

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

INTERIM CONDENSED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2012

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

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INDEPENDENT AUDITORS' REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT

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

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi United Cooperative Insurance Company (Wala'a) - a Saudi Joint Stock Company (the "Company") as at 31 December 2012, and the related interim statements of insurance operations, shareholders' income, shareholders' comprehensive income for the three month and twelve month periods then ended, and the interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the twelve month period ended 31 December 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:

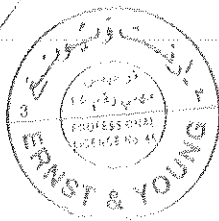
Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF A MATTER:

We draw attention to note 2 to the accompanying interim condensed financial statements. These interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

Ernst & Young

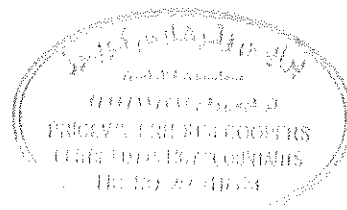
Abdulaziz Saud Alshubaibi
Certified Public Accountant
Registration No. 339



3 Rabi'l 1434H
15 January 2013

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 31 DECEMBER 2012

	Note	31 December 2012 SR (Un-audited)	31 December 2011 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Property and equipment		3,207,792	2,314,729
Premiums and insurance balances receivable	3	62,065,449	57,259,911
Reinsurers' share of unearned premiums	4	44,284,121	74,893,102
Reinsurers' share of outstanding claims	4	46,153,014	45,360,562
Deferred policy acquisition costs	4	9,720,738	13,759,195
Due from an affiliate	5	1,871,945	-
Accrued commission income		77,903	111,964
Prepaid expenses and other assets		4,578,493	4,880,604
Cash and cash equivalents	6	81,786,405	137,715,642
TOTAL INSURANCE OPERATIONS' ASSETS		253,745,860	336,295,709
SHAREHOLDERS' ASSETS			
Statutory deposit	7	20,000,000	20,000,000
Other financial assets	8	64,800,506	51,396,722
Short-term deposits		26,475,994	40,000,000
Accrued commission income		1,167,878	757,940
Due from insurance operations		10,420,017	20,808,921
Cash and cash equivalents	6	60,000,000	26,272,575
TOTAL SHAREHOLDERS' ASSETS		182,864,395	159,236,158
TOTAL ASSETS		436,610,255	495,531,867

(Continued)


Abdulaziz Al-Foz


Johnson Varughese
Chief Executive Officer

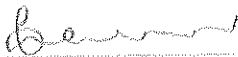

Director

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements

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

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2012

	Note	31 December 2012 SR (Un-audited)	31 December 2011 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Liabilities arising from insurance contracts			
Unearned premiums	4	91,115,303	137,803,035
Outstanding claims	4	107,273,881	95,090,233
Total liabilities arising from insurance contracts		198,389,184	232,893,268
End-of-service indemnities		2,180,634	1,490,883
Reinsurance payables		26,760,140	67,465,291
Unearned reinsurance commission	4	5,198,133	4,860,735
Accrued expenses and other liabilities		8,676,532	8,175,280
Due to shareholders' operations		10,420,017	20,808,921
TOTAL INSURANCE OPERATIONS' LIABILITIES		251,624,640	335,694,378
Insurance operations' surplus			
Accumulated surplus		2,121,220	601,331
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		253,745,860	336,295,709
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accrued expenses and other liabilities		7,727,200	4,750,569
SHAREHOLDERS' EQUITY			
Share capital		200,000,000	200,000,000
Accumulated losses		(36,128,195)	(52,138,055)
Fair value reserve on available-for-sale investments		11,265,390	6,623,644
TOTAL SHAREHOLDERS' EQUITY		175,137,195	154,485,589
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		182,864,395	159,236,158
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		436,610,255	495,531,867


