

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

INTERIM FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REVIEW REPORT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW
REPORT**
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

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

INDEPENDENT AUDITORS' REVIEW REPORT

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 2012, 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 2012 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:

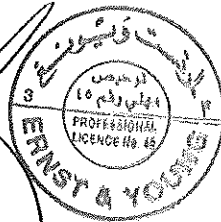
Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF A MATTER:

We draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

Ernst & Young

Abdulaziz-Saud Alshubaibi
Certified Public Accountant
Registration No. 339



27 Sha'ban 1433H
17 July 2012

PricewaterhouseCoopers

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 30 JUNE 2012

	Note	30 June 2012 SR (Un-audited)	31 December 2011 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Property and equipment		3,154,511	2,314,729
Insurance receivables	3	76,635,541	57,259,911
Reinsurers' share of unearned premiums	4	52,714,035	74,893,102
Reinsurers' share of outstanding claims	4	55,940,634	45,360,562
Deferred policy acquisition costs	4	13,824,659	13,759,195
Due from an affiliate	5	535,066	-
Accrued commission income		424,076	111,964
Prepaid expenses and other assets		4,817,418	4,880,604
Cash and cash equivalents	6	119,574,626	137,715,642
TOTAL INSURANCE OPERATIONS' ASSETS		327,620,566	336,295,709
SHAREHOLDERS' ASSETS			
Statutory deposit	7	20,000,000	20,000,000
Other financial assets	8	64,968,936	51,396,722
Short term deposit		46,422,049	40,000,000
Accrued commission income		799,714	757,940
Due from insurance operations		15,040,595	20,808,921
Cash and cash equivalents	6	20,000,000	26,272,575
TOTAL SHAREHOLDERS' ASSETS		167,231,294	159,236,158
TOTAL ASSETS		494,851,860	495,531,867


 DIRECTOR


 ACCOUNTING CFO



 ACCOUNTING CFO

The accompanying notes are 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 JUNE 2012

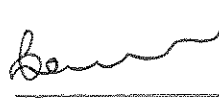
	Note	30 June 2012 SR (Un-audited)	31 December 2011 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES			
Liabilities arising from insurance contracts			
Unearned premiums	4	140,095,977	137,803,035
Outstanding claims	4	115,195,708	95,090,233
Total liabilities arising from insurance contracts		255,291,685	232,893,268
End-of-service indemnities		1,823,012	1,490,883
Reinsurance payables		41,685,700	67,465,291
Unearned reinsurance commission	4	6,570,394	4,860,735
Accrued expenses and other liabilities		6,282,984	8,175,280
Due to shareholders' operations		15,040,595	20,808,921
Share of surplus		926,196	601,331
TOTAL INSURANCE OPERATIONS' LIABILITIES		327,620,566	336,295,709
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accrued expenses and other liabilities		4,990,188	4,750,569
SHAREHOLDERS' EQUITY			
Share capital		200,000,000	200,000,000
Accumulated losses		(47,007,537)	(52,138,055)
Fair value reserve on available -for-sale investments		9,248,643	6,623,644
TOTAL SHAREHOLDERS' EQUITY		162,241,106	154,485,589
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		167,231,294	159,236,158
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		494,851,860	495,531,867



 DIRECTOR



 Accounting CFO



 Accounting CFO

The accompanying notes are 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 2012

