





Custodian of the two holy Mosques
King Salman Bin Abdulaziz Al Saud
The King of Saudi Arabia



Prince Mohammed Bin Salman Bin Abdulaziz Al Saud
Deputy Crown Prince, Second Deputy Prime Minister and Defense Minister



Prince Mohammed Bin Naif Bin Abdulaziz Al Saud
Crown Prince and First Deputy Prime Minister and Minister of Interior



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OVERVIEW

Saudi Enaya is a specialist Health Insurer offering a wide range of quality health insurance, programs designed to meet the requirements of all industries and sectors within the kingdom of Saudi Arabia.

Our dedicated and qualified team offer the highest level of quality service utilizing our vast range of knowledge gained from experience both within the kingdom and international.

We aim to attract the most importantly retain our customers by placing customer service and satisfaction at the heart of our business.

Saudi Enaya is a specialist health insurer focused on health only and does not offer other insurance products which mean our staff is totally focused on meeting our customers' health insurance needs.

CHAIRMAN MESSAGE:

The Board of Directors of Saudi Enaya is pleased to announce that 2015 was a key year in the development of Saudi Enaya. Aligned with our government's leadership, and the contentious support to grow the medical sector within the Kingdom of Saudi Arabia, the company underwent major changes program in all key business and operational areas following the appointment of a new Executive Team. Saudi Enaya is well positioned to pursue its growth trend into 2016 by further improving the quality of services for the wellbeing of the society.

As for the Corporate governance, it was enhanced by the means of strengthening existing committees and introducing a Risk committee planned for Q1 2016.

CEO MESSAGE:

At Saudi Enaya, it is noteworthy to mention that customers remain at the heart of our business, thus providing access to high quality health care providers across the Kingdom is essential in supporting positive medical outcomes.

In line with this principle, the company not only contracted with a significant number of new providers during 2015, but also ensured that all of our customers gained access to quality care providers wherever they are based within the Kingdom.

The company has also managed to develop a revised strategy and a business plan aimed at growing the business in a systematic and sustainable manner. Thanks to these changes, the company was able to witness a significant growth in Gross Revenue up 117% from 2014 with a corresponding growth in Membership numbers and developed an improved customer service proposition through the introduction of targeted Wellness programs, and enhanced Call Centre services which combined with improvements in claim authorization resulted in higher levels of customer satisfaction and retention.

Our focus will be on ensuring that customers can access services in a simple and convenient manner through the introduction of integrated online services combined with a greater choice of products and benefits obtained through our continually expanding KSA and International medical networks.

The company is also keen to provide qualified and trained staff members, as an essential aspect in delivering our core proposition to customers and stakeholders. Saudi Enaya wishes to provide all employees with a safe and inclusive workplace and as such has worked closely with the authorities and gained approval to offer employment opportunities to people with special needs in accordance with our core Corporate Social Responsibility principles.



Our HR team have delivered ongoing training and development focusing upon insurance knowledge, leadership skills, management skills, and soft skills to our employees. In addition, SE Saudization rate has again improved to just under 52% as a step forward towards building a dedicated and committed National workforce.

These changes included modifying the management structure so as to be aligned with the approved business plan, which resulted in a more streamlined and cost efficient structure.

CFO MESSAGE:

There has been a significant growth in the business during the year. Gross Written Premiums have increased by 117% in 2015, despite the strict competition in market, reaching a record level of SR 71M. Heavy growth towards the second half of the year has resulted in a high level of unearned premiums, which will boost the earned premiums for the next year. The net claims paid and net claims incurred in 2015 were lower 50% and 9% respectively, compared to 2014, as the quality of the business continues to improve. Improved controls and better management of expenses have caused the general and admin expenses in 2015, excluding the provisions for doubtful debts, to be lower by 10% year on year.

The results for the year were negatively impacted by lower level of earned premiums coming in from the previous year, an increase in provisions for doubtful debts (196%), increase in technical reserves (219%) and investment losses. The technical reserves were strengthened during the year in light of the rapid business growth and as per the advice of our actuary. It is also common for the provisions for doubtful debts to increase once the business grows rapidly, in line with regulatory requirements. Furthermore, the losses in shareholders' investments in the current year of SR 2.7M (2014: income of 2.5M) due to a local and global stock market rout represented a 207% variance which also had a negative impact on the net results. The net comprehensive loss for the year amounted to SR51M (2014: 48M).

The Company maintains a healthy cash flow and a strong solvency position.

2015 was a year of stabilization, restructuring and growth for the Company. As we look forward to the future, we are forecasting the revenue to be at the range of SR 115M for 2016 and consistent growth in the coming years, exceeding SR400M by 2019. This forecast is in line with average seasonal increases and the operational efficiencies implemented during the current year and is considered a conservative estimate by the management.

CMO MESSAGE:

Since joining Saudi Enaya in May 2015 we have completed the restructuring process and stabilisation of the company. We were successful in changing the mindsets of the operation and medical departments' staff focusing on the customer satisfaction and loyalty. We started the process of change from being only an insurer to be a health care manager by applying the Disease Management Programs. We built a partnership relation with many of our network providers and agreed on implementing the managed care concept.

I believe we are on the right path and Saudi Enaya will show the success before end of 2016.

BOARD OF DIRECTORS



Khaled Ahmed Al-Juffali
Chairman

Khaled Al-Juffali has been Chairman & Managing Partner of the E. A. Al-Juffali & Brothers Co, which was established in 1946.



Faisal F. Tamer
Board Member
(Independent)

Mr. Tamer has been the Chairman of Saudi Arabian Japanese Pharmaceuticals Co. Ltd since 2010. Prior to his appointment as a Chairman he was an Executive Manager from 1996 to 2009. Mr. Tamer also held a Managing Partner position at Tamer Group of Companies since 1993.



