

**Allianz Saudi Fransi Cooperative
Insurance Company
(A Saudi Joint Stock Company)**

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

**FOR THE THREE MONTHS ENDED
31 MARCH 2014**

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**LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF
ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2014 and the related interim statements of income of insurance operations and shareholders' operations, comprehensive income of insurance operations and shareholders' operations, changes in shareholders' equity and cash flows of insurance operations and shareholders' operations for the three 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.

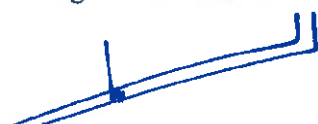
CONCLUSION:

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 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.

Ernst & Young
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Riyadh 11461
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Fahad M. Al-Tonimi
Certified Public Accountant
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16 Jumad Thani 1435H
(16 April 2014)

Al Bassam CPAs & Consultants
P. O. Box 69658
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Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

		31 March 2014 (Unaudited) SR	31 December 2013 (Audited) SR
	<i>Notes</i>		
INSURANCE OPERATIONS' ASSETS			
Equipment, furniture and vehicles		2,741,713	2,757,158
Reinsurers' share of outstanding claims	5	195,325,612	170,427,971
Reinsurers' share of unearned premiums		155,907,534	156,094,253
Deferred policy acquisition costs		17,590,734	17,532,344
Unit linked investments	9	579,766,139	573,574,486
Available for sale investments	8	40,451,432	39,704,393
Premiums receivable, net	6	172,370,584	239,253,312
Reinsurance balances receivable		63,672,078	39,243,929
Prepayments and other assets		8,956,993	6,262,059
Cash and cash equivalents		20,341,578	50,206,611
TOTAL INSURANCE OPERATIONS' ASSETS		1,257,124,397	1,295,056,516
SHAREHOLDERS' ASSETS			
Statutory deposit	7	20,076,025	20,076,025
Available for sale investments	8	152,477,136	147,464,448
Due from insurance operations		715,920	10,083,350
Prepayments and other assets		1,414,310	1,033,005
Cash and cash equivalents		1,548,742	1,815,310
TOTAL SHAREHOLDERS' ASSETS		176,232,133	180,472,138
TOTAL ASSETS		1,433,356,530	1,475,528,654

Xavier Denys

Heinz Dollberg

Abdullah Mansury

Chief Executive Officer

BOD Member

Chief Financial Officer

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

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 March 2014

	Notes	31 March 2014 (Unaudited) SR	31 December 2013 (Audited) SR
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Employees' end of service benefits		10,731,902	8,457,100
Unearned premiums		277,772,486	270,783,664
Unearned commission income		11,048,012	12,175,886
Mathematical reserve		580,126,617	576,114,237
Outstanding claims	5	260,480,438	226,444,490
Premium deficiency reserves		2,596,371	936,116
Due to shareholders' operations		715,920	10,083,350
Reinsurance balances payable		103,381,686	157,174,241
Accrued expenses and other liabilities		10,101,431	33,464,937
TOTAL INSURANCE OPERATIONS' LIABILITIES		1,256,954,863	1,295,634,021
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		1,547,917	1,547,917
Unrealized loss on available for sale investments	8	(1,378,383)	(2,125,422)
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,257,124,397	1,295,056,516
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Provision for zakat and income tax		8,100,141	7,487,408
Accrued expenses and other liabilities		128,222	117,522
TOTAL SHAREHOLDERS' LIABILITIES		8,228,363	7,604,930
SHAREHOLDERS' EQUITY			
Share capital	10	200,000,000	200,000,000
Share premium		22,711,315	22,711,315
Accumulated losses		(55,494,967)	(49,618,841)
Unrealized gain/(loss) on available for sale investments	8	787,422	(225,266)
TOTAL SHAREHOLDERS' EQUITY		168,003,770	172,867,208
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		176,232,133	180,472,138
TOTAL INSURANCE OPERATIONS LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY		1,433,356,530	1,475,528,654

Xavier Denys

Chief Executive Officer

Heinz Dollberg

BOD Member

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Chief Financial Officer

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

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME OF INSURANCE OPERATIONS (UNAUDITED)

