

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

REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 AND NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2011, and the related reissued condensed interim statements of insurance operations, shareholders' comprehensive income for the three and nine months then ended, reissued condensed interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the nine 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:

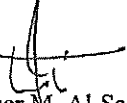
We draw attention to the following:

1. Note 2 to these reissued condensed interim financial statements, which states that the Company reissued these condensed interim financial statements as at September 30, 2011 and the reasons for the explanatory paragraph in our Review Report dated October 12, 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.

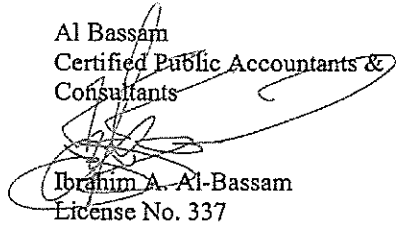
INDEPENDENT AUDITORS' REVIEW REPORT (Continued)
TO THE SHAREHOLDERS OF AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

2. Note 3 to these reissued condensed interim financial statements, which states that the comparative figures for the three and nine months ended September 30, 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.

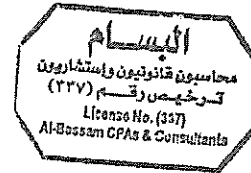
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25 Jumada I, 1433H
April 17, 2012



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

REISSUED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2011

	Note	September 30, 2011 SR (Un-audited)	December 31, 2010 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	6	22,617,576	39,269,809
Investment		2,473,079	2,423,079
Premiums and insurance balances receivable	7,8	110,611,898	65,829,056
Reinsurers' share of unearned premiums		43,376,877	26,357,000
Reinsurers' share of outstanding claims		92,747,628	39,153,628
Deferred policy acquisition costs		5,996,181	6,373,620
Prepayments and other assets		1,087,138	1,534,541
Due from related parties		29,397,359	16,374,738
Due from shareholders' operations		28,118,355	15,390,122
Due from shareholders' operations-current account		-	727,156
Property and equipment		1,025,035	1,551,982
TOTAL INSURANCE OPERATIONS' ASSETS		337,451,126	214,984,731
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	6	22,698,123	27,413,104
Time deposits		120,388,000	130,007,078
Other assets		722,543	140,945
Due from policyholders' operations-current account		10,274,962	-
Statutory deposit	9	20,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		174,083,628	177,561,127
TOTAL ASSETS		511,534,754	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 SEPTEMBER 30, 2011

	September 30, 2011 SR (Un-audited)	December 31, 2010 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES		
Accounts payable	8,990,473	8,920,031
Reinsurance balances payable	8 22,537,842	9,665,622
Unearned reinsurance commission income	6,721,378	3,049,002
Gross unearned premiums	95,121,883	72,975,000
Gross outstanding claims	8 155,568,867	97,700,583
Accrued expenses and other liabilities	8 31,016,983	15,076,452
Due to shareholders' operations-current account	10,274,962	-
End-of-service indemnities	8 7,218,738	7,598,041
TOTAL INSURANCE OPERATIONS' LIABILITIES	337,451,126	214,984,731
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Due to policyholders' operations	28,118,355	15,390,122
Due to policyholders' operations-current account	-	727,156
Accrued expenses and other liabilities	8 4,185,323	3,908,789
TOTAL SHAREHOLDERS' LIABILITIES	32,303,678	20,026,067
SHAREHOLDERS' EQUITY		
Share capital	10 200,000,000	200,000,000
Accumulated losses	(58,220,050)	(42,464,940)
TOTAL SHAREHOLDERS' EQUITY	141,779,950	157,535,060
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	174,083,628	177,561,127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	511,534,754	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 AND NINE MONTHS ENDED SEPTEMBER 30, 2011

