
**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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**INDEPENDENT AUDITORS' REVIEW REPORT
ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**THE SHAREHOLDERS
ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
KINGDOM OF SAUDIA ARABIA**

Scope of Review

We have reviewed the accompanying interim statement of financial position of AlJazira Takaful Taawuni Company – a Saudi Joint Stock Company (the "Company") as at 31 March 2015, and related interim statements of insurance operations and accumulated surplus, shareholders' operations and comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the three-month period ended 31 March 2015 and the related condensed notes from 1 to 13 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 the International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of person responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the Generally Accepted Auditing Standards in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

Emphasis of Matter

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

**PKF Al-Bassam & Al-Nemer
Allied Accountants**

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

KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
Certified Public Accountant
License No. 382

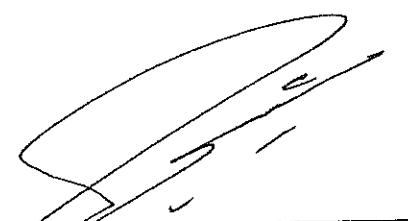


20 April 2015
1 Rajab 1436H
Jeddah, Kingdom of Saudi Arabia

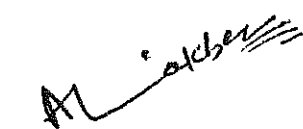


ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2015

		31 March 2015	31 December 2014
		(Unaudited)	(Audited)
	Notes	SR '000	SR '000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	16,804	19,318
Available-for-sale investments held to cover unit-linked liabilities	5	15,890	10,953
Contributions receivable	9 (c)	492	442
Reinsurance share of unearned contributions		576	156
Reinsurance share of outstanding claims including IBNR	8	2,847	1,998
Due from a related party	9(b)	5,522	2,142
Other receivables		61	80
Total Insurance Operations' Assets		42,192	35,089
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	5,992	6,666
Held-to-maturity investments	4	272,216	271,215
FVIS investments	6	40,813	40,723
Other receivables		227	-
Due from Insurance Operations		4,120	1,739
Statutory deposit		35,000	35,000
Total Shareholders' Assets		358,368	355,343
TOTAL ASSETS		400,560	390,432



Chairman



Senior Finance Manager

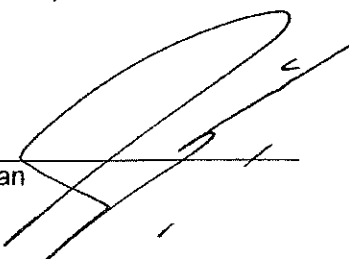


Chief Executive Officer

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) continued
AS AT 31 MARCH 2015

		31 March 2015	31 December 2014
		(Unaudited)	(Audited)
	Notes	SR '000	SR '000
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance Operations' Liabilities			
Reserve for insurance activities	7	17,435	11,991
Unearned contributions		7,852	9,862
Outstanding claims including IBNR	8	5,734	4,537
Advance contributions		275	219
Contributions deposit		249	185
Reinsurance balances payable		2,389	1,736
Accrued expenses and other liabilities		3,561	4,546
Due to Shareholders' Operations		4,120	1,739
Employees' end of service benefits		186	147
Total Insurance Operations' Liabilities		41,801	34,962
Insurance Operations' Surplus			
Surplus from Insurance Operations		391	127
Total Insurance Operations' Liabilities and Surplus		42,192	35,089
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' Liabilities			
Accrued expenses and other liabilities		520	468
Accrued Zakat & income tax	10	161	13
Total Shareholders' Liabilities		681	481
Shareholders' Equity			
Share capital		350,000	350,000
Statutory reserve		1,955	1,955
Retained earnings		5,732	2,907
Total Shareholders' Equity		357,687	354,862
Total Shareholders' Liabilities and Equity		358,368	355,343
TOTAL INSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		400,560	390,432


