

**SANAD COOPERATIVE INSURANCE AND
REINSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
For the three and six month period ended 30 June 2012
together with the
Independent auditors' review report**



Aldar Audit Bureau
Abdullah AlBasri & Co.



KPMG AI Fozan & AI Sadhan

INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY (A Saudi Joint Stock Company)

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Sanad Cooperative Insurance and Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2012 and the related interim statements of insurance operations and shareholders' comprehensive income for the three and six month period then ended and the statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for six month period then ended and notes 1 to 11 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 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 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 review, we are not aware of any material modification 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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Date: 24 Shabaan 1433H
Corresponding to: 14 July 2012



SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2012
(Saudi Riyals)

	<u>Note</u>	<u>30 June 2012</u> <u>(Unaudited)</u>	<u>31 December 2011</u> <u>(Audited)</u>
INSURANCE OPERATIONS' ASSETS			
Cash and bank balances		61,593,929	118,055,360
Premiums receivable, net	8	79,598,929	61,083,979
Reinsurers' balance receivable, net	9	18,908,594	24,679,216
Reinsurers' share of outstanding claims and other technical reserves	7	39,198,964	32,128,970
Reinsurers' share of unearned premium		26,065,974	27,294,892
Deferred policy acquisition cost		11,711,486	10,117,495
Prepayments and other assets		7,952,350	6,114,363
Property and equipment, net		4,334,483	4,819,063
Due from shareholder operations		2,929,365	--
Total insurance operations' assets		252,294,074	284,293,338
SHAREHOLDERS' ASSETS			
Cash and bank balances		44,249,243	34,655,033
Statutory deposit		20,778,852	20,778,852
Investments – available for sale	6	47,460,747	43,702,108
Loan receivable		500,000	500,000
Due from insurance operations		--	15,386,473
Prepayments and other assets		1,476,492	426,614
Total shareholders' assets		114,465,334	115,449,080
Total Assets		366,759,408	399,742,418
INSURANCE OPERATIONS' LIABILITIES			
Unearned premium reserve		97,009,655	83,486,109
Reinsurers' balances payable		15,196,688	35,603,651
Accrued expenses and other liabilities		39,050,828	40,305,391
Outstanding claims and other technical reserves	7	93,976,032	104,267,446
Unearned commission income		4,204,431	3,334,401
End-of-service indemnities		2,856,440	1,909,867
Due to shareholders operations		--	15,386,473
Total insurance operations' liabilities		252,294,074	284,293,338
SHAREHOLDERS' LIABILITIES			
Accrued expenses and other liabilities		6,023	97,525
Zakat payable		8,732,549	8,242,480
Due to insurance operations		2,929,365	--
Total shareholders' liabilities		11,667,937	8,340,005
TOTAL LIABILITIES		263,962,011	292,633,343
SHAREHOLDERS' EQUITY			
Share capital		200,000,000	200,000,000
Fair value reserve on investment		8,844,755	5,086,116
Accumulated deficit		(106,047,358)	(97,977,041)
Total shareholders' equity		102,797,397	107,109,075
Total Liabilities and Shareholders' Equity		366,759,408	399,742,418

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.



SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF INSURANCE OPERATIONS
(Saudi Riyals)

