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

INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014

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

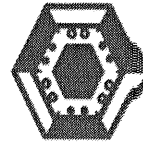
**INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014**

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Allied Accountants
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AHMED TAYSEER ABDULLAH
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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 September 2014, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations and shareholders' comprehensive income for the three-month and nine-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 nine-month period then ended and the related notes which form 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 ("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 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 Standard on Interim Financial Reporting issued by SOCPA.

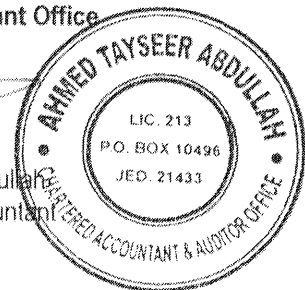
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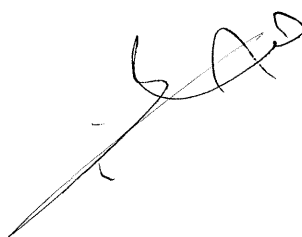


26 October 2014
2 Muharram 1436H
Jeddah, Kingdom of Saudi Arabia

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

INTERIM STATEMENT OF FINANCIAL POSITION
At 30 SEPTEMBER 2014

	Note	30 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	115,285	145,970
Premiums receivable, net	4	40,032	31,323
Reinsurance receivables, net		712	830
Reinsurers' share of unearned premiums	8	26,027	44,548
Reinsurers' share of outstanding claims	9	6,674	5,308
Deferred policy acquisition cost		8,364	12,065
Prepayments and other receivables		11,656	12,520
Property and equipment, net		6,204	6,354
Total insurance operations' assets		214,954	258,918
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	32,446	24,797
FVIS investments	5	18,601	16,928
Available-for-sale investments	6	38,783	40,337
Prepayments and other receivables		2,411	2,376
Statutory deposit	7	20,000	20,000
Total shareholders' assets		112,241	104,438
TOTAL ASSETS		327,195	363,356

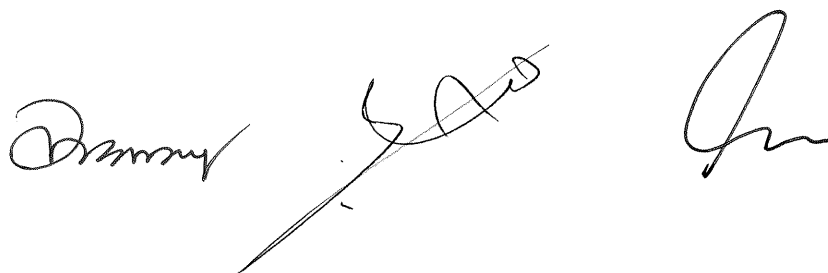




The accompanying notes 1 to 17 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF FINANCIAL POSITION- (Continued)
At 30 SEPTEMBER 2014

	Note	30 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
INSURANCE LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Reinsurance payables		33,588	43,198
Unearned commission income		1,978	1,710
Unearned premiums	8	109,668	156,281
Premium deficiency reserve		6,324	3,800
Accounts payable		13,433	12,768
Outstanding claims	9	39,391	33,587
Accrued and other payables		6,400	4,043
Employees' terminal benefits		3,068	2,427
Total insurance operations' liabilities		213,850	257,814
Insurance operations' surplus			
Surplus from insurance operations		1,104	1,104
Total insurance operations' liabilities and surplus		214,954	258,918
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accruals and other payables		2,468	1,069
Accrued zakat and income tax	10	1,294	1,119
Total shareholders' liabilities		3,762	2,188
Shareholders' equity			
Share capital	11	200,000	200,000
Accumulated losses		(92,783)	(98,164)
Available-for-sale investments reserve	6	1,262	414
Total shareholders' equity		108,479	102,250
Total shareholders' liabilities and equity		112,241	104,438
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		327,195	363,356

