
**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013**

INDEX	PAGE
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 – 19

Al Bassam

Certified Public Accountants & Consultants

Deloitte.

**INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Scope of Review

We have reviewed the accompanying interim condensed statement of financial position of United Cooperative Assurance Company – a Saudi Joint Stock Company – (“the Company”) as at 31 March 2013, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations and comprehensive income, related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the three-month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the 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 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 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

Deloitte & Touche
Bakr Abulkhair & Co.

Al-Mutahhar Y. Hamiduddin
License No. 296



7 Jumaad Al Thani 1434H
17 April 2013
Jeddah, Kingdom of Saudi Arabia

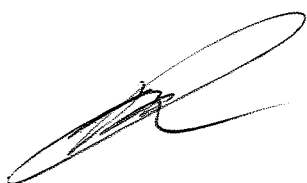


**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Note	31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	86,465	34,132
Time deposits		62,586	90,732
Available-for-sale-investments	4	3,707	2,439
Premiums receivable, net	5	475,528	281,115
Reinsurance' receivables, net		7,554	20,043
Reinsurers' share of unearned premiums		132,668	91,375
Reinsurers' share of outstanding claims		60,727	75,189
Deferred policy acquisition cost		12,123	9,133
Prepayments and other receivables		109,465	86,788
Furniture, fittings and office equipment		8,662	8,743
Total insurance operations' assets		959,485	699,689
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	199,174	32,314
Time deposits		3,394	166,301
Available-for-sale-investments	4	24,790	22,201
Prepayments and other receivables		743	205
Amount due from a related party	12	230	230
Due from insurance operations		29,917	22,847
Goodwill	1	78,400	78,400
Statutory deposit	9	20,000	20,000
Total shareholders' assets		356,648	342,498
TOTAL ASSETS		1,316,133	1,042,187





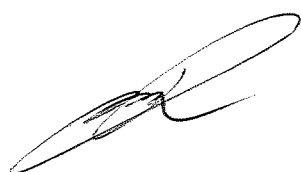
The accompanying notes 1 to 13 form part of these financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

STATEMENT OF FINANCIAL POSITION – (continued)

At 31 March 2013

	Note	31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
INSURANCE LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Reinsurers payables		115,116	56,672
Unearned commission income		19,737	16,665
Unearned premiums		557,555	336,380
Unexpired risk reserve		1,421	1,421
Outstanding claims		156,694	188,689
Payables to policy holders		19,621	21,028
Accrued and other payables		29,464	27,399
Due to shareholders' operations		29,917	22,847
Employees' terminal benefits		7,598	7,313
Total insurance operations' liabilities		937,123	678,414
Insurance operations' surplus			
Accumulated surplus from insurance operations		22,277	21,258
Available-for-sale-investments reserve	4	85	17
Total insurance operations' liabilities and surplus		959,485	699,689
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accruals and other payables		472	728
Accrued zakat and income tax	6	21,826	21,819
Total shareholders' liabilities		22,298	22,547
Shareholders' equity			
Share capital	7	200,000	200,000
Statutory reserve	8	31,944	31,944
Retained earnings		101,982	87,777
Available-for-sale-investments reserve	4	424	230
Total shareholders' equity		334,350	319,951
Total shareholders' liabilities and equity		356,648	342,498
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		1,316,133	1,042,187





The accompanying notes 1 to 13 form part of these financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

