

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

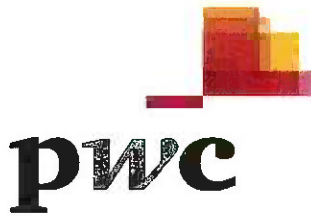
**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
LIMITED REVIEW REPORT**

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

**Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi Arabian Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2014 and the related interim statements of insurance income, shareholders' comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the three-month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard - 34 "Interim Financial Reporting" ("IAS 34") and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF MATTERS:

We draw attention to the following:

- 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.
- Note 2 to these interim condensed financial statements in relation to the purchase of an insurance portfolio and the related net assets of the Saudi operations of an affiliated Company.

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16 Jumada Al-Akhir 1435H
(16 April 2014)


Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

		31 March 2014 (Unaudited) SR	31 December 2013 (Audited) SR
INSURANCE OPERATIONS' ASSETS			
Property and equipment, net		7,096,435	7,791,588
Due from shareholders' operations		-	8,831,970
Reinsurers' share of outstanding claims		308,514,509	265,096,871
Reinsurers' share of unearned premiums		129,570,051	67,085,081
Deferred policy acquisition costs		28,541,326	21,489,351
Premiums and reinsurance balances receivable	7	129,988,768	107,482,046
Available for sale investment	8	1,923,080	1,923,080
Prepayments and other assets		47,308,083	7,608,009
Due from related parties	9	57,205,641	51,803,212
Time deposits	6	125,000,000	82,000,000
Cash and cash equivalents	5	70,932,548	95,744,470
TOTAL INSURANCE OPERATIONS' ASSETS		906,080,441	716,855,678
SHAREHOLDERS' ASSETS			
Statutory deposit		10,000,000	10,000,000
Due from insurance operations		2,889,488	-
Prepayments and other assets		1,312,036	1,243,094
Time deposits	6	41,880,000	31,100,000
Cash and cash equivalents	5	1,304,189	20,513,348
TOTAL SHAREHOLDERS' ASSETS		57,385,713	62,856,442
TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS		963,466,154	779,712,120


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


On behalf
for 
HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 MARCH 2014

	31 March 2014 (Unaudited) SR	31 December 2013 (Audited) SR
INSURANCE OPERATIONS' LIABILITIES		
Employees' end-of-service benefits	6,819,815	6,755,639
Insurance operations' surplus distribution payable	1,900,554	1,900,554
Due to shareholders' operations	2,889,488	-
Gross outstanding claims	459,106,242	397,826,663
Gross unearned premiums	332,443,892	219,475,708
Unearned commission income	23,381,783	18,161,317
Due to a related party	9 1,980,399	-
Reinsurance balances payable	46,009,791	37,921,002
Accrued expenses and other liabilities	31,182,662	34,814,795
TOTAL INSURANCE OPERATIONS' LIABILITIES	905,714,626	716,855,678
INSURANCE OPERATIONS' SURPLUS		
Net surplus from insurance operations after shareholders' appropriation	365,815	-
TOTAL INSURANCE OPERATIONS' LIABILITIES & SURPLUS	906,080,441	716,855,678
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Due to insurance operations	-	8,831,970
Provision for zakat	1,789,451	1,426,951
Accounts payable	1,028,987	859,385
TOTAL SHAREHOLDERS' LIABILITIES	2,818,438	11,118,306
SHAREHOLDERS' EQUITY		
Share capital	100,000,000	100,000,000
Accumulated losses	(45,432,725)	(48,261,864)
TOTAL SHAREHOLDERS' EQUITY	54,567,275	51,738,136
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	57,385,713	62,856,442
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY	963,466,154	779,712,120


