

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

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

FOR THE THREE MONTHS ENDED MARCH 31, 2013

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

CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW
REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2013

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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 condensed interim statement of financial position of Al Alamiya for Cooperative Insurance Company, a Saudi joint stock company ("the Company") as at March 31, 2013, and the related 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 16 which form an integral part of these condensed interim financial statements. These 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 condensed interim financial statements for them to be in conformity with International Accounting Standard 34 - Interim Financial Reporting (IAS 34).

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

EMPHASIS OF A MATTER:

We draw attention to the fact that these 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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5 Jumada II, 1434H
April 15, 2013



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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	Note	March 31, 2013 SR (Un-audited)	December 31, 2012 SR (Audited)
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	6	48,504,978	57,783,343
Investment		2,473,079	2,473,079
Premiums and insurance balances receivable	7,8	88,127,036	73,056,437
Reinsurers' share of unearned premiums		50,031,300	38,856,217
Reinsurers' share of outstanding claims	8	85,068,407	84,476,906
Deferred policy acquisition costs		8,096,296	4,689,699
Prepayments and other assets		5,547,494	4,597,146
Due from related parties		30,085,186	29,378,370
Due from shareholders' operations		25,298,518	27,656,454
Property and equipment		961,215	1,139,897
TOTAL INSURANCE OPERATIONS' ASSETS		344,193,509	324,107,548
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	6	28,001,451	30,878,826
Time deposits		90,764,601	90,742,725
Other assets		749,544	430,127
Investments		27,113,738	27,185,887
Due from insurance operations-current account		7,528,544	4,433,778
Statutory deposit	9	20,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		174,157,878	173,671,343
TOTAL ASSETS		518,351,387	497,778,891

Radi A. Hassan



Ali Alami

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Continued)
AS AT MARCH 31, 2013

	Note	March 31, 2013 SR (Un-audited)	December 31, 2012 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES			
Accounts payable		15,835,598	15,342,280
Reinsurance balances payable	8	32,138,411	28,759,017
Unearned reinsurance commission income		10,445,084	7,839,134
Gross unearned premiums		120,355,083	103,792,000
Gross outstanding claims	8	129,021,842	134,635,266
Accrued expenses and other liabilities	8	19,779,997	20,279,877
Due to shareholders' operations-current account		7,528,544	4,433,778
Surplus distribution payable		749,994	488,001
End-of-service indemnities	8	8,338,956	8,538,195
TOTAL INSURANCE OPERATIONS' LIABILITIES		344,193,509	324,107,548
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Due to insurance operations		25,298,518	27,656,454
Due to a related party		1,057,010	1,057,010
Accrued expenses and other liabilities	8	8,618,339	7,541,193
TOTAL SHAREHOLDERS' LIABILITIES		34,973,867	36,254,657
SHAREHOLDERS' EQUITY			
Share capital	10	200,000,000	200,000,000
Unrealized gain on available for sale investments		426,768	410,936
Accumulated losses		(61,242,757)	(62,994,250)
TOTAL SHAREHOLDERS' EQUITY		139,184,011	137,416,686
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		174,157,878	173,671,343
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		518,351,387	497,778,891

Badr A. Hassan



Shehram

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements

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

CONDENSED INTERIM STATEMENT OF INSURANCE OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	Note	Three months ended March 31, 2013 SR (Un-audited)	Three months ended March 31, 2012 SR (Un-audited)
REVENUES			
Gross written premiums	8	81,222,035	55,193,707
Less: Reinsurance premiums ceded	8	(37,820,935)	(27,580,742)
Excess of loss premiums		(3,027,050)	(3,051,662)
NET PREMIUMS WRITTEN		40,374,050	24,561,303
Changes in unearned premiums, net		(5,388,000)	612,211
NET PREMIUMS EARNED		34,986,050	25,173,514
Gross claims paid and other expenses	8	(37,438,283)	(26,888,997)
Reinsurers' share of gross claims paid	8	8,947,360	6,962,498
Changes in outstanding claims, net		6,204,925	7,418,955
NET CLAIMS INCURRED		(22,285,998)	(12,507,544)
Policy acquisition costs		(3,452,272)	(3,466,461)
Reinsurance commission income	8	6,110,640	4,100,370
Other underwriting expenses		(144,983)	(358,550)
NET UNDERWRITING RESULT		15,213,437	12,941,329
Operating and administrative salaries		(8,801,838)	(8,055,484)
Other general and administrative expenses	8	(3,921,916)	(3,166,779)
Special commission income		130,476	48,987
Other expenses, net		(230)	(39,174)
INSURANCE OPERATIONS' SURPLUS		2,619,929	1,728,879
Insurance operations' surplus transferred to shareholders' comprehensive income		(2,357,936)	(1,555,991)
Insurance operations' surplus after shareholders' appropriation		261,993	172,888

