

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED
31 DECEMBER 2015

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2015

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**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT ON THE INTERIM CONDENSED
FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS OF UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Scope of Limited Review

We have reviewed the accompanying interim statement of financial position of United Cooperative Assurance Company – a Saudi Joint Stock Company ("the Company") as at 31 December 2015, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations and comprehensive income for three-month and twelve-month periods then ended and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the twelve-month period then ended and the related notes 1 to 16 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 limited 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 persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with 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 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 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 PKF Al Bassam & Al Nemer
Allied Accountants



Abdul Mohsen M. Al Nemer
Certified Public Accountant
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19 January 2016
9 Rabi Al Thani 1437H
Jeddah, Kingdom of Saudi Arabia



**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2015**

		<i>31 December 2015 (Unaudited) SR' 000</i>	<i>31 December 2014 (Audited) SR' 000</i>
	<i>Note</i>		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	281,546	73,642
Time deposit		114,300	-
Available-for-sale investments	4	185,072	56,276
Premiums receivable, net	5	266,929	354,777
Due from reinsurers, net	6	23,510	5,459
Reinsurers' share of unearned premiums		174,250	165,936
Reinsurers' share of outstanding claims		305,769	100,845
Deferred policy acquisition costs		24,550	13,985
Prepaid expenses and other assets		40,643	87,468
Due from shareholders' operations		69,895	164,499
Furniture, fittings and equipment		3,200	4,468
Total insurance operations' assets		1,489,664	1,027,355
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	19,409	58,056
Time deposit		145,800	-
Available-for-sale investments	4	85,888	182,204
Prepaid expenses and other assets		1,908	2,798
Goodwill	1(b)	78,400	78,400
Statutory deposit	10	49,000	28,000
Total shareholders' assets		380,405	349,458
TOTAL ASSETS		1,870,069	1,376,813




The accompanying notes 1 to 16 form part of these interim condensed financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2015

		31 December 2015 (Unaudited) SR' 000	31 December 2014 (Audited) SR' 000
	Note		
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Unearned premiums		591,791	431,188
Unexpired risk reserve		6,486	3,282
Claims handling provision		4,779	2,405
Catastrophe reserve		1,772	500
Other technical reserves		1,401	-
Outstanding claims		592,263	350,692
Unearned commission income		35,160	29,443
Due to reinsurers		151,283	128,588
Due to policyholders		29,851	20,853
Accrued expenses and other liabilities		37,596	27,051
Employees' terminal benefits		16,069	11,974
Total insurance operations' liabilities		1,468,451	1,005,976
Insurance operations' surplus			
Accumulated surplus from insurance operations		21,258	21,258
Available-for-sale investments reserve	4	(45)	121
Total insurance operations' liabilities and surplus		1,489,664	1,027,355
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		848	1,400
Accrued zakat and income tax	7	15,176	11,176
Due to financial institution		-	18,750
Due to insurance operations		69,895	164,499
Due to a related party	11	270	270
Total shareholders' liabilities		86,189	196,095
Shareholders' equity			
Share capital	8	490,000	280,000
Statutory reserve	9	31,944	31,944
Accumulated losses		(222,383)	(160,460)
Available-for-sale investments reserve	4	(5,345)	1,879
Total shareholders' equity		294,216	153,363
Total shareholders' liabilities and equity		380,405	349,458
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		1,870,069	1,376,813

The accompanying notes 1 to 16 form part of these interim condensed financial statements.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
For the three-month and twelve-month periods ended 31 December 2015

	<i>For the three-month period ended</i>		<i>For the twelve-month period ended</i>	
	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Unaudited) SR'000</i>	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
REVENUE				
Gross written premiums	350,664	337,005	1,271,736	1,165,152
Less: Reinsurance premiums ceded	(123,416)	(127,494)	(371,973)	(361,618)
Excess of loss premiums	(4,854)	(3,818)	(8,132)	(7,424)
Net written premiums	222,394	205,693	891,631	796,110
Change in net unearned premiums	(23,632)	6,306	(152,289)	(13,703)
Net premiums earned	198,762	211,999	739,342	782,407
Reinsurance commissions earned	13,027	13,126	44,715	42,825
	211,789	225,125	784,057	825,232
COSTS AND EXPENSES				
Gross claims paid	242,146	179,653	755,014	822,594
Less: Reinsurers' share of claims paid	(62,825)	(3,486)	(103,462)	(96,508)
Net claims paid	179,321	176,167	651,552	726,086
Change in net outstanding claims	84,535	111,461	36,647	67,901
Net claims incurred	263,856	287,628	688,199	793,987
Policy acquisition costs	6,335	7,720	28,633	21,299
Premium deficiency reserve	(2,200)	(13,727)	-	(13,727)
Unexpired risk reserve	3,203	3,282	3,203	3,282
Claims handling provision	2,374	2,405	2,374	2,405
Catastrophe reserve	1,272	-	1,272	-
Other technical reserves	1,401	-	1,401	-
	276,241	287,308	725,082	807,246
Net underwriting result	(64,452)	(62,183)	58,975	17,986
General and administration expenses	(30,791)	(26,695)	(117,884)	(102,020)
Supervision and inspection fee	(954)	(1,780)	(4,661)	(5,828)
Council of Cooperative Health Insurance (CCHI) fee	(302)	(217)	(1,336)	(1,758)
Investment income	2,711	4,685	4,777	7,368
DEFICIT FROM INSURANCE OPERATIONS	(93,788)	(86,190)	(60,129)	(84,252)
Shareholders' share of deficit from insurance operations	90,422	85,996	60,129	84,252
Policyholders' share of surplus from insurance operations	(3,366)	(194)	-	-
Accumulated surplus at the beginning of the period	24,624	21,452	21,258	21,258
Accumulated surplus at the end of the period	21,258	21,258	21,258	21,258

