
**AL ALAMIYA FOR COOPERATIVE INSURANCE
COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2016**

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

Unaudited Interim Condensed Financial Statements and Independent Auditors' Review Report
For the Three Month Period Ended 31 March 2016

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KPMG Al Fozan & Partners
Certified Public Accountants



Al-Bassam & Al-Nemer
Allied Accountants

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Al Alamiya for Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2016, the related interim statements of comprehensive income - insurance and shareholders' operations, statements of changes in shareholders' equity and cash flows - insurance and shareholders' operations for the three month period ended and the related notes 1 through 16 which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard - 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A 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 the auditing standards generally accepted in the Kingdom of Saudi Arabia, 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.

REVIEW CONCLUSION:

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

EMPHASIS OF MATTER:

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

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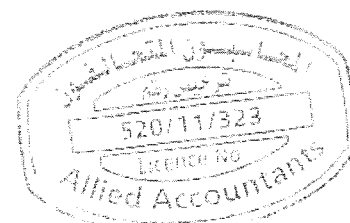
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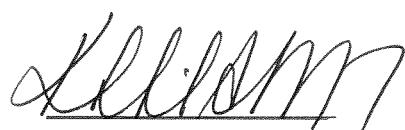


AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March

		31 March 2016 SR (Unaudited)	31 December 2015 SR (Audited)
	Notes		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	10,723,781	27,070,207
Term deposits	6	149,466,089	149,466,089
Investments	7(a)	1,923,079	1,923,079
Premiums and reinsurance balances receivable	9	99,466,125	85,811,649
Due from related parties		3,380,382	3,412,297
Due from shareholders' operations		36,576,309	51,633,383
Reinsurers' share of unearned premiums		63,121,801	56,783,251
Reinsurers' share of outstanding claims		129,504,890	157,125,580
Deferred policy acquisition costs		9,408,202	5,502,871
Prepayments and other assets		2,182,264	2,316,428
Property and equipment		152,888	206,527
TOTAL INSURANCE OPERATIONS' ASSETS		505,905,810	541,251,361
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	2,409,217	2,709,224
Term deposits	6	230,552,193	230,543,775
Investments	7(b)	89,954,400	89,586,973
Other assets		3,194,272	1,949,425
Return on Investment of Statutory Deposit		971,886	966,547
Statutory deposit	10	40,000,000	40,000,000
TOTAL SHAREHOLDERS' ASSETS		367,081,968	365,755,944
TOTAL ASSETS		872,987,778	907,007,305



Khalid Allagany
Chief Executive Officer



Fadi Aboul Hosn
Chief Financial Officer

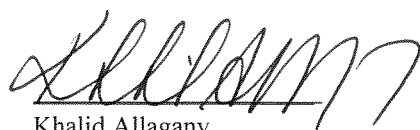
The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.


**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March

	<i>31 March 2016 SR (Unaudited)</i>	<i>31 December 2015 SR (Audited)</i>
<i>Notes</i>		
INSURANCE OPERATIONS' LIABILITIES		
Gross outstanding claims	231,008,186	260,154,226
Gross unearned premiums	165,174,899	158,389,000
Accounts payable	4,413,371	3,742,945
Reinsurance balances payable	56,112,475	69,980,765
Due to related parties	2,069,085	3,486,684
Accrued expenses and other liabilities	24,755,548	25,942,199
Unearned reinsurance commission	8,337,356	7,033,385
Employees' end of service benefits	8,991,203	9,151,478
TOTAL INSURANCE OPERATIONS' LIABILITIES	500,862,123	537,880,682
INSURANCE OPERATIONS' SURPLUS		
Accumulated Surplus	5,043,687	3,370,679
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS	505,905,810	541,251,361
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Due to insurance operations	36,576,309	51,633,383
Due to a related party	1,061,027	1,061,027
Deferred return on investment of statutory deposit	971,886	966,547
Accrued expenses and other liabilities	22,077,556	19,629,893
TOTAL SHAREHOLDERS' LIABILITIES	60,686,778	73,290,850
SHAREHOLDERS' EQUITY		
Share capital	400,000,000	400,000,000
Unrealized loss on available for sale investments	(758,761)	(1,285,861)
Accumulated losses	(92,846,049)	(106,249,045)
TOTAL SHAREHOLDERS' EQUITY	306,395,190	292,465,094
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	367,081,968	365,755,944
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	872,987,778	907,007,305