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER





ABDULAZIZ A. ABUSULUD
BOARD MEMBER


on behalf of
HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

	Three month period ended 31 March 2014	Three month period ended 31 March 2013
Note	(Unaudited) SR	(Unaudited) SR
REVENUE		
Gross written premiums	271,877,219	269,605,085
Reinsurance premiums ceded	(117,415,650)	(135,722,382)
Excess of loss premiums	(4,314,222)	(6,462,197)
NET WRITTEN PREMIUMS	150,147,347	127,420,506
Movement in unearned premiums, net	(50,483,219)	(48,545,228)
NET EARNED PREMIUMS	99,664,128	78,875,278
Commission income	11,272,957	19,350,503
Other income	1,968,696	150,048
Special commission income	326,322	163,321
TOTAL INSURANCE REVENUES	113,232,103	98,539,150
COST AND EXPENSES		
Gross claims paid	80,279,618	114,574,037
Reinsurers' share of claims paid	(17,845,478)	(42,594,953)
NET CLAIMS PAID	62,434,140	71,979,084
Movement in outstanding claims, net	17,861,944	(5,219,087)
NET CLAIMS INCURRED	80,296,084	66,759,997
Policy acquisition costs	14,169,372	14,102,427
General and administration expenses	14,606,369	19,763,294
Reversal of provision for doubtful receivables	(1,571,084)	(3,309,065)
Inspection and supervision fees	2,073,211	1,783,516
TOTAL COSTS AND EXPENSES	109,573,952	99,100,169
NET SURPLUS / (DEFICIT) FOR THE PERIOD FROM INSURANCE OPERATIONS	3,658,151	(561,019)
Shareholders' appropriation from (surplus) / deficit	(3,292,336)	561,019
Net surplus for the period from insurance operations after shareholders' appropriation	365,815	
 MOHAN VARGHESE CHIEF FINANCIAL OFFICER	 ABDULAZIZ A. ABUSSUUD BOARD MEMBER	 HASSAN ABDULLA DORAR ALI PRESIDENT & CEO

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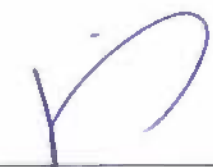
Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

	<i>Note</i>	<i>Three month Period ended 31 March 2014 (Unaudited) SR</i>	<i>Three month period ended 31 March 2013 (Unaudited) SR</i>
Appropriation of surplus / (deficit) from insurance operations		3,292,336	(561,019)
Special commission income		120,387	172,886
General and administration expenses		(221,084)	(285,918)
INCOME / (LOSS) BEFORE ZAKAT		3,191,639	(674,051)
Zakat		(362,500)	(508,116)
NET INCOME / (LOSS) FOR THE PERIOD		2,829,139	(1,182,167)
OTHER COMPREHENSIVE INCOME			
Change in fair value of available for sale investment		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		2,829,139	(1,182,167)
EARNINGS / (LOSS) PER SHARE			
Basic and diluted earnings / (loss) per share (in SR)	11	0.28	(0.12)
Weighted average number of shares in issue throughout the period (in thousands)		10,000	10,000


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSLUUB
BOARD MEMBER

On behalf of

HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

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Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

	<i>Share Capital SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
<i>Unaudited</i>			
Balance as at 1 January 2013	100,000,000	(21,307,501)	78,692,499
Total comprehensive loss for the period	-	(1,182,167)	(1,182,167)
Balance as at 31 March 2013	100,000,000	(22,489,668)	77,510,332
<i>Unaudited</i>			
Balance as at 1 January 2014	100,000,000	(48,261,864)	51,738,136
Total comprehensive income for the period	-	2,829,139	2,829,139
Balance as at 31 March 2014	100,000,000	(45,432,725)	54,567,275


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSSLUD
BOARD MEMBER
On behalf