<i>Note</i>	Three Months ended 30 June 2012	Six Months ended 30 June 2012	Three Months ended 30 June 2011	Six Months ended 30 June 2011
Gross written premiums	35,808,982	120,017,800	65,823,943	157,167,120
Gross inward written reinsurance premiums	52,443	1,072,847	1,099,440	1,835,905
Gross Written Premium	35,861,425	121,090,647	66,923,383	159,003,025
Reinsurance premiums ceded	(9,885,404)	(33,788,974)	(19,122,921)	(32,649,842)
Net written premiums	25,976,021	87,301,673	47,800,462	126,353,183
Changes in unearned premiums	14,522,797	(13,523,546)	(5,168,746)	(49,130,018)
Changes in reinsurance unearned premiums	(6,269,853)	(1,228,918)	1,505,457	4,272,944
Net earned premiums	34,228,965	72,549,209	44,137,173	81,496,109
Reinsurance commission	2,186,926	4,992,746	3,341,001	5,279,922
Policy fee	51,907	118,429	58,980	132,400
Underwriting revenue	36,467,798	77,660,384	47,537,154	86,908,431
Gross claims paid	(36,587,385)	(80,033,120)	(69,959,779)	(94,445,357)
Reinsurance share of claims paid	7,814,033	16,042,049	35,392,937	46,263,428
Net Claim Paid	(28,773,352)	(63,991,071)	(34,566,842)	(48,181,929)
Net changes in outstanding claim reserve	3,731,127	13,796,669	(5,022,665)	(9,547,369)
Net changes in claims Technical reserve	2,982,015	3,564,739	(3,594,867)	(4,826,075)
Net Claims incurred	(22,060,210)	(46,629,663)	(43,184,374)	(62,555,373)
Policy acquisition costs	(6,159,754)	(13,261,387)	(7,321,459)	(13,039,798)
Other underwriting expenses, net	(270,121)	(1,205,435)	(928,695)	(1,434,100)
Impairment against doubtful receivables	(4,365,462)	(3,177,073)	(9,936,072)	(15,329,887)
Underwriting expenses	(32,855,547)	(64,273,558)	(61,370,600)	(92,359,158)
Underwriting results	3,612,251	13,386,826	(13,833,446)	(5,450,727)
General and administration expenses	(10,034,111)	(20,815,686)	(10,402,690)	(20,586,681)
Deficit from insurance operations	(6,421,860)	(7,428,860)	(24,236,136)	(26,037,408)
Other income	103,917	276,839	59,166	92,944
Net deficit from insurance operations	(6,317,943)	(7,152,021)	(24,176,970)	(25,944,464)
Shareholders' appropriation	6,317,943	7,152,021	24,176,970	25,944,464
Net results for the period	-	--	--	--

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF COMPREHENSIVE RESULTS - SHAREHOLDERS' OPERATIONS
(Saudi Riyals)

<i>Note</i>	Three Months ended 30 June 2012	Six Months ended 30 June 2012	Three Months ended 30 June 2011	Six Months ended 30 June 2011
INCOME				
Commission income	138,028	334,447	75,924	148,635
Dividend income from investments	492,500	955,000	437,521	1,819,762
	630,528	1,289,447	513,445	1,968,397
EXPENSES				
Appropriation of deficit from insurance operations	(6,317,943)	(7,152,021)	(24,176,970)	(25,944,464)
Loss on sale of investments	--	--	(1,466,872)	(1,466,872)
General and administration expenses	(394,638)	(824,258)	(534,611)	(870,887)
NET LOSS FOR THE PERIOD BEFORE ZAKAT	(6,082,053)	(6,686,832)	(25,665,008)	(26,313,826)
Zakat	(729,584)	(1,383,485)	(493,561)	(911,849)
NET LOSS FOR THE PERIOD AFTER ZAKAT	(6,811,637)	(8,070,317)	(26,158,569)	(27,225,675)
Changes in fair value of available for sale investments, net	(1,194,774)	3,758,639	1,956,124	1,753,582
Total comprehensive profit / loss for the period	(8,006,411)	(4,311,678)	(24,202,445)	(25,472,093)
Basic and diluted loss per share	(0.34)	(0.40)	(1.31)	(1.36)
Basic and diluted loss per share on comprehensive loss	(0.40)	(0.22)	(1.21)	(1.27)
Weighted average number of shares in issue	20,000,000	20,000,000	20,000,000	20,000,000

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012
(Saudi Riyals)

	Share Capital	Fair value reserve on Investment	Accumulated deficit	Total
2012				
Balance at 31 December 2011	200,000,000	5,086,116	(97,977,041)	107,109,075
Comprehensive loss for the period	--	3,758,639	(8,070,317)	(4,311,678)
Balance at 30 June 2012	200,000,000	8,844,755	(106,047,358)	(102,797,397)
2011				
Balance at 31 December 2010	200,000,000	2,757,507	(67,915,230)	134,842,277
Comprehensive loss for the period	--	1,753,582	(27,225,675)	(25,472,093)
Balance at 30 June 2011	200,000,000	4,511,089	(95,140,905)	(109,370,184)

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.



