

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND**

**INDEPENDENT AUDITORS' REVIEW REPORT**

**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013**

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

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**INTERIM CONDENSED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013**

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## INDEPENDENT AUDITORS' REVIEW REPORT

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

### SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi United Cooperative Insurance Company - a Saudi Joint Stock Company (the "Company") as at 31 March 2013, and the related interim statements of insurance operations', shareholders' income, shareholders' comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders' operations cash flows for the three month 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 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 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.

### 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 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.

Ernst & Young

Abdulaziz Saud Alshubaibi  
Certified Public Accountant  
Registration No. 339



Pricewaterhouse Coopers

Omar M. Al Sagga  
Certified Public Accountant  
Registration No. 369

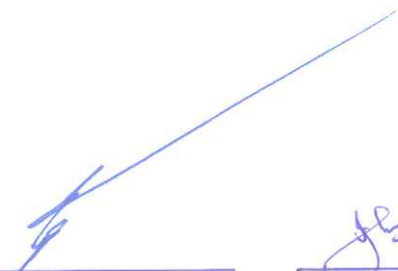



**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**


**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2013**

	<u>Note</u>	<u>31 March 2013 SR</u> (Un-audited)	<u>31 December 2012 SR</u> (Audited)
<b>INSURANCE OPERATIONS' ASSETS</b>			
Property and equipment		3,332,818	3,207,792
Premiums and insurance balances receivable	3	123,905,709	62,065,879
Reinsurers' share of unearned premiums	4	65,099,623	44,284,121
Reinsurers' share of outstanding claims	4	45,700,423	46,153,014
Deferred policy acquisition costs	4	12,988,972	9,720,768
Due from an affiliate	5	2,451,067	1,871,945
Accrued commission income		23,415	77,903
Prepaid expenses and other assets		5,607,476	4,578,493
Cash and cash equivalents	6	92,693,488	81,786,405
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>351,802,991</b>	<b>253,746,320</b>
<b>SHAREHOLDERS' ASSETS</b>			
Statutory deposit	7	20,000,000	20,000,000
Other financial assets	8	69,942,173	64,800,506
Short-term deposit		-	26,475,994
Accrued commission income		876,080	1,167,878
Due from insurance operations		37,773,793	10,420,017
Cash and cash equivalents	6	71,800,000	60,000,000
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>200,392,046</b>	<b>182,864,395</b>
<b>TOTAL ASSETS</b>		<b>552,195,037</b>	<b>436,610,715</b>

(continued)

  
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 DIRECTOR


  
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 CHIEF EXECUTIVE  
 OFFICER


  
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 ACCOUNTING  
 CFO

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

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)  
AS AT 31 MARCH 2013

	Note	31 March 2013 SR (Un-audited)	31 December 2012 SR (Audited)
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
<b>Liabilities arising from insurance contracts:</b>			
Unearned premiums	4	135,436,282	91,115,733
Outstanding claims	4	106,287,333	107,273,881
<b>Total liabilities arising from insurance contracts</b>		<b>241,723,615</b>	<b>198,389,614</b>
End-of-service indemnities		2,466,961	2,180,634
Reinsurance balances payable		52,917,540	8,197,770
Unearned reinsurance commission	4	7,242,170	5,198,133
Accrued expenses and other liabilities		7,482,266	27,238,932
Due to shareholders' operations		37,773,793	10,420,017
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>		<b>349,606,345</b>	<b>251,625,100</b>
Insurance operations surplus		2,196,646	2,121,220
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>		<b>351,802,991</b>	<b>253,746,320</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
Accrued expenses and other liabilities		8,333,187	7,727,200
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		200,000,000	200,000,000
Accumulated losses		(24,345,583)	(36,128,195)
Fair value reserve		16,404,442	11,265,390
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>192,058,859</b>	<b>175,137,195</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>200,392,046</b>	<b>182,864,395</b>
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS SURPLUS AND SHAREHOLDERS' EQUITY</b>		<b>552,195,037</b>	<b>436,610,715</b>

