

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

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

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

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

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KPMG Al Fozan & Al Sadhan



**INDEPENDENT AUDITORS' LIMITED 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 March 31, 2012, and the related statements of insurance operations and accumulated surplus, shareholders' comprehensive income, the statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the 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 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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Jumada'I 26, 1433H  
April 18, 2012

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

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**STATEMENT OF FINANCIAL POSITION**

	Notes	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
		SR '000	
<b><u>INSURANCE OPERATIONS' ASSETS</u></b>			
Property and equipment, net		198,660	176,817
Investment property		9,861	9,861
Investments in associates		101,154	103,317
Available for sale investments	4(i)	1,979,746	1,899,487
Prepaid expenses and other assets		249,370	188,438
Deferred policy acquisition costs		154,725	163,461
Reinsurers' share of outstanding claims, net	5	739,026	739,421
Reinsurers' share of unearned premium		382,556	510,517
Receivables, net	3	1,161,987	1,317,120
Cash and cash equivalents		230,143	143,231
Total insurance operations' assets		<u>5,207,228</u>	<u>5,251,670</u>
<b><u>SHAREHOLDERS' ASSETS</u></b>			
Due from insurance operations		112,052	74,914
Accrued investment income		12,508	4,825
Investments in associates		49,069	52,619
Available for sale investments	4(ii)	1,707,638	1,814,301
Statutory deposit	9	75,000	75,000
Cash and cash equivalents		10,052	110,524
Total shareholders' assets		<u>1,966,319</u>	<u>2,132,183</u>
<b>TOTAL ASSETS</b>		<u><u>7,173,547</u></u>	<u><u>7,383,853</u></u>

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	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
		SR '000	
<b><u>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u></b>			
Insurance operations' liabilities:			
Surplus distribution payable		46,634	47,365
Due to shareholders' operations		112,052	74,914
Accrued expenses and other liabilities		906,523	870,131
Reserve for Takaful activities		15,466	15,043
Reserve for discontinued operations		10,017	6,982
Outstanding claims	5	1,324,882	1,228,592
Unearned commission income		73,360	72,802
Unearned premium income		2,225,603	2,405,640
Reinsurers' balances payable		415,934	491,691
Total insurance operations' liabilities		5,130,471	5,213,160
Insurance operations' surplus:			
Accumulated surplus		588	-
Fair value reserve on investments		76,169	38,510
Total insurance operations' liabilities and surplus		5,207,228	5,251,670
<b><u>SHAREHOLDERS' LIABILITIES AND EQUITY</u></b>			
Shareholders' liabilities:			
Accrued expenses and other liabilities		684	627
Dividends payable		5,633	4,448
Zakat		87,548	78,250
Total shareholders' liabilities		93,865	83,325
Shareholders' equity:			
Share capital	6	750,000	750,000
Legal reserve	10	587,812	587,812
Fair value reserve on investments		194,932	160,159
Retained earnings		339,710	550,887
Total Shareholders' equity		1,872,454	2,048,858
Total Shareholders' liabilities and equity		1,966,319	2,132,183
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>		<b>7,173,547</b>	<b>7,383,853</b>

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 months ended March 31, 2012	Three months ended March 31, 2011
	SR '000	
<b>REVENUES</b>		
Gross premiums written	1,079,206	826,286
Less: Reinsurance ceded	(204,179)	(174,699)
Net premiums written	875,027	651,587
Changes in unearned premiums	52,076	54,631
Net premiums earned	927,103	706,218
Reinsurance commissions	34,773	25,297
Investment income, net	22,112	13,141
Other income (expenses), net	98	1,938
Total revenues	984,086	746,594
<b>COSTS AND EXPENSES</b>		
Gross claims paid	793,814	761,764
Less: Reinsurance share	(105,590)	(318,513)
Net claims paid	688,224	443,251
Changes in outstanding claims	96,685	24,507
Net claims incurred	784,909	467,758
Policy acquisition costs	92,976	78,822
Excess of loss expenses	12,492	1,194
Changes in reserves for Takaful activities	423	174
Other underwriting expenses	20,886	14,595
Operating and selling expenses	49,126	50,210
Other General and administrative expenses	17,390	12,175
Total costs and expenses	978,202	624,928
Surplus from insurance operations	5,884	121,666
Shareholders' appropriation from surplus	(5,296)	(109,499)
Surplus from insurance operations after shareholders' appropriation	588	12,167
Distribution of surplus	-	-
<b>ACCUMULATED SURPLUS, END OF THE PERIOD</b>	<b>588</b>	<b>12,167</b>




