

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED 30 SEPTEMBER 2015**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2015**

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**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS
THE SHAREHOLDERS OF GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
KINGDOM OF SAUDI ARABIA**

Scope of review

We have reviewed the accompanying interim statement of financial position of Gulf General Cooperative Insurance Company - A Saudi Joint Stock Company (the "Company") as at 30 September 2015, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations and comprehensive income for the three-month and nine-month periods then ended, and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the nine-month period then ended and related notes from 1 to 12 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 KPMG Al Fozan & Al Sadhan

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Jeddah, Kingdom of Saudi Arabia
Muharram 7, 1437H
October 20, 2015




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

INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 September 2015

		<i>30 September</i> <i>2015</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2014</i> <i>(Audited)</i> <i>SR'000</i>
	<i>Notes</i>		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	52,441	77,196
Investment in Murabaha deposits	4	60,000	60,000
Premiums receivable, net	5	97,354	81,827
Reinsurers' share of unearned premiums		69,799	53,468
Reinsurers' share of outstanding claims		120,832	83,307
Deferred policy acquisition costs		9,672	8,028
Due from reinsurers		4,178	16,564
Prepayments and other assets		15,694	13,462
Furniture, fittings and office equipment		2,052	2,080
Total insurance operations' assets		432,022	395,932
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	27,474	1,894
Investment in Murabaha deposits	4	84,000	84,000
Fair value through income statement investments	6(a)	28,731	31,964
Investments held to maturity	6(b)	6,054	6,015
Available-for-sale investment	6(c)	1,923	--
Prepayments and other assets		1,480	2,164
Due from insurance operations		1,817	46,626
Goodwill	1 (b)	36,260	36,260
Statutory deposit		20,000	20,000
Total shareholders' assets		207,739	228,923
TOTAL ASSETS		639,761	624,855



Director



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 12 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)

As at 30 September 2015

	<i>Notes</i>	<i>30 September 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Unearned premiums		141,720	108,390
Provision for premium deficiency		7,072	809
Outstanding claims		177,682	148,727
Deferred commission income		10,384	9,365
Due to reinsurers and brokers		67,640	52,562
Due to policyholders		8,040	12,865
Due to shareholders' operations		1,817	46,626
Accrued expenses and other liabilities		11,900	10,821
		<hr/>	<hr/>
Total insurance operations' liabilities		426,255	390,165
Insurance operations' surplus			
Accumulated surplus from insurance operations		5,767	5,767
		<hr/>	<hr/>
Total insurance operations' liabilities and surplus		432,022	395,932
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accrued expenses and other liabilities		4,464	4,803
Accrued Zakat	7	8,833	6,106
Due to related parties in respect of goodwill	1 (b)	-	9,804
		<hr/>	<hr/>
Total shareholders' liabilities		13,297	20,713
Shareholders' equity			
Share capital		200,000	200,000
Statutory reserve		1,642	1,642
(Accumulated loss) / retained earnings		(7,200)	6,568
		<hr/>	<hr/>
Total shareholders' equity		194,442	208,210
		<hr/>	<hr/>
Total shareholders' liabilities and equity		207,739	228,923
		<hr/>	<hr/>
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		639,761	624,855

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 12 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
For the three-month and nine-month periods ended 30 September 2015

	Note	Three-month period ended 30 September (Unaudited)		Nine-month period ended 30 September (Unaudited)	
		2015 SR'000	2014 SR'000	2015 SR'000	2014 SR'000
REVENUE					
Gross written premiums		49,213	59,744	293,816	311,656
Less: reinsurance contracts premiums ceded		(27,513)	(32,805)	(151,797)	(152,681)
Net written premiums		21,700	26,939	142,019	158,975
Movement in net unearned premiums		19,617	18,645	(16,999)	(18,228)
Net premiums earned		41,317	45,584	125,020	140,747
Commission earned on ceded reinsurance		7,096	7,695	22,207	23,364
		48,413	53,279	147,227	164,111
CLAIMS AND EXPENSES					
Gross claims paid		39,214	53,758	163,935	217,111
Less: reinsurers' share of claims		(17,110)	(24,348)	(72,227)	(123,677)
Net claims paid		22,104	29,410	91,708	93,434
Change in net outstanding claims		4,465	4,859	(8,570)	9,684
Net claims incurred		26,569	34,269	83,138	103,118
Policy acquisition costs		6,673	7,513	20,465	23,119
Provision for premium deficiency reserve		721	--	6,263	--
		33,963	41,782	109,866	126,237
Net underwriting result		14,450	11,497	37,361	37,874
Other income		250	34	879	122
General and administration expenses		(15,317)	(14,939)	(44,920)	(36,323)
(DEFICIT) / SURPLUS FROM INSURANCE OPERATIONS		(617)	(3,408)	(6,680)	1,673
Shareholders' share of deficit / (surplus) from insurance operations	2(a)	617	3,067	6,680	(1,506)
Policyholders' share of (deficit) / surplus from insurance operations		--	(341)	--	167
Accumulated surplus at the beginning of the period		5,767	2,709	5,767	2,201
Accumulated surplus at the end of the period		5,767	2,368	5,767	2,368

