

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

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH  
PERIOD ENDED 31 MARCH 2016**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016**

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## INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO 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 31 March 2016, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the three-month period then ended, and related notes from 1 to 18 which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Information issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

### Conclusion

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

### Emphasis of matter

We draw attention to the fact that the accompanying interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

for Ernst & Young

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Jeddah, Kingdom of Saudi Arabia  
20 April 2016  
13 Rajab 1437H



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

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 March 2016

		<b>31 March 2016 (Unaudited) SR'000</b>	<b>31 December 2015 (Audited) SR'000</b>
	<i>Notes</i>		
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	3	5,452	903
Premiums receivable, net	4	35,000	21,934
Amounts due from shareholders' operations		7,920	17,405
Reinsurance receivable		6,866	4,766
Reinsurers' share of unearned premiums		18,537	13,625
Reinsurers' share of outstanding claims	8	8,893	7,146
Deferred policy acquisition costs		2,170	1,359
Prepayments and other assets		8,693	5,020
Intangible assets		6,881	6,484
Furniture, fittings and office equipment		1,857	2,461
<b>Total insurance operations' assets</b>		<b>102,269</b>	<b>81,103</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	3	24,195	58,110
Murabaha deposits	3(b)	74,850	54,700
Investments	5	63,827	69,866
Prepayments and other assets		919	310
Accrued commission on statutory deposit		883	802
Statutory deposit	13	40,000	40,000
<b>Total shareholders' assets</b>		<b>204,674</b>	<b>223,788</b>
<b>TOTAL ASSETS</b>		<b>306,943</b>	<b>304,891</b>



Chairman



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF FINANCIAL POSITION (continued)**

As at 31 March 2016

		<b>31 March 2016 (Unaudited) SR'000</b>	<b>31 December 2015 (Audited) SR'000</b>
	<i>Notes</i>		
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
<b>Insurance operations' liabilities</b>			
Unearned premiums		<b>46,174</b>	34,312
Outstanding claims and other technical reserves	8	<b>22,684</b>	17,559
Reinsurance balance payable		<b>19,162</b>	14,257
Accrued expenses and other liabilities		<b>14,249</b>	14,975
<b>Total insurance operations' liabilities</b>		<b>102,269</b>	81,103
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Accrued expenses and other liabilities		<b>305</b>	446
Zakat provision	11	<b>6,360</b>	4,860
Amounts due to insurance operations		<b>7,920</b>	17,405
Accrued commission on statutory deposit payable to SAMA		<b>883</b>	802
Amounts due to related parties		<b>4</b>	4
<b>Total shareholders' liabilities</b>		<b>15,472</b>	23,517
<b>Shareholders' equity</b>			
Share capital	9	<b>400,000</b>	400,000
Accumulated losses		<b>(210,798)</b>	(199,729)
<b>Total shareholders' equity</b>		<b>189,202</b>	200,271
<b>Total shareholders' liabilities and equity</b>		<b>204,674</b>	223,788
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES, SHAREHOLDERS' LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>306,943</b>	304,891



Chairman



Chief Financial Officer



Chief Executive Officer


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

**INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS**  
For the three-month period ended 31 March 2016

	Notes	<i>Three- month period ended 31 March 2016 (Unaudited) SR' 000</i>	<i>Three- month period ended 31 March 2015 (Unaudited) SR' 000</i>
<b>REVENUE</b>			
Gross written premiums	6	30,978	9,674
Less: reinsurance ceded	6	(12,342)	(4,060)
Net written premiums		18,636	5,614
Movement in net unearned premiums		(6,950)	(2,143)
Net premiums earned	6	11,686	3,471
<b>CLAIMS</b>			
Gross claims paid	7	13,553	6,334
Less: claims recovered	7	(6,855)	(3,168)
Net claims paid		6,698	3,166
Movement in net outstanding claims and other technical reserves		3,378	265
Net claims incurred	7	10,076	3,431
Policy acquisition cost		976	576
Net underwriting expenses		11,052	4,007
<b>Net underwriting result</b>		634	(536)
<b>EXPENSES</b>			
Selling and marketing		(953)	(1,306)
General and administration	10	(9,639)	(10,331)
<b>DEFICIT FROM INSURANCE OPERATIONS</b>		(9,958)	(12,173)
Shareholders' share of deficit from insurance operations	2(a)	9,958	12,173
<b>Policyholders' share of deficit from insurance operations</b>		-	-

