

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

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LIMITED REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GULF GENERAL COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

Scope of review

We have reviewed the accompanying interim statement of financial position of Gulf General Cooperative Insurance Company – A Saudi Joint Stock Company (“the Company”) as at 31 March 2015, and the related interim statements of insurance operations and accumulated surplus, shareholders’ operations, comprehensive income, changes in shareholders’ equity, insurance operations’ cash flows and shareholders’ cash flows for the three-month period then ended and the related notes from 1 to 11 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 limited review in accordance with the standard on review of interim financial reporting issued by the Saudi Organization for Certified Public Accountants (“SOCPA”). A limited 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.

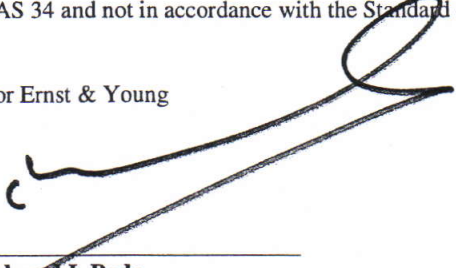
Conclusion

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


Emphasis of matter

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

for Ernst & Young


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Rajab 2, 1436H
April 21, 2015
Jeddah, Kingdom of Saudi Arabia



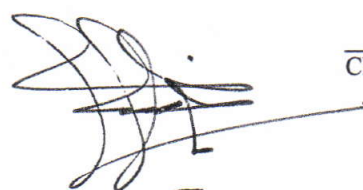
GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

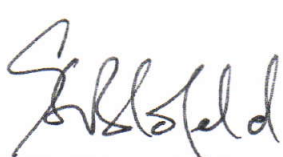
INTERIM STATEMENT OF FINANCIAL POSITION

At 31 March 2015

		31 March 2015 (Unaudited) SR' 000	31 December 2014 (Audited) SR' 000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	70,741	77,196
Investment in murabaha deposits	4	60,000	60,000
Premiums receivable, net	5	128,528	81,827
Reinsurers' share of unearned premiums		73,790	53,468
Reinsurers' share of outstanding claims		94,590	83,307
Deferred policy acquisition costs		13,730	8,028
Due from reinsurers		9,115	16,564
Prepaid expenses and other assets		15,432	13,462
Furniture, fittings and equipment		1,894	2,080
Total insurance operations' assets		467,820	395,932
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	8,498	1,894
Investment in murabaha deposits	4	84,000	84,000
Fair value through income statement investments	6(a)	32,558	31,964
Investments held to maturity	6(b)	6,028	6,015
Available-for-sale investment	6(c)	1,923	-
Prepaid expenses and other assets		703	2,164
Due from insurance operations		40,472	46,626
Goodwill	1(b)	36,260	36,260
Statutory deposit		20,000	20,000
Total shareholders' assets		230,442	228,923
TOTAL ASSETS		698,262	624,855


Chief Financial Officer


Director


Chief Executive Officer

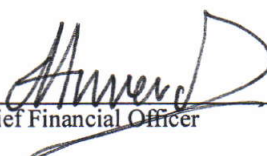
The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

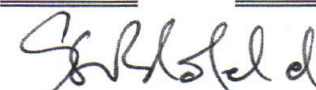
INTERIM STATEMENT OF FINANCIAL POSITION (continued)

At 31 March 2015

	<i>Notes</i>	<i>31 March 2015 (Unaudited) SR' 000</i>	<i>31 December 2014 (Audited) SR' 000</i>
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Unearned premiums		164,507	108,390
Provision for premium deficiency		809	809
Outstanding claims		158,958	148,727
Deferred commission income		13,133	9,365
Due to reinsurers and brokers		67,540	52,562
Due to policyholders		5,363	12,865
Due to shareholders' operations		40,472	46,626
Accrued expenses and other liabilities		11,198	10,821
Total insurance operations' liabilities		461,980	390,165
Insurance operations' surplus			
Accumulated surplus from insurance operations		5,840	5,767
Total insurance operations' liabilities and surplus		467,820	395,932
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		5,151	4,803
Accrued Zakat	7	7,366	6,106
Due to related parties in respect of goodwill	1(b)	9,804	9,804
Total shareholders' liabilities		22,321	20,713
Shareholders' equity			
Share capital		200,000	200,000
Statutory reserve		1,642	1,642
Retained earnings		6,479	6,568
Total shareholders' equity		208,121	208,210
Total shareholders' liabilities and equity		230,442	228,923
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		698,262	624,855


