

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

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

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2015**

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015**

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**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 30 September 2015 and the related interim statements of insurance income and shareholders' comprehensive income for the three-month and nine-month periods then ended, and changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the nine-month period then ended and the related notes which form an integral part of these condensed interim financial statements. These condensed interim 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 condensed interim financial statements for them to be in conformity with IAS 34.

**EMPHASIS OF MATTER:**

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

**PricewaterhouseCoopers**

P. O. Box 8282  
Riyadh 11482  
Kingdom of Saudi Arabia

Omar M. Al Sagga  
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**Aldar Audit Bureau**

Abdullah Al Basri & Co.  
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Riyadh 11451  
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Abdullah M. Al Basri  
Certified Public Accountant  
Registration No. 171



18 October 2015  
(5 Muharram 1437H)



**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

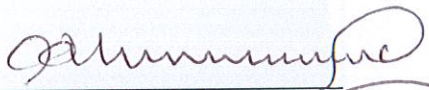
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2015**  
(All amounts in Saudi Riyals unless otherwise stated)

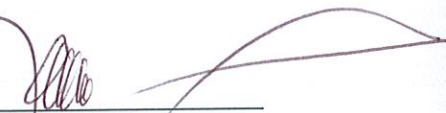
	Note	30 September 2015 (Unaudited)	31 December 2014 (Audited)
<b>Insurance operations' assets</b>			
Property and equipment, net		6,912,148	6,748,156
Reinsurers' share of outstanding claims		365,866,048	329,899,947
Reinsurers' share of unearned premiums		91,536,955	65,573,143
Deferred policy acquisition costs		26,175,498	23,820,183
Premiums and reinsurance balances receivable	6	179,018,581	169,662,464
Held-to-maturity investment	7	10,000,000	-
Available for sale investment	7	9,841,998	1,923,080
Prepayments and other assets		16,416,572	10,317,183
Due from related parties	8	76,378,157	47,986,002
Time deposits	5	265,019,501	180,160,386
Cash and cash equivalents	4	39,470,548	69,352,387
<b>Total insurance operations' assets</b>		<b>1,086,636,006</b>	<b>905,442,931</b>
<b>Shareholders' assets</b>			
Statutory deposit		25,000,000	10,000,000
Due from insurance operations		41,579,581	4,077,814
Prepayments and other assets		1,130,767	2,382,190
Time deposits	5	173,830,000	19,550,000
Cash and cash equivalents	4	380,916	37,692,870
<b>Total shareholders' assets</b>		<b>241,921,264</b>	<b>73,702,874</b>
<b>Total insurance operations' and shareholders' assets</b>		<b>1,328,557,270</b>	<b>979,145,805</b>

*Continued to p-3*

The notes on pages 9 to 21 are an integral part of these condensed interim financial statements.

  
MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSUUD  
BOARD MEMBER


  
HASSAN ABDULLA DORAR ALI  
PRESIDENT & CEO

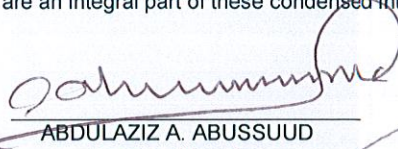
**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)


**INTERIM STATEMENT OF FINANCIAL POSITION (continued)**  
**AS AT 30 SEPTEMBER 2015**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 September 2015 (Unaudited)	31 December 2014 (Audited)
<b>Insurance operations' liabilities</b>			
Employees' end-of-service benefits		9,124,328	7,308,406
Insurance operations' surplus distribution payable		7,168,495	4,235,643
Due to shareholders' operations		41,579,581	4,077,814
Gross outstanding claims		559,410,263	492,798,975
Gross unearned premiums		350,142,529	300,820,148
Unearned commission income		17,291,461	15,471,000
Reinsurance balances payable		51,606,068	43,309,794
Accrued expenses and other liabilities		50,313,281	37,421,151
<b>Total insurance operations' liabilities</b>		<b>1,086,636,006</b>	<b>905,442,931</b>
<b>Shareholders' liabilities</b>			
Provision for zakat		1,901,331	2,059,158
Accounts payable		2,243,790	1,681,165
<b>Total shareholders' liabilities</b>		<b>4,145,121</b>	<b>3,740,323</b>
<b>Shareholders' equity</b>			
Share capital	10	250,000,000	100,000,000
Accumulated losses		(12,223,857)	(30,037,449)
<b>Total shareholders' equity</b>		<b>237,776,143</b>	<b>69,962,551</b>
<b>Total shareholders' liabilities and equity</b>		<b>241,921,264</b>	<b>73,702,874</b>
<b>Total insurance operations' liabilities and shareholders' liabilities and equity</b>		<b>1,328,557,270</b>	<b>979,145,805</b>

The notes on pages 9 to 21 are an integral part of these condensed interim financial statements.

