

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED
30 JUNE 2012**

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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**LIMITED REVIEW REPORT
TO THE SHAREHOLDERS OF SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi Arabian Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2012 and the related interim statements of insurance operations and accumulated surplus and shareholders' comprehensive operations for the three-month and six-month periods then ended, and the interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the six-month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

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

EMPHASIS OF MATTERS:

We draw attention to the following:

- These interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.
- Note 2 to these interim condensed financial statements in relation to the purchase of insurance portfolio and related net assets of the Saudi operations.

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P. O. Box 2732
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**Rashid S. Al Rashoud
Certified Public Accountant
Registration No. 366**



28 Shaaban 1433H
(18 July 2012)

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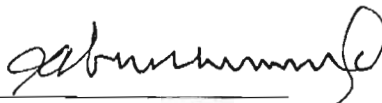
**Omar M. Al Sagga
Certified Public Accountant
Registration No. 369**




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

INTERIM STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2012

| | Notes | 30 June 2012 (Unaudited) SR | 31 December 2011 (Audited) SR |
|--|-------|--------------------------------------|--|
| INSURANCE OPERATIONS' ASSETS | | | |
| Property and equipment | | 7,537,479 | 7,242,382 |
| Reinsurers' share of outstanding claims | | 223,304,437 | 153,104,202 |
| Reinsurers' share of unearned premiums | | 94,281,206 | 100,712,005 |
| Deferred policy acquisition costs | | 23,783,454 | 23,348,928 |
| Premiums and insurance balances receivable | 7 | 82,110,686 | 87,850,300 |
| Prepayments and other assets | | 11,037,616 | 6,947,278 |
| Due from related parties | 8 | 114,722,925 | 94,817,399 |
| Time deposits | 6 | 40,119,598 | 25,050,833 |
| Cash and cash equivalents | 5 | 54,368,940 | 32,420,717 |
| TOTAL INSURANCE OPERATIONS' ASSETS | | 651,266,341 | 531,494,044 |
| SHAREHOLDERS' ASSETS | | | |
| Statutory deposit | | 10,000,000 | 10,000,000 |
| Due from insurance operations | | 1,325,553 | 438,536 |
| Prepayments and other assets | | 1,104,098 | 665,815 |
| Time deposits | 6 | 55,279,301 | 51,673,681 |
| Cash and cash equivalents | 5 | 4,698,086 | 4,396,888 |
| TOTAL SHAREHOLDERS' ASSETS | | 72,407,038 | 67,174,920 |
| TOTAL ASSETS | | 723,673,379 | 598,668,964 |


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER


MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


HASSAN ABDULLA DORAR ALI
PRESIDENT & CEO

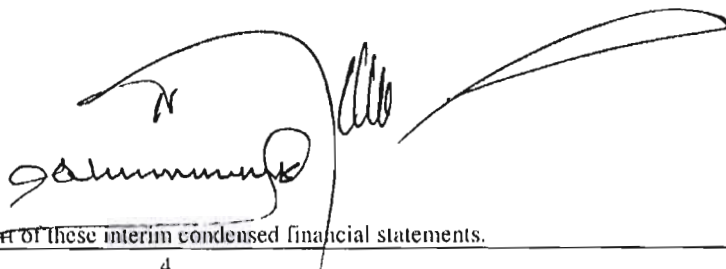
The accompanying notes 1 to 12 form part of these interim condensed financial statements.

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

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

| | Note | 30 June 2012 (Unaudited) SR | 31 December 2011 (Audited) SR |
|--|------|--------------------------------------|--|
| INSURANCE OPERATIONS' LIABILITIES | | | |
| Gross outstanding claims | | 292,842,420 | 230,041,134 |
| Gross unearned premiums | | 230,911,883 | 210,817,410 |
| Unearned commission income | | 21,065,691 | 18,724,964 |
| Due to a related party | 8 | 363,982 | 565,071 |
| Employees' end-of-service benefits | | 5,217,367 | 4,473,811 |
| Reinsurance balances payable | | 71,773,265 | 39,963,508 |
| Accrued expenses and other liabilities | | 27,000,205 | 26,469,610 |
| Due to shareholders' operations | | 1,325,553 | 438,536 |
| TOTAL INSURANCE OPERATIONS' LIABILITIES | | 650,500,366 | 531,494,044 |
| INSURANCE OPERATIONS' SURPLUS | | | |
| Net results for the period/year | | 765,975 | - |
| TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS | | 651,266,341 | 531,494,044 |
| SHAREHOLDERS' LIABILITIES AND EQUITY | | | |
| SHAREHOLDERS' LIABILITIES | | | |
| Zakat payable | | 1,230,080 | 1,919,551 |
| Accounts payable | | 1,000,175 | 857,808 |
| TOTAL SHAREHOLDERS' LIABILITIES | | 2,230,255 | 2,777,359 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 100,000,000 | 100,000,000 |
| Accumulated losses | | (29,823,217) | (35,602,439) |
| TOTAL SHAREHOLDERS' EQUITY | | 70,176,783 | 64,397,561 |
| TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY | | 72,407,038 | 67,174,920 |
| TOTAL INSURANCE OPERATIONS' LIABILITIES AND SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY | | 723,673,379 | 598,668,964 |


