

**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 2017**

**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 2017**

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

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

INTRODUCTION

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 2017 and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, comprehensive income for the three-month and six-month periods then ended and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations cash flows for the six-month period then ended and the notes from 1 to 16 which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for Zakat and Income Tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

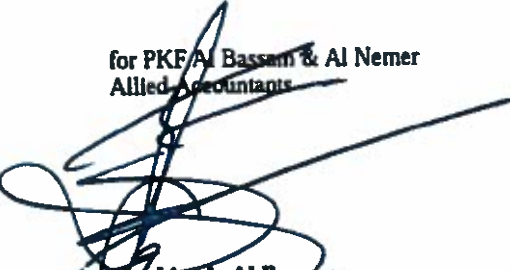
SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) and SAMA guidance on accounting for Zakat and Income Tax.

for PKF/Al Bassam & Al Nemer
Allied Accountants


Fayadh A. Al Bassam
Certified Public Accountant
Licence No. 337



for Sindi & Batterjee
Certified Public Accountants


Mazin Mohammed Batterjee
Certified Public Accountant
Licence No. 217

27 July 2017
4 Dhul Qa'dah 1438H
Jeddah, Kingdom of Saudi Arabia

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

**INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2017**

		30 June 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
INSURANCE OPERATIONS' ASSETS	<i>Notes</i>		
Cash and cash equivalents	3	6,976	5,954
Premiums receivable, net	4	89,168	50,861
Amounts due from shareholders' operations		31,907	23,994
Reinsurance receivable		6,431	14,173
Reinsurers' share of unearned premiums		263	9,424
Reinsurers' share of outstanding claims	6	9,551	11,438
Deferred policy acquisition costs		4,639	2,511
Prepayments and other assets		8,189	2,806
Intangible assets		1,882	3,302
Furniture, fittings and office equipment		1,348	1,366
Total insurance operations' assets		160,354	125,829
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	45,253	92,706
Murabaha deposits	3(h)	83,282	43,810
Investments	5	40,207	34,992
Prepayments and other assets		960	1,125
Accrued commission on statutory deposit		1,460	1,411
Statutory deposit	11	30,000	30,000
Total shareholders' assets		201,162	204,044
TOTAL ASSETS		361,516	329,873



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 2017

	Notes	30 June 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
INSURANCE OPERATIONS' LIABILITIES			
Insurance operations' liabilities			
Unearned premiums		105,292	64,740
Outstanding claims and other technical reserves	6	38,037	27,420
Reinsurance balance payable		2,363	17,509
Accrued expenses and other liabilities		14,662	16,160
Total insurance operations' liabilities		160,354	125,829
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		81	193
Accrued Zakat	9	7,298	6,699
Amounts due to insurance operations		31,907	23,994
Accrued commission on statutory deposit payable to SAMA		1,460	1,411
Total shareholders' liabilities		40,746	32,297
Shareholders' equity			
Share capital	7	200,000	200,000
Accumulated losses		(39,584)	(28,253)
Total shareholders' equity		160,416	171,747
Total shareholders' liabilities and equity		201,162	204,044
TOTAL INSURANCE OPERATIONS' LIABILITIES, SHAREHOLDERS' LIABILITIES AND SHAREHOLDERS' EQUITY		361,516	329,873



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 2017

	Notes	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
		2017 SR '000	2016 SR '000	2017 SR '000	2016 SR '000
REVENUE					
Gross written premiums		66,246	36,950	115,241	67,928
Less: Premiums ceded		69	(14,977)	(105)	(27,319)
Excess of loss premiums		(1,014)	-	(2,028)	-
Net written premiums		65,301	21,973	113,108	40,609
Movement in net unearned premiums		(31,686)	(5,865)	(49,713)	(12,815)
Net premiums earned		33,615	16,108	63,395	27,794
CLAIMS					
Gross claims paid		23,158	15,375	41,823	28,928
Less: claims recovered		(6,431)	(7,899)	(14,255)	(14,754)
Net claims paid		16,727	7,476	27,568	14,174
Movement in net outstanding claims and other technical reserves		3,725	549	12,504	3,927
Net claims incurred		20,452	8,025	40,072	18,101
Policy acquisition cost		2,038	1,574	3,829	2,085
Other underwriting expenses		997	659	2,112	1,124
Net underwriting expenses		23,487	10,258	46,013	21,310
Net underwriting result		10,128	5,850	17,382	6,484
Other income		50	-	50	-
EXPENSES					
Selling and marketing		(1,579)	(1,212)	(2,867)	(2,165)
General and administration	8	(12,955)	(10,176)	(26,125)	(19,815)
DEFICIT FROM INSURANCE OPERATIONS		(4,356)	(5,538)	(11,560)	(15,496)
Shareholders' share of deficit from insurance operations	2(a)	4,356	5,538	11,560	15,496
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 2017

