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

**INTERIM CONDENSED FINANCIAL STATEMENTS
AND LIMITED REVIEW REPORT**

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

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Al Bassam

Certified Public Accountants & Consultants

Deloitte.

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

Scope of Limited 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 2012, and the related interim condensed statements of insurance operations and accumulated surplus, shareholders’ operations and comprehensive income for the three-month period then ended and the related interim condensed 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 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 (“IAS 34”) and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (“SOCPA”). A 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 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.

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26 Jamaad Al-Awal 1433H
18 April 2012
Jeddah, Kingdom of Saudi Arabia



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

**INTERIM STATEMENT OF FINANCIAL POSITION
At 31 March 2012**

	Note	31 March 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	185,661	210,908
Available for sale investments	4	22,318	28,475
Held to maturity investments	5	26,063	5,361
Premiums receivable, net	6	514,158	381,055
Reinsurance receivables, net		9,882	8,843
Reinsurers' share of unearned premiums		125,550	83,450
Reinsurers' share of outstanding claims		99,878	121,725
Deferred policy acquisition cost		12,796	9,462
Prepayments and other receivables		66,951	60,163
Furniture, fittings and office equipment		8,891	8,542
Total insurance operations' assets		1,072,148	917,984
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	167,214	181,780
Available for sale investments	4	3,576	17,450
Held to maturity investments	5	50,711	19,467
Prepayments and other receivables		459	105
Amount due from a related party	13	230	230
Due from insurance operations		58,731	47,708
Goodwill		78,400	78,400
Statutory deposit	10	20,000	20,000
Total shareholders' assets		379,321	365,140
TOTAL ASSETS		1,451,469	1,283,124




The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF FINANCIAL POSITION
At 31 March 2012

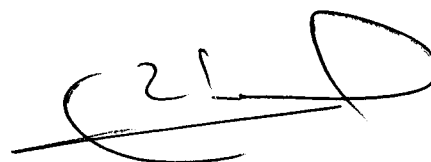
	Note	31 March 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
INSURANCE LIABILITIES AND SURPLUS			
Insurance operations' liabilities			
Reinsurers payables		107,122	106,097
Unearned commission income		21,855	15,081
Unearned premiums		587,712	402,856
Unexpired risk reserve		1,281	1,281
Outstanding claims		198,529	258,198
Payables to policy holders		13,314	9,887
Accrued and other payables		58,013	52,701
Due to shareholders' operations		58,731	47,708
Employees' terminal benefits		5,356	4,995
Total insurance operations' liabilities		1,051,913	898,804
Insurance operations' surplus			
Accumulated surplus from insurance operations		19,945	18,720
Available for sale investments reserve		290	460
Total insurance operations' liabilities and surplus		1,072,148	917,984
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Accruals and other payables		6,322	5,540
Accrued zakat and income tax	7	17,818	17,088
Amount due to a related party in respect of goodwill	1, 13	24,962	24,962
Total shareholders' liabilities		49,102	47,590
Shareholders' equity			
Share capital	8	200,000	200,000
Statutory reserve	9	27,429	27,429
Retained earnings		102,630	89,716
Available for sale investments reserve		160	405
Total shareholders' equity		330,219	317,550
Total shareholders' liabilities and equity		379,321	365,140
TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		1,451,469	1,283,124

The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

	<i>Three-month period-ended</i>	
	<i>31 March</i>	
Note	<i>2012</i>	<i>2011</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Revenues		
Gross premiums written	436,015	382,273
Less: Reinsurance premiums ceded	(88,437)	(50,799)
Excess of loss premiums	(759)	(810)
Net written premiums	346,819	330,664
Changes in net unearned premiums	(142,756)	(168,680)
Net premiums earned	204,063	161,984
Reinsurance commission received	7,855	8,181
Net revenues	211,918	170,165
Cost and expenses		
Gross claims paid	226,270	149,233
Less: Reinsurers' share	(20,659)	(24,348)
Net claims paid	205,611	124,885
Changes in outstanding claims	(37,822)	480
Net claims incurred	167,789	125,365
Policy acquisition cost	5,288	5,205
Net cost and expenses	173,077	130,570
Net result of insurance operations	38,841	39,595
General and administrative expenses	(24,813)	(25,067)
Supervision and inspection fee	(2,150)	(1,892)
CCHI fee	(1,211)	(1,179)
Investment income	1,581	1,047
Surplus from insurance operations	12,248	12,504
Shareholders' share of insurance operations	11,023	11,254
Surplus for the period	1,225	1,250
Accumulated surplus at the beginning of the period	18,720	13,419
Accumulated surplus at the end of the period	19,945	14,669