  
Chairman

  
Chief Financial Officer

  
Chief Executive Officer

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

**INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS**

For the three-month period ended 31 March 2016

	Notes	Three- month period ended 31 March 2016 (Unaudited) SR' 000	Three- month period ended 31 March 2015 (Unaudited) SR' 000
<b>LOSS</b>			
Shareholders' share of deficit from insurance operations	2(a)	(9,958)	(12,173)
<b>EXPENSES</b>			
General and administration	10	(253)	(432)
		<u>(10,211)</u>	<u>(12,605)</u>
Investment income		642	2,820
<b>NET LOSS FOR THE PERIOD</b>		<u>(9,569)</u>	<u>(9,785)</u>
Weighted average number of ordinary shares outstanding (in thousands)		<u>40,000</u>	<u>40,000</u>
Loss per share (in Saudi Arabian Riyals)	15	<u>(0.24)</u>	<u>(0.24)</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 COMPREHENSIVE INCOME**

For the three-month period ended 31 March 2016

		<b>Three- month period ended 31 March 2016 (Unaudited) SR' 000</b>	<b>Three- month period ended 31 March 2015 (Unaudited) SR' 000</b>
	<i>Notes</i>		
<b>NET LOSS FOR THE PERIOD</b>		<b>(9,569)</b>	<b>(9,785)</b>
Zakat charge for the current period	11	<b>(1,500)</b>	<b>(869)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>(11,069)</u></b>	<b><u>(10,654)</u></b>

  
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

For the three-month period ended 31 March 2016

	<i>For the three-month period ended 31 March 2016</i>		
	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2016 ( <i>audited</i> )	400,000	(199,729)	200,271
Net loss for the period	-	(9,569)	(9,569)
Zakat charge for the current period (Note 11)	-	(1,500)	(1,500)
Balance at 31 March 2016 ( <i>unaudited</i> )	<u>400,000</u>	<u>(210,798)</u>	<u>189,202</u>

	<i>For the three-month period ended 31 March 2015</i>		
	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2015 ( <i>audited</i> )	400,000	(148,484)	251,516
Net loss for the period	-	(9,785)	(9,785)
Zakat for the period (Note 11)	-	(869)	(869)
Balance at 31 March 2015 ( <i>unaudited</i> )	<u>400,000</u>	<u>(159,138)</u>	<u>240,862</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 INSURANCE OPERATIONS' CASH FLOWS**  
For the three-month period ended 31 March 2016

		<b>Three-month period ended 31 March 2016 (Unaudited) SR' 000</b>	<b>Three-month period ended 31 March 2015 (Unaudited) SR' 000</b>
	<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>			
Policyholders' share of deficit from Insurance Operations		-	-
Adjustments for:			
Depreciation		661	964
Amortization of intangible assets		1,310	1,200
Reinsurers' share of unearned premium		(4,912)	(1,646)
Deferred policy acquisition costs		(811)	(191)
Unearned premiums		11,862	3,789
Net movement in allowance for doubtful premiums receivable	4	34	300
		<b>8,144</b>	<b>4,416</b>
Changes in assets and liabilities:			
Premiums receivable		(13,100)	(2,660)
Reinsurance receivable		(2,100)	996
Reinsurer's share of outstanding claims		(1,747)	(265)
Prepayments and other assets		(3,673)	(447)
Outstanding claims and other technical reserves		5,125	530
Reinsurance balance payable		4,905	365
Amounts due from / (to) Shareholders' Operations		9,485	2,162
Accrued expenses and other liabilities		(726)	(3,613)
Net cash generated from operating activities		<b>6,313</b>	<b>1,484</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture, fittings and office equipment		(57)	-
Intangible assets acquired		(1,707)	(308)
Net cash used in investing activities		<b>(1,764)</b>	<b>(308)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>4,549</b>	<b>1,176</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		<b>903</b>	<b>1,198</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	3	<b>5,452</b>	<b>2,374</b>

