

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED
30 SEPTEMBER 2014**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2014**

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

THE SHAREHOLDERS SAUDI ENAYA COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY) KINGDOM OF SAUDI ARABIA

Scope of review

We have reviewed the accompanying interim statement of financial position of Saudi Enaya Cooperative Insurance Company - A Saudi Joint Stock Company (the "Company") as at 30 September 2014, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, and comprehensive income for the three month and nine month periods then ended, and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the nine month period then ended, and related notes from 1 to 15 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 34 - Interim Financial Reporting ("IAS 34") and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Information issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A 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 in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our 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 the fact that 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 Ernst & Young

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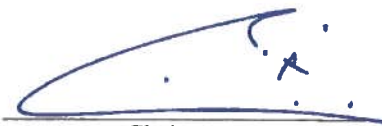



SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

| | | 30 September 2014 (Unaudited) SR '000 | 31 December 2013 (Audited) SR '000 |
|---|--------------|--|---|
| | <i>Notes</i> | | |
| INSURANCE OPERATIONS' ASSETS | | | |
| Cash and cash equivalents | 3 | 2,517 | 1,249 |
| Premiums receivable, net | 4 | 9,433 | 21,759 |
| Reinsurance receivable | | 14,998 | 4,936 |
| Reinsurers' share of unearned premium | | 5,088 | 12,256 |
| Reinsurers' share of outstanding claims | | 4,221 | 3,680 |
| Deferred policy acquisition costs | | 272 | 2,018 |
| Prepayments and other assets | | 3,316 | 3,440 |
| Intangible assets | | 11,697 | 14,143 |
| Furniture, fittings and office equipment | | 6,221 | 8,718 |
| Total Insurance Operations' Assets | | 57,763 | 72,199 |
| SHAREHOLDERS' ASSETS | | | |
| Cash and cash equivalents | 3 | 79,799 | 38,390 |
| Murabaha deposits | 3(b) | 35,000 | 135,000 |
| Investments | 5 | 119,272 | 88,342 |
| Prepayments and other assets | | 888 | 1,986 |
| Amounts due from a related party | | - | 83 |
| Amounts due from Insurance Operations | | 2,241 | 3,828 |
| Statutory deposit | 10 | 40,000 | 40,000 |
| Total Shareholders' Assets | | 277,200 | 307,629 |
| TOTAL ASSETS | | 334,963 | 379,828 |


Chairman


Chief Executive Officer


Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

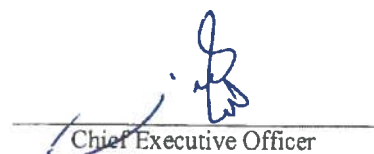
**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2014

| | | 30 September 2014 (Unaudited) SR'000 | 31 December 2013 (Audited) SR'000 |
|---|--------------|---|--|
| | <i>Notes</i> | | |
| INSURANCE OPERATIONS' LIABILITIES | | | |
| Insurance Operations' Liabilities | | | |
| Unearned premiums | | 12,654 | 27,889 |
| Provision for premium deficiency | | 3,517 | 3,517 |
| Outstanding claims | | 8,442 | 7,360 |
| Reinsurance balance payable | | 13,869 | 15,344 |
| Amounts due to Shareholders' Operations | | 2,241 | 3,828 |
| Accrued expenses and other liabilities | | 17,040 | 14,261 |
| Total Insurance Operations' Liabilities | | 57,763 | 72,199 |
| SHAREHOLDERS' LIABILITIES AND EQUITY | | | |
| Shareholders' Liabilities | | | |
| Accrued expenses and other liabilities | | 1,031 | 886 |
| Accrued Zakat | 8 | 7,508 | 6,032 |
| Amounts due to related parties | | 4 | 1,136 |
| Total Shareholders' Liabilities | | 8,543 | 8,054 |
| Shareholders' Equity | | | |
| Share capital | 6 | 400,000 | 400,000 |
| Accumulated losses | | (131,343) | (100,425) |
| Total Shareholders' Equity | | 268,657 | 299,575 |
| Total Shareholders' Liabilities and Equity | | 277,200 | 307,629 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 334,963 | 379,828 |


Chairman


Chief Executive Officer


Chief Financial Officer

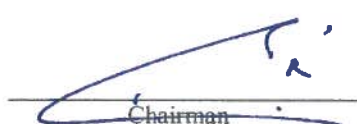
The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS