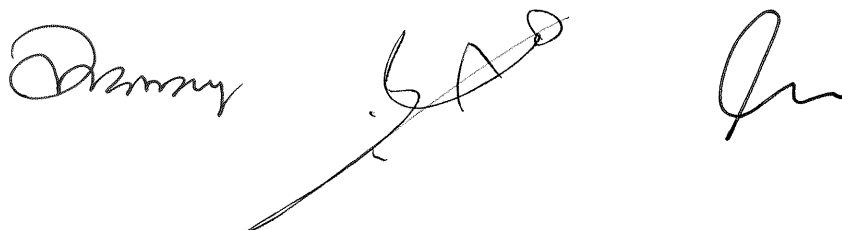


The accompanying notes 1 to 17 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</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>
REVENUE				
Gross premiums written	50,391	64,522	182,553	260,941
Less: Premiums ceded	(9,500)	(21,937)	(47,109)	(77,478)
Excess of loss premiums	(972)	(3,753)	(3,450)	(10,607)
Net written premiums	39,919	38,832	131,994	172,856
Changes in net unearned premiums	9,448	16,637	28,092	(35,053)
Net premiums earned	49,367	55,469	160,086	137,803
Reinsurance commission earned	821	922	2,947	2,483
Net revenues	50,188	56,391	163,033	140,286
Cost and expenses				
Gross claims paid	38,376	32,720	126,520	94,328
Less: Reinsurers' share	(5,662)	(1,363)	(18,200)	(7,889)
Net claims paid	32,714	31,357	108,320	86,439
Changes in outstanding claims, net	600	6,325	4,758	4,183
Net claims incurred	33,314	37,682	113,078	90,622
Change in premium deficiency reserve	2,524	-	2,524	-
Policy acquisition cost	5,260	6,129	17,264	15,812
Net cost and expenses	41,098	43,811	132,866	106,434
Net result of insurance operations	9,090	12,580	30,167	33,852
General and administrative expenses	(10,507)	(8,397)	(30,365)	(24,845)
Supervision and inspection fee	(322)	(323)	(1,146)	(1,305)
CCHI fee	(456)	(357)	(1,425)	(1,436)
Investment income	244	322	891	322
Other income	169	27	528	563
(Deficit) / Surplus from insurance operations	(1,782)	3,852	(1,350)	7,151
<i>Shareholders' share of insurance operations (deficit)/ surplus :</i>				
- Current period	1,782	(3,467)	1,350	(6,436)
- Adjustment relating to previous period	(43)	330	-	-
(Deficit) / surplus for the period	(43)	715	-	715
Accumulated surplus at the beginning of the period	1,147	-	1,104	-
Accumulated surplus at the end of the period	1,104	715	1,104	715



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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014


	<u>Note</u>	<u>Three-month period ended</u>		<u>Nine-month period ended</u>	
		<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
		<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
Shareholders' share of insurance operations (deficit)/ surplus		(1,739)	3,137	(1,350)	6,436
Realized gain on available-for-sale investments		97	-	97	-
Realized gain on FVIS investments		2,518	502	7,605	1,632
Unrealized gain on FVIS investments		1,938	-	3,063	-
Commission income		11	58	38	63
Total revenues		<u>2,825</u>	<u>3,697</u>	<u>9,453</u>	<u>8,131</u>
EXPENSES					
General and administrative expenses		<u>(884)</u>	<u>(230)</u>	<u>(2,409)</u>	<u>(407)</u>
Net income for the period		<u>1,941</u>	<u>3,467</u>	<u>7,044</u>	<u>7,724</u>
Weighted average number of ordinary shares outstanding ('000')	12	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Basic and diluted earnings per share for the period (SR)	12	<u>0.10</u>	<u>0.17</u>	<u>0.35</u>	<u>0.39</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)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</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	1,941	3,467	7,044	7,724
Other comprehensive income / (expenses):				
Change in fair value of available-for-sale investments	217	119	848	119
Zakat and income tax (note 10)	-	(245)	(1,663)	(652)
Total comprehensive income for the period	<u>2,158</u>	<u>3,341</u>	<u>6,229</u>	<u>7,191</u>


