

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

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

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDTORS' LIMITED REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014**

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

To the Shareholders
Saudi United Cooperative Insurance Company (WALA'A)
Al-Khobar, Kingdom of Saudi Arabia

SCOPE OF REVIEW

We have reviewed the accompanying interim statement of financial position of Saudi United Cooperative Insurance Company (Wala'a) - a Saudi Joint Stock Company (the "Company") as at 31 March 2014, and the related interim statements of insurance operations, shareholders' operations, shareholders' comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the three months period then ended and the 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 (IAS) - 34 "Interim Financial Reporting" 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. The scope of such limited review is substantially less than an audit conducted in accordance with the auditing standards generally accepted in 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.

REVIEW 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 note 2 to the accompanying interim condensed financial statements. 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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Certified Public Accountant
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16 April 2014
16 Jumada' II, 1435



SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

		31 March 2014 SR	31 December 2013 SR
	Note	(Un-audited)	(Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	169,045,593	119,381,611
Premiums and insurance balances receivable	4	121,834,817	79,108,899
Reinsurers' share of unearned premiums	6	91,720,992	57,439,907
Reinsurers' share of outstanding claims	6	118,323,620	105,122,990
Deferred policy acquisition costs	6	18,689,018	12,050,405
Prepaid expenses and other assets		12,528,358	14,288,196
Accrued commission income		-	34,675
Property and equipment		4,239,739	4,532,680
TOTAL INSURANCE OPERATIONS' ASSETS		536,382,137	391,959,363
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	45,366,117	86,366,117
Short-term deposits		26,983,859	26,983,859
Other financial assets	7	69,177,201	60,941,698
Due from insurance operations		40,253,863	19,815,072
Accrued commission income		1,108,214	939,190
Statutory deposit	8	20,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		202,889,254	215,045,936
TOTAL ASSETS		739,271,391	607,005,299

(Continued)

Chief Financial Officer (A)

Chief Executive Officer

Director

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 MARCH 2014

	31 March 2014	31 December 2013
Note	SR	SR
	(Un-audited)	(Audited)
INSURANCE OPERATIONS' LIABILITIES		
Liabilities arising from insurance contracts:		
Unearned premiums	6 217,650,928	132,352,853
Outstanding claims	6 208,452,929	181,437,542
Total liabilities arising from insurance contracts	426,103,857	313,790,395
Accrued and other liabilities	30,172,896	29,283,978
Reinsurance balances payable	25,093,979	18,361,378
Unearned reinsurance commission	6 9,051,101	5,501,830
Due to shareholders' operations	40,253,863	19,815,072
End-of-service indemnities	3,558,995	3,059,264
TOTAL INSURANCE OPERATIONS' LIABILITIES	534,234,691	389,811,917
Insurance operations' surplus	2,147,446	2,147,446
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS	536,382,137	391,959,363
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Accrued and other liabilities	9,598,834	8,269,395
SHAREHOLDERS' EQUITY		
Share capital	200,000,000	200,000,000
Accumulated losses	(34,486,979)	(14,481,813)
Fair value reserve	27,777,399	21,258,354
TOTAL SHAREHOLDERS' EQUITY	193,290,420	206,776,541
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	202,889,254	215,045,936
TOTAL LIABILITIES, INSURANCE OPERATIONS SURPLUS AND SHAREHOLDERS' EQUITY	739,271,391	607,005,299


Chief Financial Officer (A)


Chief Executive Officer


Director

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SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

		Three-months ended 31 March 2014 SR	Three-months ended 31 March 2013 SR
	Note	(Un-audited)	(Un-audited)
REVENUES			
Gross premiums written	5, 6	181,083,294	109,806,321
Reinsurance premiums ceded		<u>(80,515,146)</u>	<u>(48,809,537)</u>
Net premiums written	6	100,568,148	60,996,784
Changes in unearned premiums, net		<u>(51,016,990)</u>	<u>(23,505,047)</u>
Net premiums earned	6	49,551,158	37,491,737
Reinsurance commission	6	3,845,404	3,534,805
Other underwriting income	6	<u>108,990</u>	<u>36,364</u>
TOTAL REVENUES		<u>53,505,552</u>	<u>41,062,906</u>
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		52,638,588	30,490,045
Reinsurers' share of claims paid		<u>(17,042,660)</u>	<u>(5,222,505)</u>
Net claims paid		35,595,928	25,267,540
Changes in outstanding claims, net		<u>13,814,757</u>	<u>(533,957)</u>
Net incurred claims	6	49,410,685	24,733,583
Policy acquisition costs		6,307,945	3,130,537
Excess of loss expenses		1,349,397	1,319,535
Other expenses		<u>1,724,527</u>	<u>803,308</u>
TOTAL UNDERWRITING COSTS AND EXPENSES		<u>58,792,554</u>	<u>29,986,963</u>
NET UNDERWRITING (LOSS) INCOME		<u>(5,287,002)</u>	<u>11,075,943</u>
OTHER OPERATING EXPENSES, NET			
Operating and administrative salaries		(8,447,204)	(7,440,166)
General and administrative expenses		<u>(5,386,015)</u>	<u>(2,968,804)</u>
Commission income on bank deposits		12,610	87,291
TOTAL OTHER OPERATING EXPENSES, NET		<u>(13,820,609)</u>	<u>(10,321,679)</u>
Net (deficit) surplus from insurance operations		<u>(19,107,611)</u>	754,264
Insurance operations (deficit) surplus transferred to shareholders' comprehensive income		<u>19,107,611</u>	<u>(75,426)</u>
Net result from insurance operations after shareholders' appropriation		<u>-</u>	<u>678,838</u>


