
**METLIFE, AMERICAN INTERNATIONAL
GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
AND INDEPENDENT AUDITORS' LIMITED REVIEW
REPORT**

30 June 2016

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
LIMITED REVIEW REPORT (UNAUDITED)

At 30 June 2016

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**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF
METLIFE, AMERICAN INTERNATIONAL GROUP AND
ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Metlife, American International Group and Arab National Bank Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2016 and the related interim statements of insurance operations, shareholders' comprehensive operations for the three and six month periods then ended, the related interim statements of changes in shareholders' equity, insurance operations' and shareholders' cash flows for the six month then ended and the related notes 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" and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited 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 regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

Based on our limited 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 A MATTER:

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

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20 Shawwal 1437 H
25 July 2016

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

| | | 30 June 2016 (Unaudited) SR | 31 December 2015 (Audited) SR |
|---|-------|--------------------------------------|---|
| | Notes | | |
| INSURANCE OPERATIONS' ASSETS | | | |
| Cash and cash equivalents | 4 | 86,302,221 | 64,689,241 |
| Premiums receivable, net | 5 | 54,415,536 | 35,661,423 |
| Reinsurers' share of unearned premiums | | 39,504,777 | 27,622,732 |
| Reinsurers' share of mathematical reserves | 1.1 | 244,137,663 | 251,654,626 |
| Reinsurers' share of outstanding claims | | 22,952,487 | 19,923,644 |
| Deferred policy acquisition costs | | 9,840,443 | 4,857,863 |
| Prepaid expenses and other assets | | 20,549,569 | 13,750,066 |
| Due from shareholders operations | | 9,152,700 | 8,010,111 |
| Property and equipment, net | | 4,673,834 | 5,757,153 |
| TOTAL INSURANCE OPERATIONS' ASSETS | | 491,529,230 | 431,926,859 |
| SHAREHOLDERS' ASSETS | | | |
| Cash and cash equivalents | 4 | 208,699,291 | 66,314,800 |
| Held to maturity investment | | 10,000,000 | 10,000,000 |
| Prepaid expenses and other assets | | 861,384 | 944,930 |
| Available for sale investments | | 3,175,163 | 3,175,163 |
| Statutory deposit | 7 | 35,000,000 | 17,500,000 |
| Commission on statutory deposit | 7 | 366,774 | 174,521 |
| TOTAL SHAREHOLDERS' ASSETS | | 258,102,612 | 98,109,414 |
| TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS | | 749,631,842 | 530,036,273 |



Managing Director/
Chief Executive Officer





Chief Financial Officer

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

| | | 30 June 2016 (Unaudited) SR | 31 December 2015 (Audited) SR |
|---|------|--------------------------------------|---|
| | Note | | |
| INSURANCE OPERATIONS' LIABILITIES | | | |
| Gross unearned premiums | | 111,173,609 | 92,031,067 |
| Gross outstanding claims | | 53,545,654 | 39,652,073 |
| Gross mathematical reserves | 1.1 | 244,137,663 | 251,654,626 |
| Payables, accruals and others | | 28,543,662 | 12,871,984 |
| Reinsurance balances payable | | 45,716,094 | 29,875,305 |
| Unearned reinsurance commission income | | 6,603,939 | 3,754,021 |
| Due to related parties | 6 | 287,567 | 1,050,297 |
| Employees' terminal benefits | | 1,521,042 | 1,037,486 |
| TOTAL INSURANCE OPERATIONS' LIABILITIES | | 491,529,230 | 431,926,859 |
| SHAREHOLDERS' LIABILITIES AND EQUITY | | | |
| SHAREHOLDERS' LIABILITIES | | | |
| Zakat | | 256,870 | 615,473 |
| Payables, accruals and others | | 386,309 | 733,060 |
| Commission on statutory deposit | 7 | 366,774 | 174,521 |
| Due to insurance operations | | 9,152,700 | 8,010,111 |
| TOTAL SHAREHOLDERS' LIABILITIES | | 10,162,653 | 9,533,165 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 8 | 350,000,000 | 175,000,000 |
| Accumulated deficit | | (102,060,041) | (86,423,751) |
| TOTAL SHAREHOLDERS' EQUITY | | 247,939,959 | 88,576,249 |
| TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY | | 258,102,612 | 98,109,414 |
| TOTAL INSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY | | 749,631,842 | 530,036,273 |


Managing Director/
Chief Executive Officer




Chief Financial Officer

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS

| | <i>For the three month period ended 30 June 2016 SR</i> | <i>For the period ended 30 June 2016 SR</i> | <i>For the three month period ended 30 June 2015 SR</i> | <i>For the period ended 30 June 2015 SR</i> |
|---|---|---|---|---|
| Gross written premiums | 56,854,695 | 111,837,996 | 18,778,393 | 51,531,129 |
| Reinsurance premiums ceded | (24,802,361) | (38,053,708) | (10,314,477) | (36,335,663) |
| Excess of loss premiums | (32,253) | (447,722) | (74,656) | (123,083) |
| NET WRITTEN PREMIUMS | 32,020,081 | 73,336,566 | 8,389,260 | 15,072,383 |
| Net changes in unearned premiums | 5,211,201 | (7,260,497) | (4,825,336) | (10,212,372) |
| NET EARNED PREMIUMS | 37,231,282 | 66,076,069 | 3,563,924 | 4,860,011 |
| Reinsurance commission income | 2,859,913 | 4,738,655 | 1,096,626 | 1,431,627 |
| Other underwriting income | 1,368,848 | 2,595,047 | 454,673 | 454,673 |
| UNDERWRITING REVENUE | 41,460,043 | 73,409,771 | 5,115,223 | 6,746,311 |
| Gross claims paid | (37,698,503) | (59,347,277) | (8,378,278) | (8,540,290) |
| Reinsurers' share of claims paid | 8,158,637 | 15,147,049 | 7,894,649 | 7,894,649 |
| NET CLAIMS PAID | (29,539,866) | (44,200,228) | (483,629) | (645,641) |
| Net changes in outstanding claims | (3,902,399) | (10,864,738) | (3,624,964) | (4,595,648) |
| NET CLAIMS INCURRED | (33,442,265) | (55,064,966) | (4,108,593) | (5,241,289) |
| Commission incurred | (3,754,889) | (6,021,808) | (742,776) | (1,039,703) |
| Inspection and supervisory fees | (595,164) | (1,072,180) | (130,072) | (337,261) |
| Other direct underwriting expense | (166,884) | (457,114) | (106,754) | (106,754) |
| Doubtful debt expense | (1,941,807) | (3,557,191) | (50,759) | 40,068 |
| UNDERWRITING EXPENSES | (39,901,009) | (66,173,259) | (5,138,954) | (6,684,939) |
| UNDERWRITING RESULTS | 1,559,034 | 7,236,512 | (23,731) | 61,372 |
| General and administrative expenses | (11,065,755) | (20,810,249) | (7,918,327) | (15,895,549) |
| Special commission income | 356,884 | 624,793 | - | - |
| NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS | (9,149,837) | (12,948,944) | (7,942,058) | (15,834,177) |
| Shareholders' appropriation from deficit | 9,149,837 | 12,948,944 | 7,942,058 | 15,834,177 |
| NET RESULT FOR THE PERIOD | - | - | - | - |

