

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
TOGETHER WITH THE AUDITORS' REVIEW REPORT**

**FOR THE THREE MONTHS ENDED
31 MARCH 2013**

INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS**TO THE SHAREHOLDERS OF ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)****SCOPE OF REVIEW:**

We have reviewed the accompanying interim statement of financial position of Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company) ("the Company") as at 31 March 2013, and the related interim statements of income of insurance and shareholders' operations, comprehensive income of shareholders' operations, changes in shareholders' equity and cash flows of insurance and shareholders' operations for the three month period then ended and the attached notes 1 to 18 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 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 review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION

Based on our review, we are not aware of any material 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

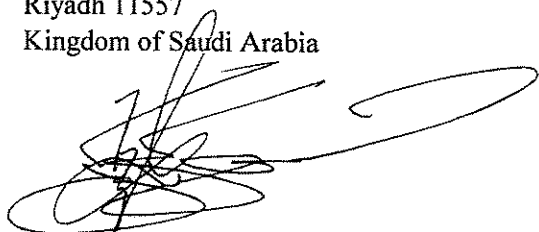
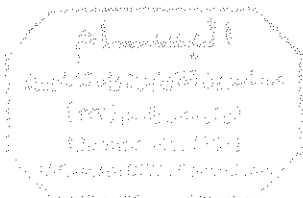
We draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

**Al Bassam Certified Public
Accountants and Consultants**

P. O. Box 69658

Riyadh 11557

Kingdom of Saudi Arabia

**Ibrahim A. Al Bassam**
Certified Public Accountant
License No. 337**KPMG Al Fozan & Al Sadhan**

P. O. Box 92876

Riyadh 11663

Kingdom of Saudi Arabia

**Tareq A. Al Sadhan**
Certified Public Accountant
License No. 3526 Jumada II 1434H
16 April 2013

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
 INTERIM STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<i>Unaudited As at 31 March 2013 SR</i>	<i>Audited As at 31 December 2012 SR</i>
INSURANCE OPERATIONS' ASSETS			
Office equipment and furniture		3,490,816	3,795,087
Reinsurers' share of outstanding claims	6	114,679,368	96,951,123
Reinsurers' share of unearned premiums		100,406,637	85,464,353
Deferred policy acquisition costs		12,889,223	12,328,124
Unit linked investments	10	546,094,008	533,238,604
Available for sale investments	9	34,908,157	29,881,185
Premiums receivable, net	7	140,824,185	128,717,315
Reinsurance balances receivable		12,524,794	23,900,534
Prepayments and other assets		3,294,237	2,070,710
Cash and cash equivalents		25,191,854	32,987,354
TOTAL INSURANCE OPERATIONS' ASSETS		994,303,279	949,334,389
SHAREHOLDERS' ASSETS			
Statutory deposit	8	20,076,025	20,076,025
Available for sale investments	9	145,238,711	145,447,419
Due from insurance operations		4,024,218	1,686,645
Prepayments and other assets		3,339,128	3,857,360
Cash and cash equivalents		2,038,091	341,510
TOTAL SHAREHOLDERS' ASSETS		174,716,173	171,408,959
TOTAL SHAREHOLDERS AND INSURANCE OPERATIONS' ASSETS		1,169,019,452	1,120,743,348

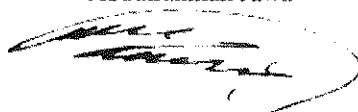
The accompanying notes 1 to 18 form part of these financial statements.

Antoine Issa



Chief Executive Officer

Abdulrahman Jawa



BOD Member

Abdullah Mansury



Senior Finance Manager

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
 INTERIM STATEMENT OF FINANCIAL POSITION

	Note	<i>Unaudited As at 31 March 2013 SR</i>	<i>Audited As at 31 December 2012 SR</i>
INSURANCE OPERATIONS' LIABILITIES			
Employees' end of service benefits		6,929,204	6,589,383
Unearned premiums		170,752,656	151,699,129
Mathematical reserve		546,130,602	534,437,849
Outstanding claims	6	153,280,541	146,860,735
Premium deficiency reserves		819,279	-
Unearned commission income		12,451,695	13,340,083
Due to shareholders operations		4,024,218	1,686,645
Reinsurance balances payable		88,053,121	82,367,514
Accrued expenses and other liabilities		11,013,376	11,791,166
TOTAL INSURANCE OPERATIONS' LIABILITIES		993,454,692	948,772,504
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus distribution		874,680	614,950
Unrealized loss on available for sale investments	9	(26,093)	(53,065)
TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS		994,303,279	949,334,389
SHAREHOLDERS' LIABILITIES AND EQUITY			
Accrued expenses and other liabilities		93,125	91,625
Zakat and tax payable		5,459,470	4,420,173
TOTAL SHAREHOLDERS' LIABILITIES		5,552,595	4,511,798
SHAREHOLDERS' EQUITY			
Share capital	11	200,000,000	200,000,000
Share premium		22,711,315	22,711,315
Accumulated losses		(55,907,546)	(58,382,671)
Unrealized gain on available for sale investments	9	2,359,809	2,568,517
TOTAL SHAREHOLDERS' EQUITY		169,163,578	166,897,161
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		174,716,173	171,408,959
TOTAL INSURANCE OPERATIONS LIABILITIES, SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY		1,169,019,452	1,120,743,348

