

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 MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2013

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 MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2013**

INDEX	PAGE
Independent auditors' limited review report	1
Interim statement of financial position	2 - 3
Interim statement of insurance operations	4
Interim statement of shareholders' operations	5
Interim statement of shareholders' comprehensive operations	6
Interim statement of changes in shareholders' equity	7
Interim statement of insurance operations' cash flows	8
Interim statement of shareholders' operations' cash flows	9
Notes to the interim condensed financial statements	10 - 17

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Deloitte

INDEPENDENT AUDITORS' LIMITED 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 (Wala'a) - a Saudi Joint Stock Company ("the Company") as at 30 June 2013, and the related interim statements of insurance operations, shareholders' operations, shareholders' comprehensive operations for the three month and six month periods then ended, and the interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the six month period ended 30 June 2013 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

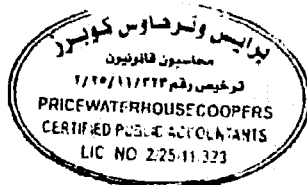
Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS - 34.

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.

PricewaterhouseCoopers

Omar M. Al Sagga
Certified Public Accountant
License Number 389



7 Ramadan 1433H
16 July 2013



Deloitte & Touche
Bakr Abulhair & Co.

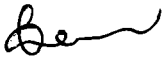
Waleed Moh'd Sobahi
Certified Public Accountant
License Number 378

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


INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

		30 June 2013 SR	31 December 2012 SR
	Note	(Un-audited)	(Audited)
INSURANCE OPERATIONS' ASSETS			
Property and equipment		3,490,458	3,207,792
Premiums and insurance balances receivable	3	108,645,343	62,065,879
Reinsurers' share of unearned premiums	4	51,158,670	44,284,121
Reinsurers' share of outstanding claims	4	82,555,769	46,153,014
Deferred policy acquisition costs	4	12,701,770	9,720,768
Due from an affiliate	5	2,760,669	1,871,945
Accrued commission income		120,360	77,903
Prepaid expenses and other assets		4,508,142	4,578,493
Cash and cash equivalents	6	102,235,610	81,786,405
TOTAL INSURANCE OPERATIONS' ASSETS		368,176,791	253,746,320
SHAREHOLDERS' ASSETS			
Statutory deposit	7	20,000,000	20,000,000
Other financial assets	8	74,704,687	64,800,506
Short-term deposits		-	26,475,994
Accrued commission income		949,272	1,167,878
Due from insurance operations		27,316,884	10,420,017
Cash and cash equivalents	6	71,860,970	60,000,000
TOTAL SHAREHOLDERS' ASSETS		194,831,813	182,864,395
TOTAL ASSETS		563,008,604	436,610,715

(Continued)



 Acquis CFO



 Chief Executive
 Officer




 Director


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

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 30 JUNE 2013

	Note	30 June 2013 SR (Un-audited)	31 December 2012 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES			
Liabilities arising from insurance contracts:			
Unearned premiums	4	124,371,686	91,115,733
Outstanding claims	4	146,648,316	107,273,881
Total liabilities arising from insurance contracts		271,020,002	198,389,614
End-of-service indemnities		2,747,080	2,180,634
Reinsurance balances payable		32,450,506	8,197,770
Unearned reinsurance commission	4	6,674,354	5,198,133
Accrued expenses and other liabilities		25,846,745	27,238,932
Due to shareholders' operations		27,316,884	10,420,017
TOTAL INSURANCE OPERATIONS' LIABILITIES		366,055,571	251,625,100
Insurance operations' surplus		2,121,220	2,121,220
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		368,176,791	253,746,320
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accrued expenses and other liabilities		7,072,361	7,727,200
SHAREHOLDERS' EQUITY			
Share capital		200,000,000	200,000,000
Accumulated losses		(33,407,504)	(36,128,195)
Fair value reserve		21,166,956	11,265,390
TOTAL SHAREHOLDERS' EQUITY		187,759,452	175,137,195
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		194,831,813	182,864,395
TOTAL LIABILITIES, INSURANCE OPERATIONS SURPLUS AND SHAREHOLDERS' EQUITY		563,008,604	436,610,715