Director

Chief Financial Officer

Chief Executive Officer


The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

For the three-month and nine-month periods ended 30 September 2015

	Notes	<i>Three-month period ended 30 September (Unaudited)</i>		<i>Nine-month period ended 30 September (Unaudited)</i>	
		<i>2015 SR'000</i>	<i>2014 SR'000</i>	<i>2015 SR'000</i>	<i>2014 SR'000</i>
REVENUE					
Shareholders' share of (deficit) / surplus from insurance operations	2(a)	(617)	(3,067)	(6,680)	1,506
EXPENSES					
General and administration expenses		(512)	(462)	(1,613)	(2,111)
		(1,129)	(3,529)	(8,293)	(605)
Investment (loss) / income		(4,136)	4,212	(1,598)	7,854
(LOSS) / INCOME FOR THE PERIOD BEFORE ZAKAT		(5,265)	683	(9,891)	7,249
Zakat charge		(1,216)	326	(3,877)	(3,174)
NET (LOSS) / INCOME FOR THE PERIOD		(6,481)	1,009	(13,768)	4,075
Weighted average number of ordinary shares outstanding (in thousands)		20,000	20,000	20,000	20,000
Basic and diluted earnings per share (in Saudi Arabian Riyals) (note 10)		(0.32)	0.05	(0.69)	0.20


Director


Chief Financial Officer


Chief Executive Officer

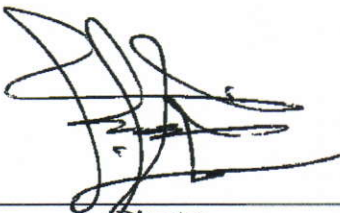
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**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**


INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2015

	<i>Three-month period ended 30 September (Unaudited)</i>		<i>Nine-month period ended 30 September (Unaudited)</i>	
	<i>2015 SR'000</i>	<i>2014 SR'000</i>	<i>2015 SR'000</i>	<i>2014 SR'000</i>
NET (LOSS)/ INCOME FOR THE PERIOD	(6,481)	1,009	(13,768)	4,075
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(6,481)	1,009	(13,768)	4,075



Director



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.


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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine-month period ended 30 September 2015

	<i>For the nine-month period ended 30 September 2015</i>			
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained Earnings / (Accumulated loss)</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at 1 January 2015 (audited)	200,000	1,642	6,568	208,210
Net loss for the period	--	--	(13,768)	(13,768)
Balance at 30 September 2015 (unaudited)	200,000	1,642	(7,200)	194,442

	<i>For the nine-month period ended 30 September 2014</i>			
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained Earnings / (Accumulated loss)</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at 1 January 2014 (audited)	200,000	--	(14,480)	185,520
Net income for the period	--	--	4,075	4,075
Balance at 30 September 2014 (unaudited)	200,000	--	(10,405)	189,595

Balance at 30 September 2014 (unaudited)



Director



Chief Financial Officer

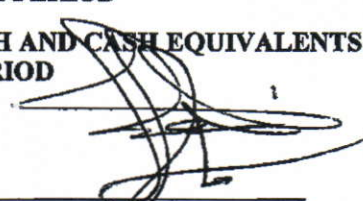




Chief Executive Officer

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

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

For the nine-month period ended 30 September 2015 (unaudited)