Accounting Officer


Johnson Varughese
Chief Executive Officer

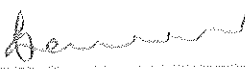

Director


The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements

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

INTERIM STATEMENT OF INSURANCE OPERATIONS
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2012

	Note	Three months ended 31 December 2012 SR (Un-audited)	Three months ended 31 December 2011 SR (Un-audited)	Twelve months ended 31 December 2012 SR (Un-audited)	Twelve months ended 31 December 2011 SR (Audited)
REVENUES					
Gross premiums written	4	35,243,963	61,715,377	234,092,317	278,560,419
Reinsurance premiums ceded		(8,208,358)	(23,176,590)	(75,468,993)	(124,749,911)
Net premiums written	4	27,035,605	38,538,787	158,623,324	153,810,508
Changes in unearned premiums		19,551,849	9,206,119	19,238,295	10,621,079
Net premiums earned	4	46,587,454	47,744,906	177,861,619	164,431,587
Reinsurance commission		2,953,001	3,395,863	10,452,804	15,194,949
Other underwriting income/(loss)		18,165	(27,231)	164,353	310,286
TOTAL REVENUES		49,558,620	51,113,538	188,478,776	179,936,822
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	4	38,517,680	28,998,810	121,739,998	116,107,416
Reinsurers' share of claims paid	4	(11,565,059)	(5,574,232)	(31,784,985)	(24,905,939)
Net claims paid		26,952,621	23,424,578	89,955,013	91,201,477
Changes in outstanding claims	4	(661,822)	(32,100)	11,391,196	10,073,913
Net claims incurred	4	26,290,799	23,392,478	101,346,209	101,275,390
Policy acquisition costs		6,054,553	2,985,876	23,155,762	27,041,372
Excess of loss expenses		1,056,552	1,861,665	5,642,298	5,993,864
Other expenses		948,905	584,745	5,103,053	3,767,318
TOTAL UNDERWRITING COSTS AND EXPENSES		34,350,809	28,824,764	135,247,322	138,077,944
Net underwriting income		15,207,811	22,288,774	53,231,454	41,858,878
OTHER OPERATING EXPENSES, NET					
Operating and administrative salaries		(6,897,713)	(4,271,381)	(25,109,963)	(21,176,141)
General and administrative expenses		(2,542,278)	(4,308,452)	(13,761,496)	(15,082,190)
Commission income from bank deposits		138,001	147,929	838,900	412,768
TOTAL OTHER OPERATING EXPENSES, NET		(9,301,990)	(8,431,904)	(38,032,559)	(35,845,563)
Net surplus from insurance operations		5,905,821	13,856,870	15,198,895	6,013,315
Shareholders' appropriation of surplus		(5,315,239)	(13,255,539)	(13,679,006)	(5,411,984)
NET RESULTS FROM INSURANCE OPERATIONS AFTER APPROPRIATION OF SURPLUS		590,582	601,331	1,519,889	601,331


Awwad CFO


Johnson Varughese
Chief Executive Officer



Director

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements

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

INTERIM STATEMENT OF SHAREHOLDERS' INCOME
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2012

	Note	Three months ended 31 December 2012 SR (Un-audited)	Three months ended 31 December 2011 SR (Un-audited)	Twelve months ended 31 December 2012 SR (Un-audited)	Twelve months ended 31 December 2011 SR (Audited)
Net surplus transferred from insurance operations		5,315,239	13,255,539	13,679,006	5,411,984
Commission income from bank deposits		268,054	123,696	678,404	601,176
Commission income on held to maturity investments		47,125	47,125	188,500	188,500
Realised fair value changes on available-for-sale investments		2,814,823	-	7,212,038	-
General and administrative expenses		(890,000)	(215,433)	(2,998,088)	(1,623,193)
Share holders net income for the period		7,555,241	13,210,927	18,759,860	4,578,467
Basic earnings per share	10	0.38	0.66	0.94	0.23
Weighted average number of outstanding shares		20,000,000	20,000,000	20,000,000	20,000,000