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

Antoine Issa

Abdulrahman Jawa

Abdullah Mansury

Chief Executive Officer

BOD Member

Senior Finance Manager

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME OF INSURANCE OPERATIONS

	Note	Unaudited 3 months ended 31 March 2013 SR	Unaudited 3 months ended 31 March 2012 SR
Gross written premiums	5	169,305,956	182,775,276
Reinsurance premiums ceded		(81,602,770)	(86,935,301)
Net written premiums		87,703,186	95,839,975
Changes in unearned premiums	5	(19,053,527)	(10,432,741)
Reinsurance share of unearned premiums		14,942,284	5,621,143
Net change in unearned premiums		(4,111,243)	(4,811,598)
Net premiums earned		83,591,943	91,028,377
Commission earned during the period		7,764,637	7,485,344
Unrealized gain on unit linked investments		3,521,227	6,128,643
Other income		263,943	360,220
Total revenues		95,141,750	105,002,584
Gross claims paid		(97,375,341)	(78,762,585)
Reinsurance share of claims paid		35,864,881	23,509,658
Net claims paid		(61,510,460)	(55,252,927)
Changes in gross outstanding claims		(6,419,806)	(5,945,332)
Changes in reinsurance share of outstanding claims		17,728,245	10,394,499
Net outstanding claims		11,308,439	4,449,167
Net claims incurred		(50,202,021)	(50,803,760)
Change in premium deficiency reserves		(819,279)	(439,873)
Change in mathematical reserves		(11,692,753)	(22,152,399)
Commission expenses		(9,770,164)	(9,590,796)
Inspection and supervision fees		(846,530)	(913,876)
General and administrative expenses		(19,213,700)	(19,405,263)
Total claims and expenses		(92,544,447)	(103,305,967)
Net surplus for the period		2,597,303	1,696,617
Net (surplus) transferred to statement of shareholders' operations		(2,337,573)	(1,526,955)
Net insurance operations surplus after shareholders' appropriation for the period		259,730	169,662

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

Antoine Issa

Chief Executive Officer

Abdulrahman Jawa

BOD Member

Abdullah Mansury

Senior Finance Manager

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
 INTERIM STATEMENT OF INCOME OF SHAREHOLDERS' OPERATIONS

	Note	Unaudited 3 months ended 31 March 2013 SR	Unaudited 3 months ended 31 March 2012 SR
Special commission income		1,363,601	865,360
Realised gain on available for sale investment		-	262,793
Total revenues		1,363,601	1,128,153
Net surplus transferred from statement of insurance operations		2,337,573	1,526,955
General and administrative expenses		(186,752)	(146,518)
Net income for the period		3,514,422	2,508,590
Basic and diluted earnings per share	15	0.18	0.13

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

Antoine Issa



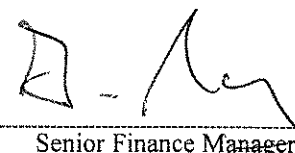
Chief Executive Officer

Abdulrahman Jawa



BOD Member

Abdullah Mansury



Senior Finance Manager

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF COMPREHENSIVE INCOME OF SHAREHOLDERS' OPERATIONS

	<i>Unaudited</i> <i>3 months ended</i> <i>31 March</i> <i>2013</i> <i>SR</i>	<i>Unaudited</i> <i>3 months ended</i> <i>31 March</i> <i>2012</i> <i>SR</i>
Net profit for the period	3,514,422	2,508,590
Items that will not be reclassified to statement of income:		
Provision for zakat & tax	(1,039,297)	(439,962)
Items that are or may be reclassified subsequently to income statement:		
Fair value change in available for sale investments	(208,708)	166,099
Transferred to statement of income on sale of available for sale investments	-	(262,793)
Total comprehensive income for the period	2,266,417	1,971,934


