

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 AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 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 MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2013**

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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 September 2013, and the related interim statements of insurance operations, shareholders' income, shareholders' comprehensive income for the three-month and nine-month periods then ended, and the interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the nine month period ended 30 September 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.

**Deloitte & Touche
Bakr Abulkhair & Co.**

Waleed Moh'd Sobahi
Certified Public Accountant
License Number 378



PricewaterhouseCoopers

Omar M. Al Sagga
Certified Public Accountant
License Number 369



23 October 2013

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

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

		30 September 2013 SR (Un-audited)	31 December 2012 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Property and equipment		4,334,787	3,207,792
Premiums and insurance balances receivable	3	91,533,135	62,065,879
Reinsurers' share of unearned premiums	4	82,839,926	44,284,121
Reinsurers' share of outstanding claims	4	91,583,765	46,153,014
Deferred policy acquisition costs	4	13,150,457	9,720,768
Due from an affiliate	5	2,987,300	1,871,945
Accrued commission income		223,412	77,903
Prepaid expenses and other assets		4,717,921	4,578,493
Cash and cash equivalents	6	99,435,996	81,786,405
TOTAL INSURANCE OPERATIONS' ASSETS		390,806,699	253,746,320
SHAREHOLDERS' ASSETS			
Statutory deposit	7	20,000,000	20,000,000
Other financial assets	8	95,148,854	64,800,506
Short-term deposits		26,860,970	26,475,994
Accrued commission income		1,005,647	1,167,878
Due from insurance operations		21,401,864	10,420,017
Cash and cash equivalents	6	45,055,639	60,000,000
TOTAL SHAREHOLDERS' ASSETS		209,472,974	182,864,395
TOTAL ASSETS		600,279,673	436,610,715

(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 30 SEPTEMBER 2013

	Note	30 September 2013 SR (Un-audited)	31 December 2012 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES			
Liabilities arising from insurance contracts:			
Unearned premiums	4	155,692,476	91,115,733
Outstanding claims	4	162,290,353	107,273,881
Total liabilities arising from insurance contracts		317,982,829	198,389,614
End-of-service indemnities		2,962,732	2,180,634
Reinsurance balances payable		11,785,444	8,197,770
Unearned reinsurance commission	4	7,521,348	5,198,133
Accrued expenses and other liabilities		26,982,399	27,238,932
Due to shareholders' operations		21,401,864	10,420,017
TOTAL INSURANCE OPERATIONS' LIABILITIES		388,636,616	251,625,100
Insurance operations' surplus		2,170,083	2,121,220
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		390,806,699	253,746,320
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accrued expenses and other liabilities		8,004,331	7,727,200
SHAREHOLDERS' EQUITY			
Share capital		200,000,000	200,000,000
Accumulated losses		(26,247,961)	(36,128,195)
Fair value reserve		27,716,604	11,265,390
TOTAL SHAREHOLDERS' EQUITY		201,468,643	175,137,195
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		209,472,974	182,864,395
TOTAL LIABILITIES, INSURANCE OPERATIONS SURPLUS AND SHAREHOLDERS' EQUITY		600,279,673	436,610,715


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 INSURANCE OPERATIONS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2013**

