

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2013
AND FOR THE PERIOD FROM
8 FEBRUARY 2012 TO 30 SEPTEMBER 2013**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2013
AND FOR THE PERIOD FROM 8 FEBRUARY 2012 TO 30 SEPTEMBER 2013**

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License No. 46/11/323 issued 11/3/1992

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 2013, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations and comprehensive income for the three month period ended 30 September 2013 and for the period from 8 February 2012 to 30 September 2013, and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the period from 8 February 2012 to 30 September 2013. 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 Information issued by SOCPA.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Licence No. 356



for KPMG Al Fozan & Al Sadhan

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Jeddah, Kingdom of Saudi Arabia
19 Dhul Hijjah 1434 H
24 October 2013

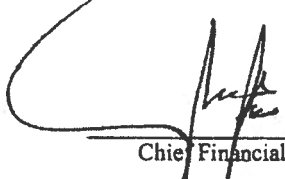
**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

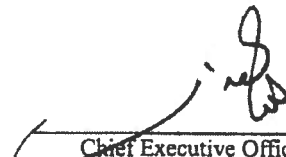
INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2013

	<u>Notes</u>	<u>SR'000</u>
INSURANCE OPERATIONS' ASSETS		
Cash and cash equivalents	3	9,218
Premiums receivable, net	4	25,913
Reinsurance receivable		1,620
Reinsurers' share of unearned premium		12,807
Reinsurers' share of outstanding claims		4,212
Deferred policy acquisition costs		2,396
Prepayments and other assets		3,135
Intangible assets		13,310
Furniture, fittings and office equipment		9,493
Total insurance operations' assets		82,104
SHAREHOLDERS' ASSETS		
Cash and cash equivalents	3	38,406
Murabaha deposits	3(b)	135,000
Investments	5	88,322
Prepayments and other assets		1,478
Amounts due from a related party	10	83
Amounts due from insurance operations		21,145
Statutory deposit	11	40,000
Total shareholders' assets		324,434
TOTAL ASSETS		406,538


 Chairman


 Chief Financial Officer

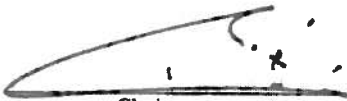

 Chief Executive Officer

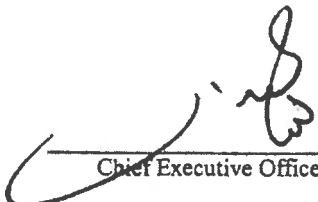
The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.


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

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) (continued)
As at 30 September 2013

	<i>Notes</i>	<i>SR'000</i>
INSURANCE OPERATIONS' LIABILITIES		
Insurance operations' liabilities		
Unearned premiums		29,335
Provision for premium deficiency		826
Outstanding claims		8,423
Reinsurance balance payable		14,842
Amounts due to shareholders' operations		21,145
Accrued expenses and other liabilities		7,533
Total insurance operations' liabilities		82,104
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Accrued expenses and other liabilities		1,591
Accrued Zakat	9	4,532
Amounts due to related parties	10	17
Total shareholders' liabilities		6,140
Shareholders' equity		
Share capital	6	400,000
Accumulated losses		(81,706)
Total shareholders' equity		318,294
Total shareholders' liabilities and equity		324,434
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		406,538


 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
(UNAUDITED)**

	<i>For the three month period ended 30 September 2013</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>
REVENUE		
Gross written premiums	5,760	39,853
Less: Reinsurance ceded	(2,439)	(17,405)
Net written premiums	3,321	22,448
Movement in net unearned premiums	1,890	(16,528)
Net premiums earned	5,211	5,920
CLAIMS		
Gross claims paid	3,240	4,006
Less: claims recovered	(1,620)	(2,003)
Net claims paid	1,620	2,003
Movement in net outstanding claims	3,853	4,211
Net claims incurred	5,473	6,214
Provision for premium deficiency	826	826
Net underwriting expenses	6,299	7,040
Net underwriting result	(1,088)	(1,120)
Other income	-	9
EXPENSES		
Selling and marketing	(1,040)	(1,488)
General and administration	7 (11,976)	(33,019)
DEFICIT FROM INSURANCE OPERATIONS	(14,104)	(35,618)
Shareholders' share of deficit from insurance operations	2(a) 14,104	35,618
Policyholders' share of insurance operations	-	-