The accompanying notes 1 to 16 form part of these interim condensed financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

For the three-month and twelve-month periods ended 31 December 2015

		For the three-month period ended		For the twelve-month period ended	
		31 December 2015 (Unaudited) SR'000	31 December 2014 (Unaudited) SR'000	31 December 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
	Note				
REVENUE					
Shareholders' share of deficit from insurance operations		(90,422)	(85,996)	(60,129)	(84,252)
Commission income		882	775	3,906	3,409
Investment income		724	98	935	98
Realised gain on available-for-sale investments		281	76	4,693	2,978
		<u>(88,535)</u>	<u>(85,047)</u>	<u>(50,595)</u>	<u>(77,767)</u>
EXPENSES					
General and administration		(258)	(347)	(1,257)	(1,362)
Board remuneration		(295)	(297)	(1,123)	(1,169)
		<u>(89,088)</u>	<u>(85,691)</u>	<u>(52,975)</u>	<u>(80,298)</u>
NET LOSS FOR THE PERIOD					
Weighted average number of ordinary shares outstanding (in thousand)	12	<u>46,238</u>	<u>36,400</u>	<u>46,238</u>	<u>36,400</u>
Basic and diluted loss per share (in Saudi Riyals) – restated	12	<u>(1.93)</u>	<u>(2.35)</u>	<u>(1.15)</u>	<u>(2.21)</u>

The accompanying notes 1 to 16 form part of these interim condensed financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month and twelve-month periods ended 31 December 2015

	<i>For the three-month period ended</i>		<i>For the twelve-month period ended</i>	
	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Unaudited) SR'000</i>	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
Net loss for the period	(89,088)	(85,691)	(52,975)	(80,298)
Other comprehensive income				
<i>Other comprehensive income to be reclassified to interim statement of shareholders' operations in subsequent periods:</i>				
Change in fair value of available-for-sale investments	(3,143)	(1,205)	(2,531)	4,011
Net gain on available-for-sale investments reclassified to statement of shareholders' operations	(281)	(76)	(4,693)	(2,978)
Net other comprehensive loss to be reclassified to interim statement of shareholders' operations in subsequent periods	(92,512)	(86,972)	(60,199)	(79,265)
Other expense				
Zakat and income tax (note 7)	(500)	965	(4,000)	(3,535)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(93,012)	(86,007)	(64,199)	(82,800)

The accompanying notes 1 to 16 form part of these interim condensed financial statements.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the twelve-month period ended 31 December 2015

For the twelve-month period ended 31 December 2015 – (unaudited)

	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Available-for-sale investments reserve SR'000</i>	<i>Total SR'000</i>
Balance as at 31 December 2014 – (audited)	280,000	31,944	(160,460)	1,879	153,363
Issuance of right shares (note 8)	210,000	-	-	-	210,000
Net loss for the period	-	-	(52,975)	-	(52,975)
Change in fair value of available-for-sale investments	-	-	-	(2,531)	(2,531)
Net gain on available-for-sale investments reclassified to statement of shareholders' operations	-	-	-	(4,693)	(4,693)
Issuance cost (note 8)	-	-	(4,948)	-	(4,948)
Zakat and income tax for the period (note 7)	-	-	(4,000)	-	(4,000)
Balance as at 31 December 2015 – (unaudited)	<u>490,000</u>	<u>31,944</u>	<u>(222,383)</u>	<u>(5,345)</u>	<u>294,216</u>

For the twelve-month period ended 31 December 2014 – (Audited)

	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Available-for-sale investments reserve SR'000</i>	<i>Total SR'000</i>
Balance as at 31 December 2013 – (audited)	280,000	31,944	(76,627)	846	236,163
Net loss for the period	-	-	(80,298)	-	(80,298)
Change in fair value of available-for-sale-investments	-	-	-	4,011	4,011
Net gain on available-for-sale investments reclassified to statement of shareholders' operations	-	-	-	(2,978)	(2,978)
Zakat and income tax for the period (note 7)	-	-	(3,535)	-	(3,535)
Balance as at 31 December 2014 – (Audited)	<u>280,000</u>	<u>31,944</u>	<u>(160,460)</u>	<u>1,879</u>	<u>153,363</u>

The accompanying notes 1 to 16 form part of these interim condensed financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
For the twelve-month period ended 31 December 2015

