
**THE MEDITERRANEAN AND GULF COOPERATIVE INSURANCE
AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2017**

**The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)**

**Unaudited Interim Condensed Financial Information and Independent Auditors' Limited Review Report
For the three month period ended 31 March 2017**

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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE SHAREHOLDERS OF THE MEDITERRANEAN AND GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (a Saudi Joint Stock Company) (the "Company") as at 31 March 2017 and the related interim statements of income and comprehensive income - insurance operations and accumulated surplus, income and comprehensive income - shareholders' operations, changes in shareholders' equity and cash flows for insurance and shareholders' operations for the three-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) and Saudi Arabian Monetary Authority (SAMA) guidance on accounting for zakat and income taxes. Our responsibility is to express a conclusion on these interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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, as endorsed in the Kingdom of Saudi Arabia, and consequently 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 information is not prepared, in all material respects, in accordance with IAS 34 and SAMA guidance on accounting for zakat and income taxes.

EMPHASIS OF MATTER

We draw attention to Note 16 of the accompanying interim condensed financial information which states that on 30 March 2016, the Saudi Arabian Monetary Authority ("SAMA") issued a letter to the Company that highlighted the deteriorating solvency margin of the Company and the rectification measures to be taken by the Company according to Article 68 of the Insurance Implementing Regulations. The Company was not able to meet the solvency margin requirement by 30 September 2016 as instructed by SAMA and had not submitted the final approved plan as



required by the aforesaid letter. On 27 December 2016, SAMA issued another letter binding the Company to provide an approved plan to meet the requirement of solvency margin by 18 January 2017 and take necessary measures to ensure fulfilment of the rights of the policy holders. The detailed plan has subsequently been provided to SAMA after approval by the Company's Board of Directors. During the period ended 31 March 2017, the Board of Directors of the Company approved a rights issue of shares amounting to SR 400 million. However, the rights issue is subject to the approval of SAMA and the Company's shareholders. The Company continues to take the necessary actions as advised by SAMA, through implementation of corrective action plan as advised by the consultant and approved by the Company's Board of Directors, which is expected to gradually improve the Company's financial position and increase the solvency margin.

Our conclusion is not qualified in respect of above matter.

PricewaterhouseCoopers
P. O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia

Bader I. Benmohareb
Certified Public Accountant
Licence No. 471

Aldar Audit Bureau
Abdullah Al Basri & Co.
P. O. Box 2195
Riyadh 11451
Kingdom of Saudi Arabia

Abdullah M. Al Basri
Certified Public Accountant
Licence No.171

Date: May 11, 2017
Corresponding to: Sha'ban 15, 1438H



The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

(Amounts in SR'000)

		31 March 2017 (Unaudited)	31 December 2016 (Audited)
	<i>Notes</i>		
INSURANCE OPERATIONS' ASSETS			
Bank balances and cash	5	529,855	487,122
Time deposits	6	102,355	225,504
Policyholders' and reinsurance balances receivable	7	1,211,728	1,248,475
Investments	8a, 11a(ii)	28,325	28,308
Due from related parties	11a	2,390	2,065
Due from shareholders' operations		137,461	66,600
Reinsurers' share of outstanding claims		693,047	595,941
Reinsurers' share of unearned premiums		492,471	536,383
Deferred policy acquisition costs		154,187	141,336
Prepayments and other assets		241,160	163,778
Property and equipment, net		50,568	51,155
TOTAL INSURANCE OPERATIONS' ASSETS		3,643,547	3,546,667
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	192,981	211,677
Interest on statutory deposit		11,072	11,072
Investments	8b, 11a(ii)	142,505	146,076
Prepayments and other assets		2,184	2,598
Investment in an associate	9	14,802	14,802
Land		30,000	30,000
Statutory deposit	10, 11a(i)	150,000	150,000
Goodwill		480,000	480,000
TOTAL SHAREHOLDERS' ASSETS		1,023,544	1,046,225
TOTAL ASSETS		4,667,091	4,592,892

The accompanying notes 1 to 17 form an integral part of these interim condensed financial information.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 March 2017

(Amounts in SR'000)

	Notes	31 March 2017 (Unaudited)	31 December 2016 (Audited)
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Gross outstanding claims		1,401,098	1,323,956
Due to related parties	11a	7,414	5,643
Accounts and commission payable		165,214	123,710
Accrued expenses and other liabilities		151,781	184,354
Reinsurance balances payable		82,941	86,172
Surplus distribution payable		111,566	111,566
Unearned reinsurance commission		28,099	36,584
Gross unearned premiums		1,657,005	1,629,251
Other claim reserves		38,135	45,154
TOTAL INSURANCE OPERATIONS' LIABILITIES		3,643,253	3,546,390
INSURANCE OPERATIONS' SURPLUS			
Cumulative change in fair values of available for sale investments	8a	294	277
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		3,643,547	3,546,667
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accrued expenses and other liabilities		635	635
Interest payable on statutory deposit		11,072	11,072
Provision for zakat and income tax		17,287	15,398
Due to insurance operations		137,461	66,600
TOTAL SHAREHOLDERS' LIABILITIES		166,455	93,705
SHAREHOLDERS' EQUITY			
Share capital	14	1,000,000	1,000,000
Statutory reserve	15	146,135	146,135
Accumulated deficit		(293,961)	(199,101)
Cumulative change in fair values of available for sale investments	8b	4,915	5,486
TOTAL SHAREHOLDERS' EQUITY		857,089	952,520
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		1,023,544	1,046,225
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		4,667,091	4,592,892

