

**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 AND YEAR ENDED DECEMBER 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 AND YEAR ENDED DECEMBER 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 December 31, 2011, and the related reissued condensed interim statements of insurance operations, shareholders' comprehensive income for the three months and year then ended, reissued condensed interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' operations' cash flows for the year 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 December 31, 2011 and the reasons for the explanatory paragraph in our Review Report dated January 11, 2012 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.
2. Note 3 to these reissued condensed interim financial statements, which states that the comparative figures for the three months and year ended December 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.

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

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 DECEMBER 31, 2011

	Note	December 31, 2011 SR (Un-audited)	December 31, 2010 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	6	44,007,199	39,269,809
Investment		2,473,079	2,423,079
Premiums and insurance balances receivable	7,8	91,363,256	65,829,056
Reinsurers' share of unearned premiums		36,425,889	26,357,000
Reinsurers' share of outstanding claims		90,373,628	39,153,628
Deferred policy acquisition costs		5,997,709	6,373,620
Prepayments and other assets		1,768,509	1,534,541
Due from related parties		25,504,866	16,374,738
Due from shareholders' operations		32,048,462	15,390,122
Due from shareholders' operations-current account		-	727,156
Property and equipment		986,969	1,551,982
TOTAL INSURANCE OPERATIONS' ASSETS		330,949,566	214,984,731
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	6	24,455,671	27,413,104
Time deposits		118,205,017	130,007,078
Other assets		69,398	140,945
Due from policyholders' operations-current account		11,386,827	-
Statutory deposit	9	20,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		174,116,913	177,561,127
TOTAL ASSETS		505,066,479	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 DECEMBER 31, 2011

	Note	December 31, 2011 SR (Un-audited)	December 31, 2010 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES			
Accounts payable		11,035,157	8,920,031
Reinsurance balances payable	8	31,839,236	9,665,622
Unearned reinsurance commission income		4,544,143	3,049,002
Gross unearned premiums		90,251,887	72,975,000
Gross outstanding claims	8	151,176,419	97,700,583
Accrued expenses and other liabilities	8	23,902,830	15,076,452
Due to shareholders' operations-current account		11,386,827	-
End-of-service indemnities	8	6,813,067	7,598,041
TOTAL INSURANCE OPERATIONS' LIABILITIES		330,949,566	214,984,731
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Due to policyholders' operations		32,048,462	15,390,122
Due to policyholders' operations-current account		-	727,156
Due to a related party		678,683	-
Accrued expenses and other liabilities	8	5,074,206	3,908,789
TOTAL SHAREHOLDERS' LIABILITIES		37,801,351	20,026,067
SHAREHOLDERS' EQUITY			
Share capital	10	200,000,000	200,000,000
Accumulated losses		(63,684,438)	(42,464,940)
TOTAL SHAREHOLDERS' EQUITY		136,315,562	157,535,060
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		174,116,913	177,561,127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		505,066,479	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 AND YEAR ENDED DECEMBER 31, 2011

	Note	Three months ended December 31, 2011 SR (Un-audited)	Three months ended December 31, 2010 SR (Un-audited)	Year ended December 31, 2011 SR (Un-audited)	Year ended December 31, 2010 SR (Un-audited)
REVENUES					
Gross written premiums	8	50,366,421	43,535,574	227,930,271	196,008,842
Less: Reinsurance premiums ceded	8	(18,533,356)	(12,965,631)	(96,564,812)	(73,099,063)
Excess of loss premiums		(3,509,673)	(2,908,599)	(10,040,321)	(9,698,349)
NET PREMIUMS WRITTEN		28,323,392	27,661,344	121,325,138	113,211,430
Changes in unearned premiums, net		(2,080,992)	2,079,896	(7,207,998)	(6,188,000)
NET PREMIUMS EARNED		26,242,400	29,741,240	114,117,140	107,023,430
Gross claims paid and other expenses	8	(34,967,612)	(40,006,982)	(117,218,449)	(125,543,079)
Reinsurers' share of gross claims paid	8	17,958,289	8,837,708	46,446,833	47,090,014
Changes in outstanding claims, net		2,018,448	13,270,557	(2,255,836)	4,789,366
NET CLAIMS INCURRED		(14,990,875)	(17,898,717)	(73,027,452)	(73,663,699)
Policy acquisition costs		(3,585,983)	(2,848,664)	(16,390,471)	(11,948,051)
Reinsurance commission income	8	5,460,547	3,314,940	19,325,547	14,644,834
Other underwriting expenses		(622,797)	(1,037,930)	(1,833,389)	(2,433,328)
NET UNDERWRITING RESULT		12,503,292	11,270,869	42,191,375	33,623,186
Operating and administrative salaries		(8,568,289)	(8,419,288)	(31,301,927)	(27,269,914)
Other general and administrative expenses	8	(8,082,404)	(3,307,980)	(27,825,935)	(26,128,773)
Special commission income		14,490	12,217	96,479	69,735
Other income, net		202,804	4,639	181,668	187,330
INSURANCE OPERATIONS' DEFICIT		(3,930,107)	(439,543)	(16,658,340)	(19,518,436)
Insurance operations' deficit transferred to shareholders' comprehensive income		3,930,107	439,543	16,658,340	19,518,436
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 AND YEAR ENDED DECEMBER 31, 2011