	<i>For the twelve-month period ended</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
OPERATING ACTIVITIES		
Policyholders' share of surplus from insurance operations	-	-
Adjustments for:		
Movement in allowance for doubtful premiums receivables	14,245	2,323
Movement in allowance for doubtful reinsurer receivables	(110)	(237)
Depreciation	2,668	3,679
Realised gain on available-for-sale investments	(2)	-
Premium deficiency reserve	-	(13,727)
Employees' terminal benefits	4,095	2,889
Reinsurers' share of unearned premiums	(8,314)	(42,035)
Deferred policy acquisition cost	(10,565)	(6,868)
Unearned commission income	5,717	4,006
Unearned premiums	160,603	55,738
Unexpired risk reserve	3,204	3,282
Claims handling provision	2,374	2,405
Catastrophe reserve	1,272	-
Other technical reserves	1,401	-
	176,588	11,455
Changes in operating assets and liabilities:		
Premiums receivable	73,603	53,924
Due from reinsurers	(17,941)	3,608
Reinsurers' share of outstanding claims	(204,924)	13,871
Prepaid expenses and other assets	46,825	(2,657)
Due from shareholders' operations	94,604	(77,889)
Due to reinsurers	22,695	(62,404)
Outstanding claims	241,571	54,030
Due to policyholders	8,998	(8,572)
Accrued expenses and other liabilities	10,546	4,612
Net cash from / (used in) operating activities	452,565	(10,022)
INVESTING ACTIVITIES		
Time deposit	(114,300)	-
Purchase of furniture, fittings and equipment	(1,400)	(1,298)
Purchase of available-for-sale investments	(177,990)	(10,812)
Proceeds from sale of available-for-sale investments	49,029	9,756
Net cash used in investing activities	(244,661)	(2,354)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	207,904	(12,376)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	73,642	86,018
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	281,546	73,642
Non-cash transactions:		
Change in fair value of available-for-sale investments	(166)	362

The accompanying notes 1 to 16 form part of these interim condensed financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the twelve-month period ended 31 December 2015

	<i>For the twelve-month period ended 31 December 2015 (Unaudited) SR'000</i>	<i>For the twelve-month period ended 31 December 2014 (Audited) SR'000</i>
OPERATING ACTIVITIES		
Net loss for the period	(52,975)	(80,298)
Adjustments for:		
Realised gain on available-for-sale investments	(4,693)	(2,978)
	(57,668)	(83,276)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	890	(1,920)
Accrued expenses and other liabilities	(552)	341
Due to insurance operations	(94,604)	77,889
Cash used in operations	(151,934)	(6,966)
Zakat and income tax paid	-	(14,288)
Net cash used in operating activities	(151,934)	(21,254)
INVESTING ACTIVITIES		
Time deposit	(145,800)	-
Purchase of available-for-sale investments	(54,570)	(79,074)
Proceeds from sale of available-for-sale investments	148,355	65,898
Net cash used in investing activities	(52,015)	(13,176)
FINANCING ACTIVITIES		
Issuance of rights share	210,000	-
Issuance cost	(4,948)	-
Statutory deposit	(21,000)	-
Due to financial institution	(18,750)	-
Net cash from financing activities	165,302	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(38,647)	(34,430)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	58,056	92,486
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19,409	58,056
Non-cash transactions:		
Change in fair value of available-for-sale investments	(2,531)	4,011





The accompanying notes 1 to 16 form part of these interim condensed financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 December 2015

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

a) *Organisation and principal activities*

United Cooperative Assurance Company("the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration number 4030179955 dated 6 Jamad-al-Thani 1429H (corresponding to 6 June 2008). The Registered Office address of the Company is Al-Mukmal Centre (1st and 4th floor), Al Rawdah Street, Khalediya District, P. O. Box 5019, Jeddah 21422, Kingdom of Saudi Arabia.

The activities of the Company are to transact cooperative insurance and reinsurance operations and related activities in the Kingdom of Saudi Arabia. On 29 Rabi Al Thani 1429H (5 May 2008), the Company received a license from the Saudi Arabian Monetary Agency ("SAMA") to engage in insurance and reinsurance in Saudi Arabia. The Company started the operations on 1 January 2009.

b) *Portfolio transfer*

The Company entered into an agreement with UCA Insurance Bahrain BSC ('the seller') pursuant to which it acquired the seller's insurance operations in the Kingdom of Saudi Arabia, effective from 31 December 2008, for a total consideration of SR 656.95 million with a goodwill amount of SR 78.4 million. The transaction was approved by SAMA. The goodwill amount payable to the seller was paid in full subsequent to 2008, after obtaining specific approval from SAMA.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *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 three-month and twelve-month periods ended 31 December 2015 ("the period") 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 periods presented. The Company's interim results may not be indicative of its expected annual results.

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.

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

b) *Basis of presentation*

As required by the Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations and presents the financial statements accordingly. The physical custody and title 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 expenses from joint operations is determined by the management and the Board of Directors and is applied on consistent basis.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

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

b) Basis of presentation (continued)

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

Transfer to Shareholders' operations	90%
Transfer to Insurance operations	10%
	<hr/>
	100%
	<hr/>

In case of deficit arising from insurance operations, the entire deficit is allocated and transferred to shareholders' operations.

In accordance with article 70 of the Saudi Arabian Monetary Agency ("SAMA") implementing regulations, the Company must obtain SAMA approval before distribution of policyholder's surplus directly to policyholders at a time, and according to criteria set by its Board of Directors.