  
MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSUUD  
BOARD MEMBER

  
HASSAN ABDULLA DORAR ALI  
PRESIDENT & CEO

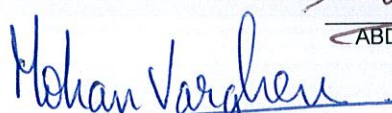


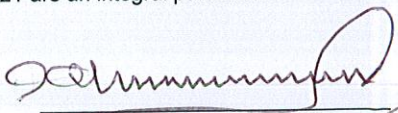
**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)


**INTERIM STATEMENT OF INSURANCE INCOME**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015**  
(All amounts in Saudi Riyals unless otherwise stated)

		Three months ended 30 September		Nine months ended 30 September	
		2015	2014	2015	2014
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenues</b>					
Gross written premiums		154,679,348	224,596,914	778,164,767	646,673,838
Reinsurance premiums ceded		(35,030,778)	(39,850,411)	(223,536,183)	(190,622,334)
Excess of loss/ stop loss premiums		(26,101,777)	(19,639,031)	(60,506,808)	(28,252,653)
<b>Net written premiums</b>		<b>93,546,793</b>	<b>165,107,472</b>	<b>494,121,776</b>	<b>427,798,851</b>
Movement in unearned premiums, net		50,141,362	(56,420,397)	(23,358,573)	(110,258,866)
<b>Net earned premiums</b>		<b>143,688,155</b>	<b>108,687,075</b>	<b>470,763,203</b>	<b>317,539,985</b>
Commission income		12,068,578	11,177,143	34,004,539	32,150,134
Income from investments	7	224,203	-	2,389,275	-
Special commission income		312,820	288,975	800,831	838,073
Other income		1,890,515	378,068	7,963,361	4,370,749
<b>Total insurance revenues</b>		<b>158,184,271</b>	<b>120,531,261</b>	<b>515,921,209</b>	<b>354,898,941</b>
<b>Costs and expenses</b>					
Gross claims paid		103,572,926	110,267,418	354,426,905	296,004,448
Reinsurers' share of claims paid		(3,103,472)	(30,394,054)	(20,385,551)	(68,319,503)
<b>Net claims paid</b>		<b>100,469,454</b>	<b>79,873,364</b>	<b>334,041,354</b>	<b>227,684,945</b>
Movement in outstanding claims, net		5,893,201	(4,598,360)	30,645,189	13,834,550
<b>Net claims incurred</b>		<b>106,362,655</b>	<b>75,275,004</b>	<b>364,686,543</b>	<b>241,519,495</b>
Policy acquisition costs		16,314,816	15,370,359	49,254,804	43,377,257
General and administration expenses		19,385,634	14,904,788	63,031,170	44,076,112
Provision / (Reversal of) for doubtful receivables	6	2,438,361	1,532,052	2,723,219	(73,285)
Inspection and supervision fees		1,454,336	2,175,589	6,896,952	5,706,454
<b>Total costs and expenses</b>		<b>145,955,802</b>	<b>109,257,792</b>	<b>486,592,688</b>	<b>334,606,033</b>
<b>Net surplus for the period from insurance operations</b>		<b>12,228,469</b>	<b>11,273,469</b>	<b>29,328,521</b>	<b>20,292,908</b>
<b>Shareholders' appropriation from surplus</b>		<b>(11,005,622)</b>	<b>(10,146,122)</b>	<b>(26,395,669)</b>	<b>(18,263,617)</b>
<b>Net surplus for the period from insurance operations after shareholders' appropriation</b>		<b>1,222,847</b>	<b>1,127,347</b>	<b>2,932,852</b>	<b>2,029,291</b>

The notes on pages 9 to 21 are an integral part of these condensed interim financial statements.

  
MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSUUD  
BOARD MEMBER

  
HASSAN ABDULLA DORAR ALI  
PRESIDENT & CEO

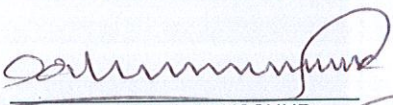


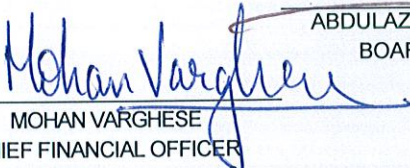
**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)


