

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2012**

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the nine months ended 30 September 2012

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**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 30 September 2012 and the related interim statements of insurance comprehensive operations and accumulated surplus and shareholders' comprehensive operations for the three-month and nine-month periods then ended, and the interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the nine-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 insurance portfolio and related net assets of the Saudi operations.

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01 Dhul-Hijjah 1433H
(17 October 2012)

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

INTERIM STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2012

	Notes	30 September 2012 (Unaudited) SR	31 December 2011 (Audited) SR
INSURANCE OPERATIONS' ASSETS			
Property and equipment		7,910,375	7,242,382
Reinsurers' share of outstanding claims		251,367,957	153,104,202
Reinsurers' share of unearned premiums		108,722,886	100,712,005
Deferred policy acquisition costs		24,051,927	23,348,928
Premiums and insurance balances receivable	7	102,188,747	87,850,300
Prepayments and other assets		10,254,147	6,947,278
Due from related parties	8	113,172,884	94,817,399
Time deposits	6	55,119,598	25,050,833
Cash and cash equivalents	5	40,317,760	32,420,717
TOTAL INSURANCE OPERATIONS' ASSETS		713,106,281	531,494,044
SHAREHOLDERS' ASSETS			
Statutory deposit		10,000,000	10,000,000
Due from insurance operations		2,329,168	438,536
Prepayments and other assets		1,104,356	665,815
Time deposits	6	63,500,000	51,673,681
Cash and cash equivalents	5	2,786,949	4,396,888
TOTAL SHAREHOLDERS' ASSETS		79,720,473	67,174,920
TOTAL ASSETS		792,826,754	598,668,964


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

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

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)
AT 30 SEPTEMBER 2012

	Note	30 September 2012 (Unaudited) SR	31 December 2011 (Audited) SR
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims		323,261,991	230,041,134
Gross unearned premiums		250,183,564	210,817,410
Unearned commission income		21,648,854	18,724,964
Due to a related party	8	156,820	565,071
Employees' end-of-service benefits		5,624,949	4,473,811
Reinsurance balances payable		73,397,050	39,963,508
Accrued expenses and other liabilities		34,927,199	26,469,610
Due to shareholders' operations		2,329,168	438,536
TOTAL INSURANCE OPERATIONS' LIABILITIES		711,529,595	531,494,044
INSURANCE OPERATIONS' SURPLUS			
Net results for the period/year		1,576,686	-
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		713,106,281	531,494,044
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Zakat payable		1,887,100	1,919,551
Accounts payable		985,687	857,808
TOTAL SHAREHOLDERS' LIABILITIES		2,872,787	2,777,359
SHAREHOLDERS' EQUITY			
Share capital		100,000,000	100,000,000
Accumulated losses		(23,152,314)	(35,602,439)
TOTAL SHAREHOLDERS' EQUITY		76,847,686	64,397,561
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		79,720,473	67,174,920
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		792,826,754	598,668,964

Moham Varghev



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

INTERIM STATEMENT OF INSURANCE COMPREHENSIVE OPERATIONS
(UNAUDITED)

	Three months ended 30 September 2012 SR	Three months ended 30 September 2011 SR	Nine months ended 30 September 2012 SR	Nine months ended 30 September 2011 SR
REVENUE				
Gross written premiums	172,681,967	161,025,495	453,982,497	437,354,631
Reinsurance premium ceded	(92,324,487)	(86,468,759)	(210,696,885)	(185,823,153)
Excess of loss premiums	(3,112,129)	(2,089,409)	(10,281,217)	(7,185,529)
NET WRITTEN PREMIUMS	77,245,351	72,467,327	233,004,395	244,345,949
Movement in unearned premiums	(4,830,001)	8,308,684	(31,355,273)	4,929,080
NET PREMIUMS EARNED	72,415,350	80,776,011	201,649,122	249,275,029
Commission income	15,684,603	11,065,210	45,502,570	36,286,589
Other income	1,396,607	470,191	2,451,464	1,555,547
Special commission income	174,706	-	227,629	-
TOTAL REVENUE	89,671,266	92,311,412	249,830,785	287,117,165
COST AND EXPENSES				
Gross claims paid	62,747,409	86,222,005	202,763,380	252,955,906
Reinsurance share of claims paid	(16,347,976)	(15,104,662)	(51,280,792)	(64,657,191)
NET CLAIMS PAID	46,399,433	71,117,343	151,482,588	188,298,715
Movement in outstanding claims	2,356,052	(13,153,776)	(5,042,897)	12,303,142
NET CLAIMS INCURRED	48,755,485	57,963,567	146,439,691	200,601,857
Policy acquisition costs	15,886,124	15,834,362	42,728,937	47,842,643
General and administration expenses	12,528,855	11,918,622	38,001,487	34,604,514
Provision for doubtful receivables	2,547,718	1,984,253	2,743,369	12,078,288
Inspection and supervision fees	1,845,975	1,234,014	4,150,445	4,134,060
TOTAL COST AND EXPENSES	81,564,157	88,934,818	234,063,929	299,261,362
INCOME/(LOSS) FOR THE PERIOD	8,107,109	3,376,594	15,766,856	(12,144,197)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Change in fair value of available for sale investments	-	-	-	-
TOTAL COMPREHENSIVE SURPLUS/ (DEFICIT) FROM INSURANCE OPERATIONS	8,107,109	3,376,594	15,766,856	(12,144,197)
Shareholders' appropriation from (surplus)/deficit	(7,296,398)	(3,376,594)	(14,190,170)	12,144,197
Net results for the period	810,711	-	1,576,686	-