  
Chairman

  
Chief Financial Officer

  
Chief Executive Officer


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

**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS**

For the three-month period ended 31 March 2016

		<b>Three- month period ended 31 March 2016 (Unaudited) SR' 000</b>	<b>Three- month period ended 31 March 2015 (Unaudited) SR' 000</b>
	<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>			
Net loss for the period before Zakat		(9,569)	(9,785)
Adjustments for:			
Fair value gain on investments	5	375	(2,359)
Amortization of discount – net	5	15	32
Gain on disposal of investments		(154)	-
		<u>(9,333)</u>	<u>(12,112)</u>
Changes in assets and liabilities:			
Prepayments, and other assets		(690)	(153)
Amounts due from / to Insurance Operations		(9,485)	(2,162)
Accrued expenses and other liabilities		(60)	(156)
		<u>(19,568)</u>	<u>(14,583)</u>
<b>INVESTING ACTIVITIES</b>			
Murabaha deposits placed	3(b)	(20,150)	(89,760)
Purchase of investments	5	(5,502)	(10,000)
Proceeds from disposal of investments	5	11,305	11,000
		<u>(14,347)</u>	<u>(88,760)</u>
Net cash used in investing activities			
		<u>(14,347)</u>	<u>(88,760)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(33,915)	(103,343)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>			
		58,110	105,138
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>			
	3	<u>24,195</u>	<u>1,795</u>

  
Chairman



Chief Financial Officer

  
Chief Executive Officer

The accompanying notes 1 to 19 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

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At 31 March 2016

### 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 Awal 1433 H (corresponding to 8 February 2012). The Commercial Registration number of the Company is 4030223528 dated 27 Rabi Awal 1433 H (corresponding to 19 February 2012). The registered office address of the Company is:

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

Following is the branch of the Company:

<u>Branch</u>	<u>Commercial Registration Number:</u>
Riyadh	1010421871

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

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

### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. BASIS OF PREPARATION

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

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders’ operations. The physical custody of all assets related to the insurance operations and shareholders’ operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective books of account. The basis of allocation of expenses from joint operations is determined by the management and the Board of Directors and allocation is made on consistent basis.

The interim condensed financial statements do not contain all information and disclosures required in the full financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). Accordingly, these interim condensed financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2015.

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

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued) At 31 March 2016

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

#### **a. BASIS OF PREPARATION (continued)**

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

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

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

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

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

#### **b. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used by the Company for the preparation of these interim condensed financial statements are in accordance with IFRS and are consistent with those used for the preparation of financial statements for the year ended 31 December 2015. The adoption of new IFRS, International Financial Reporting Interpretations Committee Interpretations (IFRIC) and amendments thereof as mentioned in note 2(d) did not have any material impact on these interim condensed financial statements.

#### **c. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of interim condensed financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the interim reported period. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. In the opinion of the management, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented.

The estimate and judgments used by management in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2015.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 31 March 2016

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

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

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

<i>Standard / Amendments</i>	<i>Description</i>
IAS 16 IAS 38	Amendments to IAS 16 – “Property, Plant and Equipment” and IAS 38 – “Intangible Assets”, applicable for the annual periods beginning on or after 1 January 2016, restrict the use of ratio of revenue generated to total revenue expected to be generated to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.
IAS 16 IAS 41 IAS 20	Amendments to IAS 16 – “Property, Plant and Equipment” and IAS 41 – “Agriculture”, applicable for the annual periods beginning on or after 1 January 2016, change the scope of IAS 16 to include biological assets that meet the definition of bearer plants. Agricultural produce growing on bearer plants will remain within the scope of IAS 41. In addition, government grants relating to bearer plants will be accounted for in accordance with IAS 20 – “Accounting for Government Grants and Disclosure of Government Assistance”, instead of IAS 41.
IAS 27	Amendments to IAS 27 – “Separate Financial Statements”, applicable for the annual periods beginning on or after 1 January 2016, allows an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements.
IFRS 5	Amendments to IFRS 5 – “Non-current Assets Held for Sale and Discontinued Operations”, applicable for the annual periods beginning on or after 1 January 2016, amended to clarify that changing from one disposal method to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5.
IFRS 7	Amendments to IFRS 7 – “Financial Instruments: Disclosures”, applicable for the annual periods beginning on or after 1 January 2016, has been amended to clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. The nature of the fee and the arrangement should be assessed in order to consider whether the disclosures are required under IFRS 7 and the assessment must be done retrospectively. IFRS 7 has been further amended to clarify that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.
IAS 19	Amendments to IAS 19 – “Employee Benefits”, applicable for the annual periods beginning on or after 1 January 2016, clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 31 March 2016

