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

INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015

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

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015

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

Scope of Review

We have reviewed the accompanying interim statement of financial position of **Allied Cooperative Insurance Group (ACIG)** – a Saudi Joint Stock Company – (the "Company") as at 30 June 2015, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, shareholders' comprehensive income for three-month and six-month periods then ended and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations cash flows for the six-month period 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 the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with the Standard on review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of person responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

Emphasis of Matter

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

PKF Al-Bassam & Al-Nemer
Allied Accountants

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

Ahmed Tayseer Abdullah
Chartered Accountant Office

Ahmed Tayseer Abdullah
Certified Public Accountant
Licence No. 213



27 July 2015
11 Shawwal 1436H
Jeddah, Kingdom of Saudi Arabia



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION
At 30 JUNE 2015

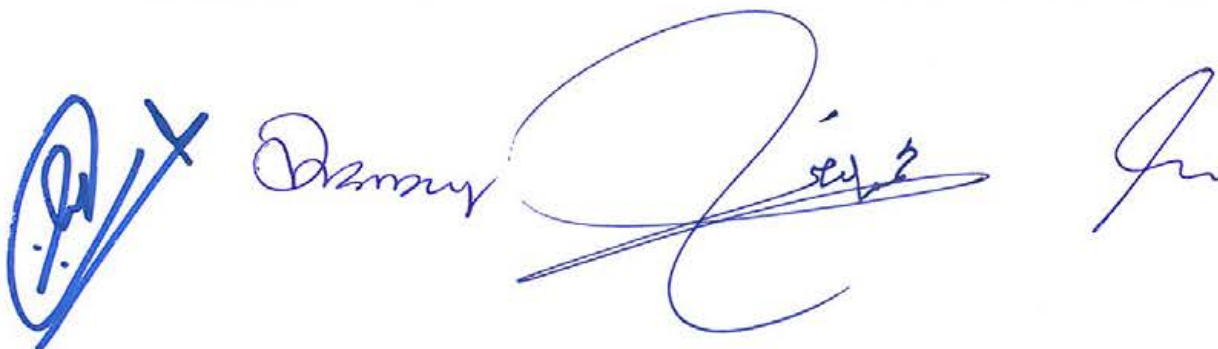
	Note	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	255,998	129,941
Premiums receivable, net	4	69,220	46,015
Reinsurance receivables, net		1,033	1,267
Reinsurers' share of unearned premiums	8	37,663	26,511
Reinsurers' share of outstanding claims	9	8,111	9,106
Deferred policy acquisition cost		22,568	11,929
Prepayments and other receivables		20,376	12,015
Property and equipment, net		5,634	5,947
Total insurance operations' assets		420,603	242,731
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	27,047	44,235
FVIS investments	5	-	5,319
Available-for-sale investments	6	69,362	40,193
Prepayments and other receivables		2,865	2,691
Statutory deposit	7	20,000	20,000
Total shareholders' assets		119,274	112,438
TOTAL ASSETS		539,877	355,169



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

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION- (Continued)
At 30 JUNE 2015

	Note	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
INSURANCE LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Reinsurance payables		37,114	19,830
Unearned commission income		2,341	2,307
Unearned premiums	8	287,735	154,924
Accounts payable		26,989	12,914
Outstanding claims	9	53,421	43,572
Accrued and other payables		6,592	3,584
Employees' terminal benefits		4,250	3,858
Total insurance operations' liabilities		418,442	240,989
Insurance operations' surplus			
Surplus from insurance operations		2,161	1,742
Total insurance operations' liabilities and surplus		420,603	242,731
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accruals and other payables		627	613
Accrued zakat and income tax	10	748	1,294
Total shareholders' liabilities		1,375	1,907
Shareholders' equity			
Share capital	11	200,000	200,000
Accumulated losses		(84,618)	(90,895)
Available-for-sale investments reserve	6	2,517	1,426
Total shareholders' equity		117,899	110,531
Total shareholders' liabilities and equity		119,274	112,438
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		539,877	355,169