For the three-month and nine-month periods ended 30 September 2014 (Unaudited)

| | <i>Notes</i> | <i>Three-month period ended 30 September</i> | | <i>Nine-month period ended 30 September</i> | | <i>For the period from 8 February 2012 to 30 September 2013</i> |
|---|--------------|--|-------------------------|---|-------------------------|---|
| | | <i>2014 SR' 000</i> | <i>2013 SR' 000</i> | <i>2014 SR' 000</i> | <i>2013 SR' 000</i> | <i>SR' 000</i> |
| REVENUE | | | | | | |
| Gross written premiums | | 2,976 | 5,760 | 28,290 | 39,853 | 39,853 |
| Less: Reinsurance ceded | | (1,139) | (2,439) | (11,371) | (17,405) | (17,405) |
| Net written premiums | | 1,837 | 3,321 | 16,919 | 22,448 | 22,448 |
| Movement in net unearned premiums | | 3,750 | 1,890 | 8,067 | (16,528) | (16,528) |
| Net premiums earned | | 5,587 | 5,211 | 24,986 | 5,920 | 5,920 |
| CLAIMS | | | | | | |
| Gross claims paid | | 13,464 | 3,240 | 43,177 | 4,006 | 4,006 |
| Less: claims recovered | | (6,733) | (1,620) | (21,533) | (2,003) | (2,003) |
| Net claims paid | | 6,731 | 1,620 | 21,644 | 2,003 | 2,003 |
| Movement in net outstanding claims | | (2,390) | 3,853 | 541 | 4,211 | 4,211 |
| Net claims incurred | | 4,341 | 5,473 | 22,185 | 6,214 | 6,214 |
| Provision for premium deficiency | | - | 826 | - | 826 | 826 |
| Net underwriting expenses | | 4,341 | 6,299 | 22,185 | 7,040 | 7,040 |
| Net underwriting result | | 1,246 | (1,088) | 2,801 | (1,120) | (1,120) |
| Other Income | | - | - | 93 | 9 | 9 |
| EXPENSES | | | | | | |
| Selling and marketing | | (1,507) | (1,188) | (7,705) | (3,485) | (3,485) |
| General and administration | 7 | (10,892) | (11,828) | (32,346) | (31,022) | (31,022) |
| DEFICIT FROM INSURANCE OPERATIONS | | (11,153) | (14,104) | (37,157) | (35,618) | (35,618) |
| Shareholders' share of deficit from insurance operations | 2(a) | 11,153 | 14,104 | 37,157 | 35,618 | 35,618 |
| Policyholders' share of deficit from insurance operations | | - | - | - | - | - |


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

For the three-month and nine-month periods ended 30 September 2014 (Unaudited)

| | | <i>Three-month period ended 30 September</i> | | <i>Nine-month period ended 30 September</i> | | <i>For the period from 8 February 2012 to 30 September 2013</i> |
|---|--------------|--|-------------------------|---|-------------------------|---|
| | <i>Notes</i> | <i>2014 SR' 000</i> | <i>2013 SR' 000</i> | <i>2014 SR' 000</i> | <i>2013 SR' 000</i> | <i>SR' 000</i> |
| LOSS | | | | | | |
| Shareholders' share of deficit from insurance operations | 2(a) | (11,153) | (14,104) | (37,157) | (35,618) | (35,618) |
| EXPENSES | | | | | | |
| General and administration | 7 | (301) | (521) | (1,189) | (1,590) | (25,827) |
| Pre-incorporation expenses | | - | - | - | - | (9,170) |
| | | (11,454) | (14,625) | (38,346) | (37,208) | (70,615) |
| Investment income | | 6,212 | 2,446 | 10,311 | 3,918 | 4,306 |
| NET LOSS FOR THE PERIOD | | (5,242) | (12,179) | (28,035) | (33,290) | (66,309) |
| Weighted average number of ordinary shares outstanding (in thousands) | | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Loss per share (in Saudi Arabian Riyals) | 12 | (0.13) | (0.30) | (0.70) | (0.83) | (1.66) |


