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UNITED COOPERATIVE ASSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

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UNITED COOPERATIVE ASSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS AND REVIEW REPORT  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

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**INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF UNITED COOPERATIVE ASSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Scope of Review**

We have reviewed the accompanying interim condensed statement of financial position of United Cooperative Assurance Company – a Saudi Joint Stock Company – ("the Company") as at 31 March 2015, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders operations' cash flows for the three-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 "Interim Financial Reporting" ("IAS 34") and submitted to us together with all the information and explanations which we required.

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

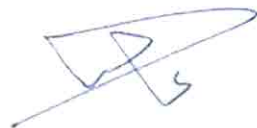
**Conclusion**

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

**Emphasis of Matter**

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

**For PKF Al-Bassam & Al-Nemer  
Allied Accountants**



Abdul Mohsen M. Al Nemer  
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26 Jamaad Al Thani 1436H  
15 April 2015  
Jeddah, Kingdom of Saudi Arabia



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

**INTERIM STATEMENT OF FINANCIAL POSITION**

At 31 March 2015

	Note	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	3	79,684	73,642
Available-for-sale-investments	4	71,486	56,276
Premiums receivable, net	5	466,976	354,777
Reinsurance' receivables, net		8,688	5,459
Reinsurers' share of unearned premiums		245,113	165,936
Reinsurers' share of outstanding claims		130,648	100,845
Deferred policy acquisition cost		13,301	13,985
Prepayments and other receivables		93,087	87,468
Due from shareholders' operations		159,957	164,499
Furniture, fittings and office equipment		3,815	4,468
<b>Total insurance operations' assets</b>		<b>1,272,755</b>	<b>1,027,355</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	3	247,455	58,056
Available-for-sale-investments	4	181,929	182,204
Prepayments and other receivables		1,722	2,798
Goodwill	1	78,400	78,400
Statutory deposit	10	49,000	28,000
<b>Total shareholders' assets</b>		<b>558,506</b>	<b>349,458</b>
<b>TOTAL ASSETS</b>		<b>1,831,261</b>	<b>1,376,813</b>



The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

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

At 31 March 2015

	Note	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
<b>INSURANCE LIABILITIES AND SURPLUS</b>			
<b>Insurance operations' liabilities</b>			
Reinsurers payables		195,854	128,588
Unearned commission income		30,507	29,443
Unearned premiums		590,944	431,188
Unexpired risk reserve		3,282	3,282
Claims handling provision		2,405	2,405
Catastrophe reserve		500	500
Outstanding claims		372,683	350,692
Payables to policy holders		18,230	20,853
Accrued and other payables		23,373	27,051
Employees' terminal benefits		12,681	11,974
Total insurance operations' liabilities		1,250,459	1,005,976
<b>Insurance operations' surplus</b>			
Accumulated surplus from insurance operations		21,965	21,258
Available-for-sale-investments reserve	4	331	121
Total insurance operations' liabilities and surplus		1,272,755	1,027,355
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Accruals and other payables		1,739	1,400
Due to financial institution	6	18,750	18,750
Due to a related party	13	270	270
Due to insurance operations		159,957	164,499
Accrued zakat and income tax	7	12,176	11,176
Total shareholders' liabilities		192,892	196,095
<b>Shareholders' equity</b>			
Share capital	8	490,000	280,000
Statutory reserve	9	31,944	31,944
Accumulated losses		(159,666)	(160,460)
Available-for-sale-investments reserve	4	3,336	1,879
Total shareholders' equity		365,614	153,363
Total shareholders' liabilities and equity		558,506	349,458
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>		<b>1,831,261</b>	<b>1,376,813</b>

The accompanying notes 1 to 14 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 PERIOD ENDED 31 MARCH 2015**

