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**THE MEDITERRANEAN AND GULF COOPERATIVE INSURANCE  
AND REINSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT**

**FOR THE TWELVE MONTH PERIOD ENDED  
31 DECEMBER 2014**

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**The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)**

**Unaudited Interim Condensed Financial Statements and Independent Auditors' Review Report  
For the twelve month period ended 31 December 2014**

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<b>INDEX</b>	<b>PAGE</b>
Independent Auditors' Review Report	1
Statement of Financial Position	2 – 3
Interim Statement of Income - Insurance Operations and Accumulated Surplus	4
Interim Statement of Income - Shareholders' Operations	5
Interim Statement of Shareholders' Comprehensive Income	6
Interim Statement of Changes in Shareholders' Equity	7
Interim Statement of Insurance Operations' Cash Flows	8
Interim Statement of Shareholders' Cash Flows	9
Notes to the Interim Condensed Financial Statements	10 – 26



KPMG Al Fozan & Al Sadhan



**REVIEW REPORT  
TO THE SHAREHOLDERS OF THE MEDITERRANEAN AND GULF COOPERATIVE  
INSURANCE AND REINSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**SCOPE OF REVIEW**

We have reviewed the accompanying interim statement of financial position of The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 December 2014, the related interim statements of income - insurance operations and accumulated surplus, shareholders' operations and interim statement of shareholders' comprehensive income for the three month and twelve month periods then ended, the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the twelve months period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard - 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**CONCLUSION**

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

**EMPHASIS OF MATTER**

We draw attention to the fact that 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.

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I Rabi Al Thani 1436H  
21 January 2015



The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

(Amounts in SR)

	<i>Notes</i>	<b>31 December 2014 (Unaudited)</b>	<b>31 December 2013 (Audited)</b>
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	5	688,967,126	686,594,970
Time deposits	6	227,222,265	129,639,726
Premiums and reinsurance balances receivable	7	1,325,049,622	1,240,053,958
Investments	8a	97,732,546	90,875,000
Due from related parties	11a	73,751,591	68,969,606
Due from shareholders' operations		-	268,878,984
Reinsurers' share of outstanding claims		651,679,235	605,687,165
Reinsurers' share of unearned premiums		1,033,651,418	919,402,928
Deferred policy acquisition costs		200,486,008	174,854,095
Prepayments and other assets		27,212,521	118,096,148
Property and equipment, net		51,563,979	39,586,774
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>4,377,316,311</b>	<b>4,342,639,354</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	5	249,001,045	322,102,719
Time deposits	6	-	126,149,039
Due from insurance operations		60,873,479	-
Investments	8b	270,415,402	211,127,052
Prepayments and other assets		1,678,647	2,787,249
Investment in an associate	9	6,000,000	6,000,000
Land		30,000,000	30,000,000
Statutory deposit	10	100,000,000	100,000,000
Goodwill		480,000,000	480,000,000
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>1,197,968,573</b>	<b>1,278,166,059</b>
<b>TOTAL ASSETS</b>		<b>5,575,284,884</b>	<b>5,620,805,413</b>

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2014

(Amounts in SR)

	<i>Notes</i>	<b>31 December 2014 (Unaudited)</b>	<b>31 December 2013 (Audited)</b>
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
Gross outstanding claims		1,272,301,117	1,451,905,914
Due to related parties	11a	28,178,554	12,211,276
Due to shareholders' operations		60,873,479	-
Accounts and commission payable		180,814,057	73,314,933
Accrued expenses and other liabilities		78,245,287	78,858,790
Reinsurance balances payable		84,139,436	294,402,083
Surplus distribution payable		106,591,151	85,595,806
Unearned reinsurance commission		73,457,867	39,772,672
Gross unearned premiums		2,483,739,078	2,298,631,011
Other claim reserves		7,131,898	6,327,378
		<u>4,375,471,924</u>	<u>4,341,019,863</u>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Cumulative change in fair values of available for sale investments	8a	1,844,387	1,619,491
		<u>4,377,316,311</u>	<u>4,342,639,354</u>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Accrued expenses and other liabilities		2,391,777	899,500
Provision for zakat and income tax		19,506,624	12,453,909
Due to insurance operations		-	268,878,984
		<u>21,898,401</u>	<u>282,232,393</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	14	1,000,000,000	1,000,000,000
Statutory reserve	15	146,134,974	139,374,369
Accumulated surplus / (deficit)		19,989,704	(159,694,752)
Cumulative change in fair values of available for sale investments	8b	9,945,494	16,254,049
		<u>1,176,070,172</u>	<u>995,933,666</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>1,176,070,172</u>	<u>995,933,666</u>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<u>1,197,968,573</u>	<u>1,278,166,059</u>
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>		<u>5,575,284,884</u>	<u>5,620,805,413</u>

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME - INSURANCE OPERATIONS AND ACCUMULATED  
SURPLUS

(Amounts in SR)

