

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED**  
**FINANCIAL STATEMENTS**

For the three month period ended  
31 March 2012

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)  
(SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2012**

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### REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**THE SHAREHOLDERS**  
**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**  
**KINGDOM OF SAUDI ARABIA**

#### Scope of review

We have reviewed the accompanying interim statement of financial position of Allied Cooperative Insurance Group (ACIG) – a Saudi Joint Stock Company ('the Company') as at 31 March 2012, and the related interim statements of insurance operations and accumulated surplus, shareholders' comprehensive income, changes in shareholders' equity, insurance operations cash flows and shareholders' operations cash flows for the three month period then ended, together with the notes forming part thereof. 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. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review. 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 in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on 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 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.

We further draw attention to note 2 to the accompanying interim condensed financial statements, which refers to the Company's accumulated losses at 31 March 2012, amounting to SR 84.15 million at that date (31 December 2011: SR 80.93 million), which exceed 75% of the Company's capital resulting in invoking the requirements of Article 148 of the Companies Regulations. However, the requirements of Article 148 of the Companies Regulations have subsequently been initiated in the Board of Directors meeting dated 5 April 2012 that has approved the convening of extraordinary general meeting. The continuation of the operations of the Company is dependent on the future profitability of operations and importantly, the pending increase in the share capital through a rights issue which was approved by SAMA in October 2010.

These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

for KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen  
 Certified Public Accountant  
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for Aldar Audit Bureau  
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Jeddah, Kingdom of Saudi Arabia  
 23 Jumadi Al Thani 1433 H  
 14 May 2012

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 March 2012

		<b>31 March 2012 SR '000 (Unaudited)</b>	<b>31 December 2011 SR '000 (Audited)</b>
	<u>Notes</u>		
<b>INSURANCE OPERATIONS ASSETS</b>			
Cash and cash equivalents	6	<b>71,651</b>	58,384
Premiums and reinsurance receivable - gross		<b>14,112</b>	9,508
Allowances for doubtful receivable		<b>(977)</b>	(672)
Premiums and reinsurance receivable - net		<b>13,135</b>	8,836
Reinsurance share of outstanding claims	8	<b>1,715</b>	1,861
Reinsurance share of unearned premium	9	<b>12,150</b>	11,422
Deferred policy acquisition cost		<b>20,763</b>	17,835
Due from shareholders' operations	10	<b>12,646</b>	9,467
Prepayments, advances and other receivables		<b>3,814</b>	2,777
Furniture, fittings and equipment		<b>5,052</b>	5,222
<b>Total insurance operations assets</b>		<b>140,926</b>	115,804
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	6	<b>13,492</b>	13,492
Prepayments, advances and other receivables		<b>3,422</b>	3,120
Investments	7	<b>2,877</b>	2,877
Statutory deposit		<b>10,000</b>	10,000
<b>Total shareholders' assets</b>		<b>29,791</b>	29,489
<b>Total assets</b>		<b>170,717</b>	145,293

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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 March 2012

		<b>31 March 2012 SR '000 (Unaudited)</b>	<b>31 December 2011 SR '000 (Audited)</b>
	<u>Notes</u>		
<b>INSURANCE OPERATIONS LIABILITIES AND DEFICIT</b>			
Outstanding claims	8	<b>19,551</b>	20,556
Reinsurance balance payable		<b>10,373</b>	7,347
Unearned premium	9	<b>103,545</b>	81,201
Unearned commission		<b>2,109</b>	1,864
Accrued expenses and other liabilities		<b>3,794</b>	3,409
Employees' end of service benefits		<b>1,554</b>	1,427
<b>Total insurance operations liabilities</b>		<b>140,926</b>	115,804
Deficit from Insurance Operations		--	--
<b>Total insurance operations liabilities and deficit</b>		<b>140,926</b>	115,804
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Due to insurance operations	10	<b>12,646</b>	9,467
Accrued expenses and other liabilities		<b>493</b>	403
Accrued zakat	11	<b>798</b>	548
<b>Total shareholders' liabilities</b>		<b>13,937</b>	10,418
<b>Shareholders' equity</b>			
Share capital		<b>100,000</b>	100,000
Accumulated loss		<b>(84,146)</b>	(80,929)
<b>Total shareholders' equity</b>		<b>15,854</b>	19,071
<b>Total shareholders' liabilities and equity</b>		<b>29,791</b>	29,489
<b>Total liabilities, Insurance Operations deficit and Shareholders' equity</b>		<b>170,717</b>	145,293

