

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

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

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2015**

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

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2015 and the related interim statements of income of insurance operations and shareholders' operations, comprehensive income of insurance operations and shareholders' operations, changes in shareholders' equity and cash flows of insurance operations and shareholders' operations for the three month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

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

EMPHASIS OF MATTER:

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

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27 Jumad Thani 1436H
(16 April 2015)



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

INTERIM STATEMENT OF FINANCIAL POSITION


		31 March 2015 (Unaudited) SR	31 December 2014 (Audited) SR
INSURANCE OPERATIONS' ASSETS			
Equipment, furniture and vehicles		1,863,726	2,104,837
Reinsurers' share of outstanding claims	6	244,309,462	195,791,834
Reinsurers' share of unearned premiums		204,922,611	196,712,050
Deferred policy acquisition costs		15,303,157	13,837,659
Unit linked investments	10	601,612,354	587,082,779
Available for sale investments	9	61,494,960	66,290,823
Premiums receivable, net	7	188,042,957	233,013,943
Reinsurance balances receivable		44,328,653	39,406,041
Prepayments and other assets		21,199,732	14,321,740
Cash and cash equivalents		82,869,636	62,981,132
TOTAL INSURANCE OPERATIONS' ASSETS		1,465,947,248	1,411,542,838
SHAREHOLDERS' ASSETS			
Statutory deposit	8	20,076,025	20,076,025
Available for sale investments	9	130,212,948	150,416,786
Due from insurance operations		23,430,029	18,687,760
Prepayments and other assets		1,085,879	569,613
Cash and cash equivalents		27,368,029	5,705,081
TOTAL SHAREHOLDERS' ASSETS		202,172,910	195,455,265
TOTAL ASSETS		1,668,120,158	1,606,998,103

Xavier Denys



Chief Executive Officer

Heinz Dollberg



Director

Mohammed Koubar



Finance Manager

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

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

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

		<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
INSURANCE OPERATIONS' LIABILITIES			
Employees' end of service benefits		10,897,642	10,063,959
Unearned premiums		314,369,270	288,864,252
Unearned commission income		11,753,977	12,295,482
Mathematical reserves		601,925,272	593,623,912
Outstanding claims	6	301,899,367	277,155,299
Premium deficiency reserves		192,807	-
Due to shareholders' operations		23,430,029	18,687,760
Reinsurance balances payable		154,449,227	188,838,218
Accrued expenses and other liabilities		43,830,735	19,674,465
TOTAL INSURANCE OPERATIONS' LIABILITIES		1,462,748,326	1,409,203,347
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		3,364,215	2,837,296
Unrealized loss on available for sale investments	9	(165,293)	(497,805)
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,465,947,248	1,411,542,838
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Zakat and income tax payable		11,815,816	10,552,927
Accrued expenses and other liabilities		108,423	124,824
TOTAL SHAREHOLDERS' LIABILITIES		11,924,239	10,677,751
SHAREHOLDERS' EQUITY			
Share capital	11	200,000,000	200,000,000
Share premium		22,711,315	22,711,315
Accumulated losses		(33,819,922)	(38,094,433)
Unrealized gain on available for sale investments	9	1,357,278	160,632
TOTAL SHAREHOLDERS' EQUITY		190,248,671	184,777,514
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		202,172,910	195,455,265
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY		1,668,120,158	1,606,998,103