	<i>Three-month period ended 31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
<b>Revenues</b>		
Gross premiums written	335,788	387,673
Less: Reinsurance premiums ceded	(79,498)	(102,174)
Excess of loss premiums	(1,361)	(994)
Net written premiums	254,929	284,505
Changes in net unearned premiums	(80,579)	(112,657)
Net premiums earned	174,350	171,848
Reinsurance commission earned	10,898	9,312
<b>Net revenues</b>	<b>185,248</b>	<b>181,160</b>
<b>Cost and expenses</b>		
Gross claims paid	159,659	169,974
Less: Reinsurers' share	(10,424)	(4,798)
Net claims paid	149,235	165,176
Changes in net outstanding claims	(7,812)	(20,591)
Net claims incurred	141,423	144,585
Policy acquisition cost	5,757	4,397
<b>Net cost and expenses</b>	<b>147,180</b>	<b>148,982</b>
<b>Net result of insurance operations</b>	<b>38,068</b>	<b>32,178</b>
General and administrative expenses	(29,921)	(29,223)
Supervision and inspection fee	(1,149)	(1,881)
CCHI fee	(364)	(868)
Investment income	431	989
<b>Surplus from insurance operations</b>	<b>7,065</b>	<b>1,195</b>
Shareholders' share of insurance operations	6,358	1,075
Surplus for the period	707	120
Accumulated surplus at the beginning of the period	21,258	21,258
<b>Accumulated surplus at the end of the period</b>	<b>21,965</b>	<b>21,378</b>




The accompanying notes 1 to 14 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 PERIOD ENDED 31 MARCH 2015**

		<i>Three-month period ended 31 March</i>	
		<i>2015 (Unaudited)</i>	<i>2014 (Unaudited)</i>
	Note	<i>SR'000</i>	<i>SR'000</i>
<b>Revenues</b>			
Shareholders' share of insurance operations surplus		6,358	1,075
Commission income		819	862
Investment income		6	-
Realised (loss) / gain on available-for-sale investments		(43)	1,020
		<u>7,140</u>	<u>2,957</u>
<b>EXPENSES</b>			
General and administrative expenses		275	341
Board remunerations		273	317
		<u>548</u>	<u>658</u>
<b>Total expenses</b>		<u>548</u>	<u>658</u>
<b>NET INCOME FOR THE PERIOD</b>		<u>6,592</u>	<u>2,299</u>
Weighted average number of ordinary shares outstanding ('000)	11	<u>37,800</u>	<u>36,400</u>
Earnings per share for the period – basic and diluted (SR) – restated	11	<u>0.17</u>	<u>0.06</u>




The accompanying notes 1 to 14 form part of these interim condensed financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY  
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**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

	<i>Three-month period ended 31 March</i>	
	<i>2015 (Unaudited)</i>	<i>2014 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Net income for the period	6,592	2,299
<b>Other comprehensive income:</b>		
Change in fair value of available-for-sale-investments	1,457	847
<b>Other expenses:</b>		
Zakat and income tax (note 7)	(1,000)	(1,500)
Total comprehensive income for the period	<u>7,049</u>	<u>1,646</u>





**UNITED COOPERATIVE ASSURANCE COMPANY  
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**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

*For the three-month period ended 31 March 2015 – (Unaudited)*

	Founding shareholders and general public			
	Share capital SR'000	Accumulated losses SR'000	Statutory reserve SR'000	Available-for-sale investments reserve SR'000
Balance as at 31 December 2014 – (audited)	280,000	(160,460)	31,944	1,879
Issuance of share capital (note 8)	210,000	-	-	-
Net income for the period	-	6,592	-	-
Change in fair value of available-for-sale-investments	-	-	-	1,457
Issuance cost	-	(4,798)	-	-
Zakat and income tax for the period (note 7)	-	(1,000)	-	-
<b>Balance as at 31 March 2015 – (unaudited)</b>	<b>490,000</b>	<b>(159,666)</b>	<b>31,944</b>	<b>3,336</b>