Chief Financial Officer


Director


Chief Executive Officer


The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS

	<i>Notes</i>	<i>For the three-month period ended 31 March 2015 (Unaudited) SR'000</i>	<i>For the three-month period ended 31 March 2014 (Unaudited) SR'000</i>
REVENUE			
Gross written premiums		142,434	156,010
Less: Reinsurance contracts premiums ceded		(66,523)	(69,128)
Net written premiums		75,911	86,882
Movement in net unearned premiums		(35,795)	(40,968)
Net premiums earned		40,116	45,914
Commission earned on ceded reinsurance		7,903	7,840
		48,019	53,754
COSTS AND EXPENSES			
Gross claims paid		63,157	96,563
Less: Reinsurers' share of claims		(30,324)	(65,974)
Net claims paid		32,833	30,589
Change in net outstanding claims		(1,052)	35
Net claims incurred		31,781	30,624
Policy acquisition costs		7,028	7,762
		38,809	38,386
Net underwriting result		9,210	15,368
Other income		327	48
General and administration expenses		(8,804)	(7,007)
SURPLUS FROM INSURANCE OPERATIONS		733	8,409
Shareholders' share of surplus from insurance operations	2(a)	(660)	(7,568)
Policyholders' share of surplus from insurance operations	2(a)	73	841
Accumulated surplus at the beginning of the period		5,767	2,201
Accumulated surplus at the end of the period		5,840	3,042


Chief Financial Officer


Director


Chief Executive Officer

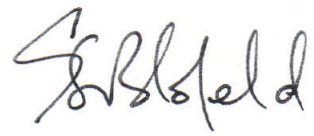
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GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

	Notes	For the three-month period ended 31 March 2015 (Unaudited) SR'000	For the three-month period ended 31 March 2014 (Unaudited) SR'000
REVENUE			
Shareholders' share of surplus from insurance operations	2(a)	660	7,568
EXPENSES			
General and administration		(407)	(1,012)
		<u>253</u>	<u>6,556</u>
Investment income		918	2,630
INCOME FOR THE PERIOD BEFORE ZAKAT		<u>1,171</u>	<u>9,186</u>
Zakat charge	7	(1,260)	(1,750)
NET (LOSS)/INCOME FOR THE PERIOD		<u>(89)</u>	<u>7,436</u>
Weighted average number of ordinary shares outstanding (in thousands)			
		<u>20,000</u>	<u>20,000</u>
Basic and diluted (loss)/earnings per share (in Saudi Riyals)			
		<u>(0.004)</u>	<u>0.37</u>


Chief Financial Officer


Director


Chief Executive Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>For the three-month period ended 31 March 2015 (Unaudited) SR'000</i>	<i>For the three-month period ended 31 March 2014 (Unaudited) SR'000</i>
NET (LOSS)/INCOME FOR THE PERIOD	(89)	7,436
Other comprehensive income/(loss)	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(89)	7,436



Chief Financial Officer



Director

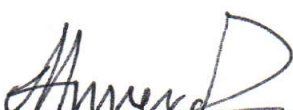


Chief Executive Officer

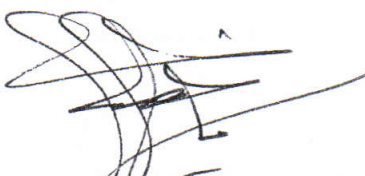
GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>For the three-month period ended 31 March 2015</i>			
	<i>Share capital</i> <i>SR'000</i>	<i>Statutory reserve</i> <i>SR'000</i>	<i>Retained earnings</i> <i>SR'000</i>	<i>Total</i> <i>SR'000</i>
Balance at 31 December 2014 (audited)	200,000	1,642	6,568	208,210
Net loss for the period	-	-	(89)	(89)
Other comprehensive income/(loss)	-	-	-	-
Balance at 31 March 2015 (unaudited)	200,000	1,642	6,479	208,121