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SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)
(Saudi Riyals)

	<u>Six months ended 30 June 2012</u>	<u>Six months ended 30 June 2011</u>
Operating Activities		
Net results for the period	--	--
<i>Adjustments for non cash items:</i>		
Shareholders' appropriation	(7,152,021)	(25,944,464)
Depreciation	1,054,380	840,285
Provision for employees' end of service benefits	1,096,897	338,224
Impairment against doubtful receivables	3,177,073	15,329,887
Loss on sale of fixed assets	57,162	--
Changes in operating assets and liabilities:		
Premiums receivable	(20,523,567)	(10,919,967)
Deferred policy acquisition costs, net	(1,593,991)	(6,936,536)
Prepayments and other assets	(1,837,987)	(1,321,264)
Unearned premium reserves, net	14,752,464	44,857,074
Unearned commission income	870,030	375,050
Reinsurers' balances payable	(20,406,963)	8,302,998
Accrued and other liabilities	(1,254,563)	7,784,416
Outstanding claims and other technical reserves, net	(17,361,408)	14,373,443
Employees' end of service benefits paid	(150,324)	(77,470)
Due to shareholders' operations	(11,163,817)	27,433,546
Reinsurance balance receivable	4,602,166	(9,913,829)
Net cash (used in) / from operating activities	<u>(55,834,469)</u>	<u>64,521,393</u>
Investing Activities		
Additions to property and equipment	(651,962)	(944,714)
Consideration received from sale of property and equipment	25,000	--
Net cash used in investing activities	<u>(626,962)</u>	<u>(944,714)</u>
Net changes in cash and bank balances	(56,461,431)	63,576,679
Cash and bank balances, beginning of the period	118,055,360	49,728,434
Cash and bank balances, end of the period	<u>61,593,929</u>	<u>113,305,113</u>

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)
(Saudi Riyals)

	<u>Six months ended 30 June 2012</u>	<u>Six months ended 30 June 2011</u>
Operating Activities		
Net loss for the period before zakat	(6,686,832)	(26,313,826)
<i>Adjustments for non cash items:</i>		
Appropriation from insurance operations	7,152,021	25,944,464
Loss on sale of investments	--	1,466,872
Changes in operating assets and liabilities:		
Accrued expenses and other liabilities	(91,502)	(130,926)
Prepayments and other assets	(1,049,878)	327,961
Due from insurance operations	11,163,817	27,433,546
Zakat paid	(893,416)	(622,516)
Net cash from / (used) in operating activities	<u>9,594,210</u>	<u>(26,761,517)</u>
Investing Activities		
Statutory deposits	--	(88,465)
Redemption of investments – available for sale	--	42,383,265
Net cash from investing activities	<u>--</u>	<u>42,294,801</u>
Net changes in cash and bank balances	9,594,210	15,533,283
Cash and bank balances, beginning of the period	<u>34,655,033</u>	<u>35,727,409</u>
Cash and bank balances, end of the period	<u>44,249,243</u>	<u>51,260,692</u>
Non – cash supplemental information:		
Change in fair value of investments	<u>3,758,639</u>	<u>1,753,582</u>

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2012

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Sanad Cooperative Insurance & Reinsurance Company ("the Company") is a Saudi Joint Stock Company incorporated under Ministerial Resolution dated 15 Jumada II, 1428 H, (corresponding to 30 June 2007). The Company is registered in the Kingdom of Saudi Arabia under commercial registration number 1010235409 dated 23 Jumada II, 1428 H (corresponding to 8 July 2007). The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company was listed on the Saudi Stock Exchange on 21 July 2007.