  
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 DIRECTOR

  
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 CHIEF EXECUTIVE OFFICER

  
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 ACCOUNTANT  
 CFO


The accompanying notes from 1 to 12 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 INSURANCE OPERATIONS  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

	Note	Three month period ended 31 March 2013 SR (Un-audited)	Three month period ended 31 March 2012 SR (Un-audited)
<b>REVENUES</b>			
Gross premiums written	4	109,806,321	75,175,332
Reinsurance premiums ceded		(48,809,537)	(12,266,929)
Net premiums written		60,996,784	62,908,403
Changes in unearned premiums, net		(23,505,047)	(21,183,467)
Net premiums earned	4	37,491,737	41,724,936
Reinsurance commission	4	3,534,805	2,567,111
Other underwriting income	4	36,364	83,090
<b>TOTAL REVENUES</b>		<b>41,062,906</b>	<b>44,375,137</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross paid claims		30,490,045	24,250,590
Reinsurers' share of claims paid		(5,222,505)	(4,532,587)
Net claims paid		25,267,540	19,718,003
Changes in outstanding claims		(533,957)	5,872,536
Net incurred claims	4	24,733,583	25,590,539
Policy acquisition costs		3,130,537	5,518,810
Excess of loss expenses		1,319,535	1,514,595
Other expenses		803,308	1,269,304
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>29,986,963</b>	<b>33,893,248</b>
<b>Net underwriting income</b>		<b>11,075,943</b>	<b>10,481,889</b>
<b>OTHER OPERATING EXPENSES, NET</b>			
Operating and administrative salaries		(7,440,166)	(5,637,845)
General and administrative expenses		(2,968,804)	(3,252,721)
Commission income on bank deposits		87,291	233,925
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>		<b>(10,321,679)</b>	<b>(8,656,641)</b>
<b>Net surplus from insurance operations</b>		<b>754,264</b>	<b>1,825,248</b>
Insurance operations' surplus transferred to shareholders' operations		(678,838)	(1,642,723)
<b>NET SURPLUS FROM INSURANCE OPERATIONS</b>		<b>75,426</b>	<b>182,525</b>

  
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DIRECTOR

  
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OFFICER

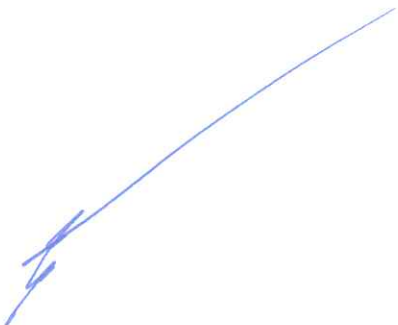
  
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ACCOUNTANT CFO


The accompanying notes from 1 to 12 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 SHAREHOLDERS' INCOME  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

	<u>Note</u>	Three month period ended 31 March 2013 <u>SR</u> (Un-audited)	Three month period ended 31 March 2012 <u>SR</u> (Un-audited)
Net surplus transferred from insurance operations		678,838	1,642,723
Commission income on bank deposits		49,554	110,515
Commission income on held-to-maturity investments		47,125	47,125
Realised fair value changes on available-for-sale investments		12,407,095	1,427,555
General and administrative expenses		(650,000)	(495,068)
<b>Net income for the period</b>		<u>12,532,612</u>	<u>2,732,850</u>
<b>Basic and diluted earnings per share</b>	10	<u>0.63</u>	<u>0.14</u>
<b>Weighted average number of outstanding shares</b>		<u>20,000,000</u>	<u>20,000,000</u>

  
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 DIRECTOR


  
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 CHIEF EXECUTIVE  
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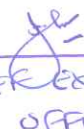
  