Managing Director/
Chief Executive Officer

Chief Financial Officer


The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS

| | <i>Note</i> | <i>For the three month period ended 30 June 2016 SR</i> | <i>For the period ended 30 June 2016 SR</i> | <i>For the three month period ended 30 June 2015 SR</i> | <i>For the period ended 30 June 2015 SR</i> |
|--|-------------|---|---|---|---|
| Appropriation of deficit from insurance operations | | (9,149,837) | (12,948,944) | (7,942,058) | (15,834,177) |
| Special commission income | | 1,558,296 | 2,005,376 | 72,615 | 265,554 |
| Dividend income | | 384,616 | 384,616 | 339,103 | 339,103 |
| General and administrative expenses | | (380,734) | (708,139) | (407,630) | (586,903) |
| NET LOSS BEFORE ZAKAT FOR THE PERIOD | | (7,587,659) | (11,267,091) | (7,937,970) | (15,816,423) |
| Zakat | | (60,000) | (122,995) | (210,785) | (366,203) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (7,647,659) | (11,390,086) | (8,148,755) | (16,182,626) |
| LOSS PER SHARE: | | | | | |
| Basic and diluted loss per share - restated | 9 | (0.22) | (0.34) | (0.27) | (0.53) |


Managing Director/
Chief Executive Officer


Chief Financial Officer



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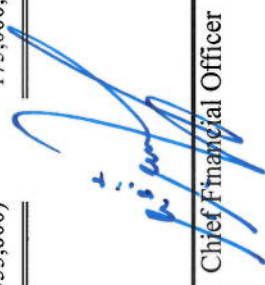
MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | Saudi and GCC Shareholders Share Capital SR | Accumulated Deficit SR | Foreign Shareholders Share Capital SR | Accumulated deficit SR | Total Shareholders Share capital SR | Accumulated deficit SR | Total SR |
|---|---|------------------------------|---|------------------------------|---|------------------------------|--------------------|
| Balance as at 1 January 2016 (Audited) | 105,000,000 | (52,597,508) | 70,000,000 | (33,826,243) | 175,000,000 | (86,423,751) | 88,576,249 |
| Issue of share capital | 105,000,000 | | 70,000,000 | | 175,000,000 | | 175,000,000 |
| Transaction costs on issue of share capital | - | (2,547,722) | - | (1,698,482) | - | (4,246,204) | (4,246,204) |
| Net loss for the period | - | (6,760,255) | - | (4,506,836) | - | (11,267,091) | (11,267,091) |
| Zakat | - | (122,995) | - | - | - | (122,995) | (122,995) |
| Balance as at 30 June 2016 (Unaudited) | 210,000,000 | (62,028,480) | 140,000,000 | (40,031,561) | 350,000,000 | (102,060,041) | 247,939,959 |
| Balance as at 1 January 2015 (Audited) | 105,000,000 | (33,083,518) | 70,000,000 | (21,227,231) | 175,000,000 | (54,310,749) | 120,689,251 |
| Net loss for the period | - | (9,489,854) | - | (6,326,569) | - | (15,816,423) | (15,816,423) |
| Zakat | - | (366,203) | - | - | - | (366,203) | (366,203) |
| Balance as at 30 June 2015 (Unaudited) | 105,000,000 | (42,939,575) | 70,000,000 | (27,553,800) | 175,000,000 | (70,493,375) | 104,506,625 |



Managing Director/
Chief Executive Officer

Chief Financial Officer

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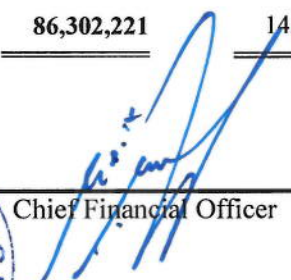
MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