Chairman

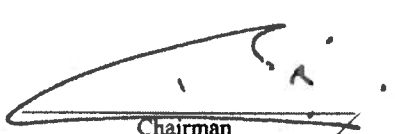
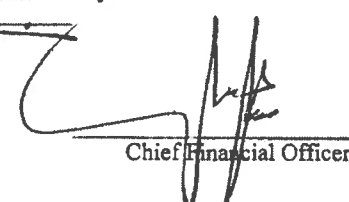
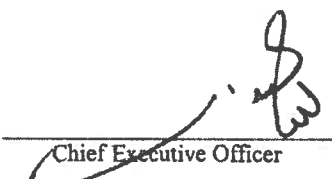

Chief Financial Officer


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 (UNAUDITED)

		<i>For the three month period ended 30 September 2013</i>	<i>For the period from 8 February 2012 to 30 September 2013</i>
	<u>Notes</u>	<u>SR'000</u>	<u>SR'000</u>
REVENUE (LOSS)			
Shareholders' share of deficit from insurance operations	2(a)	(14,104)	(35,618)
EXPENSES			
General and administration	7	(521)	(25,827)
Pre-incorporation expenses	8	-	(9,170)
		<u>(14,625)</u>	<u>(70,615)</u>
Investment income		<u>2,446</u>	<u>4,306</u>
NET LOSS FOR THE PERIOD		<u>(12,179)</u>	<u>(66,309)</u>
Weighted average number of ordinary shares outstanding (in thousands)		<u>40,000</u>	<u>40,000</u>
Basic and diluted loss per share (in Saudi Arabian Riyals)	13	<u>(0.30)</u>	<u>(1.66)</u>

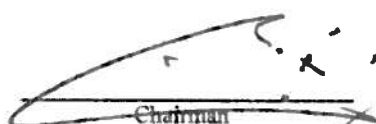
 _____ Chairman	 _____ Chief Financial Officer	 _____ Chief Executive Officer
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The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		<i>For the three months period ended 30 September 2013</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>
NET LOSS FOR THE PERIOD		(12,179)	(66,309)
Zakat for the period	9	<u>(1,500)</u>	<u>(8,362)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(13,679)</u>	<u>(74,671)</u>


Chairman


Chief Financial Officer


Chief Executive Officer

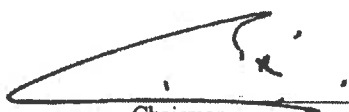
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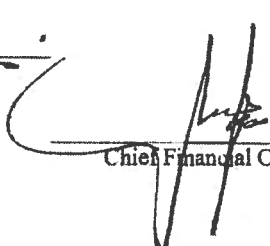
**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

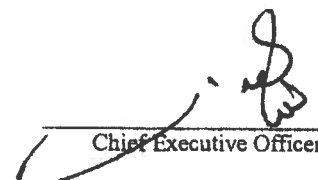
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the period from 8 February 2012 to 30 September 2013

	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Issue of share capital (note 6)	400,000	-	400,000
Transaction costs (note 6)	-	(7,035)	(7,035)
Net loss for the period from 8 February 2012 to 30 September 2013	-	(66,309)	(66,309)
Zakat for the period (note 9)	-	(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)**

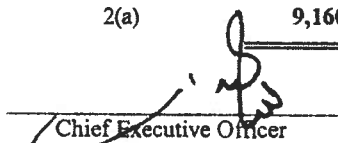
INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)