	Note	Three months ended December 31, 2011 SR	Three months ended December 31, 2010 SR	Year ended December 31, 2011 SR	Year ended December 31, 2010 SR
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Insurance operations' deficit		(3,930,107)	(439,543)	(16,658,340)	(19,518,436)
Special commission income		230,951	212,900	1,083,466	931,954
General and administrative expenses	8	(3,699,156) (954,424)	(226,643) 77,818	(15,574,874) (2,432,827)	(18,586,482) (1,257,257)
Net loss for the period/year		(4,653,580)	(148,825)	(18,007,701)	(19,843,739)
Other comprehensive expenses					
Zakat and income tax		(810,808)	(714,530)	(3,211,797)	(3,164,349)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		(5,464,388)	(863,355)	(21,219,498)	(23,008,088)
Loss per share for the period/year	14	(0.23)	(0.01)	(0.90)	(0.99)
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 YEAR ENDED DECEMBER 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 year	-	(19,843,739)	(19,843,739)
Zakat and Income tax	-	(3,164,349)	(3,164,349)
December 31, 2010 (audited)	<u>200,000,000</u>	<u>(42,464,940)</u>	<u>157,535,060</u>
January 1, 2011 (audited)	200,000,000	(42,464,940)	157,535,060
Net loss for the year	-	(18,007,701)	(18,007,701)
Zakat and Income tax	-	(3,211,797)	(3,211,797)
December 31, 2011 (un-audited)	<u>200,000,000</u>	<u>(63,684,438)</u>	<u>136,315,562</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)

NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND YEAR ENDED DECMEBER 31, 2011

	Year ended December 31, 2011 SR	Year ended December 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	846,306	1,164,145
End-of-service indemnities	2,013,942	1,667,293
Gain on disposal of property and equipment	(159,052)	(184,837)
	2,701,196	2,646,601
Premiums and insurance balances receivable	(25,534,200)	14,811,338
Reinsurance share of unearned premiums	(10,068,889)	1,399,000
Reinsurers' share of outstanding claims	(51,220,000)	22,642,396
Deferred policy acquisition costs	375,911	(680,765)
Prepayments and other assets	(233,968)	(158,777)
Due from related parties	(9,040,380)	(3,886,269)
Due from shareholders' operations	(16,658,340)	(15,390,122)
Due from shareholders' operations-current account	727,156	9,897,289
Accounts payable	2,115,126	3,001,471
Reinsurance balances payable	22,173,614	3,501,085
Unearned reinsurance commission income	1,495,141	(1,534,392)
Gross unearned premiums	17,276,887	4,789,000
Gross outstanding claims	53,475,836	(27,431,762)
Accrued expenses and other liabilities	8,826,378	3,240,795
Due to shareholders' operations	-	(4,128,314)
Due to shareholders' operations-current account	11,386,827	-
Cash generated from operations	7,798,295	12,718,574
End-of-service indemnities paid	(2,888,664)	(2,751,288)
Net cash from operating activities	4,909,631	9,967,286
INVESTING ACTIVITIES		
Purchase of property and equipment	(374,162)	(1,308,831)
Proceeds from disposal of property and equipment	251,921	184,837
Investment	(50,000)	-
Net cash used in investing activities	(172,241)	(1,123,994)
Net change in cash and cash equivalents	4,737,390	8,843,292
Cash and cash equivalents, January 1	39,269,809	30,426,517

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 YEAR ENDED DECEMBER 31, 2011