The accompanying notes 1 to 17 form an integral part of these interim condensed financial information.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME - INSURANCE OPERATIONS AND ACCUMULATED SURPLUS

(Amounts in SR'000)

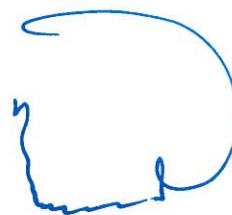
	Notes	31 March 2017 (Unaudited)	31 March 2016 (Unaudited)
Gross premiums written	12	784,014	1,233,582
Reinsurance premiums ceded		(93,453)	(154,725)
Excess of loss premiums		(3,349)	(3,824)
NET PREMIUMS WRITTEN		687,212	1,075,033
Change in unearned premiums, net		(71,666)	(268,193)
NET PREMIUMS EARNED		615,546	806,840
Gross claims paid and other expenses		(662,523)	(881,058)
Reinsurers' share of gross claims paid		68,743	132,951
Change in outstanding claims, net		19,964	78,812
Change in other claim reserves		7,019	(4,931)
NET CLAIMS INCURRED		(566,797)	(674,226)
Policy acquisition costs	12	(38,951)	(64,383)
Reinsurance commission income	12	24,326	37,678
NET UNDERWRITING RESULT		34,124	105,909
General and administrative expenses		(70,867)	(85,864)
Provision for doubtful debts		(74,500)	(15,000)
Impairment losses on available for sale investments		-	(725)
Special commission income		4,194	2,829
Other income		13,478	7,852
INSURANCE OPERATIONS' (DEFICIT) / SURPLUS		(93,571)	15,001
Shareholders' appropriation from insurance operations' deficit / (surplus)	2	93,571	(13,501)
INSURANCE OPERATION' SURPLUS AFTER SHAREHOLDERS' APPROPRIATION		-	1,500

The accompanying notes 1 to 17 form an integral part of these interim condensed financial information.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME - INSURANCE OPERATIONS
(Amounts in SR'000)

		31 March 2017 (Unaudited)	31 March 2016 (Unaudited)
	<i>Notes</i>		
INSURANCE OPERATION' SURPLUS AFTER SHAREHOLDERS' APPROPRIATION		-	1,500
Other comprehensive income:			
Items that will not be reclassified to interim statement of income in subsequent period			
Impairment loss transferred to interim statement of income	8 (a)	-	(725)
Items that may be reclassified to interim statement of income in subsequent period			
<u>Available for sale investments</u>			
Change in fair values	8 (a)	17	102
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		17	877

The accompanying notes 1 to 17 form an integral part of these interim condensed financial information.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS
(Amounts in SR'000)

	Notes	31 March 2017 (Unaudited)	31 March 2016 (Unaudited)
INCOME			
Shareholders' appropriation from insurance operations' (deficit) / surplus	2	(93,571)	13,501
Special commission income		1,716	1,741
		<u>(91,855)</u>	<u>15,242</u>
EXPENSES			
General and administrative		(1,116)	(864)
Impairment loss available for sale investments		-	(616)
		<u>(1,116)</u>	<u>(1,480)</u>
NET (LOSS) / INCOME FOR THE PERIOD		<u>(92,971)</u>	<u>13,762</u>
BASIC AND DILUTED (LOSSES) / EARNINGS PER SHARE FOR THE PERIOD	13	<u>(0.93)</u>	<u>0.14</u>

The accompanying notes 1 to 17 form an integral part of these interim condensed financial information.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS' OPERATIONS
(Amounts in SR'000)

	Notes	31 March 2017 (Unaudited)	31 March 2016 (Unaudited) (Restated) refer to note 4 (a)
NET (LOSS) / INCOME FOR THE PERIOD			
Other comprehensive (loss) / income:		(92,971)	13,762
Items that will not be reclassified to interim statement of income in subsequent period			
Impairment loss transferred to interim statement of income	8 (b)	-	616
Items that may be reclassified to interim statement of income in subsequent period			
Available for sale investments	8 (b)	(571)	(1,299)
Change in fair values	17	(93,542)	13,079
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD			




The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three month period ended 31 March 2017

(Amounts in SR'000)

	Share capital	Statutory reserve	Accumulated deficit	Cumulative change in fair value of available for sale investments	Total
Balance at 1 January 2017 (Audited)	1,000,000	146,135	(199,101)	5,486	952,520
Zakat	-	-	(1,889)	-	(1,889)
Total comprehensive loss for the period:					
Net loss for the period	-	-	(92,971)	-	(92,971)
Change in fair values	-	-	-	(571)	(571)
Balance at 31 March 2017 (Unaudited)	1,000,000	146,135	(293,961)	4,915	857,089
Balance at 1 January 2016 (Audited)	1,000,000	146,135	(249,265)	15,261	912,131
Zakat	-	-	(2,005)	-	(2,005)
Income tax	-	-	(2,270)	-	(2,270)
Total comprehensive loss for the period:					
Net income for the period	-	-	13,762	-	13,762
Change in fair values	-	-	-	(1,299)	(1,299)
Impairment loss transferred to interim statement of income shareholders' operations	-	-	-	616	616
Balance at 31 March 2016 (Unaudited)	1,000,000	146,135	(239,778)	14,578	920,935

