
ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

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**INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)**

Scope of Review

We have reviewed the accompanying interim statement of financial position of Allied Cooperative Insurance Group (ACIG) -- a Saudi Joint Stock Company -- (the "Company") as at 31 March 2015, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, shareholders' comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders' operations cash flows for the three-month period then ended and the related notes which form 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 the 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 Reporting 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 person responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

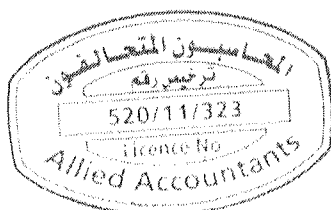
Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

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 Standard on Interim Financial Reporting issued by SOCPA.

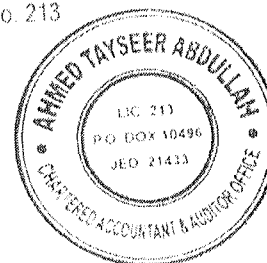
PKF Al-Bassam & Al-Nemer
Allied Accountants

Abdul Mohsen M. Al Nemer
Certified Public Accountant
Licence No. 399



Ahmed Tayseer Abdullah
Chartered Accountant Office

Ahmed Tayseer Abdullah
Certified Public Accountant
Licence No. 213

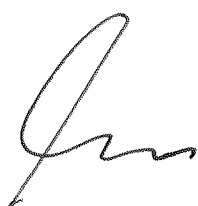
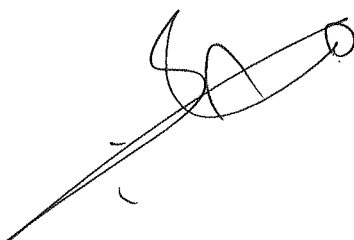


20 April 2015
1 Rajab 1436H
Jeddah, Kingdom of Saudi Arabia

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

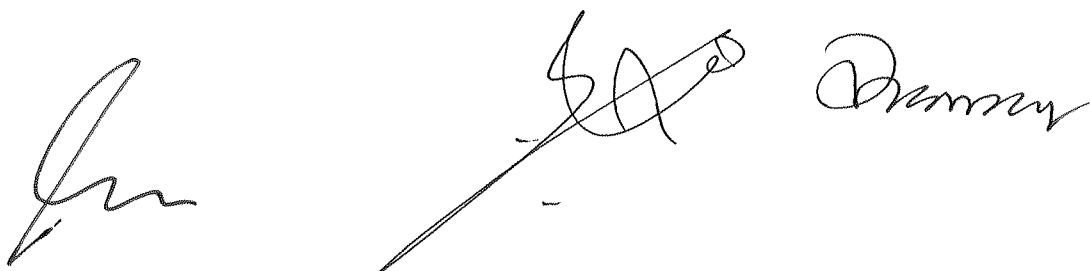
INTERIM STATEMENT OF FINANCIAL POSITION
At 31 MARCH 2015

	Note	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	213,555	129,941
Premiums receivable, net	4	66,465	46,015
Reinsurance receivables, net		1,073	1,267
Reinsurers' share of unearned premiums	8	34,485	26,511
Reinsurers' share of outstanding claims	9	8,535	9,106
Deferred policy acquisition cost		19,876	11,929
Prepayments and other receivables		19,324	12,015
Property and equipment, net		5,695	5,947
Total insurance operations' assets		369,008	242,731
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	27,529	44,235
FVIS investments	5	-	5,319
Available-for-sale investments	6	65,618	40,193
Prepayments and other receivables		2,971	2,691
Statutory deposit	7	20,000	20,000
Total shareholders' assets		116,118	112,438
TOTAL ASSETS		485,126	355,169


ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION- (Continued)
At 31 March 2015