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

**d. NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ADOPTED BY THE COMPANY  
(continued)**

*Standard /  
Amendments*

*Description*

IAS 34	Amendments to IAS 34 – “Interim Financial Reporting”, applicable for the annual periods beginning on or after 1 January 2016, clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-referencing to the interim financial report (e.g., in the management commentary or risk report). However, the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.
IFRS 14	IFRS 14 – “Regulatory Deferral Accounts”, applicable for the annual periods beginning on or after 1 January 2016, allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first time adoption of IFRS. The standard does not apply to existing IFRS preparers. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first-time application of IFRS.
IFRS 10 IFRS 11 IFRS 12 IAS 28	Amendments to IFRS 10 – “Consolidated Financial Statements”, IFRS 12 – “Disclosure of Interests in Other Entities” and IAS 28 – “Investments in Associates”, applicable for the annual periods beginning on or after 1 January 2016, address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. Amendments to IFRS 11 – “Joint Arrangements”, applicable for the annual periods beginning on or after 1 January 2016, require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 – “Business Combinations” and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 31 March 2016

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

**d. NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ADOPTED BY THE COMPANY  
(continued)**

<i>Standard / Amendments</i>	<i>Description</i>
IAS 1	<p>Amendments to IAS 1 – “Presentation of Financial Statements”, applicable for the annual periods beginning on or after 1 January 2016, clarify, existing IAS 1 requirements in relation to;</p> <ul style="list-style-type: none"> <li>• The materiality requirements in IAS 1</li> <li>• That specific line items in the statement(s) of profit or loss and other comprehensive income (“OCI”) and the statement of financial position may be disaggregated</li> <li>• That entities have flexibility as to the order in which they present the notes to financial statements</li> <li>• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.</li> </ul> <p>The amendments further clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.</p>

The above mentioned amendments and revisions do not have an impact on the interim condensed financial statements of the Company.

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

Standards issued but not yet effective up to the date of issuance of the Company 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.

<i>Standard/ Amendments</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 7	Disclosure Initiative - Amendments to IAS 7	1 January 2017
IAS 12	Amendments to IAS 12 Recognition of deferred tax assets for unrealized losses	1 January 2017

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



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

**f. ACCUMULATED LOSSES**

The Company incurred a loss of SR 9.96 million during the three month period ended 31 March 2016 and accumulated losses as at 31 March 2016 amounted to SR 210.8 million (31 December 2015: SR 199.7 million). During the current quarter, the Company's accumulated losses exceeded 50% of its paid up capital. As per the regulations of the Capital Market Authority, the Company announced on 11 February 2016 on Tadawul that the Company's accumulated losses exceeded 50% of its paid up capital. The primary causes for the accumulated losses are the pre-incorporation expenses incurred by the Company, the delay in commencement of commercial operations and slow market penetration during the start-up phase. (Refer note 17)

**3. CASH AND CASH EQUIVALENTS**

	<b>31 March 2016</b> <b>(Unaudited)</b> <b>SR'000</b>	<b>31 December 2015</b> <b>(Audited)</b> <b>SR'000</b>
<b><i>Insurance operations</i></b>		
Cash in banks	5,439	887
Cash in hand	13	16
	<u>5,452</u>	<u>903</u>
<b><i>Shareholders' operations</i></b>		
Cash in banks	38	37
Murabaha deposits (see note (a) below)	24,157	58,073
	<u>24,195</u>	<u>58,110</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 not exceeding three months.
- b) Murabaha deposits having original maturity of more than three months but less than a year, amounting to SR 74.9 million (31 December 2015: SR 54.7 million), which are held in Saudi Arabian Riyals in the Kingdom of Saudi Arabia, are presented in the interim statement of financial position of the shareholders separately.

