

**THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2012**

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012

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KPMG Al Fozan & Al Sadhan



**INDEPENDENT AUDITORS' REVIEW REPORT TO THE SHAREHOLDERS OF
THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying statement of financial position of The Company for Cooperative Insurance (A Saudi Joint Stock Company) (the "Company") as at September 30, 2012, and the related statements of insurance operations and accumulated surplus, shareholders' comprehensive income for the three month and nine month periods then ended and the statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for nine month period then ended and notes 1 to 14 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 Limited 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. It is substantially less in scope than an audit conducted in accordance with 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 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 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.

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THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION

	Notes	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
		SR '000	
<u>INSURANCE OPERATIONS' ASSETS</u>			
Property and equipment, net		225,963	176,817
Investment property		9,861	9,861
Investments in associates		101,457	103,317
Available for sale investments	4(i)	1,621,494	1,899,487
Prepaid expenses and other assets		373,496	188,438
Deferred policy acquisition costs		169,266	163,461
Reinsurers' share of outstanding claims, net	5	621,199	739,421
Reinsurers' share of unearned premium		455,027	510,517
Receivables, net	3	1,743,725	1,317,120
Cash and cash equivalents		323,463	143,231
Total insurance operations' assets		5,644,951	5,251,670
<u>SHAREHOLDERS' ASSETS</u>			
Due from insurance operations		110,765	74,914
Accrued investment income		7,197	4,825
Investments in associates		54,423	52,619
Available for sale investments	4(ii)	1,862,009	1,814,301
Statutory deposit	9	75,000	75,000
Cash and cash equivalents		58,284	110,524
Total shareholders' assets		2,167,678	2,132,183
TOTAL ASSETS		7,812,629	7,383,853

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
		SR '000	
<u>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u>			
Insurance operations' liabilities:			
Surplus distribution payable		46,634	47,365
Due to shareholders' operations		110,765	74,914
Accrued expenses and other liabilities		1,201,127	870,131
Reserve for Takaful activities		14,040	15,043
Reserve for discontinued operations		7,501	6,982
Outstanding claims	5	1,163,261	1,228,592
Unearned commission income		63,502	72,802
Unearned premium income		2,413,994	2,405,640
Reinsurers' balances payable		541,350	491,691
Total insurance operations' liabilities		5,562,174	5,213,160
Insurance operations' surplus:			
Accumulated surplus		22,401	-
Fair value reserve on investments		60,376	38,510
Total insurance operations' liabilities and surplus		5,644,951	5,251,670
<u>SHAREHOLDERS' LIABILITIES AND EQUITY</u>			
Shareholders' liabilities:			
Accrued expenses and other liabilities		799	627
Dividends payable		5,376	4,448
Zakat		85,397	78,250
Total shareholders' liabilities		91,572	83,325
Shareholders' equity:			
Share capital	6	750,000	750,000
Legal reserve	10	587,812	587,812
Fair value reserve on investments		181,455	160,159
Retained earnings		556,839	550,887
Total Shareholders' equity		2,076,106	2,048,858
Total Shareholders' liabilities and equity		2,167,678	2,132,183
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		7,812,629	7,383,853

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS (UNAUDITED)

	Three month ended September 30, 2012	Three month ended September 30, 2011	Nine month ended September 30, 2012	Nine month ended September 30, 2011
SR' 000				
REVENUES				
Gross premiums written	1,330,234	836,319	3,791,990	2,912,062
Less: Reinsurance ceded	(250,897)	(129,069)	(851,658)	(733,733)
Net premiums written	1,079,337	707,250	2,940,332	2,178,329
Changes in unearned premiums	(47,278)	98,262	(63,844)	74,112
Net premiums earned	1,032,059	805,512	2,876,488	2,252,441
Reinsurance commissions	131,948	28,622	197,877	79,777
Investment income, net	10,079	7,391	47,473	33,600
Other income, net	9,711	(232)	13,195	4,863
Total revenues	1,183,797	841,293	3,135,033	2,370,681
COSTS AND EXPENSES				
Gross claims paid	908,351	634,249	2,707,158	2,377,882
Less: Reinsurance share	(138,300)	(110,743)	(412,860)	(689,696)
Net claims paid	770,051	523,506	2,294,298	1,688,186
Changes in outstanding claims	42,747	13,256	52,891	(124,563)
Net claims incurred	812,798	536,762	2,347,189	1,563,623
Policy acquisition costs	96,525	82,040	284,080	239,003
Excess of loss expenses	28,977	41,366	56,164	50,242
Changes in reserves for Takaful activities	(814)	(281)	(1,003)	62
Other underwriting expenses	17,110	16,215	55,314	51,097
Operating and selling expenses	20,289	76,911	133,166	170,837
Other General and administrative expenses	8,898	11,292	36,111	34,417
Total costs and expenses	983,783	764,305	2,911,021	2,109,281
Surplus from insurance operations	200,014	76,988	224,012	261,400
Shareholders' appropriation from surplus	(180,013)	(69,289)	(201,611)	(235,260)
Surplus from insurance operations after shareholders' appropriation	20,001	7,699	22,401	26,140
Accumulated surplus, beginning of period	2,400	18,441	-	-
ACCUMULATED SURPLUS, END OF PERIOD	22,401	26,140	22,401	26,140

