

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

FOR THE THREE MONTHS ENDED MARCH 31, 2011

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REVIEW REPORT**
FOR THE THREE MONTHS ENDED MARCH 31, 2011

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**INDEPENDENT AUDITORS' REVIEW REPORT
TO THE SHAREHOLDERS OF AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying reissued condensed interim statement of financial position of Al Alamiya for Cooperative Insurance Company (a Saudi Joint Stock Company) ("the Company") as at March 31, 2011, and the related reissued condensed interim statements of insurance operations, shareholders' comprehensive income, changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the three months then ended and the notes 1 to 17 which form an integral part of these reissued condensed interim financial statements. These reissued condensed interim 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 the 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 reissued condensed interim financial statements for them to be in conformity with International Accounting Standard 34 - Interim Financial Reporting (IAS 34).

EMPHASIS OF MATTERS:

We draw attention to the following:

1. Note 2 to these reissued condensed interim financial statements, which states that the Company reissued these condensed interim financial statements as at March 31, 2011 and the reasons for the explanatory paragraph in our Review Report dated April 13, 2011 on those condensed interim financial statements are no longer relevant, having received the approval from the respective regulatory parties on the transfer of insurance portfolio and net assets of Royal & Sun Alliance Insurance (Middle East) Limited E.C - Saudi Arabian Operations and Al Alamiya for Commerce and Services Limited.

INDEPENDENT AUDITORS' REVIEW REPORT (Continued)
TO THE SHAREHOLDERS OF AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

2. Note 3 to these reissued condensed interim financial statements, which states that the comparative figures for the three months ended March 31, 2010 have been reinstated to include the effect of insurance operations. These reinstated financial statements were neither published nor the related review reports were issued.
3. These reissued condensed interim financial statements are prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (IAS 34) and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

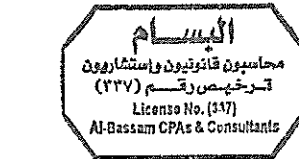
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25 Jumada I, 1433H
April 17, 2012

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

REISSUED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	Note	March 31, 2011 SR (Un-audited)	December 31, 2010 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	6	45,052,387	39,269,809
Investment		2,423,079	2,423,079
Premiums and insurance balances receivable	7,8	79,449,528	65,829,056
Reinsurers' share of unearned premiums		29,392,000	26,357,000
Reinsurers' share of outstanding claims		57,848,628	39,153,628
Deferred policy acquisition costs		6,246,083	6,373,620
Prepayments and other assets		1,936,346	1,534,541
Due from related parties		20,258,192	16,374,738
Due from shareholders' operations		17,717,749	15,390,122
Due from shareholders' operations-current account		3,860,267	727,156
Property and equipment		1,346,838	1,551,982
TOTAL INSURANCE OPERATIONS' ASSETS		265,531,097	214,984,731
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	6	17,412,981	27,413,104
Time deposits		140,007,078	130,007,078
Other assets		505,187	140,945
Statutory deposit	9	20,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		177,925,246	177,561,127
TOTAL ASSETS		443,456,343	392,545,858



The accompanying notes 1 to 17 form an integral part of these reissued condensed interim financial statements

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

REISSUED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Continued)
AS AT MARCH 31, 2011

	Note	March 31, 2011 SR (Un-audited)	December 31, 2010 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES			
Accounts payable		13,357,954	8,920,031
Reinsurance balances payable	8	19,168,905	9,665,622
Unearned reinsurance commission income		4,247,780	3,049,002
Gross unearned premiums		79,331,000	72,975,000
Gross outstanding claims	8	123,965,805	97,700,583
Accrued expenses and other liabilities	8	17,342,867	15,076,452
End-of-service indemnities	8	8,116,786	7,598,041
TOTAL INSURANCE OPERATIONS' LIABILITIES		265,531,097	214,984,731
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Due to policyholders' operations		17,717,749	15,390,122
Due to policyholders' operations-current account		3,860,267	727,156
Accrued expenses and other liabilities	8	2,289,663	3,908,789
TOTAL SHAREHOLDERS' LIABILITIES		23,867,679	20,026,067
SHAREHOLDERS' EQUITY			
Share capital	10	200,000,000	200,000,000
Accumulated losses		(45,942,433)	(42,464,940)
TOTAL SHAREHOLDERS' EQUITY		154,057,567	157,535,060
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		177,925,246	177,561,127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		443,456,343	392,545,858