Chairman


Chief Executive Officer


Senior Finance Manager

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

	Notes	31 March 2015 (Unaudited) SR '000	31 March 2014 (Unaudited) SR '000
INSURANCE REVENUE			
Gross written contributions		8,770	1,060
Investible contributions, net		(4,961)	(799)
Net insurance contributions		3,809	261
Contributions ceded		(1,650)	(11)
Net written contributions		2,159	250
Change in unearned contributions – net		2,430	(30)
Reserve for insurance activities		(395)	(141)
Net insurance revenue		4,194	79
CLAIMS AND EXPENSES			
Gross claims paid		(984)	-
Reinsurance share of claims paid		864	-
Net paid claims		(120)	-
Change in outstanding claims including IBNR, net		(348)	(2)
Net claims incurred		(468)	(2)
Policy acquisition costs		(283)	(62)
Supervision and inspection fees		(44)	(5)
Total claims and expenses		(795)	(69)
Underwriting surplus for the period		3,399	10
General and administrative expenses		(1,761)	(990)
Portfolio management fee	1 & 9	536	1,134
Other income		467	-
Surplus for the period from Insurance Operations		2,641	154
Shareholders' share of surplus from Insurance Operations	2 (a)	(2,377)	(139)
Surplus for the period		264	15
Surplus from Insurance Operations at the beginning of the period		127	-
Accumulated surplus from Insurance Operations at the end of the period		391	15

Chairman

Chief Executive Officer

Senior Finance Manager

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	Notes	31 March 2015 (Unaudited) SR '000	31 March 2014 (Unaudited) SR '000
REVENUE			
Shareholders' share of surplus from Insurance Operations	2 (a)	2,377	139
Profit on held-to-maturity investments		1,001	1,299
Realised gain on investments		-	700
Unrealised gain on FVIS investments		90	-
Other income		11	-
Total income		3,479	2,138
General and administrative expenses		(506)	(64)
NET INCOME FOR THE PERIOD		2,973	2,074
Weighted average number of ordinary shares outstanding (in thousands)		35,000	35,000
Earnings per share for the period (SR)	11	0.085	0.059

Chairman

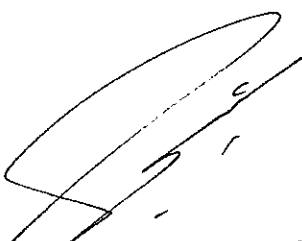
Chief Executive Officer

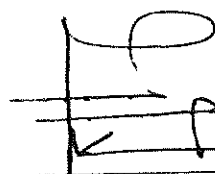
Senior Finance Manager

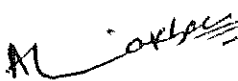
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ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	31 March 2015 (Unaudited) SR '000	31 March 2014 (Unaudited) SR '000
NET INCOME FOR THE PERIOD	2,973	2,074
Zakat and income tax for the period (note 10)	(148)	(3,000)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	2,825	(926)


Chairman


Chief Executive Officer

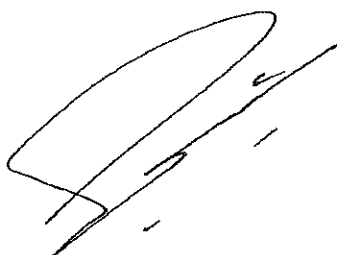

Senior Finance Manager

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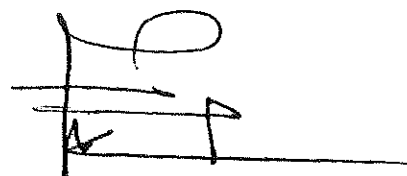
**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

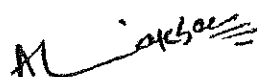
	Share capital	Statutory reserve	Retained earnings	Total
	SR '000	SR '000	SR '000	SR '000
Three-month period ended 31 March 2015 – Unaudited				
Balance as at 31 December 2014 (Audited)	350,000	1,955	2,907	354,862
Net income for the period	-	-	2,973	2,973
Zakat and income tax for the period (note 10)	-	-	(148)	(148)
Balance as at 31 March 2015 (Unaudited)	<u>350,000</u>	<u>1,955</u>	<u>5,732</u>	<u>357,687</u>
Three-month period ended 31 March 2014 – Unaudited				
Balance as at 31 December 2013 (Unaudited)	350,000	-	(1,613)	348,387
Net income for the period	-	-	2,074	2,074
Zakat and income tax for the period	-	-	(3,000)	(3,000)
Balance as at 31 March 2014 (Unaudited)	<u>350,000</u>	<u>-</u>	<u>(2,539)</u>	<u>347,461</u>



