

---

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

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

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013**

---

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND REVIEW REPORT**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013**

---

<b>INDEX</b>	<b>PAGE</b>
Independent Auditors' Review Report	1
Interim Statement of Financial Position	2–3
Interim Statement of Insurance Operations and Accumulated Surplus	4
Interim Statement of Shareholders' Operations	5
Interim Statement of Shareholders' Comprehensive Income	6
Interim Statement of Changes in Shareholders' Equity	7
Interim Statement of Insurance Operations' Cash flows	8
Interim Statement of Shareholders Operations' Cash flows	9
Notes to the Interim Condensed Financial Statements	10–20

## Al Bassam

Certified Public Accountants & Consultants

AHMED TAYSEER ABDULLAH

CHARTERED ACCOUNTANT OFFICE

( Lic.No. 213 )



### INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ALLIED COOPERATIVE INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)

#### Scope of Review

We have reviewed the accompanying interim condensed statement of financial position of **ALLIED COOPERATIVE INSURANCE GROUP (ACIG)** – a Saudi Joint Stock Company – (the "Company") as at 30 September 2013, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations and comprehensive income for the three-month and nine-month periods then ended and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders operations' cash flows for the nine month period then ended and the related notes which form 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 the International Accounting Standard 34 ("IAS 34") 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 person responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

#### Conclusion

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

#### Emphasis of a 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 Standard on Interim Financial Reporting issued by SOCPA.

Al Bassam  
Certified Public Accountants & Consultants

Ibrahim A. Al Bassam  
License No. 337

Ahmed Tayseer Abdullah  
Chartered Accountant Office

Ahmed Tayseer Abdullah  
Licence No. 213



27 October 2013  
22 Thu'l Hijah 1434H

Jeddah, Kingdom of Saudi Arabia



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

INTERIM STATEMENT OF FINANCIAL POSITION  
At 30 SEPTEMBER 2013

	Note	30 September 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	3	157,380	99,521
Premiums receivable, net	4	27,293	7,681
Reinsurance receivables, net		1,869	1,075
Reinsurers' share of unearned premiums	8	43,171	20,548
Reinsurers' share of outstanding claims	9	4,179	1,397
Deferred policy acquisition cost		17,576	8,557
Prepayments and other receivables		5,290	4,786
Furniture, fittings and office equipment		6,418	5,612
Due from shareholders' operations		3,814	-
<b>Total insurance operations' assets</b>		<b>266,990</b>	<b>149,177</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	3	43,395	66,199
FVIS investments	5	16,200	-
Available-for-sale investments	6	20,496	2,377
Prepayments and other receivables		2,491	2,345
Statutory deposit	7	20,000	20,000
<b>Total shareholders' assets</b>		<b>102,582</b>	<b>90,921</b>
<b>TOTAL ASSETS</b>		<b>369,572</b>	<b>240,098</b>

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM STATEMENT OF FINANCIAL POSITION- (Continued)  
At 30 SEPTEMBER 2013

	Note	30 September 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
<b>INSURANCE LIABILITIES AND SURPLUS</b>			
<b>Insurance operations' liabilities</b>			
Reinsurers payables		59,146	13,882
Unearned commission income		1,855	1,511
Unearned premiums	8	159,985	102,308
Accounts payable		14,292	7,972
Outstanding claims	9	25,375	19,974
Accrued and other payables		3,376	2,024
Employees' terminal benefits		2,246	1,506
Total insurance operations' liabilities		266,275	149,177
<b>Insurance operations' surplus</b>			
Surplus from insurance operations		715	-
Total insurance operations' liabilities and surplus		266,990	149,177
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Accruals and other payables		553	549
Accrued zakat and income tax	10	1,119	467
Due to insurance operations		3,814	-
Total shareholders' liabilities		5,486	1,016
<b>Shareholders' equity</b>			
Share capital	11	200,000	200,000
Accumulated losses		(103,023)	(110,095)
Available-for-sale investments reserve	6	119	-
Total shareholders' equity		97,096	89,905
Total shareholders' liabilities and equity		102,582	90,921
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>		<b>369,572</b>	<b>240,098</b>

The accompanying notes 1 to 18 form part of these interim condensed financial statements.



