

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS**

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

**SAUDI ENAYA COOPERATIVE INSURANCE 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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Ernst & Young & Co. (Public Accountants)  
13<sup>th</sup> Floor - King's Road Tower  
PO Box 1994  
King Abdulaziz Road (Malek Road)  
Jeddah 21441  
Saudi Arabia  
Registration Number: 45



KPMG Al Fozan & Partners  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
License No. 46/11/323  
issued 11/3/1992

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

### THE SHAREHOLDERS SAUDI ENAYA COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY) KINGDOM OF SAUDI ARABIA

#### Scope of review

We have reviewed the accompanying interim statement of financial position of Saudi Enaya Cooperative Insurance 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 15 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.

for Ernst & Young

Husam Faisal Bawared  
Certified Public Accountant  
Licence No. 393

for KPMG Al Fozan & Partners

Ebrahim Oboud Baeshen  
Certified Public Accountant  
Licence No. 382



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



SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<b>INSURANCE OPERATIONS' ASSETS</b>	<i>Notes</i>		
Cash and cash equivalents	3	903	1,198
Premiums receivable, net	4	21,934	6,078
Amounts due from shareholders' operations		17,405	-
Reinsurance receivable		4,766	4,167
Reinsurers' share of unearned premiums		13,625	3,280
Reinsurers' share of outstanding claims		7,146	1,827
Deferred policy acquisition costs		1,359	381
Prepayments and other assets		5,020	3,351
Intangible assets		6,484	10,929
Furniture, fittings and office equipment		2,461	5,446
<b>Total insurance operations' assets</b>		<b>81,103</b>	<b>36,657</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	3	58,110	105,138
Murabaha deposits	3(b)	54,700	-
Investments	5	69,866	110,879
Prepayments and other assets		1,112	929
Amounts due from insurance operations		-	3,156
Statutory deposit	10	40,000	40,000
<b>Total shareholders' assets</b>		<b>223,788</b>	<b>260,102</b>
<b>TOTAL ASSETS</b>		<b>304,891</b>	<b>296,759</b>



Board Member



Chief Financial Officer



Chief Executive Officer

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

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2015

	<i>Notes</i>	<i>31 December 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
<b>Insurance operations' liabilities</b>			
Unearned premiums		34,312	8,180
Outstanding claims and other technical reserves		17,559	5,087
Reinsurance balance payables		14,257	5,078
Amounts due to shareholders' operations		-	3,156
Accrued expenses and other liabilities		14,975	15,156
<b>Total insurance operations' liabilities</b>		<b>81,103</b>	<b>36,657</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Accrued expenses and other liabilities		1,248	1,074
Accrued Zakat	8	4,860	7,508
Amounts due to insurance operations		17,405	-
Amounts due to related parties		4	4
<b>Total shareholders' liabilities</b>		<b>23,517</b>	<b>8,586</b>
<b>Shareholders' equity</b>			
Share capital	6	400,000	400,000
Accumulated losses		(199,729)	(148,484)
<b>Total shareholders' equity</b>		<b>200,271</b>	<b>251,516</b>
<b>Total shareholders' liabilities and equity</b>		<b>223,788</b>	<b>260,102</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES, SHAREHOLDERS' LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>304,891</b>	<b>296,759</b>

  
Board Member

  
Chief Financial Officer

  
Chief Executive Officer


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

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS  
For the three-month and twelve-month periods ended 31 December 2015

	<i>Notes</i>	<i>Three-month period ended</i>		<i>Twelve-month period ended</i>	
		<i>31 December</i>		<i>31 December</i>	
		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
		<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
		<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>
<b>REVENUE</b>					
Gross written premiums		9,008	4,388	70,933	32,678
Less: reinsurance ceded		(3,614)	(1,753)	(28,556)	(13,124)
Net written premiums		5,394	2,635	42,377	19,554
Movement in net unearned premiums		5,743	2,666	(15,791)	10,733
Net premiums earned		11,137	5,301	26,586	30,287
<b>CLAIMS</b>					
Gross claims paid		9,479	8,777	26,650	51,954
Less: claims recovered		(4,833)	(4,166)	(13,441)	(25,699)
Net claims paid		4,646	4,611	13,209	26,255
Movement in net outstanding claims and other technical reserves		2,655	(4,479)	7,153	(3,938)
Net claims incurred		7,301	132	20,362	22,317
Policy acquisition cost		136	499	3,432	4,442
Net underwriting expenses		7,437	631	23,794	26,759
Net underwriting result		3,700	4,670	2,792	3,528
Other income		--	--	446	93
<b>EXPENSES</b>					
Selling and marketing		(842)	(884)	(4,546)	(4,646)
General and administration	7	(13,099)	(12,646)	(46,217)	(44,992)
DEFICIT FROM INSURANCE OPERATIONS		(10,241)	(8,860)	(47,525)	(46,017)
Shareholders' share of deficit from insurance operations	2(a)	10,241	8,860	47,525	46,017
Policyholders' share of deficit from insurance operations		--	--	--	--