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

Antoine Issa



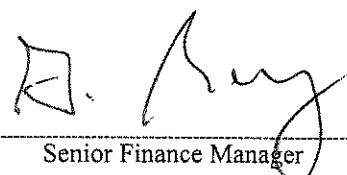
Chief Executive Officer

Abdulrahman Jawa



BOD Member

Abdullah Mansury



Senior Finance Manager

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
 INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>Share capital SR</i>	<i>Share premium SR</i>	<i>Accumulated losses SR</i>	<i>Unrealized gain / (loss) on available for sale investments SR</i>	<i>Total SR</i>
Balance as at 1 January 2012	200,000,000	22,711,315	(65,642,250)	925,378	157,994,443
Profit for the period	-	-	2,508,590	-	2,508,590
<i>Other comprehensive income:</i>					
- Provision for zakat & tax	-	-	(439,962)	-	(439,962)
- Fair value change in available for sale investment	-	-	-	166,099	166,099
- Transferred to statement of income-shareholders operations	-	-	-	(262,793)	(262,793)
Total comprehensive income for the period					1,971,934
Balance as at 31 March 2012 (Unaudited)	200,000,000	22,711,315	(63,573,622)	828,684	159,966,377
Balance as at 1 January 2013	200,000,000	22,711,315	(58,382,671)	2,568,517	166,897,161
Profit for the period	-	-	3,514,422	-	3,514,422
<i>Other comprehensive income:</i>					
- Provision for zakat & tax	-	-	(1,039,297)	-	(1,039,297)
- Fair value change in available for sale investment	-	-	-	(208,708)	(208,708)
- Transferred to statement of income-shareholders operations	-	-	-	-	-
Total comprehensive income for the period					2,266,417
Balance as at 31 March 2013(Unaudited)	200,000,000	22,711,315	(55,907,546)	2,359,809	169,163,578

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

Antoine Issa

Chief Executive Officer

Abdulrahman Jawa

BOD Member

Abdullah Mansury

Senior Finance Manager

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS OF INSURANCE OPERATIONS

	<i>Unaudited 3 months ended 31 March 2013 SR</i>	<i>Unaudited 3 months ended 31 March 2012 SR</i>
OPERATING ACTIVITIES		
Insurance operations surplus after shareholders' appropriation	259,730	169,662
<i>Adjustments to reconcile net surplus/deficit to net cash from operating activities</i>		
Appropriation of surplus/(deficit) to shareholders' operations	2,337,573	1,526,955
Depreciation	364,021	425,287
Employees' end of service benefits	557,532	110,000
Unrealized gain on unit linked investments	(3,521,227)	(6,128,643)
	(2,371)	(3,896,739)
<i>Changes in operating assets and liabilities:</i>		
Deferred policy acquisition costs	(561,099)	(676,025)
Premiums receivable, net	(12,106,870)	(23,496,575)
Prepayments and others assets	(1,223,527)	(149,084)
Employees' end of service benefits paid	(217,711)	(322,563)
Unearned premiums, net	4,111,243	4,811,598
Mathematical reserve	11,692,753	22,152,399
Unit linked investments	(9,334,177)	(14,460,166)
Outstanding claims, net	(11,308,439)	(4,449,167)
Premium deficiency reserves	819,279	439,873
Unearned commission income	(888,388)	1,340,997
Reinsurance balances payable, net	17,061,347	48,905,237
Accrued expenses and other liabilities	(777,790)	(11,510,165)
Net cash from operating activities	(2,735,750)	18,689,620
INVESTING ACTIVITIES		
Purchase of office equipment and furniture	(59,750)	(124,678)
Purchases of available for sale investments	(5,000,000)	-
Net cash used in investing activities	(5,059,750)	(124,678)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(7,795,500)	18,564,942
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	32,987,354	61,900,990
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25,191,854	80,465,932
<u>Non-cash supplemental information:</u>		
Net changes in fair value of available for sale investments	26,972	-

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

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Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)
 INTERIM STATEMENT OF CASH FLOWS OF SHAREHOLDERS' OPERATIONS

	<i>Unaudited</i> 3 months ended 31 March 2013 SR	<i>Unaudited</i> 3 months ended 31 March 2012 SR
OPERATING ACTIVITIES		
Net income for the period	3,514,422	2,508,590
<i>Adjustments to reconcile net income to net cash from operating activities:</i>		
Appropriation of (surplus) from insurance operations	(2,337,573)	(1,526,955)
Realized gain on available for sale investments	-	(262,793)
	<u>1,176,849</u>	<u>718,842</u>
<i>Changes in operating assets and liabilities:</i>		
Prepayments and other assets	518,232	(862,943)
Accrued expenses and other liabilities	1,500	(32,001)
	<u>1,696,581</u>	<u>(176,102)</u>
Net cash used in operating activities		
INVESTING ACTIVITIES		
Purchases of available for sale investments	-	(25,000,000)
Sale of available for sale investments	-	20,262,793
	<u>-</u>	<u>(4,737,207)</u>
Net cash used in investing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	<u>1,696,581</u>	<u>(4,913,309)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>341,510</u>	<u>12,670,275</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>2,038,091</u>	<u>7,756,966</u>
<u>Non-cash supplemental information:</u>		
Net changes in fair value of available for sale investments	<u>(208,708)</u>	<u>166,099</u>