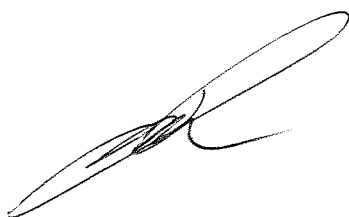
	<i>Three-month period ended 31 March</i>	
	<u>2013</u> <i>(Unaudited)</i>	<u>2012</u> <i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Revenues		
Gross premiums written	457,771	436,015
Less: Reinsurance premiums ceded	(83,757)	(88,437)
Excess of loss premiums	(880)	(759)
Net written premiums	373,134	346,819
Changes in net unearned premiums	(179,883)	(142,756)
Net premiums earned	193,251	204,063
Reinsurance commission received	7,237	7,855
Net revenues	<u>200,488</u>	<u>211,918</u>
Cost and expenses		
Gross claims paid	170,447	226,270
Less: Reinsurers' share	(4,197)	(20,659)
Net claims paid	166,250	205,611
Changes in outstanding claims	(17,534)	(37,822)
Net claims incurred	148,716	167,789
Policy acquisition cost	5,328	5,288
Net cost and expenses	<u>154,044</u>	<u>173,077</u>
Net result of insurance operations	46,444	38,841
General and administrative expenses	(33,721)	(24,813)
Supervision and inspection fee	(2,252)	(2,150)
CCHI fee	(580)	(1,211)
Investment income	301	1,581
Surplus from insurance operations	<u>10,192</u>	<u>12,248</u>
Shareholders' share of insurance operations	9,173	11,023
Surplus for the period	1,019	1,225
Accumulated surplus at the beginning of the period	21,258	18,720
Accumulated surplus at the end of the period	<u>22,277</u>	<u>19,945</u>

The accompanying notes 1 to 13 form part of these financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

STATEMENT OF SHAREHOLDERS' OPERATIONS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

		<i>Three-month period ended 31 March</i>	
		2013	2012
		(Unaudited)	(Unaudited)
		SR'000	SR'000
	Note		
Revenues			
Shareholders' share of insurance operations surplus		9,173	11,023
Commission income		246	635
Investment income		-	138
Realised gain on investments		7,071	2,566
Total revenues		16,490	14,362
EXPENSES			
General and administrative expenses		152	181
Board remunerations		243	537
Total expenses		395	718
NET INCOME FOR THE PERIOD		16,095	13,644
Weighted average number of ordinary shares outstanding ('000)		20,000	20,000
Earnings per share for the period – basic and diluted (SR)	10	0.80	0.68



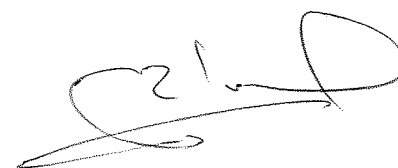
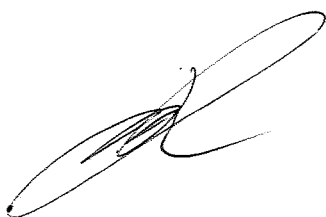


The accompanying notes 1 to 13 form part of these financial statements.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Net income for the period	16,095	13,644
Other comprehensive income		
Change in value of available-for-sale-investments	194	(245)
Other expenses		
Zakat and income tax (note 6)	(1,890)	(730)
Total comprehensive income for the period	<u>14,399</u>	<u>12,669</u>



The accompanying notes 1 to 13 form part of these financial statements.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

For the three-month period ended 31 March 2013 – (Unaudited)

	Saudi founding shareholders and general public				Non-Saudi founding shareholders				Total			
	Share capital SR'000	Retained earnings SR'000	Statutory reserve SR'000	Change in value of available for sale investments SR'000	Share capital SR'000	Retained earnings SR'000	Statutory reserve SR'000	Change in fair value of available for sale investments SR'000	Share capital SR'000	Retained earnings SR'000	Statutory reserve SR'000	Change in value of available for sale investments SR'000
Balance as at 31 December 2012 – (audited)	196,000	86,262	31,306	225	4,000	1,515	638	5	200,000	87,777	31,944	230
Change in fair value of available-for-sale investments	-	-	-	190	-	-	-	4	-	-	-	194
Net income for the period	-	15,773	-	-	-	322	-	-	-	16,095	-	-
Zakat and income tax for the period (note 6)	-	(1,860)	-	-	-	(30)	-	-	-	(1,890)	-	-
Balance as at 31 March 2013 – (unaudited)	196,000	100,175	31,306	415	4,000	1,807	638	9	200,000	101,982	31,944	424

For the three-month period ended 31 March 2012 – (Unaudited)