*For the Three-month period ended 31 March 2014 – (Unaudited)*

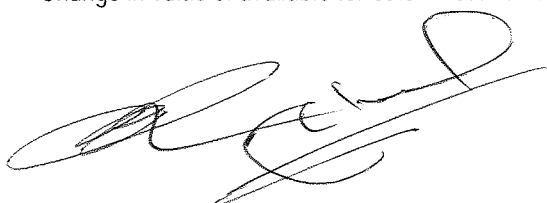

	Founding shareholder and general public			
	Share capital SR'000	Accumulated losses SR'000	Statutory reserve SR'000	Available-for-sale investments reserve SR'000
Balance as at 31 December 2013 – (audited)	280,000	(76,627)	31,944	846
Net loss for the period	-	2,299	-	-
Change in fair value of available-for-sale-investments	-	-	-	847
Zakat and income tax for the period (note 7)	-	(1,500)	-	-
<b>Balance as at 31 March 2014 – (unaudited)</b>	<b>280,000</b>	<b>(75,828)</b>	<b>31,944</b>	<b>1,693</b>

The accompanying notes 1 to 14 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 THREE-MONTH PERIOD ENDED 31 MARCH 2015**

	<i>Three-month period ended 31 March</i>	
	<i>2015 (Unaudited)</i>	<i>2014 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
<b>Cash flows from operating activities:</b>		
Surplus for the period from insurance operations	707	120
Adjustment for:		
Depreciation	801	860
Employees' terminal benefits	707	(1)
Realised gain on available-for-sale investments	(2)	-
Allowance for doubtful receivables	5,576	7,429
	<u>7,789</u>	<u>8,408</u>
Changes in operating assets and liabilities:		
Premiums receivable	(117,647)	(134,231)
Reinsurance' receivables	(3,357)	2,213
Reinsurers' share of unearned premium	(79,177)	(84,349)
Reinsurers' share of outstanding claims	(29,803)	(22,398)
Deferred policy acquisition cost	684	(3,357)
Prepayments and other receivables	(5,619)	(20,730)
Due from shareholders' operations	4,542	952
Reinsurers payables	67,266	(3,231)
Unearned commission income	1,064	4,874
Unearned premiums	159,756	197,005
Outstanding claims	21,991	1,807
Payables to policy holders	(2,623)	(14,694)
Accrued and other payables	(3,678)	1,955
Net cash flows from / (used in) operating activities	<u>21,188</u>	<u>(65,776)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of furniture, fittings and office equipment	(148)	(433)
Purchase of available-for-sale-investments	(25,000)	-
Proceeds from sale of available-for-sale-investments	10,002	-
Net cash flows used in investing activities	<u>(15,146)</u>	<u>(433)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>6,042</b>	<b>(66,209)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>73,642</b>	<b>86,018</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>79,684</u></b>	<b><u>19,809</u></b>
<b>Non-cash transactions</b>		
Change in value of available-for-sale-investments	<u>210</u>	<u>115</u>

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

**INTERIM STATEMENT OF SHAREHOLDERS OPERATIONS' CASH FLOWS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

	<i>Three-month period ended 31 March</i>	
	<i>2015 (Unaudited)</i>	<i>2014 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	6,592	2,299
Adjustment for:		
Realised loss / (gain) on available-for-sale-investments	43	(1,020)
	<u>6,635</u>	<u>1,279</u>
Changes in operating assets and liabilities:		
Prepayments and other receivables	1,076	(887)
Due to insurance operations	(4,542)	(952)
Accruals and other payables	339	278
Cash from / (used in) operations	<u>3,508</u>	<u>(282)</u>
Zakat and income tax paid	-	(14,288)
Net cash flows from / (used in) operating activities	<u>3,508</u>	<u>(14,570)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of available-for-sale-investments	-	(5,491)
Proceeds from sale of available-for-sale-investments	1,689	6,511
Net cash flows from investing activities	<u>1,689</u>	<u>1,020</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of right share	210,000	-
Transaction cost	(4,798)	-
Statutory deposit	(21,000)	-
Net cash flows from financing activities	<u>184,202</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>189,399</b>	<b>(13,550)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>58,056</b>	<b>92,486</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>247,455</u></b>	<b><u>78,936</u></b>
<b><u>Non-cash transactions</u></b>		
Change in value of available-for-sale-investments	<u>1,457</u>	<u>847</u>