Mohan Varghese

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

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS
(UNAUDITED)

	Three months ended 30 September 2012 SR	Three months ended 30 September 2011 SR	Nine months ended 30 September 2012 SR	Nine months ended 30 September 2011 SR
Appropriation of surplus/(deficit) from insurance operations	7,296,398	3,376,594	14,190,170	(12,144,197)
Special commission income	81,050	37,302	208,641	170,370
General and administration expenses	(49,525)	(363,000)	(284,668)	(812,191)
INCOME/(LOSS) BEFORE ZAKAT	7,327,923	3,050,896	14,114,143	(12,786,018)
Zakat	(657,020)	(393,876)	(1,664,018)	(1,167,832)
INCOME/(LOSS) FOR THE PERIOD	6,670,903	2,657,020	12,450,125	(13,953.850)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Change in fair value of available for sale investments	-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	6,670,903	2,657,020	12,450,125	(13,953,850)
EARNINGS/(LOSSES) PER SHARE				
Basic and diluted earnings /(losses) per share (in SR) (note 10)	0.67	0.27	1.25	(1.40)
Weighted average number of shares in issue throughout the period (in thousands)	10,000	10,000	10,000	10,000

Moham Varghese







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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the nine months ended 30 September 2012

	<i>Share capital SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
Balance as at 1 January 2011	100,000,000	(27,843,210)	72,156,790
Total comprehensive loss for the period	-	(13,953,850)	(13,953,850)
Balance at 30 September 2011	<u>100,000,000</u>	<u>(41,797,060)</u>	<u>58,202,940</u>
Balance at 1 January 2012	100,000,000	(35,602,439)	64,397,561
Total comprehensive income for the period	-	12,450,125	12,450,125
Balance at 30 September 2012	<u>100,000,000</u>	<u>(23,152,314)</u>	<u>76,847,686</u>

Moham Varghem

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

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
(UNAUDITED)

	Note	Nine months ended 30 September 2012 SR	Nine months ended 30 September 2011 SR
OPERATING ACTIVITIES			
Net results for the period		1,576,686	-
Adjustments for:			
Depreciation		2,819,694	2,041,438
Provision for doubtful receivables		2,743,369	12,078,288
Employees' end-of-service benefits, net		1,151,138	723,556
Shareholders' appropriation from surplus/(deficit)		14,190,170	(12,144,197)
Profit on sale of property and equipment		-	(414)
Income before changes in operating assets and liabilities:		<u>22,481,057</u>	<u>2,698,671</u>
Changes in operating assets and liabilities:			
Reinsurers' share of outstanding claims		(98,263,755)	(20,464,137)
Reinsurers' share of unearned premiums		(8,010,881)	(20,893,437)
Deferred policy acquisition costs		(702,999)	484,489
Premiums and insurance balances receivable		(17,081,816)	16,347,944
Prepayments and other assets		(3,306,869)	(3,980,579)
Due from related parties		(18,355,485)	19,490,808
Gross outstanding claims		93,220,857	32,767,278
Gross unearned premiums		39,366,154	15,964,357
Unearned commission income		2,923,890	2,530,253
Accrued expenses and other liabilities		8,457,589	11,406,416
Reinsurance balances payable		33,433,542	6,512,347
Due to a related party		(408,251)	(10,987,647)
Net cash from operating activities		<u>53,753,033</u>	<u>51,876,763</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(3,487,687)	(5,036,081)
Time deposits, net		(30,068,765)	(25,000,000)
Proceeds from sale of property and equipment		-	414
Net cash used in investing activities		<u>(33,556,452)</u>	<u>(30,035,667)</u>
FINANCING ACTIVITY			
Due from/to shareholders' operations, net		(12,299,538)	22,641,641
Net cash (used in)/from financing activity		<u>(12,299,538)</u>	<u>22,641,641</u>
INCREASE IN CASH AND CASH EQUIVALENTS		7,897,043	44,482,737
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		32,420,717	44,710,641
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	<u>40,317,760</u>	<u>89,193,378</u>