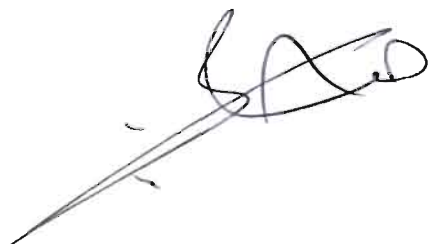
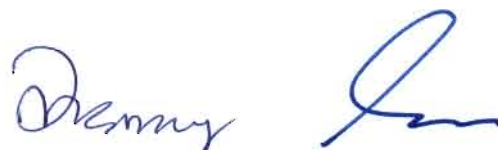
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**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS**  
**(UNAUDITED)**

For the three month period ended 31 March 2012

	<i>31 March 2012 SR '000</i>	<i>31 March 2011 SR '000</i>
<b>REVENUE</b>		
Gross written premium	67,771	47,663
Premium ceded	(7,336)	(8,952)
Retained written premium	60,435	38,711
Net movement in unearned premium	(21,616)	(15,527)
Excess of loss premium	(1,170)	(546)
Net earned premium	37,649	22,638
Reinsurance commission earned	820	1,081
<b>Total insurance revenue</b>	<b>38,469</b>	<b>23,719</b>
<b>CLAIMS</b>		
Gross claims paid	25,425	8,884
Claims recovered from reinsurance	(1,118)	(334)
Net claims paid	24,307	8,550
Net movement in outstanding claims	(859)	1,491
Net claims incurred	23,448	10,041
Policy acquisition cost	10,228	6,238
	<b>33,676</b>	<b>16,279</b>
<b>Net underwriting result</b>	<b>4,793</b>	<b>7,440</b>
General and administrative expenses	(7,489)	(6,649)
Other income	--	42
<b>Deficit from insurance operations</b>	<b>(2,696)</b>	<b>833</b>
Deficit transferred to shareholders' operations	2,696	--
<b>Accumulated Surplus at the end of the period</b>	<b>--</b>	<b>833</b>

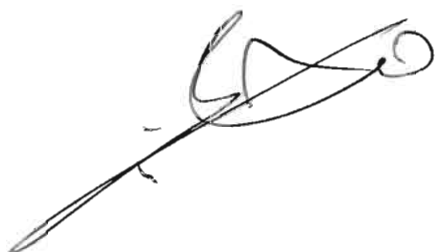



The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME (UNAUDITED)**  
For the three month period ended 31 March 2012

	<i>31 March</i> <u>2012</u> <i>SR '000</i>	<i>31 March</i> <u>2011</u> <i>SR '000</i>
Deficit from insurance operations	(2,696)	--
<b>EXPENSES</b>		
General and administrative expenses	(271)	(162)
	<u>(2,967)</u>	<u>(162)</u>
Investment and other income	--	36
<b>Net loss for the period</b>	(2,967)	(126)
<b>Other comprehensive income/(expense)</b>		
Zakat for the three month period	(250)	(147)
<b>Comprehensive loss for the period</b>	<u>(3,217)</u>	<u>(273)</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>10,000</u>	<u>10,000</u>
Loss per share (Saudi Arabian Riyals)	<u>(0.30)</u>	<u>(0.01)</u>





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



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF INSURANCE OPERATIONS CASH FLOWS (UNAUDITED)**  
For the three month period ended 31 March 2012

	<i>31 March</i> <u>2012</u> <i>SR '000</i>	<i>31 March</i> <u>2011</u> <i>SR '000</i>
<b>OPERATING ACTIVITIES</b>		
Net deficit/surplus for the period from Insurance		
Operations	--	833
Adjustments for:		
Depreciation	306	275
Investment income	--	(47)
Loss on disposal of furniture, fittings and equipment	--	5
Employees' end of service benefits, net	127	95
	<u>433</u>	<u>1,161</u>
Changes in assets and liabilities:		
Premiums and reinsurance receivable - net	(4,299)	7,137
Reinsurance share of outstanding claims	146	(9,012)
Reinsurance share of unearned premium	(728)	(1,162)
Deferred policy acquisition cost	(2,928)	(4,522)
Due from shareholders' operations	(3,179)	9,884
Prepayments, advances and other receivables	(1,037)	(882)
Outstanding claims	(1,005)	10,504
Reinsurance balance payable	3,026	(7,930)
Unearned premium	22,344	16,689
Unearned commission	245	52
Accrued expenses and other liabilities	385	(232)
Due to a related party	--	(2,940)
Net cash from operating activities	<u>13,403</u>	<u>18,747</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investment	--	(13,000)
Proceeds from redemption of investment	--	23,067
Purchase of furniture, fittings and equipment	(136)	(176)
Net cash from investing activities	<u>(136)</u>	<u>9,891</u>
<b>Increase in cash and cash equivalents</b>	<u>13,267</u>	<u>28,638</u>
Cash and cash equivalents at 1 January	<u>58,384</u>	<u>23,662</u>
<b>Cash and cash equivalents at 31 March</b>	<u>71,651</u>	<u>52,300</u>