The accompanying notes 1 to 17 form an integral part of these reissued condensed interim financial statements

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**REISSUED CONDENSED INTERIM STATEMENT OF INSURANCE OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2011**

	Note	Three months ended March 31, 2011 SR (Un-audited)	Three months ended March 31, 2010 SR (Un-audited)
REVENUES			
Gross written premiums	8	59,093,714	47,269,403
Less: Reinsurance premiums ceded	8	(21,953,582)	(14,776,853)
Excess of loss premiums		(2,489,888)	(2,319,308)
NET PREMIUMS WRITTEN		34,650,244	30,173,242
Changes in unearned premiums, net		(3,321,000)	(4,291,000)
NET PREMIUMS EARNED		31,329,244	25,882,242
Gross claims paid and other expenses	8	(18,305,988)	(27,182,869)
Reinsurers' share of gross claims paid	8	4,471,382	12,306,439
Changes in outstanding claims, net		(7,570,222)	(7,941,854)
NET CLAIMS INCURRED		(21,404,828)	(22,818,284)
Policy acquisition costs		(4,593,017)	(3,585,590)
Reinsurance commission income	8	4,301,123	6,260,054
Other underwriting expenses		(313,406)	(477,175)
NET UNDERWRITING RESULT		9,319,116	5,261,247
Operating and administrative salaries		(7,171,051)	(6,063,564)
Other general and administrative expenses	8	(4,472,378)	(6,819,773)
Special commission income		18,581	14,957
Other (expenses) income, net		(21,895)	229,340
INSURANCE OPERATIONS' DEFICIT		(2,327,627)	(7,377,793)
Insurance operations' deficit transferred to shareholders' comprehensive income		2,327,627	7,377,793
Insurance operations' deficit after shareholders' appropriation		-	-

The accompanying notes 1 to 17 form an integral part of these reissued condensed interim financial statements

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

REISSUED CONDENSED INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE
INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2011

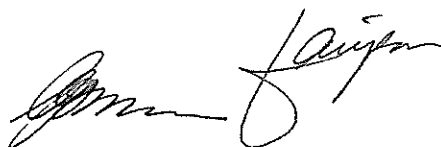
	Note	Three months ended March 31, 2011 SR (Un-audited)	Three months ended March 31, 2010 SR (Un-audited)
Insurance operations' deficit		(2,327,627)	(7,377,793)
Special commission income		314,242	296,986
General and administrative expenses	8	(2,013,385) (661,595)	(7,080,807) (600,025)
Net loss for the period		(2,674,980)	(7,680,832)
Other comprehensive expenses			
Zakat and income tax		(802,513)	(816,606)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(3,477,493)	(8,497,438)
Loss per share for the period	14	(0.13)	(0.38)
Weighted average number of outstanding shares		20,000,000	20,000,000

The accompanying notes 1 to 17 form an integral part of these reissued condensed interim financial statements

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

REISSUED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS'
EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2011

	Share capital SR	Accumulated losses SR	Total SR
January 1, 2010 (un-audited)	200,000,000	(19,456,852)	180,543,148
Net loss for the period	-	(7,680,832)	(7,680,832)
Zakat and Income tax	-	(816,606)	(816,606)
March 31, 2010 (un-audited)	<u>200,000,000</u>	<u>(27,954,290)</u>	<u>172,045,710</u>
January 1, 2011 (audited)	200,000,000	(42,464,940)	157,535,060
Net loss for the period	-	(2,674,980)	(2,674,980)
Zakat and Income tax	-	(802,513)	(802,513)
March 31, 2011 (un-audited)	<u>200,000,000</u>	<u>(45,942,433)</u>	<u>154,057,567</u>