Gadi A. Ham



X. H. DAM

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements

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

CONDENSED INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	Note	Three months ended March 31, 2013 SR (Un-audited)	Three months ended March 31, 2012 SR (Un-audited)
Insurance operations' surplus		2,357,936	1,555,991
Investment income		443,936	229,787
General and administrative expenses	8	2,801,872 (393,258)	1,785,778 (429,683)
Net income for the period		2,408,614	1,356,095
Other comprehensive income (expenses)			
Unrealized gain on available for sale investments		15,832	-
Zakat and income tax		(657,121)	(636,582)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,767,325	719,513
Earnings per share for the period	14	0.12	0.07
Weighted average number of outstanding shares		20,000,000	20,000,000

Badi A. Hamud



Ali Alami

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

	Share capital SR	Unrealized gain on available for sale investments SR	Accumulated losses SR	Total SR
January 1, 2012 (audited)	200,000,000	-	(63,684,438)	136,315,562
Net income for the period	-	-	1,356,095	1,356,095
Zakat and income tax	-	-	(636,582)	(636,582)
March 31, 2012 (un-audited)	200,000,000	-	(62,964,925)	137,035,075
January 1, 2013 (audited)	200,000,000	410,936	(62,994,250)	137,416,686
Net income for the period	-	-	2,408,614	2,408,614
Unrealized gain on available for sale investments	-	15,832	-	15,832
Zakat and income tax	-	-	(657,121)	(657,121)
March 31, 2013 (un-audited)	200,000,000	426,768	(61,242,757)	139,184,011

Bad. A. Ham



Shehram

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements

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

CONDENSED INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	Three months ended March 31, 2013 SR	Three months ended March 31, 2012 SR
	(Un-audited)	(Un-audited)
OPERATING ACTIVITIES		
Insurance operations' surplus after shareholders' appropriation	261,993	172,888
Adjustments to reconcile insurance operations' surplus to net cash provided from operating activities:		
Depreciation	207,252	146,149
End-of-service indemnities	12,882	516,902
Gain on disposal of property and equipment	-	41,120
	482,127	877,059
Premiums and insurance balances receivable	(15,070,599)	5,777,860
Reinsurers' share of unearned premiums	(11,175,083)	(3,965,322)
Reinsurers' share of outstanding claims	(591,501)	2,652,075
Deferred policy acquisition costs	(3,406,597)	(690,959)
Prepayments and other assets	(950,348)	(240,348)
Due from related parties	(706,816)	(3,052,025)
Due from shareholders' operations	2,357,936	1,555,991
Accounts payable	493,318	(3,373,952)
Reinsurance balances payable	3,379,394	3,809,937
Unearned reinsurance commission income	2,605,950	3,924,887
Gross unearned premiums	16,563,083	3,353,111
Gross outstanding claims	(5,613,424)	(10,071,030)
Accrued expenses and other liabilities	(499,880)	3,638,531
Due to shareholders' operations-current account	3,094,766	2,406,286
Cash (used in) generated from operations	(9,037,674)	6,602,101
End-of-service indemnities paid	(212,121)	(236,936)
Net cash (used in) from operating activities	(9,249,795)	6,365,165
INVESTING ACTIVITIES		
Additions to property and equipment	(28,570)	(125,450)
Net cash used in investing activities	(28,570)	(125,450)
Net change in cash and cash equivalents	(9,278,365)	6,239,715
Cash and cash equivalents, January 1	57,783,343	44,007,199
CASH AND CASH EQUIVALENTS, MARCH 31	48,504,978	50,246,914

Radi A. Hassan



Radi A. Hassan

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements

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

**CONDENSED INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS' CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