	Note	Three months ended September 30, 2011 SR (Un-audited)	Three months ended September 30, 2010 SR (Un-audited)	Nine months ended September 30, 2011 SR (Un-audited)	Nine months ended September 30, 2010 SR (Un-audited)
REVENUES					
Gross written premiums	8	65,761,579	58,498,010	177,563,850	152,473,268
Less: Reinsurance premiums ceded	8	(34,585,598)	(28,514,768)	(78,031,456)	(60,133,432)
Excess of loss premiums		(2,455,999)	(1,853,799)	(6,530,648)	(6,789,750)
NET PREMIUMS WRITTEN		28,719,982	28,129,443	93,001,746	85,550,086
Changes in unearned premiums, net		(110,006)	(1,319,896)	(5,127,006)	(8,267,896)
NET PREMIUMS EARNED		28,609,976	26,809,547	87,874,740	77,282,190
Gross claims paid and other expenses	8	(26,928,038)	(26,106,508)	(82,250,837)	(85,536,097)
Reinsurers' share of gross claims paid	8	9,283,435	12,349,591	28,488,544	38,252,306
Changes in outstanding claims, net		1,407,451	544,538	(4,274,284)	(8,481,191)
NET CLAIMS INCURRED		(16,237,152)	(13,212,379)	(58,036,577)	(55,764,982)
Policy acquisition costs		(4,161,969)	(3,415,875)	(12,804,488)	(9,099,387)
Reinsurance commission income	8	5,926,132	2,783,194	13,865,000	11,329,894
Other underwriting expenses		(656,162)	(176,829)	(1,210,592)	(1,395,398)
NET UNDERWRITING RESULT		13,480,825	12,787,658	29,688,083	22,352,317
Operating and administrative salaries		(9,489,591)	(6,660,074)	(22,733,638)	(18,850,626)
Other general and administrative expenses	8	(7,600,279)	(6,738,387)	(19,743,531)	(22,820,793)
Special commission income		38,942	21,599	81,989	57,518
Other (expenses) income, net		(20,640)	(14,125)	(21,136)	182,691
INSURANCE OPERATIONS' DEFICIT		(3,590,743)	(603,329)	(12,728,233)	(19,078,893)
Insurance operations' deficit transferred to shareholders' comprehensive income		3,590,743	603,329	12,728,233	19,078,893
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 AND NINE MONTHS ENDED SEPTEMBER 30, 2011

	Note	Three months ended September 30, 2011 SR (Un-audited)	Three months ended September 30, 2010 SR (Un-audited)	Nine months ended September 30, 2011 SR (Un-audited)	Nine months ended September 30, 2010 SR (Un-audited)
Insurance operations' deficit		(3,590,743)	(603,329)	(12,728,233)	(19,078,893)
Special commission income		259,638	197,233	852,515	719,054
General and administrative expenses	8	(3,331,105) (245,025)	(406,096) (230,025)	(11,875,718) (1,478,403)	(18,359,839) (1,335,075)
Net loss for the period		(3,576,130)	(636,121)	(13,354,121)	(19,694,914)
Other comprehensive expenses					
Zakat and income tax		(801,096)	(816,607)	(2,400,989)	(2,449,819)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(4,377,226)	(1,452,728)	(15,755,110)	(22,144,733)
Loss per share for the period	14	(0.18)	(0.03)	(0.67)	(0.98)
Weighted average number of outstanding shares		20,000,000	20,000,000	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 NINE MONTHS ENDED SEPTEMBER 30, 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	-	(19,694,914)	(19,694,914)
Zakat and Income tax	-	(2,449,819)	(2,449,819)
September 30, 2010 (un-audited)	200,000,000	(41,601,585)	158,398,415
January 1, 2011 (audited)	200,000,000	(42,464,940)	157,535,060
Net loss for the period	-	(13,354,121)	(13,354,121)
Zakat and Income tax	-	(2,400,989)	(2,400,989)
September 30, 2011 (un-audited)	200,000,000	(58,220,050)	141,779,950



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

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
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REISSUED CONDENSED INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