The accompanying notes 1 to 17 form an integral part of these reissued condensed interim financial statements

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

REISSUED CONDENSED INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH
FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

	Three months ended March 31, 2011 SR	Three months ended March 31, 2010 SR
	(Un-audited)	(Un-audited)
OPERATING ACTIVITIES		
Insurance operations' surplus after shareholders' appropriation	-	-
Adjustments to reconcile insurance operations' surplus to net cash provided from operating activities:		
Depreciation	205,144	267,487
End-of-service indemnities	478,546	375,000
	683,690	642,487
Premiums and insurance balances receivable	(13,620,472)	10,831,449
Reinsurance share of unearned premiums	(3,035,000)	3,770,000
Reinsurers' share of outstanding claims	(18,695,000)	11,909,092
Deferred policy acquisition costs	127,537	(67,153)
Prepayments and other assets	(401,805)	(383,613)
Due from related parties	(3,793,706)	(3,906,977)
Due from shareholders' operations	(2,327,627)	(3,249,479)
Due from shareholders' operations-current account	(3,133,111)	-
Due to shareholders' operations	-	(4,128,314)
Accounts payable	4,437,923	561,262
Reinsurance balances payable	9,503,283	1,333,075
Unearned reinsurance commission income	1,198,778	(3,011,847)
Gross unearned premiums	6,356,000	521,000
Gross outstanding claims	26,265,222	(3,967,238)
Accrued expenses and other liabilities	2,266,415	6,090,727
Cash generated from operations	5,832,127	16,944,471
End-of-service indemnities paid	(49,549)	(2,276,122)
Net cash from operating activities	5,782,578	14,668,349
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(911,281)
Net cash used in investing activities	-	(911,281)
Net change in cash and cash equivalents	5,782,578	13,757,068
Cash and cash equivalents, January 1	39,269,809	30,426,517
CASH AND CASH EQUIVALENTS, MARCH 31	45,052,387	44,183,585
Non-cash transaction:		
End-of-service indemnities	89,748	-

The accompanying notes 1 to 17 form an integral part of these reissued condensed interim financial statements

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

REISSUED CONDENSED INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS'
CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

	Three months ended March 31, 2011 SR	Three months ended March 31, 2010 SR
	(Un-audited)	(Un-audited)
OPERATING ACTIVITIES		
Net loss for the period	(2,674,980)	(7,680,832)
Changes in assets and liabilities:		
Other assets	(364,242)	268,597
Statutory deposit	-	(20,000,000)
Due from policyholders' operations	-	4,128,314
Due to policyholders' operations	2,327,627	3,249,479
Due to policyholders' operations-current account	3,133,111	-
Accrued expenses and other liabilities	482,525	608,581
Cash generated from (used in) operations	2,904,041	(19,425,861)
Zakat paid	(2,904,164)	-
Net cash used in operating activities	(123)	(19,425,861)
INVESTING ACTIVITIES		
Time deposits	(10,000,000)	59,511,895
Net cash (used in) from investing activities	(10,000,000)	59,511,895
Net change in cash and cash equivalents	(10,000,123)	40,086,034
Cash and cash equivalents, January 1	27,413,104	-
CASH AND CASH EQUIVALENTS, MARCH 31	17,412,981	40,086,034

The accompanying notes 1 to 17 form an integral part of these reissued condensed interim financial statements

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Al Alamiya for Cooperative Insurance Company ("the Company") is a Saudi joint stock company registered on 29 Dhu-al Qu'dah, 1430H (November 17, 2009) under commercial registration number 4030194978.

The activities of the Company are to transact cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 26 Dhu Al Hijjah, 1430H (December 13, 2009), the Company received the license from Saudi Arabian Monetary Agency ("SAMA") to transact insurance business in the Kingdom of Saudi Arabia.

