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

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

30 June 2015

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

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
LIMITED REVIEW REPORT (UNAUDITED)
At 30 June 2015

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

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Metlife, American International Group and Arab National Bank- Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2015 and the related interim statements of insurance operations, shareholders' comprehensive operations for the three and six month periods then ended, the related interim statements of changes in shareholders' equity, insurance operations' and shareholders' cash flows for the six month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with 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 limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

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

EMPHASIS OF A MATTER:

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

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13 Shawwal 1436
(29 July 2015)

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

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		30 June 2015 (Unaudited) SR	31 December 2014 (Audited) SR
	Notes		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	14,695,717	2,238,414
Premiums receivable, net	6	35,054,424	3,421,552
Reinsurers' share of unearned premiums		30,898,160	3,374,580
Reinsurers' share of mathematical reserves		271,824,100	-
Reinsurers' share of outstanding claims		17,435,155	499,799
Deferred policy acquisition costs		3,792,834	469,688
Prepaid expenses and other assets		5,917,409	2,844,286
Due from shareholders operations		4,203,795	-
Property and equipment, net		6,901,177	8,054,849
TOTAL INSURANCE OPERATIONS' ASSETS		390,722,771	20,903,168
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	88,347,230	11,157,980
Due from insurance operations		-	5,028,658
Prepaid expenses and other assets		454,731	113,623
Time deposits	5	-	85,000,000
Available for sale investments		3,175,163	3,175,163
Statutory deposit	8	17,674,521	17,500,000
TOTAL SHAREHOLDERS' ASSETS		109,651,645	121,975,424
TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS		500,374,416	142,878,592



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

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

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) (CONTINUED)

	30 June 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Note		
INSURANCE OPERATIONS' LIABILITIES		
Gross unearned premiums	42,429,436	4,709,142
Gross outstanding claims	22,318,534	787,530
Gross mathematical reserves	271,824,100	-
Payables, accruals and others	7,874,292	4,362,884
Reinsurance balances payable	40,170,547	2,927,713
Unearned reinsurance commission income	4,238,165	881,472
Due to related parties	7 1,205,136	1,822,887
Due to shareholders' operations	-	5,028,658
Employees' terminal benefits	662,561	382,882
TOTAL INSURANCE OPERATIONS' LIABILITIES	390,722,771	20,903,168
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Zakat	366,203	-
Payables, accruals and others	575,022	1,286,173
Due to insurance operations	4,203,795	-
TOTAL SHAREHOLDERS' LIABILITIES	5,145,020	1,286,173
SHAREHOLDERS' EQUITY		
Share capital	175,000,000	175,000,000
Accumulated deficit	(70,493,375)	(54,310,749)
TOTAL SHAREHOLDERS' EQUITY	104,506,625	120,689,251
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	109,651,645	121,975,424
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY	500,374,416	142,878,592



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

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

INTERIM STATEMENT OF INSURANCE OPERATIONS (UNAUDITED)

	<i>For the three month period ended 30 June 2015 SR</i>	<i>For the period ended 30 June 2015 SR</i>	<i>For the three month period ended 30 June 2014 SR</i>	<i>For the period ended 30 June 2014 SR</i>
Gross written premiums	18,778,393	51,531,129	1,028,843	1,028,843
Reinsurance premiums ceded	(10,401,356)	(36,474,402)	(861,030)	(861,030)
NET WRITTEN PREMIUMS	8,377,037	15,056,727	167,813	167,813
Net changes in unearned premiums	(4,813,113)	(10,196,716)	(159,965)	(159,965)
NET EARNED PREMIUMS	3,563,924	4,860,011	7,848	7,848
Reinsurance commission income	1,096,626	1,431,627	9,667	9,667
Other underwriting income	454,673	454,673	-	-
UNDERWRITING REVENUE	5,115,223	6,746,311	17,515	17,515
Gross claims paid	(8,378,278)	(8,540,290)	-	-
Reinsurers' share of claims paid	7,894,649	7,894,649	-	-
NET CLAIMS PAID	(483,629)	(645,641)	-	-
Net changes in outstanding claims	(3,624,964)	(4,595,648)	-	-
Net change in mathematical reserves	-	-	-	-
NET CLAIMS INCURRED	(4,108,593)	(5,241,289)	-	-
Commissions incurred	(742,776)	(1,039,703)	(4,638)	(4,638)
Other direct underwriting expense	(236,826)	(444,015)	(5,144)	(5,144)
Doubtful debt expense	(50,759)	40,068	-	-
UNDERWRITING EXPENSES	(5,138,954)	(6,684,939)	(9,782)	(9,782)
UNDERWRITING RESULTS	(23,731)	61,372	7,733	7,733
General and administration expenses	(7,918,327)	(15,895,549)	(5,332,716)	(5,332,716)
NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS	(7,942,058)	(15,834,177)	(5,324,983)	(5,324,983)
Shareholders' appropriation from deficit	7,942,058	15,834,177	5,324,983	5,324,983
NET RESULT FOR THE PERIOD	-	-	-	-