 Acting CFO



 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 INSURANCE OPERATIONS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2013

	Note	Three-month ended 30 June 2013 SR (Un-audited)	Three-month ended 30 June 2012 SR (Un-audited)	Six-month ended 30 June 2013 SR (Un-audited)	Six-month ended 30 June 2012 SR (Un-audited)
REVENUES					
Gross premiums written	4, 5	57,143,934	60,735,423	166,950,255	135,910,755
Reinsurance premiums ceded		(17,206,418)	(15,832,647)	(66,015,955)	(28,099,576)
Net premiums written	4	39,937,516	44,902,776	100,934,300	107,811,179
Changes in unearned premiums, net		(2,876,357)	(128,998)	(26,381,404)	(21,312,465)
Net premiums earned	4	37,061,159	44,773,778	74,552,896	86,498,714
Reinsurance commission	4	3,308,486	1,955,777	6,843,291	4,522,888
Other underwriting income	4	22,873	41,975	59,237	125,065
TOTAL REVENUES		40,392,518	46,771,530	81,455,424	91,146,667
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		29,039,963	32,477,650	59,530,008	56,728,240
Reinsurers' share of claims paid		(3,356,836)	(8,940,152)	(8,579,341)	(13,472,739)
Net claims paid		25,683,127	23,537,498	50,950,667	43,255,501
Changes in outstanding claims, net		3,505,637	3,652,867	2,971,680	9,525,403
Net Incurred claims	4	29,188,764	27,190,365	53,922,347	52,780,904
Policy acquisition costs		5,295,881	5,802,169	8,426,418	11,320,979
Excess of loss expenses		1,975,231	1,514,595	3,294,766	3,029,190
Other expenses		1,037,735	1,429,219	1,841,043	2,698,523
TOTAL UNDERWRITING COSTS AND EXPENSES		37,497,611	35,936,348	67,484,574	69,829,596
NET UNDERWRITING INCOME		2,894,907	10,835,182	13,970,850	21,317,071
OTHER OPERATING EXPENSES, NET					
Operating and administrative salaries		(7,948,178)	(6,133,695)	(15,388,344)	(11,771,540)
General and administrative expenses		(3,045,232)	(3,526,517)	(6,014,036)	(6,779,238)
Commission income on bank deposits		96,948	248,436	184,239	482,361
TOTAL OTHER OPERATING EXPENSES, NET		(10,896,462)	(9,411,776)	(21,218,141)	(18,068,417)
Net (deficit) surplus from insurance operations		(8,001,555)	1,423,406	(7,247,291)	3,248,654
Insurance operations' deficit (surplus) transferred to shareholders' operations		8,001,555	(1,281,065)	7,247,291	(2,923,789)
NET SURPLUS FROM INSURANCE OPERATIONS		-	142,341	-	324,865


Acting CFO


Chief Exec. Officer

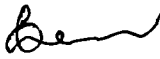

Director

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 SHAREHOLDERS' OPERATIONS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2013

	Note	Three month	Three month	Six month	Six month
		ended 30 June 2013	ended 30 June 2012	ended 30 June 2013	ended 30 June 2012
		SR	SR	SR	SR
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Net (deficit) surplus transferred from insurance operations		(8,001,555)	1,281,065	(7,247,291)	2,923,789
Commission income on bank deposits		55,583	102,837	105,137	213,352
Commission income on held-to-maturity investments		47,125	47,125	94,250	94,250
Realized fair value changes on available-for-sale investments		-	2,969,660	12,407,095	4,397,215
General and administrative expenses		(488,500)	(503,020)	(1,138,500)	(998,088)
Shareholders' net (loss) income for the period		(8,387,347)	3,897,667	4,220,691	6,630,518
Basic and diluted (loss) earnings per share	10	(0.42)	0.19	0.21	0.33
Weighted average number of outstanding shares		20,000,000	20,000,000	20,000,000	20,000,000