The Company's principal place of business is in Jeddah, Kingdom of Saudi Arabia.

2. ASSET PURCHASE AGREEMENT AND TRANSFER OF INSURANCE PORTFOLIO

The Company started its insurance operations on February 13, 2010. The Company's Board of Directors approved on April 14, 2010, to transfer insurance portfolio and net assets of Royal & Sun Alliance Insurance (Middle East) Limited E.C – Saudi Arabia Operations and Al Alamiya for Commerce and Services Limited, to the Company after completing the related procedures as required under the Saudi Arabian Monetary Agency (SAMA's) letter addressed to the Company on March 24, 2010. The transfer of insurance portfolio and net assets has been approved by the shareholders at their General Assembly Meeting.

The Company entered into a purchase agreement whereby it has purchased the insurance business operations in the Kingdom of Saudi Arabia of Royal & Sun Alliance Insurance (Middle East) Limited E.C – Saudi Arabian Operations and Al Alamiya for Commerce and Services Limited. The purchase price was based on a valuation study conducted in accordance with the due diligence and valuation guidelines issued by SAMA. In accordance with the SAMA letter of November 10, 2008 ("the Letter"), the value of combined goodwill was estimated at SR 64.14 million.

Following the approval on the transfer from the respective authorities in 2012, the management has reissued its condensed interim financial statements for three months ended March 31, 2011 to include the effect of the transfer.

3. BASIS OF PRESENTATION

Statement of Compliance

The reissued condensed interim financial statements for the three months ended March 31, 2011 have been prepared in accordance with International Accounting Standard No. 34 – Interim Financial Reporting.

The comparative figures for the three months ended March 31, 2010 have been reinstated to include the effect of insurance operations, therefore, these reinstated statements were neither published nor the related review reports were issued.

The reissued condensed interim 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 annual reissued financial statements for the period ended December 31, 2010. In management's opinion, the reissued condensed interim financial statements reflects all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim period presented.



AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011

4. SIGNIFICANT ACCOUNTING POLICIES

The reissued condensed interim financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

The same accounting policies, presentation and methods of computation are followed in these reissued condensed interim financial statements which were applied in the preparation of the Company's financial statements for the period ended December 31, 2010, except for the impact of the adoption of the Standards and Interpretations described below:

Amendments/Improvements to International Financial Reporting Standards (IFRSs)

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements as of and for the period ended December 31, 2010, except for the adoption of new standards, improvements, amendments and revisions which are effective for the current interim financial statements.

None of the new standards, amendments and revisions to standards that have been adopted in the current period which are effective for annual period beginning on or after January 1, 2011 has affected the disclosures and presentations in the accompanying condensed interim financial statements.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the reissued condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these reissued condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the reissued financial statements as at and for the period ended December 31, 2010.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	Insurance Operations		Shareholders' Operations	
	March 31, 2011 SR	December 31, 2010 SR	March 31, 2011 SR	December 31, 2010 SR
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
Cash in hand	47,275	52,383	-	-
Cash at banks- Current accounts	4,959,201	9,185,453	17,412,981	27,413,104
- Time deposits	40,045,911	30,031,973	-	-
	45,052,387	39,269,809	17,412,981	27,413,104

Included in cash and cash equivalents is SR 39.3 million (December 31, 2010: SR 33.51 million) associated with the portfolio transfer process which is currently held in the name of related parties on behalf of the Company.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011

7. PREMIUMS AND INSURANCE BALANCES RECEIVABLE

	March 31, 2011 SR	December 31, 2010 SR
	(Un-audited)	(Audited)
Premiums receivable	47,157,213	45,216,048
Receivables from insurance and reinsurance companies	6,942,510	6,080,675
Receivables from related parties	39,160,567	23,994,046
Reinsurance receivable from related parties	-	2,262,514
	<u>93,260,290</u>	<u>77,553,283</u>
Less: allowance for doubtful debts	<u>(13,810,762)</u>	<u>(11,724,227)</u>
	<u>79,449,528</u>	<u>65,829,056</u>

Allowance for doubtful debts includes SR 3,856,878 (December 31, 2010: SR 1,559,947) against receivables from related parties.

