

The Company for Cooperative Insurance (NCCI)

BUY

**Target Price
SR 88.8**

- Will command higher valuations
- Rebound in GDP will drive demand
- Core insurance operations to drive growth
- Positive operating cash and strength in balance sheet

Performance to continue going ahead

We expect The Company for Cooperative Insurance (NCCI) now known as Tawuniya to report sustainable RoE of more than 28% during FY09-13, this will be due to its operational strength in insurance operations. We are expecting four year (FY09-13) CAGR growth of 15% and 31% for gross written premiums and surplus from insurance operations. The company is the largest insurance policies underwriter in KSA dominating the market with more than 24.1% market share during FY08.

Strong macroeconomic fundamentals

As per IMF forecast KSA will report 3% real GDP growth in 2010E, this will result in more influx of expatriates and increase the demand for insurance. The government of Saudi has made medical and third party liability insurance mandatory resulting in higher incremental demand for this segments. There are 35 players in KSA underwriting non-life policies, we believe even with this statistics penetration remains below 1% during FY09.

Focusing to accelerate growth for insurance operations

We expect that a strong rebound in economic growth coupled with compulsory medical and third party liability insurance will be the key drivers to growth in insurance segment. The company has witnessed a higher growth in gross written premiums for FY09 at 53.6% as compared to FY08. Tawuniya is a dominant player in KSA with its high market share and its expertise in underwriting skills for non-life risk. We believe over the years the company will takeover smaller players in this segment and the insurance industry is likely to consolidate.

Enough internal cash generation

We expect net positive operating cash flows during FY10-13 from SR967.3mn in FY09 to SR1323.7mn in FY13, this reflects internal cash generation capacity and lesser reliance on borrowings. The company is not aggressive on its investment book, the average yield on investments from insurance operations is 1.9% for FY09. We expect with growing net income the technical reserves as a percentage to policyholder's surplus to be at 0.53x in FY13 from 0.66x in FY09.

Table 01: Investment Indicators

	Net Profit (SRmn)	EPS (SR)	BVPS (SR)	RoE (%)	P/E (x)	P/BV (x)
2013 (F)	906.6	18.1	58.6	34.5%	4.40	1.36
2012 (F)	685.7	13.7	46.5	32.5%	5.82	1.72
2011 (F)	498.9	10.0	37.8	28.7%	7.99	2.11
2010 (F)	332.3	6.6	31.8	22.1%	12.00	2.50
2009 (A)	296.4	5.9	28.2	23.9%	13.45	2.83

Source : Company Reports, Global Research

Market Data

Bloomberg Code:	TAWUNIYA AB
Reuters Code:	8010.SE
CMP (1 st Feb 2010):	SR79.8
O/S (mn):	50.0
Market Cap (SRmn):	3987.5
Market Cap (US\$m):	1,063.3
P/E 2010e (x):	12.0
P/Bv 2010e (x):	2.5

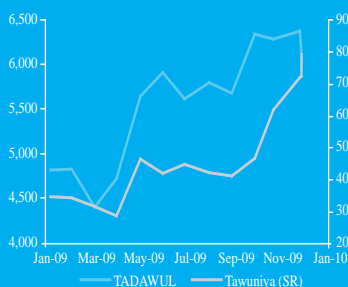
Price Performance 1-Yr

High /Low (SR):	79.8/27.0
Average Volume:	345,424

Market Data

	1m	3m	12m
Absolute	11%	31%	150%
Relative	14%	40%	124%

Price Index Performance



Source: Zawya

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Valuation & Recommendation

Embedded Value Method

We believe that statutory cash flow accounting does little to show how an insurance company's management creates economic value. It looks at the past performance rather than the future potential. For valuation purposes past performance is just one of the indicators, as the insurance company would have to work in a very dynamic and ever changing scenarios.

Various research houses use different methodologies to value an insurance company, as its operations assume significant difference from other brick & mortar or services sector.

We use Embedded Value method recognized worldwide to value insurance companies. Embedded Value (EV) comprises net asset value, and the estimated value of current in-force business only for the Life & Health insurance segment, because it is relatively too low for the non-life insurance companies. Life & Health companies sell long-term contracts from which the company will derive profits in the future, in turn building up a profitable book of in-force business.

The fair value is based on comparing the company's Return on Equity with its cost of capital to generate an appropriate embedded value projected forward by twelve months. Fair value per share = (Embedded Value Method)*(Return on Equity/Cost of Capital).

We have also used the P/BV valuation method, the industry has historical P/BV of 2.8x so we have assigned a industry multiple for the insurance companies at 2.8x to the 2010E book value. We assign EVM 80% weight and P/BV 20% weight and the target price is arrived.

Table 02: EVM (Embedded Value Method)

Embedded value Method			
Amounts in SRmn	Dec-10	Cost of capital	
Stated shareholders' funds	1,592	Cost of equity	11.6%
Dividend	-	Justified RoE	28.3%
Goodwill	-		
Net Asset Value	1,592		
Inforce value	219		
Net asset plus in-force value	1,811		
Embedded Value per share (SR.Halala)	36		
Number of shares	500		
Fair value per share using EVM (SR.Halala)	88.7		

Source: Company Reports, *Global Research*

Table 03: Price to book Method

Price to Book Method				
Amounts in SR	2010	2011	2012	2013
BVPS	31.8	37.8	46.5	58.6
Industry P/BV (x)				89.1
Target price based on Industry P/BV				2.8

Source: Company Reports, *Global Research*

Table 04: Valuation

Valuation Summary	Amount in SR.Halala	Premium to CMP (%)	Weight (%)	Weighted Fair Value per share (SR)
Fair value based on Embedded Value method	88.7	11.2%	80%	71.0
Fair value based on P/B valuation	89.1	11.8%	20%	17.8
Total Weighted Average Fair Value per share		11.4%		88.8
CMP (as at February 1 st 2010)				79.8

Source: Company Reports, *Global Research*

Tawuniya- The Company for Co-operative Insurance

National Company for Co-operative Insurance now known as “Tawuniya” is a public limited company and has its operations established since 1987 and listed on Tadawul in 2004. The company offers insurance products in the non-life segment. The company has experience of underwriting Property & Casualty, Medical and Takaful and Motor segments.

The company is an undisputed market leader in Saudi Insurance Industry dominating the general segment of insurance. The company is serving to 0.5mn clients and 1.5mn members, it remains leader in the insurance market, there are approximately 783 employees and 73% of the working force are Saudi nationals.

Table 05: Company achievements

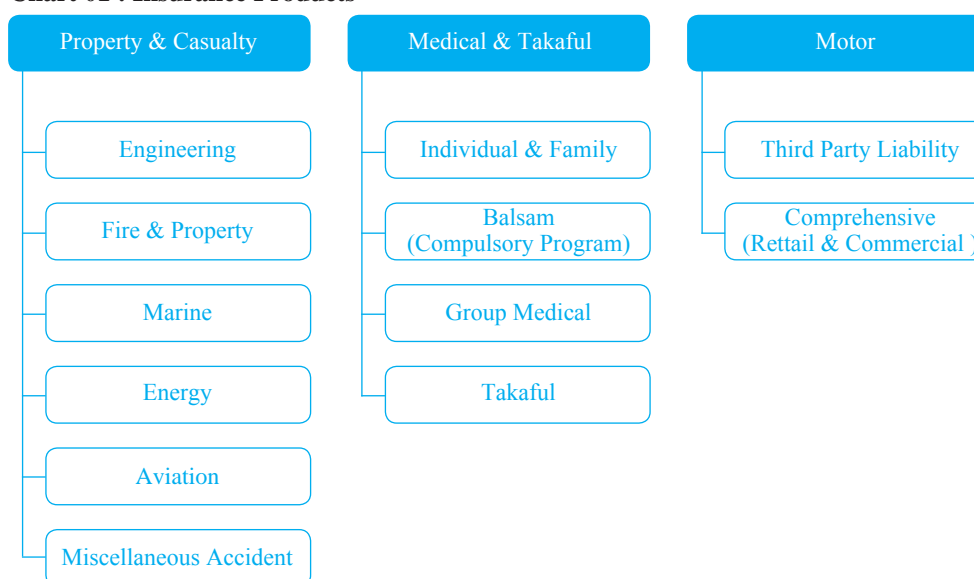
1986	Established as Saudi Joint Stock company
1991	Launched medical insurance
1993	Launched EDGE IT system
1995	Introduction of retail products
1997	Established state-of-art CSR
1998	50% nationalised workforce
2000	Introduced saving plans
2002	Customer based infrastructure
2004	Compulsory motor policy
2004	IPO
2006	Rated A (S&P) and turned to SBU
2007	Shariah Committee and corporate identity
2008	Launched E-Business

Source: Company Reports, *Global Research*

Insurance Products

Tawuniya is a market leader in providing comprehensive Property and casualty insurance services in Saudi Arabia one of largest insurance market in the gulf region.