Chief Financial Officer (A)


Chief Executive Officer


Director

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SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

	Three-months ended 31 March 2014 SR (Un-audited)	Three-months ended 31 March 2013 SR (Un-audited)
Net (deficit) surplus transferred from insurance operations	(19,107,611)	678,838
Commission income on bank deposits	74,863	49,554
Commission income on held-to-maturity investments	47,125	47,125
Dividends and realized gain on available-for-sale investments	555,458	12,407,095
General and administrative expenses	(762,502)	(650,000)
Net (loss) income for the period	(19,192,667)	12,532,612
Basic and diluted (loss) earnings per share	(0.96)	0.63
Weighted average number of outstanding shares	20,000,000	20,000,000

Chief Financial Officer (A)

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Director

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SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

	Three-months ended 31 March 2014	Three-months ended 31 March 2013
	SR (Un-audited)	SR (Un-audited)
Shareholders' net (loss) income for the period	(19,192,667)	12,532,612
Unrealized fair value changes on available for sale investment	6,519,045	5,139,052
Provision for zakat and income tax	(812,499)	(750,000)
Total comprehensive (loss) income for the period	(13,486,121)	16,921,664
Basic and diluted (loss) earnings per share	(0.67)	0.85
Weighted average number of outstanding shares	20,000,000	20,000,000


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SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
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INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

	Share capital SR	Accumulated losses SR	Fair value reserve SR	Total SR
Balance at 1 January 2013 (Audited)	200,000,000	(36,128,195)	11,265,390	175,137,195
Shareholders' net income for the period	-	12,532,612	-	12,532,612
Unrealized fair value changes on available- for-sale investments , net	-	-	5,139,052	5,139,052
Provision for zakat and income tax	-	(750,000)	-	(750,000)
Balance at 31 March 2013 (Un-audited)	200,000,000	(24,345,583)	16,404,442	192,058,859
Balance at 1 January 2014 (Un-audited)	200,000,000	(14,481,813)	21,258,354	206,776,541
Shareholders' net loss for the period	-	(19,192,667)	-	(19,192,667)
Unrealized fair value changes on available- for-sale investments – net	-	-	6,519,045	6,519,045
Provision for zakat and income tax	-	(812,499)	-	(812,499)
Balance at 31 March 2014 (Un-audited)	200,000,000	(34,486,979)	27,777,399	193,290,420

Chief Financial Officer (A)

Chief Executive Officer

Director

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SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
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INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

	Three months ended 31 March 2014 SR (Un-audited)	Three months ended 31 March 2013 SR (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (deficit) surplus from insurance operations	(19,107,611)	754,264
Adjustments for:		
Depreciation	387,054	330,772
End-of-service indemnities, net	499,731	286,327
	<u>(18,220,826)</u>	1,371,363
Changes in operating assets and liabilities:		
Premiums and insurance balances receivable	(42,725,918)	(61,839,830)
Reinsurers' share of unearned premiums	(34,281,085)	(20,815,502)
Reinsurers' share of outstanding claims	(13,200,630)	452,591
Deferred policy acquisition costs	(6,638,613)	(3,268,204)
Prepaid expenses and other assets	1,759,838	(1,608,105)
Accrued commission income	34,675	54,488
Unearned premiums	85,298,075	44,320,549
Outstanding claims	27,015,387	(986,548)
Unearned reinsurance commission	3,549,271	2,044,037
Reinsurance balances payable	6,732,601	44,719,770
Accrued and other liabilities	888,918	(19,756,666)
Net cash generated from (used in) operating activity	<u>10,211,693</u>	<u>(15,312,057)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property and equipment	(94,113)	(455,798)
Net cash used in investing activity	<u>(94,113)</u>	<u>(455,798)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to shareholders' operations	39,546,402	26,674,938
Net cash generated from financing activities	<u>39,546,402</u>	<u>26,674,938</u>
Net change in cash and cash equivalents	49,663,982	10,907,083
Cash and cash equivalents at the beginning of the period	<u>119,381,611</u>	<u>81,786,405</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4 <u>169,045,593</u>	<u>92,693,488</u>