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MetLife, American International Group and Arab National Bank
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INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS
(UNAUDITED)

	<i>Note</i>	<i>For the three month period ended 30 June 2015 SR</i>	<i>For the period ended 30 June 2015 SR</i>	<i>For the three month period ended 30 June 2014 SR</i>	<i>For the period ended 30 June 2014 SR</i>
Appropriation of deficit from insurance operations		(7,942,058)	(15,834,177)	(5,324,983)	(5,324,983)
Special commission income		72,615	265,554	247,009	433,097
Dividend income		339,103	339,103	-	-
General and administrative expenses		(407,630)	(586,903)	(733,513)	(6,191,826)
LOSSES INCURRED DURING THE PERIOD		(7,937,970)	(15,816,423)	(5,811,487)	(11,083,712)
Pre-incorporation expenses, net		-	-	-	405,006
NET LOSS BEFORE ZAKAT FOR THE PERIOD		(7,937,970)	(15,816,423)	(5,811,487)	(10,678,706)
Zakat		(210,785)	(366,203)	(381,404)	(774,947)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(8,148,755)	(16,182,626)	(6,192,891)	(11,453,653)
LOSS PER SHARE:					
Basic and diluted loss per share	9	(0.45)	(0.90)	(0.33)	(0.61)



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MetLife, American International Group and Arab National Bank
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INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	<i>Saudi and GCC Shareholders</i>		<i>Foreign Shareholders</i>		<i>Total Shareholders</i>		
	<i>Share Capital SR</i>	<i>Accumulated Deficit SR</i>	<i>Share Capital SR</i>	<i>Accumulated deficit SR</i>	<i>Share capital SR</i>	<i>Accumulated deficit SR</i>	<i>Total SR</i>
Balance as at 1 January 2015	105,000,000	(33,083,518)	70,000,000	(21,227,231)	175,000,000	(54,310,749)	120,689,251
Net loss for the period	-	(9,489,854)	-	(6,326,569)	-	(15,816,423)	(15,816,423)
Zakat	-	(366,203)	-	-	-	(366,203)	(366,203)
Balance as at 30 June 2015	105,000,000	(42,939,575)	70,000,000	(27,553,800)	175,000,000	(70,493,375)	104,506,625
Balance as at 1 January 2014	105,000,000	(16,891,813)	70,000,000	(11,005,134)	175,000,000	(27,896,947)	147,103,053
Transaction costs on issue of share capital	-	239,310	-	159,540	-	398,850	398,850
Net loss for the period	-	(6,407,224)	-	(4,271,482)	-	(10,678,706)	(10,678,706)
Zakat	-	(774,947)	-	-	-	(774,947)	(774,947)
Balance as at 30 June 2014	105,000,000	(23,834,674)	70,000,000	(15,117,076)	175,000,000	(38,951,750)	136,048,250



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MetLife, American International Group and Arab National Bank
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INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
(UNAUDITED)