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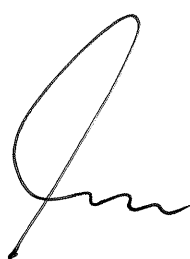
ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014

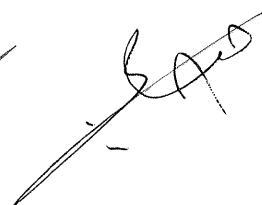
Nine-month period ended
30 September 2014 – unaudited

	Share capital	Accumulated losses	Change in fair value of available-for- sale investments	Total
	SR '000	SR '000		SR '000
Balance as at 31 December 2013 (audited)	200,000	(98,164)	414	102,250
Net income for the period	-	7,044	-	7,044
Change in fair value of available-for-sale investments	-	-	848	848
Zakat and income tax (note 10)	-	(1,663)	-	(1,663)
Balance as at 30 September 2014 (unaudited)	200,000	(92,783)	1,262	108,479

Nine-month period ended
30 September 2013 - unaudited

Balance as at 31 December 2012 (audited)	200,000	(110,095)	-	89,905
Net income for the period	-	7,724	-	7,724
Change in fair value of available-for-sale investments	-	-	119	119
Zakat and income tax	-	(652)	-	(652)
Balance as at 30 September 2013 (unaudited)	200,000	(103,023)	119	97,096



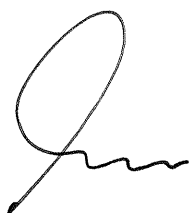


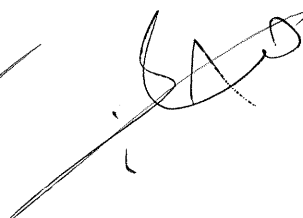
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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014

	<i>Nine-month period ended</i>	
	<i>30 September 2014 (Unaudited)</i>	<i>30 September 2013 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Cash flows from operating activities:		
Surplus for the period from insurance operations	-	715
Adjustment for:		
Depreciation	1,180	1,290
Employees' terminal benefits, net	641	740
Doubtful debts provision	759	150
	<u>2,580</u>	<u>2,895</u>
<i>Changes in operating assets and liabilities:</i>		
Premiums receivable, net	(9,468)	(19,762)
Reinsurance receivables, net	118	(794)
Reinsurers' share of unearned premiums	18,521	(22,623)
Reinsurers' share of outstanding claims	(1,366)	(2,782)
Deferred policy acquisition cost	3,701	(9,019)
Prepayments and other receivables	864	(504)
Reinsurance payables	(9,610)	45,264
Unearned commission income	268	344
Unearned premiums	(46,613)	57,677
Premium deficiency reserve	2,524	-
Accounts payable	665	6,320
Outstanding claims	5,804	5,401
Accrued and other payables	2,357	1,352
Due to / from shareholders' operations	-	(3,814)
Net cash flows (used in) / from operating activities	<u>(29,655)</u>	<u>59,955</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,030)	(2,096)
Net cash flows used in investing activities	<u>(1,030)</u>	<u>(2,096)</u>
Net (decrease) / increase in cash and cash equivalents	(30,685)	57,859
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	145,970	99,521
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>115,285</u>	<u>157,380</u>



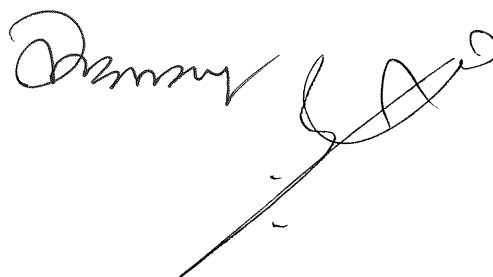


The accompanying notes 1 to 17 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS OPERATIONS' CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014