	Note	Three months ended 30 June 2012 SR (Un-audited)	Three months ended 30 June 2011 SR (Un-audited)	Six months ended 30 June 2012 SR (Un-audited)	Six months ended 30 June 2011 SR (Un-audited)
REVENUES					
Gross written premiums	4,5	60,735,423	73,337,881	135,910,755	136,055,153
Reinsurance ceded premiums		(15,832,647)	(41,968,122)	(28,099,576)	(66,411,664)
Net written premiums		44,902,776	31,369,759	107,811,179	69,643,489
Changes in unearned premiums		(128,998)	7,228,268	(21,312,465)	10,721,449
Net earned premiums	4	44,773,778	38,598,027	86,498,714	80,364,938
Reinsurance commission	4	1,955,777	3,218,710	4,522,888	6,634,145
Other underwriting income	4	41,975	171,291	125,065	227,642
TOTAL REVENUES		46,771,530	41,988,028	91,146,667	87,226,725
UNDERWRITING COSTS AND EXPENSES					
Gross paid claims		32,477,650	31,048,672	56,728,240	65,277,325
Reinsurance share of claims paid		(8,940,152)	(7,581,248)	(13,472,739)	(16,194,299)
Net paid claims		23,537,498	23,467,424	43,255,501	49,083,026
Changes in outstanding claims		3,652,867	8,698,517	9,525,403	10,196,174
Net incurred claims	4	27,190,365	32,165,941	52,780,904	59,279,200
Policy acquisition costs		5,802,169	7,123,307	11,320,979	14,362,846
Excess of loss expenses		1,514,595	1,947,018	3,029,190	3,388,905
Other expenses		1,429,219	1,221,632	2,698,523	2,084,287
TOTAL UNDERWRITING COSTS AND EXPENSES		35,936,348	42,457,898	69,829,596	79,115,238
Net underwriting income/(loss)		10,835,182	(469,870)	21,317,071	8,111,487
OTHER OPERATING EXPENSES, NET					
Operating and administrative salaries		(6,133,695)	(6,059,052)	(11,771,540)	(11,821,711)
General and administrative expenses		(3,526,517)	(3,426,551)	(6,779,238)	(5,394,826)
Commission income from bank deposits		248,436	91,512	482,361	174,804
TOTAL OTHER OPERATING EXPENSES, NET		(9,411,776)	(9,394,091)	(18,068,417)	(17,041,733)
Net surplus/(deficit) from insurance operations		1,423,406	(9,863,961)	3,248,654	(8,930,246)
Insurance operations' (surplus)/deficit transferred to shareholders' operations		(1,281,065)	9,863,961	(2,923,789)	8,930,246
NET SURPLUS FROM INSURANCE OPERATIONS		142,341	-	324,865	-


DIRECTOR


Acting CEO



Acting CFO

The accompanying notes are 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 2012


	Three months ended 30 June 2012	Three months ended 30 June 2011	Six months ended 30 June 2012	Six months ended 30 June 2011
Note	SR (Un-audited)	SR (Un-audited)	SR (Un-audited)	SR (Un-audited)
Net surplus/(deficit) transferred from insurance operations	1,281,065	(9,863,961)	2,923,789	(8,930,246)
Commission income from bank deposits	102,837	158,012	213,352	357,802
Commission income on held-to-maturity investments	47,125	47,125	94,250	94,250
Realised fair value changes on available-for-sale investments	2,969,660	-	4,397,215	-
General and administrative expenses	(503,020)	(507,760)	(998,088)	(957,760)
Net income/(loss) for the period	3,897,667	(10,166,584)	6,630,518	(9,435,954)
Earnings/(loss) per share	0.19	(0.51)	0.33	(0.47)
Weighted average number of outstanding shares	20,000,000	20,000,000	20,000,000	20,000,000



 DIRECTOR



 ACTING CEO




 ACTING CFO

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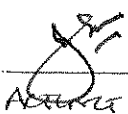
SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2012


	Note	Three months	Three months	Six months	Six months
		ended 30 June 2012	ended 30 June 2011	ended 30 June 2012	ended 30 June 2011
		SR	SR	SR	SR
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Net income/(loss) for the period		3,897,667	(10,166,584)	6,630,518	(9,435,954)
Unrealized fair value changes on available-for-sale investments		(8,129,970)	1,004,003	2,624,999	1,501,701
Provision for Zakat and income tax		(750,000)	(624,999)	(1,500,000)	(624,999)
Total comprehensive (loss)/income for the period		(4,982,303)	(9,787,580)	7,755,517	(8,559,252)
(Loss)/earnings per share	9	(0.25)	(0.49)	0.39	(0.43)
Weighted average number of outstanding shares		20,000,000	20,000,000	20,000,000	20,000,000



 DIRECTOR



 ACTING CEO




 ACTING CFO

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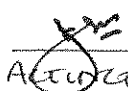
SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012