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME (UNAUDITED)

	Three month ended September 30, 2012	Three month ended September 30, 2011	Nine month ended September 30, 2012	Nine month ended September 30, 2011
Notes	SR '000			
Appropriation of surplus from insurance operations	180,013	69,289	201,611	235,260
Investment income, net	18,597	13,964	94,340	35,893
General and administrative expenses, net	(150)	552	(558)	100
Income from operations before Zakat	198,460	83,805	295,393	271,253
Zakat	(9,363)	(7,656)	(25,541)	(24,221)
Net income for the period	189,097	76,149	269,852	247,032
Other comprehensive income:				
Change in fair value of investments	41,286	(60,650)	21,296	(14,037)
Comprehensive income for the period	230,383	15,499	291,148	232,995
Earnings per share:				
Basic and diluted earnings per share (SR)	2.52	1.02	3.60	3.29
Weighted average number of shares in issue throughout the period	6 & 13 75,000,000	75,000,000	75,000,000	75,000,000

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

		Share capital	Legal reserve	Fair value reserve on investments	Retained earnings	Total
	Notes	SR '000				
Unaudited						
Balance at January 1, 2011		500,000	500,000	167,265	601,739	1,769,004
Dividends	8	-	-	-	(150,000)	(150,000)
Issuance of Bonus Shares	6	250,000	-	-	(250,000)	-
Board of Directors' remuneration	11	-	-	-	(2,100)	(2,100)
Total comprehensive income for the period		-	-	(14,037)	247,032	232,995
Balance at September 30, 2011		750,000	500,000	153,228	446,671	1,849,899
Unaudited						
Balance at January 1, 2012		750,000	587,812	160,159	550,887	2,048,858
Dividends	8	-	-	-	(262,500)	(262,500)
Board of Directors' remuneration	11	-	-	-	(1,400)	(1,400)
Total comprehensive income for the period		-	-	21,296	269,852	291,148
Balance at September 30, 2012		750,000	587,812	181,455	556,839	2,076,106

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)

	Nine months ended September 30, 2012	Nine months ended September 30, 2011
	SR '000	
Cash flows from operating activities:		
Surplus from insurance operations after shareholders' appropriation	22,401	26,140
Adjustments to reconcile surplus from insurance operations to net cash from operating activities:		
Shareholders' appropriation from surplus	201,611	235,260
Depreciation	11,042	12,160
Bond premium amortization, net	-	765
Gain on sale of investments	(14,207)	(7,509)
Income from investments in associates, net	(6,248)	(4,731)
Operating surplus before changes in operating assets and liabilities	214,599	262,085
Changes in operating assets and liabilities:		
Receivables, net	(426,605)	319,118
Reinsurers' share of outstanding claims	118,222	136,582
Reinsurers' share of unearned premiums	55,490	185,095
Deferred policy acquisition costs	(5,805)	(7,246)
Prepaid expenses and others assets	(185,058)	(27,214)
Reinsurers' balances payable	49,659	(313,781)
Unearned premium income	8,354	(259,207)
Unearned commission income	(9,300)	11,910
Outstanding claims	(65,331)	(261,145)
Reserve for discontinued operations	519	(2,230)
Reserve for Takaful activities	(1,003)	62
Accrued expenses and other liabilities	330,996	(46,166)
Due to shareholders'	(165,760)	(145,522)
Net used in operating activities	(81,023)	(147,659)
Cash flows from investing activities:		
Proceeds from sale and matured investments	850,395	1,248,875
Purchase of investments	(537,220)	(1,047,052)
Property and equipment, net	(60,189)	(32,848)
Dividends received from investments in associates	9,000	4,000
Net cash from investing activities	261,986	172,975
Cash flows from financing activities		
Surplus paid to policyholders	(731)	(452)
Net cash used in financing activities	(731)	(452)
Net change in cash and cash equivalents	180,232	24,864
Cash and cash equivalents, beginning of period	143,231	148,378
Cash and cash equivalents, end of period	323,463	173,242
Non-cash supplemental information:		
Change in fair value of investments	21,866	(19,083)