The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015 – UNAUDITED**

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

United Cooperative Assurance ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030179955 dated 6 Jamad-al-Thani 1429H, corresponding to 6 June 2008. Registered Office address of the Company is Al-Mukmal Centre (1<sup>st</sup> and 4<sup>th</sup> 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.

The Company entered into an agreement with UCA Insurance Bahrain BSC ('the seller') pursuant to which it acquired the sellers insurance operations in the Kingdom of Saudi Arabia, effective from 31 December 2008, at a goodwill amount of SR 78.40 million, as approved by the SAMA, along-with related insurance assets and liabilities of an equivalent amount SR 656.95 million.

Further, goodwill of SR 78.40 million, as approved by SAMA, and a corresponding liability (payable to the Seller) had retrospectively recorded in financial statements. In accordance with the instructions of SAMA, the initial Instalment (50% of the portfolio price) was to be paid on 31 December 2009 and periodic payments are to be made till the end of 2015, subject to that the payment will not exceed 50% of the surplus available for distribution, after obtaining SAMA's approval before making any such payment. The Company got approval of SAMA on 18 Sha'ban 1432H corresponding to 19 July 2011, for the payment of goodwill for the years 2009 and 2010 amounting to SR 25.12 million and SR 28.32 million respectively. Accordingly, the Company decreased its liability with respect of goodwill by SR 53.44 million. The Company got approval of SAMA on 10 Jammad Al-Awwal 1433H corresponding to 02 April 2012 regarding the payment of remaining goodwill amounting to SR 24.962 million. Accordingly, the Company fully settled its liability with respect of goodwill of SR 24.962 million. The Company also paid fee on goodwill amounting to 5.1 million during the year ended 31 December 2012.

**UNITED COOPERATIVE ASSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015 – UNAUDITED – (continued)**

**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 three-month period ended 31 March 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 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 except for investments held to maturity are expected to be recovered and settled respectively, within twelve months after the interim reporting date.

**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 bye-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

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

In accordance with article 70 of the Saudi Arabian Monetary Agency ("SAMA") implementing regulations, the Company must obtain SAMA approval before distribution of policyholders surplus directly to policyholders at a time, and according to criteria set by its board of directors, provided that the customer contract is active and paid up to date at the time of settlement of the cooperative distribution account.

UNITED COOPERATIVE ASSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015 - UNAUDITED- (continued)

2. BASIS OF PREPARATION – (continued)

New IFRS, 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):

<u>Standard/ Interpretation</u>	<u>Description</u>
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IAS 19	Amendments to IAS 19 Defined Benefit Plans: Employees Contributions
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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's 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	1 January 2018
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Inventor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
IFRS 10 and IFRS 12	Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment entities: Applying the consolidated exception	1 January 2016
IFRS 11	Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 27	Amendment to IAS 27 Equity Method in Separate Financial Statements	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 the above mentioned standards, amendments or interpretations on the Company's financial statements on adoption.

UNITED COOPERATIVE ASSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015 - UNAUDITED- (continued)

3. CASH AND CASH EQUIVALENTS

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
<i>Insurance operations</i>		
Cash in hand and at banks	<u>79,684</u>	<u>73,642</u>
<i>Shareholders' operations</i>		
Cash in hand and at banks	<u>247,455</u>	<u>58,056</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. AVAILABLE-FOR-SALE INVESTMENTS

*Insurance operations*

Available-for-sale-investments at local banks represent units in investment funds listed in Tadawul whereas the investment with foreign banks are listed in international stock exchanges. The unrealized gain of SR 0.331 million as at 31 March 2015 (31 December 2014: SR 0.121 million) was credited to the surplus from insurance operations as available-for-sale-investment reserve.

