

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

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

**FOR THE THREE MONTHS ENDED
31 MARCH 2012**

Al Bassam

Certified Public Accountants & Consultants



KPMG Al Fozan & Al Sadhan

INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company) ("the Company") as at 31 March 2012, and the related interim statements of insurance operations, shareholders' operations, shareholder's comprehensive income, statements of changes in shareholders' equity and insurance operations' and shareholders' cash flows for the three-month period ended 31 March 2012 and the attached notes 1 to 18 which form part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION

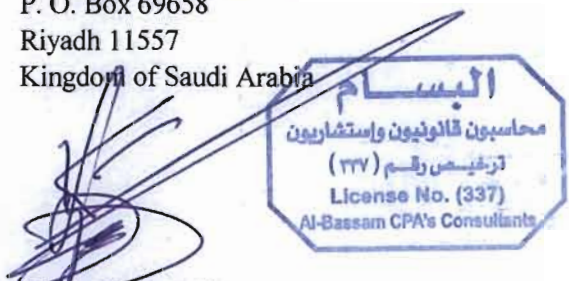
Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF A MATTER

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

Al Bassam Certified Public Accountants and Consultants

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24 Jumad Awal 1433H
16 April 2012



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

	<i>Note</i>	<i>Unaudited As at 31 March 2012 SR</i>	<i>Audited As at 31 December 2011 SR</i>
INSURANCE OPERATIONS' ASSETS			
Office equipment and furniture		4,023,220	4,323,829
Reinsurers' share of outstanding claims	6	93,624,949	83,230,450
Reinsurers' share of unearned premiums		130,879,240	125,258,097
Deferred policy acquisition costs		14,897,881	14,221,856
Due from shareholders' operations		2,320,954	3,847,909
Unit linked investments	11	491,735,493	471,146,684
Premiums receivable, net	7	150,434,069	126,937,494
Reinsurance balances receivable		35,772,032	18,116,160
Prepayments and other assets		2,209,809	2,060,725
Cash and cash equivalents		80,465,932	61,900,990
TOTAL INSURANCE OPERATIONS' ASSETS		1,006,363,579	911,044,194
SHAREHOLDERS' ASSETS			
Statutory deposit	8	20,076,025	20,076,025
Investments	9	135,141,902	130,238,596
Prepayments and other assets		1,660,877	797,934
Cash and cash equivalents		7,756,966	12,670,275
TOTAL SHAREHOLDERS' ASSETS		164,635,770	163,782,830
TOTAL SHAREHOLDERS AND INSURANCE OPERATIONS' ASSETS		1,170,999,349	1,074,827,024



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

Antoine Issa

Abdulrahman Jawa

Mohammad Koubar

Chief Executive Officer

BOD Member

Finance Manager

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

	Note	Unaudited As at 31 March 2012 SR	Audited As at 31 December 2011 SR
INSURANCE OPERATIONS' LIABILITIES			
Employees' end of service benefits		5,816,947	6,029,510
Unearned premiums		202,091,414	191,658,673
Mathematical reserve		494,749,331	472,596,932
Outstanding claims	6	136,383,087	130,437,755
Premium deficiency reserves		439,873	-
Unearned commission income		16,437,683	15,096,686
Reinsurance balances payable		136,867,364	70,306,255
Accrued expenses and other liabilities		13,408,218	24,918,383
Accumulated surplus distribution		169,662	-
TOTAL INSURANCE OPERATIONS' LIABILITIES		1,006,363,579	911,044,194
SHAREHOLDERS' LIABILITIES AND EQUITY			
Due to insurance operations		2,320,954	3,847,909
Accrued expenses and other liabilities		84,024	116,025
Zakat and Tax payable		2,264,415	1,824,453
TOTAL SHAREHOLDERS' LIABILITIES		4,669,393	5,788,387
SHAREHOLDERS' EQUITY			
Share capital	12	200,000,000	200,000,000
Share premium		22,711,315	22,711,315
Accumulated losses		(63,573,622)	(65,642,250)
Unrealized gain on available for sale investments	9(i)	828,684	925,378
TOTAL SHAREHOLDERS' EQUITY		159,966,377	157,994,443
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		164,635,770	163,782,830
TOTAL INSURANCE OPERATIONS LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY		1,170,999,349	1,074,827,024