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

Antoine Issa

Abdulrahman Jawa

Abdullah Mansury

Chief Executive Officer

BOD Member

Senior Finance Manager

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three months ended 31 March 2013

Unaudited

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Allianz Saudi Fransi Cooperative Insurance Company ('the Company') is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010235601 dated 26 Jumada Thani 1428H corresponding to 12 July 2007. The Company operates through its 5 branches (2012: 5) in the Kingdom of Saudi Arabia as of 31 March 2013. The registered office of the Company is located at Al Safwa Commercial Building, P O Box 3540, Riyadh 11481, Kingdom of Saudi Arabia.

The objectives of the Company are to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company was listed on the Saudi stock exchange on 9 Rajab 1428H, corresponding to 23 July 2007.

2 COMMERCIAL OPERATIONS

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

Following the completion of the public offering on 26 March 2007, an application was submitted to His Excellency the Minister of Commerce and Industry (MOCI) in the Kingdom of Saudi Arabia, requesting the announcement of the incorporation of the Company. On 8 Jumada Thani 1428H corresponding to 24 June 2007, MOCI issued a resolution declaring the incorporation of the Company.

During March 2008, SAMA granted the Company an authorisation to commence operations as soon as product approval and related formalities were completed. The Company renewed its operating license on 30 Safar 1432H corresponding to 3 February 2011.

3 BASIS OF PREPARATION

The interim condensed financial statements for the three months ended 31 March 2013 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

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 audited financial statements for the year ended 31 December 2012.

The interim condensed financial statements are prepared under the historical cost convention except for the measurement at fair value of unit linked investments and available for sale investments.

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

The Company's Articles of Association require that separate accounts be maintained for Insurance and Shareholders' operations. Income and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined by management and the Board of Directors.

In accordance with the Saudi Arabian Insurance Regulations, the Company is required to distribute 10% of the net annual surplus from the insurance operations to the policyholders and remaining 90% of the surplus to be transferred to the shareholders' operations.

3 BASIS OF PREPARATION (continued)**Critical accounting judgments, estimates and assumptions**

The preparation of the interim condensed financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimate and judgments used by management in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2012.

4 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The accounting and risk management 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 2012 except for the adoption of the following new standards and other amendments to existing standards mentioned below:

- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 34 Interim Financial Reporting
- Amendments to IFRS 7 Financial Instruments: Disclosure
- IFRS 13 Fair value measurements

The adoption of above new standards, amendments to standards and interpretations did not impact the financial position and results of the Company except certain additional disclosure requirements.

The other 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 2013 did not result in material amendments to the presentation and disclosure of the accompanying interim condensed financial statements.

New amendments and standards issued but not yet effective:

The Company has chosen not to early adopt the following new standard and amendments to the International Financial Reporting Standards:

- IFRS 9 Financial Instruments effective from 1st January 2014.
- IAS 32 Offsetting Financial Assets and Financial Liabilities effective from 1st January 2015.

5 NET PREMIUMS EARNED

	<i>Unaudited</i>		
	<i>Three months ended 31 March 2013 (SR)</i>		
	<i>Gross</i>	<i>Reinsurance share</i>	<i>Net</i>
General insurance	120,992,853	(77,512,627)	43,480,226
Protection & Saving insurance	48,313,103	(4,090,143)	44,222,960
Written premiums	<u>169,305,956</u>	<u>(81,602,770)</u>	<u>87,703,186</u>
Change in unearned premium	(19,053,527)	14,942,284	(4,111,243)
Earned premiums	<u><u>150,252,429</u></u>	<u><u>(66,660,486)</u></u>	<u><u>83,591,943</u></u>

For the three months ended 31 March 2013

Unaudited

5 NET PREMIUMS EARNED (continued)

	<i>Unaudited</i> <i>Three months ended 31 March 2012 (SR)</i>		
	<i>Gross</i>	<i>Reinsurance share</i>	<i>Net</i>
General insurance	128,114,527	(78,931,463)	49,183,064
Protection & Saving insurance	54,660,749	(8,003,838)	46,656,911
Written premiums	182,775,276	(86,935,301)	95,839,975
Change in unearned premium	(10,432,741)	5,621,143	(4,811,598)
Earned premiums	<u>172,342,535</u>	<u>(81,314,158)</u>	<u>91,028,377</u>

