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

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

FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 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 and Six Month Periods Ended 30 June 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 30 June 2014, the related interim statements of comprehensive income for insurance and shareholders' operations for the three month and six month periods then ended, the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the six 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.

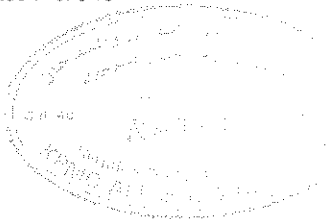
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17 Ramadan 1435H
(15 July 2014)



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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	<i>Notes</i>	<i>30 June 2014 SR (Unaudited)</i>	<i>31 December 2013 SR (Audited)</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	3,650,806	40,462,274
Term deposits		74,435,351	83,914,450
Investments	6(a)	1,923,079	1,923,079
Premiums and insurance balances receivable	8	101,876,929	77,173,180
Due from related parties		959,463	1,256,938
Due from shareholders' operations		75,731,669	49,320,644
Reinsurers' share of unearned premiums		52,532,317	69,121,800
Reinsurers' share of outstanding claims		466,591,938	596,366,930
Deferred policy acquisition costs		7,866,078	6,027,808
Prepayments and other assets		8,014,671	5,003,694
Property and equipment, net		1,210,900	855,456
TOTAL INSURANCE OPERATIONS' ASSETS		794,793,201	931,426,253
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	10,145,417	9,958,892
Term deposits		116,107,451	115,627,202
Investments	6(b)	27,553,684	27,404,625
Other assets		528,975	424,835
Statutory deposit		20,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		174,335,527	173,415,554
TOTAL ASSETS		969,128,728	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 FINANCIAL POSITION (continued)

As at 30 June 2014

	<i>30 June 2014 SR (Unaudited)</i>	<i>31 December 2013 SR (Audited)</i>
INSURANCE OPERATIONS' LIABILITIES		
Gross outstanding claims	539,292,499	663,503,315
Gross unearned premiums	128,833,000	138,747,983
Accounts payable	3,095,530	3,769,281
Reinsurance balances payable	72,386,168	75,912,509
Due to related parties	2,770,490	3,153,965
Accrued expenses and other liabilities	30,100,679	27,775,624
Surplus distribution payable	488,001	488,001
Unearned reinsurance commission	9,264,000	8,880,200
End of service indemnities	8,562,834	9,195,375
TOTAL INSURANCE OPERATIONS' LIABILITIES	794,793,201	931,426,253
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Due to insurance operations	75,731,669	49,320,644
Due to a related party	1,058,354	1,058,354
Accrued expenses and other liabilities	11,254,993	9,929,652
TOTAL SHAREHOLDERS' LIABILITIES	88,045,016	60,308,650
SHAREHOLDERS' EQUITY		
Share capital	200,000,000	200,000,000
Unrealized gain on available for sale investments	526,529	208,689
Accumulated losses	(114,236,018)	(87,101,785)
TOTAL SHAREHOLDERS' EQUITY	86,290,511	113,106,904
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	174,335,527	173,415,554
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	969,128,728	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>For the six month period ended</i>	
	<i>30 June 2014</i>	<i>30 June 2013</i>	<i>30 June 2014</i>	<i>30 June 2013</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross written premiums	70,275,140	68,457,257	149,038,304	149,679,292
Less: Reinsurance premium ceded	(22,959,790)	(22,777,701)	(56,629,270)	(60,598,636)
Excess of loss premiums	(2,554,463)	(2,645,285)	(5,972,081)	(5,672,335)
NET WRITTEN PREMIUMS	44,760,887	43,034,271	86,436,953	83,408,321
Changes in unearned premiums, net	(3,819,500)	(5,856,000)	(6,674,500)	(11,244,000)
NET PREMIUMS EARNED	40,941,387	37,178,271	79,762,453	72,164,321
Gross claims paid	(98,801,554)	(37,792,213)	(161,454,958)	(75,230,496)
Reinsurers' share of gross claims paid	59,481,048	5,962,249	85,945,038	14,909,609
Changes in outstanding claims, net	1,765,812	(1,819,853)	(5,564,176)	4,385,072
NET CLAIMS INCURRED	(37,554,694)	(33,649,817)	(81,074,096)	(55,935,815)
Policy acquisition costs	(4,645,564)	(4,106,513)	(8,704,130)	(7,558,785)
Reinsurance commission income	6,921,573	6,009,447	13,118,168	12,120,087
Other underwriting expenses	(372,723)	(476,381)	(729,591)	(621,364)
NET UNDERWRITING SURPLUS	5,289,979	4,955,007	2,372,804	20,168,444
General and administrative expenses	(15,249,864)	(13,248,433)	(29,118,651)	(25,972,187)
Investment income	140,419	123,348	303,032	253,824
Other income	18,689	1,434	31,790	1,204
INSURANCE OPERATIONS' DEFICIT	(9,800,777)	(8,168,644)	(26,411,025)	(5,548,715)
Shareholders' appropriation from insurance operations' deficit	2 9,800,777	7,906,651	26,411,025	5,548,715
NET DEFICIT AT END OF THE PERIOD	--	(261,993)	--	--