 Chairman


 Chief Financial Officer


 Chief Executive Officer


The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2014 (Unaudited)

| | | <i>Three-month period ended 30 September</i> | | <i>Nine-month period ended 30 September</i> | | <i>For the period from 8 February 2012 to 30 September 2013</i> |
|--|--------------|--|-------------------------|---|-------------------------|---|
| | <i>Notes</i> | <i>2014 SR' 000</i> | <i>2013 SR' 000</i> | <i>2014 SR' 000</i> | <i>2013 SR' 000</i> | <i>2013 SR' 000</i> |
| NET LOSS FOR THE PERIOD | | (5,242) | (12,179) | (28,035) | (33,290) | (66,309) |
| Zakat for the period | 8 | (946) | (1,500) | (2,883) | (4,500) | (8,362) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | <u>(6,188)</u> | <u>(13,679)</u> | <u>(30,918)</u> | <u>(37,790)</u> | <u>(74,671)</u> |


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine-month period ended 30 September 2014 (Unaudited)

| <i>For the nine-month period ended 30 September 2014 (unaudited)</i> | | | |
|--|-------------------------------------|--|-------------------------|
| | <i>Share capital SR'000</i> | <i>Accumulated losses SR'000</i> | <i>Total SR'000</i> |
| Balance as at 1 January 2014 | 400,000 | (100,425) | 299,575 |
| Net loss for the period | - | (28,035) | (28,035) |
| Zakat for the period (Note 8) | - | (2,883) | (2,883) |
| Balance at 30 September 2014 | <u>400,000</u> | <u>(131,343)</u> | <u>268,657</u> |

| <i>For the period from 8 February 2012 to 30 September 2013 (unaudited)</i> | | | |
|---|-------------------------------------|--|-------------------------|
| | <i>Share capital SR'000</i> | <i>Accumulated losses SR'000</i> | <i>Total SR'000</i> |
| Issue of share capital | 400,000 | - | 400,000 |
| Transaction costs | - | (7,035) | (7,035) |
| Net loss for the period | - | (66,309) | (66,309) |
| Zakat for the period (Note 8) | - | (8,362) | (8,362) |
| Balance at 30 September 2013 | <u>400,000</u> | <u>(81,706)</u> | <u>318,294</u> |


 Chairman


 Chief Financial Officer


 Chief Executive Officer



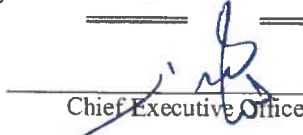
The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

For the nine-month period ended 30 September 2014 (Unaudited)

| | | <i>For the nine- month period ended 30 September 2014</i> | <i>For the period from 8 February 2012 to 30 September 2013</i> |
|--|--------------|---|---|
| | <i>Notes</i> | <i>SR' 000</i> | <i>SR' 000</i> |
| OPERATING ACTIVITIES | | | |
| Policyholders' share of deficit from Insurance Operations | | - | - |
| Adjustments for: | | | |
| Depreciation | | 2,812 | 2,742 |
| Amortization of intangible assets | | 3,364 | 2,017 |
| Reinsurers' share of unearned premium | | 7,168 | (12,807) |
| Deferred policy acquisition costs | | 1,746 | (2,396) |
| Unearned premiums | | (15,235) | 29,335 |
| Provision for premium deficiency | | - | 826 |
| (Reversal of) / allowance for doubtful premiums receivable | 7 | (2,644) | 655 |
| | | <u>(2,789)</u> | <u>20,372</u> |
| Changes in assets and liabilities: | | | |
| Premiums receivable, net | | 14,970 | (26,568) |
| Reinsurance receivable | | (10,062) | (1,620) |
| Reinsurer's share of outstanding claims | | (541) | (4,212) |
| Prepayments and other assets | | 124 | (2,861) |
| Outstanding claims | | 1,082 | 8,423 |
| Reinsurance balance payable | | (1,475) | 14,842 |
| Amounts due to Shareholders' Operations | | (1,587) | 11,984 |
| Accrued expenses and other liabilities | | 2,779 | 2,909 |
| Net cash from operating activities | | <u>2,501</u> | <u>23,269</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of furniture, fittings and office equipment | | (315) | (263) |
| Intangible assets acquired | | (918) | (13,789) |
| Net cash used in investing activities | | <u>(1,233)</u> | <u>(14,052)</u> |
| INCREASE IN CASH AND CASH EQUIVALENTS | | <u>1,268</u> | <u>9,217</u> |
| CASH AND CASH EQUIVALENTS TRANSFERRED FROM SHAREHOLDERS' OPERATIONS | 2(a) | - | 1 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | | <u>1,249</u> | - |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 3 | <u>2,517</u> | <u>9,218</u> |
| Non-cash transaction: | | | |
| Insurance related assets and liabilities transferred from shareholders' operations excluding cash and cash equivalents | 2(a) | - | 9,160 |