	Share capital SR (Un-audited)	Accumulated losses SR (Un-audited)	Revaluation reserve SR (Un-audited)	Total SR (Un-audited)
Balance at 1 January 2011	200,000,000	(54,841,525)	4,969,672	150,128,147
Net loss for the period	-	(9,435,954)	-	(9,435,954)
Unrealized fair value changes on available- for-sale investments	-	-	1,501,701	1,501,701
Provision for Zakat and income tax	-	(624,999)	-	(624,999)
Balance at 30 June 2011	<u>200,000,000</u>	<u>(64,902,478)</u>	<u>6,471,373</u>	<u>141,568,895</u>
Balance at 1 January 2012	200,000,000	(52,138,055)	6,623,644	154,485,589
Net income for the period	-	6,630,518	-	6,630,518
Unrealized fair value changes on available- for-sale investments	-	-	2,624,999	2,624,999
Provision for Zakat and income tax	-	(1,500,000)	-	(1,500,000)
Balance at 30 June 2012	<u>200,000,000</u>	<u>(47,007,537)</u>	<u>9,248,643</u>	<u>162,241,106</u>



 DIRECTOR



 ACCOUNT CEO



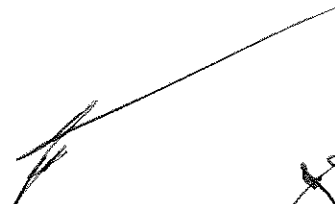
 ACCOUNT CFO

The accompanying notes are 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' CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012


	Six months ended 30 June 2012 <u>SR</u> (Un-audited)	Six months ended 30 June 2011 <u>SR</u> (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus/(deficit) from insurance operations	3,248,654	(8,930,246)
Adjustments for:		
Depreciation	575,890	540,593
Gain on disposal of property and equipment	(4,389)	-
End-of-service indemnities, net	332,129	41,901
	<u>4,152,284</u>	<u>(8,347,752)</u>
Changes in operating assets and liabilities:		
Insurance receivables	(19,375,630)	(37,489,380)
Reinsurers' share of unearned premium	22,179,067	(31,088,559)
Reinsurers' share of outstanding claims	(10,580,072)	(1,165,667)
Deferred policy acquisition costs	(65,464)	3,269,460
Prepaid expenses and other assets	4,456,528	(16,273)
Due from an affiliate	(535,066)	-
Accrued interest income	(4,705,454)	(22,578)
Unearned premiums	2,292,942	20,367,117
Outstanding claims	20,105,475	11,370,380
Reinsurance payables	(25,779,591)	27,269,455
Unearned reinsurance commission	1,709,659	359,096
Accrued expenses and other liabilities	(1,892,296)	(1,413,545)
Net cash used in operating activities	<u>(8,037,618)</u>	<u>(16,908,246)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,422,583)	(626,324)
Proceeds from disposal of property and equipment	11,300	-
Cash used in investing activities	<u>(1,411,283)</u>	<u>(626,324)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Due to shareholders' operations	(8,692,115)	(2,109,392)
Cash used in financing activity	<u>(8,692,115)</u>	<u>(2,109,392)</u>
Net decrease in cash and cash equivalents	(18,141,016)	(19,643,962)
Cash and cash equivalents at the beginning of the period	137,715,642	86,240,115
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>119,574,626</u></u>	<u><u>66,596,153</u></u>



 DIRECTOR



 Agency CEO



 Acting CFO

The accompanying notes are 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 2012

	Six months ended 30 June 2012 <u>SR</u> (Un-audited)	Six months ended 30 June 2011 <u>SR</u> (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss) for the period	6,630,518	(9,435,954)
Adjustments for:		
Commission income	(213,352)	(452,052)
Income from available for sale investments	(4,397,215)	-
	<u>2,019,951</u>	<u>(9,888,006)</u>
Changes in assets and liabilities:		
Accrued expenses and other liabilities	(1,260,381)	(777,636)
Due from insurance operations	5,768,326	11,039,638
Net cash from operating activities	<u>6,527,896</u>	<u>373,996</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Short term deposits	(6,422,049)	(25,300,226)
Movement in other financial assets	(6,550,000)	(650,000)
Commission income from bank deposits	171,578	329,894
Net cash used in investing activities	<u>(12,800,471)</u>	<u>(25,620,332)</u>
Net decrease in cash and cash equivalents	<u>(6,272,575)</u>	<u>(25,246,336)</u>
Cash and cash equivalents at the beginning of the period	26,272,575	46,085,399
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>20,000,000</u>	<u>20,839,063</u>
<u>Non-cash transactions:</u>		
Unrealized gain on available for sale investments.	<u>2,624,999</u>	<u>1,501,701</u>

DIRECTOR

ACTING CEO

ACTING CFO

The accompanying notes are an integral part of these interim condensed financial statements

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

1 GENERAL

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 purpose of the Company is to transact in cooperative insurance operations and all related activities.