**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015**  
(All amounts in Saudi Riyals unless otherwise stated)

Note	Three months ended 30 September		Nine months ended 30 September	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Appropriation of surplus from insurance operations	11,005,622	10,146,122	26,395,669	18,263,617
Special commission income	363,336	73,972	470,172	270,715
General and administration expenses	(216,285)	(322,221)	(980,714)	(877,285)
<b>Income before zakat</b>	<b>11,152,673</b>	<b>9,897,873</b>	<b>25,885,127</b>	<b>17,657,047</b>
Zakat	(792,211)	(661,408)	(3,141,109)	(1,387,073)
<b>Net income for the period</b>	<b>10,360,462</b>	<b>9,236,465</b>	<b>22,744,018</b>	<b>16,269,974</b>
<b>Other comprehensive income</b>				
Change in fair value of available for sale investment	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>10,360,462</b>	<b>9,236,465</b>	<b>22,744,018</b>	<b>16,269,974</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share (in Saudi Riyals)	11 0.41	0.60	1.21	1.05
Weighted average number of shares in issue throughout the period (in thousands)	25,000	15,465	18,760	15,465

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 ABDULAZIZ A. ABUSSUUD  
 BOARD MEMBER

  
 MOHAN VARGHESE  
 CHIEF FINANCIAL OFFICER

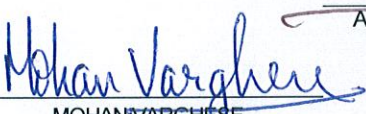
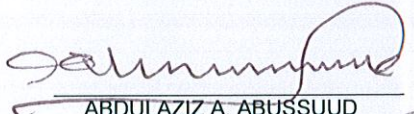

  
 HASSAN ABDULLA DORAR ALI  
 PRESIDENT & CEO

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**  
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Accumulated losses	Total
Balance as at 1 January 2014		100,000,000	(48,261,864)	51,738,136
Total comprehensive income for the period		-	16,269,974	16,269,974
Balance as at 30 September 2014 (Unaudited)		100,000,000	(31,991,890)	68,008,110
Balance as at 1 January 2015		100,000,000	(30,037,449)	69,962,551
Paid in capital from rights issue	10	150,000,000	-	150,000,000
Rights issue expenses	10	-	(4,930,426)	(4,930,426)
Total comprehensive income for the period		-	22,744,018	22,744,018
Balance as at 30 September 2015 (Unaudited)		250,000,000	(12,223,857)	237,776,143

The notes on pages 9 to 21 are an integral part of these condensed interim financial statements.

 MOHAN VARGHESE CHIEF FINANCIAL OFFICER	 ABDULAZIZ A. ABUSSUUD BOARD MEMBER	 HASSAN ABDULLA DORAR ALI PRESIDENT & CEO
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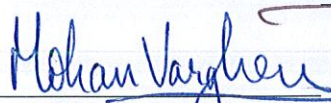


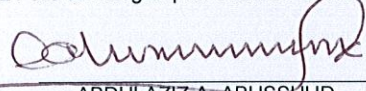
**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)


**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Nine months ended 30 September	
		2015 (Unaudited)	2014 (Unaudited)
<b>Operating activities</b>			
Net surplus from insurance operations after shareholders' appropriation		2,932,852	2,029,291
Adjustments for:			
Depreciation		2,625,104	2,924,284
Provision / (Reversal of) for doubtful receivables	6	2,723,219	(73,285)
Employees' end-of-service benefits, net		1,815,922	209,151
Shareholders' appropriation from surplus		26,395,669	18,263,617
<b>Changes in operating assets and liabilities:</b>			
Reinsurers' share of outstanding claims		(35,966,101)	(75,095,981)
Reinsurers' share of unearned premiums		(25,963,812)	(17,878,431)
Deferred policy acquisition costs		(2,355,315)	(4,300,947)
Premiums and reinsurance balances receivable		(12,079,336)	(67,310,728)
Prepayments and other assets		(6,099,389)	(3,933,958)
Due from related parties		(28,392,155)	(1,109,828)
Gross outstanding claims		66,611,288	88,930,528
Gross unearned premiums		49,322,381	128,137,292
Unearned commission income		1,820,461	(43,630)
Reinsurance balances payable		8,296,274	11,545,099
Accrued expenses and other liabilities		12,892,130	(2,465,271)
<b>Net cash from operating activities</b>		<b>64,579,192</b>	<b>79,827,203</b>
<b>Investing activities</b>			
Purchase of property and equipment		(2,789,096)	(2,177,659)
Purchase of available for sale investment		(7,918,918)	-
Purchase of investment at fair value through income statement		-	(45,000,000)
Acquisition of held-to-maturity investment		(10,000,000)	-
Increase in time deposits		(84,859,115)	(43,000,000)
<b>Net cash used in investing activities</b>		<b>(105,567,129)</b>	<b>(90,177,659)</b>
<b>Financing activity</b>			
Due to shareholders' operations, net		11,106,098	(548,273)
<b>Net cash from / (used in) a financing activity</b>		<b>11,106,098</b>	<b>(548,273)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(29,881,839)</b>	<b>(10,898,729)</b>
Cash and cash equivalents at the beginning of the period		69,352,387	95,744,470
<b>Cash and cash equivalents at the end of the period</b>	4	<b>39,470,548</b>	<b>84,845,741</b>

The notes on pages 9 to 21 are an integral part of these condensed interim financial statements.