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

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


INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE				
Gross premiums written	143,869	41,842	330,893	132,162
Less: Premiums ceded	(22,616)	(13,607)	(46,776)	(37,609)
Excess of loss premiums	(1,503)	(974)	(3,317)	(2,478)
Net written premiums	119,750	27,261	280,800	92,075
Changes in net unearned premiums	(26,549)	25,911	(121,659)	18,644
Net premiums earned	93,201	53,172	159,141	110,719
Other underwriting income	2,671	-	6,415	-
Reinsurance commission earned	1,248	1,233	2,282	2,126
Net revenues	97,120	54,405	167,838	112,845
Cost and expenses				
Gross claims paid	68,099	44,628	122,979	88,144
Less: Reinsurers' share	(6,006)	(6,700)	(12,559)	(12,538)
Net claims paid	62,093	37,928	110,420	75,606
Changes in outstanding claims, net	10,366	135	11,518	4,158
Net claims incurred	72,459	38,063	121,938	79,764
Policy acquisition cost	8,707	5,598	15,161	12,004
Net cost and expenses	81,166	43,661	137,099	91,768
Net result of insurance operations	15,954	10,744	30,739	21,077
General and administrative expenses	(13,680)	(9,398)	(25,751)	(19,858)
Supervision and inspection fee	(571)	(404)	(986)	(824)
CCHI fee	(396)	(464)	(698)	(969)
Investment income	576	302	741	647
Other income	10	23	144	359
Surplus from insurance operations	1,893	803	4,189	432
Shareholders' share of insurance operations (surplus):	(1,704)	(760)	(3,770)	(389)
Surplus for the period	189	43	419	43
Accumulated surplus at the beginning of the period	1,972	1,104	1,742	1,104
Accumulated surplus at the end of the period	2,161	1,147	2,161	1,147

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

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015

	Note	Three-month period ended		Six-month period ended	
		30 June 2015 (Unaudited) SR'000	30 June 2014 (Unaudited) SR'000	30 June 2015 (Unaudited) SR'000	30 June 2014 (Unaudited) SR'000
Shareholders' share of insurance operations surplus		1,704	760	3,770	389
Realized gain on available-for-sale investments		2,030	-	3,971	-
Dividends		-	19	118	59
Realized gain on FVIS investments		-	2,723	423	6,212
Commission income		22	13	45	27
Total revenues		3,756	3,515	8,327	6,687
EXPENSES					
General and administrative expenses		(606)	(633)	(1,330)	(1,525)
Net income for the period		3,150	2,882	6,997	5,162
Weighted average number of ordinary shares outstanding ('000')	11	20,000	20,000	20,000	20,000
Basic and diluted earnings per share for the period (SR)	12	0.16	0.14	0.35	0.26






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

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Net income for the period	3,150	2,882	6,997	5,162
Other comprehensive income / (expenses):				
Change in fair value of available-for-sale investments	1,296	315	1,091	631
Zakat and income tax (note 10)	-	(1,035)	(720)	(1,663)
Total comprehensive income for the period	<u>4,446</u>	<u>2,162</u>	<u>7,368</u>	<u>4,130</u>



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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

Six-month period ended
30 June 2015 – unaudited

	Share capital SR '000	Accumulated losses SR '000	Available-for- sale investments reserve	Total SR '000
Balance as at 31 December 2014 (audited)	200,000	(90,895)	1,426	110,531
Net income for the period	-	6,997	-	6,997
Change in fair value of available-for-sale investments	-	-	1,091	1,091
Zakat and income tax (note 10)	-	(720)	-	(720)
Balance as at 30 June 2015 (unaudited)	200,000	(84,618)	2,517	117,899

Six-month period ended
30 June 2014 – unaudited

Balance as at 31 December 2013 (audited)	200,000	(98,164)	414	102,250
Net income for the period	-	5,162	-	5,162
Change in fair value of available-for-sale investments	-	-	631	631
Zakat and income tax	-	(1,663)	-	(1,663)
Balance as at 30 June 2014 (unaudited)	200,000	(94,665)	1,045	106,380

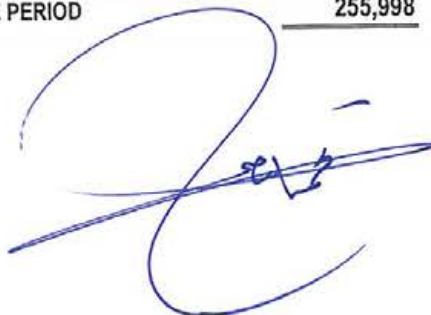
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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