	<i>For the three month period ended</i>		<i>For the twelve month period ended</i>	
	<i>31 December 2014 Note (Unaudited)</i>	<i>31 December 2013 (Unaudited)</i>	<i>31 December 2014 (Unaudited)</i>	<i>31 December 2013 (Audited)</i>
Gross premiums written	850,436,075	934,365,354	4,415,993,030	4,137,512,368
Less: Reinsurance premiums ceded	(352,317,918)	(428,178,549)	(1,197,206,440)	(1,127,792,216)
Excess of loss premiums	(9,321,706)	(59,187,405)	(20,739,697)	(117,451,386)
<b>NET PREMIUMS WRITTEN</b>	<b>488,796,451</b>	<b>446,999,400</b>	<b>3,198,046,893</b>	<b>2,892,268,766</b>
Change in unearned premiums, net	264,378,793	263,631,741	(70,859,577)	(294,620,355)
Change in other claim reserves	8,546,906	3,559,568	(804,519)	672,622
<b>NET PREMIUMS EARNED</b>	<b>761,722,150</b>	<b>714,190,709</b>	<b>3,126,382,797</b>	<b>2,598,321,033</b>
Gross claims paid and other expenses	(1,110,617,968)	(783,504,943)	(3,541,412,023)	(2,704,174,962)
Reinsurers' share of gross claims paid	224,356,352	151,445,440	694,946,433	537,901,527
Change in outstanding claims, net	246,726,321	(320,749,617)	225,596,867	(465,871,759)
<b>NET CLAIMS INCURRED</b>	<b>(639,535,295)</b>	<b>(952,809,120)</b>	<b>(2,620,868,723)</b>	<b>(2,632,145,194)</b>
Policy acquisition costs	(41,580,785)	(42,670,327)	(162,690,998)	(120,949,734)
Reinsurance commission income	22,316,757	26,371,090	78,593,396	108,218,360
<b>NET UNDERWRITING RESULT</b>	<b>102,922,827</b>	<b>(254,917,648)</b>	<b>421,416,472</b>	<b>(46,555,535)</b>
General and administrative expenses	(75,920,859)	(45,640,063)	(290,726,088)	(233,812,050)
Special commission income	1,437,462	1,759,451	7,887,725	6,256,536
Other income	29,055,409	47,316,897	71,375,341	76,175,637
<b>INSURANCE OPERATIONS' SURPLUS / (DEFICIT)</b>	<b>57,494,839</b>	<b>(251,481,363)</b>	<b>209,953,450</b>	<b>(197,935,412)</b>
Shareholders' appropriation from insurance operations' (surplus) / deficit 2	(51,745,355)	246,126,768	(188,958,105)	197,935,412
<b>ACCUMULATED SURPLUS AND (DEFICIT) AT THE END OF THE PERIOD</b>	<b>5,749,484</b>	<b>(5,354,595)</b>	<b>20,995,345</b>	<b>-</b>

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS

(Amounts in SR)

	Notes	<u>For the three month period ended</u>		<u>For the twelve month period ended</u>	
		<u>31 December 2014 (Unaudited)</u>	<u>31 December 2013 (Unaudited)</u>	<u>31 December 2014 (Unaudited)</u>	<u>31 December 2013 (Audited)</u>
<b>INCOME</b>					
Shareholders' appropriation from insurance operations' surplus / (deficit)	2	51,745,355	(246,126,768)	188,958,105	(197,935,412)
Special commission income		1,025,995	4,238,287	7,312,251	15,277,865
Realised loss on sale of available for sale investments		-	-	(1,021,115)	(162,308)
Dividend income on available for sale investments		113,802	113,802	1,831,074	1,823,728
		<u>52,885,152</u>	<u>(241,774,679)</u>	<u>197,080,315</u>	<u>(180,996,127)</u>
<b>EXPENSES</b>					
General and administrative		(1,024,017)	(2,764,881)	(3,582,539)	(11,465,250)
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>					
		<u>51,861,135</u>	<u>(244,539,560)</u>	<u>193,497,776</u>	<u>(192,461,377)</u>
<b>BASIC AND DILUTED EARNINGS / (LOSSES) PER SHARE FOR THE PERIOD</b>					
	13	<u>0.52</u>	<u>(2.45)</u>	<u>1.93</u>	<u>(1.92)</u>




The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME

(Amounts in SR)

	<u>For the three month period ended</u>		<u>For the twelve month period ended</u>	
	<u>31 December</u> <u>2014</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2013</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2014</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2013</u> <u>(Audited)</u>
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>	<b>51,861,135</b>	<b>(244,539,560)</b>	<b>193,497,776</b>	<b>(192,461,377)</b>
<b>Other comprehensive income / (loss):</b>				
<b>Items that cannot be recycled back to interim condensed statement of income in future</b>				
<u>Zakat and income tax</u>	11,485,101	10,302,933	(7,052,715)	(4,730,853)
<b>Items that can be recycled back to interim condensed statement of income in future</b>				
<u>Available for sale investments</u>				
Net change in fair values	(18,209,797)	2,565,366	(5,287,440)	7,133,074
Loss transferred to interim condensed statement of income	-	-	(1,021,115)	(162,308)
Other comprehensive (loss) / income for the period	(18,209,797)	2,565,366	(6,308,555)	6,970,766
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>45,136,439</b>	<b>(231,671,261)</b>	<b>180,136,506</b>	<b>(190,221,464)</b>




The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.