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

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

	Note	Nine months ended 30 September 2012 SR	Nine months ended 30 September 2011 SR
OPERATING ACTIVITIES			
Income/(loss) before zakat		14,114,143	(12,786,018)
Adjustment for:			
Appropriation of (surplus)/deficit from insurance operations		(14,190,170)	12,144,197
Loss before changes in operating assets and liabilities		(76,027)	(641,821)
Changes in operating assets and liabilities:			
Prepayments and other assets		(438,541)	(71,736)
Accounts payable		127,879	120,061
		(386,689)	(593,496)
Zakat paid		(1,696,469)	(1,506,510)
Net cash used in operating activities		(2,083,158)	(2,100,006)
INVESTING ACTIVITY			
Time deposits, net		(11,826,319)	24,801,760
Net cash (used in)/from investing activity		(11,826,319)	24,801,760
FINANCING ACTIVITY			
Due from/to insurance operations, net		12,299,538	(22,641,641)
Net cash from/(used in) financing activity		12,299,538	(22,641,641)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,609,939)	60,113
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		4,396,888	4,335,898
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	2,786,949	4,396,011

Hoham Varghese

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
30 September 2012

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 be effected when all required formalities have been completed.

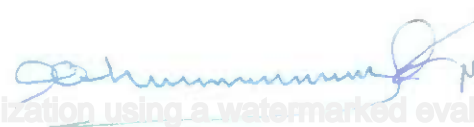
3 BASIS OF PREPARATION

The interim condensed financial statements for the nine months ended 30 September 2012 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 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 statement and should be read in conjunction with the Company's annual 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 periods presented. The Company's interim results may not be indicative of its annual results.







NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2012

4 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

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

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

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

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

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

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

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

Other amendments resulting in improvements to the following standard did not have any material impact on the accounting policies, financial position and performance of the Company.

The new standards, amendments to standards and interpretations to International Financial Reporting Standards which are mandatory for the first time for the financial year beginning 1 January 2012 did not result in material amendments to the presentation and disclosure of the accompanying interim condensed financial statements.

The Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance for the Company with effect from future dates.

Hakan Kaya

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2012

5 CASH AND CASH EQUIVALENTS

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

	30 September 2012 (Unaudited)		31 December 2011 (Audited)	
	Insurance Operations SR	Shareholders' Operations SR	Insurance Operations SR	Shareholders' Operations SR
Cash on hand	32,000	-	22,000	-
Time deposits	-	2,018,061	-	4,032,179
Cash at banks	40,285,760	768,888	32,398,717	364,709
	<u>40,317,760</u>	<u>2,786,949</u>	<u>32,420,717</u>	<u>4,396,888</u>

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

The Company holds an amount of SR 0.5 million (31 December 2011 - Nil) in a fiduciary capacity, in respect of claims to be settled for a third party insurer. This is accordingly not accounted for in these interim condensed financial statements.

6 TIME DEPOSITS

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

7 PREMIUMS AND INSURANCE BALANCES RECEIVABLE

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

	30 September 2012 (Unaudited) SR	31 December 2011 (Audited) SR
Premiums receivable	116,724,619	95,780,205
Reinsurers and others	1,982,607	5,845,205
	<u>118,707,226</u>	<u>101,625,410</u>
Total premiums and insurance balances receivable	(16,518,479)	(13,775,110)
Provision for doubtful receivables	<u>102,188,747</u>	<u>87,850,300</u>

Hanan Barghout

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2012

8 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, key management personnel of the Company, and companies of which 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 party transactions during the period:

<u>Related parties</u>	<u>Nature of transactions</u>	<u>Nine months ended 30 September 2012 (Unaudited) SR</u>	<u>Nine months ended 30 September 2011 (Unaudited) SR</u>
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Amounts received and paid on behalf of SAICO B.S.C (C), net	<u>3,682,363</u>	<u>(5,603,179)</u>
ACE Insurance Agents Limited ("Agent") (Affiliate)	Premiums received through Agent	<u>27,797,693</u>	<u>44,208,772</u>
	Claims paid through Agent	<u>18,481,306</u>	<u>28,154,047</u>
	Commission expense	<u>3,832,546</u>	<u>10,029,831</u>
ACE Limited (Common ownership)	Premiums and claims, net	<u>1,515,562</u>	<u>204,595</u>
ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate)	Premiums received through Broker	<u>120,984,816</u>	<u>126,330,336</u>
	Commission expense	<u>17,475,750</u>	<u>16,228,761</u>
	Premiums ceded through Broker	<u>17,971,998</u>	<u>46,516,795</u>
	Commission received	<u>3,234,536</u>	<u>7,328,716</u>
Board members	Reimbursement of expenses to board members	<u>-</u>	<u>50,000</u>

b) Balances with related parties

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

		<u>30 September 2012 (Unaudited) SR</u>	<u>31 December 2011 (Audited) SR</u>
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	- Insurance operations	<u>62,736,484</u>	<u>59,054,121</u>
ACE Insurance Agents Limited ("Agent") (Affiliate)	- Insurance operations	<u>10,464,794</u>	<u>9,783,988</u>
ACE Limited (Common ownership)	- Insurance operations	<u>(156,820)</u>	<u>(565,071)</u>
ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate)	- Insurance operations	<u>39,971,606</u>	<u>25,979,290</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2012

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Balances with related parties (continued)

Outstanding balances at the reporting date are unsecured and special commission rate free. Settlement will take place in cash. No provision for impairment was made at the reporting date. This assessment is undertaken at the 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 (executive and non-executive) and senior management. The summary of compensation of key management personnel for the period is as follows:

	<i>Nine months ended 30 September 2012 (Unaudited) SR</i>	<i>Nine months ended 30 September 2011 (Unaudited) SR</i>
Short-term benefits	1,328,211	1,208,128
Employees' end-of-service benefits	104,156	95,718
	<u>1,432,367</u>	<u>1,303,846</u>

9 SEGMENTAL INFORMATION

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

Segment results do not include general and administration expenses, 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.

Holman Varghese

[Signature]

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

30 September 2012

SEGMENTAL INFORMATION (continued)

	Three months ended							Public liability SR'000	Others SR'000	Total SR'000
	30 September 2012 (Unaudited)									
REVENUE	Medical SR'000	Motor SR'000	Fire & burglary SR'000	Marine SR'000	Engineering SR'000					
Gross written premiums	100,235	15,558	26,130	8,308	9,324	2,283	10,844	172,682		
Reinsurance premium ceded	(39,911)	(97)	(24,737)	(7,588)	(8,791)	(1,184)	(10,016)	(92,324)		
Excess of loss premiums	(2,112)	(288)	(397)	(139)	(152)	(21)	(4)	(3,113)		
Net written premiums	58,212	15,173	996	581	381	1,078	824	77,245		
Movement in unearned premium	(19,407)	12,693	544	3	(29)	549	817	(4,830)		
Net premiums earned	38,805	27,866	1,540	584	352	1,627	1,641	72,415		
Commission income	1,386	48	6,272	2,400	2,523	445	2,611	15,685		
Total allocated revenue	40,191	27,914	7,812	2,984	2,875	2,072	4,252	88,100		
Unallocated revenue								1,571		
Total revenue								89,671		
COST AND EXPENSES										
Gross claims paid	37,251	16,258	2,481	622	641	4	5,490	62,747		
Reinsurance share of claims paid	(8,658)	(46)	(1,192)	(575)	(588)	-	(5,289)	(16,348)		
Net claims paid	28,593	16,212	1,289	47	53	4	201	46,399		
Movement in outstanding claims	3,268	(253)	(1,217)	152	240	40	126	2,356		
Net claims incurred	31,861	15,959	72	199	293	44	327	48,755		
Policy acquisition cost	4,126	4,026	4,325	944	1,266	469	730	15,886		
Total allocated costs and expenses	35,987	19,985	4,397	1,143	1,559	513	1,057	64,641		
Unallocated expenses								16,923		
Total cost and expenses								81,564		
Net surplus from insurance operations								8,107		

Moham Varghese

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

30 September 2012

SEGMENTAL INFORMATION (continued)