		<i>For the three month period ended 31 March 2014 SR</i>	<i>For the three month period ended 31 March 2013 SR</i>
	<i>Notes</i>		
Gross written premiums		180,962,944	169,305,956
Reinsurance premiums ceded		(70,839,564)	(81,602,770)
Net written premiums	4	110,123,380	87,703,186
Changes in unearned premiums		(6,988,822)	(19,053,527)
Changes in reinsurance share of unearned premiums		(186,719)	14,942,284
Net change in unearned premiums	4	(7,175,541)	(4,111,243)
Net premiums earned	4	102,947,839	83,591,943
Commission earned during the period		5,829,388	7,764,637
Unrealized gain on unit linked investments		6,050,863	3,521,227
Other income		474,975	263,943
Total revenues		115,303,065	95,141,750
Gross claims paid		(115,841,158)	(97,375,341)
Reinsurance share of claims paid		41,561,831	35,864,881
Net claims paid		(74,279,327)	(61,510,460)
Changes in gross outstanding claims		(34,035,948)	(6,419,806)
Changes in reinsurance share of outstanding claims		24,897,641	17,728,245
Net outstanding claims		(9,138,307)	11,308,439
Net claims incurred		(83,417,634)	(50,202,021)
Change in premium deficiency reserves		(1,660,255)	(819,279)
Change in mathematical reserves		(4,012,380)	(11,692,753)
Commission expenses		(10,873,417)	(9,770,164)
Inspection and supervision fees		(1,122,214)	(846,530)
General and administrative expenses		(20,584,595)	(19,213,700)
Total claims and expenses		(121,670,495)	(92,544,447)
Net (deficit)/surplus for the period		(6,367,430)	2,597,303
Net deficit/(surplus) transferred to statement of income of shareholders' operations		6,367,430	(2,337,573)
Net insurance operations surplus after shareholders' appropriation for the period		-	259,730

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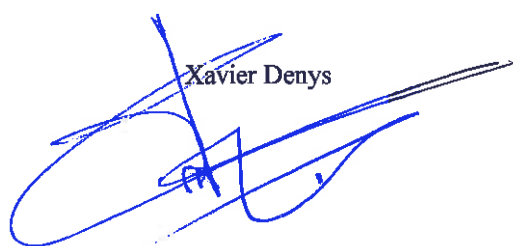
BOD Member

Chief Financial Officer

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Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF COMPREHENSIVE INCOME OF INSURANCE OPERATIONS
(UNAUDITED)

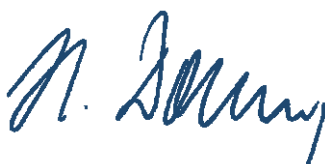
	<i>For the three month period ended 31 March 2014 SR</i>	<i>For the three month period ended 31 March 2013 SR</i>
Net insurance operations surplus after shareholders' appropriation for the period	-	259,730
<i>Other comprehensive income to be reclassified subsequently to the statement of income</i>		
Unrealized gain on available for sale investments	747,039	26,972
Total comprehensive income for the period	747,039	286,702



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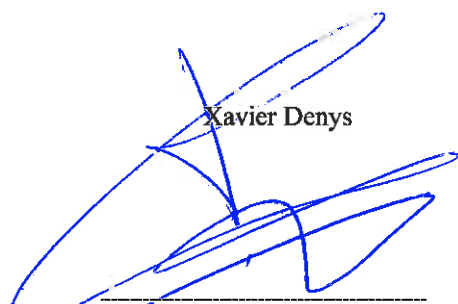


Chief Financial Officer

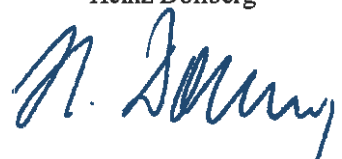
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Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME OF SHAREHOLDERS' OPERATIONS
(UNAUDITED)

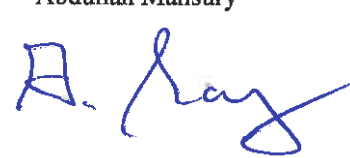
		<i>For the three month period ended 31 March 2014 SR</i>	<i>For the three month period ended 31 March 2013 SR</i>
	<i>Note</i>		
Special commission income		<u>1,288,540</u>	<u>1,363,601</u>
Total revenues		<u>1,288,540</u>	<u>1,363,601</u>
Net (deficit)/surplus transferred from statement of income of insurance operations		(6,367,430)	2,337,573
General and administrative expenses		<u>(184,503)</u>	<u>(186,752)</u>
Net (loss)/income for the period		<u>(5,263,393)</u>	<u>3,514,422</u>
Basic and diluted earnings per share	14	<u>(0.26)</u>	<u>0.18</u>


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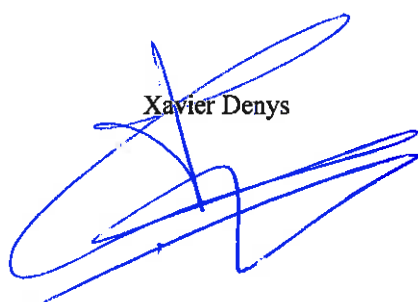
BOD Member

