

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

**INTERIM FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' REVIEW REPORT**

**FOR THE THREE MONTHS ENDED 31 MARCH 2011**

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

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**INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE MONTHS ENDED 31 MARCH 2011**

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

## REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

### 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 March 2011, and the related interim statements of insurance operations, shareholders' operations and shareholders' comprehensive operations for the three months then ended, interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the three months then ended and the notes which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard 34 - Interim Financial Reporting (IAS 34) 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 Generally Accepted Auditing Standards, 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 financial statements for them to be in conformity with International Accounting Standard 34 - Interim Financial Reporting (IAS 34).

### EMPHASIS OF A MATTER:

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

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15 Jumada I, 1432H  
19 April 2011

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

INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2011

	Note	31 March 2011 SR (Un-audited)	31 December 2010 SR (Audited)
<b>INSURANCE OPERATIONS' ASSETS</b>			
Property and equipment		2,555,232	2,542,317
Insurance receivables	3	70,128,919	55,495,567
Reinsurance share of unearned premium	4	37,595,637	30,923,630
Reinsurance share of outstanding claims	4	21,871,813	18,393,512
Deferred policy acquisition costs	4	12,824,080	13,545,531
Due from shareholders' operations		2,816,747	2,588,600
Accrued interest income		23,644	17,422
Prepaid expenses and other assets		3,310,566	2,896,405
Cash and cash equivalents	6	76,488,741	86,240,115
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>227,615,379</b>	<b>212,643,099</b>
<b>SHAREHOLDERS' ASSETS</b>			
Statutory deposit	7	20,000,000	20,000,000
Other financial assets	8	50,840,448	49,692,750
Short term deposit		40,000,000	40,000,000
Accrued income		785,905	674,388
Cash and cash equivalents	6	46,139,289	46,085,399
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>157,765,642</b>	<b>156,452,537</b>
<b>TOTAL ASSETS</b>		<b>385,381,021</b>	<b>369,095,636</b>

*CEO and Director*

*CEO*

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

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

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)  
AS AT 31 MARCH 2011

	Note	31 March 2011 SR (Un-audited)	31 December 2010 SR (Audited)
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
<b>Liabilities arising from insurance contracts</b>			
Unearned premiums	4	107,633,474	104,454,642
Outstanding claims	4	63,033,767	58,049,270
<b>Total liabilities arising from insurance contracts</b>		<b>170,667,241</b>	<b>162,503,912</b>
End-of-service indemnities		1,211,737	1,274,310
Reinsurance payables		40,596,084	34,720,425
Unearned reinsurance commission	4	7,231,745	6,735,429
Accrued expenses and other liabilities		7,815,200	7,409,023
Surplus payable to policyholders		93,372	-
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>		<b>227,615,379</b>	<b>212,643,099</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Accrued expenses and other liabilities		3,685,792	3,735,790
Due to insurance operations		2,816,747	2,588,600
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>6,502,539</b>	<b>6,324,390</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		200,000,000	200,000,000
Accumulated losses		(54,204,267)	(54,841,525)
Revaluation reserve		5,467,370	4,969,672
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>151,263,103</b>	<b>150,128,147</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>157,765,642</b>	<b>156,452,537</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>385,381,021</b>	<b>369,095,636</b>

CEO & DIRECTOR

CFD

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

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

**INTERIM STATEMENT OF INSURANCE OPERATIONS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2011**

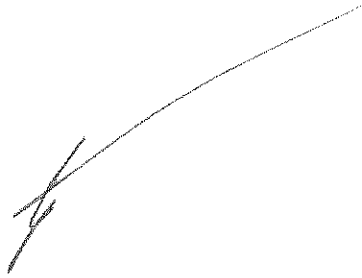
	Note	Three months ended 31 March 2011 SR	Three months ended 31 March 2010 SR
		(Un-audited)	(Un-audited)
<b>REVENUES</b>			
Gross written premium	4,5	62,717,272	51,874,473
Reinsurance ceded premium		(24,443,542)	(21,069,767)
Net written premium		38,273,730	30,804,706
Changes in unearned premium		3,493,181	(11,464,636)
Net earned premium	4	41,766,911	19,340,070
Reinsurance commission		3,415,435	2,444,256
Other underwriting income		56,351	26,813
<b>TOTAL REVENUES</b>		<b>45,238,697</b>	<b>21,811,139</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross paid claims		34,228,653	13,680,601
Reinsurance share of claims paid		(8,613,051)	(4,511,908)
Net claims paid		25,615,602	9,168,693
Changes in outstanding claims		1,497,657	3,596,988
Net claims incurred		27,113,259	12,765,681
Policy acquisition costs		7,239,539	3,388,229
Excess of loss expenses		1,441,887	1,363,406
Other expenses		862,655	394,836
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>36,657,340</b>	<b>17,912,152</b>
Net underwriting income		8,581,357	3,898,987
<b>OPERATING EXPENSES</b>			
Operating and administrative salaries		(5,762,659)	(5,186,539)
General and administrative expenses		(1,968,275)	(2,988,522)
Commission income from bank deposits		83,292	58,645
<b>TOTAL OPERATING EXPENSES, NET</b>		<b>(7,647,642)</b>	<b>(8,116,416)</b>
Net surplus (deficit) from insurance operations		933,715	(4,217,429)
Shareholders' appropriation from (surplus)/deficit		(840,343)	4,217,429
Surplus from insurance operation after shareholders' appropriation		93,372	-
Surplus transferred to insurance operations		(93,372)	-