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

**INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013**

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2013 SR '000 (Unaudited)</i>	<i>2012 SR '000 (Unaudited)</i>	<i>2013 SR '000 (Unaudited)</i>	<i>2012 SR '000 (Unaudited)</i>
<b>REVENUE</b>				
Gross premiums written	64,522	30,078	260,941	109,254
Less: Reinsurance premiums ceded	(21,937)	(9,602)	(77,478)	(23,010)
Excess of loss premiums	(3,753)	(1,308)	(10,607)	(3,752)
Net written premiums	38,832	19,168	172,856	82,492
Changes in net unearned premiums	16,637	9,035	(35,053)	18,429
Net premiums earned	55,469	28,203	137,803	100,921
Reinsurance commission earned	922	921	2,483	2,654
<b>Net revenues</b>	<b>56,391</b>	<b>29,124</b>	<b>140,286</b>	<b>103,575</b>
<b>Cost and expenses</b>				
Gross claims paid	32,720	25,008	94,328	82,550
Less: Reinsurers' share	(1,363)	(1,137)	(7,889)	(3,088)
Net claims paid	31,357	23,871	86,439	79,462
Changes in outstanding claims, net	6,325	927	4,183	(8,224)
Net claims incurred	37,682	24,798	90,622	71,238
Policy acquisition cost	6,129	6,711	15,812	25,731
<b>Net cost and expenses</b>	<b>43,811</b>	<b>31,509</b>	<b>106,434</b>	<b>96,969</b>
<b>Net result of insurance operations</b>	<b>12,580</b>	<b>(2,385)</b>	<b>33,852</b>	<b>6,606</b>
General and administrative expenses	(8,397)	(5,955)	(24,845)	(19,971)
Supervision and inspection fee	(323)	(150)	(1,305)	(547)
CCHI fee	(357)	(136)	(1,436)	(156)
Release of doubtful debts provision	-	60	-	120
Investment income	322	-	322	-
Other income	27	-	563	-
<b>Surplus / (deficit) from insurance operations</b>	<b>3,852</b>	<b>(8,566)</b>	<b>7,151</b>	<b>(13,948)</b>
Shareholders' share of insurance operations	(3,467)	8,566	(6,436)	13,948
<b>Accumulated surplus at the end of the period</b>	<b>385</b>	<b>-</b>	<b>715</b>	<b>-</b>

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2013 SR '000 (Unaudited)	2012 SR '000 (Unaudited)	2013 SR '000 (Unaudited)	2012 SR '000 (Unaudited)
Shareholders' share of insurance operations surplus / (deficit)		3,467	(8,566)	6,436	(13,948)
Gain / (loss) on investments		560	(46)	1,695	(46)
General and administrative expenses		(230)	(192)	(407)	(680)
<b>Net income (loss) for the period</b>		<b>3,797</b>	<b>(8,804)</b>	<b>7,724</b>	<b>(14,674)</b>
Weighted average number of ordinary shares outstanding ('000')	12.a	20,000	17,000	20,000	17,000
Basic and diluted earnings / (loss) per share for the period (SR) - restated	12.b	0.19	(0.52)	0.39	(0.86)

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013

	<i>Three- month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2013 SR '000 (Unaudited)</i>	<i>2012 SR '000 (Unaudited)</i>	<i>2013 SR '000 (Unaudited)</i>	<i>2012 SR '000 (Unaudited)</i>
Net income / (loss) for the period	3,797	(8,804)	7,724	(14,674)
Other comprehensive income / (expenses):				
Change in fair value of available-for-sale investments	119	-	119	-
Zakat and income tax (note 10)	(245)	-	(652)	(250)
Total comprehensive income / (loss) for the period	<u>3,671</u>	<u>(8,804)</u>	<u>7,191</u>	<u>(14,924)</u>

The accompanying notes 1 to 18 form part of these interim condensed financial statements.