Rami Khaled Ali Al-Turki
Board Member

Mr. Al-Turki has been the President of Khaled Ali Al-Turki and Sons since 2007. Prior to his appointment as a president he was an Executive Director from 1999 to 2007. Mr. Al-Turki has also worked with Saudi Readymix Concrete Company as their President from 2004 up to 2010. Prior joining Khaled Ali Al-Turki and sons he worked as a Consultant with Arthur Andersen from 1996 to 1999.



Dr. Belal T. Ghazzawi
Board Member
(Independent)

Dr. Belal T. Ghazzawi has been a Senior Vice Chairman of Ghazzawi Group of Companies since 1986 and Board Member of Ghazzawi Group of Companies.



Dr. Michael Bitzer
Board Member

Dr. Bitzer is the CEO of Daman since 2004. Prior to that, he served as Regional Managing Director of MedNet from 2003. He also served as COO of Munich Re from 1999 to 2000.



Dr. Christian Schneider
Board Member

Dr. Schneider has been a Member of the Munich Health Board since 2009. The Munich Health Board is the management body of healthcare business segment within the Munich Re Group. With more than 5,000 experts at 26 locations worldwide, Munich Health combines global healthcare know-how of the Munich Re Group, both in insurance and reinsurance.



Andrew Kielty
Board Member

Mr. Kielty has been member of the Munich Health Executive team since 2015. He has held senior leadership positions as Managing Director or President/ CEO in operating companies at BUPA and CIGNA in international markets, with more than 20 years' experience.

BOARD OF DIRECTORS REPORT



Board of Directors Report Saudi Enaya Cooperative Insurance Company "Saudi Enaya"

For Third Fiscal Year, as of 01/ 01/ 2015 as at 31/ 12/ 2015 (12 months)

The Board of Directors "Board of Directors" of Saudi Enaya Cooperative Insurance Company (the "Company" / "Saudi Enaya") is pleased to submit to the esteemed shareholders, the third annual report, which covers the company's financial results and achievements, along with the audited financial statements and notes for the 12-month period, as at 31st of December 2015. The report includes the most important developments, financial results, operational activities and disclosures, according to the applicable rules and regulations in the Kingdom of Saudi Arabia.

1 Main activities

Saudi Enaya Cooperative Insurance Company is a Saudi public company, listed on the Saudi Stock Exchange on 05/04/1433 H, corresponding to 27/02/2012 AD and registered in the Kingdom of Saudi Arabia under commercial registration No. 4030223528, dated 27/03/1433 H, corresponding to 19/02/2012 AD.

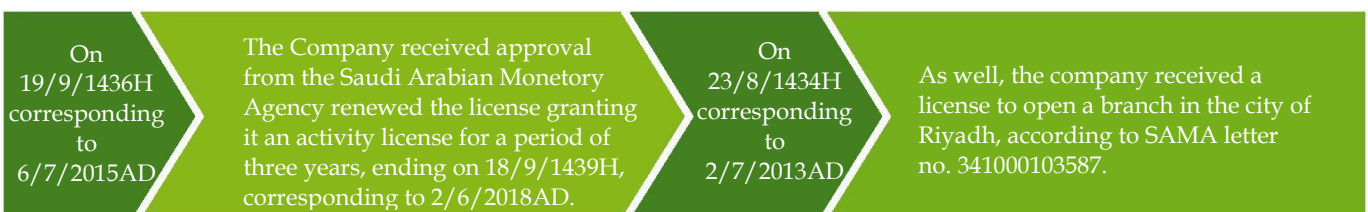
The company, according to the provisions of the laws controlling cooperative insurance companies and their executive regulations and rules enforced in Saudi Arabia, deals with cooperative health insurance business and all related matters, including reinsurance, agencies, representation, correspondence or brokerage. The company is entitled to carry out all necessary activities so as to achieve its objectives, both-

in the field of insurance or funds investment.

In accordance to the Bylaws of the company and the articles of incorporation, the first fiscal year of the Company commenced as of the date of issuance of the ministerial decree that announces the establishment of the company no. (98/ ق), dated 16/03/1433 H, corresponding to 08/02/2012 AD and as at 31 December of the following year.

The financial statements for the past year, which cover a period of 12 months, starting from 01/01/2015 AD and ending on 31/12/2015, stand as the third financial statements of the company since its foundation.

2 Approval of Saudi Arabian Monetary Agency to grant practice licence to company



3 Approval of Council of Cooperative Health Insurance on qualification of Company



4 Commencement of business activities

The Company began its medical insurance products selling activities and business since 01/01/2013AD, the date marking the beginning of the actual operations of the company.

The Company exerted considerable efforts to manage and ensure the success of these departments, by implementing the regulations of the regulatory entities (SAMA - CCHI - CMA - Tadawul) during 2015.

5 Strategic plans and resolutions during the period

- The company underwent major a change program in all key business and operational areas following the appointment of a new Executive Team.
- Management structure was aligned with the approved business plan resulting in a more streamlined and cost efficient structure.
- Developed an International Network to enhance our service offering
- Enhanced the system front end to better serve the client.
- Updated our action plan
- Improved customer service proposition though the introduction of targeted Wellness programs
- Replacing the representative of Munich Re from being Dr. Christian Schneider to Mr. Andrew Kielty
- Reformed its Committees for the second cycle:
 - Audit Committee
 - Investment Committee
 - Nomination and Remuneration Committee
 - Executive Committee.