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Chief Financial Officer

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
**INTERIM STATEMENT OF COMPREHENSIVE INCOME OF
 SHAREHOLDERS' OPERATIONS (UNAUDITED)**

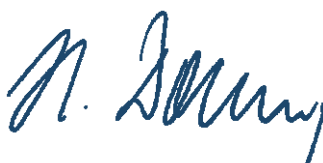
	<i>For the three month period ended 31 March 2014 SR</i>	<i>For the three month period ended 31 March 2013 SR</i>
Net (loss)/income for the period	(5,263,393)	3,514,422
<i>Other comprehensive income not to be reclassified subsequently to the statement of income</i>		
Provision for zakat & income tax	(612,733)	(1,039,297)
<i>Other comprehensive income to be reclassified subsequently to the statement of income</i>		
Unrealised gain/(loss) on available for sale investments	1,012,688	(208,708)
Total comprehensive (loss)/income for the period	(4,863,438)	2,266,417



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Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period ended 31 March 2014

	<i>Share capital SR</i>	<i>Share premium SR</i>	<i>Accumulated losses SR</i>	<i>Unrealized gain / (loss) on available for sale investments SR</i>	<i>Total SR</i>
Balance as at 1 January 2013	200,000,000	22,711,315	(58,382,671)	2,568,517	166,897,161
Net income for the period	-	-	3,514,422	-	3,514,422
<i>Other Comprehensive income:</i>					
- Unrealized gain on available for sale investments	-	-	-	(208,708)	(208,708)
- Provision for zakat & income tax	-	-	(1,039,297)	-	(1,039,297)
Total comprehensive income for the period	-	-	2,475,125	(208,708)	2,266,417
Balance as at 31 March 2013 -unaudited	200,000,000	22,711,315	(55,907,546)	2,359,809	169,163,578
Balance as at 1 January 2014	200,000,000	22,711,315	(49,618,841)	(225,266)	172,867,208
Net loss for the period	-	-	(5,263,393)	-	(5,263,393)
<i>Other Comprehensive income:</i>					
- Unrealized loss on available for sale investments	-	-	-	1,012,688	1,012,688
- Provision for zakat & income tax	-	-	(612,733)	-	(612,733)
Total comprehensive income for the period	-	-	(5,876,126)	1,012,688	(4,863,438)
Balance as at 31 March 2014 -unaudited	200,000,000	22,711,315	(55,494,967)	787,422	168,003,770

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

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS OF INSURANCE OPERATIONS
(UNAUDITED)

	<i>For the three month period ended 31 March 2014 SR</i>	<i>For the three month period ended 31 March 2013 SR</i>
OPERATING ACTIVITIES		
Net insurance operations surplus after shareholders' appropriation for the period	-	259,730
Adjustments for:		
Employees' end of service benefits	2,434,022	557,532
Depreciation	341,767	364,021
Unrealized gains on unit linked investments	(6,050,863)	(3,521,227)
Shareholders' appropriation from insurance operations' (deficit)/surplus	(6,367,430)	2,337,573
Operating profit before changes in operating assets and liabilities	(9,642,504)	(2,371)
Changes in operating assets and liabilities:		
Deferred policy acquisition costs	(58,390)	(561,099)
Unit linked investments	(140,790)	(9,334,177)
Premiums receivable, net	66,882,728	(12,106,870)
Prepayments and others assets	(2,694,934)	(1,223,527)
Unearned premiums, net	7,175,541	4,111,243
Mathematical reserve	4,012,380	11,692,753
Outstanding claims, net	9,138,307	(11,308,439)
Premium deficiency reserves	1,660,255	819,279
Unearned commission income	(1,127,874)	(888,388)
Reinsurance balances payable, net	(78,220,704)	17,061,347
Accrued expenses and other liabilities	(23,363,506)	(777,790)
Cash used in operations	(26,379,491)	(2,518,039)
Employees' end of service benefits paid	(159,220)	(217,711)
Net cash used in operating activities	(26,538,711)	(2,735,750)
INVESTING ACTIVITIES		
Purchase of office equipment, furniture and vehicles	(326,322)	(59,750)
Purchases of available for sale investments	-	(5,000,000)
Net cash used in investing activities	(326,322)	(5,059,750)
FINANCING ACTIVITY		
Due to shareholders operations	(3,000,000)	-
Net cash used in financing activity	(3,000,000)	-
DECREASE IN CASH AND CASH EQUIVALENTS	(29,865,033)	(7,795,500)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	50,206,611	32,987,354
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	20,341,578	25,191,854
Non-cash supplemental information:		
Net changes in fair value of available for sale investments	747,039	26,972

