

**THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER
30, 2015**

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

INDEX	PAGE
Independent auditors' limited review report	1
Interim statement of financial position	2 – 3
Interim statement of income - Insurance operations and accumulated surplus	4
Interim statement of comprehensive income – Insurance operations	5
Interim statement of comprehensive income – Shareholders	6
Interim statement of changes in Shareholders' equity	7
Interim statement of cash flows - Insurance operations	8
Interim statement of cash flows – Shareholders	9
Notes to the interim condensed financial statements	10 – 25

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

SCOPE OF REVIEW

We have reviewed the accompanying interim statement of financial position of The Company for Cooperative Insurance (A Saudi Joint Stock Company) (the "Company") as at 30 September 2015, and the related interim statements of income – insurance operations and accumulated surplus, interim statements of comprehensive income for insurance operations and shareholders for the three month and nine month periods then ended, the related interim statements of changes in shareholders' equity and interim statements of cash flows for insurance operations and shareholders for the nine 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 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.

CONCLUSION

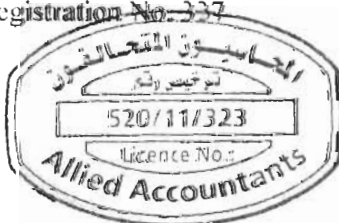
Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF A MATTER

We draw attention 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.

PKF Al-Bassam & Al-Nemer
Allied Accountants
P. O. Box 28355
Riyadh 11437
Kingdom of Saudi Arabia

Ibrahim A. Al Bassam
Certified Public Accountant
Registration No. 337



Dr. Mohamed Al-Amri & Co.
Public Accountants & Consultants
P. O. Box 8736
Riyadh 11491
Kingdom of Saudi Arabia

Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Dhul Hijjah 30, 1436
October 13, 2015

**THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION**

		September 30, 2015	December 31, 2014
	Notes	(Unaudited)	(Audited)
SR '000			
<u>ASSETS - INSURANCE OPERATIONS</u>			
Due from Shareholders' operations		-	46,139
Property and equipment, net		295,659	273,860
Investment property		9,861	9,861
Investments in associates		13,251	9,558
Available for sale investments	4(i)	3,543,126	2,869,000
Prepaid expenses and other assets		430,080	429,017
Deferred policy acquisition costs		203,179	173,633
Reinsurers' share of outstanding claims	5	1,787,347	1,200,247
Reinsurers' share of unearned premiums		552,744	443,940
Receivables, net	3	1,265,913	1,529,113
Cash and cash equivalents		592,096	700,550
Total assets - Insurance operations		8,693,256	7,684,918
<u>ASSETS - SHAREHOLDERS</u>			
Due from Insurance operations		592,705	-
Investments in associates		79,580	79,843
Available for sale investments	4(ii)	1,573,172	2,047,555
Accrued investment income		5,583	5,607
Statutory deposit	8	100,000	100,000
Cash and cash equivalents		54,007	20,583
Total assets - Shareholders		2,405,047	2,253,588
TOTAL ASSETS		11,098,303	9,938,506

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION (continued)

	Notes	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
		SR '000	
<u>LIABILITIES AND SURPLUS – INSURANCE OPERATIONS</u>			
Liabilities - Insurance operations:			
Surplus distribution payable		46,895	46,895
Claims payable, accrued expenses and other liabilities		1,294,577	1,296,263
Due to Shareholders' operations		592,705	-
Reserve for Takaful activities		16,067	16,340
Reserve for discontinued operations		10,824	11,211
Gross outstanding claims and reserves	5	3,205,845	2,662,501
Unearned commission income		57,371	41,554
Gross unearned premiums		3,339,097	3,290,900
Reinsurers' balances payable		181,725	313,900
Total liabilities - Insurance operations		8,745,106	7,679,564
Surplus - Insurance operations:			
Accumulated surplus		42,004	-
Fair value reserve for available for sale investments		(93,854)	5,354
Total liabilities and surplus - Insurance operations		8,693,256	7,684,918
<u>LIABILITIES AND EQUITY – SHAREHOLDERS</u>			
Shareholders' liabilities:			
Due to Insurance operations		-	46,139
Accrued expenses and other liabilities		1,625	1,434
Dividends payable		5,647	5,014
Zakat		142,810	124,626
Total liabilities – Shareholders		150,082	177,213
Shareholders' equity:			
Share capital	6	1,000,000	1,000,000
Legal reserve	9	763,779	763,779
Fair value reserve for available for sale investments		(21,588)	163,874
Retained earnings		512,774	148,722
Total Shareholders' equity		2,254,965	2,076,375
Total Shareholders' liabilities and equity		2,405,047	2,253,588
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		11,098,303	9,938,506