 Acting CFO



 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 SHAREHOLDERS' COMPREHENSIVE OPERATIONS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2013


	Three month ended 30 June 2013	Three month ended 30 June 2012	Six month ended 30 June 2013	Six month ended 30 June 2012
Note	SR	SR	SR	SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Shareholders' net (loss) income for the period	(8,387,347)	3,897,667	4,220,691	6,630,518
Unrealized fair value changes on available for sale investment	4,762,514	(8,129,970)	9,901,566	2,624,999
Provision for zakat and income tax	(750,000)	(750,000)	(1,500,000)	(1,500,000)
Total comprehensive (loss) income for the period	(4,374,833)	(4,982,303)	12,622,257	7,755,517
Basic and diluted (loss) earnings per share	(0.22)	(0.25)	0.63	0.39
Weighted average number of outstanding shares	20,000,000	20,000,000	20,000,000	20,000,000



 Acting CFO



 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 CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013

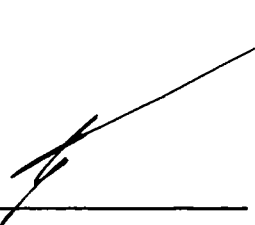
	Share capital SR	Accumulated losses SR	Fair value reserve SR	Total SR
Balance at 1 January 2012 (Audited)	200,000,000	(52,138,055)	6,623,644	154,485,589
Shareholders' net income for the period	-	6,630,518	-	6,630,518
Unrealized fair value changes on available- for-sale investments - net	-	-	2,624,999	2,624,999
Provision for zakat and income tax	-	(1,500,000)	-	(1,500,000)
Balance at 30 June 2012 (Un-audited)	200,000,000	(47,007,537)	9,248,643	162,241,106
Balance at 1 January 2013 (Audited)	200,000,000	(36,128,195)	11,265,390	175,137,195
Shareholders' net income for the period	-	4,220,691	-	4,220,691
Unrealized fair value changes on available- for-sale investments - net	-	-	9,901,566	9,901,566
Provision for zakat and income tax	-	(1,500,000)	-	(1,500,000)
Balance at 30 June 2013 (Un-audited)	200,000,000	(33,407,504)	21,166,956	187,759,452



 Acting CFO



 Chief Executive
 Officer




 Director

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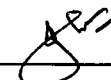
SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013

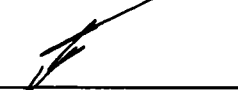
	Six month ended 30 June 2013 SR <u>(Un-audited)</u>	Six month ended 30 June 2012 SR <u>(Un-audited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (deficit) surplus from insurance operations	(7,247,291)	3,248,654
Adjustments for:		
Depreciation	658,600	575,890
Gain on disposal of property and equipment	-	(4,389)
End-of-service indemnities, net	566,446	332,129
	<u>(6,022,245)</u>	<u>4,152,284</u>
Changes in operating assets and liabilities:		
Premiums and insurance balances receivable	(46,579,464)	(19,375,630)
Reinsurers' share of unearned premiums	(6,874,549)	22,179,067
Reinsurers' share of outstanding claims	(36,402,755)	(10,580,072)
Deferred policy acquisition costs	(2,981,002)	(65,464)
Due from an affiliate	(888,724)	(535,066)
Accrued commission income	(42,457)	(4,705,454)
Prepaid expenses and other assets	70,351	4,456,528
Unearned premiums	33,255,953	2,292,942
Outstanding claims	39,374,435	20,105,475
Reinsurance balances payable	24,252,736	(25,779,591)
Unearned reinsurance commission	1,476,221	1,709,659
Accrued expenses and other liabilities	(1,392,187)	(1,892,296)
Net cash used in operating activities	<u>(2,753,687)</u>	<u>(8,037,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(941,266)	(1,422,583)
Proceeds from disposal of property and equipment	-	11,300
Net cash used in investing activities	<u>(941,266)</u>	<u>(1,411,283)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Due from (to) shareholders' operations	<u>24,144,158</u>	<u>(8,692,115)</u>
Net change in cash and cash equivalents	20,449,205	(18,141,016)
Cash and cash equivalents at the beginning of the period	<u>81,786,405</u>	<u>137,715,642</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>102,235,610</u>	<u>119,574,626</u>