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

	Note	Nine month ended September 30, 2012	Nine month ended September 30, 2011
		SR '000	
Cash flows from operating activities:			
Net income for the period		269,852	247,032
Adjustments to reconcile net income to net cash provided by operating activities:			
Appropriation of surplus from insurance operations		(201,611)	(235,260)
Gain on sale of investments		(63,369)	(13,734)
Bond premium amortization (discount accretion), net		-	73
Income from investments in associates, net		(9,312)	(5,969)
Operating income before changes in operating assets and liabilities		(4,440)	(7,858)
Changes in operating assets and liabilities:			
Accrued investment income		(2,372)	(219)
Due from insurance operations		165,760	145,522
Accrued expenses and other liabilities		172	(87)
Zakat, net		7,147	10,124
Net cash from operating activities		166,267	147,482
Cash flows from investing activities:			
Statutory deposit		-	(25,000)
Proceeds from sale and matured investments		872,597	963,847
Purchase of investments		(835,587)	(863,219)
Dividends received from investment in associates		7,455	7,397
Net cash from investing activities		44,465	83,025
Cash flows from financing activities:			
Dividends paid	8	(261,572)	(149,745)
Board of Directors' remuneration		(1,400)	(2,100)
Net cash used in financing activities		(262,972)	(151,845)
Net change in cash and cash equivalents		(52,240)	78,662
Cash and cash equivalents, beginning of year		110,524	16,913
Cash and cash equivalents, end of period		58,284	95,575
Non-cash supplemental information:			
Change in fair value of investments		21,296	(14,037)

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

1. GENERAL

The Company for Cooperative Insurance (the "Company") is a Saudi joint stock company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/5 and incorporated on January 18, 1986 corresponding to Jumad Awal 8, 1406H under Commercial Registration No. 1010061695. The Company's head office is located on King Fahad Road, P.O. Box 86959, Riyadh 11632, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include motor, marine, fire, medical, engineering, energy, aviation, takaful and casualty insurance.

On July 31, 2003 corresponding to Jumad Thani 2, 1424H the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). On December 1, 2004 corresponding to Shawwal 18, 1425H, the Saudi Arabian Monetary Agency ("SAMA") as the principal agency responsible for the application and administration of the Insurance Law and its implementing regulations, granted the Company a license to transact insurance activities in Saudi Arabia.

The Company conducts the business and advances funds to the insurance operations as required. On January 20, 2004 the Company amended its Articles of Association giving authority to the Board of Directors to determine the disposition of the surplus from insurance operations.

On March 20, 2004, the Board of Directors approved the disposition of the surplus from insurance operations in accordance with the implementing regulations issued by the SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%.

The physical custody and title of all assets related to the insurance operations and shareholders' operations are held by the Company.

2. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements for the nine months period ended September 30, 2012 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

The interim condensed financial statements are prepared under the historical cost convention except for the measurement at fair value of available for sale investments.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

2. BASIS OF PREPARATION (continued)

The Company's Articles of Association require that separate accounts be maintained for Insurance and Shareholders' operations. Income and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined by management and the Board of Directors.

(b) Critical accounting judgments, estimates and assumptions

The preparation of the interim condensed financial statements requires the use of estimates and judgments 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 reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Except mentioned below, the estimate and judgments used by management in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2011.

(c) Significant accounting policies

The accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with the Company's audited financial statements for the year ended 31 December 2011, except for the adoption of amendments to IAS 1 "Presentation of Financial Statements" with respect to presentation of items of other comprehensive income which has had no financial impact on these interim condensed financial statements.

