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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2015**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

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**FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2015**

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

**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 December 2015, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, and comprehensive income for the three-month and twelve-month periods then ended, and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the twelve-month period then ended, and related 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 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 Information issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with 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.

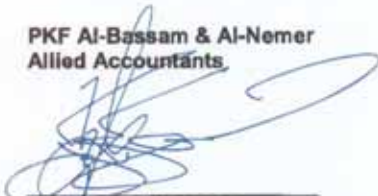
**Conclusion**

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 the accompanying 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**



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

**KPMG Al Fozan & Partners**



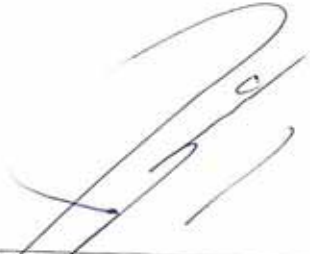
Ebrahim Oboud Baeshen  
Certified Public Accountant  
License No. 382

Jeddah, Kingdom of Saudi Arabia  
9 Rabi Al Thani 1437H  
Corresponding to 19 January 2016



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

	Notes	31 December 2015 <i>(Unaudited)</i> SR '000	31 December 2014 <i>(Audited)</i> SR '000
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	3	45,804	19,318
Available-for-sale investments held to cover unit-linked liabilities	5	37,105	10,953
Contributions receivable	9 (c)	1,108	442
Reinsurance share of unearned contributions		865	156
Reinsurance share of outstanding claims including IBNR	8	5,966	1,998
Due from a related party	9 (b)	2,051	2,142
Other receivables		246	80
<b>Total Insurance Operations' Assets</b>		<b>93,145</b>	<b>35,089</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	3	11,463	6,666
Advance for investment		331	-
Held-to-maturity investments	4	270,261	271,215
FVIS investments	6	41,149	40,723
Due from Insurance Operations		14,539	1,739
Statutory deposit		35,000	35,000
<b>Total Shareholders' Assets</b>		<b>372,743</b>	<b>355,343</b>
<b>TOTAL ASSETS</b>		<b>465,888</b>	<b>390,432</b>

  
 \_\_\_\_\_  
 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 FINANCIAL POSITION (continued)  
AS AT 31 DECEMBER 2015

		31 December 2015	31 December 2014
	Notes	(Unaudited) SR '000	(Audited) SR '000
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
<b>Insurance Operations' Liabilities</b>			
Reserve for insurance activities	7	37,700	11,991
Unearned contributions		17,215	9,862
Outstanding claims including IBNR	8	10,169	4,537
Advance contributions		356	219
Contributions deposit		190	185
Reinsurance balances payable		3,869	1,736
Accrued expenses and other liabilities		7,127	4,546
Due to Shareholders' Operations		14,539	1,739
Employees' end of service benefits		357	147
<b>Total Insurance Operations' Liabilities</b>		<b>91,522</b>	<b>34,962</b>
<b>Insurance Operations' Surplus</b>			
Surplus from Insurance Operations		1,623	127
<b>Total Insurance Operations' Liabilities and Surplus</b>		<b>93,145</b>	<b>35,089</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' Liabilities</b>			
Accrued expenses and other liabilities		247	468
Accrued Zakat and income tax	10	779	13
<b>Total Shareholders' Liabilities</b>		<b>1,026</b>	<b>481</b>
<b>Shareholders' Equity</b>			
Share capital		350,000	350,000
Statutory reserve		5,487	1,955
Retained earnings		16,230	2,907
<b>Total Shareholders' Equity</b>		<b>371,717</b>	<b>354,862</b>
<b>Total Shareholders' Liabilities and Equity</b>		<b>372,743</b>	<b>355,343</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>465,888</b>	<b>390,432</b>

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)**

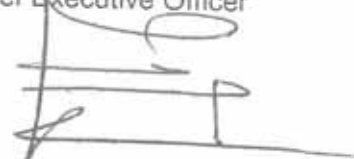
**INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS (UNAUDITED)  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2015**