**4. PREMIUMS RECEIVABLE, NET**

	<b>31 March 2016</b> <b>(Unaudited)</b> <b>SR'000</b>	<b>31 December 2015</b> <b>(Audited)</b> <b>SR'000</b>
Gross premiums receivable	39,861	26,761
Allowance for doubtful premiums receivable	(4,861)	(4,827)
Premiums receivable, net	<u>35,000</u>	<u>21,934</u>

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**4. PREMIUMS RECEIVABLE, NET (continued)**

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

	<i>For the three- month period ended 31 March 2016 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2015 (Audited) SR'000</i>
Balance at beginning of the period/year	4,827	1,779
Provision made during the period/year (note 10)	34	3,048
Balance at end of the period/year	<u>4,861</u>	<u>4,827</u>

**5. INVESTMENTS**

	<i>31 March 2016 (Unaudited) SR'000</i>	<i>31 December 2015 (Audited) SR'000</i>
Investments held to maturity	27,867	27,882
Fair Value through Income Statement ("FVIS") investments	35,960	41,984
	<u>63,827</u>	<u>69,866</u>

**Investments held to maturity**

These represent investments in fixed rate and floating rate bonds which are managed by Saudi Fransi Capital as discretionary portfolio manager. Movement in investments classified as held to maturity (HTM) is as follows:

	<i>For the three- month period ended 31 March 2016 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2015 (Audited) SR'000</i>
Balance at beginning of the period/year	27,882	39,745
Matured during the period/year	-	(11,878)
Amortization during the period/year - net	(15)	15
Balance at end of the period/year	<u>27,867</u>	<u>27,882</u>

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**5. INVESTMENTS (continued)**

**FVIS investments**

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

	<i>For the three- month period ended 31 March 2016 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2015 (Audited) SR'000</i>
Balance at beginning of the period/year	41,984	71,134
Purchases during the period/year	5,502	35,083
Disposals during the period/year	(11,151)	(59,554)
Changes in fair value during the period/year	(375)	(4,679)
	<u>35,960</u>	<u>41,984</u>
	<u>35,960</u>	<u>41,984</u>
	<i>31 March 2016 (Unaudited) SR'000</i>	<i>31 December 2015 (Audited) SR'000</i>
Discretionary Portfolio Management	-	447
Al Badr Murabaha Fund	5,905	11,089
BlackRock Global Allocation Fund	9,786	9,846
BlackRock Global Equity Income Fund	7,812	7,639
BlackRock Global Multi Asset Fund	4,765	4,769
Saudi Istithmar Equity Fund	2,145	2,411
Saudi Fransi GCC IPO Fund	5,547	5,783
	<u>35,960</u>	<u>41,984</u>
	<u>35,960</u>	<u>41,984</u>

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**6. NET PREMIUMS EARNED**

	<i>For the three- month period ended 31 March 2016 (Unaudited) SR'000</i>	<i>For the three- month period ended 31 March 2015 (Unaudited) SR'000</i>
Gross written premiums during the period	<b>30,978</b>	9,674
Gross unearned premiums at beginning of the period	<b>34,312</b>	8,180
	<b>65,290</b>	17,854
Gross unearned premiums at end of the period	<b>(46,174)</b>	(11,969)
Gross premiums earned	<b>19,116</b>	5,885
Premiums ceded during the period	<b>(12,342)</b>	(4,060)
Reinsurers' share of unearned premiums at beginning of the period	<b>(13,625)</b>	(3,280)
	<b>(25,967)</b>	(7,340)
Reinsurers' share of unearned premiums at end of the period	<b>18,537</b>	4,926
Insurance premiums ceded to reinsurer	<b>(7,430)</b>	(2,414)
Net premiums earned	<b>11,686</b>	3,471