The accompanying notes 1 to 17 form an integral part of these interim condensed financial information.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

For the three month period ended 31 March 2017

(Amounts in SR'000)

	Note	31 March 2017 (Unaudited)	31 March 2016 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Insurance operations' surplus after shareholders' appropriation		-	1,500
<i>Adjustments to reconcile insurance operations' surplus after shareholders' appropriation to net cash (used in) / generated from operating activities:</i>			
Shareholders' appropriation from insurance operations' (deficit) / surplus		(93,571)	13,501
Depreciation		2,309	2,378
Special commission income		(4,194)	(2,829)
Provision for doubtful debts		74,500	15,000
Gain on sale of property and equipment, net		(5)	-
Impairment losses on available for sale investment		-	725
<i>Cash (used in) / from operations</i>		(20,961)	30,275
<i>Changes in operating assets and liabilities:</i>			
Gross unearned premiums		27,754	243,370
Reinsurers' share of unearned premiums		43,912	24,823
Policyholders' and reinsurance balances receivable		(37,753)	(15,905)
Due from related parties		(325)	71,625
Due to related parties		1,771	9,621
Reinsurers' share of outstanding claims		(97,106)	66,968
Deferred policy acquisition costs		(12,851)	(7,481)
Prepayments and other assets		(77,382)	(130,836)
Deposit against letters of guarantee		771	1,826
Gross outstanding claims		77,142	(145,780)
Accounts and commissions payable		41,504	(3,454)
Accrued expenses and other liabilities		(32,573)	(40,670)
Reinsurance balances payable		(3,231)	(22,554)
Shareholders' appropriation from insurance operations' deficit / (surplus)		93,571	(13,501)
Unearned reinsurance commission		(8,485)	(9,050)
Other reserves		(7,019)	4,931
Net cash (used in) / generated from operating activities		(11,261)	64,208
CASH FLOWS FROM INVESTING ACTIVITIES			
Time deposits		123,149	75,839
Special commission income		4,194	2,829
Proceeds from sale of property and equipment		16	-
Purchase of property and equipment		(1,733)	(2,551)
Net cash generated from investing activities		125,626	76,117
CASH FLOWS FROM FINANCING ACTIVITY			
Due (from) / to shareholders' operations, net		(70,861)	9,449
Net cash generated (used in) / from financing activity		(70,861)	9,449
INCREASE IN CASH AND CASH EQUIVALENTS		43,504	149,774
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	460,611	574,244
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	504,115	724,018
Non-cash transaction:			
Change in fair values of available for sale investments	8 (a)	17	102

The accompanying notes 1 to 17 form an integral part of these interim condensed financial information.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the three month period ended 31 March 2017

(Amounts in SR'000)

	Note	31 March 2017 (Unaudited)	31 March 2016 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period		(92,971)	13,762
<i>Adjustments for:</i>			
Special commission income		(1,716)	(1,741)
Impairment losses on available for sale investment		-	616
Cash (used in) / from operations		(94,687)	12,637
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		414	(909)
Zakat and income tax paid		-	(2,833)
Net cash (used in) / generated from operating activities		(94,273)	8,895
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available for sale investments	8 (b)	3,000	-
Special commission income		1,716	1,741
Net cash generated from investing activities		4,716	1,741
CASH FLOWS FROM FINANCING ACTIVITY			
Due to / (from) insurance operations, net		70,861	(9,449)
Net cash generated from / (used in) financing activity		70,861	(9,449)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(18,696)	1,187
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	211,677	108,912
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	192,981	110,099
<u>Non-cash transactions:</u>			
Change in fair values of available for sale investments	8 (b)	(571)	(683)

The accompanying notes 1 to 17 form an integral part of these interim condensed financial information.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) 31 March 2017

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010231925 dated 8 Rabi Al-Thani 1428H (corresponding to 26 April 2007). The registered office address of the Company is P.O.Box: 2302, Riyadh 11451, Kingdom of Saudi Arabia. The objectives of the Company are to transact cooperative insurance and reinsurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Saudi Arabian Stock Exchange (Tadawul) on 28 Rabi Al-Awal 1428H (corresponding to 16 April 2007).

2. BASIS OF PREPARATION

Basis of measurement

The interim condensed financial information have been prepared on a historical cost basis except for the measurement at fair value of available for sale investments and investment in an associate which is accounted for under the equity method.

Statement of compliance

During 2017, SAMA issued a circular number 381000074519 dated 14 Rajab 1438H (April 11, 2017) ("Circular") and subsequent amendments through certain clarifications relating to the accounting for zakat and tax. The impact of these amendments is that zakat and tax will be recognized in the interim statement of changes in shareholders' equity with a corresponding liability in the interim statement of financial position.