Mohan Varghese


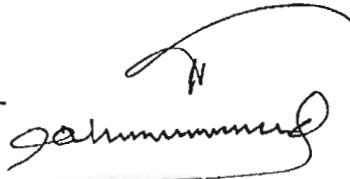



The accompanying notes 1 to 12 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED
SURPLUS (UNAUDITED)

| | Three months ended 30 June 2012 SR | Three months ended 30 June 2011 SR | Six months ended 30 June 2012 SR | Six months ended 30 June 2011 SR |
|--|---|---|---|---|
| REVENUE | | | | |
| Gross written premiums | 107,476,549 | 97,905,551 | 281,300,530 | 276,329,136 |
| Reinsurance premium ceded | (38,689,289) | (43,795,265) | (118,372,398) | (99,354,394) |
| Excess of loss premiums | (4,287,305) | (1,780,970) | (7,169,088) | (5,096,120) |
| NET WRITTEN PREMIUMS | 64,499,955 | 52,329,316 | 155,759,044 | 171,878,622 |
| Movement in unearned premiums | 493,371 | 32,302,680 | (26,525,272) | (3,379,604) |
| NET PREMIUMS EARNED | 64,993,326 | 84,631,996 | 129,233,772 | 168,499,018 |
| Commission income | 16,427,417 | 12,075,951 | 29,817,967 | 25,221,379 |
| Other income | 271,342 | 548,799 | 1,011,619 | 1,085,356 |
| Special commission income | 52,923 | - | 96,161 | - |
| TOTAL REVENUE | 81,745,008 | 97,256,746 | 160,159,519 | 194,805,753 |
| COST AND EXPENSES | | | | |
| Gross claims paid | 61,879,784 | 91,909,334 | 140,015,971 | 166,733,901 |
| Reinsurance share of claims paid | (12,476,982) | (16,827,690) | (34,932,816) | (49,552,529) |
| NET CLAIMS PAID | 49,402,802 | 75,081,644 | 105,083,155 | 117,181,372 |
| Movement in outstanding claims | (1,560,532) | (1,808,331) | (7,398,949) | 25,456,918 |
| NET CLAIMS INCURRED | 47,842,270 | 73,273,313 | 97,684,206 | 142,638,290 |
| Policy acquisition costs | 13,305,548 | 15,840,112 | 26,842,813 | 32,008,281 |
| General and administration expenses | 13,224,230 | 12,633,225 | 25,472,632 | 22,685,892 |
| (Reversal of)/provision for doubtful receivables | 473,920 | (1,771,795) | 195,651 | 10,094,035 |
| Inspection and supervision fees | 938,563 | 1,279,072 | 2,304,470 | 2,900,046 |
| TOTAL COST AND EXPENSES | 75,784,531 | 101,253,927 | 152,499,772 | 210,326,544 |
| NET SURPLUS/(DEFICIT) FROM INSURANCE OPERATIONS | 5,960,477 | (3,997,181) | 7,659,747 | (15,520,791) |
| Shareholders' appropriation from (surplus)/deficit | (5,364,429) | 3,997,181 | (6,893,772) | 15,520,791 |
| Net results for the period | 596,048 | - | 765,975 | - |

Mohan Varghese




The accompanying notes 1 to 12 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS
(UNAUDITED)

| | <i>Three months ended 30 June 2012 SR</i> | <i>Three months ended 30 June 2011 SR</i> | <i>Six months ended 30 June 2012 SR</i> | <i>Six months ended 30 June 2011 SR</i> |
|---|---|---|---|---|
| Appropriation of surplus/(deficit) from insurance operations | 5,364,429 | (3,997,181) | 6,893,772 | (15,520,791) |
| Special commission income | 69,428 | 67,063 | 127,591 | 133,068 |
| General and administration expenses | (83,336) | (164,890) | (235,143) | (449,191) |
| INCOME/(LOSS) BEFORE ZAKAT | 5,350,521 | (4,095,008) | 6,786,220 | (15,836,914) |
| Zakat | (591,406) | (285,841) | (1,006,998) | (773,956) |
| INCOME/(LOSS) FOR THE PERIOD | 4,759,115 | (4,380,849) | 5,779,222 | (16,610,870) |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | | |
| Change in fair value of available for sale investments | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | 4,759,115 | (4,380,849) | 5,779,222 | (16,610,870) |
| EARNINGS/(LOSSES) PER SHARE | | | | |
| Basic and diluted earnings /(losses) per share (in SR) (note 10) | 0.48 | (0.44) | 0.58 | (1.66) |
| Weighted average number of shares in issue throughout the period (in thousands) | 10,000 | 10,000 | 10,000 | 10,000 |

Moham Varghem

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The accompanying notes 1 to 12 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the six months ended 30 June 2012

| | <i>Share capital SR</i> | <i>Accumulated losses SR</i> | <i>Total SR</i> |
|---|---------------------------------|--------------------------------------|---------------------|
| Balance as at 1 January 2011 | 100,000,000 | (27,843,210) | 72,156,790 |
| Total comprehensive loss for the period | - | (16,610,870) | (16,610,870) |
| Balance at 30 June 2011 | <u>100,000,000</u> | <u>(44,454,080)</u> | <u>55,545,920</u> |
| | | | |
| Balance at 1 January 2012 | 100,000,000 | (35,602,439) | 64,397,561 |
| Total comprehensive income for the period | - | 5,779,222 | 5,779,222 |
| Balance at 30 June 2012 | <u>100,000,000</u> | <u>(29,823,217)</u> | <u>70,176,783</u> |