	<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Cash flows from operating activities:		
Surplus for the period from insurance operations	419	43
Adjustment for:		
Depreciation	934	867
Employees' terminal benefits, net	392	484
Doubtful debts provision	162	590
	<u>1,907</u>	<u>1,984</u>
<i>Changes in operating assets and liabilities:</i>		
Premiums receivable, net	(23,367)	(12,047)
Reinsurance receivables, net	234	(785)
Reinsurers' share of unearned premiums	(11,152)	11,309
Reinsurers' share of outstanding claims	995	365
Deferred policy acquisition cost	(10,639)	2,403
Prepayments and other receivables	(8,361)	(1,403)
Reinsurance payables	17,284	(4,272)
Unearned commission income	34	437
Unearned premiums	132,811	(29,954)
Accounts payable	14,075	4,625
Outstanding claims	9,849	4,215
Accrued and other payables	3,008	2,811
Net cash from / (used in) from operating activities	<u>126,678</u>	<u>(20,312)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(621)	(887)
Net cash used in investing activities	<u>(621)</u>	<u>(887)</u>
Net increase / (decrease) in cash and cash equivalents	126,057	(21,199)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	129,941	145,970
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	255,998	124,771






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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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INTERIM STATEMENT OF SHAREHOLDERS OPERATIONS' CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

	<i>Six-month period ended</i>	
	<i>30 June 2015 (Unaudited)</i>	<i>30 June 2014 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
OPERATING ACTIVITIES		
Net income for the period	6,997	5,162
Adjustment for:		
Realized gain on available-for-sale investments	(3,971)	-
Dividend income	(118)	(59)
Realized gain on FVIS investments	(423)	(5,127)
Unrealized gain on FVIS investments	-	(1,125)
	<u>2,485</u>	<u>(1,149)</u>
<i>Changes in operating assets and liabilities:</i>		
Prepayments and other receivables	(174)	(89)
Accrued and other payables	14	621
Due to insurance operations	-	-
Zakat Paid	<u>(1,266)</u>	<u>(1,488)</u>
Net cash from / (used in) operating activities	<u>1,059</u>	<u>(2,105)</u>
INVESTING ACTIVITIES		
Purchase of FVIS investments	-	(10,489)
Purchase of available-for-sale investments	(53,560)	-
Proceeds from sale of FVIS investments	5,742	14,509
Proceeds from sale of available-for-sale investments	29,453	-
Dividend received on FVIS investments	118	40
Net cash used in / from investing activities	<u>(18,247)</u>	<u>4,060</u>
Net (decrease) / increase in cash and cash equivalents	<u>(17,188)</u>	<u>1,955</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>44,235</u>	<u>24,797</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>27,047</u>	<u>26,752</u>
Non Cash Transactions:		
Change in fair value of available-for-sale investments	<u>1,091</u>	<u>631</u>



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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015 – UNAUDITED

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

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

2. BASIS OF PREPARATION

Statement of Compliance

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

These interim condensed financial statements for the six-month period ended 30 June 2015 should be read in conjunction with the Company's audited financial statements as at 31 December 2014. In the Company's Board of Directors opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim period presented.

The Company follows a fiscal year ending 31 December.

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

The preparation of interim condensed financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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

Basis of presentation

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015 – UNAUDITED - (continued)

2. BASIS OF PREPARATION – (continued)

New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

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

<u>Standard/ Interpretation</u>	<u>Description</u>
IAS 19	Revision to IAS 19 Employee Benefits
IFRS 2	Share based payment
IFRS 3	Business combination
IFRS 8	Operating segments
IFRS 13	Fair value measurement
IAS 16 & 38	Property, plant and equipment and intangible assets
IAS 24	Related party disclosures
IAS 40	Investment property

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

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they are effective.

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IFRS 9	Financial Instruments – Classification & Measurement	1 January 2018
IFRS 11	Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 27	Amendments to IAS 27 Equity Method in Separate Financial Statements	1 January 2016
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IAS 1	Amendments to IAS 1 Disclosure initiative	1 January 2016
IAS 16 and IAS 41	Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 Applying the Consolidation Exception	1 January 2016

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015 – UNAUDITED - (continued)

3. CASH AND CASH EQUIVALENTS

	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
<i>Insurance operations</i>		
Cash in hand and at banks	82,521	41,941
Short term deposit	173,477	88,000
	<u>255,998</u>	<u>129,941</u>
<i>Shareholders' operations</i>		
Cash in hand and at banks	15,024	32,235
Short term deposit	12,023	12,000
	<u>27,047</u>	<u>44,235</u>