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



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS CASH FLOWS (UNAUDITED)**  
For the three month period ended 31 March 2012

	<i>31 March</i> <u>2012</u> <i>SR '000</i>	<i>31 March</i> <u>2011</u> <i>SR '000</i>
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(2,967)	(126)
Adjustment for:		
Investment income	--	(30)
	<u>(2,967)</u>	<u>(156)</u>
Changes in assets and liabilities:		
Prepayments, advances and other receivables	(302)	(295)
Due to insurance operations	3,179	(9,884)
Accrued expenses and other liabilities	90	(41)
Net cash used in operating activities	<u>--</u>	<u>(10,376)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of trading investments	--	(24,800)
Proceeds from redemption of trading investments	<u>--</u>	<u>24,846</u>
Net cash from investing activities	<u>--</u>	<u>46</u>
<b>Net decrease in cash and cash equivalents</b>	<u>--</u>	<u>(10,330)</u>
Cash and cash equivalents at 1 January	<u>13,492</u>	<u>25,242</u>
<b>Cash and cash equivalents at 31 March</b>	<u><u>13,492</u></u>	<u><u>14,912</u></u>

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**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
For the three month period ended 31 March 2012

	<i>Share capital SR '000</i>	<i>Accumulated loss SR '000</i>	<i>Total SR '000</i>
Balance as at 31 December 2011 (Audited)	100,000	(80,929)	<b>19,071</b>
Net loss for the three month period	--	(2,967)	<b>(2,967)</b>
Zakat for the three month period	--	(250)	<b>(250)</b>
<b>Balance as at 31 March 2012</b>	<b><u>100,000</u></b>	<b><u>(84,146)</u></b>	<b><u>15,854</u></b>
Balance as at 31 December 2010 (Audited)	100,000	(70,444)	<b>29,556</b>
Net loss for the three month period	--	(126)	<b>(126)</b>
Zakat for the three month period	--	(147)	<b>(147)</b>
Balance as at 31 March 2011	<u>100,000</u>	<u>(70,717)</u>	<b><u>29,283</u></b>

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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

31 March 2012

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**1. REPORTING ENTITY AND OPERATIONS**

Allied Cooperative Insurance Group (ACIG) ("the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 179/Q dated 8 Rajab 1428 H (corresponding to 22 July 2007). The Commercial Registration number of the Company is 4030171999 dated 9 Shabaan 1428H, (corresponding to 22 August 2007). The Registered Office of the Company is situated at:

Al Ruwais District,  
P.O. Box 7076,  
Jeddah 21462,  
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. 32/M dated 2 Jumadi Akhir 1424 H (corresponding to 31 July 2003) pursuant to the Council of Ministers' Resolution No. 60/M dated 18 Ramadan 1427 H (corresponding to 11 October 2006).

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia in accordance with its articles of association and applicable regulations in the Kingdom of Saudi Arabia. The Company commenced its commercial operations on 1 July 2009. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 August 2007.

**2. GOING CONCERN**

As at 31 March 2012, the Company has accumulated losses of SR 84.15 million (31 December 2011: SR 80.93 million), which exceed 75% of the Company's capital thereby resulting in applicability of Article 148 of the Companies Regulations. However, the requirements of Article 148 of the Companies Regulations has been initiated in the Board of Directors meeting dated 5 April 2012 that has approved the convening of the extraordinary general meeting (EGM) which is expected to convene shortly to seek shareholders approval for continuation of business. Whilst approving these interim condensed financial statements, the Board of Directors on May 14, 2012 have further resolved the going concern assumption as appropriate and recommend it to be voted in the aforementioned EGM. The continuation of the operations of the Company is dependent on the future profitability of operations and pending increase in the share capital through a rights issue which was approved by SAMA in October 2010.