Applying the above framework, the interim condensed financial information of the Company as of and for the three month period ended March 31, 2017 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") and SAMA guidance for the accounting of zakat and income tax.

Until 2016, the condensed interim financial information of the Company were prepared in accordance with the IAS 34. This change in framework resulted in a change in the presentation of zakat and income tax (as disclosed in note 4(a)) to the interim condensed financial information.

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

As indicated in Note 16 to the accompanying interim financial information, the Company continues to take the necessary actions as advised by SAMA to comply with the solvency margin. The management of the Company believes that it will be able to comply with the underlying requirements in the near future through implementation of corrective action plan as advised by the consultant and approved by the Company's Board of Directors. Accordingly, these accompanying interim financial information are prepared on a going concern basis (Also see Note 16).

During the year ended 31 December 2016, SAMA issued a letter to the Company that highlighted certain weaknesses in claims processing including non-compliance with legal limits for settling claims and required the submission of a detailed report regarding the corrective actions taken or to be taken by the management. SAMA also prohibited the Company from issuing any new motor insurance policies with effect from 29 November 2016. The Company was however allowed to add vehicles to existing insurance policies and renew insurance policies issued prior to 29 November 2016. On 22 January 2017, SAMA issued another letter that highlighted certain additional matters related to claims including ineffectiveness of system used to handle and process claims and certain actions that needed to be taken by the Company. SAMA also instructed the Company to take serious actions and provide the detailed plan with procedures and timeframes approved by the Company's board of directors to address the current situation. The detailed plan was subsequently submitted to SAMA after approval by the Company's Board of Directors. The Company continues to take the necessary action and believes that it will be able to resolve the matter in the near future. On 2 March 2017, SAMA permitted the Company to issue new motor insurance policies effective 5 March 2017 and instructed the Company to submit a monthly report for the actions taken in regard to the improvement of the current information technology system and the migration process from old information technology system to the new system.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

31 March 2017

2. BASIS OF PREPARATION (continued)

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Arabian Monetary Agency ("SAMA").

The insurance operations' deficit of the Company for the three month period ended 31 March 2017 amounted to SR 98,571 thousand (31 March 2016: surplus of SR 15,001 thousand). Accordingly, no transfer from insurance operations to the shareholders' operations (31 March 2016: 90% of insurance operation surplus amounting to SR 13,501 thousand was transferred to the shareholders' operations for the period, leaving a surplus payable to policyholders of SR 1,500 thousand).

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

As required by Saudi Arabian Insurance Regulations, the Company maintains separate accounts for insurance and shareholders' operations and presents the financial information accordingly. Income and expenses clearly attributable to the relevant activity are recorded in the respective books of accounts. The basis of allocation of expenses from joint operations is determined by Management and Board of Directors.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These unaudited interim condensed financial information have been presented in Saudi Arabian Riyal (SAR), being the functional and presentational currency of the Company. All financial information presented has been rounded off to the nearest SAR thousands.

4. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS

The accounting policies used in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016, except for:

- a. The Company used to charge zakat and income tax to the interim statement of changes in shareholders' equity through the interim statement of shareholders' comprehensive income. As a result of the Circular, the Company has changed its presentation relating to zakat and income tax and has started to charge zakat and income tax directly to the interim statement of shareholders' equity. The Company has accounted for this change retrospectively, which has resulted in the increase in other comprehensive income by SR 4,275 for the period ended March 31, 2016. The above change did not have any impact on components of the shareholders' equity of prior periods presented earlier; and
- b. The adoption of amendments to the existing standards, as mentioned below, which has had no significant financial impact on the financial information of the Company.

Amendments to existing standards

-Amendments to IAS 7, Statement of cash flows on disclosure initiative: Applicable for annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

-Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for Unrealised losses: Annual periods beginning on or after 1 January 2017. These amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

31 March 2017

5. BANK BALANCES AND CASH

	31 March 2017 (Unaudited)		31 December 2016 (Audited)	
	SR'000	SR'000	SR'000	SR'000
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Cash in hand and at banks	50,917	4,283	31,535	24,739
Short-term time deposits	453,198	188,698	429,076	186,938
Cash and cash equivalents in the statement of cash flows	504,115	192,981	460,611	211,677
Deposits against letters of guarantee	25,740	-	26,511	-
	529,855	192,981	487,122	211,677

Short term time deposits are placed with counterparties who have credit ratings equivalent to A+ to BBB ratings under Standard and Poor's, Fitch and Moody's ratings methodology.

Short term time deposits are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia with an original maturity of less than three months from the date of acquisition and earned special commission income at an average rate of 1.93% per annum (31 December 2016: 3.25% per annum).

Deposits against letters of guarantee comprises amounts placed with a local bank against issuance of payment guarantees in favour of the Company's customers and service providers. The deposits against letters of guarantee cannot be withdrawn before the end of guarantee and are restricted in nature.

6. TIME DEPOSITS

Time deposits are placed with counterparties that have credit ratings equivalent to A- to BB+ ratings under Standard and Poor's, Fitch and Moody's ratings methodology.