 Chairman
  Chief Financial Officer
  Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the nine-month period ended 30 September 2014 (Unaudited)

| | | <i>For the nine-month period ended 30 September 2014</i> | <i>For the period from 8 February 2012 to 30 September 2013</i> |
|--|--------------|--|---|
| | <i>Notes</i> | <i>SR' 000</i> | <i>SR' 000</i> |
| OPERATING ACTIVITIES | | | |
| Net loss for the period before Zakat | | (28,035) | (66,309) |
| Adjustments for: | | | |
| Fair value gain / (loss) on investments | 5 | (8,232) | 1,298 |
| Depreciation | | - | 2,360 |
| Amortization | | - | 63 |
| Amortization of discount | 5 | (14) | (161) |
| Gain on sale of investments | | - | (2,768) |
| Profit on Murabaha deposits | | (1,903) | - |
| End of service benefits | | - | 529 |
| | | <u>(38,184)</u> | <u>(64,988)</u> |
| Changes in assets and liabilities: | | | |
| Prepayments and other assets | | 1,098 | (1,752) |
| Amount due from a related party | | 83 | (83) |
| Amounts due from Insurance Operations | | 1,587 | (11,984) |
| Accrued expenses and other liabilities | | 145 | 5,686 |
| Amounts due to related parties | | (1,132) | 17 |
| | | <u>(36,403)</u> | <u>(73,104)</u> |
| Zakat paid | 8 | (1,407) | (3,830) |
| Net cash used in operating activities | | <u>(37,810)</u> | <u>(76,934)</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of furniture, fittings and equipment | | - | (14,332) |
| Intangible assets acquired | | - | (1,601) |
| Purchase of Murabaha deposits | 3(b) | (60,353) | (135,000) |
| Proceeds from encashment of Murabaha deposits | | 162,256 | - |
| Purchase of investments | | (105,069) | (104,459) |
| Proceeds from disposal of investments | 5 | 22,385 | 17,768 |
| Statutory deposit | | - | (40,000) |
| Proceeds from maturity of investments | 5 | 60,000 | - |
| Net cash from/(used in) investing activities | | <u>79,219</u> | <u>(277,624)</u> |
| FINANCING ACTIVITIES | | | |
| Issue of share capital | 6 | - | 400,000 |
| Transaction costs | | - | (7,035) |
| Net cash from financing activities | | <u>-</u> | <u>392,965</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 41,409 | 38,407 |
| CASH AND CASH EQUIVALENTS TRANSFERRED TO INSURANCE OPERATIONS | 2(a) | - | (1) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | | 38,390 | - |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 3 | 79,799 | 38,406 |
| Non-cash transaction: | | | |
| Insurance related assets and liabilities transferred to insurance operations excluding cash and cash equivalents | 2(a) | <u>-</u> | <u>9,160</u> |


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2014

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Saudi Enaya Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 98/Q dated 16 Rabi Awwal 1433 H (corresponding to 8 February 2012). The Commercial Registration number of the Company is 4030223528 dated 27 Rabi Awwal 1433 H (corresponding to 19 February 2012). The registered office address of the Company is:

Ahmed Ghalib Al-Esayi Building
P.O. Box 3528
Jeddah 21481
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/49 dated 27 Rajab 1432 H (corresponding to 29 June 2011) pursuant to the Council of Ministers' Resolution No 224 dated 25 Rajab 1432 H (corresponding to 27 June 2011). As of the date of incorporation, the Company is 77% owned by the Saudi shareholders and the general public and 23% owned by non-Saudi shareholders. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 February 2012.

The objective of the Company is to engage in cooperative insurance operations and related activities, including reinsurance, agencies, representation, correspondence and brokerage, in the Kingdom of Saudi Arabia in accordance with its Articles of Association, and applicable regulations in the Kingdom of Saudi Arabia. The Company is licensed to underwrite medical insurance only. The Company commenced its commercial operations on 7 January 2013.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34).

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of account 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 books of account. The basis of allocation of expenses from joint operations is determined by the management and the Board of Directors.

The interim condensed financial statements do not contain all information and disclosures required in the full financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, these interim condensed financial statements should be read in conjunction with the financial statements of the Company for the period from 8 February 2012 to 31 December 2013.