	Three months ended March 31, 2013 SR	Three months ended March 31, 2012 SR
	(Un-audited)	(Un-audited)
OPERATING ACTIVITIES		
Net income for the period	2,408,614	1,356,095
Changes in assets and liabilities:		
Other assets	(231,436)	(307,773)
Due from insurance operations-current account	(3,094,766)	(2,406,286)
Due to a related party	-	153,156
Due to insurance operations	(2,357,936)	(1,555,991)
Accrued expenses and other liabilities	420,025	113,918
Net cash used in operating activities	(2,855,499)	(2,646,881)
INVESTING ACTIVITIES		
Time deposits	(21,876)	27,988,623
Investments	-	(8,023,707)
Net cash (used in) from investing activities	(21,876)	19,964,916
Net change in cash and cash equivalents	(2,877,375)	17,318,035
Cash and cash equivalents, January 1	30,878,826	24,455,671
CASH AND CASH EQUIVALENTS, MARCH 31	28,001,451	41,773,706
Non-cash transactions:		
Unrealized gain on available for sale investments	15,832	-
Amortization of premium on investments adjusted against other receivables	87,981	-

Sadeh A. Hossain



Ali Alami

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

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 Riyadh, 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 the 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 the 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's letter of November 10, 2008 ("the Letter"), the value of combined goodwill was estimated at SR 64.14 million.

3. BASIS OF PRESENTATION

Statement of compliance

The condensed interim financial statements for the three months ended March 31, 2013 have been prepared in accordance with International Accounting Standard No. 34 – Interim Financial Reporting.

The 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 financial statements for the year ended December 31, 2012. In management's opinion, the condensed interim financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim period presented.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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 year ended December 31, 2012, except for the adoption of new standards, amendments and revisions to existing standards as mentioned below which had no significant financial impact on the condensed interim financial statements of the Company:



Sadu A. Al-Harbi

[Signature]

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Standard</u>	<u>Name of the standard</u>
Amendments to IAS 1	Presentation of Financial Statements
Amendments to IAS 19	Employee Benefits
Amendments to IAS 27	Separate Financial Statements
Amendments to IAS 28	Investments in Associates and Joint Ventures
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRIC 20	Stripping costs in the production phase of a surface mine

The Company's management decided not to choose the early adoption of the following new and amended standards issued which will become effective for the periods commencing on or after January 1, 2014:

<u>Standard</u>	<u>Name of the standard</u>
IFRS 9	Financial Instruments- Classification and measurement
Amendments to IFRS 7	Financial Instruments- Disclosures
Amendments to IFRS 10	Consolidated Financial Statements
Amendments to IAS 32	Financial Instruments- Presentation

The Company's management is currently evaluating the impact of adopting these Standards and Interpretations on the financial statements of the Company and the timing of initial application.

Sadi A. Han



Ali Alami

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

The preparation of the 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 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 financial statements as at and for the year ended December 31, 2012.

6. CASH AND CASH EQUIVALENTS

	Insurance Operations		Shareholders' Operations	
	March 31, 2013 SR	December 31, 2012 SR	March 31, 2013 SR	December 31, 2012 SR
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
Cash in hand	27,815	42,500	-	-
Cash at banks- Current accounts	3,002,456	12,460,700	28,001,451	30,878,826
- Time deposits	45,474,707	45,280,143	-	-
	48,504,978	57,783,343	28,001,451	30,878,826

Included in cash and cash equivalents is SR 12.78 million (December 31, 2012: SR 26.48 million) associated with the portfolio transfer process which is currently held in the name of a related party on behalf of the Company.

7. PREMIUMS AND INSURANCE BALANCES RECEIVABLE

	March 31, 2013 SR	December 31, 2012 SR
	(Un-audited)	(Audited)
Premiums receivable	62,499,148	54,858,452
Receivables from insurance and reinsurance companies	5,096,616	6,337,343
Receivables from related parties	33,747,178	27,576,263
	101,342,942	88,772,058
Less: allowance for doubtful debts	(13,215,906)	(15,715,621)
	88,127,036	73,056,437

Allowance for doubtful debts includes SR 4,636,256 (December 31, 2012: SR 3,809,846) against receivables from related parties.



Gadi A. Jom

[Signature]

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

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, 2013	Three months ended March 31, 2012
		SR	SR
		(Un-audited)	(Un-audited)
Shareholders/affiliates	Gross written premiums	26,254,848	11,777,959
	Gross claims paid and other expenses	15,776,139	15,237,705
	Reinsurance premiums ceded	16,128,993	14,582,253
	Reinsurers' share of gross claims paid	4,783,875	1,637,637
	Reinsurance commission income	4,527,205	4,479,906
	Outsourced service charges	1,725,000	1,530,497
	Brand fee	7,525	7,525
Board of Directors	Remuneration and meeting fee	116,250	122,000

