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

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

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

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

Unaudited Interim Condensed Financial Statements and Independent Auditors' Review Report
For the Three Month Period Ended 31 March 2014

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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 interim statement of financial position of Al Alamiya for Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2014, the related interim statements of comprehensive income for insurance and shareholders' operations, statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the three month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed 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, 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 interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF MATTER:

We draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

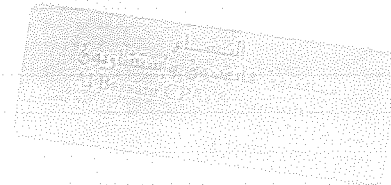
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(15 April 2014)



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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

		31 March 2014 SR (Unaudited)	31 December 2013 SR (Audited)
	Notes		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	4,477,514	40,462,274
Term deposits		83,914,450	83,914,450
Investments	6(a)	1,923,079	1,923,079
Premiums and insurance balances receivable	8	85,257,512	77,173,180
Due from related parties		1,440,871	1,256,938
Due from shareholders' operations		65,930,892	49,320,644
Reinsurers' share of unearned premiums		65,821,288	69,121,800
Reinsurers' share of outstanding claims		514,177,538	596,366,930
Deferred policy acquisition costs		7,738,389	6,027,808
Prepayments and other assets		6,694,002	5,003,694
Property and equipment, net		831,079	855,456
TOTAL INSURANCE OPERATIONS' ASSETS		838,206,614	931,426,253
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	9,947,661	9,958,892
Term deposits		115,627,202	115,627,202
Investments	6(b)	27,539,250	27,404,625
Other assets		735,358	424,835
Statutory deposit		20,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		173,849,471	173,415,554
TOTAL ASSETS		1,012,056,085	1,104,841,807

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.



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

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2014

	31 March 2014 SR (Unaudited)	31 December 2013 SR (Audited)
INSURANCE OPERATIONS' LIABILITIES		
Gross outstanding claims	588,643,911	663,503,315
Gross unearned premiums	138,302,471	138,747,983
Accounts payable	4,120,407	3,769,281
Reinsurance balances payable	56,051,908	75,912,509
Due to related parties	3,279,334	3,153,965
Accrued expenses and other liabilities	27,744,022	27,775,624
Surplus distribution payable	488,001	488,001
Unearned reinsurance commission	11,035,800	8,880,200
End of service indemnities	8,540,760	9,195,375
TOTAL INSURANCE OPERATIONS' LIABILITIES	838,206,614	931,426,253
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Due to insurance operations	65,930,892	49,320,644
Due to a related party	1,058,354	1,058,354
Accrued expenses and other liabilities	10,513,139	9,929,652
TOTAL SHAREHOLDERS' LIABILITIES	77,502,385	60,308,650
SHAREHOLDERS' EQUITY		
Share capital	200,000,000	200,000,000
Unrealized gain on available for sale investments	427,706	208,689
Accumulated losses	(104,080,620)	(87,101,785)
TOTAL SHAREHOLDERS' EQUITY	96,347,086	113,106,904
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	173,849,471	173,415,554
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,012,056,085	1,104,841,807

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.




AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF COMPREHENSIVE INCOME – INSURANCE OPERATIONS
(UNAUDITED)

	<i>For the three month period ended</i>	
	<i>31 March 2014</i>	<i>31 March 2013</i>
	<i>-SR-</i>	<i>-SR-</i>
	<i>Notes</i>	
Gross written premiums	78,763,164	81,222,035
Less: Reinsurance premium ceded	(33,669,480)	(37,820,935)
Excess of loss premiums	(3,417,618)	(3,027,050)
NET WRITTEN PREMIUMS	41,676,066	40,374,050
Changes in unearned premiums, net	(2,855,000)	(5,388,000)
NET PREMIUMS EARNED	38,821,066	34,986,050
Gross claims paid	(62,653,404)	(37,438,283)
Reinsurers' share of gross claims paid	26,463,990	8,947,360
Changes in outstanding claims, net	(7,329,988)	6,204,925
NET CLAIMS INCURRED	(43,519,402)	(22,285,998)
Policy acquisition costs	(4,058,566)	(3,452,272)
Reinsurance commission income	6,196,595	6,110,640
Other underwriting expenses	(356,868)	(144,983)
NET UNDERWRITING (DEFICIT) / SURPLUS	(2,917,175)	15,213,437
General and administrative expenses	(13,868,787)	(12,723,754)
Investment income	162,613	130,476
Other income / (expenses)	13,101	(230)
INSURANCE OPERATIONS' (DEFICIT) / SURPLUS	(16,610,248)	2,619,929
Shareholders' appropriation from insurance operations' deficit / (surplus)	2 16,610,248	(2,357,936)
NET SURPLUS AT END OF THE PERIOD	--	261,993