 Actuarial CFO



 Chief Executive Officer




 Director

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

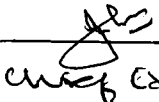
SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS' CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE, 2013


	Six month ended 30 June 2013 SR (Un-audited)	Six month ended 30 June 2012 SR (Un-audited)
SHAREHOLDERS' CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	4,220,691	6,630,518
Adjustments for:		
Commission income	(105,137)	(213,352)
Realized fair value changes on available-for-sale investments	12,407,095	(4,397,215)
	16,522,649	2,019,951
Changes in operating assets and liabilities:		
Due (to) from insurance operations	(16,896,867)	5,768,326
Accrued expenses and other liabilities	(2,160,069)	(1,280,381)
Net cash (used in) generated from operating activities	(2,534,287)	6,527,896
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term deposits	26,475,994	(6,422,049)
Movement in other financial assets, net	(12,404,480)	(6,550,000)
Commission income received	323,743	171,578
Net cash generated from (used in) investing activities	14,395,257	(12,800,471)
Net change in cash and cash equivalents	11,860,970	(6,272,575)
Cash and cash equivalents at the beginning of the period	60,000,000	26,272,575
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	71,860,970	20,000,000
Non-cash transaction:		
Unrealized gain on available-for-sale investments	9,901,566	2,624,999



 Acting CFO



 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 SIX MONTH PERIOD ENDED 30 JUNE 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 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 six month period ended 30 June 2013 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 adjustments 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 year'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 2012, 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 2012.

<u>Standard</u>	<u>Description</u>
Amendments to IAS 1	Presentation of Financial Statements
Amendments to IAS 19	Employee benefits
Amendments to IFRS 7	Financial instruments: Disclosures on asset and liability offsetting
Amendments to IFRS 1	'First time adoption' on government loans
Amendments to IFRS 10, 11 and 12	Transition guidance
IFRIC 20	Stripping cost in the production phase of surface mine
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in other entities

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

IFRS 13 Fair Value Measurement
IAS 27 Separate financial statements

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 2014:

<u>Standard</u>	<u>Description</u>
Amendments to IAS 32	Financial instruments: Presentation on asset and liability offsetting
Amendments to IFRS 9	Financial instruments

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 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

		30 June 2013	31 December 2012
	Note	SR	SR
		(Un-audited)	(Audited)
Premiums receivable	5	119,575,728	73,594,210
Insurance and reinsurance receivables		1,614,225	1,206,173
Allowance for doubtful debts		(12,544,610)	(12,734,504)
		108,645,343	62,065,879

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 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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013

4. SEGMENTAL INFORMATION (Continued)

Operating segments

	Medical SR	Motor SR	Property SR	Others SR	Total SR
For the three month period ended 30 June 2013 (Un-audited)					
Gross premiums written	12,276,117	17,988,002	10,176,727	16,703,088	57,143,934
Net premiums written	12,276,117	17,958,988	832,468	8,869,943	39,937,516
Net premium earned	9,488,607	19,311,181	752,912	7,508,459	37,061,159
Reinsurance commission	-	49,303	2,119,077	1,140,106	3,308,486
Other underwriting income	-	10,110	2,055	10,708	22,873
Net incurred claims	(5,266,417)	(19,340,351)	(808,120)	(3,773,876)	(29,188,764)
Other underwriting expenses	(1,145,289)	(3,122,555)	(1,051,951)	(2,989,052)	(8,308,847)
Other general and administrative expenses (unallocated)					(10,993,410)
Deficit from insurance operations					(8,098,503)
Commission income on bank deposits					96,948
Net deficit from insurance operations					(8,001,555)