These interim condensed financial statements for the period ended September 30, 2012 should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2011. In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim three month and nine month periods presented. The Company's interim results may not be indicative of its annual results.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

2. BASIS OF PREPARATION (continued)

(d) Segmental reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. For management purposes, the Company is organized into business units based on their products and services and has three reportable segments as follows:

- Medical - coverage for health insurance.
- Motor insurance.
- Property and Casualty - coverage for property, engineering, marine, aviation, energy and general accidents insurance.

Operating segments do not include shareholders' operations of the Company.

Segment performance is evaluated based on income or loss which, in certain respects, is measured differently from income or loss in the interim condensed financial statements.

No inter-segment transactions occurred during the period. If any transaction were to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between business segments which will then be eliminated at the level of the interim condensed financial statements of the Company.

(e) Seasonality of operations

There are no seasonal changes that affect insurance operations.

THE COMPANY FOR COOPERATIVE INSURANCE
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

3. RECEIVABLES, NET

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

	September 30, 2012 SR'000 (Unaudited)	December 31, 2011 SR'000 (Audited)
Policyholders'	1,124,127	1,186,668
Agents	543,706	183,396
Related party (Note 11)	21,793	2,327
	<u>1,689,626</u>	<u>1,372,391</u>
Receivable from reinsurers'	145,484	66,192
Administrative Service Plan	25,669	14,690
	<u>1,860,779</u>	<u>1,453,273</u>
Provision for doubtful receivables	(117,054)	(136,153)
Net receivables	<u>1,743,725</u>	<u>1,317,120</u>

4. INVESTMENTS

i) Insurance operations:

Available for sale investments of the insurance operations are comprised of following:

	September 30, 2012 SR'000 (Unaudited)	December 31, 2011 SR'000 (Audited)
Local / regional money market and fixed income investments	1,328,506	1,634,332
Local / regional equity and equity funds	219,458	200,485
Foreign equity and equity funds	73,530	64,670
Total	<u>1,621,494</u>	<u>1,899,487</u>

ii) Shareholders:

Shareholders' available for sale investments are comprised of the following:

	September 30, 2012 SR'000 (Unaudited)	December 31, 2011 SR'000 (Audited)
Local / regional money market and fixed income investments	696,539	676,298
Local / regional equity and equity funds	327,005	317,086
Foreign money market and fixed income investments	327,497	312,125
Foreign equity and equity funds	510,968	508,792
Total	<u>1,862,009</u>	<u>1,814,301</u>

THE COMPANY FOR COOPERATIVE INSURANCE
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

5. OUTSTANDING CLAIMS, NET

Outstanding claims, net are comprised of the following:

	September 30, 2012 SR'000 (Unaudited)	December 31, 2011 SR'000 (Audited)
Gross outstanding claims	1,042,517	1,143,777
Less: realizable value of salvage and recoveries	(161,755)	(82,923)
Add: IBNR	282,499	167,738
Outstanding claims	1,163,261	1,228,592
Less: reinsurers' share of outstanding claims, net	(621,199)	(739,421)
Net outstanding claims	542,062	489,171

6. SHARE CAPITAL

The authorized, issued and paid up capital of the Company is SR 750 million at September 30, 2012 (2011: SR 750 million) consisting of 75 million shares of SR 10 each (2011: 75 million shares).

7. CONTINGENT LIABILITIES

As at September 30, 2012, the Company was contingently liable for letters of credit and guarantees amounting to SR 139 million (December 31, 2011 - SR 38 million and September 30, 2011 SR. 43 million) occurring in the normal course of business.

8. SHAREHOLDERS' DIVIDENDS

A dividend of SR 262.5 million was approved at the ordinary general assembly meeting of shareholders on March 12, 2012. SR. 261.57 million has been paid until September 30, 2012.

9. STATUTORY DEPOSIT

In compliance with Article 58 of the Insurance Implementing Regulations of the SAMA, the Company has deposited 10 percent of its Share capital, amounting to SR 75 million in a bank designated by SAMA. The statutory deposit is maintained with the National Commercial Bank and can be withdrawn only with the consent of SAMA.

10. LEGAL RESERVE

In accordance with the Articles of Association and in compliance with Article 70(2g) of the Insurance Implementing Regulations of SAMA, the Company allocates 20% of its net income each year to the legal reserve until it has built up a reserve equal to the capital. The legal reserve is not available for distribution to shareholders until liquidation of the Company.

