

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

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Deloitte & Touche
Bakr Abulkhair & Co.

**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
TO THE SHAREHOLDERS OF SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi Arabian Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2015 and the related interim statements of insurance income, shareholders' comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows 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.

EMPHASES OF MATTERS:

We draw attention to the following:

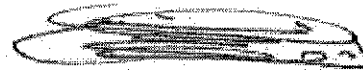
- These interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.
- Note 10 to these interim condensed financial statements discloses the Company's Board of Directors recommendation in their meeting held on 23 June 2014 to increase the authorized share capital from Saudi Riyals 100 million to Saudi Riyals 250 million through a rights issue of Saudi Riyals 150 million. On 26 November 2014 (Corresponding to 4 Safar, 1436 H), the Capital Market Authority ("CMA"), approved by publishing on its website the application for the rights issue of the Company. Consequently, the Company has called for an Extraordinary General Assembly Meeting of its shareholders to be held on 3 May 2015 (Corresponding to 14 Rajab, 1436 H) to obtain the necessary approval from its shareholders.

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Riyadh 11411
Kingdom of Saudi Arabia



Ehsan A. Makhdoum
Certified Public Accountant
Registration No. 358

26 Jumada Al-Akhir, 1436 H
(April 15, 2015)



Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

		31 March 2015 (Unaudited) SR	31 December 2014 (Audited) SR
	Notes		
INSURANCE OPERATIONS' ASSETS			
Property and equipment, net		6,891,366	6,748,156
Reinsurers' share of outstanding claims		338,808,012	329,899,947
Reinsurers' share of unearned premiums		147,782,932	65,573,143
Deferred policy acquisition costs		32,499,257	23,820,183
Premiums and reinsurance balances receivable	6	210,547,257	169,662,464
Available for sale investment	7	1,923,080	1,923,080
Investment at fair value through profit or loss	7	45,300,934	45,160,386
Prepayments and other assets		7,566,559	10,317,183
Due from related parties	8	82,809,421	47,986,002
Time deposits	5	120,000,000	135,000,000
Cash and cash equivalents	4	176,547,576	69,352,387
TOTAL INSURANCE OPERATIONS' ASSETS		1,170,676,394	905,442,931
SHAREHOLDERS' ASSETS			
Statutory deposit		10,000,000	10,000,000
Due from insurance operations		5,395,534	4,077,814
Prepayments and other assets		2,514,350	2,382,190
Time deposits	5	-	19,550,000
Cash and cash equivalents	4	61,382,120	37,692,870
TOTAL SHAREHOLDERS' ASSETS		79,292,004	73,702,874
TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS		1,249,968,398	979,145,805


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER

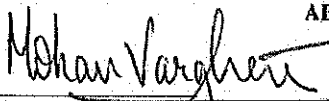

HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO


The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

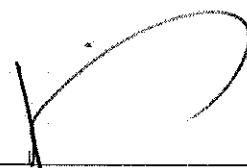
Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 MARCH 2015

	31 March 2015 (Unaudited) SR	31 December 2014 (Audited) SR
INSURANCE OPERATIONS' LIABILITIES		
Employees' end-of-service benefits	8,157,666	7,308,406
Insurance operations' surplus distribution payable	5,002,920	4,235,643
Due to shareholders' operations	5,395,534	4,077,814
Gross outstanding claims	508,828,562	492,798,975
Gross unearned premiums	509,924,441	300,820,148
Unearned commission income	21,652,084	15,471,000
Reinsurance balances payable	61,605,611	43,309,794
Accrued expenses and other liabilities	50,109,576	37,421,151
TOTAL INSURANCE OPERATIONS' LIABILITIES	1,170,676,394	905,442,931
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Provision for zakat	2,653,169	2,059,158
Accounts payable	1,886,631	1,681,165
TOTAL SHAREHOLDERS' LIABILITIES	4,539,800	3,740,323
SHAREHOLDERS' EQUITY		
Share capital	10 100,000,000	100,000,000
Accumulated losses	(25,247,796)	(30,037,449)
TOTAL SHAREHOLDERS' EQUITY	74,752,204	69,962,551
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	79,292,004	73,702,874
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY	1,249,968,398	979,145,805


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CHIEF FINANCIAL OFFICER


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BOARD MEMBER


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Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