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

The accounting policies used in preparation of these interim condensed financial statements are consistent with those of the previous financial year and the adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on the interim condensed financial statements of 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</i>	<i>Description</i>
IAS 19	Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
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 above standards did not have any impact on the accounting policies, financial position or performance of the Company.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

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

d) 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's interim condensed 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 become effective.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective date</i>
IFRS 9	Financial Instruments	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 2018
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
IFRS 5, IFRS 7, IAS 19 and IAS 34	Annual Improvements to IFRS 2012-2014 cycle	1 January 2016

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

3 CASH AND CASH EQUIVALENTS

	<i>31 December 2015 (Unaudited) SR' 000</i>	<i>31 December 2014 (Audited) SR' 000</i>
<i>Insurance operations</i>		
Cash at banks	281,546	73,642
<i>Shareholders' operations</i>		
Cash at banks	19,409	58,056

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.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

4 AVAILABLE-FOR-SALE INVESTMENTS

Insurance operations

Available-for-sale-investments with local banks represent units in investment funds listed in the Saudi Stock Exchange (Tadawul) whereas the investment with foreign banks are listed in international stock exchanges. The available-for-sale investment reserve is SR 0.045 million as at 31 December 2015 (31 December 2014: SR 0.121 million) and was credited to the surplus from insurance operations.

Movement in available-for-sale investments has summarized below:

Insurance operations	<i>Balance at the beginning of the period SR' 000</i>	<i>Net movement during the period SR' 000</i>	<i>Change in fair value for the period SR' 000</i>	<i>Balance at the end of the period SR' 000</i>
As at 31 December 2015 - Unaudited				
Investment in bonds	4,282	-	(170)	4,112
Investment in sukuk	41,102	60,000	(19)	101,083
Investment in equity shares	892	3,962	(168)	4,686
Investment in mutual funds	10,000	65,000	191	75,191
	<u>56,276</u>	<u>128,962</u>	<u>(166)</u>	<u>185,072</u>
	<i>Balance at the beginning of the year SR' 000</i>	<i>Net movement during the year SR' 000</i>	<i>Change in fair value for the year SR' 000</i>	<i>Balance at the end of the year SR' 000</i>
As at 31 December 2014 - Audited				
Investment in bonds	4,016	-	266	4,282
Investment in sukuk	50,842	(9,756)	16	41,102
Investment in equity shares	-	812	80	892
Investment in mutual funds	-	10,000	-	10,000
	<u>54,858</u>	<u>1,056</u>	<u>362</u>	<u>56,276</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

4 AVAILABLE-FOR-SALE INVESTMENTS (continued)

Shareholders' operations	31 December 2015 (Unaudited) SR,000	31 December 2014 (Audited) SR,000
Quoted securities	83,965	60,560
Unquoted securities	1,923	121,644
	<u>85,888</u>	<u>182,204</u>

i) Available-for-sale – quoted securities

	<i>Balance at the beginning of the period SR' 000</i>	<i>Net movement during the period SR' 000</i>	<i>Change in fair value for the period SR' 000</i>	<i>Balance at the end of the period SR' 000</i>
As at 31 December 2015 - Unaudited				
Investment in equity shares	14,152	(1,009)	(1,699)	11,444
Investment in bonds	22,309	(11,263)	(119)	10,927
Investment in sukuk	14,097	29,086	(18)	43,165
Investment in mutual funds	10,002	10,000	(1,573)	18,429
	<u>60,560</u>	<u>26,814</u>	<u>(3,409)</u>	<u>83,965</u>
	<i>Balance at the beginning of the year SR' 000</i>	<i>Net movement during the year SR' 000</i>	<i>Change in fair value for the year SR' 000</i>	<i>Balance at the end of the year SR' 000</i>
As at 31 December 2014 - Audited				
Investment in equity shares	-	15,921	(1,769)	14,152
Investment in bonds	21,738	-	571	22,309
Investment in sukuk	23,840	(9,767)	24	14,097
Investment in mutual funds	-	10,000	2	10,002
	<u>45,578</u>	<u>16,154</u>	<u>(1,172)</u>	<u>60,560</u>

ii) Available-for-sale- unquoted securities

	<i>Balance at the beginning of the period SR' 000</i>	<i>Net movement during the period SR' 000</i>	<i>Change in fair value for the period SR' 000</i>	<i>Balance at the end of the period SR' 000</i>
As at 31 December 2015 - Unaudited				
Investment in local company	1,923	-	-	1,923
Investment in sukuk	60,000	(60,000)	-	-
Investment in Murabaha deposit	59,721	(60,599)	878	-
	<u>121,644</u>	<u>(120,599)</u>	<u>878</u>	<u>1,923</u>

UNITED COOPERATIVE ASSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

4 AVAILABLE-FOR-SALE INVESTMENTS (continued)

Shareholders' operations (continued)

ii) Available-for-sale – unquoted securities (continued)

	<i>Balance at the beginning of the year SR' 000</i>	<i>Net movement during the year SR' 000</i>	<i>Change in fair value for the year SR' 000</i>	<i>Balance at the end of the year SR' 000</i>
As at 31 December 2014 - Audited				
Investment in local company	1,923	-	-	1,923
Investment in sukuk	60,000	-	-	60,000
Investment in Murabaha deposit	57,516	-	2,205	59,721
	<u>119,439</u>	<u>-</u>	<u>2,205</u>	<u>121,644</u>

The unrealized loss of SR 2,531 million for the twelve-months period ended 31 December 2015 (Twelve-months period ended 31 December 2014: Unrealized gain SR 4,011 million) was charged to the statement of changes in shareholders' equity as available-for-sale investments reserve. The available-for-sale investments reserve as of 31 December 2015 is SR 5,345 million (31 December 2014: SR 1,879 million).