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF INCOME - INSURANCE OPERATIONS AND ACCUMULATED
SURPLUS

	Three months ended September 30, 2015 (Unaudited)	Three months ended September 30, 2014 (Unaudited)	Nine months ended September 30, 2015 (Unaudited)	Nine months ended September 30, 2014 (Unaudited)
	SR '000			
REVENUES				
Gross premiums written	1,473,143	1,373,436	4,780,911	4,345,581
Less: Reinsurance ceded	(143,179)	(210,207)	(766,698)	(795,141)
Net premiums written	1,329,964	1,163,229	4,014,213	3,550,440
Changes in unearned premiums	108,527	65,343	60,607	(8,061)
Net premiums earned	1,438,491	1,228,572	4,074,820	3,542,379
Reinsurance commissions	14,330	27,457	61,146	78,215
Investment income, net	569	16,020	76,407	42,864
Other income, net	20,201	5,599	36,862	43,430
Total revenues	1,473,591	1,277,648	4,249,235	3,706,888
COSTS AND EXPENSES				
Gross claims paid	1,092,262	1,097,062	3,493,389	3,534,654
Less: Reinsurance share	(90,186)	(206,434)	(439,536)	(817,659)
Net claims paid	1,002,076	890,628	3,053,853	2,716,995
Changes in outstanding claims and reserves	(6,556)	(17,154)	(43,756)	74,154
Net claims incurred	995,520	873,474	3,010,097	2,791,149
Policy acquisition costs	108,730	104,443	314,625	289,111
Excess of loss expenses	6,271	2,792	19,938	12,151
Changes in Takaful Reserves	(297)	(301)	(273)	931
Other underwriting expenses	26,769	16,459	87,683	50,589
Manafeth Insurance share (note 10)	18,648	-	34,060	-
Operating and selling expenses	101,339	79,512	316,686	221,960
Other general and administrative expenses	11,728	10,336	46,380	29,888
Total costs and expenses	1,268,708	1,086,715	3,829,196	3,395,779
Surplus from Insurance operations	204,883	190,933	420,039	311,109
Shareholders' appropriation from surplus	(184,395)	(171,840)	(378,035)	(279,998)
Surplus from Insurance operations after Shareholders' appropriation	20,488	19,093	42,004	31,111
Accumulated surplus, beginning of the period	21,516	-	-	-
ACCUMULATED SURPLUS, END OF THE PERIOD	42,004	19,093	42,004	31,111

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




THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF COMPREHENSIVE INCOME - INSURANCE OPERATIONS

	Three months ended September 30, 2015 (Unaudited)	Three months ended September 30, 2014 (Unaudited)	Nine months ended September 30, 2015 (Unaudited)	Nine months ended September 30, 2014 (Unaudited)
	SR '000			
Surplus from Insurance operations after Shareholders' appropriation	20,487	19,093	42,004	31,111
Other comprehensive income:				
Net changes in fair value of available for sale investments	(112,510)	(3,704)	(99,208)	-
Total comprehensive income for the period	(92,023)	15,389	(57,204)	31,111

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





THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS

	Three months ended September 30, 2015 (Unaudited)	Three months ended September 30, 2014 (Unaudited)	Nine months ended September 30, 2015 (Unaudited)	Nine months ended September 30, 2014 (Unaudited)
	SR '000			
Notes				
Appropriation of surplus from Insurance operations	184,395	171,840	378,035	279,998
Investment income, net	42,995	37,949	165,278	162,835
Other income / expenses, net	(470)	-	(470)	(202)
Income from operations before Zakat	226,920	209,789	542,843	442,631
Zakat	(10,304)	(14,420)	(33,791)	(31,888)
Net income for the period	216,616	195,369	509,052	410,743
Other comprehensive income:				
Changes in fair value of available for sale investments	(126,623)	14,917	(185,462)	(20,013)
Comprehensive income for the period	89,993	210,286	323,590	390,730
Earnings per share:				
Basic and diluted earnings per share (in SR)	2.17	1.95	5.09	4.11
Weighted average number of shares in issue	100,000,000	100,000,000	100,000,000	100,000,000