For the period from 8 February 2012 to 30 September 2013

	<u>Notes</u>	<u>SR'000</u>
OPERATING ACTIVITIES		
Policyholders' share of deficit for the period		-
Adjustments for:		
Depreciation		2,742
Amortization of intangible assets		2,017
Reinsurers' share of unearned premium		(12,807)
Deferred policy acquisition costs		(2,396)
Unearned premiums		29,335
Provision for premium deficiency		826
Allowance for doubtful premiums receivable		655
		<u>20,372</u>
Changes in assets and liabilities:		
Premiums receivable		(26,568)
Reinsurance receivable		(1,620)
Reinsurer's share of outstanding claims		(4,212)
Prepayments and other assets		(2,861)
Outstanding claims		8,423
Reinsurance balance payable		14,842
Amounts due to shareholders' operations		11,984
Accrued expenses and other liabilities		2,909
		<u>23,269</u>
Net cash from operating activities		<u>23,269</u>
INVESTING ACTIVITIES		
Purchase of furniture, fittings and office equipment		(263)
Intangible assets acquired		(13,789)
		<u>(14,052)</u>
Net cash used in investing activities		<u>(14,052)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>9,217</u>
CASH AND CASH EQUIVALENTS TRANSFERRED FROM SHAREHOLDERS' OPERATIONS	2(a)	<u>1</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	<u><u>9,218</u></u>
Non-cash transactions:		
Insurance related assets and liabilities transferred from shareholders' operations excluding cash and cash equivalents	2(a)	<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)**

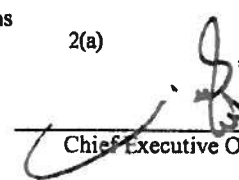
INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

For the period from 8 February 2012 to 30 September 2013

	<u>Notes</u>	<u>SR'000</u>
OPERATING ACTIVITIES		
Net loss for the period before Zakat		(66,309)
Adjustments for:		
Unrealized loss on investments	5	1,298
Amortisation of discount	5	(161)
Gain on sale of investments		(2,768)
Depreciation		2,360
Amortization		63
Employees' end of service benefits		529
		<u>(64,988)</u>
Changes in assets and liabilities:		
Prepayments and other assets		(1,752)
Amounts due from a related party		(83)
Amounts due from insurance operations		(11,984)
Accrued expenses and other liabilities		5,686
Amounts due to related parties		17
		<u>(8,116)</u>
Cash used in operating activities		(8,116)
Zakat paid	9	(3,830)
Net cash used in operating activities		<u>(76,934)</u>
INVESTING ACTIVITIES		
Purchase of furniture, fittings and equipment		(14,332)
Intangible assets acquired		(1,601)
Murabaha deposits	3(b)	(135,000)
Purchase of investments	5	(104,459)
Proceeds from sale of investments		17,768
Statutory deposit	11	(40,000)
		<u>(277,624)</u>
Net cash used in investing activities		(277,624)
FINANCING ACTIVITIES		
Issue of share capital	6	400,000
Transaction costs	6	(7,035)
		<u>392,965</u>
Net cash from financing activities		392,965
INCREASE IN CASH AND CASH EQUIVALENTS		<u>38,407</u>
CASH AND CASH EQUIVALENTS TRANSFERRED TO INSURANCE OPERATIONS	2(a)	<u>(1)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	<u>38,406</u>
Non-cash transactions:		
Insurance related assets and liabilities transferred to insurance operations excluding cash and cash equivalents	2(a)	<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 2013 (Unaudited)

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 8583
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 founding shareholders and the general public and 23% owned by non-Saudi founding 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.

In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented.

The 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 interim condensed financial statements and the reported amounts of revenues and expenses during the interim 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 IFRS.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

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

a. BASIS OF PREPARATION (continued)

As per the Company's bye-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 will end on 31 December the following Gregorian year (being 31 December 2013). These interim condensed financial statements cover the three-month period ended 30 September 2013 and the period from 8 February 2012 to 30 September 2013.

As the Company was incorporated on 8 February 2012 and these interim condensed financial statements cover the first financial period of the Company, no comparative information is presented.

As required by the 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.

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 bye-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 allocated and transferred to Shareholders' Operations.

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

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

a. BASIS OF PREPARATION (continued)

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 significant accounting policies adopted by the Company for preparing these interim condensed financial statements are set out below:

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and time deposits that have original maturity period not exceeding three months.

Murabaha deposits

Murabaha deposits, with original maturity of more than three months, are initially recognized in the statement of financial position at fair value and are subsequently measured at amortised cost using the effective yield method, less any impairment in value.

