
**THE MEDITERRANEAN AND GULF COOPERATIVE INSURANCE
AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

**FOR THE THREE MONTH PERIOD
ENDED 31 MARCH 2012**

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

Unaudited Interim Condensed Financial Statements and Independent Auditors' Limited Review Report
For the Three Month Period Ended 31 March 2012

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**LIMITED REVIEW REPORT
TO THE SHAREHOLDERS OF THE MEDITERRANEAN AND GULF COOPERATIVE
INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2012, the related interim statements of insurance operations and accumulated surplus, shareholders' operations and shareholders' comprehensive operations, changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the three month period then ended and the related 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 - 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. 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.

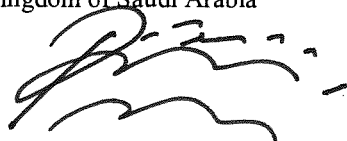
CONCLUSION:

Based on our 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 A MATTER:

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

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25 Jumad Al Awal 1433H
17 April 2012


The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

(Amounts in SR)

	Notes	31 March 2012 (Unaudited)	31 December 2011 (Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	165,387,758	422,889,063
Time deposits	5	136,884,684	136,547,434
Premiums and reinsurance balances receivable	6	1,105,910,291	877,175,280
Due from related parties	10	36,675,739	40,303,669
Due from shareholders operations		7,283,254	-
Reinsurers' share of outstanding claims		589,091,943	538,036,714
Investments	7	119,563,577	146,944,179
Prepayments and other assets		83,565,680	18,318,919
Reinsurers' share of unearned premiums		450,098,953	453,129,453
Deferred policy acquisition costs		39,526,609	30,087,953
Property and equipment, net		38,800,312	37,153,446
TOTAL INSURANCE OPERATIONS' ASSETS		2,772,788,800	2,700,586,110
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	412,681,044	256,817,745
Time deposits	5	65,439,615	65,034,394
Due from insurance operations		-	101,913,673
Investment in an associate	8	14,000,000	14,000,000
Investments	7	197,810,242	191,233,208
Prepayments and other assets		2,715,527	2,452,987
Land		30,000,000	30,000,000
Statutory deposit	9	80,000,000	80,000,000
Goodwill		480,000,000	480,000,000
TOTAL SHAREHOLDERS' ASSETS		1,282,646,428	1,221,452,007
TOTAL ASSETS		4,055,435,228	3,922,038,117

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

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 31 MARCH 2012

(Amounts in SR)

	Notes	31 March 2012 (Unaudited)	31 December 2011 (Audited)
INSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Gross outstanding claims		777,230,591	753,689,507
Accounts and commission payable		38,153,672	53,674,671
Reinsurance balances payable		259,862,600	272,591,787
Due to shareholders' operations		-	101,913,673
Accrued expenses and other liabilities		79,294,568	76,792,297
Surplus distribution payable		69,924,331	64,736,873
Unearned reinsurance commission		42,664,713	45,201,930
Gross unearned premiums		1,490,415,262	1,317,710,684
Other reserves		14,500,000	14,000,000
TOTAL INSURANCE OPERATIONS' LIABILITIES		2,772,045,737	2,700,311,422
INSURANCE OPERATIONS' SURPLUS			
Cumulative change in fair values of available for sale investments	7	743,063	274,688
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		2,772,788,800	2,700,586,110
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Dividend payable		160,000,000	-
Accrued expenses and other liabilities		643,501	209,500
Provision for zakat and income tax		55,576,557	47,737,387
Due to a shareholder		7,283,254	-
TOTAL SHAREHOLDERS' LIABILITIES		223,503,312	47,946,887
SHAREHOLDERS' EQUITY			
Share capital		800,000,000	800,000,000
Statutory reserve		105,334,781	105,334,781
Retained earnings		143,104,069	261,339,125
Cumulative change in fair values of available for sale investments	7	10,704,266	6,831,214
TOTAL SHAREHOLDERS' EQUITY		1,059,143,116	1,173,505,120
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		1,282,646,428	1,221,452,007
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS, AND SHAREHOLDERS' EQUITY		4,055,435,228	3,922,038,117