The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the twelve month period ended 31 December 2014

(Amounts in SR)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Accumulated deficit / Retained earnings</u>	<u>Available for sale investments</u>	<u>Total</u>
<b>Balance at 1 January 2014 (Audited)</b>	<b><u>1,000,000,000</u></b>	<b><u>139,374,369</u></b>	<b><u>(159,694,752)</u></b>	<b><u>16,254,049</u></b>	<b><u>995,933,666</u></b>
Total comprehensive income for the period					
Net income for the period	-	-	193,497,776	-	193,497,776
Zakat and income tax	-	-	(7,052,715)	-	(7,052,715)
Net change in fair values	-	-	-	(5,287,440)	(5,287,440)
Net amount transferred to interim statement of shareholders' operations	-	-	-	(1,021,115)	(1,021,115)
Transfer to statutory reserve	-	6,760,605	(6,760,605)	-	-
<b>Balance at 31 December 2014 (Unaudited)</b>	<b><u>1,000,000,000</u></b>	<b><u>146,134,974</u></b>	<b><u>19,989,704</u></b>	<b><u>9,945,494</u></b>	<b><u>1,176,070,172</u></b>
Balance at 1 January 2013 (Audited)	800,000,000	139,374,369	237,497,478	9,283,283	1,186,155,130
Total comprehensive income for the period					
Net loss for the period	-	-	(192,461,377)	-	(192,461,377)
Zakat and income tax	-	-	(4,730,853)	-	(4,730,853)
Net change in fair values	-	-	-	6,970,766	6,970,766
Net amount transferred to interim statement of shareholders' operations	-	-	-	-	-
Bonus shares issued	200,000,000	-	(200,000,000)	-	-
Balance at 31 December 2013 (Audited)	<u>1,000,000,000</u>	<u>139,374,369</u>	<u>(159,694,752)</u>	<u>16,254,049</u>	<u>995,933,666</u>

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

For the twelve month period ended 31 December 2014

(Amounts in SR)

	31 December 2014 <i>(Unaudited)</i>	31 December 2013 <i>(Audited)</i>
<i>Notes</i>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Insurance operations' surplus after shareholders' appropriation	20,995,345	-
<i>Adjustments to reconcile insurance operations' surplus after shareholders' appropriation to net cash from operating activities:</i>		
Depreciation	10,039,531	10,493,194
Special commission income	(7,887,725)	(6,256,536)
Gain on sale of property and equipment, net	(144,339)	(156,102)
Gross unearned premiums	185,108,067	579,978,794
Reinsurers' share of unearned premiums	(114,248,490)	(285,358,439)
<i>Cash from operations</i>	<u>93,862,389</u>	<u>298,700,911</u>
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurance balances receivable	(84,995,664)	55,580,395
Due from related parties	(4,912,478)	(20,242,851)
Due to related parties	16,097,771	(33,633,932)
Reinsurers' share of outstanding claims	(45,992,070)	(8,327,670)
Deferred policy acquisition costs	(25,631,913)	(139,835,990)
Prepayments and other assets	90,883,627	(57,066,167)
Gross outstanding claims	(179,604,797)	474,199,429
Due from / (to) shareholders' operations, net	329,752,463	(345,248,751)
Accounts and commissions payable	107,499,124	26,385,378
Accrued expenses and other liabilities	(613,503)	15,040,464
Reinsurance balances payable	(210,262,647)	132,267,721
Unearned reinsurance commission	33,685,195	(10,128,816)
Other reserves	804,520	(672,622)
<b>Net cash from operating activities</b>	<u>120,572,017</u>	<u>387,017,499</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Time deposits	(97,582,539)	8,363,894
Special commission income	7,887,725	6,256,536
Proceeds from sale of property and equipment	185,596	468,369
Proceeds from sale of available for sale investments	8a 20,000,000	20,000,000
Purchase of available for sale investments	8a (26,632,650)	-
Purchase of property and equipment	(22,057,993)	(18,167,732)
<b>Net cash (used in) / from investing activities</b>	<u>(118,199,861)</u>	<u>16,921,067</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>2,372,156</u>	<u>403,938,566</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5 <u>686,594,970</u>	282,656,404
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5 <u>688,967,126</u>	<u>686,594,970</u>
<b><i>Non-cash transaction:</i></b>		
Change in fair values of available for sale investments	<u>224,896</u>	<u>501,053</u>

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the twelve month period ended 31 December 2014

(Amounts in SR)

	Notes	31 December 2014 (Unaudited)	31 December 2013 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income / (loss) for the period		193,497,776	(192,461,377)
<i>Adjustments for:</i>			
Special commission income		(7,312,251)	(15,277,865)
Dividend income on available for sale investments		(1,831,074)	(1,823,728)
Realised loss on sale of available for sale investments		1,021,115	162,308
Impairment on investment in an associate	9	-	8,000,000
Cash from operations		185,375,566	(201,400,662)
<i>Changes in operating assets and liabilities:</i>			
Due (to) / from insurance operations, net		(329,752,463)	345,248,751
Accrued expenses and other liabilities		1,492,277	674,500
Zakat and income tax paid		-	(38,077,648)
Prepayments and other assets		1,108,602	(313,666)
Increase in statutory deposit		-	(20,000,000)
<b>Net cash (used in) / from operating activities</b>		<b>(141,776,018)</b>	<b>86,131,275</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Time deposits		126,149,039	(60,294,391)
Purchase of available for sale investments	8b	(122,627,339)	(29,972,505)
Proceeds from sale of available for sale investments	8b	56,009,319	22,512,592
Special commission income		7,312,251	15,277,865
Dividend income on available for sale investments		1,831,074	1,823,728
<b>Net cash from / (used in) investing activities</b>		<b>68,674,344</b>	<b>(50,652,711)</b>
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(73,101,674)</b>	<b>35,478,564</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>322,102,719</b>	<b>286,624,155</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>249,001,045</b>	<b>322,102,719</b>
<i>Non-cash transactions:</i>			
Change in fair values of available for sale investments		(6,308,555)	6,970,766
Increase in share capital due to bonus issue		-	200,000,000

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

**The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**31 December 2014**

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010231925 dated 8 Rabi Al-Thani 1428H (corresponding to 26 April 2007). The registered office address of the Company is P.O.Box: 2302, Riyadh 11451, Kingdom of Saudi Arabia. The objectives of the Company are to transact cooperative insurance and reinsurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Saudi Arabian Stock Exchange (Tadawul) on 28 Rabi Al-Awal 1428H (corresponding to 16 April 2007).