	<i>Note</i>	<i>For the period ended 30 June 2015 SR</i>	<i>For the period ended 30 June 2014 SR</i>
OPERATING ACTIVITIES			
Net result for the period		-	-
<i>Adjustments for:</i>			
Shareholders' appropriation from deficit		(15,834,177)	(5,324,983)
Depreciation		1,377,672	651,622
Released provision for doubtful receivables		(40,068)	-
Employees' terminal benefits		279,679	58,749
		<u>(14,216,894)</u>	<u>(4,614,612)</u>
<i>Changes in operating assets and liabilities:</i>			
Premiums receivable		(31,592,804)	(899,501)
Reinsurers' share of outstanding claims		(16,935,356)	-
Reinsurers' share of unearned premiums		(27,523,579)	(823,849)
Reinsurers' share of mathematical reserves		(271,824,101)	-
Deferred policy acquisition costs		(3,323,146)	(74,681)
Prepaid expenses and other assets		(3,073,123)	(1,906,292)
Gross outstanding claims		21,531,004	-
Gross unearned premiums		37,720,294	983,814
Gross mathematical reserves		271,824,100	-
Payables, accruals and others		3,511,408	2,376,937
Reinsurance balances payable		37,242,834	637,162
Unearned reinsurance commission income		3,356,693	214,201
Due to related parties		(617,751)	579,394
Due to/from shareholders' operations		6,601,724	3,805,053
		<u>12,681,303</u>	<u>277,626</u>
Net cash from operating activities			
INVESTING ACTIVITIES			
Purchase of property and equipment		(224,000)	(222,602)
		<u>(224,000)</u>	<u>(222,602)</u>
Net cash used in investing activities			
INCREASE IN CASH AND CASH EQUIVALENTS		12,457,303	55,024
Cash and cash equivalents at the beginning of the period		2,238,414	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	<u>14,695,717</u>	<u>55,024</u>



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

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INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

	Note	For the period ended 30 June 2015 SR	For the period ended 30 June 2014 SR
OPERATING ACTIVITIES			
Net loss before Zakat		(15,816,423)	(10,678,706)
<i>Adjustments for:</i>			
Appropriation of deficit from insurance operations		15,834,177	5,324,983
Depreciation		-	575,609
Special commission income		(265,554)	(433,097)
Dividends		(339,103)	-
Employees' terminal benefits		-	57,173
		(586,903)	(5,154,038)
<i>Changes in operating assets and liabilities:</i>			
Statutory deposit		(174,521)	(17,500,000)
Due to/from insurance operations		(6,601,724)	(3,805,053)
Prepaid expenses and other assets		(111,209)	1,469,396
Payables, accruals and others		(711,151)	(1,623,830)
Due to related parties		-	(25,157,849)
Net cash used in operating activities		(8,185,508)	(51,771,374)
INVESTING ACTIVITIES			
Purchase of property and equipment		-	(309,953)
Time deposits		85,000,000	-
Special commission income received		374,758	349,775
Net cash from investing activities		85,374,758	39,822
FINANCING ACTIVITIES			
Transaction costs on issue of share capital		-	398,850
Net cash from financing activities		-	398,850
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		77,189,250	(51,332,702)
Cash and cash equivalents at the beginning of the period		11,157,980	170,918,064
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	88,347,230	119,585,362



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

(continued)

At 30 June 2015

1 ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

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

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

The company has commenced its insurance operations during April 2014. Accordingly, the interim statements of "insurance operations" and "insurance operations cash flows" include the comparative figures for the period from April 1st, 2014 till the end of June 30th, 2014.

1.1 METLIFE ALICO PORTFOLIO TRANSFER

The company has entered into an agreement with MetLife ALICO (30% shareholder) by which MetLife ALICO has transferred its existing Saudi run-off portfolio to the Company effective April 1st, 2015. This portfolio includes long-term life Protection and Savings insurance products and Personal Accident policies. The Company reinsures back to MetLife 100% of this portfolio under a quota-share reinsurance agreement. Accordingly, the Company has become the owner of the transferred policies and MetLife has become the reinsurer of this block of business. The transfer of the portfolio was made at book value with no cash payment. Accordingly, the liabilities related to this portfolio were recorded in the Company's books at book value with an offsetting assets representing the reinsurance share of these liabilities. MetLife pays a reinsurance commission amounting to SAR 435,434 as at 30 June 2015 to the company to compensate the cost of capital for this portfolio in addition to reimbursing the company for all expenses related to the administration of this portfolio by paying an administration fee amounting to SAR 135,747 as at 30 June 2015 which is booked under "Other underwriting income".

The portfolio transfer has been approved by the Board of Directors on Feb 16th, 2015 and by the shareholders of the company in their General Assembly meeting on May 12th, 2015. SAMA has also provided their approval on 28/5/1436 H corresponding to Mar 19th, 2015.