Chart 01 : Insurance Products



Source: Company Reports, *Global Research*

Tawuniya one of the largest non-life insurance in Saudi Arabia, went public in 2004. The company made an offer of 1435mn shares of which 70% were offered and was oversubscribed by 11.5x. Tawuniya serves its existing 1.5mn members. The company dominates the region and remains one of the largest employers in insurance market with approximately 783 employees of which 73% are local Saudi nationals.

Table 06: Liquidity of the stock

Year	Avg. Monthly Volumes (mn)	Avg Yearly Value Traded (mn)	Closing Price (SR)	M.Cap (SRmn)
2007	3.1	465.9	150.3	7512.5
2008	5.3	180.2	34.0	1700.0
2009	6.9	481.2	69.8	3487.5
2010*	5.0	399.0	79.8	3987.5

*All Closing prices as at December year end and 2010 closing price as on February 1' 2010.

Source : Global Research

Tawuniya currently trades at SR79.8 with a market capitalization of SR3.9bn. The stock has monthly volume averaging SR3.1mn to SR5.3mn during FY07-08. We believe as the company continues to deliver better results post the crisis the stock will fare well going ahead.

Table 07: Shareholding Pattern

Name	Type	Country	Holding
Public Pension Agency	Govt	Saudi	23.5%
General Organization for Social Insurance	Govt	Saudi	22.8%
Public	-	-	53.7%
Total			100.00%

Source : Global Research

Management Team

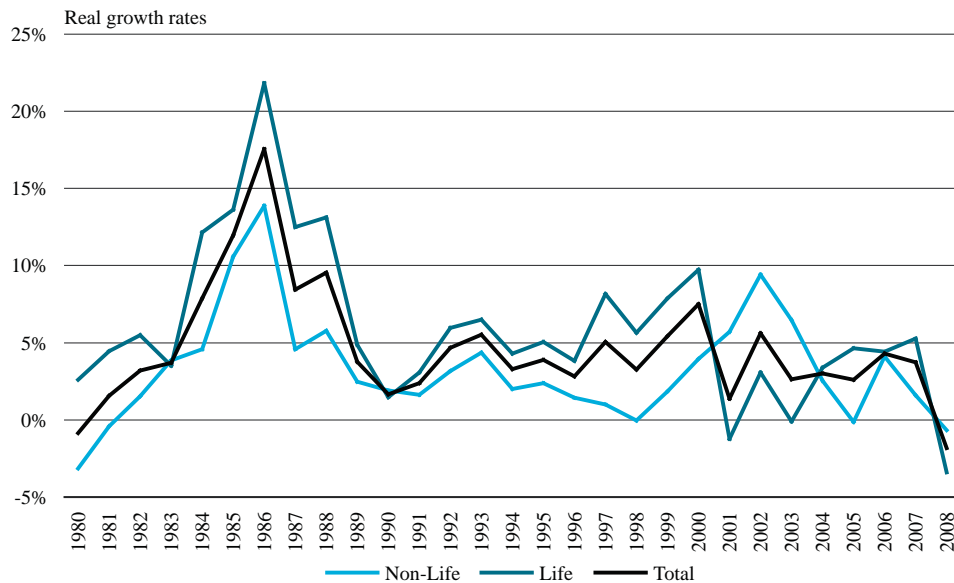
Tawuniya's management team has immense experience and technical expertise to underwrite the policies in the non-life segment in the region. The chairman and one of the shareholders in the company is Government of Saudi Arabia.

The management team is being headed by CEO Ali Abdulrahman Al Subaihini and Chief Financial Officer Ali Qahtani. The line managers have deep expertise in their domain to underwrite the non-life policies in the second largest insurance market in GCC.

Insurance : A Global Perspective

In 2008, worldwide insurance premiums rose to US\$4270.1bn. The life business accounted for US\$2490.1bn and non-life insurance accounted for the remaining US\$1779.0bn. For the first time in the last twenty years the premiums have declined in real terms with non-life premiums falling by 0.8% and life premiums falling faster by 3.5%.

Chart 02: Real GWP growth



Source: Swiss Reinsurance

The 3.5% fall in global life insurance premiums can be attributed to a decline in the industrialized countries (-5.3%) and a double digit growth in the emerging markets (+15%). The falling premium volumes in the industrialized countries was mainly due to slowdown in global economy and financial crisis. Majorly the fall in premiums was accounted due to financial crisis, also Unit linked business declined in emerging markets during second half of 2008.

In 2008 the World GDP expanded by 2.3% in real terms. Though the global financial crisis began affecting the demand negatively and fall in price of assets, the impact was felt strongly after the collapse of Lehman Brothers resulting to crash in the equity markets.

Table 08: Total Premium Volumes

	Premium Volume (In bns of US\$)		Change (in%) inflation adjusted		Share of World Market (%)	Premiums in % of GDP	Premiums per capita (in US\$)
	2008	2007	2008	2007	2008	2008	2008
Total businesses							
America	1,450,749.0	1,428,890.0	(2.4)	3.2	34.0	7.3	1,552.7
North America	1,345,816.0	1,338,648.0	(3.1)	2.7	31.5	8.5	3,988.8
Latin America and Carribean	104,933.0	89,642.0	8.4	12.1	2.5	2.5	175.8
Europe	1,753,200.0	1,764,685.0	(6.2)	6.4	41.1	7.5	2,043.9
Western Europe	1,656,281.0	1,689,566.0	(6.9)	6.1	38.8	8.3	3,209.2
Central and Eastern Europe	96,919.0	75,119.0	9.0	13.2	2.3	2.8	299.2
Asia	933,358.0	812,046.0	6.6	(0.8)	21.9	6.0	234.3
Japan and newly industrialised Asain economies	675,109.0	608,007.0	3.8	(5.1)	15.8	10.4	3,173.2
South and East Asia	229,036.0	180,099.0	16.3	17.0	5.4	3.2	65.5
Middle East and Central Asia	29,213.0	23,940.0	4.7	10.9	0.7	1.5	110.3
Oceania	77,716.0	68,882.0	8.6	4.0	1.8	7.0	2,271.9
Africa	54,713.0	53,683.0	4.9	1.0	1.3	3.6	55.6
World	4,269,737.0	4,127,586.0	(2.0)	3.6	100.0	7.1	633.9
Industrialised Countries	3,756,939.0	3,705,676.0	(3.4)	2.7	88.0	8.8	3,655.4
Emerging Markets	512,799.0	421,911.0	11.1	12.6	12.0	2.7	89.4
OECD	3,696,073.0	3,644,916.0	(3.2)	2.4	86.6	8.3	3,015.2
G7	2,925,946.0	2,910,018.0	(4.4)	1.8	68.5	9.0	3,930.2
EU, 15 Countries	1,564,424.0	1,610,393.0	(7.1)	6.3	36.6	8.7	3,726.8
EU, 27 Countries	1,616,461.0	1,650,192.0	(6.7)	6.4	37.9	8.3	3,061.3
Nafta	1,364,839.0	1,356,214.0	(3.0)	2.8	32.0	8.1	3,065.7
ASEAN	45,493.0	41,288.0	0.4	9.8	1.1	3.0	85.1

Source: Swiss Reinsurance

As it can be inferred from the above chart the premiums as a % to GDP is the lowest in the Middle East as compared to the other regions in the world. The insurance market it at its nascent stage and has the potential to grow as compared to other countries in the world.

Table 09: Total Life Business

	Premium Volume (In bns of US\$)	Change (in%) inflation adjusted	Share of World Market (%)	Premiums in % of GDP	Premiums per capita (in US\$)		Premium Volume (In bns of US\$)
	2008	2007	2008	2007	2008	2008	2008
Life Business							
America	666,954.0	660,579.0	(2.8)	6.2	26.8	3.4	713.8
North America	626,066.0	624,558.0	(3.4)	5.9	25.1	4.0	1,855.6
Latin America and Carribean	40,889.0	36,021.0	7.0	12.3	1.6	1.0	68.5
Europe	1,050,815.0	1,115,147.0	(11.1)	9.5	42.2	4.5	1,244.1
Western Europe	1,025,260.0	1,097,027.0	(11.6)	9.4	41.2	5.3	2,022.4
Central and Eastern Europe	25,554.0	18,120.0	18.7	17.2	1.0	0.7	78.9
Asia	690,951.0	592,644.0	8.2	(2.7)	27.7	4.4	173.9
Japan and newly industrialised Asain economies	519,046.0	459,512.0	5.2	(7.0)	20.8	8.0	2,447.8
South and East Asia	164,228.0	127,127.0	19.0	18.4	6.6	2.3	47.0
Middle East and Central Asia	7,677.0	6,005.0	9.3	12.1	0.3	0.4	29.0
Oceania	43,835.0	35,809.0	17.6	7.9	1.8	4.0	1,281.5
Africa	37,866.0	37,645.0	5.5	(0.9)	1.5	2.5	38.4
World	2,490,421.0	2,441,823.0	(3.5)	5.1	100.0	4.1	369.7
Industrialised Countries	2,218,523.0	2,220,129.0	(5.3)	4.4	89.1	5.2	2,174.4
Emerging Markets	271,898.0	221,695.0	14.6	13.2	10.9	1.4	47.4
OECD	2,147,210.0	2,150,619.0	(5.1)	3.9	86.2	4.9	1,764.4
G7	1,710,983.0	1,725,307.0	(5.7)	3.3	68.7	5.3	2,327.7
EU, 15 Countries	973,700.0	1,054,307.0	(11.9)	9.7	39.1	5.5	2,365.0
EU, 27 Countries	998,452.0	1,071,539.0	(11.4)	9.8	40.1	5.2	1,926.8
Nafta	634,394.0	632,242.0	(3.3)	5.9	25.5	3.8	1,425.0
ASEAN	29,329.0	26,842.0	(0.4)	12.2	1.2	2.0	57.7