	Note	Three-months ended 30 September 2013 SR (Un-audited)	Three-months ended 30 September 2012 SR (Un-audited)	Nine-months ended 30 September 2013 SR (Un-audited)	Nine-months ended 30 September 2012 SR (Un-audited)
REVENUES					
Gross premiums written	4, 5	109,749,993	62,937,599	276,700,248	198,848,354
Reinsurance premiums ceded		(71,130,294)	(39,161,059)	(137,146,249)	(67,260,635)
Net premiums written	4	38,619,699	23,776,540	139,553,999	131,587,719
Changes in unearned premiums, net		360,466	20,998,911	(26,020,938)	(313,554)
Net premiums earned	4	38,980,165	44,775,451	113,533,061	131,274,165
Reinsurance commission	4	11,656,471	2,976,915	18,499,762	7,499,803
Other underwriting income	4	17,221	21,123	76,458	146,188
TOTAL REVENUES		50,653,857	47,773,489	132,109,281	138,920,156
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		22,405,668	26,494,078	81,935,676	83,222,318
Reinsurers' share of claims paid		(6,041,647)	(6,747,186)	(14,620,988)	(20,219,925)
Net claims paid		16,364,021	19,746,892	67,314,688	63,002,393
Changes in outstanding claims, net		6,614,041	2,527,615	9,585,721	12,053,018
Net incurred claims	4	22,978,062	22,274,507	76,900,409	75,055,411
Policy acquisition costs		5,320,650	5,780,230	13,747,068	17,101,209
Excess of loss expenses		1,519,687	1,556,556	4,814,453	4,585,746
Other expenses		958,981	1,455,625	2,800,024	4,154,148
TOTAL UNDERWRITING COSTS AND EXPENSES		30,777,380	31,066,918	98,261,954	100,896,514
NET UNDERWRITING INCOME		19,876,477	16,706,571	33,847,327	38,023,642
OTHER OPERATING EXPENSES, NET					
Operating and administrative salaries		(7,698,262)	(6,440,710)	(23,086,606)	(18,212,250)
General and administrative expenses		(4,545,344)	(4,439,980)	(10,559,380)	(11,219,218)
Commission income on bank deposits		103,052	218,538	287,291	700,899
TOTAL OTHER OPERATING EXPENSES, NET		(12,140,554)	(10,662,152)	(33,358,695)	(28,730,569)
Net surplus from insurance operations		7,735,923	6,044,419	488,632	9,293,073
Insurance operations' surplus transferred to shareholders' operations		(6,962,331)	(5,439,977)	(439,769)	(8,363,766)
NET SURPLUS FROM INSURANCE OPERATIONS		773,592	604,442	48,863	929,307

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

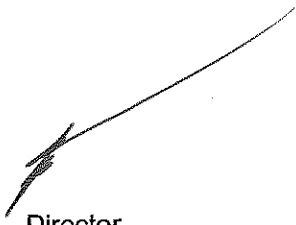
SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' INCOME
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2013

	Three-months ended 30 September 2013	Three-months ended 30 September 2012	Nine-months ended 30 September 2013	Nine-months ended 30 September 2012
Note	SR	SR	SR	SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Net surplus transferred from insurance operations	6,962,331	5,439,977	439,769	8,363,766
Commission income on bank deposits	128,223	196,998	233,360	410,350
Commission income on held-to-maturity investments	47,126	47,126	141,376	141,376
Realized fair value changes on available-for-sale investments	497,134	-	12,904,229	4,397,215
General and administrative expenses	(450,000)	(1,110,000)	(1,588,500)	(2,108,088)
Shareholders' net income for the period	7,184,814	4,574,101	12,130,234	11,204,619
Basic and diluted earnings per share	0.36	0.23	0.61	0.56
Weighted average number of outstanding shares	20,000,000	20,000,000	20,000,000	20,000,000


 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)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2013

	Three-months ended 30 September 2013	Three-months ended 30 September 2012	Nine-months ended 30 September 2013	Nine-months ended 30 September 2012
Note	SR	SR	SR	SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Shareholders' net income for the period	7,184,814	4,574,101	12,130,234	11,204,619
Unrealized fair value changes on available-for-sale investment	6,549,648	1,990,673	16,451,214	4,615,672
Provision for zakat and income tax	(750,000)	(750,000)	(2,250,000)	(2,250,000)
Total comprehensive income for the period	12,984,462	5,814,774	26,331,448	13,570,291
Basic and diluted earnings per share	0.65	0.29	1.32	0.68
Weighted average number of outstanding shares	20,000,000	20,000,000	20,000,000	20,000,000