	Notes	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
		<i>2017 SR'000</i>	<i>2016 SR'000</i>	<i>2017 SR'000</i>	<i>2016 SR'000</i>
LOSS					
Shareholders' share of deficit from insurance operations	2(a)	(4,356)	(5,538)	(11,560)	(15,496)
EXPENSES					
General and administration	8	(285)	(785)	(459)	(1,038)
		(4,641)	(6,323)	(12,019)	(16,534)
Investment income		1,166	812	1,988	1,454
NET LOSS FOR THE PERIOD		(3,475)	(5,511)	(10,031)	(15,080)
Weighted average number of ordinary shares outstanding (in thousands)		20,000	20,000	20,000	20,000
Loss per share (in Saudi Riyals)	13	(0.17)	(0.28)	(0.50)	(0.75)



Chairman



Chief Financial Officer



Chief Executive Officer

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**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 2017

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2017 SR'000</i>	<i>2016 SR'000</i>	<i>2017 SR'000</i>	<i>2016 SR'000</i>
NET LOSS FOR THE PERIOD	(3,475)	(5,511)	(10,031)	(15,080)
<i>Items that are or may be reclassified subsequently to statement of Shareholders' Operations:</i>				
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(3,475)	(5,511)	(10,031)	(15,080)



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 2017

	<i>For the six-month period ended 30 June 2017</i>		
	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2017 (audited)	200,000	(28,253)	171,747
Net loss for the period	-	(10,031)	(10,031)
Zakat charge for the current period (Note 9)	-	(1,300)	(1,300)
Balance at 30 June 2017 (unaudited)	200,000	(39,584)	160,416

	<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 (audited)	400,000	(199,729)	200,271
Net loss for the period	-	(15,080)	(15,080)
Zakat charge for the current period	-	(2,100)	(2,100)
Balance at 30 June 2016 (unaudited)	400,000	(216,909)	183,091



Chairman



Chief Financial Officer



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**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 2017

	<i>Six-month period ended 30 June 2017 (Unaudited) SR'000</i>	<i>Six-month period ended 30 June 2016 (Unaudited) SR'000</i>
<i>Notes</i>		
OPERATING ACTIVITIES		
Policy holders' share of deficit from Insurance Operations	-	-
Adjustments for:		
Depreciation	59	964
Amortization of intangible assets	1,487	2,628
Gain on sale of furniture, fittings and office equipment	(50)	-
Reinsurers' share of unearned premium	9,161	(9,333)
Deferred policy acquisition costs	(2,128)	(1,048)
Unearned premiums	40,552	22,148
Net movement in allowance for doubtful premiums receivable	4	155
	<u>53,884</u>	<u>15,514</u>
Changes in assets and liabilities:		
Premiums receivable	(43,110)	(20,607)
Reinsurance receivable	7,742	(9,999)
Reinsurer's share of outstanding claims	1,887	(2,935)
Prepayments and other assets	(5,383)	(6,588)
Outstanding claims and other technical reserves	10,617	6,862
Reinsurance balance payable	(15,146)	19,882
Amounts due from / (to) Shareholders' Operations	(7,913)	2,348
Accrued expenses and other liabilities	(1,498)	3,999
	<u>1,080</u>	<u>8,476</u>
Net cash from operating activities		
INVESTING ACTIVITIES		
Purchase of furniture, fittings and office equipment	(225)	(151)
Intangible assets acquired	(67)	(1,871)
Proceeds from sale of furniture, fittings and office equipment	234	-
	<u>(58)</u>	<u>(2,022)</u>
Net cash used in investing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,022</u>	<u>6,454</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>5,954</u>	<u>903</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>3</u> <u>6,976</u>	<u>7,357</u>