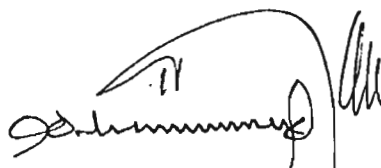
The accompanying notes 1 to 12 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
(UNAUDITED)

| | Six months ended 30 June 2012 SR | Six months ended 30 June 2011 SR |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net results for the period | 765,975 | - |
| Adjustments for: | | |
| Depreciation | 1,827,175 | 1,231,222 |
| Provision for doubtful receivables | 195,651 | 10,094,035 |
| Employees' end-of-service benefits, net | 743,556 | 439,793 |
| Shareholders' appropriation from surplus/(deficit) | 6,893,772 | (15,520,791) |
| Income before changes in operating assets and liabilities: | 10,426,129 | (3,755,741) |
| Changes in operating assets and liabilities: | | |
| Reinsurers' share of outstanding claims | (70,200,235) | (27,349,733) |
| Reinsurers' share of unearned premiums | 6,430,799 | 6,904,416 |
| Deferred policy acquisition costs | (434,526) | 1,901,466 |
| Premiums and insurance balances receivable | 5,543,963 | 28,236,698 |
| Prepayments and other assets | (4,090,338) | (1,427,718) |
| Due from related parties | (19,905,526) | (5,226,757) |
| Gross outstanding claims | 62,801,286 | 52,806,650 |
| Gross unearned premiums | 20,094,473 | (3,524,812) |
| Unearned commission income | 2,340,727 | (1,972,411) |
| Accrued expenses and other liabilities | 530,595 | 6,657,111 |
| Reinsurance balances payable | 31,809,757 | 4,821,327 |
| Due to a related party | (201,089) | (10,791,288) |
| Net cash from operating activities | 45,146,015 | 47,279,208 |
| INVESTING ACTIVITY | | |
| Purchase of property and equipment | (2,122,272) | (4,572,638) |
| Net cash used in investing activity | (2,122,272) | (4,572,638) |
| FINANCING ACTIVITIES | | |
| Time deposits, net | (15,068,765) | (25,000,000) |
| Due from/to shareholders' operations, net | (6,006,755) | 22,941,641 |
| Net cash used in financing activities | (21,075,520) | (2,058,359) |
| INCREASE IN CASH AND CASH EQUIVALENTS | 21,948,223 | 40,648,211 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 32,420,717 | 44,710,641 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 54,368,940 | 85,358,852 |
| | 5 | |


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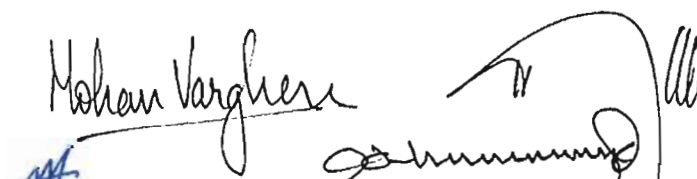
The accompanying notes 1 to 12 form part of these interim condensed financial statements.

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

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

| | Note | Six months ended 30 June 2012 SR | Six months ended 30 June 2011 SR |
|---|------|--|--|
| OPERATING ACTIVITIES | | | |
| Income/(loss) before zakat | | 6,786,220 | (15,836,914) |
| Adjustment for: | | | |
| Appropriation of (surplus)/deficit from insurance operations | | (6,893,772) | 15,520,791 |
| Loss before changes in operating assets and liabilities | | (107,552) | (316,123) |
| Changes in operating assets and liabilities: | | | |
| Prepayments and other assets | | (438,283) | (101,504) |
| Accounts payable | | 142,367 | 82,335 |
| Zakat paid | | (403,468) | (335,292) |
| | | (1,696,469) | (1,506,510) |
| Net cash used in operating activities | | (2,099,937) | (1,841,802) |
| INVESTING ACTIVITY | | | |
| Time deposits, net | | (3,605,620) | 24,842,418 |
| Net cash (used in)/from investing activity | | (3,605,620) | 24,842,418 |
| FINANCING ACTIVITY | | | |
| Due from/to insurance operations, net | | 6,006,755 | (22,941,641) |
| Net cash from/(used in) financing activity | | 6,006,755 | (22,941,641) |
| INCREASE IN CASH AND CASH EQUIVALENTS | | 301,198 | 58,975 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 4,396,888 | 4,335,898 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 5 | 4,698,086 | 4,394,873 |

Moham Varghese



The accompanying notes 1 to 12 form part of these interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

30 June 2012

1 ORGANISATION AND PRINCIPAL ACTIVITIES

Saudi Arabian Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010237214 dated 7 Shaban 1428H, (corresponding to 20 August 2007). The registered office address of the Company is P.O. Box 58073, Riyadh 11594, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Saudi Stock Exchange (Tadawul) on 3 September 2007.