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Legal reserve	Fair value reserve for available for sale investments	Retained earnings	Total
	SR'000				
Unaudited					
Balance at January 1, 2014	1,000,000	651,756	288,183	(299,371)	1,640,568
Comprehensive income:					
Net income for the period	-	-	-	410,743	410,743
Changes in fair value of available for sale investments	-	-	(20,013)	-	(20,013)
Total comprehensive income	-	-	(20,013)	410,743	390,730
Balance at September 30, 2014	1,000,000	651,756	268,170	111,372	2,031,298
Unaudited					
Balance at January 1, 2015	1,000,000	763,779	163,874	148,722	2,076,375
Dividend distribution	-	-	-	(145,000)	(145,000)
Comprehensive income:					
Net income for the period	-	-	-	509,052	509,052
Changes in fair value of available for sale investments	-	-	(185,462)	-	(185,462)
Total comprehensive income	-	-	(185,462)	509,052	323,590
Balance at September 30, 2015	1,000,000	763,779	(21,588)	512,774	2,254,965

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





THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CASH FLOWS - INSURANCE OPERATIONS

	Nine months ended September 30, 2015 (Unaudited)	Nine months ended September 30, 2014 (Unaudited)
	SR '000	
Operating activities:		
Surplus from Insurance operations after Shareholders' appropriation	42,004	31,111
Adjustments to reconcile surplus from Insurance operations to net cash from operating activities:		
Shareholders' appropriation from surplus	-	279,998
Depreciation	10,020	7,082
Gain on disposal of property and equipment	-	24,080
Gain on sale of available for sale investments	(75,960)	(42,864)
Share of profit from investments in associates, net	(3,693)	(3,716)
Operating (deficit) / surplus before changes in operating assets and liabilities	(27,629)	295,691
Changes in operating assets and liabilities:		
Prepaid expenses and others assets	(1,063)	(33,634)
Deferred policy acquisition costs	(29,546)	(893)
Reinsurers' share of outstanding claims	(587,100)	562,862
Reinsurers' share of unearned premiums	(108,804)	(88,699)
Receivables, net	263,200	(231,764)
Reinsurers' balances payable	(132,175)	467,103
Unearned premium income	48,197	96,760
Unearned commission income	15,817	2,864
Gross outstanding claims and reserves	543,344	(488,708)
Reserve for discontinued operations	(387)	(198)
Reserve for takaful activities	(273)	931
Accrued expenses and other liabilities	(1,686)	(6,319)
Due to Shareholders	638,844	78,906
Net cash from operating activities	620,739	654,902
Investing activities:		
Proceeds from sale of investments	2,557,540	592,955
Purchase of investments	(3,254,914)	(1,528,663)
Purchase of property and equipment	(31,819)	(37,223)
Proceeds from disposal of property and equipment	-	13,076
Net cash used in investing activities	(729,193)	(959,855)
Net change in cash and cash equivalents	(108,454)	(304,953)
Cash and cash equivalents, beginning of the period	700,550	792,078
Cash and cash equivalents, end of the period	592,096	487,125
Non-cash supplemental information:		
Changes in fair value of available for sale investments	(99,208)	12,782

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CASH FLOWS - SHAREHOLDERS

	Nine months ended September 30, 2015 (Unaudited)	Nine months ended September 30, 2014 (Unaudited)
	SR '000	
Operating activities:		
Net income for the period before zakat	542,843	442,631
Adjustments to reconcile net income before zakat to net cash used in operating activities:		
Appropriation of surplus from Insurance operations	-	(279,998)
Gain on sale of investments	(77,518)	(162,835)
Share of loss / (income) from investments in associates, net	263	(16,867)
Operating profit / (loss) before changes in operating assets and liabilities	465,588	(17,069)
Changes in operating assets and liabilities:		
Accrued investment income	24	391
Due from Insurance operations	(638,844)	(78,906)
Accrued expenses and other liabilities	191	231
Zakat paid	(15,607)	(15,886)
Net cash used in operating activities	(188,648)	(111,239)
Investing activities:		
Proceeds from sale of/and matured investments	1,937,137	709,663
Purchase of investments	(1,570,698)	(728,840)
Dividends received from investment in associates	-	3,728
Net cash from / (used in) investing activities	366,439	(15,449)
Financing activities:		
Dividends paid	(144,367)	(105)
Net cash used in financing activities	(144,367)	(105)
Net change in cash and cash equivalents	33,424	(126,793)
Cash and cash equivalents, beginning of the period	20,583	198,766
Cash and cash equivalents, end of the period	54,007	71,973
Non-cash supplemental information:		
Changes in fair value of available for sale investments	(185,462)	(20,013)