6 OUTSTANDING CLAIMS

	<i>Unaudited</i> <i>As at 31 March 2013 (SR)</i>		
	<i>Gross</i>	<i>Reinsurance share</i>	<i>Net</i>
General insurance	142,316,629	(107,780,895)	34,535,734
Protection & Saving insurance	10,963,912	(6,898,473)	4,065,439
Total insurance outstanding claims	<u>153,280,541</u>	<u>(114,679,368)</u>	<u>38,601,173</u>

	<i>Audited</i> <i>As at 31 December 2012 (SR)</i>		
	<i>Gross</i>	<i>Reinsurance share</i>	<i>Net</i>
General insurance	136,762,068	(90,740,098)	46,021,970
Protection & Saving insurance	10,098,667	(6,211,025)	3,887,642
Total insurance outstanding claims	<u>146,860,735</u>	<u>(96,951,123)</u>	<u>49,909,612</u>

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three months ended 31 March 2013

Unaudited

7 PREMIUMS RECEIVABLE, NET

Unaudited 31 March 2013	Total	Neither past due nor impaired	Past due not impaired	Past due and impaired	
			Up to 90 days	Less than 180 days	More than 180 days
<i>Amount in SR</i>					
Premiums receivable	172,510,337	-	93,890,167	23,100,002	55,520,168
Provision for doubtful debts	(31,686,152)	-	-	(3,465,000)	(28,221,152)
Premiums receivable, net	140,824,185	-	93,890,167	19,635,002	27,299,016

Audited 31 December 2012	Total	Neither past due nor impaired	Past due not impaired	Past due and impaired	
			Up to 90 days	Less than 180 days	More than 180 days
<i>Amount in SR</i>					
Premiums receivable	159,199,776	-	67,712,687	34,574,483	56,912,606
Provision for doubtful debts	(30,482,461)	-	-	(5,186,172)	(25,296,289)
Premiums receivable, net	128,717,315	-	67,712,687	29,388,311	31,616,317

Movement schedule in respect of provision for doubtful debts is as follows:

	<i>Unaudited as at 31 March 2013 SR</i>	<i>Unaudited As at 31 March 2012 SR</i>
Balance at the beginning of the period	30,482,461	30,112,276
Provided for the period	1,203,691	3,333,728
Premium receivable written off during the period	-	(5,348,280)
Balance at the end of the period	<u>31,686,152</u>	<u>28,097,724</u>

8 STATUTORY DEPOSIT

As required by Saudi Arabian Insurance Regulations, the Company has deposited 10% of its paid up capital, amounting to SR 20,000,000 in a bank designated by SAMA. The accrued interest on deposit, recorded as other liability amounts to SR 76,025 (2012: SR 76,025). This deposit and commission thereon cannot be withdrawn without SAMA's approval. The statutory deposit is maintained with Banque Saudi Fransi, an affiliate of the Company.

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three months ended 31 March 2013

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9 AVAILABLE FOR SALE INVESTMENTS

Insurance operations' available for sale investments:

	<i>Unaudited As at 31 March 2013 - (SR)</i>	<i>Audited as at 31 December 2012 - (SR)</i>
Bonds-quoted	4,826,250	4,848,750
Funds-quoted	30,081,907	25,032,435
Total	34,908,157	29,881,185

The cumulative unrealised loss in fair value of available for sale investments amounting to SR 26,093 (31 December 2012: SR 53,065) is presented within the insurance operation' surplus in the statement of financial position.

Shareholders' available for sale investments:

	<i>As at 31 March 2013 - Unaudited (SR)</i>		
	<i>Quoted</i>	<i>Unquoted</i>	<i>Total</i>
Sukuk	46,105,000	-	46,105,000
Bonds	92,860,973	-	92,860,973
Funds	3,049,660	-	3,049,660
Equities	-	3,223,078	3,223,078
Total	142,015,633	3,223,078	145,238,711

	<i>As at 31 December 2012 - Audited (SR)</i>		
	<i>Quoted</i>	<i>Unquoted</i>	<i>Total</i>
Sukuk	46,100,500	-	46,100,500
Bonds	93,084,505	-	93,084,505
Funds	3,039,336	-	3,039,336
Equities	-	3,223,078	3,223,078
Total	142,224,341	3,223,078	145,447,419

The cumulative gain in fair value of available for sale investments amounting to SR 2,359,809 (31 December 2012: SR 2,568,517) is presented within the shareholders' equity in the statement of financial position.