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

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Mohammad Koubar

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

	<i>Note</i>	<i>Unaudited 3 months ended 31 March 2012 SR</i>	<i>Unaudited 3 months ended 31 March 2011 SR</i>
Gross written premiums	5	182,775,276	172,153,893
Reinsurance premiums ceded		(86,935,301)	(79,294,921)
Net written premiums		95,839,975	92,858,972
Changes in unearned premiums	5	(10,432,741)	(10,765,808)
Reinsurance share of unearned premiums		5,621,143	6,329,572
Net change in unearned premiums		(4,811,598)	(4,436,236)
Net premiums earned		91,028,377	88,422,736
Commission earned during the period		7,485,344	4,705,735
Unrealized gain on unit linked investments		6,128,643	2,072,753
Other income		360,220	148,773
Total revenues		105,002,584	95,349,997
Gross claims paid		(78,762,585)	(88,649,472)
Reinsurance share of claims paid		23,509,658	39,153,034
Net claims paid		(55,252,927)	(49,496,438)
Changes in gross outstanding claims		(5,945,332)	(73,026,232)
Changes in reinsurance share of outstanding claims		10,394,499	69,859,205
Net outstanding claims		4,449,167	(3,167,027)
Net claims incurred		(50,803,760)	(52,663,465)
Change in premium deficiency reserves		(439,873)	-
Change in mathematical reserves		(22,152,399)	(14,463,865)
Commission expenses		(9,590,796)	(10,171,737)
Inspection and supervision fees		(913,876)	(860,769)
General and administrative expenses		(19,405,263)	(20,943,095)
Total claims and expenses		(103,305,967)	(99,102,931)
Net surplus/(deficit) for the period		1,696,617	(3,752,934)
Net (surplus)/deficit transferred to statement of shareholders' operations		(1,526,955)	3,752,934
Net insurance operations surplus after shareholders' appropriation for the period		169,662	-

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

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

	Note	Unaudited 3 months ended 31 March 2012 SR	Unaudited 3 months ended 31 March 2011 SR
Special commission income		865,360	443,331
Realised gain on available for sale investment		262,793	-
Total revenues		1,128,153	443,331
Net surplus/(deficit) transferred from statement of insurance operations		1,526,955	(3,752,934)
General and administrative expenses		(146,518)	(97,630)
Net income/(loss) for the period		2,508,590	(3,407,233)
Basic and diluted earnings/(loss) per share	13	0.13	(0.17)



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

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

	<i>Unaudited 3 months ended 31 March 2012</i>	<i>Unaudited 3 months ended 31 March 2011</i>
	<i>SR</i>	<i>SR</i>
Net income/(loss) for the period	2,508,590	(3,407,233)
Provision for zakat & tax	(439,962)	(43,027)
Net change in fair value of available for sale investments	166,099	(480,172)
Total comprehensive income/(loss) for the period	2,234,727	(3,930,432)