	<i>For the nine- month period ended 30 September 2015 (Unaudited) SR'000</i>	<i>For the nine- month period ended 30 September 2014 (Unaudited) SR'000</i>
OPERATING ACTIVITIES		
Policyholders' share of surplus from insurance operations	--	167
Adjustments for:		
Shareholders' share of deficit / (surplus) from insurance operations	6,680	(1,506)
Provision for premiums receivable	5 4,421	4,108
Allowance for impairment of reinsurance receivables	8,331	--
Depreciation	811	1,046
	<u>20,243</u>	<u>3,815</u>
Changes in assets and liabilities:		
Premiums receivable, net	(19,948)	(19,012)
Reinsurers' share of unearned premiums	(16,331)	(9,677)
Reinsurer's share of outstanding claims	(37,525)	14,811
Deferred policy acquisition costs	(1,644)	(2,837)
Due from reinsurers	4,055	(13,695)
Prepayments and other assets	(2,232)	(2,506)
Unearned premiums	33,330	27,905
Provision for premium deficiency reserve	6,263	--
Outstanding claims	28,955	(5,127)
Deferred commission income	1,019	1,749
Due to reinsurers and brokers	15,078	33,700
Due to policy holders	(4,825)	(4,548)
Due to shareholders' operations	(51,489)	(40,088)
Accrued expenses and other liabilities	1,079	1,554
Net cash used in operating activities	<u>(23,972)</u>	<u>(13,956)</u>
INVESTING ACTIVITIES		
Purchase of furniture, fittings and office equipment	(783)	(92)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(24,755)</u>	<u>(14,048)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>77,196</u>	<u>53,007</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>52,441</u>	<u>38,959</u>
	3	
Director		Chief Executive Officer
	Chief Financial Officer	

The accompanying notes 1 to 12 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

For the nine-month period ended 30 September 2015 (unaudited)

	<i>Notes</i>	<i>For the nine-month period ended 30 September 2015 (Unaudited) SR'000</i>	<i>For the nine-month period ended 30 September 2014 (Unaudited) SR'000</i>
OPERATING ACTIVITIES			
(Loss) / income for the period before Zakat		(9,891)	7,249
Adjustments for:			
Unrealised loss / (gain) on FVIS investments	6(a)	3,233	(6,421)
Realised gain on FVIS investments		--	(15)
Amortization related to investments held to maturity	6(b)	(39)	(39)
		<u>(6,697)</u>	<u>774</u>
Changes in assets and liabilities:			
Prepayments and other assets		(1,239)	141
Due from insurance operations		44,809	41,594
Accrued expenses and other liabilities		(339)	1,510
Due to related parties		--	(5,371)
		<u>36,534</u>	<u>38,648</u>
Zakat paid	7	(1,150)	(4,396)
Net cash from operating activities		<u>35,384</u>	<u>34,252</u>
INVESTING ACTIVITIES			
Purchase of FVIS investments		--	(3,750)
Murabaha deposits		--	(144,000)
Amounts paid to related parties in respect of goodwill	1(b)	(9,804)	(2,955)
Net cash used in investing activities		<u>(9,804)</u>	<u>(150,705)</u>
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		25,580	(116,453)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		1,894	145,797
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3	27,474	29,344
MAJOR NON-CASH TRANSACTION			
Transfer of advance for investment to available-for-sale investment	6(c)	1,923	--

Director



Chief Financial Officer



Chief Executive Officer



The accompanying notes 1 to 12 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

For the three-month and nine-month periods ended 30 September 2015

1. ORGANISATION AND PRINCIPAL ACTIVITIES

a) Organization and principal activities

Gulf General Cooperative Insurance Company ("GGCI" or 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 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, Kingdom of Saudi Arabia.

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

<u>Branch</u>	<u>Commercial Registration No.</u>
Riyadh	1010316823
Al Khobar	2051046836

The Company is licensed to conduct insurance business in the Kingdom of 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-al-Awwal 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 Exchange (Tadawul) 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 Sellers before the end of 2015, the unpaid goodwill amount will be transferred and adjusted against the goodwill.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and nine-month periods ended 30 September 2015

1. ORGANISATION AND PRINCIPAL ACTIVITIES (continued)

In 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 was transferred to amount due to related parties, as at 31 December 2013, and settled in 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. During the period ended, consequent to SAMA's approval, dated 3 Rajab 1436 H (corresponding to 22 April 2015), a payment of SR 9.8 million was made to the Sellers in respect of goodwill, out of 2014 profits.