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

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

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Note	Three months ended 31 March 2011 SR	Three months ended 31 March 2010 SR
		(Un-audited)	(Un-audited)
Net surplus/(deficit) transferred from insurance operations		840,343	(4,217,429)
Commission income from bank deposits		199,790	185,546
Commission income on held to maturity investment		47,125	47,125
General and administrative expenses		(450,000)	(368,166)
<b>Net income/(loss) for the period</b>		<b>637,258</b>	<b>(4,352,924)</b>
<b>Earnings/(loss) per share</b>	9	<b>0.03</b>	<b>(0.22)</b>
<b>Weighted average number of outstanding shares</b>		<b>20,000,000</b>	<b>20,000,000</b>

  
CEO & Director

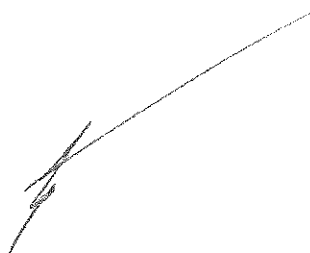
  
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SAUDI UNITED COOPERATIVE INSURANCE COMPANY (WALA'A)  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Note	Three months ended 31 March 2011 SR (Un-audited)	Three months ended 31 March 2010 SR (Un-audited)
Net income (loss) for the period		637,258	(4,352,924)
Unrealized gain on available for sale investments		497,698	3,953,267
Zakat and income tax		-	(625,000)
<b>Total comprehensive income/(loss) for the period</b>		<b>1,134,956</b>	<b>(1,024,657)</b>
Earnings/(loss) per share	9	0.06	(0.05)
Weighted average number of outstanding shares		20,000,000	20,000,000



CEO = DIRECTOR



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



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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Share capital SR	Accumulated losses SR	Revaluation reserve SR	Total SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Balance at 1 January 2010	200,000,000	(45,931,604)	129,291	154,197,687
Net loss for the period	-	(4,352,924)	-	(4,352,924)
Net unrealized gain on available for sale investments	-	-	3,953,267	3,953,267
Zakat and income tax	-	(625,000)	-	(625,000)
Balance at 31 March 2010	<u>200,000,000</u>	<u>(50,909,528)</u>	<u>4,082,558</u>	<u>153,173,030</u>
Balance at 1 January 2011	200,000,000	(54,841,525)	4,969,672	150,128,147
Net income for the period	-	637,258	-	637,258
Net unrealized gain on available for sale investments	-	-	497,698	497,698
Zakat and income tax	-	-	-	-
Balance at 31 March 2011	<u>200,000,000</u>	<u>(54,204,267)</u>	<u>5,467,370</u>	<u>151,263,103</u>

*cho - Director*

*cho*

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

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

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Three months ended 31 March 2011 SR	Three months ended 31 March 2010 SR
	(Un-audited)	(Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net surplus (deficit) from insurance operations	840,343	(4,217,429)
Adjustments for:		
Depreciation	259,168	201,996
End-of-service indemnities	(62,573)	117,742
Commission income	(83,292)	-
	953,646	(3,897,691)
Changes in operating assets and liabilities:		
Insurance receivables	(14,633,352)	(3,992,904)
Reinsurers share of unearned premiums	(6,672,007)	(5,608,212)
Reinsurers share of outstanding claims	(3,478,301)	117,114
Deferred policy acquisition costs	721,451	(1,565,429)
Prepaid expenses and other assets	(414,161)	(871,637)
Due from an affiliate	-	(1,006,042)
Accrued income	-	(281,320)
Unearned premiums	3,178,832	17,072,846
Outstanding claims	4,984,497	3,479,874
Reinsurance payables	5,875,659	3,213,724
Unearned reinsurance commission	496,316	2,073,412
Accrued expenses and other liabilities	406,177	168,376
Surplus from insurance operations	93,372	-
Net cash (used in) from operating activities	(8,487,871)	8,902,111
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(272,083)	(410,384)
Commission income received	77,070	-
Cash used in investing activities	(195,013)	(410,384)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Due from shareholders' operations	(1,068,490)	39,017,077
Cash (used in) from financing activity	(1,068,490)	39,017,077
Net (decrease) increase in cash and cash equivalents	(9,751,374)	47,508,804
Cash and cash equivalents at the beginning of the period	86,240,115	26,385,810
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>76,488,741</b>	<b>73,894,614</b>