	Note	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
INSURANCE LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Reinsurance payables		30,453	19,830
Unearned commission income		2,449	2,307
Unearned premiums	8	258,008	154,924
Accounts payable		22,930	12,914
Outstanding claims	9	43,653	43,572
Accrued and other payables		5,496	3,584
Employees' terminal benefits		4,047	3,858
Total insurance operations' liabilities		<u>367,036</u>	<u>240,989</u>
Insurance operations' surplus			
Surplus from insurance operations		1,972	1,742
Total insurance operations' liabilities and surplus		<u>369,008</u>	<u>242,731</u>
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accruals and other payables		651	613
Accrued zakat and income tax	10	2,014	1,294
Total shareholders' liabilities		<u>2,665</u>	<u>1,907</u>
Shareholders' equity			
Share capital	11	200,000	200,000
Accumulated losses		(87,768)	(90,895)
Available-for-sale investments reserve	6	1,221	1,426
Total shareholders' equity		<u>113,453</u>	<u>110,531</u>
Total shareholders' liabilities and equity		<u>116,118</u>	<u>112,438</u>
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		<u>485,126</u>	<u>355,169</u>



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

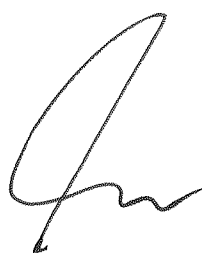
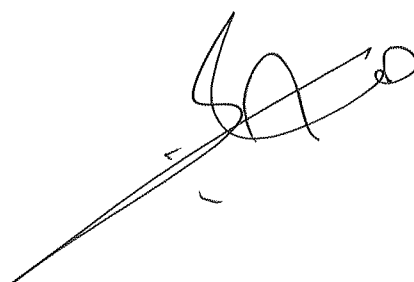
INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	<i>Three-month period ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>
	<i>SR '000</i>	<i>SR '000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE		
Gross premiums written	187,024	90,320
Less: Premiums ceded	(24,160)	(24,002)
Excess of loss premiums	(1,814)	(1,504)
Net written premiums	161,050	64,814
Changes in net unearned premiums	(95,110)	(7,267)
Net premiums earned	65,940	57,547
Other underwriting income	3,744	-
Reinsurance commission earned	1,034	893
Net revenues	70,718	58,440
Cost and expenses		
Gross claims paid	54,880	43,516
Less: Reinsurers' share	(6,553)	(5,838)
Net claims paid	48,327	37,678
Changes in outstanding claims, net	1,152	4,023
Net claims incurred	49,479	41,701
Policy acquisition cost	6,454	6,406
Net cost and expenses	55,933	48,107
Net result of insurance operations	14,785	10,333
General and administrative expenses	(12,105)	(10,460)
Supervision and inspection fee	(415)	(420)
CCHI fee	(302)	(505)
Release of doubtful debts provision	34	-
Investment income	165	345
Other income	134	336
Surplus / (deficit) from insurance operations	2,296	(371)
<i>Shareholders' share of insurance operations (surplus) / deficit:</i>	<i>(2,066)</i>	<i>371</i>
Surplus for the period	230	-
Accumulated surplus at the beginning of the period	1,742	1,104
Accumulated surplus at the end of the period	1,972	1,104

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	<u>Note</u>	<u>Three-month period ended</u>	
		<u>31 March</u> <u>2015</u> <u>(Unaudited)</u> <u>SR'000</u>	<u>31 March</u> <u>2014</u> <u>(Unaudited)</u> <u>SR'000</u>
Shareholders' share of insurance operations surplus / (deficit)		2,066	(371)
Realized gain on available-for-sale investments		1,941	-
Dividends		118	40
Realized gain on FVIS investments		423	727
Unrealized gain on FVIS investments		-	2,762
Commission income		23	14
Total revenues		<u>4,571</u>	<u>3,172</u>
EXPENSES			
General and administrative expenses		<u>(724)</u>	<u>(892)</u>
Net income for the period		<u>3,847</u>	<u>2,280</u>
Weighted average number of ordinary shares outstanding ('000')	12	<u>20,000</u>	<u>20,000</u>
Basic and diluted earnings per share for the period (SR)	12	<u>0.19</u>	<u>0.11</u>

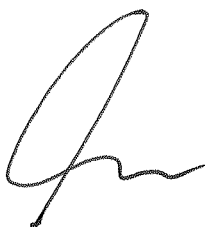
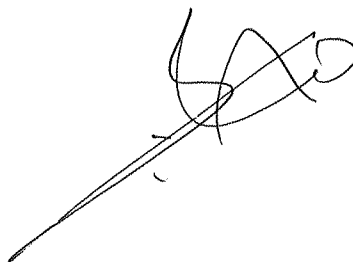