  
Board Member

  
Chief Financial Officer

  
Chief Executive Officer

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

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS  
For the three-month and twelve-month periods ended 31 December 2015

	Notes	<i>Three-month period ended 31 December (Unaudited)</i>		<i>Twelve-month period ended 31 December (Unaudited)</i>	
		<i>2015 SR' 000</i>	<i>2014 SR' 000</i>	<i>2015 SR' 000</i>	<i>2014 SR' 000</i>
<b>LOSS</b>					
Shareholders' share of deficit from insurance operations	2(a)	<b>(10,241)</b>	(8,860)	<b>(47,525)</b>	(46,017)
<b>EXPENSES</b>					
General and administration	7	<b>(572)</b>	(462)	<b>(1,798)</b>	(1,651)
		<b>(10,813)</b>	(9,322)	<b>(49,323)</b>	(47,668)
Investment (loss) /income		<b>(854)</b>	(7,819)	<b>(2,673)</b>	2,492
<b>NET LOSS FOR THE PERIOD</b>		<b>(11,667)</b>	(17,141)	<b>(51,996)</b>	(45,176)
Weighted average number of ordinary shares outstanding (in thousands)		<b>40,000</b>	40,000	<b>40,000</b>	40,000
Loss per share (in Saudi Arabian Riyals)	12	<b>(0.29)</b>	(0.43)	<b>(1.30)</b>	(1.13)



Board Member



Chief Financial Officer



Chief Executive Officer

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

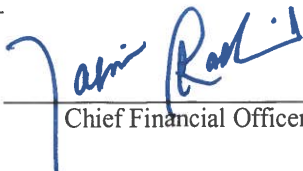
SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month and twelve-month periods ended 31 December 2015

	<i>Notes</i>	<i>Three-month period ended 31 December (Unaudited)</i>		<i>Twelve-month period ended 31 December (Unaudited)</i>	
		<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
		<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>
<b>NET LOSS FOR THE PERIOD</b>		<b>(11,667)</b>	<b>(17,141)</b>	<b>(51,996)</b>	<b>(45,176)</b>
Zakat reversal /(charge) for the current period	8	666	-	(1,825)	(2,883)
Reversal of prior year zakat provision	8	2,576	-	2,576	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(8,425)</b>	<b>(17,141)</b>	<b>(51,245)</b>	<b>(48,059)</b>

  
Board Member

  
Chief Financial Officer

  
Chief Executive Officer

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



SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the twelve-month period ended 31 December 2015

*For the twelve-month period ended 31 December 2015  
(unaudited)*

	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2015	400,000	(148,484)	251,516
Net loss for the period	--	(51,996)	(51,996)
Zakat charge for the current period (Note 8)	--	(1,825)	(1,825)
Reversal of prior year zakat provision (Note 8)	--	2,576	2,576
Balance at 31 December 2015	<u>400,000</u>	<u>(199,729)</u>	<u>200,271</u>

*For the twelve-month period ended 31 December 2014  
(unaudited)*

	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2014	400,000	(100,425)	299,575
Net loss for the period	--	(45,176)	(45,176)
Zakat for the period (Note 8)	--	(2,883)	(2,883)
Balance at 31 December 2014	<u>400,000</u>	<u>(148,484)</u>	<u>251,516</u>

  
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Chief Executive Officer

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

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)  
For the twelve-month period ended 31 December 2015