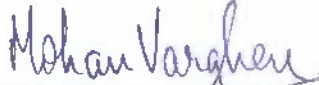

HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

	Three month period ended 31 March 2014 (Unaudited) SR	Three month period ended 31 March 2013 (Unaudited) SR
OPERATING ACTIVITIES		
Net surplus from insurance operations after shareholders' appropriation	365,815	-
Adjustments for:		
Depreciation	1,201,310	1,099,606
Reversal of provision for doubtful receivables	(1,571,084)	(3,309,065)
Employees' end-of-service benefits, net	64,176	1,008,263
Shareholders' appropriation from surplus/ (deficit)	3,292,336	(561,019)
Income / (Loss) before changes in operating assets and liabilities	3,352,553	(1,762,215)
Changes in operating assets and liabilities:		
Reinsurers' share of outstanding claims	(43,417,638)	2,104,456
Reinsurers' share of unearned premiums	(62,484,970)	(62,623,207)
Deferred policy acquisition costs	(7,051,975)	(7,172,007)
Premiums and insurance balances receivable	(20,935,638)	(28,338,413)
Prepayments and other assets	(39,700,074)	(773,770)
Due from related parties	(5,402,429)	(5,078,270)
Gross outstanding claims	61,279,579	(13,373,860)
Gross unearned premiums	112,968,184	111,168,435
Unearned commission income	5,220,466	7,601,494
Due to a related party	1,980,399	(231,743)
Reinsurance balances payable	8,088,789	16,644,069
Accrued expenses and other liabilities	(3,632,133)	4,688,199
Net cash from operating activities	10,265,113	22,853,168
INVESTING ACTIVITIES		
Purchase of property and equipment	(506,157)	(2,164,369)
Time deposits, net	(43,000,000)	(1,751,380)
Net cash used in investing activities	(43,506,157)	(3,915,749)
FINANCING ACTIVITY		
Due to shareholders' operations, net	8,429,122	(808,899)
Net cash from / (used in) financing activity	8,429,122	(808,899)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(24,811,922)	18,128,520
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	95,744,470	42,370,837
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	70,932,548	60,499,357


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER

on behalf of

HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

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Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

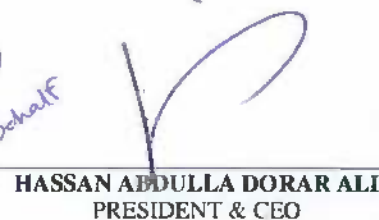
OPERATING ACTIVITIES	<i>Note</i>	<i>Three month period ended 31 March 2014 (Unaudited) SR</i>	<i>Three month period ended 31 March 2013 (Unaudited) SR</i>
Income / (Loss) before zakat		3,191,639	(674,051)
Adjustment for:			
Appropriation of (surplus) /deficit from insurance operations		(3,292,336)	561,019
Loss before changes in operating assets and liabilities		(100,697)	(113,032)
Changes in operating assets and liabilities:			
Prepayments and other assets		(68,942)	(103,891)
Accounts payable		169,602	(94,113)
Net cash used in operating activities		(37)	(311,036)
INVESTING ACTIVITY			
Time deposits, net		(10,780,000)	(551,356)
Net cash used in investing activity		(10,780,000)	(551,356)
FINANCING ACTIVITY			
Due from insurance operations, net		(8,429,122)	808,899
Net cash (used in) / from financing activity		(8,429,122)	808,899
DECREASE IN CASH AND CASH EQUIVALENTS		(19,209,159)	(53,493)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		20,513,348	532,174
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1,304,189	478,681



MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSAUD
BOARD MEMBER

On behalf
for


HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
31 MARCH 2014

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Saudi Arabian Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010237214 dated 7 Shaban 1428H, (corresponding to 20 August 2007). The registered office address of the Company is P.O. Box 58073, Riyadh 11594, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Saudi Stock Exchange (Tadawul) on 3 September 2007.

2. ASSET PURCHASE AGREEMENT AND TRANSFER OF INSURANCE PORTFOLIO

The Company has been licensed to conduct insurance business in Saudi Arabia under co-operative principles in accordance with Royal Decree numbered 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to the Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

Following the completion of the public offering on 28 May 2007, the Ministry of Commerce and Industry ("MOCI") issued a resolution declaring the incorporation of the Company on 21 Rajab 1428H (corresponding to 5 August 2007).

On 29 Shaban 1428H (corresponding to 11 September 2007), the Saudi Arabian Monetary Agency ("SAMA") issued a formal approval to transact insurance business, thus authorising the Company to commence operations as soon as product approval and related formalities are completed.