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Chief Financial Officer



Chief Executive Officer

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

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the six-month period ended 30 June 2017

		<i>Six-month period ended 30 June 2017 (Unaudited) SR'000</i>	<i>Six-month period ended 30 June 2016 (Unaudited) SR'000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Net loss for the period		(10,031)	(15,080)
Adjustments for:			
Fair value (gain) / loss on investments	5	(243)	493
Amortization of discount – net	5	53	30
Gain on disposal of investments		-	(182)
		<u>(10,221)</u>	<u>(14,739)</u>
Changes in assets and liabilities:			
Prepayments and other assets		116	(495)
Amounts due from / to Insurance Operations		7,913	(2,348)
Accrued expenses and other liabilities		(63)	(255)
		<u>(2,255)</u>	<u>(17,837)</u>
Zakat paid		(701)	(861)
Net cash used in operating activities		<u>(2,956)</u>	<u>(18,698)</u>
INVESTING ACTIVITIES			
Murabaha deposits placed	3(b)	(39,472)	(76,950)
Proceed from encashment of murabaha deposits		-	54,700
Purchase of investments	5	(10,000)	(6,305)
Proceeds from disposal of investments	5	4,975	11,792
Net cash used in investing activities		<u>(44,497)</u>	<u>(16,763)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(47,453)</u>	<u>(35,461)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		<u>92,706</u>	<u>58,110</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3	<u><u>45,253</u></u>	<u><u>22,649</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)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2017

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

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34) and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for Zakat and Tax. The interim condensed financial statements for the three-month and six month periods ended 30 June 2017 (the "period") do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements as at 31 December 2016.

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 2016.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2017

**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%
	<u>100%</u>

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.

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 2016. 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 2016.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2017

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>
IFRS 12	The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity’s interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. This did not has any impact on the financial statements of the Company as there is no investment in subsidiary, a joint venture or an associate.
IAS 7	Amendments to IAS 7 – “Statement of Cash flows: Disclosure Initiative”; The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Company is not required to provide additional disclosures in its interim condensed financial statements, but will disclose additional information in its annual financial statements for the year ending 31 December 2017.

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2017

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

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.

<u>Standard/ Amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 2	Amendments to IFRS 2 Classification and Measurement of share-based Payment transactions.	1 January 2018
IAS 40	Amendments to IAS 40 Transfers of investment property.	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance consideration.	1 January 2018
IFRS 1 and IAS 28	Annual Improvements 2016 to IFRS 2014- 2016 cycle.	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

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 2017

3. CASH AND CASH EQUIVALENTS

	<i>30 June 2017</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2016</i> <i>(Audited)</i> <i>SR'000</i>
<i>Insurance operations</i>		
Cash in banks	6,954	5,937
Cash in hand	22	17
	<u>6,976</u>	<u>5,954</u>
<i>Shareholders' operations</i>		
Cash in banks	31	10,032
Murabaha deposits (see note (a) below)	45,222	82,674
	<u>45,253</u>	<u>92,706</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 83.3 million (31 December 2016: SR 43.8 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 2017</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2016</i> <i>(Audited)</i> <i>SR'000</i>
Gross premiums receivable	100,544	57,434
Allowance for doubtful premiums receivable	(11,376)	(6,573)
Premiums receivable, net	<u>89,168</u>	<u>50,861</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2017

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 30 June 2017 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2016 (Audited) SR'000</i>
Balance at beginning of the period/year	6,573	4,827
Provision made during the period/year (note 8)	4,803	1,746
	<u>11,376</u>	<u>6,573</u>

5. INVESTMENTS

	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
Investments held to maturity	20,000	25,028
Fair Value through Income Statement ("FVIS") investments	20,207	9,964
	<u>40,207</u>	<u>34,992</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 30 June 2017 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2016 (Audited) SR'000</i>
Balance at beginning of the period/year	25,028	27,882
Matured/sold during the period/year	(4,975)	(2,813)
Amortization during the period/year - net	(53)	(41)
	<u>20,000</u>	<u>25,028</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2017