Chairman



Chief Executive Officer



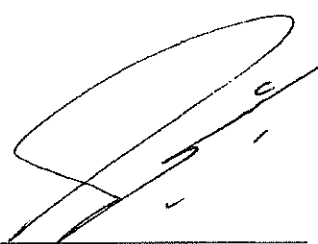
Senior Finance Manager

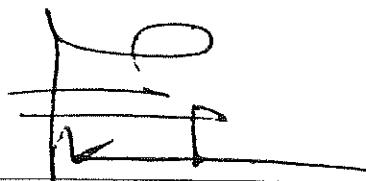
The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

		31 March 2015	31 March 2014
		(Unaudited) SR '000	(Unaudited) SR '000
OPERATING ACTIVITIES	Note		
Surplus for the period		264	15
<i>Adjustments for the period:</i>			
Employees' end of service benefits, net		39	-
Reinsurance share of unearned contributions		(420)	(25)
Unearned contributions		(2,010)	55
		<u>(2,127)</u>	<u>45</u>
<i>Change in operating assets and liabilities:</i>			
Available-for-sale investments held to cover unit-linked liabilities		(4,937)	(754)
Contributions receivable		(50)	(57)
Reinsurance share of outstanding claims including IBNR		(849)	-
Due from a related party		(3,380)	(259)
Other receivables		19	(6)
Reserve for Insurance activities		5,444	946
Outstanding claims including IBNR		1,197	2
Advance contributions		56	365
Contributions deposit		64	220
Reinsurance balances payable		653	11
Accrued expenses and other liabilities		(985)	98
Due to Shareholders' Operations		2,381	239
Net cash flows (used in) / from operating activities		<u>(2,514)</u>	<u>850</u>
Cash and cash equivalents at the beginning of the period	3	<u>19,318</u>	<u>-</u>
Cash and cash equivalents at end of the period	3	<u><u>16,804</u></u>	<u><u>850</u></u>


Chairman


Chief Executive Officer


Senior Finance Manager

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

		<u>31 March</u> <u>2015</u>	<u>31 March</u> <u>2014</u>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	Note	SR' 000	SR' 000
OPERATING ACTIVITIES			
Net income for the period		2,973	2,074
<i>Adjustments for the period:</i>			
Premium on held-to-maturity investments		(1,001)	-
Unrealised gain on FVIS investments		(90)	-
		<u>1,882</u>	<u>2,074</u>
<i>Change in operating assets and liabilities</i>			
Other receivables		(227)	(663)
Statutory deposit		-	(35,000)
Due from Insurance Operations		(2,381)	(239)
Amount due from a related party		-	(3,419)
Accrued expenses and other liabilities		52	(40)
Net cash flows used in operating activities		<u>(674)</u>	<u>(37,287)</u>
Cash and cash equivalents at the beginning of the period	3	6,666	352,173
Cash and cash equivalents at the end of the period	3	<u>5,992</u>	<u>314,886</u>

Chairman

Chief Executive Officer

Senior Finance Manager

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

AlJazira Takaful Taawuni Company (the "Company"), is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia pursuant to the Council of Ministers' No. 137 dated 27 Rabi' Al-Thani 1431H (corresponding to 12 April 2010) and Royal Decree No. M/23 dated 28 Rabi' Al-Thani 1431H corresponding to 13 April 2010. The Company obtained its Commercial Registration 4030251980 on 2 Ramadan 1434H corresponding to 10 July 2013 and Ministry of Commerce and Industry's Resolution dated 24 Sha'baan 1434H corresponding to 3 July 2013. The registered office address of the Company is:

Al Musadia Plaza (3), Al Madinah Road,
P.O Box 6277, Jeddah 21442,
Kingdom of Saudi Arabia.

The objectives of the Company are to engage in providing insurance products including protection and saving insurance products and related services in accordance with its Articles of Association and applicable regulations in the Kingdom of Saudi Arabia. During the period, the Company has received licence number TMN/34/201312 dated 15 Safar 1435H (corresponding to 18 December 2013) from Saudi Arabian Monetary Agency (SAMA) to conduct insurance business.