6 Future predictions and risks

6-1 Main risks in Saudi Enaya:

The key risks that the company's management are actively managing, or planning to mitigate the impact of, are:

- Irrational pricing without considering the loss experience (Regulatory intervention is improving the situation)
- Overtreatment, overbilling and fraudulent claims by some providers
- Continuous increase in prices by providers
- Solvency risk management
- Availability of qualified professionals in a tight labour market
- Zakat risk associated with long term investment portfolios
- Diminishing investment returns under the current economic conditions
- Crisis management and disaster recovery capabilities

6-2 Expectations

- Saudi Enaya is well positioned to continue on the growth trend into 2016 through further enhancements in:
 - Systems
 - Services
 - Products
 - Web based services.
- Our focus will be on ensuring that customers can access services in a simple and convenient manner through the introduction of integrated online services combined with a greater choice of products and benefits obtained through our continually expanding KSA and International medical networks.

7 Assets and liabilities (as of 31 December 2015)

Insurance operations assets	2013	2014	2015
Cash and cash equivalents	1,249	1,198	903
Premiums receivable, net	21,759	6,078	21,934
Amounts due from shareholders	-	-	17,405
Reinsurance receivable	4,936	4,167	4,766
Reinsurers' share of unearned premiums	12,256	3,280	13,625
Reinsurers' share of outstanding claims	3,680	1,827	7,146
Deferred policy acquisition cost	2,018	381	1,359
Prepayments and other assets	3,440	3,351	5,020
Intangible assets	14,143	10,929	6,484
Furniture, fittings and office equipment	8,718	5,446	2,461
Total insurance operations assets	72,199	36,657	81,103

Shareholders' assets	2013	2014	2015
Cash and cash equivalents	38,390	105,138	58,110
Murabaha deposits	135,000	-	54,700
Investments	88,342	110,879	69,866
Prepayments and other assets	1,986	929	1,112
Amounts due from a related party	83		
Amounts due from insurance operations	3,828	3,156	-

Statutory deposits	40,000	40,000	40,000
Total shareholders' assets	307,629	260,102	223,788
Total assets	379,828	296,759	304,891

Insurance operations liabilities	2013	2014	2015
Unearned premiums	27,889	8,180	34,312
Outstanding claims and other technical reserves	10,877	5,087	17,559
Reinsurance balance payable	15,344	5,078	14,257
Amounts due to shareholders' operations	3,828	3,156	-
Accrued expenses and other liabilities	14,261	15,156	14,975
Total insurance operations liabilities	72,199	36,657	81,103

Shareholders' liabilities	2013	2014	2015
Accrued expenses and other liabilities	886	1,074	1,248
Zakat payable	6,032	7,508	4,860
Amounts due to insurance operations	-	-	17,405
Amounts due to related parties	1,136	4	4
Total shareholders' liabilities	8,054	8,586	23,517

Shareholders' equity:	2013	2014	2015
Capital	400,000	400,000	400,000
Accumulated losses	(100,425)	(148,484)	-199,729
Total shareholders' equity	299,575	251,516	200,271
Total shareholders' liabilities and equity	307,629	260,102	223,788
Total liabilities	379,828	296,759	304,891

8 Geographical analysis of total subscribed installments as at 31 December 2015

Description (all amounts in SAR '000)	2014 (12 months)	2015 (12 months)	2014 vs. 2015 % change
Central region	9,765	32,465	204%
Eastern region	1,503	3,168	111%
Western region	21,410	35,300	65%
Total Gross Written Premiums (GWP)	32,678	70,933	117%

9 Summary of comparative results

Summary of comparative results (thousand Saudi Riyals):

Summary of comparative results	For period from 8 February 2012 to 31 December 2013	For the year ended 31 December 2014	For the year ended 31 December 2015
Gross written premiums	49,709	32,678	70,933
Net premiums earned	12,267	30,287	26,586
Gross paid claims	(13,877)	(51,954)	(26,650)
Net incurred claims	(14,135)	(22,317)	(20,362)
Net underwriting results	(5,012)	3,528	2,792
Total general & admin and selling & distribution expenses	(49,033)	(49,638)	(50,763)
Deficit from insurance operations	(54,036)	(46,017)	(47,525)
Total shareholders' general and admin expenses	(34,566)	(1,651)	(1,798)
Shareholders' investment income/(loss)	5,074	2,492	(2,673)
Net loss for period before Zakat	(83,528)	(45,176)	(51,996)
Loss per share (in Saudi Riyals)	(2.09)	(1.13)	(1.30)

There has been a significant growth in the business, the Gross Written Premiums for the year ended 31 December 2015 have increased by SR38,255K, compared to the previous year, representing an increase of 117%, due to an improved sales strategy and various other initiatives taken by the Company. Net earned premiums in the current year were lower by SR3,701K represented by a decrease of 12%, versus the year ended 31 st December 2014, due to the timing of premiums written. This growth in unearned premiums will boost earned premiums for next year.