  
MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSUUD  
BOARD MEMBER

  
HASSAN ABDULLA DORAR ALI  
PRESIDENT & CEO




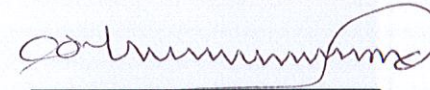
**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)


**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Nine months ended 30 September	
		2015 (Unaudited)	2014 (Unaudited)
<b>Operating activities</b>			
Income before zakat		25,885,127	17,657,047
Adjustment for:			
Appropriation of surplus from insurance operations income		(26,395,669)	(18,263,617)
<b>Changes in operating assets and liabilities:</b>			
Prepayments and other assets		1,251,423	(1,137,080)
Accounts payable		562,625	619,332
Cash from (used in) operations		1,303,506	(1,124,318)
Zakat paid		(3,298,936)	(1,365,832)
<b>Net cash used in operating activities</b>		<b>(1,995,430)</b>	<b>(2,490,150)</b>
<b>Investing activities</b>			
Statutory deposit		(15,000,000)	-
Increase in time deposits		(154,280,000)	(16,840,000)
<b>Net cash used in an investing activity</b>		<b>(169,280,000)</b>	<b>(16,840,000)</b>
<b>Financing activities</b>			
Due from insurance operations, net		(11,106,098)	548,273
Net proceeds from share capital increase	10	145,069,574	-
<b>Net cash from financing activities</b>		<b>133,963,476</b>	<b>548,273</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(37,311,954)</b>	<b>(18,781,877)</b>
Cash and cash equivalents at beginning of the period		37,692,870	20,513,348
<b>Cash and cash equivalent at the end of the period</b>	4	<b>380,916</b>	<b>1,731,471</b>

The notes pages 9 to 21 are an integral part of these condensed interim financial statements.

  
MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSUUD  
BOARD MEMBER

  
HASSAN ABDULLA DORAR ALI  
PRESIDENT & CEO



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015**  
(All amounts in Saudi Riyals unless otherwise stated)

**1. Organization 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 20 August 2007 (corresponding to 7 Shaban 1428H). 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 11 October 2006 (corresponding to 18 Ramadan 1427H), pursuant to the Council of Ministers resolution number 233 dated 9 October 2006 (corresponding to 16 Ramadan 1427H).

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

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

**2. Basis of preparation**

The condensed interim financial statements for the three-month and nine-month periods ended 30 September 2015 have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" (IAS - 34). Accordingly, these condensed interim 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 Standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants.

The condensed interim 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 condensed interim 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, amendments and interpretations**

The accounting policies used in the preparation of these condensed interim 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 are summarized as follows:

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

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**3. New standards, amendments and interpretations (continued)**

- IFRS 8 - "operating segments" has been amended to explicitly require disclosure of judgments made by management in applying aggregation criteria.
- IFRS 13 has been amended to clarify measurement of interest free short term receivables and payables at their invoiced amount without discounting, if the effect of discounting is immaterial. It has been further amended to clarify that the portfolio exception potentially applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.
- IAS 16 - "Property plant and equipment" and IAS 38 - "intangible assets": - the amendments clarify the requirements of revaluation model recognizing that the restatement of accumulated depreciation (amortization) 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:

	30 September 2015 (Unaudited)		31 December 2014 (Audited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Cash in banks	39,438,412	380,916	69,320,251	342,870
Cash on hand	32,136	-	32,136	-
Short-term deposits	-	-	-	37,350,000
	<b>39,470,548</b>	<b>380,916</b>	<b>69,352,387</b>	<b>37,692,870</b>

Cash in 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 month depending on the immediate cash requirements of the Company.

As at 30 September 2015, the Company holds an amount of Saudi Riyals 56,420 (31 December 2014: Saudi Riyals 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 condensed interim 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 month from date of acquisition. The deposits earn commission at an effective commission rate of 0.80% to 1.10% per annum (31 December 2014: 0.98% per annum).

As at 30 September 2015, the Company has short-term money market placements amounting to Saudi Riyals nil (31 December 2014: 45.2 million) with the Saudi Hollandi Capital under a portfolio managed account based on agreed terms.