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

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

	<i>Share capital SR</i>	<i>Share premium SR</i>	<i>Accumulated losses SR</i>	<i>Unrealized gain / (loss) on available for sale investments SR</i>	<i>Total SR</i>
Balance as at 1 January 2011 (Audited)	200,000,000	22,711,315	(65,287,134)	945,815	158,369,996
Loss for the period	-	-	(3,407,233)	-	(3,407,233)
<i>Other Comprehensive income:</i>					
- Provision for zakat	-	-	(43,027)	-	(43,027)
- Fair value change in available for sale investment	-	-	-	(480,172)	(480,172)
Total comprehensive loss for the period					(3,930,432)
Balance as at 31 March 2011 (Unaudited)	200,000,000	22,711,315	(68,737,394)	465,643	154,439,564
Balance as at 1 January 2012 (Audited)	200,000,000	22,711,315	(65,642,250)	925,378	157,994,443
Profit for the period	-	-	2,508,590	-	2,508,590
<i>Other Comprehensive income:</i>					
- Provision for zakat & tax	-	-	(439,962)	-	(439,962)
- Fair value change in available for sale investment	-	-	-	166,099	166,099
Total comprehensive income for the period					2,234,727
Transferred to realized gain	-	-	-	(262,793)	(262,793)
Balance as at 31 March 2012 (Unaudited)	200,000,000	22,711,315	(63,573,622)	828,684	159,966,377



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

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

	<i>Unaudited 3 months ended 31 March 2012 SR</i>	<i>Unaudited 3 months ended 31 March 2011 SR</i>
OPERATING ACTIVITIES		
Insurance operations surplus after shareholders' appropriation	169,662	-
<i>Adjustments to reconcile net surplus to net cash from operating activities</i>		
Appropriation of surplus/(deficit) to shareholders' operations	1,526,955	(3,752,934)
Depreciation	425,287	234,818
Employees' end of service benefits	110,000	(66,461)
Unrealized gain on unit linked investments	(6,128,643)	(2,072,753)
	(3,896,739)	(5,657,330)
<i>Changes in operating assets and liabilities:</i>		
Deferred policy acquisition costs	(676,025)	(3,263,589)
Premiums receivable, net	(23,496,575)	8,702,767
Prepayments and others assets	(149,084)	1,152,584
Employees' end of service benefits paid	(322,563)	-
Unearned premiums, net	4,811,598	4,436,236
Mathematical reserve	22,152,399	14,463,865
Unit linked investments	(14,460,166)	(9,309,243)
Outstanding claims, net	(4,449,167)	3,167,027
Premium deficiency reserves	439,873	-
Unearned commission income	1,340,997	5,532,219
Reinsurance balances payable, net	48,905,237	23,814,512
Accrued expenses and other liabilities	(11,510,165)	259,286
	18,689,620	43,298,334
Net cash from operating activities		
INVESTING ACTIVITIES		
Purchase of office equipment and furniture	(124,678)	(155,837)
	(124,678)	(155,837)
Net cash used in investing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	18,564,942	43,142,497
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	61,900,990	2,655,673
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	80,465,932	45,798,170

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

	<i>Unaudited</i> 3 months ended 31 March 2012 SR	<i>Unaudited</i> 3 months ended 31 March 2011 SR
OPERATING ACTIVITIES		
Net income/(loss) for the period	2,508,590	(3,407,233)
<i>Adjustments to reconcile net income/(loss) to net cash used in operating activities:</i>		
Appropriation of (surplus)/deficit from insurance operations	(1,526,955)	3,752,934
Realized gain on available for sale investment	(262,793)	-
	718,842	345,701
<i>Changes in operating assets and liabilities:</i>		
Prepayments and other assets	(862,943)	(443,330)
Accrued expenses and other liabilities	(32,001)	9,645
Net cash used in operating activities	(176,102)	(87,984)
INVESTING ACTIVITIES		
Purchases of available for sale investments	(25,000,000)	(5,000,000)
Disposal of available for sale investments	20,262,793	-
Net cash used in investing activities	(4,737,207)	(5,000,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(4,913,309)	(5,087,984)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	12,670,275	39,642,047
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7,756,966	34,554,063
Non-cash supplemental information:		
Net changes in fair value of available for sale investments	166,099	(480,172)



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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three months ended 31 March 2012

Unaudited

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Allianz Saudi Fransi Cooperative Insurance Company ('the Company') is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010235601 dated 26 Jumada Thani 1428H corresponding to 12 July 2007. The Company operates through its 7 branches (2011: 7 branches) in the Kingdom of Saudi Arabia. The registered office of the Company is located at Al Safwa Commercial Building, P O Box 3540, Riyadh 11481, Kingdom of Saudi Arabia.