Premiums receivable

Premiums receivable are non derivative financial assets with fixed or determined payments.

Premiums receivable are stated at gross written premiums receivable from insurance contracts, less an allowance for any uncollectible amounts. An allowance for impairment is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Intangible assets

Intangible assets are non-monetary assets which have no physical existence but are independently identifiable and capable of supply of future economic benefits and the Company has earned the right due to events which have occurred in the past. They are acquired for cash and measured at the purchase price and all other directly attributable costs. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

Amortization is recognized in the statement of insurance operations on a straight line basis over the estimated period of economic benefits associated with intangible assets, from the date that they are available for use. Similarly, impairment losses, if any, are recognised in the statement of insurance operations.

The estimated period of benefits associated with intangible assets are as follows:

	<u>Years</u>
Software	4
Licenses	4

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

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

b. SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture, fittings and equipment

Furniture, fittings and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

	<u>Years</u>
Leasehold improvements	3
Computer equipment	4
Motor vehicles	5
Furniture, fittings and office equipment	4 – 10

Residual values, useful lives and the method of the depreciation are reviewed and adjusted if appropriate at the end of each financial period. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. The depreciation charge for the period is recognised in the statement of insurance operations on an actual basis. Similarly, impairment losses, if any, are recognised in the statement of insurance operations.

Expenditure for repair and maintenance is charged to the statement of insurance operations. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Investments

All investments are initially recognised at cost, being the fair value consideration given including acquisition charges associated with the investment. Financial assets are initially recognised at fair values plus, in the case of all financial assets not carried at fair value through income statement, transaction costs that are directly attributable to their acquisition.

Fair values of investments are based on quoted prices for marketable securities, or estimated fair values. The fair value of commission bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

FVIS investments

Investments are classified as Fair Value through Statement of Income (FVIS), if the fair value of the investment can be reliably measured and the classification as FVIS is as per the documented strategy of the Company. Investments classified as FVIS are initially recognised at cost, being the fair value of the consideration given. Subsequently, such investments are re-measured at fair value, with all changes in fair value being recorded in the statement of shareholders' operations.

Held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held to maturity investments, when the Company has the positive intent and ability to hold to maturity.

Held to maturity investments are recorded at cost, adjusted by the amount of amortisation of premium or accretion of discount using the effective interest method.

Any permanent decline in value of investments is adjusted for and reported in the statement of shareholders' operations as impairment charges.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

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

b. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred policy acquisition costs

Commission paid to internal sales staff and intermediaries and incremental direct costs incurred in relation to the acquisition and renewal of insurance contracts are capitalised as an intangible asset. The deferred policy acquisition costs are subsequently amortised over the terms of the insurance contracts to which they relate as premiums are earned.

Impairment and uncollectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of shareholders' operations. Impairment is determined as follows:

- (a) for assets carried at fair value, impairment is the difference between cost and fair value;
- (b) for assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- (c) for assets carried at amortised cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective commission rate.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's, or cash-generating unit's (CGU), fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of shareholders' operations in expense categories consistent with the function of the impaired asset, except for a property previously revalued and where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

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

b. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of shareholders' operations unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) as a result of a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

The Company provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employee's length of service and the completion of a minimum service period. Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service at the statement of financial position date. The charge for the period is transferred to the statement of shareholders operations on an actual basis.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. SIGNIFICANT ACCOUNTING POLICIES (continued)

Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of its income after zakat and after deducting losses brought forward in each year until it has built up a reserve equal to one half of the capital. If the Company has an accumulated loss at the reporting date, no transfer will be made.

Zakat and income tax

Zakat and income tax are provided for in accordance with the Saudi Arabian fiscal regulations. Zakat is debited to the Saudi founding shareholders and general public equity accounts while income tax is debited to the non-Saudi founding shareholders' equity account. Additional amounts, if any, that may become due on finalisation of an assessment are recorded in the year in which the assessment is finalised.

As all Zakat and income tax charges will be recovered from the shareholders, no adjustments are made in the financial statements to account for the effects of deferred income taxes.