CASH AND CASH EQUIVALENTS, DECEMBER 31	44,007,199	39,269,809
Non-cash transaction:		
End-of-service indemnities	<u>89,748</u>	-
	Year ended December 31, 2011 SR	Year ended December 31, 2010 SR
	(Un-audited)	(Un-audited)
OPERATING ACTIVITIES		
Net loss for the year	(18,007,701)	(19,843,739)
Changes in assets and liabilities:		
Other assets	71,547	273,055
Statutory deposit	-	(20,000,000)
Due from policyholders' operations	-	4,128,314
Due from policyholders' operations-current account	(11,386,827)	-
Due to a related party	678,683	(14,187,523)
Due to policyholders' operations	16,658,340	15,390,122
Due to policyholders' operations-current account	(727,156)	(9,897,289)
Accrued expenses and other liabilities	<u>857,784</u>	<u>642,364</u>
Cash used in operations	(11,855,330)	(43,494,696)
Zakat paid	<u>(2,904,164)</u>	-
Net cash used in operating activities	(14,759,494)	(43,494,696)
INVESTING ACTIVITIES		
Time deposits	<u>11,802,061</u>	70,907,800
Net cash from investing activities	11,802,061	70,907,800
Net change in cash and cash equivalents	(2,957,433)	27,413,104
Cash and cash equivalents, January 1	<u>27,413,104</u>	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	24,455,671	27,413,104

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 AND YEAR ENDED DECMEBER 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 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 and year ended December 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 and year ended December 31, 2011 have been prepared in accordance with International Accounting Standard No. 34 – Interim Financial Reporting.

The comparative figures for the three months and year ended December 31, 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 MONTHS AND YEAR ENDED DECEMBER 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 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	
	December 31, 2011 SR	December 31, 2010 SR	December 31, 2011 SR	December 31, 2010 SR
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
Cash in hand	77,604	52,383	-	-
Cash at banks- Current accounts	13,873,368	9,185,453	24,455,671	27,413,104
- Time deposits	30,056,227	30,031,973	-	-
	44,007,199	39,269,809	24,455,671	27,413,104

Included in cash and cash equivalents is SR 34.64 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
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NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2011

7. PREMIUMS AND INSURANCE BALANCES RECEIVABLE

	December 31, 2011 SR	December 31, 2010 SR
	(Un-audited)	(Audited)
Premiums receivable	49,280,584	45,216,048
Receivables from insurance and reinsurance companies	7,991,579	6,080,675
Receivables from related parties (note 8)	54,377,041	23,994,046
Reinsurance receivable from related parties	-	2,262,514
	<u>111,649,204</u>	<u>77,553,283</u>
Less: allowance for doubtful debts	<u>(20,285,948)</u>	<u>(11,724,227)</u>
	<u>91,363,256</u>	<u>65,829,056</u>

Allowance for doubtful debts includes SR 7,240,171 (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	Year ended December 31, 2011 SR	Year ended December 31, 2010 SR
		(Un-audited)	(Un-audited)
Shareholders/affiliates	Gross written premiums	90,162,780	74,582,843
	Gross claims paid and other expenses	59,502,432	35,588,579
	Reinsurance premiums ceded	37,003,344	9,857,400
	Reinsurers' share of gross claims paid	13,718,714	16,226,910
	Reinsurance commission income	11,377,881	3,012,710
	Outsourced service charges	6,976,843	6,025,877
	Brand fee	30,100	30,100
Board of Directors	Remuneration and meeting fee	500,000	500,000



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

8. RELATED PARTY TRANSACTIONS (Continued)

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

Related parties	Nature of transactions	December 31, 2011 SR	December 31, 2010 SR
		(Unaudited)	(Audited)
Shareholders/affiliates	Gross written premiums	54,377,041	23,994,046
	Gross claims paid and other expenses	(58,161,335)	(14,989,753)
	Reinsurers' share of gross outstanding claims	26,126,683	2,262,514
	Outsourced service charges	(7,768,827)	(5,645,748)
	Brand fee	(60,200)	(30,100)
Board of Directors	Remuneration and meeting fee	(500,000)	(500,000)

Compensation of key management personnel

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

	Year ended December 31, 2011 SR	Year ended December 31, 2010 SR
	(Un-audited)	(Un-audited)
Salaries and benefits	6,064,035	4,902,172
End-of-service indemnities	156,766	332,216
	6,220,801	5,234,388

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/year 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/year.

NOTES TO THE REISSUED CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 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.