Xavier Denys



Chief Executive Officer

Heinz Dollberg



Director

Mohammed Koubar




Finance Manager

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

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

		<i>For the three month period ended 31 March 2015 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2014 (Unaudited) SR</i>
Gross written premiums		180,452,661	180,962,944
Reinsurance premiums ceded		(81,370,707)	(70,839,564)
Net written premiums	5	99,081,954	110,123,380
Changes in unearned premiums		(25,505,018)	(6,988,822)
Changes in reinsurance share of unearned premiums		8,210,561	(186,719)
Net change in unearned premiums	5	(17,294,457)	(7,175,541)
Net premiums earned	5	81,787,497	102,947,839
Commission earned during the period		4,916,615	5,829,388
Unrealized gain on unit linked investments		3,236,174	6,050,863
Other income		1,054,960	474,975
Total revenues		90,995,246	115,303,065
Gross claims paid		(113,564,803)	(115,841,158)
Reinsurance share of claims paid		38,834,855	41,561,831
Net claims paid		(74,729,948)	(74,279,327)
Changes in gross outstanding claims		(24,744,068)	(34,035,948)
Changes in reinsurance share of outstanding claims		48,517,628	24,897,641
Net outstanding claims		23,773,560	(9,138,307)
Net claims incurred		(50,956,388)	(83,417,634)
Change in premium deficiency reserves		(192,807)	(1,660,255)
Change in mathematical reserves		(8,301,360)	(4,012,380)
Commission expenses		(8,449,621)	(10,873,417)
Inspection and supervision fees		(1,063,010)	(1,122,214)
General and administration expenses		(16,762,872)	(20,584,595)
Total claims and expenses		(85,726,058)	(121,670,495)
Net surplus/(deficit) for the period		5,269,188	(6,367,430)
Net (surplus)/deficit transferred to statement of income of shareholders' operations		(4,742,269)	6,367,430
Net insurance operations surplus after shareholders' appropriation for the period		526,919	-

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Director

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Finance Manager

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

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME OF INSURANCE OPERATIONS

	<i>For the three month period ended 31 March 2015 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2014 (Unaudited) SR</i>
Net insurance operations surplus after shareholders' appropriation for the period	526,919	-
<i>Other comprehensive income to be reclassified subsequently to the statement of income</i>		
Fair value change in available for sale investments	643,522	747,039
Transferred to realized gain on available for sale investments disposal	(311,010)	-
Total comprehensive income for the period	859,431	747,039

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Finance Manager

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

		<i>For the three month period ended 31 March 2015 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2014 (Unaudited) SR</i>
Special commission income		1,344,630	1,288,540
Realized loss on available for sale investments disposal		(375,194)	-
Total revenues		969,436	1,288,540
Net surplus/(deficit) transferred from statement of income of insurance operations		4,742,269	(6,367,430)
General and administration expenses		(174,305)	(184,503)
Net income/(loss) for the period		5,537,400	(5,263,393)
Basic and diluted earnings/(loss) per share	15	0.28	(0.26)

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Finance Manager

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

	<i>For the three month period ended 31 March 2015 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2014 (Unaudited) SR</i>
Net income /(loss) for the period	5,537,400	(5,263,393)
<i>Other comprehensive income not to be reclassified subsequently to the statement of income</i>		
Provision for zakat and income tax	(1,262,889)	(612,733)
<i>Other comprehensive income to be reclassified subsequently to the statement of income</i>		
Fair value change on available for sale investments	821,452	1,012,688
Transferred to realized loss on available for sale investments disposal	375,194	-
Total comprehensive income/(loss) for the period	5,471,157	(4,863,438)

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Heinz Dollberg



Director

Mohammed Koubar



Finance Manager

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

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>Share capital</i> SR	<i>Share premium</i> SR	<i>Accumulated losses</i> SR	<i>Unrealized gain on available for sale investments</i> SR	<i>Total</i> SR
Balance as at 1 January 2014	200,000,000	22,711,315	(49,618,841)	(225,266)	172,867,208
Net loss for the period	-	-	(5,263,393)	-	(5,263,393)
<i>Other comprehensive income:</i>					
- Provision for zakat and income tax	-	-	(612,733)	-	(612,733)
- Fair value change in available for sale investments	-	-	-	1,012,688	1,012,688
Total comprehensive loss for the period	-	-	(5,876,126)	1,012,688	(4,863,438)
Balance as at 31 March 2014 – Unaudited	<u>200,000,000</u>	<u>22,711,315</u>	<u>(55,494,967)</u>	<u>787,422</u>	<u>168,003,770</u>
Balance as at 1 January 2015	200,000,000	22,711,315	(38,094,433)	160,632	184,777,514
Net income for the period	-	-	5,537,400	-	5,537,400
<i>Other comprehensive income:</i>					
- Provision for zakat and income tax	-	-	(1,262,889)	-	(1,262,889)
- Fair value change in available for sale investments	-	-	-	821,452	821,452
- Transferred to statement of income of shareholders' operations	-	-	-	375,194	375,194
Total comprehensive income for the period	-	-	4,274,511	1,196,646	5,471,157
Balance as at 31 March 2015 – Unaudited	<u>200,000,000</u>	<u>22,711,315</u>	<u>(33,819,922)</u>	<u>1,357,278</u>	<u>190,248,671</u>