| | <i>For the period ended 30 June 2016 SR (Unaudited)</i> | <i>For the period ended 30 June 2015 SR (Unaudited)</i> |
|---|---|---|
| <i>Note</i> | | |
| OPERATING ACTIVITIES | | |
| Net result for the period | - | - |
| <i>Adjustments for:</i> | | |
| Shareholders' appropriation from deficit | (12,948,944) | (15,834,177) |
| Depreciation | 1,334,313 | 1,377,672 |
| Provision for doubtful receivables | 3,557,191 | (40,068) |
| Employees' terminal benefits | 487,103 | 279,679 |
| | (7,570,337) | (14,216,894) |
| <i>Changes in operating assets and liabilities:</i> | | |
| Premiums receivable | (22,311,304) | (31,619,923) |
| Reinsurers' share of outstanding claims | (3,028,843) | (16,935,356) |
| Reinsurers' share of unearned premiums | (11,882,045) | (27,507,924) |
| Reinsurers' share of mathematical reserves | 7,516,963 | (271,824,100) |
| Deferred policy acquisition costs | (4,982,580) | (3,323,146) |
| Prepaid expenses and other assets | (6,799,503) | (3,115,898) |
| Gross outstanding claims | 13,893,581 | 21,531,004 |
| Gross unearned premiums | 19,142,542 | 37,720,294 |
| Gross mathematical reserves | (7,516,963) | 271,824,100 |
| Payables, accruals and others | 15,671,678 | 3,538,527 |
| Reinsurance balances payable | 15,840,789 | 37,269,953 |
| Unearned reinsurance commission income | 2,849,918 | 3,356,693 |
| Due to related parties | (762,730) | (617,751) |
| Due to/from shareholders' operations | 11,806,355 | 6,601,724 |
| Employees' terminal benefits paid | (3,547) | - |
| Net cash from operating activities | 21,863,974 | 12,681,303 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (250,994) | (224,000) |
| Net cash used in investing activities | (250,994) | (224,000) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 21,612,980 | 12,457,303 |
| Cash and cash equivalents at the beginning of the period | 64,689,241 | 2,238,414 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 86,302,221 | 14,695,717 |


Managing Director/
Chief Executive Officer




Chief Financial Officer

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

| | | <i>For the period ended 30 June 2016 SR (Unaudited)</i> | <i>For the period ended 30 June 2015 SR (Unaudited)</i> |
|---|-------------|---|---|
| | <i>Note</i> | | |
| OPERATING ACTIVITIES | | | |
| Net loss before Zakat | | (11,267,091) | (15,816,423) |
| <i>Adjustments for:</i> | | | |
| Appropriation of deficit from insurance operations | | 12,948,944 | 15,834,177 |
| Special commission income | | (2,005,376) | (265,554) |
| Dividends | | (384,616) | (339,103) |
| | | (708,139) | (586,903) |
| <i>Changes in operating assets and liabilities:</i> | | | |
| Statutory deposit | 7 | (17,500,000) | - |
| Due to/from insurance operations | | (11,806,355) | (6,601,724) |
| Prepaid expenses and other assets | | 2,473,538 | (111,209) |
| Payables, accruals and others | | (346,751) | (885,672) |
| Zakat paid | | (481,598) | - |
| Net cash used in operating activities | | (28,369,305) | (8,185,508) |
| INVESTING ACTIVITIES | | | |
| Time deposits | | - | 85,000,000 |
| Special commission income received | | - | 374,758 |
| Net cash from/ (used in) investing activities | | - | 85,374,758 |
| FINANCING ACTIVITIES | | | |
| Issue of share capital | 8 | 175,000,000 | - |
| Transaction costs on issue of share capital | 8 | (4,246,204) | - |
| Net cash from financing activities | | 170,753,796 | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 142,384,491 | 77,189,250 |
| Cash and cash equivalents at the beginning of the period | | 66,314,800 | 11,157,980 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 4 | 208,699,291 | 88,347,230 |


Managing Director/
Chief Executive Officer




Chief Financial Officer

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2016

1 ORGANISATION AND PRINCIPAL ACTIVITIES

MetLife, American International Group and Arab National Bank Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010391438 dated 22 Dhul-Hijjah 1434H (corresponding to 27 October 2013).

The address of registered office of the Company is as follows:

MetLife, American International Group and Arab National Bank Cooperative Insurance Company
P.O. Box 56437
Riyadh 11554
Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations applicable in the Kingdom of Saudi Arabia. Its principal lines of business include individual and group life, accident and health and all classes of general insurance. The Company's shares were listed on the Saudi Arabian Stock Exchange ("Tadawul") on 23 Muharram 1435H (corresponding to 26 November 2013).

1.1 METLIFE ALICO PORTFOLIO TRANSFER

The Company has entered into an agreement with MetLife ALICO (30% shareholder) by which MetLife ALICO has transferred its existing Saudi run-off portfolio to the Company effective 01 April 2015. This portfolio includes long-term life Protection and Savings insurance products and Personal Accident policies. The Company reinsures back to MetLife 100% of this portfolio under a quota-share reinsurance agreement. Accordingly, the Company has become the owner of the transferred policies and MetLife has become the reinsurer of this block of business. The transfer of the portfolio was made at book value with no cash payment. Accordingly, the liabilities related to this portfolio were recorded in the Company's books at book value with an offsetting assets representing the reinsurance share of these liabilities. MetLife paid to the Company a reinsurance commission amounting to SR 1,332,528 for the period ended 30 June 2016 to compensate the cost of capital for this portfolio in addition to reimbursing the Company for all expenses related to the administration of this portfolio by paying an administration fee amounting to SR 856,070 for the period ended 30 June 2016 which is booked under "Other underwriting income".

The portfolio transfer has been approved by the Board of Directors on 16 February 2015 and by the shareholders of the Company in their General Assembly meeting on 12 May 2015. Saudi Arabian Monetary Agency ("SAMA") has also provided their approval on 28/5/1436 H corresponding to 19 March 2015.

Assets and liabilities of the transferred portfolio as at 30 June 2016 are shown as below:

| <u>Assets</u> | | <u>Liabilities</u> | |
|--|--------------------|-------------------------------|--------------------|
| Cash and Cash equivalents | 11,635,443 | Gross unearned premiums | 581,000 |
| Reinsurers' share of unearned premiums | 581,000 | Gross outstanding claims | 11,282,196 |
| Reinsurers' share of mathematical reserves | 244,137,663 | Gross mathematical reserves | 244,137,663 |
| Reinsurers' share of outstanding claims | 11,282,196 | Reinsurance balances payable | 8,749,185 |
| Receivable & other assets | 667,947 | Payable and other liabilities | 3,554,205 |
| Total | 268,304,249 | Total | 268,304,249 |

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the period ended 30 June 2016.