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 requires 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

Basis of preparation

The interim condensed financial statements for the six month period ended 30 June 2012 have been prepared in accordance with International Accounting Standards 34-Interim Financial Reporting (IAS 34).

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.

The interim condensed financial statements have been prepared under historical cost convention, except for certain financial instruments 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 preparation of the annual financial statements as of and for the year ended 31 December 2011, 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:

<u>Standard</u>	<u>Name of the standard</u>
IAS 12	Amendments to Income taxes - Deferred taxes: Recovery of underlying assets
IFRS 7	Financial instruments: Disclosures (Transfers of Financial Assets)
IAS 34	Interim Financial Reporting

The adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed 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 periods commencing on or after 1 January 2013:

<u>Standard</u>	<u>Name of the standard</u>
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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

<u>Standard</u>	<u>Name of the standard</u>
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's management is currently evaluating the impact of adopting these Standards and Interpretations on the financial statements of the Company and the timing of initial application.

3 INSURANCE RECEIVABLES

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

	30 June 2012	31 December 2011
	<u>SR</u>	<u>SR</u>
	(Un-audited)	(Audited)
Premiums receivable, net	86,515,245	66,242,999
Insurance and reinsurance companies	1,489,897	1,135,052
Allowance for doubtful debts	(11,369,601)	(10,118,140)
	<u>76,635,541</u>	<u>57,259,911</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

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 six months ended 30 June
2012 (Un-audited)

	<u>Medical</u> <u>SR</u>	<u>Motor</u> <u>SR</u>	<u>Property</u> <u>SR</u>	<u>Others</u> <u>SR</u>	<u>Total</u> <u>SR</u>
For the six months ended					
Gross written premiums	51,590,986	40,912,025	17,718,935	25,688,809	135,910,755
Net written premiums	51,124,540	39,818,365	2,081,458	14,786,816	107,811,179
Net earned premiums	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 from bank deposits	-	-	-	-	482,361
Net surplus from insurance operations	-	-	-	-	3,248,654
	<u>Medical</u> <u>SR</u>	<u>Motor</u> <u>SR</u>	<u>Property</u> <u>SR</u>	<u>Others</u> <u>SR</u>	<u>Total</u> <u>SR</u>
As at 30 June 2012 (Un-audited)					
Insurance operations' assets					
Reinsurers' share of unearned premiums	10,315,674	547,329	11,394,091	30,456,941	52,714,035
Reinsurers' share of outstanding claims	5,839,978	1,465,638	16,874,557	31,760,461	55,940,634
Deferred policy acquisition costs	7,785,413	1,791,558	1,606,567	2,641,121	13,824,659
Unallocated assets	-	-	-	-	205,141,238
Total assets	23,941,065	3,804,525	29,875,215	64,858,523	327,620,566
Insurance operations' liabilities					
Unearned premiums	58,323,560	29,469,827	13,138,860	39,163,730	140,095,977
Outstanding claims	13,718,840	34,911,321	19,862,089	46,703,458	115,195,708
Unearned reinsurance commission	219,998	109,471	3,010,495	3,230,430	6,570,394
Unallocated liabilities	-	-	-	-	65,758,487
Total liabilities	72,262,398	64,490,619	36,011,444	89,097,618	327,620,566