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)**

	<b>Three months ended March 31, 2012</b>	<b>Three months ended March 31, 2011</b>
	<b>SR '000</b>	
Appropriation of surplus from insurance operations	<b>5,296</b>	109,499
Investment income, net	<b>56,983</b>	11,715
General and administrative expenses, net	<b>(258)</b>	(138)
Income from main operations before Zakat	<b>62,021</b>	121,076
Zakat	<b>(9,298)</b>	(8,682)
Net income for the period	<b>52,723</b>	112,394
<b>Other comprehensive income:</b>		
Change in fair value of investments	<b>34,773</b>	35,437
<b>Comprehensive income for the period</b>	<b>87,496</b>	147,831
<b>Earnings per share:</b>		
Basic and diluted earnings per share (SR)	<b>0.70</b>	1.50
Weighted average number of shares in issue throughout the period	<b>75,000,000</b>	75,000,000




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

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011 (UNAUDITED)**

	Notes	Share capital	Legal reserve	Fair value reserve on investments	Retained earnings	Total
		SR '000				
Balance at January 1, 2011		500,000	500,000	167,265	601,739	1,769,004
Dividends	8	250,000	-	-	(250,000)	-
Issuance of Bonus Shares Board of Directors' remuneration	11	-	-	-	(150,000)	(150,000)
Total comprehensive income for the period		-	-	35,437	(2,100)	(2,100)
Balance at March 31, 2011		750,000	500,000	202,702	112,394	147,831
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		-	-	34,773	52,723	87,496
Balance at March 31, 2012		750,000	587,812	194,932	339,710	1,872,454




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

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
	SR '000	
<b>Cash flows from operating activities:</b>		
Surplus from insurance operations after shareholders' appropriation	588	12,167
Adjustments to reconcile surplus from insurance operations to net cash from operating activities:		
Shareholders' appropriation from surplus	5,296	109,499
Depreciation	3,911	3,940
Impairment charges for investments	(11,095)	-
Bond premium amortization, net	-	255
Gain on sale of investments	-	(3,686)
Income from investments in associates, net	(2,572)	(2,625)
Operating (deficiency)/surplus before changes in operating assets and liabilities	(3,872)	119,550
Changes in operating assets and liabilities:		
Receivables, net	155,133	336,362
Reinsurers' share of outstanding claims	395	1,128
Reinsurers' share of unearned premiums	127,961	280,682
Deferred policy acquisition costs	8,736	7,253
Prepaid expenses and others assets	(60,932)	(27,624)
Reinsurers' balances payable	(75,757)	(153,697)
Unearned premium income	(180,037)	(335,313)
Unearned commission income	558	4,240
Outstanding claims	96,290	23,379
Reserve for discontinued operations	3,035	(2)
Reserve for Takaful activities	423	174
Accrued expenses and other liabilities	36,392	(86,445)
Due to shareholders'	31,842	(2,238)
Net cash from operating activities	140,167	167,449
<b>Cash flows from investing activities:</b>		
Proceeds from sale and matured investments	105,674	702,616
Purchase of investments	(141,444)	(901,626)
Property and equipment, net	(25,754)	(7,930)
Dividends received from investments in associates	9,000	4,000
Net cash used in investing activities	(52,524)	(202,940)
<b>Cash flows from financing activities</b>		
Surplus paid to policyholders	(731)	-
Net cash used in financing activities	(731)	-
<b>Net change in cash and cash equivalents</b>	86,912	(35,491)
Cash and cash equivalents, beginning of period	143,231	148,378
<b>Cash and cash equivalents, end of period</b>	230,143	112,887
<b>Non-cash supplemental information:</b>		
Change in fair value of investments	37,659	(627)