1.2 MANAFETH AGREEMENT WITH TAWUNIYA

The Company participated in the Manafeth agreement between Tawuniya and the majority of the insurance companies in Saudi Arabia effective 01 January 2015 for co-insuring cars entering into Saudi Arabia from all Saudi borders (except the border with AL-Bahrain). Based on this agreement, all insurance companies participating in this coverage will have an equal share of the net result of this portfolio after allowing for all expenses related to managing this portfolio by Tawuniya. This deal is for three years starting from 01 January 2015 and is expected to renew at same terms. The income related to this portfolio is included in the interim statement of insurance operations under "Other underwriting income" and is allocated to Motor Insurance in the segment reporting.

2 BASIS OF PREPARATION

Basis of preparation

The interim condensed financial statements have been prepared under the historical cost basis.

As required by Saudi Arabian insurance regulations, the Company maintains separate 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 accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors. As per the by-laws of the Company, the deficit arising from the Insurance Operations is allocated fully to Shareholders Operations whereas any surplus arising from the Insurance Operations is distributed as follows:

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

Statement of compliance

The interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Accordingly, these interim condensed financial statements are not intended to be a presentation in conformity with the accounting standards generally accepted in the Kingdom of Saudi Arabia, as issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

The interim condensed financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2015.

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 Company's interim results may not be indicative of its annual results.

Functional and presentational currency

The functional and presentation currency of the Company is Saudi Riyals.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2015, except for the adoption of new standards and amendments to existing standards effective for the annual period beginning 01 January 2016.

The nature and the impact of each new standard / amendment are summarized as follows:

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the period ended 30 June 2016

Annual improvements to IFRS 2010-2012 and 2011-2013 cycle applicable for annual periods beginning on or after 1 July 2014. A summary of the amendments is contained as under:

- IFRS 3 – “business combinations” amended to clarify the classification and measurement of contingent consideration in a business combination. It has been further amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11.
- IFRS 8 – “operating segments” has been amended to explicitly require disclosure of judgments made by management in applying aggregation criteria.
- IFRS 13 has been amended to clarify measurement of interest free short term receivables and payables at their invoiced amount without discounting, if the effect of discounting is immaterial. It has been further amended to clarify that the portfolio exception potentially applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.
- IAS 16 – “Property plant and equipment” and IAS 38 – “intangible assets”: – the amendments clarify the requirements of revaluation model recognizing that the restatement of accumulated depreciation (amortisation) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 – “related party disclosures” – the definition of a related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or indirectly.

Standards issued but not yet effective

In addition to the above mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance for the Company with effect from future dates.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB’s work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB decided that IFRS 9 would be mandatorily effective for years ending on or after 31 December 2018.

IFRS 16 Leases

The amended IFRS 16 (Leases) released on January 13, 2016 which changes the set of requirements for the accounting treatment for asset, liability and other complexities such as non-lease element, variable lease period and option periods. The standard is effective from January 01, 2019 with early adoption permitted in certain circumstances.

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4 CASH AND CASH EQUIVALENTS

| | <i>30 June 2016 (Unaudited)</i> | | <i>31 December 2015 (Audited)</i> | |
|---|---------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | <i>Insurance operations</i> | <i>Shareholders' operations</i> | <i>Insurance operations</i> | <i>Shareholders' operations</i> |
| | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| Cash at banks and in hand | 26,289,609 | 45,291 | 14,689,241 | 1,260,553 |
| Short-term deposit with original maturity of three months or less | 60,012,612 | 208,654,000 | 50,000,000 | 65,054,247 |
| | <u>86,302,221</u> | <u>208,699,291</u> | <u>64,689,241</u> | <u>66,314,800</u> |

Cash at banks are placed with local commercial banks with good investment grade credit ratings.

5 PREMIUMS RECEIVABLE, NET

| | <i>30 June 2016 (Unaudited)</i> | <i>31 December 2015 (Audited)</i> |
|---------------------------------|---------------------------------|-----------------------------------|
| | <i>SR</i> | <i>SR</i> |
| Premiums receivable | 59,295,854 | 36,984,550 |
| Provision for doubtful debts | (4,880,318) | (1,323,127) |
| Premiums receivable, net | <u>54,415,536</u> | <u>35,661,423</u> |

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6 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. Pricing policies and term of settlements with related parties are as per the commercial terms. The significant related party transactions and the related balances at the end of the period are set out below:

| <i>Related party/ Nature of transactions</i> | <i>Amount of transactions</i> | | | <i>Balance 31 December 2015 SR (Audited)</i> |
|--|---|---|--|--|
| | <i>For the period ended 30 June 2016 SR (Unaudited)</i> | <i>For the period ended 30 June 2015 SR (Unaudited)</i> | <i>Balance 30 June 2016 SR (Unaudited)</i> | |
| Premium receivable from a related party | | | | |
| Arab National Bank ("ANB") (Shareholder) | | | | |
| Premiums receivable (advances) on policies sold through agency agreement with ANB agency | 5,445,345 | 4,463,600 | 4,110,222 | 547,723 |
| Commission payable on policies sold through agency agreement with ANB agency | 579,930 | 640,339 | 277,547 | 53,489 |
| Reinsurance balances payable | | | | |
| American International Group ("AIG") (Shareholder) | | | | |
| Reinsurance premiums payable & XOL | 7,346,577 | 5,725,205 | (13,930,163) | 9,234,902 |
| Reinsurance commission | (4,664,623) | - | - | - |
| Delaware American Life Insurance Company (Owned 100% by MetLife) | | | | |
| Reinsurance premiums payable | 1,684,032 | 1,325,710 | 595,017 | 75,779 |
| Reinsurance commission | (251,005) | - | - | - |
| Reinsurance share of paid claims | (621,547) | - | - | - |
| American Life Insurance Company "ALICO" (Owned 100% by MetLife) | | | | |
| Reinsurance premiums (portfolio transfer) | 4,567,293 | 4,648,096 | - | - |
| Reinsurance commission | (1,332,528) | - | - | - |
| Reinsurance share of claims paid (portfolio transfer) | (7,457,422) | 7,624,572 | 8,749,185 | 7,505,330 |