**2. BASIS OF PREPARATION**

***Basis of measurement***

The interim condensed financial statements have been prepared on a historic cost basis except for the measurement at fair value of available for sale investments and investment in an associate which is accounted for under the equity method.

***Statement of compliance***

The accompanying interim condensed financial statements for the twelve month period ended 31 December 2014 are prepared in accordance with IAS 34 – Interim Financial Reporting.

The accompanying interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2013.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Arabian Monetary Agency ("SAMA").

The insurance operations' surplus of the Company for the twelve month period ended 31 December 2014 amounted to SR 209,953,450 (31 December 2013: SR (197,935,412). Accordingly, 90% of insurance operation surplus amounting to SR 188,958,105 (31 December 2013: 100% loss amounting to SAR 197,935,142 from insurance operation) has been transferred to the shareholders' operations for the period, leaving a surplus payable to policyholders of SR 20,995,345 for the period ended 31 December 2014 (31 December 2013: no surplus payable).

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 interim results may not be indicative of the Company's annual results.

As required by Saudi Arabian Insurance Regulations, the Company maintains separate accounts for insurance and shareholders' operations and presents the financial statements accordingly. Income and expenses clearly attributable to the relevant activity are recorded in the respective books of accounts. The basis of allocation of expenses from joint operations is determined by Management and Board of Directors.

**3. FUNCTIONAL AND PRESENTATION CURRENCY**

These unaudited interim condensed financial statements have been presented in Saudi Arabian Riyal (SAR), being the functional currency of the Company. All financial information presented has been rounded off to the nearest SAR.

**4. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS**

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013. The Company has adopted the following new standards and amendment, which are effective for the Company's financial years starting 2014 and thereafter. Adoption of these standards will not result any significant impact on Company's financial statements:

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

**4. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (Continued)**

*New and amended standards issued and adopted*

-Amendments to IFRS 10, IFRS 12 and IAS 27 that provides consolidation relief for investments funds applicable from 1 January 2014. This mandatory consolidation relief provides that a qualifying investment entity is required to account for investments in controlled entities as well as investments in associates and joint ventures at fair value through profit or loss provided it fulfils certain conditions with an exception being that subsidiaries that are considered an extension of the investment entity's investing activities.

-IAS 32 amendment applicable from 1 January 2014 clarifies that a) an entity currently has a legally enforceable right to off-set if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and processes receivables and payables in a single settlement process or cycle.

-IAS 36 amendment applicable retrospectively from 1 January 2014 addresses the disclosure of information about the recoverable amount of impaired assets under the amendments, recoverable amount of every cash generating unit to which goodwill or indefinite-lived intangible assets have been allocated is required to be disclosed only when an impairment loss has been recognised or reversed.

-IAS 39 amendment applicable from 1 January 2014 added a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specified criteria.

*Standards issued but not yet effective*

In addition to the above mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance for the Company with effect from future dates.

**IFRS 9 Financial Instruments**

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB tentatively decided that IFRS 9 would be mandatorily effective for years ending on or after 31 December 2018.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

5. CASH AND CASH EQUIVALENTS

	31 December 2014 (Unaudited)		31 December 2013 (Audited)	
	Insurance operations SR	Shareholders' operations SR	Insurance operations SR	Shareholders' operations SR
Cash in hand and at banks	461,491,361	19,287,791	478,291,081	20,959,236
Short term time deposits	227,475,765	229,713,254	208,303,889	301,143,483
	<u>688,967,126</u>	<u>249,001,045</u>	<u>686,594,970</u>	<u>322,102,719</u>

Cash at banks and short term time deposits are placed with counterparties who have credit ratings in the range of A+ to BBB under Standard and Poor's, Fitch and Moody's ratings methodology.

Short term time deposits are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia with an original maturity of less than three months from the date of acquisition and earned special commission income at an average rate of 0.77% per annum (31 December 2013: 2.66% per annum).

The carrying amounts disclosed above reasonably approximate their fair values at the reporting date.

6. TIME DEPOSITS

Time deposits are placed with counterparties that have credit ratings equivalent to A+ to BBB ratings under Standard and Poor's, Fitch and Moody's ratings methodology.

Time deposits are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia with a maturity of more than three months from the date of original acquisition and earned special commission income at an average rate of 1.04% per annum (31 December 2013: 1.8% per annum).

The carrying amounts of the time deposits reasonably approximate their fair values at the reporting date.

7. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

	31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR
Premiums receivable	1,229,689,664	1,254,544,899
Less: Provision for doubtful debts	(136,570,377)	(138,286,694)
	<u>1,093,119,287</u>	<u>1,116,258,205</u>
Reinsurance balances receivable	236,861,490	127,010,591
Less: Provision for doubtful debts	(4,931,155)	(3,214,838)
	<u>231,930,335</u>	<u>123,795,753</u>
	<u>1,325,049,622</u>	<u>1,240,053,958</u>

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

8. INVESTMENTS

(a) Insurance operations – Available for sale investments

	<i>31 December 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2013</i> <i>(Audited)</i> <i>SR</i>
Mutual funds	32,764,819	52,341,125
Bonds	38,027,812	38,533,875
Sukuk	25,000,000	-
Equities	1,939,915	-
<b>Total available for sale investments</b>	<b>97,732,546</b>	<b>90,875,000</b>

The movement during the year in available for sale investments for insurance's operations were as follows:

	<i>31 December 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2013</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the year	90,875,000	110,373,947
Purchase during the year	26,632,650	-
Sold during the year	(20,000,000)	(20,000,000)
	97,507,650	90,373,947
Net change in fair values	224,896	501,053
At the end of the year	97,732,546	90,875,000

The cumulative change as of 31 December 2014 in fair values of available for sale investments for insurance operations amounting to SR 1,844,387 (31 December 2013: SR 1,619,491) is presented within insurance operations' surplus' in the interim condensed statement of financial position.

(b) Shareholders' operations – Available for sale investments

	<i>31 December 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2013</i> <i>(Audited)</i> <i>SR</i>
Mutual funds	89,299,836	86,148,467
Bonds	97,795,483	36,539,925
Sukuk	58,581,480	69,688,660
Equities	24,738,603	18,750,000
<b>Total available for sale investments</b>	<b>270,415,402</b>	<b>211,127,052</b>

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

8. INVESTMENTS (Continued)

The movement during the year in available for sale investments for shareholders' operations were as follows:

	<i>31 December 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2013</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the year	211,127,052	196,858,681
Purchased during the year	122,627,339	29,972,505
Sold during the year	(56,009,319)	(22,512,592)
	<u>277,745,072</u>	<u>204,318,594</u>
Realised loss	(1,021,115)	(162,308)
Net change in fair values	(6,308,555)	6,970,766
	<u>270,415,402</u>	<u>211,127,052</u>

The cumulative change as of 31 December 2014 in fair values of available for sale investments for shareholders' operations amounting to SR 9,945,494 (31 December 2013: SR 16,254,049) is presented within shareholders' equity in the interim condensed statement of financial position.

(c) *Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair values of recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial statements. The estimated fair values of financial instruments are based on quoted market prices, when available. The fair values of these investments are disclosed below.

*Determination of fair value and fair value hierarchy*

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy cumulatively for insurance and shareholders operations:

	<i>31 December 2014</i>			<i>Total</i> <i>SR</i>
	<i>Level 1</i> <i>SR</i>	<i>Level 2</i> <i>SR</i>	<i>Level 3</i> <i>SR</i>	
<i>Available for sale investments</i>				
Mutual funds	114,384,655	7,680,000	-	122,064,655
Bonds	135,823,295	-	-	135,823,295
Sukuk	17,585,500	65,995,980	-	83,581,480
Equities	24,755,440	-	-	24,755,440
	<u>292,548,890</u>	<u>73,675,980</u>	<u>-</u>	<u>366,224,870</u>



The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

8. INVESTMENTS (Continued)

	31 December 2013			Total SR
	Level 1 SR	Level 2 SR	Level 3 SR	
<i>Available for sale investments</i>				
Mutual funds	130,959,592	7,530,000	-	138,489,592
Bonds	75,073,800	-	-	75,073,800
Sukuk	28,693,160	40,995,500	-	69,688,660
<b>Total available for sale investments</b>	<b>234,726,552</b>	<b>48,525,500</b>	<b>-</b>	<b>283,252,052</b>

The unlisted securities amounting to SR 1,923,078 were stated at cost in the absence of active markets or other means of reliably measuring their fair value.

9. INVESTMENT IN AN ASSOCIATE

Investment in an associate comprises of an equity investment in Al-Waseel for Electronic Transportation amounting to SR 14,000,000 (a 25% equity interest) (2013: SR 14,000,000), in an unquoted company (the "associate"), registered in the Kingdom of Saudi Arabia. The carrying amount SR 6,000,000 is net of impairment charge of SR 8,000,000.

10. STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. This statutory deposit cannot be withdrawn without the consent of the Saudi Arabian Monetary Agency ("SAMA").

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(a) The following are the details of major related party transactions during the period / year and their balances at the end of the period:

Related parties	Nature of transaction	Amount of transaction for the twelve months period ended		Balance	
		31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR	31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR
<b>Due from related parties</b>					
Motion al-Saudia (fellow subsidiary)	-Operational expenditures paid on behalf of fellow subsidiary	-	3,144	-	-
	-Gross written premium	-	1,796	10,924,474	10,924,474

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Amount of transaction for the twelve months period ended		Balance	
		31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR	31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR
<b>Due from related parties (continued)</b>					
Medgulf BSC (parent company)	-Claims Payments	3,308,320	2,644,004	-	-
	-Operational expenses paid on behalf of parent company, CEO & members of BOD	2,593,203	2,404,024	-	-
	-Re insurance premium ceded	951,404	14,933,939	-	-
	-Reinsurance recoveries for claims paid on behalf of parent company	1,783,084	895,194	-	-
	-Transfer of investment	958,078	-	48,176,231	47,601,431
Al Samiya Trading Co (fellow subsidiary)	-Commission	31,902,176	39,738,612	-	-
	-Operational expenditures paid on behalf of fellow subsidiary	1,660,125	8,866,813	-	-
	-Gross written premiums	782,660	1,085,130	-	-
	-Payment on account	10,290,548	7,028,352	428,351	-
Medgulf Jordan (fellow subsidiary)	- Payment on account	510,957	-	-	-
	-Operational expenditures paid on behalf of fellow subsidiary	-	65,641	-	-
	-Operational expenditures paid by Medgulf Jordan on behalf of Medgulf KSA	-	165,084	25,248	470,850