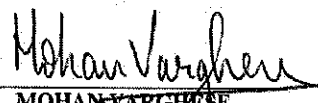
INTERIM STATEMENT OF INSURANCE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

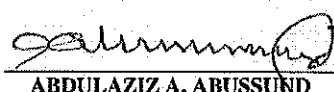
	Note	Three month period	Three month period
		ended 31 March 2015 (Unaudited) SR	ended 31 March 2014 (Unaudited) SR
REVENUE			
Gross written premiums		454,983,806	271,877,219
Reinsurance premiums ceded		(145,261,949)	(117,415,650)
Excess of loss / stop loss premiums		(27,356,973)	(4,314,222)
NET WRITTEN PREMIUMS		282,364,884	150,147,347
Movement in unearned premiums, net		(126,894,508)	(50,483,219)
NET EARNED PREMIUMS		155,470,376	99,664,128
Commission income		10,562,094	11,272,957
Other income		1,004,216	1,968,696
Special commission income		289,659	326,322
TOTAL INSURANCE REVENUES		167,326,345	113,232,103
COST AND EXPENSES			
Gross claims paid		118,536,894	80,279,618
Reinsurers' share of claims paid		(9,106,544)	(17,845,478)
NET CLAIMS PAID		109,430,350	62,434,140
Movement in outstanding claims, net		7,121,526	17,861,944
NET CLAIMS INCURRED		116,551,876	80,296,084
Policy acquisition costs		15,869,870	14,169,372
General and administration expenses		23,359,719	14,606,369
Reversal of doubtful receivables	6	(23,005)	(1,571,084)
Inspection and supervision fees		3,895,114	2,073,211
TOTAL COSTS AND EXPENSES		159,653,574	109,573,952
NET SURPLUS FOR THE PERIOD FROM INSURANCE OPERATIONS			
Shareholders' appropriation from surplus		7,672,771	3,658,151
		(6,905,494)	(3,292,336)

Net surplus for the period from insurance operations after
shareholders' appropriation

767,277

365,815


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BOARD MEMBER

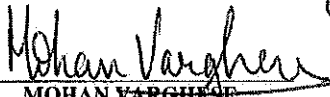

HASSAN ABDULLA DORAR ALI
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Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

	Note	Three month Period ended 31 March 2015 (Unaudited) SR	Three month period ended 31 March 2014 (Unaudited) SR
Appropriation of surplus from insurance operations		6,905,494	3,292,336
Special commission income		50,944	120,387
General and administration expenses		(397,465)	(221,084)
INCOME BEFORE ZAKAT		6,558,973	3,191,639
Zakat		(1,769,320)	(362,500)
NET INCOME FOR THE PERIOD		4,789,653	2,829,139
OTHER COMPREHENSIVE INCOME			
Change in fair value of available for sale investment		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,789,653	2,829,139
EARNINGS PER SHARE			
Basic and diluted earnings per share (in SR)	11	0.48	0.28
Weighted average number of shares in issue throughout the period (in thousands)		10,000	10,000


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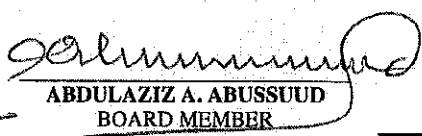
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Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

	Share Capital SR	Accumulated losses SR	Total SR
<i>Unaudited</i> Balance as at 1 January 2014	100,000,000	(48,261,864)	51,738,136
Total comprehensive income for the period	-	2,829,139	2,829,139
Balance as at 31 March 2014	100,000,000	(45,432,725)	54,567,275
<i>Unaudited</i> Balance as at 1 January 2015	100,000,000	(30,037,449)	69,962,551
Total comprehensive income for the period	-	4,789,653	4,789,653
Balance as at 31 March 2015	100,000,000	(25,247,796)	74,752,204


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Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