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 ACCOUNTING CFO


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

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013**

	<u>Note</u>	<b>Three month period ended 31 March 2013</b>	<b>Three month period ended 31 March 2012</b>
		<u>SR</u> (Un-audited)	<u>SR</u> (Un-audited)
Net income for the period		12,532,612	2,732,850
Unrealized fair value changes on available-for-sale investments		5,139,052	10,754,969
Provision for zakat and income tax		<u>(750,000)</u>	<u>(750,000)</u>
<b>Total comprehensive income for the period</b>		<u>16,921,664</u>	<u>12,737,819</u>
<b>Basic and diluted earnings per share</b>	10	<u>0.85</u>	<u>0.64</u>
<b>Weighted average number of outstanding shares</b>		<u>20,000,000</u>	<u>20,000,000</u>

  
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 DIRECTOR

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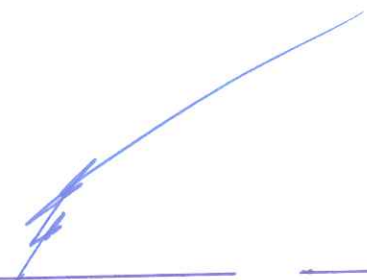
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**SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013**

	<u>Share capital</u> SR	<u>Accumulated</u> <u>losses</u> SR	<u>Fair value</u> <u>reserve</u> SR	<u>Total</u> SR
Balance at 1 January 2012 (Audited)	200,000,000	(52,138,055)	6,623,644	154,485,589
Net income for the period	-	2,732,850	-	2,732,850
Unrealized fair value changes on available- for-sale investments	-	-	10,754,969	10,754,969
Provision for zakat and income tax	-	(750,000)	-	(750,000)
<b>Balance at 31 March 2012 (Un-audited)</b>	<u>200,000,000</u>	<u>(50,155,205)</u>	<u>17,378,613</u>	<u>167,223,408</u>
Balance at 1 January 2013 (Audited)	200,000,000	(36,128,195)	11,265,390	175,137,195
Net income for the period	-	12,532,612	-	12,532,612
Unrealized fair value changes on available- for-sale investments	-	-	5,139,052	5,139,052
Provision for zakat and income tax	-	(750,000)	-	(750,000)
<b>Balance at 31 March 2013 (Un-audited)</b>	<u>200,000,000</u>	<u>(24,345,583)</u>	<u>16,404,442</u>	<u>192,058,859</u>

  
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 DIRECTOR

  
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 CHIEF EXECUTIVE  
 OFFICER

  
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 ACTING  
 CFO


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

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

	Three month period ended 31 March 2013 <u>SR</u> (Un-audited)	Three month period ended 31 March 2012 <u>SR</u> (Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net surplus from insurance operations	754,264	1,825,248
Adjustments for:		
Depreciation	330,772	277,209
Gain on disposal of property and equipment	-	(4,388)
End-of-service indemnities, net	286,327	273,406
	<u>1,371,363</u>	<u>2,371,475</u>
Changes in operating assets and liabilities:		
Premiums and reinsurer balances receivable	(61,839,830)	(13,903,467)
Reinsurers' share of unearned premiums	(20,815,502)	13,675,851
Reinsurers' share of outstanding claims	452,591	(4,025,872)
Deferred policy acquisition costs	(3,268,204)	(987,217)
Due from an affiliate	(579,122)	-
Prepaid expenses and other assets	(1,028,983)	(639,612)
Accrued commission income	54,488	(63,682)
Unearned premiums	44,320,549	10,667,163
Outstanding claims	(986,548)	9,898,408
Reinsurance balances payables	44,719,770	(15,352,705)
Unearned reinsurance commission	2,044,037	446,162
Accrued expenses and other liabilities	(19,756,666)	(1,361,405)
Net cash (used in) generated from operating activities	<u>(15,312,057)</u>	<u>725,099</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(455,798)	(335,449)
Proceeds from disposal of property and equipment	-	11,300
Net cash used in investing activities	<u>(455,798)</u>	<u>(324,149)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Due to shareholders' operations	26,674,938	(12,797,635)
Cash generated from (used in) financing activity	<u>26,674,938</u>	<u>(12,797,635)</u>
Net change in cash and cash equivalents	10,907,083	(12,396,685)
Cash and cash equivalents at the beginning of the period	81,786,405	137,715,642
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>92,693,488</u></u>	<u><u>125,318,957</u></u>