As per the Company's by-laws and Articles of Association, the Company's first fiscal period commenced on the issuance date of the Ministerial Resolution declaring the formation of the Company, which was dated 16 Rabi Awwal 1433 H (corresponding to 8 February 2012), and ended on 31 December of the following Gregorian year (being 31 December 2013). Accordingly, the comparative information in the statement of insurance operations and accumulated surplus, statement of shareholders' operations, statement of comprehensive income and related notes have been presented for three month and nine month periods ended 30 September 2013 and for the period from 8 February 2012 to 30 September 2013. The comparative information in the statement of changes in shareholders' equity, statement of insurance operations' cash flows and statement of shareholders' cash flows and related notes have been presented for the period from 8 February 2012 to 30 September 2013. The comparative information in the statement of financial position and related notes have been presented as at 31 December 2013.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 September 2014

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

a. BASIS OF PREPARATION (continued)

Consequent to commencement of commercial operations, the shareholders' operations transferred the following insurance assets and liabilities to the insurance operations as at 1 January 2013:

| | <i>SR '000</i> |
|--|----------------|
| Cash and cash equivalents | 1 |
| Prepayments and other assets | 274 |
| Furniture, fittings and office equipment | 11,972 |
| Intangible assets | 1,538 |
| Accrued expenses | (4,095) |
| End of service benefits provision | (529) |
| | <u>9,161</u> |

In accordance with the by-laws of the Company, the surplus arising from the insurance operations is distributed as follows:

| | |
|---------------|-------------|
| Shareholders | 90% |
| Policyholders | 10% |
| | <u>100%</u> |

In case of deficit arising from the insurance operations, the entire deficit is borne by the shareholders' operations.

The interim condensed financial statements are presented in Saudi Arabian Riyals ("SR"), being the functional currency of the Company, and have been rounded off to the nearest thousand, unless otherwise specified.

The Company presents its interim statement of financial position broadly in order of liquidity. All financial assets and liabilities except for investments held to maturity and statutory deposit are expected to be recovered and settled respectively, within twelve months after the interim reporting date.

b. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used by the Company for the preparation of these interim condensed financial statements are in accordance with IFRS and are consistent with those used for the preparation of financial statements for the period from 8 February 2012 to 31 December 2013. The adoption of new IFRS, International Financial Reporting Interpretations Committee Interpretations (IFRIC) and amendments thereof as mentioned in note 2(d) did not have any material impact on these interim condensed financial statements.

c. USE OF ESTIMATES AND JUDGEMENTS

The preparation of interim condensed financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the interim reported period. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. In the opinion of the management, 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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 September 2014

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

c. USE OF ESTIMATES AND JUDGEMENTS (continued)

The estimate and judgments used by management in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the period from 8 February 2012 to 31 December 2013.

d. NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ADOPTED BY THE COMPANY

The Company has adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

| <i>Standard</i> | <i>Description</i> |
|-----------------------------|---|
| IFRS 10, IFRS 12 and IAS 27 | Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities |
| IAS 32 | Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities |
| IAS 36 | Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets |
| IAS 39 | Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting |
| IFRIC 21 | Leases |

e. NEW IFRS AND AMENDMENTS THEREOF, ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company financial statements are listed below. The listing is of standards issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

| <i>Standard/ Interpretation</i> | <i>Description</i> | <i>Effective from years beginning on or after the following date</i> |
|-------------------------------------|--|--|
| IFRS 9 | Financial Instruments | 1 January 2018 |
| IFRS 11 | Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| IFRS 14 | Regulatory Deferral Accounts | 1 January 2016 |
| IFRS 15 | Revenue from Contracts with Customers | 1 January 2017 |
| IAS 16 and IAS 38 | Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| IAS 19 | Amendments to IAS 19 Defined Benefit Plans: Employee Contributions | 1 July 2014 |
| IAS 27 | Amendments to IAS 27 Equity Method in Separate Financial Statements | 1 January 2016 |

The Company is currently assessing the implications of adopting the above mentioned standards, amendments or interpretations on the Company's financial statements.