	<i>Nine-month period ended</i>	
	<i>30 September 2014 (Unaudited)</i>	<i>30 September 2013 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
OPERATING ACTIVITIES		
Net income for the period	7,044	7,724
Adjustment for:		
Realized gain on FVIS investments	(7,605)	(1,432)
Unrealized gain on FVIS investments	(3,063)	(200)
Realized gain on available-for-sale investments	(97)	-
	<u>(3,721)</u>	<u>6,092</u>
<i>Changes in operating assets and liabilities:</i>		
Prepayments and other receivables	(35)	(146)
Due from / to insurance operations	-	3,814
Accrued and other payables	1,399	4
Zakat Paid	(1,488)	-
Net cash flows (used in) / from operating activities	<u>(3,845)</u>	<u>9,764</u>
INVESTING ACTIVITIES		
Purchase of FVIS investments	(20,572)	(18,575)
Proceeds from sale of FVIS investments	29,567	4,007
Purchase of available-for-sale investments	-	(18,000)
Proceeds from sale of available-for-sale investments	2,499	-
Net cash flows from / (used in) investing activities	<u>11,494</u>	<u>(32,568)</u>
Net increase / (decrease) in cash and cash equivalents	7,649	(22,804)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	24,797	66,199
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>32,446</u>	<u>43,395</u>
<u>Non Cash Transactions:</u>		
Change in fair value of available-for-sale investments	<u>848</u>	<u>119</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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014 – 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.

During the period, 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 period and accordingly new Commercial Registration No. 1010417178 has obtained and Articles of Association has 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 three-month and nine-month periods ended 30 September 2014 should be read in conjunction with the Company's audited financial statements as at 31 December 2013. 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>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014 – 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 1	Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
IAS 19	Revision to IAS 19 Employee Benefits
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures
IAS 32	Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
IAS 36	Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
IFRS 1	Amendments to IFRS 1 Government Loans
IFRS 7	Amendments IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 10, IFRS 12 and IAS 27	Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRIC 21	Levies

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 16 and IAS 41	Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014 – UNAUDITED - (continued)

3. CASH AND CASH EQUIVALENTS

	30 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
<i>Insurance operations</i>		
Cash in hand and at banks	20,285	25,970
Short term deposit	95,000	120,000
	<u>115,285</u>	<u>145,970</u>
<i>Shareholders' operations</i>		
Cash in hand and at banks	27,446	19,797
Short term deposit	5,000	5,000
	<u>32,446</u>	<u>24,797</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 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
Due from policyholders	41,526	32,001
Due from policyholders - related parties	96	153
Doubtful debt provision	(1,590)	(831)
	<u>40,032</u>	<u>31,323</u>

Movement in provision for doubtful debts is as follows:

	30 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
Balance at the beginning of the period / year	831	594
Additional provision during the period / year	759	237
Balance at the end of the period / year	<u>1,590</u>	<u>831</u>

5. FVIS INVESTMENTS

Shareholders' operations

	30 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
Balance at the beginning of the period / year	16,928	-
Purchased during the period / year	20,572	18,575
Disposals during the period / year	(21,962)	(2,927)
Change in fair value of investment	3,063	1,280
Balance at the end of the period / year	<u>18,601</u>	<u>16,928</u>

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6. AVAILABLE-FOR-SALE INVESTMENTS

Shareholders' operations

	30 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
GACA Sukuk	20,633	20,148
Mutual fund	16,227	18,266
Unquoted securities	1,923	1,923
	<u>38,783</u>	<u>40,337</u>

	Balance at the beginning of the period SR'000	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 September 2014 – (Unaudited)				
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
Investment in mutual funds	18,266	(2,402)	363	16,227
GACA Sukuk	20,148	-	485	20,633
	<u>40,337</u>	<u>(2,402)</u>	<u>848</u>	<u>38,783</u>