 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 CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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	-	11,204,619	-	11,204,619
Unrealized fair value changes on available- for-sale investments - net	-	-	4,615,672	4,615,672
Provision for zakat and income tax	-	(2,250,000)	-	(2,250,000)
Balance at 30 September 2012 (Un-audited)	200,000,000	(43,183,436)	11,239,316	168,055,880
Balance at 1 January 2013 (Audited)	200,000,000	(36,128,195)	11,265,390	175,137,195
Shareholders' net income for the period	-	12,130,234	-	12,130,234
Unrealized fair value changes on available- for-sale investments - net	-	-	16,451,214	16,451,214
Provision for zakat and income tax	-	(2,250,000)	-	(2,250,000)
Balance at 30 September 2013 (Un-audited)	200,000,000	(26,247,961)	27,716,604	201,468,643


 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' CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2013

	Nine-month ended 30 September 2013 SR (Un-audited)	Nine-month ended 30 September 2012 SR (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus from insurance operations	488,632	9,293,073
Adjustments for:		
Depreciation	1,013,832	925,549
End-of-service indemnities, net	782,098	529,464
	<u>2,284,562</u>	<u>10,748,086</u>
Changes in operating assets and liabilities:		
Premiums and insurance balances receivable	(29,467,256)	(21,143,523)
Reinsurers' share of unearned premiums	(38,555,805)	14,003,068
Reinsurers' share of outstanding claims	(45,430,751)	(10,718,103)
Deferred policy acquisition costs	(3,429,689)	1,715,131
Due from an affiliate	(1,115,355)	(64,708)
Accrued commission income	(145,509)	(530,650)
Prepaid expenses and other assets	(139,428)	(929,046)
Unearned premiums	64,576,743	(10,529,970)
Outstanding claims	55,016,472	22,771,121
Reinsurance balances payable	3,587,674	(20,781,280)
Unearned reinsurance commission	2,323,215	1,930,689
Accrued expenses and other liabilities	(256,533)	(552,190)
Net cash generated from (used in) operating activities	<u>9,248,340</u>	<u>(14,081,375)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,140,827)	(1,975,451)
CASH FLOWS FROM FINANCING ACTIVITY		
Due to shareholders' operations, net	10,542,078	(8,902,075)
Net change in cash and cash equivalents	<u>17,649,591</u>	<u>(24,958,901)</u>
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 (note 6)	<u>99,435,996</u>	<u>112,756,741</u>


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 SHAREHOLDERS' OPERATIONS' CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER, 2013

	Nine-month ended 30 September 2013 SR (Un-audited)	Nine-month ended 30 September 2012 SR (Un-audited)
SHAREHOLDERS' CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	12,130,234	11,204,619
Adjustments for:		
Commission income	(233,360)	(410,350)
Realized fair value changes on available-for-sale investments	<u>(12,904,229)</u>	<u>(4,397,215)</u>
	(1,007,355)	6,397,054
Changes in operating assets and liabilities:		
Due from insurance operations, net	(10,981,847)	538,309
Accrued expenses and other liabilities	<u>219,413</u>	<u>2,683,899</u>
Net cash (used in) generated from operations	(11,769,789)	9,619,262
Zakat paid	<u>(2,192,282)</u>	<u>(1,446,178)</u>
Net cash (used in) generated from operating activities	(13,962,071)	8,173,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term deposits	(384,976)	(6,422,049)
Movement in other financial assets, net	(992,905)	(8,203,972)
Commission income received	<u>395,591</u>	<u>284,273</u>
Net cash used in investing activities	(982,290)	(14,341,748)
Net change in cash and cash equivalents	(14,944,361)	(6,168,664)
Cash and cash equivalents at the beginning of the period	<u>60,000,000</u>	<u>26,272,575</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 6)	45,055,639	20,103,911
<u>Non-cash transaction:</u>		
Unrealized gain on available-for-sale investments	<u>16,451,214</u>	<u>4,615,672</u>


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 AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 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 three months and nine months periods ended 30 September 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.