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	Three Months ended March 31, 2012	Three Months ended March 31, 2011
	SR '000	
<b>Cash flows from operating activities:</b>		
Net income for the year	52,723	112,394
Adjustments to reconcile net income to net cash provided by operating activities:		
Appropriation of surplus from insurance operations	(5,296)	(109,499)
Gain on sale of investments	(47,331)	(683)
Bond premium amortization (discount accretion), net	-	30
Income from investments in associates, net	(3,532)	(2,090)
Operating income before changes in operating assets and liabilities	(3,436)	152
Changes in operating assets and liabilities:		
Accrued investment income	(7,683)	(373)
Due from insurance operations	(31,842)	2,238
Accrued expenses and other liabilities	57	1,921
Zakat, net	9,298	(4,875)
Net cash used in operating activities	(33,606)	(937)
<b>Cash flows from investing activities:</b>		
Proceeds from sale and matured investments	564,873	527,394
Purchase of investments	(376,479)	(371,223)
Dividends received from investment in associates	7,455	-
Net cash from investing activities	195,849	156,171
<b>Cash flows from financing activities:</b>		
Dividends paid	8 (261,315)	(14)
Board of Directors' remuneration	(1,400)	(2,100)
Net cash used in financing activities	(262,715)	(2,114)
<b>Net change in cash and cash equivalents</b>	<b>(100,472)</b>	<b>153,120</b>
Cash and cash equivalents, beginning of period	110,524	16,913
<b>Cash and cash equivalents, end of period</b>	<b>10,052</b>	<b>170,033</b>
<b>Non-cash supplemental information:</b>		
Change in fair value of investments	34,773	35,437

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 THREE MONTH PERIOD ENDED MARCH 31, 2012 (UNAUDITED)**

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**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 three months period ended March 31, 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 THREE MONTH PERIOD ENDED MARCH 31, 2012 (UNAUDITED)**

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**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.

**(c) SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted 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 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

Improvement to IFRSs 2011 (effective date 1 January 2012):

- IAS 1 - Presentation of Financial Statements
- IAS 24 - Related Party Disclosures (revised 2009)
- IAS 34 - Interim Financial Reporting
- IFRS 7 - Financial Instruments: Disclosures
- IFRS 8 - Segmental reporting



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012 (UNAUDITED)**

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**2. BASIS OF PREPARATION (continued)**

These interim condensed financial statements for the three months period ended March 31, 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 three month period. The Company's interim results may not be indicative of its annual results.

**(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 provides coverage for health insurance.
- Motor insurance.
- Property and Casualty includes 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 three month 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**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012 (UNAUDITED)**

**3. RECEIVABLES, NET**

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

	<b>March 31, 2012 SR'000 (Unaudited)</b>	<b>December 31, 2011 SR'000 (Audited)</b>
Policyholders	<u>1,049,074</u>	<u>1,186,668</u>
Agents	<u>179,978</u>	<u>183,396</u>
Related party (Note 11)	<u>8,083</u>	<u>2,327</u>
	<u>1,237,135</u>	<u>1,372,391</u>
Receivable from reinsurers	<u>52,028</u>	<u>66,192</u>
Administrative Service Plan	<u>14,490</u>	<u>14,690</u>
	<u>1,303,653</u>	<u>1,453,273</u>
Provision for doubtful receivables	<u>(141,666)</u>	<u>(136,153)</u>
Net receivables	<u><u>1,161,987</u></u>	<u><u>1,317,120</u></u>

**4. INVESTMENTS**

**i) Insurance operations:**

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

	<b>March 31, 2012 SR'000 (Unaudited)</b>	<b>December 31, 2011 SR'000 (Audited)</b>
Local / regional money market and fixed income investments	<u>1,704,501</u>	<u>1,634,332</u>
Local / regional equity and equity funds	<u>204,030</u>	<u>200,485</u>
Foreign equity and equity funds	<u>71,215</u>	<u>64,670</u>
Total	<u><u>1,979,746</u></u>	<u><u>1,899,487</u></u>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012 (UNAUDITED)**