Source: Swiss Reinsurance

In the Middle East region the premiums to per capita income ratio is the lowest as compared to other regions in the world. Although the Life & Health business is gaining its dominance post the takaful launch, which is gaining more importance and awareness for Life & Health insurance. The Life & Health business has gained popularity since the takaful product is launched in GCC countries, which is shariah compliant. As can be inferred from the table above there is potential to tap in the Life & Health insurance segment.

Table 10: Total Non-life business

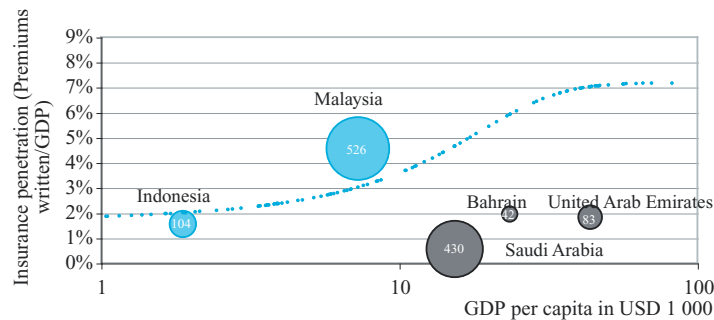
	Premium Volume (In bns of US\$)	Change (in% inflation adjusted)	Share of World Market (%)	Premiums in % of GDP	Premiums per capita (in US\$)		Premium Volume (In bns of US\$)
Non-Life Business	2008	2007	2008	2007	2008	2008	2008
America	783,795.0	767,711.0	(2.0)	0.7	44.1	3.9	838.9
North America	719,751.0	714,090.0	(2.8)	-	40.5	4.6	2,133.2
Latin America and Carribean	64,044.0	53,621.0	9.5	11.9	3.6	1.6	107.3
Europe	702,386.0	649,538.0	(0.5)	1.3	39.5	2.9	799.8
Western Europe	631,021.0	592,539.0	(1.1)	0.4	35.5	3.1	1,186.8
Central and Eastern Europe	71,365.0	56,999.0	5.7	12.0	4.0	2.1	220.3
Asia	242,407.0	219,402.0	2.3	4.5	13.6	1.5	60.4
Japan and newly industrialised Asain economies	156,063.0	148,495.0	(0.4)	1.2	8.8	2.4	725.4
South and East Asia	64,808.0	52,972.0	9.5	13.8	3.6	0.9	18.5
Middle East and Central Asia	21,536.0	17,936.0	3.1	9.5	1.2	1.1	81.3
Oceania	33,881.0	33,074.0	(1.0)	0.1	1.9	3.1	990.5
Africa	16,847.0	16,038.0	3.0	6.8	1.0	1.1	17.1
World	1,779,316.0	1,685,762.0	(0.8)	1.5	100.0	3.0	264.2
Industrialised Countries	1,538,290.0	1,485,547.0	(1.9)	0.3	86.5	3.6	1,481.0
Emerging Markets	240,901.0	200,216.0	7.1	11.8	13.5	1.3	42.0
OECD	1,548,862.0	1,494,297.0	(1.8)	0.3	87.1	3.5	1,250.8
G7	1,214,963.0	1,184,711.0	(2.5)	(0.2)	68.3	3.7	1,602.6
EU, 15 Countries	590,724.0	556,073.0	(1.1)	0.3	33.2	3.2	1,361.9
EU, 27 Countries	618,009.0	578,653.0	(1.0)	0.6	34.7	3.1	1,134.5
Nafta	730,445.0	723,972.0	(2.7)	0.2	41.1	4.3	1,640.7
ASEAN	16,164.0	14,446.0	1.9	5.7	0.9	1.0	27.4

Source: Swiss Reinsurance

GCC Insurance market

Insurance is one of the cornerstones of the modern-day financial services sector. In addition to its traditional role of managing risk, the insurance sector promotes long-term savings and serves as a conduit to channel funds from policyholders to investment opportunities, including mortgage lending.

Chart 03 : Insurance Penetration



Source: Company Reports, **Global Research**

GCC Insurance Market potential

The Islamic population is primarily concentrated in the Middle East, Northern Africa and South and East Asia. About 300mn muslims live as minorities in other countries, with the largest number of muslims living in India (157mn :13%), China (40mn:3%) and Ethiopia (40mn). Given their fast-growing economies and insurance sectors, India and China are potential markets for Islamic insurance going forward. Islamic countries accounted for US\$3,462.2bn (22%) of emerging market GDP in 2007. This is equivalent to an average GDP per capita for emerging countries (US\$2,700).

In 2007, 11% of emerging market insurance premiums were written in Islamic countries (US\$45bn), indicating a low level of insurance penetration compared to that of the emerging markets. Insurance penetration, particularly in Life & Health insurance is low in Islamic countries. Premiums written amounted to just 1.3% of GDP in 2007, versus 2.8% of GDP in the emerging markets. While economic growth has been solid in most Islamic countries since the turn of the century, the insurance sector has lagged. One reason for the low penetration is that conventional insurance is not compatible with Islamic faith.

In order to grow the insurance market in Islamic countries, it is important to understand the different Islamic insurance models along with their unique challenges and opportunities.

These two sources are the roots of Islamic belief, which lay out general principles on how a Muslim should lead his/her Life & Health, albeit not all aspects of Life & Health.

Muslims conducts their lives according to the Islamic principles laid out in shariah.

Consequently, all transactions must be shariah- compliant, including the type of insurance coverage purchased. The following must be avoided:

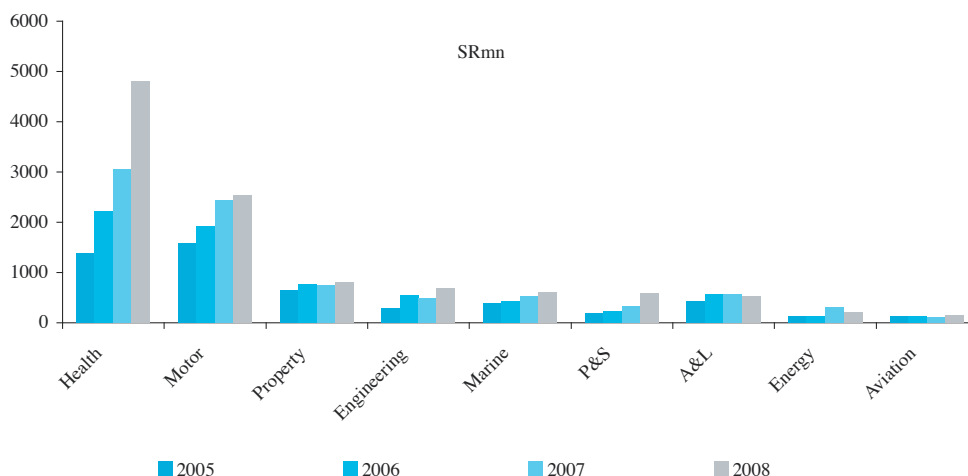
1. Riba : Payment/receipt of interest.
2. Maisir : Excessive risk-taking.
3. Gharar: Uncertainty and unclear terms in contracts.
4. Haram: Investment in anything unacceptable- eg pork, alcohol, gambling and pornography.

Given the varying interpretations of Islamic law, different insurance models have emerged. The models considered include non-profit mutual insurance and models that closely resemble conventional insurance, with funds invested in shariah-compliant assets. In this surrounding, a distinction is made between Islamic insurance and takaful. While Islamic insurance refers to all concepts of Islamic insurance, takaful refers specifically to insurance models that use segregated funds for policyholders and shareholders.

Saudi Arabia Insurance Market

In 2008, the insurance market in Saudi Arabia witnessed a strong growth, with gross written premiums reaching SR10.9bn posting a growth of 26.7% YoY up from SR8.6bn in 2007. The growth was driven by growth of 51% in general segment of insurance from SR5.2bn in 2007 to SR7.9bn in 2008. Motor insurance comprises 46% of total general insurance underwriting business at SR2.5bn in 2008.