	<i>Notes</i>	<i>For the twelve- month period ended 31 December 2015 SR' 000</i>	<i>For the twelve- month period ended 31 December 2014 SR' 000</i>
<b>OPERATING ACTIVITIES</b>			
Policyholders' share of deficit from insurance operations		--	--
Adjustments for:			
Depreciation		3,122	3,771
Amortization of intangible assets		4,804	4,536
Reinsurers' share of unearned premiums		(10,345)	8,976
Deferred policy acquisition costs		(978)	1,637
Unearned premiums		26,132	(19,709)
Provision for premium deficiency		1,834	(2,085)
Allowance /(reversal) for doubtful premiums receivable	7	3,048	(3,187)
		<u>27,617</u>	<u>(6,061)</u>
Changes in assets and liabilities:			
Premiums receivable		(18,904)	18,868
Reinsurance receivable		(599)	769
Reinsurer's share of outstanding claims		(5,319)	1,853
Prepayments and other assets		(1,669)	89
Outstanding claims and other technical reserves		10,638	(3,705)
Reinsurance balance payable		9,179	(10,266)
Amounts due from shareholders' operations		(20,561)	(672)
Accrued expenses and other liabilities		(181)	895
Net cash from operating activities		<u>201</u>	<u>1,770</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture, fittings and office equipment		(137)	(499)
Intangible assets acquired		(359)	(1,322)
Net cash used in investing activities		<u>(496)</u>	<u>(1,821)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(295)</u>	<u>(51)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<u>1,198</u>	<u>1,249</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	3	<u><u>903</u></u>	<u><u>1,198</u></u>

  
Board Member

  
Chief Financial Officer

  
Chief Executive Officer

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

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

For the twelve-month period ended 31 December 2015

		<i>For the twelve- month period ended 31 December 2015 SR' 000</i>	<i>For the twelve- month period ended 31 December 2014 SR' 000</i>
	<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>			
Net loss for the period before Zakat		(51,996)	(45,176)
Adjustments for:			
Fair value losses on investments	5	4,679	121
Amortization of discount – net	5	(15)	25
Loss on sale of investments		-	42
Profit on Murabaha deposits		(2,006)	(2,079)
		<u>(49,338)</u>	<u>(47,067)</u>
Changes in assets and liabilities:			
Prepayments and other assets		1,823	1,057
Amounts due from a related party		-	83
Amount due to insurance operations		20,561	672
Accrued expenses and other liabilities		174	188
Amounts due to related parties		-	(1,132)
		<u>(26,780)</u>	<u>(46,199)</u>
Zakat paid	8	(1,897)	(1,407)
Net cash used in operating activities		<u>(28,677)</u>	<u>(47,606)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of Murabaha deposits	3(b)	(54,700)	(60,353)
Proceeds from encashment of Murabaha deposits		-	197,432
Purchase of investments	5	(35,083)	(121,340)
Proceeds from disposal of investments	5	59,554	38,615
Proceeds from maturity of investments	5	11,878	60,000
Net cash (used in) / from investing activities		<u>(18,351)</u>	<u>114,354</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(47,028)</u>	66,748
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<u>105,138</u>	<u>38,390</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	3	<u><u>58,110</u></u>	<u><u>105,138</u></u>

  
Board Member

  
Chief Financial Officer

  
Chief Executive Officer

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

# SAUDI ENAYA COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and twelve-month periods ended 31 December 2015

### 1. ORGANISATION AND PRINCIPAL ACTIVITIES

Saudi Enaya Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry’s Resolution number 98/Q dated 16 Rabi Awwal 1433 H (corresponding to 8 February 2012). The Commercial Registration number of the Company is 4030223528 dated 27 Rabi Awwal 1433 H (corresponding to 19 February 2012). The registered office address of the Company is:

Ahmed Ghalib Al-Esayi Building  
P.O. Box 3528  
Jeddah 21481  
Kingdom of Saudi Arabia.

Following is the branch of the Company:

<u>Branch</u>	<u>Commercial Registration Number:</u>
Riyadh	1010421871

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/49 dated 27 Rajab 1432 H (corresponding to 29 June 2011) pursuant to the Council of Ministers’ Resolution No 224 dated 25 Rajab 1432 H (corresponding to 27 June 2011). As of the date of incorporation, the Company is 77% owned by the Saudi shareholders and the general public and 23% owned by non-Saudi shareholders. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 February 2012.

The objective of the Company is to engage in cooperative insurance operations and related activities, including reinsurance, agencies, representation, correspondence and brokerage, in the Kingdom of Saudi Arabia in accordance with its Articles of Association, and applicable regulations in the Kingdom of Saudi Arabia. The Company is licensed to underwrite medical insurance only. The Company commenced its commercial operations on 7 January 2013.

### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. BASIS OF PREPARATION

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34).

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of account for insurance operations and shareholders’ operations. The physical custody of all assets related to the insurance operations and shareholders’ operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective books of account. The basis of allocation of expenses from joint operations is determined by the management and the Board of Directors and allocation is made on consistent basis.

The interim condensed financial statements do not contain all information and disclosures required in the full financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). Accordingly, these interim condensed financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2014.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
For the three-month and twelve-month periods ended 31 December 2015

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

**a. BASIS OF PREPARATION (continued)**

In accordance with the by-laws of the Company, the surplus arising from the insurance operations is distributed as follows:

Shareholders	90%
Policyholders	10%
	<hr/>
	100%
	<hr/> <hr/>

In case of deficit arising from the insurance operations, the entire deficit is borne by the shareholders' operations.

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

The Company presents its interim statement of financial position broadly in order of liquidity. All financial assets and liabilities except for investments held to maturity and statutory deposit are expected to be recovered and settled respectively, within twelve months after the interim reporting date.

**b. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used by the Company for the preparation of these interim condensed financial statements are in accordance with IFRS and are consistent with those used for the preparation of financial statements for the year ended 31 December 2014. The adoption of new IFRS, International Financial Reporting Interpretations Committee Interpretations (IFRIC) and amendments thereof as mentioned in note 2(d) did not have any material impact on these interim condensed financial statements.

**c. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of interim condensed 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 condensed financial statements and the reported amounts of revenues and expenses during the interim reported period. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. 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 periods presented.

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 financial statements for the year ended 31 December 2014.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
For the three-month and twelve-month periods ended 31 December 2015

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

**d. NEW IFRS, 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):

<i>Standard</i>	<i>Description</i>
IFRS 1	First time adoption of IFRS
IAS 19	Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IFRS 2	Share based payment
IFRS 3	Business combination
IFRS 8	Operating segments
IFRS 13	Fair value measurement
IAS 16 & 38	Property, plant and equipment and intangible assets
IAS 24	Related party disclosures
IAS 40	Investment property

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

**e. NEW IFRS AND AMENDMENTS THEREOF, ISSUED BUT NOT YET EFFECTIVE**

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

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from years beginning on or after the following date</i>
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 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 1	Amendments to IAS 1 Disclosure initiative	1 January 2016
IAS 16 and IAS 41	Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants.	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
IFRS 5, IFRS 7, IAS 19 and IAS 34	Annual Improvements to IFRS 2012-2014 cycle	1 January 2016

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

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and twelve-month periods ended 31 December 2015

3. CASH AND CASH EQUIVALENTS

	<i>31 December 2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2014</i> <i>(Audited)</i> <i>SR'000</i>
<i>Insurance operations</i>		
Cash in banks	887	1,187
Cash in hand	16	11
	<u>903</u>	<u>1,198</u>
<i>Shareholders' operations</i>		
Cash in banks	37	54
Murabaha deposits (see note (a) below)	58,073	105,084
	<u>58,110</u>	<u>105,138</u>

- a) The Murabaha deposits are held with commercial banks in the Kingdom of Saudi Arabia. These Murabaha deposits are denominated in Saudi Arabian Riyals and have an original maturity not exceeding three months.
- b) Murabaha deposits having original maturity of more than three months but less than a year, amounting to SR 54.7 million (31 December 2014: SR Nil), which are held in Saudi Arabian Riyals in the Kingdom of Saudi Arabia, are presented in the interim statement of financial position of the shareholders separately.

4. PREMIUMS RECEIVABLE, NET

	<i>31 December 2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2014</i> <i>(Audited)</i> <i>SR'000</i>
Gross premiums receivable	26,761	7,857
Allowance for doubtful premiums receivable	(4,827)	(1,779)
Premiums receivable, net	<u>21,934</u>	<u>6,078</u>

Movement in the allowance for doubtful premiums receivable during the period was as follows:

	<i>31 December 2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2014</i> <i>(Audited)</i> <i>SR'000</i>
Balance at beginning of the period	1,779	4,966
Provision / (reversal) made during the period (note 7)	3,048	(3,187)
Balance at end of the period	<u>4,827</u>	<u>1,779</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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5. INVESTMENTS

