Transaction costs on issue of share capital	8	-	(4,246,204)
Net cash from financing activities		-	170,753,796
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(54,439,958)	151,133,103
Cash and cash equivalents at the beginning of the period		104,001,918	66,314,800
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	49,561,960	217,447,903



Managing Director/
Chief Executive Officer



Chief Financial Officer

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2017

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

MetLife, American International Group and Arab National Bank Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010391438 dated 22 Dhul-Hijjah 1434H (corresponding to 27 October 2013).

The address of registered office of the Company is as follows:

MetLife, American International Group and Arab National Bank Cooperative Insurance Company
P.O. Box 56437
Riyadh 11554
Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations applicable in the Kingdom of Saudi Arabia. Its principal lines of business include individual and group life, accident and health and all classes of general insurance. The Company’s shares were listed on the Saudi Arabian Stock Exchange (“Tadawul”) on 23 Muharram 1435H (corresponding to 26 November 2013).

1.1 METLIFE ALICO PORTFOLIO TRANSFER

The Company has entered into an agreement with MetLife ALICO (30% shareholder) by which MetLife ALICO has transferred its existing Saudi run-off portfolio to the Company effective 01 April 2015. This portfolio includes long-term life Protection and Savings insurance products and Personal Accident policies. The Company reinsures back to MetLife 100% of this portfolio under a quota-share reinsurance agreement. Accordingly, the Company has become the owner of the transferred policies and MetLife has become the reinsurer of this block of business. The transfer of the portfolio was made at book value with no cash payment. Accordingly, the liabilities related to this portfolio were recorded in the Company’s books at book value with an offsetting assets representing the reinsurance share of these liabilities. MetLife paid to the Company a reinsurance commission amounting to SR603,103 for the period ended 31 March 2017 (SR707,313 for the period ended 31 March 2016) to compensate the cost of capital for this portfolio in addition to reimbursing the Company for all expenses related to the administration of this portfolio by paying an administration fee amounting to SR397,924 for the period ended 31 March 2017 (SR421,119 for the year ended 31 March 2016) which is booked under “Other underwriting income”.

The portfolio transfer has been approved by the Board of Directors on 16 February 2015 and by the shareholders of the Company in their General Assembly meeting on 12 May 2015. Saudi Arabian Monetary Authority (“SAMA”) has also provided their approval on 28/5/1436 H corresponding to 19 March 2015.

Assets and liabilities of the transferred portfolio as at 31 March 2017 are shown as below:

Assets			Liabilities		
	31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR		31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Cash and Cash equivalents	3,652,045	3,724,653	Gross unearned premiums	393,832	453,881
Reinsurers’ share of unearned premiums	393,832	453,881	Gross outstanding claims	11,116,593	11,126,543
Reinsurers’ share of mathematical reserves	230,837,901	234,842,010	Gross mathematical reserves	230,837,901	234,842,010
Reinsurers’ share of outstanding claims	11,116,593	11,126,543	Due to shareholders operations	8,423,688	7,485,578
Reinsurers’ balances receivable	4,148,723	1,249,349	Payable and other liabilities	469,860	101,246
Receivable & other assets	1,092,780	2,612,822			
Total	251,241,874	254,009,258	Total	251,241,874	254,009,258

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

1 ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

1.2 MANAFETH AGREEMENT WITH TAWUNIYA

The Company participated in the Manafeth agreement between Tawuniya and the majority of the insurance companies in Saudi Arabia effective 01 January 2015 for co-insuring cars entering into Saudi Arabia from all Saudi borders (except the border with AL-Bahrain). Based on this agreement, all insurance companies participating in this coverage will have an equal share of the net result of this portfolio after allowing for all expenses related to managing this portfolio by Tawuniya. This deal is for three years starting from 01 January 2015 and is expected to renew at same terms. The income related to this portfolio is included in the interim statement of insurance operations under "Other underwriting income" and is allocated to Motor Insurance in the segment reporting.

2 BASIS OF PREPARATION

Basis of preparation

The interim condensed financial statements have been prepared under the historical cost basis.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors. As per the by-laws of the Company, the deficit arising from the Insurance Operations is allocated fully to Shareholders Operations whereas any surplus arising from the Insurance Operations is distributed as follows:

Shareholders	90%
Policyholders	10%
	<hr/>
	100%

Statement of compliance

The interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for Zakat and Income Tax.