The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

		<i>Three-month period ended 31 March</i>	
		<i>2012</i>	<i>2011</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Note		<i>SR'000</i>	<i>SR'000</i>
Revenues			
	Shareholders' share of insurance operations surplus	11,023	11,254
	Commission income	635	842
	Investment income	138	19
	Realised gain on investments	2,566	136
	Total revenues	14,362	12,251
EXPENSES			
	General and administrative expenses	181	118
	Board remunerations	537	255
	Total expenses	718	373
	NET INCOME FOR THE PERIOD	13,644	11,878
	Weighted average number of ordinary shares outstanding ('000)	20,000	20,000
	Earnings per share for the period – basic and diluted (SR)	0.68	0.59

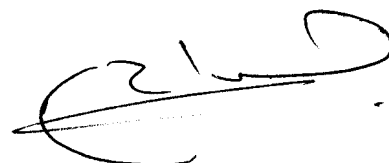



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**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	<i>2012</i>	<i>2011</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Net income for the period	13,644	11,878
Other comprehensive income		
Change in fair value of available for sale investments	(245)	(110)
Other expenses		
Zakat and income tax (note 7)	(730)	(1,817)
Total comprehensive income for the period	<u>12,669</u>	<u>9,951</u>



The accompanying notes 1 to 14 form part of these interim condensed financial statements.

**UNITED COOPERATIVE ASSURANCE COMPANY
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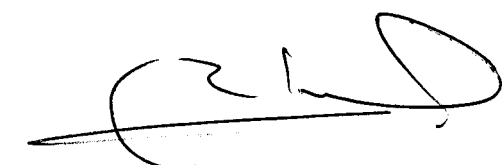
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

For the three-month period ended 31 March 2012

	<u>Saudi founding shareholders and general public</u>				<u>Non-Saudi founding shareholders</u>				<u>Total</u>			
	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 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

For the three-month period ended 31 March 2011

	<u>Saudi founding shareholders and general public</u>				<u>Non-Saudi founding shareholders</u>				<u>Total</u>			
	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 2010 – audited	196,000	74,147	18,485	694	4,000	1,303	377	14	200,000	75,450	18,862	708
Change in value of available for sale investments	-	-	-	(108)	-	-	-	(2)	-	-	-	(110)
Net income for the period	-	11,640	-	-	-	238	-	-	-	11,878	-	-
Zakat and income tax for the period	-	(1,754)	-	-	-	(63)	-	-	-	(1,817)	-	-
Balance as at 31 March 2011 – unaudited	196,000	84,033	18,485	586	4,000	1,478	377	12	200,000	85,511	18,862	598

The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

	<i>Three-month period ended 31 March</i>	
	<i>2012 (Unaudited)</i>	<i>2011 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Cash flows from operating activities:		
Surplus for the period from insurance operations	1,225	1,250
Adjustment for:		
Depreciation	1,041	450
Employees' terminal benefits	361	554
Realised gain on available for sale investments	(1,210)	-
Provision for doubtful debts	3,867	2,300
	<u>5,284</u>	<u>4,554</u>
Changes in operating assets and liabilities:		
Premium receivables, net	(137,254)	(96,214)
Reinsurance' receivables	(755)	(8,237)
Reinsurers' share of unearned premium	(42,100)	(9,036)
Reinsurers' share of outstanding claims	21,847	(20,987)
Deferred policy acquisition cost	(3,334)	(3,911)
Amount due from a related party	-	296
Prepayments and other receivables	(6,788)	(7,458)
Reinsurers payables	1,025	(11,128)
Unearned commission income	6,774	(2,367)
Unearned premiums	184,856	177,717
Outstanding claims	(59,669)	21,467
Payables to policy holders	3,427	(2,068)
Accrued and other payables	5,312	11,323
Due to shareholders' operations	11,023	11,229
Net cash flows (used in)/from operating activities	<u>(10,352)</u>	<u>65,180</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,390)	(1,050)
Purchase of available for sale investments	(68)	-
Purchase of held to maturity investments	(20,702)	-
Proceeds from sale of available for sale investments	7,265	5,026
Net cash flows (used in) from investing activities	<u>(14,895)</u>	<u>3,976</u>
(Decrease)/Increase in cash and cash equivalents	(25,247)	69,156
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	210,908	204,310
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>185,661</u>	<u>273,466</u>
<u>Non-cash transactions</u>		
Change in value of available for sale investments	<u>(170)</u>	<u>118</u>