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

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

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS' CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Three months ended 31 March 2011 SR (Un-audited)	Three months ended 31 March 2010 SR (Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income ( loss) for the period	637,258	(4,352,924)
Adjustment for:		
End-of-service indemnities	-	(232,671)
Commission income	(199,790)	-
	437,468	(4,585,595)
Changes in operating assets and liabilities:		
Accrued expenses and other liabilities	(49,998)	(137,249)
Due to insurance operations	228,147	(34,799,648)
Net cash from (used in) operating activities	615,617	(39,522,492)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Movement in advances towards investments	(650,000)	(500,000)
Commission income received	88,273	110,755
Net cash used in investing activities	(561,727)	(389,245)
Net increase (decrease) in cash and cash equivalents	53,890	(39,911,737)
Cash and cash equivalents at the beginning of the period	46,085,399	70,441,679
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>46,139,289</b>	<b>30,529,942</b>
<b>Non-cash transactions:</b>		
Unrealized gain on available for sale investments	497,698	3,953,267

*Chd + D. Alkhar*

*Yes  
cto*

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

1. GENERAL

The Saudi United Cooperative Insurance Company ("the Company") is a Saudi Joint Stock Company established in Al Khobar, Kingdom of Saudi Arabia and incorporated on 4 July 2007 corresponding to 19 Jumada II 1428H 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim financial statements for the three months ended 31 March 2011 have been prepared in accordance with International Accounting Standards 34-Interim Financial Reporting (IAS 34).

The accounting policies used in the preparation of these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2010 and should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

The interim 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 the interim financial statements.

3. INSURANCE RECEIVABLES

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

	31 March 2011 SR	31 December 2010 SR
	(Un-audited)	(Audited)
Premium receivables	68,158,043	51,248,781
Insurance and reinsurance companies	1,970,876	4,246,786
	<u>70,128,919</u>	<u>55,495,567</u>

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

4. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business segment has 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.

Operating segments

	<i>Medical SR</i>	<i>Motor SR</i>	<i>Property SR</i>	<i>Others SR</i>	<i>Total SR</i>
<b>For the three months ended 31 March 2011 (Un-audited)</b>					
<b>Insurance operations</b>					
Gross premiums written	8,598,135	24,134,341	11,891,964	18,092,832	62,717,272
Net premiums earned	4,913,982	28,367,551	667,637	7,817,741	41,766,911
Reinsurance commission	1,068,306	53,280	977,178	1,316,671	3,415,435
Other underwriting income	3,800	37,424	4,615	10,512	56,351
Net claims incurred	(3,451,341)	(21,239,727)	(1,233,114)	(1,189,077)	(27,113,259)
Other underwriting expenses	(1,085,467)	(5,405,753)	(965,920)	(2,086,941)	(9,544,081)
Other general and administrative expenses (unallocated)	-	-	-	-	(7,730,934)
<b>Surplus from insurance operations</b>	-	-	-	-	<b>850,423</b>
Commission income from bank deposits	-	-	-	-	83,292
<b>Net Surplus from insurance operations</b>					<b>933,715</b>
	<i>Medical SR</i>	<i>Motor SR</i>	<i>Property SR</i>	<i>Others SR</i>	<i>Total SR</i>
<b>As at 31 March 2011 (Un-audited)</b>					
<b>Insurance operations' assets</b>					
Reinsurers' share of unearned premiums	7,303,510	815,128	11,554,929	17,922,070	37,595,637
Reinsurers' share of outstanding claims	890,661	238,183	10,766,614	9,976,355	21,871,813
Deferred policy acquisition cost	947,397	6,753,816	1,650,474	3,472,393	12,824,080
Unallocated assets	-	-	-	-	155,323,849
<b>Total assets</b>	<b>9,141,568</b>	<b>7,807,127</b>	<b>23,972,017</b>	<b>31,370,818</b>	<b>227,615,379</b>
<b>Insurance operations' liabilities</b>					
Unearned premiums	15,599,256	52,648,266	12,367,076	27,018,876	107,633,474
Outstanding claims	6,107,835	25,619,953	14,043,994	17,261,985	63,033,767
Unearned reinsurance commission	1,415,217	162,804	2,712,141	2,941,583	7,231,745
Unallocated liabilities	-	-	-	-	49,716,393
<b>Total liabilities</b>	<b>23,122,308</b>	<b>78,431,023</b>	<b>29,123,211</b>	<b>47,222,444</b>	<b>227,615,379</b>