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.




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

INTERIM STATEMENT OF COMPREHENSIVE INCOME – SHAREHOLDERS’
OPERATIONS (UNAUDITED)

	Notes	For the three month period ended	
		31 March 2014 SR	31 March 2013 SR
INCOME			
Shareholders’ appropriation from insurance operations* (deficit) / surplus	2	(16,610,248)	2,357,936
Investment income		428,943	443,936
		(16,181,305)	2,801,872
General and administrative expenses		(325,028)	(393,258)
NET (LOSS) / INCOME FOR THE PERIOD		(16,506,333)	2,408,614
OTHER COMPREHENSIVE INCOME			
Change in fair value of available for sale investments		219,017	15,832
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(16,287,316)	2,424,446
BASIC AND DILUTED (LOSS) / EARNING PER SHARE FOR THE PERIOD			
	10	(0.83)	0.12

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.




AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the three month period ended 31 March 2014

	<i>Share capital SR</i>	<i>Unrealized gain on available for sale investments SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
Balance at 1 January 2013	200,000,000	410,936	(62,994,250)	137,416,686
Net income for the period	--	--	2,408,614	2,408,614
<i>Other comprehensive income:</i> Net change in fair value of available for sale investments	--	15,832	--	15,832
Total comprehensive income / (loss)	--	15,832	2,408,614	2,424,446
Zakat and income tax	--	--	(657,121)	(657,121)
Balance as at 31 March 2013	<u>200,000,000</u>	<u>426,768</u>	<u>(61,242,757)</u>	<u>139,184,011</u>
Balance at 1 January 2014	<u>200,000,000</u>	<u>208,689</u>	<u>(87,101,785)</u>	<u>113,106,904</u>
Net loss for the period	--	--	(16,506,333)	(16,506,333)
<i>Other comprehensive income:</i> Change in fair value of available for sale investments	--	219,017	--	219,017
Total comprehensive income / (loss)	--	219,017	(16,506,333)	(16,287,316)
Zakat and income tax	--	--	(472,502)	(472,502)
Balance as at 31 March 2014	<u>200,000,000</u>	<u>427,706</u>	<u>(104,080,620)</u>	<u>96,347,086</u>

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.




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

INTERIM STATEMENT OF CASHFLOWS – INSURANCE OPERATIONS
(UNAUDITED)