Movement in available for sale investments has summarized below:

	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
<b>As at 31 March 2015 - Unaudited</b>				
Investment in bonds	4,282	-	80	4,362
Investment in sukuk	41,102	-	(1)	41,101
Investment in equities	892	-	116	1,008
Investment in mutual funds	10,000	15,000	15	25,015
	<u>56,276</u>	<u>15,000</u>	<u>210</u>	<u>71,486</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
<b>As at 31 December 2014 – Audited</b>				
Investment in bonds	4,016	-	266	4,282
Investment in sukuk	50,842	(9,756)	16	41,102
Investment in equities	-	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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4. AVAILABLE-FOR-SALE INVESTMENTS – (continued)

Shareholders' operations

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000		
Quoted securities	59,740	60,560		
Unquoted securities	122,189	121,644		
	<u>181,929</u>	<u>182,204</u>		
i) Available for sale – quoted securities				
As at 31 March 2015 – Unaudited	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
Investment in equities	14,152	(1,732)	704	13,124
Investment in bonds	22,309	-	194	22,503
Investment in sukuk	14,097	-	(1)	14,096
Investment in mutual funds	10,002	-	15	10,017
	<u>60,560</u>	<u>(1,732)</u>	<u>912</u>	<u>59,740</u>
As at 31 December 2014 - Audited	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
Investment in equities	-	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				
As at 31 March 2015 – Unaudited	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
Investment in local company	1,923	-	-	1,923
Investment in sukuk	60,000	-	-	60,000
Investment in murabaha deposit	59,721	-	545	60,266
	<u>121,644</u>	<u>-</u>	<u>545</u>	<u>122,189</u>
As at 31 December 2014 – Audited	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
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 gain of SR 1.457 million during the period ended 31 March 2015 (31 March 2014: Unrealized gain SR 0.847 million) was charged to the statement of changes in shareholders' equity as available-for-sale investments reserve. The available-for-sale reserve as of 31 March 2015 is SR 3.336 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.



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**4. AVAILABLE-FOR-SALE INVESTMENTS – (continued)**

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:  
**As at 31 March 2015 - unaudited**

	Level 1	Level 2	Level 3	Total
Available for sale Investments				
<b>Equity securities:</b>				
Insurance operations	26,023	-	-	26,023
Shareholders' operations	13,124	10,017	1,923	25,064
<b>Debt securities:</b>				
Insurance operations	5,463	40,000	-	45,463
Shareholders' operations	26,599	70,000	-	96,599
<b>Deposit certificates:</b>				
Shareholders' operations	-	60,266	-	60,266
	<b>71,209</b>	<b>180,283</b>	<b>1,923</b>	<b>253,415</b>

**As at 31 December 2014 – audited**

	Level 1	Level 2	Level 3	Total
Available for sale Investments				
<b>Equity securities:</b>				
Insurance operations	10,892	-	-	10,892
Shareholders' operations	14,152	10,002	1,923	26,077
<b>Debt securities:</b>				
Insurance operations	5,384	40,000	-	45,384
Shareholders' operations	26,406	70,000	-	96,406
<b>Deposit certificates:</b>				
Shareholders' operations	-	59,721	-	59,721
	<b>56,834</b>	<b>179,723</b>	<b>1,923</b>	<b>238,480</b>

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 and then the interim statement of shareholders' comprehensive income will be impacted. There were no transfers between level 1, 2 and 3 during the period.