The Company entered into an asset purchase agreement (the "Agreement"), pursuant to which it is expected to offer to purchase the insurance business and related net assets of Saudi Arabian Insurance Company B.S.C (C)'s (a Shareholder of the Company) operations in the Kingdom of Saudi Arabia (the "Saudi operations") at a valuation to be approved by SAMA.


The Company convened a general assembly meeting on 26 August 2009 and approved the purchase of the insurance portfolio and related net assets of the Saudi operations. The related assets and liabilities to be acquired will be determined and valued in accordance with the valuation program issued by SAMA in May 2007. The Company is planning to transfer the assets and liabilities with effect from 1 January 2009. Accordingly, the net results related to such portfolio subsequent to 1 January 2009 will also be transferred to the Company. The transfer will take effect when all required formalities have been completed.

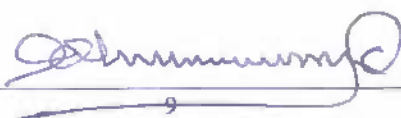
3. BASIS OF PREPARATION

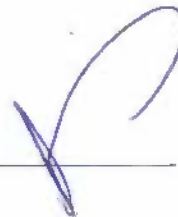
The interim condensed financial statements for the three month period ended 31 March 2014 have been prepared in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS – 34). Accordingly, these interim condensed financial statements are not intended to be a presentation in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia, i.e., in accordance with Standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants.

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 annual financial statements for the year ended 31 December 2013. In addition to the policies disclosed in the Company's annual financial statements for the year ended 31 December 2013, available for sale investment is carried at cost as the fair value is not readily available.

In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. The Company's interim results may not be indicative of its annual results.


Mohan Varghese





Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2014

4. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2013, except for the adoption of new standards and amendments to existing standards effective for the annual period beginning 1 January 2014.

The nature and the impact of each new standard/amendment is summarized as follows:

Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities

The amendments do not change the current offsetting model in IAS 32, which requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that gross settlement mechanisms (such as through a clearing house) with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances.

Amendments to IAS 36, 'Impairment of assets'

The IASB has amended IAS 36 as follows:

- (a) to remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment; (b) to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and
- (c) to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

In addition to the above, the Company has chosen not to early adopt IFRS 9 (2010) – Financial instruments which will not be effective until January 1, 2015.

5. CASH AND CASH EQUIVALENTS

For the purpose of the interim statements of insurance operations' cash flows and shareholders' cash flows, cash and cash equivalents comprise of the following:

	31 March 2014 (Unaudited)		31 December 2013 (Audited)	
	Insurance Operations SR	Shareholders' Operations SR	Insurance Operations SR	Shareholders' Operations SR
Cash at banks	70,891,749	1,304,189	55,712,170	1,121,151
Cash in hand	40,799	-	32,300	-
Short term deposits	-	-	40,000,000	19,392,197
	70,932,548	1,304,189	95,744,470	20,513,348

Cash at banks are placed with counterparties who have investment grade credit ratings. The short-term deposits, which are denominated in Saudi Riyals, are made for varying periods of between one day and three month depending on the immediate cash requirements of the Company.

The Company holds an amount of SR 765,686 (31 December 2013 – SR 1,485,227) in a fiduciary capacity, in respect of claims to be settled for a third party insurer. Accordingly, such amount is not accounted for in these interim condensed financial statements.

Moham Varghese

**Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2014**

6. TIME DEPOSITS

Time deposits represent deposits with local banks that have investment grade credit ratings and have an original maturity of more than three month from date of acquisition.

7. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE

Insurance operations receivables are comprised of net amounts due from the following:

	<i>31 March 2014 (Unaudited) SR</i>	<i>31 December 2013 (Audited) SR</i>
Premiums receivable	138,821,743	114,900,530
Reinsurers and others	4,515,317	7,500,892
Total premiums and reinsurance balances receivable	143,337,060	122,401,422
Provision for doubtful receivables	(13,348,292)	(14,919,376)
	129,988,768	107,482,046

The movement in the provision for doubtful receivables is as follows:

	<i>31 March 2014 (Unaudited) SR</i>	<i>31 December 2013 (Audited) SR</i>
Beginning balance	14,919,376	17,462,377
Reversal made during the period / year	(1,571,084)	(2,543,001)
Ending balance	13,348,292	14,919,376

8. AVAILABLE FOR SALE INVESTMENT

Available for sale investment comprises of SR 1,923,080 in respect of the Company's share in the capital of Najm for Insurance Services Company ("Najm") which represents a 3.85 % equity holding in Najm. In assessing the relationship of unobservable inputs to fair value, management considered the Najm's long-term revenue growth rates. As at March 31, 2014, management believes that the carrying amount of the available for sale investment is a reasonable estimate of its fair value (Note 12).

Moham Varghese

[Signature]

[Signature]

Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2014

9. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, key management personnel of the Company and companies where they are principal owners and other entities significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management.

a) Transactions with related parties

The following are the details of major related parties transactions during the period:

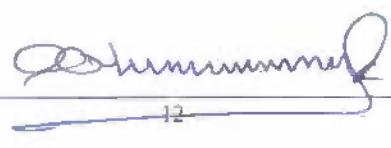
Related parties	Nature of transactions	Three month period ended 31 March 2014	Three month period ended 31 March 2013
		(Unaudited) SR	(Unaudited) SR
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Amounts paid on behalf of SAICO B.S.C (C), net	(2,405,396)	(4,173,753)
ACE Insurance Agents Limited ("Agent") (Affiliate)	Premiums received through Agent	4,396,733	11,500,528
	Claims paid through Agent	24,565	70,517
	Commission expense	602,470	1,582,316
ACE Limited (Affiliate)	Premiums and claims, net	(715,550)	(371,971)
ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate)	Premiums received through Broker, net	99,703,868	92,756,173
	Commission expense	8,534,768	7,969,612
	Premiums ceded through Broker Commission received	64,481,680 3,645,747	63,652,560 3,584,921

b) Balances with related parties

The above transactions with the related parties resulted in the following balances as at the interim statement of financial position date:

		31 March 2014	31 December 2013
		(Unaudited) SR	(Audited) SR
<i>Due from related parties:</i>			
ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate)	Insurance operations	49,501,323	40,358,517
ACE Insurance Agents Limited ("Agent") (Affiliate)	Insurance operations	7,704,318	7,058,900
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Insurance operations	-	4,385,795
		57,205,641	51,803,212

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2014

9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	31 March 2014 (Unaudited) SR	31 December 2013 (Audited) SR
<i>b) Balances with related parties (continued)</i>		
<i>Due to a related party:</i>		
Saudi Arabian Insurance B.S.C. (Shareholder)	Insurance operations	-
	<u>1,980,399</u>	<u>-</u>
	<u>1,980,399</u>	<u>-</u>

Outstanding balances at the interim financial reporting date are unsecured and special commission rate free. Settlement will take place in cash. No provision for impairment was made at the financial reporting date. This assessment is undertaken at the financial reporting date through examining the financial position of the related party and the market in which the related party operates.

c) Compensation of key management personnel

Key management personnel of the Company include all directors (executives and non-executives) and senior management. The summary of compensation of key management personnel for the period is as follows:

	Three month period ended 31 March 2014 (Unaudited) SR	Three month period ended 31 March 2013 (Unaudited) SR
Short-term benefits	1,106,476	2,327,174
Employees' end-of-service benefits	67,186	124,760
Bonus	-	583,730
	<u>1,173,662</u>	<u>3,035,664</u>

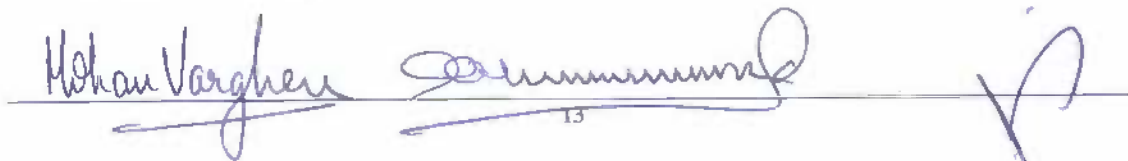
10. SEGMENT INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by Management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses, provision for doubtful receivables, inspection and supervision fees and other income.