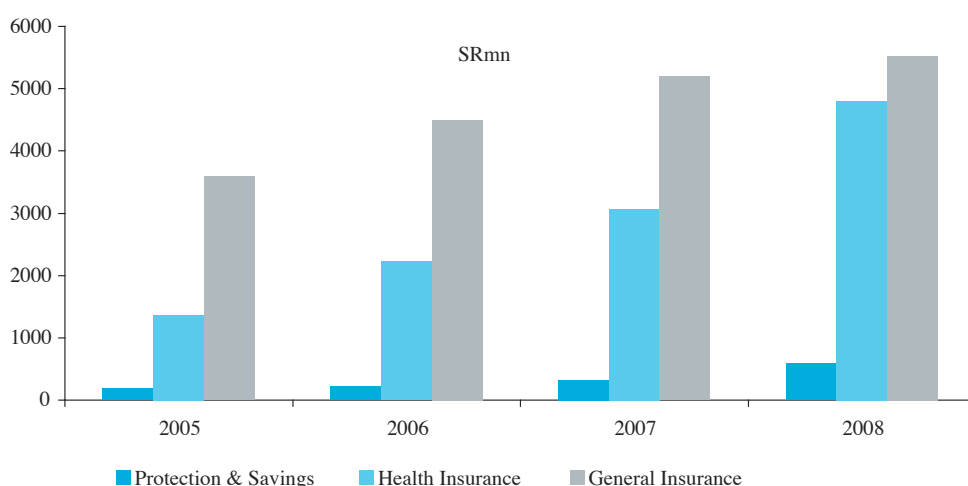
Chart 04: Industry segment wise gross written premiums



Source : SAMA

Health insurance represents 44% of total premiums in 2008 posted an increase of 57% to SR4.8bn in 2008 as compared to SR3.1bn in 2007. Protection and savings insurance comprises of 5% of total premiums increased by 82% from SR0.33bn in 2007 to 0.59bn in 2008.

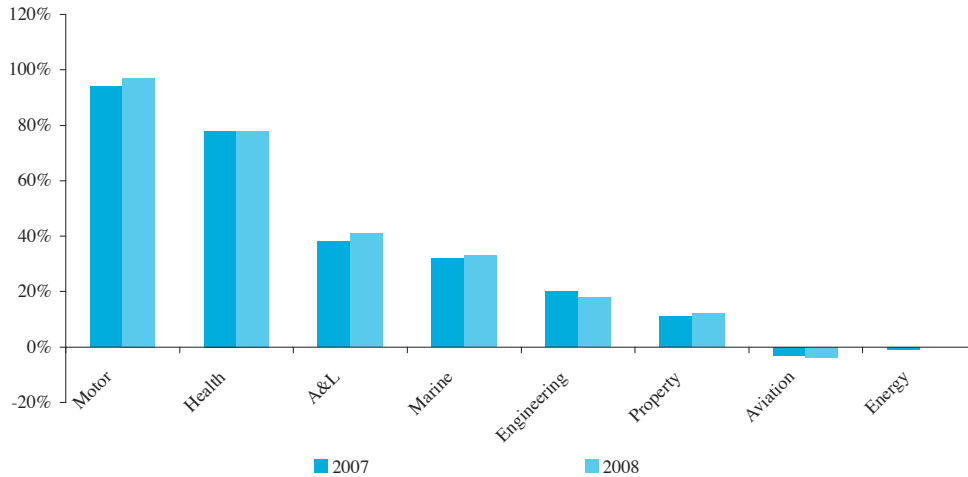
Chart 05: Sectors highlighting growth



Source : SAMA

The motor segment highlights highest retention as compared to any other segment, post the compulsory third party motor liability insurance, the companies have seen a overall rise in retention rates. The retention ratio is more than 90% for the motor followed by health segment at more than 70%.

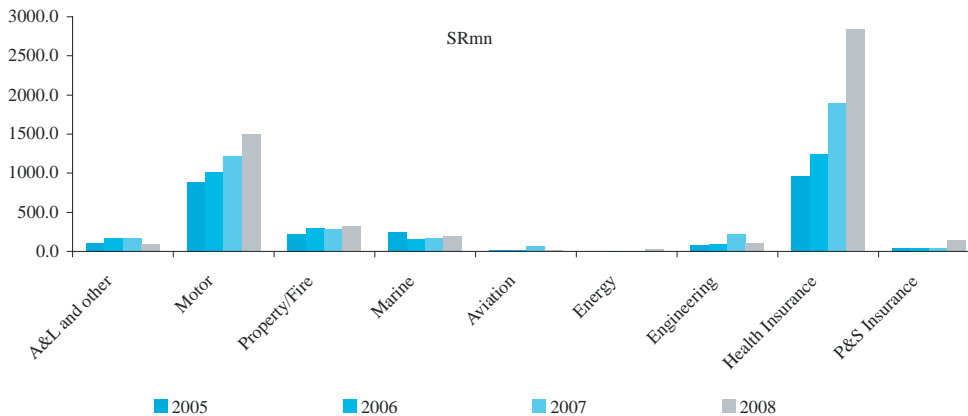
Chart 06 : Retention Rates segment wise



Source: Company Reports, Global Research

The gross claims have been increasing for health insurance segment followed by motor segment and property and fire segment. Tawuniya being one of the largest player in the industry it is adequately capitalized to absorb claims.

Chart 07: Gross claims segment wise



Source: Company Reports, Global Research

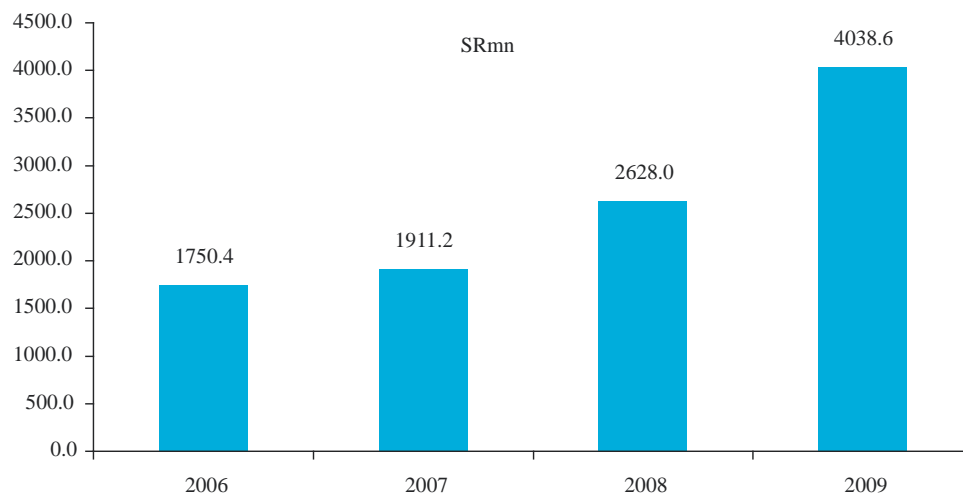
Analysis of FY09 Results

Tawuniya reported strong operational performance during the year, the gross written premiums have reported CAGR 32% in FY06-09, this was driven by strong macroeconomic factors in Saudi Arabia. The nominal GDP growth in Saudi Arabia was more than average of 10% for FY06-08. The government spending also played key role in the economic recovery coupled with rebound in the oil prices.

The FY08 being a challenging year for business the company has done well since penetration as a percentage to GDP remains low at 0.62% in Saudi Arabia. Also the population of 24.8mn as per SAMA in 2008 has lower penetration considering per capita GDP in the country. The company has reported CAGR 13% in FY06-08 for net premiums earned. The growth in net premiums was driven by lower reinsurance ratio as most of the new policies were underwritten in the medical segment as it became mandatory and the segment remains underserved.

The gross written premiums reported CAGR 32.1% in FY06-09, for the nine-months 2009 the premiums had grown by 14.8% as compared to FY08. This reflects strong performance for the Fire and medical segment as the medical insurance witnessed a substantial growth after the third phase of Co-operative Health Insurance Act entered into actual compulsory application.