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(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 September 2014

3. CASH AND CASH EQUIVALENTS

| | <i>30 September 2014 (Unaudited) SR'000</i> | <i>31 December 2013 (Audited) SR'000</i> |
|--|---|--|
| <i>Insurance operations</i> | | |
| Cash in banks | 2,484 | 1,245 |
| Cash in hand | 33 | 4 |
| | <u>2,517</u> | <u>1,249</u> |
| <i>Shareholders' operations</i> | | |
| Cash in banks | 205 | 8,334 |
| Murabaha deposits (see note (a) below) | 79,594 | 30,056 |
| | <u>79,799</u> | <u>38,390</u> |

- a) The Murabaha deposits are held with commercial banks in the Kingdom of Saudi Arabia. These Murabaha deposits are denominated in Saudi Arabian Riyals and have an original maturity of not exceeding three months.
- b) Murabaha deposits having original maturity of more than three months, amounting to SR 35 million (31 December 2013: SR 135 million), which are held in Saudi Arabian Riyals in the Kingdom of Saudi Arabia, are presented in the interim statement of financial position of the shareholders separately.

4. PREMIUMS RECEIVABLE, NET

| | <i>30 September 2014 (Unaudited) SR'000</i> | <i>31 December 2013 (Audited) SR'000</i> |
|--|---|--|
| Gross premiums receivable | 11,755 | 26,725 |
| Allowance for doubtful premiums receivable | (2,322) | (4,966) |
| Premiums receivable, net | <u>9,433</u> | <u>21,759</u> |

Movement in the allowance for doubtful premiums receivable during the period was as follows:

| | <i>For the nine- month period ended 30 September 2014 (Unaudited) SR'000</i> | <i>For the period from 8 February 2012 to 31 December 2013 (Audited) SR'000</i> |
|--|--|---|
| Balance at beginning of the period | 4,966 | - |
| Allowance (reversed) / made during the period (note 7) | (2,644) | 5,015 |
| Write-offs | - | (49) |
| Balance at end of the period | <u>2,322</u> | <u>4,966</u> |

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2014

5. INVESTMENTS

| | 30 September 2014 (Unaudited) SR'000 | 31 December 2013 (Audited) SR'000 |
|------------------------------|---|--|
| Investments held to maturity | 39,784 | 74,699 |
| FVIS investments | 79,488 | 13,643 |
| | <u>119,272</u> | <u>88,342</u> |

Investments held to maturity

Movement in investments classified as held to maturity (HTM) is as follows:

| | For the nine- month period ended 30 September 2014 (Unaudited) SR'000 | For the period from 8 February 2012 to 31 December 2013 (Audited) SR'000 |
|------------------------------------|--|---|
| Balance at beginning of the period | 74,699 | - |
| Purchases during the period | 25,071 | 74,459 |
| Matured during the period | (60,000) | - |
| Amortization during the period | 14 | 240 |
| Balance at end of the period | <u>39,784</u> | <u>74,699</u> |

FVIS Investments

Movement in investments classified as fair value through income statement ("FVIS") is as follows:

| | For the nine- month period ended 30 September 2014 (Unaudited) SR'000 | For the period from 8 February 2012 to 31 December 2013 (Audited) SR'000 |
|---|--|---|
| Balance at beginning of the period | 13,643 | - |
| Purchases during the period | 79,998 | 30,000 |
| Disposals during the period | (22,385) | (15,000) |
| Changes in fair value during the period | 8,232 | (1,357) |
| Balance at end of the period | <u>79,488</u> | <u>13,643</u> |

During the nine month period ended 30 September 2014, the Company invested SR 37.20 million in Saudi equities as per Discretionary Portfolio Management Agreement with Saudi Fransi Capital ("SFC"). Further, the Company also invested in 'Al Badr Murabaha Fund', 'BlackRock Global Allocation Fund', 'BlackRock Global Equity Income Fund' and 'BlackRock Global Multi Asset Fund' managed by SFC an amount of SR 19.9 million, SR 9.9 million, SR 8 million and SR 5 million respectively. The balance at the beginning of the period pertains to investment in Saudi Fransi Emerging Markets Fixed Income Fund. The fair values of these investments were as follows:

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2014

5. INVESTMENTS (continued)

| | <i>30 September 2014 (Unaudited) SR'000</i> | <i>31 December 2013 (Audited) SR'000</i> |
|---|---|--|
| Discretionary Portfolio Management | 35,566 | - |
| Saudi Fransi Emerging Markets Fixed Income Fund | 6,361 | 13,643 |
| Al Badr Murabaha Fund | 14,959 | - |
| BlackRock Global Allocation Fund | 10,107 | - |
| BlackRock Global Equity Income Fund | 7,656 | - |
| BlackRock Global Multi Asset Fund | 4,839 | - |
| | <u>79,488</u> | <u>13,643</u> |