The movement of amounts due to the related parties in respect of goodwill is as follows:

	<i>30 September 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
Balance at the beginning of the period / year	9,804	12,759
Paid during the period / year	(9,804)	(2,955)
Balance at the end of the period / year	--	9,804

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 and new accounting standards:

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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and nine-month periods ended 30 September 2015

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

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 financial position, results of operations and cash flows 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 and nine-month periods ended 30 September 2015 may not represent a proper indication for the annual results of operations.

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of account for insurance operations and shareholders' operations and presents the financial statements accordingly. 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.

In accordance with 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' operations	10%
	<hr/>
	100%
	<hr/> <hr/>

In case of deficit arising from the 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.

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. 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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and nine-month periods ended 30 September 2015

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

b. NEW IFRS AND AMENDMENTS THEREOF, ADOPTED BY THE COMPANY

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

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

The adoption of above mentioned standards did not have an impact on the interim condensed financial statements of the Company.

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

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 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, where applicable, when they become effective.

<i>Standard / Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IAS 1	Amendments to IAS 1 Disclosure Initiative	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities: applying the consolidation exception	1 January 2016
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint venture.	1 January 2016
IFRS 11	Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41	Amendments to IAS 16 and IAS 41 Agriculture Bearer plants	1 January 2016
IAS 27	Amendment to IAS 27 Equity Method in Separate Financial Statements	1 January 2016

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

d. FINANCIAL MANAGEMENT

The Company's activities expose it to variety of financial risks: market risk (including commission rate risk, currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2014. There have been no changes in the risk management department or in any risk management policies since the year end.

d. SEASONALITY OF OPERATIONS

There are no seasonal changes that affect insurance operations.

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3. CASH AND CASH EQUIVALENTS

	<i>30 September 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	27	24
Cash at banks (see note (a) below)	27,414	32,172
Investment in Murabaha deposits (see note (b) below)	25,000	45,000
	<u>52,441</u>	<u>77,196</u>
<i>Shareholders' operations</i>		
Cash at banks	<u>27,474</u>	<u>1,894</u>

- a) At 30 September 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 commercial banks in the Kingdom of Saudi Arabia. These investments in Murabaha deposits are denominated in Saudi Arabian Riyals and have an original maturity not exceeding three months.

4. INVESTMENT IN MURABAHA DEPOSITS

	<i>30 September 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	85,000	105,000
Less: investment in Murabaha deposits with maturity less than three months (see note 3)	(25,000)	(45,000)
	<u>60,000</u>	<u>60,000</u>
<i>Shareholders' operations</i>		
Investment in Murabaha deposits	<u>84,000</u>	<u>84,000</u>

5. PREMIUMS RECEIVABLE, NET

	<i>30 September</i> <i>2015 (Unaudited)</i> <i>SR'000</i>	<i>31 December</i> <i>2014 (Audited)</i> <i>SR'000</i>
Gross premiums receivable	120,229	100,281
Allowance for impairment	(22,875)	(18,454)
Premiums receivable, net	<u>97,354</u>	<u>81,827</u>

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5. PREMIUMS RECEIVABLE, NET (continued)

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

	<i>For the nine-month period ended 30 September 2015 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2014 (Audited) SR'000</i>
Balance at beginning of the period / year	18,454	27,173
Addition / (reversal) during the period / year	4,421	(2,037)
Utilised to write-off receivables	--	(6,682)
	<u>22,875</u>	<u>18,454</u>

6. INVESTMENTS

	<i>Notes</i>	<i>30 September 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
FVIS investments	6(a)	28,731	31,964
Investments held to maturity	6(b)	6,054	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:

	<i>For the nine- month period ended 30 September 2015 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2014 (Audited) SR'000</i>
Balance at beginning of the period / year	31,964	29,725
Purchases during the period / year	--	3,750
Unrealized loss on FVIS investments	(3,233)	(1,511)
	<u>28,731</u>	<u>31,964</u>

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6. INVESTMENTS (continued)

(b) Investments held to maturity

Movement in investments classified as held to maturity (HTM) is as follows:

	<i>For the nine- month period ended 30 September 2015 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2014 (Audited) SR'000</i>
Balance at beginning of the period / year	6,015	5,963
Unwinding of discount for the period / year	39	52
	<u>6,054</u>	<u>6,015</u>

(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 prepayments and other assets, as available-for-sale investment. The Company holds 3.85% of the equity in Najm, which is stated at cost

7. ZAKAT

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

	<i>For the nine- month period ended 30 September 2015 (Unaudited) SR'000</i>	<i>For the year ended 31 December 2014 (Audited) SR'000</i>
Balance at beginning of the period / year	6,106	5,270
Charge for the period / year	3,877	5,232
Paid during the period / year	(1,150)	(4,396)
	<u>8,833</u>	<u>6,106</u>

Status of assessments

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.