Time deposits are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia with a maturity of more than three months from the date of original acquisition and earned special commission income at an average rate of 1.88% per annum (31 December 2016: 3.15% per annum).

The carrying amounts of the time deposits reasonably approximate the fair value at the statement of financial position date.

7. POLICYHOLDERS' AND REINSURANCE BALANCES RECEIVABLE

	31 March 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
Policyholders' balances receivable	1,119,706	1,099,022
Less: Provision for doubtful debts	(197,862)	(182,862)
	921,844	916,160
Reinsurance balances receivable	353,023	335,954
Less: Provision for doubtful debts	(63,139)	(3,639)
	289,884	332,315
Total policyholders' and reinsurance balances receivable	1,211,728	1,248,475

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(Continued)

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8. INVESTMENTS

Investments are classified as set out below:

(a) Insurance operations – Available for sale investments

	31 March 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
Mutual funds	3,325	3,308
Sukuk	25,000	25,000
Total	28,325	28,308

The movement during the period / year in available for sale investments for insurance's operations were as follows:

	31 March 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
At the beginning of the period / year	28,308	60,224
Sold during the period / year	-	(31,326)
	28,308	28,898
Realised gain	-	1,683
Impairment loss	-	(725)
Net change in fair values	17	(1,548)
At the end of the period / year	28,325	28,308

The cumulative change in fair values of available for sale investments for insurance operations amounting to SR 294 thousand (31 December 2016: SR 277 thousand) is presented within insurance operations' surplus' in the statement of financial position.

(b) Shareholders' operations – Available for sale investments

	31 March 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
Mutual funds	54,763	55,626
Bonds	47,819	47,527
Sukuk	38,000	41,000
Equities	1,923	1,923
Total	142,505	146,076

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(Continued)

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8. INVESTMENTS (Continued)

(b) Shareholders' operations – Available for sale investments (Continued)

The movement during the period / year in available for sale investments for shareholders' operations were as follows:

	31 March 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
At the beginning of the period / year	146,076	242,014
Sold during the period / year	(3,000)	(99,282)
	143,076	142,732
Realised gain	-	13,735
Impairment loss	-	(616)
Net change in fair values	(571)	(9,775)
At the end of the period / year	142,505	146,076

The cumulative change in fair values of available for sale investments for shareholders' operations amounting to SR 4,915 thousand (31 December 2016: SR 5,486 thousand) is presented within shareholders' equity in the statement of financial position.

(c) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair values of recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial information. The estimated fair values of financial instruments are based on quoted market prices, when available. The fair values of these investments are disclosed below.

Determination of fair value and fair value hierarchy

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

- Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.
- 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.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy cumulatively for insurance and shareholders operations:

(i) Insurance operations – Fair Value

	31 March 2017 (Unaudited)			
	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
<i>Available for sale investments</i>				
Mutual funds	3,325	-	-	3,325
Sukuk	-	25,000	-	25,000
<i>Total available for sale investments</i>	3,325	25,000	-	28,325

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8. INVESTMENTS (Continued)

(c) Fair value (Continued)

(i) Insurance operations – Fair Value (Continued)

	31 December 2016(Audited)			Total SR'000
	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	
Available for sale investments				
Mutual funds	3,308	-	-	3,308
Sukuk	-	25,000	-	25,000
Total available for sale investments	3,308	25,000	-	28,308

(ii) Shareholders' operations –Fair value

	31 March 2017 (Unaudited)			Total SR'000
	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	
Available for sale investments				
Mutual funds	54,763	-	-	54,763
Bonds	9,998	37,821	-	47,819
Sukuk	-	38,000	-	38,000
Equities	-	-	1,923	1,923
Total available for sale investments	64,761	75,821	1,923	142,505

	31 December 2016(Audited)			Total SR'000
	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	
Available for sale investments				
Mutual funds	55,626	-	-	55,626
Bonds	9,998	37,529	-	47,527
Sukuk	-	41,000	-	41,000
Equities	-	-	1,923	1,923
Total available for sale investments	65,624	78,529	1,923	146,076

9. INVESTMENT IN AN ASSOCIATE

Investment in an associate comprises of an equity investment in Al-Waseel for Electronic Transportation amounting to SR 14,802 thousand (a 25% equity interest) (2016: SR 14,802), in an unquoted company (the "associate"), registered in the Kingdom of Saudi Arabia.

10. STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. Further, SAMA has increased the statutory deposit by 5% and accordingly the Company has transferred the same to arrive at 15% statutory deposit (refer to note 16). This statutory deposit cannot be withdrawn without the consent of the Saudi Arabian Monetary Authority ("SAMA").