Segment assets do not include insurance operations' property and equipment, prepayments and other assets, due from related parties, premiums and insurance balances receivable, time deposits and cash and cash equivalents. Accordingly, they are included in unallocated assets.

Segment liabilities do not include insurance operations' due to shareholders' operations, due to related parties, employees' end-of-service benefits, reinsurance balances payable and accrued expense and other liabilities. 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.



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
31 MARCH 2014

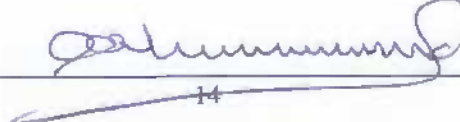
10 SEGMENT INFORMATION (continued)

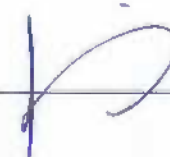
Three month period ended
31 March 2014 (Unaudited)

OPERATING SEGMENTS

	Medical SR'000	Motor SR'000	Fire & burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000	General accident SR'000	Others SR'000	Total SR'000
REVENUE									
Gross written premiums	95,069	50,304	87,784	6,958	11,643	4,290	9,761	6,068	271,877
Reinsurance premiums ceded	(575)	(221)	(85,153)	(6,157)	(10,911)	(2,485)	(9,086)	(2,828)	(117,416)
Excess of loss premiums	(1,653)	(1,103)	(1,034)	(179)	(264)	(42)	-	(39)	(4,314)
Net written premiums	92,841	48,980	1,597	622	468	1,763	675	3,201	150,147
Movement in unearned premiums, net	(26,436)	(20,565)	(1,347)	(136)	(27)	(623)	(173)	(1,176)	(50,483)
Net earned premiums	66,405	28,415	250	486	441	1,140	502	2,025	99,664
Commission income	25	46	3,266	1,829	3,153	867	1,314	773	11,273
Total allocated revenue	66,430	28,461	3,516	2,315	3,594	2,007	1,816	2,798	110,937
Unallocated revenue									2,296
Total revenue									113,233
COSTS AND EXPENSES									
Gross claims paid	(41,966)	(20,735)	(11,296)	(1,097)	(5,019)	-	(98)	(68)	(80,279)
Reinsurers' share of claims Paid	1,423	36	10,484	954	4,803	-	92	53	17,845
Net claims paid	(40,543)	(20,699)	(812)	(143)	(216)	-	(6)	(15)	(62,434)
Movement in outstanding claims, net	(16,153)	1,506	91	(470)	(1,435)	(1,055)	(168)	(178)	(17,862)
Net claims incurred	(56,696)	(19,193)	(721)	(613)	(1,651)	(1,055)	(174)	(193)	(80,296)
Policy acquisition costs	(3,928)	(3,750)	(2,339)	(792)	(1,556)	(880)	(266)	(658)	(14,169)
Total allocated costs and expenses	(60,624)	(22,943)	(3,060)	(1,405)	(3,207)	(1,935)	(440)	(851)	(94,465)
Unallocated expenses									(15,110)
Total costs and expenses									(109,575)
Net surplus from insurance operations									3,658

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
31 MARCH 2014

10. SEGMENT INFORMATION (continued)

Three month period ended
31 March 2013 (Unaudited)