The Registered Office of the Company is located at Daren Center, Al Ahsa Street, Riyadh, 11417, Kingdom of Saudi Arabia. These interim condensed financial statements cover the period from 01 January 2012 to 30 June 2012 (the "period").

2 BASIS OF PREPARATION

2.1 *Basis of measurement*

The interim condensed financial statements have been prepared under the historical cost convention, except for the available-for-sale investments measured at fair value and going concern concept.

As at 30 June 2012, the Company's solvency margin is below the limit prescribed by Saudi Arabian Monetary Agency (SAMA). However, based on Company's negotiations with SAMA, future business prospects and improvement in net results of the Company the management believes that the going concern assumption is valid and has therefore prepared the financial statements on a going concern basis.

2.2 *Statement of compliance*

The interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and Board of Directors.

The 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 financial statements for the year ended 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 period presented. The Company's interim results may not be indicative of its annual results.

2.3 *Functional and presentation currency*

The interim condensed financial statements have been presented in Saudi Riyals, being the functional currency of the Company.

SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2012

2 BASIS OF PREPARATION (Continued)

2.4 *Use of accounting judgements, estimates and assumptions in the preparation of interim condensed financial statements*

The preparation of interim condensed financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of judgments, estimates and assumptions 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 judgments, estimates and assumptions are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. 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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Unearned premium reserve
- Outstanding claims and other technical reserve
- Impairment of receivables
- Impairment in value of investment – available for sale

3 SIGNIFICANT ACCOUNTING POLICIES

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

Improvements to IFRSs 2010 (effective date 1 January 2011):

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

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies used by the management are consistent with those disclosed in the financial statements of the Company for the year ended 31 December 2011.



SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2012

5. RELATED PARTY TRANSACTIONS

Saudi Continental Insurance Company is a related party being 10% founding shareholder in the Company and through common directorship, and Aggad Investment Company is a related party through 90% shares in Saudi Continental Insurance Company and also having a common directorship.

The following are the details of related party transactions during the period. There were no outstanding balances at the balance sheet dates.

Related party	Nature of transaction	For three months ended		For six months ended	
		30 June 2012	30 June 2011	30 June 2012	30 June 2011
		SR	SR	SR	SR
Key management personnel	Remuneration	996,387	985,431	2,094,458	2,044,195

6. INVESTMENTS

Investments in available for sale securities

Investment in available for sale securities comprise of the following:

	30 June 2012			31 December 2011
	Cost SR	Market value SR	Unrealised gain SR	Market value SR
Quoted				
Mutual Funds	10,498,332	10,945,831	447,499	10,923,622
Global Sukuk Fund deposits	9,450,000	10,543,088	1,093,088	10,245,408
Equities	16,744,582	24,048,750	7,304,168	20,610,000
	36,692,914	45,537,669	8,844,755	41,779,030
Unquoted				
Equities	1,923,078	1,923,078	--	1,923,078
Total investments in available for sale	38,615,992	47,460,747	8,844,755	43,702,108

Movements in available for sale investments are as follows:

	Six months ended 30 June 2012	Six months ended 30 June 2011
At the beginning of the period	43,702,108	85,223,611
Disposals during the period	--	(43,850,137)
Change in fair value	3,758,639	1,753,582
At the end of the period	47,460,747	43,127,056

There were no additions in investments during the six months ended 30 June 2012 (30 June 2011: Nil).

SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2012

7. OUTSTANDING CLAIMS AND OTHER TECHNICAL RESERVES

	30 June 2012 (SR)		
	Gross	Reinsurers' Share	Net
Outstanding claim reserves	58,530,214	(26,687,317)	31,842,897
Incurred but not reported reserve	29,660,727	(12,511,647)	17,149,080
Unallocated loss adjustment expense reserve	5,785,091	--	5,785,091
Outstanding claims and other technical reserves	93,976,032	(39,198,964)	54,777,068

	31 December 2011 (SR)		
	Gross	Reinsurers' Share	Net
Outstanding claim reserves	70,802,230	(25,162,644)	45,639,566
Incurred but not reported reserve	27,545,912	(6,966,306)	20,579,606
Unallocated loss adjustment expense reserve	5,919,304	--	5,919,304
Outstanding claims and other technical reserves	104,267,446	(32,128,970)	72,138,476

