

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2016**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2016**

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

**TO THE SHAREHOLDERS
SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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 30 June 2016, and the related interim statements of insurance operations and accumulated surplus, shareholders’ operations, comprehensive income for three-month and six-month periods then ended and the related interim statements of changes in shareholders’ equity, insurance operations’ cash flows and shareholders’ cash flows for the six-month period then ended and the related notes 1 to 16 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 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 persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted 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 PKF Al Bassam & Al Nemer
Allied Accountants

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Certified Public Accountant
Licence No. 337



for Abdulaziz A. Alnaim
Certified Public Accountants

Abdulaziz A. Alnaim
Certified Public Accountant
Licence No. 394



28 July 2016
23 Shawwal 1437H
Jeddah, Kingdom of Saudi Arabia

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 (Unaudited) SR'000	31 December 2015 (Audited) SR'000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	7,357	903
Premiums receivable, net	4	42,386	21,934
Amounts due from shareholders' operations		15,057	17,405
Réinsurance receivable		14,765	4,766
Reinsurers' share of unearned premiums		22,958	13,625
Reinsurers' share of outstanding claims	6	10,081	7,146
Deferred policy acquisition costs		2,407	1,359
Prepayments and other assets		11,608	5,020
Intangible assets		5,726	6,484
Furniture, fittings and office equipment		1,649	2,461
Total insurance operations' assets		133,994	81,103
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	22,649	58,110
Murabaha deposits	3(b)	76,950	54,700
Investments	5	64,038	69,866
Prepayments and other assets		805	310
Accrued commission on statutory deposit		1,017	802
Statutory deposit	11	40,000	40,000
Total shareholders' assets		205,459	223,788
TOTAL ASSETS		339,453	304,891



Chairman



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 16 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 30 June 2016

	Notes	30 June 2016 (Unaudited) SR'000	31 December 2015 (Audited) SR'000
INSURANCE OPERATIONS' LIABILITIES			
Insurance operations' liabilities			
Unearned premiums		56,460	34,312
Outstanding claims and other technical reserves	6	24,421	17,559
Reinsurance balance payable		34,139	14,257
Accrued expenses and other liabilities		18,974	14,975
Total insurance operations' liabilities		133,994	81,103
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		191	446
Accrued Zakat	9	6,099	4,860
Amounts due to insurance operations		15,057	17,405
Accrued commission on statutory deposit payable to SAMA		1,017	802
Amounts due to related parties		4	4
Total shareholders' liabilities		22,368	23,517
Shareholders' equity			
Share capital	7	400,000	400,000
Accumulated losses		(216,909)	(199,729)
Total shareholders' equity		183,091	200,271
Total shareholders' liabilities and equity		205,459	223,788
TOTAL INSURANCE OPERATIONS' LIABILITIES, SHAREHOLDERS' LIABILITIES AND SHAREHOLDERS' EQUITY		339,453	304,891


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 16 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 six-month periods ended 30 June 2016

	Notes	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
		2016 SR' 000	2015 SR' 000	2016 SR' 000	2015 SR' 000
REVENUE					
Gross written premiums		36,950	26,590	67,928	36,264
Less: reinsurance ceded		(14,977)	(10,753)	(27,319)	(14,813)
Net written premiums		21,973	15,837	40,609	21,451
Movement in net unearned premiums		(5,865)	(11,358)	(12,815)	(13,501)
Net premiums earned		16,108	4,479	27,794	7,950
CLAIMS					
Gross claims paid		15,375	4,791	28,928	11,125
Less: claims recovered		(7,899)	(2,401)	(14,754)	(5,569)
Net claims paid		7,476	2,390	14,174	5,556
Movement in net outstanding claims and other technical reserves		549	988	3,927	1,253
Net claims incurred		8,025	3,378	18,101	6,809
Policy acquisition cost		2,233	1,144	3,209	1,720
Net underwriting expenses		10,258	4,522	21,310	8,529
Net underwriting result		5,850	(43)	6,484	(579)
EXPENSES					
Selling and marketing		(1,212)	(1,547)	(2,165)	(2,853)
General and administration	8	(10,176)	(11,061)	(19,815)	(21,392)
DEFICIT FROM INSURANCE OPERATIONS		(5,538)	(12,651)	(15,496)	(24,824)
Shareholders' share of deficit from insurance operations	2(a)	5,538	12,651	15,496	24,824
Policyholders' share of deficit from insurance operations		-	-	-	-