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

4. PREMIUMS RECEIVABLE, NET

	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Due from policyholders	70,577	47,528
Due from policyholders - related parties	476	158
Doubtful debt provision	(1,833)	(1,671)
	<u>69,220</u>	<u>46,015</u>

Movement in provision for doubtful debts is as follows:

	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Balance at the beginning of the period / year	1,671	831
Additional provision during the period / year	162	840
Balance at the end of the period / year	<u>1,833</u>	<u>1,671</u>

5. FVIS INVESTMENTS

Shareholders' operations

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2015 – UNAUDITED - (continued)

6. AVAILABLE-FOR-SALE INVESTMENTS

Shareholders' operations

	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Investment in sukuk	26,122	20,797
Mutual funds	17,658	17,473
Quoted securities	23,659	-
Unquoted securities	1,923	1,923
	<u>69,362</u>	<u>40,193</u>

	Balance at the beginning of the period SR'000	Net movement during the period SR'000	Change in fair value for the period SR'000	Balance at the end of the period SR'000
As at 30 June 2015 – (Unaudited)				
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
Investment in mutual funds	17,473	204	(19)	17,658
Investment in sukuk	20,797	5,000	325	26,122
Quoted securities	-	22,874	785	23,659
	<u>40,193</u>	<u>28,078</u>	<u>1,091</u>	<u>69,362</u>

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

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

Unrealised gain of SR 1.091 million for the six-month period ended 30 June 2015 (30 June 2014: unrealised gain SR 0.631 million) was recognized to the interim statement of changes in shareholders' equity as available-for-sale investments reserve. The available-for-sale investments reserve as of 30 June 2015 is SR 2.517 million (31 December 2014: SR 1.426 million).

7. STATUTORY DEPOSIT

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

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

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8. UNEARNED PREMIUMS, NET

	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Unearned premiums	287,735	154,924
Reinsurance share of unearned premiums	(37,663)	(26,511)
	<u>250,072</u>	<u>128,413</u>

9. OUTSTANDING CLAIMS, NET

	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Gross outstanding claims	19,929	17,092
Add: Incurred but not reported (IBNR) reserve	33,492	26,480
Outstanding claims	<u>53,421</u>	<u>43,572</u>
Reinsurance share of outstanding claims	(8,111)	(9,106)
Outstanding claims, net	<u>45,310</u>	<u>34,466</u>

10. ZAKAT AND INCOME TAX

Zakat and Income Tax

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

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

	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Balance at the beginning of the <i>period</i> / year	1,294	1,119
Charge for the period / year	720	1,663
Paid during the period / year	(1,266)	(1,488)
Balance at the end of the period / year	<u>748</u>	<u>1,294</u>

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

Income Tax

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

Status of assessment:

Zakat and income tax returns have been filed with the Department of Zakat and Income Tax ("DZIT") for the years ended up to 31 December 2014. Final certificate has been received from DZIT for the year ended 31 December 2008. However, DZIT has raised an additional assessment in respect of the returns filed for the years ended 31 December 2008, 2009 and 2010 amounting to SR 1.86 million which has not been booked in the interim condensed financial statements. The major difference of the additional assessment relates to disallowance of a portion of pre-incorporation expenses and withholding tax. The Company has filed an objection against this additional assessment and is confident of a favourable outcome. In this regard, the company have issued a letter of guarantee amounting to SR 1.83 million in favour of DZIT (See Note 16).

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11. SHARE CAPITAL

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

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

12. BASIC AND DILUTED EARNINGS PER SHARE

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

13. STATUTORY RESERVE

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

14. TRANSACTIONS WITH RELATED PARTIES

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

Insurance operations

Related party	Nature of transaction	Amount of transactions Six-month period ended		Closing balance Receivable / (Payable)	
		30 June 2015 (Unaudited) SR'000	30 June 2014 (Unaudited) SR'000	30 June 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Affiliates	Premiums written	904	652	476	158
	Claims paid	533	-	(309)	-
Board and audit committee	Meetings fee	550	78	-	-
Key management personnel	Short term benefits	2,863	2,476	10	70
	Long term benefits	252	108	(1,181)	(684)