Xavier Denys



Chief Executive Officer

Heinz Dollberg



Director

Mohammed Koubar



Finance Manager

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

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

INTERIM STATEMENT OF CASH FLOWS OF INSURANCE OPERATIONS

	<i>For the three month period ended 31 March 2015 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2014 (Unaudited) SR</i>
OPERATING ACTIVITIES		
Net insurance operations surplus after shareholders' appropriation for the period	526,919	-
Adjustments for:		
Employees' end of service benefits	888,263	2,434,022
Depreciation	319,944	341,767
Gain on disposal of available for sale investments	(311,010)	-
Unrealized gains on unit linked investments	(3,236,174)	(6,050,863)
Shareholders' appropriation from insurance operations' surplus/ (deficit)	4,742,269	(6,367,430)
Operating surplus/(deficit) before changes in operating assets and liabilities	2,930,211	(9,642,504)
Changes in operating assets and liabilities:		
Deferred policy acquisition costs	(1,465,498)	(58,390)
Unit linked investments	(11,293,401)	(140,790)
Premiums receivable, net	44,970,986	66,882,728
Prepayments and others assets	(6,877,992)	(2,694,934)
Unearned premiums, net	17,294,457	7,175,541
Mathematical reserves	8,301,360	4,012,380
Outstanding claims, net	(23,773,560)	9,138,307
Premium deficiency reserves	192,807	1,660,255
Unearned commission income	(541,505)	(1,127,874)
Reinsurance balances payable, net	(39,311,603)	(78,220,704)
Accrued expenses and other liabilities	24,156,270	(23,363,506)
Cash from/(used in) operations	14,582,532	(26,379,491)
Employees' end of service benefits paid	(54,580)	(159,220)
Net cash flow from/(used in) operating activities	14,527,952	(26,538,711)
INVESTING ACTIVITIES		
Purchase of office equipment, furniture and vehicles	(78,833)	(326,322)
Proceeds from sale of available for sale investments	10,348,576	-
Purchase of available for sale investments	(4,909,191)	-
Net cash from/(used in) investing activities	5,360,552	(326,322)
FINANCING ACTIVITY		
Due to shareholders operations	-	(3,000,000)
Net cash flow used in financing activity	-	(3,000,000)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	19,888,504	(29,865,033)
Cash and cash equivalents at the beginning of the period	62,981,132	50,206,611
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	82,869,636	20,341,578
Non-cash supplemental information:		
Fair value change in available for sale investments	643,522	747,039

Xavier Denvs



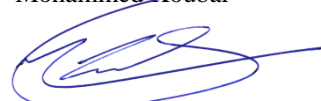
Chief Executive Officer

Heinz Dollberg



Director

Mohammed Koubar



Finance Manager

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

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

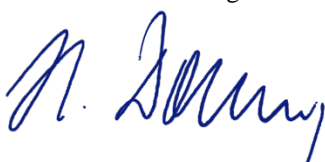
	<i>For the three month period ended 31 March 2015 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2014 (Unaudited) SR</i>
OPERATING ACTIVITIES		
Net income/(loss) for the period	5,537,400	(5,263,393)
Adjustments for:		
Shareholders' appropriation from insurance operations' (surplus)/deficit	(4,742,269)	6,367,430
Loss on disposal of available for sale investments	375,194	-
Operating surplus before changes in operating assets and liabilities	1,170,325	1,104,037
Changes in operating assets and liabilities:		
Prepayments and other assets	(516,266)	(381,305)
Accrued expenses and other liabilities	(16,401)	10,700
Net cash from operating activities	637,658	733,432
INVESTING ACTIVITIES		
Purchase of available for sale investments	(4,555,477)	(4,000,000)
Proceeds from sale of available for sale investments	25,580,767	-
Net cash from/(used in) investing activities	21,025,290	(4,000,000)
FINANCING ACTIVITY		
Due from insurance operations	-	3,000,000
Cash from financing activity	-	3,000,000
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21,662,948	(266,568)
Cash and cash equivalents at the beginning of the period	5,705,081	1,815,310
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	27,368,029	1,548,742
Non-cash supplemental information:		
Fair value change in available for sale investments	821,452	1,012,688