Investment income earned upon maturity of the short-term placements under insurance operations' assets recognized during the nine-month period ended 30 September 2015 amounted to Saudi Riyals 0.6 million.



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6. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

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

	30 September 2015 (Unaudited)	31 December 2014 (Audited)
Premiums receivable	194,549,540	182,950,335
Reinsurers and others	4,593,067	4,112,936
Total premiums and reinsurance balances receivable	199,142,607	187,063,271
Less: Provision for doubtful receivables	(20,124,026)	(17,400,807)
	179,018,581	169,662,464

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

	30 September 2015 (Unaudited)	31 December 2014 (Audited)
Beginning balance	17,400,807	14,919,376
Provision made during the period / year	2,723,219	2,481,431
Ending balance	20,124,026	17,400,807

7. INVESTMENTS

a. Investment at fair value through profit or loss

During the nine-months period ended 30 September 2015, the Company invested in IPO shares of a certain company which resulted in gain upon sale of the IPO shares in the same period amounting to Saudi Riyals 1.2 million.

b. Held-to-maturity investment

As at 30 September 2015, the Company invested in Islamic bonds ("sukuk") issued by a local bank amounting to Saudi Riyals 10 million comprising of 10 sukuk denominated at Saudi Riyals 1 million each and a margin equivalent to 6 month SIBOR plus 130 basis points. See also Note 12.

c. Available-for-sale investments

	30 September 2015 (Unaudited)	31 December 2014 (Audited)
January 1	1,923,080	1,923,080
Additions	7,918,918	-
December 31	9,841,998	1,923,080

Available for sale investment comprises of Saudi Riyals 1.9 million 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 company's long-term revenue growth rates. As at 30 September 2015 and 31 December 2014, management believes that the carrying amount of the available for sale investment is a reasonable estimate of its fair value (Note 12).

Dividends received from Najm during the nine-month period ended 30 September 2015 amounted to Saudi Riyals 339,103.

During the three-month period ended 30 September 2015, the Company invested in local quoted securities amounting to Saudi Riyals 8 million.

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**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 nine-month period ended 30 September:

Related parties	Nature of transactions	30 September 2015 (Unaudited)	30 September 2014 (Unaudited)
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Amounts paid on behalf of SAICO B.S.C (C), net	(1,215,185)	2,630,285
ACE Insurance Agents Limited ("Agent") (Affiliate)	Premiums received through Agent	34,565,227	13,270,743
	Claims paid through Agent	4,792	101,370
	Commission expense	3,821,038	1,806,253
ACE Limited (Affiliate)	Premiums and claims, net	-	(1,581,585)
ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate)	Premiums received through Broker, net	179,850,690	143,235,648
	Commission expense	13,746,894	15,213,761
	Premiums ceded through Broker	98,670,193	69,605,317
	Commission received	3,433,652	4,102,998

**b. Balances with related parties**

The above transactions with the related parties resulted in the following balances as at the financial reporting date:

Due from related parties	Nature of transactions	30 September 2015 (Unaudited)	31 December 2014 (Audited)
ACE Insurance and Reinsurance Brokers Limited ("Broker") affiliate	Insurance operations	51,932,930	34,287,716
ACE Insurance Agents Limited ("Agent") (Affiliate)	Insurance operations	21,284,372	9,553,855
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Insurance operations	2,485,076	3,700,261
ACE Limited (Affiliate)	Insurance operations	675,779	444,170
		76,378,157	47,986,002

**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 nine-month period ended 30 September is as follows:

	30 September 2015 (Unaudited)	30 September 2014 (Unaudited)
Short-term benefits	4,817,883	4,193,596
Bonus	479,250	-
Employees' end-of-service benefits	178,848	223,119
	5,475,981	4,416,715



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**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 reinsurance balances receivable, 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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**9. SEGMENT INFORMATION (Continued)**