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Director

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SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS' CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

	Three months ended 31 March 2014 SR (Un-audited)	Three months ended 31 March 2013 SR (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income for the period	(19,192,667)	12,532,612
Adjustments for:		
Commission income	(74,863)	(49,554)
Realized dividends and fair value changes on available-for-sale investments	(555,458)	(12,407,095)
	(19,822,988)	75,963
Changes in operating assets and liabilities:		
Due from insurance operations	(19,938,791)	(27,353,776)
Accrued and other liabilities	516,940	(144,013)
Net cash used in operating activities	(39,244,839)	(27,421,826)
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term deposits	-	26,475,994
Movement in other financial assets, net	(1,661,000)	12,404,480
Commission income received	(94,161)	341,352
Net cash (used in) from investing activities	(1,755,161)	39,221,826
Net change in cash and cash equivalents	(41,000,000)	11,800,000
Cash and cash equivalents at the beginning of the period	86,366,117	60,000,000
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	45,366,117	71,800,000
Non-cash transactions:		
Unrealized fair value changes on available-for-sale investments	6,519,045	5,139,052
Other financial assets settled against insurance operations	500,000	-


Chief Financial Officer (A)


Chief Executive Officer


Director

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014**

1. GENERAL INFORMATION

The Saudi United Cooperative Insurance Company (Wala'a) ("the Company") is a Saudi Joint Stock Company established in Al Khobar, Kingdom of Saudi Arabia and incorporated on 19 Jumada II 1428H corresponding to 4 July 2007 under Commercial Registration No. 2051034982.

The principal activities of the Company are to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies (the "Law") and its implementing regulations in the Kingdom of Saudi Arabia. The Company was granted the license (number TMN/16/2008) to practice general and medical insurance and re-insurance business from the Saudi Arabian Monetary Agency (SAMA) on 28 Jumada II 1429H corresponding to 2 July 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the three months period ended 31 March 2014 have been prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" (IAS 34). Accordingly, these interim condensed financial statements are not intended to be a presentation in conformity with accounting principles generally accepted in the Kingdom of Saudi Arabia i.e. in accordance with the standard on Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants (SOCPA).

These interim condensed financial statements include all transactions comprising mainly of normal recurring nature considered necessary by the Company's management to present a fair statement of the financial position, results of operations and cash flows.

These interim condensed financial statements have been prepared under historical cost convention, except for certain available-for-sale investments which are measured at fair value and are presented in Saudi Riyals, which is also the functional currency of the Company, and the presentation currency for these interim condensed financial statements.

The Saudi Arabian insurance regulations require separate accounts to be maintained for insurance operations and shareholders' activities. Also, as per the insurance implementing regulations the shareholders of the Company are to receive 90% of the annual surplus from the insurance operations and the policyholders are to receive 10% or this percentage to be deducted from their next period's premiums.

2.2 Accounting policies

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual audited financial statements as at and for the year ended 31 December 2013, except for the adoption of amendments and revisions to existing standards as mentioned below, which had no significant financial impact on these interim condensed financial statements of the Company. These interim condensed financial statements should therefore be read in conjunction with the audited financial statements for the year ended 31 December 2013.

<u>Standard</u>	<u>Description</u>
IFRS 9	Financial Instruments – Classification and measurement
Amendments to IFRS 10	Consolidated Financial Statements
Amendments to IFRS 12	Disclosures of Interest in Other Entities
Amendments to IAS 27	Separate Financial Statements
Amendments to IAS 32	Financial Instruments – Presentation
Amendments to IAS 36	Impairment of assets
Amendments to IAS 39	Financial instruments: Recognition and Measurement
IFRIC 21	Levies
Amendment to IAS 12	Income taxes

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company's management decided not to choose the early adoption of the following new and amended standards and interpretations issued which will become effective for the period commencing on or after 1 January 2015:

Standard	Description
Amendment to IAS 19	Defined benefit plans
Amendment to IFRS 9	Financial instruments regarding general hedge accounting
IFRS 9	Financial instruments
Annual improvements 2012	
Annual improvements 2013	

2.3 Use of estimates in preparation of financial statements

The preparation of interim condensed financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the interim reporting period. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant financial impact on the interim condensed financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and the Company's financial statements present fairly, in all material respects, the financial position and results of operations.