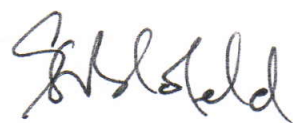
	<i>For the three-month period ended 31 March 2014</i>		
	<i>Share capital</i> <i>SR'000</i>	<i>Accumulated losses</i> <i>SR'000</i>	<i>Total</i> <i>SR'000</i>
Balance at 31 December 2013 (audited)	200,000	(14,480)	185,520
Net income for the period	-	7,436	7,436
Other comprehensive income/(loss)	-	-	-
Balance at 31 March 2014 (unaudited)	200,000	(7,044)	192,956



Chief Financial Officer



Director



Chief Executive Officer

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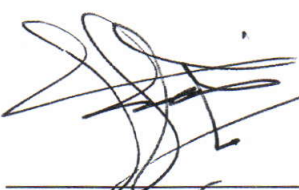
GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

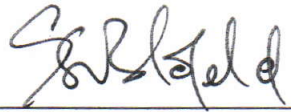
	<i>For the three- month period ended 31 March 2015 (Unaudited) SR'000</i>	<i>For the three- month period ended 31 March 2014 (Unaudited) SR'000</i>
	<i>Note</i>	
OPERATING ACTIVITIES		
Policyholders' share of surplus from insurance operations	73	841
Adjustments for:		
Reinsurers' share of unearned premiums	(20,322)	(20,432)
Deferred policy acquisition costs	(5,702)	(7,216)
Reversal of allowance for premiums receivable no longer required	(3,769)	(2,772)
Allowance for impairment of reinsurance receivables	2,508	461
Unearned premiums	56,117	61,400
Deferred commission income	3,768	4,526
Depreciation	259	379
	<u>32,932</u>	<u>37,187</u>
Changes in operating assets and liabilities:		
Premiums receivable, net	(42,932)	(52,968)
Reinsurers' share of outstanding claims	(11,283)	30,923
Due from reinsurers	4,941	(22,388)
Prepaid expenses and other assets	(1,970)	(1,940)
Outstanding claims	10,231	(30,886)
Due to reinsurers and brokers	14,978	13,307
Due to shareholders' operations	(6,154)	45,556
Due to policyholders	(7,502)	28,752
Accrued expenses and other liabilities	377	1,202
	<u>(6,382)</u>	<u>48,745</u>
Net cash (used in)/from operating activities		
INVESTING ACTIVITY		
Purchase of furniture, fittings and equipment	(73)	(43)
	<u>(73)</u>	<u>(43)</u>
Net cash used in investing activity		
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,455)	48,702
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	77,196	53,007
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3	101,709
	<u><u>70,741</u></u>	<u><u>101,709</u></u>



Chief Financial Officer



Director



Chief Executive Officer

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

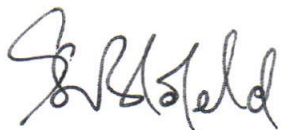
		<i>For the three- month period ended 31 March 2015 (Unaudited) SR'000</i>	<i>For the three- month period ended 31 March 2014 (Unaudited) SR'000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Income for the period before Zakat		1,171	9,186
Adjustments for:			
Unrealised gain on FVIS investments	6(a)	(594)	(2,262)
Amortization related to investments held to maturity	6(b)	(13)	(13)
		<u>564</u>	<u>6,911</u>
Changes in operating assets and liabilities:			
Prepaid expenses and other assets		(462)	335
Accrued expenses and other liabilities		348	831
Due from insurance operations		6,154	(45,556)
Due to related parties		-	(5,371)
		<u>6,604</u>	<u>(42,850)</u>
Net cash from/(used in) operating activities		<u>6,604</u>	<u>(42,850)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,604	(42,850)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		1,894	145,797
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3	8,498	102,947
MAJOR NON-CASH TRANSACTION			
Transfer of advance for investment to available-for-sale investment	6(c)	<u>1,923</u>	<u>-</u>



Chief Financial Officer



Director



Chief Executive Officer

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2015

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

a) *Organization and principal activities*

Gulf General Cooperative Insurance Company (the "GGCI" and "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 12/Q dated 17 Muharram 1431 H (corresponding to 3 January 2010) and registered under Commercial Registration number 4030196620 dated 9 Safar 1431 H (corresponding to 25 January 2010). The Registered Office address of the Company is Al Gheity Plaza, Second Floor, Ameer Al Shoura'a Street, Jeddah, Saudi Arabia.