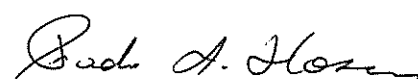
The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

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		For the six month period ended	
		30 June 2014 SR	30 June 2013 SR	30 June 2014 SR	30 June 2013 SR
INCOME					
Shareholders’ appropriation from insurance operations’ deficit	2	(9,800,777)	(7,906,651)	(26,411,025)	(5,548,715)
Investment income		403,015	425,713	831,958	869,649
		(9,397,762)	(7,480,938)	(25,579,067)	(4,679,066)
General and administration expenses		(396,420)	(413,869)	(721,448)	(807,128)
NET LOSS FOR THE PERIOD		(9,794,182)	(7,894,807)	(26,300,515)	(5,486,194)
OTHER COMPREHENSIVE INCOME					
Change in fair value of available for sale investments		98,823	(30,106)	317,840	(14,274)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(9,695,359)	(7,924,913)	(25,982,675)	(5,500,468)
BASIC AND DILUTED LOSS PER SHARE FOR THE PERIOD					
	10	(0.49)	(0.39)	(1.32)	(0.27)

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

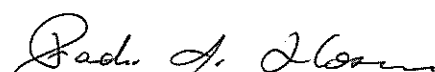
AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the six month period ended 30 June 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 (audited)	200,000,000	410,936	(62,994,250)	137,416,686
Net loss for the period	--	--	(5,486,194)	(5,486,194)
<i>Other comprehensive income:</i>				
Net change in fair value of available for sale investments	--	(14,274)	--	(14,274)
Total comprehensive loss	--	(14,274)	(5,486,194)	(5,500,468)
Zakat and income tax	--	--	(1,269,756)	(1,269,756)
Balance as at 30 June 2013 (unaudited)	<u>200,000,000</u>	<u>396,662</u>	<u>(69,750,200)</u>	<u>130,646,462</u>
Balance at 1 January 2014 (audited)	<u>200,000,000</u>	<u>208,689</u>	<u>(87,101,785)</u>	<u>113,106,904</u>
Net loss for the period	--	--	(26,300,515)	(26,300,515)
<i>Other comprehensive income:</i>				
Change in fair value of available for sale investments	--	317,840	--	317,840
Total comprehensive income / (loss)	--	317,840	(26,300,515)	(25,982,675)
Zakat and income tax	--	--	(833,718)	(833,718)
Balance as at 30 June 2014 (unaudited)	<u>200,000,000</u>	<u>526,529</u>	<u>(114,236,018)</u>	<u>86,290,511</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>Note</i>	<i>For the six month period ended</i>	
		<i>30 June 2014</i> SR	<i>30 June 2013</i> SR
OPERATING ACTIVITIES			
Insurance operations' surplus after shareholders' appropriation		--	--
<i>Adjustments to reconcile insurance operations' surplus to net cash provided from operating activities:</i>			
Depreciation		276,532	418,022
Employees' end of service benefits		1,171,987	1,000,000
Provision for doubtful debt		279,444	(2,742,319)
Operating cash inflows before changes in operating assets and liabilities		1,727,963	(1,324,297)
<i>Changes in operating assets and liabilities:</i>			
Premiums and insurance balances receivable		(24,983,193)	4,967,270
Due from related parties		297,475	(1,991,164)
Due from shareholders' operations		(26,411,025)	(5,548,715)
Reinsurers' share of outstanding claims		129,774,992	(353,892,805)
Prepayments and other assets		(3,010,977)	(4,665,032)
Reinsurers' share of unearned premiums		16,589,483	(4,000,583)
Deferred policy acquisition costs		(1,838,270)	(3,590,664)
Gross outstanding claims		(124,210,816)	349,507,733