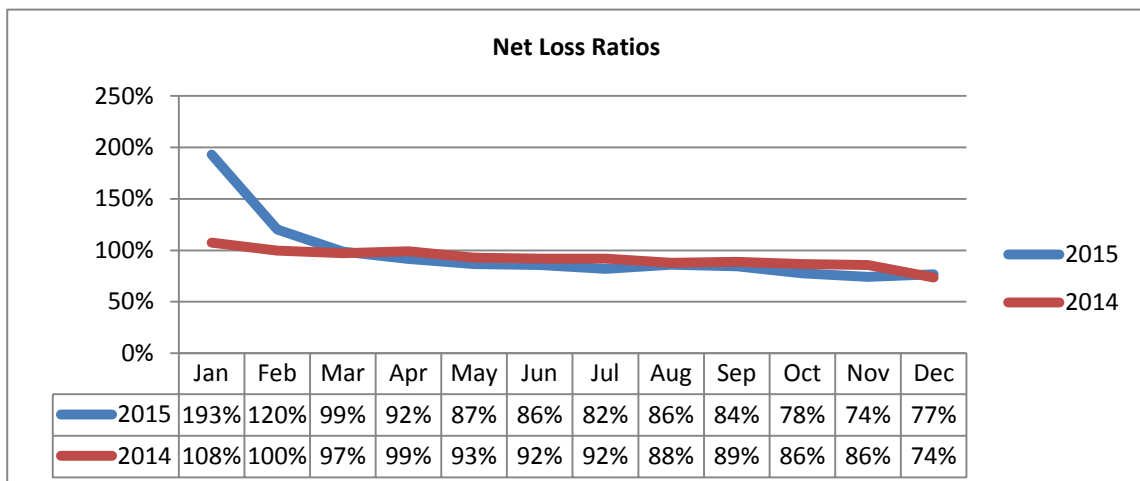
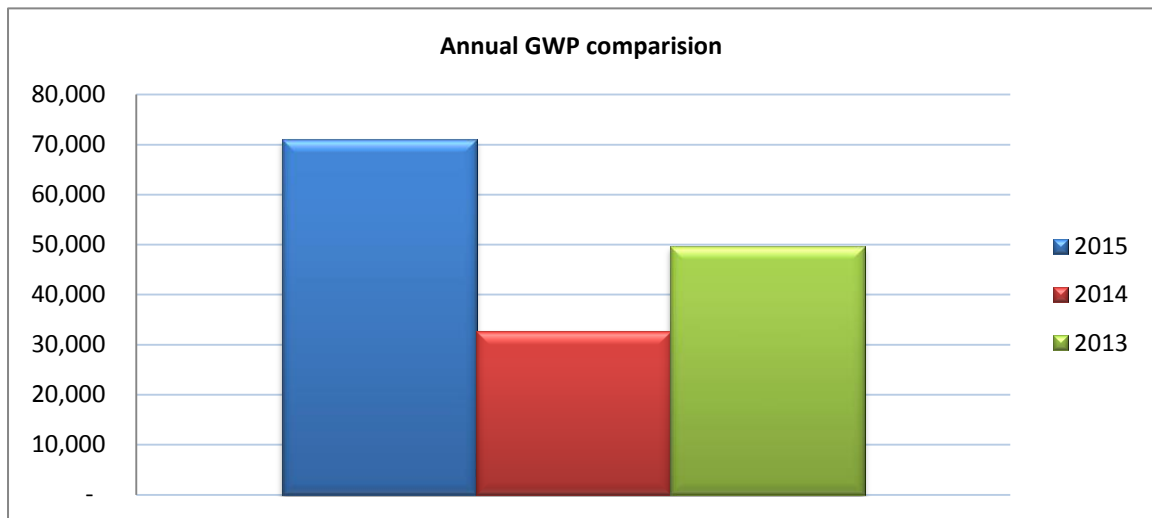
The deficit from insurance operations for the year ended 2015 is slightly higher, SR47,525K in 2015 versus deficit of SR 46,017K in 2014. The results were negatively impacted by lower level of earned premiums coming in from the previous year as well as an increase in provisions for doubtful debts, where the variance between the years is SR 6,235K, representing an increase of 196%.

The increase in losses before zakat for the year ended 31st December 2015 of SR 51,996K, versus the SR 45,176K for 2014, which is an increase of SR 6,820K representing a 15% decline in results. This is primarily due to losses in shareholders' investments in the current year of SR 2,673K due to a local and global stock market rout in Q3 2015, as compared to investment gains of SR 2,492K in the last year, representing a 207% decrease.

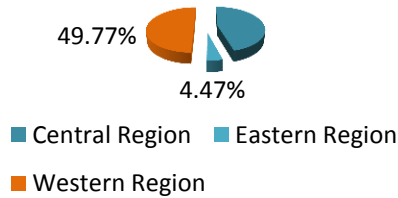
Underlying results

Description (Amounts in SR'000)	2013 (8 Feb 2012 to 31 Dec 2013)	2014 (12 months)	2015 (12 months)	2014 vs. 2015 % Change
Net loss for the period before Zakat	-83,528	-45,176	-51,996	-15%
Adjustments:				
- Pre-incorporation expenses	9,170	-	-	
- BDP reserve (reversal)/expense	5,015	-3,187	3,048	-196%
- Investment (gains)/losses	-5,074	-2,492	2,673	-207%
"Underlying" results	-74,417	-50,855	-46,275	9%

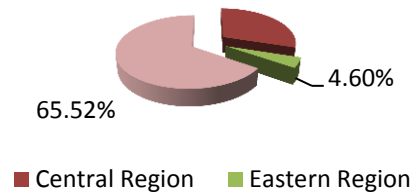
The "Underlying Results" have improved by 9% during the year, reflecting the outcomes gained by implementing the improved business practices and cost reductions exercised during the year. We feel that the "Underlying results" are a more accurate representation of the Company's performance, as they show the results of actual business operations apart from those elements that do not occur as a direct result of the Company's business activities.



2015



2014



10 Accounting principles

The company prepares the financial statements, presented in accordance with the International Financial Reporting Standards (IFRS), not according to the accounting principles of the Saudi Commission for Certified Public Accountants (SOCPA).

The Company stresses that there are no significant differences or financial impact on the financial statements, as they were prepared in accordance with international principles, not Saudi ones.

11 Subsidiaries of Saudi Enaya

The Company does not have any subsidiary inside or outside the Kingdom of Saudi Arabia.

12 Details of shares and debt instruments, issued for each subsidiary of Saudi Enaya

The Company does not have any subsidiaries within or outside the Kingdom of Saudi Arabia. Accordingly, there are no shares and debt instruments, issued by any subsidiary of the Company.

13 Company's policy in distribution of profits

Article (44) of the articles of association of the Company provides for the calculation and distribution of profits of shareholders as follows:

- 1) Retention of Zakat and affirmed income tax.
- 2) Retention of 20% of the net profits to create a statutory reserve, and the ordinary general assembly may stop this retention when the said reserve reaches the total paid-up capital.
- 3) Ordinary general assembly - at the suggestion of the Board of Directors - may retain a percentage of net annual profits to create an additional reserve and allocate it for one or more purposes, affirmed by the general assembly.