Following are the details of the Company's Branches and Commercial Registration numbers:

Branch	Commercial Registration Number
Riyadh	1010316823
Khobar	2051046836

The Company is licensed to conduct insurance business in Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/85 dated 5 Thul Hujja 1429 H (corresponding to 3 December 2008) pursuant to Council of Ministers' Resolution No. 365 dated 3 Thul Hujja 1429 H (corresponding to 1 December 2008). The Company obtained a license to conduct insurance operations in the Kingdom of Saudi Arabia from the Saudi Arabian Monetary Agency ("SAMA") on 20 Rabi Awal 1431 H (corresponding to 6 March 2010).

The objectives of the Company are to engage in providing insurance and related services, which include reinsurance, in accordance with its by-laws, and applicable regulations in the Kingdom of Saudi Arabia. The Company is 30% owned by Saudi shareholders, 30% owned by GCC companies owned by Saudi shareholders and 40% owned by the general public. The Company was listed on the Saudi Arabian stock market on 24 Safar 1431 H (corresponding to 8 February 2010).

b) *Portfolio transfer*

On 19 May 2012, the Company entered into an agreement with Saudi General Insurance Company E.C. (SGI) and Gulf Cooperation Insurance Company Ltd. E.C. (GCI) (the "Sellers") pursuant to which it acquired the Sellers' insurance operations in the Kingdom of Saudi Arabia, effective 1 January 2009, at a goodwill amount of SR 36.26 million, as approved by SAMA, along with related insurance assets and liabilities of an equivalent amount. The goodwill payments are governed by rules and regulations issued by SAMA in this regard and also subject to SAMA approval. In case the Company is not able to make the goodwill payments to the seller before the end of 2015, the unpaid goodwill amount will be transferred and adjusted against the goodwill.

During December 2013, consequent to SAMA approval, a sum of SR 18.13 million payable to the sellers for goodwill was adjusted against amount receivable from them. Also SAMA approved further payment of SR 5.371 million to the Sellers relating to 2012 profits, which has been transferred to amount due to related parties, as at 31 December 2013, and settled during 2014.

Further, during the year ended 31 December 2014, consequent to SAMA's approval, dated 28 Shawal 1435 H (corresponding to 24 August 2014), a payment of SR 2.96 million was made to the Sellers in respect of Goodwill, out of 2013 profits. The movement of amounts due to the related parties in respect of goodwill is as follows:

	31 March 2015 (Unaudited) SR' 000	31 December 2014 (Audited) SR' 000
Balance at the beginning of the period/year	9,804	12,759
Paid during the period/year	-	(2,955)
Balance at the end of the period/year	<u>9,804</u>	<u>9,804</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

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 Accounting" (IAS 34). The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those used for the preparation of the financial statements for the year ended 31 December 2014, except for the following:

Available for sale investment

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Such investments are initially recognized at cost and subsequently measured at fair value. Cumulative changes in fair value of investments are shown as a separate component in the statement of financial position and shareholders' comprehensive income. Realized gains or losses on sale of these investments are reported in the related statement of shareholders' operations. Dividends are recognised in the statement of shareholders' operations when the right to receive dividend is established. Foreign currency gain/loss on available for sale investments are recognized in the statement of comprehensive income. Any permanent decline in value of investments is adjusted for and reported in the statement of shareholders' operations as impairment charges. Fair values of investments are based on quoted prices for marketable securities. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics. For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

These interim condensed financial statements should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2014. In management's opinion, 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 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 reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The interim condensed financial statements do not contain all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS. The interim results of the three-month period ended 31 March 2015 may not represent a proper indication for the annual results of operations.

As required by the Saudi Arabian insurance regulations, the Company maintains separate accounts for insurance operations and shareholders' operations and presents the financial statements accordingly. The physical custody and title 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 accounts. The basis of allocation of expenses from joint operations is determined by the management and the Board of Directors.

As per the by-laws of the Company, the surplus arising from the insurance operations is distributed as follows:

Transfer to shareholders' operations	90%
Transfer to policyholders' payable	10%
	<hr/>
	100%
	<hr/> <hr/>

In case of deficit arising from insurance operations, the entire deficit is allocated and transferred to shareholders' operations.