The accompanying notes 1 to 17 form part of these interim condensed financial statements.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	<i>Three-month period ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Net income for the period	3,847	2,280
Other comprehensive income / (expenses):		
Change in fair value of available-for-sale investments	(205)	316
Zakat and income tax (note 10)	(720)	(628)
Total comprehensive income for the period	<u>2,922</u>	<u>1,968</u>


ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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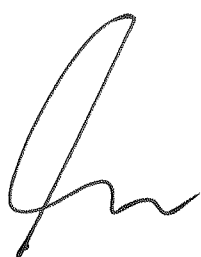
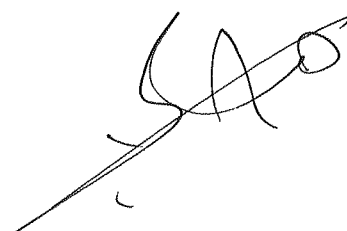

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

Three-month period ended
31 March 2015 – unaudited

	Share capital SR '000	Accumulated losses SR '000	Available-for- sale investments reserve	Total SR '000
Balance as at 31 December 2014 (audited)	200,000	(90,895)	1,426	110,531
Net income for the period	-	3,847	-	3,847
Change in fair value of available-for-sale investments	-	-	(205)	(205)
Zakat and income tax (note 10)	-	(720)	-	(720)
Balance as at 31 March 2015 (unaudited)	200,000	(87,768)	1,221	113,453

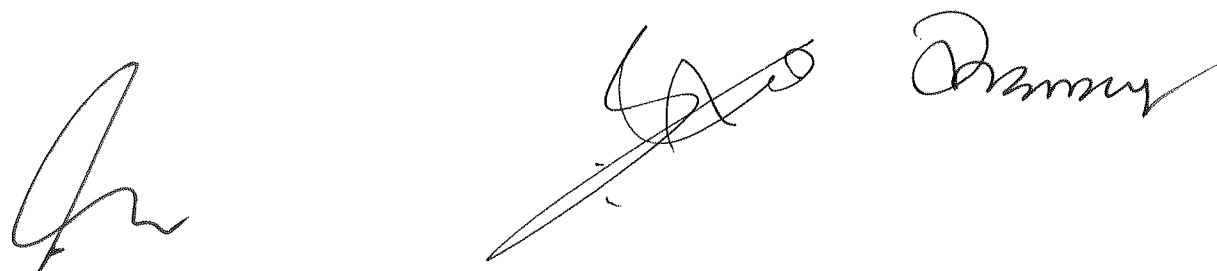
Three-month period ended
31 March 2014 – unaudited

Balance as at 31 December 2013 (audited)	200,000	(98,164)	414	102,250
Net income for the period	-	2,280	-	2,280
Change in fair value of available-for-sale investments	-	-	316	316
Zakat and income tax	-	(628)	-	(628)
Balance as at 31 March 2014 (unaudited)	200,000	(96,512)	730	104,218

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	<i>Three-month period ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Cash flows from operating activities:		
Surplus for the period from insurance operations	230	-
Adjustment for:		
Depreciation	457	437
Employees' terminal benefits, net	189	290
Release of doubtful debts provision	(34)	-
Doubtful debts provision	-	490
	<u>842</u>	<u>1,217</u>
<i>Changes in operating assets and liabilities:</i>		
Premiums receivable, net	(20,416)	(10,254)
Reinsurance receivables, net	194	573
Reinsurers' share of unearned premiums	(7,974)	955
Reinsurers' share of outstanding claims	571	(1,559)
Deferred policy acquisition cost	(7,947)	(477)
Prepayments and other receivables	(7,309)	1,830
Reinsurance payables	10,623	(5,176)
Unearned commission income	142	420
Unearned premiums	103,084	6,311
Accounts payable	10,016	(463)
Outstanding claims	81	4,828
Accrued and other payables	1,912	(852)
Due from shareholders' operations	-	(371)
Net cash flows from / (used in) from operating activities	<u>83,819</u>	<u>(3,018)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(205)	(397)
Net cash flows used in investing activities	<u>(205)</u>	<u>(397)</u>
Net increase / (decrease) in cash and cash equivalents	83,614	(3,415)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	129,941	145,970
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>213,555</u>	<u>142,555</u>