Acting CFO


Johnson Varughese
Chief Executive Officer

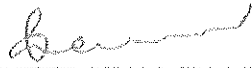

Director

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

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2012

	Three months ended 31 December 2012 SR (Un-audited)	Three months ended 31 December 2011 SR (Un-audited)	Twelve months ended 31 December 2012 SR (Un-audited)	Twelve months ended 31 December 2011 SR (Audited)
Net income for the period	7,555,241	13,210,927	18,759,860	4,578,467
Unrealised fair value changes on available-for-sale investments	26,074	2,182,560	4,641,746	1,653,972
Provision for zakat and income tax	(500,000)	(624,999)	(2,750,000)	(1,874,997)
Total comprehensive income for the period	7,081,315	14,768,488	20,651,606	4,357,442
Basic earnings per share	9 0.35	0.74	1.03	0.22
Weighted average number of outstanding shares	20,000,000	20,000,000	20,000,000	20,000,000


Accountant


Johnson Varughese
Chief Executive Officer


Director

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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 TWELVE MONTH PERIOD ENDED 31 DECEMBER 2012


	Share capital SR	Accumulated losses SR	Revaluation reserve SR	Total SR
Balance at 1 January 2011(Audited)	200,000,000	(54,841,525)	4,969,672	150,128,147
Net income for the period	-	4,578,467	-	4,578,467
Unrealised fair value changes on available- for-sale investments	-	-	1,653,972	1,653,972
Provision for zakat and income tax	-	(1,874,997)	-	(1,874,997)
Balance at 31 December 2011(Audited)	<u>200,000,000</u>	<u>(52,138,055)</u>	<u>6,623,644</u>	<u>154,485,589</u>
Balance at 1 January 2012(Audited)	200,000,000	(52,138,055)	6,623,644	154,485,589
Net income for the period	-	18,759,860	-	18,759,860
Unrealised fair value changes on available- for-sale investments	-	-	4,641,746	4,641,746
Provision for zakat and income tax	-	(2,750,000)	-	(2,750,000)
Balance at 31 December 2012 (Un-audited)	<u>200,000,000</u>	<u>(36,128,195)</u>	<u>11,265,390</u>	<u>175,137,195</u>



Acting CFO



Johnson Varughese
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 TWELVE MONTH PERIOD ENDED 31 DECEMBER 2012

	Twelve months ended 31 December 2012 SR (Un-audited)	Twelve months ended 31 December 2011 SR (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus from insurance operations	15,198,895	6,013,315
Adjustments for:		
Depreciation	1,244,224	1,100,282
End-of-service indemnities, net	689,751	216,573
	<u>17,132,870</u>	<u>7,330,170</u>
Changes in operating assets and liabilities:		
Premiums and insurance balances receivables	(4,805,538)	(1,764,344)
Reinsurers' share of unearned premiums	30,608,981	(43,969,472)
Reinsurers' share of outstanding claims	(792,452)	(3,335,105)
Deferred policy acquisition costs	4,038,457	(213,664)
Prepaid expenses and other assets	302,111	(1,984,199)
Accrued commission income	34,061	(94,542)
Reinsurance payables	(40,705,151)	32,744,866
Unearned premiums	(46,687,732)	33,348,393
Unearned reinsurance commission	337,398	(1,874,694)
Outstanding claims	12,183,648	13,409,018
Accrued expenses and other liabilities	501,252	766,257
	<u>(27,852,095)</u>	<u>34,362,684</u>
Net cash (used in)/generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,144,199)	(872,694)
Proceeds from disposal of property and equipment	6,912	-
	<u>(2,137,287)</u>	<u>(872,694)</u>
Cash (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITY		
Due from shareholders	(25,939,855)	17,985,537
	<u>(25,939,855)</u>	<u>17,985,537</u>
Cash (used in)/ generated from financing activity		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(55,929,237)</u>	<u>51,475,527</u>
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>81,786,405</u>	<u>137,715,642</u>


Acting CFO


Johnson Vanighese
Chief Executive Officer



Director

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements

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

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS' CASH FLOWS
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2012