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

<u>Related parties</u>	<u>Nature of transaction</u>	<u>Amount of transaction for the twelve months period ended</u>		<u>Balance</u>	
		<u>31 December 2014</u> <i>(Unaudited)</i> <u>SR</u>	<u>31 December 2013</u> <i>(Unaudited)</i> <u>SR</u>	<u>31 December 2014</u> <i>(Unaudited)</i> <u>SR</u>	<u>31 December 2013</u> <i>(Audited)</i> <u>SR</u>
<b><u>Due from related parties (continued)</u></b>					
Addison Bradley Arabia- KSA (fellow subsidiary)	-Operational expenditures paid on behalf of fellow subsidiary	111,959	4,407,586	-	-
	-Gross premiums written	2,943,589	106,802	-	-
	-Claims	-	2,983	-	-
	-Payment on account	-	38,886	13,064,874	10,021,326
Medgulf Egypt (fellow subsidiary)	-Operational expenditures paid on behalf of fellow subsidiary	-	-	57,797	57,797
Allianz Bahrain (fellow subsidiary)	-Operational expenditures settlement/paid - fellow subsidiary	3,500	170,000	-	2,368
Medgulf Lebanon SAL (fellow subsidiary)	-Operational expenditures paid by Medgulf Lebanon on behalf of Medgulf KSA	626,250	12,445,840		
	-Operational expenditures paid on behalf of fellow subsidiary	1,700,867	12,337,200	1,074,616	(108,640)
				<u>73,751,591</u>	<u>68,969,606</u>

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

<u>Related parties</u>	<u>Nature of transaction</u>	<u>Amount of transaction for the twelve months period ended</u>		<u>Balance</u>	
		<u>31 December 2014</u> <i>(Unaudited)</i> SR	<u>31 December 2013</u> <i>(Unaudited)</i> SR	<u>31 December 2014</u> <i>(Unaudited)</i> SR	<u>31 December 2013</u> <i>(Audited)</i> SR
<b><u>Due to related parties</u></b>					
Medivisa Jordan (fellow subsidiary)	-5% Withholding taxes paid on behalf of Medgulf KSA	96,744	130,620	208,761	130,493
Al Samiya Trading Co (fellow subsidiary)	-Commission	-	11,305,486	-	-
	-Expenses paid on behalf of fellow subsidiary	-	10,189,851	-	2,188,353
Medivisa KSA (fellow subsidiary)	-Claims administration fee (for medical) under service level agreement	97,872,443	101,920,297		
	-Payments on account	77,078,461	100,144,028	-	-
	-Claims incurred	46,893	69,338	-	-
	-Gross written premium	2,750,823	2,295,084	-	-
	-Premium refund	144,507	268,166	-	-
	-Operational expenditures paid on behalf of fellow subsidiary	265,351	28,386,240	-	-
	-Expenses paid by MediVisa on behalf of the Company	108,155	-	27,969,793	9,892,430
				<b>28,178,554</b>	<b>12,211,276</b>

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

<u>Related parties</u>	<u>Nature of transaction</u>	<u>Amount of transaction for the twelve months period ended</u>		<u>Balance</u>	
		<u>31 December 2014</u> <u>(Unaudited)</u> <u>SR</u>	<u>31 December 2013</u> <u>(Unaudited)</u> <u>SR</u>	<u>31 December 2014</u> <u>(Unaudited)</u> <u>SR</u>	<u>31 December 2013</u> <u>(Audited)</u> <u>SR</u>
The Saudi Investment Bank, (Founding shareholders)	-Current account and time deposits	7,456,557	1,198,124	9,873,242	2,416,685
	-Statutory deposit (refer note 11.1)	-	20,870,556	107,382,259	106,308,807
	-Commission income on time deposits and statutory deposit	1,073,452	918,650	-	-
	-Gross Written Premium	3,857,584	3,570,224	-	-
	-Premium receivables	-	-	(1,324,146)	(778,825)
	-Claim Incurred	1,604,191	1,008,741	-	-
	-Outstanding claims	-	-	1,413	(149,634)
Al-Istismar Capital (subsidiary of SIB-founding shareholders)	-Discretionary portfolio arrangement (refer 11.2)	1,297,862	2,083,031	55,134,708	53,837,026
Banque de Credit National (Common ownership and directors)	-Current account and time deposit	12,175,350	9,911,827	18,974	12,194,324
	-Commission income on time deposit	278,314	114,857	-	-
Saudi Orix (Shareholders of the parent company)	-Investment in Sukuk	-	-	7,500,000	7,500,000
	-Income on Sukuk	198,123	199,543	-	-
	-Gross Written Premium	26,037,960	18,504,838	-	-
	-Premium receivables	-	-	1,809,703	1,764,983
	-Claim Incurred	17,988,987	12,548,074	-	-
	-Outstanding claims	-	-	11,611	(202,304)