These investments are managed by a professional fund manager in accordance with the guidelines approved by the Board of Directors.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 December 2015 - Unaudited

	<i>Level 1 SR' 000</i>	<i>Level 2 SR' 000</i>	<i>Level 3 SR' 000</i>	<i>Total SR' 000</i>
Available-for-sale investments				
Equity securities				
Insurance operations	29,877	-	-	29,877
Shareholders' operations	29,873	-	1,923	31,796
Debt securities				
Insurance operations	155,195	-	-	155,195
Shareholders' operations	56,015	-	-	56,015
	<u>270,960</u>	<u>-</u>	<u>1,923</u>	<u>272,883</u>

As at 31 December 2014 – Audited

	<i>Level 1 SR' 000</i>	<i>Level 2 SR' 000</i>	<i>Level 3 SR' 000</i>	<i>Total SR' 000</i>
Available-for-sale investments				
Equity securities:				
Insurance operations	10,895	-	-	10,895
Shareholders' operations	24,154	-	1,923	26,077
Debt securities:				
Insurance operations	45,381	-	-	45,381
Shareholders' operations	96,406	-	-	96,406
Deposit certificates:				
Shareholders' operations	-	59,721	-	59,721
	<u>176,836</u>	<u>59,721</u>	<u>1,923</u>	<u>238,480</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

4 AVAILABLE-FOR-SALE INVESTMENTS (continued)

The Company has unquoted equity instruments carried at cost or indicative selling price, where the impact of changes in equity price will only be reflected when the instrument is sold or deemed to be impaired.

As at 31 December 2015 and 31 December 2014, all financial instruments, which are fair valued, are level 1 & level 3 instruments. There were no transfers between level 1, 2 and 3 during the twelve month periods ended 31 December 2015 and 31 December 2014.

5 PREMIUMS RECEIVABLE, NET

	<i>31 December 2015 (Unaudited) SR' 000</i>	<i>31 December 2014 (Audited) SR' 000</i>
Due from policyholders	159,003	218,342
Due from policyholders – related parties (note 11)	144,265	158,529
Allowance for doubtful debts	(36,339)	(22,094)
	<u>266,929</u>	<u>354,777</u>

Movement in the allowance for doubtful debts during the period / year was as follows:

	<i>Twelve-month period ended 31 December 2015 (Unaudited) SR' 000</i>	<i>For the year ended 31 December 2014 (Audited) SR' 000</i>
Balance at the beginning of the period / year	22,094	19,778
Allowance for the period / year	14,245	2,323
Utilisation during the period / year	-	(7)
Balance at the end of the period / year	<u>36,339</u>	<u>22,094</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

6 DUE FROM REINSURERS, NET

	<i>31 December 2015 (Unaudited) SR' 000</i>	<i>31 December 2014 (Audited) SR' 000</i>
Reinsurance receivable	25,862	7,921
Allowance for doubtful debts	(2,352)	(2,462)
	<u>23,510</u>	<u>5,459</u>

Movement in the allowance for doubtful debts during the period / year was as follows:

	<i>Twelve-month period ended 31 December 2015 (Unaudited) SR' 000</i>	<i>For the year ended 31 December 2014 (Audited) SR' 000</i>
Balance at the beginning of the period / year	2,462	2,699
Release of allowance during the period / year	(110)	(237)
Balance at the end of the period / year	<u>2,352</u>	<u>2,462</u>

7 ACCRUED ZAKAT AND INCOME TAX

The Zakat payable by the Company has been calculated based on the best estimates of the management. The movement in Zakat payable is as follows:

	<i>Twelve-month period ended 31 December 2015 (Unaudited) SR' 000</i>	<i>For the year ended 31 December 2014 (Audited) SR' 000</i>
Balance at the beginning of the period / year	11,176	21,929
Charge for the period / year	4,000	3,535
Paid during the period / year	-	(14,288)
Balance at the end of the period / year	<u>15,176</u>	<u>11,176</u>

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

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.

Status of assessment

The Company has filed its zakat declarations for the years ended 31 December 2009 to 2014 and obtained restricted zakat certificates.

During 2013, the Company received the final zakat assessments for the years 2009 to 2011 from the Department of Zakat and Income Tax (DZIT) claiming zakat liability amounting to SR 17.69 million. The management believes that the existing provision for zakat is sufficient. The Management has filed an objection against the above assessments and is confident of receiving a favourable ruling. However, during 2014, the Company has paid SR 14.288 million with respect to these assessments. DZIT has not yet raised assessments for the years from 2012 to 2014.

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At 31 December 2015

8 SHARE CAPITAL

The authorised and issued share capital of the Company was SR 280 million divided into 28 million ordinary shares of SR 10 each.