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
September 30, 2015

1. GENERAL

The Company for Cooperative Insurance (the "Company") is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/5 and incorporated on January 18, 1986, corresponding to Jumad Awal 8, 1406H, under Commercial Registration No. 1010061695. The Company's Head Office is located on Thumamah Road (at Takhassusi) ArRabi District, P.O. Box 86959, Riyadh 11632, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include medical, motor, marine, fire, engineering, energy, aviation, takaful and casualty insurance.

On July 31, 2003, corresponding to Jumad Thani 2, 1424H, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). On December 1, 2004, corresponding to Shawwal 18, 1425H, the Saudi Arabian Monetary Agency ("SAMA"), as the principal agency responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

The Company conducts the business and advances funds to the insurance operations as required. On January 20, 2004, the Company amended its Articles of Association, giving authority to the Board of Directors to determine the disposition of the surplus from insurance operations.

On March 20, 2004, the Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by SAMA, whereby the Shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the Policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the Shareholders' operations in full.

2. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements for the three and nine months period ended September 30, 2015 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2014.

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available for sale investments.

As required by SAMA Implementing Regulations, the Company maintains separate accounts for Insurance and Shareholders' operations. Income and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined by management and the Board of Directors.

These interim condensed financial statements have been presented in Saudi Arabian Riyals (SR), being the functional currency of the Company. All financial information presented has been rounded off to the nearest thousand (SR '000).

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

2. BASIS OF PREPARATION (continued)

(a) Basis of presentation (continued)

In management's opinion, these interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim period presented.

(b) Critical accounting judgments, estimates and assumptions

The preparation of the interim condensed financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial reporting period. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimate and judgments used by management in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2014. Following are the accounting judgments and estimates that were critical in preparation of these interim condensed financial statements:

Estimation of insurance contract reserves:

Following are the critical areas of estimation and judgments for medical business (which represents the main line of business) for which the Company acquires the services of an independent actuary to determine such reserves.

i) Incurred but not reported claims ("IBNR")

There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. The claims reserves are sensitive to assumptions made about the number of months used to average the completion factors and the claims trend.

ii) Premium deficiency reserve ("PDR")

Estimation of the premium deficiency reserve for medical business is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the actuary considers the claims and premiums relationship which is expected to apply on a month to month basis.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

2. BASIS OF PREPARATION (continued)

(c) Significant accounting policies

The accounting and risk management policies adopted in the preparation of these condensed interim financial statements are consistent with the Company's audited financial statements for the year ended December 31, 2014, except for the adoption of the following amendments to existing standards mentioned below which had no financial impact on the interim condensed financial statements of the Company:

Amendments to existing standards

- Amendments to IFRS 10, IFRS 12 and IAS 27 that provides consolidation relief for investments funds applicable from 1 January 2014. This mandatory consolidation relief provides that a qualifying investment entity is required to account for investments in controlled entities as well as investments in associates and joint ventures at fair value through profit or loss, provided it fulfils certain conditions, with an exception being that subsidiaries that are considered an extension of the investment entity's investing activities.
- IAS 32 amendment applicable from 1 January 2014 clarifies that a) an entity currently has a legally enforceable right to off-set if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and processes receivables and payables in a single settlement process or cycle.
- IAS 36 amendment applicable retrospectively from 1 January 2014 addresses the disclosure of information about the recoverable amount of impaired assets under the amendments, recoverable amount of every cash generating unit to which goodwill or indefinite-lived intangible assets have been allocated is required to be disclosed only when an impairment loss has been recognized or reversed.
- IFRIC Interpretation 21 Levies (IFRIC 21)
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.
- IAS 39 amendment applicable from 1 January 2014 added a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specified criteria.