8. PREMIUMS RECEIVABLE, NET

	30 June 2012 SR	31 December 2011 SR
Premiums receivable	110,390,079	89,866,512
Less : Impairment against doubtful receivables	(30,791,150)	(28,782,533)
	79,598,929	61,083,979

	Total SR	Neither past due nor impaired SR	Past due but not impaired SR	Past due and impaired SR
30 June 2012	110,390,079	36,345,491	43,253,438	30,791,150
31 December 2011	89,866,512	18,793,884	42,290,095	28,782,533

The Company classifies receivable balances as 'past due and impaired' on a case to case basis, impairment against which is recorded in the statement of insurance operations. The Company does not obtain collateral against premium receivables. Amount which are neither past due nor considered impaired by management, in respect of premium receivables, are from individuals and unrated corporate policy holders.

9. REINSURERS' BALANCE RECEIVABLE, NET

	30 June 2012 SR	31 December 2011 SR
Reinsurers' balance receivable	20,077,050	24,679,216
Less: Impairment against doubtful receivables	(1,168,456)	--
	18,908,594	24,679,216

	Total SR	Past due but not impaired SR	Past due and impaired SR
30 June 2012	20,077,050	4,839,108	15,237,942
31 December 2011	24,679,216	24,679,216	--



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SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2012

10. SEGMENT INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses and other income.

Segment assets do not include insurance operations' property and equipment, prepayments and other assets, premiums receivable and cash and cash equivalents. Accordingly they are included in unallocated assets. Premiums receivable are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

Segment liabilities do not include insurance operations' due to shareholders operations, end-of-service indemnities, reinsurers' balances payable, accrued expenses and other liabilities and due to shareholders operations. Accordingly they are included in unallocated liabilities. All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

a) Statement of results for insurance operations

For the three months ended 30 June 2012

	SR					
	Medical	Motor	Marine	Engineering	Others	Total
Gross written premiums	4,346,676	22,725,278	2,843,275	2,014,044	3,932,152	35,861,425
Reinsurance premiums ceded	(1,960,124)	(494,768)	(2,246,173)	(1,940,415)	(3,243,924)	(9,885,404)
Net written premiums	2,386,552	22,230,510	597,102	73,629	688,228	25,976,021
Net changes in unearned premiums	14,009,004	(5,862,586)	27,672	14,209	64,645	8,252,944
Net earned premiums	16,395,556	16,367,924	624,774	87,838	752,873	34,228,965
Reinsurance commission earned	--	--	680,353	740,008	766,565	2,186,926
Other underwriting income	2,100	28,087	13,495	925	7,300	51,907
Total underwriting revenue	16,397,656	16,396,011	1,318,622	828,771	1,526,738	36,467,798
Gross claims paid	(18,407,473)	(12,923,260)	(1,866,576)	(979,919)	(2,410,157)	(36,587,385)
Reinsurance share of claims paid	5,580,468	101,030	(509,692)	975,529	1,666,698	7,814,033
Net claims paid	(12,827,005)	(12,822,230)	(2,376,268)	(4,390)	(743,459)	(28,773,352)
Net changes in claims reserves	7,020,294	(2,323,850)	1,367,949	(200,996)	849,745	6,713,142
Net claims incurred	(5,806,711)	(15,146,080)	(1,008,319)	(205,386)	106,286	(22,060,210)
Policy acquisition costs	(2,112,449)	(2,551,572)	(387,773)	(507,721)	(600,239)	(6,159,754)
Other underwriting Expenses	(87,145)	(114,529)	(14,102)	(10,942)	(43,403)	(270,121)
Impairment against doubtful receivables	(1,369,228)	(2,996,234)	--	--	--	(4,365,462)
Total underwriting expenses	(9,375,533)	(20,808,415)	(1,410,194)	(724,049)	(537,356)	(32,855,547)
Underwriting surplus / (deficit) before administration expenses	7,022,123	(4,412,404)	(91,572)	104,722	989,382	3,612,251
Unallocated income						103,917
Unallocated expenses						(10,034,111)
Net Deficit from insurance operations						(6,317,943)