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(Continued)

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11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

- (a) The following are the details of major related party transactions during the period and their balances at the end of the period:

Related parties	Nature of transaction	Amount of transaction for the year ended		Balance	
		31 March 2017	31 March 2016	31 March 2017	31 December 2016
		Unaudited	Unaudited	Unaudited	Audited
		SR'000	SR'000	SR'000	SR'000
Due from related parties					
Medgulf BSC - Head office account (<i>parent company</i>)	-Claims recoveries on behalf of parent company	325	981	-	-
	-Payment received during the period	-	23,879	-	-
	-Balance due from at period / year end	-	-	2,390	2,065
Medgulf BSC - Operation account (<i>parent company</i>)	-Payment received during the period	-	24,206	-	-
	-Balance due from at period / year end	-	-	-	-
	-Payment received during the period	-	58	-	-
Medgulf Egypt (<i>fellow subsidiary</i>)	-Balance due from at period / year end	-	-	-	-
	-Payment received during the period	-	25	-	-
	-Balance due from at period / year end	-	-	-	-
Medgulf Jordan (<i>fellow subsidiary</i>)	-Payment received during the period	-	10,924	-	-
	-Balance due from at period / year end	-	-	-	-
	-Payment received during the period	-	13,066	-	-
Motion al-Saudia (<i>fellow subsidiary</i>) (in liquidation)	-Balance due from at period / year end	-	-	-	-
	-Payment received during the period	-	448	-	-
	-Balance due from at period / year end	-	-	-	-
Addison Bradley Arabia- KSA – (<i>fellow subsidiary</i>)	-Payment received during the period	-	-	-	-
	-Balance due from at period / year end	-	-	-	-
	-Payment received during the period	-	-	-	-
Al Samiya Trading Co (<i>fellow subsidiary</i>)	-Balance due from at period / year end	-	-	-	-
	-Payment received during the period	-	-	-	-
	-Balance due from at period / year end	-	-	-	-
				2,390	2,065

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(Continued)

31 March 2017

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

<i>Related parties</i>	<i>Nature of transaction</i>	<i>Amount of transaction for the year ended</i>		<i>Balance</i>	
		<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>
		<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<u>Due to related parties</u>					
Medivisa KSA (fellow subsidiary)	-Insurance premium for employees of fellow subsidiary	3,566	3,661	-	-
	-Third party administration fees	20,146	30,175	-	-
	-Payment medical claim	-	1,746	-	-
	-Claim incurred	8	25	-	-
	-Payment received	5	10	-	-
	-Premium refundable	180	62	-	-
	-Payment on third party administration fees	15,000	17,000	-	-
	-Balance due to at period / year end	-	-	48,003	46,232
	-Amount set off in favour of Medgulf BSC (refer 11.a(iv))	-	-	(40,589)	(40,589)
	-Balance due to at period / year end	-	-	7,414	5,643
				<u>7,414</u>	<u>5,643</u>

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(Continued)

31 March 2017

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Amount of transaction for the year ended		Balance	
		31 March 2017	31 March 2016	31 March 2017	31 December 2016
		Unaudited SR'000	Unaudited SR'000	Unaudited SR'000	Audited SR'000
The Saudi Investment Bank, (Founding shareholders)	-Current account and time deposits	14,928	606	5,892	20,820
	-Statutory deposit (refer note 11.a (i))	-	-	161,072	161,072
	-Gross written premiums	299	96	-	-
	-Premiums refundable	-	-	(191)	(1,013)
	-Claims incurred / adjustment	(65)	595	-	-
	-Outstanding claims	-	-	(1,121)	(597)
	-Discretionary portfolio arrangement (refer 11.a (ii))	864	28	54,762	55,626
Al Istithmar Capital (subsidiary of SIB-founding shareholders)	-GCC Equity Fund	-	(700)	-	-
	-Gross Written Premium / (refund)	-	(24)	-	-
	-Premiums refundable	-	-	(24)	(38)
	-Outstanding claims	-	-	(14)	-
	-Gross Written Premium / (refund)	(274)	-	-	-
	-Premiums receivable	-	-	3,054	19,408
	-Claims incurred	18,535	-	-	-
Saudi Ground Services (Under common directorship)	-Outstanding claims	-	-	(180)	(1)
	-Gross written premiums	-	119	-	-
	-Claims incurred	-	68	-	-
Creative Solutions Restaurants Co. (Under common directorship) note 11.a(iii)	-Medical claim	33	59	-	-
	-Payment on account	28	67	-	-
	-Balance due to at period / year end	-	-	(13)	(8)
Sanaya Dental Care (Under common directorship)					

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(Continued)

31 March 2017

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Amount of transaction for the year ended		Balance	
		31 March 2017	31 March 2016	31 March 2017	31 December 2016
		Unaudited SR'000	Unaudited SR'000	Unaudited SR'000	Audited SR'000
Medivisa KSA (fellow subsidiary)	-Medical claim Jordan / balance	40	825	1,287	1,327
	-Medical claim Lebanon / balance	135	1,092	230	365
	-Medical claim Egypt / balance	50	136	27	77
	-Gross written premiums	18,372	25,198	-	-
Saudi Orix (Shareholders of the parent company)	-Premiums receivable	-	-	3,260	1,313
	-Claims incurred	6,141	6,031	-	-
	-Outstanding claims	-	-	(38)	(56)
	-Gross written premiums	8,173	14,654	-	-
Safari Group of companies (common Directorship)	-Premiums receivable	-	-	6,981	188
	-Claims incurred	2,896	3,480	-	-
	-Claims payable	-	-	(152)	(20)
	-Gross written premiums	249	1	-	-
Khalid A. Al Shathry Construction Co. (Under common directorship)	-Premiums receivable	-	-	276	143
	-Claims incurred	-	25	-	-
	- Outstanding (claims) / recovery	-	-	1	1
	-Premiums receivables	-	-	434	522
Khalid A. Al Shathry- board member (individual motor policies)	-Outstanding (claims) / recovery	-	-	10	10
	-Claims incurred	-	67	-	-
Al Jasamah establishment (Under common directorship) note 11.a(iii)		-		-	-