The insurance portfolio and related assets and liabilities will be acquired from a founding shareholder by the Company on completion of valuation and approval by SAMA. Furthermore in accordance with the Transitional Agreement (the "Agreement") between the Company and a founding shareholder, all the general and administrative cost up to transfer of insurance portfolio will be shared by the Company and the founding shareholder in the ratio of 17% and 83% respectively. Currently, the Company is using furniture and fixture of a founding shareholder. Moreover in accordance with the Agreement, the Company manages the insurance portfolio of the founding shareholder in consideration of receiving a management fee at the rate ranging from 10% to 20% of total revenue of founding shareholder's portfolio.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are consistent with those used for the preparation of annual financial statements.

These interim condensed financial statements for the three-month period ended 31 March 2015 should be read in conjunction with the Company's audited financial statements for the period ended 31 December 2014. In the opinion of the management, the 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.

The Company follows a fiscal year ending 31 December.

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
(continued)**

(a) Basis of preparation – (continued)

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations. Assets, liabilities, income and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses of joint operations is determined by the management and approved by the Board of Directors.

As per the by-laws of the Company and Saudi Arabian Insurance Regulations, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' Operations	90%
Transfer to Insurance Operations	10%
	<u>100%</u>

If the Insurance Operations results in a deficit, the entire deficit is borne by the Shareholders Operations.

The Company presents its interim statement of financial position broadly in order of liquidity.

The interim condensed financial statements are expressed in Saudi Riyals, being the functional currency of the Company and have been rounded off to the nearest thousand, unless otherwise specified.

New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company:

The Company has adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

Standard Description

IAS 19	Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
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New IFRS, IFRIC and amendments thereof, issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IFRS 9	Financial Instruments – Classification & Measurement	1 January 2018
IFRS 11	Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 27	Amendments to IAS 27 Equity method in Separate Financial Statements	1 January 2016
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
(continued)**

(a) Basis of preparation – (continued)

New IFRS, IFRIC and amendments thereof, issued but not yet effective (continued)

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IAS 1	Amendments to IAS 1 Disclosure initiative	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 Applying the Consolidation Exception	1 January 2016

The Company is currently assessing the implications of adopting the above mentioned standards, amendments or interpretations on the Company's financial statements.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim 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 ultimately may differ from those estimates.

3. CASH AND CASH EQUIVALENTS

	31 March 2015 (Unaudited) SR '000	31 December 2014 (Audited) SR '000
Insurance Operations		
Cash at bank	16,804	19,318
Shareholders' Operations		
Cash at bank	5,992	6,666
Cash at bank is held with founding shareholders.		

4. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments amounting to SR 272.2 million (31 December 2014: SR 271.2 million) represents Murabaha deposits held with a founding shareholder (having maturity of more than one year).

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

5. AVAILABLE-FOR-SALE INVESTMENTS HELD TO COVER UNIT-LINKED LIABILITIES

At 31 March 2015

	<i>Initial value</i>	<i>Change in fair value</i>	<i>31 March 2015</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>(Unaudited)</i>
			<i>SR '000</i>
Insurance Operations			
Al Jazira Diversified Aggressive Fund	13,895	83	13,978
Al Jazira Diversified Balanced Fund	1,684	6	1,690
Al Jazira Diversified Conservative Fund	223	(1)	222
	<u>15,802</u>	<u>88</u>	<u>15,890</u>

At 31 December 2014

	<i>Initial value</i>	<i>Change in fair value</i>	<i>31 December 2014</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>(Audited)</i>
			<i>SR '000</i>
Insurance Operations			
Al Jazira Diversified Aggressive Fund	9,881	(129)	9,752
Al Jazira Diversified Balanced Fund	1,066	(6)	1,060
Al Jazira Diversified Conservative Fund	139	2	141
	<u>11,086</u>	<u>(133)</u>	<u>10,953</u>

Investment of Insurance operation comprises units of mutual funds dominated in Saudi Riyal managed by a founding shareholder.

The Company uses the following hierarchy methods for determining and disclosing the fair value of available for sale investments at the reporting period end:

Level 1: Fair value instruments 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 Company's available-for-sale investments are classified under Level 1 hierarchy.