Khalid Allagany
Chief Executive Officer

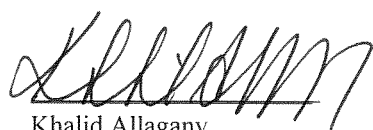

Fadi Aboul Hosn
Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME – INSURANCE OPERATIONS
(UNAUDITED)

	<i>For the three month period ended</i>	
	<i>31 March 2016</i>	<i>31 March 2015</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>
Gross written premiums	109,044,685	117,588,030
Less: Reinsurance premium ceded	(36,025,203)	(35,385,845)
Excess of loss premiums	(11,370,439)	(10,672,000)
NET WRITTEN PREMIUMS	61,649,043	71,530,185
Changes in unearned premiums	(6,785,899)	(25,109,979)
Changes in reinsurance share of unearned premiums	6,338,550	3,361,990
NET PREMIUMS EARNED	61,201,694	49,782,196
Gross claims paid	(73,078,382)	(47,643,398)
Reinsurers' share of gross claims paid	41,616,513	18,814,772
Changes in outstanding claims	29,146,040	(9,856,243)
Changes in reinsurance share of outstanding claims	(27,620,690)	6,368,552
NET CLAIMS INCURRED	(29,936,519)	(32,316,317)
Policy acquisition costs	(7,386,283)	(6,945,910)
Reinsurance commission income	5,279,022	6,031,779
Other underwriting expenses	(536,640)	(505,398)
NET UNDERWRITING SURPLUS	28,621,274	16,046,350
General and administrative expenses	(12,550,654)	(13,628,057)
Investment income	623,140	82,482
Other income / (expenses)	36,322	(129,195)
INSURANCE OPERATIONS' SURPLUS	16,730,082	2,371,580
Shareholders' appropriation from insurance operations' surplus	(15,057,074)	(2,134,422)
NET SURPLUS AT END OF THE PERIOD	1,673,008	237,158
OTHER COMPREHENSIVE INCOME	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,673,008	237,158


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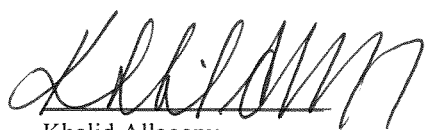
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AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)


INTERIM STATEMENT OF COMPREHENSIVE INCOME – SHAREHOLDERS’
OPERATIONS (UNAUDITED)

For the three month period ended 31 March

		<i>For the three month period ended</i>	
		<i>31 March 2016</i>	<i>31 March 2015</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>
INCOME			
Shareholders’ appropriation from insurance operations’ surplus	2	15,057,074	2,134,422
Investment income		1,026,273	402,241
		16,083,347	2,536,663
General and administration expenses		(342,947)	(464,141)
NET INCOME FOR THE PERIOD		15,740,400	2,072,522
OTHER COMPREHENSIVE INCOME			
Change in fair value of available for sale investments	8	527,100	473,630
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		16,267,500	2,546,152
BASIC AND DILUTED EARNING PER SHARE FOR THE PERIOD	11	0.39	0.05
WEIGHTED AVERAGE NUMBER OF OUTSTANDINGS SHARES	11	40,000,000	38,948,315



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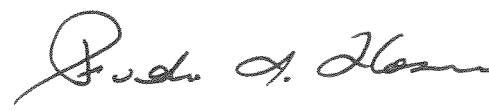
AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the three month period ended 31 March

	<i>Share Capital SR</i>	<i>Fair value reserve for available for sale investments SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
Balance at 1 January 2015 (audited)	200,000,000	(384,982)	(116,805,509)	82,809,509
Net income for the period	--	--	2,072,522	2,072,522
Rights issue transaction costs	--	--	(9,144,643)	(9,144,643)
Other comprehensive income:				
Change in fair value of available for sale investments	--	473,630	--	473,630
Total comprehensive income / (loss)	--	473,630	(7,072,121)	(6,598,491)
Rights issue	200,000,000	--	--	200,000,000
Zakat and income tax	--	--	(587,337)	(587,337)
Balance as at 31 March 2015 (unaudited)	400,000,000	88,648	(124,464,967)	275,623,681
Balance at 1 January 2016 (Audited)	400,000,000	(1,285,861)	(106,249,045)	292,465,094
Net income for the period	--	--	15,740,400	15,740,400
Other comprehensive income:				
Change in fair value of available for sale investments	--	527,100	--	527,100
Total comprehensive income	--	527,100	15,740,400	16,267,500
Zakat and income tax	--	--	(2,337,404)	(2,337,404)
Balance as at 31 March 2016 (unaudited)	400,000,000	(758,761)	(92,846,049)	306,395,190