	Medical SR	Motor SR	Property SR	Others SR	Total SR
For the six month period ended 30 June 2013 (Un-audited)					
Gross premiums written	19,964,765	61,525,612	51,541,900	33,917,978	166,950,255
Net premiums written	19,964,765	60,544,049	2,414,763	18,010,723	100,934,300
Net premium earned	21,666,200	37,262,801	1,407,783	14,216,112	74,552,896
Reinsurance commission	612,872	94,002	3,998,036	2,138,381	6,843,291
Other underwriting income	-	28,090	7,045	24,102	59,237
Net incurred claims	(10,814,395)	(33,265,917)	(1,263,371)	(8,578,664)	(53,922,347)
Other underwriting expenses	(2,365,753)	(4,508,333)	(1,699,845)	(4,988,296)	(13,562,227)
Other general and administrative expenses (unallocated)					(21,402,380)
Deficit from insurance operations					(7,431,530)
Commission income on bank deposits					184,239
Net deficit from insurance operations					(7,247,291)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2013

4. SEGMENTAL INFORMATION (Continued)

Operating Segments (Continued)

	Medical SR	Motor SR	Property SR	Others SR	Total SR
As at 30 June 2013 (Un-audited)					
Insurance operations' assets					
Reinsurers' share of unearned premiums	-	511,524	28,302,817	22,344,329	51,158,670
Reinsurers' share of outstanding claims	764,565	869,350	45,165,389	35,756,465	82,555,769
Deferred policy acquisition costs	4,678,338	3,608,050	1,876,110	2,539,272	12,701,770
Unallocated assets	-	-	-	-	221,760,582
Total assets	5,442,903	4,988,924	75,344,316	60,640,066	368,176,791
Insurance operations' liabilities					
Unearned premiums	20,214,480	42,103,715	29,835,433	32,218,058	124,371,686
Outstanding claims	12,952,505	34,189,969	48,780,160	50,725,682	146,648,316
Unearned reinsurance commission	219,998	102,318	3,784,428	2,567,610	6,674,354
Unallocated liabilities	-	-	-	-	90,482,435
Total liabilities	33,386,983	76,396,002	82,400,021	85,511,350	368,176,791
For the three month period ended 30 June 2012 (Un-audited)					
	Medical SR	Motor SR	Property SR	Others SR	Total SR
Gross premiums written	21,578,911	14,842,671	9,949,552	14,364,289	60,735,423
Net premium written	21,476,097	14,811,142	1,045,004	7,570,533	44,902,776
Net premiums earned	20,637,837	15,407,301	40,147	8,688,493	44,773,778
Reinsurance commission	6	56,450	1,452,098	447,223	1,955,777
Other underwriting income	(10)	29,890	1,885	10,210	41,975
Net incurred claims	(4,601,267)	(16,542,344)	(612,670)	(5,434,084)	(27,190,365)
Other underwriting expenses	(2,601,911)	(2,156,692)	(979,713)	(3,007,667)	(8,745,983)
Other general and administrative expenses (unallocated)					(9,660,212)
Surplus from insurance operations					1,174,970
Commission income on bank deposits					248,436
Net surplus from insurance operations					1,423,406

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2013

4. SEGMENTAL INFORMATION (Continued)

Operating Segments (Continued)

For the six month period ended 30
June 2012 (Un-audited)