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013

	Share capital SR '000	Increase in share capital	Accumulated losses SR '000	Change in fair value of available- for-sale investments	Total SR '000
Balance as at 31 December 2012 (Audited)	200,000	-	(110,095)	-	89,905
Net income for the period	-	-	7,724	-	7,724
Change in fair value of available-for- sale investments	-	-	-	119	119
Zakat and income tax (note 10)	-	-	(652)	-	(652)
Balance as at 30 September 2013 (Unaudited)	<u>200,000</u>	<u>-</u>	<u>(103,023)</u>	<u>119</u>	<u>97,096</u>
Balance as at 31 December 2011 (Audited)	100,000	-	(80,929)	-	19,071
New shares	-	100,000	-	-	100,000
Transaction costs	-	-	(5,701)	-	(5,701)
Net loss for the period	-	-	(14,674)	-	(14,674)
Zakat and income tax (note 10)	-	-	(250)	-	(250)
Balance as at 30 September 2012 (Unaudited)	<u>100,000</u>	<u>100,000</u>	<u>(101,554)</u>	<u>-</u>	<u>98,446</u>

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013

	<i>Nine-month period ended 30 September</i>	
	<i>2013 (Unaudited)</i>	<i>2012 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
<b>Cash flows from operating activities:</b>		
Surplus for the period from insurance operations	715	-
Adjustment for:		
Depreciation	1,290	935
Employees' terminal benefits, net	740	212
Profit on disposal of furniture, fittings and equipment	-	(1)
Release of doubtful debts provision	-	(120)
Doubtful debts provision	150	-
	<u>2,895</u>	<u>1,026</u>
Changes in operating assets and liabilities:		
Premiums receivables	(19,762)	(1,199)
Reinsurance receivable	(794)	(226)
Reinsurers' share of unearned premiums	(22,623)	(2,280)
Reinsurers' share of outstanding claims, net	(2,782)	118
Deferred policy acquisition cost	(9,019)	9,916
Prepayments and other receivables	(504)	(423)
Reinsurers payables	45,264	4,189
Unearned commission income	344	(215)
Unearned premiums	57,677	(16,149)
Outstanding claims	5,401	(11,414)
Accounts payable	6,320	3,071
Accrued and other payables	1,352	643
Due to / from shareholders' operations	(3,814)	(15,392)
Net cash flows from / (used in) operating activities	<u>59,955</u>	<u>(28,335)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,096)	(286)
Proceeds from disposal of furniture, fittings and office equipment	-	1
Net cash flows used in investing activities	<u>(2,096)</u>	<u>(285)</u>
Net increase / (decrease) in cash and cash equivalents	57,859	(28,620)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>99,521</u>	<u>58,384</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>157,380</u>	<u>29,764</u>



The accompanying notes 1 to 18 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS OPERATIONS' CASH FLOWS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013

	<i>Nine-month period ended 30 September</i>	
	<i>2013 (Unaudited)</i>	<i>2012 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
<b>OPERATING ACTIVITIES</b>		
Net income / (loss) for the period	7,724	(14,674)
Adjustment for:		
Unrealized gain on FVIS investments	(200)	-
Realized gain on FVIS investments	(1,432)	-
Realized loss on disposal of available-for-sale investments	-	46
	<u>6,092</u>	<u>(14,628)</u>
Changes in operating assets and liabilities:		
Prepayments and other receivables	(146)	730
Due from / to insurance operations	3,814	15,392
Accruals and other payables	4	3,707
Zakat Paid	-	(331)
Net cash flows from operating activities	<u>9,764</u>	<u>4,870</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of FVIS investments	(18,575)	-
Proceeds from sale of FVIS investments	4,007	-
Proceeds from disposal of available-for-sale investments	-	454
Purchase of available-for-sale investments	(18,000)	-
Net cash flows (used in) / from investing activities	<u>(32,568)</u>	<u>454</u>
<b>FINANCING ACTIVITIES</b>		
Increase in share capital	-	100,000
Transaction costs on issuance of share capital	-	(5,701)
Net cash flows from investing activities	<u>-</u>	<u>94,299</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(22,804)</b>	<b>99,623</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>66,199</b>	<b>13,492</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>43,395</u></b>	<b><u>113,115</u></b>
<b>Non Cash Transactions:</b>		
Change in fair value of available-for-sale investments	<u>119</u>	<u>-</u>

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED**

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Allied Cooperative Insurance Group ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030171999 dated 9 Shabaan 1428H, corresponding to 22 August 2007. Registered Office address of the Company is Al Ruwais District, P. O. Box 7076, Jeddah 21462, Kingdom of Saudi Arabia.

The activities of the Company are to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. On 4 April 2009, the Company received license from the Saudi Arabian Monetary Agency ("SAMA") to engage in insurance in Saudi Arabia. The Company commenced its commercial operations on 1 July 2009. The company was listed on the Saudi Stock Exchange (Tadawul) on 27 August 2007.