REVENUE	Three months ended							Total SR'000
	Medical SR'000	Motor SR'000	Fire & burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000	Others SR'000	
Gross written premiums	52,447	26,296	58,587	6,413	5,714	5,083	6,485	161,025
Reinsurance premium ceded	(13,136)	(78)	(56,377)	(5,699)	(5,292)	(1,143)	(4,744)	(86,469)
Excess of loss premiums	(983)	(474)	(345)	(127)	(70)	(72)	(18)	(2,089)
Net written premiums	38,328	25,744	1,865	587	352	3,868	1,723	72,467
Movement in unearned premium	6,981	3,025	127	1	-	(1,921)	96	8,309
Net premiums earned	45,309	28,769	1,992	588	352	1,947	1,819	80,776
Commission income	712	32	4,153	2,467	1,596	381	1,724	11,065
Total allocated revenue	46,021	28,801	6,145	3,055	1,948	2,328	3,543	91,841
Unallocated revenue								470
Total revenue								92,311
COST AND EXPENSES								
Gross claims paid	60,823	17,590	3,758	1,096	-	515	2,440	86,222
Reinsurance share of claims paid	(9,170)	(59)	(2,864)	(974)	-	-	(2,038)	(15,105)
Net claims paid	51,653	17,531	894	122	-	515	402	71,117
Movement in outstanding claims	(10,319)	(2,087)	227	118	69	(1,081)	(81)	(13,154)
Net claims incurred	41,334	15,444	1,121	240	69	(566)	321	57,963
Policy acquisition cost	3,796	4,881	3,698	1,202	851	649	757	15,834
Total allocated costs and expenses	45,130	20,325	4,819	1,442	920	83	1,078	73,797
Unallocated expenses								15,137
Total cost and expenses								88,934
Net surplus from insurance operations								3,377

Hanan Varghese

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
30 September 2012

9 SEGMENTAL INFORMATION (continued)

REVENUE	Nine months ended 30 September 2012 (Unaudited)						Total SR'000	
	Medical SR'000	Motor SR'000	Fire & burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000		Others SR'000
Gross written premiums	198,614	80,830	57,760	28,834	41,883	9,310	36,751	453,982
Reinsurance premium ceded	(57,014)	(652)	(51,759)	(25,867)	(39,757)	(4,789)	(30,858)	(210,696)
Excess of loss premiums	(4,521)	(1,745)	(2,598)	(636)	(618)	(104)	(60)	(10,282)
Net written premiums	137,079	78,433	3,403	2,331	1,508	4,417	5,833	233,004
Movement in unearned premium	(31,730)	1,943	(23)	(92)	(894)	349	(908)	(31,355)
Net premiums earned	105,349	80,376	3,380	2,239	614	4,766	4,925	201,649
Commission income	2,475	146	16,086	10,366	8,186	1,133	7,111	45,503
Total allocated revenue	107,824	80,522	19,466	12,605	8,800	5,899	12,036	247,152
Unallocated revenue								2,679
Total revenue								249,831
COST AND EXPENSES								
Gross claims paid	111,632	60,844	8,266	3,135	4,545	43	14,298	202,763
Reinsurance share of claims paid	(25,058)	(112)	(5,985)	(2,763)	(4,165)	-	(13,197)	(51,280)
Net claims paid	86,574	60,732	2,281	372	380	43	1,101	151,483
Movement in outstanding claims	257	(10,999)	4,441	1,182	164	166	(254)	(5,043)
Net claims incurred	86,831	49,733	6,722	1,554	544	209	847	146,440
Policy acquisition cost	9,614	12,182	10,460	3,495	3,500	1,345	2,133	42,729
Total allocated costs and expenses	96,445	61,915	17,182	5,049	4,044	1,554	2,980	189,169
Unallocated expenses								44,895
Total cost and expenses								234,064
Net surplus from insurance operations								15,767

Moham Varghese 17

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

30 September 2012

SEGMENTAL INFORMATION (continued)