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15. SEGMENTAL INFORMATION

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

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

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

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

Operating segments

**For three-month period ended
30 June 2015 (Unaudited)**

	Motor	Medical	General accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue					
Gross premiums written	81,669	50,384	4,797	7,019	143,869
Less: Premiums ceded	(46)	(13,419)	(2,514)	(6,637)	(22,616)
Excess of loss premiums	(1,280)	-	(116)	(107)	(1,503)
Net written premiums	80,343	36,965	2,167	275	119,750
Changes in net unearned premiums	(16,745)	(9,362)	(542)	100	(26,549)
Net premiums earned	63,598	27,603	1,625	375	93,201
Other Underwriting Income	2,671	-	-	-	2,671
Reinsurance commission earned	11	-	400	837	1,248
Net revenues	66,280	27,603	2,025	1,212	97,120
Cost and expenses					
Gross claims paid	54,323	12,225	1,225	326	68,099
Less: Reinsurers' share	(253)	(4,271)	(1,210)	(272)	(6,006)
Net claims paid	54,070	7,954	15	54	62,093
Changes in outstanding claims, net	9,364	768	266	(32)	10,366
Net claims incurred	63,434	8,722	281	22	72,459
Policy acquisition cost	5,178	2,918	309	302	8,707
Net cost and expenses	68,612	11,640	590	324	81,166
Net result of insurance operations	(2,332)	15,963	1,435	888	15,954
General and administrative expenses	-	-	-	-	(13,680)
Supervision and inspection fee	(93)	(397)	(33)	(48)	(571)
CCHI fee	-	(396)	-	-	(396)
Investment income					576
Other income					10
Surplus from insurance operations					1,893

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15. SEGMENTAL INFORMATION – (Continued)

For Six-month period ended

30 June 2015 (Unaudited)

	Motor	Medical	General accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue					
Gross premiums written	191,433	115,748	10,678	13,034	330,893
Less: Premiums ceded	(46)	(28,799)	(5,815)	(12,116)	(46,776)
Excess of loss premiums	(2,871)	-	(232)	(214)	(3,317)
Net written premiums	188,516	86,949	4,631	704	280,800
Changes in net unearned premiums	(83,145)	(37,144)	(1,439)	69	(121,659)
Net premiums earned	105,371	49,805	3,192	773	159,141
Other Underwriting Income	6,415	-	-	-	6,415
Reinsurance commission earned	22	-	659	1,601	2,282
Net revenues	111,808	49,805	3,851	2,374	167,838
Cost and expenses					
Gross claims paid	94,302	25,747	2,451	479	122,979
Less: Reinsurers' share	(253)	(9,191)	(2,249)	(866)	(12,559)
Net claims paid	94,049	16,556	202	(387)	110,420
Changes in outstanding claims, net	10,169	16	219	1,114	11,518
Net claims incurred	104,218	16,572	421	727	121,938
Policy acquisition cost	8,765	5,260	579	557	15,161
Net cost and expenses	112,983	21,832	1,000	1,284	137,099
Net result of insurance operations	(1,175)	27,973	2,851	1,090	30,739
General and administrative expenses	-	-	-	-	(25,751)
Supervision and inspection fee	(337)	(542)	(46)	(61)	(986)
CCHI fee	-	(698)	-	-	(698)
Investment income					741
Other income					144
Surplus from insurance operations					<u>4,189</u>

As at 30 June 2015 (Unaudited)

Premiums and reinsurance receivables – net	25,735	31,833	1,135	11,550	70,253
Reinsurance share of unearned premiums	165	23,569	3,655	10,274	37,663
Reinsurance share of outstanding claims	1,273	3,012	846	2,980	8,111
Deferred policy acquisition cost	13,684	7,504	831	549	22,568
Unallocated assets					282,008
Total insurance operations assets					<u>420,603</u>
Unearned commission income	20	-	637	1,684	2,341
Unearned premiums	168,975	95,173	12,473	11,114	287,735
Outstanding claims	6,392	7,595	1,915	4,027	19,929
Other liabilities	-	-	-	37,114	37,114
Unallocated liabilities					73,484
Total insurance operations liabilities					<u>420,603</u>

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15. SEGMENTAL INFORMATION – (Continued)

For three-month period ended
30 June 2014 (Unaudited)