2 ASSET PURCHASE AGREEMENT AND TRANSFER OF INSURANCE PORTFOLIO

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

Following the completion of the public offering on 28 May 2007, the Ministry of Commerce and Industry (MOCI) issued a resolution declaring the incorporation of the Company on 21 Rajab 1428H (corresponding to 5 August 2007).

On 29 Shaban 1428H (corresponding to 11 September 2007), the Saudi Arabian Monetary Agency ("SAMA") issued a formal approval to transact insurance business, thus authorising the Company to commence operations as soon as product approval and related formalities are completed.

The Company intends to enter into an asset purchase agreement (the "Agreement"), pursuant to which it is expected to offer to purchase the insurance business and related net assets of Saudi Arabian Insurance Company B.S.C (C)'s (a Shareholder of the Company) operations in the Kingdom of Saudi Arabia (the "Saudi operations") at a valuation to be approved by SAMA.

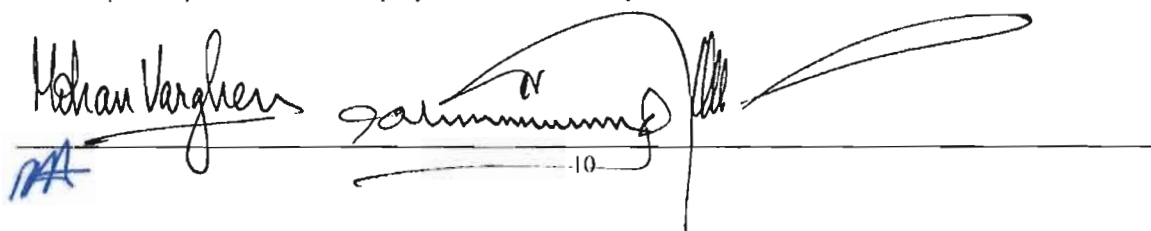
The Company convened a general assembly meeting on 26 August 2009 and approved the purchase of the insurance portfolio and related net assets of the Saudi operations. The related assets and liabilities to be acquired will be determined and valued in accordance with the valuation program issued by SAMA in May 2007. The Company is planning to transfer the assets and liabilities with effect from 1 January 2009. Accordingly, the net results related to such portfolio subsequent to 1 January 2009 will also be transferred to the Company. The transfer will be effected when all the required formalities have been completed.

3 BASIS OF PREPARATION

The interim condensed financial statements for the six months ended 30 June 2012 have been prepared in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS – 34). Accordingly, these interim financial statements are not intended to be a presentation in conformity with accounting standards generally accepted in Saudi Arabia, i.e., in accordance with Standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statement and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2011.

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



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

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

4 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2012

5 CASH AND CASH EQUIVALENTS

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

| | 30 June 2012 (Unaudited) | | 31 December 2011 (Audited) | |
|---------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | Insurance Operations SR | Shareholders' Operations SR | Insurance Operations SR | Shareholders' Operations SR |
| Cash on hand | 32,000 | - | 22,000 | - |
| Time deposits | - | 2,017,506 | - | 4,032,179 |
| Cash at banks | 54,336,940 | 2,680,580 | 32,398,717 | 364,709 |
| | <u>54,368,940</u> | <u>4,698,086</u> | <u>32,420,717</u> | <u>4,396,888</u> |

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

The Company holds an amount of SR 0.8 million (31 December 2011 - Nil) in a fiduciary capacity, in respect of claims to be settled for a third party insurer. This is accordingly not accounted for in these interim condensed financial statement.

6 TIME DEPOSITS

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

7 PREMIUMS AND INSURANCE BALANCES RECEIVABLE

Receivables from insurance operations are comprised of net amounts due from the following;

| | 30 June 2012 (Unaudited) SR | 31 December 2011 (Audited) SR |
|--|-----------------------------------|-------------------------------------|
| Premiums receivable | 94,354,666 | 95,780,205 |
| Reinsurers and others | 1,726,781 | 5,845,205 |
| Total premiums and insurance balances receivable | <u>96,081,447</u> | <u>101,625,410</u> |
| Provision for doubtful receivables | <u>(13,970,761)</u> | <u>(13,775,110)</u> |
| | <u>82,110,686</u> | <u>87,850,300</u> |

Mohan Vargher

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2012

8 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, key management personnel of the Company, and companies of which they are principal owners and other entities significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management.

a) Transactions with related parties

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

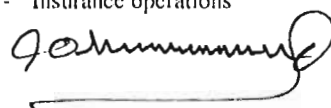
| <i>Related parties</i> | <i>Nature of transactions</i> | <i>Six months ended 30 June 2012 (Unaudited) SR</i> | <i>Six months ended 30 June 2011 (Unaudited) SR</i> |
|--|---|---|---|
| Saudi Arabian Insurance Company B.S.C (C) (Shareholder) | Amounts received and paid on behalf of SAICO B.S.C (C), net | <u>(2,195,275)</u> | <u>(4,605,067)</u> |
| ACE Insurance Agents Limited ("Agent") (Affiliate) | Premiums received through Agent | <u>21,390,370</u> | <u>34,380,049</u> |
| | Claims paid through Agent | <u>15,531,320</u> | <u>17,475,113</u> |
| | Commission expense | <u>2,917,055</u> | <u>7,374,916</u> |
| ACE Limited (Common ownership) | Premiums and claims, net | <u>1,673,850</u> | <u>8,236</u> |
| ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate) | Premiums received through Broker | <u>72,389,875</u> | <u>50,847,750</u> |
| | Commission expense | <u>11,279,765</u> | <u>7,542,526</u> |
| | Premiums ceded through Broker | <u>2,260,117</u> | <u>15,186,018</u> |
| | Commission received | <u>2,702,926</u> | <u>1,732,094</u> |
| Board members | Reimbursement of expenses to board members | <u>-</u> | <u>50,000</u> |