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

	Three month period ended 31 March 2015 (Unaudited) SR	Three month period ended 31 March 2014 (Unaudited) SR
OPERATING ACTIVITIES		
Net surplus from insurance operations after shareholders' appropriation	767,277	365,815
Adjustments for:		
Depreciation	848,091	1,201,310
Reversal of doubtful receivables	(23,005)	(1,571,084)
Employees' end-of-service benefits	1,005,302	345,247
Shareholders' appropriation from surplus	6,905,494	3,292,336
Income before changes in operating assets and liabilities	9,503,159	3,633,624
Changes in operating assets and liabilities:		
Reinsurers' share of outstanding claims	(8,908,065)	(43,417,638)
Reinsurers' share of unearned premiums	(82,209,789)	(62,484,970)
Deferred policy acquisition costs	(8,679,074)	(7,051,975)
Premiums and insurance balances receivable	(40,861,788)	(20,935,638)
Prepayments and other assets	2,610,076	(39,700,074)
Due from related parties	(34,823,419)	(5,402,429)
Gross outstanding claims	16,029,587	61,279,579
Gross unearned premiums	209,104,293	112,968,184
Unearned commission income	6,181,084	5,220,466
Due to a related party	-	1,980,399
Reinsurance balances payable	18,295,817	8,088,789
Accrued expenses and other liabilities	12,688,425	(3,632,133)
Employees' end-of-service benefits paid	(156,042)	(281,071)
Net cash from operating activities	98,774,264	10,265,113
INVESTING ACTIVITIES		
Purchase of property and equipment	(991,301)	(506,157)
Time deposits, net	15,000,000	(43,000,000)
Net cash from / (used in) investing activities	14,008,699	(43,506,157)
FINANCING ACTIVITY		
Due to shareholders' operations, net	(5,587,774)	8,429,122
Net cash (used in) / from financing activity	(5,587,774)	8,429,122
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	107,195,189	(24,811,922)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	69,352,387	95,744,470
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD ⁴	176,547,576	70,932,548


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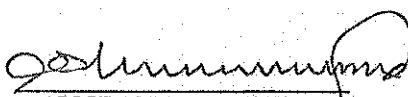
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Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

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

	Three month period ended 31 March 2015 (Unaudited) SR	Three month period ended 31 March 2014 (Unaudited) SR
OPERATING ACTIVITIES		
Income before zakat	6,558,973	3,191,639
Adjustment for:		
Appropriation of surplus from insurance operations	(6,905,494)	(3,292,336)
Loss before changes in operating assets and liabilities	(346,521)	(100,697)
Changes in operating assets and liabilities:		
Prepayments and other assets	(132,160)	(68,942)
Accounts payable	205,466	169,602
Zakat paid	(1,175,309)	
Net cash used in operating activities	(1,448,524)	(37)
INVESTING ACTIVITY		
Time deposits, net	19,550,000	(10,780,000)
Net cash from / (used in) investing activity	19,550,000	(10,780,000)
FINANCING ACTIVITY		
Due from insurance operations, net	5,587,774	(8,429,122)
Net cash from / (used in) financing activity	5,587,774	(8,429,122)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	23,689,250	(19,209,159)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	37,692,870	20,513,348
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4 61,382,120	1,304,189


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**Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
31 MARCH 2015**

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Saudi Arabian Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010237214 dated 7 Shaban 1428H, (corresponding to 20 August 2007). The registered office address of the Company is P.O. Box 58073, Riyadh 11594, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Saudi Stock Exchange (Tadawul) on 3 September 2007.

The Company has been licensed to conduct insurance business in Saudi Arabia under co-operative principles in accordance with Royal Decree numbered 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to the Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

Following the completion of the public offering on 28 May 2007, the Ministry of Commerce and Industry ("MOCI") issued a resolution declaring the incorporation of the Company on 21 Rajab 1428H (corresponding to 5 August 2007).

On 29 Shaban 1428H (corresponding to 11 September 2007), the Saudi Arabian Monetary Agency ("SAMA") issued a formal approval to transact insurance business, thus authorising the Company to commence operations as soon as product approval and related formalities are completed.

2. BASIS OF PREPARATION

The interim condensed financial statements for the three month period ended 31 March 2015 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 accounting standards generally accepted in the Kingdom of Saudi Arabia, i.e., in accordance with the Standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 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.

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

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 year ended 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 is summarized as follows:

Amendments to IAS 19 applicable for annual periods beginning on or after 1 July 2014 is 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 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..

Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2015

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (Continued)

- 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.

In addition to the above, the Company has chosen not to early adopt IFRS 9 (2010) – Financial instruments which will not be effective until January 1, 2018.