	Medical SR	Motor SR	Property SR	Others SR	Total SR
Insurance operations					
Gross premiums written	51,590,986	40,912,025	17,718,935	25,688,809	135,910,755
Net premium written	51,124,540	39,818,365	2,081,458	14,786,816	107,811,179
Net premiums earned	39,832,716	31,400,432	653,326	14,612,240	86,498,714
Reinsurance commission	26	109,266	2,896,874	1,516,722	4,522,888
Other underwriting income	1,250	95,235	6,100	22,480	125,065
Net incurred claims	(7,649,884)	(35,349,749)	(1,346,830)	(8,434,441)	(52,780,904)
Other underwriting expenses	(6,128,410)	(4,203,969)	(1,992,134)	(4,724,179)	(17,048,692)
Other general and administrative expenses (unallocated)					(18,550,778)
Surplus from insurance operations					2,766,293
Commission income on bank deposits					482,361
Net surplus from insurance operations					3,248,654

	Medical SR	Motor SR	Property SR	Others SR	Total SR
As at 31 December 2012 (Audited)					
Insurance operations' assets					
Reinsurers' share of unearned premiums	(523,008)	-	21,477,960	23,329,169	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	9,971,330	3,204,811	32,019,003	54,962,759	253,746,320
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	-	-	-	-	50,158,573
Total liabilities	41,744,224	50,767,863	36,591,844	74,483,816	253,746,320

Geographical segments

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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2013

5. RELATED PARTY TRANSACTIONS

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

	30 June 2013 SR	30 June 2012 SR
	(Un-audited)	(Un-audited)
Gross premium received from Directors and their related parties	1,574,358	1,556,626
Amount received on behalf of an affiliate	262,139	-
Amount charged to an affiliate	1,150,863	808,036

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

	30 June 2013 SR	31 December 2012 SR
	(Un-audited)	(Audited)
Premiums receivable from Directors and their related parties	654,592	561,589
Claims payable to Directors and related parties / affiliate	(872,593)	-
Due from an affiliate	2,760,669	1,871,945

6. CASH AND CASH EQUIVALENTS

Insurance operations

	30 June 2013 SR	31 December 2012 SR
	(Un-audited)	(Audited)
Cash in hand	72,000	72,000
Cash at banks	61,838,610	41,650,405
Short-term deposits	40,325,000	40,064,000
	102,235,610	81,786,405

Shareholders' operations

	30 June 2013 SR	31 December 2012 SR
	(Un-audited)	(Audited)
Cash at banks	45,000,000	60,000,000
Short-term deposits	26,860,970	-
	71,860,970	60,000,000

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2013

6. CASH AND CASH EQUIVALENTS (Continued)

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

Short-term 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% as at 30 June 2013 (31 December 2012: 0.80% to 1.1%).

7. STATUTORY DEPOSIT

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

8. OTHER FINANCIAL ASSETS

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

	30 June 2013 SR (Un-audited)	31 December 2012 SR (Audited)
Held-to-maturity	6,500,000	6,500,000
Available-for-sale	67,704,687	57,800,506
Advances	500,000	500,000
	<u>74,704,687</u>	<u>64,800,506</u>

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 capital of the Company. No transfer has been made during the period due to accumulated losses at the period end.

10. (LOSS) EARNINGS PER SHARE

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

Basic diluted (loss) earnings per share from shareholders' comprehensive operations is calculated by dividing total comprehensive (loss) 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, investments and other assets and its financial liabilities consist of payable 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.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2013**

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

The table below presents the financial assets which are carried at fair values as at 30 June 2013 and 31 December 2012 based on their value hierarchy

As at 30 June 2013

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Available-for-sale investments	67,704,687	-	-	67,704,687
Advances towards investments	-	-	500,000	500,000
	<u>67,704,687</u>	<u>-</u>	<u>500,000</u>	<u>68,204,687</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>

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 six-month period ended June 30, 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.

12. CONTINGENCIES

During 2011, one of the Company's agents filed a law suit of Saudi Riyal 74.7 million against the Company towards unsubstantiated amounts and damages as a result of alleged breach of agreement. Management believes that the outcome of this case in plaintiff's favour is remote as there is no valid base for this case; accordingly no provision has been made.

13. RESULTS OF THE INTERIM PERIOD

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

14 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 16 July 2013.