Notes	For the three-month period ended 31 December		For the twelve-month period ended 31 December	
	2015	2014	2015	2014
<b>INSURANCE REVENUE</b>				
Gross written contributions	11,693	4,864	71,148	30,206
Investible contributions, net	(9,218)	(3,954)	(29,753)	(10,214)
<b>Net insurance contributions</b>	<b>2,475</b>	<b>910</b>	<b>41,395</b>	<b>19,992</b>
Contributions ceded	(4,794)	(1,389)	(13,734)	(2,333)
<b>Net written contributions</b>	<b>(2,319)</b>	<b>(479)</b>	<b>27,661</b>	<b>17,659</b>
Change in unearned contributions – net	8,297	675	(6,644)	(9,706)
Reserve for insurance activities	976	(689)	1,968	(1,910)
<b>Net insurance revenue</b>	<b>6,954</b>	<b>(493)</b>	<b>22,985</b>	<b>6,043</b>
<b>CLAIMS AND EXPENSES</b>				
Gross claims paid	(1,091)	(716)	(7,253)	(716)
Reinsurance share of claims paid	926	596	6,146	596
Net paid claims	(165)	(120)	(1,107)	(120)
Change in outstanding claims including IBNR, net	(44)	(1,129)	(1,664)	(2,539)
Net claims incurred	(209)	(1,249)	(2,771)	(2,659)
Policy acquisition costs	(528)	(244)	(1,905)	(731)
Supervision and inspection fees	(59)	(24)	(356)	(151)
<b>Total claims and expenses</b>	<b>(796)</b>	<b>(1,517)</b>	<b>(5,032)</b>	<b>(3,541)</b>
<b>Underwriting surplus / (deficit) for the period</b>	<b>6,158</b>	<b>(2,010)</b>	<b>17,953</b>	<b>2,502</b>
General and administrative expenses	(1,583)	(2,700)	(6,421)	(5,998)
Portfolio management fee	1&9	533	1,638	3,328
Other income	295	1,363	1,789	1,434
<b>Surplus / (deficit) for the period from Insurance Operations</b>	<b>4,870</b>	<b>(2,814)</b>	<b>14,959</b>	<b>1,266</b>
Shareholders' share of deficit / (surplus) from Insurance Operations	2 (a)	2,533	(13,463)	(1,139)
<b>Surplus / (deficit) for the period</b>	<b>487</b>	<b>(281)</b>	<b>1,496</b>	<b>127</b>
Surplus from Insurance Operations at the beginning of the period	1,136	408	127	-
<b>Accumulated surplus from insurance operation at the end of the period</b>	<b>1,623</b>	<b>127</b>	<b>1,623</b>	<b>127</b>

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 AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2015**

	Notes	<i>For the three-month period ended 31 December</i>		<i>For the twelve-month period ended 31 December</i>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		SR '000	SR '000	SR '000	SR '000
<b>REVENUE</b>					
Shareholders' share of surplus / (deficit) from Insurance Operations	2 (a)	4,383	(2,533)	13,463	1,139
Profit on held-to-maturity investments		1,085	698	4,121	5,485
Realised gain on investments		-	471	1,464	3,578
Unrealised gain on FVIS investments	6	143	100	426	216
Other income		12	43	42	73
Pre-incorporation income, net		-	-	-	1,597
<b>Total income / (loss)</b>		<u>5,623</u>	<u>(1,221)</u>	<u>19,516</u>	<u>12,088</u>
General and administrative expenses		(338)	(823)	(1,855)	(2,311)
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>		<u>5,285</u>	<u>(2,044)</u>	<u>17,661</u>	<u>9,777</u>
Weighted average number of ordinary shares outstanding (in thousands)		<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
Earnings / (loss) per share for the period (SR)	11	<u>0.15</u>	<u>(0.06)</u>	<u>0.50</u>	<u>0.28</u>

Chairman 

Chief Executive Officer 



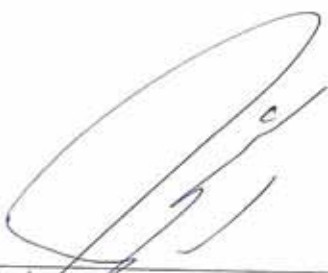
Senior Finance Manager

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ALJAZIRA TAKAFUL TAAWUNI COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2015