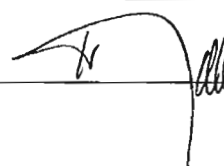
b) Balances with related parties

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

| | | <i>30 June 2012 (Unaudited) SR</i> | <i>31 December 2011 (Audited) SR</i> |
|--|------------------------|--|--|
| Saudi Arabian Insurance Company B.S.C (C) (Shareholder) | - Insurance operations | <u>56,858,846</u> | <u>59,054,121</u> |
| ACE Insurance Agents Limited ("Agent") (Affiliate) | - Insurance operations | <u>10,467,301</u> | <u>9,783,988</u> |
| ACE Limited (Common ownership) | - Insurance operations | <u>(363,982)</u> | <u>(565,071)</u> |
| ACE Insurance and Reinsurance Brokers Limited ("Broker") (Affiliate) | - Insurance operations | <u>47,396,778</u> | <u>25,979,290</u> |









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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2012

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Outstanding balances at the reporting date are unsecured and special commission rate free. Settlement will take place in cash. No provision for impairment was made at the reporting date. This assessment is undertaken at the reporting date through examining the financial position of the related party and the market in which the related party operates.

c) Compensation of key management personnel

Key management personnel of the Company include all directors (executive and non-executive) and senior management. The summary of compensation of key management personnel for the period is as follows.

| | Six months ended 30 June 2012 (Unaudited) SR | Six months ended 30 June 2011 (Unaudited) SR |
|------------------------------------|---|---|
| Short-term benefits | 880,608 | 805,450 |
| Employees' end-of-service benefits | 69,438 | 63,813 |
| | <u>950,046</u> | <u>869,263</u> |

9 SEGMENTAL INFORMATION

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

Segment results do not include general and administration expenses, inspection and supervision fees and other income.

Segment assets do not include insurance operations' property and equipment, prepayments and other assets, due from related parties, premiums and insurance balances receivable, time deposits and cash and cash equivalents. Accordingly, they are included in unallocated assets.

Segment liabilities do not include insurance operations' due to shareholders' operations, due to related parties, employees' end-of-service benefits, reinsurance balances payable and accrued expense and other liabilities. Accordingly, they are included in unallocated liabilities.

All the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

Moham Varghee

Abdullah Alkhalaf

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

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

9 SEGMENTAL INFORMATION (continued)

| REVENUE | Three months ended 30 June 2012 (Unaudited) | | | | | | | Total SR'000 |
|--|--|-----------------|------------------------------|------------------|-----------------------|----------------------------|------------------|-----------------|
| | Medical SR'000 | Motor SR'000 | Fire & burglary SR'000 | Marine SR'000 | Engineering SR'000 | Public liability SR'000 | Others SR'000 | |
| Gross written premiums | 42,048 | 25,517 | 11,048 | 9,528 | 13,308 | 1,758 | 4,270 | 107,477 |
| Reinsurance premium ceded | (4,317) | (21) | (9,420) | (8,655) | (12,954) | (715) | (2,607) | (38,689) |
| Excess of loss premiums | (1,320) | (702) | (1,714) | (228) | (263) | (36) | (24) | (4,287) |
| Net written premiums | 36,411 | 24,794 | (86) | 645 | 91 | 1,007 | 1,639 | 64,501 |
| Movement in unearned premium | (2,474) | 1,808 | 380 | (8) | (90) | 590 | 287 | 493 |
| Net premiums earned | 33,937 | 26,602 | 294 | 637 | 1 | 1,597 | 1,926 | 64,994 |
| Commission income | 472 | 48 | 5,174 | 4,148 | 3,566 | 315 | 2,704 | 16,427 |
| Total allocated revenue | 34,409 | 26,650 | 5,468 | 4,785 | 3,567 | 1,912 | 4,630 | 81,421 |
| Unallocated revenue | | | | | | | | 324 |
| Total revenue | | | | | | | | 81,745 |
| COST AND EXPENSES | | | | | | | | |
| Gross claims paid | 36,342 | 21,136 | 546 | 982 | 996 | 20 | 1,858 | 61,880 |
| Reinsurance share of claims paid | (8,814) | (35) | (145) | (846) | (954) | - | (1,683) | (12,477) |
| Net claims paid | 27,528 | 21,101 | 401 | 136 | 42 | 20 | 175 | 49,403 |
| Movement in outstanding claims | (2,088) | (6,294) | 5,545 | 680 | 73 | 710 | (187) | (1,561) |
| Net claims incurred | 25,440 | 14,807 | 5,946 | 816 | 115 | 730 | (12) | 47,842 |
| Policy acquisition cost | 2,714 | 4,097 | 3,140 | 980 | 1,161 | 438 | 776 | 13,306 |
| Total allocated costs and expenses | 28,154 | 18,904 | 9,086 | 1,796 | 1,276 | 1,168 | 764 | 61,148 |
| Unallocated expenses | | | | | | | | 14,637 |
| Total cost and expenses | | | | | | | | 75,785 |
| Net surplus from insurance operations | | | | | | | | 5,960 |