**5. PREMIUMS RECEIVABLE**

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Due from policyholders	277,702	203,449
Due from policyholders - related parties	216,817	173,422
Allowance for doubtful premiums receivables	(27,543)	(22,094)
	<b>466,976</b>	<b>354,777</b>

Movement in allowance for doubtful premiums receivable is as follows:

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Balance at the beginning of the period / year	22,094	19,778
Provided during the period / year	5,449	2,323
Utilization of provision during the period / year	-	(7)
Balance at the end of the period / year	<b>27,543</b>	<b>22,094</b>

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6. DUE TO FINANCIAL INSTITUTION

During 2013, the Company obtained an overdraft facility of USD 5,000,000 from BSI, SA for the purpose of additional investment in BSI, SA Murabaha certificates. The overdraft is for the period of three (3) months and carries a commission rate of 2.20% P.A. on a rolling basis.

7. 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:

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
Balance at the beginning of the period / year	11,176	21,929
Charge for the period / year	1,000	3,535
Paid during the period / year	-	(14,288)
Balance at the end of the period / year	12,176	11,176

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

**Status of assessment:**

The Company has filed its zakat declarations for the years ended 31 December 2009 to 2013 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.

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, the subscription period for 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.

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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. The reserve is not available for distribution.

10. STATUTORY DEPOSIT

	<i>31 March 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<b><i>Shareholders' Operations</i></b>		
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 in a bank designated by the Saudi Arabian Monetary Agency (SAMA). The Company cannot withdraw this deposit without SAMA's approval.

11. BASIC AND DILUTED EARNINGS PER SHARE

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

- 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>Three-month period ended 31 March 2015 (Unaudited)</i>	<i>Three-month period ended 31 March 2014 (Unaudited)</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	9,800	-
<b>Weighted average number of ordinary shares ('000')</b>	<u><b>37,800</b></u>	<u><b>36,400</b></u>

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.299 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 earnings per share is calculated as follows:

	<i>Three-month period ended 31 Mar 2015 (Unaudited)</i>	<i>Three-month period ended 31 Mar 2014 (Unaudited)</i>
Net income for the period (SR '000')	6,592	2,299
Weighted average number of ordinary shares ('000')-(Note 11. a)	<u>37,800</u>	<u>36,400</u>
<b>Basic and diluted earnings per share (SR) – restated</b>	<u><b>0.17</b></u>	<u><b>0.06</b></u>

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**12. SEGMENTAL 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, investments, premium receivables, reinsurance receivables, prepayments and other receivables, and furniture, fittings and office equipment, net.

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

	Medical SR '000	Motor SR '000	Others SR '000	Total SR '000
<b>For the three-month period ended 31 March 2015 - unaudited</b>				
<b>Insurance operations</b>				
Gross premiums written	31,699	207,021	97,068	335,788
Premiums ceded	-	(447)	(79,051)	(79,498)
Excess of loss premiums	(300)	(238)	(823)	(1,361)
Net premiums written	31,399	206,336	17,194	254,929
Change in net unearned premiums	646	(86,410)	5,185	(80,579)
Net premiums earned	32,045	119,926	22,379	174,350
Reinsurance commission earned	1	125	10,772	10,898
Net revenue	32,046	120,051	33,151	185,248
<b>COSTS AND EXPENSES:</b>				
Gross claim paid	44,098	108,521	7,040	159,659
Less: Reinsurance share	-	(4,860)	(5,564)	(10,424)
Net claims paid	44,098	103,661	1,476	149,235
Change in net outstanding claims	(4,673)	(1,042)	(2,097)	(7,812)
Net claims incurred	39,425	102,619	(621)	141,423
Policy acquisition cost	794	2,897	2,066	5,757
Net cost and expenses	40,219	105,516	1,445	147,180
<b>Net underwriting results</b>	<b>(8,173)</b>	<b>14,535</b>	<b>31,706</b>	<b>38,068</b>
Supervision and inspection fee	(163)	(602)	(384)	(1,149)
CCHI fees	(364)	-	-	(364)
Unallocated general and administrative expenses				(29,921)
Investment income				431
<b>Surplus from insurance operations</b>				<b>7,065</b>
<b>As at 31 March 2015 – unaudited</b>				
Reinsurance share of unearned premiums	7	285	244,821	245,113
Reinsurance share of outstanding claims	1,395	1,001	128,252	130,648
Deferred policy acquisition cost	1,318	6,624	5,359	13,301
Unallocated assets				883,693
				<b>1,272,755</b>
Unearned commission income	1	325	30,181	30,507
Unearned premiums	53,678	279,170	258,096	590,944
Unexpired risk reserve	-	-	3,282	3,282
Claim handling provision	-	2,405	-	2,405
Catastrophe reserve	-	-	500	500
Outstanding claims	45,839	181,650	145,194	372,683
Unallocated liabilities				272,434
				<b>1,272,755</b>