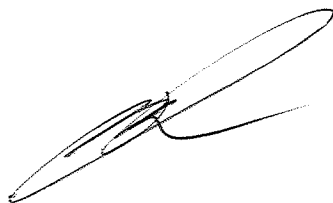
	Saudi founding shareholders and general public				Non-Saudi founding shareholders				Total			
	Share capital SR'000	Retained earnings SR'000	Statutory reserve SR'000	Change in value of available for sale investments SR'000	Share capital SR'000	Retained earnings SR'000	Statutory reserve SR'000	Change in value of available for sale investments SR'000	Share capital SR'000	Retained earnings SR'000	Statutory reserve SR'000	Change in value of available for sale investments SR'000
Balance as at 31 December 2011 (audited)	196,000	88,193	26,881	397	4,000	1,523	548	8	200,000	89,716	27,429	405
Change in fair value of available-for-sale investments	-	-	-	(240)	-	-	-	(5)	-	-	-	(245)
Net income for the period	-	13,371	-	-	-	273	-	-	-	13,644	-	-
Zakat and income tax for the period	-	(675)	-	-	-	(55)	-	-	-	(730)	-	-
Balance as at 31 March 2012 - (unaudited)	196,000	100,889	26,881	157	4,000	1,741	548	3	200,000	102,630	27,429	160

The accompanying notes 1 to 13 form part of these financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

	<i>Three-month period ended</i>	
	31 March	
	2013	2012
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	SR'000	SR'000
Cash flows from operating activities:		
Surplus for the period from insurance operations	1,019	1,225
Adjustment for:		
Depreciation	982	1,041
Employees' terminal benefits	285	361
Realised gain on available for sale investments	-	(1,210)
Provision for doubtful debts	7,116	3,867
	<u>9,402</u>	<u>5,284</u>
Changes in operating assets and liabilities:		
Premiums receivable, net	(200,766)	(137,254)
Reinsurance' receivables	11,726	(755)
Reinsurers' share of unearned premium	(41,293)	(42,100)
Reinsurers' share of outstanding claims	14,462	21,847
Deferred policy acquisition cost	(2,990)	(3,334)
Prepayments and other receivables	(22,676)	(6,788)
Reinsurers payables	58,444	1,025
Unearned commission income	3,072	6,774
Unearned premiums	221,175	184,856
Outstanding claims	(31,995)	(59,669)
Payables to policy holders	(1,407)	3,427
Accrued and other payables	2,065	5,312
Due to shareholders' operations	7,070	11,023
Net cash flows from / (used in) operating activities	<u>26,289</u>	<u>(10,352)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(902)	(1,390)
Purchase of available-for-sale-investments	(1,200)	(68)
Purchase of held to maturity investments	-	(20,702)
Time deposits	28,146	-
Proceeds from sale of available-for-sale-investments	-	7,265
Net cash flows from / (used in) investing activities	<u>26,044</u>	<u>(14,895)</u>
Increase / (Decrease) in cash and cash equivalents	52,333	(25,247)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	34,132	210,908
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	86,465	185,661
Non-cash transactions		
Change in value of available-for-sale-investments	<u>68</u>	<u>(170)</u>



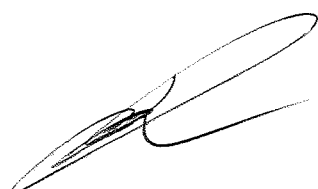



The accompanying notes 1 to 13 form part of these financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

STATEMENT OF SHAREHOLDERS OPERATIONS' CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

	<i>Three-month period ended</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
OPERATING ACTIVITIES		
Net income for the period	16,095	13,644
Adjustment for:		
Realised gain on available-for-sale-investments	(7,071)	(2,566)
	9,024	11,078
Changes in operating assets and liabilities:		
Prepayments and other receivables	(537)	(354)
Due from insurance operations	(7,070)	(11,023)
Accruals and other payables	(256)	781
Cash from operations	1,161	482
Zakat and income tax paid	(1,883)	-
Net cash flows (used in) / from operating activities	(722)	482
INVESTING ACTIVITIES		
Time deposits	162,907	-
Purchase of available-for-sale-investments	(5,287)	(99)
Purchase of held to maturity investments	-	(31,244)
Proceeds from sale of available-for-sale-investments	9,962	16,295
Net cash flows from / (used in) investing activities	167,582	(15,048)
Net increase / (decrease) in cash and cash equivalents	166,860	(14,566)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	32,314	181,780
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	199,174	167,214
<u>Non-cash transactions</u>		
Change in value of available-for-sale-investments	194	(245)