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 2017 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2016 (Audited) SR'000</i>
Balance at beginning of the period/year	9,964	41,984
Purchases during the period/year	10,000	6,792
Disposals during the period/year	-	(39,600)
Changes in fair value during the period/year	243	788
Balance at end of the period/year	<u>20,207</u>	<u>9,964</u>
	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
Al Badr Murabaha Fund	11,887	1,807
Saudi Istithmar Equity Fund	2,724	2,542
Saudi Fransi GCC IPO Fund	5,596	5,615
	<u>20,207</u>	<u>9,964</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2017

6. OUTSTANDING CLAIMS AND OTHER TECHNICAL RESERVES

	30 June 2017 (unaudited)			31 December 2016 (audited)		
	Gross	Due from reinsurers SR'000	Net	Gross	Due from reinsurers SR'000	Net
Outstanding claims and incurred but not reported reserves	38,037	(9,551)	28,486	27,420	(11,438)	15,982
Total	38,037	(9,551)	28,486	27,420	(11,438)	15,982

7. SHARE CAPITAL

The authorised, subscribed and paid up share capital of the Company is SR 200 million, divided into 20 million shares of SR 10 each, and subscribed by the following:

	Percentage holding	SR'000
Founding shareholders	60%	120,000
General public	40%	80,000
	100%	200,000

8. GENERAL AND ADMINISTRATION EXPENSES

	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
	2017 SR'000	2016 SR'000	2017 SR'000	2016 SR'000
<i>Insurance operations</i>				
Employee costs	7,975	6,703	15,618	12,695
Allowance for doubtful premiums receivable (note 4)	2,338	122	4,803	155
Depreciation and amortization	380	1,621	1,730	3,592
Rent expenses	1,177	483	1,676	978
Legal and professional fees	194	117	383	243
Repair and maintenance	257	318	552	693
Others	634	812	1,363	1,459
	12,955	10,176	26,125	19,815

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

At 30 June 2017

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>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<i>Shareholders' operations</i>				
Legal and professional fees	81	535	178	640
Investment related expenses	56	78	115	162
Subscriptions	104	82	104	136
Others	44	90	62	100
	<u>285</u>	<u>785</u>	<u>459</u>	<u>1,038</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</i>	<i>For the year ended</i>
	<i>period ended</i>	<i>31 December</i>
	<i>30 June</i>	<i>2016</i>
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Balance at beginning of the period	6,699	4,860
Charge for the current period	1,300	2,700
Payments made during the period	(701)	(861)
Balance at end of the period	<u>7,298</u>	<u>6,699</u>

Income tax

As the Company has incurred a loss during the six month period ended 30 June 2017 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 General Authority of Zakat and Tax ("GAZT"). The Company has also filed its Zakat and tax return for the long period from 8 February 2012 to 31 December 2013 and for the years ended 31 December 2014, 2015 and 2016 and obtained restricted certificates.

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

At 30 June 2017

9. ZAKAT AND INCOME TAX (continued)

Status of assessments (continued)

The GAZT 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 such assessment. The Company submitted an appeal against the GAZT 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 GAZT 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 include 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 2017:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transactions for the six-month period ended 30 June</u>		<u>Balance as of</u>	<u>Balance as of</u>
		<u>2017</u>	<u>2016</u>	<u>30 June</u>	<u>31 December</u>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
		SR'000	SR'000	SR'000	SR'000
Related parties of Juffali Group	Premiums written	2,441	2,696	3,364	4,074
	Office rent	30	30	-	-
	Purchase of computer equipment, licenses, vehicles and other services	200	3	-	-
	Claims paid	1,476	2,038	-	-
	Commission paid	107	109	-	-
Munich Re	Reinsurance ceded	105	27,319	1,258	34,139
	Claims recovered	13,193	14,754	5,369	14,765
	Other recoveries	-	-	1,587	1,587
Key management personnel	Short-term benefits	2,025	2,459	-	-
	Long-term benefits	73	70	317	172

- 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 15% of its paid up share capital, amounting to SR 30 million, in a bank designated by the Saudi Arabian Monetary Authority ("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 2017

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 2017 and 31 December 2016, 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 2017.

15. COMPARATIVE FIGURES

Certain of the 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 23 July 2017 corresponding to 29 Shawaal 1438H.