Liability adequacy test

At each reporting date, the Company assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in the statement of insurance operations and accumulated surplus and an unexpired risk provision (disclosed as Premium deficiency reserve) is created.

The Company does not discount its liability for unpaid claims as substantially all claims are expected to be paid within one year of the statement of financial position date.

Revenue recognition

Premiums earned

The Company only issues insurance contracts for providing health care services ('medical insurance') in the Kingdom of Saudi Arabia. Premiums are taken to income over the terms of the policies to which they relate on a pro-rata basis. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is taken to the statement of insurance operations and accumulated surplus in order that revenue is recognised over the period of risk.

Investment income

Investment income or loss comprises of unrealised and realised gains and losses on investments. Commission income on Murabaha deposits is recognised using the effective yield method.

Reinsurance premiums

Reinsurance premiums ceded are recognised as an expense when payable.

Reinsurance premiums are charged to income over the terms of the policies to which they relate on a pro-rata basis.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. SIGNIFICANT ACCOUNTING POLICIES (continued)

Claims

Claims, comprising amounts payable to contract holders and third parties, net of volume rebates and other recoveries, are charged to the statement of insurance operations and accumulated surplus as incurred. Claims comprise the estimated amounts payable, in respect of claims reported to the Company and those incurred but not reported ("IBNR") at the statement of financial position date.

The Company scientifically estimates its claims based on previous experience. In addition a provision based on management's judgment and the Company's prior experience is maintained for the cost of settling claims incurred but not reported at the statement of financial position date. Any difference between the provisions at the statement of financial position date and settlements and provisions for the following year is included in the underwriting account for that year. The outstanding claims are shown on a gross basis and the related share of reinsurers is shown separately.

Reinsurance contracts held

In common with other insurance companies, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. All of the reinsurance is effected under treaty contracts.

Claims receivable from reinsurers are estimated in a manner consistent with the claim liability and in accordance with the reinsurance contract. These amounts are shown as "Reinsurers' share of outstanding claims" in the statement of financial position until the claim is agreed and paid by the Company. Once the claim is paid the amount due from the reinsurers in connection with the paid claim is transferred to amounts due from / to reinsurers.

At each reporting date, the Company assesses whether there is any indication that a reinsurance asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of a reinsurance asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Expenses

Selling and marketing expenses are those which relate to sales promotion, advertisement, salesmen and commission. All other expenses are classified as general and administration expenses.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of insurance operations and accumulated surplus on a straight-line basis over the lease term.

Pre-incorporation expenses

Pre-incorporation expenses that are not of economic benefit beyond the current period are charged to the statement of shareholders' operations.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

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

b. SIGNIFICANT ACCOUNTING POLICIES (continued)

Transaction costs

Transaction costs to raise capital are incremental costs that are directly attributable to the issue of share capital and are accounted for as a deduction from equity.

Foreign currencies

The accounting records of the Company are maintained in Saudi Arabian Riyals. Transactions in foreign currencies are recorded in Saudi Arabian Riyals at the approximate rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of shareholders' operations.

Fair values of financial instruments

Financial instruments include cash and cash equivalents, murabaha deposits, investments, premiums receivable, amount due from a related party, reinsurance balance payable, amounts due to related parties, payables and certain other assets and liabilities.

The fair value of commission bearing items is estimated based on discounted cash flows using commission rates for items with similar terms and risk characteristics. The fair values of all financial instruments are estimated using methods such as net present values of future cash flows.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of shareholders' operations unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Segmental reporting

A segment is a distinguishable component of the Company portfolio that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments.

c. USE OF ESTIMATES AND JUDGEMENTS

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of furniture, fittings and equipment

The Company's management determines the estimated useful lives of its furniture, fittings and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

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

c. USE OF ESTIMATES AND JUDGEMENTS (continued)

Estimation uncertainty (continued)

Useful lives of intangible assets

The Company's management determines the estimated useful lives of its intangible assets for calculating amortization. These estimates are determined after considering the expected usage of the assets. Management reviews the residual value and useful lives annually and future amortization charges would be adjusted where the management believes the useful lives differ from previous estimates.