The accompanying notes 1 to 13 form part of these financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED**

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

United Cooperative Assurance ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030179955 dated 6 Jamad-al-Thani 1429H, corresponding to 6 June 2008. Registered Office address of the Company is Al-Mukmal Centre (1st and 4th floor) Al Rawdah Street, Khalediya District, P. O. Box 5019, Jeddah 21422, Kingdom of Saudi Arabia.

The activities of the Company are to transact cooperative insurance and reinsurance operations and related activities in the Kingdom of Saudi Arabia. On 29 Rabi Al Thani 1429H (5 May 2008), the Company received a license from the Saudi Arabian Monetary Agency ("SAMA") to engage in insurance and reinsurance in Saudi Arabia. The Company started the operations on 1 January 2009.

The Company entered into an agreement with UCA Insurance Bahrain BSC ("the seller") pursuant to which it acquired the sellers insurance operations in the Kingdom of Saudi Arabia, effective from 31 December 2008, at a goodwill amount of SR 78.40 million, as approved by the SAMA, along-with related insurance assets and liabilities of an equivalent amount (SR 656.95 million).

Further, goodwill of SR 78.40 million, as approved by SAMA, and a corresponding liability (payable to the Seller) had retrospectively recorded in financial statements. In accordance with the instructions of SAMA, the initial Instalment (50% of the portfolio price) was to be paid on 31 December 2009 and periodic payments are to be made till the end of 2015, subject to that the payment will not exceed 50% of the surplus available for distribution, after obtaining SAMA's approval before making any such payment. The Company got approval of SAMA on 18 Sha'ban 1432H corresponding to 19 July 2011, for the payment of goodwill for the years 2009 and 2010 amounting to SR 25.12 million and SR 28.32 million respectively. Accordingly, the Company decreased its liability with respect of goodwill by SR 53.44 million. The Company got approval of SAMA on 10 Jammad Al-Awwal 1433H corresponding to 02 April 2012 regarding the payment of remaining goodwill amounting to SR 24.962 million. Accordingly, the Company fully settled its liability with respect of goodwill of SR 24.962 million. The Company also paid fee on goodwill amounting to 5.1 million during the year.

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 period ended 31 March 2013 ("the period") 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 periods presented. The Company's interim results may not be indicative of its annual results.

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.

The Company presents its interim statement of financial position broadly in order of liquidity. All financial assets and liabilities except for investments held to maturity are expected to be recovered and settled respectively, within twelve months after the interim reporting date.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED- (continued)**

2. BASIS OF PREPARATION – (continued)

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 bye-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>

New IFRS, IFRIC and amendments thereof, adopted by the Company

The accounting policies used in preparation of these interim condensed financial statements are consistent with those of the previous financial year and the adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on the interim condensed financial statements of the Company.

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

Standard	Description
IAS 12	Amendments to Income taxes – Deferred taxes: Recovery of underlying assets
IAS 24	Related Party Disclosures (Definition of Related Party)
IFRS 7	Financial Instruments: Disclosures (Transfers of Financial Assets)
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interests in other entities
IFRS13	Fair value measurement
IAS 1	Amendments to IAS 1 Presentation of financial statements
IAS 16	Amendments to classification of servicing equipments
IAS 19	Amendments to IAS 19 Employee benefits
IAS 27	Separate financial statements
IAS 28	Investments in associates and joint ventures
IAS 32	Amendments to tax effects of distribution to holders of equity instruments
IAS 34	Amendments to interim financial reporting and segment information for total assets and liabilities

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.