Khalid Allagany
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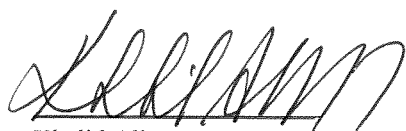

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Chief Financial Officer

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**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF CASHFLOWS – INSURANCE OPERATIONS
(UNAUDITED)**

		<i>For the three month period ended</i>	
		<i>31 March 2016 SR</i>	<i>31 March 2015 SR</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Insurance operations' surplus after shareholders' appropriation		1,673,008	237,158
<i>Adjustments to reconcile insurance operations' surplus to net cash provided from operating activities:</i>			
Depreciation		53,639	202,500
Employees' end of service indemnities		376,833	371,781
Provision for doubtful receivables	9	(1,209,329)	(25,369)
Operating cash inflows before changes in operating assets and liabilities		894,151	786,070
<i>Changes in operating assets and liabilities:</i>			
Premiums and insurance balances receivable		(12,445,147)	(16,387,238)
Due from related parties		31,915	(655,109)
Due from shareholders' operations		15,057,074	2,134,422
Reinsurers' share of outstanding claims		27,620,690	(6,368,552)
Prepayments and other assets		134,164	5,928,704
Reinsurers' share of unearned premiums		(6,338,550)	(3,361,990)
Deferred policy acquisition costs		(3,905,331)	(3,816,730)
Gross outstanding claims		(29,146,040)	9,856,243
Gross unearned premiums		6,785,899	25,109,979
Accounts payable		670,426	1,084,838
Reinsurance balances payable		(13,868,290)	(13,818,821)
Due to related parties		(1,417,599)	20,835
Accrued expenses and other liabilities		(1,186,651)	(300,656)
Unearned reinsurance commission income		1,303,971	2,124,823
Cash (used in)/ from operations		(15,809,318)	2,336,818
Employees' end of service benefits paid		(537,108)	(318,725)
Net cash from / (used in) operating activities		(16,346,426)	2,018,093
INVESTING ACTIVITY			
Term deposit		--	(15,000)
Net cash used in investing activity		--	(15,000)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS			
		(16,346,426)	2,003,093
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD			
		27,070,207	60,891,348
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	10,723,781	62,894,441



Khalid Allagany
Chief Executive Officer



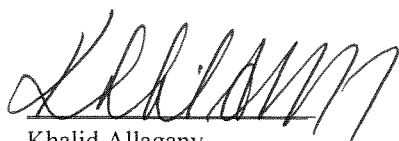
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Chief Financial Officer


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AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CASH FLOWS – SHAREHOLDERS’ OPERATIONS
(UNAUDITED)

	<i>Notes</i>	<i>For the three month period ended</i>	
		<i>31 March 2016</i> SR	<i>31 March 2015</i> SR
OPERATING ACTIVITIES			
Net income for the period		15,740,400	2,072,522
Operating cash outflows before changes in operating assets and liabilities			
<i>Changes in operating assets and liabilities:</i>			
Other assets		(1,244,847)	(437,312)
Due to insurance operations		(15,057,074)	(2,134,422)
Accrued expenses and other liabilities		115,598	125,018
Statutory deposit		(5,339)	(20,939,658)
Net cash used in operating activities		(451,262)	(21,313,852)
INVESTING ACTIVITIES			
Term deposits		(8,418)	(120,018,000)
Investments		159,673	(13,754,635)
Net cash from/ (used in) investing activities		151,255	(133,772,635)
FINANCING ACTIVITIES			
Proceeds from rights issue		--	200,000,000
Transactions costs relating to rights issues		--	(9,144,643)
Net cash from financing activities		--	190,855,357
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(300,007)	35,768,870
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		2,709,224	12,476,575
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	2,409,217	48,245,445
<u>Non-cash transactions:</u>			
Net change in fair value of available for sale investments		527,100	473,630


Khalid Allagany
Chief Executive Officer


Fadi Aboul Hosn
Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 March 2016

1 ORGANISATION AND PRINCIPAL ACTIVITIES

Al Alamiya for Cooperative Insurance Company ("the Company") is a Saudi joint stock company registered on 29 Dhu-al Qu'dah, 1430H (17 November 2009) under commercial registration (CR) number 4030194978. The registered head office of the Company is in Riyadh under CR number of 1010287831 with branches in Jeddah (CR 4030194978) and Khobar (CR 2051042939).