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

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS OF SHAREHOLDERS' OPERATIONS
(UNAUDITED)

	<i>For the three month period ended 31 March 2014 SR</i>	<i>For the three month period ended 31 March 2013 SR</i>
OPERATING ACTIVITIES		
Net (loss)/income for the period	(5,263,393)	3,514,422
Adjustment for:		
Shareholders' appropriation from insurance operations' surplus	6,367,430	(2,337,573)
Operating surplus before changes in operating assets and liabilities	1,104,037	1,176,849
Changes in operating assets and liabilities:		
Prepayments and other assets	(381,305)	518,232
Accrued expenses and other liabilities	10,700	1,500
Net cash from operating activities	733,432	1,696,581
INVESTING ACTIVITY		
Purchase of available for sale investment	(4,000,000)	-
Net cash used in investing activity	(4,000,000)	-
FINANCING ACTIVITY		
Due from insurance operations	3,000,000	-
Net cash used in financing activity	3,000,000	-
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(266,568)	1,696,581
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,815,310	341,510
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,548,742	2,038,091
<u>Non-cash supplemental information:</u>		
Net changes in fair value of available for sale investments	1,012,688	(208,708)

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

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
At 31 March 2014

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Allianz Saudi Fransi Cooperative Insurance Company ('the Company') is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010235601 dated 26 Jumada Thani 1428H corresponding to 12 July 2007. The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006). The Company operates through its 5 branches (2013: 5) in the Kingdom of Saudi Arabia. The registered office of the Company is located at Al Safwa Commercial Building, P O Box 3540, Riyadh 11481, Kingdom of Saudi Arabia.

The objectives of the Company are to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company was listed on the Saudi stock exchange on 9 Rajab 1428H, corresponding to 23 July 2007.

2. BASIS OF PREPARATION

The interim condensed financial statements for the three month period ended 31 March 2014 have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting". (IAS 34)

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Company's annual financial statements as at 31 December 2013.

The Company's interim results may not be indicative of its annual results.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting and risk management policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013 except for the adoption of the following new standards and other amendments to existing standards mentioned below which has had no financial impact on the interim condensed financial statements of the Company:

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments did not have any significant impact on Company's financial position and performance.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The change did not have any material financial impact on interim condensed financial statements.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Company has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
 At 31 March 2014

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)

New amendments and standards issued but not yet effective:

The Company has chosen not to early adopt the following new standard and amendments to the International Financial Reporting Standards

IFRS 9 Financial Instruments

On 19 November 2013, the IASB issued a new version of IFRS 9 *Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)*. IFRS 9 (2013) which includes the new hedge accounting requirements and some related amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*. IFRS 9 (2013) also replicates the amendments in IAS 39 in respect of novations. The standard does not have a mandatory effective date, but it is available for application now. A new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial statements. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of IFRS 9 at the same time. An accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 is available for of their hedging relationships. They may later change that policy and apply the hedge accounting requirements in IFRS 9 before they eventually become mandatory. This choice is intended to be removed when the IASB completes its project on accounting for macro hedging.

4 PREMIUMS

	<i>Unaudited</i> <i>For the three month period ended 31 March 2014(SR)</i>		
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
General insurance	138,871,303	(69,517,134)	69,354,169
Protection & saving insurance	42,091,641	(1,322,430)	40,769,211
Written premiums	180,962,944	(70,839,564)	110,123,380
Change in unearned premium	(6,988,822)	(186,719)	(7,175,541)
Premiums earned	173,974,122	(71,026,283)	102,947,839

	<i>Unaudited</i> <i>For the three month period ended 31 March 2013 (SR)</i>		
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
General insurance	120,992,853	(77,512,627)	43,480,226
Protection & saving insurance	48,313,103	(4,090,143)	44,222,960
Written premiums	169,305,956	(81,602,770)	87,703,186
Change in unearned premium	(19,053,527)	14,942,284	(4,111,243)
Premiums earned	150,252,429	(66,660,486)	83,591,943

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2014

5 OUTSTANDING CLAIMS

<i>31 March 2014 - Unaudited (SR)</i>			
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
General insurance	253,490,333	(192,200,379)	61,289,954
Protection & saving insurance	6,990,105	(3,125,233)	3,864,872
Total outstanding claims	260,480,438	(195,325,612)	65,154,826