**7. CLAIMS INCURRED**

	<i>For the three- month period ended 31 March 2016 (Unaudited) SR'000</i>	<i>For the three- month period ended 31 March 2015 (Unaudited) SR'000</i>
Gross claims paid	<b>13,553</b>	6,334
Gross outstanding claims and other technical reserves at end of the period	<b>22,684</b>	5,617
	<b>36,237</b>	11,951
Gross outstanding claims and other technical reserves at beginning of the period	<b>(17,559)</b>	(5,087)
Gross claims incurred	<b>18,678</b>	6,864
Reinsurance recoveries	<b>(6,855)</b>	(3,168)
Reinsurers' share of outstanding claims at end of the period	<b>(8,893)</b>	(2,092)
	<b>(15,748)</b>	(5,260)
Reinsurers' share of outstanding claims at beginning of the period	<b>7,146</b>	1,827
Reinsurers' share of claims	<b>(8,602)</b>	(3,433)
Net claims incurred	<b>10,076</b>	3,431

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**8. OUTSTANDING CLAIMS AND OTHER TECHNICAL RESERVES**

	<b>31 March 2016 (unaudited)</b>			<b>31 December 2015 (audited)</b>		
	<b>Gross</b>	<b>Due from reinsurers SR '000</b>	<b>Net</b>	<b>Gross</b>	<b>Due from reinsurers SR '000</b>	<b>Net</b>
Outstanding claims and incurred but not reported reserves	<b>17,787</b>	<b>(8,893)</b>	<b>8,894</b>	14,293	(7,146)	7,147
Premium deficiency reserve	<b>4,897</b>	<b>-</b>	<b>4,897</b>	3,266	-	3,266
<b>Total</b>	<b>22,684</b>	<b>(8,893)</b>	<b>13,791</b>	<b>17,559</b>	<b>(7,146)</b>	<b>10,413</b>

**9. SHARE CAPITAL**

The authorised, subscribed and paid up share capital of the Company is SR 400 million, divided into 40 million shares of SR 10 each, and subscribed by the following:

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

**10. GENERAL AND ADMINISTRATION EXPENSES**

	<b><i>For the three-month period ended 31 March 2016 (Unaudited) SR' 000</i></b>	<b><i>For the three-month period ended 31 March 2015 (Unaudited) SR' 000</i></b>
<b><i>Insurance operations</i></b>		
Employee costs	<b>5,993</b>	6,343
Allowance for doubtful premiums receivable (note 4)	<b>34</b>	300
Depreciation and amortization	<b>1,971</b>	2,164
Rent expenses	<b>495</b>	508
Legal and professional fees	<b>126</b>	155
Repair and maintenance	<b>375</b>	495
Other	<b>645</b>	366
	<b>9,639</b>	10,331

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**10. GENERAL AND ADMINISTRATION EXPENSES (continued)**

	<i>For the three- month period ended 31 March 2016 (Unaudited) SR' 000</i>	<i>For the three- month period ended 31 March 2015 (Unaudited) SR' 000</i>
<b>Shareholders' operations</b>		
Statutory expenses	-	96
Legal and professional fees	105	109
Investment related expenses	84	148
Travelling	-	3
Subscriptions	55	75
Other	9	1
	<u>253</u>	<u>432</u>

**11. ZAKAT AND INCOME TAX**

The zakat and income tax payable by the Company have been calculated based on the best estimate of the management, in accordance with the zakat regulations in Saudi Arabia.

**Zakat**

Movement in the zakat payable is as follows:

	<i>For the three- month period ended 31 March 2016 (Unaudited) SR' 000</i>	<i>For the year ended 31 December 2015 (Unaudited) SR' 000</i>
Balance at beginning of the period	4,860	7,508
Charge for the current period	1,500	1,825
Reversal of prior year Zakat provision	-	(2,576)
Payments made during the period	-	(1,897)
Balance at end of the period	<u>6,360</u>	<u>4,860</u>