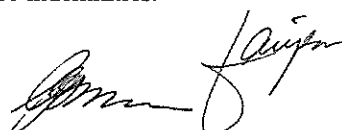
13. SEGMENTAL INFORMATION

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 AND YEAR ENDED DECEMBER 31, 2011

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the three months ended December 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	6,415,936	17,517,750	2,674,973	10,105,899	8,594,914	5,056,949	50,366,421
Reinsurance premiums ceded	(5,221,439)	-	(2,028,381)	(4,471,955)	(4,100,760)	(2,710,821)	(18,533,356)
Excess of loss premiums	(614,058)	(134,886)	(558,227)	(125,415)	(1,909,432)	(167,655)	(3,509,673)
Net premiums written	580,439	17,382,864	88,365	5,508,529	2,584,722	2,178,473	28,323,392
Change in unearned premiums, net	365,430	953,990	599,439	(3,198,968)	(2,038,809)	1,237,926	(2,080,992)
Net premiums earned	945,869	18,336,854	687,804	2,309,561	545,913	3,416,399	26,242,400
Gross claims paid and other expenses	(11,887,881)	(14,348,818)	(2,027,980)	(3,233,968)	(2,677,973)	(790,992)	(34,967,612)
Reinsurers' share of gross claims paid	11,802,061	-	1,217,388	3,161,968	1,151,875	624,997	17,958,289
Change in outstanding claims, net	(482,396)	2,122,008	780,592	2,000	719,393	(1,123,149)	2,018,448
Net claims incurred	(568,216)	(12,226,810)	(30,000)	(70,000)	(806,705)	(1,289,144)	(14,990,875)
Policy acquisition costs	(558,172)	(2,012,164)	(502,351)	(70,686)	(240,963)	(201,647)	(3,585,983)
Reinsurance commission income	2,207,213	-	930,427	-	1,813,869	509,038	5,460,547
	2,026,694	4,097,880	1,085,880	2,168,875	1,312,114	2,434,646	13,126,089
Other underwriting expenses	-	-	-	-	-	-	(622,797)
Net underwriting result							12,503,292
Operating and administrative salaries							(8,568,289)
Other general and administration expenses							(8,082,404)
Special commission income							14,490
Other income, net							202,804
Insurance operations' deficit							<u>(3,930,107)</u>

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

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the year ended December 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	45,167,548	84,054,710	22,899,771	17,505,825	31,660,683	26,641,734	227,930,271
Reinsurance premiums ceded	(40,904,392)	-	(17,161,230)	(7,675,923)	(17,486,425)	(13,336,842)	(96,564,812)
Excess of loss premiums	(1,733,555)	(1,610,681)	(2,260,888)	(303,316)	(3,236,420)	(895,461)	(10,040,321)
Net premiums written	2,529,601	82,444,029	3,477,653	9,526,586	10,937,838	12,409,431	121,325,138
Change in unearned premiums, net	(485,212)	(8,961,919)	2,029,424	(1,843,982)	2,755,742	(702,051)	(7,207,998)
Net premiums earned	2,044,389	73,482,110	5,507,077	7,682,604	13,693,580	11,707,380	114,117,140
Gross claims paid and other expenses	(35,052,649)	(54,447,077)	(7,332,927)	(8,609,914)	(6,680,933)	(5,094,949)	(117,218,449)
Reinsurers' share of gross claims paid	31,994,288	-	4,498,155	4,866,951	1,492,472	3,594,967	46,446,833
Change in outstanding claims, net	(1,688,283)	(743,388)	1,729,982	(39,999)	241,297	(1,755,445)	(2,255,836)
Net claims incurred	(4,746,644)	(55,190,465)	(1,104,790)	(3,782,962)	(4,947,164)	(3,255,427)	(73,027,452)
Policy acquisition costs	(2,354,614)	(8,251,315)	(2,783,683)	(449,118)	(1,505,954)	(1,045,787)	(16,390,471)
Reinsurance commission income	9,097,685	-	3,853,089	-	4,138,084	2,236,689	19,325,547
	4,040,816	10,040,330	5,471,693	3,450,524	11,378,546	9,642,855	44,024,764
Other underwriting expenses	-	-	-	-	-	-	(1,833,389)
Net underwriting result							42,191,375
Operating and administrative Salaries							(31,301,927)
Other general and administration Expenses							(27,825,935)
Special commission income							96,479
Other income, net							181,668
Insurance operations' deficit							(16,658,340)
As at December 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	15,803,625	-	7,504,369	4,369,956	4,099,729	4,648,210	36,425,889
Reinsurers' share of outstanding claims	54,198,358	3,267,967	14,456,255	3,337,967	8,366,216	6,746,865	90,373,628
Deferred policy acquisition costs	518,523	3,831,883	874,168	46,317	493,030	233,788	5,997,709
Unallocated assets	-	-	-	-	-	-	198,152,340
							330,949,566
Insurance operations' liabilities							
Unearned reinsurance commission income	1,987,150	-	1,276,720	-	1,230,820	49,453	4,544,143
Gross unearned premiums	16,904,831	37,001,630	9,851,901	9,289,907	8,594,914	8,608,704	90,251,887
Gross outstanding claims	58,236,418	40,042,600	21,783,782	5,011,950	13,230,868	12,870,801	151,176,419
Unallocated liabilities	-	-	-	-	-	-	84,977,117
							330,949,566