THE COMPANY FOR COOPERATIVE INSURANCE
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

11. RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of the major related party transactions during the period and the related balances:

	Transactions for the period ended		Balance receivable / (payable) as at	
	September 30, 2012 SR'000 (Unaudited) SR'000	September 30, 2011 SR'000 (Unaudited) SR'000	September 30, 2012 SR'000 (Unaudited) SR'000	December 31, 2011 SR'000 (Audited) SR'000
<u>Major shareholders</u>				
Amount of claims paid to owned hospital	36,221	4,196	(1,402)	(1,351)
Medical insurance premiums	29,791	23,444	24,044	2,777
Rent expenses paid	6,709	-	(855)	-
Stationery	850	-	(7)	-
<u>Associates</u>				
Insurance premiums	205	1,116	13	901
Rent expenses paid	7,409	-	-	-

In accordance with the Company's Articles of Association, the Board of Directors is entitled each year to remuneration up to 10% of the remaining profit from shareholders' operations, as defined, based on a decision by the General Assembly. A distribution of SR 1.4 million (2010: SR 2.1 million) has been proposed by the Board of Directors for 2011.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

12. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by Management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief operating decision maker.

Segment assets do not include insurance operations' property and equipment, prepayments and other assets, due from a related party, premiums receivable and cash and cash equivalents. Accordingly they are included in unallocated assets. Segment liabilities do not include due to shareholders' operations, reinsurance balances payable, accrued expenses and other liabilities. Accordingly they are included in unallocated liabilities.

These unallocated assets and liabilities (including the related charges for provision for doubtful debts on premium receivable and depreciation on the property and equipments) are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

Operating Segments	For the three month period ended September 30, 2012 (Unaudited)			
	Medical	Motor	Property & casualty	Total
	SR' 000			
Gross premiums written	843,769	236,601	249,864	1,330,234
Net premiums written	804,456	219,080	55,801	1,079,337
Net premiums earned	714,000	261,464	56,595	1,032,059
Reinsurance commissions	102,287	5,005	24,656	131,948
Net claims incurred	(626,949)	(173,060)	(12,789)	(812,798)
Policy acquisition costs	(47,835)	(36,092)	(12,598)	(96,525)
Excess of loss expenses	(18,507)	(4,027)	(6,443)	(28,977)
Changes in reserve for Takaful activities	814	-	-	814
Other underwriting expenses	(14,141)	(2,082)	(887)	(17,110)
General, administrative, selling and marketing expenses excluding provision for doubtful debts	(36,325)	(18,212)	(17,259)	(71,796)
Profit from Insurance Operations	73,344	32,996	31,275	137,615
Investment income, net				10,079
Other income, net				9,711
Reversal of provision for doubtful receivables				42,609
Surplus from Insurance Operations				200,014

THE COMPANY FOR COOPERATIVE INSURANCE
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

12. SEGMENTAL INFORMATION (continued)

Operating Segments	For the three month period ended September 30, 2011 (Unaudited)			
	Medical	Motor	Property & casualty	Total
	SR' 000			
Gross premiums written	509,939	230,477	95,903	836,319
Net premiums written	458,933	216,673	31,644	707,250
Net premiums earned	504,931	266,378	34,203	805,512
Reinsurance commissions	3,639	4,350	20,633	28,622
Net claims incurred	(381,186)	(145,633)	(9,943)	(536,762)
Policy acquisition cost	(29,813)	(41,709)	(10,518)	(82,040)
Excess of loss expenses	(33,351)	(2,480)	(5,535)	(41,366)
Changes in reserve for Takaful activities	281	-	-	281
Other underwriting expenses	(11,786)	(2,063)	(2,366)	(16,215)
General, administrative, selling and marketing expenses excluding provision for doubtful debts	(29,451)	(18,748)	(15,602)	(63,801)
Profit from Insurance Operations	23,264	60,095	10,872	94,231
Investment income, net				7,391
Other income, net				(232)
Provision for doubtful receivables				(24,402)
Surplus from Insurance Operations				76,988