The activities of the Company are to transact cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 26 Dhu Al Hijjah, 1430H (13 December 2009), the Company received the license from Saudi Arabian Monetary Agency ("SAMA") to transact insurance business in the Kingdom of Saudi Arabia.

The registered office address of the Company is at Prince Mohammed bin Abdul Aziz Road, Home Center Building, P.O. Box: 6393, Riyadh 11442, Kingdom of Saudi Arabia.

The Company operates in an industry where significant seasonal or cyclical variations in operating income are not experienced during the financial year.

2 BASIS OF PREPARATION

Basis of measurement

The interim condensed financial statements have been prepared under the historical cost basis except for the measurement at fair value of "available for sale investments".

Statement of compliance

The accompanying interim condensed financial statements for the three month periods ended 31 March 2016 ("the period") are prepared in accordance with IAS 34 – Interim Financial Reporting, as such these 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 as at 31 December 2015.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Arabian Monetary Agency ("SAMA"). Any deficit arising on insurance operations is transferred to the shareholders operations in full.

In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. Certain comparative amounts have been reclassified to conform to the current period presentation. The interim results may not be indicative of the Company's annual results.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had no significant financial impact on the unaudited interim condensed financial statements of the Company on the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior year have been reclassified to conform to the presentation made in the current period:

New and amended standards issued and adopted

- Amendments to IAS 19 applicable for annual periods beginning on or after 1 July 2014 is applicable to defined benefit plans involving contribution from employees and / or third parties. This provides relief, based on meeting certain criteria's, from the requirements proposed in the amendments of 2011 for attributing employee / third party contributions to periods of service under the plan benefit formula or on a straight line basis. The current amendment gives an option, if conditions satisfy, to reduce service cost in period in which the related service is rendered.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the period ended 31 March 2016

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

Annual improvements to IFRSs 2012 – 2014

Annual improvements to IFRSs 2012 – 2014 cycle applicable to annual period beginning on or after 1 January 2016.

Disclosure initiative (Amendments to IAS 1)

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgments in presenting the financial reports. It is effective for annual periods beginning on or after 1 January 2016.

Standards issued but not yet effective

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

IFRS 9 Financial Instruments

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

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

Disclosure initiative (Amendments to IAS 7)

IAS 7 Statement of Cash flows has been amended as part of the IASB's broader disclosure initiative to improve presentation and disclosure in financial statements. It is effective for annual periods beginning on or after 1 January 2017.

The following new or amended standards are not expected to have significant impact on the financial statements.

IFRS 15 Revenue from contracts with customers

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied to the reissued financial statements as at and for the year ended 31 December 2015.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the period ended 31 March 2016

5 CASH AND CASH EQUIVALENTS

	<i>31 March 2016 (Unaudited)</i>		<i>31 December 2015 (Audited)</i>	
	<i>Insurance Operations</i>	<i>Shareholders' operations</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash in hand	32,422	--	38,157	--
Cash at banks - Current accounts	10,691,359	2,409,217	10,532,050	2,709,224
Cash at banks - Time deposits	--	--	16,500,000	--
	<u>10,723,781</u>	<u>2,409,217</u>	<u>27,070,207</u>	<u>2,709,224</u>

6 TERM DEPOSITS

Term deposits are placed with counterparties which have credit ratings of A- to A+ under Standard and Poor's and Moody's ratings methodology. Time deposits are placed with local banks with a maturity of more than three months from the date of original acquisition and earns investment income at an average rate of 1.5% per annum (31 December 2015: 1.7% per annum). The carrying amounts of the time deposits reasonably approximate the fair value at the statement of financial position date.

The Company holds an amount of SR 900,000 (31 December 2015 – SR 900,000) in a fiduciary capacity in the statement of financial position of Insurance operations, in respect of claims to be settled for a third party insurer in favour of service providers.