8. RELATED PARTY TRANSACTIONS

The significant transactions with related parties and the related approximate amounts are as follows:

Related parties	Nature of transactions	Three months ended March 31, 2011 SR	Three months ended March 31, 2010 SR
		(Un-audited)	(Un-audited)
Shareholders/affiliates	Gross written premiums	22,705,517	16,475,995
	Gross claims paid and other expenses	11,885,790	6,242,983
	Reinsurance premiums ceded	4,859,470	3,655,120
	Reinsurers' share of gross claims paid	837,970	3,541,020
	Reinsurance commission income	1,480,428	1,112,466
	Outsourced service charges	1,583,750	1,515,000
	Brand fee	7,525	7,525
Board of Directors	Remuneration and meeting fee	187,500	187,500



AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011

8. RELATED PARTY TRANSACTIONS (Continued)

Balances due from (due to) related parties are comprised the following:

Related parties	Nature of transactions	March 31, 2011 SR	December 31, 2010 SR
		(Unaudited)	(Audited)
Shareholders/affiliates	Gross written premiums	39,160,567	23,994,046
	Gross claims paid and other expenses	(21,818,740)	(14,989,753)
	Reinsurance premiums ceded	(2,541,072)	-
	Reinsurers' share of gross claims paid	-	2,262,514
	Outsourced service charges	(7,226,441)	(5,647,066)
	Brand fee	(37,625)	(30,100)
Board of Directors	Remuneration and meeting fee	(687,500)	(500,000)

Compensation of key management personnel

The remuneration of key management personnel during the period were as follows:

	Three months ended March 31, 2011 SR	Three months ended March 31, 2010 SR
	(Un-audited)	(Un-audited)
Salaries and benefits	1,475,303	1,176,521
End-of-service indemnities	17,689	79,732
	1,492,992	1,256,253

9. STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid-up capital which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent.

10. SHARE CAPITAL

The authorized, issued and paid up share capital of the Company is SR 200 million at the period end consisting of 20 million shares of SR 10 each.

11. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the by-laws of the Company, the Company is required to establish a statutory reserve by the appropriating 20% of net income until the reserve equals 100% of the share capital. This reserve is not available for dividend distribution. No appropriation has been made because the Company has incurred losses during the period.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011

12. COMMITMENTS AND CONTINGENCIES

Goodwill

The Company entered into a purchase agreement whereby it has purchased the insurance business operations in the Kingdom of Saudi Arabia of Royal & Sun Alliance Insurance (Middle East) Limited E.C – Saudi Arabian Operations and Al Alamiya for Commerce and Services Limited. The purchase price was based on a valuation study conducted in accordance with the due diligence and valuation guidelines issued by SAMA. In accordance with the SAMA letter of November 10, 2008 ("the Letter"), the value of combined goodwill was estimated at SR 64.14 million. The amount will be paid in accordance with SAMA's instructions therein which include among other matters, the following conditions:

- The Company shall maintain solvency ratios and minimum capital requirements as per the guidelines prescribed by SAMA in this respect;
- No payment of goodwill will be made in the year when the Company reports a loss and the goodwill shall not be paid out of any retained earnings from earlier years;
- The payment is restricted to 50% of the profit earned in the current year; and
- Limitation will be placed by SAMA on the period during which payments can be made.

In view of the current year losses and the requirements set by SAMA in this respect as illustrated above, and the fact that the Company is not in a position to make the initial payment of goodwill, the goodwill has not been recorded as a liability and hence was reflected as a contingent liability in the reissued financial statements pending compliance with SAMA requirements in this respect and their approval for payment.