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

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the three months ended December 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	5,179,948	16,172,640	4,934,950	3,395,966	7,361,927	6,490,143	43,535,574
Reinsurance premiums ceded	(4,608,754)	-	(3,137,268)	(496,995)	(110,999)	(4,611,615)	(12,965,631)
Excess of loss premiums	(35,947)	(604,818)	(753,878)	(58,057)	(1,372,289)	(83,610)	(2,908,599)
Net premiums written	535,247	15,567,822	1,043,804	2,840,914	5,878,639	1,794,918	27,661,344
Change in unearned premiums, net	147,005	2,474,264	270,041	(982,959)	(1,569,910)	1,741,455	2,079,896
Net premiums earned	682,252	18,042,086	1,313,845	1,857,955	4,308,729	3,536,373	29,741,240
Gross claims paid and other expenses	(7,518,925)	(21,266,169)	(5,893,941)	(2,899,971)	(941,990)	(1,485,986)	(40,006,982)
Reinsurers' share of gross claims paid	4,265,960	-	3,638,764	836,987	(103,999)	199,996	8,837,708
Change in outstanding claims, net	(187,575)	10,102,636	555,286	1,273,003	70,050	1,457,157	13,270,557
Net claims incurred	(3,440,540)	(11,163,533)	(1,699,891)	(789,981)	(975,939)	171,167	(17,898,717)
Policy acquisition costs	(118,560)	(1,658,644)	(534,868)	93,974	(442,037)	(188,529)	(2,848,664)
Reinsurance commission income	1,636,192	-	777,893	-	(73,651)	974,506	3,314,940
Other underwriting expenses	(1,240,656)	5,219,909	(143,021)	1,161,948	2,817,102	4,493,517	12,308,799
Net underwriting result	-	-	-	-	-	-	11,270,869
Operating and administrative salaries	-	-	-	-	-	-	(8,419,288)
Other general and administration expenses	-	-	-	-	-	-	(3,307,980)
Special commission income	-	-	-	-	-	-	12,217
Other income, net	-	-	-	-	-	-	4,639
Insurance operations' deficit	-	-	-	-	-	-	(439,543)

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

13. SEGMENTAL INFORMATION (Continued)

Operating segments

For the year ended December 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	36,562,634	72,139,080	21,483,785	11,663,883	22,741,773	31,417,687	196,008,842
Reinsurance premiums ceded	(33,988,760)	-	(14,166,858)	(3,800,962)	(1,484,985)	(19,657,498)	(73,099,063)
Excess of loss premiums	(563,795)	(2,385,993)	(3,088,414)	(462,794)	(2,628,034)	(569,319)	(9,698,349)
Net premiums written	2,010,079	69,753,087	4,228,513	7,400,127	18,628,754	11,190,870	113,211,430
Change in unearned premiums, net	105,005	(7,109,640)	1,545,029	1,454,017	(2,257,904)	75,493	(6,188,000)
Net premiums earned	2,115,084	62,643,447	5,773,542	8,854,144	16,370,850	11,266,363	107,023,430
Gross claims paid and other expenses	(41,121,589)	(55,529,779)	(9,265,907)	(11,471,885)	(5,071,949)	(3,081,970)	(125,543,079)
Reinsurers' share of gross claims paid	34,837,537	-	6,307,537	5,508,945	9,000	426,995	47,090,014
Change in outstanding claims, net	2,542,197	6,462,690	(6,521,444)	1,064,005	929,041	312,877	4,789,366
Net claims incurred	(3,741,855)	(49,067,089)	(9,479,814)	(4,898,935)	(4,133,908)	(2,342,098)	(73,663,699)
Policy acquisition costs	(1,378,884)	(5,716,639)	(3,262,148)	(114,307)	(896,621)	(579,452)	(11,948,051)
Reinsurance commission income	6,747,521	-	5,217,201	-	167,738	2,512,374	14,644,834
	3,741,866	7,859,719	(1,751,219)	3,840,902	11,508,059	10,857,187	36,056,514
Other underwriting expenses	-	-	-	-	-	-	(2,433,328)
Net underwriting result							33,623,186
Operating and administrative salaries							(27,269,914)
Other general and administration Expenses							(26,128,773)
Special commission income							69,735
Other income, net							187,330
Insurance operations' deficit							<u>(19,518,436)</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/YEAR

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

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/YEAR

The results of the interim period/year 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 Fayez', is located in the lower right quadrant of the page.