7 INVESTMENTS

a) Insurance operations – Available for sale investments (AFS)

This represents investment in respect of the Company's shareholding in Najm for Insurance Services. This investment has been carried at cost in the absence of an active market or other means of reliably measuring its fair value.

b) Shareholders' operations – Available for sale investments (AFS)

	<i>31 March 2016 (Unaudited)</i>		<i>31 December 2015 (Audited)</i>	
	<i>Amortised cost</i>	<i>Market value</i>	<i>Amortised cost</i>	<i>Market value</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Bonds - Fixed Rate				
Abu Dhabi National Energy Company (TAQA)	4,119,486	4,151,250	4,158,050	4,157,624
SABIC Capital II BV	34,440,324	33,871,500	34,507,978	33,878,250
QNB (Qatar National Bank) Finance	13,783,219	13,763,250	13,799,873	13,573,575
Abu Dhabi Commercial Bank	15,679,808	15,545,400	15,684,660	15,311,400
Sukuks - Fixed Rate				
Saudi Electricity Company	18,805,694	18,768,750	18,818,966	18,834,374
EIB Sukuk Ltd (Emirates Islamic Bank)	3,884,630	3,854,250	3,903,307	3,831,750
	<u>90,713,161</u>	<u>89,954,400</u>	<u>90,872,834</u>	<u>89,586,973</u>

The investment income ranges between 2% to 3% per annum (31 December 2015: 2% to 3% per annum) in case of bonds and approximates 2.4% per annum (31 December 2015: 2.4% per annum) in case of sukuks.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the period ended 31 March 2016

7 INVESTMENTS (Continued)

The analysis of the composition of investments is as follows:

	<i>31 March 2016 (Unaudited)</i>		<i>31 December 2015 (Audited)</i>	
	<i>Quoted SR</i>	<i>Unquoted SR</i>	<i>Quoted SR</i>	<i>Unquoted SR</i>
Bonds - Fixed Rate	67,331,400	--	66,920,849	--
Sukuks - Fixed Rate	22,623,000	--	22,666,124	--
	<u>89,954,400</u>	<u>--</u>	<u>89,586,973</u>	<u>--</u>

The geographical split of investments held as available for sale comprise of bonds/ sukuks issued by GCC based companies through international stock exchanges.

8 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 recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial statements. The estimated fair values of financial instruments are based on quoted market prices, when available. The fair values of these investments are disclosed below.

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 prices in active markets for identical instrument (i.e., without modification or repacking);

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
<u>As at 31 March 2016 (Unaudited)</u>				
Abu Dhabi National Energy Company (TAQA)	4,151,250	--	--	4,151,250
SABIC Capital II BV	33,871,500	--	--	33,871,500
QNB (Qatar National Bank) Finance	13,763,250	--	--	13,763,250
Abu Dhabi Commercial Bank	15,545,400	--	--	15,545,400
Saudi Electricity Company (Sukuks)	18,768,750	--	--	18,768,750
EIB Sukuk Ltd (Emirates Islamic Bank)	3,854,250	--	--	3,854,250
	<u>89,954,400</u>	<u>--</u>	<u>--</u>	<u>89,954,400</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the period ended 31 March 2016

8 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
As at 31 December 2015 (Audited)				
Abu Dhabi National Energy Company (TAQA)	4,157,624	--	--	4,157,624
SABIC Capital II BV	33,878,250	--	--	33,878,250
QNB (Qatar National Bank) Finance	13,573,575	--	--	13,573,575
Abu Dhabi Commercial Bank	15,311,400	--	--	15,311,400
Saudi Electricity Company (Sukuks)	18,834,374	--	--	18,834,374
EIB Sukuk Ltd (Emirates Islamic Bank)	3,831,750	--	--	3,831,750
	89,586,973	--	--	89,586,973

The unlisted securities of SR 1.92 million (2015: SR 1.92 million), held as part of Company's insurance operations, were stated at cost in the absence of active markets or other means of reliably measuring their fair value.

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

During the three month period ended 31 March 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. The net change in the fair value of AFS investments amounts to SR 527,100 (31 March 2015: SR 473,630) has been recorded in the interim statement of comprehensive income – shareholders' operations.

The Company has not disclosed the fair value of other financial assets and liabilities as their carrying value are reasonably approximate to their fair values.

The credit quality of investment portfolio is as follows:

Credit Quality	Credit Rating Agency	Financial Instrument	2016 (Unaudited) SR	2015(Audited) SR
Very strong quality AA	S&P	Bonds/ Sukuks	18,768,750	18,834,374
Strong quality A to A+	S&P	Bonds/ Sukuks	67,331,400	66,920,849
Satisfactory quality BBB	S&P	Bonds/ Sukuks	3,854,250	3,831,750
			89,954,400	89,586,973

Very strong quality: Capitalisation, earnings, financial strength, liquidity, management, market reputation and repayment ability are excellent.