Provision for outstanding claims

Judgement by management is required in the estimation of amounts due to policyholders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. The Company estimates its claims based on its knowledge of the insurance industry in the Kingdom of Saudi Arabia. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis. Any difference between the provisions at the interim statement of financial position date and settlements and provisions in the following period is included in the interim statement of insurance operations and accumulated surplus for that period.

Allowance for doubtful receivable

A provision for impairment of premiums receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the premiums receivable is impaired.

Deferred acquisition costs

Certain acquisition costs related to the sale and renewal of policies are recorded as deferred acquisition costs and are amortised in the interim statement of insurance operations and accumulated surplus over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs in the interim statement of insurance operations and accumulated surplus.

Fair values of financial instruments

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values.

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

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

d. NEW IFRS 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>
IFRS 7	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair Value Measurement
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	Amendment to IAS 32 Tax effects of distributions to holders of equity instruments
IAS 34	Amendment to IAS 34 Interim financial reporting and segment information for total assets and liabilities

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.

e. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed 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.

<u>Standard</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2015
IFRS 10, IFRS 12 & IAS 27	Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities	1 January 2014
IAS 32	Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

3. CASH AND CASH EQUIVALENTS

	<i>SR'000</i>
<i>Insurance Operations</i>	
Cash in banks	9,217
Cash in hand	1
	<u>9,218</u>
<i>Shareholders' Operations</i>	
Cash in bank	60
Murabaha deposits (see note (a) below)	38,346
	<u>38,406</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 135 million, which are held in Saudi Arabian Riyals in the Kingdom of Saudi Arabia, are presented in the statement of financial position of the shareholders separately.

4. PREMIUMS RECEIVABLE, NET

	<i>SR'000</i>
Gross premiums receivable	26,568
Allowance for doubtful premiums receivable	(655)
	<u>25,913</u>

5. INVESTMENTS

	<i>SR'000</i>
Investments held to maturity	74,620
FVIS investments	13,702
	<u>88,322</u>

All investments as at 30 September 2013 are related to shareholders' operations.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

5. INVESTMENTS (continued)

Investments held to maturity

Movement in investments classified as held to maturity is as follows:

	<i>For the period from 8 February 2012 to 30 September 2013 SR'000</i>
Purchases during the period	74,459
Amortisation of discount	161
Balance at the end of the period	<u>74,620</u>

During the period from 8 February 2012 to 30 September 2013, the Company invested SR 74.459 million in fixed and floating rate bonds maturing during March 2014 and October 2015 respectively.

FVIS investments

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

	<i>For the period from 8 February 2012 to 30 September 2013 SR'000</i>
Purchases during the period	30,000
Disposals during the period (see note (a) below)	(15,000)
Changes in fair value during the period	(1,298)
Balance at the end of the period	<u>13,702</u>

- (a) During the period from 8 February 2012 to 30 September 2013, the Company invested SR 15 million in Saudi Fransi Emerging Markets Fixed Income Fund (SFEM) and SR 15 million in Saudi Istithmar Equity Fund (SIEF). SIEF was subsequently disposed during the period ended 30 September 2013 at a total price of SR 17.77 million. The fair value of SFEM investment amounted to SR 13.7 million as at 30 September 2013.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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6. SHARE CAPITAL

The share capital of the Company 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
	100%	400,000

The Company incurred a sum of SR 7.04 million as transaction costs to raise capital of SR 160 million through an IPO (see above) and this amount has been deducted from equity. An amount of SR 3.91 million, included in SR 7.04 million mentioned above, was paid on behalf of the Company by a founding shareholder (note 10).