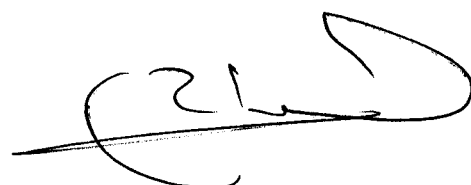



The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF SHAREHOLDERS OPERATIONS' CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

	<i>Three-month period ended 31 March</i>	
	<i>2012</i>	<i>2011</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
OPERATING ACTIVITIES		
Net income for the period	13,644	11,878
Adjustment for:		
Realised gain on available for sale investments	<u>(2,566)</u>	<u>(136)</u>
	11,078	11,742
Changes in operating assets and liabilities:		
Prepayments and other receivables	(354)	(455)
Due from insurance operations	(11,023)	(11,229)
Accruals and other payables	<u>781</u>	<u>221</u>
Net cash flows from operating activities	482	279
INVESTING ACTIVITIES		
Time deposits	-	(35,515)
Purchase of available for sale investments	(99)	-
Purchase of held to maturity investments	(31,244)	-
Proceeds from sale of available for sale investments	<u>16,295</u>	<u>35,027</u>
Net cash flows used in investing activities	<u>(15,048)</u>	<u>(488)</u>
Net decrease in cash and cash equivalents	(14,566)	(209)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	181,780	20,570
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>167,214</u>	<u>20,361</u>
<u>Non-cash transactions</u>		
Change in value of available for sale investments	<u>(245)</u>	<u>(110)</u>

The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012 - 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 06 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 Saudi Arabian Monetary Agency ("SAMA"), along-with related insurance assets and liabilities of an equivalent amount (SR 656.95 million).

Furthermore, 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 installment (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. During the year ended 31 December 2011, the Company got approval of SAMA on 18 Shabaan 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.

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 periods ended 31 March 2012 (the "period") should be read in conjunction with the Company's audited financial statements as at 31 December 2011. 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 STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012 – 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.

International Accounting Standards Board (IASB) has issued the following new and amended IFRS and IFRIC that are effective for the periods starting on or after the dates mentioned below:

Standard	Description	Effective date
IAS 12	Amendments to Income taxes – Deferred taxes: Recovery of underlying assets	1 January 2012

Standards issued but not yet effective

Standard	Description	Effective date
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 1	Amendments to IAS 1 Presentation of financial statements	1 July 2012
IAS 19	Amendments to IAS 19 Employee benefits	1 January 2013
IAS 27	Separate financial statements	1 January 2013
IAS 28	Investments in associates and joint ventures	1 January 2013

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 STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012 – UNAUDITED - (continued)

3. CASH AND CASH EQUIVALENTS

	31 March 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
<i>Insurance operations</i>		
Cash at banks	54,411	153,556
Short term deposits	<u>131,250</u>	<u>57,352</u>
	<u>185,661</u>	<u>210,908</u>
<i>Shareholders' operations</i>		
Cash in hand and at banks	967	136,135
Short term deposits	<u>166,247</u>	<u>45,645</u>
	<u>167,214</u>	<u>181,780</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 0.29 million as at 31 March 2012 (31 December 2011: SR 0.46 million) was credited to the surplus from insurance operations as available for sale reserve.