Assets and liabilities of the transferred portfolio as at 30 June 2015 are shown as below:

	<u>Assets</u>
Cash and Cash equivalents	10,510,683
Reinsurance share of technical reserves	286,533,233
Receivable & other assets	760,445
Total	297,804,361
	<u>Liabilities</u>
Gross Technical Reserves	286,533,232
Reinsurance balances payable	11,001,490
Payable and other liabilities	269,639
Total	297,804,361

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2015

1.2 MANAFETH AGREEMENT WITH TAWUNIYA

The company participated in the Manafeth agreement between Tawuniya and the majority of the insurance companies in Saudi Arabia effective January 1st, 2015 for co-insuring cars entering into Saudi Arabia from all Saudi borders (except the border with AL-Bahrain). Based on this agreement, all insurance companies participating in this coverage will have an equal share of the net result of this portfolio after allowing for all expenses related to managing this portfolio by Tawuniya. This deal is for three years starting from Jan 1st, 2015 and is expected to renew at same terms. The income related to this portfolio is included in the financial statements under "Other underwriting income" and is allocated to Motor Insurance in the segment reporting.

2 BASIS OF PREPARATION

Basis of preparation

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

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors. As per the by-laws of the Company, the deficit arising from the Insurance Operations is allocated fully to Shareholders Operations whereas any surplus arising from the Insurance Operations is distributed as follows:

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

Statement of compliance

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

The interim condensed financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the period from 29 August 2013 to 31 December 2014.

In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. The Company's interim results may not be indicative of its annual results.

Functional and presentational currency

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the period from 29 August 2013 to 31 December 2014, except for the adoption of new standards and amendments to existing standards effective for the annual period beginning 1 January 2015.

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

Amendments to IAS 19 applicable for annual periods beginning on or after 1 July 2014 are applicable to defined benefit plans involving contribution from employees and / or third parties. This provides relief, based on meeting certain criteria's, from the requirements proposed in the amendments of 2011 for attributing employee / third party

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(continued)

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contributions to periods of service under the plan benefit formula or on a straight line basis. The current amendment gives an option, if conditions satisfy, to reduce service cost in period in which the related service is rendered.

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

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

Standards issued but not yet effective

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

IFRS 9 Financial Instruments

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

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2015

4 CASH AND CASH EQUIVALENTS

	<i>30 June 2015 (Unaudited)</i>		<i>31 December 2014 (Audited)</i>	
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash at banks and in hand	14,695,717	88,347,230	2,238,414	5,157,980
Short-term deposit with original maturity of three months or less	-	-	-	6,000,000
	<u>14,695,717</u>	<u>88,347,230</u>	<u>2,238,414</u>	<u>11,157,980</u>

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

5 TIME DEPOSITS

Time deposits represent deposits with local commercial banks with investment grade credit ratings and have an original maturity of more than three months from date of acquisition. The average variable special commission rate on the time deposits up to the period ended 30 June 2015 is 0.85% per annum (31 December 2014: 0.85%).

6 PREMIUMS RECEIVABLE, NET

	<i>30 June 2015 (Unaudited)</i>	<i>31 December 2014 (Audited)</i>
	<i>SR</i>	<i>SR</i>
Premiums receivable	35,105,183	3,512,379
Provision for Doubtful debts	(50,759)	(90,827)
Premiums receivable, net	<u>35,054,424</u>	<u>3,421,552</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2015

7 RELATED PARTY TRANSACTIONS AND BALANCES

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

<i>Related party/ Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance 30 June 2015 SR</i>	<i>Balance 31 December 2014 SR</i>
	<i>For the period ended 30 June 2015 SR</i>	<i>For the period ended 30 June 2014 SR</i>		
Premium receivable from a related party				
Arab National Bank ("ANB") (Shareholder)				
Premiums receivable (advances) on policies sold through agency agreement with ANB agency	4,463,600	165,632	479,191	(817)
Commission payable on policies sold through agency agreement with ANB agency	640,339	24,845	292,340	2,205
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Reinsurance balances payable				
American International Group ("AIG") (Shareholder)				
Reinsurance premiums net of reinsurance commission	5,725,205	669,239	8,409,518	2,775,444
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Delaware American Life Insurance Company (Owned 100% by MetLife)				
Reinsurance premiums net of reinsurance commission	1,325,710	-	1,325,710	7,932
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
American Life Insurance Company "ALICO" (Owned 100% by MetLife)				
Reinsurance premiums net of reinsurance commission (portfolio transfer)	4,648,096	-		
Reinsurance share of claims paid (portfolio transfer)	7,624,572	-	10,566,056	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Due to related parties				
MetLife (Shareholder)				
Pre-incorporation expenses paid on behalf of the Company and recharged to the Company	-	(266,438)		
General and administrative expenses paid on behalf of the Company and recharged to the Company	245,472	957,493	245,472	1,403,719
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