7. GENERAL AND ADMINISTRATION EXPENSES

	<i>For the three month period ended 30 September 2013 SR'000</i>	<i>For the period from 8 February 2012 to 30 September 2013 SR'000</i>
Insurance Operations		
Employee costs	7,091	19,570
Repair and maintenance costs	1,068	3,031
Depreciation	918	2,742
Amortization of intangible assets	970	2,017
Rent expenses	523	1,533
Legal and professional fees	155	751
Utilities	193	515
Communication	89	194
Office supplies	25	193
Allowance for doubtful premiums receivable	632	655
Other expenses	312	1,818
	11,976	33,019

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

7. GENERAL AND ADMINISTRATION EXPENSES (continued)

	<i>For the three month period ended 30 September 2013 SR'000</i>	<i>For the period from 8 February 2012 to 30 September 2013 SR'000</i>
Shareholders' Operations		
Employee costs	-	14,929
Repairs and maintenance costs	-	1,745
Rent expenses	-	1,610
Communication expenses	-	688
Traveling expenses	-	226
Statutory expenses	3	342
Legal and professional fees	120	905
Board expenses	195	1,321
Depreciation	-	2,360
Amortisation	-	63
Others	203	1,638
	<u>521</u>	<u>25,827</u>

General and administration expenses of shareholders' operations mainly represent employee costs and other expenses incurred by the Company before the commencement of commercial operations. Subsequently, these expenses are charged to the statement of insurance operations.

8. PRE-INCORPORATION EXPENSES

	<i>For the three month period ended 30 September 2013 SR'000</i>	<i>For the period from 8 February 2012 to 30 September 2013 SR'000</i>
Employee costs	-	4,171
Legal and professional fees (see note (b) below)	-	2,768
Office rent (see note (c) below)	-	1,800
Others	-	431
	<u>-</u>	<u>9,170</u>

- a) Pre-incorporation expenses represent costs incurred by a founding shareholder on behalf of the Company, and subsequently recharged to the Company, for the period up to 8 February 2012, being the date of the issuance of the Ministerial Resolution declaring the incorporation of the Company (note 10).
- b) Legal and professional fees include an amount of SR 2.3 million paid to a founding shareholder (note 10).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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9. ZAKAT AND INCOME TAX

The zakat and income tax payable by the Company has been calculated based on the best estimate of the management.

Charge for the period

	<i>For the three month period ended 30 September 2013 SR'000</i>	<i>For the period from 8 February 2012 to 30 September 2013 SR'000</i>
Current period	<u>1,500</u>	<u>8,362</u>

Movement in the zakat payable is as follows:

	<i>For the period from 8 February 2012 to 30 September 2013 SR'000</i>
Charge for the period	8,362
Payment made during the period	<u>(3,830)</u>
Balance at the end of the period	<u>4,532</u>

Income tax

As the Company has incurred a loss during the period from 8 February 2012 to 30 September 2013, 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 has received a letter from the DZIT, claiming Zakat amount of SR 9.72 million for the period from 6 June 2010 to 5 June 2012. Furthermore the DZIT has issued another letter dated 23 July 2013 indicating additional Zakat liability of SR 0.5 million. The Company has 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 September 2013 (Unaudited)

10. TRANSACTIONS WITH RELATED PARTIES

- a) In addition to notes 6,7 and 8, following are the details of major related party transactions during the three month period ended 30 September 2013 and period from 8 February 2012 to 30 September 2013:

<u>Related party</u>	<u>Nature of transaction</u>	<i>For the three month period ended 30 September 2013 SR'000</i>	<i>For the period from 8 February 2012 to 31 September 2013 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	-	31
	Service charges	-	84
	Premiums written	20	262
	Claims paid	21	25
	Purchase of computer equipment, licenses and other services	-	11,199
	Premiums written	462	759
<i>Others</i>	Claims paid	30	41
	Commission paid	25	291
	Purchase of computer software	-	15,178
	Short-term benefits	554	5,230
	Long-term benefits	58	242

- b) Amount due from / to related parties are disclosed in the statement of financial position.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 September 2013 (Unaudited)

11. 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 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.

12. 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. Since this is the first period of commercial operations of the Company, the operations are not yet monitored in different categories.

13. 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 earnings per share are not applicable for the Company.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's financial assets consist of cash and cash equivalents, receivables, investments, due from a related party and insurance operations and its financial liabilities consist of outstanding claims, due to reinsurers and certain other liabilities.

The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position date.

Determination of fair value and fair value hierarchy

The Company, if applicable, 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 2013, all financial instruments, which are fair valued, are Level 1 instruments.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were authorized for issue by the Board of Directors on 24 October 2013 (corresponding to 19 Dhul Hijjah 1434 H).