- 4) Then, and from the rest, a down payment is distributed to the shareholders of no less than 5% of the paid-up capital.
- 5) Then, the rest is distributed to the shareholders as a share of profits or is transferred to the retained earnings account.
- 6) According to the decision of the Board of Directors, periodic earnings can be deducted from the specified annual profit in paragraph 4 above, in accordance with the regulatory rules, issued by the competent authorities.

14

The Company acknowledges the description of any interest in the shares, voting rights and shareholding of shareholders (other than members of the Board of Directors and senior executives, in addition to their spouses and minor children)

There is no interest in the shares, eligible for that belongs to any persons.

15

Description of any interest, contractual securities and subscription rights that belong to members of Board of Directors and senior executives, in addition to their spouses and minor children, in shares or debt instruments of the company or any of its subsidiaries and any change in this interest or those rights during the fiscal year

The table below shows the interest, owned by Board members and senior executives, in addition to their spouses and minor children, in the company shares,

including the shares to ensure membership in the Board, noting that the Company did not issue or grant any debt instruments.

Description of any interest, belonging to Board members, their spouses and minor children in the shares or debt instruments of the company or any of its subsidiaries:						
Name	Beginning of year		End of year		Net change	Change percentage
	Shares no.	Debt instruments	Shares no.	Debt instruments	Shares no.	%
Mr. Khalid Ahmad Al Gifali	1,800,000	-	1,800,000	-	0	0
Mr. Rami Khalid Ali Al Turki	400,000	-	400,000	-	0	0
Mr. Faisal Farouq Tamr	1,000	-	1,000	-	0	0
Dr. Bilal Talal Ghazawi	1,000	-	1,000	-	0	0
Dr. Christian Schneider	-	-	-	-	-	-
Dr. Michael Johan Bitzer	-	-	-	-	-	-
Mr. Andrew Kielty	-	-	-	-	-	-

The Munich Re Company booked (2,000) shares at the CMA, as membership guarantee shares, in the name of their representatives in the membership-

of the Board of Directors. They are Mr. Christian Schneider and Dr. Michael Pitzer.

16 Information on loans, payable by Company

The Company recognizes that it did not borrow during the period and that there are no loans.

17 Description of categories and numbers of any debt instruments, convertible to shares or any contractual securities or subscribing right memos, issued or granted by Saudi Enaya

The Company did not issue or grant any debt instruments, convertible into shares, any contractual securities, subscription right memos or similar rights during the period.

18 Description of any conversion or subscription rights, under the debt instruments, convertible into shares, contractual securities or subscription right memos, issued or granted by Saudi Enaya

The Company did not issue or grant any conversion or subscription rights, under the debt instruments, which are convertible into shares, contractual securities, subscription right memos or similar rights during the period.

19 Description of any refund, purchase or cancellation from the Company of any refundable debt instruments

The Company did not issue or grant any refundable debt instruments during the period.

20 Number of Board meetings and attendance record

Name of Board member	First meeting 27/1/2015	Second meeting 28/04/2015	Third meeting 23/06/2015	Fourth meeting 07/12/2015
Mr. Khalid Ahmad Al Juffali	✓	✓	✓	✓
Mr. Rami Khalid Ali Al Turki	✓	✓	✓	
Mr. Faisal Farouq Tamer	✓	✓	✓	✓
Dr. Belal Talal Ghazawi	✓	✓	✓	
Dr. Christian Schneider	✓		Resigned	Resigned
Dr. Michael Johan Bitzer	✓	✓	✓	✓
Mr. Andrew Kielty	Not Appointed	Not Appointed		✓

21 Insurance contracts with related parties

The company signed health insurance contracts with a number of companies in which the members of the Board of Directors have interests in. And Saudi Enaya emphasizes that all contracts are priced on a commercial basis, in accordance with the pricing procedures, followed by the company and approved by the Board of Directors. Saudi Enaya also confirms that all contracts do not involve any particular arrangements, with respect to any additional special benefits.

And the Board members are not entitled to receive any support or services that are different from those the company provides for any of the company's other clients. The subscribed installments were clarified, in addition to paid compensations, related to insurance contracts, in the note on transactions with related parties in detailed notes, accompanying financial statements.

22 Other contracts and Transaction with Related Parties

- 1- The company contracted during the financial period with MedNet International company, owned 100% by Munich Re for a period of one year, for the maintenance of the automated system and providing technical support services, with an annual amount of \$ 1.36 million Saudi riyals, the development services of computer systems for the amount of 3,800 Saudi riyals per day upon request. (Member who has a direct or indirect interest was: Dr. Christian Schneider, a member of the Board of Directors who already resigned and replaced with Mr. Andrew Kielty).
- 2- The company contracted during the financial period with Saudi company, the Saudi Limited Company for Electronic Computers (SBM), owned by 100% by Juffali Ibrahim Company for a period of one year, to provide computer services and IT services. The value of annual contracts with the company reached a total amount of (SR 125K) during the financial period. (Member who have a direct or indirect interest is Mr. Khalid Ahmed Juffali, Chairman of the Board).
- 3- The company contracted during the financial period with Munich Re Malta for one year, owned 100% by Munich Re, to provide reinsurance services to the company in accordance with the Reinsurance agreement, concluded with 50% in claims and subscriptions (Member who has a direct or indirect interest is: Dr. Christian Schneider a member of the Board of Directors who already resigned and replaced with Mr. Andrew Kielty).
- 4- The company contracted with Juffali Ibrhaim Bros. to rent an office in Dammam for the total value of annual contract of 30,000 Saudi riyals for a period of one year to serve the purposes of the company's expansion in the future. (Member who has a direct or indirect interest is: Mr. Khaled Ahmad Juffali, Chairman of the Board).