	Nine months ended September 30, 2011 SR	Nine months ended September 30, 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	615,328	906,394
End-of-service indemnities	1,475,516	1,863,364
	2,090,844	2,769,758
Premiums and insurance balances receivable	(44,782,842)	(2,845,955)
Reinsurance share of unearned premiums	(17,019,877)	(2,745,237)
Reinsurers' share of outstanding claims	(53,594,000)	23,301,397
Deferred policy acquisition costs	377,439	(1,067,232)
Prepayments and other assets	447,403	(704,098)
Due from related parties	(12,932,873)	(7,286,558)
Due from shareholders' operations	(12,728,233)	(14,950,579)
Due from shareholders' operations-current account	727,156	10,624,445
Accounts payable	70,442	(3,155,446)
Reinsurance balances payable	12,872,220	13,591,766
Unearned reinsurance commission income	3,672,376	(977,768)
Gross unearned premiums	22,146,883	11,013,133
Gross outstanding claims	57,868,284	(14,820,206)
Accrued expenses and other liabilities	15,940,531	5,757,620
Due to shareholders' operations	-	(4,128,314)
Due to shareholders' operations-current account	10,274,962	-
Cash (used in) generated from operations	(14,569,285)	14,376,726
End-of-service indemnities paid	(1,944,567)	(2,732,649)
Net cash (used in) from operating activities	(16,513,852)	11,644,077
INVESTING ACTIVITIES		
Purchase of property and equipment	(88,381)	(1,481,055)
Investment	(50,000)	-
Net cash used in investing activities	(138,381)	(1,481,055)
Net change in cash and cash equivalents	(16,652,233)	10,163,022
Cash and cash equivalents, January 1	39,269,809	30,426,517
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	22,617,576	40,589,539
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 NINE MONTHS ENDED SEPTEMBER 30, 2011

	Nine months ended September 30, 2011 SR	Nine months ended September 30, 2010 SR
	(Un-audited)	(Un-audited)
OPERATING ACTIVITIES		
Net loss for the period	(13,354,121)	(19,694,914)
Changes in assets and liabilities:		
Other assets	(581,598)	232,936
Statutory deposit	-	(20,000,000)
Due from policyholders' operations	-	4,128,314
Due from policyholders' operations-current account	(10,274,962)	-
Due to related parties	-	(14,187,523)
Due to policyholders' operations	12,728,233	14,950,579
Due to policyholders' operations-current account	(727,156)	(10,624,445)
Accrued expenses and other liabilities	779,709	1,412,880
Cash used in operations	(11,429,895)	(43,782,173)
Zakat paid	(2,904,164)	-
Net cash used in operating activities	(14,334,059)	(43,782,173)
INVESTING ACTIVITIES		
Time deposits	9,619,078	70,914,878
Net cash from investing activities	9,619,078	70,914,878
Net change in cash and cash equivalents	(4,714,981)	27,132,705
Cash and cash equivalents, January 1	27,413,104	-
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	22,698,123	27,132,705

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 AND NINE MONTHS ENDED SEPTEMBER 30, 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 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 and nine months ended September 30, 2011 to include the effect of the transfer.

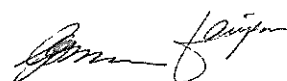
3. BASIS OF PRESENTATION

Statement of Compliance

The reissued condensed interim financial statements for the three and nine months ended September 30, 2011 have been prepared in accordance with International Accounting Standard No. 34 – Interim Financial Reporting.

The comparative figures for the three and nine months ended September 30, 2010 have been reinstated to include the effect of insurance operations. 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 AND NINE MONTHS ENDED SEPTEMBER 30, 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 at 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 OF 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.

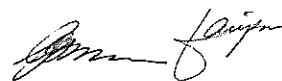
In preparing these reissued condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied to the reissued financial statements as at and for the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

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	Insurance Operations		Shareholders' Operations	
	September 30, 2011 SR	December 31, 2010 SR	September 30, 2011 SR	December 31, 2010 SR
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
Cash in hand	77,094	52,383	-	-
Cash at banks- Current accounts	2,473,510	9,185,453	22,698,123	27,413,104
- Time deposits	20,066,972	30,031,973	-	-
	22,617,576	39,269,809	22,698,123	27,413,104

Included in cash and cash equivalents is SR 15.3 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 AND NINE MONTHS ENDED SEPTEMBER 30, 2011