Movement in available for sale investments have summarized below:

	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 period SR'000
As at 31 March 2012 – unaudited				
Investments in equity shares	8,398	(5,987)	(257)	2,154
Investments in mutual funds	20,077	-	87	20,164
	<u>28,475</u>	<u>(5,987)</u>	<u>(170)</u>	<u>22,318</u>
As at 31 December 2011 – Audited				
	Balance at the beginning of the year SR'000	Movement during the year SR'000	Change in fair value for the year SR'000	Balance at the end of the year SR'000
Investments in equity shares	14,903	(6,888)	383	8,398
Investments in mutual funds	3,463	16,537	77	20,077
Investments in bonds	8,787	(8,787)	-	-
	<u>27,153</u>	<u>862</u>	<u>460</u>	<u>28,475</u>

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012 – UNAUDITED - (continued)

4. AVAILABLE FOR SALE INVESTMENTS – (continued)

Shareholders' operations

	31 March 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
Quoted securities	1,653	15,527
Unquoted securities	1,923	1,923
	<u>3,576</u>	<u>17,450</u>

i) Available for sale – quoted 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 2012 – unaudited				
Investment in equities managed by Audi Capital	15,527	(13,629)	(245)	1,653
	<u>15,527</u>	<u>(13,629)</u>	<u>(245)</u>	<u>1,653</u>
As at 31 December 2011 - Audited				
Investment in money market fund managed by Caam Saudi Fransi	51,699	(51,699)	-	-
Investment in Al Qandeel fund managed by Caam Saudi Fransi	19,911	(19,911)	-	-
Investment in equities managed by Audi Capital	-	15,122	405	15,527
	<u>71,610</u>	<u>(56,488)</u>	<u>405</u>	<u>15,527</u>

The unrealized loss of SR 0.25 million as at 31 March 2012 (31 December 2011: Loss SR 0.12 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 2012 is SR 0.16 million (31 December 2011: SR 0.41 million)

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 2012 – 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 2011 – Audited				
Investment in local company	1,923	-	-	1,923
	<u>1,923</u>	<u>-</u>	<u>-</u>	<u>1,923</u>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012 – UNAUDITED - (continued)**

5. HELD TO MATURITY INVESTMENTS

Insurance operations

The held to maturity investments represent security instruments with fixed interest rate with 4 - 10 year time horizon yielding an effective interest rate ranging from 2.40% - 4.625% (31 December 2011: 2.40% – 4.25%) on an annual basis. During the period, the Company purchased securities amounting to SR 11.235 million (31 December 2011: SR 0.50 million). The book value of the securities, net of amortization is SR 26.063 million (31 December 2011: SR 5.36 million).

Shareholders' operations

The held to maturity investments represent security instruments with fixed interest rate with 3 – 10 year time horizon yielding an effective interest rate ranging from 2.5% to 5.5% (31 December 2011: 2.5% to 3.5%) on an annual basis. During the period, the Company purchased securities amounting to SR 31.244 million. The book value of the securities, net of amortization is SR 50.71 million (31 December 2011: SR 19.47 million).

6. PREMIUMS RECEIVABLE

	31 March 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
Due from policyholders	299,473	178,408
Due from related parties	245,806	229,617
Doubtful debt provision	<u>(31,121)</u>	<u>(26,970)</u>
	514,158	381,055

Movement in provision for doubtful debts is as follows:

	31 March 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
Balance at the beginning of the period/year	26,970	31,541
Provision provided during the period/year	4,151	-
Release of provision during the period/year	-	(4,571)
Balance at the end of the period/year	<u>31,121</u>	<u>26,970</u>

7. 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 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
Balance at the beginning of the period/year	17,088	12,564
Charge for the period/year	730	7,833
Paid during the period/year	-	(3,309)
Balance at the end of the period/year	<u>17,818</u>	<u>17,088</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 and 2010 and obtained restricted zakat certificates.

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8. 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.

9. 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.

10. STATUTORY DEPOSIT

	31 March 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
<i>Shareholders' Operations</i>		
Statutory deposit	20,000	20,000

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.

11. 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.

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12. 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, and board of directors' remuneration and expenses.

Segment assets do not include insurance operations' cash and cash equivalents, investments, premiums receivable, 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.