**ii) Shareholders:**

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

	<b>March 31, 2012 SR'000 (Unaudited)</b>	<b>December 31, 2011 SR'000 (Audited)</b>
Local / regional money market and fixed income investments	595,383	676,298
Local / regional equity and equity funds	287,417	317,086
Foreign money market and fixed income investments	315,284	312,125
Foreign equity and equity funds	509,554	508,792
Total	<u>1,707,638</u>	<u>1,814,301</u>

**5. OUTSTANDING CLAIMS, NET**

Outstanding claims, net are comprised of the following:

	<b>March 31, 2012 SR'000 (Unaudited)</b>	<b>December 31, 2011 SR'000 (Audited)</b>
Gross outstanding claims	1,257,345	1,143,777
Less: realizable value of salvage and recoveries	(117,811)	(82,923)
Add: IBNR	185,348	167,738
Outstanding claims	<u>1,324,882</u>	<u>1,228,592</u>
Less: reinsurers share of outstanding claims, net	(739,026)	(739,421)
Net outstanding claims	<u>585,856</u>	<u>489,171</u>

**6. SHARE CAPITAL**

The authorized, issued and paid up capital of the Company is SR 750 million at March 31, 2012 (2011: SR 750 million) consisting of 75 million shares of SR 10 each.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012 (UNAUDITED)**

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**7. CONTINGENT LIABILITIES**

As at March 31, 2012, the Company was contingently liable for letters of credit and guarantees amounting to SR 95 million (December 31, 2011 - SR 38 million and March 31, 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 261.315 million has been paid until March 31, 2012. (March 31, 2011-SR 14 thousand)

**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 THREE MONTH PERIOD ENDED MARCH 31, 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 three month period ended		Balance receivable (payable) as at	
	March 31, 2012 SR'000 (Unaudited) SR'000	March 31, 2011 SR'000 (Unaudited) SR'000	March 31, 2012 SR'000 (Unaudited) SR'000	December 31, 2011 SR'000 (Audited) SR'000
<b>Major shareholders</b>				
Amount of claims paid to owned hospital	12,371	15,687	(129)	(1,351)
Medical insurance premiums	6,914	7,128	8,010	2,777
Rent expenses paid	-	1,916	-	-
Stationery	428	170	-	-
<b>Associates</b>				
Insurance premiums	184	300	202	901
Rent expenses paid	6,149	1,571	-	-

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.




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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 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.

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

<b>Operating Segments</b>	<b>Medical</b>	<b>Motor</b>	<b>Property &amp;</b>	<b>Total</b>
			<b>casualty</b>	
<b>SR' 000</b>				
Gross premiums written	<u>661,040</u>	<u>280,635</u>	<u>137,531</u>	<u>1,079,206</u>
Net premiums written	<u>575,751</u>	<u>263,703</u>	<u>35,573</u>	<u>875,027</u>
Net premiums earned	<u>591,604</u>	<u>288,626</u>	<u>46,873</u>	<u>927,103</u>
Reinsurance commissions	<u>4,024</u>	<u>4,689</u>	<u>26,060</u>	<u>34,773</u>
Net claims incurred	<u>(596,032)</u>	<u>(178,429)</u>	<u>(10,448)</u>	<u>(784,909)</u>
Policy acquisition costs	<u>(36,652)</u>	<u>(42,926)</u>	<u>(13,398)</u>	<u>(92,976)</u>
Excess of loss expenses	<u>(7,838)</u>	<u>(1,634)</u>	<u>(3,020)</u>	<u>(12,492)</u>
Changes in reserve for Takaful activities	<u>(423)</u>	<u>-</u>	<u>-</u>	<u>(423)</u>
Other underwriting expenses	<u>(15,504)</u>	<u>(2,303)</u>	<u>(3,079)</u>	<u>(20,886)</u>
General, administrative, selling and marketing expenses excluding provision for doubtful debts	<u>(30,615)</u>	<u>(18,253)</u>	<u>(12,135)</u>	<u>(61,003)</u>
<b>Profit/(loss) from Insurance Operations</b>	<u><b>(91,436)</b></u>	<u><b>49,770</b></u>	<u><b>30,853</b></u>	<u><b>(10,813)</b></u>
Investment income, net				<u>22,112</u>
Other income, net				<u>98</u>
Provision for doubtful receivables				<u>(5,513)</u>
<b>Surplus from Insurance Operations</b>				<u><b>5,884</b></u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012 (UNAUDITED)**