	<i>For the three-month period ended 31 December</i>		<i>For the twelve-month period ended 31 December</i>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	SR '000	SR '000	SR '000	SR '000
NET INCOME / (LOSS) FOR THE PERIOD	5,285	(2,044)	17,661	9,777
Zakat and income tax for the period (note 10)	(236)	2,598	(806)	(450)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>5,049</b>	<b>554</b>	<b>16,855</b>	<b>9,327</b>



Chairman



Senior Finance Manager



Chief Executive Officer

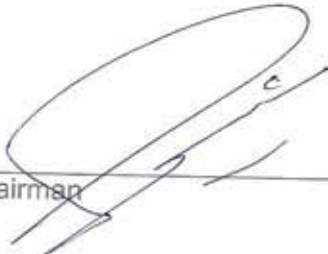
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**ALJAZIRA TAKAFUL TAAWUNI COMPANY  
(A SAUDI JOINT STOCK COMPANY)**


**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2015**

	Share capital	Statutory reserve	Retained earnings	Total
	SR '000	SR '000	SR '000	SR '000
<b>Twelve-month period ended 31 December 2015 (Unaudited)</b>				
Balance as at 31 December 2014 (Audited)	350,000	1,955	2,907	354,862
Net income for the period	-	-	17,661	17,661
Transfer to statutory reserve	-	3,532	(3,532)	-
Zakat and income tax for the period (note 10)	-	-	(806)	(806)
<b>Balance as at 31 December 2015 (Unaudited)</b>	<b>350,000</b>	<b>5,487</b>	<b>16,230</b>	<b>371,717</b>
<b>Twelve-month period ended 31 December 2014</b>				
Balance as at 31 December 2013 (Audited)	350,000	-	-	350,000
Transaction costs relating to issuance of share capital	-	-	(4,465)	(4,465)
Net income for the period	-	-	9,777	9,777
Transfer to statutory reserve	-	1,955	(1,955)	-
Zakat and income tax for the period (note 10)	-	-	(450)	(450)
<b>Balance as at 31 December 2014 (Audited)</b>	<b>350,000</b>	<b>1,955</b>	<b>2,907</b>	<b>354,862</b>

  
Chairman



Senior Finance Manager

  
Chief Executive Officer

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

**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2015**

	Note	31 December <u>2015</u> (Unaudited) SR '000	31 December <u>2014</u> (Audited) SR '000
<b>OPERATING ACTIVITIES</b>			
Surplus for the period		1,496	127
Adjustments for the period:			
Employees' end of service benefits, net		210	147
Reinsurance share of unearned contributions		(709)	(156)
Unearned contributions		<u>7,353</u>	<u>9,862</u>
		8,350	9,980
<i>Change in operating assets and liabilities:</i>			
Available-for-sale investments held to cover unit-linked liabilities		(26,152)	(10,953)
Contributions receivable		(666)	(442)
Reinsurance share of outstanding claims including IBNR		(3,968)	(1,998)
Due from a related party		91	(2,142)
Other receivables		(166)	(80)
Reserve for Insurance activities		25,709	11,991
Outstanding claims including IBNR		5,632	4,537
Advance contributions		137	219
Due to Shareholders' Operations		12,800	1,739
Contributions deposit		5	185
Reinsurance balances payable		2,133	1,736
Accrued expenses and other liabilities		<u>2,581</u>	<u>4,546</u>
<b>Net cash from operating activities</b>		<u>26,486</u>	<u>19,318</u>
<b>Net increase in cash and cash equivalents</b>		26,486	19,318
Cash and cash equivalents at the beginning of the period		<u>19,318</u>	-
<b>Cash and cash equivalents at end of the period</b>	3	<u>45,804</u>	<u>19,318</u>