In accordance with Article 70 of SAMA Implementing Regulations, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders' surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors.

At 31 March 2015

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

a) Basis of preparation (continued)

The interim condensed financial statements are presented in Saudi 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. Except for held to maturity investments, available-for-sale investment, statutory deposit and amounts due to related parties in respect of goodwill, all financial assets and liabilities, are expected to be recovered and settled respectively, within twelve months after the interim reporting date.

b) New IFRS and amendments thereof, adopted by the Company

The Company has adopted the following amendment and revision to existing standard, where applicable, which were issued by the International Accounting Standards Board (IASB):

*Standard/
Interpretation Description*

IAS 19 Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The adoption of the above standard did not have any impact on the accounting policies, financial position or performance of the Company.

c) 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's 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, where applicable, they become effective.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 9	Financial Instruments	1 January 2018
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
IFRS 11	Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 27	Amendments to IAS 27 Equity Method in Separate Financial Statements	1 January 2016
IAS 1	Amendments to IAS 1 Disclosure Initiative	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 Applying the Consolidation Exception	1 January 2016

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

3 CASH AND CASH EQUIVALENTS

	<i>31 March 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 hand	20	24
Cash at bank (see note (a) below)	20,721	32,172
Investment in murabaha deposits (see note 4 and (b) below)	50,000	45,000
	<u>70,741</u>	<u>77,196</u>
<i>Shareholders' operations</i>		
Cash at bank	8,498	1,894
	<u>8,498</u>	<u>1,894</u>

- a) At 31 March 2015, bank balances, amounting to SR 0.5 million (31 December 2014: SR 0.5 million), are held in the name of related parties of the Company, on behalf of the Company.
- b) The investment in murabaha deposits are held with a commercial bank. These investment in murabaha deposits are denominated in Saudi Arabian Riyals and have an original maturity not exceeding three months.

4 INVESTMENT IN MURABAHA DEPOSITS

Investment in murabaha deposits comprise the following:

	<i>31 March 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>		
Investment in murabaha deposits	110,000	105,000
Less: Investment in murabaha deposits with maturity less than three months (see note 3)	(50,000)	(45,000)
	<u>60,000</u>	<u>60,000</u>
<i>Shareholders' operations</i>		
Investment in murabaha deposits	84,000	84,000
	<u>84,000</u>	<u>84,000</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

5 PREMIUMS RECEIVABLE, NET

	<i>31 March 2015</i> <i>(Unaudited)</i> <i>SR' 000</i>	<i>31 December 2014</i> <i>(Audited)</i> <i>SR' 000</i>
Premiums receivable	143,213	100,281
Allowance for impairment	(14,685)	(18,454)
	<u>128,528</u>	<u>81,827</u>

Movement in the allowance for impairment of premiums receivable during the period/year was as follows:

	<i>For the three-month</i> <i>period ended</i> <i>31 March 2015</i> <i>(Unaudited)</i> <i>SR' 000</i>	<i>For the year ended</i> <i>31 December 2014</i> <i>(Audited)</i> <i>SR' 000</i>
Balance at the beginning of the period/year	18,454	27,173
Reversal of allowance no longer required	(3,769)	(2,037)
Utilised to write-off receivables	-	(6,682)
	<u>14,685</u>	<u>18,454</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

6 INVESTMENTS

All investments, as at 31 March, are related to shareholders' operations.

	Notes	31 March 2015 (Unaudited) SR' 000	31 December 2014 (Audited) SR' 000
FVIS investments	6(a)	32,558	31,964
Investments held to maturity	6(b)	6,028	6,015
Available-for-sale investment	6(c)	1,923	-

a) FVIS investments

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

	For the three-month period ended 31 March 2015 (Unaudited) SR' 000	For the year ended 31 December 2014 (Audited) SR' 000
Balance at the beginning of the period/year	31,964	29,725
Purchases during the period/year	-	3,750
Unrealised gain/(loss) on FVIS investments	594	(1,511)
Balance at the end of the period/year	32,558	31,964

b) Investments held to maturity

Movement in investments classified as held to maturity is as follows:

	For the three-month period ended 31 March 2015 (Unaudited) SR' 000	For the year ended 31 December 2014 (Audited) SR' 000
Balance at the beginning of the period/year	6,015	5,963
Unwinding of discount for the period/year	13	52
Balance at the end of the period/year	6,028	6,015

c) Available-for-sale investment

During the period, following the allotment of shares to the founding shareholders by Najm for Insurance Services Company ("Najm"), a non-listed Saudi Limited Liability Company, the Company has classified the advance for investment, included earlier in prepaid expenses and other assets, as available-for-sale investment. The Company holds 3.85% equity in Najm.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

7 ZAKAT

The Zakat payable by the Company has been calculated based on the best estimates of the management. The movement in Zakat payable is as follows:

	<i>For the three-month period ended 31 March 2015 (Unaudited) SR' 000</i>	<i>For the year ended 31 December 2014 (Audited) SR' 000</i>
Balance at the beginning of the period/year	6,106	5,270
Charge for the period/year	1,260	5,232
Paid during the period/year	-	(4,396)
Balance at the end of the period/year	<u>7,366</u>	<u>6,106</u>

Zakat status

The Company has filed its Zakat returns for its first period from 3 January 2010 to 31 December 2010 and a revised return for the period from 3 January 2010 to 31 December 2011 with the Department of Zakat and Income Tax ("DZIT") and obtained unrestricted Zakat certificates. The DZIT issued the preliminary Zakat assessment for the period from 3 January 2010 to 31 December 2011 with an additional liability of SR 6.3 million. Management has appealed against this assessment which is still under review.

The DZIT has issued a preliminary Zakat assessment for the year ended 31 December 2012 with an additional liability of SR 0.9 million. The management has partly agreed to the above assessment and settled SR 0.3 million and filed an appeal for the remaining SR 0.6 million which is still under review.

The DZIT has issued a preliminary Zakat assessment for year ended 31 December 2013 with an additional liability of SR 0.5 million. The management has appealed against this assessment which is still under review.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

8 RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of related party transactions during the three-month period ended 31 March 2015 and 31 March 2014:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Transactions for the three-month period ended 31 March 2015 (Unaudited) SR' 000</i>	<i>Transactions for the three-month period ended 31 March 2014 (Unaudited) SR' 000</i>
<i>Insurance operations</i>			
Gulf Cooperation Insurance Company Ltd. E.C.	General and administrative expenses directly paid on behalf of the Company and recharged to the Company	56	12
Rolaco Group	Premiums underwritten Claims paid	1,018 (12)	1,569 (4)
Dabbagh Group	Premiums underwritten Claims paid	5,829 (718)	4,893 (1,532)
Al Fadal Group	Claims paid	-	(88)
Farouk, Maamoun Tamer & Company	Premiums underwritten Claims paid	9,434 (612)	7,717 (6,778)
Key management personnel	Short term benefits Long term benefits	(661) (27)	(604) (25)
<i>Shareholders' operations</i>			
Board of Directors	Board of Directors' remuneration	340	340

GULF GENERAL COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

8 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

The following are details of related party balances as of 31 March 2015 and 31 December 2014:

	<i>31 March 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>		
<u>Due from related parties</u>		
Gulf Cooperation Insurance Company Ltd. E.C. (shareholder)	1,034	1,090
Rolaco Group	19	-
Dabbagh Group	4,259	682
Al Fadal Group	686	872
Farouk, Maamoun Tamer & Company	9,311	-
	<i>31 March 2015</i> <i>(Unaudited)</i> <i>SR' 000</i>	<i>31 December 2014</i> <i>(Audited)</i> <i>SR' 000</i>
<u>Due to related parties</u>		
Saudi General Insurance Company E.C. (shareholder)	309	309
Rolaco Group	4	470
Dabbagh Group	495	605
Farouk, Maamoun Tamer & Company	1,790	4,816
Key management personnel	205	293
<i>Shareholders' operations</i>		
Board of Directors' remuneration and related expenses	<u>3,983</u>	<u>3,643</u>

The above balances are included in prepaid expenses and other assets, accrued expenses and other liabilities, premiums receivable, net and due to policyholders. Furthermore, due to related parties in respect of goodwill is disclosed in the interim statement of financial position (see note 1(b)). Also note 3(a) refers to bank balances that were held in the name of related parties of the Company, on behalf of the Company.