Strong quality: Capitalisation, earnings, financial strength, liquidity, management, market reputation and repayment ability are good.

Satisfactory quality: Require regular monitoring due to financial risk factors. Ability to repay remains at a satisfactory level.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the period ended 31 March 2016

9 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Premiums receivable	81,228,713	50,978,547
Receivables from insurance and reinsurance companies	15,322,167	42,408,255
Receivables from related parties	16,826,680	7,545,611
	113,377,560	100,932,413
Less: Allowance for impairment of receivables	(13,911,435)	(15,120,764)
	99,466,125	85,811,649

Allowance for impairment of receivables includes SR 2.3 million (31 December 2015: SR 1.68 million) against receivables from related parties. Movement in the allowance for doubtful debt was as follows:

	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Opening balance	15,120,764	12,854,165
Debts written off against the provision	--	(888,188)
(Reversal) / Charge for the period / year	(1,209,329)	3,154,787
Closing balance	13,911,435	15,120,764

10 STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital of the Company, which is maintained with a bank designated by SAMA in accordance with Law on Supervision of Cooperative Insurance Companies. This statutory deposit cannot be withdrawn without the consent of SAMA.

The Company's statutory deposit amounts to SR 40 million (31 December 2015: SR 40 million). The statutory deposit is held with a local bank as approved by SAMA.

As at 31 March 2016, income received on the statutory deposit amounts to SR 971,886 (31 December 2015: SR 966,547) and is placed in a separate bank account as instructed by SAMA.

11 BASIC AND DILUTED EARNING PER SHARE FOR THE PERIOD

The basic and diluted earnings per share are as follows:

	For the three month period ended 31 March 2016 (Unaudited) SR	For the three month period ended 31 March 2015 (Unaudited) SR
Net income for the period	15,740,400	2,072,522
Weighted average number of ordinary shares	40,000,000	38,948,315
Basic and diluted earnings per share	0.39	0.05

12 SHARE CAPITAL

The authorized and paid up share capital of the Company is SR 400 million divided into 40 million shares of SR 10 each. (2015: SR 400 million divided into 40 million shares of SR 10 each).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the period ended 31 March 2016

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms, which are approved by the management. Related parties include RSA group in United Kingdom as well as affiliated companies in United Arab Emirates, Sultanate of Oman and Kingdom of Bahrain. The following are the details of major related party transactions for insurance and shareholders' operations during the period and the balances at the end of the period / year:

Related party	Nature of transaction	Amount of transactions for the three month period ended		Balance as at	
		31 March 2016 (Unaudited) SR	31 March 2015 (Unaudited) SR	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Shareholders / Companies under common management	Gross written Premiums	19,062,759	30,567,197	16,826,680	7,545,610
	Gross claims paid	12,475,736	19,266,886	--	--
	Reinsurance premiums ceded	11,916,467	18,281,831	--	--
	Reinsurers' share of gross claims paid	8,598,972	4,054,897	--	--
	Reinsurance commission income	3,317,222	4,454,701	--	--
	Outsourced service charges*	1,512,500	1,400,000	(9,856,736)	(8,967,714)
	Brand fee*	7,525	7,525	(180,325)	(173,075)
	Reinsurers' share of gross outstanding Claims	--	--	(22,540,991)	--
	Gross outstanding claims	--	--	(26,166,646)	(28,534,421)
	Board of directors RSA group entities	116,250	116,250		(497,205)
RSA group entities	Operational expenses paid on behalf of affiliates and reinsurance placements	126,801	843,822	2,096,621	3,412,297
	Operation expenses paid by affiliates on behalf of Company	90,857	(28,569)	(1,332,644)	(4,547,711)

*Outsourced service charges and brand fee are included within the accrued expenses and other liabilities appearing on the face of the statement of financial position.

Key management personnel's remuneration

The remuneration of key management personnel during the period is as follows:

	three month period ended 31 March 2016 (Unaudited) SR	three month period ended 31 March 2015 (Unaudited) SR
Short term benefits	1,666,640	1,502,852
End of service benefits	54,390	52,290
	1,721,030	1,555,142

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

For the period ended 31 March 2016

14 SEGMENTAL 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 and other income.

Segment assets do not include (in respect of insurance operations) property and equipment, due from shareholders' operations, bank balances and cash, prepaid expenses and other assets, premiums and reinsurance balances receivable, net. Accordingly, these are included in unallocated assets and are managed and reported to the chief operating decision maker on a centralised basis.