The interim condensed financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2016.

In management's opinion, the interim condensed 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.

Functional and presentational currency

The functional and presentation currency of the Company is Saudi Riyals.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2016, except for the adoption of new standards and amendments to existing standards effective for the annual period beginning 1 January 2017.

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

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY(continued)

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.
- 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 (amortisation) 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.

Standards issued but not yet effective

In addition to the above mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance for the Company with effect from future dates.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB’s work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB decided that IFRS 9 would be mandatorily effective for years ending on or after 31 December 2018.

IFRS 16 Leases

The amended IFRS 16 (Leases) released on January 13, 2016 which changes the set of requirements for the accounting treatment for asset, liability and other complexities such as non-lease element, variable lease period and option periods. The standard is effective from January 01, 2019 with early adoption permitted in certain circumstances.

MetLife, American International Group and Arab National Bank
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

4 CASH AND CASH EQUIVALENTS

	<i>31 March 2017 (Unaudited)</i>		<i>31 December 2016 (Audited)</i>	
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash at banks and in hand	16,731,629	561,960	13,784,851	2,001,918
Short-term deposit with original maturity of three months or less	24,000,000	49,000,000	31,000,000	102,000,000
	40,731,629	49,561,960	44,784,851	104,001,918

Cash at banks are placed with local commercial banks with good investment grade credit ratings.

5 PREMIUMS RECEIVABLE, NET

	<i>31 March 2017 (Unaudited)</i>	<i>31 December 2016 (Audited)</i>
	<i>SR</i>	<i>SR</i>
Premiums receivable	99,864,684	57,685,948
Provision for doubtful debts	(6,371,079)	(4,294,598)
Premiums receivable, net	93,493,605	53,391,350

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

For the three month period ended 31 March 2017

6 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. Pricing policies and term of settlements with related parties are as per the commercial terms. The significant related party transactions and the related balances at the end of the period are set out below:

<i>Related party/ Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance</i>	<i>Balance</i>
	<i>For the three month period ended 31 March 2017</i>	<i>For the three month period ended 31 March 2016</i>	<i>31 March 2017</i>	<i>31 December 2016</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Premium receivable from / Commission Payable to a related party				
Arab National Bank (“ANB”) (Shareholder)				
Premiums receivable on policies sold through agency agreement with ANB agency	6,911,209	1,925,420	939,272	572,042
Commission payable on policies sold through agency agreement with ANB agency	(856,756)	(213,936)	(130,689)	(84,857)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Reinsurance balances payable				
American International Group (“AIG”) (Shareholder)				
Reinsurance premiums payable & XOL	6,891,678	4,127,600	11,065,889	6,768,162
Reinsurance commission	(1,599,037)	(869,350)	-	-
Reinsurance share of paid claims	(621,368)	(103,968)	-	-
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Delaware American Life Insurance Company (Owned 100% by MetLife)				
Reinsurance premiums payable	1,623,449	1,621,045	1,674,060	541,001
Reinsurance commission	(196,384)	(241,955)	-	-
Reinsurance share of paid claims	(415,316)	(265,481)	-	-
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Reinsurance balances receivable				
American Life Insurance Company “ALICO” (Owned 100% by MetLife)				
Reinsurance premiums (portfolio transfer)	2,738,061	4,486,665	-	-
Reinsurance commission	(603,103)	(707,313)	-	-
Reinsurance share of claims paid (portfolio transfer)	(7,979,525)	(6,589,573)	4,148,723	1,249,349
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

For the three month period ended 31 March 2017

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Related party/ Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance</i>	<i>Balance</i>
	<i>For the three month period ended 31 March 2017 SR (Unaudited)</i>	<i>For the three month period ended 31 March 2016 SR (Unaudited)</i>	<i>31 March 2017 SR (Unaudited)</i>	<i>31 December 2016 SR (Audited)</i>
Due from related parties				
MetLife (Shareholder)				
General and administrative expenses paid on behalf of the Company and recharged to the Company	75,000	-	421,512	1,745,571
Administration Fees Income (portfolio transfer)	397,924	421,119	-	-
Due to related parties				
American International Group ("AIG") (Shareholder)				
General and administrative expenses paid on behalf of the Company and recharged to the Company	41,242	-	2,656,973	2,615,731