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7. ZAKAT (continued)

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.

The DZIT has issued a preliminary Zakat assessment for year ended 31 December 2014 with an additional liability of SR 0.5 million. The management has appealed against this assessment which is still under review.

The management is confident of a favourable outcome of these amounts under appeals.

8. TRANSACTIONS WITH RELATED PARTIES

Following are the details of related party transactions during the nine-month period ended 30 September 2015 and 30 September 2014:

<u>Related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<i>For the nine-month period ended 30 September 2015 (Unaudited) SR'000</i>	<i>For the nine-month period ended 30 September 2014 (Unaudited) SR'000</i>
Insurance operations				
<i>Gulf Cooperation Insurance Company Ltd. E.C.</i>	Shareholder	General and administrative expenses directly paid on behalf of the Company and recharged to the Company	56	68
Rolaco Group	Associate	Premiums underwritten Claims paid	2,074 (39)	2,099 (15)
Dabbagh Group	Associate	Premiums underwritten Claims paid	8,104 (1,190)	7,936 (2,070)
Al Fadal Group	Shareholder	Claims paid	--	(88)
Farouk, Maamoun Tamer & Company	Shareholder	Premiums underwritten Claims paid	12,393 (1,369)	11,791 (8,129)
Key management Personnel		Short-term benefits Long-term benefits	1,983 86	1,817 79
Shareholders' operations				
Board of Directors		Board of Directors' remuneration	1,020	1,020

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8. TRANSACTIONS WITH RELATED PARTIES (continued)

Following are the details of related party balances as at 30 September 2015 and 31 December 2014:

<i>Related party</i>	<i>Relationship</i>	<i>30 September 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
Insurance operations			
<u>Due from related parties</u>			
Gulf Cooperation Insurance Company Ltd. E.C.	Shareholder	1,053	1,090
Rolaco Group	Associate	135	--
Dabbagh Group	Associate	2,236	682
Al Fadal Group	Shareholder	744	872
Farouk, Maamoun Tamer & Company	Shareholder	4,607	--
		<i>30 September 2015 (Unaudited) SR'000</i>	<i>31 December 2014 (Audited) SR'000</i>
<u>Due to related parties</u>			
Saudi General Insurance Company Ltd. E.C.	Shareholder	309	309
Rolaco Group	Associate	13	470
Dabbagh Group	Associate	235	605
Farouk, Maamoun Tamer & Company	Shareholder	2,179	4,816
Key management personnel		263	293
<i>Shareholders' operations</i>			
Board of Directors remuneration and related expenses		4,400	3,643

The above balances are included in prepayments 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, prepayments and other assets and furniture, fittings and office 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.

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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> 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
For the three-month period ended 30 September 2015 (Unaudited)							
Gross written premiums	2,843	20,223	8,887	5,942	7,474	3,844	49,213
Less: Reinsurance contracts premiums ceded	(1,443)	(4,237)	(9,110)	(5,258)	(5,575)	(1,890)	(27,513)
Net written premiums	1,400	15,986	(223)	684	1,899	1,954	21,700
Movement in net unearned premiums	5,823	14,171	227	(1,834)	407	823	19,617
Net premiums earned	7,223	30,157	4	(1,150)	2,306	2,777	41,317
Commission earned on ceded reinsurance	--	523	2,290	1,167	2,035	1,081	7,096
	7,223	30,680	2,294	17	4,341	3,858	48,413
Gross claims paid	9,423	21,422	5,286	162	2,175	746	39,214
Less: Reinsurers' share of claims	(7,076)	(3,079)	(5,033)	(121)	(1,335)	(466)	(17,110)
Net claims paid	2,347	18,343	253	41	840	280	22,104
Changes in net outstanding claims	(660)	2,422	1,167	303	674	559	4,465
Net claims incurred	1,687	20,765	1,420	344	1,514	839	26,569
Policy acquisition costs	173	3,128	1,140	618	956	658	6,673
Premium deficiency reserve	--	721	--	--	--	--	721
	1,860	24,614	2,560	962	2,470	1,497	33,963
Net underwriting result	5,363	6,066	(266)	(945)	1,871	2,361	14,450
Other income	32	99	41	22	36	20	250
General and administration expenses	(2,448)	(6,008)	(2,468)	(1,428)	(1,916)	(1,049)	(15,317)
Surplus / (deficit) from insurance operations	2,947	157	(2,693)	(2,351)	(9)	1,332	(617)
Shareholders' share of deficit from insurance operations							617
Policyholders' share of deficit from insurance operations							--