OPERATING SEGMENTS

	<i>Medical</i> SR'000	<i>Motor</i> SR'000	<i>Fire & burglary</i> SR'000	<i>Marine</i> SR'000	<i>Engineering</i> SR'000	<i>Public liability</i> SR'000	<i>General accident</i> SR'000	<i>Others</i> SR'000	<i>Total</i> SR'000
REVENUE									
Gross written premiums	77,074	48,285	90,599	7,622	13,828	5,684	19,966	6,547	269,605
Reinsurance premiums ceded	(1,703)	(163)	(86,979)	(6,765)	(13,358)	(3,518)	(19,163)	(4,073)	(135,722)
Excess of loss premiums	(4,166)	(889)	(1,032)	(165)	(134)	(42)	-	(34)	(6,462)
Net written premiums	71,205	47,233	2,588	692	336	2,124	803	2,440	127,421
Movement in unearned premiums, net	(23,864)	(21,170)	(2,176)	125	(5)	(592)	(339)	(525)	(48,546)
Net earned premiums	47,341	26,063	412	817	331	1,532	464	1,915	78,875
Commission income	6,285	50	4,215	2,904	2,553	352	1,648	1,344	19,351
Total allocated revenue	53,626	26,113	4,627	3,721	2,884	1,884	2,112	3,259	98,226
Unallocated revenue									313
Total revenue									98,539
COSTS AND EXPENSES									
Gross claims paid	52,003	22,791	35,823	1,908	1,549	2	184	314	114,574
Reinsurers' share of claims Paid	(10,150)	(23)	(29,056)	(1,681)	(1,322)	-	(117)	(246)	(42,595)
Net claims paid	41,853	22,768	6,767	227	227	2	67	68	71,979
Movement in outstanding claims, net	3,222	(156)	(9,012)	572	(176)	(3)	252	82	(5,219)
Net claims incurred	45,075	22,612	(2,245)	799	51	(1)	319	150	66,760
Policy acquisition costs	3,935	3,630	2,788	1,066	1,270	413	286	714	14,102
Total allocated costs and expenses	49,010	26,242	543	1,865	1,321	412	605	864	80,862
Unallocated expenses									18,238
Total costs and expenses									99,100
Net deficit from insurance operations									(561)

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Saudi Arabian Cooperative Insurance Company
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

31 MARCH 2014

10. SEGMENT INFORMATION (Continued)

	As at 31 March 2014 (Unaudited)								
	<i>Medical</i> <i>SR'000</i>	<i>Motor</i> <i>SR'000</i>	<i>Fire & burglary</i> <i>SR'000</i>	<i>Marine</i> <i>SR'000</i>	<i>Engineering</i> <i>SR'000</i>	<i>Public</i> <i>liability</i> <i>SR'000</i>	<i>General</i> <i>accident</i> <i>SR'000</i>	<i>Others</i> <i>SR'000</i>	<i>Total</i> <i>SR'000</i>
ASSETS									
Reinsurers' share of outstanding claims	505	2,844	108,285	57,864	42,299	641	93,137	2,940	308,515
Reinsurers' share of unearned premiums	-	228	72,541	6,805	32,564	3,466	12,188	1,778	129,570
Deferred policy acquisition costs	6,379	8,762	6,024	980	4,555	717	581	543	28,541
SEGMENT ASSETS	6,884	11,834	186,850	65,649	79,418	4,824	105,906	5,261	466,626
Unallocated assets									439,454
TOTAL ASSETS									906,080
LIABILITIES									
Gross outstanding claims	108,120	25,831	118,074	60,948	45,105	1,909	95,124	3,995	459,106
Gross unearned premium	123,559	67,237	75,425	7,606	34,511	6,861	13,075	4,170	332,444
Unearned commission income	-	65	8,758	1,883	8,514	853	3,026	283	23,382
SEGMENT LIABILITIES	231,679	93,133	202,257	70,437	88,130	9,623	111,225	8,448	814,932
Unallocated liabilities									91,148
TOTAL LIABILITIES									906,080

Unallocated assets at 31 March 2014 consists mainly of premiums and insurance receivables of SR 129.9 million, due from related parties of SR 57.2 million, cash and cash equivalents of SR 70.9 million, time deposits of SR 125 million and other assets of SR 56.5 million.