	<i>For the three month period ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2014</i>	<i>2013</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Insurance operations' surplus after shareholders' appropriation	–	261,993
<i>Adjustments to reconcile insurance operations' surplus to net cash provided from operating activities:</i>		
Depreciation	135,278	207,252
Employees' end of service benefits	338,750	12,882
Provision for doubtful debt	(279,063)	–
Operating cash inflows before changes in operating assets and liabilities	194,965	482,127
<i>Changes in operating assets and liabilities:</i>		
Premiums and insurance balances receivable	(7,805,269)	(15,070,599)
Due from related parties	(183,933)	(706,816)
Due from shareholders' operations	(16,610,248)	2,357,936
Reinsurers' share of outstanding claims	82,189,392	(591,501)
Prepayments and other assets	(1,690,308)	(950,348)
Reinsurers' share of unearned premiums	3,300,512	(11,175,083)
Deferred policy acquisition costs	(1,710,581)	(3,406,597)
Gross outstanding claims	(74,859,404)	(5,613,424)
Accounts payable	351,126	493,318
Reinsurance balances payable	(19,860,601)	3,379,394
Due to shareholders' operations-current account	–	3,094,766
Due to related parties	125,369	–
Accrued expenses and other liabilities	(31,602)	(499,880)
Unearned reinsurance commission income	2,155,600	2,605,950
Gross unearned premiums	(445,512)	16,563,083
<i>Cash used in operations</i>	(34,880,494)	(9,037,674)
Employees' end of service benefits paid	(993,365)	(212,121)
Net cash used in operating activities	(35,873,859)	(9,249,795)
INVESTING ACTIVITY		
Purchase of property and equipment	(110,901)	(28,570)
Net cash used in investing activity	(110,901)	(28,570)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,984,760)	(9,278,365)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	40,462,274	57,783,343
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6 4,477,514	48,504,978

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CASH FLOWS – SHAREHOLDERS’ OPERATIONS
(UNAUDITED)

	Note	For the three month period ended	
		31 March 2014	31 March 2013
		SR	SR
OPERATING ACTIVITIES			
Net (loss) / income for the period		(16,506,333)	2,408,614
Operating cash outflows before changes in operating assets and liabilities			
<i>Changes in operating assets and liabilities:</i>			
Other assets		(310,523)	(231,436)
Due from insurance operations-current account		--	(3,094,766)
Due to insurance operations		16,610,248	(2,357,936)
Accrued expenses and other liabilities		110,985	420,025
Net cash used in operating activities		(95,623)	(2,855,499)
INVESTING ACTIVITIES			
Term deposits		--	(21,876)
Investments		84,392	--
Net cash from / (used in) investing activities		84,392	(21,876)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,231)	(2,877,375)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		9,958,892	30,878,826
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6	9,947,661	28,001,451
<i>Non-cash transactions:</i>			
Net change in fair value of available for sale investments		219,017	15,832

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.




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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

31 March 2014

1 ORGANISATION 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 (17 November 2009) under commercial registration (CR) number 4030194978. The registered head office of the Company is in Riyadh under CR number of 1010287831 with branches in Jeddah (CR 4030194978) and Khobar (CR 2051042939).

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 (13 December 2009), the Company received the license from Saudi Arabian Monetary Agency ("SAMA") to transact insurance business in the Kingdom of Saudi Arabia.

The registered office address of the Company is at Prince Mohammed bin Abdul aziz, Home Center Building, P.O. Box: 6393, Riyadh 11442, Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

Basis of measurement

The interim condensed financial statements have been prepared under the historical cost basis except for the measurement at fair value of "available for sale investments".

Statement of compliance

The accompanying interim condensed financial statements for the three month period ended 31 March 2014 ("the period") are prepared in accordance with IAS 34 – Interim Financial Reporting, 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 as at 31 December 2013.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Arabian Monetary Agency ("SAMA"). Any deficit arising on insurance operations is transferred to the shareholders operations in full.

In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. Certain comparative amounts have been reclassified to conform to the current period presentation.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 March 2014

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013.

The Company has chosen to early adopt the following new standards and amendments, which are effective for the Company's financial years starting 2014 and thereafter:

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion. The amendment is effective for annual periods beginning on or after 1 January 2014.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36

Amendment applicable retrospectively from 1 January 2014 addresses the disclosure of information about the recoverable amount of impaired assets under the amendments. recoverable amount of every cash generating unit to which goodwill or indefinite-lived intangible assets have been allocated is required to be disclosed only when an impairment loss has been recognised or reversed.

Standards issued but not yet effective

In addition to the above mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance for the Company with effect from future dates.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

On 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB tentatively decided that IFRS 9 would be mandatorily effective for years ending on or after 31 December 2018.



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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)

31 March 2014

4 CRITICAL ACCOUNTING JUDGEMENTS 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 reissued financial statements as at and for the year ended 31 December 2013.