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

12. SEGMENTAL INFORMATION (continued)

Operating Segments	For the nine month period ended September 30, 2012 (Unaudited)			
	Medical	Motor	Property & casualty	Total
	SR' 000			
Gross premiums written	2,258,610	796,187	737,193	3,791,990
Net premiums written	2,064,575	746,290	129,467	2,940,332
Net premiums earned	1,927,707	810,054	138,727	2,876,488
Reinsurance commissions	109,778	14,110	73,989	197,877
Net claims incurred	(1,768,932)	(542,619)	(35,638)	(2,347,189)
Policy acquisition costs	(123,133)	(123,484)	(37,463)	(284,080)
Excess of loss expenses	(37,207)	(7,023)	(11,934)	(56,164)
Changes in reserve for Takaful activities	1,003	-	-	1,003
Other underwriting expenses	(42,961)	(6,520)	(5,833)	(55,314)
General, administrative, selling and marketing expenses excluding provision for doubtful debts	(94,189)	(52,666)	(41,521)	(188,376)
(Loss) / Profit from Insurance Operations	(27,934)	91,852	80,327	144,245
Investment income, net				47,473
Other income, net				13,195
Provision for doubtful receivables				19,099
Surplus from Insurance Operations				224,012

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

12. SEGMENTAL INFORMATION (continued)

Operating Segments	For the nine month period ended September 30, 2011 (Unaudited)			
	Medical	Motor	Property & casualty	Total
	SR' 000			
Gross premiums written	1,495,075	800,785	616,202	2,912,062
Net premiums written	1,315,740	758,561	104,028	2,178,329
Net premiums earned	1,392,535	761,472	98,434	2,252,441
Reinsurance commissions	12,645	10,285	56,847	79,777
Net claims incurred	(968,680)	(551,258)	(43,685)	(1,563,623)
Policy acquisition costs	(85,661)	(124,067)	(29,275)	(239,003)
Excess of loss expenses	(33,351)	(4,741)	(12,150)	(50,242)
Changes in reserve for Takaful activities	(62)	-	-	(62)
Other underwriting expenses	(34,063)	(6,424)	(10,610)	(51,097)
General, administrative, selling and marketing expenses excluding provision for doubtful debts	(85,363)	(59,508)	(36,157)	(181,028)
Profit /(loss) from Insurance Operations	198,000	25,759	23,404	247,163
Investment income, net				33,600
Other income, net				4,863
Provision for doubtful receivables				(24,226)
Surplus from Insurance Operations				261,400

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

12. SEGMENTAL INFORMATION (continued)

Insurance operations' assets	As at September 30, 2012 (Unaudited)			
	Medical	Motor	Property &	Total
			casualty	
SR '000				
Reinsurers' share of unearned premium	123,947	30,341	300,739	455,027
Reinsurers' share of outstanding claims, net	13,762	13,657	593,780	621,199
Deferred policy acquisition cost	71,013	71,703	26,550	169,266
Investments				1,732,812
Unallocated assets				2,666,647
Total assets				5,644,951
Insurance operations' liabilities and surplus				
Unearned premium income	1,524,617	479,649	409,728	2,413,994
Outstanding claims	442,841	34,484	685,936	1,163,261
Unearned commission income	4,184	9,258	50,060	63,502
Reserve for Takaful activities	14,040	-	-	14,040
Unallocated liabilities and surplus				1,990,154
Total liabilities and surplus				5,644,951

Insurance operations' assets	As at December 31, 2011 (Audited)			
	Medical	Motor	Property &	Total
			casualty	
SR '000				
Reinsurers' share of unearned premium	143,720	29,569	337,228	510,517
Reinsurers' share of outstanding claims, net	59,455	15,815	664,151	739,421
Deferred policy acquisition cost	47,552	84,303	31,606	163,461
Investments				2,012,665
Unallocated assets				1,825,606
Total assets				5,251,670
Insurance operations' liabilities and surplus				
Unearned premium income	1,407,522	542,641	455,477	2,405,640
Outstanding claims	326,500	147,539	754,553	1,228,592
Unearned commission income	8,528	9,279	54,995	72,802
Reserve for Takaful activities	15,043	-	-	15,043
Unallocated liabilities and surplus				1,529,593
Total liabilities and surplus				5,251,670

THE COMPANY FOR COOPERATIVE INSURANCE
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2012 (UNAUDITED)

13. EARNINGS PER SHARE

Earnings per share has been calculated by dividing the net income for the periods ended September 30, 2012 and 2011 by 75 million shares.

14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on Dhu Al-Hijjah 5, 1433H, corresponding to October 21, 2012.