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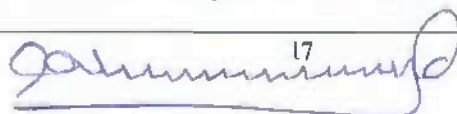
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
31 MARCH 2014

10. SEGMENT INFORMATION (Continued)

	As at 31 December 2013 (Audited)								
	<i>Medical</i>	<i>Motor</i>	<i>Fire & burglary</i>	<i>Marine</i>	<i>Engineering</i>	<i>Public liability</i>	<i>General accident</i>	<i>Others</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
ASSETS									
Reinsurers' share of outstanding claims	1,766	2,900	120,248	20,861	36,293	845	80,922	1,262	265,097
Reinsurers' share of unearned premiums	-	164	14,010	7,410	32,894	2,811	8,830	966	67,085
Deferred policy acquisition costs	5,966	6,055	2,155	861	4,636	1,231	246	339	21,489
SEGMENT ASSETS	7,732	9,119	136,413	29,132	73,823	4,887	89,998	2,567	353,671
Unallocated assets									363,185
TOTAL ASSETS									716,856
LIABILITIES									
Gross outstanding claims	93,227	27,393	130,129	23,496	37,656	1,058	82,727	2,141	397,827
Gross unearned premium	97,124	46,609	15,546	8,075	34,815	5,583	9,543	2,181	219,476
Unearned commission income	-	46	3,277	1,904	8,772	1,252	2,433	477	18,161
SEGMENT LIABILITIES	190,351	74,048	148,952	33,475	81,243	7,893	94,703	4,799	635,464
Unallocated liabilities									81,392
TOTAL LIABILITIES									716,856

Unallocated assets at 31 December 2013 consists mainly of premiums and insurance receivables of SR 107.5 million, due from related parties of SR 51.8 million, cash and cash equivalents of SR 95.7 million, time deposit of SR 82 million and other assets of SR 26.2 million.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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31 MARCH 2014

11. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share for the period have been calculated by dividing the total comprehensive income / (loss) for the period by the weighted average number of shares in issue throughout the period of 10 million shares.

12. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date, under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

The fair values of the Company's recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial statements.

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities,
- Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and
- Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

During the three month period ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The following table summarizes the financial assets recorded at fair value by level of the fair value hierarchy.

At March 31, 2014 and December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Available for sale investment	-	-	1,923,080	1,923,080
Total	-	-	1,923,080	1,923,080

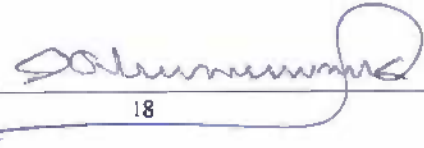

13. CONTINGENCIES AND COMMITMENTS

a) *Legal proceedings and regulations*

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

b) *Operating lease commitments*

Rental expenses under operating leases pertained to leases of office spaces in various locations amounted to SR 0.6 million for the three month period ended 31 March 2014 (31 March 2013: SR 0.5 million) are recognised in the interim statement of insurance income.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 MARCH 2014

13. CONTINGENCIES AND COMMITMENTS (continued)

b) Operating lease commitments (continued)

Future minimum lease payments under the operating lease arrangements as at the interim statement of financial position date are as follows:

Years	31 March 2014 (Unaudited) SR	31 December 2013 (Audited) SR
2014	1,877,351	2,043,764
2015	1,996,209	1,996,209
2016	1,948,959	1,948,959
2017	654,243	613,207
	6,476,762	6,602,139

14. NET UNDERWRITING SURPLUS

Net underwriting surplus as defined by the management of the Company for the period is as follows:

	Three month period ended 31 March 2014 (Unaudited) SR	Three month period ended 31 March 2013 (Unaudited) SR
Net earned premiums	99,664,128	78,875,278
Commission income	11,272,957	19,350,503
Policy acquisition costs	(14,169,372)	(14,102,427)
Net claims incurred	(80,296,084)	(66,759,997)
Net underwriting surplus	16,471,629	17,363,357

15. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 16 Jumada AL- Akhar, 1435 H (corresponding to 16 April, 2014).

Moham Varghese