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6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| <i>Related party/ Nature of transactions</i> | <i>Amount of transactions</i> | | | <i>Balance 31 December 2015 SR (Audited)</i> |
|--|---|---|--|--|
| | <i>For the period ended 30 June 2016 SR (Unaudited)</i> | <i>For the period ended 30 June 2015 SR (Unaudited)</i> | <i>Balance 30 June 2016 SR (Unaudited)</i> | |
| Due to related parties | | | | |
| MetLife (Shareholder) | | | | |
| General and administrative expenses paid on behalf of the Company and recharged to the Company | - | 245,472 | (1,480,809) | (624,739) |
| Administration Fees Income (portfolio transfer) | 421,119 | - | - | - |
| American International Group ("AIG") (Shareholder) | | | | |
| General and administrative expenses paid on behalf of the Company and recharged to the Company | 93,340 | 540,496 | 1,768,376 | 1,675,036 |
| Total amounts due to related parties | | | 287,567 | 1,050,297 |

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6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| <i>Related party/ Nature of transactions</i> | <i>Amount of transactions</i> | | | | <i>Balance 31 December 2015 SR (Audited)</i> |
|---|---|---|--|--|--|
| | <i>For the three month period ended 30 June 2016 SR (Unaudited)</i> | <i>For the three month period ended 30 June 2015 SR (Unaudited)</i> | <i>Balance 30 June 2016 SR (Unaudited)</i> | <i>Balance 30 June 2016 SR (Unaudited)</i> | |
| Commitments and Contingencies | | | | | |
| Arab National Bank ("ANB") (Shareholder) | - | - | 3,759,097 | 3,759,097 | 3,538,097 |
| Letters of Guarantee | | | | | |
| Investment activities | | | | | |
| Arab National Bank ("ANB") (Shareholder) | - | - | 112,294,000 | 112,294,000 | 42,62,500 |
| Time Deposits | 1,049,211 | 174,074 | 92,758 | 92,758 | 72,695 |
| Special commission income on deposits | - | - | 10,000,000 | 10,000,000 | 10,000,000 |
| Held to Maturity Investment (investment in ANB Sukuk) | 126,028 | - | 76,7712 | 76,7712 | 70,649 |
| Special commission income on held to maturity investments | | | | | |
| Key management personnel | | | | | |
| Salaries and other benefits | 3,985,028 | 3,730,891 | - | - | - |
| Board of Directors and Executive Committees' fees | 312,249 | 400,500 | 371,750 | 371,750 | 718,500 |

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(Continued)

For the period ended 30 June 2016

7 STATUTORY DEPOSIT

| | 30 June 2016 (Unaudited) SR | 31 December 2015 (Audited) SR |
|--|--------------------------------------|--|
| Statutory Deposit (10% of paid-up share capital) | 35,000,000 | 17,500,000 |
| | <u>35,000,000</u> | <u>17,500,000</u> |

Statutory deposit represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Agency ("SAMA"). The Company has increased its capital during March 2016 by SR 175 million through rights issue and accordingly, the Company has increased the Statutory Deposit during March 2016 by additional SR 17.5 million. SAMA is entitled for the income generated on Statutory Deposit which cannot be withdrawn without the consent of SAMA. Commission on Statutory Deposit amounted to SR 366,774 as of 30 June 2016 (SR 174,521 as of 31 December 2015) and was reported separately under Shareholders' Assets and Shareholders' Liabilities in accordance with SAMA instructions.

8 SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company is SR 350 million divided into 35 million shares of SAR 10 each (31 December 2015: SR 175 million divided into 17.5 million shares of SR 10 each).

The Company held an extraordinary general assembly of its shareholders on 22 February 2016 to approve the increase in the share capital from SAR 175 million to SAR 350 million through rights issue. Based on the approval received from shareholders at the extraordinary general assembly, the Company proceeded successfully in March 2016 to raise SAR 175 million through a rights issue. Under the terms of the rights issue, the Company offered 17,500,000 ordinary new shares by way of rights to qualifying shareholders at an offer price of SR 10 per share at close of trading on the date of 22 February 2016 (the "Eligibility Date"). The rights were made on the ratio of one right for every one share held by shareholders as of the Eligibility Date. Rights issue transaction costs incurred amounting to SR 4,246,204 was charged to the interim statement of changes in shareholders' equity.

9 BASIC AND DILUTED LOSS PER SHARE - Restated

Basic and diluted loss per share for the period has been calculated by dividing the net loss for the period by the weighted average number of outstanding shares at the period end.

The weighted average number of shares has been retrospectively adjusted for all prior periods to reflect the bonus element of the rights issue as required by IAS 33, "Earnings per share" as follows:

| | For the three month period ended 30 June 2016 SR | For the period ended 30 June 2016 SR | For the three month period ended 30 June 2015 SR | For the period ended 30 June 2015 SR |
|---|--|---|--|---|
| Issued ordinary shares at the beginning of the period | 35,000,000 | 17,500,000 | 17,500,000 | 17,500,000 |
| Adjusted rights issue | - | 15,336,538 | - | - |
| Effects of rights issue of shares | - | - | 12,250,000 | 12,250,000 |
| Weighted average number of ordinary shares | 35,000,000 | 32,836,538 | 29,750,000 | 29,750,000 |

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(Continued)

For the period ended 30 June 2016

9 BASIC AND DILUTED LOSS PER SHARE - Restated (continued)

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.7, which is a ratio of the theoretical ex-rights of SR 33.52 and the closing price per share of SR 57.04 on 22 February 2016, the last day on which the shares were traded before the rights issue.

The basic and diluted earnings per share are as follows:

| | <i>For the three month period ended 30 June 2016 SR</i> | <i>For the period ended 30 June 2016 SR</i> | <i>For the three month period ended 30 June 2015 SR</i> | <i>For the period ended 30 June 2015 SR</i> |
|--|---|---|---|---|
| Net loss before Zakat for the period | <u>(7,587,659)</u> | <u>(11,267,091)</u> | <u>(7,937,970)</u> | <u>(15,816,423)</u> |
| Weighted average number of ordinary shares | <u>35,000,000</u> | <u>32,836,538</u> | <u>29,750,000</u> | <u>29,750,000</u> |
| Basic and diluted (loss) per share | <u>(0.22)</u> | <u>(0.34)</u> | <u>(0.27)</u> | <u>(0.53)</u> |

10 SEGMENT INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses.

Segment assets do not include cash and cash equivalents, prepayments and other assets, due from shareholders' operations and property and equipment. Accordingly they are included in unallocated assets.