<i>31 December 2013 - Audited (SR)</i>			
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
General insurance	219,874,579	(167,490,875)	52,383,704
Protection & saving insurance	6,569,911	(2,937,096)	3,632,815
Total outstanding claims	226,444,490	(170,427,971)	56,016,519

6 PREMIUMS RECEIVABLE, NET

<i>31 March 2014 Unaudited</i>		<i>Past due not impaired</i>	<i>Past due and impaired</i>	
	<i>Total</i>	<i>Up to 90 days</i>	<i>Less than 180 days</i>	<i>More than 180 days</i>
<i>Amount in SR</i>				
Premiums receivable	208,297,415	133,354,732	18,500,333	56,442,350
Provision for doubtful debts	(35,926,831)	-	(2,775,050)	(33,151,781)
Premiums receivable, net	172,370,584	133,354,732	15,725,283	23,290,569

<i>31 December 2013 Audited</i>		<i>Past due not impaired</i>	<i>Past due and impaired</i>	
	<i>Total</i>	<i>Up to 90 days</i>	<i>Less than 180 days</i>	<i>More than 180 days</i>
<i>Amount in SR</i>				
Premiums receivable	274,222,087	190,198,581	30,910,258	53,113,248
Provision for doubtful debts	(34,968,775)	-	(4,636,539)	(30,332,236)
Premiums receivable, net	239,253,312	190,198,581	26,273,719	22,781,012

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
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6 PREMIUMS RECEIVABLE, NET (continued)

Movement in respect of provision for doubtful debts is as follows:

	<i>For the three month period ended 31 March 2014 SR</i>	<i>For the three month period ended 31 March 2013 SR</i>
Balance at the beginning of the period	34,968,775	30,482,461
Provided for the period	958,056	1,203,691
Balance at the end of the period	35,926,831	31,686,152

7 STATUTORY DEPOSIT

As required by Saudi Arabian Insurance Regulations, the Company has deposited 10% of its paid up capital, amounting to SR 20,000,000 in a bank designated by SAMA. This deposit and initially recognised commission thereon cannot be withdrawn without SAMA's approval. The statutory deposit is maintained with Banque Saudi Fransi, an affiliate of the Company.

8 AVAILABLE FOR SALE INVESTMENTS

Insurance operations' available for sale investments:

	<i>31 March 2014 (Unaudited) SR</i>	<i>31 December 2013 (Audited) SR</i>
Bonds-quoted	25,257,937	24,585,094
Funds-quoted	15,193,495	15,119,299
Total	40,451,432	39,704,393

The cumulative unrealised loss in fair value of available for sale investments amounting to SR 1,378,383 (31 December 2013: SR 2,125,422) is presented within the insurance operation' surplus in the interim statement of financial position.

Shareholders' available for sale investments:

	<i>31 March 2014 - Unaudited (SR)</i>		
	<i>Quoted</i>	<i>Unquoted</i>	<i>Total</i>
Bonds	96,147,628	-	96,147,628
Sukuk	-	41,005,000	41,005,000
Funds	12,101,430	-	12,101,430
Equities	-	3,223,078	3,223,078
Total	108,249,058	44,228,078	152,477,136

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
At 31 March 2014

8 AVAILABLE FOR SALE INVESTMENTS (continued)

	31 December 2013 - Audited (SR)		
	Quoted	Unquoted	Total
Bonds	95,140,988	-	95,140,988
Sukuk	-	41,005,000	41,005,000
Funds	8,095,382	-	8,095,382
Equities	-	3,223,078	3,223,078
Total	103,236,370	44,228,078	147,464,448

The cumulative gain/(loss) in fair value of available for sale investments amounting to SR 787,422 (31 December 2013: SR (225,266)) is presented within the shareholders' equity in the interim statement of financial position.

Determination of fair value and fair values hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

As at 31 December, the financial instruments under insurance and shareholder operations are measured at fair value using level 1 hierarchy for bonds and funds and level 3 for sukuk and equities.