Standards issued but not yet effective

The 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 FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

2. BASIS OF PREPARATION (continued)

(c) Significant accounting policies (continued)

Standards issued but not yet effective (continued)

- 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.

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.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgments 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 on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

2. BASIS OF PREPARATION (continued)

(c) Significant accounting policies (continued)

Annual improvements 2010-2012 Cycle *(continued)*

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.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

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).

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

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 amortize 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.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

2. BASIS OF PREPARATION (continued)

(d) Segmental reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. For management purposes, the Company is organized into business units based on their products and services and has four reportable segments as follows:

- Medical - coverage for health insurance.
- Motor insurance.
- Property and Casualty - coverage for property, engineering, marine, aviation, energy and general accidents insurance.
- Manafeth – third party liability insurance for foreign vehicles and the profit of this segment is shared with other insurance companies.

Operating segments do not include Shareholders' operations of the Company.

Segment performance is evaluated based on income or loss which, in certain respects, is measured differently from income or loss in the interim condensed financial statements.

No inter-segment transactions occurred during the period. Segment income, expense and results will then include those transfers between business segments which will then be eliminated at the level of the interim condensed financial statements of the Company.

(e) Seasonality of operations

There are no seasonal changes that may affect insurance operations.

3. RECEIVABLES, NET

Receivables of Insurance operations are comprised of balances due from the following:

	September 30, 2015 SR'000 (Unaudited)	December 31, 2014 SR'000 (Audited)
Policyholders	1,073,174	1,167,451
Agents	273,688	186,166
Related parties (note 11)	5,945	106,603
	1,352,807	1,460,220
Receivables from reinsurers	8,442	158,459
Administrative Service Plan	19,275	12,817
	1,380,525	1,631,496
Provision for doubtful receivables	(114,612)	(102,383)
Receivables, net	1,265,913	1,529,113

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

4. AVAILABLE FOR SALE INVESTMENTS

i) Insurance operations:

Available for sale investments of the insurance operations are comprised of the following:

	September 30, 2015 SR'000 (Unaudited)	December 31, 2014 SR'000 (Audited)
Local / regional money market and fixed income investments	2,965,523	2,295,303
Local / regional equity and equity funds	577,603	476,761
Foreign equities and equity funds	-	96,936
Total	3,543,126	2,869,000

ii) Shareholders:

Shareholders' available for sale investments are comprised of the following:

	September 30, 2015 SR'000 (Unaudited)	December 31, 2014 SR'000 (Audited)
Local / regional money market and fixed income investments	1,264,940	1,142,237
Local / regional equity and equity funds	243,454	290,130
Foreign money market and fixed income investments	-	311,823
Foreign equities and equity funds	64,778	303,365
Total	1,573,172	2,047,555

5. OUTSTANDING CLAIMS AND RESERVES, NET

Outstanding claims and reserves, net are comprised of the following:

	September 30, 2015 (SR'000) (Unaudited)	December 31, 2014 (SR'000) (Audited)
Gross outstanding claims	2,175,219	1,642,524
Less: Realizable value of salvage and subrogation	(72,494)	(65,781)
Add: Incurred but not reported claims	1,060,830	1,043,468
Add: Premium deficiency reserve	42,290	42,290
Outstanding claims and reserves	3,205,845	2,662,501
Less: Reinsurers' share of outstanding claims	(1,787,347)	(1,200,247)
Net outstanding claims and reserves	1,418,498	1,462,254

At September 30, 2015, the Company maintained a provision in respect of premium deficiency for medical business of SR 42 million. The Company created this provision in 2014 as it believes that the unearned premiums for medical business will not be sufficient to provide for the expected losses and

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

expenses attributable to the unexpired periods of the policies in force at the statement of financial position date.

6. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SR 1 billion at September 30, 2015 and December 31, 2014, consisting of 100 million shares of SR 10 each.

7. CONTINGENT LIABILITIES

As at September 30, 2015, the Company was contingently liable for letters of credit and guarantees, issued on its behalf by the banks, amounting to SR 173 million (December 31, 2014: SR 160 million) occurring in the normal course of business.