7. PREMIUMS AND INSURANCE BALANCES RECEIVABLE

	September 30, 2011 SR	December 31, 2010 SR
	(Un-audited)	(Audited)
Premiums receivable	70,612,117	45,216,048
Receivables from insurance and reinsurance companies	7,628,843	6,080,675
Receivables from related parties	49,854,770	23,994,046
Reinsurance receivable from related parties	-	2,262,514
	<u>128,095,730</u>	<u>77,553,283</u>
Less: allowance for doubtful debts	(17,483,832)	(11,724,227)
	<u>110,611,898</u>	<u>65,829,056</u>

Allowance for doubtful debts includes SR 8,406,070 (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:

<u>Related parties</u>	<u>Nature of transactions</u>	Nine months ended September 30, 2011 SR	Nine months ended September 30, 2010 SR
		(Un-audited)	(Un-audited)
Shareholders/affiliates	Gross written premiums	56,841,949	47,230,581
	Gross claims paid and other expenses	39,845,927	24,399,870
	Reinsurance premiums ceded	15,881,560	8,311,940
	Reinsurers' share of gross claims paid	7,083,680	12,906,040
	Reinsurance commission income	4,849,448	2,525,606
	Outsourced service charges	6,101,250	4,545,000
	Brand fee	22,575	22,575
Board of Directors	Remuneration and meeting fee	375,000	375,000



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

NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

8. RELATED PARTY TRANSACTIONS (Continued)

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

Related parties	Nature of transactions	September 30,	December 31,
		2011	2010
		SR	SR
		(Unaudited)	(Audited)
Shareholders/affiliates	Gross written premiums	49,854,770	23,994,046
	Gross claims paid and other expenses	(58,342,404)	(14,989,753)
	Reinsurers' share of gross outstanding claims	25,817,374	2,262,514
	Outsourced service charges	(11,746,644)	(5,647,066)
	Brand fee	(52,675)	(30,100)
Board of Directors	Remuneration and meeting fee	(405,467)	(500,000)

Compensation of key management personnel

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

	Nine months ended	Nine months ended
	September 30,	September 30,
	2011	2010
	SR	SR
	(Un-audited)	(Un-audited)
Salaries and benefits	4,688,411	3,823,694
End-of-service indemnities	101,605	259,128
	4,790,016	4,082,822

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 loss during the period.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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.

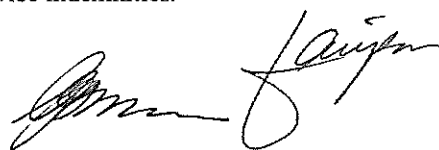
13. SEGMENTAL INFORMATION

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.



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NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the three months ended September 30, 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	20,098,799	23,297,003	5,143,949	426,996	8,578,914	8,215,918	65,761,579
Reinsurance premiums ceded	(19,853,311)	-	(3,820,862)	(224,998)	(6,122,538)	(4,563,889)	(34,585,598)
Excess of loss premiums	(403,852)	(552,844)	(591,730)	(58,938)	(598,991)	(249,644)	(2,455,999)
Net premiums written	(158,364)	22,744,159	731,357	143,060	1,857,385	3,402,385	28,719,982
Change in unearned premiums, net	119,398	(2,792,972)	681,198	1,622,984	847,591	(588,205)	(110,006)
Net premiums earned	(38,966)	19,951,187	1,412,555	1,766,044	2,704,976	2,814,180	28,609,976
Gross claims paid and other expenses	(9,255,907)	(13,431,173)	(1,636,984)	(1,466,985)	(762,992)	(373,997)	(26,928,038)
Reinsurers' share of gross claims paid	8,034,848	-	989,990	229,998	18,598	10,001	9,283,435
Change in outstanding claims, net	2,305,378	(3,102,999)	3,469,865	(2,999)	(664,195)	(597,599)	1,407,451
Net claims incurred	1,084,319	(16,534,172)	2,822,871	(1,239,986)	(1,408,589)	(961,595)	(16,237,152)
Policy acquisition costs	(464,544)	(1,974,663)	(932,408)	(104,417)	(542,000)	(143,937)	(4,161,969)
Reinsurance commission income	3,068,364	-	1,297,838	12,000	1,085,192	462,738	5,926,132
	3,649,173	1,442,352	4,600,856	433,641	1,839,579	2,171,386	14,136,987
Other underwriting expenses	-	-	-	-	-	-	(656,162)
Net underwriting result							13,480,825
Operating and administrative salaries							(9,489,591)
Other general and administration expenses							(7,600,279)
Special commission income							38,942
Other expenses, net							(20,640)
Insurance operations' deficit							<u>(3,590,743)</u>