	Balance at the beginning of the year SR'000	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 2013 – (Audited)				
Investment in Najm for Insurance Services Company	2,377	(454)	-	1,923
Investment in mutual funds	-	18,000	266	18,266
GACA Sukuk	-	20,000	148	20,148
	<u>2,377</u>	<u>37,546</u>	<u>414</u>	<u>40,337</u>

Investment in Najm for Insurance Services Company are classified under level 3, Investment in mutual funds are classified under level 2 and GACA Sukuk are classified under level 1.

The unrealized gain of SR 0.848 million for the period (30 September 2013: SR 0.119 million) was recognized to the interim statement of changes in shareholders' equity as available-for-sale investments reserve. The available-for-sale reserve as of 30 September 2014 is SR 1.262 million (31 December 2013: SR 0.414 million).

7. STATUTORY DEPOSIT

	30 September 2014 (Unaudited) SR'000	31 December 2013 (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 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
Unearned premiums	109,668	156,281
Reinsurance share of unearned premiums	(26,027)	(44,548)
	<u>83,641</u>	<u>111,733</u>

9. OUTSTANDING CLAIMS, NET

	30 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
Gross outstanding claims	15,076	12,492
Add: Incurred but not reported (IBNR) reserve	24,315	21,095
Outstanding claims	<u>39,391</u>	<u>33,587</u>
Reinsurance share of outstanding claims	(6,674)	(5,308)
Outstanding claims, net	<u>32,717</u>	<u>28,279</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 September 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
Balance at the beginning of the period / year	1,119	467
Charge for the period / year	1,663	652
Paid during the period / year	(1,488)	-
Balance at the end of the period / year	<u>1,294</u>	<u>1,119</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 2013. 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 September 2014		31 December 2013	
	(Unaudited)		(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

Basic earnings per share amounts are calculated by dividing the net income for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date as follows:

	Nine-month period ended	
	30 September 2014	30 September 2013
	(Unaudited)	(Unaudited)
Net income for the period (SR '000')	7,044	7,724
Weighted average number of ordinary shares ('000')	20,000	20,000
Basic and diluted earnings per share (SR)	0.35	0.39

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.

14. TRANSACTIONS WITH RELATED PARTIES

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

Insurance operations

Related party	Nature of transaction	Amount of transactions		Closing balance	
		Nine-month period ended		Receivable / (Payable)	
		30 September	30 September	30 September	31 December
		2014	2013	2014	2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		SR'000	SR'000	SR'000	SR'000
Affiliates	Premiums written	19	339	96	290
Shareholders					
Board and audit committee	Meetings fee	108	75	-	-
Key management personnel	Short term benefits	4,047	3,368	100	-
	Long term benefits	177	146	758	562

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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014 – UNAUDITED - (continued)

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 September 2014 (Unaudited)**

	Motor	Medical	General accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue					
Gross premiums written	24,986	17,456	3,025	4,924	50,391
Less: Premiums ceded	(12)	(3,899)	(1,142)	(4,447)	(9,500)
Excess of loss premiums	(752)	-	(96)	(124)	(972)
Net written premiums	24,222	13,557	1,787	353	39,919
Changes in net unearned premiums	(6,544)	16,396	(446)	42	9,448
Net premiums earned	17,678	29,953	1,341	395	49,367
Reinsurance commission earned	15	-	371	435	821
Net revenues	17,693	29,953	1,712	830	50,188
Cost and expenses					
Gross claims paid	23,860	14,141	161	214	38,376
Less: Reinsurers' share	(740)	(4,787)	(41)	(94)	(5,662)
Net claims paid	23,120	9,354	120	120	32,714
Changes in outstanding claims, net	(1,671)	2,104	71	96	600
Net claims incurred	21,449	11,458	191	216	33,314
Change in premium deficiency reserve	2,524	-	-	-	2,524
Policy acquisition cost	1,568	3,195	257	240	5,260
Net cost and expenses	25,541	14,653	448	456	41,098
Net result of insurance operations	(7,848)	15,300	1,264	374	9,090
General and administrative expenses	-	-	-	-	(10,507)
Supervision and inspection fee	(159)	(113)	(19)	(31)	(322)
CCHI fee	-	(456)	-	-	(456)
Investment income	-	-	-	-	244
Other income	-	-	-	-	169
Deficit from insurance operations					(1,782)