In the extra-ordinary general meeting held on 18 February 2015 corresponding to 29 Rabi Al-Thani 1436H, the shareholders approved rights issue of SR 210 million. As approved by the regulators, 21 million ordinary shares were offered at an exercise price of SR 10 during the subscription period which started on 22 February 2015 and ended on 10 March 2015. The legal formalities have been completed and the share capital has been increased from SR 280 Million to SR 490 Million. The Company incurred a sum of SR 4.95 million as issuance cost to raise additional capital of SR 210 million through rights issue which has been accounted through interim statement of changes in shareholders' equity.

9 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. As the Company has accumulated losses at period end, no transfer to statutory reserve has been made during the period. The reserve is not available for distribution.

10 STATUTORY DEPOSIT

	<i>31 December 2015 (Unaudited) SR' 000</i>	<i>31 December 2014 (Audited) SR' 000</i>
<i>Shareholders' operations</i>		
Statutory deposit	<u>49,000</u>	<u>28,000</u>

As required by Saudi Arabian Insurance Regulations, the Company deposited 10% of its paid up capital, amounting to SR 49 million (31 December 2014: SR 28 million) in a bank designated by the Saudi Arabian Monetary Agency (SAMA). The Company cannot withdraw this deposit without SAMA's approval and commission accruing on this deposit is payable to SAMA.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

11 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represents major shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

The Company in the normal course of business carries out transactions with its related parties. The transactions are made on terms equivalent to an arm's length transaction.

The following are the details of related party transactions during the twelve month periods ended 31 December 2015 and 31 December 2014:

		<i>Transactions for the twelve-month period ended</i>	
		<i>31 December 2015</i>	<i>31 December 2014</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR'000</i>	<i>SR'000</i>
<i>Related party</i>	<i>Nature of transaction</i>		
<i>Insurance Operations</i>			
Saudi Bin Laden - Group	Premiums underwritten	93,409	224,341
	Claims paid	(107,426)	(301,066)
Board members:			
Claim and risk services – (CARS)	Claim handling fee	(1,426)	(7,861)
	Payment made	2,803	7,802
Claim and risk services – (CARS)	Premiums underwritten	376	621
	Claims paid	(642)	(1,009)
Law Office of Hassan Mehassni	Premiums underwritten	515	372
	Claims paid	(496)	(371)
Key management personnel	Remuneration and related expenses	4,856	4,702
<i>Shareholders' operations</i>			
Board members	Board of Directors' remuneration	1,123	1,169
		<i>31 December 2015</i>	<i>31 December 2014</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR' 000</i>	<i>SR' 000</i>
<i>Insurance operations</i>			
<u>Due from related parties</u>			
Saudi Bin Laden – Group		144,283	158,300
Claim and risk services (CARS)		(109)	157
Law Office of Hassan Mehassni		91	72
		<i>31 December 2015</i>	<i>31 December 2014</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR' 000</i>	<i>SR' 000</i>
<u>Due to a related party</u>			
Claim and risk services (CARS)		(488)	889
<i>Shareholders' operations</i>			
<u>Due to related parties</u>			
Board Members		-	40
Najm for insurance services		270	270

The above balances are included in prepaid expenses and other assets, accrued expenses and other liabilities, premiums receivable, net and due to policyholders.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

12 BASIC AND DILUTED LOSS PER SHARE

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

(a) The weighted average number of shares has been retrospectively adjusted for prior period to reflect the bonus element of right share issue as required by IAS 33 "Earnings per share" as follows:

	<i>Twelve-month period ended 31 December 2015 (Unaudited)</i>	<i>For the year ended 31 December 2014 (Audited)</i>
Issued ordinary shares as at 1 January ('000')	28,000	28,000
Effect of bonus element of right share issue ('000')	-	8,400
Effect of right share issue	18,238	-
	<u>46,238</u>	<u>36,400</u>
Weighted average number of ordinary shares ('000')	<u>46,238</u>	<u>36,400</u>

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.3 which is a ratio of the theoretical ex-rights price of SR 16.63 per ordinary share and the closing price of SR 21.61 per ordinary share on the last day on which the shares were traded before the right issue.

(b) The basic and diluted loss per share are calculated as follows:

	<i>Twelve-month period ended 31 December 2015 (Unaudited)</i>	<i>For the year ended 31 December 2014 (Audited)</i>
Net loss for the period/year (SR '000')	(52,975)	(80,298)
Weighted average number of ordinary shares ('000')-(Note 12. a)	46,238	36,400
	<u>(1.15)</u>	<u>(2.21)</u>
Basic and diluted loss per share (SR) – restated	<u>(1.15)</u>	<u>(2.21)</u>

13 SEGMENT INFORMATION

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

Segment results do not include general and administrative expenses and investment income. Segment assets do not include insurance operations cash and cash equivalents, available-for-sale investments, premiums receivable (net), due from reinsurers (net), prepaid expenses and other assets and furniture, fittings and equipment.