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

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
(UNAUDITED)
(Amounts in SR)

	<i>For the three month period ended</i>	
	<i>31 March 2012</i>	<i>31 March 2011</i>
Gross premiums written	870,662,176	890,850,944
Less: Reinsurance premiums ceded	(197,902,214)	(279,389,977)
Excess of loss premiums	(19,348,926)	(17,021,940)
NET PREMIUMS WRITTEN	653,411,036	594,439,027
Change in unearned premiums, net	(175,735,078)	(239,495,654)
Change in other reserves	(500,000)	(1,000,000)
NET PREMIUMS EARNED	477,175,958	353,943,373
Gross claims paid and other expenses	(497,733,212)	(430,876,307)
Reinsurers' share of gross claims paid	93,001,243	139,801,005
Movement in outstanding claims, net	27,514,145	35,403,731
NET CLAIMS INCURRED	(377,217,824)	(255,671,571)
Policy acquisition costs	(24,596,425)	(32,055,481)
Reinsurance commission income	24,471,051	30,131,748
NET UNDERWRITING RESULT	99,832,760	96,348,069
General and administrative expenses	(56,604,642)	(100,169,898)
Special commission income	1,297,289	281,250
Other income	7,349,170	8,871,495
INSURANCE OPERATIONS' SURPLUS	51,874,577	5,330,916
Shareholders' appropriation from insurance operations' surplus	(46,687,119)	(4,797,824)
ACCUMULATED SURPLUS AT THE END OF THE PERIOD	5,187,458	533,092

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

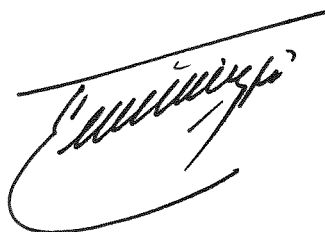
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

(UNAUDITED)

(Amounts in SR)

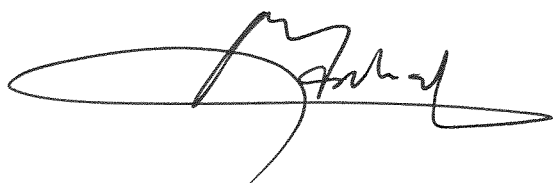
		<i>For the three month period ended</i>	
	<i>Note</i>	<i>31 March</i>	<i>31 March</i>
		<i>2012</i>	<i>2011</i>
INCOME			
Shareholders' appropriation from insurance operations' surplus		46,687,119	4,797,824
Special commission income		3,616,707	3,355,376
Realised gains on sale of available for sale investments		213,254	66,526
Dividend income on available for sale investments		107,384	105,143
		50,624,464	8,324,869
EXPENSES			
General and administrative		(1,020,350)	(990,327)
NET INCOME FOR THE PERIOD		49,604,114	7,334,542
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD	12	0.620	0.092

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS
(UNAUDITED)
(Amounts in SR)

	<i>For the three month period ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2012</i>	<i>2011</i>
NET INCOME FOR THE PERIOD	49,604,114	7,334,542
OTHER COMPREHENSIVE INCOME (EXPENSES):		
Zakat and income tax	(7,839,170)	(5,829,734)
Change in fair values of available for sale investments	3,873,052	(512,241)
Other comprehensive expense for the period	(3,966,118)	(6,341,975)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45,637,996	992,567



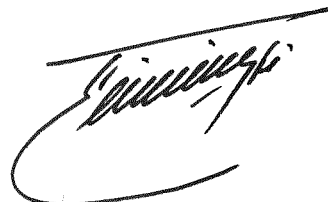

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the Three Month Period Ended 31 March 2012

(Amounts in SR)