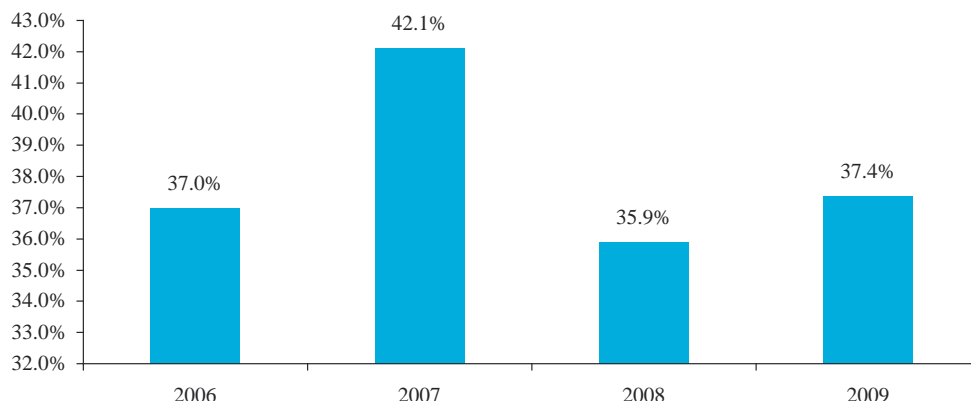
Chart 08: Gross Written Premiums



Source: Company Reports, *Global Research*

The growth in gross written premiums was driven by strong macroeconomic factors in Saudi Arabia, as the size of insurance industry is one of the largest in GCC. The compulsory medical insurance and mandatory third party liability insurance has boosted the the industry demand. Also insurance is no more a social taboo in all walk of life.

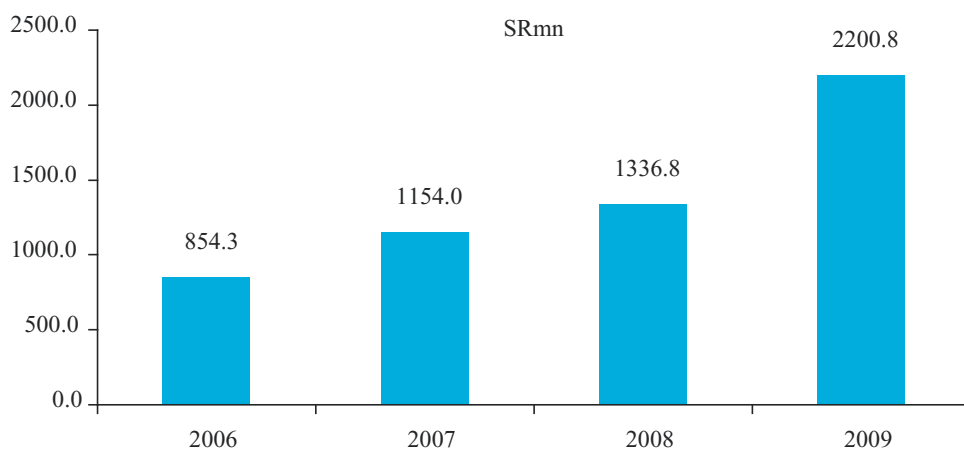
Chart 09: Reinsurance Ratio



Source: Company Reports, Global Research

The reinsurance rate has witnessed volatility in the range of 4-5%, underwriting in non-life is riskier but more number of incremental policies are underwritten in the Motor and medical insurance segment. The motor and medical segment have lesser duration and the company can retain major policies as they can be more predictable. The reinsurance has gone up from 35.9% in 2008 to 37.4% in FY09, this was due to more underwriting in the medical insurance segment as it has been made compulsory by the Saudi Government.

Chart 10: Gross Claims

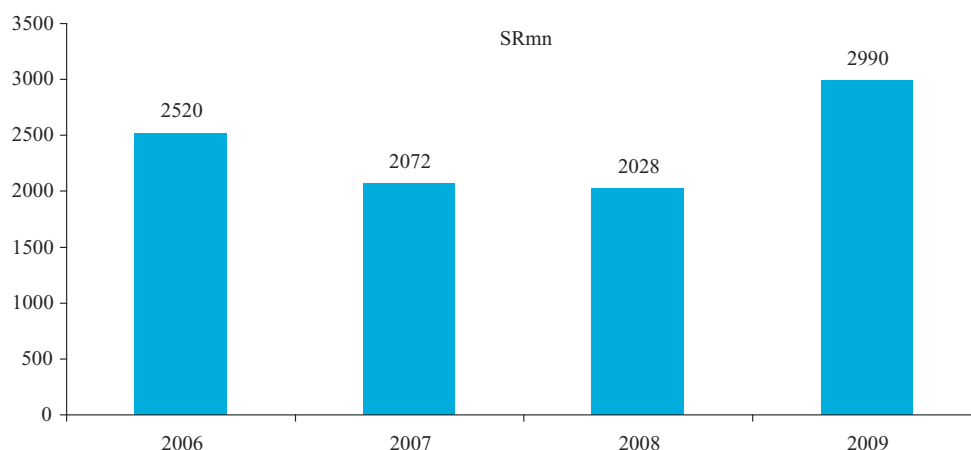


Source: Company Reports, Global Research

The gross claims have reported CAGR 37.1% in FY06-09, this was on account of Fire & Property insurance segment. We believe on account of uncertainty of claims the company paid US\$38mn for flood losses.

Investments portfolio

The financial crisis had engulfed the markets in the Middle East, the insurance companies witnessed a decline in overall portfolio with gains turning to losses on the portfolio with falling equity prices. The investment income from insurance operations has been at SR22.4mn and from shareholder’s operations it has reported SR24.6mn during FY09. The reversal in equity markets saw gain on investment portfolio.

Chart 11: Investment Portfolio

Source: Company Reports, *Global Research*

Tawuniya owns shares in three affiliated companies; a 50% share in United Insurance Company (Bahraini closed joint stock company) dealing in insurance business with the head office in Manama, Bahrain, a 33.3% share of Cooperative Real Estate Investment Company, a Saudi limited liability company dealing in the field of real estate with its head office located in Riyadh, Saudi Arabia, and a 45% share in Waseel Application Service Provider Company, a Saudi limited liability company specializing in electronically linking insurance companies with medical service providers. The investments of Tawuniya in the three companies amount to SR140 million as of 31 December 2008. Also, Tawuniya has invested in the shares of "Najem Company for Insurance Services.

Peer Comparison

Tawuniya formerly known as NCCI dominates the non-life insurance market in Saudi Arabia, the company holds 21.5% market share during end of 2008. Since the medical & motor third party liability insurance is made compulsory in the region, the insurance companies will benefit in the region as more than half of population is still not tapped.

Table 11: Relative comparison

As on 30/12/2009	Mcap (SRmn)	Shareholder's Equity (SRmn)	EPS (SR)	BV (SR)	P/E	P/BV
Tawuniya	3587.5	1304.7	3.2	26.1	22.4	2.7
MEDGULF	1960.0	872.4	1.0	10.9	25.8	2.2
Bupa Arabia	1012.0	416.6	1.1	10.4	22.5	2.4

Source: Company Reports, Global Research

Tawuniya trades at 2.7x and 22.4x P/BV and P/E as compared to other insurance companies like MEDGULF trading at 2.2x. We believe the company deserves a higher premium as compared to its market share in the region and its domain expertise. The above three companies have reported positive EPS compared to other insurance companies reporting net loss due to higher quantum of loss on investment portfolio.

The company clearly stands at a premier position as compared to other players in the region, for its more than 60+ distribution channels, more than 85% of its claims are processed automatically and more than 70 franchisees. The company plans to expand its footprint across GCC going ahead in future.

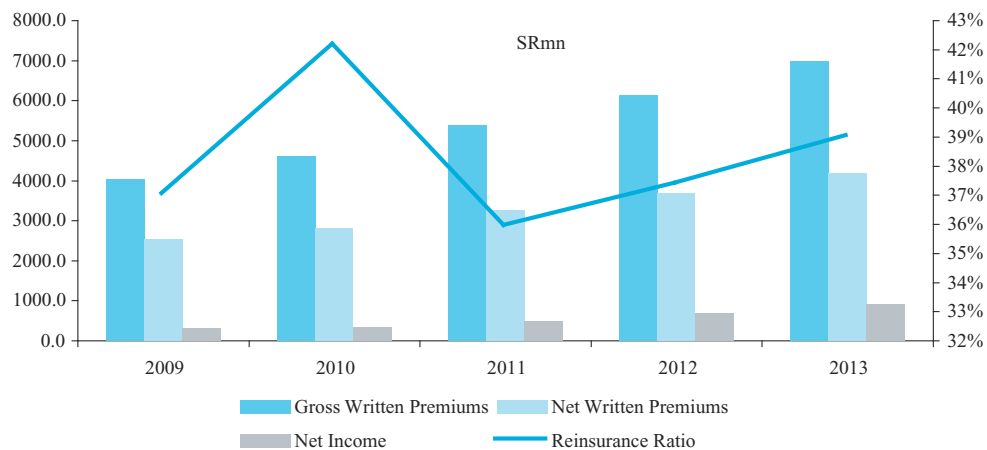
We expect the company to trade at a higher premium as compared to other insurance players in the region as the company has delivered an RoE from insurance operations of around 15.3% and we expect it to report more than 25% from its core insurance operations.

Outlook

Strong macro demand will boost the insurance market

International Monetary Fund has projected a 3.9% real GDP growth in 2010 for GCC. Although Saudi Arabia reported de-growth in 2009 the GDP growth will bounce back in 2010 resulting in population increase, high per capita spending and increase in insurance penetration as a percentage to GDP going ahead. We are expecting the insurance penetrations to increase from 0.62% in FY08 to 1.05% in FY13.