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15. SEGMENTAL INFORMATION – (Continued)

For nine-month period ended 30

September 2014 (Unaudited)	Motor	Medical	General accident	Others	Total
Revenue	SR '000	SR '000	SR '000	SR '000	SR '000
Gross premiums written	59,206	91,114	10,571	21,662	182,553
Less: Premiums ceded	(115)	(21,820)	(5,163)	(20,011)	(47,109)
Excess of loss premiums	(2,797)	-	(287)	(366)	(3,450)
Net written premiums	56,294	69,294	5,121	1,285	131,994
Changes in net unearned premiums	3,527	26,276	(1,395)	(316)	28,092
Net premiums earned	59,821	95,570	3,726	969	160,086
Reinsurance commission earned	39	-	984	1,924	2,947
Net revenues	59,860	95,570	4,710	2,893	163,033
Cost and expenses					
Gross claims paid	82,457	40,362	1,331	2,370	126,520
Less: Reinsurers' share	(1,889)	(14,854)	(408)	(1,049)	(18,200)
Net claims paid	80,568	25,508	923	1,321	108,320
Changes in outstanding claims, net	1,944	4,144	(444)	(886)	4,758
Net claims incurred	82,512	29,652	479	435	113,078
Change in premium deficiency reserve	2,524	-	-	-	2,524
Policy acquisition cost	5,096	10,797	703	668	17,264
Net cost and expenses	90,132	40,449	1,182	1,103	132,866
Net result of insurance operations	(30,272)	55,121	3,528	1,790	30,167
General and administrative expenses					(30,365)
Supervision and inspection fee	(372)	(572)	(66)	(136)	(1,146)
CCHI fee	-	(1,425)	-	-	(1,425)
Investment income					891
Other income					528
Deficit from insurance operations					(1,350)
As at 30 September 2014 (Unaudited)					
Premiums and reinsurance receivables – net	13,244	19,420	3	8,077	40,744
Reinsurers' share of unearned premiums	83	14,925	2,708	8,311	26,027
Reinsurers' share of outstanding claims	946	3,422	1,535	771	6,674
Deferred policy acquisition cost	3,399	3,886	635	444	8,364
Unallocated assets					133,145
Total insurance operations assets					214,954
Unearned commission income	11	-	502	1,465	1,978
Unearned premiums	41,723	49,830	9,020	9,095	109,668
Premium deficiency reserve	6,324	-	-	-	6,324
Outstanding claims	23,220	11,213	3,478	1,480	39,391
Other liabilities	1,942	4,975	-	6,516	13,433
Unallocated liabilities					44,160
Total insurance operations liabilities					214,954

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15. SEGMENTAL INFORMATION – (Continued)