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Cumulative changes in fair values of available for sale investments</i>	<i>Total</i>
Balance at 1 January 2012	800,000,000	105,334,781	261,339,125	6,831,214	1,173,505,120
Net income for the period	-	-	49,604,114	-	49,604,114
Other comprehensive expense for the period	-	-	(7,839,170)	3,873,052	(3,966,118)
Total comprehensive income for the period	-	-	41,764,944	3,873,052	45,637,996
Dividends approved (note 13)	-	-	(160,000,000)	-	(160,000,000)
Balance at 31 March 2012	800,000,000	105,334,781	143,104,069	10,704,266	1,059,143,116
Balance at 1 January 2011	800,000,000	63,972,748	195,890,992	8,749,430	1,068,613,170
Net income for the period	-	-	7,334,542	-	7,334,542
Other comprehensive expense for the period	-	-	(5,829,734)	(512,241)	(6,341,975)
Total comprehensive income for the period	-	-	1,504,808	(512,241)	992,567
Balance at 31 March 2011	800,000,000	63,972,748	197,395,800	8,237,189	1,069,605,737




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

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

For The Three Month Period Ended 31 March 2012

(Amounts in SR)

	31 March 2012 (Unaudited)	31 March 2011 (Unaudited)
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Insurance operations' surplus after shareholders' appropriation	5,187,458	533,092
<i>Adjustments to reconcile insurance operation' surplus after shareholders' appropriation to net cash used in operating activities:</i>		
Depreciation	2,931,108	2,151,718
Provision for doubtful debts	1,500,000	46,500,000
Special commission income	(431,502)	(281,250)
Gain from sale of property and equipment, net	(78,000)	(5,000)
Reinsurers' share of unearned premiums	3,030,500	(5,080,296)
Deferred policy acquisition costs	(9,438,656)	(7,928,364)
Gross unearned premiums	172,704,578	244,575,950
Unearned reinsurance commission	(2,537,217)	2,346,762
<i>Cash from operations</i>	172,868,269	282,812,612
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurance balances receivable	(230,235,011)	(159,134,115)
Reinsurers' share of outstanding claims	(51,055,229)	(73,289,483)
Prepayments and other assets	(65,246,761)	(60,938,592)
Due from related parties	3,627,930	196,965,047
Due to shareholders' operations, net	(109,196,927)	(340,385,620)
Accounts and commissions payable	(15,520,999)	(87,292,663)
Reinsurance balances payable	(12,729,187)	118,950,155
Accrued expenses and other liabilities	2,502,271	1,979,372
Gross outstanding claims	23,541,084	37,885,752
Other reserves	500,000	1,000,000
Net cash (used in) operating activities	(280,944,560)	(81,447,535)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of available for sale investments	27,848,977	-
Purchase of property and equipment	(4,577,974)	(3,994,057)
Proceeds from sale of property and equipment	78,000	30,339
Time deposits, net	(337,250)	(85,276,230)
Special commission income	431,502	281,250
Net cash from(used in) investing activities	23,443,255	(88,958,698)
DECREASE IN CASH AND CASH EQUIVALENTS	(257,501,305)	(170,406,233)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	422,889,063	433,332,901
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4 165,387,758	262,926,668
Non-cash transaction:		
Change in fair values of available for sale investments	468,375	(14,625,000)

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

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For The Three Month Period Ended 31 March 2012

(Amounts in SR)

	<i>Note</i>	31 March 2012 (Unaudited)	31 March 2011 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		49,604,114	7,334,542
<i>Adjustments for:</i>			
Special commission income		(3,616,707)	(748,619)
Dividend income on available for sale investments		(107,384)	(105,143)
Realised gains on sale of available for sale investments		(213,254)	(66,526)
Cash flow from operation		45,666,769	6,414,254
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(262,540)	(585,952)
Due from insurance operations		109,196,927	340,385,620
Accrued expenses and other liabilities		434,001	(308,500)
Due to/from a shareholder, net		-	(197,259,686)
Net cash from operating activities		155,035,157	148,645,736
CASH FLOWS FROM INVESTING ACTIVITIES			
Time deposits, net		(405,221)	-
Purchase of available for sale investments		(3,000,000)	(50,000,000)
Proceeds from sale of available for sale investments		509,272	169,005
Special commission income		3,616,707	748,619
Dividend income on available for sale investments		107,384	105,143
Net cash from (used in) investing activities		828,142	(48,977,233)
INCREASE IN CASH AND CASH EQUIVALENTS		155,863,299	99,668,503
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		256,817,745	300,758,288
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	412,681,044	400,426,791
<u>Non-cash transactions:</u>			
Change in fair values of available for sale investments		3,873,052	(512,241)
Transfer of investment from insurance operations		-	14,625,000

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

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 MARCH 2012

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010231925 dated 8 Rabi Thani 1428H (corresponding to 26 April 2007). The registered office address of the Company is P.O.Box: 2302, Riyadh 11451, Kingdom of Saudi Arabia. The objectives of the Company are to transact cooperative insurance and reinsurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Saudi Arabian Stock Exchange (Tadawul) on 16 April 2007.