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the nine months ended September 30, 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	38,751,612	66,536,960	20,224,798	7,399,926	23,065,769	21,584,785	177,563,850
Reinsurance premiums ceded	(35,682,953)	-	(15,132,849)	(3,203,968)	(13,385,665)	(10,626,021)	(78,031,456)
Excess of loss premiums	(1,119,497)	(1,475,795)	(1,702,661)	(177,901)	(1,326,988)	(727,806)	(6,530,648)
Net premiums written	1,949,162	65,061,165	3,389,288	4,018,057	8,353,116	10,230,958	93,001,746
Change in unearned premiums, net	(850,642)	(9,915,909)	1,429,985	1,354,986	4,794,551	(1,939,977)	(5,127,006)
Net premiums earned	1,098,520	55,145,256	4,819,273	5,373,043	13,147,667	8,290,981	87,874,740
Gross claims paid and other expenses	(23,164,768)	(40,098,259)	(5,304,947)	(5,375,946)	(4,002,960)	(4,303,957)	(82,250,837)
Reinsurers' share of gross claims paid	20,192,227	-	3,280,767	1,704,983	340,595	2,969,972	28,488,544
Change in outstanding claims, net	(1,205,887)	(2,865,396)	949,390	(41,999)	(478,096)	(632,296)	(4,274,284)
Net claims incurred	(4,178,428)	(42,963,655)	(1,074,790)	(3,712,962)	(4,140,461)	(1,966,281)	(58,036,577)
Policy acquisition costs	(1,796,442)	(6,239,151)	(2,281,332)	(378,432)	(1,264,991)	(844,140)	(12,804,488)
Reinsurance commission income	6,890,472	-	2,922,662	-	2,324,215	1,727,651	13,865,000
	2,014,122	5,942,450	4,385,813	1,281,649	10,066,430	7,208,211	30,898,675
Other underwriting expenses	-	-	-	-	-	-	(1,210,592)
Net underwriting result							29,688,083
Operating and administrative salaries							(22,733,638)
Other general and administration expenses							(19,743,531)
Special commission income							81,989
Other expenses, net							(21,136)
Insurance operations' deficit							(12,728,233)

As at September 30, 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	20,264,147	-	9,468,905	1,824,982	6,122,538	5,696,305	43,376,877
Reinsurers' share of outstanding claims	62,147,679	4,100,959	18,581,614	3,087,969	1,758,882	3,070,525	92,747,628
Deferred policy acquisition costs	683,699	3,572,523	1,115,522	61,004	240,998	322,435	5,996,181
Unallocated assets	-	-	-	-	-	-	195,330,440
							337,451,126
Insurance operations' liabilities							
Unearned reinsurance commission income	3,038,806	-	1,539,098	-	1,813,982	329,492	6,721,378
Gross unearned premiums	21,730,783	37,955,620	12,415,876	3,545,965	8,578,914	10,894,725	95,121,883
Gross outstanding claims	65,703,343	42,997,600	26,689,733	4,763,952	7,342,927	8,071,312	155,568,867
Unallocated liabilities	-	-	-	-	-	-	80,038,998
							337,451,126