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 16 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 six-month periods ended 30 June 2016

	Notes	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
		2016 SR' 000	2015 SR' 000	2016 SR' 000	2015 SR' 000
LOSS					
Shareholders' share of deficit from insurance operations	2(a)	(5,538)	(12,651)	(15,496)	(24,824)
EXPENSES					
General and administration	8	(785)	(405)	(1,038)	(837)
		(6,323)	(13,056)	(16,534)	(25,661)
Investment income		812	2,991	1,454	5,811
NET LOSS FOR THE PERIOD		(5,511)	(10,065)	(15,080)	(19,850)
Weighted average number of ordinary shares outstanding (in thousands)		40,000	40,000	40,000	40,000
Loss per share (in Saudi Riyals)	13	(0.14)	(0.26)	(0.38)	(0.50)


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 16 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 six-month periods ended 30 June 2016

	Notes	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
		2016	2015	2016	2015
		SR' 000	SR' 000	SR' 000	SR' 000
NET LOSS FOR THE PERIOD		(5,511)	(10,065)	(15,080)	(19,850)
Zakat charge for the current period	9	(600)	(855)	(2,100)	(1,724)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(6,111)	(10,920)	(17,180)	(21,574)


Chairman


Chief Financial Officer


Chief Executive Officer

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six-month period ended 30 June 2016

	<i>For the six-month period ended 30 June 2016</i>		
	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2016 <i>(audited)</i>	400,000	(199,729)	200,271
Net loss for the period	-	(15,080)	(15,080)
Zakat charge for the current period (Note 9)	-	(2,100)	(2,100)
Balance at 30 June 2016 <i>(unaudited)</i>	<u>400,000</u>	<u>(216,909)</u>	<u>183,091</u>

	<i>For the six-month period ended 30 June 2015</i>		
	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2015 <i>(audited)</i>	400,000	(148,484)	251,516
Net loss for the period	-	(19,850)	(19,850)
Zakat for the period (Note 9)	-	(1,724)	(1,724)
Balance at 30 June 2015 <i>(unaudited)</i>	<u>400,000</u>	<u>(170,058)</u>	<u>229,942</u>


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 16 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
For the six-month period ended 30 June 2016

		<i>Six-month period ended 30 June 2016 (Unaudited) SR' 000</i>	<i>Six-month period ended 30 June 2015 (Unaudited) SR' 000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Policyholders' share of surplus from Insurance Operations		-	-
Adjustments for:			
Depreciation		964	1,756
Amortization of intangible assets		2,628	2,399
Reinsurers' share of unearned premium		(9,333)	(9,332)
Deferred policy acquisition costs		(1,048)	(1,731)
Unearned premiums		22,148	22,829
Net movement in allowance for doubtful premiums receivable	4	155	815
		<u>15,514</u>	<u>16,736</u>
Changes in assets and liabilities:			
Premiums receivable		(20,607)	(18,548)
Reinsurance receivable		(9,999)	1,763
Reinsurer's share of outstanding claims		(2,935)	(1,253)
Prepayments and other assets		(6,588)	467
Outstanding claims and other technical reserves		6,862	2,505
Reinsurance balance payable		19,882	8,138
Amounts due from / (to) Shareholders' Operations		2,348	(7,531)
Accrued expenses and other liabilities		3,999	(2,697)
Net cash from / (used in) operating activities		<u>8,476</u>	<u>(420)</u>
INVESTING ACTIVITIES			
Purchase of furniture, fittings and office equipment		(151)	(51)
Intangible assets acquired		(1,871)	(307)
Net cash used in investing activities		<u>(2,022)</u>	<u>(358)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>6,454</u>	<u>(778)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		<u>903</u>	<u>1,198</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3	<u><u>7,357</u></u>	<u><u>420</u></u>



Chairman



Chief Financial Officer



Chief Executive Officer


The accompanying notes 1 to 16 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