23 Waiver of a member of Board or a senior executive for any salary or compensation

The members of Board of Directors unanimously agreed to waive the bonuses, allocated to them for 2015, amounting to SR 180,000 for the Chairman and SR 120,000 for each Board member, as the company is in the early operating stages.

24 Waiver of any rights in profits for a shareholder

There are no waiver agreements or arrangements under which, the company's shareholders waived any rights in the profits.

25 Compulsory payments

During the period, the company reimbursed the due payments and amounts to the different regulatory authorities in the Kingdom of Saudi Arabia, as detailed below:

Schedule of compulsory payments:

Statement	Due and reimbursed payments as at 2015 Thousand Saudi riyals	Due and non- reimbursed payments as at 2015 Thousand Saudi riyals
Zakat and income tax	1,897	4,860
Supervision and control costs "SAMA"	332	44
General Organization for Social Insurance	2,089	176
Supervision fees "Cooperative Health Insurance Council"	327	709
Tadawul	300	-
Total	4,945	5,789

26 Investments and precautions created for benefit of employees

There are no investments or reserves that were created for the benefit of the company's employees.

27 Acknowledgments for the following

- Accounting records are properly prepared.
- Internal control system is prepared on a sound footing and effectively implemented.
- There is no doubt about the source's ability to continue its activities.

28 External Auditors report

The joint independent external auditor's report did not include any legal reservations on the financial statements for the entire period ended 31/12/2015, noting that the Auditors pointed out in his report that the financial statements were prepared in accordance with International Financial Reporting Standards, not according to the Saudi accounting standards.

29 Replacement of External Auditors

The Board of Directors did not make a recommendation to replace the External Auditors.

30 Additional disclosures disclosure by statutory regulations

List of corporate governance:

In application of the Corporate Governance Regulations, issued CMA Board Resolution no. 1-10-2010, dated 30/03/1431 H, corresponding to 16/03/2010 AD, the Board of Directors is pleased to clarify in the table below the Article the company is committed to apply of the Corporate Governance Regulations, issued by the Capital Market Authority of Saudi Arabia, with the exception of the following materials:

Article no.	Article/ paragraph provision	Wholly applied	Never applied	Partially applied	Details/ causes
3	General rights of shareholders	✓			
4	Facilitating exercise of shareholders' rights and access to information	✓			
5	Shareholders' equity for the general assembly meeting	✓			
5 - A	General assembly is held at least once a year during the six months following the end of the fiscal year of the company	✓			
5 - B	Assembly meets at invitation of Board	✓			
5 - C	Date of general assembly holding must be announced	✓			
5 - D	The opportunity must be made available for shareholders to actively participate	✓			
5 - J	Market must be informed about results of the general assembly immediately after its completion	✓			



6 - A	Voting is a fundamental right for shareholder that cannot be canceled in any way	✓	
6 - B	The method of cumulative voting must be followed when voting to choose members of Board in the general assembly	✓	Statute of company states that votes be counted in irregular regular general assemblies on basis of "vote per shareholde" instead of cumulative voting
6 - C	Shareholder to appoint - in writing - another shareholder of non-Board members	✓	
6 - D	Investors of legal personality	✓	
7 - A	Board of Directors must develop a clear policy on distribution of stock dividends	✓	
7 - B	General assembly approves proposed dividend and date of distribution	✓	Does not apply, due to lack of dividends, but policy is existent
8	Policies and procedures related to disclosure	✓	
9	Disclosure in Board report	✓	
10 - A	Adoption of strategic approaches and main objectives of company	✓	
10 - B	Development of rules and controls of internal control and general supervision	✓	
10 - C	Development of special governance system for company	✓	
10 - D	Development of clear policies, standards and procedures, specific for Board members	✓	
10 - E	Development of a written policy, governing relationship with stakeholders	✓	
10 - F	Development of policies and procedures to ensure respect of company rules and regulations	✓	
11	Board responsibilities	✓	
12	Composition of Board	✓	
13	Commissions and independence of Board	✓	
14	Audit commission	✓	
15	Nomination and rewards committee	✓	
16	Meetings and action plan of Board	✓	

17	Rewards and bonuses of Board	✓
18 - A	No Board member - without license from general assembly - renewed every year to be of any interest	✓
18 - B	It is not permitted for Board members - without license from general assembly to renew each year to participate in any action to compete with company	✓
18 - C	Company may not offer cash loan of any kind to members	✓

31

Composition of Board of Directors, classification of its members and names of shareholding companies in which, a Saudi Enaya Board member can also be a Board member

The following table includes names of shareholding companies in which, Saudi Enaya Board member are Board member, as follows:



Name of Board member	Membership capacity	Position	Other companies in which, Board member participates in its Board
Mr. Khaled Ahmed Al Juffali	Non-executive Board member	Chairman	<ul style="list-style-type: none"> Ebrahim Al-Juffali and Brothers for Automotive Ebrahim Al-Juffali and Brothers for industrial equipment Ebrahim Al-Juffali and Brothers for heavy equipment Ebrahim Al-Juffali and Brothers for Car Spare Parts Arabian Company for Mining Industries Al-Juffali Information System Company National Company for Cars Saudi Ericsson Company Flor Company Al-Juffali Training Center Khaled Ahmed Al-Juffali Holding Company Al-Juffali Energy Facilities Saudi Nissan Company Aldahna International Company for Marketing Khaled Ahmed Al-Juffali for Construction Khaled Ahmed Al-Juffali for elevators and escalators Arabian Qotouf Trading Company STFA Khaled Al-Juffali Company for Contracting International holding company for Health Care Compny and Life Science Khaled Al-Juffali Industrial Company Vision Eitimid Construciton Company Saudi Hilti Arabian Company for Pharmaseuticals Foras Mining Company Ebrahim Al-Juffali and Brothers Company Jeddah holding Company Foras International Company for Invesmtnets Lonsdale and associates for Insurance Brokerage Gypsum International Company Prince Sultan Cultural Center Aqaba Bulk Chemicals Company
Mr. Rami Khalid Ali Al Turki	Non-executive Board member	Member	<ul style="list-style-type: none"> Khalid Ali Turki and Sons Nesma & Partners Saudi Readymix Company Masheed Arkaz Musanadah Samara Inma Inma Steel Sawafi Inma Technologies