Standard	Description	Effective date
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2015
IAS 32	Financial Instruments: Presentation (offsetting financial assets and financial liabilities)	1 January 2014

Adoption of the relevant standards and interpretations applicable to the Company would result in some additional disclosures and changes in certain classifications in the interim condensed financial statements. However, the Company does not expect any significant impact on its financial position or performance from such adoption.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED- (continued)

3. CASH AND CASH EQUIVALENTS

	31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
Insurance operations		
Cash in hand and at banks	<u>86,465</u>	<u>34,132</u>
Shareholders' operations		
Cash in hand and at banks	<u>199,174</u>	<u>32,314</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. AVAILABLE-FOR-SALE-INVESTMENTS

Insurance operations

Available-for-sale-investments at local banks represent units in investment funds listed in Tadawul whereas the investment with foreign banks are listed in international stock exchanges. The unrealized gain of SR 0.085 million as at 31 March 2013 (31 December 2012: unrealized gain of SR 0.017 million) was credited to the surplus from insurance operations as available-for-sale-investment reserve.

Movement in available for sale investments has summarized below:

	Balance at the beginning of the period SR'000	Movement during the period SR'000	Transfer from held to maturity investments SR'000	Change in fair value for the period SR'000	Balance at the end of the period SR'000
As at 31 March 2013 - Unaudited					
Investments in equity shares	843	1,200	-	65	2,108
Investments in bonds	1,596	-	-	3	1,599
	<u>2,439</u>	<u>1,200</u>	<u>-</u>	<u>68</u>	<u>3,707</u>
As at 31 December 2012 – Audited					
Investments in equity shares	8,398	(7,165)	-	(390)	843
Investments in mutual funds	20,077	(20,077)	-	-	-
Investments in bonds	-	-	1,572	24	1,596
	<u>28,475</u>	<u>(27,242)</u>	<u>1,572</u>	<u>(366)</u>	<u>2,439</u>

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED- (continued)

4. AVAILABLE FOR SALE INVESTMENTS - (continued)

Shareholders' operations

	31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
Quoted securities	22,867	20,278
Unquoted securities	1,923	1,923
	<u>24,790</u>	<u>22,201</u>

i) Available for sale - quoted securities

	Balance at the beginning of the period SR'000	Movement during the period SR'000	Transfer from held to maturity investments SR'000	Change in fair value for the period SR'000	Balance at the end of the period SR'000
As at 31 March 2013 - Unaudited					
Investment in equities managed by Audi Capital	1,991	2,396	-	151	4,538
Investment in bonds managed by Audi Capital	18,286	-	-	43	18,329
	<u>20,278</u>	<u>2,396</u>	<u>-</u>	<u>194</u>	<u>22,867</u>
As at 31 December 2012 - Audited					
Investment in equities managed by Audi Capital	15,527	(13,103)	-	(433)	1,991
Investment in bonds managed by Audi Capital	-	-	18,028	258	18,286
	<u>15,527</u>	<u>(13,103)</u>	<u>18,028</u>	<u>(175)</u>	<u>20,278</u>

The unrealized gain of SR 0.194 million as at 31 March 2013 (31 December 2012: Loss SR 0.175 million) was charged to the statement of changes in shareholders' equity as available for sale investments reserve. The available for sale reserve as of 31 March 2013 is SR 0.42 million (31 December 2012: SR 0.23 million).

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED- (continued)**

4. AVAILABLE FOR SALE INVESTMENTS – (continued)

Shareholders' operations – (continued)

ii) Available for sale – unquoted securities

	Balance at the beginning of the period SR'000	Movement during the period SR'000	Change in fair value for the period SR'000	Balance at the end of the period SR'000
As at 31 March 2013 – Unaudited				
Investment in local company	1,923	-	-	1,923
	<u>1,923</u>	<u>-</u>	<u>-</u>	<u>1,923</u>
As at 31 December 2012 - Audited				
Investment in local company	1,923	-	-	1,923
	<u>1,923</u>	<u>-</u>	<u>-</u>	<u>1,923</u>