  
Chairman

  
Chief Executive Officer

  
Senior Finance Manager

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

**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2015**

	Notes	31 December 2015 (Unaudited) SR '000	31 December 2014 (Audited) SR '000
<b>OPERATING ACTIVITIES</b>			
Net income for the period before Zakat		17,661	9,777
Adjustments for the period:			
Premium on held-to-maturity investments		(4,121)	(1,215)
Realised gain on FVIS investments		(1,464)	(3,578)
Unrealised gain on FVIS investments	6	(426)	(216)
		<u>11,650</u>	<u>4,768</u>
<i>Change in operating assets and liabilities</i>			
Due from Insurance Operations		(12,800)	(1,739)
Statutory deposit		-	(35,000)
Accrued expenses and other liabilities		(221)	468
Zakat and income tax paid	10	(40)	(437)
<b>Net cash used in operating activities</b>		<u>(1,411)</u>	<u>(31,940)</u>
<b>INVESTING ACTIVITIES</b>			
Investments held-to-maturity		-	(270,000)
Purchase of FVIS investments	6	(2,856)	(303,750)
Proceeds from disposal of FVIS investments		4,320	266,821
Advance for investment		(331)	-
Premium on held-to-maturity investments		5,075	-
<b>Net cash from / (used in) investing activities</b>		<u>6,208</u>	<u>(306,929)</u>
<b>FINANCING ACTIVITIES</b>			
Issue of share capital		-	350,000
Transaction costs relating to issue of share capital		-	(4,465)
<b>Net cash from financing activities</b>		<u>-</u>	<u>345,535</u>
<b>Net increase in cash and cash equivalents</b>		<u>4,797</u>	-
<b>Cash and cash equivalents at beginning of the period</b>		<u>6,666</u>	-
<b>Cash and cash equivalents at the end of the period</b>	3	<u>11,463</u>	<u>6,666</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 AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2015**

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**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. The Company 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 was also receiving a management fee in respect of managing the insurance portfolio of the founding shareholder, at the rate ranging from 10% to 20% of total revenue of the founding shareholder's portfolio. The management fee is not effective after the period ended 31 March 2015 as per the Agreement.

**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 twelve-month period ended 31 December 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 AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2015**

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**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	<u>10%</u>
	<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.

**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.

**(b) Summary of 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 period ended 31 December 2014, except for the adoption of the amendments to existing standards mentioned below which had no financial impact on the interim condensed financial statements of the Company.



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

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2015**

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

**(b) Summary of significant accounting policies (continued)**

**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):

<b><u>Standard</u></b>	<b><u>Description</u></b>
IAS 19	Amendments to IAS 19: the amendment provides relief, based on meeting certain criteria's, from the requirements proposed in the amendments of 2011 for attributing employee / third party contributions to periods of service under the plan benefit formula or on a straight line basis. The current amendment gives an option, if conditions satisfy, to reduce service cost in period in which the related service is rendered.
IFRS 3	Amendments to IFRS 3 Business Combinations: amendment to clarify the classification and measurement of contingent consideration in a business combination. It has been further amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11.
IFRS 8	Amendments to IFRS 8 Operating Segments: amendment requiring explicitly disclosure of judgments made by management in applying aggregation criteria.
IFRS 13	Amendments to IFRS 13 Fair Value Measurement: amendment to clarify measurement of interest free short-term receivables and payables at their invoiced amount without discounting, if the effect of discounting is immaterial. It has been further amended to clarify that the portfolio exception potentially applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.
IAS 16 and IAS 38	Amendments to IAS 16 "Property plant and equipment" and IAS 38 "intangible assets": amendments to clarify the requirements of revaluation model recognizing that the restatement of accumulated depreciation (amortisation) is not always proportionate to the change in the gross carrying amount of the asset.
IAS 24	Amendments to IAS 24 Related Party Disclosures: the definition of a related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or indirectly.
IFRS 1	Amendments to IFRS 1 First time adoption of IFRS: the amendment clarifies that a first time adopter is permitted but not required to apply a new or revised IFRS that is not yet mandatory but is available for early adoption.
IFRS 2	Amendments to IFRS 2 Share-Based Payment: the amendment to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
IAS 40	Amendments to IAS 40 Investment Property: amendments to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition constitutes a business combination.

The above mentioned amendments and revisions do not have an impact on these interim condensed financial statements of the Company.

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

**(b) Summary of significant accounting policies – (continued)**

**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.

<b><u>Standard/ Interpretation</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
IAS 1	Amendments to IAS 1 Disclosure Initiative	1 January 2016
IFRS 9	Financial Instruments	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 2018
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, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities: applying the consolidation exception	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
IAS 16 and IAS 41	Amendments to IAS 16 and IAS 41 Agriculture Bearer plants	1 January 2016

**3. CASH AND CASH EQUIVALENTS**

	<b><i>31 December 2015</i></b>	<b><i>31 December 2014</i></b>
	<b><i>(Unaudited)</i></b>	<b><i>(Audited)</i></b>
	<b><i>SR '000</i></b>	<b><i>SR '000</i></b>
<b><i>Insurance Operations</i></b>		
Cash at bank	<b>7,804</b>	19,318
Murabaha deposit	<b>38,000</b>	-
	<b><u>45,804</u></b>	<b><u>19,318</u></b>
<b><i>Shareholders' Operations</i></b>		
Cash at bank	<b><u>11,463</u></b>	<b><u>6,666</u></b>

Cash at bank is held with founding shareholder.