2. BASIS OF PREPARATION

Basis of measurement

The interim condensed financial statements have been prepared on a historic cost basis except for the measurement at fair value of available for sale investments and investment in an associate which is accounted for under the equity method.

Statement of compliance

The accompanying interim condensed financial statements for the three month period ended 31 March 2012 are prepared in accordance with IAS 34 – Interim Financial Reporting.

The accompanying interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 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 periods presented. The interim results may not be indicative of the Company's annual results.

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS

Significant accounting policies

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2011. In addition, accounting policies applicable to significant transactions and account balances arising during the year are set out below:

Investment in an associate

Associates are enterprises in which the Company generally holds 20% to 50% of the voting power and/or over which it exercises significant influence. Investments in associates are carried in the interim statement of financial position at cost, plus post acquisition changes in the Company's share of net assets of the associate, less any impairment in the value of individual investments.

New standards, amendments to standards and interpretations

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2011 except for the adoption of following amendments and revisions to existing standards mentioned below which has had no financial impact on the interim condensed financial statements of the Company:

- *IAS 24 Related Party Disclosures (revised 2009)*

The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government related entities.

- *Improvements to IFRSs 2011 – IFRS 7 Financial Instruments: Disclosures*

The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the International Accounting Standards Board amended and removed certain existing disclosure requirements.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2012

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (continued)

- **Improvements to IFRSs 2011 – IAS 1 Presentation of Financial Statements**

IAS 1 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented in the financial statements, but is permitted to be presented either in the statement of changes in equity or in the notes.

- **Improvements to IFRSs 2011 – IAS 34 Interim Financial Reporting**

These amendments emphasises the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report and clarifies how to apply this principle in respect of financial instruments and their fair values. The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.

These and other amendments resulting from improvements to the IFRSs did not have any material impact on the accounting policies, financial position and performance of the Company.

4. CASH AND CASH EQUIVALENTS

	31 March 2012		31 December 2011	
	(Unaudited)		(Audited)	
	Insurance operations SR	Shareholders' operations SR	Insurance operations SR	Shareholders' operations SR
Cash on hand and at banks	142,887,758	180,162,294	249,859,507	17,471,536
Short term time deposits	22,500,000	232,518,750	173,029,556	239,346,209
	165,387,758	412,681,044	422,889,063	256,817,745

Cash at banks and short term time deposits are placed with counterparties who have credit ratings equivalent to A- to B ratings under Standard and Poor's and Moody's ratings methodology.

Short term time deposits are placed with local and international banks with an original maturity of less than three months from the date of acquisition and earned special commission income at an average rate of 4.12% per annum (31 December 2011: 3.49%).

The carrying amounts disclosed above reasonably approximate their fair values at the reporting date.

5. TIME DEPOSITS

Time deposits are placed with counterparties that have credit ratings equivalent to A+ to A- ratings under Standard and Poor's and Moody's ratings methodology.

Time deposits are placed with local and international banks with a maturity of more than three months from the date of original acquisition and earned special commission income at an average rate of 1.4% per annum (31 December 2011: 1.8%).

The carrying amounts of the time deposits reasonably approximate their fair values at the reporting date.