4. CASH AND CASH EQUIVALENTS

For the purpose of the interim statements of insurance operations’ cash flows and shareholders’ cash flows, cash and cash equivalents comprise of the following:

	31 March 2015 (Unaudited)		31 December 2014 (Audited)	
	Insurance Operations SR	Shareholders’ Operations SR	Insurance Operations SR	Shareholders’ Operations SR
Cash at banks	86,515,440	4,382,120	69,320,251	342,870
Cash in hand	32,136	-	32,136	-
Short term deposits	90,000,000	57,000,000	-	37,350,000
	176,547,576	61,382,120	69,352,387	37,692,870

Cash at banks are placed with counterparties who have investment grade credit ratings. The short-term deposits, which are denominated in Saudi Riyals, are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn commission at an effective commission rate of 0.22% per annum (31 December 2014 : 0.98% per annum).

The Company holds an amount of SR 127,340 (31 December 2014 – SR 90,210) in a fiduciary capacity, in respect of claims to be settled for a third party insurer. Accordingly, such amount is not accounted for in these interim condensed financial statements.

5. TIME DEPOSITS

Time deposits represent deposits with local banks that have investment grade credit ratings and have an original maturity of more than three months from the date of placement. The deposits earn commission at an effective commission rate of 0.85% per annum (31 December 2014: 0.98 % per annum).

Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2015

6. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

Insurance operations receivables are comprised of net amounts due from the following:

	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
Premiums receivable	225,580,593	182,950,335
Reinsurers and others	2,344,466	4,112,936
Total premiums and reinsurance balances receivable	227,925,059	187,063,271
Provision for doubtful receivables	(17,377,802)	(17,400,807)
	210,547,257	169,662,464

The movement in the provision for doubtful receivables is as follows:

	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
Beginning balance	17,400,807	14,919,376
(Reversal) /Provision made during the period / year	(23,005)	2,481,431
Ending balance	17,377,802	17,400,807

7. INVESTMENTS

i. AVAILABLE FOR SALE INVESTMENT

Available for sale investment comprises of SR 1,923,080 in respect of the Company's share in the capital of Najm for Insurance Services Company ("Najm") which represents a 3.85 % equity holding in Najm. In assessing the relationship of unobservable inputs to fair value, management considered the Najm's long-term revenue growth rates. As at 31 March 2015, management believes that the carrying amount of the available for sale investment is a reasonable estimate of its fair value (Note 12).

ii. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company has an investment amounting to SR 45.3 million (31 December 2014: 45.2 million) with Saudi Hollandi Capital (SHC) under a portfolio managed account based on agreed terms.

Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2015

8. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, key management personnel of the Company and companies where they are principal owners and other entities significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management.

a) Transactions with related parties

The following are the details of major related parties transactions during the period:

<i>Related parties</i>	<i>Nature of transactions</i>	<i>Three month period ended 31 March 2015 (Unaudited) SR</i>	<i>Three month period ended 31 March 2014 (Unaudited) SR</i>
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Amounts received / (paid) on behalf of SAICO B.S.C (C), net	98,951	(2,405,396)
ACE Insurance Agents Limited ("Agent") (Affiliate)	Premiums received through Agent	20,587,424	4,396,733
	Claims paid through Agent	9,262	24,565
	Commission expense	1,898,561	602,470
ACE Limited (Affiliate)	Premiums and claims, net	(68,137)	(715,550)
ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate)	Premiums received through Broker, net	135,376,160	99,703,868
	Commission expense	8,345,876	8,534,768
	Premiums ceded through Broker	90,640,771	64,481,680
	Commission received	2,345,095	3,645,747

b) Balances with related parties

The above transactions with the related parties resulted in the following balances as at the interim statement of financial position date:

		<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
<i>Due from related parties:</i>			
ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate)	Insurance operations	60,277,887	34,287,716
ACE Insurance Agents Limited ("Agent") (Affiliate)	Insurance operations	18,530,936	9,553,855
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Insurance operations	3,601,310	3,700,261
ACE Limited (Affiliate)	Insurance operations	399,288	444,170
		<u>82,809,421</u>	<u>47,986,002</u>