Xavier Denys



Chief Executive Officer

Heinz Dollberg



Director

Mohammed Koubar



Finance Manager

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2015

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Allianz Saudi Fransi Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010235601 dated 26 Jumada Thani 1428H corresponding to 12 July 2007. The Company operates through its 5 branches (2014: 5) in the Kingdom of Saudi Arabia as of 31 March 2015. The registered office of the Company is located at Al Safwa Commercial Building, P O Box 3540, Riyadh 11481, Kingdom of Saudi Arabia.

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

2 COMMERCIAL OPERATIONS

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

Following the completion of the public offering on 26 March 2007, an application was submitted to His Excellency the Minister of Commerce and Industry (MOCI) in the Kingdom of Saudi Arabia, requesting the announcement of the incorporation of the Company. On 8 Jumada Thani 1428H corresponding to 24 June 2007, MOCI issued a resolution declaring the incorporation of the Company.

During March 2008, the Saudi Arabian Monetary Agency (SAMA) granted the Company an authorisation to commence operations. The Company renewed its operating license on 30 Safar 1432H corresponding to 3 February 2011.

3 BASIS OF PREPARATION

The interim condensed financial statements for the three month period ended 31 March 2015 have been prepared in accordance with International Accounting Standard (IAS 34) – “Interim Financial Reporting”.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Company’s annual financial statements as at 31 December 2014.

4 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments made in the following standards which have been revised during the year 2014 and new standards effective from 1 January 2015.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Company, since the Company has no defined benefit plans with contributions from employees or third parties.

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

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- ▶ An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’;
- ▶ The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company’s financial assets, but no impact on the classification and measurement of the Company’s financial liabilities.

New amendments and standards issued but not yet effective:

The relevant standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 31 March 2015

5 PREMIUMS

	<i>Unaudited</i>		
	<i>For the three month period ended 31 March 2015 (SR)</i>		
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
General insurance	139,233,532	(78,030,575)	61,202,957
Protection and saving insurance	41,219,129	(3,340,132)	37,878,997
	<u>180,452,661</u>	<u>(81,370,707)</u>	<u>99,081,954</u>
Written premiums	180,452,661	(81,370,707)	99,081,954
Change in unearned premiums	(25,505,018)	8,210,561	(17,294,457)
	<u>154,947,643</u>	<u>(73,160,146)</u>	<u>81,787,497</u>
Premiums earned	154,947,643	(73,160,146)	81,787,497

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 31 March 2015

6 OUTSTANDING CLAIMS

	<i>31 March 2015 - Unaudited (SR)</i>		
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
General insurance	291,504,626	(239,209,913)	52,294,713
Protection and saving insurance	10,394,741	(5,099,549)	5,295,192
Total outstanding claims	301,899,367	(244,309,462)	57,589,905

	<i>31 December 2014 - Audited (SR)</i>		
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
General insurance	265,713,487	(189,457,513)	76,255,974
Protection and saving insurance	11,441,812	(6,334,321)	5,107,491
Total outstanding claims	277,155,299	(195,791,834)	81,363,465

7 PREMIUMS RECEIVABLE, NET

31 March 2015 Unaudited	Total	Neither past due nor impaired	<i>Past due not impaired</i>	<i>Past due and impaired</i>	
			Up to 90 days	Less than 180 days	More than 180 days
<i>Amount in SR</i>					
Premiums receivable	227,934,788	-	147,018,837	25,412,417	55,503,534
Provision for doubtful debts	(39,891,831)	-	-	(3,811,863)	(36,079,968)
Premiums receivable, net	188,042,957	-	147,018,837	21,600,554	19,423,566

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 31 March 2015

7 PREMIUMS RECEIVABLE, NET (continued)

31 December 2014 Audited	Total	Neither past due nor impaired	<i>Past due not impaired</i>	<i>Past due and impaired</i>	
			Up to 90 days	Less than 180 Days	More than 180 days
<i>Amount in SR</i>					
Premiums receivable	272,905,774	-	193,121,928	18,862,673	60,921,173
Provision for doubtful debts	(39,891,831)	-	-	(2,829,401)	(37,062,430)
Premiums receivable, net	<u>233,013,943</u>	<u>-</u>	<u>193,121,928</u>	<u>16,033,272</u>	<u>23,858,743</u>