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
 At 31 March 2014

8 AVAILABLE FOR SALE INVESTMENTS (continued)

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

i. Policyholders operations

<i>31 March 2014 – Unaudited (SR)</i>				
	Level 1	Level 2	Level 3	Total
Bonds	25,257,937	-	-	25,257,937
Funds	15,193,495	-	-	15,193,495
Total	40,451,432	-	-	40,451,432

<i>31 December 2013 – Audited (SR)</i>				
	Level 1	Level 2	Level 3	Total
Bonds	24,585,094	-	-	24,585,094
Funds	15,119,299	-	-	15,119,299
Total	39,704,393	-	-	39,704,393

ii. Shareholders' operations

<i>31 March 2014 – Unaudited (SR)</i>				
	Level 1	Level 2	Level 3	Total
Bonds	96,147,628	-	-	96,147,628
Sukuk	-	-	41,005,000	41,005,000
Funds	12,101,430	-	-	12,101,430
Equities	-	-	3,223,078	3,223,078
Total	108,249,058	-	44,228,078	152,477,136

<i>31 December 2013 – Audited (SR)</i>				
	Level 1	Level 2	Level 3	Total
Bonds	95,140,988	-	-	95,140,988
Sukuk	-	-	41,005,000	41,005,000
Funds	8,095,382	-	-	8,095,382
Equities	-	-	3,223,078	3,223,078
Total	103,236,370	-	44,228,078	147,464,448

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 31 March 2014 and year ended 31 December 2013

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
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9 UNIT LINKED INVESTMENTS

Following represents fair value for unit-linked investments:

	31 March 2014 (Unaudited) SR	31 December 2013 (Audited) SR
Local funds	566,694,402	559,835,402
Foreign funds	13,071,737	13,739,084
	<u>579,766,139</u>	<u>573,574,486</u>

10 SHARE CAPITAL

The authorized and issued share capital of the Company is SR 200,000,000 as at 31 March 2014 & 31 December 2013 consisting of 20,000,000 shares of SR 10 par value.

11 STATUTORY RESERVE

In accordance with the by-laws of the Company, the Company shall allocate 20% of its net income for each period after accumulated losses to the statutory reserve until it has built up a reserve equal to the capital. The Company has not transferred any amount to statutory reserve due to the fact the Company has accumulated losses as at 31 March 2014.

12 CONTINGENCIES

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its interim results and financial position.

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

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13 RELATED PARTY TRANSACTIONS AND BALANCES

Following are the details of major related party transactions during the period ended 31 March 2014 and 31 March 2013.

		For the three month period ended 31 March 2014 (Unaudited) SR	For the three month period ended 31 March 2013 (Unaudited) SR	
Related party	Nature of transaction			
Entities controlled, jointly controlled or significantly influenced by related parties.	- Insurance premium written	832,435	8,191,303	
	- Insurance premium ceded	4,945,047	7,168,392	
	- Gross claims paid	955,520	4,603,454	
	- Reinsurance share of claims paid	5,325,705	6,764,437	
	- Commission expense	1,439,542	1,505,925	
	- Commission income	431,170	526,643	
	Other expenses			
	- Third party administrator (TPA) fees	839,836	625,001	
	Key management personnel	Remuneration and related expenses	1,775,036	1,116,805
	Board members	Fees and related expenses	78,999	78,099

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, Deputy Chief Executive Officer and the Chief Financial Officer of the Company. All Unit Linked investments and certain significant available for sale investments are managed by an affiliate, Saudi Fransi Capital.

Cash and cash equivalents include bank accounts, majority of which are maintained with the shareholder of the Company, Banque Saudi Fransi.

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
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13 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The significant transactions with the related parties resulted in the following balances as at the financial position date:

	<i>31 March 2014 (Unaudited) SR</i>	<i>31 December 2013 (Audited) SR</i>
Entities controlled, jointly controlled or significantly influenced by related parties. - Accrued expenses	1,213,452	1,364,423
- Premium receivable, net	8,623,040	10,396,381
- Reinsurance balance payable	4,726,141	53,768,406
- Outstanding Claims	2,331,467	2,095,003

Related parties include Allianz SNA, Allianz Mena Holding Bermuda, Allianz Risk Transfer A.G. Dubai, Allianz France, Allianz Global Corporate and Speciality AG, Allianz World Wide Care, Allianz Global risks U.S Insurance, Allianz Belgium, Euler Hermes, Allianz SE Zurich, Allianz Insurance Hong Kong, Allianz Global Risks Netherland, Allianz Insurance Singapore, Allianz Insurance New Zealand, Saudi Fransi Insurance Agency, Banque Saudi Fransi, Saudi Fransi Leasing Company, Saudi Next Care, Saudi Fransi Capital.

14 BASIC AND DILUTED EARNINGS PER SHARE

	<i>For the three month period ended 31 March 2014 (Unaudited)</i>	<i>For the three month period ended 31 March 2013 (Unaudited)</i>
Net (loss)/income for the period - SR	(5,263,393)	3,514,422
Weighted average number of ordinary shares	20,000,000	20,000,000
Basic and diluted earnings per share	(0.26)	0.18

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
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15 SEGMENT INFORMATION

(a) 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. Information disclosed in the note is based on current reporting to the chief operating decision maker.