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

2 COMMERCIAL OPERATIONS

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

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

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

3 BASIS OF PREPARATION

The interim condensed financial statements for the three months ended 31 March 2012 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

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

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

The interim condensed financial statements are presented in Saudi Riyals, being the functional currency of the Company.

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

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three months ended 31 March 2012

Unaudited

3 BASIS OF PREPARATION (continued)

Critical accounting judgments, estimates and assumptions

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

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

The estimate and judgments used by management in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2010.

4 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with those used in preparation of annual audited 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 these interim condensed financial statements of the Company:

Improvements to IFRSs 2010:

- IAS 1 - Presentation of Financial Statements
- IAS 24 - Related Party Disclosures (revised 2009)
- IAS 34 - Interim Financial Reporting
- IFRS 7 - Financial Instruments: Disclosures

These and other amendments resulting from improvements to the IFRSs did not have any material impact on the accounting policies, financial position and performance of the Company.

5 NET PREMIUMS EARNED

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three months ended 31 March 2012

Unaudited

5 NET PREMIUMS EARNED (continued)

	<i>Unaudited</i> <i>Three months ended 31 March 2011 (SR)</i>		
	<i>Gross</i>	<i>Reinsurance share</i>	<i>Net</i>
General insurance	127,737,845	(74,028,419)	53,709,426
Protection & Saving insurance	44,416,048	(5,266,502)	39,149,546
Written premiums	<u>172,153,893</u>	<u>(79,294,921)</u>	<u>92,858,972</u>
Change in unearned premium reserve	(10,765,808)	6,329,572	(4,436,236)
Earned premiums	<u>161,388,085</u>	<u>(72,965,349)</u>	<u>88,422,736</u>

6 OUTSTANDING CLAIMS

	<i>Unaudited</i> <i>As at 31 March 2012 (SR)</i>		
	<i>Gross</i>	<i>Reinsurance share</i>	<i>Net</i>
General insurance	126,227,589	(86,533,546)	39,694,043
Protection & Saving insurance	10,155,498	(7,091,403)	3,064,095
Total insurance outstanding claims	<u>136,383,087</u>	<u>(93,624,949)</u>	<u>42,758,138</u>

	<i>Audited</i> <i>As at 31 December 2011 (SR)</i>		
	<i>Gross</i>	<i>Reinsurance share</i>	<i>Net</i>
General insurance	123,850,089	(78,885,314)	44,964,775
Protection & Saving insurance	6,587,666	(4,345,136)	2,242,530
Total insurance outstanding claims	<u>130,437,755</u>	<u>(83,230,450)</u>	<u>47,207,305</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three months ended 31 March 2012

Unaudited

7 PREMIUMS RECEIVABLE, NET

2012	Total	Neither past due nor impaired	Past due not impaired	Past due and impaired	
			Up to 90 days	Less than 180 days	More than 180 days
<i>Amount in SR</i>					
Premiums receivable	178,531,793	-	110,698,927	28,221,075	39,611,791
Provision for doubtful debts	(28,097,724)	-	-	(4,233,161)	(23,864,563)
Premiums receivable, net	150,434,069	-	110,698,927	23,987,914	15,747,228

2011	Total	Neither past due nor impaired	Past due not impaired	Past due and impaired	
			Up to 90 days	Less than 180 days	More than 180 days
<i>Amount in SR</i>					
Premiums receivable	157,049,770	-	60,120,569	54,207,198	42,722,003
Provision for doubtful debts	(30,112,276)	-	-	(8,245,802)	(21,866,474)
Premiums receivable, net	126,937,494	-	60,120,569	45,961,396	20,855,529

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

	2012 SR	2011 SR
Balance at the beginning of the period	30,112,276	26,626,252
Provided for the period	3,333,728	3,290,070
Premium receivable written off during the period	(5,348,280)	-
Balance at the end of the period	28,097,724	29,916,322