Chart 12: Operational outlook



Source: Company Reports, **Global Research**

As per the new regulations the third party liability and medical insurance are mandatory and have very low penetrations. The retention rate is very high for the segments as the duration and risks related to the policies are lower.

Saudi Arabia has highest population as compared to any other country in GCC, there are only 19 licensed companies allowed to operate in Saudi in end of December 2008. The insurance penetration as a percentage to gross written premiums is lower in Saudi indicating a high potential for growth. The insurance market size of Saudi Arabia in FY08 is SR10.9bn, one of the largest in GCC.

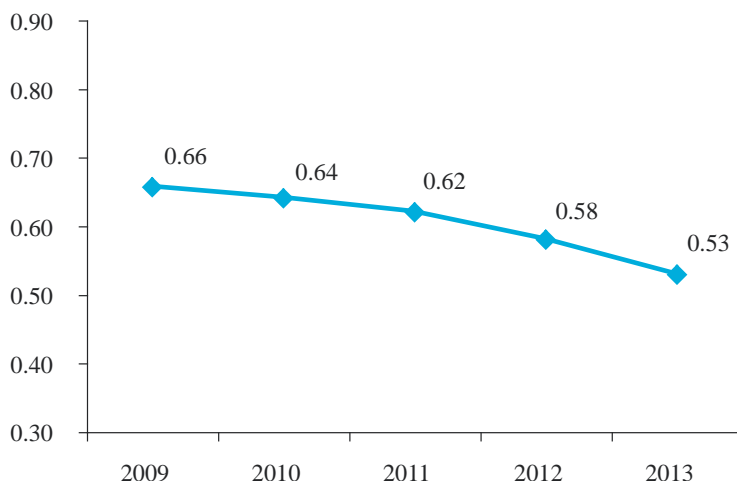
NCCI has the highest market share of approximately 21.5% in Saudi Arabia, the market share is calculated as per NCCI's gross written premiums to total gross written premiums (as per SAMA) in Saudi Arabia. We believe strong positioning of the company in the market and potential of the company to underwrite the premiums will drive the growth of the company's future performance. In Saudi Arabia still the market is underserved as the penetration is too low as compared to other developed nations, with the tough year left behind the growth will rebound back translating into surprising performance.

Strong capitalisation will lead to RoE expansion

We believe Tawuniya being an undisputed market leader for Saudi insurance market, will continue to dominate the Saudi region. The growing population, bounce back in GDP growth and high per capita spending will boost the insurance sector.

The company is clearly going to benefit from economic growth in KSA. The insurance contract liabilities as a percentage to policyholder’s surplus is enough to cushion any uncertainty in claims arising from the policies underwritten.

Chart 13: Technical reserves to Policyholder’s surplus



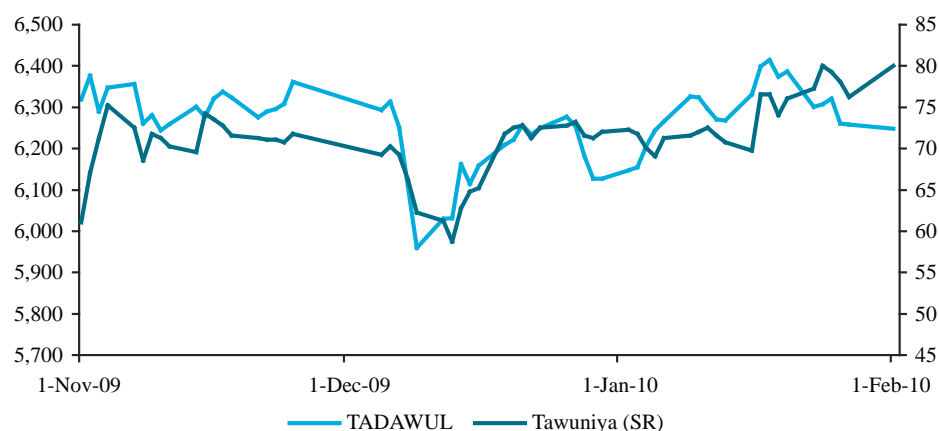
Source: Company Reports, Global Research

We also expect BV to increase from SR28.2per share in FY09 to SR58.6per share in FY13E. The increase in book value is justified by a lower payout ratio as compared to 100% payout in the earlier years, the lower payout will increase the retention ratio and thereby result an increase in book value.

Performance is not fully discounted

Tawuniya has delivered a superior performance with gross written premiums growth of CAGR 32.1% in FY06-09. We expect the CAGR 14.6% growth in gross written premiums in FY09-13, the growth will be driven by rebound in Saudi GDP, increase in population, limited number of players serving the industry, more than 20% market share of Tawuniya and efficient underwriting expertise of the company.

Chart 14: Stock price not discounted



Source: Company Reports, Global Research

The stock price has gone up by 25% from 1st November 2009 to 25th Jan 2010 by more than 25%, it has outperformed the Tadawul index. We believe the run-up in price attributes the strong performance delivered by the company.

At the CMP of SR79.8 the stock trades at a P/E of 5.8x and 4.4x and at P/BV of 1.7x and 1.4x of FY12E and FY13E respectively. Using the Embedded Value Method and Price to book method we arrive at a price target of SR88.8, a premium of 11.4% to the current market price. We therefore recommend “**BUY**”.

We expect the company to deliver superior returns going ahead as it dominates the insurance market in the region. The company has consistently delivered strong operational performance and we expect it continue the trend further also. We expect company to report CAGR of 30.8% for surplus from insurance operations during FY09-13E. This growth will be driven by growth in underwriting non-life policies, higher retention and higher reinsurance for anticipation to claims.

Balance Sheet

(SRmn)	TAWUNIYA						
	2007	2008	2009	2010 (F)	2011 (F)	2012 (F)	2013 (F)
Insurance Operation Assets							
Cash and cash equivalents	468.1	339.4	572.9	369.0	160.0	177.0	199.9
Receivables,net	745.0	693.1	975.2	1,008.2	1,276.1	1,694.2	2,304.8
Reinsurer's share of outstanding claims,net	1,401.2	1,575.1	975.8	952.2	1,047.5	1,152.2	1,267.4
Deferred policy acquisition costs	67.2	93.4	149.3	156.7	182.9	225.0	308.8
Prepaid expenses and other assets	70.0	179.5	250.8	275.9	309.0	355.4	444.2
Available for sale investments	257.5	621.8	1,160.4	2,161.5	3,117.9	3,893.5	4,672.2
Investments in held to maturity	195.3	245.8	535.6	642.7	803.3	1,084.5	1,464.1
Investments in associates	92.4	97.6	94.2	103.6	114.0	125.4	137.9
Investments in properties	-	-	9.9	10.4	10.9	11.4	12.0
Fixed assets,net	115.8	142.0	134.0	148.5	163.3	179.6	206.6
Resinsurance of O/S premiums	0.0	478.1	700.7	693.2	808.3	919.9	1046.6
Total insurance operation's assets	3,412.4	4,465.7	5,558.6	6,521.9	7,993.3	9,818.2	12,064.6
Shareholders' Assets							
Cash and cash equivalents	335.0	19.3	5.9	7.8	7.1	6.5	7.1
AFS investments	1,287.0	775.6	878.8	790.9	581.3	354.6	138.3
Investments in HTM	190.0	243.5	415.5	332.4	315.8	268.4	161.1
Investments in associates	50.7	42.4	46.7	51.3	56.5	62.1	68.3
Accrued investment income	4.1	4.3	4.4	3.1	2.2	1.5	1.1
Due from insurance operations	29.0	24.4	54.3	65.2	78.2	93.9	112.6
Statutory Deposit	-	-	50.0	50.0	50.0	50.0	50.0
Total Shareholders' assets	1,895.7	1,109.5	1,455.6	1,300.7	1,091.1	837.0	538.5
Total Assets	5,308.1	5,575.2	7,014.3	7,822.6	9,084.3	10,655.2	12,603.1
Insurance operations' liabilities and surplus							
Insurance operations' liabilities:							
Reinsurer balances payable	405.7	457.6	926.0	1,018.6	1,171.4	1,347.1	1,549.2
Reinsurance of O/S premiums	578.2	1,190.2	1,875.5	2,250.6	2,700.7	3,240.8	3,889.0
Unearned commission income	136.4	186.2	210.1	241.6	277.8	319.5	367.4
Outstanding claims	1,708.1	1,955.1	1,555.3	1,488.6	1,570.0	1,656.2	1,747.5
Reserve for discontinued operations	25.5	10.1	10.1	10.6	11.1	11.7	12.3
Reserve for takaful activities	10.5	13.3	13.0	13.6	14.3	15.0	15.7
Accrued expenses and other liabilities	427.3	631.3	839.4	1,007.3	1,208.8	1,450.5	1,740.6
Due to shareholders	29.0	24.4	54.3	65.2	78.2	93.9	112.6
Surplus distribution payable	45.8	20.2	0.1	0.1	0.1	0.1	0.1
Total insurance operations' liabilities	3,366.6	4,488.3	5,483.7	6,096.1	7,032.4	8,134.8	9,434.4
Insurance operations' surplus:							
Accumulated Surplus	-	-	35.0	38.6	57.4	78.0	102.5
Change in fair value of investments	45.7	(22.7)	39.9	39.9	39.9	39.9	39.9
Total insurance operations' liabilities and surplus	45.7	(22.7)	39.9	39.9	39.9	39.9	39.9
Shareholders' Liabilities and Equity							
Shareholders' liabilities:							
Zakat	45.0	31.4	40.4	51.2	59.7	72.5	90.1
Dividends payable	2.8	3.6	3.9	4.2	4.7	5.1	5.6
Accrued expenses and other liabilities	1.2	1.2	0.5	0.6	0.7	0.9	1.1
Total shareholders' liabilities	49.0	36.2	44.8	56.1	65.1	78.5	96.9
Shareholders' Equity:							
Share capital	500.0	500.0	500.0	500.0	500.0	500.0	500.0
Legal reserve	500.0	500.0	500.0	500.0	500.0	500.0	500.0
Change in fair value of investments	167.9	(171.3)	91.9	91.9	91.9	91.9	91.9
Retained earnings	678.8	244.6	318.9	500.0	797.7	1,232.2	1,837.5
Total Shareholders' equity	1,846.7	1,073.4	1,410.8	1,591.9	1,889.6	2,324.1	2,929.4
Total Shareholders' liabilities and equity	1,895.7	1,109.5	1,455.6	1,648.0	1,954.7	2,402.6	3,026.3
Total Liabilities	5,308.1	5,575.2	7,014.3	7,822.6	9,084.3	10,655.2	12,603.1