Legal proceedings

The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company's management, based on independent legal advice, believes that the outcome of these court cases will not have a material impact on the Company's income or financial condition.

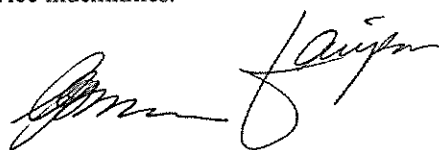
13. SEGMENTAL INFORMATION

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 operating and administrative salaries, other general and administrative expenses, special commission income and other (expenses) income, net.

Segment assets do not include cash and cash equivalents, investment in a company, premiums and insurance balances receivable, prepayments and other assets, due from related parties, due from shareholders operations, and property and equipment.

Segment liabilities do not include accounts payable, reinsurance balances payable, accrued expenses and other liabilities, due to policyholders' operations and end-of-service indemnities.



AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the three months ended March 31, 2011	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Insurance operations							
Gross written premiums	10,131,899	24,591,058	6,250,937	2,255,977	7,824,922	8,038,921	59,093,714
Reinsurance premiums ceded	(8,447,316)	-	(4,181,658)	(226,998)	(5,002,650)	(4,094,960)	(21,953,582)
Excess of loss premiums	(402,582)	(686,381)	(539,987)	(35,739)	(572,166)	(253,033)	(2,489,888)
Net premiums written	1,282,001	23,904,677	1,529,292	1,993,240	2,250,106	3,690,928	34,650,244
Change in unearned premiums, net	(783,992)	(6,783,941)	1,100,989	(178,999)	4,430,955	(1,106,012)	(3,321,000)
Net premiums earned	498,009	17,120,736	2,630,281	1,814,241	6,681,061	2,584,916	31,329,244
Gross claims paid and other expenses	(2,360,976)	(9,802,074)	(874,991)	(2,218,978)	(1,782,983)	(1,265,986)	(18,305,988)
Reinsurers' share of gross claims paid	1,878,008	-	615,394	849,992	254,997	872,991	4,471,382
Change in outstanding claims, net	(2,958,370)	(4,236,353)	(664,994)	(22,999)	578,895	(266,401)	(7,570,222)
Net claims incurred	(3,441,338)	(14,038,427)	(924,591)	(1,391,985)	(949,091)	(659,396)	(21,404,828)
Policy acquisition costs	(707,651)	(2,143,650)	(761,328)	(136,343)	(485,133)	(358,912)	(4,593,017)
Reinsurance commission income	2,000,940	-	724,873	(12,000)	1,001,296	586,014	4,301,123
	(1,650,040)	938,659	1,669,235	273,913	6,248,133	2,152,622	9,632,522
Other underwriting expenses	-	-	-	-	-	-	(313,406)
Net underwriting result							9,319,116
Operating and administrative salaries							(7,171,051)
Other general and administration expenses							(4,472,378)
Special commission income							18,581
Other expenses, net							(21,895)
Insurance operations' deficit							(2,327,627)
As at March 31, 2011							
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Insurance operations' assets							
Reinsurers' share of unearned premiums	11,599,884	2,206,978	6,514,935	673,993	2,795,972	5,600,238	29,392,000
Reinsurers' share of outstanding claims	31,065,489	973,990	15,079,249	3,545,965	736,893	6,447,042	57,848,628
Deferred policy acquisition costs	886,499	3,786,413	691,545	171,094	237,863	472,669	6,246,083
Unallocated assets							172,044,386
							265,531,097
Insurance operations' liabilities							
Unearned reinsurance commission income	2,491,012	-	408,003	-	578,628	770,137	4,247,780
Gross unearned premiums	12,999,870	37,030,630	9,790,902	3,928,961	5,615,944	9,964,693	79,331,000
Gross outstanding claims	36,373,636	41,241,588	24,801,752	5,202,948	5,263,947	11,081,934	123,965,805
Unallocated liabilities							57,986,512
							265,531,097