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9. SEGMENT INFORMATION (continued)

	<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
For the nine-month period ended 30 September 2015 (Unaudited)							
Gross written premiums	64,342	115,683	42,773	21,822	31,111	18,085	293,816
Less: Reinsurance contracts premiums ceded	(38,891)	(19,910)	(41,729)	(19,212)	(23,342)	(8,713)	(151,797)
Net written premiums	25,451	95,773	1,044	2,610	7,769	9,372	142,019
Movement in net unearned premiums	(3,208)	(12,596)	(533)	(63)	219	(818)	(16,999)
Net premiums earned	22,243	83,177	511	2,547	7,988	8,554	125,020
Commission earned on ceded reinsurance	--	1,493	6,484	3,603	7,917	2,710	22,207
	22,243	84,670	6,995	6,150	15,905	11,264	147,227
Gross claims paid	39,175	80,035	26,080	4,769	11,225	2,651	163,935
Less: Reinsurers' share of claims	(24,504)	(11,494)	(21,110)	(4,509)	(8,853)	(1,757)	(72,227)
Net claims paid	14,671	68,541	4,970	260	2,372	894	91,708
Changes in net outstanding claims	(1,246)	(11,853)	2,464	1,168	433	464	(8,570)
Net claims incurred	13,425	56,688	7,434	1,428	2,805	1,358	83,138
Policy acquisition costs	535	9,226	3,159	1,874	3,827	1,844	20,465
Premium deficiency reserve	--	6,263	--	--	--	--	6,263
	13,960	72,177	10,593	3,302	6,632	3,202	109,866
Net underwriting result	8,283	12,493	(3,598)	2,848	9,273	8,062	37,361
Other income	153	384	122	57	104	59	879
General and administration expenses	(9,837)	(17,686)	(6,539)	(3,336)	(4,756)	(2,766)	(44,920)
Surplus / (deficit) from insurance operations	(1,401)	(4,809)	(10,015)	(431)	4,621	5,355	(6,680)
Shareholders' share of deficit from insurance operations							6,680
Policyholders' share of deficit from insurance operations							--

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9. SEGMENT INFORMATION (continued)

As at 30 September 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	21,339	8,162	19,831	10,392	5,500	4,575	69,799
Reinsurers' share of outstanding claims	8,070	12,490	61,501	16,776	14,422	7,573	120,832
Deferred policy acquisition costs	288	4,590	1,602	1,009	1,149	1,034	9,672
Unallocated assets							231,719
Total insurance operations' assets							432,022
<i>Insurance operations' liabilities and surplus</i>							
Unearned premiums	35,054	53,549	21,362	13,845	7,491	10,419	141,720
Provision for premium deficiency	--	7,072	--	--	--	--	7,072
Outstanding claims	11,713	51,562	67,313	18,823	17,413	10,858	177,682
Deferred commission income	--	828	3,746	2,104	2,582	1,124	10,384
Unallocated liabilities and accumulated surplus							95,164
Total insurance operations' liabilities and surplus							432,022

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9. SEGMENT INFORMATION (continued)