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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INTERIM STATEMENT OF SHAREHOLDERS OPERATIONS' CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	<i>Three-month period ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
OPERATING ACTIVITIES		
Net income for the period	3,847	2,280
Adjustment for:		
Realized gain on available-for-sale investments	(1,941)	-
Dividend income	(118)	(40)
Realized gain on FVIS investments	(423)	(727)
Unrealized gain on FVIS investments	-	(2,762)
	<u>1,365</u>	<u>(1,249)</u>
<i>Changes in operating assets and liabilities:</i>		
Prepayments and other receivables	(162)	21
Accrued and other payables	38	700
Due to insurance operations	-	371
Net cash flows from / (used in) operating activities	<u>1,241</u>	<u>(157)</u>
INVESTING ACTIVITIES		
Purchase of FVIS investments	-	(6,458)
Purchase of available-for-sale investments	(38,389)	-
Proceeds from sale of available-for-sale investments	14,700	-
Proceeds from sale of FVIS investments	5,742	4,085
Net cash flows used in investing activities	<u>(17,947)</u>	<u>(2,373)</u>
Net decrease in cash and cash equivalents	(16,706)	(2,530)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	44,235	24,797
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>27,529</u>	<u>22,267</u>
<u>Non Cash Transactions:</u>		
Change in fair value of available-for-sale investments	<u>(205)</u>	<u>316</u>

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015 – UNAUDITED

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Allied Cooperative Insurance Group ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030171999 dated 9 Shabaan 1428H, corresponding to 22 August 2007. Registered Office address of the Company is Al Ruwais District, P. O. Box 7076, Jeddah 21462, Kingdom of Saudi Arabia.

As per the shareholders resolution dated 13 May 2014, the registered office address of the Company has changed from Jeddah to Al Malka District P.O. Box 40523 Riyadh 11511, Kingdom of Saudi Arabia. The legal formalities to change the registered office address of the Company have been completed during the year 2014 and accordingly new Commercial Registration No. 1010417178 has been obtained and Articles of Association has been amended.

The activities of the Company are to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. On 4 April 2009, the Company received license from the Saudi Arabian Monetary Agency ("SAMA") to engage in insurance in Saudi Arabia. The Company commenced its commercial operations on 1 July 2009. The company was listed on the Saudi Stock Exchange (Tadawul) on 27 August 2007.

2. BASIS OF PREPARATION

Statement of Compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are consistent with those used for the preparation of annual financial statements.

These interim condensed financial statements for the three-month period ended 31 March 2015 should be read in conjunction with the Company's audited financial statements as at 31 December 2014. In the Company's Board of Directors 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 period presented.

The Company follows a fiscal year ending 31 December.

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

The preparation of interim condensed financial statements in conformity with International Financial Reporting Standards ("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 reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards.

Basis of presentation

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations. Assets, liabilities, income and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses of joint operations is determined by the management and approved by the Board of Directors.

As per the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders' operations	10%
	<u>100%</u>

In case of deficit, the whole deficit will be transferred to Shareholders' operations.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015 – UNAUDITED - (continued)

2. BASIS OF PREPARATION – (continued)

New IFRS, International Financial Reporting and Interpretations Committee's interpretations (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):

<u>Standard/ Interpretation</u>	<u>Description</u>
IAS 1	Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
IAS 19	Revision to IAS 19 Employee Benefits
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures
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
IFRS 1	Amendments to IFRS 1 Government Loans
IFRS 7	Amendments IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 10, IFRS 12 and IAS 27	Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRIC 21	Levies

The adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

Standards 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 and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they are effective.

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IFRS 9	Financial Instruments – Classification & Measurement	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 16 and IAS 41	Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	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.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015 – UNAUDITED - (continued)

3. CASH AND CASH EQUIVALENTS

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
<i>Insurance operations</i>		
Cash in hand and at banks	125,555	41,941
Short term deposit	88,000	88,000
	<u>213,555</u>	<u>129,941</u>
<i>Shareholders' operations</i>		
Cash in hand and at banks	15,529	32,235
Short term deposit	12,000	12,000
	<u>27,529</u>	<u>44,235</u>

Cash at banks are placed with counterparties who have good credit ratings.
The carrying amounts disclosed above reasonably approximate fair value at the statement of financial position date.