8 STATUTORY DEPOSIT

As required by Saudi Arabian Insurance Regulations, the Company has deposited 10% of its paid up capital, amounting to SR 20,000,000 in a bank designated by SAMA. The accrued interest on deposit, recorded as other liability amounts to SR 76,025 (2010: SR 76,025). This deposit and commission thereon cannot be withdrawn without SAMA's approval. The Statutory deposit is maintained with Banque Saudi Fransi, an affiliate of the Company.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three months ended 31 March 2012

Unaudited

9 INVESTMENTS

Investments are classified as follows:

		<i>Unaudited as at 31 March 2012 SR</i>	<i>Audited as at 31 December 2011 SR</i>
<i>Available for sale</i>			
- quoted securities	(i)	131,918,824	127,015,518
- unquoted securities	(ii)	3,223,078	3,223,078
		135,141,902	130,238,596

(i) Available for sale – quoted securities

	<i>As at 31 March 2012 - Unaudited (SR)</i>		
	<i>Cost</i>	<i>Market Value</i>	<i>Unrealised Gain/(loss)</i>
Banque Saudi Fransi USD Bond	23,006,250	23,514,525	508,275
Bank Al Jazira Sukuk	5,000,000	5,000,000	-
SR Commodity Fund (managed by Al Rajhi Capital)	20,000,000	20,405,036	405,036
SR Money Market Fund (managed by Saudi Fransi Capital)	15,000,000	15,117,538	117,538
Saudi Bin Ladin Group Sukuk	10,100,750	10,100,000	(750)
TAQA Abu Dhabi National Energy Bond	12,330,000	12,378,600	48,600
IPIC Abu Dhabi Bond	11,712,127	11,503,125	(209,002)
General Authority of Civil Aviation Sukuk	20,000,000	20,000,000	-
SABB Subordinated TII Sukuk	5,000,000	5,000,000	-
SEC Sukuk	5,978,513	5,960,000	(18,513)
SABIC Sukuk	2,962,500	2,940,000	(22,500)
	131,090,140	131,918,824	828,684

	<i>As at 31 December 2011 - Audited (SR)</i>		
	<i>Cost</i>	<i>Market Value</i>	<i>Unrealised Gain/(loss)</i>
Banque Saudi Fransi USD Bond	23,006,250	23,456,250	450,000
Bank Al Jazira Sukuk	5,000,000	5,000,000	-
SR Commodity Fund (managed by Al Rajhi Capital)	20,000,000	20,338,438	338,438
SR Money Market Fund (managed by Saudi Fransi Capital)	15,000,000	15,096,397	96,397
SR Trade Fund (managed by Al Khalijia Investment)	20,000,000	20,304,120	304,120
Saudi Bin Ladin Group Sukuk	10,100,750	10,100,000	(750)
TAQA Abu Dhabi National Energy Bond	12,330,000	12,389,063	59,063
IPIC Abu Dhabi Bond	11,712,127	11,306,250	(405,877)
SEC Sukuk	5,978,513	6,025,000	46,487
SABIC Sukuk	2,962,500	3,000,000	37,500
	126,090,140	127,015,518	925,378

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three months ended 31 March 2012

Unaudited

9 INVESTMENTS (continued)

(ii) Available for sale –unquoted securities

	<u>As at 31</u> <u>March 2012</u> <u>Unaudited</u> <u>SR</u>	<u>As at 31</u> <u>December 2011</u> <u>Audited</u> <u>SR</u>
Najm for Insurance Services Company	2,423,078	2,423,078
Saudi Next Care	800,000	800,000
	<u>3,223,078</u>	<u>3,223,078</u>

Due to non-availability of fair value, the investments in Najm for Insurance Services Company and Saudi Next Care Company are carried at their cost less impairment, if any.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