  
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DIRECTOR

  
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CHIEF EXECUTIVE  
OFFICER

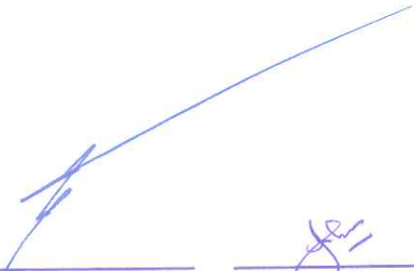
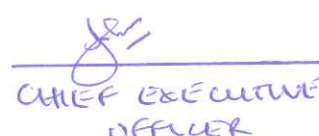

  
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Acting CFO

The accompanying notes from 1 to 12 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 SHAREHOLDERS' OPERATIONS' CASH FLOWS**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013**

	Three month period ended 31 March 2013 <u>SR</u> (Un-audited)	Three month period ended 31 March 2012 <u>SR</u> (Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	12,532,612	2,732,850
Adjustments for:		
Commission income	(49,554)	(110,515)
Realised fair value changes on available-for-sale investments	<u>(12,407,095)</u>	<u>(1,427,555)</u>
	75,963	1,194,780
Changes in operating assets and liabilities:		
Accrued expenses and other liabilities	(144,013)	41
Due from insurance operations	<u>(27,353,776)</u>	<u>11,154,912</u>
<b>Net cash (used in) generated from operating activities</b>	<u>(27,421,826)</u>	<u>12,349,733</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short term deposits	26,475,994	(15,475,760)
Movement in other financial assets, net	12,404,480	(2,450,000)
Commission income from bank deposits	341,352	142,515
<b>Net cash generated from (used in) investing activities</b>	<u>39,221,826</u>	<u>(17,783,245)</u>
<b>Net change in cash and cash equivalents</b>	<u>11,800,000</u>	<u>(5,433,512)</u>
Cash and cash equivalents at the beginning of the period	<u>60,000,000</u>	<u>26,272,575</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>71,800,000</u></u>	<u><u>20,839,063</u></u>
<b><u>Non-cash transactions:</u></b>		
Unrealized gain on available-for-sale investments.	<u><u>5,139,052</u></u>	<u><u>10,754,969</u></u>

 _____ DIRECTOR	 _____ CHIEF EXECUTIVE OFFICER	 _____ ACCOUNTING OFFICER
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The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013**

**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 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 Saudi Arabian Monetary Agency (SAMA) on 28 Jumada II 1429 H corresponding to 2 July 2008.

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 year's premiums.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These interim condensed financial statements for the three month period ended 31 March 2013 have been prepared in accordance with International Accounting Standard 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 Organisation for Certified Public Accountants (SOCPA).

The accompanying interim condensed financial statements include all adjustments comprising mainly of normal recurring accruals 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 accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the annual audited financial statements as of and for the year ended 31 December 2012, except for the adoption of amendments and revisions to existing standards as mentioned below which had no significant financial impact on the 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 2012.

<b><u>Standard</u></b>	<b><u>Name of the standard</u></b>
Amendments to IAS 1	Presentation of Financial Statements
Amendments to IAS 19	Employee Benefits
Amendments to IAS 27	Separate Financial Statements
Amendments to IAS 28	Investments in Associates and Joint Ventures
IFRS 9	Financial Instruments- Classification and measurement
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 32 and IFRS 7	Offsetting of Financial Assets and Financial Liabilities

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 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 effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and reported amounts of revenue and expenses during the interim reporting period. It also, requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant 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 PREMIUMS AND INSURANCE BALANCES RECEIVABLE

Receivables from insurance operations are comprised of net amounts due from the following:

	31 March 2013 <u>SR</u> (Un-audited)	31 December 2012 <u>SR</u> (Audited)
Premiums receivable	135,458,785	73,594,210
Insurance and reinsurance receivables	991,534	1,206,173
Allowance for doubtful debts	<u>(12,544,610)</u>	<u>(12,734,504)</u>
	<u>123,905,709</u>	<u>62,065,879</u>