6. SHARE CAPITAL

The share capital of the Company at 30 September 2014 and 31 December 2013 is SR 400 million, divided into 40 million shares of SR 10 each, and subscribed by the following:

| | Percentage holding | SR'000 |
|-----------------------|-------------------------------|----------------|
| Founding shareholders | 60% | 240,000 |
| General public | 40% | 160,000 |
| | <u>100%</u> | <u>400,000</u> |

7. GENERAL AND ADMINISTRATION EXPENSES

| | <i>Three-month period ended 30 September</i> | | <i>Nine-month period ended 30 September</i> | | <i>For the period from 8 February 2012 to 30 September 2013</i> |
|---|--|---|---|---|---|
| | <i>2014 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> | <i>2014 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> | <i>(Unaudited) SR' 000</i> |
| Insurance operations | | | | | |
| Employee costs | 7,314 | 6,737 | 21,905 | 18,691 | 18,691 |
| Allowance for doubtful premiums receivable (reversed)/made (note 4) | (676) | 632 | (2,644) | 655 | 655 |
| Depreciation and amortization | 2,089 | 1,887 | 6,176 | 4,759 | 4,759 |
| Rent expenses | 532 | 523 | 1,553 | 1,533 | 1,533 |
| Legal and professional fees | 536 | 68 | 1,040 | 145 | 145 |
| Repair and maintenance costs | 598 | 1,049 | 2,210 | 3,041 | 3,041 |
| Other expenses | 499 | 932 | 2,106 | 2,198 | 2,198 |
| | <u>10,892</u> | <u>11,828</u> | <u>32,346</u> | <u>31,022</u> | <u>31,022</u> |

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 September 2014

7. GENERAL AND ADMINISTRATION EXPENSES (continued)

| | <i>Three-month period ended 30 September</i> | | <i>Nine-month period ended 30 September</i> | | <i>For the period from 8 February 2012 to 30 September 2013</i> |
|---------------------------------|--|---|---|---|---|
| | <i>2014 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> | <i>2014 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> |
| Shareholders' operations | | | | | |
| Employee costs | - | 10 | - | 11 | 14,921 |
| Repairs and maintenance | - | - | - | - | 1,745 |
| Rent | - | - | - | - | 1,610 |
| Communication expense | - | - | - | - | 388 |
| Statutory expenses | - | 81 | - | 82 | 342 |
| Legal and professional fees | - | 18 | - | 18 | 905 |
| Depreciation and amortization | - | - | - | - | 2,423 |
| Investment related expenses | 190 | 212 | 711 | 484 | 484 |
| Travelling | 1 | - | 105 | - | 226 |
| Subscriptions | 75 | - | 225 | 300 | 300 |
| Board expenses | - | 195 | - | 588 | 1,321 |
| Others | 35 | 5 | 148 | 107 | 1,162 |
| | 301 | 521 | 1,189 | 1,590 | 25,827 |

8. ZAKAT AND INCOME TAX

The Zakat payable by the Company has been calculated based on the best estimate of the management.

Charge for the period

| | <i>Three-month period ended 30 September</i> | | <i>Nine-month period ended 30 September</i> | | <i>For the period from 8 February 2012 to 30 September 2013</i> |
|----------------|--|---|---|---|---|
| | <i>2014 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> | <i>2014 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> |
| Current period | 946 | 1,500 | 2,883 | 4,500 | 8,362 |

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2014

8. ZAKAT AND INCOME TAX (continued)

Movement in the Zakat payable is as follows:

| | <i>Three-month period ended 30 September</i> | | <i>Nine-month period ended 30 September</i> | | <i>For the period from 8 February 2012 to 30 September 2013</i> |
|------------------------------------|--|---|---|---|---|
| | <i>2014 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> | <i>2014 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> | <i>2013 (Unaudited) SR' 000</i> |
| Balance at beginning of the period | 6,562 | 3,032 | 6,032 | 3,862 | - |
| Charge for the period | 946 | 1,500 | 2,883 | 4,500 | 8,362 |
| Payments made during the period | - | - | (1,407) | (3,830) | (3,830) |
| Balance at end of the period | <u>7,508</u> | <u>4,532</u> | <u>7,508</u> | <u>4,532</u> | <u>4,532</u> |

Income tax

As the Company has incurred a loss during the three month and nine month periods ended 30 September 2014, and during the previous period, no provision has been established in respect of income tax in these interim condensed financial statements.