Segment liabilities do not include part of end-of-service indemnities, accrued expenses and other liabilities and due to related parties. Accordingly they are included in unallocated liabilities.

All unallocated assets and liabilities are reported to chief operating decision maker as unallocated assets and liabilities and are monitored on a centralized basis.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

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(Continued)

For the period ended 30 June 2016

10 SEGMENT INFORMATION (Continued)

a) Interim statement of insurance operations

For the three month period ended 30 June 2016 (Unaudited)

| | <i>Protection & Savings SR</i> | <i>Health Insurance SR</i> | <i>Motor Insurance SR</i> | <i>Other General Insurance SR</i> | <i>Total SR</i> |
|---|--|------------------------------------|-----------------------------------|---|---------------------|
| Gross written premiums | 6,630,493 | 27,106,935 | 2,101,750 | 21,015,517 | 56,854,695 |
| Reinsurance premiums ceded | (4,788,388) | (59,574) | - | (19,954,399) | (24,802,361) |
| Excess of loss premiums | (2,611) | - | (9,217) | (20,425) | (32,253) |
| Net written premiums | 1,839,494 | 27,047,361 | 2,092,533 | 1,040,693 | 32,020,081 |
| Net changes in unearned premiums | (873,781) | 5,701,084 | 157,257 | 226,641 | 5,211,201 |
| Net earned premiums | 965,713 | 32,748,445 | 2,249,790 | 1,267,334 | 37,231,282 |
| Reinsurance commission income | 795,575 | 78,464 | - | 1,985,874 | 2,859,913 |
| Other underwriting income | 434,950 | - | 933,898 | - | 1,368,848 |
| Underwriting revenue | 2,196,238 | 32,826,909 | 3,183,688 | 3,253,208 | 41,460,043 |
| Gross claims paid | (7,939,696) | (28,474,035) | (935,944) | (348,828) | (37,698,503) |
| Reinsurers' share of claims paid | 7,457,422 | 356,066 | - | 345,149 | 8,158,637 |
| Net claims paid | (482,274) | (28,117,969) | (935,944) | (3,679) | (29,539,866) |
| Changes in outstanding claims | (494,535) | (2,472,840) | (1,175,796) | 240,772 | (3,902,399) |
| Net claims incurred | (976,809) | (30,590,809) | (2,111,740) | 237,093 | (33,442,265) |
| Commissions incurred | (171,142) | (1,833,065) | (318,706) | (1,431,976) | (3,754,889) |
| Inspection and supervisory fees | (28,520) | (498,406) | (11,151) | (57,087) | (595,164) |
| Other direct underwriting expense | - | (150,590) | (16,194) | (100) | (166,884) |
| Doubtful debt expense | (82,612) | (1,391,382) | (606,774) | 138,961 | (1,941,807) |
| Underwriting expenses | (1,259,083) | (34,464,252) | (3,064,565) | (1,113,109) | (39,901,009) |
| Underwriting result | 937,155 | (1,637,343) | 119,123 | 2,140,099 | 1,559,034 |
| Unallocated expenses | | | | | (11,065,755) |
| Unallocated special commission income | | | | | 356,884 |
| Net deficit for the period from insurance operations | | | | | (9,149,837) |

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(Continued)

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For the period ended 30 June 2016 (Unaudited)

| | <i>Protection & Savings SR</i> | <i>Health Insurance SR</i> | <i>Motor Insurance SR</i> | <i>Other General Insurance SR</i> | <i>Total SR</i> |
|---|--|------------------------------------|-----------------------------------|---|---------------------|
| Gross written premiums | 13,340,647 | 60,247,810 | 9,461,644 | 28,787,895 | 111,837,996 |
| Reinsurance premiums ceded | (9,401,415) | (1,676,650) | - | (26,975,643) | (38,053,708) |
| Excess of loss premiums | (6,853) | - | (200,067) | (240,802) | (447,722) |
| Net written premiums | 3,932,379 | 58,571,160 | 9,261,577 | 1,571,450 | 73,336,566 |
| Net changes in unearned premiums | (1,865,908) | 840,353 | (6,332,188) | 97,246 | (7,260,497) |
| Net earned premiums | 2,066,471 | 59,411,513 | 2,929,389 | 1,668,696 | 66,076,069 |
| Reinsurance commission income | 1,546,643 | 155,106 | - | 3,036,906 | 4,738,655 |
| Other underwriting income | 856,070 | - | 1,738,977 | - | 2,595,047 |
| Underwriting revenue | 4,469,184 | 59,566,619 | 4,668,366 | 4,705,602 | 73,409,771 |
| Gross claims paid | (15,323,445) | (42,484,382) | (1,056,958) | (482,492) | (59,347,277) |
| Reinsurers' share of claims paid | 14,046,995 | 621,547 | - | 478,507 | 15,147,049 |
| Net claims paid | (1,276,450) | (41,862,835) | (1,056,958) | (3,985) | (44,200,228) |
| Changes in outstanding claims | (33,145) | (8,897,125) | (1,864,282) | (70,186) | (10,864,738) |
| Net claims incurred | (1,309,595) | (50,759,960) | (2,921,240) | (74,171) | (55,064,966) |
| Commissions incurred | (355,692) | (3,158,957) | (435,785) | (2,071,374) | (6,021,808) |
| Inspection and supervisory fees | (55,714) | (911,332) | (15,624) | (89,510) | (1,072,180) |
| Other direct underwriting expense | - | (420,985) | (36,029) | (100) | (457,114) |
| Doubtful debt expense | (120,235) | (2,413,029) | (631,300) | (392,627) | (3,557,191) |
| Underwriting expenses | (1,841,236) | (57,664,263) | (4,039,978) | (2,627,782) | (66,173,259) |
| Underwriting result | 2,627,948 | 1,902,356 | 628,388 | 2,077,820 | 7,236,512 |
| Unallocated expenses | | | | | (20,810,249) |
| Unallocated special commission income | | | | | 624,793 |
| Net deficit for the period from insurance operations | | | | | (12,948,944) |