4. PREMIUMS RECEIVABLE, NET

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Due from policyholders	68,095	47,528
Due from policyholders - related parties	7	158
Doubtful debt provision	(1,637)	(1,671)
	<u>66,465</u>	<u>46,015</u>

Movement in provision for doubtful debts is as follows:

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Balance at the beginning of the period / year	1,671	831
Additional provision during the period / year	-	840
Release of provision during the period / year	(34)	-
Balance at the end of the period / year	<u>1,637</u>	<u>1,671</u>

5. FVIS INVESTMENTS

Shareholders' operations

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Balance at the beginning of the period / year	5,319	16,928
Purchased during the period / year	-	5,324
Disposals during the period / year	(5,319)	(16,928)
Change in fair value of investment	-	(5)
Balance at the end of the period / year	<u>-</u>	<u>5,319</u>

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015 – UNAUDITED – (continued)

6. AVAILABLE-FOR-SALE INVESTMENTS

Shareholders' operations

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
GACA Sukuk	20,957	20,797
Mutual funds	19,014	17,473
Quoted securities	23,724	-
Unquoted securities	1,923	1,923
	<u>65,618</u>	<u>40,193</u>

	Balance at the beginning of the period SR'000	Movement during the period SR'000	Change in fair value for the period SR'000	Balance at the end of the period SR'000
As at 31 March 2015 – (Unaudited)				
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
Investment in mutual funds	17,473	1,400	141	19,014
GACA Sukuk	20,797	-	160	20,957
Quoted securities	-	24,230	(506)	23,724
	<u>40,193</u>	<u>25,630</u>	<u>(205)</u>	<u>65,618</u>

	Balance at the beginning of the year SR'000	Movement during the year SR'000	Change in fair value for the year SR'000	Balance at the end of the year SR'000
As at 31 December 2014 – (Audited)				
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
Investment in mutual funds	18,266	(1,156)	363	17,473
GACA Sukuk	20,148	-	649	20,797
	<u>40,337</u>	<u>(1,156)</u>	<u>1,012</u>	<u>40,193</u>

Investment in Najm for Insurance Services Company is classified under level 3. Investments in mutual funds and GACA Sukuk are classified under level 2.

Unrealised loss of SR 0.205 million for the three-month period ended 31 March 2015 (31 March 2014: unrealised gain SR 0.316 million) was recognized to the interim statement of changes in shareholders' equity as available-for-sale investments reserve. The available-for-sale investments reserve as of 31 March 2015 is SR 1.221 million (31 December 2014: SR 1.426 million).

7. STATUTORY DEPOSIT

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
<i>Shareholders' Operations</i>		
Statutory deposit	<u>20,000</u>	<u>20,000</u>

As required by Saudi Arabian Insurance Regulations, the Company deposited 10% of its paid up capital, amounting to SR 20 million in a bank designated by the Saudi Arabian Monetary Agency (SAMA). The Company cannot withdraw this deposit without SAMA's approval.

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8. UNEARNED PREMIUMS, NET

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Unearned premiums	258,008	154,924
Reinsurance share of unearned premiums	(34,485)	(26,511)
	<u>223,523</u>	<u>128,413</u>

9. OUTSTANDING CLAIMS, NET

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Gross outstanding claims	17,173	17,092
Add: Incurred but not reported (IBNR) reserve	26,480	26,480
Outstanding claims	43,653	43,572
Reinsurance share of outstanding claims	(8,535)	(9,106)
Outstanding claims, net	<u>35,118</u>	<u>34,466</u>

10. ZAKAT AND INCOME TAX

Zakat and Income Tax

The Zakat and income tax payable by the Company has been calculated in accordance with Zakat regulations in Kingdom of Saudi Arabia.

The movement in the Zakat and Income tax payable is as follows:

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Balance at the beginning of the period / year	1,294	1,119
Charge for the period / year	720	1,663
Paid during the period / year	-	(1,488)
	<u>2,014</u>	<u>1,294</u>
Balance at the end of the period / year		

The differences between the financial and the zakatable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

Income Tax

Foreign shareholder, being Islamic Development Bank (IDB) is exempted from income tax.