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

For the three month period ended 31 March 2017

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Related party/ Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance</i>	<i>Balance</i>
	<i>For the three month period ended 31 March 2017</i>	<i>For the three month period ended 31 March 2016</i>	<i>31 March 2017</i>	<i>31 December 2016</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Commitments and Contingencies				
Arab National Bank (“ANB”) (Shareholder)				
Letters of Guarantee	-	-	3,473,849	3,473,849
Investment activities				
Arab National Bank (“ANB”) (Shareholder)				
Time Deposits	-	-	2,062,500	53,062,500
Special commission income on deposits	144,074	324,480	30,713	35,955
Held to Maturity Investment (investment in ANB Sukuk)	-	-	10,000,000	10,000,000
Special commission income on held to maturity investments	94,981	43,977	185,740	90,759
Key management personnel				
Salaries and other benefits	2,137,050	2,001,299	-	-
Board of Directors and Executive Committees’ fees	235,750	169,500	1,092,750	857,000

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

7 STATUTORY DEPOSIT

	<i>31 March 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Statutory Deposit (10% of paid-up share capital)	35,000,000	35,000,000
	35,000,000	35,000,000

Statutory deposit represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Authority ("SAMA"). SAMA is entitled for the income generated on Statutory Deposit which cannot be withdrawn without the consent of SAMA. Commission on Statutory Deposit amounted to SR366,774 as of 31 March 2017 (SR366,774 as of 31 December 2016) and was reported separately under Shareholders' Assets and Shareholders' Liabilities in accordance with SAMA instructions.

8 SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company is SR 350 million divided into 35 million shares of SAR 10 each (31 December 2016: SR 350 million divided into 35 million shares of SR 10 each).

The Company held an extraordinary general assembly of its shareholders on 22 February 2016 to approve the increase in the share capital from SAR 175 million to SAR 350 million through rights issue. Based on the approval received from shareholders at the extraordinary general assembly, the Company proceeded successfully in March 2016 to raise SAR 175 million through a rights issue. Under the terms of the rights issue, the Company offered 17,500,000 ordinary new shares by way of rights to qualifying shareholders at an offer price of SR 10 per share at close of trading on the date of 22 February 2016 (the "Eligibility Date"). The rights were made on the ratio of one right for every one share held by shareholders as of the Eligibility Date. Rights issue transaction costs incurred amounting to SR 4,246,204 was charged to the interim statement of changes in shareholders' equity.

9 ZAKAT AND INCOME TAX

a) Zakat Charge for the period:

The zakat charge for the period consists of the current period's provision amounting to SR540,000 (31 March 2016: SR62,995). The zakat provision is based on Saudi Shareholders' share of capital at 48.02% (31 March 2016: 48.02%).

b) Income tax charge for the period:

There was no income tax charge for the period relating to the Non-Saudi shareholder due to the net adjusted loss (same for 31 March 2016). The Non Saudi Shareholders' share of capital is 51.98% (31 March 2016: 51.98%).

c) Status of zakat and income tax assessments:

Tax/zakat return of the Company for the 12 months ending 31 December 2015 has been filed within the stipulated deadline. The final tax/zakat certificate has been received which is valid till 30 April 2017, the Company now in the process of filling Tax/zakat return of for the 12 months ending 31 December 2016 within the stipulated deadline.

During 2016 the Company has received the following assessments related to 2014 Tax and Zakat filling as follows:

- GAZT letter No. 019000006784 dated 03 November 2016 requesting the Company to pay additional zakat of SR 351,479 for the year 2014 and Company filed an appeal during the legal period.

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

9 ZAKAT AND INCOME TAX (Continued)

- GAZT letter No. 024000033080 dated 03 November 2016 requesting the Company to pay additional suppliers' withholding tax of SR 246,462 for the year 2014 (include SR58,323 as delay fines) and Company filed an appeal during the legal period.

The Company's management expects the success in defending all items raised by GAZT above is most likely; therefore, no additional provisions were provided for these items.

10 BASIC AND DILUTED LOSS PER SHARE - Restated

Basic and diluted loss per share for the period has been calculated by dividing the net loss for the period by the weighted average number of outstanding shares at the period end.