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the three months ended March 31, 2010	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Insurance operations							
Gross written premiums	8,315,917	20,627,669	5,084,949	2,591,974	4,059,959	6,588,935	47,269,403
Reinsurance premiums ceded	(7,384,526)	-	(3,475,365)	(425,996)	(432,996)	(3,057,970)	(14,776,853)
Excess of loss premiums	(269,677)	(811,801)	(820,260)	(169,023)	(111,192)	(137,355)	(2,319,308)
Net premiums written	661,714	19,815,868	789,324	1,996,955	3,515,771	3,393,610	30,173,242
Change in unearned premiums, net	(240,997)	(5,370,946)	911,991	123,999	1,365,987	(1,081,034)	(4,291,000)
Net premiums earned	420,717	14,444,922	1,701,315	2,120,954	4,881,758	2,312,576	25,882,242
Gross claims paid and other expenses	(11,962,880)	(8,640,057)	(1,449,985)	(3,107,968)	(1,466,985)	(554,994)	(27,182,869)
Reinsurers' share of gross claims paid	9,410,067	-	1,232,388	1,559,984	(20,000)	124,000	12,306,439
Change in outstanding claims, net	1,739,682	(8,207,918)	(461,796)	(30,000)	(505,995)	(475,827)	(7,941,854)
Net claims incurred	(813,131)	(16,847,975)	(679,393)	(1,577,984)	(1,992,980)	(906,821)	(22,818,284)
Policy acquisition costs	(178,610)	(1,284,701)	(1,336,198)	(229,363)	(151,728)	(404,990)	(3,585,590)
Reinsurance commission income	2,772,304	-	2,500,235	-	35,132	952,383	6,260,054
	2,201,280	(3,687,754)	2,185,959	313,607	2,772,182	1,953,148	5,738,422
Other underwriting expenses	-	-	-	-	-	-	(477,175)
Net underwriting result							5,261,247
Operating and administrative salaries							(6,063,564)
Other general and administration expenses							(6,819,773)
Special commission income							14,957
Other income, net							229,340
Insurance operations' deficit							(7,377,793)
As at December 31, 2010							
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Insurance operations' assets							
Reinsurers' share of unearned premiums	11,309,887	-	7,638,924	1,327,987	110,999	5,969,203	26,357,000
Reinsurers' share of outstanding claims	15,960,040	813,000	14,231,258	3,552,964	635,994	3,960,372	39,153,628
Deferred policy acquisition costs	794,158	3,627,562	771,880	306,437	360,000	513,583	6,373,620
Unallocated assets	-	-	-	-	-	-	143,100,483
							214,984,731
Insurance operations' liabilities							
Unearned reinsurance commission income	2,275,846	-	-	-	25,999	747,157	3,049,002
Gross unearned premiums	11,925,881	28,039,711	12,015,880	4,403,956	7,361,926	9,227,646	72,975,000
Gross outstanding claims	18,309,817	36,844,245	23,288,767	5,186,948	5,741,943	8,328,863	97,700,583
Unallocated liabilities	-	-	-	-	-	-	41,260,146
							214,984,731

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NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
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14. LOSS PER SHARE FOR THE PERIOD

Loss per share for the period is calculated by dividing the net loss for the period by weighted average number of ordinary shares outstanding during the period.

15. GEOGRAPHICAL DISTRIBUTION

All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia.

16. RESULTS OF THE INTERIM PERIOD

The results of the interim period are not an indication of the results of the full statutory financial period.

17. APPROVAL OF THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS

The reissued condensed interim financial statements have been approved by the Board of Directors on March 26, 2012 corresponding to 3 Jumada I, 1433. Subsequently, on April 17, 2012 corresponding to 25 Jumada I, 1433, the shareholders approved the portfolio transfer at their General Assembly Meeting.

A handwritten signature in black ink, appearing to be 'Ahmed Al-Fayez', is located in the lower right quadrant of the page.