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10. SEGMENT INFORMATION (continued)

a) Statement of results for insurance operations (continued)

For the six months ended 30 June 2012

	SR					Total
	Medical	Motor	Marine	Engineering	Others	
Gross written premiums	41,120,816	53,098,293	8,804,076	7,771,488	10,295,974	121,090,647
Reinsurance premiums ceded	(10,513,070)	(984,468)	(6,659,340)	(7,335,466)	(8,296,630)	(33,788,974)
Net written premiums	30,607,746	52,113,825	2,144,736	436,022	1,999,344	87,301,673
Net changes in unearned premiums	5,650,647	(20,119,763)	93,646	306,234	(683,228)	(14,752,464)
Net earned premiums	36,258,393	31,994,062	2,238,382	742,256	1,316,116	72,549,209
Reinsurance commission earned	--	--	1,929,814	1,479,814	1,583,118	4,992,746
Other underwriting income	7,700	59,649	28,649	2,560	19,871	118,429
Total underwriting revenue	36,266,093	32,053,711	4,196,845	2,224,630	2,919,105	77,660,384
Gross claims paid	(45,327,070)	(27,258,798)	(2,489,646)	(1,386,459)	(3,571,147)	(80,033,120)
Reinsurance share of claims paid	12,078,233	101,030	(37,727)	1,290,216	2,610,297	16,042,049
Net claims paid	(33,248,837)	(27,157,768)	(2,527,373)	(96,243)	(960,850)	(63,991,071)
Net changes in claims reserves	19,457,893	58,853	(1,287,379)	(750,049)	(117,910)	17,361,408
Net claims incurred	(13,790,944)	(27,098,915)	(3,814,752)	(846,292)	(1,078,760)	(46,629,663)
Policy acquisition costs	(4,720,442)	(5,087,951)	(1,192,939)	(1,021,912)	(1,238,143)	(13,261,387)
Other underwriting expenses	(768,582)	(281,470)	(43,906)	(36,814)	(74,663)	(1,205,435)
Impairment against doubtful receivables	(290,987)	(2,886,086)	--	--	--	(3,177,073)
Total underwriting expenses	(19,570,955)	(35,354,422)	(5,051,597)	(1,905,018)	(2,391,566)	(64,273,558)
Underwriting surplus / (deficit) before administration expenses	16,695,138	(3,300,711)	(854,752)	319,612	527,539	13,386,826
Unallocated income						276,839
Unallocated expenses						(20,815,686)
Net Deficit from insurance operations						(7,152,021)



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10. SEGMENT INFORMATION (continued)

a) Statement of results for insurance operations (continued)