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

<u>Related parties</u>	<u>Nature of transaction</u>	<u>Amount of transaction for the twelve months period ended</u>		<u>Balance</u>	
		<u>31 December 2014</u> <i>(Unaudited)</i> <u>SR</u>	<u>31 December 2013</u> <i>(Unaudited)</i> <u>SR</u>	<u>31 December 2014</u> <i>(Unaudited)</i> <u>SR</u>	<u>31 December 2013</u> <i>(Audited)</i> <u>SR</u>
Safari Group of companies (common Directorship)	-Gross Written Premium	10,094,401	20,476,628	-	-
	-Premium receivables	-	-	(559,644)	7,231,789
	-Claim Incurred	14,513,708	13,162,177	-	-
	-Outstanding claims	-	-	(117,777)	(538,883)
Khalid A. Al Shathry Construction Company (Under common directorship)	-Gross Written Premium	45,926	254,707	-	-
	-Premium receivables	-	-	87,266	83,608
	-Claim Incurred	271,296	130,736	-	-
	-Outstanding claims	-	-	250	6,599
Al Jasamah establishment (Under common directorship)	-Gross Written Premium	148,013	136,580	-	-
	-Premium receivables	-	-	-	2,343
	-Claim Incurred	44,978	128,325	-	-
	-Outstanding claims	-	-	(8,061)	(35,372)
Creative solutions restaurants Co. (Under common directorship)	-Gross Written Premium	355,105	323,285	-	-
	-Premium receivables	-	-	16,045	49,590
	-Claim Incurred	148,793	148,024	-	-
Addison Bradley Holding (fellow subsidiary)	-Reinsurance premium ceded	1,416,985	-	-	-
	-Reinsurance receivables	-	-	39,341,559	40,758,544

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

<u>Related parties</u>	<u>Nature of transaction</u>	<u>Amount of transaction for the twelve months period ended</u>		<u>Balance</u>	
		<u>31 December 2014</u> <i>(Unaudited)</i> <u>SR</u>	<u>31 December 2013</u> <i>(Unaudited)</i> <u>SR</u>	<u>31 December 2014</u> <i>(Unaudited)</i> <u>SR</u>	<u>31 December 2013</u> <i>(Audited)</i> <u>SR</u>
Addison Bradley Arabia Holding LLC (UAE) (fellow subsidiary)	-Reinsurance broker commission	151,291	-	-	-
	-Receivables	-	-	2,690,538	2,539,247
SIB LLC (UAE) (fellow subsidiary)	-Expenses paid on behalf of fellow subsidiary	-	-	(31,472)	(31,472)
Addison Bradley Arabia-KSA (fellow subsidiary)	-Premium ceded	12,477,376	41,751,789	-	-
	-Reinsurance receivables / (payables)	-	-	3,487,268	8,990,108
	-Brokerage commission	4,774	142,691	-	-
	-Receivables	-	-	1,405,848	1,410,622
Medgulf BSC (parent company)	-Reinsurance ceded, claim recoveries and reinsurance commission income	46,588,188	66,690,652	-	-
	-Receivables / (payables)	-	-	40,413,700	(6,174,488)
Prime health insurance (fellow subsidiary)	-Claim administration fee for medical claim	229,048	-	-	-
	-Fee payable	-	-	(177,335)	-
Others (refer note 11.3)	-Gross Written Premium	135,579	85,429	-	-
	-Premium receivables	-	-	1,207,958	1,098,536
	-Claim Incurred	45,262	10,162	-	-
	-Outstanding claims	-	-	(15,854)	802

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

**11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

11.1 Statutory deposit has been placed with the Saudi Investment Bank at the commission rate of 0.7% per annum.

11.2 Discretionary portfolio management agreement (DPM) was signed on February 11, 2011 and includes a mix of equity and debt investments.

11.3 Others include the individual motor policies related to the members of board of directors.

*(b) The remuneration of the Board of Directors and other key management personnel during the period is as follows:*

	<i>For the twelve month period ended</i>	
	<i>31 December 2014</i>	<i>31 December 2013</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>(SR)</i>	<i>(SR)</i>
Short term benefits	20,460,128	20,221,453
End of service benefits	393,689	596,844
	<u>20,853,817</u>	<u>20,818,297</u>

**12. SEGMENTAL INFORMATION**

Consistent with the Company's internal reporting process, operating segments have been approved by Management in respect of the Company's activities, assets and liabilities as set out below.

Segment results do not include allocation of general and administrative expenses, special commission income and other income to operating segments.

Segment assets do not include allocation of cash and cash equivalents, time deposits, investments, premiums and reinsurance balances receivable, prepayments and other assets, due from related parties, and property and equipment, net, to the operating segments.

Segment liabilities do not include allocation of accounts and commission payable, reinsurance balances payable, accrued expenses and other liabilities, due to shareholders' operations, surplus distribution payable and other reserves to operating segments.

Shareholders' operations is a non-operating segment. Certain direct operating expenses, other overhead expenses and surplus from the insurance operations are allocated to this segment on an appropriate basis as approved by management.



The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

12. SEGMENTAL INFORMATION (Continued)

*Operating segments*

*For the twelve month period ended  
December 2014 (Unaudited)*

	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
<i>Insurance operations</i>				
Gross premiums written	2,973,946,998	685,938,313	756,107,719	4,415,993,030
Net premiums written	2,527,956,673	574,760,362	95,329,858	3,198,046,893
Net premiums earned	2,571,315,949	464,915,442	90,151,406	3,126,382,797
Net claims incurred	(2,204,605,385)	(398,215,324)	(18,048,014)	(2,620,868,723)
Policy acquisition costs	(110,049,067)	(27,422,469)	(25,219,462)	(162,690,998)
Reinsurance commission income	23,999,752	10,473,381	44,120,263	78,593,396
Net underwriting result	280,661,249	49,751,030	91,004,193	421,416,472
General and administrative expenses				(290,726,088)
Special commission income and other income				79,263,066
Insurance operations' surplus				209,953,450