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10 RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of major related party transactions during the three months ended 31 March 2012 and 31 March 2011 and the related balances as at 31 March 2012 and 31 March 2011:

Related party	Nature of transaction	<i>Unaudited 3 months ended 31 March 2012 SR</i>	<i>Unaudited 3 months ended 31 March 2011 SR</i>
Entities controlled, jointly controlled or significantly influenced by related parties.	- Insurance premium written	10,079,102	7,811,856
	- Reinsurance premium ceded	9,206,141	3,591,482
Entities controlled, jointly controlled or significantly influenced by related parties.	- Gross claims paid	522,805	3,333,209
	- Reinsurance share of claims paid	604,073	795,679
Entities controlled, jointly controlled or significantly influenced by related parties.	- Commission expense	1,791,631	1,975,188
	- Commission income	315,226	268,671
Entities controlled, jointly controlled or significantly influenced by related parties.	Other expenses		
	- Third party administrator (TPA) fees	632,988	167,647
Key Management Personnel	Remuneration and related expenses	1,748,543	1,470,598
Board members	Fees	60,000	57,350

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, Deputy Chief Executive Officer and the Chief Financial Officer of the Company. All Unit Linked investments and certain significant available for sale investments are managed by an affiliate, Saudi Fransi Capital. Cash and cash equivalents include bank accounts, majority of which are maintained with the shareholder of the Company, Banque Saudi Fransi.

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

		<i>Unaudited as at 31 March 2012 SR</i>	<i>Audited as at 31 December 2011 SR</i>
Entities controlled, jointly controlled or significantly influenced by related parties.	Accrued expenses	1,337,157	1,051,350
Entities controlled, jointly controlled or significantly influenced by related parties.	Premium receivable, net	5,905,668	8,824,752
Entities controlled, jointly controlled or significantly influenced by related parties.	Reinsurance balance payable, net	31,178,267	35,260,451
Entities controlled, jointly controlled or significantly influenced by related parties.	Outstanding Claims	5,651,986	5,059,274

Related parties include Allianz SNA, Allianz Mena Holding Bermuda, Allianz Risk Transfer A.G. Dubai, AGF International, Allianz Global Corporate and Speciality, Allianz World Wide Care, Allianz Global risks U.S.A, Allianz Belgium, Euler Hermes, Allianz SE Zurich, Allianz Insurance Hong Kong, Allianz Global Risks Netherland, Allianz Insurance Singapore, Allianz Insurance New Zealand, Allianz Insurance Products Selling Company, Banque Saudi Fransi, Sofinco Saudi Fransi, Saudi Next Care, Calyon Saudi Fransi and InSaudi Insurance B.S.C.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three months ended 31 March 2012

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11 UNIT LINKED INVESTMENTS

The below represents fair value through profit or loss investments for unit-linked contracts as at 31 December 2011:

	<i>Unaudited as at 31 March 2012 SR</i>	<i>Audited as at 31 December 2011 SR</i>
Local funds	478,265,041	458,389,836
Foreign funds	13,470,452	12,756,848
	<u>491,735,493</u>	<u>471,146,684</u>

12 SHARE CAPITAL

The authorized and issued share capital of the Company is SR 200,000,000 as at 31 December 2011 consisting of 20,000,000 shares of SR 10 par value.

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

a) In December 2008, the Board of Directors has recommended an increase in the Company's capital by SR 100,000,000 through right issue, which was also approved by SAMA with subject to the approval of regulatory authorities. On 18 January 2010, the Board of Directors re-recommended the increase in capital by SR 100,000,000 through rights issue of SR 125,000,000. On 1 March 2010, CMA has approved the rights issue.

In the meeting held on 3rd April 2010, the shareholders approved rights issue of total value of SR 125,000,000 through issuing 10,000,000 shares at price of SR 12.5 (SR 10 par value plus SR 2.5 premium) and the subscription period started on 10 April 2010 and was ended on 19 April 2010.

b) After the successful completion of the right issue, the Company has adjusted SAR 2.289 million being cost to raise equity against share premium account. This includes SAR 1.633 million which was charged to interim statement of shareholders operations in 1st quarter of 2010.