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

	<i>For the three month period ended 31 March 2015 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2014 (Unaudited) SR</i>
Balance at the beginning of the period	<u>39,891,831</u>	34,968,775
Provided for the period	-	958,056
Balance at the end of the period	<u>39,891,831</u>	<u>35,926,831</u>

8 STATUTORY DEPOSIT

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

9 AVAILABLE FOR SALE INVESTMENTS

Insurance operations' available for sale investments:

	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
Bonds-quoted	56,595,450	51,052,925
Funds-quoted	4,899,510	15,237,898
Total	<u>61,494,960</u>	<u>66,290,823</u>

The cumulative unrealised loss in fair value of available for sale investments amounting to SR 165,293 (31 December 2014:SR 497,805) is presented within the insurance operation' surplus in the interim statement of financial position.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 31 March 2015

9 AVAILABLE FOR SALE INVESTMENTS (continued)

Shareholders' available for sale investments:

	31 March 2015 - Unaudited (SR)		
	Quoted	Unquoted	Total
Bonds	77,716,888	-	77,716,888
Sukuk	-	40,000,000	40,000,000
Funds	9,272,982	-	9,272,982
Equities	-	3,223,078	3,223,078
Total	86,989,870	43,223,078	130,212,948

	31 December 2014 - Audited (SR)		
	Quoted	Unquoted	Total
Bonds	94,950,914	-	94,950,914
Sukuk	-	40,000,000	40,000,000
Funds	12,242,794	-	12,242,794
Equities	-	3,223,078	3,223,078
Total	107,193,708	43,223,078	150,416,786

The cumulative gain in fair value of available for sale investments amounting to SR 1,357,278 (31 December 2014: SR 160,632) is presented within the shareholders' equity in the interim statement of financial position.

Determination of fair value and fair values hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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 Company uses the following hierarchy method for determining and disclosing the fair value of financial instruments at the reporting period end.

Level 1: Quoted prices in active markets for the same 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.

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

As at 31 March 2015 and 31 December 2014, the financial instruments under insurance and shareholder operations are measured at fair value using Level 1 hierarchy for bonds and funds and Level 3 for sukuk and equities. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy;

	31 March 2015 – Unaudited (SR)			Total
	Level 1	Level 2	Level 3	
Bonds	77,716,888	-	-	77,716,888
Sukuk	-	-	40,000,000	40,000,000
Funds	9,272,982	-	-	9,272,982
Equities	-	-	3,223,078	3,223,078
Total	86,989,870	-	43,223,078	130,212,948

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 31 March 2015

9 AVAILABLE FOR SALE INVESTMENTS (continued)

	<i>31 December 2014 – Audited (SR)</i>			
	Level 1	Level 2	Level 3	Total
Bonds	94,950,914	-	-	94,950,914
Sukuk	-	-	40,000,000	40,000,000
Funds	12,242,794	-	-	12,242,794
Equities	-	-	3,223,078	3,223,078
Total	107,193,708	-	43,223,078	150,416,786

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 31 March 2015 and year ended 31 December 2014.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
As the beginning of the period	43,223,078	44,228,078
Purchase during the period	-	-
Disposal / maturities during the period	-	(1,005,000)
As the end of the period	43,223,078	43,223,078

10 UNIT LINKED INVESTMENTS

Following represents fair value for unit-linked investments:

	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
Local funds	588,482,952	574,525,805
Foreign funds	13,129,402	12,556,974
	601,612,354	587,082,779

11 SHARE CAPITAL

The authorized issued and paid up share capital of the Company is SR 200,000,000 as at 31 March 2015 and 31 December 2014 consisting of 20,000,000 shares of SR 10 par value.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 31 March 2015

12 STATUTORY RESERVE

In accordance with the by-laws of the Company, the Company shall allocate 20% of its net income for each period/year after accumulated losses to the statutory reserve until it has built up a reserve equal to the share capital. The Company has not transferred any amount to statutory reserve due to the fact the Company has accumulated losses as at 31 March 2015.