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8. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Outstanding balances at the interim financial reporting date are unsecured and special commission rate free. Settlement will take place in cash. No provision for impairment was made at the financial reporting date. This assessment is undertaken at the interim financial reporting date through examining the financial position of the related party and the market in which the related party operates.

c) Compensation of key management personnel

Key management personnel of the Company include all directors (executives and non-executives) and senior management. The summary of compensation of key management personnel for the period is as follows:

	<i>Three month period ended 31 March 2015 (Unaudited) SR</i>	<i>Three month period ended 31 March 2014 (Unaudited) SR</i>
Short-term benefits	1,414,640	1,106,476
Employees' end-of-service benefits	59,616	45,623
Bonus	479,250	-
	1,953,506	1,152,099

9. SEGMENT INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by Management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses, provision for doubtful receivables, inspection and supervision fees and other income.

Segment assets do not include insurance operations' property and equipment, prepayments and other assets, due from related parties, premiums and insurance balances receivable, available for sale investment, investment at fair value through income statement, time deposits and cash and cash equivalents. Accordingly, they are included in unallocated assets.

Segment liabilities do not include insurance operations' due to shareholders' operations, due to related parties, employees' end-of-service benefits, reinsurance balances payable and accrued expense and other liabilities. Accordingly, they are included in unallocated liabilities.

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

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31 MARCH 2015

9. SEGMENT INFORMATION (Continued)

Three month period ended
31 March 2015 (Unaudited)

OPERATING SEGMENTS

REVENUE	Medical SR'000	Motor SR'000	Fire & burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000	General accident SR'000	Others SR'000	Total SR'000
Gross written premiums	174,794	122,584	118,532	6,031	8,587	8,274	8,495	7,687	454,984
Reinsurance premiums ceded	-	(221)	(114,198)	(5,228)	(8,120)	(5,372)	(8,051)	(4,072)	(145,262)
Excess of loss / stop loss premiums	(22,596)	(2,732)	(1,569)	(211)	(156)	(65)	-	(28)	(27,357)
Net written premiums	152,198	119,631	2,765	592	311	2,837	444	3,587	282,365
Movement in unearned premiums, net	(72,271)	(49,935)	(2,461)	(62)	167	(1,415)	13	(931)	(126,895)
Net earned premiums	79,927	69,696	304	530	478	1,422	457	2,656	155,470
Commission income	(49)	36	3,422	1,806	2,665	522	1,670	490	10,562
Total allocated revenue	79,878	69,732	3,726	2,336	3,143	1,944	2,127	3,146	166,032
Unallocated revenue									1,294
Total insurance revenues									167,326

COSTS AND EXPENSES

Gross claims paid	57,413	49,548	6,374	1,828	2,238	-	302	834	118,537
Reinsurers' share of claims Paid	(7)	(22)	(4,609)	(1,631)	(2,090)	-	(188)	(560)	(9,107)
Net claims paid	57,406	49,526	1,765	197	148	-	114	274	109,430
Movement in outstanding claims, net	764	6,434	(703)	206	(139)	350	162	48	7,122
Net claims incurred	58,170	55,960	1,062	403	9	350	276	322	116,552
Policy acquisition costs	3,816	6,507	1,811	809	1,456	467	251	753	15,870
Total allocated costs and expenses	61,986	62,467	2,873	1,212	1,465	817	527	1,075	132,422
Unallocated expenses									27,232
Total costs and expenses									159,654
Net surplus for the period from insurance operations									7,672

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9. SEGMENT INFORMATION (Continued)

Three month period ended
31 March 2014 (Unaudited)