Status of assessment:

Zakat and income tax returns have been filed with the Department of Zakat and Income Tax ("DZIT") for the years ended up to 31 December 2013. Final certificate has been received from DZIT for the year ended 31 December 2008. However, DZIT has raised an additional assessment in respect of the returns filed for the years ended 31 December 2008, 2009 and 2010 amounting to SR 1.86 million which has not been booked in the interim condensed financial statements. The major difference of the additional assessment relates to disallowance of a portion of pre-incorporation expenses and withholding tax. The Company has filed an objection against this additional assessment and is confident of a favourable outcome. In this regard, the company have issued a letter of guarantee amounting to SR 1.83 million in favour of DZIT (See Note 16).

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11. SHARE CAPITAL

The authorized, issued and paid up share capital of the Company is SR 200 million at period end consisting of 20 million shares of SR 10 each.

	31 March 2015		31 December 2014	
	(Unaudited)		(Audited)	
	% holding	SR'000	% holding	SR'000
Founding shareholders	40	80,000	40	80,000
General public	60	120,000	60	120,000
Balance at the end of the period / year	<u>100</u>	<u>200,000</u>	<u>100</u>	<u>200,000</u>

12. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share for the period have been calculated by dividing the net income for the period by the weighted average number of issued and outstanding shares for the period.

13. STATUTORY RESERVE

As required by Saudi Arabian Insurance Regulations, 20% of the net shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of paid capital. No appropriation has been made as the Company has accumulated losses at the end of the period.

14. TRANSACTIONS WITH RELATED PARTIES

Major related party transactions during the period and the related balances at the end of the period / year are as follows:

Insurance operations

Related party	Nature of transaction	Amount of transactions		Closing balance	
		Three-month period ended		Receivable / (Payable)	
		31 March 2015	31 March 2014	31 March	31 December
		(Unaudited)	(Unaudited)	2015	2014
		SR'000	SR'000	(Unaudited)	(Audited)
				SR'000	SR'000
Affiliates	Premiums written	<u>333</u>	<u>264</u>	<u>22</u>	<u>158</u>
	Claims paid	<u>451</u>	<u>-</u>	<u>(339)</u>	<u>-</u>
Shareholders	Other	<u>-</u>	<u>371</u>	<u>-</u>	<u>-</u>
Board and audit committee	Meetings fee	<u>41</u>	<u>50</u>	<u>-</u>	<u>-</u>
Key management personnel	Short term benefits	<u>1,330</u>	<u>1,344</u>	<u>40</u>	<u>70</u>
	Long term benefits	<u>171</u>	<u>58</u>	<u>(899)</u>	<u>(684)</u>

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15. SEGMENTAL INFORMATION

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

Segment results do not include general and administrative expenses, provision for doubtful debts and other income.

Segment assets do not include cash and cash equivalents, investments, prepayments and other receivables, and property and equipment, net.

Segment liabilities do not include reinsurance payables, accrued expenses and other liabilities, due to shareholders' operations and employees' terminal benefits.

Operating segments

For three-month period ended
31 March 2015 (Unaudited)