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

Segment liabilities do not include reinsurers' balances payable, employees' end of service benefits, accrued expenses and other liabilities. Accordingly they are included in unallocated liabilities.

The unallocated assets and unallocated liabilities are reported to chief operating decision maker on the cumulative basis and not reported under the related segments.

Operating segments

Following are the operating segments identified for segment reporting purposes;

Motor	:	Motor corporate and motor individual
Engineering	:	Construction
Medical	:	Medical
Property	:	Fire, Burglary and Money
Other general	:	Liability and Marine
Protection & Saving	:	Group Retirement & Individual Protection & Saving

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2014

15 SEGMENT INFORMATION (continued)

<u>Unaudited</u>	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection & Saving</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<u>For the three month period ended 31 March 2014</u>							
Gross written premiums	46,913,421	9,687,964	21,739,927	24,719,802	35,810,189	42,091,641	180,962,944
Reinsurance premium ceded	(1,504,912)	(7,248,291)	(11,830,779)	(20,208,640)	(28,724,512)	(1,322,430)	(70,839,564)
Net written premium	45,408,509	2,439,673	9,909,148	4,511,162	7,085,677	40,769,211	110,123,380
Net premiums earned	40,148,345	2,807,608	8,983,792	4,058,451	6,008,357	40,941,286	102,947,839
Unrealized gain on unit linked investments	-	-	-	-	-	6,050,863	6,050,863
Net claims incurred	(37,519,377)	(1,834,766)	(6,078,048)	(1,304,517)	(513,898)	(36,167,028)	(83,417,634)
Premium deficiency reserves	(2,596,371)	-	936,116	-	-	-	(1,660,255)
Change in mathematical reserves	-	-	-	-	-	(4,012,380)	(4,012,380)
Commission (expenses)/income, net	(4,172,062)	981,277	(629,557)	1,005,510	16,462	(2,245,659)	(5,044,029)
Inspection and supervision fees	(234,567)	(48,440)	(108,700)	(123,599)	(396,450)	(210,458)	(1,122,214)
Net underwriting results	(4,374,032)	1,905,679	3,103,603	3,635,845	5,114,471	4,356,624	13,742,190
Unallocated income	-	-	-	-	-	-	474,975
Unallocated expenses	-	-	-	-	-	-	(20,584,595)
Deficit from insurance operations	-	-	-	-	-	-	(6,367,430)
Retained in Insurance operations	-	-	-	-	-	-	-
Shareholders' total revenue	-	-	-	-	-	-	1,288,540
General and administrative expenses	-	-	-	-	-	-	(184,503)
Net loss for the period	-	-	-	-	-	-	(5,263,393)

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2014

15 SEGMENT INFORMATION (continued)

Unaudited	Motor	Engineering	Medical	Property	Other General	Protection & Saving	Total
	SR	SR	SR	SR	SR	SR	SR
As at 31 March 2014							
Assets							
Insurance Operations' Assets							
Reinsurers' share of unearned premiums	221,564	74,449,239	9,054,836	34,957,760	35,603,100	1,621,035	155,907,534
Reinsurers' share of outstanding claims	3,561,418	62,842,011	-	104,648,415	21,148,535	3,125,233	195,325,612
Deferred policy acquisition costs	8,581,003	3,810,745	527,798	2,214,739	1,495,147	961,302	17,590,734
Premium Receivable, gross	67,553,077	31,157,570	29,017,504	29,492,101	49,582,254	1,494,909	208,297,415
Provision for doubtful debts	-	-	-	-	-	-	(35,926,831)
Unit linked investments	-	-	-	-	-	579,766,139	579,766,139
Unallocated assets	-	-	-	-	-	-	136,163,794
Shareholders' assets	-	-	-	-	-	-	176,232,133
Total assets							1,433,356,530
Insurance Operations' Liabilities and surplus							
Unearned premiums	88,983,232	83,909,223	16,367,605	42,467,238	44,157,467	1,887,721	277,772,486
Outstanding claims	36,129,943	67,126,144	6,483,631	114,000,864	29,749,751	6,990,105	260,480,438
Unearned commission income	22,773	5,670,628	-	2,908,087	2,376,029	70,495	11,048,012
Premium deficiency reserves	-	-	-	-	-	-	2,596,371
Mathematical reserves	-	-	-	-	-	580,126,617	580,126,617
Unallocated liabilities and surplus	-	-	-	-	-	-	125,100,473
Shareholders' liabilities & equity	-	-	-	-	-	-	176,232,133
Total Insurance operations liabilities, surplus and Shareholders' liabilities and equity							1,433,356,530