	<i>31 December 2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2014</i> <i>(Audited)</i> <i>SR'000</i>
Investments held to maturity	27,882	39,745
Fair Value through Income Statement ("FVIS") investments	41,984	71,134
	<u>69,866</u>	<u>110,879</u>

**Investments held to maturity**

These represent investments in fixed rate and floating rate bonds. Movement in investments classified as held to maturity (HTM) is as follows:

	<i>31 December 2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2014</i> <i>(Audited)</i> <i>SR'000</i>
Balance at beginning of the period	39,745	74,699
Purchases during the period	-	25,071
Matured during the period	(11,878)	(60,000)
Amortization during the period - net	15	(25)
	<u>27,882</u>	<u>39,745</u>

**FVIS investments**

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

	<i>31 December 2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2014</i> <i>(Audited)</i> <i>SR'000</i>
Balance at beginning of the period	71,134	13,643
Purchases during the period	35,083	96,269
Disposals during the period	(59,554)	(38,657)
Changes in fair value during the period	(4,679)	(121)
	<u>41,984</u>	<u>71,134</u>

	<i>31 December 2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2014</i> <i>(Audited)</i> <i>SR'000</i>
Discretionary Portfolio Management	447	27,950
Al Badr Murabaha Fund	11,089	14,994
BlackRock Global Allocation Fund	9,846	10,074
BlackRock Global Equity Income Fund	7,639	7,602
BlackRock Global Multi Asset Fund	4,769	4,884
Saudi Istithmar Equity Fund	2,411	5,630
Saudi Fransi GCC IPO Fund	5,783	-
	<u>41,984</u>	<u>71,134</u>



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**6. SHARE CAPITAL**

The authorised, subscribed and paid up share capital of the Company is SR 400 million, divided into 40 million shares of SR 10 each, and subscribed by the following:

	<i>Percentage holding</i>	<i>SR'000</i>
Founding shareholders	<b>60%</b>	<b>240,000</b>
General public	<b>40%</b>	<b>160,000</b>
	<b>100%</b>	<b>400,000</b>

**7. GENERAL AND ADMINISTRATION EXPENSES**

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2015 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>	<i>2015 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>
<b><i>Insurance operations</i></b>				
Employee costs	7,528	9,252	27,056	31,157
Allowance / (reversal) for doubtful premiums receivable (note 4)	1,253	(543)	3,048	(3,187)
Depreciation and amortization	1,874	2,131	7,925	8,307
Rent expenses	504	584	2,082	2,137
Legal and professional fees	368	179	925	1,219
Repair and maintenance	857	900	2,942	3,110
Other	715	143	2,239	2,249
	<b>13,099</b>	<b>12,646</b>	<b>46,217</b>	<b>44,992</b>

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2015 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>	<i>2015 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>
<b><i>Shareholders' operations</i></b>				
Statutory expenses	-	-	96	-
Legal and professional fees	324	210	641	334
Investment related expenses	127	160	698	871
Travelling	-	2	5	107
Subscriptions	75	75	300	300
Other	46	15	58	39
	<b>572</b>	<b>462</b>	<b>1,798</b>	<b>1,651</b>

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For the three-month and twelve-month periods ended 31 December 2015

**8. ZAKAT AND INCOME TAX**

The Zakat payable by the Company has been calculated based on the best estimate of the management.

*(Reversal) / charge for the period*

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2015 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>	<i>2015 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>
Current period	<b>(666)</b>	--	<b>1,825</b>	2,883

Movement in the Zakat payable is as follows:

	<i>Three-month period ended 31 December</i>		<i>Twelve-month period ended 31 December</i>	
	<i>2015 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>	<i>2015 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>
Balance at beginning of the period	<b>8,102</b>	7,508	<b>7,508</b>	6,032
(Reversal) / charge for the current period	<b>(666)</b>	-	<b>1,825</b>	2,883
Reversal of prior year Zakat provision	<b>(2,576)</b>	-	<b>(2,576)</b>	-
Payments made during the period	-	-	<b>(1,897)</b>	(1,407)
Balance at end of the period	<b>4,860</b>	7,508	<b>4,860</b>	7,508

As at 31 December 2015, management of the Company has performed an exercise of Zakat and tax payable as at that date. Based on their exercise, Zakat accrual, amounting to SR 2.57 million, which is no longer considered required has been reversed.

**Income tax**

As the Company has incurred a loss during the three month and twelve-month period ended 31 December 2015, and in previous periods, no provision has been established in respect of income tax in these interim condensed financial statements.