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

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>
For the six months ended 30 June 2011 (Un-audited)					
Insurance operations					
Gross written premiums	15,185,434	44,060,436	19,159,420	57,649,863	136,055,153
Net written premiums	<u>7,600,247</u>	<u>42,949,167</u>	<u>2,054,384</u>	<u>17,039,691</u>	<u>69,643,489</u>
Net earned premium	8,969,297	56,076,994	1,436,837	13,881,810	80,364,938
Reinsurance commission	1,785,896	110,062	2,391,074	2,347,113	6,634,145
Other underwriting income	5,196	196,864	6,230	19,352	227,642
Net incurred claims	(6,202,453)	(45,306,786)	(1,314,855)	(6,455,106)	(59,279,200)
Other underwriting expenses	(2,184,129)	(11,376,405)	(2,076,831)	(4,198,673)	(19,836,038)
Commission income from bank deposits	-	-	-	-	(17,216,537)
Deficit from insurance operations	-	-	-	-	(9,105,050)
Commission income from bank deposits	-	-	-	-	174,804
Net deficit from insurance operations	-	-	-	-	<u>(8,930,246)</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>
As at 31 December 2011 (Audited)					
Insurance operations' assets					
Reinsurers' share of unearned premiums	32,500,262	-	7,739,543	34,653,297	74,893,102
Reinsurers' share of outstanding claims	5,839,978	1,176,470	9,098,579	29,245,535	45,360,562
Deferred policy acquisition costs	7,683,171	1,853,365	1,200,145	3,022,514	13,759,195
Unallocated assets	-	-	-	-	202,282,850
Total assets	<u>46,023,411</u>	<u>3,029,835</u>	<u>18,038,267</u>	<u>66,921,346</u>	<u>336,295,709</u>
Insurance operations' liabilities					
Unearned premiums	66,056,780	20,927,627	7,757,742	43,060,886	137,803,035
Outstanding claims	12,370,387	29,409,474	11,264,998	42,045,374	95,090,233
Unearned reinsurance commission	219,998	-	1,921,218	2,719,519	4,860,735
Unallocated liabilities	-	-	-	-	98,541,706
Total liabilities	<u>78,647,165</u>	<u>50,337,101</u>	<u>20,943,958</u>	<u>87,825,779</u>	<u>336,295,709</u>

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

5 RELATED PARTY TRANSACTIONS

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

	30 June 2012 <u>SR</u> (Un-audited)	30 June 2011 <u>SR</u> (Un-audited)
Gross premium received from Directors and their related parties	1,556,626	693,650
Amount received on behalf of an affiliate	-	551,001
Amount charged to an affiliate	808,036	3,250,408

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

	30 June 2012 <u>SR</u> (Un-audited)	31 December 2011 <u>SR</u> (Audited)
Premiums receivable from Directors and their related parties	789,612	99,983
Claims payable to Directors and related parties/affiliate	(1,059,736)	(233,317)
Amounts receivable from an affiliate	535,066	470,358

6 CASH AND CASH EQUIVALENTS

i) Insurance operations

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

	30 June 2012 <u>SR</u> (Un-audited)	31 December 2011 <u>SR</u> (Audited)
Cash in hand	71,998	34,883
Cash at banks	29,438,628	37,616,759
Short term deposits	90,064,000	100,064,000
	<u>119,574,626</u>	<u>137,715,642</u>

ii) Shareholders' operations

Shareholders' cash and cash equivalents are comprised of the following:

	30 June 2012 <u>SR</u> (Un-audited)	31 December 2011 <u>SR</u> (Audited)
Cash at banks	-	839,063
Short-term deposits	20,000,000	25,433,512
	<u>20,000,000</u>	<u>26,272,575</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

6 CASH AND CASH EQUIVALENTS (Continued)

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

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company. All short-term deposits are subject to an average commission rate of 1% as at 30 June 2012 (31 December 2011: 0.83%).

7 STATUTORY DEPOSIT

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

8 OTHER FINANCIAL ASSETS

	30 June 2012 SR (Un-audited)	31 December 2011 SR (Audited)
Investment held to maturity	6,500,000	6,500,000
Investment available for sale	56,045,858	42,423,644
Advances towards investments	2,423,078	2,473,078
	<u>64,968,936</u>	<u>51,396,722</u>

9 EARNINGS/(LOSS) PER SHARE

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

Earnings/(Loss) per share from shareholders' comprehensive operations is calculated by dividing total comprehensive income/(loss) for the period by weighted average number of ordinary shares outstanding during the period.

10 RESULTS OF THE INTERIM PERIOD

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

11 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 17 July 2012.

12 COMPARATIVE FIGURES

Certain of the comparative period amounts have been reclassified to conform to the presentation in the current period.