At 30 June 2015

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Related party/ Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance 30 June 2015 SR</i>	<i>Balance 31 December 2014 SR</i>
	<i>For the period ended 30 June 2015 SR</i>	<i>For the period ended 30 June 2014 SR</i>		
Arab National Bank ("ANB") (Shareholder)				
General and administrative expenses paid on behalf of the Company and recharged to the Company	-	558	-	-
American International Group ("AIG") (Shareholder)				
Pre-incorporation expenses paid on behalf of the Company and recharged to the Company	-	(80,318)		
General and administrative expenses paid on behalf of the Company and recharged to the Company	540,496	749,604	959,664	419,168
Total amounts due to related parties			1,205,136	1,822,887
Commitments and Contingencies				
Arab National Bank ("ANB") (Shareholder)				
Letter of Guarantees	2,386,625	-	2,936,625	550,000
Investment activities				
Arab National Bank ("ANB") (Shareholder)				
Time Deposits	-	*241,500,000	-	56,000,000
Special commission income on deposits	174,074	425,632	-	46,630
Key management personnel				
Salaries and other benefits	3,730,891	1,799,476	-	-
Board of Directors and Executive Committees' fees	400,500	623,000	400,500	999,000

* Transactions under short-term deposits include the sum of all new short-term deposits (including renewals) placed with ANB during the period.

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(continued)

At 30 June 2015

8 STATUTORY DEPOSIT

	<i>30 June 2015</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December</i> <i>2014</i> <i>(Audited)</i> <i>SR</i>
Statutory Deposit (10% of paid-up share capital)	17,500,000	17,500,000
Income credited to the Statutory Deposit	174,521	-
	<u>17,674,521</u>	<u>17,500,000</u>

Statutory deposit represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Agency ("SAMA"). SAMA is entitled for its income and the deposits cannot be withdrawn without the consent of SAMA.

9 BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share for the period has been calculated by dividing the net loss before Zakat for the period by the ordinary, issued and outstanding shares at the period end of 17.5 million shares.