Standard

Amendments to IAS 1
Amendments to IAS 19
Amendments to IFRS 7
Amendments to IFRS 1

Description

Presentation of Financial Statements
Employee benefits
Financial instruments: Disclosures on asset and liability
offsetting
'First time adoption' on government loans

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Accounting policies (Continued)

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
IFRS 13	Fair Value Measurement
IAS 27	Separate financial statements

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>Name of the standard / interpretation</u>
IFRS 9	Financial Instruments- Classification and measurement
Amendments to IFRS 7	Financial Instruments- Disclosures
Amendments to IFRS 10	Consolidated Financial Statements
Amendments to IFRS 12	Disclosure 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

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.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2013**

3. PREMIUMS AND INSURANCE BALANCES RECEIVABLE

		30 September 2013	31 December 2012
	Note	SR	SR
		(Un-audited)	(Audited)
Premiums receivable	5	103,602,448	73,594,210
Insurance and reinsurance receivables		1,475,297	1,206,173
Allowance for doubtful debts		(13,544,610)	(12,734,504)
		91,533,135	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.

Operating segments

	Medical SR	Motor SR	Property SR	Others SR	Total SR
For the three month period ended 30 September 2013 (Un-audited)					
Gross premiums written	10,450,540	13,640,084	65,293,409	20,365,960	109,749,993
Net premiums written	10,450,540	13,619,029	1,601,202	12,948,928	38,619,699
Net premium earned	9,319,845	20,899,843	1,294,580	7,465,897	38,980,165
Reinsurance commission	8,042,940	52,764	2,164,911	1,395,856	11,656,471
Other underwriting income	-	6,899	1,422	8,900	17,221
Net incurred claims	(4,688,526)	(12,193,944)	(981,819)	(5,113,773)	(22,978,062)
Other underwriting expenses	(1,489,498)	(3,221,850)	(1,059,785)	(2,028,185)	(7,799,318)
Other general and administrative expenses (unallocated)					(12,243,606)
Surplus from insurance operations					7,632,871
Commission income on bank deposits					103,052
Net surplus from insurance operations					7,735,923

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2013**

4. SEGMENTAL INFORMATION (Continued)

Operating segments (continued)

	Medical SR	Motor SR	Property SR	Others SR	Total SR
For the Nine month period ended 30 September 2013 (Un-audited)					
Gross premiums written	30,415,305	75,165,696	116,835,309	54,283,938	276,700,248
Net premiums written	30,415,305	74,163,078	4,015,965	30,959,651	139,553,999
Net premium earned	30,986,045	58,162,644	2,702,363	21,682,009	113,533,061
Reinsurance commission	8,655,812	146,766	6,162,947	3,534,237	18,499,762
Other underwriting income	-	34,989	8,465	33,004	76,458
Net incurred claims	(18,840,755)	(45,459,861)	(2,245,190)	(10,354,603)	(76,900,409)
Other underwriting expenses	(3,447,926)	(7,730,183)	(2,759,630)	(7,423,806)	(21,361,545)
Other general and administrative expenses (unallocated)					(33,645,986)
Surplus from insurance operations					201,341
Commission income on bank deposits					287,291
Net surplus from insurance operations					488,632

	Medical SR	Motor SR	Property SR	Others SR	Total SR
As at 30 September 2013 (Un-audited)					
Insurance operations' assets					
Reinsurers' share of unearned premiums	-	268,764	63,646,583	18,924,579	82,839,926
Reinsurers' share of outstanding claims	764,565	576,519	52,295,019	37,947,662	91,583,765
Deferred policy acquisition costs	4,755,650	3,106,263	1,921,816	3,366,728	13,150,457
Unallocated assets	-	-	-	-	203,232,551
Total assets	5,520,215	3,951,546	117,863,418	60,238,969	390,806,699
Insurance operations' liabilities					
Unearned premiums	21,345,175	34,580,141	65,494,145	34,273,015	155,692,476
Outstanding claims	12,952,505	36,022,118	56,522,683	56,793,047	162,290,353
Unearned reinsurance commission	219,998	53,766	4,787,864	2,459,720	7,521,348
Unallocated liabilities	-	-	-	-	65,302,522
Total liabilities	34,517,678	70,656,025	126,804,692	93,525,782	390,806,699

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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4. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