**2. BASIS OF PREPARATION**

**Statement of Compliance**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are consistent with those used for the preparation of annual financial statements.

These interim condensed financial statements for the three-month and nine-month periods ended 30 September 2013 should be read in conjunction with the Company's audited financial statements as at 31 December 2012. In the Company's Board of Directors 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 follows a fiscal year ending 31 December.

The interim condensed financial statements are expressed in Saudi Riyals, being the functional currency of the Company and have been rounded off to the nearest thousand, unless otherwise specified.

The preparation of interim condensed financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards.

**Basis of presentation**

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

As per the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders' operations	10%
	<u>100%</u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

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

**New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company**

The Company has adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

<b><u>Standard/ Interpretation</u></b>	<b><u>Description</u></b>
IFRS 1	Amendment to IFRS 1 - Government loans
IFRS 7	Amendment to IFRS 7 Disclosure - Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements: Investments in Associates & Joint ventures
IFRS 12	Disclosures of Interests in Other Entities
IFRS 13	Fair value Measurement
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine.
IAS 1	Presentation of Financial Statements
IAS 16	Property, Plant and Equipment - Classification of Servicing Equipment
IAS 19	Revision to IAS 19 Employee Benefits
IAS 27	Separate Financial Statements
IAS 28	Investment in Associates and Joint Ventures
IAS 32	Financial Instruments - Tax Effect of Distribution to Holders of Equity Instruments
IAS 34	Interim Financial Reporting

The adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

**Standards issued but not yet effective**

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

<b><u>Standard/ Interpretation</u></b>	<b><u>Description</u></b>	<b><u>Effective date</u></b>
IFRS 9	Financial Instruments - Classification & Measurement	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 12	Disclosure of Interest in Other Parties	1 January 2014
IAS 27	Separate Financial Statements	1 January 2014
IAS 32	Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Amendment to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

**3. CASH AND CASH EQUIVALENTS**

	<b>30 September 2013 (Unaudited) SR'000</b>	<b>31 December 2012 (Audited) SR'000</b>
<b><i>Insurance operations</i></b>		
Cash in hand and at banks	16,380	99,521
Short term deposit	<u>141,000</u>	<u>-</u>
	<u><b>157,380</b></u>	<u><b>99,521</b></u>
<b><i>Shareholders' operations</i></b>		
Cash in hand and at banks	29,395	66,199
Short term deposit	<u>14,000</u>	<u>-</u>
	<u><b>43,395</b></u>	<u><b>66,199</b></u>

Cash at banks are placed with counterparties who have good credit ratings.

The carrying amounts disclosed above reasonably approximate fair value at the statement of financial position date.

**4. PREMIUMS RECEIVABLE, net**

	<b>30 September 2013 (Unaudited) SR'000</b>	<b>31 December 2012 (Audited) SR'000</b>
Due from policyholders	28,026	7,861
Due from related parties	11	414
Doubtful debt provision	<u>(744)</u>	<u>(594)</u>
	<u><b>27,293</b></u>	<u><b>7,681</b></u>

Movement in provision for doubtful debts is as follows:

	<b>30 September 2013 (Unaudited) SR'000</b>	<b>31 December 2012 (Audited) SR'000</b>
Balance at the beginning of the period/year	594	672
Additional (release of) provision during the period / year	<u>150</u>	<u>(78)</u>
Balance at the end of the period/year	<u><b>744</b></u>	<u><b>594</b></u>

**5. FVIS investments**

***Shareholders' operations***

	<b>30 September 2013 (Unaudited) SR'000</b>	<b>31 December 2012 (Audited) SR'000</b>
Purchased during the period	18,575	-
Disposals during the period	<u>(2,575)</u>	<u>-</u>
Change in fair value of investment	<u>200</u>	<u>-</u>
	<u><b>16,200</b></u>	<u><b>-</b></u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

**6. AVAILABLE FOR SALE INVESTMENTS**

***Shareholders' operations***

	<b>30 September 2013 (Unaudited) SR'000</b>	<b>31 December 2012 (Audited) SR'000</b>
Mutual fund	18,119	-
Unquoted securities	2,377	2,377
	<u>20,496</u>	<u>2,377</u>