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2012

6. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

Premiums and reinsurance balances receivable are comprised of the following :-

	<i>31 March 2012 (Unaudited) SR</i>	<i>31 December 2011 (Audited) SR</i>
Premiums receivable	1,133,554,311	845,321,819
Reinsurance balances receivable	125,357,512	183,354,993
Total premiums and reinsurance balances receivable	1,258,911,823	1,028,676,812
Less: Provision for doubtful debts	(153,001,532)	(151,501,532)
Total premiums and reinsurance balances receivable	1,105,910,291	877,175,280

7. INVESTMENTS

Investments are classified under available for sale investments (Insurance & Shareholders' Operations) ,and consist of the following:-

	<i>31 March 2012 (Unaudited) SR</i>	<i>31 December 2011 (Audited) SR</i>
Mutual funds	159,622,244	184,040,301
Bonds	99,592,125	99,186,186
Sukuks	39,409,450	36,200,900
Equities	18,750,000	18,750,000
Total available for sale investments	317,373,819	338,177,387

The cumulative change in fair values of available for sale investments for insurance operations amounting to SR 743,063 (31 December 2011: SR 274,688) is presented within insurance operations' surplus' in the interim statement of financial position.

The cumulative change in fair values of available for sale investments for shareholders' operations amounting to SR 10,704,266 (31 December 2011: SR 6,831,214) is presented within shareholders' equity in the interim statement of financial position.

The movements during the period/year in available for sale investments for insurance and shareholders' operations were as follows:

	<i>31 March 2012 (Unaudited) SR</i>	<i>31 December 2011 (Audited) SR</i>
At the beginning of the period/ year	338,177,387	185,339,109
Purchased during the period/year	3,000,000	169,179,803
Sold during the period/year	(28,144,995)	(15,303,735)
Net change in fair values	313,032,392	339,215,177
At the end of the period/year	4,341,427	(1,037,790)
	317,373,819	338,177,387

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2012

8. INVESTMENT IN AN ASSOCIATE

Investment in an associate comprises of an equity investment amounting to SR 14,000,000 (a 25% equity interest) (2011: SR 14,000,000), in an unquoted company (the "associate"), registered in the Kingdom of Saudi Arabia. Additionally, the Company has granted an interest free loan of SR 625,000 to the associate, which is repayable on demand.

9. STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. This statutory deposit cannot be withdrawn without the consent of the Saudi Arabian Monetary Agency ("SAMA").

10. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(a) The following are the details of major related party transactions during the period and their balances at the end of the period/year:

Related parties	Nature of transactions	Amounts of transactions for the three month period ended		Balance as at	
		March 2012 (Unaudited) SR	March 2011 (Unaudited) SR	31 March 2012 (Unaudited) SR	31 December 2011 (Audited) SR
Founding shareholders	- Due from a shareholder, net – MEDGULF (B.S.C.)	6,167,856	4,285,191	15,686,590	9,518,734
	- Current accounts and time deposits – (The Saudi Investment Bank, a shareholder)	62,983	50,000,000	84,757,525	84,694,542
	- Commission income on time deposits – (The Saudi Investment Bank, a shareholder)	168,888	184,507	309,938	141,050
Others	- Expenses paid on behalf of other affiliated companies, net	(9,795,786)	18,615,552	20,989,149	30,784,935
	- Gross premiums written	19,959,440	4,531,717	19,772,589	7,088,681
	- Claims incurred	4,881,210	891,868	(172,187)	(89,429)
	- Premiums ceded	28,262,010	1,691,658	40,746,745	12,484,735
	- Brokerage commission	(11,355,051)	22,222,053	1,116,682	12,471,733

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 MARCH 2012

10. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Key management personnel's remuneration

(b) The remuneration of the Board of Directors and other key management personnel during the period are as follows:

	<i>For the three month ended</i>	
	<i>31 March 2012</i>	<i>31 March 2011</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>(SR)</i>	<i>(SR)</i>
Short term benefits	4,237,731	2,453,672
End of service benefits	85,238	70,645
	<u>4,322,969</u>	<u>2,524,317</u>

11. 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 as set out below.

Segment results do not include allocation of general and administrative expenses, special commission income and other income to operating segments.

Segment assets do not include allocation of cash and cash equivalents, time deposits, investments, premiums and reinsurance balances receivable, prepayments and other assets, due from related parties, and property and equipment, net, to the operating segments.

Segment liabilities do not include allocation of accounts and commission payable, reinsurance balances payable, accrued expenses and other liabilities, due to shareholders' operations, surplus distribution payable and other reserves to operating segments.