	Motor	Medical	General accident	Others	Total
Revenue	SR '000	SR '000	SR '000	SR '000	SR '000
Gross premiums written	16,767	13,339	3,896	7,840	41,842
Less: Premiums ceded	(47)	(3,730)	(2,373)	(7,457)	(13,607)
Excess of loss premiums	(756)	-	(95)	(123)	(974)
Net written premiums	15,964	9,609	1,428	260	27,261
Changes in net unearned premiums	3,138	23,071	(293)	(5)	25,911
Net premiums earned	19,102	32,680	1,135	255	53,172
Reinsurance commission earned	13	-	344	876	1,233
Net revenues	19,115	32,680	1,479	1,131	54,405
Cost and expenses					
Gross claims paid	27,847	14,791	62	1,928	44,628
Less: Reinsurers' share	-	(5,872)	(33)	(795)	(6,700)
Net claims paid	27,847	8,919	29	1,133	37,928
Changes in outstanding claims, net	434	468	159	(926)	135
Net claims incurred	28,281	9,387	188	207	38,063
Policy acquisition cost	1,556	3,616	227	199	5,598
Net cost and expenses	29,837	13,003	415	406	43,661
Net result of insurance operations	(10,722)	19,677	1,064	725	10,744
General and administrative expenses	-	-	-	-	(9,398)
Supervision and inspection fee	(132)	(179)	(30)	(63)	(404)
CCHI fee	-	(464)	-	-	(464)
Investment income					302
Other income					23
Surplus from insurance operations					803

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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15. SEGMENTAL INFORMATION – (Continued)

For six-month period ended 30 June

2014 (Unaudited)	Motor	Medical	General accident	Others	Total
Revenue	SR '000	SR '000	SR '000	SR '000	SR '000
Gross premiums written	34,220	73,658	7,546	16,738	132,162
Less: Premiums ceded	(103)	(17,921)	(4,021)	(15,564)	(37,609)
Excess of loss premiums	(2,045)	-	(191)	(242)	(2,478)
Net written premiums	32,072	55,737	3,334	932	92,075
Changes in net unearned premiums	10,071	9,880	(949)	(358)	18,644
Net premiums earned	42,143	65,617	2,385	574	110,719
Reinsurance commission earned	24	-	613	1,489	2,126
Net revenues	42,167	65,617	2,998	2,063	112,845
Cost and expenses					
Gross claims paid	58,597	26,221	1,170	2,156	88,144
Less: Reinsurers' share	(1,149)	(10,067)	(367)	(955)	(12,538)
Net claims paid	57,448	16,154	803	1,201	75,606
Changes in outstanding claims, net	3,615	2,040	(515)	(982)	4,158
Net claims incurred	61,063	18,194	288	219	79,764
Policy acquisition cost	3,528	7,602	446	428	12,004
Net cost and expenses	64,591	25,796	734	647	91,768
Net result of insurance operations	(22,424)	39,821	2,264	1,416	21,077
General and administrative expenses	-	-	-	-	(19,858)
Supervision and inspection fee	(213)	(459)	(47)	(105)	(824)
CCHI fee	-	(969)	-	-	(969)
Investment income					647
Other income					359
Surplus from insurance operations					432
As at 31 December 2014 (Audited)					
Premiums and reinsurance receivables – net	21,996	15,807	1,136	8,343	47,282
Reinsurers' share of unearned premiums	331	12,299	3,592	10,289	26,511
Reinsurers' share of outstanding claims	1,098	3,414	3,498	1,096	9,106
Deferred policy acquisition cost	6,973	3,697	717	542	11,929
Unallocated assets					147,903
Total insurance operations' assets					242,731
Unearned commission income	36	-	634	1,637	2,307
Unearned premiums	85,996	46,759	10,972	11,197	154,924
Outstanding claims	25,034	11,753	5,131	1,654	43,572
Other liabilities	3,041	6,187	-	821	10,049
Unallocated liabilities					31,879
Total insurance operations' liabilities					242,731

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16. CONTINGENT LIABILITY

As at 30 June 2015, the Company has a letter of guarantee amounting to SR 1.83 million (31 December 2014: SR 1.83 million) in favor of DZIT (See Note 10). A margin of SR 1.83 million (31 December 2014: SR 1.83 million) being deposited with a bank for this purpose is included in prepayments and other receivables in the interim statement of financial position of insurance operations.

17. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the board of directors on 27 July 2015 corresponding to 11 Shawwal 1436H.