*For the twelve month period ended  
December 2013 (Audited)*

	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
<i>Insurance operations</i>				
Gross premiums written	3,010,993,691	394,001,233	732,517,444	4,137,512,368
Net premiums written	2,453,077,394	342,756,446	96,434,926	2,892,268,766
Net premiums earned	2,228,107,553	287,106,887	83,106,593	2,598,321,033
Net claims incurred	(2,386,078,573)	(231,928,236)	(14,138,385)	(2,632,145,194)
Policy acquisition costs	(66,855,113)	(26,592,961)	(27,501,660)	(120,949,734)
Reinsurance commission income	45,164,905	8,228,388	54,825,067	108,218,360
Net underwriting result	(179,661,228)	36,814,078	96,291,615	(46,555,535)
General and administrative expenses				(233,812,050)
Special commission income and other income				82,432,173
Insurance operations' deficit				(197,935,412)

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

12. SEGMENTAL INFORMATION (Continued)

*Operating segments (Continued)*

*For the three month period ended  
December 2014 (Unaudited)*

	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
<i>Insurance operations</i>				
Gross premiums written	439,231,044	124,020,379	287,184,652	850,436,075
Net premiums written	372,246,799	99,926,548	16,623,104	488,796,451
Net premiums earned	600,780,901	135,105,342	25,835,907	761,722,150
Net claims incurred	(525,606,384)	(110,912,816)	(3,016,095)	(639,535,295)
Policy acquisition costs	(27,245,275)	(7,199,035)	(7,136,475)	(41,580,785)
Reinsurance commission income	6,510,212	6,170,060	9,636,485	22,316,757
Net underwriting result	54,439,454	23,163,551	25,319,822	102,922,827
General and administrative expenses				(75,920,859)
Special commission income and other income				30,492,871
Insurance operations' surplus				57,494,839

*For the three month period ended  
December 2013 (Unaudited)*

	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
<i>Insurance operations</i>				
Gross premiums written	529,381,284	77,698,503	327,285,567	934,365,354
Net premiums written	393,582,722	68,062,199	(14,645,521)	446,999,400
Net premiums earned	643,492,775	82,641,873	(11,943,939)	714,190,709
Net claims incurred	(891,299,574)	(62,583,579)	1,074,033	(952,809,120)
Policy acquisition costs	(29,313,564)	(10,836,684)	(2,520,079)	(42,670,327)
Reinsurance commission income	7,940,719	1,663,799	16,766,572	26,371,090
Net underwriting result	(269,179,644)	10,885,409	3,376,587	(254,917,648)
General and administrative expenses				(45,640,063)
Special commission income and other income				49,076,348
Insurance operations' deficit				(251,481,363)

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2014

12. SEGMENTAL INFORMATION (Continued)

*Operating segments (Continued)*

<i>As at 31 December 2014 (Unaudited)</i>	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
<b><i>Insurance operations' assets</i></b>				
Reinsurers' share of unearned premiums	199,407,761	61,598,321	772,645,336	1,033,651,418
Reinsurers' share of outstanding claims	99,855,122	43,776,078	508,048,035	651,679,235
Deferred policy acquisition costs	156,856,792	12,506,742	31,122,474	200,486,008
Unallocated assets	-	-	-	2,491,499,650
				<u>4,377,316,311</u>
<b><i>Insurance operations' liabilities and surplus</i></b>				
Gross unearned premiums	1,329,385,070	307,991,603	846,362,405	2,483,739,078
Unearned reinsurance commission	20,609,453	8,112,774	44,735,640	73,457,867
Gross outstanding claims	622,120,487	114,966,245	535,214,385	1,272,301,117
Unallocated liabilities	-	-	-	547,818,249
				<u>4,377,316,311</u>
<i>As at 31 December 2013 (Audited)</i>	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
<b><i>Insurance operations' assets</i></b>				
Reinsurers' share of unearned premiums	242,708,330	24,749,519	651,945,079	919,402,928
Reinsurers' share of outstanding claims	168,344,497	22,158,634	415,184,034	605,687,165
Deferred policy acquisition costs	142,318,219	5,371,905	27,163,971	174,854,095
Unallocated assets	-	-	-	2,642,695,166
				<u>4,342,639,354</u>
<b><i>Insurance operations' liabilities and surplus</i></b>				
Gross unearned premiums	1,416,044,916	161,136,803	721,449,292	2,298,631,011
Unearned reinsurance commission	-	557,769	39,214,903	39,772,672
Gross outstanding claims	913,459,313	99,791,953	438,654,648	1,451,905,914
Unallocated liabilities	-	-	-	552,329,757
				<u>4,342,639,354</u>

13. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period was calculated by dividing the net income for the period by the weighted average number of shares issued and outstanding during the period amounting to 100 million shares.

**The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company  
(A Saudi Joint Stock Company)**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (Continued)**

**31 December 2014**

**14. SHARE CAPITAL**

The authorized and paid up share capital of the Company is SR 1,000 million divided into 100 million shares of SR 10 each. The founding shareholders of the Company have subscribed and paid for 75 million shares (SR 750 million) with a nominal value of SR 10 each, which represent 75% of the shares of the Company and the remaining 25 million shares (SR 250 million) with a nominal value of SR 10 each which represent 25% of the shares of the Company, have been subscribed by the general public.

**15. STATUTORY RESERVE**

In accordance with its Bye-laws, the Company shall allocate 20% of its net income each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution.

**16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 29 Rabi' Al-Awal 1436H (corresponding to 20 January 2015).