**For the three month period ended
30 September 2012 (Un-audited)**

	Medical SR	Motor SR	Property SR	Others SR	Total SR
Gross premiums written	3,811,549	8,235,533	33,634,177	17,256,340	62,937,599
Net premium written	3,811,549	8,392,349	258,881	11,313,761	23,776,540
Net premiums earned	21,753,103	14,677,194	892,631	7,452,523	44,775,451
Reinsurance commission	-	31,279	1,708,054	1,237,582	2,976,915
Other underwriting income	-	9,405	1,755	9,963	21,123
Net incurred claims	(7,242,057)	(11,520,403)	(237,576)	(3,274,471)	(22,274,507)
Other underwriting expenses	(3,392,700)	(1,959,371)	(940,330)	(2,500,010)	(8,792,411)
Other general and administrative expenses (unallocated)					(10,880,690)
Surplus from insurance operations					5,825,881
Commission income on bank deposits					218,538
Net surplus from insurance operations					6,044,419

**For the nine month period ended
30 September 2012 (Un-audited)**

	Medical SR	Motor SR	Property SR	Others SR	Total SR
Insurance operations					
Gross premiums written	55,402,535	49,147,558	51,353,112	42,945,149	198,848,354
Net premium written	54,936,089	48,210,714	2,340,339	26,100,577	131,587,719
Net premiums earned	61,585,819	46,077,626	1,545,957	22,064,763	131,274,165
Reinsurance commission	-	140,545	4,604,928	2,754,330	7,499,803
Other underwriting income	1,250	104,640	7,855	32,443	146,188
Net incurred claims	(14,891,941)	(46,870,152)	(1,584,406)	(11,708,912)	(75,055,411)
Other underwriting expenses	(9,521,110)	(6,163,340)	(2,932,464)	(7,224,189)	(25,841,103)
Other general and administrative expenses (unallocated)					(29,431,468)
Surplus from insurance operations					8,592,174
Commission income on bank deposits					700,899
Net surplus from insurance operations					9,293,073

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4. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

	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.

5. RELATED PARTY TRANSACTIONS

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

	30 September 2013 SR (Un-audited)	30 September 2012 SR (Un-audited)
Gross premium received from Directors and their related parties	1,619,609	1,648,942
Amount received on behalf of an affiliate	336,669	-
Amount charged to an affiliate	1,452,024	808,036

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5. RELATED PARTY TRANSACTIONS (Continued)

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

	30 September 2013 SR	31 December 2012 SR
	(Un-audited)	(Audited)
Premiums receivable from Directors and their related parties	702,818	561,589
Claims payable to Directors and related parties / affiliate	(1,027,890)	-
Due from an affiliate	2,987,300	1,871,945

6. CASH AND CASH EQUIVALENTS

Insurance operations

	30 September 2013 SR	31 December 2012 SR
	(Un-audited)	(Audited)
Cash in hand	67,000	72,000
Cash at banks	59,043,996	41,650,405
Short-term deposits	40,325,000	40,064,000
	99,435,996	81,786,405

Shareholders' operations

	30 September 2013 SR	31 December 2012 SR
	(Un-audited)	(Audited)
Cash at banks	45,055,639	60,000,000

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 September 2013 (31 December 2012: 0.80% to 1.1%).

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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 September 2013 SR (Un-audited)	31 December 2012 SR (Audited)
Held-to-maturity	6,500,000	6,500,000
Available-for-sale	88,148,854	57,800,506
Advances towards investments	500,000	500,000
	95,148,854	64,800,506

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 share capital of the Company. No 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 is calculated by dividing net income for the period by weighted average number of ordinary shares outstanding during the period.

Basic 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, 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.

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)

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11. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

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 September 2013 and 31 December 2012 based on their value hierarchy

As at 30 September 2013 (Un-audited)

	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR
Available-for-sale investments	88,148,854	-	-	88,148,854
Advances towards investments	-	-	500,000	500,000
Held-to-maturity	-	6,500,000	-	6,500,000
	88,148,854	6,500,000	500,000	95,148,854

As at 31 December 2012 (Audited)

	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR
Available-for-sale investments	57,800,506	-	-	57,800,506
Advances towards investments	-	-	500,000	500,000
Held-to-maturity	-	6,500,000	-	6,500,000
	57,800,506	6,500,000	500,000	64,800,506

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 nine-month period ended September 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 23 October 2013.