Operating segments

***For the three month period ended
31 March 2012 (Unaudited)***

	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
<i>Insurance operations</i>				
Gross premiums written	639,434,649	96,316,707	134,910,820	870,662,176
Net premiums written	525,611,456	92,072,584	35,726,996	653,411,036
Net premiums earned	408,622,820	45,919,034	22,634,104	477,175,958
Net claims incurred	(334,030,670)	(40,560,597)	(2,626,557)	(377,217,824)
Policy acquisition costs	(15,015,873)	(3,999,413)	(5,581,139)	(24,596,425)
Reinsurance commission income	7,196,654	361,053	16,913,344	24,471,051
Net underwriting result	66,772,931	1,720,077	31,339,752	99,832,760
General and administrative expenses				(56,604,642)
Special commission income and other income				8,646,459
Insurance operations' surplus				<u>51,874,577</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 MARCH 2012

11. SEGMENTAL INFORMATION (continued)

Operating segments (continued)

*for the three month period ended
31 March 2011
(Unaudited)*

	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
Insurance operations				
Gross premiums written	652,745,039	91,694,175	146,411,730	890,850,944
Net premiums written	473,364,666	90,779,390	30,294,971	594,439,027
Net premiums earned	269,618,886	62,220,522	22,103,965	353,943,373
Net claims incurred	(203,388,317)	(44,844,185)	(7,439,069)	(255,671,571)
Policy acquisition costs	(20,096,104)	(7,223,451)	(4,735,926)	(32,055,481)
Reinsurance commission income	13,171,600	410,894	16,549,254	30,131,748
Net underwriting result	59,306,065	10,563,780	26,478,224	96,348,069
General and administrative expenses				(100,169,898)
Special commission income and other income				9,152,745
Insurance operations' surplus				5,330,916
As at 31 March 2012 (Unaudited)	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
Insurance operations' assets				
Reinsurers' share of unearned premiums	88,149,104	3,581,726	358,368,123	450,098,953
Reinsurers' share of outstanding claims	275,809,902	4,397,684	308,884,357	589,091,943
Deferred policy acquisition costs	16,773,121	7,558,616	15,194,872	39,526,609
Unallocated assets				1,694,071,295
				2,772,788,800
Insurance operations' liabilities				
Gross unearned premiums	969,617,321	109,129,185	411,668,756	1,490,415,262
Unearned reinsurance commission	7,201	1,128,714	41,528,798	42,664,713
Gross outstanding claims	365,496,670	88,037,739	323,696,182	777,230,591
Unallocated liabilities				462,478,234
				2,772,788,800

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2012

11. SEGMENTAL INFORMATION (continued)

Operating segments (continued)

<i>As at 31 December 2011 (Audited)</i>	<i>Medical SR</i>	<i>Motor SR</i>	<i>Others SR</i>	<i>Total SR</i>
<i>Insurance operations' assets</i>				
Reinsurers' share of unearned premiums	65,662,486	1,024,458	386,442,509	453,129,453
Reinsurers' share of outstanding claims	244,412,722	3,923,935	289,700,057	538,036,714
Deferred policy acquisition costs	13,542,501	4,634,699	11,910,753	30,087,953
Unallocated assets				1,679,331,990
				<u>2,700,586,110</u>
<i>Insurance operations' liabilities</i>				
Gross unearned premiums	830,142,069	60,418,366	427,150,249	1,317,710,684
Unearned reinsurance commission	7,600	338,016	44,856,314	45,201,930
Gross outstanding claims	373,631,213	75,580,527	304,477,767	753,689,507
Unallocated liabilities				583,983,989
				<u>2,700,586,110</u>

12. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period was calculated by dividing the net income for the period by the weighted average number of shares issued and outstanding during the period amounting to 80 million shares.

13. DIVIDENDS

The general assembly meeting held on 8 Jumada Al Awal 1433H (corresponding to 31 March 2012) approved the Board of Directors' proposal to distribute dividends for the year ended 31 December 2011 amounting to SR 2.00 per share (2010: SR 1.25 per share) to those shareholders registered in the Company's register of shareholders as at the date of the general assembly meeting. Subsequent to the quarter end, the Company has paid the full amount of declared dividends on April 15, 2012.

14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 23 Jamadi Al Awal 1433H (15 April 2012).