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

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

30 June 2012

9 SEGMENTAL INFORMATION (continued)

| REVENUE | Three months ended 30 June 2011 (Unaudited) | | | | | | | |
|---------------------------------------|--|--------|--------------------|----------|-------------|------------------|---------|----------|
| | Medical | Motor | Fire & burglary | Marine | Engineering | Public liability | Others | Total |
| | SR'000 | SR'000 | SR'000 | SR'000 | SR'000 | SR'000 | SR'000 | SR'000 |
| Gross written premiums | 33,780 | 24,985 | 9,267 | 14,284 | 5,846 | 2,862 | 6,881 | 97,905 |
| Reinsurance premium ceded | (10,610) | (164) | (7,250) | (13,452) | (5,593) | (1,892) | (4,834) | (43,795) |
| Excess of loss premiums | (579) | (491) | (418) | (190) | (59) | (22) | (22) | (1,781) |
| Net written premiums | 22,591 | 24,330 | 1,599 | 642 | 194 | 948 | 2,025 | 52,329 |
| Movement in unearned premium | 27,409 | 4,210 | 426 | (21) | 120 | 484 | (325) | 32,303 |
| Net premiums earned | 50,000 | 28,540 | 2,025 | 621 | 314 | 1,432 | 1,700 | 84,632 |
| Commission income | 497 | 34 | 4,778 | 2,862 | 1,656 | 338 | 1,911 | 12,076 |
| Total allocated revenue | 50,497 | 28,574 | 6,803 | 3,483 | 1,970 | 1,770 | 3,611 | 96,708 |
| Unallocated revenue | | | | | | | | 549 |
| Total revenue | | | | | | | | 97,257 |
| COST AND EXPENSES | | | | | | | | |
| Gross claims paid | 66,635 | 14,924 | 7,390 | 2,288 | 15 | 1 | 656 | 91,909 |
| Reinsurance share of claims paid | (9,840) | (62) | (4,384) | (2,007) | (9) | - | (526) | (16,828) |
| Net claims paid | 56,795 | 14,862 | 3,006 | 281 | 6 | 1 | 130 | 75,081 |
| Movement in outstanding claims | (4,585) | 6,844 | (3,959) | (510) | 16 | - | 386 | (1,808) |
| Net claims incurred | 52,210 | 21,706 | (953) | (229) | 22 | 1 | 516 | 73,273 |
| Policy acquisition cost | 3,939 | 4,986 | 3,596 | 1,298 | 855 | 367 | 799 | 15,840 |
| Total allocated costs and expenses | 56,149 | 26,692 | 2,643 | 1,069 | 877 | 368 | 1,315 | 89,113 |
| Unallocated expenses | | | | | | | | 12,141 |
| Total cost and expenses | | | | | | | | 101,254 |
| Net deficit from insurance operations | | | | | | | | (3,997) |

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

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

30 June 2012

SEGMENTAL INFORMATION (continued)

| REVENUE | Six months ended 30 June 2012 (Unaudited) | | | | | | | Total SR'000 |
|--|--|-----------------|------------------------------|------------------|-----------------------|----------------------------|------------------|-----------------|
| | Medical SR'000 | Motor SR'000 | Fire & burglary SR'000 | Marine SR'000 | Engineering SR'000 | Public liability SR'000 | Others SR'000 | |
| Gross written premiums | 98,379 | 65,272 | 31,630 | 20,526 | 32,559 | 7,027 | 25,908 | 281,301 |
| Reinsurance premium ceded | (17,103) | (555) | (27,022) | (18,279) | (30,966) | (3,605) | (20,843) | (118,373) |
| Excess of loss premiums | (2,409) | (1,457) | (2,201) | (497) | (466) | (83) | (56) | (7,169) |
| Net written premiums | 78,867 | 63,260 | 2,407 | 1,750 | 1,127 | 3,339 | 5,009 | 155,759 |
| Movement in unearned premium | (12,323) | (10,750) | (567) | (95) | (865) | (200) | (1,725) | (26,525) |
| Net premiums earned | 66,544 | 52,510 | 1,840 | 1,655 | 262 | 3,139 | 3,284 | 129,234 |
| Commission income | 1,089 | 98 | 9,814 | 7,966 | 5,663 | 688 | 4,500 | 29,818 |
| Total allocated revenue | 67,633 | 52,608 | 11,654 | 9,621 | 5,925 | 3,827 | 7,784 | 159,052 |
| Unallocated revenue | | | | | | | | 1,108 |
| Total revenue | | | | | | | | 160,160 |
| COST AND EXPENSES | | | | | | | | |
| Gross claims paid | 74,381 | 44,586 | 5,785 | 2,513 | 3,904 | 39 | 8,808 | 140,016 |
| Reinsurance share of claims paid | (16,400) | (66) | (4,793) | (2,188) | (3,577) | - | (7,909) | (34,933) |
| Net claims paid | 57,981 | 44,520 | 992 | 325 | 327 | 39 | 899 | 105,083 |
| Movement in outstanding claims | (3,011) | (10,746) | 5,658 | 1,030 | (76) | 126 | (380) | (7,399) |
| Net claims incurred | 54,970 | 33,774 | 6,650 | 1,355 | 251 | 165 | 519 | 97,684 |
| Policy acquisition cost | 5,488 | 8,156 | 6,135 | 2,551 | 2,234 | 876 | 1,403 | 26,843 |
| Total allocated costs and expenses | 60,458 | 41,930 | 12,785 | 3,906 | 2,485 | 1,041 | 1,922 | 124,527 |
| Unallocated expenses | | | | | | | | 27,973 |
| Total cost and expenses | | | | | | | | 152,500 |
| Net surplus from insurance operations | | | | | | | | 7,660 |