9 SEGMENT INFORMATION

All of the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management purposes, the operations are monitored in six major lines of business.

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

Segment assets do not include cash and cash equivalents, investment in murabaha deposits, premiums receivable, net, due from reinsurers, prepaid expenses and other assets and furniture, fittings and equipment.

Segment liabilities and surplus do not include due to reinsurers and brokers, due to policyholders, due to shareholders' operations, accrued expenses and other liabilities and accumulated surplus.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

9 SEGMENT INFORMATION (continued)

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities as stated below:

	<i>Medical</i> <i>SR'000</i>	<i>Motor</i> <i>SR'000</i>	<i>Property</i> <i>SR'000</i>	<i>Engineering</i> <i>SR'000</i>	<i>Marine</i> <i>SR'000</i>	<i>Accident and liability</i> <i>SR'000</i>	<i>Total</i> <i>SR'000</i>
For the three-month period ended 31 March 2015 (Unaudited)							
Gross written premiums	16,469	70,910	23,746	8,633	14,637	8,039	142,434
Less: Reinsurance contracts premiums ceded	(8,657)	(11,710)	(23,147)	(7,330)	(11,247)	(4,432)	(66,523)
Net written premiums	7,812	59,200	599	1,303	3,390	3,607	75,911
Movement in net unearned premiums	(152)	(32,982)	(751)	(454)	(118)	(1,338)	(35,795)
Net premiums earned	7,660	26,218	(152)	849	3,272	2,269	40,116
Commission earned on ceded reinsurance	-	425	2,045	1,238	3,386	809	7,903
	7,660	26,643	1,893	2,087	6,658	3,078	48,019
Gross claims paid	12,241	27,660	14,112	1,758	6,052	1,334	63,157
Less: Reinsurers' share of claims	(7,622)	(3,540)	(11,367)	(1,713)	(5,297)	(785)	(30,324)
Net claims paid	4,619	24,120	2,745	45	755	549	32,833
Changes in net outstanding claims	284	(412)	(214)	422	(594)	(538)	(1,052)
Net claims incurred	4,903	23,708	2,531	467	161	11	31,781
Policy acquisition costs	177	2,996	981	647	1,642	585	7,028
	5,080	26,704	3,512	1,114	1,803	596	38,809
Net underwriting result	2,580	(61)	(1,619)	973	4,855	2,482	9,210
Other income	26	183	47	17	33	21	327
General and administration expenses	(1,018)	(4,383)	(1,468)	(534)	(904)	(497)	(8,804)
Surplus/ (deficit) from insurance operations	1,588	(4,261)	(3,040)	456	3,984	2,006	733
Shareholders' share of surplus from insurance operations							(660)
Policyholders' share of surplus from insurance operations							73

GULF GENERAL COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

9 SEGMENT INFORMATION (continued)

As at 31 March 2015 (Unaudited)	<i>Medical</i> SR'000	<i>Motor</i> SR'000	<i>Property</i> SR'000	<i>Engineering</i> SR'000	<i>Marine</i> SR'000	<i>Accident and liability</i> SR'000	<i>Total</i> SR'000
<i>Insurance operations' assets</i>							
Reinsurers' share of unearned premiums	11,693	11,214	24,624	11,604	8,252	6,403	73,790
Reinsurers' share of outstanding claims	11,433	11,804	41,518	9,578	14,860	5,397	94,590
Deferred policy acquisition costs	455	7,247	2,098	1,131	1,424	1,375	13,730
Unallocated assets							285,710
Total insurance operations' assets							<u>467,820</u>
<i>Insurance operations' liabilities and surplus</i>							
Unearned premiums	22,352	76,987	26,373	15,448	10,580	12,767	164,507
Provision for premium deficiency	-	809	-	-	-	-	809
Outstanding claims	16,606	62,317	44,652	10,879	16,824	7,680	158,958
Deferred commission income	-	1,144	4,700	2,325	3,052	1,912	13,133
Unallocated liabilities and accumulated surplus							130,413
Total insurance operations' liabilities and surplus							<u>467,820</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2015