**12. SEGMENTAL INFORMATION (continued)**

<b>Operating Segments</b>	For the three month period ended March 31, 2011 (Unaudited)			
	Medical	Motor	Property & casualty	Total
	SR' 000			
Gross premiums written	409,553	274,092	142,641	826,286
Net premiums written	355,652	260,395	35,540	651,587
Net premiums earned	430,900	242,226	33,092	706,218
Reinsurance commissions	4,990	2,523	17,784	25,297
Net claims incurred	(280,973)	(180,124)	(6,661)	(467,758)
Policy acquisition cost	(29,063)	(40,322)	(9,437)	(78,822)
Excess of loss expenses	-	(437)	(757)	(1,194)
Changes in reserve for Takaful activities	(174)	-	-	(174)
Other underwriting expenses	(9,311)	(2,102)	(3,182)	(14,595)
General, administrative, selling and marketing expenses excluding provision for doubtful debts	(31,624)	(22,353)	(4,886)	(58,863)
<b>Profit/(loss) from Insurance Operations</b>	<b>84,745</b>	<b>(589)</b>	<b>25,953</b>	<b>110,109</b>
Investment income, net				13,141
Other income, net				1,938
Provision for doubtful receivables				(3,522)
<b>Surplus from Insurance Operations</b>				<b>121,666</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012 (UNAUDITED)**

**12. SEGMENTAL INFORMATION (continued)**

	As at March 31, 2012 (Unaudited)			
	Medical	Motor	Property &	Total
			casualty	
	SR '000			
<b>Insurance operations' assets</b>				
Reinsurers' share of unearned premium	176,691	30,962	174,903	382,556
Reinsurers' share of outstanding claims, net	31,369	13,993	693,664	739,026
Deferred policy acquisition cost	47,525	79,323	27,877	154,725
Investments	-	-	-	2,090,761
Unallocated assets	-	-	-	1,840,160
<b>Total assets</b>				<b>5,207,228</b>
<b>Insurance operations' liabilities and surplus</b>				
Unearned premium income	1,424,640	519,111	281,852	2,225,603
Outstanding claims	451,530	90,001	783,351	1,324,882
Unearned commission income	10,901	9,668	52,791	73,360
Reserve for Takaful activities	15,466	-	-	15,466
Unallocated liabilities and surplus	-	-	-	1,567,917
<b>Total liabilities and surplus</b>				<b>5,207,228</b>

	As at December 31, 2011 (Audited)			
	Medical	Motor	Property &	Total
			casualty	
	SR '000			
<b>Insurance operations' assets</b>				
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
<b>Total assets</b>				<b>5,251,670</b>
<b>Insurance operations' liabilities and surplus</b>				
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
<b>Total liabilities and surplus</b>				<b>5,251,670</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012 (UNAUDITED)**

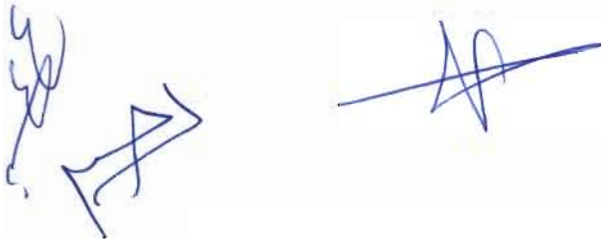
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**13. EARNINGS PER SHARE**

Earnings per share has been calculated by dividing the net income for the periods ended March 31, 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 Jumada'I 25,1433H, corresponding to April 17, 2012.

Two handwritten signatures in blue ink. The signature on the left is more complex and stylized, while the one on the right is simpler and more linear.