Segment liabilities do not include due to reinsurers, due to policyholders, accrued and other liabilities, due to shareholders' operations and employees' terminal benefits.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

13 SEGMENT INFORMATION (continued)

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:

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Energy SR'000</i>	<i>Others SR'000</i>	<i>Total SR'000</i>
For the three-month period ended 31 December 2015 (Unaudited)					
Gross written premiums	23,962	262,028	41,333	23,341	350,664
Less: Reinsurance premiums ceded	2,079	(64,102)	(40,621)	(20,772)	(123,416)
Excess of loss premiums	(1,479)	(1,962)	-	(1,413)	(4,854)
Net written premiums	24,562	195,964	712	1,156	222,394
Change in net unearned premiums	5,239	(30,512)	558	1,083	(23,632)
Net premiums earned	29,801	165,452	1,270	2,239	198,762
Reinsurance commissions earned	-	1,897	650	10,480	13,027
	29,801	167,349	1,920	12,719	211,789
Gross claims paid	56,894	122,007	-	63,245	242,146
Less: Reinsurers' share of claims paid	(2,216)	(2,493)	-	(58,116)	(62,825)
Net claims paid	54,678	119,514	-	5,129	179,321
Change in net outstanding claims	(13,133)	97,984	-	(316)	84,535
Net claims incurred	41,545	217,498	-	4,813	263,856
Policy acquisition costs	1,948	2,510	-	1,877	6,335
Premium deficiency reserve	(2,200)	-	-	-	(2,200)
Unexpired risk reserve	-	-	-	3,203	3,203
Claims handling provision	-	2,374	-	-	2,374
Catastrophe reserve	-	-	-	1,272	1,272
Other technical reserves	421	223	-	757	1,401
	41,714	222,605	-	11,922	276,241
Net underwriting result	(11,913)	(55,256)	1,920	797	(64,452)
General and administration expenses (unallocated)					(30,791)
Supervision and inspection fee	(147)	(380)	(206)	(221)	(954)
CCHI fee	(302)	-	-	-	(302)
Investment income (unallocated)					2,711
Deficit from insurance operations					(93,788)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

13 SEGMENT INFORMATION (continued)

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Energy SR'000</i>	<i>Others SR'000</i>	<i>Total SR'000</i>
For the twelve-month period ended 31 December 2015 (Unaudited)					
Gross written premiums	123,588	794,571	156,500	197,077	1,271,736
Less: Reinsurance premiums ceded	2,079	(65,085)	(153,806)	(155,161)	(371,973)
Excess of loss premiums	(2,079)	(2,676)	-	(3,377)	(8,132)
Net written premiums	123,588	726,810	2,694	38,539	891,631
Change in net unearned premiums	754	(157,475)	(78)	4,510	(152,289)
Net premiums earned	124,342	569,335	2,616	43,049	739,342
Reinsurance commission earned	1	2,375	2,625	39,714	44,715
	124,343	571,710	5,241	82,763	784,057
Gross claims paid	155,967	492,395	-	106,652	755,014
Less: Reinsurers' share of claims paid	(2,216)	(7,624)	-	(93,622)	(103,462)
Net claims paid	153,751	484,771	-	13,030	651,552
Change in net outstanding claims	(11,028)	43,867	-	3,808	36,647
Net claims incurred	142,723	528,638	-	16,838	688,199
Policy acquisition costs	6,117	14,568	-	7,948	28,633
Unexpired risk reserve	-	-	-	3,203	3,203
Claims handling provision	-	2,374	-	-	2,374
Catastrophe reserve	-	-	-	1,272	1,272
Other technical reserves	421	223	-	757	1,401
	149,261	545,803	-	30,018	725,082
Net underwriting result	(24,918)	25,907	5,241	52,745	58,975
General and administration expenses (unallocated)					(117,884)
Supervision and inspection fee	(626)	(2,408)	(781)	(846)	(4,661)
CCHI fee	(1,336)	-	-	-	(1,336)
Investment income (unallocated)					4,777
Deficit from insurance operations					(60,129)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

13 SEGMENT INFORMATION (continued)

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Energy SR'000</i>	<i>Others SR'000</i>	<i>Total SR'000</i>
As at 31 December 2015 (Unaudited)					
<i>Insurance operations' assets</i>					
Reinsurers' share of unearned premiums	-	58,403	-	115,847	174,250
Reinsurers' share of outstanding claims	-	6,785	-	298,984	305,769
Deferred policy acquisition costs	3,554	14,562	-	6,434	24,550
Unallocated assets					985,095
Total insurance operations' assets					1,489,664
<i>Insurance operations' liabilities and surplus</i>					
Unearned premiums	53,562	408,354	78	129,797	591,791
Unexpired risk reserve	-	-	-	6,486	6,486
Claims handling provision	-	4,779	-	-	4,779
Catastrophe reserve	-	-	-	1,772	1,772
Other technical reserves	421	223	-	757	1,401
Outstanding claims	38,089	232,343	-	321,831	592,263
Unearned commission income	-	12,538	-	22,622	35,160
Unallocated liabilities and accumulated surplus					256,012
Total insurance operations' liabilities and accumulated surplus					1,489,664