5 CASH AND CASH EQUIVALENTS

	31 March 2014		31 December 2013	
	Insurance operations (Unaudited) SR	Shareholders' operations (Unaudited) SR	Insurance operations (Audited) SR	Shareholders' operations (Audited) SR
Cash in hand	40,224	--	25,293	--
Cash at banks - Current accounts	4,437,290	9,947,661	40,436,981	9,958,892
	<u>4,477,514</u>	<u>9,947,661</u>	<u>40,462,274</u>	<u>9,958,892</u>

6 INVESTMENTS

a) Insurance operations – Investments

This represents investment in respect of the Company's share in the capital of Najm for Insurance Services. This investment has been carried at cost. Management is of the opinion that the fair market value of this investment is not materially different from its carrying value.

b) Shareholders' operations – Available for sale investments (AFS)

	31 March 2014		31 December 2013	
	Amortised cost SR	Market value SR	Amortised cost SR	Market value SR
Bonds				
Tourism Development Investment Company (TDIC) (100% owned by Abu Dhabi Government)	3,785,254	3,787,500	3,820,509	3,845,250
Abu Dhabi National Energy Company (TAQA) (51% owned by Abu Dhabi Government)	4,417,471	4,486,125	4,453,943	4,434,375
Sukuks				
Saudi Electricity Company	18,908,819	19,265,625	18,921,484	19,125,000
	<u>27,111,544</u>	<u>27,539,250</u>	<u>27,195,936</u>	<u>27,404,625</u>

The investment income ranges between 2.1% to 2.8% in case of bonds and 2.4% in case of sukuks.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 March 2014

7 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair values of recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial statements. The estimated fair values of financial instruments are based on quoted market prices, when available. The fair values of these investments are disclosed below:

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking);

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<u>As at 31 March 2014</u>				
Tourism Development Investment Company (TDIC) (100% owned by Abu Dhabi Government)	3,787,500	--	--	3,787,500
Abu Dhabi National Energy Company (TAQA) (51% owned by Abu Dhabi Government)	4,486,125	--	--	4,486,125
Saudi Electricity Company (Sukuks)	19,265,625	--	--	19,265,625
	<u>27,539,250</u>	<u>--</u>	<u>--</u>	<u>27,539,250</u>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<u>As at 31 December 2013</u>				
Tourism Development Investment Company (TDIC) (100% owned by Abu Dhabi Government)	3,845,250	--	--	3,845,250
Abu Dhabi National Energy Company (TAQA) (51% owned by Abu Dhabi Government)	4,434,375	--	--	4,434,375
Saudi Electricity Company (Sukuks)	19,125,000	--	--	19,125,000
	<u>27,404,625</u>	<u>--</u>	<u>--</u>	<u>27,404,625</u>

For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the three-month period ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The net change in the fair value of AFS investments amounting to SR 219,017 (2013: SR 202,247) has been recorded in the interim statement of comprehensive income – shareholders' operations.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 March 2014

8 PREMIUM AND INSURANCE BALANCES RECEIVABLE, NET

	<i>31 March 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2013</i> <i>(Audited)</i> <i>SR</i>
Premiums receivable	53,086,961	48,967,996
Receivables from insurance and reinsurance companies	16,740,911	20,501,445
Receivables from related parties	27,675,757	20,228,919
	<u>97,503,629</u>	<u>89,698,360</u>
Less: Allowance for doubtful debts	(12,246,117)	(12,525,180)
	<u>85,257,512</u>	<u>77,173,180</u>

Allowance for doubtful debts includes SR 3.3 million (31 December 2013: SR 2.6 million) against receivables from related parties.

9 STATUTORY DEPOSIT

Statutory deposit amounting to SR 20,000,000 (2013: SR 20,000,000) represents 10% of the paid up capital of the company which is maintained with a bank designated by SAMA in accordance with The Cooperative Insurance Companies Control Law for Insurance Companies. This statutory deposit cannot be withdrawn without the consent of SAMA.