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2014

15 SEGMENT INFORMATION (continued)

Unaudited	Motor SR	Engineering SR	Medical SR	Property SR	Other General SR	Protection & Saving SR	Total SR
For the three months ended 31 March 2013							
Gross written premium	20,063,863	16,303,463	18,754,611	39,497,933	26,372,983	48,313,103	169,305,956
Reinsurance premium ceded	(1,169,600)	(12,919,710)	(10,145,361)	(32,725,016)	(20,552,940)	(4,090,143)	(81,602,770)
Net written premium	18,894,263	3,383,753	8,609,250	6,772,917	5,820,043	44,222,960	87,703,186
Net premium earned	18,725,560	2,890,241	8,421,207	3,789,680	5,692,992	44,072,263	83,591,943
Unrealized gain on unit linked investments	-	-	-	-	-	3,521,227	3,521,227
Net claims incurred	(13,102,505)	(483,814)	(8,906,747)	233,575	(347,566)	(27,594,964)	(50,202,021)
Change in premium deficiency reserves	-	-	(819,279)	-	-	-	(819,279)
Change in mathematical reserves	-	-	-	-	-	(11,692,753)	(11,692,753)
Commission (expenses)/income, net	(2,082,320)	768,317	(701,227)	1,762,258	414,022	(2,166,577)	(2,005,527)
Other underwriting expenses	(100,319)	(81,517)	(93,773)	(197,490)	(131,865)	(241,566)	(846,530)
Net underwriting results	3,440,416	3,093,227	(2,099,819)	5,588,023	5,627,583	5,897,630	21,547,060
Unallocated income	-	-	-	-	-	-	263,943
Unallocated expenses	-	-	-	-	-	-	(19,213,700)
Surplus from insurance operations	-	-	-	-	-	-	2,597,303
Retained in Insurance operations	-	-	-	-	-	-	(259,730)
Shareholders' total revenue	-	-	-	-	-	-	1,363,601
General and administrative expenses	-	-	-	-	-	-	(186,752)
Net income for the period							3,514,422

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2014

15 SEGMENT INFORMATION (continued)

<u>As at 31 December 2013 – Audited</u>	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection & Saving</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Assets							
<i>Insurance Operations' Assets</i>							
Reinsurers' share of unearned premiums	314,324	95,571,727	5,632,599	37,942,244	15,328,013	1,305,346	156,094,253
Reinsurers' share of outstanding claims	4,255,297	45,710,175	-	96,636,544	20,888,859	2,937,096	170,427,971
Deferred policy acquisition costs	8,332,998	4,332,878	483,349	2,313,611	1,220,343	849,165	17,532,344
Premium Receivable, gross	75,128,511	106,719,814	29,517,657	28,467,372	29,843,859	4,544,874	274,222,087
Provision for doubtful debts	-	-	-	-	-	-	(34,968,775)
Unit linked investments	-	-	-	-	-	573,574,486	573,574,486
Unallocated assets	-	-	-	-	-	-	138,174,150
<i>Shareholders' assets</i>	-	-	-	-	-	-	180,472,138
Total assets							1,475,528,654
<i>Insurance Operations' Liabilities and surplus</i>							
Unearned premiums	83,815,827	105,399,645	12,020,013	44,999,010	22,805,062	1,744,107	270,783,664
Outstanding claims	28,158,013	48,328,347	6,944,135	105,742,337	30,701,747	6,569,911	226,444,490
Unearned commission income	32,200	6,702,603	-	4,276,158	1,112,200	52,725	12,175,886
Premium deficiency reserves	-	-	936,116	-	-	-	936,116
Mathematical reserves	-	-	-	-	-	576,114,237	576,114,237
Unallocated liabilities and surplus	-	-	-	-	-	-	208,602,123
<i>Shareholders' liabilities and equity</i>							180,472,138
Total Insurance Operations liabilities and surplus and Shareholders' liabilities and equity							1,475,528,654

15 SEGMENT INFORMATION (continued)

b) Geographical segments

The Company during the period ended 31 March 2014, operated only in the Kingdom of Saudi Arabia.

16 COMPARATIVE FIGURES

Certain figures for the comparative period presented have been reclassified to conform with the presentation of the current period.

17 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the management on 17 Jumada al thani 1435H, corresponding to 17 April 2014.