	Three months ended 30 September 2015 (Unaudited)								
	(Amounts in Saudi Riyals thousands)								
	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Operating segment Revenues									
Gross written premiums	68,293	46,041	6,154	10,168	6,168	2,183	11,667	4,005	154,679
Reinsurance premiums ceded	-	(37)	(5,063)	(9,393)	(5,918)	(1,469)	(11,222)	(1,929)	(35,031)
Excess of loss premiums	(24,928)	(552)	(357)	(166)	(85)	(9)	-	(4)	(26,101)
Net written premiums	43,365	45,452	734	609	165	705	445	2,072	93,547
Movement in unearned premiums, net	20,357	27,879	1,085	(194)	6	875	126	7	50,141
Net earned premiums	63,722	73,331	1,819	415	171	1,580	571	2,079	143,688
Commission income	-	33	4,030	2,739	2,334	547	2,342	44	12,069
Total allocated revenue	63,722	73,364	5,849	3,154	2,505	2,127	2,913	2,123	155,757
Unallocated revenue									2,427
Total insurance revenues									158,184
Cost and expenses									
Gross claims paid	54,538	45,913	683	574	224	1	1,013	627	103,573
Reinsurers' share of claims paid	-	(340)	(551)	(511)	(211)	-	(988)	(502)	(3,103)
Net claims paid	54,538	45,573	132	63	13	1	25	126	100,470
Movement in outstanding claims, net	(3,992)	8,647	548	292	405	61	169	(237)	5,893
Net claims incurred	50,546	54,220	680	355	418	62	194	(112)	106,363
Policy acquisition costs	3,691	7,664	1,968	793	1,034	372	224	569	16,315
Total allocated costs and expenses	54,237	61,884	2,648	1,148	1,452	434	418	457	122,678
Unallocated expenses									23,278
Total costs and expenses									145,956
Net surplus from insurance operations									12,228

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9. SEGMENT INFORMATION (Continued)

Three months ended 30 September 2014 (Unaudited)									
(Amounts in Saudi Riyals thousands)									
	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Operating segment									
Revenues									
Gross written premiums	105,332	71,859	5,019	16,695	5,853	3,838	11,338	4,663	224,597
Reinsurance premiums ceded	(501)	(36)	(3,882)	(15,621)	(5,370)	(2,107)	(10,406)	(1,927)	(39,850)
Excess of loss premiums	(17,171)	(1,643)	(370)	(240)	(156)	(39)	-	(21)	(19,640)
Net written premiums	87,660	70,180	767	834	327	1,692	932	2,715	165,107
Movement in unearned premiums, net	(28,006)	(28,493)	384	(195)	461	(1)	(375)	(195)	(56,420)
Net earned premiums	59,654	41,687	1,151	639	788	1,691	557	2,520	108,687
Commission income	-	34	3,766	1,607	3,838	331	1,528	73	11,177
Total allocated revenue	59,654	41,721	4,917	2,246	4,626	2,022	2,085	2,593	119,864
Unallocated revenue									667
Total insurance revenues									120,531
Costs and expenses									
Gross claims paid	56,180	21,638	20,583	2,581	7,208	769	135	1,173	110,267
Reinsurers' share of claims paid	(50)	(29)	(19,795)	(2,322)	(7,154)	(10)	(104)	(930)	(30,394)
Net claims paid	56,130	21,609	788	259	54	759	31	243	79,873
Movement in outstanding claims, net	(11,536)	4,338	649	(272)	1,853	(778)	490	658	(4,598)
Net claims incurred	44,594	25,947	1,437	(13)	1,907	(19)	521	901	75,275
Policy acquisition costs	3,713	4,990	2,279	995	2,061	354	349	629	15,370
Total allocated costs and expenses	48,307	30,937	3,716	982	3,968	335	870	1,530	90,645
Unallocated expenses									18,613
Total costs and expenses									109,258
Net surplus from insurance operations									11,273



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**9. SEGMENT INFORMATION (Continued)**

Nine months ended 30 September 2015 (Unaudited)									
(Amounts in Saudi Riyals thousands)									
	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Revenues									
Gross written premiums	314,551	216,079	137,239	29,885	29,896	13,076	22,852	14,587	778,165
Reinsurance premiums ceded	-	(376)	(130,266)	(27,713)	(28,196)	(8,250)	(21,580)	(7,155)	(223,536)
Excess of loss premiums	(54,227)	(2,632)	(2,441)	(492)	(568)	(101)	-	(46)	(60,507)
Net written premiums	260,324	213,071	4,532	1,680	1,132	4,725	1,272	7,386	494,122
Movement in unearned premiums, net	(26,480)	4,031	(910)	(42)	438	(131)	198	(463)	(23,359)
Net earned premiums	233,844	217,102	3,622	1,638	1,570	4,594	1,470	6,923	470,763
Commission income	(49)	79	11,109	6,605	8,360	1,878	5,554	469	34,005
Total allocated revenues	233,795	217,181	14,731	8,243	9,930	6,472	7,024	7,392	504,768
Unallocated revenue									11,153
Total insurance revenues									515,921
Costs and expenses									
Gross claims paid	171,792	159,230	9,660	2,870	5,363	13	2,693	2,806	354,427
Reinsurers' share of claims paid	(78)	(387)	(7,534)	(2,567)	(5,039)	(7)	(2,521)	(2,253)	(20,386)
Net claims paid	171,714	158,843	2,126	303	324	6	172	553	334,041
Movement in outstanding claims, net	12,954	15,809	374	247	199	201	1,246	(385)	30,645
Net claims incurred	184,668	174,652	2,500	550	523	207	1,418	168	364,686
Policy acquisition cost	11,482	21,272	5,675	2,557	4,421	1,292	711	1,845	49,255
Total allocated costs and expenses	196,150	195,924	8,175	3,107	4,944	1,499	2,129	2,013	413,941
Unallocated expenses									72,651
Total costs and expenses									486,592
Net surplus from insurance operations									29,329