13 CONTINGENCIES

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

14 RELATED PARTY TRANSACTIONS AND BALANCES

Following are the details of related party transactions during the period ended March 2015 and 31 March 2014 and the related affiliate's balances as at 31 March 2015 and 31 December 2014:

Related parties	Nature of transaction	<i>For the three month period ended 31 March 2015 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2014 (Unaudited) SR</i>	
Entities controlled, jointly controlled or significantly influenced by related parties.	-Insurance premiums written	11,466,048	832,435	
	-Insurance premiums ceded	24,764,255	4,945,047	
	-Gross claims paid	5,032,255	955,520	
	-Reinsurance share of claims paid	8,313,300	5,325,705	
	-Commission expense	1,667,163	1,439,542	
	-Commission income	1,500,994	431,170	
	Other expenses			
	-Third party administrator (TPA) fees	602,093	839,836	
	Key management personnel	Remuneration and related expenses	1,382,341	1,775,036
	Board members	Fees and related expenses	85,451	78,999

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 31 March 2015

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The significant amounts with the related parties are included in the following balances as at the financial position date:

	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
Entities controlled, jointly controlled or significantly influenced by related parties. - Accrued expenses	3,839,723	3,117,963
- Premiums receivable, net	11,756,789	9,816,531
- Reinsurance balances payable	60,383,351	50,504,175
- Outstanding claims	3,931,997	6,036,255

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

Pricing policies and terms of these transactions are approved by the Company's management.

15 BASIC AND DILUTED EARNINGS PER SHARE

	<i>For the three month period ended</i>	
	<i>31 March 2015 (Unaudited)</i>	<i>31 March 2014 (Unaudited)</i>
Net income/(loss)for the period (SR)	5,537,400	(5,263,393)
Weighted average number of ordinary shares	20,000,000	20,000,000
Basic and diluted earnings/(loss) per share(SR)	0.28	(0.26)

(continued)

At 31 March 2015

16 SEGMENT INFORMATION

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

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

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

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

Operating segments

Following are the operating segments identified for segment reporting purposes;

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

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

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

At 31 March 2015

16 SEGMENT INFORMATION (continued)

Unaudited	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection and Saving</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<u>For the three month period ended 31 March 2015</u>								
Gross written premiums	39,783,793	25,722,025	16,074,694	38,440,736	19,212,284	41,219,129	-	180,452,661
Reinsurance premiums ceded	(1,388,980)	(20,016,061)	(11,941,306)	(31,524,131)	(13,160,097)	(3,340,132)	-	(81,370,707)
Net written premiums	38,394,813	5,705,964	4,133,388	6,916,605	6,052,187	37,878,997	-	99,081,954
Net premiums earned	26,925,715	3,215,272	3,215,391	5,453,978	5,826,500	37,150,641	-	81,787,497
Unrealized gain on unit linked investments	-	-	-	-	-	3,236,174	-	3,236,174
Net claims incurred	(16,655,629)	251,445	(2,402,657)	(504,638)	(501,757)	(31,143,152)	-	(50,956,388)
Premium deficiency reserves	-	-	(192,807)	-	-	-	-	(192,807)
Change in mathematical reserves	-	-	-	-	-	(8,301,360)	-	(8,301,360)
Commission (expenses)/income, net	(2,096,497)	(132,198)	(200,002)	(5,486)	541,897	(1,640,720)	-	(3,533,006)
Inspection and supervision fees	(198,919)	(128,610)	(80,373)	(192,204)	(256,808)	(206,096)	-	(1,063,010)
Net underwriting results	7,974,670	3,205,909	339,552	4,751,650	5,609,832	(904,513)	-	20,977,100
Unallocated income	-	-	-	-	-	-	-	1,054,960
Unallocated expenses	-	-	-	-	-	-	-	(16,762,872)
Surplus from insurance operations	-	-	-	-	-	-	-	5,269,188
Retained in insurance operations	-	-	-	-	-	-	-	(526,919)
Shareholders' total revenue	-	-	-	-	-	-	969,436	969,436
General and administrative expenses	-	-	-	-	-	-	(174,305)	(174,305)
Net income for the period								5,537,400