The Company uses the following hierarchy method for determining and disclosing the fair value of financial instruments at the reporting period end.

For Bonds and Sukuk employed Level 1 hierarchy which represents fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

For Funds uses Level 2 hierarchy which represents fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

For Equities uses Level 3 hierarchy which represents fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

There were no transfers between the levels of fair value hierarchies during the period.

10 UNIT LINKED INVESTMENTS

The below represents fair value through profit or loss investments for unit-linked investments:

	<i>Unaudited as at 31 March 2013 SR</i>	<i>Audited as at 31 December 2012 SR</i>
Local funds	533,043,775	520,015,719
Foreign funds	13,050,233	13,222,885
	<u>546,094,008</u>	<u>533,238,604</u>

11 SHARE CAPITAL

The authorized and issued share capital of the Company is SR 200,000,000 as at 31 March 2013 consisting of 20,000,000 shares of SR 10 par value.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and right shares are recognised as a deduction from equity.

12 STATUTORY RESERVE

In accordance with the by-laws of the Company, the Company shall allocate 20% of its net income for each period to the statutory reserve until it has built up a reserve equal to the capital. The Company has not transferred any amount to statutory reserve due to the fact the Company has accumulated losses as at 31 March 2013.

13 CONTINGENCIES

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. 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.

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14 RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of major related party transactions during the three months ended 31 March 2013 and 31 March 2012 and the related affiliate's balances as at 31 March 2013 and 31 December 2012:

Related party	Nature of transaction	Unaudited 3 months ended 31 March 2013 SR	Unaudited 3 months ended 31 March 2012 SR	
Entities controlled, jointly controlled or significantly influenced by related parties.	- Insurance premium written	8,191,303	10,079,102	
	- Insurance premium ceded	7,168,392	9,206,141	
	- Gross claims paid	4,603,454	522,805	
	- Reinsurance share of claims paid	6,764,437	604,073	
	- Commission expense	1,505,925	1,791,631	
	- Commission income	526,643	315,226	
	Other expenses			
	- Third party administrator (TPA) fees	625,001	632,988	
	Key management personnel	Remuneration and related expenses	1,116,805	1,748,543
	Board members	Fees and related expenses	78,099	60,000

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, Deputy Chief Executive Officer and the Chief Financial Officer of the Company. All Unit Linked investments and certain significant available for sale investments are managed by an affiliate, Saudi Fransi Capital.

Cash and cash equivalents include bank accounts, majority of which are maintained with the shareholder of the company, Banque Saudi Fransi.

The significant transactions with the related parties are included in the following balances as at the financial position date:

		Unaudited as at 31 March 2013 SR	Audited as at 31 December 2012 SR
Entities controlled, jointly controlled or significantly influenced by related parties.	- Accrued expenses	725,329	2,788,153
	- Premium receivable, net	3,260,162	13,306,896
	- Reinsurance balance payable	7,761,725	15,426,074
	- Outstanding Claims	5,043,940	4,112,802

Related parties include Allianz SNA, Allianz Mena Holding Bermuda, Allianz Risk Transfer A.G. Dubai, Allianz France, Allianz Global Corporate and Speciality AG, Allianz World Wide Care, Allianz Global risks U.S Insurance, Allianz Belgium, Euler Hermes, Allianz SE Zurich, Allianz Insurance Hong Kong, Allianz Global Risks Netherland, Allianz Insurance Singapore, Allianz Insurance New Zealand, Saudi Fransi Insurance Agency, Banque Saudi Fransi, Saudi Fransi Leasing Company, Saudi Next Care, Saudi Fransi Capital.

15 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

	<i>Unaudited</i> <i>3 months ended 31</i> <i>March</i> <i>2013</i>	<i>Unaudited</i> <i>3 months ended 31</i> <i>March</i> <i>2012</i>
Net profit for the period (SR)	3,514,422	2,508,590
Weighted average number of ordinary shares	20,000,000	20,000,000
Basic and diluted earnings per share – (SR)	0.18	0.13

16 SEGMENT INFORMATION

(a) Consistent with the Company's internal reporting process, business segments have been approved by Management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief operating decision maker.

Segment assets do not include insurance operations' cash and cash equivalents, prepaid expenses, due from shareholders' operations and property and equipment. Accordingly they are included in unallocated assets.

Segment liabilities do not include reinsurers' balances payable, employees' end of service benefits, accrued expenses and other liabilities. Accordingly they are included in unallocated liabilities.

The unallocated assets and unallocated liabilities are reported to chief operating decision maker on the cumulative basis and not reported under the related segments.