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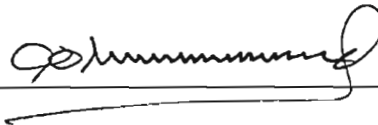
Saudi Arabian Cooperative Insurance Company
(A Saudi Joint Stock Company)

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

9 SEGMENTAL INFORMATION (continued)

| REVENUE | Six months ended 30 June 2011 (Unaudited) | | | | | | | |
|---------------------------------------|--|-----------------|------------------------------|------------------|-----------------------|----------------------------|------------------|-----------------|
| | Medical SR'000 | Motor SR'000 | Fire & burglary SR'000 | Marine SR'000 | Engineering SR'000 | Public liability SR'000 | Others SR'000 | Total SR'000 |
| Gross written premiums | 111,718 | 66,225 | 26,723 | 24,018 | 13,986 | 9,876 | 23,783 | 276,329 |
| Reinsurance premium ceded | (16,837) | (377) | (20,965) | (22,165) | (13,123) | (6,200) | (19,687) | (99,354) |
| Excess of loss premiums | (2,372) | (1,102) | (1,000) | (372) | (157) | (63) | (30) | (5,096) |
| Net written premiums | 92,509 | 64,746 | 4,758 | 1,481 | 706 | 3,613 | 4,066 | 171,879 |
| Movement in unearned premium | 8,915 | (9,856) | (832) | (71) | (77) | (698) | (761) | (3,380) |
| Net premiums earned | 101,424 | 54,890 | 3,926 | 1,410 | 629 | 2,915 | 3,305 | 168,499 |
| Commission income | 1,783 | 57 | 9,516 | 6,067 | 3,518 | 677 | 3,603 | 25,221 |
| Total allocated revenue | 103,207 | 54,947 | 13,442 | 7,477 | 4,147 | 3,592 | 6,908 | 193,720 |
| Unallocated revenue | | | | | | | | 1,085 |
| Total revenue | | | | | | | | 194,805 |
| COST AND EXPENSES | | | | | | | | |
| Gross claims paid | 98,183 | 29,039 | 11,743 | 4,857 | 501 | 9 | 22,402 | 166,734 |
| Reinsurance share of claims paid | (16,146) | (71) | (6,673) | (4,225) | (360) | (5) | (22,073) | (49,553) |
| Net claims paid | 82,037 | 28,968 | 5,070 | 632 | 141 | 4 | 329 | 117,181 |
| Movement in outstanding claims | 13,300 | 15,813 | (4,878) | (395) | (178) | 1,222 | 573 | 25,457 |
| Net claims incurred | 95,337 | 44,781 | 192 | 237 | (37) | 1,226 | 902 | 142,638 |
| Policy acquisition cost | 7,496 | 9,894 | 7,402 | 3,043 | 1,817 | 809 | 1,547 | 32,008 |
| Total allocated costs and expenses | 102,833 | 54,675 | 7,594 | 3,280 | 1,780 | 2,035 | 2,449 | 174,646 |
| Unallocated expenses | | | | | | | | 35,680 |
| Total cost and expenses | | | | | | | | 210,326 |
| Net deficit from insurance operations | | | | | | | | (15,521) |

Moham Vargher



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

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

30 June 2012

9 SEGMENTAL INFORMATION (Continued)

| | At 30 June 2012 (Unaudited) | | | | | | | |
|--|-----------------------------|-----------------|------------------------------|------------------|-----------------------|----------------------------|------------------|-----------------|
| | Medical SR'000 | Motor SR'000 | Fire & burglary SR'000 | Marine SR'000 | Engineering SR'000 | Public liability SR'000 | Others SR'000 | Total SR'000 |
| ASSETS | | | | | | | | |
| Reinsurers' share of outstanding claims | 7,919 | 2,576 | 103,451 | 11,761 | 15,663 | 1,040 | 80,894 | 223,304 |
| Reinsurers' share of unearned premiums | 11,588 | 410 | 21,627 | 10,254 | 34,777 | 3,758 | 11,867 | 94,281 |
| Deferred policy acquisition costs | 4,599 | 7,701 | 3,452 | 1,176 | 3,974 | 1,552 | 1,329 | 23,783 |
| SEGMENT ASSETS | 24,106 | 10,687 | 128,530 | 23,191 | 54,414 | 6,350 | 94,090 | 341,368 |
| Unallocated assets | | | | | | | | 309,898 |
| TOTAL ASSETS | | | | | | | | 651,266 |
| LIABILITIES AND INSURANCE OPERATIONS' SURPLUS | | | | | | | | |
| Gross outstanding claims | 41,963 | 21,892 | 114,176 | 14,051 | 16,452 | 2,168 | 82,140 | 292,842 |
| Gross unearned premium | 77,905 | 56,021 | 24,866 | 11,191 | 36,237 | 9,199 | 15,493 | 230,912 |
| Unearned commission income | 218 | 119 | 5,501 | 3,179 | 7,874 | 834 | 3,341 | 21,066 |
| SEGMENT LIABILITIES | 120,086 | 78,032 | 144,543 | 28,421 | 60,563 | 12,201 | 100,974 | 544,820 |
| Unallocated liabilities | | | | | | | | 105,680 |
| TOTAL LIABILITIES | | | | | | | | 650,500 |
| Insurance operations' surplus | | | | | | | | 766 |
| TOTAL LIABILITIES AND INSURANCE OPERATIONS' SURPLUS | | | | | | | | 651,266 |