Source: Company Research, Global Reports

Income Statement

Amounts in SRmn	TAWUNIYA						
	2007	2008	2009	2010 (F)	2011 (F)	2012 (F)	2013 (F)
Gross Premiums Written	1,911.2	2,628.0	4,038.6	4,621.7	5,388.9	6,132.6	6,977.4
Reinsurance ceded	(805.2)	(943.5)	(1,509.0)	(1,802.4)	(2,128.6)	(2,453.0)	(2,791.0)
Net Premiums Written	1,106.0	1,684.5	2,529.7	2,819.2	3,260.3	3,679.6	4,186.5
Changes in unearned premium	(10.8)	(193.7)	(462.7)	(467.3)	(472.0)	(476.7)	(481.5)
Net Premiums Earned	1,095.2	1,490.7	2,067.0	2,351.9	2,788.3	3,202.9	3,705.0
Reinsurance commissions	74.6	85.9	85.0	90.1	106.4	122.7	139.5
Other underwriting income	113.6	-	-	-	-	-	-
Investment gains and income	239.9	4.3	22.4	26.8	30.9	34.0	40.8
Administration fee and other income	40.3	20.7	1.1	1.6	3.1	3.8	4.5
Total Revenues	1,563.7	1,601.5	2,175.5	2,470.5	2,928.7	3,363.2	3,889.8
Gross claims paid	1,154.0	1,336.8	2,200.8	2,865.4	3,287.2	3,679.6	4,186.5
Reinsurance share	(463.6)	(456.4)	(1,129.4)	(1,661.9)	(1,906.6)	(2,170.9)	(2,511.9)
Net claims paid	690.5	880.5	1,071.5	1,203.5	1,380.6	1,508.6	1,674.6
Changes in outstanding claims	35.8	73.1	199.6	209.5	226.3	248.9	273.8
Net claims incurred	726.2	953.5	1,271.1	1,413.0	1,606.9	1,757.6	1,948.4
Policy acquisition costs	151.5	185.5	243.4	351.2	414.9	478.3	551.2
Excess of loss expenses	8.3	7.2	9.9	10.9	12.0	13.2	14.6
Changes in reserves for takaful activities	2.2	2.7	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)
Other underwriting expenses	25.5	54.4	99.9	107.9	115.5	122.4	131.0
Other than temporary impairment in investments	-	10.5	8.4	8.9	9.3	9.8	10.2
Selling and marketing expenses	103.0	79.9	81.7	83.4	87.5	92.8	99.3
Operating and administrative salaries	58.2	73.5	76.3	80.1	84.1	88.3	92.7
Other general and administrative expenses	30.5	32.1	34.7	29.5	25.1	21.3	18.1
Total costs and expenses	1,105.5	1,399.3	1,825.1	2,084.6	2,355.0	2,583.3	2,865.1
Surplus from insurance operations	458.2	202.2	350.4	385.9	573.7	780.0	1,024.7
Shareholders' appropriation from surplus	(412.4)	(182.0)	(315.3)	(347.3)	(516.3)	(702.0)	(922.3)
Surplus from insurance operations after shareholders' appropn	45.8	20.2	35.0	38.6	57.4	78.0	102.5
Distribution of surplus	(45.8)	(20.2)	(35.0)	(38.6)	(57.4)	(78.0)	(102.5)
Accumulated surplus, end of year	-	-	-	-	-	-	-
Statement of Shareholder's operations							
Appropriation of surplus from insurance operations	412.4	182.0	315.3	347.3	516.3	702.0	922.3
Investment income	36.2	28.0	11.3	13.6	16.3	20.4	24.5
Income from investments in associates, net	11.7	10.2	7.6	8.3	9.1	10.1	11.1
G&A expenses net	(0.4)	0.1	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Other than temporary impairment in investments	-	(38.2)	(39.9)	(39.9)	(39.9)	(39.9)	(39.9)
(Loss) gain on sale of investments	106.9	(110.8)	13.3	11.9	10.2	11.2	12.3
Income from main operations before zakat	566.8	71.3	307.2	340.8	511.7	703.3	929.8
Zakat	(42.0)	(4.1)	(10.8)	(8.5)	(12.8)	(17.6)	(23.2)
Net Income for the year	524.8	67.2	296.4	332.3	498.9	685.7	906.6
Opening balance of retained earnings	655.4	678.8	244.6	318.9	500.0	797.7	1232.2
Dividends	(500.0)	(500.0)	(100.0)	(150.0)	(200.0)	(250.0)	(300.0)
BoD remuneration	(1.4)	(1.4)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Net income	524.8	67.2	296.4	332.3	498.9	685.7	906.6
Change in fair value	-	-	(120.9)	-	-	-	-
Closing balance of retained earnings	678.8	244.6	318.9	500.0	797.7	1,232.2	1,837.5