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

Related parties	Nature of transactions	March 31, 2013	December 31, 2012
		SR	SR
		(Un-audited)	(Audited)
Shareholders/affiliates	Premiums receivable	33,747,178	27,576,263
	Gross outstanding claims and expenses	(53,275,734)	(55,339,134)
	Reinsurers' share of gross outstanding claims	20,542,793	24,272,489
	Outsourced service charges payable	(8,625,000)	(6,900,000)
	Brand fee payable	(97,825)	(90,300)
Board of Directors	Remuneration and meeting fee payable	(604,250)	(488,000)

Compensation of key management personnel

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

	Three months ended March 31, 2013	Three months ended March 31, 2012
	SR	SR
	(Un-audited)	(Un-audited)
Salaries and benefits	1,437,219	1,105,488
End-of-service indemnities	36,425	21,996
	1,473,644	1,127,484

Badi A. Hasan



[Signature]

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

9. STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid-up share 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 appropriation of 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 accumulated losses as at the end of the period.

12. 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 first year; and
- Limitation will be placed by SAMA on the period during which payments can be made.

In view of the accumulated 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 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.

Sadi A. Hom



Ali Damir

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

13. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by the 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 income.

Segment assets do not include cash and cash equivalents, investments, 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 insurance operations and end-of-service indemnities.

Operating segments

For the three months ended March 31, 2013	Property SR (Un-audited)	Motor SR (Un-audited)	Engineering SR (Un-audited)	Medical SR (Un-audited)	Marine SR (Un-audited)	Others SR (Un-audited)	Total SR (Un-audited)
Insurance operations							
Gross written premiums	23,607,764	29,047,557	7,223,928	1,809,982	9,649,904	9,882,900	81,222,035
Reinsurance premiums ceded	(21,077,789)	-	(6,019,740)	(224,998)	(5,319,247)	(5,179,161)	(37,820,935)
Excess of loss premiums	(831,492)	(941,051)	(404,036)	(80,324)	(502,380)	(267,767)	(3,027,050)
Net premiums written	1,698,483	28,106,506	800,152	1,504,660	3,828,277	4,435,972	40,374,050
Change in unearned premiums, net	(734,993)	(3,209,967)	(378,997)	512,994	(144,916)	(1,432,121)	(5,388,000)
Net premiums earned	963,490	24,896,539	421,155	2,017,654	3,683,361	3,003,851	34,986,050
Gross claims paid and other expenses	(702,993)	(24,602,754)	(112,999)	(2,842,972)	(7,879,579)	(1,296,986)	(37,438,283)
Reinsurers' share of gross claims paid	610,594	282,997	77,199	923,991	6,098,588	953,991	8,947,360
Change in outstanding claims, net	555,095	2,767,973	(336,998)	772,993	1,188,788	1,257,074	6,204,925
Net claims incurred	462,696	(21,551,784)	(372,798)	(1,145,988)	(592,203)	914,079	(22,285,998)
Policy acquisition costs	(1,007,483)	(1,086,801)	(568,524)	(171,287)	(469,995)	(148,182)	(3,452,272)
Reinsurance commission income	3,147,863	-	1,057,862	-	1,487,964	416,951	6,110,640
Other underwriting expenses	3,566,566	2,257,954	537,695	700,379	4,109,127	4,186,699	15,358,420
Net underwriting result	-	-	-	-	-	-	(144,983)
Operating and administrative salaries							15,213,437
Other general and administrative expenses							(8,801,838)
Special commission income							(3,921,916)
Other expenses, net							130,476
Insurance operations' surplus							(230)
							<u>2,619,929</u>