Accounts payable		(673,751)	(8,812,100)
Reinsurance balances payable		(3,526,341)	24,034,644
Due to shareholders' operations-current account		--	(4,433,778)
Due to related parties		(383,475)	--
Accrued expenses and other liabilities		2,325,055	2,608,798
Unearned reinsurance commission income		383,800	447,966
Gross unearned premiums		(9,914,983)	15,244,583
Cash (used in) / from operations		(43,854,063)	8,551,856
Employees' end of service benefits paid		(1,804,528)	(376,426)
Net cash (used in) / from operating activities		(45,658,591)	8,175,430
INVESTING ACTIVITY			
Purchase of property and equipment		(631,976)	(65,935)
Term deposit		9,479,099	--
Net cash used in investing activity		8,847,123	(65,935)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(36,811,468)	8,109,495
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	3,650,806	65,892,838

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)

	<i>For the six month period ended</i>	
	<i>30 June 2014</i>	<i>30 June 2013</i>
	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Net loss for the period	(26,300,515)	(5,486,193)
Operating cash outflows before changes in operating assets and liabilities		
<i>Changes in operating assets and liabilities:</i>		
Other assets	(104,140)	(85,814)
Due from insurance operations-current account	--	4,433,778
Due to a related party	--	1,344
Due to insurance operations	26,411,025	5,548,714
Accrued expenses and other liabilities	491,623	57,784
	497,993	4,469,613
Zakat paid	--	(474,762)
Net cash from operating activities	497,993	3,994,851
INVESTING ACTIVITIES		
Term deposits	(480,249)	--
Investments	168,781	175,963
Net cash (used in) / from investing activities	(311,468)	175,963
INCREASE IN CASH AND CASH EQUIVALENTS	186,525	4,170,814
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 10,145,417	35,049,640
<u>Non-cash transactions:</u>		
Net change in fair value of available for sale investments	<u>317,840</u>	<u>(14,274)</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)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

30 June 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 and six month periods ended 30 June 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)

30 June 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 adopted 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.

However 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)

30 June 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

	30 June 2014		31 December 2013	
	Insurance operations (Unaudited) SR	Shareholders' operations (Unaudited) SR	Insurance operations (Audited) SR	Shareholders' operations (Audited) SR
Cash in hand	30,913	--	25,293	--
Cash at banks - Current accounts	3,619,893	10,145,417	40,436,981	9,958,892
	<u>3,650,806</u>	<u>10,145,417</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)

	30 June 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)	3,750,000	3,747,938	3,820,509	3,845,250
Abu Dhabi National Energy Company (TAQA) (51% owned by Abu Dhabi Government)	4,381,000	4,480,125	4,453,943	4,434,375
Sukuks				
Saudi Electricity Company	18,896,155	19,325,621	18,921,484	19,125,000
	<u>27,027,155</u>	<u>27,553,684</u>	<u>27,195,936</u>	<u>27,404,625</u>