Segment liabilities do not include (in respect of insurance operations) employees' end of service benefits, reinsurance balances payable, accrued expenses and other liabilities. Accordingly, these are included in unallocated liabilities and are managed and reported to the chief operating decision maker on a centralised basis.

All of the Company's operating assets (except certain reinsurance balances) and principal activities are located in the Kingdom of Saudi Arabia. Shareholders' operation is a non-operating segment. Certain direct operating expenses, other overhead expenses and loss or surplus from the insurance operations are allocated to this segment on an appropriate basis.

During the period ended 31 March 2016, Group Life has been reported as a separate segment which was previously included in others. . The comparative figures have accordingly been reclassified to conform current period presentation.

For the three month period ended 31 March 2016 (Unaudited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations	27,155,728	49,977,500	6,832,932	153,998	9,823,902	10,802,892	4,297,733	109,044,685
Gross written premiums								
Reinsurance premiums ceded	(18,465,615)	--	(5,340,947)	(11,000)	(4,235,358)	(7,294,448)	(677,835)	(36,025,203)
Excess of loss premiums	(4,053,352)	(1,549,050)	(1,130,222)	(390,866)	(2,625,472)	(1,362,465)	(259,012)	(11,370,439)
Net written premiums	4,636,761	48,428,450	361,763	(247,868)	2,963,072	2,145,979	3,360,886	61,649,043
Change in unearned premiums, net	6,384,031	(8,715,813)	240,118	610,434	996,720	(163,169)	200,330	(447,349)
Net premiums earned	11,020,792	39,712,637	601,881	362,566	3,959,792	1,982,810	3,561,216	61,201,694
Gross claims paid	(36,813,632)	(25,059,749)	(287,997)	(971,990)	(4,821,952)	(3,966,960)	(1,156,102)	(73,078,382)
Reinsurers' share of gross claims paid	36,113,739	--	196,498	400,996	1,753,882	3,005,970	145,428	41,616,513
Change in outstanding claims, net	(1,265,502)	(808,211)	842,757	542,005	2,367,400	(156,901)	3,802	1,525,350
Net claims incurred	(1,965,395)	(25,867,960)	751,258	(28,989)	(700,670)	(1,117,891)	(1,006,872)	(29,936,519)
Policy acquisition costs	(2,788,677)	(2,869,338)	(603,994)	(7,828)	(530,995)	(59,640)	(525,811)	(7,386,283)
Reinsurance commission income	2,509,344	--	956,744	(3,098)	1,206,140	663,809	(53,919)	5,279,022
	8,776,064	10,975,339	1,705,890	322,651	3,934,267	1,469,088	1,974,614	29,157,914
Other underwriting expenses	--	--	--	--	--	--	--	(536,640)
Net underwriting surplus								28,621,274
General and administrative Expenses								(12,550,654)
Investment income								623,140
Other income								36,322
Insurance operations' surplus								<u>16,730,082</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

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14 SEGMENTAL INFORMATION (continued)

	<i>For the three month period ended 31 March 2015 (Unaudited)</i>							
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations								
Gross written premiums	26,519,735	64,230,358	7,271,927	572,994	8,998,910	5,091,949	4,902,157	117,588,030
Reinsurance premiums ceded	(19,823,478)	--	(6,254,537)	(320,997)	(4,666,753)	(4,139,621)	(180,459)	(35,385,845)
Excess of loss premiums	(3,679,483)	(1,763,550)	(1,956,146)	(230,911)	(2,290,038)	(512,655)	(239,217)	(10,672,000)
Net written premiums	3,016,774	62,466,808	(938,756)	21,086	2,042,119	439,673	4,482,481	71,530,185
Change in unearned premiums, net	1,063,924	(25,351,236)	979,130	1,049,584	1,402,207	80,685	(972,283)	(21,747,989)
Net premiums earned	4,080,698	37,115,572	40,374	1,070,670	3,444,326	520,358	3510,198	49,782,196
Gross claims paid	(13,541,865)	(25,531,745)	(1,768,982)	(1,785,982)	(1,688,983)	(3,015,970)	(309,871)	(47,643,398)
Reinsurers' share of gross claims paid	13,193,948	--	1,127,289	1,047,990	1,084,589	2,218,978	141,978	18,814,772
Change in outstanding claims, net	(148,536)	(1,017,868)	23,788	287,013	(1,577,289)	59,095	(1,113,894)	(3,487,691)
Net claims incurred	(496,453)	(26,549,613)	(617,905)	(450,979)	(2,181,683)	(737,897)	(1,281,787)	(32,316,317)
Policy acquisition costs	(1,846,833)	(3,233,524)	(1,279,073)	(50,817)	(160,998)	(53,758)	(320,907)	(6,945,910)
Reinsurance commission income	2,024,670	--	2,262,564	--	1,175,932	393,534	175,079	6,031,779
	3,762,082	7,332,435	405,960	568,874	2,277,577	122,237	2,082,583	16,551,748
Other underwriting expenses	--	--	--	--	--	--	--	(505,398)
Net underwriting surplus								16,046,350
General and administrative Expenses								(13,628,057)
Investment income								82,482
Other expense								(129,195)
Insurance operations' surplus								<u>2,371,580</u>