10 SEGMENT INFORMATION

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

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

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

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

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2015

10 SEGMENT INFORMATION (continued)

a) Interim statement of insurance operations

	<i>For the three month period ended 30 June 2015</i>									
	<i>Accident and Liability SR</i>	<i>Motor SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Engineering SR</i>	<i>Other General SR</i>	<i>Health SR</i>	<i>Protection & Savings SR</i>	<i>Unallocated SR</i>	<i>Total SR</i>
Gross written premiums	1,588,964	-	2,082,155	584,401	1,367,955	237,242	6,163,385	6,754,291	-	18,778,393
Reinsurance premiums ceded	(1,090,335)	-	(2,072,170)	(501,124)	(1,358,673)	(73,249)	(43,645)	(5,262,160)	-	(10,401,356)
Net written premiums	498,629	-	9,985	83,277	9,282	163,993	6,119,740	1,492,131	-	8,377,037
Net changes in unearned premiums	(178,953)	-	(3,873)	(35,887)	(8,304)	(11,364)	(4,309,177)	(265,555)	-	(4,813,114)
Net earned premiums	319,676	-	6,112	47,390	978	152,629	1,810,563	1,226,576	-	3,563,924
Reinsurance commission income	179,953	-	227,041	60,423	83,019	12,986	61,133	472,071	-	1,096,626
Other underwriting income	-	318,926	-	-	-	-	-	-	135,747	454,673
Underwriting revenue	499,629	318,926	233,153	107,813	83,997	165,615	1,871,696	1,698,647	135,747	5,115,223
Gross claims paid	(300,000)	-	(21,292)	-	-	-	(732,414)	(7,324,572)	-	(8,378,278)
Reinsurers' share of claims paid	300,000	-	21,186	-	-	-	248,891	7,324,572	-	7,894,649
Net claims paid	-	-	(106)	-	-	-	(483,523)	-	-	(483,629)
Changes in outstanding claims	(237,131)	-	(4,440)	(37,413)	(820)	(152,004)	(999,149)	(2,194,007)	-	(3,624,964)
Net claims incurred	(237,131)	-	(4,546)	(37,413)	(820)	(152,004)	(1,482,672)	(2,194,007)	-	(4,108,593)
Commissions incurred	(152,616)	-	(110,215)	(49,885)	(58,549)	(33,485)	(133,344)	(204,682)	-	(742,776)
Other direct underwriting expense	(8,665)	-	(15,661)	(2,922)	(6,840)	(1,186)	(192,085)	(9,467)	-	(236,826)
Doubtful debt expense	(14,344)	-	-	-	-	(11,671)	(18,819)	(5,925)	-	(50,759)
Underwriting expenses	(412,756)	-	(130,422)	(90,220)	(66,209)	(198,346)	(1,826,920)	(2,414,081)	-	(5,138,954)
Underwriting result	86,873	318,926	102,731	17,593	17,788	(32,731)	44,776	(715,434)	135,747	(23,731)
Unallocated expenses										(7,918,327)
Net deficit for the period from insurance operations										(7,942,058)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2015

10 SEGMENT INFORMATION (continued)

a) Interim statement of insurance operations (continued)

	<i>For the period ended 30 June 2015</i>									
	<i>Accident and Liability SR</i>	<i>Motor SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Engineering SR</i>	<i>Other General SR</i>	<i>Health SR</i>	<i>Protection & Savings SR</i>	<i>Unallocated SR</i>	<i>Total SR</i>
Gross written premiums	2,940,659	-	2,930,021	685,672	23,678,328	337,914	10,502,342	10,456,193	-	51,531,129
Reinsurance premiums ceded	(2,015,083)	-	(2,907,374)	(587,964)	(23,663,289)	(144,347)	(1,566,617)	(5,589,728)	-	(36,474,402)
Net written premiums	925,576	-	22,647	97,708	15,039	193,567	8,935,725	4,866,465	-	15,056,727
Net changes in unearned premiums	(501,806)	-	(14,569)	(50,318)	(13,370)	56,675	(6,411,704)	(3,261,624)	-	(10,196,716)
Net earned premiums	423,770	-	8,078	47,390	1,669	250,242	2,524,021	1,604,841	-	4,860,011
Reinsurance commission income	327,638	-	309,429	60,423	122,686	12,986	118,676	479,789	-	1,431,627
Other underwriting income	-	318,926	-	-	-	-	-	-	135,747	454,673
Underwriting revenue	751,408	318,926	317,507	107,813	124,355	263,228	2,642,697	2,084,630	135,747	6,746,311
Gross claims paid	(300,000)	-	(21,292)	-	-	-	(894,426)	(7,324,572)	-	(8,540,290)
Reinsurers' share of claims paid	300,000	-	21,186	-	-	-	248,891	7,324,572	-	7,894,649
Net claims paid	-	-	(106)	-	-	-	(645,535)	-	-	(645,641)
Changes in outstanding claims	(324,770)	-	(6,713)	(37,413)	(1,360)	(252,965)	(1,540,113)	(2,432,314)	-	(4,595,648)
Net claims incurred	(324,770)	-	(6,819)	(37,413)	(1,360)	(252,965)	(2,185,648)	(2,432,314)	-	(5,241,289)
Commissions incurred	(253,706)	-	(159,788)	(49,885)	(82,969)	(53,007)	(176,487)	(263,861)	-	(1,039,703)
Other direct underwriting expense	(15,473)	-	(19,900)	(3,428)	(118,392)	(1,690)	(257,169)	(27,963)	-	(444,015)
Doubtful debt expense	(14,344)	-	-	-	-	79,156	(18,819)	(5,925)	-	40,068
Underwriting expenses	(608,293)	-	(186,507)	(90,726)	(202,721)	(228,506)	(2,638,123)	(2,730,063)	-	(6,684,939)
Underwriting result	143,115	318,926	131,000	17,087	(78,366)	34,722	4,574	(645,433)	135,747	61,372
Unallocated expenses										(15,895,549)
Net deficit for the period from insurance operations										(15,834,177)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2015