The investment income ranges between 2.1% to 2.8% per annum (2013: 2.1% to 2.8% per annum) in case of bonds and 2.4% per annum (2013: 2.4% per annum) in case of sukuks.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 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>SR</i>	<i>Level 2</i> <i>SR</i>	<i>Level 3</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<u>As at 30 June 2014</u>				
Tourism Development Investment Company (TDIC) (100% owned by Abu Dhabi Government)	3,747,938	--	--	3,747,938
Abu Dhabi National Energy Company (TAQA) (51% owned by Abu Dhabi Government)	4,480,125	--	--	4,480,125
Saudi Electricity Company (Sukuks)	19,325,621	--	--	19,325,621
	<u>27,553,684</u>	--	--	<u>27,553,684</u>

	<i>Level 1</i> <i>SR</i>	<i>Level 2</i> <i>SR</i>	<i>Level 3</i> <i>SR</i>	<i>Total</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>27,404,625</u>

The unlisted securities amounting to SR 1.92 million (2013: SR 1.92 million) were stated at cost in the absence of active markets or other means of reliably measuring their fair value.

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 30 June 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 317,840 (2013: SR (14,274)) 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)

30 June 2014

8 PREMIUM AND INSURANCE BALANCES RECEIVABLE

	<i>30 June 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2013</i> <i>(Audited)</i> <i>SR</i>
Premiums receivable	56,813,356	48,967,996
Receivables from insurance and reinsurance companies	26,360,883	20,501,445
Receivables from related parties	31,507,315	20,228,919
	<u>114,681,554</u>	<u>89,698,360</u>
Less: Allowance for doubtful debts	<u>(12,804,625)</u>	<u>(12,525,180)</u>
	<u>101,876,929</u>	<u>77,173,180</u>

Allowance for doubtful debts includes SR 2.76 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 LOSS PER SHARE FOR THE PERIOD

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

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

(UNAUDITED) (continued)

30 June 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 six month period ended		Balance as at	
		30 June 2014 (Unaudited) SR	30 June 2013 (Unaudited) SR	30 June 2014 (Unaudited) SR	31 December 2013 (Audited) SR
Shareholders / Companies under common management	Gross written Premiums	54,364,137	46,393,459	--	--
	Gross claims paid	54,282,277	35,355,568	--	--
	Reinsurance premiums ceded	9,346,205	24,053,377	--	--
	Reinsurers' share of gross claims paid	12,430,281	6,200,222	--	--
	Reinsurance commission income	2,644,244	6,850,016	--	--
	Outsourced service charges*	2,800,000	3,500,000	(15,700,000)	(12,900,000)
	Brand fee	15,050	15,050	(127,925)	(112,875)
	Reinsurers' share of gross outstanding Claims	--	--	100,303,287	161,896,613
Gross outstanding claims	--	--	22,075,726	25,958,244	
Board of directors	Remuneration and meeting fee	232,500	232,500	(728,000)	(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:

	Six month period ended 30 June 2014 (Unaudited) SR	Six month period ended 30 June 2013 (Unaudited) SR
Short term benefits	2,899,094	2,874,438
End of service indemnities	99,446	72,850