OPERATING SEGMENTS

REVENUE	Medical SR'000	Motor SR'000	Fire & burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000	General accident SR'000	Others SR'000	Total SR'000
Gross written premiums	95,069	50,304	87,784	6,958	11,643	4,290	9,761	6,068	271,877
Reinsurance premiums ceded	(575)	(221)	(85,153)	(6,157)	(10,911)	(2,485)	(9,086)	(2,828)	(117,416)
Excess of loss surplus premiums	(1,653)	(1,103)	(1,034)	(179)	(264)	(42)	-	(39)	(4,314)
Net written premiums	92,841	48,980	1,597	622	468	1,763	675	3,201	150,147
Movement in unearned premiums, net	(26,436)	(20,565)	(1,347)	(136)	(27)	(623)	(173)	(1,176)	(50,483)
Net earned premiums	66,405	28,415	250	486	441	1,140	502	2,025	99,664
Commission income	25	46	3,266	1,829	3,153	867	1,314	773	11,273
Total allocated revenue	66,430	28,461	3,516	2,315	3,594	2,007	1,816	2,798	110,937
Unallocated revenue									2,295
Total insurance revenues									113,232
COSTS AND EXPENSES									
Gross claims paid	41,966	20,735	11,296	1,097	5,019	-	98	68	80,279
Reinsurers' share of claims Paid	(1,423)	(36)	(10,484)	(954)	(4,803)	-	(92)	(53)	(17,845)
Net claims paid	40,543	20,699	812	143	216	-	6	15	62,434
Movement in outstanding claims, net	16,153	(1,506)	(91)	470	1,435	1,055	168	178	17,862
Net claims incurred	56,696	19,193	721	613	1,651	1,055	174	193	80,296
Policy acquisition costs	3,928	3,750	2,339	792	1,556	880	266	658	14,169
Total allocated costs and expenses	60,624	22,943	3,060	1,405	3,207	1,935	440	851	94,465
Unallocated expenses									15,109
Total costs and expenses									109,574
Net surplus for the period from insurance operations									3,658

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
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9. SEGMENT INFORMATION (Continued)

	As at 31 March 2015 (Unaudited)							Total SR'000	
	Medical SR'000	Motor SR'000	Fire & burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000	General accident SR'000		Others SR'000
ASSETS									
Reinsurers' share of outstanding claims	-	2,306	69,202	58,509	63,641	779	141,441	2,930	338,808
Reinsurers' share of unearned premiums	-	230	96,867	6,466	22,098	7,942	12,185	1,995	147,783
Deferred policy acquisition costs	6,438	15,739	4,204	923	3,175	1,090	391	539	32,499
SEGMENT ASSETS	6,438	18,275	170,273	65,898	88,914	9,811	154,017	5,464	519,090
Unallocated assets									651,586
TOTAL ASSETS									1,170,676
LIABILITIES									
Gross outstanding claims	100,358	51,304	78,130	61,564	66,892	2,069	143,725	4,787	508,829
Gross unearned premiums	184,745	163,441	101,053	7,272	23,260	12,922	12,942	4,289	509,924
Unearned commission income	-	68	8,529	1,976	5,774	1,613	3,528	164	21,652
SEGMENT LIABILITIES	285,103	214,813	187,712	70,812	95,926	16,604	160,195	9,240	1,040,405
Unallocated liabilities									130,271
TOTAL LIABILITIES									1,170,676

Unallocated assets at 31 March 2015 consist mainly of premiums and reinsurance receivables of SR 210.5 million, due from related parties of SR 82.8 million, cash and cash equivalents of SR 176.5 million, time deposits of SR 120 million and other assets of SR 61.7 million.

At 31 March 2015, the total premiums and reinsurance balances receivable amounting to SR 210.5 million comprise mainly of premiums receivable from Medical clients of SR 98.1 million while the remaining balance of SR 112.4 million is consisting mainly of receivables from top 10 policyholders from the following lines of business: (a) Motor Private (b) Motor Commercial (c) Fire & Burglary (d) Engineering and (e) General Accident.

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9. SEGMENT INFORMATION (Continued)

As at 31 December 2014 (Audited)

OPERATING SEGMENTS	Medical SR'000	Motor SR'000	Fire & Burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000	General accident SR'000	Others SR'000	Total SR'000
ASSETS									
Reinsurers' share of outstanding claims	6	2,086	66,663	54,414	66,869	702	136,607	2,553	329,900
Reinsurers' share of unearned premiums	-	128	17,353	7,635	24,324	5,174	10,252	707	65,573
Deferred policy acquisition costs	6,422	10,243	1,430	908	3,519	736	323	239	23,820
SEGMENT ASSETS	6,428	12,457	85,446	62,957	94,712	6,612	147,182	3,499	419,293
Unallocated assets									486,150
TOTAL ASSETS									905,443
LIABILITIES									
Gross outstanding claims	99,600	44,650	76,261	57,248	70,255	1,669	138,727	4,389	492,799
Gross unearned premiums	112,474	113,404	19,078	8,379	25,653	8,740	11,022	2,070	300,820
Unearned commission income	-	37	3,233	1,999	6,494	733	2,933	42	15,471
SEGMENT LIABILITIES	212,074	158,091	98,572	67,626	102,402	11,142	152,682	6,501	809,090
Unallocated liabilities									96,353
TOTAL LIABILITIES									905,443