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**4. HELD-TO-MATURITY INVESTMENTS**

Held-to-maturity investments amounting to SR 270.2 million (31 December 2014: SR 271.2 million) are made for three years maturing in 2017 with a founding shareholder.

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

	<i>Initial cost value</i>	<i>Change in fair value</i>	<i>31 December 2015 (Unaudited)</i>
	<u>SR '000</u>	<u>SR '000</u>	<u>SR '000</u>
<b><i>Insurance Operations</i></b>			
Al - Qawafel Fund	19	-	19
Al Jazira Diversified Aggressive Fund	32,653	(1,862)	30,791
Al Jazira Diversified Balanced Fund	5,837	(204)	5,633
Al Jazira Diversified Conservative Fund	672	(10)	662
	<u>39,181</u>	<u>(2,076)</u>	<u>37,105</u>
		<i>Change in fair value</i>	<i>31 December 2014 (Audited)</i>
	<u>SR '000</u>	<u>SR '000</u>	<u>SR '000</u>
<b><i>Insurance Operations</i></b>			
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 operations 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).

Level3: 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 2 hierarchy.

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**6. FVIS INVESTMENTS**

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

	<b>31 December 2015 (Unaudited) SR'000</b>	<b>31 December 2014 (Audited) SR'000</b>
Balance at beginning of the period	40,723	-
Purchases during the period	2,856	303,750
Disposals during the period	(2,856)	(263,243)
Changes in fair value during the period	426	216
<b>Balance at end of the period</b>	<b>41,149</b>	<b>40,723</b>

The FVIS investments includes investment amounted to SR 41.149 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 2 hierarchy.

**7. RESERVE FOR INSURANCE ACTIVITIES**

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

	<b>31 December 2015 (Unaudited) SR'000</b>	<b>31 December 2014 (Audited) SR '000</b>
Balance at beginning of the period	11,991	-
Investible contributions	29,753	10,214
Technical reserve for insurance activities – net	(1,734)	1,430
Mathematical reserve – net	(234)	480
Change in fair value of available-for-sale investments (note 5)	(2,076)	(133)
<b>Balance at the end of the period</b>	<b>37,700</b>	<b>11,991</b>

**8. OUTSTANDING CLAIMS**

	<b>Gross SR '000</b>	<b>Reinsurers' share SR '000</b>	<b>Net SR '000</b>
<b>31 December 2015 (Unaudited)</b>			
Outstanding claims	1,417	(1,108)	309
Add: Incurred but not reported (IBNR) reserve	8,752	(4,858)	3,894
<b>Total outstanding claims</b>	<b>10,169</b>	<b>(5,966)</b>	<b>4,203</b>

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**8. OUTSTANDING CLAIMS – (Continued)**

	Gross	Reinsurers' share	Net
<i>31 December 2014 (Audited)</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
Outstanding claims	450	(350)	100
Add: Incurred but not reported (IBNR) reserve	4,087	(1,648)	2,439
Total outstanding claims	<u>4,537</u>	<u>(1,998)</u>	<u>2,539</u>

**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 twelve-month period ended:

<b><u>Related party</u></b>	<b><u>Nature of transaction</u></b>	<b><u>31 December 2015 (Unaudited)</u></b>	<b><u>31 December 2014 (Unaudited)</u></b>
		<b><u>SR '000</u></b>	<b><u>SR '000</u></b>
<b>Shareholders' Operations</b>			
<i>Shareholder</i>	Transaction costs paid on behalf of the Company and recharged to the Company	-	3,008
	Pre-incorporation expenses paid on behalf of the Company and recharged to the Company	-	411
	Profit earned from Murabaha deposits (pre-incorporation)	-	2,259
	Profit earned from held-to-maturity investments	4,121	5,485
	Profit earned from Mutual funds	426	723
<b>Insurance Operations</b>			
<i>Shareholder</i>	Gross written contribution	34,166	16,025
<i>Shareholder</i>	Portfolio management fee	1,638	3,328
<i>Key management personnel</i>	Salaries, benefits and allowances	5,358	5,330

- b) Amount due from a related party represents receivable from Bank Al Jazira (founding shareholder).
- c) Contribution receivable includes SR 870 thousand (31 December 2014: SR 438 thousand) from a related party.