8. STATUTORY DEPOSIT

In compliance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company has deposited 10 percent of its share capital, amounting to SR 100 million, in a bank designated by SAMA. The statutory deposit is maintained with the National Commercial Bank and can be withdrawn only with the consent of SAMA.

9. LEGAL RESERVE

In accordance with the Articles of Association of the Company and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the legal reserve until it equals the value of share capital. This transfer is only made at the year end. The legal reserve is not available for distribution to Shareholders until liquidation of the Company.

10. MANAFETH SHARED AGREEMENT

The Company has signed Manafeth shared agreement effective from 1 January 2015 with 25 insurance companies on 13 January 2015 with regards to Manafeth third party liability motor insurance.

The main terms of the above mentioned agreement are the following:

- The Company obtains 15% management fee of the net result of the Manafeth portfolio;
- The Company obtains 4.25% of Manafeth's gross premiums written to cover the related indirect expenses; and
- The net result of the Manafeth portfolio after deducting the two above mentioned items is due to be shared equally by the Company and its related insurers.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

11. RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of the major related party transactions during the period and the related balances:

	Transactions for the period ended		Balance Receivable / (Payable) as at	
	September 30, 2015 (SR'000) (Unaudited)	September 30, 2014 (SR'000) (Unaudited)	September 30, 2015 (SR'000) (Unaudited)	December 31, 2014 (SR'000) (Audited)
Major shareholders				
Amount of claims to hospitals	12,115	39,199	(5,026)	(2,877)
Medical insurance premium	33,152	32,313	5,794	105,626
Associates				
Insurance premium	9	4,093	151	977
Rent expenses paid	876	2,788	-	-
Najm Fees	6,530	31,759	(25,643)	(4,778)

In accordance with the Company's Articles of Association, the Board of Directors is entitled each year to remuneration of up to 10% of the remaining profit from Shareholders' operations, as defined, based on a decision by the General Assembly.

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

	Nine months ended 30 September 2015 (Unaudited) (SR'000)	Nine months ended 30 September 2014 (Unaudited) (SR'000)
Short term benefits	5,425	4,241
End of service indemnities	370	1,119

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 between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. Consequently, differences can arise between the carrying values and fair value estimates. The Company's financial assets consist of cash and cash equivalents, receivables, reinsurers' share of outstanding claims, other assets, available for sale investments, statutory deposits and accrued income. Its financial liabilities consist of outstanding claims, reinsurance balances payable and claims payable, accrued expenses and other liabilities.

The fair values of financial assets that are traded in an active market are based on quoted market prices or dealer price quotations. For all other financial instruments, the fair value is based on other valuation techniques.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

12. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy method for determining and disclosing the fair value of financial instruments at the reporting period end.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses the financial instruments measured at fair value at the end of the reporting period September 30, 2015 and December 31, 2014 by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

	(SR'000)			
	Level 1	Level 2	Level 3	Total
September 30, 2015 (Unaudited)				
Available for sale financial assets				
- Insurance operations	1,851,342	-	1,691,784	3,543,126
- Shareholders	590,678	-	982,494	1,573,172
Total	2,442,020	-	2,674,278	5,116,298
December 31, 2014 (Audited)				
Available for sale financial assets				
- Insurance operations	1,747,130	-	1,121,870	2,869,000
- Shareholders	1,638,000	-	409,555	2,047,555
Total	3,385,130	-	1,531,425	4,916,555

There were no transfers between the levels of fair value hierarchies during the period.

Level 3 investments comprise investment in Private Equity Funds and debt instruments. The valuation technique used to measure Private Equity Funds is NAV (net assets value). The fair value of Private Equity Funds computed is based on the latest reported net assets value as at the financial position date. Further, the Debt Instruments are measured at the fair value based on the discounted cash flow technique, which, as per the management, is the best estimate of the exit price i.e. fair value.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

13. OPERATING SEGMENTS

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 this note is based on current reporting to the chief operating decision maker.

Segment assets do not include Insurance operations' property and equipment, prepayments and other assets, receivables and cash and cash equivalents. Accordingly, they are included in unallocated assets. Segment liabilities do not include due to Shareholders' operations, reinsurance balances payable, accrued expenses and other liabilities. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities (including the related charges for provision for doubtful debts on premiums receivable and depreciation on the property and equipment) are not reported to the chief operating decision maker under related segments and are monitored on a centralized basis.