Sadi A. Ham



Sadi A. Ham

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

13. SEGMENTAL INFORMATION (Continued)

Operating segments

As at March 31, 2013	Property SR (Un-audited)	Motor SR (Un-audited)	Engineering SR (Un-audited)	Medical SR (Un-audited)	Marine SR (Un-audited)	Others SR (Un-audited)	Total SR (Un-audited)
Insurance operations' assets							
Reinsurers' share of unearned premiums	25,482,745	499,995	10,780,892	1,192,988	5,319,247	6,755,433	50,031,300
Reinsurers' share of outstanding claims	51,175,388	639,994	11,850,581	2,445,976	10,427,996	8,528,472	85,068,407
Deferred policy acquisition costs	2,603,667	2,726,612	1,309,621	311,411	674,993	469,992	8,096,296
Unallocated assets	-	-	-	-	-	-	200,997,506
							<u>344,193,509</u>
Insurance operations' liabilities							
Unearned reinsurance commission income	5,282,580	-	2,446,275	-	1,669,983	1,046,246	10,445,084
Gross unearned premiums	28,623,714	50,752,492	12,704,873	4,946,951	9,649,904	13,677,149	120,355,083
Gross outstanding claims	54,693,453	21,930,781	19,510,805	3,640,964	15,566,844	13,678,995	129,021,842
Unallocated liabilities	-	-	-	-	-	-	84,371,500
							<u>344,193,509</u>
For the three months ended March 31, 2012							
	Property SR (Un-audited)	Motor SR (Un-audited)	Engineering SR (Un-audited)	Medical SR (Un-audited)	Marine SR (Un-audited)	Others SR (Un-audited)	Total SR (Un-audited)
Insurance operations							
Gross written premiums	15,188,848	17,120,829	10,270,897	(1,669,983)	8,574,914	5,708,202	55,193,707
Reinsurance premiums ceded	(13,384,066)	-	(8,232,418)	1,591,994	(5,396,146)	(2,160,106)	(27,580,742)
Excess of loss premiums	(770,246)	(908,411)	(346,246)	(43,390)	(760,332)	(223,037)	(3,051,662)
Net premiums written	1,034,536	16,212,418	1,692,233	(121,379)	2,418,436	3,325,059	24,561,303
Change in unearned premiums, net	(813,775)	(516,995)	(1,045,440)	2,004,981	1,316,437	(332,997)	612,211
Net premiums earned	220,761	15,695,423	646,793	1,883,602	3,734,873	2,992,062	25,173,514
Gross claims paid and other expenses	(2,808,972)	(16,727,099)	(366,996)	(2,940,971)	(2,278,977)	(1,765,982)	(26,888,997)
Reinsurers' share of gross claims paid	2,541,542	-	271,597	1,660,983	994,391	1,493,985	6,962,498
Change in outstanding claims, net	(371,296)	8,041,920	(887,090)	(57,999)	484,296	209,124	7,418,955
Net claims incurred	(638,726)	(8,685,179)	(982,489)	(1,337,987)	(800,290)	(62,873)	(12,507,544)
Policy acquisition costs	(607,641)	(1,861,336)	(445,543)	114,337	(493,030)	(173,248)	(3,466,461)
Reinsurance commission income	1,820,040	-	743,068	-	1,230,820	306,442	4,100,370
Other underwriting expenses	794,434	5,148,908	(38,171)	659,952	3,672,373	3,062,383	13,299,879
							<u>(358,550)</u>
Net underwriting result							12,941,329
Operating and administrative salaries							(8,055,484)
Other general and administration expenses							(3,166,779)
Special commission income							48,987
Other expenses, net							<u>(39,174)</u>
Insurance operations' surplus							<u>1,728,879</u>



Bad A. Han

Ali Alami

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

13. SEGMENTAL INFORMATION (Continued)

Operating segments

As at December 31, 2012	Property SR (Audited)	Motor SR (Audited)	Engineering SR (Audited)	Medical SR (Audited)	Marine SR (Audited)	Others SR (Audited)	Total SR (Audited)
Insurance operations' assets							
Reinsurers' share of unearned premiums	16,801,832	-	8,814,912	2,096,979	4,920,168	6,222,326	38,856,217
Reinsurers' share of outstanding claims	46,971,330	290,997	12,039,580	2,264,977	15,044,150	7,865,872	84,476,906
Deferred policy acquisition costs	1,017,176	1,731,434	891,155	334,699	469,995	245,240	4,689,699
Unallocated assets	-	-	-	-	-	-	196,084,726
							<u>324,107,548</u>
Insurance operations' liabilities							
Unearned reinsurance commission income	4,068,786	-	1,760,940	-	1,487,985	521,423	7,839,134
Gross unearned premiums	19,207,808	47,042,530	10,359,896	6,363,936	9,105,909	11,711,921	103,792,000
Gross outstanding claims	51,044,490	24,349,757	19,362,806	4,232,958	21,371,786	14,273,469	134,635,266
Unallocated liabilities	-	-	-	-	-	-	77,841,148
							<u>324,107,548</u>

14. EARNINGS PER SHARE FOR THE PERIOD

Earnings per share for the period is calculated by dividing the net income 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 except for an investment held in Abu Dhabi.

16. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements have been approved by the Board of Directors on April 15, 2013 corresponding to 5 Jumada II, 1434H.

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