These investments are managed by a professional fund manager in accordance with the guidelines approved by the Board of Directors.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 March 2013 - unaudited

	Level 1	Level 2	Level 3	Total
Available for sale Investments				
Equity securities:				
Insurance operations	2,108	-	-	2,108
Shareholders' operations	4,538	-	1,923	6,461
Debt securities:				
Insurance operations	1,599	-	-	1,599
Shareholders' operations	18,329	-	-	18,329
	<u>26,574</u>	<u>-</u>	<u>1,923</u>	<u>28,497</u>

As at 31 December 2012 - audited

	Level 1	Level 2	Level 3	Total
Available for sale Investments				
Equity securities:				
Insurance operations	843	-	-	843
Shareholders' operations	1,992	-	1,923	3,915
Debt securities:				
Insurance operations	1,596	-	-	1,596
Shareholders' operations	18,286	-	-	18,286
	<u>22,717</u>	<u>-</u>	<u>1,923</u>	<u>24,640</u>

The Company has unquoted equity instruments carried at cost or indicative selling price, where the impact of changes in equity price will only be reflected when the instrument is sold or deemed to be impaired and then the interim statement of shareholders' comprehensive income will be impacted.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED- (continued)

5. PREMIUMS RECEIVABLE

	31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
Due from policyholders	322,587	134,594
Due from related parties	184,829	172,056
Doubtful debt provision	(31,888)	(25,535)
	<u>475,528</u>	<u>281,115</u>

Movement in provision for doubtful debts is as follows:

	31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
Balance at the beginning of the period/year	25,535	26,970
Provision for doubtful debts during the period/year	6,353	-
Release of provision during the period/year	-	(1,435)
Balance at the end of the period/year	<u>31,888</u>	<u>25,535</u>

6. 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:

	31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
Balance at the beginning of the period / year	21,819	17,088
Charge for the period/year	1,890	7,560
Paid during the period/year	(1,883)	(2,829)
Balance at the end of the period/year	<u>21,826</u>	<u>21,819</u>

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

Status of assessment:

The Company has filed its zakat declarations for the years ended 31 December 2009 to 2011 and obtained restricted zakat certificates.

7. 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.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED- (continued)

8. 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. The reserve is not available for distribution.

9. STATUTORY DEPOSIT

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
<i>Shareholders' Operations</i>		
Statutory deposit	<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 approval.

10. EARNINGS PER SHARE

Earnings per share for the period have been calculated by dividing the net income for the period by the weighted average number of issued and outstanding shares for the period.

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED- (continued)**

11. 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 administrative expenses, and board of directors' remuneration and expenses.

Segment assets do not include insurance operations cash and cash equivalents, investments, premium receivables, reinsurance receivables, prepaid expenses and other assets, 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.

	Medical SR '000	Motor SR '000	Others SR '000	Total SR '000
For the three-month period ended 31 March 2013 - unaudited				
Insurance operations				
Gross premiums written	57,668	293,742	106,361	457,771
Premiums ceded	-	(345)	(83,412)	(83,757)
Excess of loss premiums	(155)	(163)	(562)	(880)
Net premiums written	57,513	293,234	22,387	373,134
Change in net unearned premiums	(18,152)	(148,740)	(12,991)	(179,883)
Net premiums earned	39,361	144,494	9,396	193,251
Reinsurance commission received	1	100	7,136	7,237
Net revenue	39,362	144,594	16,532	200,488
COSTS AND EXPENSES:				
Gross claim paid	38,494	125,760	6,193	170,447
Less: Reinsurance share	-	(67)	(4,130)	(4,197)
Net claims paid	38,494	125,693	2,063	166,250
Change in net outstanding claims	(1,017)	(14,208)	(2,309)	(17,534)
Net claims incurred	37,477	111,485	(246)	148,716
Policy acquisition cost	1,582	2,390	1,356	5,328
Net cost and expenses	39,059	113,875	1,110	154,044
Net underwriting results	303	30,719	15,422	46,444
Supervision and inspection fee	(288)	(1,469)	(495)	(2,252)
CCHI fees	(580)	-	-	(580)
Unallocated general and administrative expenses				(33,721)
Unallocated investment income				301
Surplus from insurance operations				10,192
As at 31 March 2013 – unaudited				
Reinsurance share of unearned premiums	-	586	132,082	132,668
Reinsurance share of outstanding claims	1,440	221	59,066	60,727
Deferred acquisition cost	3,313	4,949	3,861	12,123
Unallocated assets				753,967
				959,485
Unearned commission income	2	166	19,569	19,737
Unearned Premiums	82,783	316,549	158,223	557,555
Outstanding claims	29,097	60,628	66,969	156,694
Unallocated liabilities				225,499
				959,485