6. FVIS INVESTMENTS

Movement in investments classified as fair value through income statement ("FVIS") is as follows:

	<i>31 March 2015</i>	<i>31 December 2014</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Balance at beginning of the period	40,723	-
Purchases during the period	-	303,750
Disposals during the period	-	(263,243)
Changes in fair value during the period	90	216
Balance at end of the period	<u>40,813</u>	<u>40,723</u>

The Company invested SR 40.507 million (31 December 2014: SR 40.507 million) in the 'Al Qawafel Fund' managed by a founding shareholder.

The Company's FVIS investments are classified under Level 1 hierarchy.

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

7. RESERVE FOR INSURANCE ACTIVITIES

Reserve for insurance activities is created, as per the report received from the Actuary, as detailed below:

	31 March 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR '000
Balance at beginning of the period	11,991	-
Investible contributions	4,961	10,214
Technical reserve for insurance activities	297	1,430
Mathematical reserve – net	98	480
Change in fair value of available-for-sale investments (note 5)	88	(133)
	5,444	11,991
Balance at the end of the period	17,435	11,991

8. OUTSTANDING CLAIMS

	Gross SR '000	Reinsurers' share SR '000	Net SR '000
31 March 2015 (Unaudited)			
Outstanding claims	731	(600)	131
Add: Incurred but not reported (IBNR) reserve	5,003	(2,247)	2,756
Total outstanding claims	5,734	(2,847)	2,887
	Gross SR '000	Reinsurers' share SR '000	Net SR '000
31 December 2014 (Audited)			
Outstanding claims	450	(350)	100
Add: Incurred but not reported (IBNR) reserve	4,087	(1,648)	2,439
Total outstanding claims	4,537	(1,998)	2,539

9. TRANSACTIONS WITH RELATED PARTIES

- a) In addition to the disclosures set out in Notes 1, 3, 4, 5 and 6 following are the details of major related party transactions during the three-month period ended:

<u>Related party</u>	<u>Nature of transaction</u>	31 March 2015 Unaudited SR '000	31 March 2014 Unaudited SR '000
Shareholders' Operations			
Shareholder	Profit earned on held to maturity investment	1,001	3,375
Shareholder	Profit earned on Mutual funds	101	-
Insurance Operations			
Shareholder	Gross contribution written	863	-
Shareholder	Portfolio management fee	536	1,134

- b) Amount due from a related party represents receivable from Bank Al Jazira (founding shareholder).
- c) Contribution receivable includes SR 299 thousand (31 December 2014: SR 438 thousand) from a related party.

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
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**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

10. ZAKAT & INCOME TAX

The Zakat and income tax payable by the Company has been calculated in accordance with Zakat regulations in Kingdom of Saudi Arabia.

The movement in the Zakat and Income tax payable is as follows:

	31 March 2015 (Unaudited) SR '000	31 December 2014 (Audited) SR '000
Balance at the beginning of the period	13	-
Zakat for the period	136	409
Income tax for the period	12	41
Zakat and income tax for the period	<u>161</u>	<u>450</u>
Zakat and income tax paid during the period	-	(437)
Balance at the end of the period	<u>161</u>	<u>13</u>

The differences between the financial and the Zakatable / taxable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

11. EARNINGS PER SHARE

Earnings per share for the period have been calculated by dividing the net income for the period by thirty five million shares, the weighted average number of issued and outstanding shares for the period. Diluted earnings per share are not applicable to the Company.

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
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**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
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12. SEGMENT INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. The Company's gross written contributions, net insurance contributions, net written contribution, net insurance revenue, gross claims paid, net paid claims; net claims incurred, policy acquisition costs, supervision and inspection fees, underwriting surplus, general and administrative expenses, portfolio management fee, other income, net surplus / (deficit) from Insurance Operations, available-for-sale investments, contributions receivables, unearned contributions, outstanding claims, reserve for insurance activities, advance contributions, contribution deposit, reinsurance balances payable, total assets and total liabilities, by business segment, are stated below.

The activities of Insurance Operations, which are all in the Kingdom of Saudi Arabia, are reported under two business units, as detailed below:

Insurance - individual segment offers life Insurance products on an individual basis including unit linked investment oriented products.

Insurance - group segment offers life protection programs to the members of organizations on a group basis.