**Income tax**

As the Company has incurred a loss during the three month period ended 31 March 2016, and in previous periods, 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 ended 30 June 2012 with the Department of Zakat and Income Tax ("DZIT"). The Company has also filed its Zakat and tax return for the long period from 8 February 2012 to 31 December 2013 and year ended 31 December 2014. The management is in process of filing zakat and tax return for the year ended 31 December 2015

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

**Status of assessments (continued)**

During the period, the DZIT issued final assessment for the years 2011, 2012, 2013 and 2014 with an additional Zakat liability of SR 12.545 million. The Company has filed an appeal against assessment. The Company submitted an appeal against the DZIT treatment and is confident of a favourable outcome. Accordingly, no provision has been established in this regard in these interim condensed financial statements.

Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The Zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the DZIT could be different from the declarations filed by the Company.

**12. TRANSACTIONS WITH RELATED PARTIES**

- a) The related parties comprise founding shareholders, directors and key management personnel. Others includes companies in which shareholders have control. The Company in the normal course of business carries out transactions with various related parties.
- b) Following are the details of related party transactions during the period ended 31 March 2016:

<u>Related party</u>	<u>Nature of transactions</u>	<i>Amount of transactions for the</i> <i>three-month</i> <i>period ended 31 March</i>		<i>Balance as of</i> <i>31 March</i>	<i>Balance as of</i> <i>31 December</i>
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
		<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
Related parties of Juffali Group	Premiums written	326	171	1,177	2,119
	Office rent	30	10	-	-
	Purchase of computer equipment, licenses and other services	3	-	-	-
	Claims paid	1,132	1,308	-	-
	Commission paid	47	8	-	61
Munich Re	Reinsurance ceded	12,342	4,060	19,162	14,257
	Claims recovered	6,855	3,168	6,866	4,766
	Other recoveries	-	-	1,587	1,587
Key management personnel	Short-term benefits	1,499	763	-	-
	Long-term benefits	35	27	139	101

- c) Amounts due from / to related parties are disclosed in the interim statement of financial position.
- d) Amounts relating to reinsurance receivable and reinsurance balance payable are disclosed in the interim statement of financial position.
- e) Amounts due from shareholders' operations represent loss transferred to shareholder operations net of funds received during the period.
- f) Transactions with related parties are approved by the Board of Directors and by the shareholders in the Annual General Meeting.

**13. STATUTORY DEPOSIT**

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

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued) At 31 March 2016

### 14. SEGMENT INFORMATION

The Company only issues insurance contracts for providing health care services ('medical insurance') and all the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. The insurance operations are being monitored by management under one segment; hence no separate information is required.

### 15. LOSS PER SHARE

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

### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

The Company's financial assets include cash and cash equivalents, Murabaha deposits, premiums receivable, reinsurance receivable, other receivables, investments, amounts due from a related party and amount due from shareholder's operations. The Company's financial liabilities consist of outstanding claims, reinsurance balance payable, amount due to insurance operations, amounts due to related parties and certain other liabilities. The fair values of financial instruments are not materially different from their carrying values.

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

Level 1: Quoted prices in active markets for the same instrument (i.e., without modification or repackaging);

Level 2: Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: Valuation techniques for which any significant input is not based on observable market data.

As at 31 March 2016 and 31 December 2015, all financial instruments, which are fair valued, are Level 2 instruments. There were no transfers between levels during the three-month period ended 31 March 2016.

### 17. SUBSEQUENT EVENT

Subsequent to the quarter ended 31 March 2016, Board of Directors at its meeting on 12 April 2016 has recommended to reduce the Company's share capital from SR 400,000,000 to SR 200,000,000 divided into 20,000,000 shares. The reduction will be through reduction of 1 share for every 2 shares currently held by the shareholder against accumulated losses of the Company. The purpose of capital reduction is to restructure the capital position of the Company in line with the forthcoming Companies Law. There will be no impact of capital reduction on the Company's financial obligations.

The Company's capital reduction is conditional upon approval of the official authorities and shareholders in extraordinary general meeting.



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
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**18. COMPARATIVE FIGURES**

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

**19. APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements were approved and authorized for issue by the Board of Directors on 20 April 2016, corresponding to 13 Rajab 1437H.