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED- (continued)**

11. SEGMENTAL INFORMATION – (continued)

	Medical SR '000	Motor SR '000	Others SR '000	Total SR '000
For the three-month period ended 31 March 2012 – unaudited				
Insurance operations				
Gross premiums written	116,076	219,749	100,190	436,015
Premiums ceded	-	(4,052)	(84,385)	(88,437)
Excess of loss premiums	(155)	(162)	(442)	(759)
Net premiums written	115,921	215,535	15,363	346,819
Change in net unearned premiums	(43,088)	(91,446)	(8,222)	(142,756)
Net premiums earned	72,833	124,089	7,141	204,063
Reinsurance commission received	7	169	7,679	7,855
Net revenue	72,840	124,258	14,820	211,918
COSTS AND EXPENSES:				
Gross claim paid	74,198	127,631	24,441	226,270
Less: Reinsurance share	(2)	(57)	(20,600)	(20,659)
Net claims paid	74,196	127,574	3,841	205,611
Change in net outstanding claims	(10,666)	(24,885)	(2,271)	(37,822)
Net claims incurred	63,530	102,689	1,570	167,789
Policy acquisition cost	2,286	1,873	1,129	5,288
Net cost and expenses	65,816	104,562	2,699	173,077
Net underwriting results	7,024	19,696	12,121	38,841
Supervision and inspection fee	(580)	(1,099)	(471)	(2,150)
CCHI fees	(1,211)	-	-	(1,211)
Unallocated expenses				(24,813)
Unallocated investment income				1,581
Surplus from insurance operations				12,248
As at 31 December 2012 - Audited				
Reinsurance share of unearned premiums	-	1,212	90,163	91,375
Reinsurance share of outstanding claims	1,440	3,150	70,599	75,189
Deferred acquisition cost	1,710	4,994	2,429	9,133
Unallocated assets				523,992
				699,689
Unearned commission income	3	180	16,482	16,665
Unearned Premiums	64,630	168,435	103,315	336,380
Outstanding claims	30,114	77,763	80,812	188,689
Unallocated liabilities				157,955
				699,689

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 - UNAUDITED- (continued)

12. RELATED PARTY TRANSACTIONS

The following are the details of major related party transactions during the period.

Related party	Nature of transactions	Amount of transactions For the three-month period ended		Balance as of	
		31 March 2013 (Unaudited) SR'000	31 March 2012 (Unaudited) SR'000	31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
Insurance Operations					
Shareholders:					
Saudi Bin Laden – Group	Premium	59,638	114,777		
	Payments and claims	(45,972)	(103,866)	170,530	156,864
Rashed Al Rashed – Group	Premium	7,529	7,956		
	Payments and claims	(4,128)	(4,001)	14,299	10,898
Board member:					
Claim and risk services (CARS)	Claim handling fee	3,158	2,609		
	Payment made	(2,268)	(1,164)	(686)	203
Claim and risk services (CARS)	Premium	604	592		
	Payments and claims	(153)	(234)	453	2
Law Office of Hassan Mehassni	Premium	4	7		
	Payments and claims	(69)	(90)	-	65
Key management personnel	Remuneration and related expenses	1,076	987	-	-
Shareholders' Operations					
Najm for insurance services	Expenses	-	-	230	230
Board members	Board of directors remunerations	243	537	-	-

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the board of directors on 17 April 2013 corresponding to 7 Jumaad Al Thani 1434H.