<b>As at 30 September 2013 – (Unaudited)</b>	<b>Balance at the beginning of the period SR'000</b>	<b>Movement during the period SR'000</b>	<b>Change in fair value for the period SR'000</b>	<b>Balance at the end of the period SR'000</b>
Investment in Najm for Insurance Services Company	2,377	-	-	2,377
Investment in mutual funds	-	18,000	119	18,119
	<u>2,377</u>	<u>18,000</u>	<u>119</u>	<u>20,496</u>

<b>As at 31 December 2012 – (Audited)</b>	<b>Balance at the beginning of the year SR'000</b>	<b>Movement during the year SR'000</b>	<b>Change in fair value for the year SR'000</b>	<b>Balance at the end of the year SR'000</b>
Investment in Najm for insurance Services Company	2,877	(500)	-	2,377
	<u>2,877</u>	<u>(500)</u>	<u>-</u>	<u>2,377</u>

Investment in Najm for Insurance Services Company are classified under level 3 and Investment in mutual funds are classified under level 2.

The unrealized gain of SR 0.119 million as at 30 September 2013 (31 December 2012: Nil) was recognized to the statement of changes in shareholders' equity as available-for-sale investments reserve. The available for sale reserve as of 30 September 2013 is SR (0.119) million (31 December 2012: SR nil).

**7. STATUTORY DEPOSIT**

	<b>30 September 2013 (Unaudited) SR'000</b>	<b>31 December 2012 (Audited) SR'000</b>
<b><i>Shareholders' Operations</i></b>	<b>20,000</b>	<b>20,000</b>
<b>Statutory deposit</b>	<u>20,000</u>	<u>20,000</u>

As required by Saudi Arabian Insurance Regulations, the Company deposited 10% of its paid up capital, amounting to SR 20 million in a bank designated by the Saudi Arabian Monetary Agency (SAMA). The Company cannot withdraw this deposit without SAMA's approval.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

**8. UNEARNED PREMIUMS**

	<b>30 September 2013 (Unaudited) SR'000</b>	<b>31 December 2012 (Audited) SR'000</b>
Unearned premiums	159,985	102,308
Reinsurance share of unearned premiums	<u>(43,171)</u>	<u>(20,548)</u>
	<u><b>116,814</b></u>	<u><b>81,760</b></u>

**9. OUTSTANDING CLAIMS, NET**

	<b>30 September 2013 (Unaudited) SR'000</b>	<b>31 December 2012 (Audited) SR'000</b>
Gross outstanding claims	9,885	6,373
Add: Incurred but not reported (IBNR) reserve	15,490	13,601
Outstanding claims	<u>25,375</u>	<u>19,974</u>
Reinsurance share of outstanding claims	<u>(4,179)</u>	<u>(1,397)</u>
<b>Outstanding claims, net</b>	<u><b>21,196</b></u>	<u><b>18,577</b></u>

**10. ZAKAT AND INCOME TAX**

**Zakat and Income Tax**

The Zakat and income tax payable by the Company has been calculated in accordance with Zakat regulations in Kingdom of Saudi Arabia.

The movement in the Zakat and Income tax payable is as follows:

	<b>30 September 2013 (Unaudited) SR'000</b>	<b>31 December 2012 (Audited) SR'000</b>
Balance at the beginning of the <i>period/year</i>	467	548
Charge for the period/year	652	250
Paid during the period/year	-	(331)
Balance at the end of the period/year	<u><b>1,119</b></u>	<u><b>467</b></u>

The differences between the financial and the zakatable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

**Income Tax**

Foreign shareholder, being Islamic Development Bank (IDB) is exempted from income tax.

**Status of assessment:**

Zakat and income tax returns have been filed with the Department of Zakat and Income Tax ("DZIT") for the years ended up to 31 December 2012. Final certificate has been received from DZIT for the year ended 31 December 2008. However, DZIT has raised an additional assessment in respect of the returns filed for the years ended 31 December 2008, 2009 and 2010 amounting to SR 1.86 million which has not been booked in the interim financial statements. The major difference of the additional assessment relates to disallowance of a portion of pre-incorporation expenses and withholding tax. The Company has filed an objection against this additional assessment and is confident of a favourable outcome. In this regard, the company have issued a letter of guarantee amounting to SR 1.83 million in favour of DZIT (See Note 16).

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

**11. SHARE CAPITAL**

The authorized, issued and paid up share capital of the Company is SR 200 million at period end consisting of 20 million shares of SR 10 each.