Previously, the Board of Directors have considered the financial position of the Company and, at its meeting held on 27 October 2009, resolved to continue in business and increase the share capital of the Company. On 19 October 2010, the Saudi Arabian Monetary Agency (SAMA) approved increase in share capital of the Company from SR 100 million to SR 200 million with a condition of founding shareholders (representing 60% of the share capital) confirmation to participation in the rights issue. As at 31 December 2011, 53 percent of the shareholders have confirmed in writing their intent to support the rights issue.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
31 March 2012

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**2. GOING CONCERN (continued)**

On obtaining the aforementioned conditional approval from SAMA, the company commenced the process of rights issue, as prescribed by Capital Market Authority. An extraordinary meeting of shareholders will be convened with the objective of approving the proposed rights issue upon obtaining approval from Capital Market Authority, as mentioned above.

The above mentioned conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. However, whilst approving the financial statements for the year ended 31 December 2011, on 18 April 2012, the Board of Directors reconsidered the financial position and the matters disclosed in the preceding paragraphs and continue to believe that the going concern basis of preparation of the financial statements is appropriate. These interim condensed financial statements have been prepared on the assumption that the Company will continue in business as a going concern, and do not include any adjustments that might result from the outcome of uncertainties from abovementioned conditions.

**3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These interim condensed financial statements are unaudited and being presented in condensed form in accordance with the requirements of the approved accounting standard "International Accounting Standard – Interim Financial Reporting (IAS-34)." These interim condensed financial statements are prepared under the historical cost convention.

As required by Saudi Arabian insurance regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses and assets from joint operations is determined by the management and Board of Directors.

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those used for the preparation of annual financial statements. The adoption of new and amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) by the Company as mentioned hereunder, did not have any impact on these interim condensed financial statements.

These interim condensed financial statements for the three-month period ended 31 March 2012 ('the period') do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS. These interim condensed financial statements should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2011.

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

31 March 2012

**3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company presents its interim statement of financial position broadly in order of liquidity. All financial assets and liabilities are expected to be recovered and settled respectively within 12 months after the interim reporting date. The Company's interim results may not be indicative of its annual results.

These interim condensed financial statements are expressed in Saudi Riyals, being the functional currency of the Company and have been rounded off to the nearest thousands, except where indicated otherwise.

***New IFRS, IFRIC and amendments thereof, adopted by the Company***

The Company has adopted the following amendments and revisions to existing standards, which has had no financial impact on the interim condensed financial statements of the Company. The International Accounting Standards Board (IASB) has issued the following new and amended IFRS and IFRIC:

<b><u>Standard/ Interpretation</u></b>	<b><u>Description</u></b>
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

***New IFRS, IFRIC and amendments thereof, issued but not yet effective***

Standards issued but not yet effective up to the date of issuance of the Company financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

<b><u>Standard/ Interpretation</u></b>	<b><u>Description</u></b>	<b><i>Effective from periods beginning on or after following date</i></b>
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 1	Amendments to IAS 1 Presentation of financial statements	1 July 2012
IAS 19	Amendments to IAS 19 Employee benefits	1 January 2013
IAS 27	Separate financial statements	1 January 2013
IAS 28	Investments in associates and joint ventures	1 January 2013



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

31 March 2012

**4. ACCOUNTING ESTIMATES**

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were consistent with those applied to the annual financial statements as at and for the year ended 31 December 2011.

**5. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2011.

**6. CASH AND CASH EQUIVALENTS**

	<i>March 31, 2012 (Unaudited) SR'000</i>	<i>December 31, 2011 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Cash in hand	44	6
Cash at banks - current accounts	<u>71,607</u>	<u>58,378</u>
	<u>71,651</u>	<u>58,384</u>
<i>Shareholders' Operations</i>		
Cash at banks - current accounts	<u>13,492</u>	<u>13,492</u>

**7. INVESTMENTS**

*Shareholders' Operations*

This represents investment in Najm for Insurance Services Company and is classified as available for sale.