Operating segments

	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	215,534	15,364	346,819
Change in net unearned premiums	(43,088)	(91,446)	(8,223)	(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	74,197	127,574	3,840	205,611
Change in net outstanding claims	(10,666)	(24,885)	(2,271)	(37,822)
Net claims incurred	63,531	102,689	1,569	167,789
Policy acquisition cost	2,286	1,873	1,129	5,288
Net cost and expenses	65,817	104,562	2,698	173,077
Net underwriting results	7,023	19,696	12,122	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 March 2012 – unaudited				
Reinsurance share of unearned premiums	-	3,990	121,560	125,550
Reinsurance share of outstanding claims	-	334	99,544	99,878
Deferred acquisition cost	4,849	5,063	2,884	12,796
Unallocated assets				833,924
				1,072,148
Unearned Premiums	154,820	291,007	141,885	587,712
Outstanding claims	33,657	54,500	110,372	198,529
Unearned commission income	14	538	21,303	21,855
Unallocated liabilities				264,052
				1,072,148

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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012 – UNAUDITED - (continued)**

12. SEGMENTAL INFORMATION – (continued)

	Medical SR '000	Motor SR '000	Others SR '000	Total SR '000
For the three-month period ended 31 March 2011 - Unaudited				
Insurance operations				
Gross premiums written	117,871	198,059	66,343	382,273
Premiums ceded	1	-	(50,800)	(50,799)
Excess of loss premiums	(186)	(158)	(466)	(810)
Net premiums written	117,686	197,901	15,077	330,664
Change in net unearned premiums	(41,821)	(121,189)	(5,670)	(168,680)
Net premiums earned	75,865	76,712	9,407	161,984
Reinsurance commission received	18	43	8,120	8,181
Net revenue	75,883	76,754	17,527	170,165
COSTS AND EXPENSES:				
Gross claim paid	63,211	61,742	24,279	149,233
Less: Reinsurance share	(259)	(1,919)	(22,169)	(24,348)
Net claims paid	62,952	59,823	2,110	124,885
Change in net outstanding claims	(1,624)	(268)	2,371	480
Net claims incurred	61,328	59,555	4,481	125,365
Policy acquisition cost	2,430	1,698	1,078	5,205
Unexpired risk reserve	-	-	-	-
Net cost and expenses	63,758	61,253	5,559	130,570
Net underwriting results	12,125	15,501	11,968	39,595
Supervision and inspection fee	(602)	(989)	(301)	(1,892)
CCHI fees	(1,179)	-	-	(1,179)
Unallocated expenses	-	-	-	(25,067)
Unallocated investment income	-	-	-	1,047
Surplus from insurance operations	-	-	-	12,504
As at 31 December 2011 - Audited				
Reinsurance share of unearned premiums	2,683	259	80,508	83,450
Reinsurance share of outstanding claims	122	3,255	118,347	121,724
Deferred acquisition cost	3,782	3,756	1,924	9,462
Unallocated assets	-	-	-	703,348
				917,984
Unearned Premiums	114,948	195,830	92,078	402,856
Outstanding claims	45,133	82,307	130,758	258,198
Unearned commission income	755	124	14,202	15,081
Unallocated liabilities	-	-	-	241,849
				917,984

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012 – UNAUDITED - (continued)**

13. RELATED PARTY TRANSACTIONS

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

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transaction For the period ended</i>		<i>Balance as of</i>	
		<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 March 2011 (Unaudited) SR'000</i>	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
<i>Insurance Operations</i>					
<i>Shareholders</i>					
Saudi Bin Laden – Group	Premium	114,777	129,882		
	Payments and claims	(103,866)	(146,576)	226,715	215,804
Rashed Al Rashed – Group	Premium	7,956	5,167		
	Payments and claims	(4,001)	(8,022)	13,546	9,591
Saudi Import Company	Premium	405	310		
	Payments and claims	(2,557)	(1,986)	2,037	4,189
Al Faisaliah Group	Premium	6,879	5,339		
	Payments and claims	(3,403)	(243)	3,509	33
Key management personnel	Remuneration and related expenses	987	850	-	-
<i>Shareholders' Operations</i>					
UCA Bahrain B.S.C (c)	Goodwill payable	-	-	24,962	24,962
Najm for insurance services	Expenses	-	-	230	230
Board members	Board of directors remunerations	537	255	-	-

14. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the board of directors on 18 April 2012 corresponding to 26 Jamaad Al-Awal 1433H.