For the three months ended September 30, 2015
(Unaudited)

Operating Segments	Medical	Motor	Manafeth	Property & casualty	Total
	SR' 000				
Gross premiums written:					
Compulsory	747,907				
Non – compulsory	202,292				
Total gross premiums written	950,199	305,826	48,768	168,350	1,473,143
Net premiums written	943,815	305,826	48,768	31,555	1,329,964
Net premiums earned	1,082,469	273,442	45,756	36,824	1,438,491
Reinsurance commissions	3	(4,423)	-	18,750	14,330
Net claims incurred	(810,895)	(166,654)	(12,247)	(5,724)	(995,520)
Policy acquisition costs	(57,248)	(35,425)	(4,736)	(11,321)	(108,730)
Excess of loss expenses	-	(3,269)	(655)	(2,347)	(6,271)
Changes in Takaful Reserve	297	-	-	-	297
Other underwriting expenses	(15,729)	(2,889)	(3,666)	(4,485)	(26,769)
General, administrative, operating and selling expenses	(59,198)	(29,639)	(5,184)	(19,046)	(113,067)
Profit from Insurance Operations	139,699	31,143	19,268	12,651	202,761
Investment income, net					569
Other income, net					20,201
Manafeth Insurance share (Note 10)					(18,648)
Surplus from Insurance Operations					204,883

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

13. OPERATING SEGMENTS (continued)

Operating Segments	For the three months ended September 30, 2014 (Unaudited)			
	Medical	Motor*	Property & casualty	Total
	SR' 000			
Gross premiums written:				
Compulsory	825,351			
Non- compulsory	71,116			
Total gross premiums written	<u>896,467</u>	<u>246,001</u>	<u>230,968</u>	<u>1,373,436</u>
Net premiums written	<u>881,100</u>	<u>246,001</u>	<u>36,128</u>	<u>1,163,229</u>
Net premiums earned	938,879	250,658	39,035	1,228,572
Reinsurance commissions	85	19	27,353	27,457
Net claims incurred	(708,918)	(155,841)	(8,715)	(873,474)
Policy acquisition costs	(59,233)	(33,834)	(11,376)	(104,443)
Excess of loss expenses	-	(766)	(2,026)	(2,792)
Changes in Takaful Reserve	301	-	-	301
Other underwriting expenses	(14,334)	(1,256)	(869)	(16,459)
General, administrative, operating and selling expenses	<u>(39,135)</u>	<u>(29,594)</u>	<u>(21,119)</u>	<u>(89,848)</u>
Profit from Insurance Operations	<u>117,645</u>	<u>29,386</u>	<u>22,283</u>	<u>169,314</u>
Investment income, net				16,020
Other income, net				5,599
Surplus from Insurance Operations				<u>190,933</u>

*Manafeth result is included in the motor operating segment. It is not presented separately as shown in 2015 operating segments as it totally belong to the company.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

13. OPERATING SEGMENTS (continued)

Operating Segments	For the nine months ended September 30, 2015 (Unaudited)				Total
	Medical	Motor	Manafeth SR' 000	Property & casualty	
Gross premiums written:					
Compulsory	2,484,366				
Non - compulsory	401,329				
Total gross premiums written	<u>2,885,695</u>	<u>896,104</u>	<u>148,695</u>	<u>850,417</u>	<u>4,780,911</u>
Net premiums written	<u>2,866,289</u>	<u>896,104</u>	<u>148,695</u>	<u>103,125</u>	<u>4,014,213</u>
Net premiums earned	3,089,209	771,407	111,133	103,071	4,074,820
Reinsurance commissions	(149)	(4,397)	-	65,692	61,146
Net claims incurred	(2,432,898)	(513,499)	(36,564)	(27,136)	(3,010,097)
Policy acquisition costs	(165,962)	(100,131)	(17,707)	(30,825)	(314,625)
Excess of loss expenses	-	(10,452)	(1,820)	(7,666)	(19,938)
Changes in Takaful Reserve	273	-	-	-	273
Other underwriting expenses	(52,500)	(11,230)	(6,994)	(16,959)	(87,683)
General, administrative, operating and selling expenses	(200,675)	(83,969)	(12,751)	(65,671)	(363,066)
Profit from Insurance Operations	<u>237,298</u>	<u>47,729</u>	<u>35,297</u>	<u>20,506</u>	<u>340,830</u>
Investment income, net					76,407
Other income, net					36,862
Manafeth Insurance share (Note 10)					(34,060)
Surplus from Insurance					<u>420,039</u>