Operating segments

Following are the operating segments identified for segment reporting purposes;

Motor	:	Motor corporate and motor individual
Engineering	:	Construction
Medical	:	Medical
Property	:	Fire, Burglary and Money
Other general	:	Liability and Marine
Protection & Saving	:	Group Retirement & Individual Protection & Saving

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

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16. SEGMENT INFORMATION (continued)

Unaudited	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection & Saving</i>	<i>Shareholders' Fund</i>	<i>Total</i>
For the three months ended 31 March 2013								
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
Gross written premium	20,063,863	16,303,463	18,754,611	39,497,933	26,372,983	48,313,103	-	169,305,956
Reinsurance premium ceded	(1,169,600)	(12,919,710)	(10,145,361)	(32,725,016)	(20,552,940)	(4,090,143)	-	(81,602,770)
Net written premium	<u>18,894,263</u>	<u>3,383,753</u>	<u>8,609,250</u>	<u>6,772,917</u>	<u>5,820,043</u>	<u>44,222,960</u>	-	<u>87,703,186</u>
Net premium earned	18,725,560	2,890,241	8,421,207	3,789,680	5,692,992	44,072,263	-	83,591,943
Unrealized gain on unit linked investments	-	-	-	-	-	3,521,227	-	3,521,227
Net claims incurred	(13,102,505)	(483,814)	(8,906,747)	233,575	(347,566)	(27,594,964)	-	(50,202,021)
Change in premium deficiency reserves	-	-	(819,279)	-	-	-	-	(819,279)
Change in mathematical reserves	-	-	-	-	-	(11,692,753)	-	(11,692,753)
Commission (expenses)/income, net	(2,082,320)	768,317	(701,227)	1,762,258	414,022	(2,166,577)	-	(2,005,527)
Other underwriting expenses	(100,319)	(81,517)	(93,773)	(197,490)	(131,865)	(241,566)	-	(846,530)
Net underwriting results	<u>3,440,416</u>	<u>3,093,227</u>	<u>(2,099,819)</u>	<u>5,588,023</u>	<u>5,627,583</u>	<u>5,897,630</u>	-	<u>21,547,060</u>
Unallocated income	-	-	-	-	-	-	-	263,943
Unallocated expenses	-	-	-	-	-	-	-	(19,213,700)
Surplus from insurance operations	-	-	-	-	-	-	-	<u>2,597,303</u>
Retained in Insurance operations	-	-	-	-	-	-	-	(259,730)
Shareholders' total revenue	-	-	-	-	-	-	-	1,363,601
General & administrative expenses	-	-	-	-	-	-	-	(186,752)
Net income for the period								<u><u>3,514,422</u></u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

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16. SEGMENT INFORMATION (continued)

Unaudited	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection & Saving</i>	<i>Shareholders' Fund</i>	<i>Total</i>
<u>As at 31 March 2013</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<u>Insurance Operations' Assets</u>								
Reinsurers' share of unearned premium	603	30,447,115	7,298,225	35,726,775	22,879,267	4,054,652	-	100,406,637
Reinsurers' share of outstanding claims	7,127,056	39,912,356	-	28,912,941	31,828,542	6,898,473	-	114,679,368
Deferred policy acquisition costs	3,850,844	3,140,504	490,717	3,277,079	1,225,060	905,019	-	12,889,223
Premium Receivable, gross	29,779,122	34,423,493	178,767	32,004,338	64,750,194	11,374,423	-	172,510,337
Provision for doubtful debts	-	-	-	-	-	-	-	(31,686,152)
Unit linked investments	-	-	-	-	-	546,094,008	-	546,094,008
Unallocated assets	-	-	-	-	-	-	-	79,409,858
Shareholders' assets	-	-	-	-	-	-	-	174,716,173
Total assets								1,169,019,452
<u>Insurance Operations' Liabilities</u>								
Unearned premium	38,153,833	37,944,296	14,332,389	44,479,067	30,683,150	5,159,921	-	170,752,656
Outstanding claims	17,372,569	42,012,621	7,363,446	33,231,643	42,336,350	10,963,912	-	153,280,541
Unearned commission income	78	5,504,802	-	4,864,741	1,983,206	98,868	-	12,451,695
Premium deficiency reserves	-	-	819,279	-	-	-	-	819,279
Mathematical reserves	-	-	-	-	-	546,130,602	-	546,130,602
Unallocated liabilities	-	-	-	-	-	-	-	110,868,506
Shareholders' liabilities & equity	-	-	-	-	-	-	-	174,716,173
Total Insurance Operations liabilities, surplus and Shareholders' liabilities and equity								1,169,019,452