9 SEGMENT INFORMATION (continued)

	<i>Medical SR'000</i>	<i>Motor SR'000</i>	<i>Property SR'000</i>	<i>Engineering SR'000</i>	<i>Marine SR'000</i>	<i>Accident and liability SR'000</i>	<i>Total SR'000</i>
For the three-month period ended 31 March 2014 (Unaudited)							
Gross written premiums	14,571	83,282	30,363	6,335	13,672	7,787	156,010
Less: Reinsurance contracts premiums ceded	(7,678)	(11,551)	(29,798)	(5,378)	(10,453)	(4,270)	(69,128)
Net written premiums	6,893	71,731	565	957	3,219	3,517	86,882
Movement in net unearned premiums	2,266	(41,625)	(422)	(220)	14	(981)	(40,968)
Net premiums earned	9,159	30,106	143	737	3,233	2,536	45,914
Commission earned on ceded reinsurance	-	387	2,261	1,317	3,093	782	7,840
	9,159	30,493	2,404	2,054	6,326	3,318	53,754
Gross claims paid	19,807	26,030	39,211	982	9,392	1,141	96,563
Less: Reinsurers' share of claims	(13,726)	(4,740)	(38,181)	(826)	(7,833)	(668)	(65,974)
Net claims paid	6,081	21,290	1,030	156	1,559	473	30,589
Changes in net outstanding claims	1,266	2,937	(1,922)	(30)	(2,146)	(70)	35
Net claims incurred	7,347	24,227	(892)	126	(587)	403	30,624
Policy acquisition costs	373	3,399	1,110	673	1,636	571	7,762
	7,720	27,626	218	799	1,049	974	38,386
Net underwriting result	1,439	2,867	2,186	1,255	5,277	2,344	15,368
Other income	-	22	8	2	9	7	48
General and administration expenses	(654)	(3,741)	(1,364)	(285)	(614)	(349)	(7,007)
Surplus/(deficit) from insurance operations	785	(852)	830	972	4,672	2,002	8,409
Shareholders' share of surplus from insurance operations							(7,568)
Policyholders' share of surplus from insurance operations							841

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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9 SEGMENT INFORMATION (continued)

	<i>Medical</i> <i>SR '000</i>	<i>Motor</i> <i>SR '000</i>	<i>Property</i> <i>SR '000</i>	<i>Engineering</i> <i>SR '000</i>	<i>Marine</i> <i>SR '000</i>	<i>Accident and liability</i> <i>SR '000</i>	<i>Total</i> <i>SR '000</i>
As at 31 December 2014 (Audited)							
<i>Insurance operations'</i> <i>assets</i>							
Reinsurers' share of unearned premiums	12,590	4,930	12,725	10,946	7,599	4,678	53,468
Reinsurers' share of outstanding claims	10,769	10,789	32,605	10,415	13,108	5,621	83,307
Deferred policy acquisition costs	276	3,205	1,083	991	1,424	1,049	8,028
Unallocated assets							251,129
Total insurance operations' assets							395,932
<i>Insurance operations'</i> <i>liabilities and surplus</i>							
Unearned premiums	23,097	37,721	13,723	14,336	9,809	9,704	108,390
Provision for premium deficiency	-	809	-	-	-	-	809
Outstanding claims	15,658	61,714	35,953	11,294	15,666	8,442	148,727
Deferred commission income	-	513	2,461	2,163	2,883	1,345	9,365
Unallocated liabilities and accumulated surplus							128,641
Total insurance operations' liabilities and surplus							395,932

At 31 March 2015

10 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 consist of cash and cash equivalents, investment in murabaha deposits, net premiums receivable, FVIS investments, investments held to maturity, available-for-sale investment, due from reinsurers, due from insurance operations, statutory deposit and certain other assets and its financial liabilities consist of outstanding claims, due to reinsurers and brokers, due to policyholders, due to shareholders' operations, due to related parties in respect of goodwill and certain other liabilities. At 31 March 2015, there were no financial instruments held by the Company that were measured at fair value, apart from the investments which are carried at fair value.

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 March 2015 and 31 December 2014, all financial instruments, which are fair valued, are Level 2 instruments except for the available for sale investment which is included within Level 3. There were no other transfers between levels during the three-month period ended 31 March 2015 and year ended 31 December 2014.

11 BOARD OF DIRECTORS' APPROVAL

These interim condensed financial statements have been approved by the Board of Directors on 16 April 2015.