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(Continued)

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10 SEGMENT INFORMATION (Continued)

a) Interim statement of insurance operations

For the three month period ended 30 June 2015 (Unaudited)

| | Protection & Savings SR | Health Insurance SR | Motor Insurance SR | Other General Insurance SR | Total SR |
|--|-------------------------------|---------------------------|--------------------------|----------------------------------|--------------|
| Gross written premiums | 6,754,291 | 6,163,385 | - | 5,860,717 | 18,778,393 |
| Reinsurance premiums ceded | (5,262,160) | (43,645) | - | (5,008,672) | (10,314,477) |
| Excess of loss premiums | - | - | - | (74,656) | (74,656) |
| Net written premiums | 1,492,131 | 6,119,740 | - | 777,389 | 8,389,260 |
| Net changes in unearned premiums | (265,555) | (4,309,179) | - | (250,602) | (4,825,336) |
| Net earned premiums | 1,226,576 | 1,810,561 | - | 526,787 | 3,563,924 |
| Reinsurance commission income | 472,071 | 61,132 | - | 563,423 | 1,096,626 |
| Other underwriting income | 135,747 | - | 318,926 | - | 454,673 |
| Underwriting revenue | 1,834,394 | 1,871,693 | 318,926 | 1,090,210 | 5,115,223 |
| Gross claims paid | (7,324,572) | (732,414) | - | (321,292) | (8,378,278) |
| Reinsurers' share of claims paid | 7,324,572 | 248,892 | - | 321,185 | 7,894,649 |
| Net claims paid | - | (483,522) | - | (107) | (483,629) |
| Changes in outstanding claims | (2,194,007) | (999,148) | - | (431,809) | (3,624,964) |
| Net claims incurred | (2,194,007) | (1,482,670) | - | (431,916) | (4,108,593) |
| Commissions incurred | (204,682) | (133,345) | - | (404,749) | (742,776) |
| Inspection and supervisory fees | (9,467) | (92,451) | - | (28,154) | (130,072) |
| Other direct underwriting expense | - | (99,635) | - | (7,119) | (106,754) |
| Doubtful debt expense | (5,925) | (18,818) | - | (26,016) | (50,759) |
| Underwriting expenses | (2,414,081) | (1,826,919) | - | (897,954) | (5,138,954) |
| Underwriting result | (579,687) | 44,774 | 318,926 | 192,256 | (23,731) |
| Unallocated expenses | | | | | (7,918,327) |
| Net deficit for the period from insurance operations | | | | | (7,942,058) |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the period ended 30 June 2016

For the period ended 30 June 2015 (Unaudited)

| | Protection & Savings SR | Health Insurance SR | Motor Insurance SR | Other General Insurance SR | Total SR |
|---|-------------------------------|---------------------------|--------------------------|----------------------------------|---------------------|
| Gross written premiums | 10,456,193 | 10,502,342 | - | 30,572,594 | 51,531,129 |
| Reinsurance premiums ceded | (5,589,728) | (1,566,618) | - | (29,179,317) | (36,335,663) |
| Excess of loss premiums | - | - | - | (123,083) | (123,083) |
| Net written premiums | 4,866,465 | 8,935,724 | - | 1,270,194 | 15,072,383 |
| Net changes in unearned premiums | (3,261,625) | (6,411,703) | - | (539,044) | (10,212,372) |
| Net earned premiums | 1,604,840 | 2,524,021 | - | 731,150 | 4,860,011 |
| Reinsurance commission income | 479,789 | 118,676 | - | 833,162 | 1,431,627 |
| Other underwriting income | 135,747 | - | 318,926 | - | 454,673 |
| Underwriting revenue | 2,220,376 | 2,642,697 | 318,926 | 1,564,312 | 6,746,311 |
| Gross claims paid | (7,324,572) | (894,426) | - | (321,292) | (8,540,290) |
| Reinsurers' share of claims paid | 7,324,572 | 248,892 | - | 321,185 | 7,894,649 |
| Net claims paid | - | (645,534) | - | (107) | (645,641) |
| Changes in outstanding claims | (2,432,314) | (1,540,112) | - | (623,222) | (4,595,648) |
| Net claims incurred | (2,432,314) | (2,185,646) | - | (623,329) | (5,241,289) |
| Commissions incurred | (263,861) | (176,487) | - | (599,355) | (1,039,703) |
| Inspection and supervisory fees | (27,963) | (157,535) | - | (151,763) | (337,261) |
| Other direct underwriting expense | - | (99,635) | - | (7,119) | (106,754) |
| Doubtful debt expense | (5,925) | (18,818) | - | 64,811 | 40,068 |
| Underwriting expenses | (2,730,063) | (2,638,121) | - | (1,316,755) | (6,684,939) |
| Underwriting result | (509,687) | 4,576 | 318,926 | 247,557 | 61,372 |
| Unallocated expenses | | | | | (15,895,549) |
| Net deficit for the period from insurance operations | | | | | (15,834,177) |

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(Continued)