The weighted average number of shares has been retrospectively adjusted for all prior periods to reflect the bonus element of the rights issue as required by IAS 33, "Earnings per share" as follows:

	<i>For the three month period ended 31 March 2017</i>	<i>For the three month period ended 31 March 2016</i>
Issued ordinary shares at the beginning of the period	35,000,000	17,500,000
Adjusted rights issue	-	13,173,077
Effects of rights issue of shares	-	-
Weighted average number of ordinary shares	35,000,000	30,673,077

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.7, which is a ratio of the theoretical ex-rights of SR 33.52 and the closing price per share of SR 57.04 on 22 February 2016, the last day on which the shares were traded before the rights issue.

The basic and diluted earnings per share are as follows:

	<i>For the three month period ended 31 March 2017 SR</i>	<i>For the three month period ended 31 March 2016 SR</i>
Net loss before Zakat for the period	(6,867,927)	(3,679,430)
Weighted average number of ordinary shares	35,000,000	30,673,077
Basic and diluted (loss) per share	(0.20)	(0.12)

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

11 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 results do not include general and administration expenses.

Segment assets do not include cash and cash equivalents, prepayments and other assets, due from shareholders' operations and property and equipment. Accordingly they are included in unallocated assets.

Segment liabilities do not include part of end-of-service indemnities, accrued expenses and other liabilities and due to related parties. Accordingly they are included in unallocated liabilities.

All unallocated assets and liabilities are reported to chief operating decision maker as unallocated assets and liabilities and are monitored on a centralized basis.

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

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

11 SEGMENT INFORMATION (Continued)

a) Interim statement of insurance operations

For the three month period ended 31 March 2017 (Unaudited)

	<i>Protection & Savings SR</i>	<i>Health Insurance SR</i>	<i>Motor Insurance SR</i>	<i>Other General Insurance SR</i>	<i>Total SR</i>
Gross written premiums	10,500,601	65,623,021	16,833,383	10,362,738	103,319,743
Reinsurance premiums ceded	(4,648,630)	(1,633,280)	-	(8,552,435)	(14,834,345)
Excess of loss premiums	-	-	(519,630)	(304,656)	(824,286)
Net written premiums	5,851,971	63,989,741	16,313,753	1,505,647	87,661,112
Net changes in unearned premiums	(2,350,895)	(27,071,181)	(11,771,871)	194,110	(40,999,837)
Net earned premiums	3,501,076	36,918,560	4,541,882	1,699,757	46,661,275
Reinsurance commission income	657,638	56,619	-	2,521,621	3,235,878
Other underwriting income	397,924	-	1,043,209	32,813	1,473,946
Underwriting revenue	4,556,638	36,975,179	5,585,091	4,254,191	51,371,099
Gross claims paid	(10,408,762)	(33,481,168)	(2,164,745)	(1,090,876)	(47,145,551)
Reinsurers' share of claims paid	8,976,210	415,316	-	1,072,486	10,464,012
Net claims paid	(1,432,552)	(33,065,852)	(2,164,745)	(18,390)	(36,681,539)
Changes in outstanding claims	(1,795,159)	3,086,711	(2,226,820)	(466,007)	(1,401,275)
Net claims incurred	(3,227,711)	(29,979,141)	(4,391,565)	(484,397)	(38,082,814)
Commissions incurred	(721,781)	(3,218,788)	(637,671)	(1,474,232)	(6,052,472)
Inspection and supervisory fees	(38,584)	(561,742)	(25,308)	(74,760)	(700,394)
Other direct underwriting expense	-	(267,163)	(125,942)	-	(393,105)
Doubtful debt expense	(39,446)	(1,470,950)	(238,203)	(327,882)	(2,076,481)
Underwriting expenses	(4,027,522)	(35,497,784)	(5,418,689)	(2,361,271)	(47,305,266)
Underwriting result	529,116	1,477,395	166,402	1,892,920	4,065,833
Unallocated expenses					(12,263,180)
Unallocated special commission income					303,529
Net deficit for the period from insurance operations					(7,893,818)

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

11 SEGMENT INFORMATION (Continued)

a) Interim statement of insurance operations

For the three month period ended 31 March 2016 (Unaudited)