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**9. SEGMENT INFORMATION (Continued)**

	Nine months ended 30 September 2014 (Unaudited)								
	(Amounts in Saudi Riyals thousands)								
	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Revenues									
Gross written premiums	272,313	159,820	105,282	31,988	29,391	11,644	22,795	13,441	646,674
Reinsurance premiums ceded	(1,076)	(447)	(100,200)	(29,232)	(27,739)	(5,420)	(20,839)	(5,669)	(190,622)
Excess of loss premiums	(21,263)	(3,572)	(1,887)	(729)	(584)	(140)	-	(78)	(28,253)
Net written premiums	249,974	155,801	3,195	2,027	1,068	6,084	1,956	7,694	427,799
Movement in unearned premiums, net	(53,749)	(52,984)	(826)	(406)	374	(1,288)	(377)	(1,003)	(110,259)
Net earned premiums	196,225	102,817	2,369	1,621	1,442	4,796	1,579	6,691	317,540
Commission income	25	113	10,845	6,312	8,058	1,510	4,310	977	32,150
Total allocated revenues	196,250	102,930	13,214	7,933	9,500	6,306	5,889	7,668	349,690
Unallocated revenue									5,209
Total insurance revenues									354,899
Costs and expenses									
Gross claims paid	161,777	64,246	46,104	5,296	12,854	914	1,249	3,564	296,004
Reinsurers' share of claims paid	(1,675)	(1,772)	(44,218)	(4,739)	(12,556)	(37)	(742)	(2,580)	(68,319)
Net claims paid	160,102	62,474	1,886	557	298	877	507	984	227,685
Movement in outstanding claims, net	869	5,527	2,661	501	2,165	534	693	884	13,834
Net claims incurred	160,971	68,001	4,547	1,058	2,463	1,411	1,200	1,868	241,519
Policy acquisition cost	11,521	13,152	7,469	2,777	4,165	1,634	889	1,770	43,377
Total allocated costs and expenses	172,492	81,153	12,016	3,835	6,628	3,045	2,089	3,638	284,896
Unallocated expenses									49,710
Total costs and expenses									334,606
Net surplus from insurance operations									20,293

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9. SEGMENT INFORMATION (Continued)

As at 30 September 2015 (Unaudited) (Amounts in Saudi Riyals thousands)									
	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
Assets									
Reinsurers' share of outstanding claims	-	551	94,937	55,678	70,105	770	142,300	1,525	365,866
Reinsurers' share of unearned premiums	-	165	39,216	12,348	20,563	5,441	12,357	1,447	91,537
Deferred policy acquisition costs	5,903	12,436	2,300	1,144	2,835	814	370	374	26,176
Segment assets	5,903	13,152	136,453	69,170	93,503	7,025	155,027	3,346	483,579
Unallocated assets									603,057
Total assets									1,086,636
Liabilities									
Gross outstanding claims	112,547	58,924	104,943	58,774	73,693	1,910	145,668	2,951	559,410
Gross unearned premiums	138,953	109,410	41,851	13,134	21,454	9,139	12,929	3,273	350,143
Unearned commission income	-	48	4,423	2,620	5,128	1,254	3,727	91	17,291
Segment liabilities	251,500	168,382	151,217	74,528	100,275	12,303	162,324	6,315	926,844
Unallocated liabilities									159,792
Total liabilities									1,086,636

Unallocated assets at 30 September 2015 consists mainly of premiums and reinsurance balances receivable of Saudi Riyals 179 million, due from related parties of Saudi Riyals 76 million, time deposits of Saudi Riyals 265 million, cash and cash equivalents of Saudi Riyals 39 million, and other assets of Saudi Riyals 44 million.

At 30 September 2015, the total premiums and reinsurance balances receivable amounting to Saudi Riyals 179 million comprised mainly of premiums receivable from Medical clients of Saudi Riyals 81 million while the remaining balance of Saudi Riyals 98 million are consisting mainly of receivables from top 10 policyholders from the line of business: (a) Motor Private (b) Motor Commercial (c) Fire & Burglary (d) Marine Hull (e) General Accident and (f) Public liability.