	<i>As at 31 March 2016 (Unaudited)</i>							
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations' assets								
Reinsurers' share of unearned Premiums	35,531,967	1,154,494	8,571,022	1,192,089	6,169,522	7,977,720	2,524,987	63,121,801
Reinsurers' share of outstanding claims	60,927,391	--	29,762,735	381,996	15,313,847	19,763,835	3,355,086	129,504,890
Deferred policy acquisition Costs	1,234,608	5,893,981	938,991	7,431	806,992	119,335	406,864	9,408,202
Unallocated assets								<u>303,870,917</u>
								<u>505,905,810</u>
Insurance operations' liabilities								
Gross outstanding claims	68,751,312	66,864,331	34,990,650	866,991	25,305,747	26,355,735	7,873,420	231,008,186
Gross unearned premiums	56,385,436	69,311,307	9,636,904	1,209,988	9,823,902	11,129,889	7,677,473	165,174,899
Unearned reinsurance commission Income	3,245,399	--	1,839,982	(3,423)	1,090,989	1,869,698	294,711	8,337,356
Unallocated liabilities								<u>101,385,369</u>
								<u>505,905,810</u>

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(UNAUDITED) (continued)

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14 SEGMENTAL INFORMATION (continued)

	<i>As at 31 December 2015 (Audited)</i>							
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Group Life SR	Others SR	Total SR
Insurance operations' assets								
Reinsurers' share of unearned								
Premiums	34,083,159	499,995	8,584,914	1,675,650	5,234,848	3,420,966	3,283,719	56,783,251
Reinsurers' share of								
outstanding claims	93,275,644	7,880	24,957,082	1,279,987	15,903,541	19,026,843	2,674,603	157,125,580
Deferred policy acquisition								
Costs	1,294,312	2,544,381	938,991	12,259	530,995	13,977	167,956	5,502,871
Unallocated assets								<u>321,839,659</u>
								<u>541,251,361</u>
Insurance operations' liabilities								
Gross outstanding claims	99,489,005	66,063,339	31,372,686	2,306,977	28,262,717	25,457,745	7,201,757	260,154,226
Gross unearned premiums	61,320,387	59,940,401	9,890,901	2,303,977	9,885,901	6,409,936	8,637,497	158,389,000
Unearned reinsurance								
commission								
Income	2,496,006	-	1,752,982	(6,521)	1,205,988	1,402,518	182,412	7,033,385
Unallocated liabilities								<u>115,674,750</u>
								<u>541,251,361</u>

15 CONTINGENCIES AND COMMITMENTS

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 believes that such proceedings (including litigations) will not have a material effect on its results and financial position. The Company did not have any significant outstanding legal proceedings as at the reporting date.

Operating lease commitments

Rental expenses under operating leases pertained to leases of office spaces in various locations amounted to SR 0.48 million for the period ended 31 March 2016 (31 December 2015 SR 0.88 million) are recognised in the statement of comprehensive income - insurance operations.

Future minimum lease payments under the operating lease arrangements as at 31 March are as follows:

Operating lease commitments

Future minimum lease payments under the operating lease arrangements as at 31 March are as follows:

	<i>31 March 2016 SR</i>	<i>31 December 2015 SR</i>
Less than one year	<u>843,900</u>	<u>881,476</u>

16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 17 April 2016, corresponding to 10 Rajab 1437H.