	For the three months ended 30 June 2011					
	SR					
	Medical	Motor	Marine	Engineering	Others	Total
Gross written premiums	36,830,177	20,798,771	2,278,080	1,719,983	5,296,372	66,923,383
Reinsurance premiums ceded	(10,653,542)	(638,983)	(1,847,677)	(1,706,812)	(4,275,907)	(19,122,921)
Net written premiums	26,176,635	20,159,788	430,403	13,171	1,020,465	47,800,462
Net changes in unearned premiums	(1,409)	(4,506,893)	730,770	263,848	(149,605)	(3,663,289)
Net earned premiums	26,175,226	15,652,895	1,161,173	277,019	870,860	44,137,173
Reinsurance commission earned	--	--	1,686,034	529,350	1,125,617	3,341,001
Other underwriting income	3,300	27,200	18,810	1,625	8,045	58,980
Total underwriting revenue	26,178,526	15,680,095	2,866,017	807,994	2,004,522	47,537,154
Gross claims paid	(23,857,797)	(16,363,140)	(700,020)	(1,680,936)	(27,357,886)	(69,959,779)
Reinsurance share of claims paid	3,165,807	3,137,528	999,731	1,650,007	26,439,864	35,392,937
Net claims paid	(20,691,990)	(13,225,612)	299,711	(30,929)	(918,022)	(34,566,842)
Net changes in claims reserves	(10,536,244)	1,118,097	(304,812)	(29,365)	1,134,792	(8,617,532)
Net claims cost	(31,228,234)	(12,107,515)	(5,101)	(60,294)	216,770	(43,184,374)
Policy acquisition costs	(2,498,327)	(2,700,319)	(941,967)	(448,124)	(732,722)	(7,321,459)
Other underwriting Expenses	(799,118)	(91,343)	(6,413)	(8,446)	(23,375)	(928,695)
Provision against doubtful receivables	(8,992,708)	(943,364)	--	--	--	(9,936,072)
Total underwriting expenses	(43,518,387)	(15,842,541)	(953,481)	(516,864)	(539,327)	(61,370,600)
Underwriting surplus / (deficit) before administration expenses	(17,339,861)	(162,446)	1,912,536	291,130	1,465,195	(13,833,446)
Unallocated income						59,166
Unallocated expenses						(10,402,690)
Net Deficit from insurance operations						<u>(24,167,970)</u>



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SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
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10. SEGMENT INFORMATION (continued)

a) Statement of results for insurance operations (continued)

For the six months ended 30 June 2011

	SR					Total
	Medical	Motor	Marine	Engineering	Others	
Gross written premiums	88,514,367	46,024,294	6,612,902	6,053,057	11,798,405	159,003,025
Reinsurance premiums ceded	(10,935,092)	(1,182,836)	(5,123,588)	(5,561,795)	(9,846,531)	(32,649,842)
Net written premiums	77,579,275	44,841,458	1,489,314	491,262	1,951,874	126,353,183
Net changes in unearned premiums	(30,898,392)	(13,538,608)	(81,926)	227,618	(565,766)	(44,857,074)
Net earned premiums	46,680,883	31,302,850	1,407,388	718,880	1,386,108	81,496,109
Reinsurance commission earned	--	--	1,997,350	1,122,819	2,159,753	5,279,922
Other underwriting income	14,200	55,030	35,190	3,285	24,695	132,400
Total underwriting revenue	46,695,083	31,357,880	3,439,928	1,844,984	3,570,556	86,908,431
Gross claims paid	(38,476,484)	(24,131,276)	(2,358,772)	(1,708,936)	(27,769,889)	(94,445,357)
Reinsurance share of claims paid	13,075,539	3,137,528	1,958,352	1,650,007	26,442,002	46,263,428
Net claims paid	(25,400,945)	(20,993,748)	(400,420)	(58,929)	(1,327,887)	(48,181,929)
Net changes in claims reserves	(13,452,981)	(1,197,402)	(384,550)	12,989	648,500	(14,373,444)
Net claims incurred	(38,853,926)	(22,191,150)	(784,970)	(45,940)	(679,387)	(62,555,373)
Policy acquisition costs	(4,153,290)	(5,270,156)	(1,283,623)	(882,796)	(1,449,933)	(13,039,798)
Other underwriting Expenses	(1,082,289)	(229,671)	(28,072)	(28,273)	(65,795)	(1,434,100)
Provision against doubtful receivables	(11,674,969)	(3,654,918)	--	--	--	(15,329,887)
Total underwriting expenses	(55,764,474)	(31,345,895)	(2,096,665)	(957,009)	(2,195,115)	(92,359,158)
Underwriting surplus / (deficit) before administration expenses	(9,069,391)	11,985	1,343,263	887,975	1,375,441	(5,450,727)
Unallocated income						92,944
Unallocated expenses						(20,586,681)
Net Deficit from insurance operations						(25,944,464)