10 BASIC AND DILUTED EARNING (LOSS) PER SHARE FOR THE PERIOD

Basic and diluted earnings / (loss) per share for the period has been calculated by dividing the net income / (loss) for the period by 20 million outstanding shares at the period end.




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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 March 2014

11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms which are approved by the management. The following are the details of major related party transactions for insurance and shareholders' operations during the period and the balances at the end of the period / year:

Related party	Nature of transaction	Amount of transactions for the three month period ended		Balance as at	
		31 March 2014 (Unaudited) SR	31 March 2013 (Unaudited) SR	31 March 2014 (Unaudited) SR	31 December 2013 (Audited) SR
Shareholders / Companies under common management	Gross written Premiums	24,866,255	26,254,848	--	--
	Gross claims paid	27,625,992	15,776,139	--	--
	Reinsurance premiums ceded	13,220,959	16,128,993	--	--
	Reinsurers' share of gross claims paid	3,570,025	4,783,875	--	--
	Reinsurance commission income	3,683,657	4,527,205	--	--
	Outsourced service charges	1,400,000	1,725,000	(14,300,000)	(12,900,000)
	Brand fee	7,525	7,525	(120,440)	(112,875)
	Reinsurers' share of gross outstanding Claims	--	--	107,831,830	161,896,613
	Gross outstanding claims	--	--	25,403,447	25,958,244
Board of directors	- Remuneration and meeting fee	116,250	116,250	(611,750)	(495,500)

*Outsourced service charges and brand fee are included within the accrued expenses and other liabilities appearing on the face of the statement of financial position.

Key management personnel's remuneration

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

	Three month period ended 31 March 2014 (Unaudited) SR	Three month period ended 31 March 2013 (Unaudited) SR
Short term benefits	1,412,927	1,437,219
End of service indemnities	48,227	36,425

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 March 2014

12 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 general and administration expenses and other income.

Segment assets do not include (in respect of insurance operations) property and equipment, due from shareholders' operations, bank balances and cash, prepaid expenses and other assets, premiums and reinsurance balances receivable, net. Accordingly, these are included in unallocated assets and are managed and reported to the chief operating decision maker on a centralised basis.

Segment liabilities do not include (in respect of insurance operations) employees' end of service benefits, reinsurance balances payable, accrued expenses and other liabilities. Accordingly, these are included in unallocated liabilities and are managed and reported to the chief operating decision maker on a centralised basis.

All of the Company's operating assets (except certain reinsurance balances) and principal activities are located in the Kingdom of Saudi Arabia.

Shareholders' operation is a non-operating segment. Certain direct operating expenses, other overhead expenses and loss or surplus from the insurance operations are allocated to this segment on an appropriate basis.

For the three month period ended 31 March 2014 (Unaudited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations							
Gross written premiums	22,131,779	35,476,645	8,843,912	(1,091,989)	6,385,936	7,016,881	78,763,164
Reinsurance premiums ceded	(20,343,151)	-	(7,972,120)	605,994	(3,001,270)	(2,958,933)	(33,669,480)
Excess of loss premiums	(1,227,878)	(660,996)	(456,965)	(43,130)	(693,078)	(335,571)	(3,417,618)
Net written premiums	560,750	34,815,649	414,827	(529,125)	2,691,588	3,722,377	41,676,066
Change in unearned premiums, net	(322,997)	(5,046,950)	(244,597)	2,497,975	707,813	(446,244)	(2,855,000)
Net premiums earned	237,753	29,768,699	170,230	1,968,850	3,399,401	3,276,133	38,821,066
Gross claims paid	(22,640,774)	(32,420,676)	(709,993)	(4,188,958)	1,179,958	(3,872,961)	(62,653,404)
Reinsurers' share of gross claims paid	21,725,483	--	619,494	2,280,977	(1,548,154)	3,386,190	26,463,990
Change in outstanding claims, net	1,089,690	(3,427,906)	(139,599)	(1,812,982)	(1,663,083)	(1,376,108)	(7,329,988)
claims incurred Net	174,399	(35,848,582)	(230,098)	(3,720,963)	(2,031,279)	(1,862,879)	(43,519,402)
Policy acquisition costs	(1,072,657)	(1,424,266)	(514,496)	(210,963)	(667,993)	(168,191)	(4,058,566)
Reinsurance commission income	3,726,473	--	962,833	--	1,217,567	289,722	6,196,595
Other underwriting expenses	3,065,968	(7,504,149)	388,469	(1,963,076)	1,917,696	1,534,785	(2,560,307)
Net underwriting deficit	--	--	--	--	--	--	(2,917,175)
General and administrative Expenses							(13,868,787)
Investment income							162,613
Other income, net							13,101
Insurance operations' deficit							(16,610,248)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 March 2014