13 BASIC AND DILUTED PROFIT/(LOSS) PER SHARE

The basic and diluted profit/(loss) per share is calculated as follows:

	<i>Unaudited 3 months ended 31 March 2012</i>	<i>Unaudited 3 months ended 31 March 2011</i>
Net profit / (loss) for the period (SR)	2,508,590	(3,407,233)
Weighted average number of ordinary share	20,000,000	20,000,000
Basic and diluted earnings/(loss) per share – (SR)	<u>0.13</u>	<u>(0.17)</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

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14 STATUTORY RESERVE

In accordance with the by-laws of the Company, the Company shall allocate 20% of its net income for each period to the statutory reserve until it has built up a reserve equal to the capital. The Company has not transferred any amount to Statutory Reserve due to the fact the Company has accumulated losses as at 31 March 2012.

15 CONTINGENCIES

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

16 OPERATING SEGMENT INFORMATION

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

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

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

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

Operating Segments

Following are the operating segments identified for segment reporting purposes:

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three months ended 31 March 2012

Unaudited

16. SEGMENT INFORMATION (continued)

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three months ended 31 March 2012

Unaudited

16. SEGMENT INFORMATION (continued)

Unaudited	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection & Saving</i>	<i>Shareholders' Fund</i>	<i>Total</i>
<u>As at 31 March 2012</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<u>Insurance Operations' Assets</u>								
Reinsurers' share of unearned premium	57,200	43,334,283	8,540,907	49,636,495	23,222,782	6,087,573	-	130,879,240
Reinsurers' share of outstanding claims	4,064,597	34,326,589	-	38,172,711	9,969,649	7,091,403	-	93,624,949
Deferred policy acquisition costs	4,446,468	3,690,044	1,159,442	3,136,375	1,168,388	1,297,164	-	14,897,881
Premium Receivable, gross	38,203,358	29,343,445	38,171,047	33,891,929	25,237,547	13,684,467	-	178,531,793
Provision for doubtful debts	-	-	-	-	-	-	-	(28,097,724)
Unit linked investments	-	-	-	-	-	491,735,493	-	491,735,493
Unallocated assets	-	-	-	-	-	-	-	124,791,947
Shareholders' assets	-	-	-	-	-	-	164,635,770	164,635,770
Total assets								1,170,999,349
<u>Insurance Operations' Liabilities</u>								
Unearned premium	38,795,862	50,531,696	19,778,493	56,342,758	29,388,435	7,254,170	-	202,091,414
Outstanding claims	23,396,542	35,298,107	8,774,224	41,324,843	17,433,873	10,155,498	-	136,383,087
Unearned commission income	8,570	6,706,796	-	6,577,920	2,895,724	248,673	-	16,437,683
Premium deficiency reserves	439,873	-	-	-	-	-	-	439,873
Mathematical reserves	-	-	-	-	-	494,749,331	-	494,749,331
Unallocated liabilities	-	-	-	-	-	-	-	156,262,191
Shareholders' liabilities & equity	-	-	-	-	-	-	164,635,770	164,635,770
Total Insurance Operations liabilities and Shareholders' liabilities and equity								1,170,999,349

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three months ended 31 March 2012