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12. SEGMENTAL INFORMATION – (continued)

	Medical SR '000	Motor SR '000	Others SR '000	Total SR '000
For the three-month period ended 31 March 2014 - Unaudited				
Insurance operations				
Gross premiums written	71,808	188,969	126,896	387,673
Premiums ceded	(1)	(153)	(102,020)	(102,174)
Excess of loss premiums	(200)	(250)	(544)	(994)
Net premiums written	71,607	188,566	24,332	284,505
Change in net unearned premiums	(36,287)	(66,273)	(10,097)	(112,657)
Net premiums earned	35,320	122,293	14,235	171,848
Reinsurance commission received	-	189	9,123	9,312
Net revenue	35,320	122,482	23,358	181,160
COSTS AND EXPENSES:				
Gross claim paid	28,629	135,902	5,443	169,974
Less: Reinsurance share	(770)	(407)	(3,621)	(4,798)
Net claims paid	27,859	135,495	1,822	165,176
Change in net outstanding claims	1,107	(23,385)	1,687	(20,591)
Net claims incurred	28,966	112,110	3,509	144,585
Policy acquisition cost	1,144	1,455	1,798	4,397
Net cost and expenses	30,110	113,565	5,307	148,982
Net underwriting results	5,210	8,917	18,051	32,178
Supervision and inspection fee	(359)	(950)	(572)	(1,881)
CCHI fees	(868)	-	-	(868)
Unallocated general and administrative expenses				(29,223)
Investment income				989
Surplus from insurance operations				1,195
As at 31 December 2014 - Audited				
Reinsurance share of unearned premiums	-	664	165,272	165,936
Reinsurance share of outstanding claims	1,314	3,574	95,957	100,845
Deferred policy acquisition cost	1,161	6,495	6,329	13,985
Unallocated assets				746,589
				1,027,355
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
				1,027,355

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
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**13. RELATED PARTY TRANSACTIONS**

The following are the details of major related party transactions during the period.

Related party	Nature of transactions	Amount of transactions		Balance as of	
		For the three-month period ended			
		31 March 2015 (Unaudited) SR'000	31 March 2014 (Unaudited) SR'000	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000
<b>Insurance Operations</b>					
<i>Shareholders:</i>					
Saudi Bin Laden – Group	Premiums	64,262	77,425		
	Payments and claims	(5,738)	(92,367)	216,824	158,300
<i>Board member:</i>					
Claim and risk services (CARS)	Claim handling fee	(1,426)	(3,314)		
	Payment made	2,615	3,455	300	(889)
Claim and risk services (CARS)	Premium	471	654		
	Payments and claims	(641)	(767)	(13)	157
Law Office of Hassan Mehassni	Premium	3	5		
	Payments and claims	(70)	(70)	5	72
Key management personnel	Remuneration and related expenses	1,193	1,149	-	-
<b>Shareholders' Operations</b>					
Najm for insurance services	Payment received	-	-	(270)	(270)
Board members	Board of directors remunerations	273	317	(313)	(40)

**14. APPROVAL OF FINANCIAL STATEMENTS**

These interim condensed financial statements have been approved by the board of directors on 15 April 2015 corresponding to 26 Jamaad Al Thani 1436H.