	<i>Protection & Savings SR</i>	<i>Health Insurance SR</i>	<i>Motor Insurance SR</i>	<i>Other General Insurance SR</i>	<i>Total SR</i>
Gross written premiums	6,710,155	33,140,874	7,359,895	7,772,377	54,983,301
Reinsurance premiums ceded	(4,613,028)	(1,617,077)	-	(7,021,242)	(13,251,347)
Excess of loss premiums	(4,242)	-	(190,849)	(220,378)	(415,469)
Net written premiums	2,092,885	31,523,797	7,169,046	530,757	41,316,485
Net changes in unearned premiums	(992,127)	(4,860,731)	(6,489,445)	(129,395)	(12,471,698)
Net earned premiums	1,100,758	26,663,066	679,601	401,362	28,844,787
Reinsurance commission income	751,069	76,642	-	1,051,031	1,878,742
Other underwriting income	421,119	-	805,079	-	1,226,198
Underwriting revenue	2,272,946	26,739,708	1,484,680	1,452,393	31,949,727
Gross claims paid	(7,383,749)	(14,010,347)	(121,014)	(133,664)	(21,648,774)
Reinsurers' share of claims paid	6,589,573	265,481	-	133,358	6,988,412
Net claims paid	(794,176)	(13,744,866)	(121,014)	(306)	(14,660,362)
Changes in outstanding claims	461,389	(6,424,285)	(688,486)	(310,957)	(6,962,339)
Net claims incurred	(332,787)	(20,169,151)	(809,500)	(311,263)	(21,622,701)
Commissions incurred	(184,551)	(1,325,893)	(117,079)	(639,396)	(2,266,919)
Inspection and supervisory fees	(27,194)	(412,926)	(4,472)	(32,423)	(477,015)
Other direct underwriting expense	-	(270,395)	(19,835)	-	(290,230)
Doubtful debt expense	(37,623)	(1,021,647)	(24,526)	(531,588)	(1,615,384)
Underwriting expenses	(582,155)	(23,200,012)	(975,412)	(1,514,670)	(26,272,249)
Underwriting result	1,690,791	3,539,696	509,268	(62,277)	5,677,478
Unallocated expenses					(9,744,494)
Unallocated special commission income					267,909
Net deficit for the period from insurance operations					(3,799,107)

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

11 SEGMENT INFORMATION (Continued)

b) Insurance operations' assets and liabilities

31 March 2017 (Unaudited)

	<i>Protection & Savings SR</i>	<i>Health Insurance SR</i>	<i>Motor Insurance SR</i>	<i>Other General Insurance SR</i>	<i>Unallocated SR</i>	<i>Total SR</i>
Insurance operations' assets						
Cash and cash equivalents	-	-	-	-	40,731,629	40,731,629
Premiums receivable, net	3,958,673	53,729,484	16,948,701	18,856,747	-	93,493,605
Reinsurers' balances receivable	4,133,476	-	-	15,247	-	4,148,723
Reinsurers' share of unearned premiums	639,306	1,385,849	-	23,648,388	-	25,673,543
Reinsurers' share of mathematical reserves	230,837,901	-	-	-	-	230,837,901
Reinsurers' share of outstanding claims	17,589,056	784,329	-	21,359,611	-	39,732,996
Deferred policy acquisition costs	662,289	7,394,299	2,092,650	2,333,865	-	12,483,103
Due from related parties	-	-	-	-	421,512	421,512
Prepaid expenses and other assets	56,129	21,792,896	4,350,873	905,631	9,455,588	36,561,117
Time deposits	-	31,293,014	-	-	-	31,293,014
Due from shareholders operations	-	-	-	-	7,921,546	7,921,546
Property and equipment, net	-	-	-	-	3,608,402	3,608,402
TOTAL INSURANCE OPERATIONS' ASSETS	257,876,830	116,379,871	23,392,224	67,119,489	62,138,677	526,907,091
Insurance operations' liabilities						
Gross unearned premiums	4,647,956	87,950,048	17,390,607	24,923,558	-	134,912,169
Gross outstanding claims	25,215,911	33,945,930	5,696,552	23,583,856	-	88,442,249
Gross mathematical reserves	230,837,901	-	-	-	-	230,837,901
Payables, accruals and others	1,364,876	22,652,315	2,831,780	1,180,717	8,806,139	36,835,827
Reinsurance balances payable	2,708,642	1,797,299	528,547	21,228,938	-	26,263,426
Unearned reinsurance commission income	92,889	239,027	-	4,316,862	-	4,648,778
Due to related parties	-	-	-	-	2,656,973	2,656,973
Employees' terminal benefits	-	-	-	-	2,309,768	2,309,768
TOTAL INSURANCE OPERATIONS' LIABILITIES	264,868,175	146,584,619	26,447,486	75,233,931	13,772,880	526,907,091