For the six-month period ended 30 June 2016

		<i>Six- month period ended 30 June 2016 (Unaudited) SR' 000</i>	<i>Six- month period ended 30 June 2015 (Unaudited) SR' 000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Net loss for the period before Zakat		(15,080)	(19,850)
Adjustments for:			
Fair value gain on investments	5	493	(4,785)
Amortization of discount – net	5	30	64
Gain on disposal of investments		(182)	-
		(14,739)	(24,571)
Changes in assets and liabilities:			
Prepayments, and other assets		(495)	(369)
Amounts due from / to Insurance Operations		(2,348)	7,531
Accrued expenses and other liabilities		(255)	(150)
Zakat paid		(17,837)	(17,559)
		(861)	(1,897)
Net cash used in operating activities		(18,698)	(19,456)
INVESTING ACTIVITIES			
Murabaha deposits placed	3(b)	(76,950)	(89,760)
Proceed from encashment of murabaha deposits		54,700	-
Purchase of investments	5	(6,305)	(22,495)
Proceeds from disposal of investments	5	11,792	26,639
Net cash used in investing activities		(16,763)	(85,616)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(35,461)	(105,072)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		58,110	105,138
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3	22,649	66


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 19 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

At 30 June 2016

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 Awal 1433 H (corresponding to 8 February 2012). The Commercial Registration number of the Company is 4030223528 dated 27 Rabi Awal 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 2015.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2016

**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 2015. 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 2015.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2016

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 / Amendments</i>	<i>Description</i>
IAS 16 IAS 38	Amendments to IAS 16 – “Property, Plant and Equipment” and IAS 38 – “Intangible Assets”, applicable for the annual periods beginning on or after 1 January 2016, restrict the use of ratio of revenue generated to total revenue expected to be generated to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.
IAS 16 IAS 41 IAS 20	Amendments to IAS 16 – “Property, Plant and Equipment” and IAS 41 – “Agriculture”, applicable for the annual periods beginning on or after 1 January 2016, change the scope of IAS 16 to include biological assets that meet the definition of bearer plants. Agricultural produce growing on bearer plants will remain within the scope of IAS 41. In addition, government grants relating to bearer plants will be accounted for in accordance with IAS 20 – “Accounting for Government Grants and Disclosure of Government Assistance”, instead of IAS 41.
IAS 27	Amendments to IAS 27 – “Separate Financial Statements”, applicable for the annual periods beginning on or after 1 January 2016, allows an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements.
IFRS 5	Amendments to IFRS 5 – “Non-current Assets Held for Sale and Discontinued Operations”, applicable for the annual periods beginning on or after 1 January 2016, amended to clarify that changing from one disposal method to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5.
IFRS 7	Amendments to IFRS 7 – “Financial Instruments: Disclosures”, applicable for the annual periods beginning on or after 1 January 2016, has been amended to clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. The nature of the fee and the arrangement should be assessed in order to consider whether the disclosures are required under IFRS 7 and the assessment must be done retrospectively. IFRS 7 has been further amended to clarify that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.
IAS 19	Amendments to IAS 19 – “Employee Benefits”, applicable for the annual periods beginning on or after 1 January 2016, clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2016

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

**d. NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ADOPTED BY THE COMPANY
(continued)**

<i>Standard / Amendments</i>	<i>Description</i>
IAS 34	Amendments to IAS 34 – “Interim Financial Reporting”, applicable for the annual periods beginning on or after 1 January 2016, clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-referencing to the interim financial report (e.g., in the management commentary or risk report). However, the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.
IFRS 14	IFRS 14 – “Regulatory Deferral Accounts”, applicable for the annual periods beginning on or after 1 January 2016, allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first time adoption of IFRS. The standard does not apply to existing IFRS preparers. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first-time application of IFRS.
IFRS 10 IFRS 11 IFRS 12 IAS 28	Amendments to IFRS 10 – “Consolidated Financial Statements”, IFRS 12 – “Disclosure of Interests in Other Entities” and IAS 28 – “Investments in Associates”, applicable for the annual periods beginning on or after 1 January 2016, address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. Amendments to IFRS 11 – “Joint Arrangements”, applicable for the annual periods beginning on or after 1 January 2016, require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 – “Business Combinations” and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2016

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

**d. NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ADOPTED BY THE COMPANY
(continued)**

<i>Standard / Amendments</i>	<i>Description</i>
IAS 1	<p>Amendments to IAS 1 – “Presentation of Financial Statements”, applicable for the annual periods beginning on or after 1 January 2016, clarify, existing IAS 1 requirements in relation to;</p> <ul style="list-style-type: none"> • The materiality requirements in IAS 1 • That specific line items in the statement(s) of profit or loss and other comprehensive income (“OCI”) and the statement of financial position may be disaggregated • That entities have flexibility as to the order in which they present the notes to financial statements • That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. <p>The amendments further clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.</p>

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 interim condensed 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/ Amendments</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 12	Amendments to IAS 12 Recognition of deferred tax assets for unrealized losses	1 January 2017