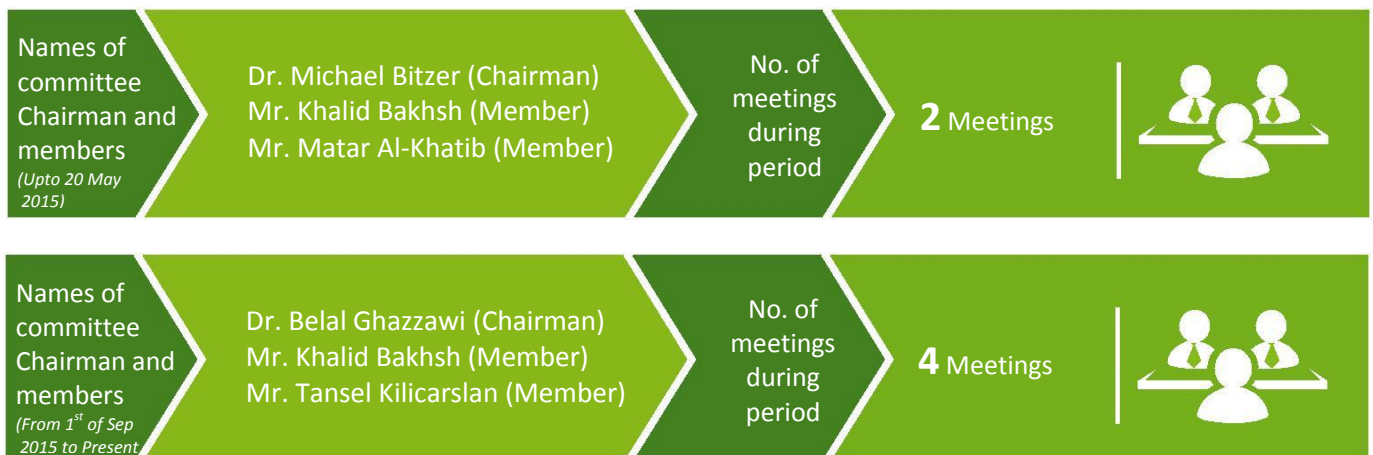
Mr. Faisal Farouq Tamr	Independent Board member	Member	<ul style="list-style-type: none"> Italian Meals Company Saudi - Japanese Pharmaceutical Products Ltd Co. Tamer Group of Companies Arabio Sukoon international Company United Gulf for Healthcare Company Luxurious Elegance for Clothes Production & Commercial Company LTD International Medical Center
Dr. Bilal Talal Ghazawi	Independent Board member	Member	<ul style="list-style-type: none"> Ghazzawi Group of Companies
Dr. Christian Schneider	Unexecutive Board member	Member	NA
Dr. Michael Pitzer	Non-executive Board member	Member	<ul style="list-style-type: none"> Munich Health Daman Holding Daman Health Insurance Qatar LLC
Mr. Andre Kielty	Non-executive Board member	Member	<ul style="list-style-type: none"> Munich Health Holding AG Munich Health Alpha GmbH DKV Belgium S.A. DKV Seguros y Reaseguros S.A. Ergo Generales Seguros y Reaseguros S.A. Ergo Vida Seguros y Reaseguros S.A. Unión Médica La Fuencisla S.A. Globality S.A. Storebrand Helse AS Apollo Munich Health Ins. Co. Ltd. Munich Health Daman Holding Daman Health Insurance Qatar LLC

32-1 Audit Committee

Committee specializations and tasks

Approve appointment or re-appointment of external auditors after getting SAMA in writing non objection, review audit plan and audit of internal and external auditors, make recommendations thereon to Board of Directors, review important accounting procedures and changes that may arise, prepare recommendations to Board of Directors, with respect to appropriateness of applied accounting policies to company nature, evaluate financial reports, issued by company, and nature of review process, review actuary expert reports, make recommendations thereon to Board of Directors, follow up institution and supervisory bodies relevant reports and any international developments such as International Organization

Guidelines for Insurance Supervisors, make recommendations thereon to Board of Directors, review and approval of annual and interim financial statements, submit reports and recommendations directly to Board to take action, make necessary decisions, prepare assessment for control systems and internal risk management, to contain assessment of assigned budgets for them both and subsidiaries, and also degree of management response to observations made by internal and external auditors, conduct an annual audit for chartered accountant performance, develop recommendations for appointment, re-appointment or termination of company's contract with him.



32-2 Nomination and Remuneration Committee

Committee specializations and tasks

Annual review of requirements of appropriate skills for membership of Board of Directors, prepare a description of the capabilities and qualifications required for Board membership, including identification of time that needs to be devoted by member for Board plans, review structure of Board of Directors, make recommendations regarding changes that can be made, identify weaknesses and strengths in Board, suggest solutions in accordance with interest of company, develop criteria for determining

independence of Board member, make sure that there is no conflict of interest if the member serves on Board of another company, develop policy of rewards and incentives for Board members, Managing Director, CFO and CEO of company, organize efforts of each Board member of CFO to apply strategic objectives of company, and the Nomination and Remuneration Committee assesses their personal performance in exchange for goals of Board of Directors.