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

11 SEGMENT INFORMATION (Continued)

b) Insurance operations' assets and liabilities

31 December 2016 (Audited)

	<i>Protection & Savings SR</i>	<i>Health Insurance SR</i>	<i>Motor Insurance SR</i>	<i>Other General Insurance SR</i>	<i>Unallocated SR</i>	<i>Total SR</i>
Insurance operations' assets						
Cash and cash equivalents	-	31,000,000	-	-	13,784,851	44,784,851
Premiums receivable, net	624,199	34,600,805	5,052,236	13,114,110	-	53,391,350
Reinsurers' balances receivable	1,249,349	-	-	-	-	1,249,349
Reinsurers' share of unearned premiums	206,192	282,253	-	28,103,822	-	28,592,267
Reinsurers' share of mathematical reserves	234,842,010	-	-	-	-	234,842,010
Reinsurers' share of outstanding claims	15,715,914	852,998	-	17,235,340	-	33,804,252
Deferred policy acquisition costs	262,429	5,132,546	763,885	2,924,757	-	9,083,617
Due from related parties	-	-	-	-	1,745,571	1,745,571
Prepaid expenses and other assets	32,926	19,574,671	3,430,779	377,560	11,845,787	35,261,723
Time deposits	-	-	-	-	15,000,000	15,000,000
Due from shareholders	-	-	-	-	2,904,525	2,904,525
operations	-	-	-	-	3,776,580	3,776,580
Property and equipment, net	-	-	-	-	-	-
TOTAL INSURANCE OPERATIONS' ASSETS	252,933,019	91,443,273	9,246,900	61,755,589	49,057,314	464,436,095
Insurance operations' liabilities						
Gross unearned premiums	1,863,946	59,775,272	5,618,736	29,573,100	-	96,831,054
Gross outstanding claims	21,547,611	37,101,310	3,469,732	18,993,576	-	81,112,229
Gross mathematical reserves	234,842,010	-	-	-	-	234,842,010
Payables, accruals and others	1,093,708	11,547,455	1,027,546	1,848,298	6,259,251	21,776,258
Reinsurance balances payable	1,760,672	793,867	99,295	17,639,101	-	20,292,935
Unearned reinsurance commission income	45,489	81,114	-	4,825,494	-	4,952,097
Due to related parties	-	-	-	-	2,615,731	2,615,731
Employees' terminal benefits	-	-	-	-	2,013,781	2,013,781
TOTAL INSURANCE OPERATIONS' LIABILITIES	261,153,436	109,299,018	10,215,309	72,879,569	10,888,763	464,436,095

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the three month period ended 31 March 2017

12 COMMITMENTS AND CONTINGENCIES

At 31 March 2017, Letters of Guarantee amounting to SR 5,249,207 were outstanding in favour of medical providers and general insurance tenders (SR 3,499,207 as at 31 December 2016). These letters of guarantee were issued against cash margin amounting to SR 5,249,207 and SR 3,538,097 as at 31 March 2017 and 31 December 2016 respectively which are classified under prepaid expenses and other assets in the interim statement of financial position. There were no other commitments, contingencies, or outstanding legal proceedings or disputes of material nature.

13 COMPARATIVE FIGURES

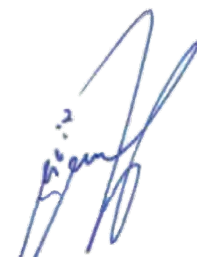
Certain figures for the prior period have been reclassified to conform to the presentation made in the current period; however the impact of such reclassifications was not material to the overall presentation of the interim financial statements.

14 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved on 13-Sha'ban-1438H corresponding to (9-May-2017 G).



Managing Director/
Chief Executive Officer



Chief Financial Officer