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(Continued)

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11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Amount of transaction for the year ended		Balance	
		31 March 2017	31 March 2016	31 March 2017	31 December 2016
		Unaudited	Unaudited	Unaudited	Audited
		SR'000	SR'000	SR'000	SR'000
Medgulf BSC (parent company)	-Claim recoveries	-	17,218	-	-
	-Payment received during the period	-	126,586	-	-
	-Balance receivable at period / year end	-	-	206,255	206,255
	-Amount set off from Medivisa KSA balance (refer 11.a(iv))	-	-	(40,589)	(40,589)
	-Balance receivable at period / year end	-	-	165,666	165,666
Addison Bradley Overseas (fellow subsidiary)	-Payment received	-	54,527	-	-
	-Balance at the end of year	-	-	-	-
Addison Bradley Arabia Holding LLC (UAE) (fellow subsidiary)	-Reinsurance claim recoveries payable	-	2	-	-
	-Commission cancellation	-	10	-	-
	-Payment received during the period	-	2,692	-	-
SIB LLC (UAE) (fellow subsidiary)	-Payment received during the period	-	31	-	-
	-Balance due to at period / year end	-	-	-	-
Addison Bradley Arabia-KSA (fellow subsidiary)	-Payment received during the period	-	4,570	-	-

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(Continued)

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11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Amount of transaction for the year ended		Balance	
		31 March 2017	31 March 2016	31 March 2017	31 December 2016
		Unaudited	Unaudited	Unaudited	Audited
		SR'000	SR'000	SR'000	SR'000
Addison Bradley Arabia- KSA – reinsurance broker (fellow subsidiary)	-Collection from recoveries	-	6,149	-	-
Emad J. Baban (individual motor policies of Director) note 11.a(iii)	-Gross written premiums	-	18	-	-
Saleh Al-Sagri (individual motor policies of Director)	-Gross written premiums	9	64	-	-
	-Premiums receivable	-	-	9	-
	-Claims incurred	-	2	-	-
Lutfi Fadel El Zein - board member	-Premiums receivable	-	-	7	-

11.a(i) Statutory deposit is placed with the Saudi Investment Bank, at the commission rate of 0.7% per annum

11.a(ii) Discretionary portfolio management agreement (DPM) was signed on February 11, 2011 and includes a mix of equity and debt investments.

11.a(iii) Creative Solution Restaurants Co., Al Jasamah establishment and Emad J. Baban are not a related party. The transactions and balances are presented for comparison only.

11.a(iv) Balance due from Medgulf BSC (parent company) is after setting off SR 40.5 million due to Medivisa, which is withheld by the Company for its due from Medgulf BSC in accordance with mutual agreement of all parties.

11.b Compensation of key management personnel

The remuneration of the Board of Directors and other key management personnel during the period is as follows:

	31 March 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
Short term benefits	3,911	16,577
End of service benefits	163	1,089
	<u>4,074</u>	<u>17,666</u>

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12. SEGMENTAL INFORMATION

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

Segment results do not include allocation of general and administrative expenses, special commission income and other income to operating segments.

Segment assets do not include allocation of cash and cash equivalents, time deposits, investments, premiums and reinsurance balances receivable, prepayments and other assets, due from related parties, and property and equipment, net, to the operating segments.

Segment liabilities do not include allocation of accounts and commission payable, reinsurance balances payable, accrued expenses and other liabilities, due to shareholders' operations, surplus distribution payable and other reserves to operating segments.

Shareholders' operations is a non-operating segment. Certain direct operating expenses, other overhead expenses and surplus from the insurance operations are allocated to this segment on an appropriate basis as approved by management.

Operating segments

*For the three-month period ended
March 2017 (Unaudited)*

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Other SR'000</i>	<i>Total SR'000</i>
<i>Insurance operations</i>				
Gross premiums written	604,729	86,300	92,985	784,014
Net premiums written	604,729	61,005	21,478	687,212
Net premiums earned	523,339	75,324	16,883	615,546
Net claims incurred	(491,966)	(73,266)	(1,565)	(566,797)
Policy acquisition costs	(26,184)	(6,790)	(5,977)	(38,951)
Reinsurance commission income	-	14,580	9,746	24,326
Net underwriting result	5,189	9,848	19,087	34,124
General and administrative expenses				(70,867)
Provision for doubtful debts				(74,500)
Special commission income and other income				17,672
Insurance operations' deficit				(93,571)

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(Continued)

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12. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