10 SEGMENT INFORMATION (continued)

a) Interim statement of insurance operations (continued)

	<i>For the three month period ended 30 June 2014</i>									
	<i>Accident and Liability SR</i>	<i>Motor SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Engineering SR</i>	<i>Other General SR</i>	<i>Health SR</i>	<i>Protection & Savings SR</i>	<i>Unallocated SR</i>	<i>Total SR</i>
Gross written premiums	296,655	-	1,500	-	-	730,688	-	-	-	1,028,843
Reinsurance premiums ceded	(276,480)	-	-	-	-	(584,550)	-	-	-	(861,030)
Net written premiums	20,175	-	1,500	-	-	146,138	-	-	-	167,813
Net changes in unearned premiums	(19,336)	-	(1,253)	-	-	(139,376)	-	-	-	(159,965)
Net earned premiums	839	-	247	-	-	6,762	-	-	-	7,848
Reinsurance commission income	2,636	-	-	-	-	7,031	-	-	-	9,667
Other underwriting income	-	-	-	-	-	-	-	-	-	-
Underwriting revenue	3,475	-	247	-	-	13,793	-	-	-	17,515
Gross claims paid	-	-	-	-	-	-	-	-	-	-
Reinsurers' share of claims paid	-	-	-	-	-	-	-	-	-	-
Net claims paid	-	-	-	-	-	-	-	-	-	-
Changes in outstanding claims	-	-	-	-	-	-	-	-	-	-
Net claims incurred	-	-	-	-	-	-	-	-	-	-
Commissions incurred	(1,355)	-	-	-	-	(3,283)	-	-	-	(4,638)
Other direct underwriting expense	(1,483)	-	(8)	-	-	(3,653)	-	-	-	(5,144)
Doubtful debt expense	-	-	-	-	-	-	-	-	-	-
Underwriting expenses	(2,838)	-	(8)	-	-	(6,936)	-	-	-	(9,782)
Underwriting result	637	-	239	-	-	6,857	-	-	-	7,733
Unallocated expenses										(5,332,716)
Net deficit for the period from insurance operations										(5,324,983)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2015

10 SEGMENT INFORMATION (continued)

b) Insurance operations' assets and liabilities

	June 30, 2015									
	<i>Accident and Liability SR</i>	<i>Motor SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Engineering SR</i>	<i>Other General SR</i>	<i>Health SR</i>	<i>Protection & Savings SR</i>	<i>Unallocated SR</i>	<i>Total SR</i>
Insurance operations' assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	14,695,717	14,695,717
Premiums receivable, net	2,373,976	-	1,716,166	321,314	23,201,878	326,243	3,981,357	3,133,490	-	35,054,424
Reinsurers' share of unearned premiums	3,052,753	-	2,234,003	302,790	23,149,841	849,627	814,335	494,811	-	30,898,160
Reinsurers' share of mathematical reserves	-	-	-	-	-	-	-	271,824,100	-	271,824,100
Reinsurers' share of outstanding claims	1,672,210	-	1,008,807	212,010	631,983	37,461	356,247	13,516,437	-	17,435,155
Deferred policy acquisition costs	382,161	-	250,958	52,966	1,898,013	60,270	605,718	542,748	-	3,792,834
Prepaid expenses and other assets	-	318,926	-	-	-	-	324,226	-	5,274,257	5,917,409
Due from shareholders operations	-	-	-	-	-	-	-	-	4,203,795	4,203,795
Property and equipment, net	-	-	-	-	-	-	-	-	6,901,177	6,901,177
TOTAL INSURANCE OPERATIONS' ASSETS	7,481,100	318,926	5,209,934	889,080	48,881,715	1,273,601	6,081,883	289,511,586	31,074,946	390,722,771
Insurance operations' liabilities										
Gross unearned premiums	3,685,232	-	2,250,276	353,108	23,165,573	1,113,150	8,105,662	3,756,435	-	42,429,436
Gross outstanding claims	2,040,559	-	1,016,738	249,423	633,352	471,493	1,958,218	15,948,751	-	22,318,534
Gross mathematical reserves	-	-	-	-	-	-	-	271,824,100	-	271,824,100
Payables, accruals and others	339,362	-	329,511	102,851	1,862,290	36,667	746,732	391,942	4,064,937	7,874,292
Reinsurance balances payable	2,969,767	-	2,464,974	463,386	21,217,355	825,230	1,088,233	11,141,602	-	40,170,547
Unearned reinsurance commission income	529,827	-	573,730	64,155	2,636,788	201,422	126,034	106,209	-	4,238,165
Due to related parties	-	-	-	-	-	-	-	-	1,205,136	1,205,136
Employees' terminal benefits	-	-	-	-	-	-	-	-	662,561	662,561
TOTAL INSURANCE OPERATIONS' LIABILITIES	9,564,747	-	6,635,229	1,232,923	49,515,358	2,647,962	12,024,879	303,169,039	5,932,634	390,722,771