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10. SEGMENT INFORMATION (continued)

b) Insurance operations' assets and liabilities

	At 30 June 2012					
	SR					
	Medical	Motor	Marine	Engineering	Others	Total
Insurance operations assets						
Receivables for reinsurers	17,603,512	--	--	--	1,305,082	18,908,594
Reinsurers' share of unearned premium	10,190,701	--	2,331,955	6,890,680	6,652,638	26,065,974
Reinsurers' share of technical reserves	15,466,384	6,216,664	6,928,169	5,264,541	5,323,206	39,198,964
Deferred policy acquisition cost	2,695,647	6,019,417	410,130	1,208,442	1,377,850	11,711,486
Allocated assets	45,956,244	12,236,081	9,670,254	13,363,663	14,658,776	95,885,018
Unallocated assets						156,409,055
Total insurance operations assets						252,294,073
Insurance operations liabilities						
Unearned premium reserves	35,997,994	41,268,829	3,090,526	7,502,020	9,150,286	97,009,655
Outstanding claims and other technical reserves	39,826,701	32,271,773	8,840,828	6,345,633	6,691,097	93,976,032
Reinsurers' share of deferred policy acquisition cost	--	--	734,349	1,726,124	1,743,958	4,204,431
Allocated liabilities	75,824,695	73,540,602	12,665,703	15,573,777	17,585,341	195,190,118
Unallocated liabilities						57,103,955
Total insurance operations liabilities						252,294,073




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SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2012

10. SEGMENT INFORMATION (continued)

b) Insurance operations' assets and liabilities (continued)

	At 31 December 2011					
	SR					
	Medical	Motor	Marine	Engineering	Others	Total
Insurance operations assets						
Reinsurers' balance receivable	17,791,180	1,499,703	908,513	217,961	4,261,859	24,679,216
Reinsurers' share of unearned premium	15,068,256	--	1,787,868	5,637,942	4,800,826	27,294,892
Reinsurers' share of outstanding claims and other technical reserves	13,381,438	4,817,964	3,890,929	4,331,404	5,707,235	32,128,970
Deferred policy acquisition cost	4,421,036	3,379,981	348,494	909,743	1,058,241	10,117,495
Allocated assets	50,661,910	9,697,648	6,935,804	11,097,050	15,828,161	94,220,573
Unallocated assets						190,072,765
Total insurance operations assets						<u>284,293,338</u>
Insurance operations liabilities						
Unearned premium reserves	46,526,196	21,149,066	2,640,085	6,555,516	6,615,246	83,486,109
Outstanding claims and other technical reserves	57,199,649	30,931,925	4,516,209	4,662,447	6,957,216	104,267,446
Unearned commission income	--	--	571,115	1,431,824	1,331,462	3,334,401
Allocated liabilities	103,725,845	52,080,991	7,727,409	12,649,787	14,903,924	191,087,956
Unallocated liabilities						93,205,382
Total insurance operations liabilities						<u>284,293,338</u>



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SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY
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FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2012

10. SEGMENT INFORMATION (continued)

c) Outstanding claims and other technical reserves

	At 30 June 2012					
	SR					
	Medical	Motor	Marine	Engineering	Others	Total
Outstanding claim reserve	23,195,512	22,240,591	4,843,349	4,035,005	4,215,757	58,530,214
IBNR reserve	15,099,393	5,851,033	3,997,479	2,237,482	2,475,340	29,660,727
ULAE reserve	1,531,796	4,180,149	--	73,146	--	5,785,091
Total outstanding claims and other technical reserves	39,826,701	32,271,773	8,840,828	6,345,633	6,691,097	93,976,032

	At 31 December 2011					
	SR					
	Medical	Motor	Marine	Engineering	Others	Total
Outstanding claim reserve	38,299,062	20,900,744	3,018,730	3,051,818	5,531,876	70,802,230
IBNR reserve	17,234,578	5,851,033	1,497,479	1,537,482	1,425,340	27,545,912
ULAE reserve	1,666,009	4,180,148	--	73,147	--	5,919,304
Total outstanding claims and other technical reserves	57,199,649	30,931,925	4,516,209	4,662,447	6,957,216	104,267,446

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 14 July 2012 corresponding to 24 Shabaan 1433H.



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