3. CASH AND CASH EQUIVALENTS

Insurance operations

	31 March 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Cash in hand	67,000	67,000
Cash at banks	168,978,593	33,419,629
Time deposits	-	85,894,982
	169,045,593	119,381,611

Shareholders' operations

	31 March 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Cash at banks	45,366,117	86,366,117

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014**

3. CASH AND CASH EQUIVALENTS (Continued)

Bank current accounts and times deposits are placed with financial institutions that have investment grade credit ratings.

Time deposits are placed with local and foreign banks with an original maturity of less than three months from the date of acquisition and earn financial income at an average rate of 0.80% to 1.1% per annum as at 31 March 2014 (31 December 2013: 0.80% to 1.1% per annum).

4. PREMIUMS AND INSURANCE BALANCES RECEIVABLE

	31 March 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Premiums receivable	134,607,033	91,589,538
Insurance and reinsurance receivables	2,188,673	1,563,971
Allowance for doubtful debts	(14,960,889)	(14,044,610)
	121,834,817	79,108,899

5. RELATED PARTY TRANSACTIONS

The significant transactions with related parties and the related approximate amounts during the period are as follows:

	31 March 2014 SR	31 March 2013 SR
	(Un-audited)	(Un-audited)
Gross premium received from directors and their related parties	1,534,935	1,367,968
Gross premium received from key management personnel	3,278	3,278
Compensation of key management personnel - other benefits	909,239	840,713

Balances due from (to) related parties are comprised of the following:

	31 March 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Premiums receivable from key management personnel, directors and their related parties	1,877,890	125,767
Claims payable to directors and related parties / affiliate	(778,584)	(567,763)

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

6. SEGMENTAL INFORMATION

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

Segment results do not include operating and administrative salaries and general and administrative expenses.

Segment assets do not include cash and cash equivalents, time deposits, investments, premiums and insurance balances receivable, prepayments and other assets and property and equipment.

Segment liabilities do not include accounts payable; reinsurance balances payable, accrued expenses and other liabilities, due to shareholders' operations and end-of-service indemnities.

Operating segments

	Medical SR	Motor SR	Property SR	Others SR	Total SR
For the three month period ended 31 March 2014 (Un-audited)					
Gross premiums written	10,143,607	80,690,228	46,492,981	43,756,478	181,083,294
Net premiums written	10,143,607	79,380,115	1,632,797	9,411,629	100,568,148
Net premium earned	11,255,265	30,128,241	1,068,194	7,099,458	49,551,158
Reinsurance commission	-	61,134	2,383,422	1,400,848	3,845,404
Other underwriting income	-	85,520	4,795	18,675	108,990
Net incurred claims	(8,942,983)	(35,722,406)	(496,985)	(4,248,311)	(49,410,685)
Other underwriting expenses	(1,570,931)	(4,769,523)	(1,152,904)	(1,888,511)	(9,381,869)
Other general and administrative expenses (unallocated)	-	-	-	-	(13,833,219)
Deficit from insurance operations					(19,120,221)
Commission income on bank deposits					12,610
Net deficit from insurance operations					(19,107,611)
	Medical SR	Motor SR	Property SR	Others SR	Total SR
As at 31 March 2014 (Un-audited)					
Insurance operations' assets					
Reinsurers' share of unearned premiums	-	1,004,446	53,051,716	37,664,830	91,720,992
Reinsurers' share of outstanding claims	54,750	1,834,211	63,631,678	52,802,981	118,323,620
Deferred policy acquisition costs	4,929,723	8,648,065	2,113,672	2,997,558	18,689,018
Unallocated assets					307,648,507
Total assets	4,984,473	11,486,722	118,797,066	93,465,369	536,382,137
Insurance operations' liabilities					
Unearned premiums	23,208,599	91,719,014	54,720,915	48,002,400	217,650,928
Outstanding claims	11,709,334	60,506,798	68,367,533	67,869,264	208,452,929
Unearned reinsurance commission	219,998	200,902	4,987,504	3,642,697	9,051,101
Unallocated liabilities					101,227,179
Total liabilities and surplus	35,137,931	152,426,714	128,075,952	119,514,361	536,382,137