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)

At 30 June 2016

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

f. ACCUMULATED LOSSES

The Company incurred a loss of SR 15.1 million during the six month period ended 30 June 2016 and accumulated losses as at 30 June 2016 amounted to SR 216.9 million (31 December 2015: SR 199.7 million). During the period, the Company's accumulated losses exceeded 50% of its paid up capital. As per the regulations of the Capital Market Authority, the Company announced on 11 February 2016 on Tadawul that the Company's accumulated losses exceeded 50% of its paid up capital. The primary causes for the accumulated losses are the pre-incorporation expenses incurred by the Company, the delay in commencement of commercial operations and slow market penetration during the start-up phase.

These financial statements have been prepared on the assumption that the Company will continue in business as a going concern, and do not include any adjustments that might result from the outcome of uncertainties from above mentioned condition.

3. CASH AND CASH EQUIVALENTS

	<i>30 June 2016</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2015</i> <i>(Audited)</i> <i>SR'000</i>
<i>Insurance operations</i>		
Cash in banks	7,353	887
Cash in hand	4	16
	<u>7,357</u>	<u>903</u>
<i>Shareholders' operations</i>		
Cash in banks	37	37
Murabaha deposits (see note (a) below)	22,612	58,073
	<u>22,649</u>	<u>58,110</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 76.9 million (31 December 2015: SR 54.7 million), 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>30 June 2016</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2015</i> <i>(Audited)</i> <i>SR'000</i>
Gross premiums receivable	47,368	26,761
Allowance for doubtful premiums receivable	(4,982)	(4,827)
Premiums receivable, net	<u>42,386</u>	<u>21,934</u>

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2016

4. PREMIUMS RECEIVABLE, NET (continued)

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

	<i>For the six- month period ended</i>	<i>For the year ended</i>
	<i>30 June 2016</i>	<i>31 December 2015</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Balance at beginning of the period/year	4,827	1,779
Provision made during the period/year (note 8)	155	3,048
	<u>4,982</u>	<u>4,827</u>

5. INVESTMENTS

	<i>30 June 2016</i>	<i>31 December 2015</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Investments held to maturity	27,852	27,882
Fair Value through Income Statement ("FVIS") investments	36,186	41,984
	<u>64,038</u>	<u>69,866</u>

Investments held to maturity

These represent investments in fixed rate and floating rate bonds which are managed by Saudi Fransi Capital as discretionary portfolio manager. Movement in investments classified as held to maturity (HTM) is as follows:

	<i>For the six- month period ended</i>	<i>For the year ended</i>
	<i>30 June 2016</i>	<i>31 December 2015</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Balance at beginning of the period/year	27,882	39,745
Matured during the period/year	-	(11,878)
Amortization during the period/year - net	(30)	15
	<u>27,852</u>	<u>27,882</u>

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2016

5. INVESTMENTS (continued)

FVIS investments

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

	<i>For the six- month period ended 30 June 2016 (Unaudited) SR’000</i>	<i>For the year ended 31 December 2015 (Audited) SR’000</i>
Balance at beginning of the period/year	41,984	71,134
Purchases during the period/year	6,305	35,083
Disposals during the period/year	(11,610)	(59,554)
Changes in fair value during the period/year	(493)	(4,679)
Balance at end of the period/year	<u>36,186</u>	<u>41,984</u>
	<i>30 June 2016 (Unaudited) SR’000</i>	<i>31 December 2015 (Audited) SR’000</i>
Discretionary Portfolio Management	-	447
Al Badr Murabaha Fund	6,280	11,089
BlackRock Global Allocation Fund	9,581	9,846
BlackRock Global Equity Income Fund	7,636	7,639
BlackRock Global Multi Asset Fund	4,786	4,769
Saudi Istithmar Equity Fund	2,264	2,411
Saudi Fransi GCC IPO Fund	5,639	5,783
	<u>36,186</u>	<u>41,984</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2016

6. OUTSTANDING CLAIMS AND OTHER TECHNICAL RESERVES

	30 June 2016 (unaudited)			31 December 2015 (audited)		
	Gross	Due from reinsurers	Net	Gross	Due from reinsurers	Net
		SR '000			SR '000	
Outstanding claims and incurred but not reported reserves	20,057	(10,081)	9,976	14,293	(7,146)	7,147
Premium deficiency reserve	4,364	-	4,364	3,266	-	3,266
Total	24,421	(10,081)	14,340	17,559	(7,146)	10,413

7. 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:

	Percentage holding	SR'000
Founding shareholders	60%	240,000
General public	40%	160,000
	100%	400,000

The Board of Directors at its meeting on 12 April 2016 has recommended to reduce the Company's share capital from SR 400,000,000 to SR 200,000,000 divided into 20,000,000 shares. The reduction will be through reduction of 1 share for every 2 shares currently held by the shareholder. The purpose of capital reduction is to restructure the capital position of the Company in line with the forthcoming Companies Law. There will be no impact of capital reduction on the Company's financial obligations.