	Twelve months ended 31 December 2012 SR (Un-audited)	Twelve months ended 31 December 2011 SR (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	18,759,860	4,578,467
Adjustment for:		
Commission income	(678,404)	(601,176)
Income from available-for-sale investments	(7,212,038)	-
	<u>10,869,418</u>	<u>3,977,291</u>
Changes in operating assets and liabilities:		
Accrued expenses and other liabilities	1,672,809	55,480
Due to insurance operations	10,388,904	(23,397,521)
	<u>22,931,131</u>	<u>(19,364,750)</u>
Net cash generated from /(used in) operations		
Zakat paid	(1,446,178)	(915,698)
Net cash generated from /(used in) operating activities	<u>21,484,953</u>	<u>(20,280,448)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term deposits	13,524,006	-
Movement in other financial assets	-	(50,000)
Purchase of investments, net	(1,550,000)	-
Commission income received	268,466	517,624
	<u>12,242,472</u>	<u>467,624</u>
Net cash generated from investing activities	33,727,425	(19,812,824)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
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>60,000,000</u>	<u>26,272,575</u>
Non-cash transaction:		
- Net unrealized gain on available- for-sale investments	<u>4,641,746</u>	<u>1,653,972</u>


Akmal CFO


Johnson Varughese
Chief Executive Officer


Director

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 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 1429H 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% of this percentage to be deducted from their next year's premiums.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed financial statements for the three month and twelve month periods ended 31 December 2012 have been prepared in accordance with International Accounting Standards 34-Interim Financial Reporting (IAS 34). Accordingly, these interim financial statements are not intended to be a presentation in conformity with accounting principles generally accepted in Kingdom of Saudi Arabia, i.e in accordance with Standard on Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants.

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 annual audited financial statements 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. These interim condensed financial statements should therefore be read in conjunction with the audited financial statements for the year ended 31 December 2011.

<u>Standard</u>	<u>Description</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:

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

<u>Standard</u>	<u>Description</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
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

2.2 Use of estimates in preparation of financial statements

The preparation of interim condensed financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and 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

	31 December 2012	31 December 2011
	SR	SR
	(Un-audited)	(Audited)
Premiums receivable	73,593,780	66,242,999
Insurers' and reinsurers' balance receivable	1,206,173	1,135,052
Allowance for doubtful debts	(12,734,504)	(10,118,140)
	<u>62,065,449</u>	<u>57,259,911</u>

4 SEGMENTAL INFORMATION

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

Segment results do not include general and administrative expenses and other income.

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 benefits.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2012

4 SEGMENTAL INFORMATION (Continued)

Operating segments	Medical SR	Motor SR	Property SR	Others SR	Total SR
For the twelve months ended 31 December 2012 (Un-audited)					
Gross premiums written	64,705,279	59,574,320	54,485,071	55,327,647	234,092,317
Net premiums written	64,238,833	58,634,095	2,793,131	32,957,265	158,623,324
Net premiums earned	78,513,050	60,827,717	2,575,769	35,945,083	177,861,619
Reinsurance commission	26	188,045	6,312,219	3,952,514	10,452,804
Other underwriting income	1,250	112,920	8,980	41,203	164,353
Total revenues	78,514,326	61,128,682	8,896,968	39,938,800	188,478,776
Gross claims paid	(34,386,071)	(58,087,547)	(7,789,792)	(21,476,588)	(121,739,998)
Reinsurers' share of claims paid	14,995,122	2,153,556	6,335,616	8,300,691	31,784,985
Changes in outstanding claims	(7,326,448)	(2,550,229)	(39,522)	(1,474,997)	(11,391,196)
Net claims incurred	(26,717,397)	(58,484,220)	(1,493,698)	(14,650,894)	(101,346,209)
Other underwriting expenses	(11,760,416)	(8,002,057)	(3,894,002)	(10,244,638)	(33,901,113)
Other general and administrative expenses (unallocated)	-	-	-	-	(38,871,459)
Surplus from insurance operations	40,036,513	(5,357,595)	3,509,268	15,043,268	14,359,995
Commission income from bank deposits	-	-	-	-	838,900
Net surplus from insurance operations	-	-	-	-	15,198,895
As at 31 December 2012 (Un-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	2,467,091	9,720,738
Unallocated assets	-	-	-	-	153,587,987
Total assets	9,971,330	3,204,811	32,019,003	54,962,729	253,745,860
Insurance operations' liabilities					
Unearned premiums	21,918,838	18,310,943	22,011,958	28,873,564	91,115,303
Outstanding claims	19,605,388	32,456,920	12,190,559	43,021,014	107,273,881
Unearned reinsurance commission	219,998	5	2,389,327	2,588,803	5,198,133
Unallocated liabilities	-	-	-	-	50,158,543
Total liabilities	41,744,224	50,767,868	36,591,844	74,483,381	253,745,860

SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2012

4 SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)	Medical SR	Motor SR	Property SR	Others SR	Total SR
For the twelve months ended 31 December 2011 (Audited)					
Gross premiums written	98,541,201	63,415,029	28,452,127	88,152,062	278,560,419
Net premiums written	53,610,787	62,292,907	3,030,819	34,875,995	153,810,508
Net premiums earned	28,964,930	98,936,609	2,839,050	33,690,998	164,431,587
Reinsurance commission	4,372,817	224,119	5,482,742	5,115,271	15,194,949
Other underwriting income	9,871	255,648	8,590	36,177	310,286
Total revenues	33,347,618	99,416,376	8,330,382	38,842,446	179,936,822
Gross claims paid	(19,745,514)	(72,671,042)	(6,530,733)	(17,160,127)	(116,107,416)
Reinsurers' share of claims paid	10,213,366	281,244	4,489,349	9,921,980	24,905,939
Changes in outstanding claims	(2,418,141)	(4,522,672)	652,806	(3,785,906)	(10,073,913)
Net claims incurred	(11,950,289)	(76,912,470)	(1,388,578)	(11,024,053)	(101,275,390)
Other underwriting expenses	(4,726,700)	(19,140,017)	(4,024,954)	(8,910,883)	(36,802,554)
Other general and administrative expenses (unallocated)	-	-	-	-	(36,258,331)
Surplus from insurance operations	16,670,629	3,363,889	2,916,850	18,907,510	5,600,547
Commission income from bank deposits	-	-	-	-	412,768
Net surplus from insurance operations	-	-	-	-	6,013,315
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	46,023,411	3,029,835	18,038,267	66,921,346	336,295,709
Insurance operations' liabilities					
Unearned premiums	66,056,780	20,496,766	7,757,742	43,491,747	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	5	1,921,218	2,719,514	4,860,735
Unallocated liabilities	-	-	-	-	98,541,706
Total liabilities	78,647,165	49,906,245	20,943,958	88,256,635	336,295,709

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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2012