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2015

10 SEGMENT INFORMATION (continued)

b) Insurance operations' assets and liabilities (continued)

	December 31, 2014									
	<i>Accident and Liability SR</i>	<i>Motor SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Engineering SR</i>	<i>Other General SR</i>	<i>Health SR</i>	<i>Protection & Savings SR</i>	<i>Unallocated SR</i>	<i>Total SR</i>
Insurance operations' assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	2,238,414	2,238,414
Premiums receivable, net	1,343,890	-	174,915	-	281,350	864,628	756,769	-	-	3,421,552
Reinsurers' share of unearned premiums	1,679,857	-	529,882	-	312,466	837,810	14,565	-	-	3,374,580
Reinsurers' share of outstanding claims	357,943	-	139,745	-	1,133	-	978	-	-	499,799
Deferred policy acquisition costs	266,190	-	79,663	-	47,224	76,611	-	-	-	469,688
Prepaid expenses and other assets	-	-	-	-	-	-	-	-	2,844,286	2,844,286
Property and equipment, net	-	-	-	-	-	-	-	-	8,054,849	8,054,849
TOTAL INSURANCE OPERATIONS' ASSETS	3,647,880	-	924,205	-	642,173	1,779,049	772,312	-	13,137,549	20,903,168
Insurance operations' liabilities										
Gross unearned premiums	1,810,530	-	531,586	-	314,828	1,158,007	894,191	-	-	4,709,142
Gross outstanding claims	401,523	-	140,963	-	1,142	181,067	62,835	-	-	787,530
Payables, accruals and others	206,801	-	25,900	-	42,203	68,790	-	-	4,019,190	4,362,884
Reinsurance balances payable	1,588,918	-	405,950	-	222,924	701,989	7,932	-	-	2,927,713
Unearned reinsurance commission income	454,429	-	135,841	-	90,615	193,302	7,285	-	-	881,472
Due to related parties	-	-	-	-	-	-	-	-	1,822,887	1,822,887
Due from shareholders operations	-	-	-	-	-	-	-	-	5,028,658	5,028,658
Employees' terminal benefits	-	-	-	-	-	-	-	-	382,882	382,882
TOTAL INSURANCE OPERATIONS' LIABILITIES	4,462,201	-	1,240,240	-	671,712	2,303,155	972,243	-	11,253,617	20,903,168

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2015

11 PROPOSED CAPITAL INCREASE

On April 27th, 2015, the Company's Board of directors has recommended increasing the Company's capital from SAR 175 million to SAR 350 million through a rights issue. In this connection, the Company submitted its business plan along with related documents to SAMA on June 7th, 2015. As at the financial reporting date, the Company has not yet received the SAMA's approval.

12 COMMITMENTS AND CONTINGENCIES

At Jun 30th, 2015, Letters of Guarantee amounting to SAR 2,936,625 were outstanding in favour of medical providers and general insurance tenders (SAR 550,000 as at Dec 31st, 2014). These letters of guarantee were issued against cash margin amounting to SAR 2,936,625 and SAR 550,000 as at 30th June 2015 and 31st December 2014 respectively which is classified under prepaid expenses and other assets in the financial position. There were no other commitments, contingencies, or outstanding legal proceedings or disputes of material nature.

13 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the management on 13/10/1436H corresponding to (29 July 2015).