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NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the three months ended September 30, 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	15,987,840	18,525,618	3,530,965	674,993	5,932,940	13,845,654	58,498,010
Reinsurance premiums ceded	(15,514,045)	-	(2,241,478)	(346,997)	(252,997)	(10,159,251)	(28,514,768)
Excess of loss premiums	(55,359)	(425,752)	(105,451)	(80,599)	(981,452)	(205,186)	(1,853,799)
Net premiums written	418,436	18,099,866	1,184,036	247,397	4,698,491	3,481,217	28,129,443
Change in unearned premiums, net	142,998	(2,819,972)	995,991	2,226,978	(982,991)	(882,900)	(1,319,896)
Net premiums earned	561,434	15,279,894	2,180,027	2,474,375	3,715,500	2,598,317	26,809,547
Gross claims paid and other expenses	(9,451,906)	(12,292,646)	(674,993)	(2,551,974)	(809,992)	(324,997)	(26,106,508)
Reinsurers' share of gross claims paid	10,167,907	-	417,696	1,743,988	20,000	-	12,349,591
Change in outstanding claims, net	607,894	566,731	101,198	(180,998)	(169,998)	(380,289)	544,538
Net claims incurred	1,323,895	(11,725,915)	(156,099)	(988,984)	(959,990)	(705,286)	(13,212,379)
Policy acquisition costs	(567,156)	(1,664,550)	(815,942)	30,038	(165,531)	(232,734)	(3,415,875)
Reinsurance commission income	1,805,641	-	612,006	-	22,421	343,126	2,783,194
Other underwriting expenses	3,123,814	1,889,429	1,819,992	1,515,429	2,612,400	2,003,423	12,964,487
Net underwriting result	-	-	-	-	-	-	(176,829)
Operating and administrative salaries							12,787,658
Other general and administration expenses							(6,660,074)
Special commission income							(6,738,387)
Other expenses, net							21,599
Insurance operations' deficit							(14,125)
							<u>(603,329)</u>

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NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the nine months ended September 30, 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	31,382,686	55,966,440	16,548,835	8,267,917	15,379,846	24,927,544	152,473,268
Reinsurance premiums ceded	(29,380,006)	-	(11,029,590)	(3,303,967)	(1,373,986)	(15,045,883)	(60,133,432)
Excess of loss premiums	(527,848)	(1,781,175)	(2,334,536)	(404,737)	(1,255,745)	(485,709)	(6,789,750)
Net premiums written	1,474,832	54,185,265	3,184,709	4,559,213	12,750,115	9,395,952	85,550,086
Change in unearned premiums, net	(42,000)	(9,583,904)	1,274,988	2,436,976	(687,994)	(1,665,962)	(8,267,896)
Net premiums earned	1,432,832	44,601,361	4,459,697	6,996,189	12,062,121	7,729,990	77,282,190
Gross claims paid and other expenses	(33,602,664)	(34,263,610)	(3,371,966)	(8,571,914)	(4,129,959)	(1,595,984)	(85,536,097)
Reinsurers' share of gross claims paid	30,571,577	-	2,668,773	4,671,958	112,999	226,999	38,252,306
Change in outstanding claims, net	2,729,772	(3,639,946)	(7,076,730)	(208,998)	858,991	(1,144,280)	(8,481,191)
Net claims incurred	(301,315)	(37,903,556)	(7,779,923)	(4,108,954)	(3,157,969)	(2,513,265)	(55,764,982)
Policy acquisition costs	(1,260,324)	(4,057,995)	(2,727,280)	(208,281)	(454,584)	(390,923)	(9,099,387)
Reinsurance commission income	5,111,329	-	4,439,308	-	241,389	1,537,868	11,329,894
	4,982,522	2,639,810	(1,608,198)	2,678,954	8,690,957	6,363,670	23,747,715
Other underwriting expenses	-	-	-	-	-	-	(1,395,398)
Net underwriting result							22,352,317
Operating and administrative salaries							(18,850,626)
Other general and administration expenses							(22,820,793)
Special commission income							57,518
Other income, net							182,691
Insurance operations' deficit							<u>(19,078,893)</u>
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
							<u>214,984,731</u>
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
							<u>214,984,731</u>

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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 April 11, 2012 corresponding to 19 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 'Amr J. Al-Fayez', is located in the lower right quadrant of the page.