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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

4 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 reinsurance 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

For the three month period ended 31  
March  
2013 (Un-audited)

	<i>Medical</i> <i>SR</i>	<i>Motor</i> <i>SR</i>	<i>Property</i> <i>SR</i>	<i>Others</i> <i>SR</i>	<i>Total</i> <i>SR</i>
Gross premiums written	7,688,648	43,537,610	41,365,173	17,214,890	109,806,321
Net premiums written	<u>7,688,648</u>	<u>42,585,061</u>	<u>1,582,295</u>	<u>9,140,780</u>	<u>60,996,784</u>
Net premiums 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 claims incurred	(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)
<b>Surplus from insurance operations</b>					<u>666,973</u>
Commission income from bank deposits					87,291
<b>Net surplus from insurance operations</b>					<u><u>754,264</u></u>
	<i>Medical</i> <i>SR</i>	<i>Motor</i> <i>SR</i>	<i>Property</i> <i>SR</i>	<i>Others</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<b>As at 31 March 2013 (Un-audited)</b>					
<b>Insurance operations' assets</b>					
Reinsurers' share of unearned premiums	-	729,021	40,856,248	23,514,354	65,099,623
Reinsurers' share of outstanding claims	764,565	936,750	16,995,117	27,003,991	45,700,423
Deferred policy acquisition costs	4,468,542	4,229,491	1,637,490	2,643,449	12,978,972
Unallocated assets					228,013,973
<b>Total assets</b>	<u>5,233,107</u>	<u>5,895,262</u>	<u>59,488,855</u>	<u>53,161,794</u>	<u>351,792,991</u>
<b>Insurance operations' liabilities</b>					
Unearned premiums	17,425,844	43,673,405	42,317,631	32,019,402	135,436,282
Outstanding claims	12,952,505	30,274,327	19,960,077	43,100,424	106,287,333
Unearned reinsurance commission	219,998	145,816	4,043,260	2,833,096	7,242,170
Unallocated liabilities and surplus					102,837,206
<b>Total liabilities and surplus</b>	<u>30,598,347</u>	<u>74,093,548</u>	<u>66,320,968</u>	<u>77,952,922</u>	<u>351,802,991</u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013**

**4 SEGMENTAL INFORMATION (Continued)**

**Operating Segments (Continued)**

	<i>Medical</i> <u>SR</u>	<i>Motor</i> <u>SR</u>	<i>Property</i> <u>SR</u>	<i>Others</i> <u>SR</u>	<i>Total</i> <u>SR</u>
<b>For the three month period ended 31 March 2012 (Un-audited)</b>					
Insurance operations					
Gross written premiums	30,012,075	26,069,354	7,769,383	11,324,520	75,175,332
Net written premiums	<u>29,648,443</u>	<u>25,007,223</u>	<u>1,036,454</u>	<u>7,216,283</u>	<u>62,908,403</u>
Net earned premium	19,194,879	15,993,131	613,179	5,923,747	41,724,936
Reinsurance commission	20	52,816	1,444,776	1,069,499	2,567,111
Other underwriting income	1,260	65,345	4,215	12,270	83,090
Net incurred claims	(3,048,617)	(18,807,405)	(734,160)	(3,000,357)	(25,590,539)
Other underwriting expenses	(3,526,499)	(2,047,277)	(1,012,421)	(1,716,512)	(8,302,709)
Other general and administrative expenses					(8,890,566)
Surplus from insurance operations					<u>1,591,323</u>
Commission income from bank deposits					233,925
Net surplus from insurance operations					<u><u>1,825,248</u></u>
	<i>Medical</i> <u>SR</u>	<i>Motor</i> <u>SR</u>	<i>Property</i> <u>SR</u>	<i>Others</i> <u>SR</u>	<i>Total</i> <u>SR</u>
<b>As at 31 December 2012 (Audited)</b>					
Insurance operations' assets					
Reinsurers' share of unearned premiums	-	-	21,477,960	22,806,161	44,284,121
Reinsurers' share of outstanding claims	5,728,240	1,673,687	9,584,618	29,166,469	46,153,014
Deferred policy acquisition costs	4,766,098	1,531,124	956,425	2,467,121	9,720,768
Unallocated assets					153,588,417
Total assets	<u>10,494,338</u>	<u>3,204,811</u>	<u>32,019,003</u>	<u>54,439,751</u>	<u>253,746,320</u>
Insurance operations' liabilities					
Unearned premiums	21,918,838	18,310,943	22,011,958	28,873,994	91,115,733
Outstanding claims	19,605,388	32,456,920	12,190,559	43,021,014	107,273,881
Unearned reinsurance commission	219,998	-	2,389,327	2,588,808	5,198,133
Unallocated liabilities and surplus					50,158,573
Total liabilities and surplus	<u>41,744,224</u>	<u>50,767,863</u>	<u>36,591,844</u>	<u>74,483,816</u>	<u>253,746,320</u>