In the extra-ordinary general meeting held on 4 September 2012, the shareholders approved right issue of SR 100 million. As approved by regulators, 10 million ordinary shares were offered at an exercise price of SR 10, the subscription period for which started on 15 September 2012 and ended on 22 September 2012. The legal formalities have been completed and the share capital has been increased from SR 100 million to SR 200 million.

	<b>30 September 2013</b>		<b>31 December 2012</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>%holding</b>	<b>SR'000</b>	<b>%holding</b>	<b>SR'000</b>
Founding shareholders	<b>40</b>	<b>80,000</b>	40	80,000
General public	<b>60</b>	<b>120,000</b>	60	120,000
Balance at the end of the period/year	<b>100</b>	<b>200,000</b>	100	200,000

Incremental costs amounting to SR 5,701 thousands directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

**12. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE**

a. The weighted average number of shares has been retrospectively adjusted for prior period to reflect the bonus element of the rights issue as required by IAS 33 "Earnings per share" as follows:

	<b>30 September 2013</b>	<b>30 September 2012</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Issued ordinary shares as at 1 January ('000')	<b>20,000</b>	10,000
Effect of rights issue of shares ('000')	<b>-</b>	7,000
<b>Weighted average number of ordinary shares ('000')</b>	<b>20,000</b>	17,000

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.7 which is a ratio of the theoretical ex-rights price of SR 33 and the closing price of SR 56 per ordinary share on the last day on which the shares were traded before the right issue.

b. The basic and diluted earnings / (loss) per share is calculated as follows:

	<b>30 September 2013</b>	<b>30 September 2012</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net income / (loss) for the period (SR '000')	<b>7,724</b>	(14,674)
Weighted average number of ordinary shares ('000') -(Note 12. a)	<b>20,000</b>	17,000
<b>Basic and diluted earnings / (loss) per share (SR) - restated</b>	<b>0.39</b>	(0.86)

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

**13. STATUTORY RESERVE**

As required by Saudi Arabian Insurance Regulations, 20% of the net shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of paid capital.

**14. TRANSACTIONS WITH RELATED PARTIES**

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

***Insurance operations***

<b><i>Related party</i></b>	<b><i>Nature of transaction</i></b>	<b><i>Transactions</i></b>		<b><i>Closing balance</i></b>	
		<b><i>30 September</i></b>	<b><i>30 September</i></b>	<b><i>30 September</i></b>	<b><i>31 December</i></b>
		<b><i>2013</i></b>	<b><i>2012</i></b>	<b><i>2013</i></b>	<b><i>2012</i></b>
		<b><i>(Unaudited)</i></b>	<b><i>(Unaudited)</i></b>	<b><i>(Unaudited)</i></b>	<b><i>(Audited)</i></b>
		<b><i>SR'000</i></b>	<b><i>SR'000</i></b>	<b><i>SR'000</i></b>	<b><i>SR'000</i></b>
Affiliates	Premiums written	<u>339</u>	<u>758</u>	<u>11</u>	<u>414</u>
Affiliates	Claims	<u>-</u>	<u>145</u>	<u>-</u>	<u>-</u>
Shareholders	Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>65</u>
Board and audit committee	Meetings fee	<u>75</u>	<u>107</u>	<u>-</u>	<u>-</u>
Key management personnel	Short term benefits	<u>3,368</u>	<u>7,978</u>	<u>30</u>	<u>-</u>
	Long term benefits	<u>146</u>	<u>91</u>	<u>526</u>	<u>(464)</u>



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

**15. SEGMENTAL INFORMATION**

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

Segment results do not include general and administrative expenses, provision for doubtful debts and other income.

Segment assets do not include insurance operations' cash and cash equivalents, investments, premiums receivable, reinsurance receivable, prepayments and other receivables, and property and equipment, net.

Segment liabilities do not include reinsurance payables, accrued expenses and other liabilities, due to shareholders' operations and employees' terminal benefits.