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three months ended 31 March 2013

Unaudited

16. SEGMENT INFORMATION (continued)

Unaudited	Motor	Engineering	Medical	Property	Other General	Protection & Saving	Shareholders' Fund	Total
For the three months ended 31 March 2012								
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
Gross written premium	21,843,780	12,828,654	31,072,285	37,118,059	25,251,749	54,660,749	-	182,775,276
Reinsurance premium ceded	(1,027,043)	(10,716,374)	(14,242,199)	(32,693,438)	(20,252,408)	(8,003,839)	-	(86,935,301)
Net written premium	<u>20,816,737</u>	<u>2,112,280</u>	<u>16,830,086</u>	<u>4,424,621</u>	<u>4,999,341</u>	<u>46,656,910</u>	-	<u>95,839,975</u>
Net premium earned	18,980,990	2,094,055	15,814,107	3,669,643	4,603,005	45,866,577	-	91,028,377
Unrealized gain on unit linked investments	-	-	-	-	-	6,128,643	-	6,128,643
Net claims incurred	(16,311,406)	(114,714)	(13,360,253)	119,670	1,410,965	(22,548,022)	-	(50,803,760)
Change in premium deficiency reserves	(439,873)	-	-	-	-	-	-	(439,873)
Change in mathematical reserves	-	-	-	-	-	(22,152,399)	-	(22,152,399)
Commission (expenses)/income, net	(2,235,741)	871,486	(1,229,311)	1,371,357	1,435,570	(2,318,813)	-	(2,105,452)
Other underwriting expenses	<u>(109,219)</u>	<u>(64,143)</u>	<u>(155,361)</u>	<u>(185,590)</u>	<u>(126,259)</u>	<u>(273,304)</u>	-	<u>(913,876)</u>
Net underwriting results	(115,249)	2,786,684	1,069,182	4,975,080	7,323,281	4,702,682	-	20,741,660
Unallocated income	-	-	-	-	-	-	-	360,220
Unallocated expenses	-	-	-	-	-	-	-	(19,405,263)
Surplus from insurance operations	-	-	-	-	-	-	-	1,696,617
Retained in Insurance operations	-	-	-	-	-	-	-	(169,662)
Shareholders' total revenue	-	-	-	-	-	-	1,128,153	1,128,153
General & administrative expenses	-	-	-	-	-	-	(146,518)	(146,518)
Net income for the period								<u>2,508,590</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

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16. SEGMENT INFORMATION (continued)

Audited	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection & Saving</i>	<i>Shareholders' Fund</i>	<i>Total</i>
<u>As at 31 December 2012</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<u>Insurance Operations' Assets</u>								
Reinsurers' share of unearned premiums	54,910	34,986,457	5,138,741	26,341,268	14,667,441	4,275,536	-	85,464,353
Reinsurers' share of outstanding claims	3,603,456	38,557,390	-	35,213,906	13,365,346	6,211,025	-	96,951,123
Deferred policy acquisition costs	4,107,081	3,189,323	557,768	1,992,841	1,529,889	951,222	-	12,328,124
Premium Receivable, gross	39,471,340	34,981,461	12,012,533	26,457,443	37,897,309	8,379,690	-	159,199,776
Provision for doubtful debts	-	-	-	-	-	-	-	(30,482,461)
Unit linked investments	-	-	-	-	-	533,238,604	-	533,238,604
Unallocated assets	-	-	-	-	-	-	-	92,634,870
Shareholders' assets	-	-	-	-	-	-	-	171,408,959
Total assets								1,120,743,348
<u>Insurance Operations' Liabilities</u>								
Unearned premiums	38,039,437	41,990,126	11,984,862	32,110,323	22,344,272	5,230,109	-	151,699,129
Outstanding claims	23,839,419	40,225,715	8,000,781	40,717,207	23,978,946	10,098,667	-	146,860,735
Unearned commission income	7,138	6,270,019	-	4,703,587	2,222,882	136,457	-	13,340,083
Mathematical reserves	-	-	-	-	-	534,437,849	-	534,437,849
Unallocated liabilities	-	-	-	-	-	-	-	102,996,593
Shareholders' liabilities & equity	-	-	-	-	-	-	-	171,408,959
Total Insurance Operations liabilities, surplus and Shareholders' liabilities and equity								1,120,743,348

b) Geographical segments

The Company during the period ended 31 March 2013, operated only in the Kingdom of Saudi Arabia.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

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17 COMPARATIVE FIGURES

Certain figures for the comparative period presented have been reclassified to conform with the presentation of the current period.

18 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the management on 06 Jumada al thani 1434 H, corresponding to 16 April 2013.