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**9. SEGMENT INFORMATION (Continued)**

As at 30 December 2014 (Unaudited)  
(Amounts in Saudi Riyals thousands)

	Medical	Motor	Fire & burglary	Marine	Engineering	Public liability	General accident	Others	Total
<b>Assets</b>									
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	439	23,820
<b>Segment assets</b>	<b>6,428</b>	<b>12,457</b>	<b>85,446</b>	<b>62,957</b>	<b>94,712</b>	<b>6,612</b>	<b>147,182</b>	<b>3,499</b>	<b>419,293</b>
Unallocated assets									<b>486,150</b>
<b>Total assets</b>									<b>905,443</b>
<b>Liabilities</b>									
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
<b>Segment liabilities</b>	<b>212,074</b>	<b>158,091</b>	<b>98,572</b>	<b>67,626</b>	<b>102,402</b>	<b>11,142</b>	<b>152,682</b>	<b>6,501</b>	<b>809,090</b>
Unallocated liabilities									<b>96,353</b>
<b>Total liabilities</b>									<b>905,443</b>

Unallocated assets at 31 December 2014 consists mainly of premiums and reinsurance balances receivable of Saudi Riyals 170 million, due from related parties of Saudi Riyals 48 million, time deposits of Saudi Riyals 180 million, cash and cash equivalents of Saudi Riyals 69 million, and other insurance operations' assets of Saudi Riyals 19 million.

At 31 December 2014, the total premiums and reinsurance balances receivable amounting to Saudi Riyals 170 million comprised mainly of premiums receivable from Medical clients of Saudi Riyals 71.4 million while the remaining balance of Saudi Riyals 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 Company held an extraordinary general assembly meeting of its shareholders on 31 May 2015 (corresponding to 13 Shaban 1436H) at which the shareholders approved an increase in the authorized share capital of the Company from Saudi Riyals 100 million to Saudi Riyals 250 million through a rights issue of Saudi Riyals 150 million. All legal formalities have been completed during the three-month period ended 30 September 2015.

As at 30 September 2015, the authorized, issued and paid up share capital of the Company amounted to Saudi Riyals 250 million divided into 25 million shares of Saudi Riyals 10 each (31 December 2014: Saudi Riyals 100 million divided into 10 million shares of Saudi Riyals 10 each). The related rights issue expenses amounted to Saudi Riyals 4.9 million which were charged and presented in shareholders' equity.

**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.

At September 30, 2015 and 2014, the weighted average number of shares is calculated as follows:

	Note	Three months ended 30 September		Nine months ended 30 September	
		2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Weighted average number of shares outstanding before rights issue (in thousands)		10,000	10,000	10,000	10,000
Effects of rights issued (in thousands)		15,000	5,465	8,760	5,465
Weighted average number of shares outstanding after rights issue (in thousands)	10	25,000	15,465	18,760	15,465

**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 condensed interim 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 nine-month period ended 30 September 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.



**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015**  
(All amounts in Saudi Riyals unless otherwise stated)

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

As at 30 September 2015 (Unaudited)	Insurance operations' assets			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Held-to-maturity investment	-	10,000,000	-	10,000,000
Available-for-sale investment	7,918,918	-	1,923,080	9,841,998
	7,918,918	10,000,000	1,923,080	19,841,998

As at 31 December 2014 (Audited)	Insurance operations' assets			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Available-for-sale investment	-	-	1,923,080	1,923,080
	-	-	1,923,080	1,923,080

**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 amounted to Saudi Riyals 1.8 million for the nine-month period ended 30 September 2015 (Nine-month period ended 30 September 2014: Saudi Riyals 1.7 million) are recognized in the interim statement of insurance income.

Future minimum lease payments under the operating lease arrangements as at the financial reporting date are as follows:

<u>Years</u>	30 September 2015 (Unaudited)	31 December 2014 (Audited)
2015	622,707	2,043,949
2016	2,411,547	1,979,542
2017	638,873	646,412
	<b>3,673,127</b>	<b>4,669,903</b>

**14. NET UNDERWRITING SURPLUS**

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

	Three months ended 30 September		Nine months ended 30 September	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Net earned premiums	143,688,155	108,687,075	470,763,203	317,539,985
Commission income	12,068,578	11,177,143	34,004,539	32,150,134
Other underwriting income	285,308	-	616,500	-
Policy acquisition costs	(16,314,816)	(15,370,359)	(49,254,804)	(43,377,257)
Net claims incurred	(106,362,655)	(75,275,004)	(364,686,543)	(241,519,495)
Net underwriting surplus	<b>33,364,570</b>	<b>29,218,855</b>	<b>91,442,895</b>	<b>64,793,367</b>

**15. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 18 October 2015 (corresponding to 5 Muharram, 1437 H).