**Operating segments**

For three-month period ended  
30 September 2013 (Unaudited)

	<b>Motor</b>	<b>Medical</b>	<b>General accident</b>	<b>Others</b>	<b>Total</b>
	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>
<b>Revenue</b>					
Gross premiums written	17,731	35,747	3,658	7,386	<b>64,522</b>
Reinsurance share of premiums	(8)	(12,418)	(2,086)	(7,425)	<b>(21,937)</b>
Excess of loss premiums	(873)	(2,377)	(74)	(429)	<b>(3,753)</b>
Net written premiums	16,850	20,952	1,498	(468)	<b>38,832</b>
Change in net unearned premiums	17,178	(381)	(302)	142	<b>16,637</b>
Net premiums earned	34,028	20,571	1,196	(326)	<b>55,469</b>
Reinsurance commission earned	10	-	390	522	<b>922</b>
Total insurance revenue	34,038	20,571	1,586	196	<b>56,391</b>
<b>Cost and expenses</b>					
Gross claims	28,371	2,868	311	1,170	<b>32,720</b>
Less: Reinsurance share	634	(1,434)	(46)	(517)	<b>(1,363)</b>
Net claims paid	29,005	1,434	265	653	<b>31,357</b>
Change in outstanding claims, net	4,737	570	(96)	1,114	<b>6,325</b>
Net claims incurred	33,742	2,004	169	1,767	<b>37,682</b>
Policy acquisition cost	2,821	2,947	212	149	<b>6,129</b>
	36,563	4,951	381	1,916	<b>43,811</b>
<b>Net underwriting result</b>	(2,525)	15,620	1,205	(1,720)	<b>12,580</b>
General and administrative expenses					<b>(8,397)</b>
Supervision and inspection fee	(89)	(179)	(18)	(37)	<b>(323)</b>
CCHI fee	-	(357)	-	-	<b>(357)</b>
Investment income					<b>322</b>
Other income					<b>27</b>
<b>Surplus from insurance operations</b>					<b>3,852</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

**15. SEGMENTAL INFORMATION – (Continued)**

<b>For Nine-month period ended 30 September 2013 (Unaudited)</b>	<b>Motor</b>	<b>Medical</b>	<b>General accident</b>	<b>Others</b>	<b>Total</b>
<b>Revenue</b>	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>
Gross premiums written	91,616	138,639	9,061	21,625	260,941
Less: Reinsurance premiums ceded	(85)	(52,242)	(4,754)	(20,397)	(77,478)
Excess of loss premiums	(3,704)	(5,493)	(222)	(1,188)	(10,607)
Net written premiums	87,827	80,904	4,085	40	172,856
Changes in net unearned premiums	1,017	(35,344)	(565)	(161)	(35,053)
Net premiums earned	88,844	45,560	3,520	(121)	137,803
Reinsurance commission received	22	-	944	1,517	2,483
Total insurance revenue	88,866	45,560	4,464	1,396	140,286
<b>Cost and expenses</b>					
Gross claims paid	85,616	6,630	433	1,649	94,328
Less: Reinsurers' share	(3,752)	(3,315)	(52)	(770)	(7,889)
Net claims paid	81,864	3,315	381	879	86,439
Changes in outstanding claims, net	920	1,976	101	1,186	4,183
Net claims incurred	82,784	5,291	482	2,065	90,622
Policy acquisition cost	8,261	6,565	553	433	15,812
	91,045	11,856	1,035	2,498	106,434
<b>Net underwriting result</b>	(2,179)	33,704	3,429	(1,102)	33,852
General and administrative expenses					(24,845)
Supervision and inspection fee	(458)	(693)	(45)	(109)	(1,305)
OCHI fee	-	(1,436)	-	-	(1,436)
Investment income					322
Other income					563
<b>Surplus from insurance operations</b>					7,151
<b>As at 30 September 2013 (Unaudited)</b>					
Premiums and reinsurance receivable – net	8,466	12,959	102	7,635	29,162
Reinsurance share of unearned premiums	31	32,493	2,835	7,812	43,171
Reinsurance share of outstanding claims	(11)	1,385	634	2,171	4,179
Deferred policy acquisition cost	4,606	12,204	516	250	17,576
Unallocated assets					172,902
<b>Total insurance operations assets</b>					266,990
Gross outstanding claims	14,880	4,280	3,124	3,090	25,374
Unearned premiums	57,430	87,064	7,234	8,257	159,985
Unearned commission income	3	-	583	1,269	1,855
Other liabilities	4,854	4,830	-	3,556	13,240
Unallocated liabilities					66,536
<b>Total insurance operations liabilities</b>					266,990