	Motor	Medical	General accident	Others	Total
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
Revenue					
Gross premiums written	109,764	65,364	5,881	6,015	187,024
Less: Premiums ceded	-	(15,380)	(3,301)	(5,479)	(24,160)
Excess of loss premiums	(1,591)	-	(116)	(107)	(1,814)
Net written premiums	108,173	49,984	2,464	429	161,050
Changes in net unearned premiums	(66,400)	(27,782)	(897)	(31)	(95,110)
Net premiums earned	41,773	22,202	1,567	398	65,940
Other underwriting income	3,744	-	-	-	3,744
Reinsurance commission earned	11	-	259	764	1,034
Net revenues	45,528	22,202	1,826	1,162	70,718
Cost and expenses					
Gross claims paid	39,979	13,522	1,226	153	54,880
Less: Reinsurers' share	-	(4,920)	(1,039)	(594)	(6,553)
Net claims paid	39,979	8,602	187	(441)	48,327
Changes in outstanding claims, net	805	(752)	(47)	1,146	1,152
Net claims incurred	40,784	7,850	140	705	49,479
Policy acquisition cost	3,587	2,342	270	255	6,454
Net cost and expenses	44,371	10,192	410	960	55,933
	1,157	12,010	1,416	202	14,785
Net result of insurance operations					(12,105)
General and administrative expenses					(415)
Supervision and inspection fee	(244)	(145)	(13)	(13)	(302)
CCHI fee	-	(302)	-	-	34
Release of doubtful debts provision					165
Investment income					134
Other income					2,296
Surplus from insurance operations					
As at 31 March 2015 (Unaudited)					
Premiums and reinsurance receivables – net	28,152	28,961	504	9,921	67,538
Reinsurers' share of unearned premiums	225	19,661	4,352	10,247	34,485
Reinsurers' share of outstanding claims	1,100	2,675	1,948	2,812	8,535
Deferred policy acquisition cost	12,228	6,337	810	501	19,876
Unallocated assets					238,574
Total insurance operations' assets					369,008
Unearned commission income	25	-	734	1,690	2,449
Unearned premiums	152,290	81,903	12,629	11,186	258,008
Outstanding claims	25,841	10,260	3,534	4,018	43,653
Other liabilities	10,254	8,533	-	-	18,787
Unallocated liabilities					46,111
Total insurance operations' liabilities					369,008

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15. SEGMENTAL INFORMATION – (Continued)

For three-month period ended 31 March 2014 (Unaudited)	Motor	Medical	General accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue	17,453	60,319	3,650	8,898	90,320
Gross premiums written	(56)	(14,191)	(1,648)	(8,107)	(24,002)
Less: Premiums ceded	(1,289)	-	(96)	(119)	(1,504)
Excess of loss premiums	16,108	46,128	1,906	672	64,814
Net written premiums	6,933	(13,191)	(656)	(353)	(7,267)
Changes in net unearned premiums	23,041	32,937	1,250	319	57,547
Net premiums earned	11	-	269	613	893
Reinsurance commission earned	23,052	32,937	1,519	932	58,440
Net revenues					
Cost and expenses	30,750	11,430	1,108	228	43,516
Gross claims paid	(1,149)	(4,195)	(334)	(160)	(5,838)
Less: Reinsurers' share	29,601	7,235	774	68	37,678
Net claims paid	3,181	1,572	(674)	(56)	4,023
Changes in outstanding claims, net	32,782	8,807	100	12	41,701
Net claims incurred	1,972	3,986	219	229	6,406
Policy acquisition cost	34,754	12,793	319	241	48,107
Net cost and expenses	(11,702)	20,144	1,200	691	10,333
Net result of insurance operations					(10,460)
General and administrative expenses	(81)	(280)	(17)	(42)	(420)
Supervision and inspection fee	-	(505)	-	-	(505)
CCHI fee					345
Investment income					336
Other income					(371)
Deficit from insurance operations					
As at 31 December 2014 (Audited)					
Premiums and reinsurance receivables – net	21,996	15,807	1,136	8,343	47,282
Reinsurers' share of unearned premiums	331	12,299	3,592	10,289	26,511
Reinsurers' share of outstanding claims	1,098	3,414	3,498	1,096	9,106
Deferred policy acquisition cost	6,973	3,697	717	542	11,929
Unallocated assets					147,903
Total insurance operations' assets					242,731
Unearned commission income	36	-	634	1,637	2,307
Unearned premiums	85,996	46,759	10,972	11,197	154,924
Outstanding claims	25,034	11,753	5,131	1,654	43,572
Other liabilities	3,041	6,187	-	821	10,049
Unallocated liabilities					31,879
Total insurance operations' liabilities					242,731

16. CONTINGENT LIABILITY

As at 31 March 2015, the Company has a letter of guarantee amounting to SR 1.83 million (31 December 2014: SR 1.83 million) in favor of DZIT (See Note 10). A margin of SR 1.83 million (31 December 2014: SR 1.83 million) being deposited with a bank for this purpose is included in prepayments and other receivables in the interim statement of financial position of insurance operations.

17. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the board of directors on 19 April 2015 corresponding to 30 Jamada Al Thani 1436H.