**Status of assessments**

The Company has filed its Zakat and tax return for the first twelve month period ended 30 June 2012 with the Department of Zakat and Income Tax ("DZIT"). Assessment for the twelve month period has not yet been raised by the DZIT. The Company has also filed its Zakat and tax return for the long period from 8 February 2012 to 31 December 2013 and year ended 31 December 2014. The DZIT review is awaited.

During 2012, the Company received a letter from the DZIT, claiming additional Zakat amount of SR 9.72 million for the period from 6 September 2010 to 5 September 2012. Furthermore the DZIT issued another letter dated 23 July 2013 indicating additional Zakat liability of SR 0.5 million. The Company submitted an appeal against the DZIT treatment and is confident of a favourable outcome. Accordingly, no provision has been established in this regard in these interim condensed financial statements.

During the period, the DZIT issued initial assessment for the year 2014 with an additional Zakat liability of SR 2.6 million. The Company has filed an appeal against assessment. However, the DZIT has not raised final assessment for the year 2014.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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8. ZAKAT AND INCOME TAX (continued)

Status of assessments (continued)

Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The Zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the DZIT could be different from the declarations filed by the Company.

9. TRANSACTIONS WITH RELATED PARTIES

- a) The related parties comprise founding shareholders, directors and key management personnel. Others includes companies in which shareholders have control. The Company in the normal course of business carries out transactions with various related parties.
- b) Following are the details of related party transactions during the twelve-month period ended 31 December 2015:

<u>Related party</u>	<u>Nature of transactions</u>	<i>For the twelve-month period ended</i>	<i>For the twelve-month period ended</i>
		<i>31 December 2015</i>	<i>31 December 2014</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>SR'000</i>	<i>SR'000</i>
<i>Founding shareholders</i>	Office rent	30	20
	Premiums written	664	392
	Claims paid	318	136
	Reinsurance ceded	28,556	13,124
	Claims recovered	13,441	25,699
	Training expenses	-	22
	Other recoveries	1,587	-
	International provider network fee	128	128
<i>Others</i>	Purchase of computer equipment, licenses and other services	125	307
	Premiums written	5,876	7,410
	Claims paid	3,165	5,568
	Commission paid	391	555
	Purchase / Maintenance of computer software	1,411	2,394
<i>Key management personnel</i>	Short-term benefits	2,745	3,944
	Long-term benefits	101	142

- c) Amounts due from / to related parties are disclosed in the interim statement of financial position.
- d) Amounts relating to reinsurance receivable and reinsurance balance payable are disclosed in the interim statement of financial position.
- e) Amounts due from shareholders' operations represent loss transferred to shareholder operations net of funds received during the period.
- f) Transactions with related parties are approved by the Board of Directors and by the shareholders in the Annual General Meeting.

10. STATUTORY DEPOSIT

As required by the Saudi Arabian Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid up share capital, amounting to SR 40 million, in a bank designated by the Saudi Arabian Monetary Agency ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA, and commission accruing on this deposit is payable to SAMA.

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

For the three-month and twelve-month periods ended 31 December 2015

### 11. SEGMENT INFORMATION

The Company only issues insurance contracts for providing health care services ('medical insurance'). All the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. As the commercial operations of the Company are at the initial stage, the operations are not yet monitored in different categories. Accordingly, no segment information is provided.

### 12. LOSS PER SHARE

The loss per share has been calculated by dividing the net loss for the period by the weighted average number of ordinary shares issued and outstanding at the period end. Diluted loss per share is not applicable for the Company.

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The Company's financial assets include cash and cash equivalents, Murabaha deposits, premiums receivable, reinsurance receivable, other receivables, investments, amounts due from a related party and amount due from shareholder's operations. The Company's financial liabilities consist of outstanding claims, reinsurance balance payable, amount due to insurance operations, amounts due to related parties and certain other liabilities. The fair values of financial instruments are not materially different from their carrying values.

b) The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices in active markets for the same instrument (i.e., without modification or repackaging);

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

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

As at 31 December 2015 and 31 December 2014, all financial instruments, which are fair valued, are Level 2 instruments. There were no transfers between levels during the twelve-month period ended 31 December 2015.

### 14. COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to confirm with the presentation in the current period.

### 15. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issue by the Board of Directors on 18 January 2016 (corresponding to 8 Rabi Thani 1437H).