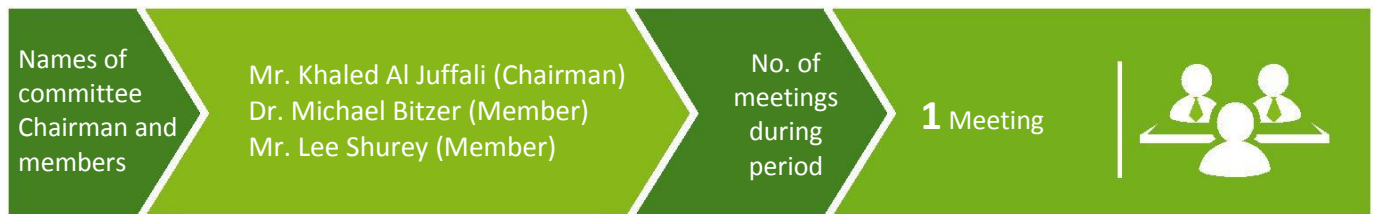


32-3 Executive Committee

Committee specializations and tasks

Study financial performance of company, ratify budgets and discretionary financial statements and subsequent head expenses and financial investment, annual and quarterly work plan, in addition to providing recommendations to Board, doing any works on authority of Board of Directors, providing assistance to Chairman, studying projects related to shareholding in other companies, creation of new companies and projects, acquisition of other companies, recommendations to Board, discussing and

making decisions regarding emergency topics that need urgent decisions, ensuring development and preparation of strategic plans that achieve company's goals, preparation and review of annual and long-term financial strategies and goals, making recommendations necessary for Board, auditing and preparation of necessary recommendations to Board with respect to company's businesses and their impact on future of company to achieve desired goals to improve quality of services.

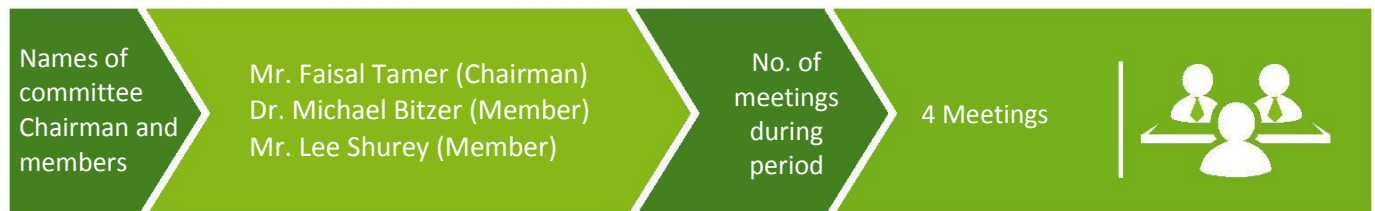


32-4 Investment Committee

Committee specializations and tasks

Investment Committee oversees investment activities of company, ensures professional management, appropriate to needs and requirements of company and its obligations and full compliance of in force systems, helps adjust and rationalize degree of risks,

determines investment policy of company, makes recommendations thereon for Board of Directors for approval and supervision of implementation of investment policies of company.



33 Bonuses and rewards of Board members and senior executives

The following is a statement of salaries, compensation, allowances and annual bonuses earned by members of Board of Directors and top five senior executives of the company, including CEO and CFO during the period from 01/01/2015 to 31/12/2015:

Statement	Members of Board Thousand Saudi riyals	Top five senior executives of company, including CEO and CFO Thousand Saudi riyals
Salaries and compensation	-	4,002
Allowances	-	
Annual bonuses	-	705
Long term incentive plan or end of service gratuity	-	259
Other inkind benefits	-	-
Total	-	4,996

34 Compulsory penalties

A fine was imposed by CMA on the 21st of October 2015 due to its violation of clause (A) of Article (4) of the Listing Rules amounting SAR 20,000 which was settled by the company

35 Annual review results of effectiveness of internal control procedures

According to the plan of annual internal audit, approved by the Audit Committee, the internal audit department reports regularly to the Audit Committee on the operational, administrative and financial audits, carried out on a continuous basis to verify the effectiveness of the internal control system to protect the company's assets and assess business risks and measure the efficiency and adequacy of performance as well as to pursue the implementation of corrective actions for the notes that have been registered, and thus providing follow up reports, intended to work to end and close the observations recorded on the business units of the company. The audit reports referred to did not show any substantial weakness in the internal control system of the company, where the observations mainly are concerned with the areas of performance improvement and activation of

operational departments and raise their efficiency and coordination of complementary relationships between these bodies, in addition to completing documentation of their procedures in order to bring more efficiency to the system of internal controls in the company and exploitation of the resources available to the best use. The external auditor carries out the process of evaluation of this system within an important review of closure financial statements of the company and enabling him to access all records of the Audit Committee and reports of the internal audit department for the financial period under audit. The internal audit department carried out the functions of audit and examination for the following departments during 2015, the company has confirmed that internal control procedures were effective. There are no comments.





36 Internal control system and its effectiveness

The company asserts that the internal control systems are strong and effective and work well in terms of design, in addition to being applied effectively.

37 Maintaining accounting records

In accordance with the requirements of controls and safety systems in Saudi Arabia, the company acknowledges that it has kept separate accounting records for the insurance operations and operations of shareholders. The company also recognizes that it keeps proper accounting records for the fiscal year.

38 Continuing operations

The company emphasizes its ability to continue its operations without any obstacles



Conclusion

The Board of Directors is pleased to extend its thanks and appreciation to all shareholders of Saudi Enaya Cooperative Insurance Company for their contribution to continue the health insurance business. The company is also pleased to thank the management of the company and its employees for their efforts to run the company, which were successful, thankfully. In conclusion, the Board of Directors would like to thank all the company customers for their confidence and eagerness to develop a continuous relationship with the company's products and services and they are confident that these achievements will give the company a boost in 2016 in order to achieve its strategic goal and be profitable.