Unaudited

16. SEGMENT INFORMATION (continued)

Unaudited	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Protection & Saving</i>	<i>Other General</i>	<i>Shareholders' Fund</i>	<i>Total</i>
For the three months ended 31 March 2011	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross written premiums	25,278,514	6,709,984	36,926,337	33,954,429	44,416,048	24,868,581	-	172,153,893
Reinsurance premium ceded	(1,311,897)	(5,161,524)	(18,555,049)	(28,038,861)	(5,266,502)	(20,961,088)	-	(79,294,921)
Net written premium	<u>23,966,617</u>	<u>1,548,460</u>	<u>18,371,288</u>	<u>5,915,568</u>	<u>39,149,546</u>	<u>3,907,493</u>	-	<u>92,858,972</u>
Net premiums earned	21,286,173	1,673,657	19,820,185	3,846,655	39,086,387	2,709,679	-	88,422,736
Unrealized gain on unit linked investments	-	-	-	-	2,072,753	-	-	2,072,753
Net claims incurred	(15,949,751)	(820,471)	(12,332,149)	(1,424,356)	(19,157,178)	(2,979,560)	-	(52,663,465)
Change in mathematical reserves	-	-	-	-	(14,463,865)	-	-	(14,463,865)
Commission (expenses)/income, net	(2,238,207)	469,262	(2,160,781)	421,494	(2,400,182)	442,412	-	(5,466,002)
Other underwriting expenses	<u>(126,393)</u>	<u>(33,550)</u>	<u>(184,632)</u>	<u>(169,771)</u>	<u>(222,080)</u>	<u>(124,343)</u>	-	<u>(860,769)</u>
Net underwriting results	2,971,822	1,288,898	5,142,623	2,674,022	4,915,835	48,188	-	17,041,388
Unallocated income	-	-	-	-	-	-	-	148,773
Unallocated expenses	-	-	-	-	-	-	-	(20,943,095)
Deficit from insurance operations	-	-	-	-	-	-	-	(3,752,934)
Commission income	-	-	-	-	-	-	443,331	443,331
General & administrative expenses	-	-	-	-	-	-	(97,630)	(97,630)
Net loss for the period								(3,407,233)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the three months ended 31 March 2012

16. SEGMENT INFORMATION (continued)

Audited	<i>Motor</i>	<i>Engineering</i>	<i>Medical</i>	<i>Property</i>	<i>Other General</i>	<i>Protection & Saving</i>	<i>Shareholders' Fund</i>	<i>Total</i>
As at 31 December 2011	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<u>Insurance Operations' Assets</u>								
Reinsurers' share of unearned premium	160,885	49,318,283	8,235,489	46,635,011	19,006,186	1,902,243	-	125,258,097
Reinsurers' share of outstanding claims	1,295,946	30,972,878	610,277	35,710,915	10,295,298	4,345,136	-	83,230,450
Deferred policy acquisition costs	4,395,922	3,971,172	1,234,001	2,025,419	1,397,976	1,197,366	-	14,221,856
Premium Receivable, gross	41,814,237	16,751,600	28,592,478	12,053,183	50,597,635	7,240,637	-	157,049,770
Provision for doubtful debts	-	-	-	-	-	-	-	(30,112,276)
Unit linked investments	-	-	-	-	-	471,146,684	-	471,146,684
Unallocated assets	-	-	-	-	-	-	-	90,249,613
Shareholders' assets	-	-	-	-	-	-	163,782,830	163,782,830
Total assets								1,074,827,024
<u>Insurance Operations' Liabilities</u>								
Unearned premium	37,063,799	56,497,472	18,457,097	52,586,296	24,775,503	2,278,506	-	191,658,673
Outstanding claims	21,533,251	31,995,045	10,401,812	39,151,691	20,768,290	6,587,666	-	130,437,755
Unearned commission income	23,193	7,247,257	-	4,853,639	2,722,184	250,413	-	15,096,686
Mathematical reserves	-	-	-	-	-	472,596,932	-	472,596,932
Unallocated liabilities	-	-	-	-	-	-	-	101,254,148
Shareholders' liabilities & equity	-	-	-	-	-	-	163,782,830	163,782,830
Total Insurance Operations liabilities and Shareholders' liabilities and equity								1,074,827,024

b) Geographical segments

The Company during the period ended 31 March 2012, operated only in the Kingdom of Saudi Arabia.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

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17 COMPARATIVE FIGURES

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

18 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the management on 24 Jumad Awal 1433 H, corresponding to 16 April 2012.