Status of assessments

The Company has filed its Zakat and tax return for the first twelve month period with the Department of Zakat and Income Tax ("DZIT"). Assessment for the twelve month period has not yet been raised by the DZIT.

During 2012, the Company received a letter from the DZIT, claiming a Zakat amount of SR 9.72 million for the period from 6 September 2010 to 5 September 2012. Furthermore the DZIT issued another letter dated 23 July 2013 indicating additional Zakat liability of SR 0.5 million. The Company submitted a reply to the DZIT and is confident of a favourable outcome. Accordingly, no additional provision has been established in this regard in these interim condensed financial statements.

The Company has filed its Zakat and tax return for the period from 8 February 2012 to 31 December 2013. The DZIT review is awaited.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2014

9. TRANSACTIONS WITH RELATED PARTIES

- a) Following are the details of related party transactions during the nine month period ended 30 September 2014:

| <u>Related party</u> | <u>Nature of transactions</u> | <i>For the nine-month period ended 30 September 2014 (Unaudited) SR'000</i> | <i>For the period from 8 February 2012 to 30 September 2013 (Unaudited) SR'000</i> |
|---------------------------------|---|---|--|
| | | | |
| <i>Founding shareholders</i> | Transaction costs paid on behalf of the Company and recharged to the Company | - | 3,908 |
| | Pre-incorporation expenses paid on behalf of the Company and recharged to the Company | - | 9,170 |
| | Furniture, fittings and office equipment acquired on behalf of the Company and recharged to the Company | - | 16,800 |
| | General and administration expenses incurred on behalf of the Company and recharged to the Company | - | 6,560 |
| | Office rent | 20 | 31 |
| | Service charges | - | 84 |
| | Premiums written | 359 | 262 |
| | Claims paid | 98 | 25 |
| | Reinsurance ceded | 11,371 | - |
| | Claims recovered | 21,533 | - |
| <i>Others</i> | Purchase of computer equipment, licenses and other services | - | 11,199 |
| | Premiums written | 6,962 | 759 |
| | Claims paid | 3,896 | 41 |
| | Commission paid | 452 | 291 |
| | Maintenance / purchase of computer software | 1,991 | 15,178 |
| <i>Key management personnel</i> | Short-term benefits | 3,204 | 5,230 |
| | Long-term benefits | 115 | 242 |

- b) Amounts due from / to related parties are disclosed in the statement of financial position.
- c) Amounts relating to reinsurance receivable and reinsurance balance payable are disclosed in the statement of financial position.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2014

10. STATUTORY DEPOSIT

As required by the Saudi Arabian Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid up share capital, amounting to SR 40 million, in a bank designated by the Saudi Arabian Monetary Agency ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA, and commission accruing on this deposit is payable to SAMA.

11. SEGMENT INFORMATION

The Company only issues insurance contracts for providing health care services ('medical insurance'). All the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. As the commercial operations of the Company are at the initial stage, the operations are not yet monitored in different categories. Accordingly, no segment information is provided.

12. LOSS PER SHARE

The loss per share has been calculated by dividing the net loss for the period by the weighted average number of ordinary shares issued and outstanding at the period end. Diluted loss per share is not applicable for the Company.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

- a) 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
 - In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The Company's financial assets include cash and cash equivalents, murabaha deposits, premiums receivable, reinsurance receivable, other receivables, investments, amounts due from a related party and amount due from insurance operations. The Company's financial liabilities consist of outstanding claims, reinsurance balance payable, amount due to shareholders' operations, amounts due to related parties and certain other liabilities. The fair values of financial instruments are not materially different from their carrying values. At 30 September 2014, apart from the investments which are carried at fair value, there were no other financial instruments held by the Company that were measured at fair value.

- b) 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 repackaging);

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 techniques for which any significant input is not based on observable market data.

As at 30 September 2014, all financial instruments, which are fair valued, are Level 2 instruments. There were no transfers between levels during the period ended 30 September 2014.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 September 2014

14. COMPARATIVE FIGURES

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

15. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issue by the Board of Directors on 3 Muharam 1436H, corresponding to 27 October 2014.