Unallocated assets at 31 December 2014 consist mainly of premiums and reinsurance receivables of SR 169.7 million, due from related parties of SR 47.9 million, cash and cash equivalents of SR 69.3 million, time deposits of SR 135 million and other assets of SR 64.3 million.

At 31 December 2014, the total premiums and reinsurance balances receivable amounting to SR 169.7 million comprise mainly of premiums receivable from Medical clients of SR 71.4 million while the remaining balance of SR 98.3 million is consisting mainly of receivables from top 10 policyholders from the following lines of business: (a) Motor Private (b) Motor Commercial (c) Fire & Burglary (d) Engineering and (e) General Accident.

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10. SHARE CAPITAL

The authorised, issued and paid up share capital of the Company is SR 100 million divided into 10 million shares of SR 10 each (31 December 2014: SR 100 million divided into 10 million shares of SR 10 each). The founding shareholders of the Company have subscribed and paid for 6 million shares with a nominal value of SR 10 each, which represents 60% of the shares of the Company's capital and the remaining 4 million shares with a nominal value of SR 10 each have been subscribed by the public.

The Company's Board of Directors recommended in their meeting held on 23 June 2014 (corresponding to 25 Shaaban 1435 H) to increase the authorized share capital of the Company from SR 100 million to SR 250 million through a rights issue of SR 150 million.

On 26 November 2014 (Corresponding to 4 Safar, 1436 H), the Capital Market Authority ("CMA"), approved by publishing on its website the application for the rights issue of the Company.

Consequently, the Company has called for an Extraordinary General Assembly Meeting of its shareholders to be held on 3 May 2015 (Corresponding to 14 Rajab, 1436 H) to obtain the necessary approval from its shareholders.

11. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period have been calculated by dividing the total comprehensive income for the period by the weighted average number of shares in issue throughout the period of 10 million shares.

12. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date, under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

The fair values of the Company's recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial statements.

Determination of fair value and fair value hierarchy

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

- Level 1: Quoted market prices in an active market (that are unadjusted) 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), and
- Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

During the three month period ended 31 March 2015, 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.

The following table summarizes the financial assets recorded at fair value by level of the fair value hierarchy.

At 31 March 2015	Level 1	Level 2	Level 3	Total
Investment at fair value through profit or loss	-	45,300,934	-	45,300,934
Available for sale investment	-	-	1,923,080	1,923,080
Total	-	45,300,934	1,923,080	47,224,014

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31 MARCH 2015

13. CONTINGENCIES AND COMMITMENTS

a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. 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 results and financial position.

b) Operating lease commitments

Rental expenses under operating leases pertained to leases of office spaces in various locations which amounted to SR 0.6 million for the three month period ended 31 March 2015 (31 March 2014: SR 0.6 million) and are recognised in the interim statement of insurance income.

Future minimum lease payments under the operating lease arrangements as at the interim statement of financial position date are as follows:

Years	31 March 2015	31 December 2014
	(Unaudited)	(Audited)
	SR	SR
2015	1,851,965	2,043,949
2016	2,423,158	1,979,542
2017	638,873	646,412
	<u>4,913,996</u>	<u>4,669,903</u>

14. NET UNDERWRITING SURPLUS

Net underwriting surplus as defined by the management of the Company for the period is as follows:

	Three month	Three month
	period ended	period ended
	31 March 2015	31 March 2014
	(Unaudited)	(Unaudited)
	SR	SR
Net earned premiums	155,470,376	99,664,128
Commission income	10,562,094	11,272,957
Policy acquisition costs	(15,869,870)	(14,169,372)
Net claims incurred	(116,551,876)	(80,296,084)
Net underwriting surplus	<u>33,610,724</u>	<u>16,471,629</u>

15. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 26 Jumada Al-Akhir, 1436 H (corresponding to 15 April 2015).