4 SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

	Medical SR	Motor SR	Property SR	Others SR	Total SR
For the three months ended 31 December 2012 (Un-audited)					
Gross premiums written	9,302,744	10,426,762	3,131,959	12,382,498	35,243,963
Net premiums written	9,302,744	10,423,381	452,792	6,856,688	27,035,605
Net premiums earned	16,927,232	14,750,091	1,029,812	13,880,319	46,587,454
Reinsurance commission	-	47,525	1,707,291	1,198,185	2,953,001
Other underwriting income	-	8,280	1,125	8,760	18,165
Total revenues	16,927,232	14,805,896	2,738,228	15,087,264	49,558,620
Gross claims paid	(12,036,947)	(14,294,666)	(2,443,338)	(9,742,729)	(38,517,680)
Reinsurers' share of claims paid	4,939,485	199,324	2,160,467	4,265,783	11,565,059
Changes in outstanding claims	(4,727,994)	2,481,275	373,579	2,534,962	661,822
Net incurred claims	(11,825,456)	(11,614,067)	90,708	(2,941,984)	(26,290,799)
Other underwriting expenses	(4,189,306)	(1,838,717)	(961,539)	(1,070,448)	(8,060,010)
Other general and administrative expenses (unallocated)	-	-	-	-	(9,439,991)
Surplus from insurance operations	912,470	1,353,112	1,867,397	11,074,832	5,767,820
Commission income from bank deposits	-	-	-	-	138,001
Net surplus from insurance operations	-	-	-	-	5,905,821
For the three months ended 31 December 2011 (Unaudited)					
Gross premiums written	42,370,764	6,734,785	2,275,283	10,334,545	61,715,377
Net premiums written	25,517,938	6,724,492	294,711	6,001,646	38,538,787
Net premiums earned	14,902,482	18,844,340	722,869	13,275,215	47,744,906
Reinsurance commission	121,418	58,030	1,553,953	1,662,462	3,395,863
Other underwriting income	2,745	(39,556)	965	8,615	(27,231)
Total revenues	15,026,645	18,862,814	2,277,787	14,946,292	51,113,538
Gross claims paid	(5,523,514)	(17,385,042)	(408,733)	(5,681,521)	(28,998,810)
Reinsurers' share of claims paid	2,761,366	(173,756)	291,349	2,695,273	5,574,232
Changes in outstanding claims	(1,212,691)	2,140,041	(135,941)	(759,309)	32,100
Net incurred claims	(3,974,839)	(15,418,757)	(253,325)	(3,745,557)	(23,392,478)
Other underwriting expenses	2,292,074	(3,628,269)	(1,081,635)	(3,014,456)	(5,432,286)
Other general and administrative expenses (unallocated)	-	-	-	-	(8,579,833)
Deficit/(surplus) from insurance operations	13,343,880	(184,212)	942,827	8,186,279	13,708,941
Commission income from bank deposits	-	-	-	-	147,929
Net deficit from insurance operations	-	-	-	-	13,856,870

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5 RELATED PARTY TRANSACTIONS

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

	Twelve months ended 31 December 2012 SR (Un-audited)	31 December 2011 SR (Audited)
Gross premium received from Directors and their related parties	1,810,711	2,972,676
Amount received on behalf of an affiliate	-	563,986
Amount charged to an affiliate	2,144,915	3,254,456

Balances due from/(due to) related parties are as follows:

	31 December 2012 SR (Un-audited)	31 December 2011 SR (Audited)
Premiums receivable from Directors and their related parties	561,589	99,983
Claims payable to Directors and related parties/affiliate	(871,150)	(233,317)
Amounts receivable from an affiliate	1,871,945	470,358

6 CASH AND CASH EQUIVALENTS

i) Insurance operations

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

	31 December 2012 SR (Un-audited)	31 December 2011 SR (Audited)
Cash in hand	72,000	34,883
Cash at banks	41,650,405	37,616,759
Short-term deposits	40,064,000	100,064,000
	<u>81,786,405</u>	<u>137,715,642</u>

ii) Shareholders operations'

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

	31 December 2012 SR (Un-audited)	31 December 2011 SR (Audited)
Cash at banks	60,000,000	839,063
Short-term deposits	-	25,433,512
	<u>60,000,000</u>	<u>26,272,575</u>

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6 CASH AND CASH EQUIVALENTS (Continued)

ii) Shareholders' operations (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 1.10% per annum as at 31 December 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

	31 December 2012 <u>SR</u> (Un-audited)	31 December 2011 <u>SR</u> (Audited)
Investment held to maturity	6,500,000	6,500,000
Investments available-for-sale	55,877,428	42,423,644
Advances towards investments	2,423,078	2,473,078
	<u>64,800,506</u>	<u>51,396,722</u>

9 STATUTORY RESERVE

In accordance with the Law on Supervision of Cooperative Insurance Companies, 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 EARNINGS PER SHARE

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.

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

11 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 15 January 2013.

12 COMPARATIVE FIGURES

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