**Geographical segments**

All of the significant assets and liabilities of the Company are located in the Kingdom of Saudi Arabia.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

5 RELATED PARTY TRANSACTIONS

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

	Three month period ended 31 March 2013 <u>SR</u> (Un-audited)	Three month period ended 31 March 2012 <u>SR</u> (Un-audited)
Gross premiums received from Directors and their related parties	1,367,968	1,391,555
Amount received on behalf of an affiliate	66,185	-
Amount charged to an affiliate	645,307	50,000

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

	31 March 2013 <u>SR</u> (Un-audited)	31 December 2012 <u>SR</u> (Audited)
Premiums receivable from Directors and their related parties	899,170	561,589
Claims payable to Directors and related parties/affiliate	(849,495)	-
Amounts receivable from an affiliate	2,451,067	2,164,251

6 CASH AND CASH EQUIVALENTS

i) Insurance operations

Cash and cash equivalents of the insurance operations are comprised of the following:

	31 March 2013 <u>SR</u> (Un-audited)	31 December 2012 <u>SR</u> (Audited)
Cash in hand	72,000	72,000
Cash at banks	52,296,488	41,650,405
Short-term deposits	40,325,000	40,064,000
	<u>92,693,488</u>	<u>81,786,405</u>

ii) Shareholders' operations

Shareholders' cash and cash equivalents at 31 March 2013 and 31 December 2012 comprised of cash at banks.

7 STATUTORY DEPOSIT

The statutory deposit represents 10% of the paid up share capital which is maintained in accordance with the implementing regulations of the Law on Supervision of Co-operative Insurance Companies. This statutory deposit can not be withdrawn without the consent of SAMA.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

8 OTHER FINANCIAL ASSETS

	31 March 2013 SR (Un-audited)	31 December 2012 SR (Audited)
Held to maturity investments	6,500,000	6,500,000
Available-for-sale investments	62,942,173	57,800,506
Advances towards investments	500,000	500,000
	<u>69,942,173</u>	<u>64,800,506</u>

9 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 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, investments and other assets and its financial liabilities consist of payables and other liabilities

The fair values of recognised 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 techniques for which any significant input is not based on observable market data.

The table below presents the financial assets which are carried at fair values as at 31 March 2013 and 31 December 2012 based on their fair value hierarchy:

As at 31 March 2013

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Available-for-sale investments	62,942,173	-	-	62,942,173
Advances towards investments	-	-	500,000	500,000
	<u>62,942,173</u>	<u>-</u>	<u>500,000</u>	<u>63,442,173</u>

As at 31 December 2012

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Available-for-sale investments	57,800,506	-	-	57,800,506
Advances towards investments	-	-	500,000	500,000
	<u>57,800,506</u>	<u>-</u>	<u>500,000</u>	<u>58,300,506</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013**

**9 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (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-month period ended 31 March 2013, 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.

**10 EARNINGS PER SHARE**

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

**11 RESULTS OF THE INTERIM PERIOD**

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

**12 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 17 April 2013.