**8. OUTSTANDING CLAIMS - NET**

	<i>March 31, 2012 (Unaudited) SR'000</i>	<i>December 31, 2011 (Audited) SR'000</i>
<i>Insurance operations</i>		
Gross outstanding claims	11,180	8,961
Add: Incurred but not reported (IBNR) reserve	<u>8,371</u>	<u>11,595</u>
Outstanding claims	<u>19,551</u>	<u>20,556</u>
Reinsurance share of outstanding claims	<u>(1,715)</u>	<u>(1,861)</u>
<b>Outstanding claims - net</b>	<u><u>17,836</u></u>	<u><u>18,695</u></u>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

31 March 2012

**9. UNEARNED PREMIUM - NET**

	<i>March 31, 2012 (Unaudited) SR'000</i>	<i>December 31, 2011 (Audited) SR'000</i>
<i>Insurance operations</i>		
Unearned premium	103,545	81,201
Reinsurance share of unearned premium	(12,150)	(11,422)
<b>Unearned premium - net</b>	<b>91,395</b>	<b>69,779</b>

**10. TRANSACTIONS WITH RELATED PARTIES**

Major related party transactions during the period and the related balances at the end of the period are as follows:

*Insurance operations*

<i>Related party</i>	<i>Nature of transaction</i>	<i>Transactions</i>		<i>Closing balance</i>	
		<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 March 2011 (Unaudited) SR'000</i>	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 March 2011 (Unaudited) SR'000</i>
Shareholders' Operations	Expenses incurred on behalf of insurance operations	483	497	483	--
Shareholders' Operations	Deficit from insurance operations	(2,696)	--	12,163	--
Affiliates	Premiums written	65	--	40	28
Affiliates	Claims	18	60	75	65
Shareholder	Others	1,002	2,940	--	918
Key management personnel	Board and audit committee fee	50	64	--	--
	Short term benefits	1,184	841	--	80
	Long term benefits	57	72	554	680



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

31 March 2012

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**11. ZAKAT AND INCOME TAX**

Zakat and income tax returns have been filed with the Department of Zakat and Income Tax ("DZIT") for the years ended up to December 31, 2010. Final certificate has been received from DZIT for the year ended December 31, 2008. However, DZIT has raised an additional assessment in respect of the returns filed for the years ended December 31, 2008, 2009 and 2010 amounting to SR 1.86 million which has not been booked in the financial statements. The major difference of the additional assessment relates to disallowance of a portion of pre-incorporation expenses and withholding tax. The Company has filed an objection against this additional assessment and is confident of a favorable outcome.

**12. CONTINGENCY**

The Company has provided a guarantee to the Council of Cooperative Health Insurance (CCHI) to settle the outstanding dues to service providers for medical insurance policies of a shareholder estimated at SR 2.4 million (31 December 2011: SR 2.4 million) in order to obtain approval from CCHI to resume medical business in Saudi Arabia. A counter guarantee has been received from the affiliate by the Company.

**13. SEGMENT INFORMATION**

Segment information is presented in respect of the company's business segments which are Motor, Medical, General accident and others based on the company's management and internal reporting structure. Other segments comprise of Fire, Marine and Engineering related insurance policies.

Operating segments do not include Shareholders' operations of the Company. There are no seasonal changes that affect insurance operations.

Segment assets do not include cash and cash equivalents, due from shareholders' operations, prepayments, advances and other receivables and furniture, fittings and equipment. Segment liabilities do not include reinsurance balance payable, accrued expenses and other liabilities and employees' termination benefits.

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's assets, liabilities and results, as stated below:

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

31 March 2012

**13. SEGMENT INFORMATION (continued)**

<u>31 March 2012</u>	<u>Motor</u> <u>SR '000</u>	<u>Medical</u> <u>SR '000</u>	<u>General</u> <u>accident</u> <u>SR '000</u>	<u>Others</u> <u>SR '000</u>	<u>Unallocated</u> <u>SR '000</u>	<u>Total</u> <u>(Unaudited)</u> <u>SR '000</u>
Premiums and reinsurance receivable – net	11,305	119	1,182	529	--	13,135
Reinsurance share of unearned premiums	70	684	6,178	5,218	--	12,150
Reinsurance share of outstanding claims	--	155	490	1,070	--	1,715
Deferred policy acquisition cost	20,030	111	428	194	--	20,763
Other assets	--	--	--	--	93,163	93,163
<b>Total insurance operations assets</b>						<b>140,926</b>
Gross outstanding claims	16,480	213	1,566	1,292	--	19,551
Unearned premium	85,538	1,819	10,593	5,595	--	103,545
Unearned commission	7	--	1,228	874	--	2,109
Other liabilities	--	--	--	--	15,721	15,721
<b>Total insurance operations liabilities</b>						<b>140,926</b>
<u>31 December 2011</u>						
Premiums and reinsurance receivable – net	7,005	128	736	965	--	8,836
Reinsurance share of unearned premiums	1	662	4,609	6,150	--	11,422
Reinsurance share of outstanding claims	--	39	478	1,344	--	1,861
Deferred policy acquisition cost	17,216	141	316	164	--	17,835
Other assets	--	--	--	--	75,850	75,850
<b>Total insurance operations assets</b>						<b>115,804</b>
Gross outstanding claims	16,855	291	1,453	1,957	--	20,556
Unearned premium	64,222	1,789	8,866	6,324	--	81,201
Unearned commission	2	--	865	997	--	1,864
Other liabilities	--	--	--	--	12,183	12,183
<b>Total insurance operations liabilities</b>						<b>115,804</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