For the period ended 30 June 2016

10 SEGMENT INFORMATION (Continued)

b) Insurance operations' assets and liabilities

June 30, 2016 (Unaudited)

| | <i>Protection & Savings SR</i> | <i>Health Insurance SR</i> | <i>Motor Insurance SR</i> | <i>Other General Insurance SR</i> | <i>Unallocated SR</i> | <i>Total SR</i> |
|--|--|------------------------------------|-----------------------------------|---|---------------------------|---------------------|
| Insurance operations' assets | | | | | | |
| Cash and cash equivalents | - | 57,000,000 | - | - | 29,302,221 | 86,302,221 |
| Premiums receivable, net | 2,904,735 | 28,012,334 | 4,690,142 | 18,808,325 | - | 54,415,536 |
| Reinsurers' share of unearned premiums | 498,057 | 875,232 | - | 38,131,488 | - | 39,504,777 |
| Reinsurers' share of mathematical reserves | 244,137,663 | - | - | - | - | 244,137,663 |
| Reinsurers' share of outstanding claims | 11,008,367 | 340,193 | - | 11,603,927 | - | 22,952,487 |
| Deferred policy acquisition costs | 472,603 | 4,255,060 | 921,687 | 4,191,093 | - | 9,840,443 |
| Prepaid expenses and other assets | 21,204 | 12,193,532 | 76,883 | 270,735 | 7,987,215 | 20,549,569 |
| Due from shareholders operations | - | - | - | - | 9,152,700 | 9,152,700 |
| Property and equipment, net | - | - | - | - | 4,673,834 | 4,673,834 |
| TOTAL INSURANCE OPERATIONS' ASSETS | 259,042,629 | 102,676,351 | 5,688,712 | 73,005,568 | 51,115,970 | 491,529,230 |
| Insurance operations' liabilities | | | | | | |
| Gross unearned premiums | 3,242,938 | 62,174,503 | 6,501,150 | 39,255,018 | - | 111,173,609 |
| Gross outstanding claims | 13,005,045 | 25,175,373 | 2,037,396 | 13,327,840 | - | 53,545,654 |
| Gross mathematical reserves | 244,137,663 | - | - | - | - | 244,137,663 |
| Payables, accruals and others | 411,706 | 20,846,605 | 1,073,989 | 4,713,455 | 1,497,907 | 28,543,662 |
| Reinsurance balances payable | 9,790,902 | 749,832 | 246,128 | 34,929,232 | - | 45,716,094 |
| Unearned reinsurance commission income | 120,746 | 136,058 | - | 6,347,135 | - | 6,603,939 |
| Due to related parties | - | - | - | - | 287,567 | 287,567 |
| Employees' terminal benefits | - | - | - | - | 1,521,042 | 1,521,042 |
| TOTAL INSURANCE OPERATIONS' LIABILITIES | 270,709,000 | 109,082,371 | 9,858,663 | 98,572,680 | 3,306,516 | 491,529,230 |

MetLife, American International Group and Arab National Bank
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the period ended 30 June 2016

10 SEGMENT INFORMATION (Continued)

b) Insurance operations' assets and liabilities

31 December 2015 (Audited)

| | <i>Protection & Savings SR</i> | <i>Health Insurance SR</i> | <i>Motor Insurance SR</i> | <i>Other General Insurance SR</i> | <i>Unallocated SR</i> | <i>Total SR</i> |
|--|--|------------------------------------|-----------------------------------|---|---------------------------|---------------------|
| Insurance operations' assets | | | | | | |
| Cash and cash equivalents | - | 50,000,000 | - | - | 14,689,241 | 64,689,241 |
| Premiums receivable, net | 318,524 | 17,020,050 | 85,666 | 18,237,183 | - | 35,661,423 |
| Reinsurers' share of unearned premiums | 178,864 | 147,265 | - | 27,296,603 | - | 27,622,732 |
| Reinsurers' share of mathematical reserves | 251,654,626 | - | - | - | - | 251,654,626 |
| Reinsurers' share of outstanding claims | 12,222,662 | 300,053 | - | 7,400,929 | - | 19,923,644 |
| Deferred policy acquisition costs | 153,059 | 2,320,193 | 13,983 | 2,370,628 | - | 4,857,863 |
| Prepaid expenses and other assets | 17,742 | 3,603,685 | 3,993 | 251,632 | 9,873,014 | 13,750,066 |
| Due from shareholders operations | - | - | - | - | 8,010,111 | 8,010,111 |
| Property and equipment, net | - | - | - | - | 5,757,153 | 5,757,153 |
| TOTAL INSURANCE OPERATIONS' ASSETS | 264,545,477 | 73,391,246 | 103,642 | 55,556,975 | 38,329,519 | 431,926,859 |
| Insurance operations' liabilities | | | | | | |
| Gross unearned premiums | 1,057,837 | 62,286,890 | 168,962 | 28,517,378 | - | 92,031,067 |
| Gross outstanding claims | 14,186,196 | 16,238,108 | 173,114 | 9,054,655 | - | 39,652,073 |
| Gross mathematical reserves | 251,654,626 | - | - | - | - | 251,654,626 |
| Payables, accruals and others | (7,474) | 3,584,400 | 7,010 | 1,590,248 | 7,697,800 | 12,871,984 |
| Reinsurance balances payable | 8,158,119 | (50,935) | 4,856 | 21,763,265 | - | 29,875,305 |
| Unearned reinsurance commission income | 44,439 | 36,828 | - | 3,672,754 | - | 3,754,021 |
| Due to related parties | - | - | - | - | 1,050,297 | 1,050,297 |
| Employees' terminal benefits | - | - | - | - | 1,037,486 | 1,037,486 |
| TOTAL INSURANCE OPERATIONS' LIABILITIES | 275,093,743 | 82,095,291 | 353,942 | 64,598,300 | 9,785,583 | 431,926,859 |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the period ended 30 June 2016

11 COMMITMENTS AND CONTINGENCIES

At 30 June 2016, Letters of Guarantee amounting to SR 3,759,097 were outstanding in favour of medical providers and general insurance tenders (SR 3,538,097 as at 31 December 2015). These letters of guarantee were issued against cash margin amounting to SR 3,759,097 and SR 3,538,097 as at 30 June 2016 and 31 December 2015 respectively which is classified under prepaid expenses and other assets in the interim statement of financial position. There were no other commitments, contingencies, or outstanding legal proceedings or disputes of material nature.

12 COMPARATIVE FIGURES

Certain figures for the prior period have been reclassified to conform to the presentation made in the current period; however the impact of such reclassifications was not material to the overall presentation of the interim financial statements.

13 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved on 20-Shawal-1437H corresponding to (25-July-2016 G).



Managing Director/
Chief Executive Officer



Chief Financial Officer