Source: Company Research, Global Reports

Cash flow from Insurance operations

Amounts in SRmn	TAWUNIYA						
	2007	2008	2009	2010 (F)	2011 (F)	2012 (F)	2013 (F)
Cash flows from operating activities:							
Surplus from insurance operations after shareholders	45.8	20.2	35.0	38.6	57.4	78.0	102.5
Adjustments to reconcile							
Shareholders' appropriation from surplus	412.4	182.0	315.3	347.3	516.3	702.0	922.3
Depreciation	9.4	9.8	12.3	-	-	-	-
Other than temporary impairment in investments	-	10.5	8.4	-	-	-	-
Loss (gain) on sale of investments	(212.4)	17.2	(3.2)	-	-	-	-
Income from investment in associates	(7.7)	(6.8)	(7.7)	-	-	-	-
Shareholder's appropriation from surplus-2008	-	-	25.7	-	-	-	-
Changes in last year accrued surplus	-	-	2.9	-	-	-	-
Discount/Premium of Bonds	-	-	0.2	-	-	-	-
Operating surplus after shareholders appropn	247.5	232.9	389.0	385.9	573.7	780.0	1,024.7
Changes in operating assets and liabilities							
Receivables, net	(210.1)	52.0	(282.1)	(33.0)	(268.0)	(418.1)	(610.6)
Reinsurers' share of outstanding claims	(779.9)	(173.9)	599.3	23.6	(95.2)	(104.7)	(115.2)
Deferred policy acquisition costs	(7.1)	(26.2)	(55.9)	(7.4)	(26.2)	(42.2)	(83.8)
Prepaid expenses and other assets	(14.6)	(109.5)	(71.3)	(25.1)	(33.1)	(46.4)	(88.8)
Reinsurer balances payable	165.6	51.9	468.4	92.6	152.8	175.7	202.1
unearned premium income	10.8	-	-	-	-	-	-
Unearned commission income	35.1	49.8	23.9	31.5	36.2	41.7	47.9
Outstanding claims	815.7	247.0	(399.8)	(66.7)	81.4	86.2	91.3
Reserve for discontinued operations	(0.5)	(15.4)	(0.0)	0.5	0.5	0.6	0.6
Reserve for takaful activities	2.2	2.7	(0.3)	0.6	0.7	0.7	0.7
Accrued expenses and other liabilities	69.3	204.0	208.1	167.9	201.5	241.8	290.1
Surplus Distribution payable	-	-	0.0	3.6	18.8	20.6	24.5
Reinsurance of O/S premiums	-	(57.1)	(222.6)	7.5	(115.1)	(111.6)	(126.7)
Income from unearned isurnace	-	191.0	685.3	375.1	450.1	540.1	648.2
Due to shareholders	(430.1)	(186.6)	(285.4)	10.9	13.0	15.6	18.8
Net cash provided by (used in) operating activities	(96.1)	462.4	1,056.6	967.3	991.2	1,180.0	1,323.7
Cash flows from investing activities							
Proceeds from sale of / matured investments	914.6	459.1	375.9	-	-	-	-
Purchase of investments	(593.8)	(972.4)	(1,178.5)	(1,001.1)	(956.4)	(775.6)	(778.7)
Investments in HTM	-	-	-	(107.1)	(160.7)	(281.2)	(379.6)
Investments in Properties	-	-	-	(0.5)	(0.5)	(0.5)	(0.6)
Fixed assets	(57.0)	(36.1)	(4.3)	(14.4)	(14.8)	(16.3)	(26.9)
Investments in associates	4.0	4.0	4.0	(9.4)	(10.4)	(11.4)	(12.5)
Dividends Payable	-	-	-	-	-	-	-
Net cash provided by (used in) investing activities	267.8	(545.3)	(802.9)	(1,132.6)	(1,142.8)	(1,085.0)	(1,198.3)
Cash flows from financing activities							
Surplus paid to policyholders	(38.4)	(45.8)	(20.1)	(38.6)	(57.4)	(78.0)	(102.5)
Increase in cash and cash equivalents	133.3	(128.7)	233.5	(203.9)	(209.0)	17.0	22.9
Cash and cash equivalents, beginning of year	334.8	468.1	339.4	572.9	369.0	160.0	177.0
Cash and cash equivalents, end of year	468.1	339.4	572.9	369.0	160.0	177.0	199.9

Source: Company Research, Global Reports

Cash flow from shareholder's operations

Amounts in SRmn	TAWUNIYA						
	2007	2008	2009	2010 (F)	2011 (F)	2012 (F)	2013 (F)
Cash flows from operating activities							
Net Income	524.8	67.2	296.4	332.3	498.9	685.7	906.6
Adjustments to reconcile net income							
Appropriation of surplus from insurance operations	(412.4)	(182.0)	(315.3)	(347.3)	(516.3)	(702.0)	(922.3)
Loss (gain) on sale of investments	(106.9)	110.8	(13.3)	-	-	-	-
Other than temporary impairment in investments	-	38.2	39.9	-	-	-	-
Shareholder's surplus from insurance operations	-	-	(25.7)	-	-	-	-
Bond			(0.2)	-	-	-	-
				-	-	-	-
Income from investments in associates, net	(11.7)	(10.2)	(7.6)	-	-	-	-
Operating income before charges	(6.1)	24.0	(25.7)	(15.0)	(17.5)	(16.2)	(15.7)
Changes in operating assets and liabilities:							
Accrued investment income	7.0	(0.2)	(0.1)	1.3	0.9	0.6	0.5
Due from insurance operations	430.1	186.6	285.4	(10.9)	(13.0)	(15.6)	(18.8)
Accrued expenses and other liabilities	(0.2)	(0.0)	(0.7)	0.1	0.1	0.2	0.3
Statutory deposit	-	-	(50.0)	0.0	0.0	0.0	0.0
Zakat	29.0	(13.7)	9.0	10.8	8.5	12.8	17.6
Dividends Paid	-	-	-	0.4	0.4	0.5	0.5
Net cash provided by operating activities	459.7	196.7	217.9	(13.2)	(20.5)	(17.8)	(15.7)
Cash flows from investing activities							
Proceeds from sale / matured investments	2,739.7	826.2	849.2	166.3	221.1	268.4	317.5
Purchase of investments	(2,368.1)	(845.5)	(985.1)	-	-	-	-
Dividends received from investments in associates	3.0	7.4	5.6	-	-	-	-
Net cash (used in) provided by investing activity	374.6	(11.8)	(130.4)	166.3	221.1	268.4	317.5
Cash flow from financing activities							
Dividends paid	(498.9)	(499.2)	(99.8)	(150.0)	(200.0)	(250.0)	(300.0)
BoD remuneration	(1.4)	(1.4)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Changes in fair value	-	-	-	-	-	-	-
Net cash used in financing activities	(500.3)	(500.6)	(101.0)	(151.2)	(201.2)	(251.2)	(301.2)
Net change in cash and cash equivalents	334.0	(315.7)	(13.4)	1.9	(0.7)	(0.6)	0.6
Cash and cash equivalents, beginning of the year	1.0	335.0	19.3	5.9	7.8	7.1	6.5
Cash and cash equivalents, end of the year	335.0	19.3	5.9	7.8	7.1	6.5	7.1

Source: Company Research, Global Reports

Fact Sheet

Amount in SR (mn)	TAWUNIYA						
	2007	2008	2009	2010 (F)	2011 (F)	2012 (F)	2013 (F)
Company Fundamentals							
- Gross premiums written (GPW)	1,911	2,628	4,039	4,622	5,389	6,133	6,977
- Net premiums written (NPW)	1,106	1,684	2,530	2,819	3,260	3,680	4,186
- Net commission earned/ (paid)	75	86	85	90	106	123	140
- Net Claims Paid	690	880	1,071	1,203	1,381	1,509	1,675
- Invested Assets	2,073	2,027	3,131	4,082	4,989	5,789	6,642
- Cash & Invested assets	2,876	2,385	3,760	4,509	5,206	6,022	6,899
- Insurance Contract Liabilities	406	458	926	1,019	1,171	1,347	1,549
- Total Assets	5,308	5,575	7,014	7,823	9,084	10,655	12,603
- Shareholders' funds	1,847	1,073	1,411	1,592	1,890	2,324	2,929
- Net Income	525	67	296	332	499	686	907
Investment type as a % of invested assets							
- Available for sale	74.5%	69.0%	65.1%	72.3%	74.2%	73.4%	72.4%
- Held for Maturity	18.6%	24.1%	30.4%	23.9%	22.4%	23.4%	24.5%
- Held for Trading	6.9%	6.9%	4.5%	3.8%	3.4%	3.2%	3.1%
Liquidity Ratio's							
- Invested Assets as a % of Assets	39.1%	36.4%	44.6%	52.2%	54.9%	54.3%	52.7%
Profitability Analysis							
- Combined Ratio	96.7%	78.7%	64.3%	66.5%	65.3%	63.4%	61.9%
- Retention rate	57.9%	64.1%	62.6%	61.0%	60.5%	60.0%	60.0%
- Loss Ratio	62.4%	52.3%	42.4%	42.7%	42.3%	41.0%	40.0%
- Expense Ratio	34.3%	26.5%	21.9%	23.8%	22.9%	22.4%	21.9%
- Return on avg. Shareholders' equity (ROE)	29.1%	4.6%	23.9%	22.1%	28.7%	32.5%	34.5%
Capitalisation/ Leverage Tests							
- GPW to Policyholders' Surplus (PHS)	1.03	2.45	2.86	2.90	2.85	2.64	2.38
- NPW to PHS	0.60	1.57	1.79	1.77	1.73	1.58	1.43
- Technical Reserves to PHS	0.22	0.43	0.66	0.64	0.62	0.58	0.53
- Technical Reserves to GPW	0.21	0.17	0.23	0.22	0.22	0.22	0.22
- Technical Reserves & PHS/ NPW	2.04	0.91	0.92	0.93	0.94	1.00	1.07
Ratio's Used for Valuation							
- EPS (QR)	10.5	1.3	5.9	6.6	10.0	13.7	18.1
- Book Value Per Share (SR)	36.9	21.5	28.2	31.8	37.8	46.5	58.6
- Dividend Payout	100%	100%	20%	30%	40%	50%	60%
- P/E	14.3	25.3	13.5	12.0	8.0	5.8	4.4
- P/BV	4.1	1.6	2.8	2.5	2.1	1.7	1.4
- Market Capitalisation (SR Millions)	7512.5	1700.0	3987.5	3987.5	3987.5	3987.5	3987.5
- Current Market Price (SR)	150.3	34.0	79.8	79.8	79.8	79.8	79.8

Source: Company Research, Global Reports

Note: P/E and P/BV for 2007-2009 are based on historical prices as on year end. Future P/E and P/BV are based on closing price as on 1st February'10.

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Company	Recommendation	Ticker	Price	Disclosure
The Company for Cooperative Insurance (NCCI)	Buy	TAWUNIYA AB 8010.SE	SR88.8	1, 10

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