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**10. ZAKAT AND 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:

	<b>31 December 2015 (Unaudited) SR '000</b>	<b>31 December 2014 (Audited) SR '000</b>
Balance at the beginning of period	13	-
Zakat for the period	751	409
Income tax for the period	55	41
Zakat and income tax for period	<b>819</b>	450
Zakat and income tax paid during the period	<b>(40)</b>	(437)
Balance at the end of the period	<b>779</b>	13

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

**Status of assessment**

The Company has submitted its Zakat and income tax return for the period ended 31 December 2014 and restricted certificate has been obtained.

**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.

**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 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.

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**12. SEGMENT INFORMATION – (continued)**

	Individual	Group	Total
For three-month period ended 31 December 2015 – unaudited	SR'000	SR'000	SR'000
<b>INSURANCE REVENUE</b>			
Gross written contributions	10,880	813	11,693
Investible contributions, net	(9,218)	-	(9,218)
<b>Net Insurance contributions</b>	<b>1,662</b>	<b>813</b>	<b>2,475</b>
Contributions ceded	(113)	(4,681)	(4,794)
<b>Net written contributions</b>	<b>1,549</b>	<b>(3,868)</b>	<b>(2,319)</b>
Change in unearned contributions – net	-	8,297	8,297
Reserve for insurance activities	976	-	976
<b>Net Insurance revenue</b>	<b>2,525</b>	<b>4,429</b>	<b>6,954</b>
<b>CLAIMS AND EXPENSES</b>			
Gross claims paid	-	(1,091)	(1,091)
Reinsurance share of claims paid	-	926	926
Net paid claims	-	(165)	(165)
Change in outstanding claims including IBNR, net	-	(44)	(44)
Net claims incurred	-	(209)	(209)
Policy acquisition costs	(128)	(400)	(528)
Supervision and inspection fees	(54)	(5)	(59)
<b>Total claims and expenses</b>	<b>(182)</b>	<b>(614)</b>	<b>(796)</b>
<b>Underwriting surplus for the period</b>	<b>2,343</b>	<b>3,815</b>	<b>6,158</b>
General and administrative expenses			(1,583)
Portfolio management fee			-
Other income			295
<b>Surplus for the period from Insurance Operations</b>			<b>4,870</b>

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**12. SEGMENT INFORMATION – (continued)**

	Individual	Group	Total
For twelve-months period ended 31 December 2015 – Unaudited	SR'000	SR'000	SR'000
<b>INSURANCE REVENUE</b>			
Gross written contributions	35,415	35,733	71,148
Investible contributions, net	(29,753)	-	(29,753)
<b>Net Insurance contributions</b>	<b>5,662</b>	<b>35,733</b>	<b>41,395</b>
Contributions ceded	(360)	(13,374)	(13,734)
<b>Net written contributions</b>	<b>5,302</b>	<b>22,359</b>	<b>27,661</b>
Change in unearned contributions – net	-	(6,644)	(6,644)
Reserve for insurance activities	1,968	-	1,968
<b>Net Insurance revenue</b>	<b>7,270</b>	<b>15,715</b>	<b>22,985</b>
<b>CLAIMS AND EXPENSES</b>			
Gross claims paid	-	(7,253)	(7,253)
Reinsurance share of claims paid	-	6,146	6,146
Net paid claims	-	(1,107)	(1,107)
Change in outstanding claims including IBNR, net	-	(1,664)	(1,664)
Net claims incurred	-	(2,771)	(2,771)
Policy acquisition costs	(1,505)	(400)	(1,905)
Supervision and inspection fees	(177)	(179)	(356)
<b>Total claims and expenses</b>	<b>(1,682)</b>	<b>(3,350)</b>	<b>(5,032)</b>
<b>Underwriting surplus for the period</b>	<b>5,588</b>	<b>12,365</b>	<b>17,953</b>
General and administrative expenses			(6,421)
Portfolio management fee			1,638
Other income			1,789
<b>Surplus for the period from Insurance Operations</b>			<b>14,959</b>