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

	Individual	Group	Total
	SR'000	SR'000	SR'000
For three-month period ended 31 March 2015 – Unaudited			
INSURANCE REVENUE			
Gross written contributions	7,045	1,725	8,770
Investible contributions, net	(4,961)	-	(4,961)
Net Insurance contributions	2,084	1,725	3,809
Contributions ceded	(61)	(1,589)	(1,650)
Net written contributions	2,023	136	2,159
Change in unearned contributions – net	-	2,430	2,430
Reserve for insurance activities	(395)	-	(395)
Net Insurance revenue	1,628	2,566	4,194
CLAIMS AND EXPENSES			
Gross claims paid	-	(984)	(984)
Reinsurance share of claims paid	-	864	864
Net paid claims	-	(120)	(120)
Change in outstanding claims including IBNR, net	-	(348)	(348)
Net claims incurred	-	(468)	(468)
Policy acquisition costs	(283)	-	(283)
Supervision and inspection fees	(35)	(9)	(44)
Total claims and expenses	(318)	(477)	(795)
Underwriting surplus for the period	1,310	2,089	3,399
General and administrative expenses			(1,761)
Portfolio management fee			536
Other income			467
Surplus for the period from Insurance Operations			2,641

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
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**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

12. SEGMENT INFORMATION – (continued)

As at 31 March 2015 – Unaudited

	Individual	Group	Total
	SR'000	SR'000	SR'000
INSURANCE OPERATIONS' ASSETS			
Available-for-sale investments held to cover unit link liabilities	15,890	-	15,890
Contributions receivable	-	492	492
Reinsurance share of unearned contributions	-	576	576
Reinsurance share of outstanding claims including IBNR	350	2,497	2,847
Unallocated assets			22,387
TOTAL INSURANCE OPERATIONS' ASSETS			42,192
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Reserves for Insurance activities	17,435	-	17,435
Unearned contributions	-	7,852	7,852
Outstanding claims including IBNR	450	5,284	5,734
Advance contributions	275	-	275
Contributions deposit	249	-	249
Reinsurance balances payable	61	2,328	2,389
Unallocated liabilities			7,867
Surplus from insurance operations			391
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			42,192

ALJAZIRA TAKAFUL TAAWUNI COMPANY
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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

12. SEGMENT INFORMATION – (continued)

	Individual	Group	Total
	SAR'000	SAR'000	SAR'000
For three-month period ended 31 March 2014 – Unaudited			
INSURANCE REVENUE			
Gross written contributions	999	61	1,060
Investible contributions, net	(799)	-	(799)
Net Insurance contributions	200	61	261
Contributions ceded	(9)	(2)	(11)
Net written contributions	191	59	250
Unearned contributions – net	-	(30)	(30)
Reserve for insurance activities	(141)	-	(141)
Net Insurance revenue	50	29	79
CLAIMS AND EXPENSES			
Gross claims paid	-	-	-
Reinsurance share of claims paid	-	-	-
Net paid claims	-	-	-
Outstanding claims including IBNR, net	-	(2)	(2)
Net claims incurred		(2)	(2)
Policy acquisition costs	(62)	-	(62)
Supervision and inspection fees	(5)	-	(5)
Total claims and expenses	(67)	(2)	(69)
Underwriting surplus for the period	(17)	27	10
General and administrative expenses			(990)
Portfolio management fee			1,134
Surplus for the period from Insurance Operations			154
As at 31 December 2014 – Audited			
INSURANCE OPERATIONS' ASSETS			
Available-for-sale investments held to cover unit link liabilities	10,953	-	10,953
Contributions receivable	-	442	442
Reinsurance share of unearned contributions	-	156	156
Reinsurance share of outstanding claims	350	1,648	1,998
Unallocated assets			21,540
TOTAL INSURANCE OPERATIONS' ASSETS			35,089
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Reserves for Insurance activities	11,991	-	11,991
Unearned contributions	-	9,862	9,862
Outstanding claims	450	4,087	4,537
Advance contributions	219	-	219
Contributions deposit	185	-	185
Reinsurance balances payable	121	1,615	1,736
Unallocated liabilities			6,432
Surplus from insurance operations			127
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			35,089

13. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Chairman of the Board of Directors on behalf of the Board of Directors on 20 April 2015 corresponding to 01 Rajab 1436H.