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

**Geographical segments**

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

**Operating segments**

	<i>Medical SR</i>	<i>Motor SR</i>	<i>Property SR</i>	<i>Others SR</i>	<i>Total SR</i>
<b>For the three months ended 31 March 2010 (Un-audited)</b>					
<b>Insurance operations</b>					
Gross premiums written	6,626,325	25,915,087	5,010,512	14,322,549	51,874,473
Net premiums earned	2,583,346	14,656,298	(517,464)	2,617,890	19,340,070
Reinsurance commission	134,137	52,253	1,149,680	1,108,186	2,444,256
Other underwriting income	4,025	9,905	2,435	10,448	26,813
Net claims incurred	(1,277,800)	(10,802,200)	(328,200)	(357,481)	(12,765,681)
Other underwriting expenses	(895,539)	(2,457,808)	(537,066)	(1,256,058)	(5,146,471)
Other general and administrative expenses (unallocated)	-	-	-	-	(8,175,061)
<b>Deficit from insurance operations</b>	-	-	-	-	(4,276,074)
Commission income from bank deposits	-	-	-	-	58,645
<b>Net deficit from insurance operations</b>					(4,217,429)
<b>As at 31 December 2010 (Audited)</b>					
<b>Insurance operations' assets</b>					
Reinsurers' share of unearned premiums	7,948,180	-	6,062,132	16,913,318	30,923,630
Reinsurers' share of outstanding claims	776,516	344,582	9,054,384	8,218,030	18,393,512
Deferred policy acquisition costs	1,247,931	8,082,888	901,360	3,313,352	13,545,531
Unallocated assets	-	-	-	-	149,780,426
<b>Total assets</b>	9,972,627	8,427,470	16,017,876	28,444,700	212,643,099
<b>Insurance operations' liabilities</b>					
Unearned premiums	16,858,842	57,148,268	6,187,000	24,260,532	104,454,642
Outstanding claims	5,042,814	24,925,377	12,273,608	15,807,471	58,049,270
Unearned reinsurance commission	2,313,892	-	1,648,218	2,773,319	6,735,429
Unallocated liabilities	-	-	-	-	43,403,758
<b>Total liabilities</b>	24,215,548	82,073,645	20,108,826	42,841,322	212,643,099

**Geographical segments**

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

5. RELATED PARTY TRANSACTION

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

	31 March 2011 SR	31 March 2010 SR
	(Un-audited)	(Un-audited)
Gross premiums received from Directors and their related parties	704,890	1,293,369
Amount received on behalf of an affiliate	268,570	214,103
Amount paid / debited to an affiliate	401,063	1,220,145

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

	31 March 2011 SR	31 March 2010 SR
	(Un-audited)	(Un-audited)
Premiums receivable from Directors and their related parties	663,585	183,673
Claims payable to directors and related parties/affiliate	(490,687)	(800,860)
Amount (payable)/receivable (to)/from an affiliate	(2,830,946)	1,862,092

6. CASH AND CASH EQUIVALENTS

i) Insurance operations

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

	31 March 2011 SR	31 December 2010 SR
	(Un-audited)	(Audited)
Cash in hand	45,000	31,987
Cash at banks	56,443,741	20,764,739
Short term deposits	20,000,000	65,443,389
	<u>76,488,741</u>	<u>86,240,115</u>

ii) Shareholders' operations

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

	31 March 2011 SR	31 December 2010 SR
	(Un-audited)	(Audited)
Cash at banks	839,063	834,098
Short term deposits	45,300,226	45,251,301
	<u>46,139,289</u>	<u>46,085,399</u>

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2011**

Bank current accounts and short term deposits are placed with counterparties 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 0.21% as at 31 March 2011 (31 December 2010: 0.71%).

**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 cannot be withdrawn without the consent of SAMA.

**8. OTHER FINANCIAL ASSETS**

	31 March 2011 SR	31 December 2010 SR
	(Un-audited)	(Audited)
Investment held to maturity	6,500,000	6,500,000
Investment available for sale	41,267,370	40,769,672
Advances towards investments	3,073,078	2,423,078
	<u>50,840,448</u>	<u>49,692,750</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 FINANCIAL STATEMENTS**

The interim financial statements have been approved by the Board of Directors on 19 April 2011.