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

**15. SEGMENTAL INFORMATION – (Continued)**

For three-month period ended 30 September 2012 (Unaudited)	Motor	Medical	General accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
<b>Revenue</b>					
Gross premiums written	10,975	13,575	3,281	2,247	30,078
Reinsurance premiums ceded	(39)	(5,215)	(2,391)	(1,957)	(9,602)
Excess of loss premiums	(924)	(267)	(28)	(89)	(1,308)
Net written premiums	10,012	8,093	862	201	19,168
Change in net unearned premiums	15,501	(6,773)	364	(57)	9,035
Net premiums earned	25,513	1,320	1,226	144	28,203
Reinsurance commission earned	5	-	498	418	921
Total insurance revenue	25,518	1,320	1,724	562	29,124
<b>Cost and expenses</b>					
Gross claims	23,901	531	261	315	25,008
Less: Reinsurance share	(587)	(266)	(3)	(281)	(1,137)
Net claims paid	23,314	265	258	34	23,871
Change in outstanding claims, net	303	65	660	(101)	927
Net claims incurred	23,617	330	918	(67)	24,798
Policy acquisition cost	6,037	171	428	75	6,711
	29,654	501	1,346	8	31,509
<b>Net underwriting result</b>	(4,136)	819	378	554	(2,385)
General and administrative expenses					(5,955)
Supervision and inspection fee	(55)	(68)	(16)	(11)	(150)
CCH fee	-	(136)	-	-	(136)
Release of doubtful debts provision					60
<b>Deficit from insurance operations</b>					(8,566)

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2013 – UNAUDITED - (continued)**

**15. SEGMENTAL INFORMATION – (Continued)**

For nine-month period ended  
30 September 2012 (Unaudited)

	Motor	Medical	General accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
<b>Revenue</b>					
Gross premiums written	72,974	15,628	10,716	9,936	109,254
Reinsurance premiums ceded	(149)	(6,062)	(7,822)	(8,977)	(23,010)
Excess of loss premiums	(2,940)	(490)	(99)	(223)	(3,752)
Net written premiums	69,885	9,076	2,795	736	82,492
Change in net unearned premiums	24,757	(6,787)	678	(219)	18,429
Net premiums earned	94,642	2,289	3,473	517	100,921
Reinsurance commission earned	7	-	1,136	1,511	2,654
Total insurance revenue	94,649	2,289	4,609	2,028	103,575
<b>Cost and expenses</b>					
Gross claims	78,442	1,533	988	1,587	82,550
Less: Reinsurance share	(611)	(766)	(339)	(1,372)	(3,088)
Net claims paid	77,831	767	649	215	79,462
Change in outstanding claims, net	(8,681)	23	695	(261)	(8,224)
Net claims incurred	69,150	790	1,344	(46)	71,238
Policy acquisition cost	24,260	308	755	408	25,731
	93,410	1,098	2,099	362	96,969
<b>Net underwriting result</b>	1,239	1,191	2,510	1,666	6,606
General and administrative expenses					(19,971)
Supervision and inspection fee	(365)	(78)	(54)	(50)	(547)
CCHI fee	-	(156)	-	-	(156)
Release of doubtful debts provision					120
<b>Deficit from insurance operations</b>					(13,948)
<b>As at 31 December 2012 (Audited)</b>					
Premiums and reinsurance receivable – net	612	5,003	1,685	1,456	8,756
Reinsurance share of unearned premiums	5,281	-	12,095	3,172	20,548
Reinsurance share of outstanding claims	567	-	374	456	1,397
Deferred policy acquisition cost	434	5,483	2,490	150	8,557
Unallocated assets					109,919
<b>Total insurance operations assets</b>					149,177
Outstanding claims	2,957	15,035	1,293	689	19,974
Unearned premiums	9,114	58,410	31,323	3,461	102,308
Unearned commission income	941	21	-	549	1,511
Unallocated liabilities					25,384
<b>Total insurance operations liabilities</b>					149,177

**16. CONTINGENT LIABILITY**

As at 30 September 2013, the company has a letter of guarantee amounting to SR 1.83 million (31 December 2012: Nil) in favor of DZIT (See Note 10). A margin of SR 1.83 million (31 December 2012: Nil) being deposited with a bank for this purpose is included in prepayments and other receivables in the interim statement of financial position of insurance operations.

**17. COMPARATIVE FIGURES**

Certain of the prior period figures have been reclassified to conform to the presentation in the current period financial statements.

**18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements have been approved by the board of directors on 27 October 2013 corresponding to 22 Thu'l Hijjah 1434H.