*For the three-month period ended
March 2016 (Unaudited)*

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Other SR'000</i>	<i>Total SR'000</i>
<i>Insurance operations</i>				
Gross premiums written	883,107	238,979	111,496	1,233,582
Net premiums written	882,107	165,955	26,971	1,075,033
Net premiums earned	667,299	110,964	28,577	806,840
Net claims incurred	(576,654)	(92,580)	(4,992)	(674,226)
Policy acquisition costs	(34,477)	(21,320)	(8,586)	(64,383)
Reinsurance commission income	-	23,019	14,659	37,678
Net underwriting result	56,168	20,083	29,658	105,909
General and administrative expenses and impairment charge on available for sale investment				(86,589)
Provision for doubtful debts				(15,000)
Special commission income and other income				10,681
Insurance operations' surplus				15,001

*As at 31 March 2017
(Unaudited)*

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Other SR'000</i>	<i>Total SR'000</i>
<i>Insurance operations' assets</i>				
Reinsurers' share of unearned premiums	-	41,679	450,792	492,471
Reinsurers' share of outstanding claims	-	65,519	627,528	693,047
Deferred policy acquisition costs	122,135	8,761	23,291	154,187
Unallocated assets				2,303,842
				3,643,547
<i>Insurance operations' liabilities and surplus</i>				
Gross unearned premiums	1,008,341	144,934	503,730	1,657,005
Unearned reinsurance commission	-	1,438	26,661	28,099
Gross outstanding claims	516,910	223,077	661,111	1,401,098
Unallocated liabilities				557,345
				3,643,547

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12. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

<i>As at 31 December 2016 (Audited)</i>	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Other SR'000</i>	<i>Total SR'000</i>
<i>Insurance operations' assets</i>				
Reinsurers' share of unearned premiums	-	50,389	485,994	536,383
Reinsurers' share of outstanding claims	3,099	87,584	505,258	595,941
Deferred policy acquisition costs	109,797	9,949	21,590	141,336
Unallocated assets				2,273,007
				<u>3,546,667</u>
<i>Insurance operations' liabilities and surplus</i>				
Gross unearned premiums	926,951	167,962	534,338	1,629,251
Unearned reinsurance commission	-	11,058	25,526	36,584
Gross outstanding claims	536,346	247,263	540,347	1,323,956
Unallocated liabilities				556,876
				<u>3,546,667</u>

13. BASIC AND DILUTED EARNINGS / (LOSSES) PER SHARE

Basic and diluted earnings per share for the period was calculated by dividing the net income / (loss) for the period by the weighted average number of shares issued and outstanding during the period amounting to 100 million shares.

14. SHARE CAPITAL

The authorized and paid up share capital of the Company is SR 1,000 million divided into 100 million shares of SR 10 each. The founding shareholders of the Company have subscribed and paid for 75 million shares (SR 750 million) with a nominal value of SR 10 each, which represent 75% of the shares of the Company and the remaining 25 million shares (SR 250 million) with a nominal value of SR 10 each which represent 25% of the shares of the Company, have been subscribed by the general public. The Share capital represents foreign shareholders by 45.5% and Saudi shareholders by 54.5% as at the period end.

15. STATUTORY RESERVE

In accordance with its By-laws, the Company shall allocate 20% of its net income each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution. Since there was accumulated deficit at year ended 2016, there was null transfer to statutory reserve.

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16. SOLVENCY MARGIN

During the period, SAMA issued a letter to the Company under Ref. 371000070025 dated 30 March 2016. The letter highlighted the deteriorating solvency margin of the Company and the rectification measures to be taken by the Company according to Article 68 of the Insurance Implementing Regulations. SAMA in its aforesaid letter instructed the Company to meet the solvency margin requirement by 30 September 2016 and increase its statutory deposit from 10% to 15% of the paid up capital before 21 April 2016. Further, SAMA directed the Company to appoint a consultant to study the reasons for the deterioration of the financial position and formulate a strategy to overcome the deterioration. The letter also indicated that detailed progress report on the consultant's work, on a monthly and quarterly basis, and final report should be submitted to SAMA. During the three-month period ended 30 June 2016, the Company increased the statutory deposit to 15% of the paid up capital, appointed a consultant and started submitting the consultant's monthly and quarterly reports to SAMA as advised. The Company was not able to meet the solvency margin requirement by 30 September 2016 as instructed by SAMA and had not submitted the final approved plan as required by the aforesaid letter. On 27 December 2016, SAMA issued another letter binding the Company to provide an approved plan to meet the requirement of solvency margin by 18 January 2017 and take necessary measures to ensure fulfilment of the rights of the policy holders. The detailed plan was subsequently provided to SAMA after approval of the Company's Board of Directors. During the period ended 31 March 2017, the Board of Directors of the Company approved a rights issue of shares amounting to SR 400 million. However, the rights issue is subject to the approval of SAMA and the Company's shareholders. The Company continues to take the necessary actions as advised by SAMA, through implementation of corrective action plan as advised by the consultant and approved by the Company's Board of Directors, which is expected to gradually improve the Company's financial position and increase the solvency margin.

17. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial information have been approved by the Board of Directors on Rajab 27, 1438H (corresponding to April 24, 2017).