The Company's capital reduction is conditional upon approval of the shareholders in extraordinary general meeting.

8. GENERAL AND ADMINISTRATION EXPENSES

	Three-month period ended		Six-month period ended	
	30 June		30 June	
	(Unaudited)		(Unaudited)	
	2016	2015	2016	2015
	SR' 000	SR' 000	SR' 000	SR' 000
Insurance operations				
Employee costs	6,703	6,517	12,695	12,860
Allowance for doubtful premiums receivable (note 4)	122	515	155	815
Depreciation and amortization	1,621	1,991	3,592	4,155
Rent expenses	483	548	978	1,056
Legal and professional fees	117	158	243	313
Repair and maintenance	318	1,029	693	1,524
Others	812	303	1,459	669
	10,176	11,061	19,815	21,392

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2016

8. GENERAL AND ADMINISTRATION EXPENSES (continued)

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>
<i>Shareholders' operations</i>				
Statutory expenses	-	-	-	96
Legal and professional fees	535	47	640	156
Investment related expenses	78	272	162	420
Travelling	-	-	-	3
Subscriptions	82	75	136	150
Others	90	11	100	12
	<u>785</u>	<u>405</u>	<u>1,038</u>	<u>837</u>

9. ZAKAT AND INCOME TAX

The zakat and income tax payable by the Company have been calculated based on the best estimate of the management, in accordance with the zakat regulations in Saudi Arabia.

Zakat

Movement in the zakat payable is as follows:

	<i>For the six- month period ended 30 June 2016 (Unaudited) SR' 000</i>	<i>For the year ended 31 December 2015 (Unaudited) SR' 000</i>
Balance at beginning of the period/year	4,860	7,508
Charge for the current period/year	2,100	1,825
Reversal of prior year Zakat provision	-	(2,576)
Payments made during the period/year	(861)	(1,897)
Balance at end of the period/year	<u>6,099</u>	<u>4,860</u>

Income tax

As the Company has incurred a loss during the three month and six month period ended 30 June 2016, 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"). The Company has also filed its Zakat and tax return for the long period from 8 February 2012 to 31 December 2014 and year ended 31 December 2015.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2016

9. ZAKAT AND INCOME TAX (continued)

Status of assessments (continued)

During the period, the DZIT issued final assessment for the years 2011, 2012, 2013 and 2014 with an additional Zakat liability of SR 12.545 million. The Company has filed an appeal against assessment. 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.

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.

10. 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 period ended 30 June 2016:

<u>Related party</u>	<u>Nature of transactions</u>	<i>Amount of transactions for the six-month period ended</i>		<i>Balance as of</i>	<i>Balance as of</i>
		<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>31 December</i>
		<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Related parties of Juffali Group	Premiums written	2,696	599	4,074	2,119
	Office rent	30	10	-	-
	Purchase of computer equipment, licenses and other services	3	-	-	-
	Claims paid	2,038	1,771	-	-
	Commission paid	109	134	-	61
Munich Re	Reinsurance ceded	27,319	14,813	34,139	14,257
	Claims recovered	14,754	5,569	14,765	4,766
	Other recoveries	-	-	1,587	1,587
Key management personnel	Short-term benefits	2,459	1,365	-	-
	Long-term benefits	70	49	172	101

- 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.

11. 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)

At 30 June 2016

12. SEGMENT INFORMATION

The Company only issues insurance contracts for providing health care services ('medical insurance') and all the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. The insurance operations are being monitored by management under one segment; hence no separate information is required.

13. 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.

14. 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 30 June 2016 and 31 December 2015, all financial instruments, which are fair valued, are Level 2 instruments. There were no transfers between levels during the six-month period ended 30 June 2016.

15. COMPARATIVE FIGURES

Prior period amounts have been reclassified to conform to the presentation in the current period.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issue by the Board of Directors on 27 July 2016, corresponding to 22 Shawwal 1437H.