	<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
For the three-month period ended 30 September 2014 (Unaudited)							
Gross written premiums	7,576	21,589	9,125	6,180	11,811	3,463	59,744
Less: Reinsurance contracts premiums ceded	(4,028)	(3,782)	(9,150)	(5,404)	(9,594)	(847)	(32,805)
Net written premiums	3,548	17,807	(25)	776	2,217	2,616	26,939
Movement in net unearned premiums	4,684	14,151	98	(342)	4	50	18,645
Net premiums earned	8,232	31,958	73	434	2,221	2,666	45,584
Commission earned on ceded reinsurance	--	527	2,360	1,527	2,418	863	7,695
	8,232	32,485	2,433	1,961	4,639	3,529	53,279
Gross claims paid	18,026	25,384	5,103	1,204	3,570	471	53,758
Less: Reinsurers' share of claims	(12,375)	(3,912)	(4,424)	(842)	(2,558)	(237)	(24,348)
Net claims paid	5,651	21,472	679	362	1,012	234	29,410
Changes in net outstanding claims	1,363	1,658	(838)	511	1,753	412	4,859
Net claims incurred	7,014	23,130	(159)	873	2,765	646	34,269
Policy acquisition costs	158	3,549	1,325	729	1,139	613	7,513
	7,172	26,679	1,166	1,602	3,904	1,259	41,782
Net underwriting result	1,060	5,806	1,267	359	735	2,270	11,497
Other income	--	19	3	--	10	2	34
General and administration expenses	(2,591)	(5,915)	(2,228)	(1,160)	(2,169)	(876)	(14,939)
Deficit from insurance operations	(1,531)	(90)	(958)	(801)	(1,424)	1,396	(3,408)
Shareholders' share of deficit from insurance operations							3,067
Policyholders' share of deficit from insurance operations							(341)

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9. SEGMENT INFORMATION (continued)

	<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
For the nine-month period ended 30 September 2014 (Unaudited)							
Gross written premiums	61,564	128,928	45,923	20,079	36,827	18,335	311,656
Less: Reinsurance contracts premiums ceded	(34,617)	(18,625)	(44,849)	(17,421)	(28,801)	(8,368)	(152,681)
Net written premiums	26,947	110,303	1,074	2,658	8,026	9,967	158,975
Movement in net unearned premiums	(244)	(14,929)	(288)	(601)	(35)	(2,131)	(18,228)
Net premiums earned	26,703	95,374	786	2,057	7,991	7,836	140,747
Commission earned on ceded reinsurance	--	1,456	6,993	4,174	8,255	2,486	23,364
	26,703	96,830	7,779	6,231	16,246	10,322	164,111
Gross claims paid	59,581	78,922	56,454	5,083	14,681	2,390	217,111
Less: Reinsurers' share of claims	(40,180)	(12,600)	(53,615)	(4,292)	(11,607)	(1,383)	(123,677)
Net claims paid	19,401	66,322	2,839	791	3,074	1,007	93,434
Changes in net outstanding claims	1,897	8,786	(649)	140	(384)	(106)	9,684
Net claims incurred	21,298	75,108	2,190	931	2,690	901	103,118
Policy acquisition costs	898	10,562	3,573	2,088	4,224	1,774	23,119
	22,196	85,670	5,763	3,019	6,914	2,675	126,237
Net underwriting result	4,507	11,160	2,016	3,212	9,332	7,647	37,874
Other income	--	58	16	4	31	13	122
General and administration expenses	(7,174)	(15,027)	(5,352)	(2,340)	(4,292)	(2,138)	(36,323)
Surplus from insurance operations	(2,667)	(3,809)	(3,320)	876	5,071	5,522	1,673
Shareholders' share of surplus from insurance operations							(1,506)
Policyholders' share of surplus from insurance operations							167

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9. SEGMENT INFORMATION (continued)

As at 31 December 2014 (Audited)

	Medical SR '000	Motor SR '000	Property SR '000	Engineering SR '000	Marine SR '000	Accident and liability SR '000	Total SR '000
Insurance operations' assets							
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
Insurance operations' liabilities and surplus							
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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and nine-month periods ended 30 September 2015

10. EARNINGS PER SHARE

The basic and diluted earnings per share have been calculated by dividing the net income for the period by the weighted average number of ordinary shares issued and outstanding at the period end.

Diluted earnings / (loss) per share is not applicable to the Company.

11. 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, investments in Murabaha deposits, premiums receivable, due from reinsurers, other receivables, investments, due from insurance operations and statutory deposits. The Company's financial liabilities consist of outstanding claims, due to reinsurers and brokers, due to policy holders, due to shareholders' operations, due to related parties in respect of goodwill and certain other liabilities. At 30 September 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 30 September 2015 and 31 December 2014, all financial instruments, which are fair valued, are Level 2 instruments (representing investments in mutual funds debt securities and shares held with investment managers) except for the available for sale investment which is included within Level 3. There were no transfers between levels during the three-month and nine months periods ended 30 September 2015 and year ended 31 December 2014. Also, there were no changes in the valuation techniques during the period from the previous periods

12. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issue by the Board of Directors on October 15, 2015 (corresponding to Muharram 2, 1437H).