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

13 SEGMENT INFORMATION (continued)

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Energy SR'000</i>	<i>Others SR'000</i>	<i>Total SR'000</i>
For the three-month period ended 31 December 2014 (Unaudited)					
Gross written premiums	27,341	172,454	35,119	102,091	337,005
Less: Reinsurance premiums ceded	(4)	(476)	(34,514)	(92,500)	(127,494)
Excess of loss premiums	-	(1,536)	-	(2,282)	(3,818)
Net written premiums	27,337	170,442	605	7,309	205,693
Change in net unearned premiums	20,230	(19,724)	684	5,116	6,306
Net premiums earned	47,567	150,718	1,289	12,425	211,999
Reinsurance commission earned	-	276	552	12,298	13,126
	47,567	150,994	1,841	24,723	225,125
Gross claims paid	19,481	155,527	-	4,645	179,653
Less: Reinsurers' share of claims paid	(596)	(48)	-	(2,842)	(3,486)
Net claims paid	18,885	155,479	-	1,803	176,167
Change in net outstanding claims	23,496	84,388	-	3,577	111,461
Net claims incurred	42,381	239,867	-	5,380	287,628
Policy acquisition costs	1,017	3,942	-	2,761	7,720
Premium deficiency reserve	(5,726)	(8,001)	-	-	(13,727)
Unexpired risk reserve	-	-	-	3,282	3,282
Claims handling provision	-	2,405	-	-	2,405
	37,672	238,213	-	11,423	287,308
Net underwriting result	9,895	(87,219)	1,841	13,300	(62,183)
General and administration expenses (unallocated)					(26,695)
Supervision and inspection fee	(196)	(653)	(176)	(755)	(1,780)
CCHI fee	(217)	-	-	-	(217)
Investment income (unallocated)					4,685
Deficit from insurance operations					(86,190)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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13 SEGMENT INFORMATION (continued)

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Energy SR'000</i>	<i>Others SR'000</i>	<i>Total SR'000</i>
For the twelve-month period ended 31 December 2014 (Unaudited)					
Gross written premiums	166,416	585,131	140,475	273,130	1,165,152
Less: Reinsurance premiums ceded	(22)	(1,139)	(138,057)	(222,400)	(361,618)
Excess of loss premiums	(534)	(2,286)	-	(4,604)	(7,424)
Net written premiums	165,860	581,706	2,418	46,126	796,110
Change in net unearned premiums	249	(16,993)	-	3,041	(13,703)
Net premiums earned	166,109	564,713	2,418	49,167	782,407
Reinsurance commission earned	1	932	2,620	39,272	42,825
Net revenue	166,110	565,645	5,038	88,439	825,232
Gross claims paid	156,432	563,678	7,480	95,004	822,594
Less: Reinsurers' share of claims paid	(3,235)	(591)	(7,388)	(85,294)	(96,508)
Net claims paid	153,197	563,087	92	9,710	726,086
Change in net outstanding claims	(3,564)	66,773	(1)	4,693	67,901
Net claims incurred	149,633	629,860	91	14,403	793,987
Policy acquisition costs	4,326	8,775	-	8,198	21,299
Premium deficiency reserve	(5,726)	(8,001)	-	-	(13,727)
Unexpired risk reserve	-	-	-	3,282	3,282
Claims handling provision	-	2,405	-	-	2,405
Net cost and expenses	148,233	633,039	91	25,883	807,246
Net underwriting result	17,877	(67,394)	4,947	62,556	17,986
Supervision and inspection fee	(828)	(2,831)	(702)	(1,467)	(5,828)
CCHI fee	(1,758)	-	-	-	(1,758)
Unallocated general and administration expenses	-	-	-	-	(102,020)
Investment income	-	-	-	-	7,368
Deficit from insurance operations					(84,252)

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 December 2015

13 SEGMENT INFORMATION (continued)

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Energy SR'000</i>	<i>Other SR'000</i>	<i>Total SR'000</i>
As at 31 December 2014 (Audited)					
<i>Insurance operations' assets</i>					
Reinsurers' share of unearned premiums	-	664	-	165,272	165,936
Reinsurers' share of outstanding claims	1,314	3,574	-	95,957	100,845
Deferred policy acquisition costs	1,161	6,495	-	6,329	13,985
Unallocated assets					746,589
Total insurance operations' assets					1,027,355
<i>Insurance operations' liabilities and surplus</i>					
Unearned commission income	-	160	-	29,283	29,443
Unearned premiums	54,316	193,139	-	183,733	431,188
Unexpired risk reserve	-	-	-	3,282	3,282
Claims handling provision	-	2,405	-	-	2,405
Catastrophe reserve	-	-	-	500	500
Outstanding claims	50,431	185,266	-	114,995	350,692
Unallocated liabilities					209,845
Total insurance operations' liabilities and accumulated surplus					1,027,355

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company's financial assets consist of cash and cash equivalents, premiums receivable (net), available-for-sale investments, due from reinsurers (net) and statutory deposit and its financial liabilities consist of outstanding claims, due to reinsurers, due to policyholders, due to shareholders' operations and certain other liabilities.

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

Determination of fair value and fair value hierarchy

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

Level 1: quoted prices in active markets for the identical assets or liabilities (i.e. without modification or repackaging).

Level 2: quoted prices in active markets for similar financial 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.

15 COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period. These reclassifications do not have any impact on net profit for the period ended 31 December 2015 or shareholders' equity as at 31 December 2014 reported earlier. The figures of three-month period ended 31 December 2014 have been restated to reflect the adjustments made in 31 December 2014 year-end audited financial statements which were issued after interim condensed financial statements for the three-month and twelve month periods ended 31 December 2014.

16 BOARD OF DIRECTORS' APPROVAL

These interim condensed financial statements have been approved by the Board of Directors on 18 January 2016, corresponding to 8 Rabi Al Thani 1437H.