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

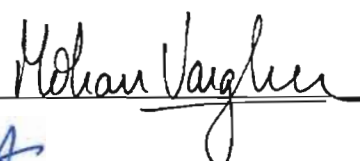
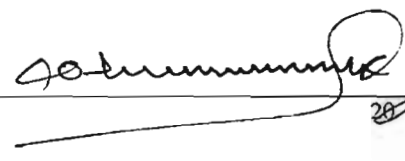
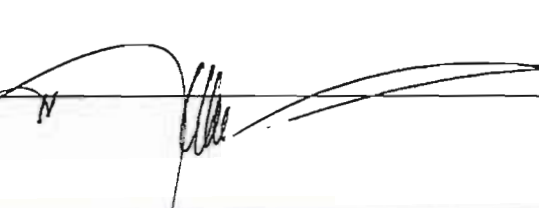
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

30 June 2012

9 SEGMENTAL INFORMATION (Continued)

At 31 December 2011 (Audited)

| | Medical SR'000 | Motor SR'000 | Fire & Burglary SR'000 | Marine SR'000 | Engineering SR'000 | Public liability SR'000 | Others SR'000 | Total SR'000 |
|---|-------------------|-----------------|------------------------------|------------------|-----------------------|----------------------------|------------------|-----------------|
| ASSETS | | | | | | | | |
| Reinsurers' share of outstanding claims | 5.048 | 18 | 64.472 | 5.364 | 6.475 | 28 | 71.699 | 153.104 |
| Reinsurers' share of unearned premiums | 14.528 | 195 | 42.035 | 10.778 | 21.678 | 3.873 | 7.625 | 100.712 |
| Deferred policy acquisition costs | 5.124 | 7.234 | 5.290 | 1.447 | 2.025 | 1.602 | 627 | 23.349 |
| SEGMENT ASSETS | <u>24.700</u> | <u>7.447</u> | <u>111.797</u> | <u>17.589</u> | <u>30.178</u> | <u>5.503</u> | <u>79.951</u> | <u>277.165</u> |
| Unallocated assets | | | | | | | | 254.329 |
| TOTAL ASSETS | | | | | | | | <u>531.494</u> |
| LIABILITIES | | | | | | | | |
| Gross outstanding claims | 42.103 | 30.080 | 69.539 | 6.624 | 7.342 | 1.030 | 73.323 | 230.041 |
| Gross unearned premium | 68.522 | 45.056 | 44.707 | 11.619 | 22.272 | 9.115 | 9.526 | 210.817 |
| Unearned commission income | 1.235 | 56 | 7.744 | 3.509 | 3.821 | 687 | 1.673 | 18.725 |
| SEGMENT LIABILITIES | <u>111.860</u> | <u>75.192</u> | <u>121.990</u> | <u>21.752</u> | <u>33.435</u> | <u>10.832</u> | <u>84,522</u> | <u>459.583</u> |
| Unallocated liabilities | | | | | | | | 71.911 |
| TOTAL LIABILITIES | | | | | | | | <u>531.494</u> |

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2012

10 BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE FOR THE PERIOD

Basic and diluted earnings/(losses) per share for the period have been calculated by dividing the net income/(loss) for the period by the weighted average number of shares in issue throughout the period end of 10 million shares.

11 NET UNDERWRITING SURPLUS

Net underwriting surplus for the period is as follows:

| | <i>Three months ended 30 June 2012 (Unaudited) SR</i> | <i>Three months ended 30 June 2011 (Unaudited) SR</i> | <i>Six months ended 30 June 2012 (Unaudited) SR</i> | <i>Six months ended 30 June 2011 (Unaudited) SR</i> |
|--------------------------|---|---|---|---|
| Net premiums earned | 64,993,326 | 84,631,996 | 129,233,772 | 168,499,018 |
| Commission income | 16,427,417 | 12,075,951 | 29,817,967 | 25,221,379 |
| Policy acquisition costs | (13,305,548) | (15,840,112) | (26,842,813) | (32,008,281) |
| Net claims incurred | (47,842,270) | (73,273,313) | (97,684,206) | (142,638,290) |
| Net underwriting surplus | <u>20,272,925</u> | <u>7,594,522</u> | <u>34,524,720</u> | <u>19,073,826</u> |

12 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 27 Sha'ban 1433 corresponding to 17 July 2012.

Moham Vargher

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