	Nine months ended							Total SR'000
	30 September 2011 (Unaudited)							
REVENUE	Medical SR'000	Motor SR'000	Fire & burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000	Others SR'000	
Gross written premiums	164,165	92,521	85,310	30,431	19,700	14,959	30,269	437,355
Reinsurance premium ceded	(29,973)	(455)	(77,342)	(27,864)	(18,415)	(7,343)	(24,431)	(185,823)
Excess of loss premiums	(3,355)	(1,576)	(1,345)	(499)	(227)	(135)	(49)	(7,186)
Net written premiums	130,837	90,490	6,623	2,068	1,058	7,481	5,789	244,346
Provision in unearned premium	15,896	(6,831)	(705)	(70)	(77)	(2,619)	(665)	4,929
Net premiums earned	146,733	83,659	5,918	1,998	981	4,862	5,124	249,275
Commission income	2,495	89	13,669	8,534	5,114	1,058	5,328	36,287
Total allocated revenue	149,228	83,748	19,587	10,532	6,095	5,920	10,452	285,562
Unallocated revenue								1,555
Total revenue								287,117
COST AND EXPENSES								
Gross claims paid	159,006	46,629	15,501	5,953	501	524	24,842	252,956
Reinsurance share of claims paid	(25,316)	(130)	(9,537)	(5,199)	(360)	(5)	(24,110)	(64,657)
Net claims paid	133,690	46,499	5,964	754	141	519	732	188,299
Movement in outstanding claims	2,981	13,726	(4,651)	(277)	(109)	141	492	12,303
Net claims incurred	136,671	60,225	1,313	477	32	660	1,224	200,602
Policy acquisition cost	11,292	14,775	11,100	4,245	2,668	1,458	2,305	47,843
Total allocated costs and expenses	147,963	75,000	12,413	4,722	2,700	2,118	3,529	248,445
Unallocated expenses								50,816
Total cost and expenses								299,261
Net deficit from insurance operations								(12,144)

Hokan Vargher

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

30 September 2012

SEGMENTAL INFORMATION (Continued)

At 30 September 2012 (Unaudited)

	Medical SR'000	Motor SR'000	Fire & burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000	Others SR'000	Total SR'000
ASSETS								
Reinsurers' share of outstanding claims	6,431	3,392	122,632	13,079	22,672	1,013	82,149	251,368
Reinsurers' share of unearned premiums	29,210	342	18,380	10,516	33,643	2,471	14,161	108,723
Deferred policy acquisition costs	7,957	5,720	2,917	1,257	3,967	1,272	962	24,052
SEGMENT ASSETS	43,598	9,454	143,929	24,852	60,282	4,756	97,272	384,143
Unallocated assets								328,963
TOTAL ASSETS								713,106
LIABILITIES AND INSURANCE OPERATIONS' SURPLUS								
Gross outstanding claims	43,743	22,456	132,139	15,522	23,703	2,181	83,518	323,262
Gross unearned premium	114,934	43,259	21,076	11,450	35,131	7,363	16,971	250,184
Unearned commission income	2,039	99	4,620	3,164	7,967	560	3,200	21,649
SEGMENT LIABILITIES	160,716	65,814	157,835	30,136	66,801	10,104	103,689	595,095
Unallocated liabilities								116,434
TOTAL LIABILITIES Insurance operations' surplus								711,529
TOTAL LIABILITIES AND INSURANCE OPERATIONS' SURPLUS								713,106

Wahab Varghese

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

30 September 2012

SEGMENTAL INFORMATION (Continued)

At 31 December 2011 (Audited)

	Medical SR'000	Motor SR'000	Fire & Burglary SR'000	Marine SR'000	Engineering SR'000	Public liability SR'000	Others SR'000	Total SR'000
ASSETS								
Reinsurers' share of outstanding claims	5,048	18	64,472	5,364	6,475	28	71,699	153,104
Reinsurers' share of unearned premiums	14,528	195	42,035	10,778	21,678	3,873	7,625	100,712
Deferred policy acquisition costs	5,124	7,234	5,290	1,447	2,025	1,602	627	23,349
SEGMENT ASSETS	<u>24,700</u>	<u>7,447</u>	<u>111,797</u>	<u>17,589</u>	<u>30,178</u>	<u>5,503</u>	<u>79,951</u>	<u>277,165</u>
Unallocated assets								254,329
TOTAL ASSETS								<u>531,494</u>
LIABILITIES								
Gross outstanding claims	42,103	30,080	69,539	6,624	7,342	1,030	73,323	230,041
Gross unearned premium	68,522	45,056	44,707	11,619	22,272	9,115	9,526	210,817
Unearned commission income	1,235	56	7,744	3,509	3,821	687	1,673	18,725
SEGMENT LIABILITIES	<u>111,860</u>	<u>75,192</u>	<u>121,990</u>	<u>21,752</u>	<u>33,435</u>	<u>10,832</u>	<u>84,522</u>	<u>459,583</u>
Unallocated liabilities								71,911
TOTAL LIABILITIES								<u>531,494</u>

Moham Vargha