For three-month period ended 30 September 2013 (Unaudited)	Motor	Medical	General accident	Others	Total
Revenue	SR '000	SR '000	SR '000	SR '000	SR '000
Gross premiums written	17,731	35,747	3,658	7,386	64,522
Less: Premiums ceded	(8)	(12,418)	(2,086)	(7,425)	(21,937)
Excess of loss premiums	(873)	(2,377)	(74)	(429)	(3,753)
Net written premiums	16,850	20,952	1,498	(468)	38,832
Changes in net unearned premiums	17,178	(381)	(302)	142	16,637
Net premiums earned	34,028	20,571	1,196	(326)	55,469
Reinsurance commission earned	10	-	390	522	922
Net revenues	34,038	20,571	1,586	196	56,391
Cost and expenses					
Gross claims paid	28,371	2,868	311	1,170	32,720
Less: Reinsurers' share	634	(1,434)	(46)	(517)	(1,363)
Net claims paid	29,005	1,434	265	653	31,357
Changes in outstanding claims, net	4,737	570	(96)	1,114	6,325
Net claims incurred	33,742	2,004	169	1,767	37,682
Policy acquisition cost	2,821	2,947	212	149	6,129
Net cost and expenses	36,563	4,951	381	1,916	43,811
Net result of insurance operations	(2,525)	15,620	1,205	(1,720)	12,580
General and administrative expenses					(8,397)
Supervision and inspection fee	(89)	(179)	(18)	(37)	(323)
CCHI fee	-	(357)	-	-	(357)
Investment income					322
Other income					27
Surplus from insurance operations					3,852

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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014 – UNAUDITED - (continue d)

15. SEGMENTAL INFORMATION – (Continued)

For Nine-month period ended
30 September 2013 (Unaudited)

	Motor	Medical	General accident	Others	Total
Revenue	SR '000	SR '000	SR '000	SR '000	SR '000
Gross premiums written	91,616	138,639	9,061	21,625	260,941
Less: Premiums ceded	(85)	(52,242)	(4,754)	(20,397)	(77,478)
Excess of loss premiums	(3,704)	(5,493)	(222)	(1,188)	(10,607)
Net written premiums	87,827	80,904	4,085	40	172,856
Changes in net unearned premiums	1,017	(35,344)	(565)	(161)	(35,053)
Net premiums earned	88,844	45,560	3,520	(121)	137,803
Reinsurance commission earned	22	-	944	1,517	2,483
Net revenues	88,866	45,560	4,464	1,396	140,286
Cost and expenses					
Gross claims paid	85,616	6,630	433	1,649	94,328
Less: Reinsurers' share	(3,752)	(3,315)	(52)	(770)	(7,889)
Net claims paid	81,864	3,315	381	879	86,439
Changes in outstanding claims, net	920	1,976	101	1,186	4,183
Net claims incurred	82,784	5,291	482	2,065	90,622
Policy acquisition cost	8,261	6,565	553	433	15,812
Net cost and expenses	91,045	11,856	1,035	2,498	106,434
Net result of insurance operations	(2,179)	33,704	3,429	(1,102)	33,852
General and administrative expenses					(24,845)
Supervision and inspection fee	(458)	(693)	(45)	(109)	(1,305)
CCHI fee	-	(1,436)	-	-	(1,436)
Investment income					322
Other income					563
Surplus from insurance operations					7,151
As at 31 December 2013 (Audited)					
Premiums and reinsurance receivables – net	6,933	15,518	1	9,701	32,153
Reinsurers' share of unearned premiums	324	35,070	4,237	4,917	44,548
Reinsurers' share of outstanding claims	38	2,137	572	2,561	5,308
Deferred policy acquisition cost	3,638	7,587	597	243	12,065
Unallocated assets					164,844
Total insurance operations assets					258,918
Unearned commission income	-	807	35	868	1,710
Unearned premiums	45,486	96,251	9,154	5,390	156,281
Premium deficiency reserve	3,800	-	-	-	3,800
Outstanding claims	21,265	5,783	2,960	3,579	33,587
Other liabilities	3,377	6,351	-	1,618	11,346
Unallocated liabilities					52,194
Total insurance operations liabilities					258,918

16. CONTINGENT LIABILITY

As at 30 September 2014, the Company has a letter of guarantee amounting to SR 1.83 million (31 December 2013: SR 1.83 million) in favor of DZIT (See Note 10). A margin of SR 1.83 million (31 December 2013: 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 26 October 2014 corresponding to 2 Muharram 1436H.