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

13. OPERATING SEGMENTS (continued)

Operating Segments	For the nine months ended September 30, 2014 (Unaudited)			
	Medical	Motor*	Property & casualty	Total
	SR' 000			
Gross premiums written:				
Compulsory	2,423,802			
Non- compulsory	271,710			
Total gross premiums written	<u>2,695,512</u>	<u>784,216</u>	<u>865,853</u>	<u>4,345,581</u>
Net premiums written	<u>2,657,084</u>	<u>784,161</u>	<u>109,195</u>	<u>3,550,440</u>
Net premiums earned	2,676,139	760,373	105,867	3,542,379
Reinsurance commissions	1,215	2,349	74,651	78,215
Net claims incurred	(2,269,173)	(483,625)	(38,351)	(2,791,149)
Policy acquisition costs	(153,896)	(105,365)	(29,850)	(289,111)
Excess of loss expenses	-	(7,153)	(4,998)	(12,151)
Changes in Takaful Reserve	(931)	-	-	(931)
Other underwriting expenses	(41,520)	(4,102)	(4,967)	(50,589)
General, administrative, operating and selling expenses	<u>(119,029)</u>	<u>(77,135)</u>	<u>(55,684)</u>	<u>(251,848)</u>
Profit from Insurance Operations	<u>92,805</u>	<u>85,342</u>	<u>46,668</u>	<u>224,815</u>
Investment income, net				42,864
Other income, net				43,430
Surplus from Insurance Operations				<u>311,109</u>

*Manafeth result is included in the motor operating segment. It is not presented separately as shown in 2015 operating segments as it totally belong to the company.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

13. OPERATING SEGMENTS (continued)

Operating Segments	As at September 30, 2015 (Unaudited)				Total
	Medical	Motor	Manafeth	Property & casualty	
SR' 000					
Assets - Insurance operations					
Reinsurer's share of unearned premium	12,786	9,374	-	530,584	552,744
Reinsurer's share of outstanding claims, net	80	14,608	-	1,772,659	1,787,347
Deferred policy acquisition costs	111,013	64,800	1,661	25,705	203,179
Investments					3,566,238
Receivables, net					1,265,913
Unallocated assets					1,317,835
Total assets					8,693,256
Liabilities and surplus - Insurance operations					
Unearned premium income	2,049,728	604,275	37,562	647,532	3,339,097
Gross outstanding claims and reserves	988,181	249,694	17,510	1,950,460	3,205,845
Unearned commission income	5,099	31	-	52,241	57,371
Reserve for Takaful activities	16,067	-	-	-	16,067
Unallocated liabilities and surplus					2,074,876
Total liabilities and surplus					8,693,256

Operating Segments	As at December 31, 2014 (Audited)				Total
	Medical	Motor	Property & casualty		
SR' 000					
Assets - Insurance operations					
Reinsurer's share of unearned premiums		8,066	3,854	432,020	443,940
Reinsurer's share of outstanding claims, net		246	27,201	1,172,800	1,200,247
Deferred policy acquisition costs		107,231	47,880	18,522	173,633
Investments					2,888,419
Receivables, net					1,529,113
Unallocated assets					1,449,566
Total assets					7,684,918
Liabilities and surplus - Insurance operations					
Unearned premium income		2,267,928	474,058	548,914	3,290,900
Gross outstanding claims and reserves		1,077,703	236,956	1,347,842	2,662,501
Unearned commission income		4,412	64	37,078	41,554
Reserve for Takaful activities		16,340	-	-	16,340
Unallocated liabilities and surplus					1,673,623
Total liabilities and surplus					7,684,918

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
September 30, 2015

14. EARNINGS PER SHARE

Basic and diluted earnings per share have been calculated by dividing the net income for the period ended September 30, 2015 and September 30, 2014 by 100 million shares.

15. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Audit Committee on behalf of the Board of Directors, on Dhu al-Hija 30, 1436H, corresponding to October 13, 2015G.