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

6. SEGMENTAL INFORMATION (Continued)

	Medical SR	Motor SR	Property SR	Others SR	Total SR
For the three month period ended 31 March 2013 (Un-audited)					
Gross premiums written	7,688,648	43,537,610	41,365,173	17,214,890	109,806,321
Net written premiums	7,688,648	42,585,061	1,582,295	9,140,780	60,996,784
Net premium earned	12,177,593	17,951,620	654,871	6,707,653	37,491,737
Reinsurance commission	612,872	44,699	1,878,959	998,275	3,534,805
Other underwriting income	-	17,980	4,990	13,394	36,364
Net incurred claims	(5,547,978)	(13,925,566)	(455,251)	(4,804,788)	(24,733,583)
Other underwriting expenses	(1,220,464)	(1,385,778)	(647,894)	(1,999,244)	(5,253,380)
Other general and administrative expenses (unallocated)	-	-	-	-	(10,408,970)
Surplus from insurance operations					666,973
Commission income on bank deposits					87,291
Net surplus from insurance operations					754,264

	Medical SR	Motor SR	Property SR	Others SR	Total SR
As at 31 December 2013 (Audited)					
Insurance operations' assets					
Reinsurers' share of unearned premiums	-	-	37,607,395	19,832,512	57,439,907
Reinsurers' share of outstanding claims	1,254,506	775,866	60,642,848	42,449,770	105,122,990
Deferred policy acquisition costs	4,940,066	3,394,692	1,308,141	2,407,506	12,050,405
Unallocated assets					217,346,061
Total assets	6,194,572	4,170,558	99,558,384	64,689,788	391,959,363
Insurance operations' liabilities					
Unearned premiums	24,320,257	41,462,694	38,712,029	27,857,873	132,352,853
Outstanding claims	11,714,321	48,611,139	65,870,243	55,241,839	181,437,542
Unearned reinsurance commission	219,998	-	3,145,644	2,136,188	5,501,830
Unallocated liabilities	-	-	-	-	72,667,138
Total liabilities	36,254,576	90,073,833	107,727,916	85,235,900	391,959,363

Geographical distributions

All of the significant assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for a minor portion of the reinsurance assets / liabilities which are held outside the Kingdom of Saudi Arabia

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7. OTHER FINANCIAL ASSETS

The Company's other financial assets are classified as follows:

	31 March 2014 SR	31 December 2013 SR
	(Un-audited)	(Audited)
Held-to-maturity	6,500,000	6,500,000
Available-for-sale	62,677,201	53,941,698
Loans and receivables	-	500,000
	69,177,201	60,941,698

8. STATUTORY DEPOSIT

The statutory deposit represents 10% of the paid-up share capital which is maintained in accordance with the Law. This statutory deposit cannot be withdrawn without the consent of SAMA.

9. STATUTORY RESERVE

In accordance with the Law, the Company is required to transfer not less than 20% of its annual profits to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. No such transfer has been made during the period due to accumulated losses at the period end.

10. EARNINGS PER SHARE

Basic and diluted earnings per share from shareholders' operations are calculated by dividing net income for the period by weighted average number of ordinary shares outstanding during the period.

Basic and diluted earnings per share from shareholders' comprehensive income is calculated by dividing total comprehensive income for the period by weighted average number of ordinary shares outstanding during the period.

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

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 (i.e. an exit price). The Company's financial assets consist of cash and cash equivalents, other financial assets and other assets and its financial liabilities consist of payable, accrued and other liabilities.

The fair values of recognized financial instruments are not significantly different from the carrying values included in the interim condensed financial statements

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: and

Level 3: valuation technique for which any significant input is not based on observable market data

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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11. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

The table below presents the financial assets which are carried at fair values as at 31 March 2014 and 31 December 2013 based on their value hierarchy:

As at 31 March 2014 (Un-audited)

Financial instruments	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Held to maturity				
Debt securities	-	6,500,000	-	6,500,000
Investments available-for-sale				
Equity securities	59,954,123	-	2,723,078	62,677,201
Total	59,954,123	6,500,000	2,723,078	69,177,201

As at 31 December 2013 (Audited)

Financial instruments	Level 1	Level 2	Level 3	Total fair value
Held to maturity				
Debt securities	-	6,500,000	-	6,500,000
Investments available-for-sale				
Equity securities	51,218,620	-	2,723,078	53,941,698
Loans and advances				
Loan	-		500,000	500,000
Total	51,218,620	6,500,000	3,223,078	60,941,698

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the three months period ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

12. CONTINGENCIES

The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company's management, based on independent legal advice, believes that the outcome of these court cases will not have a material impact on the Company's income or financial condition.

13. RESULTS OF THE INTERIM PERIOD

The results of the interim period are not an indication of the results of the full statutory financial year.

14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 16 April 2014.