12 SEGMENTAL INFORMATION (continued)

	For the three month period ended 31 March 2013 (Unaudited)						
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
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)	(3,179,161)	(37,820,935)
Excess of loss premiums	(831,492)	(941,051)	(404,036)	(80,324)	(502,380)	(267,767)	(3,027,050)
Net written premiums	1,698,483	28,106,506	809,152	1,504,660	3,828,277	4,435,972	49,374,050
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	(702,993)	(24,692,754)	(112,999)	(2,842,972)	(7,879,579)	(1,296,980)	(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	2,767,073	(336,998)	772,993	1,188,768	1,257,074	6,204,925
Net claims incurred	462,696	(21,551,784)	(372,798)	(1,145,988)	(592,203)	414,079	(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
	3,566,566	2,257,954	537,695	706,379	4,109,127	4,186,699	15,358,420
Other underwriting expenses	--	--	--	--	--	--	(144,983)
Net underwriting surplus							15,213,437
General and administrative Expenses							(12,723,754)
Investment income							130,476
Other expenses, net							(230)
Insurance operations' surplus							2,619,929




AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 March 2014

12 SEGMENTAL INFORMATION (continued)

<i>As at 31 March 2014 (unaudited)</i>							
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations' assets							
Reinsurers' share of unearned Premiums	42,910,571	--	12,845,872	1,753,982	3,001,273	5,309,590	65,821,288
Reinsurers' share of outstanding claims	483,920,261	--	11,202,788	1,095,989	9,224,208	8,734,292	514,177,538
Deferred policy acquisition Costs	2,768,579	2,551,705	1,507,564	112,148	450,995	347,398	7,738,389
Unallocated assets							<u>250,469,399</u>
							<u>838,206,614</u>
Insurance operations' liabilities							
Unearned reinsurance commission Income	6,716,209	--	2,841,302	--	950,990	527,299	11,035,800
Gross unearned premiums	45,482,545	57,232,428	14,259,857	3,237,968	6,386,419	11,703,254	138,302,471
Gross outstanding claims	491,558,084	43,763,472	18,042,820	3,807,962	16,469,835	15,001,738	588,643,911
Unallocated liabilities							<u>100,224,432</u>
							<u>838,206,614</u>

<i>As at 31 December 2013</i>							
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations' assets							
Reinsurers' share of unearned Premiums	45,818,542	--	8,385,516	4,762,952	4,171,958	5,982,832	69,121,800
Reinsurers' share of outstanding claims	562,154,778	2,000	10,076,399	3,416,966	10,935,295	9,781,492	596,366,930
Deferred policy acquisition Costs	1,304,261	2,542,985	820,072	452,110	667,993	240,387	6,027,808
Unallocated assets							<u>259,909,715</u>
							<u>931,426,253</u>
Insurance operations' liabilities							
Unearned reinsurance commission Income	5,650,025	--	1,526,638	--	1,217,988	483,549	8,880,200
Gross unearned premiums	48,067,519	52,185,478	9,554,904	8,744,913	8,264,917	11,930,252	138,747,983
Gross outstanding claims	370,882,291	40,337,566	16,776,832	4,315,957	16,517,839	14,672,830	663,503,315
Unallocated liabilities							<u>120,294,755</u>
							<u>931,426,253</u>

13 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 15 April 2014, corresponding to 15 Jumada II 1435H.