31 March 2012

**13. SEGMENT INFORMATION (continued)**

<u>31 March 2012</u>	<u>Motor</u> <u>SR '000</u>	<u>Medical</u> <u>SR '000</u>	<u>General</u> <u>accident</u> <u>SR '000</u>	<u>Others</u> <u>SR '000</u>	<u>Unallocated</u> <u>SR '000</u>	<u>Total</u> <u>(Unaudited)</u> <u>SR '000</u>
<b>REVENUE</b>						
Gross written premium	58,330	615	6,100	2,726	--	67,771
Premium ceded	(90)	(241)	(4,719)	(2,286)	--	(7,336)
Retained written premium	58,240	374	1,381	440	--	60,435
Net movement in unearned premium	(21,247)	(6)	(159)	(204)	--	(21,616)
Excess of loss premium	(1,046)	(22)	(28)	(74)	--	(1,170)
Net earned premium	35,947	346	1,194	162	--	37,649
Reinsurance commission earned	--	--	233	587	--	820
<b>Total insurance revenue</b>	<b>35,947</b>	<b>346</b>	<b>1,427</b>	<b>749</b>	<b>--</b>	<b>38,469</b>
<b>CLAIMS</b>						
Gross claims paid	23,684	501	346	894	--	25,425
Claims recovered from reinsurance	(4)	(251)	(149)	(714)	--	(1,118)
Net claims paid	23,680	250	197	180	--	24,307
Net movement in outstanding claims	(374)	(195)	100	(390)	--	(859)
Net claims incurred	23,306	55	297	(210)	--	23,448
Policy acquisition cost	9,806	70	168	184	--	10,228
	<b>33,112</b>	<b>125</b>	<b>465</b>	<b>(26)</b>	<b>--</b>	<b>33,676</b>
<b>Net underwriting result</b>	<b>2,835</b>	<b>221</b>	<b>962</b>	<b>775</b>	<b>--</b>	<b>4,793</b>
General and administrative	--	--	--	--	(7,489)	(7,489)
<b>Deficit from insurance operations</b>						<b>(2,696)</b>

31 March 2011

<b>REVENUE</b>						
Gross written premium	37,079	26	4,221	6,337	--	47,663
Premium ceded	(81)	--	(2,997)	(5,874)	--	(8,952)
Retained written premium	36,998	26	1,224	463	--	38,711
Net movement in unearned premium	(16,340)	564	255	(6)	--	(15,527)
Excess of loss premium	(441)	--	(12)	(93)	--	(546)
Net earned premium	20,217	590	1,467	364	--	22,638
Reinsurance commission earned	--	63	206	812	--	1,081
<b>Total insurance revenue</b>	<b>20,217</b>	<b>653</b>	<b>1,673</b>	<b>1,176</b>	<b>--</b>	<b>23,719</b>
<b>CLAIMS</b>						
Gross claims paid	8,438	174	3	269	--	8,884
Claims recovered from reinsurance	--	(87)	(2)	(245)	--	(334)
Net claims paid	8,438	87	1	24	--	8,550
Net movement in outstanding claims	1,329	23	124	15	--	1,491
Net claims incurred	9,767	110	125	39	--	10,041
Policy acquisition cost	5,964	40	119	115	--	6,238
	<b>15,731</b>	<b>150</b>	<b>244</b>	<b>154</b>	<b>--</b>	<b>16,279</b>
<b>Net underwriting result</b>	<b>4,486</b>	<b>503</b>	<b>1,429</b>	<b>1,022</b>	<b>--</b>	<b>7,440</b>
General and administrative	--	--	--	--	(6,649)	(6,649)
Other income	--	--	--	--	42	42
<b>Surplus from insurance operations</b>						<b>833</b>

**14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements have been approved by the Board of Directors on 23 Jumadi Al Thani 1433 H, corresponding to May 14, 2012.