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

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

At 31 March 2015

16 SEGMENT INFORMATION (continued)

Unaudited	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection and Saving</i>	<i>Shareholders' Operations</i>	<i>Total</i>
<u>As at 31 March 2015</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<u>Insurance Operations' Assets</u>								
Reinsurers' share of unearned premiums	212,305	121,623,611	11,305,366	41,549,827	24,390,114	5,841,388	-	204,922,611
Reinsurers' share of outstanding claims	3,497,457	76,585,005	-	105,659,961	53,467,490	5,099,549	-	244,309,462
Deferred policy acquisition costs	5,043,922	5,020,896	136,937	3,363,343	1,073,147	664,912	-	15,303,157
Premiums receivable, gross	58,645,140	39,220,682	21,351,707	33,312,836	69,839,234	5,565,189	-	227,934,788
Provision for doubtful debts	-	-	-	-	-	-	-	(39,891,831)
Unit linked investments	-	-	-	-	-	601,612,354	-	601,612,354
Unallocated assets	-	-	-	-	-	-	-	211,756,707
Shareholders' assets	-	-	-	-	-	-	202,172,910	202,172,910
Total assets								1,668,120,158
<u>Insurance Operations' Liabilities</u>								
Unearned premiums	70,083,936	134,032,929	15,045,876	52,082,172	33,384,199	9,740,158	-	314,369,270
Outstanding claims	30,878,488	80,572,937	5,053,440	114,867,046	60,132,715	10,394,741	-	301,899,367
Unearned commission income	33,803	6,996,430	-	3,520,666	997,171	205,907	-	11,753,977
Premium deficiency reserves	-	-	192,807	-	-	-	-	192,807
Mathematical reserves	-	-	-	-	-	601,925,272	-	601,925,272
Unallocated liabilities and surplus	-	-	-	-	-	-	-	235,806,555
Shareholders' liabilities and equity	-	-	-	-	-	-	202,172,910	202,172,910
Total insurance operations liabilities, surplus and shareholders' liabilities and equity								1,668,120,158

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

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

At 31 March 2015

16 SEGMENT INFORMATION (continued)

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

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

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

At 31 March 2015

16 SEGMENT INFORMATION (continued)

Audited	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection and Saving</i>	<i>Shareholders' Operations</i>	<i>Total</i>
31 December 2014	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<u>Insurance Operations' Assets</u>								
Reinsurers' share of unearned premiums	285,660	116,181,858	4,908,121	32,923,421	37,674,148	4,738,842	-	196,712,050
Reinsurers' share of outstanding claims	3,550,361	89,259,472	-	81,106,263	15,541,417	6,334,321	-	195,791,834
Deferred policy acquisition costs	4,623,900	4,042,735	158,466	2,862,601	1,287,018	862,939	-	13,837,659
Premiums receivable, gross	59,243,374	77,722,104	17,403,328	22,463,749	81,257,358	14,815,861	-	272,905,774
Provision for doubtful debts	-	-	-	-	-	-	-	(39,891,831)
Unit linked investments	-	-	-	-	-	587,082,779	-	587,082,779
Unallocated assets	-	-	-	-	-	-	-	185,104,573
Shareholders' assets	-	-	-	-	-	-	195,455,265	195,455,265
Total assets								1,606,998,103
<u>Insurance Operations' Liabilities</u>								
Unearned premiums	58,688,193	126,100,484	7,730,633	41,993,139	46,442,547	7,909,256	-	288,864,252
Outstanding claims	52,072,482	94,016,385	5,640,961	91,842,759	22,140,900	11,441,812	-	277,155,299
Unearned commission income	45,758	6,515,723	-	3,330,438	2,268,087	135,476	-	12,295,482
Mathematical reserves	-	-	-	-	-	593,623,912	-	593,623,912
Unallocated liabilities and surplus	-	-	-	-	-	-	-	239,603,893
Shareholders' liabilities and equity	-	-	-	-	-	-	195,455,265	195,455,265
Total insurance operations liabilities, surplus and shareholders' liabilities and equity								1,606,998,103

16 SEGMENT INFORMATION (continued)

b) Geographical segments

The Company, during the three month periods ended 31 March 2015 and 31 March 2014 operated only in the Kingdom of Saudi Arabia.

17 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the management on 16 April 2015 corresponding to 27 Jumada al thani 1436H.