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**12. SEGMENT INFORMATION – (continued)**

<b>As at 31 December 2015 – Unaudited</b>	<b>Individual SAR'000</b>	<b>Group SAR'000</b>	<b>Total SAR'000</b>
<b>INSURANCE OPERATIONS' ASSETS</b>			
Available-for-sale investments held to cover unit link liabilities	37,105	-	37,105
Contributions receivable	-	1,108	1,108
Reinsurance share of unearned contributions	-	865	865
Reinsurance share of outstanding claims including IBNR	-	5,966	5,966
Unallocated assets			<u>48,101</u>
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>			<u><b>93,145</b></u>
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
Reserves for Insurance activities	37,700	-	37,700
Unearned contributions	-	17,215	17,215
Outstanding claims including IBNR	-	10,169	10,169
Advance contributions	356	-	356
Contributions deposit	190	-	190
Reinsurance balances payable	113	3,756	3,869
Surplus from insurance operations			1,623
Unallocated liabilities			22,023
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			<u><b>93,145</b></u>
	Individual SAR'000	Group SAR'000	Total SAR'000
For three-month period ended 31 December 2014 – unaudited			
<b>INSURANCE REVENUE</b>			
Gross written contributions	4,397	467	4,864
Investible contributions, net	(3,954)	-	(3,954)
Net Insurance contributions	443	467	910
Contributions ceded	(48)	(1,341)	(1,389)
Net written contributions	395	(874)	(479)
Unearned contributions – net	-	675	675
Reserve for insurance activities	(689)	-	(689)
Net Insurance revenue	(294)	(199)	(493)
<b>CLAIMS AND EXPENSES</b>			
Gross claims paid	-	(716)	(716)
Reinsurance share of claims paid	-	596	596
Net paid claims	-	(120)	(120)
Outstanding claims including IBNR, net	(100)	(1,029)	(1,129)
Net claims incurred	(100)	(1,149)	(1,249)
Policy acquisition costs	(244)	-	(244)
Supervision and inspection fees	(22)	(2)	(24)
Total claims and expenses	(366)	(1,151)	(1,517)
Underwriting deficit for the period	(660)	(1,350)	(2,010)
General and administrative expenses			(2,700)
Portfolio management fee			533
Other income			1,363
Deficit for the period from Insurance Operations			<u><b>(2,814)</b></u>

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**12. SEGMENT INFORMATION – (continued)**

For twelve-month period ended 31 December 2014 – unaudited	Individual SAR'000	Group SAR'000	Total SAR'000
<b>INSURANCE REVENUE</b>			
Gross written contributions	14,039	16,167	30,206
Investible contributions, net	(10,214)	-	(10,214)
Net Insurance contributions	3,825	16,167	19,992
Contributions ceded	(116)	(2,217)	(2,333)
Net written contributions	3,709	13,950	17,659
Unearned contributions – net	-	(9,706)	(9,706)
Reserve for insurance activities	(1,910)	-	(1,910)
Net Insurance revenue	1,799	4,244	6,043
<b>CLAIMS AND EXPENSES</b>			
Gross claims paid	-	(716)	(716)
Reinsurance share of claims paid	-	596	596
Net paid claims	-	(120)	(120)
Outstanding claims including IBNR, net	(100)	(2,439)	(2,539)
Net claims incurred	(100)	(2,559)	(2,659)
Policy acquisition costs	(731)	-	(731)
Supervision and inspection fees	(70)	(81)	(151)
Total claims and expenses	(901)	(2,640)	(3,541)
Underwriting surplus for the period	898	1,604	2,502
General and administrative expenses			(5,998)
Portfolio management fee			3,328
Other income			1,434
Surplus for the period from Insurance Operations			1,266
As at 31 December 2014 – audited			
<b>INSURANCE OPERATIONS' ASSETS</b>			
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
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>			<b>35,089</b>
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
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
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			<b>35,089</b>



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**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 19 January 2016, corresponding to 9 Rabi Al Thani 1437H.