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(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 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 30 June 2014 (Unaudited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations							
Gross written premiums	11,068,889	34,537,498	5,696,943	4,192,958	7,133,929	7,644,923	70,275,140
Reinsurance premiums ceded	(8,188,212)	--	(4,997,950)	(2,338,977)	(3,454,691)	(3,979,960)	(22,959,790)
Excess of loss premiums	(851,310)	(594,479)	(423,256)	(71,429)	(457,071)	(156,918)	(2,554,463)
Net written premiums	2,029,367	33,943,019	275,737	1,782,552	3,222,167	3,508,045	44,760,887
Change in unearned premiums, net	(211,999)	(2,994,970)	(85,000)	(682,992)	(300,517)	455,978	(3,819,500)
Net premiums earned	1,817,368	30,948,049	190,737	1,099,560	2,921,650	3,964,023	40,941,387
Gross claims paid	(53,948,460)	(35,003,650)	(679,993)	(4,229,958)	(2,154,520)	(2,784,973)	(98,801,554)
Reinsurers' share of gross claims paid	53,544,964	--	425,796	2,612,974	1,166,331	1,730,983	59,481,048
Change in outstanding claims, net	(1,244,288)	3,322,290	1,625,584	(332,996)	59,498	(1,664,276)	1,765,812
Net claims incurred	(1,647,784)	(31,681,360)	1,371,387	(1,949,980)	(928,691)	(2,718,266)	(37,554,694)
Policy acquisition costs	(1,527,460)	(1,742,688)	(510,303)	(207,141)	(450,996)	(206,976)	(4,645,564)
Reinsurance commission income	4,190,400	--	998,898	34,551	951,120	746,604	6,921,573
	2,832,524	(2,475,999)	2,050,719	(1,023,010)	2,493,083	1,785,385	5,662,702
Other underwriting expenses							(372,723)
Net underwriting surplus							5,289,979
General and administrative Expenses							(15,249,864)
Investment income							140,419
Other income, net							18,689
Insurance operations' deficit							(9,800,777)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2014

12 SEGMENTAL INFORMATION (continued)

	<i>For the three month period ended 30 June 2013 (Unaudited)</i>						
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations							
Gross written premiums	5,595,944	33,042,612	4,256,957	13,200,868	7,607,923	4,752,953	68,457,257
Reinsurance premiums ceded	(5,082,049)	--	(3,372,066)	(7,261,927)	(4,147,758)	(2,913,901)	(22,777,701)
Excess of loss premiums	(325,251)	(898,912)	(527,145)	(116,254)	(607,194)	(170,529)	(2,645,285)
Net premiums written	188,644	32,143,700	357,746	5,822,687	2,852,971	1,668,523	43,034,271
Change in unearned premiums, net	997,991	(5,861,942)	89,999	(3,499,964)	870,492	1,547,424	(5,856,000)
Net premiums earned	1,186,635	26,281,758	447,745	2,322,723	3,723,463	3,215,947	37,178,271
Gross claims paid	(1,874,981)	(28,646,714)	(741,992)	(2,189,978)	(1,644,574)	(2,693,974)	(37,792,213)
Reinsurers' share of gross claims paid	1,684,483	1,237,988	478,795	576,994	292,006	1,691,983	5,962,249
Change in outstanding claims, net	(4,577,854)	3,086,969	479,796	(937,990)	(1,652,384)	1,781,610	(1,819,853)
Net claims incurred	(4,768,352)	(24,321,757)	216,599	(2,550,974)	(3,004,952)	779,619	(33,649,817)
Policy acquisition costs	(1,033,890)	(1,330,759)	(635,435)	(228,481)	(674,993)	(202,955)	(4,106,513)
Reinsurance commission income	2,585,458	--	1,188,872	--	1,670,317	564,800	6,009,447
Other underwriting expenses	(1,943,150)	1,308,235	1,284,780	(567,731)	1,918,833	3,430,421	5,431,388
Net underwriting surplus	--	--	--	--	--	--	4,955,007
Operating and administrative salaries							(9,643,889)
Other general and administration expenses							(3,604,544)
Investment income							123,348
Other income, net							1,434
Insurance operations' deficit							<u>(8,168,644)</u>

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

30 June 2014

12 SEGMENTAL INFORMATION (continued)

	<i>For the six month period ended 30 June 2014 (Unaudited)</i>						
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations							
Gross written premiums	33,200,668	70,014,143	14,540,855	3,100,969	13,519,865	14,661,804	149,038,304
Reinsurance premiums ceded	(28,531,363)	--	(12,970,070)	(1,732,983)	(6,455,961)	(6,938,893)	(56,629,270)
Excess of loss premiums	(2,079,188)	(1,255,475)	(880,221)	(114,559)	(1,150,149)	(492,489)	(5,972,081)
Net written premiums	2,590,117	68,758,668	690,564	1,253,427	5,913,755	7,230,422	86,436,953
Change in unearned premiums, net	(534,996)	(8,041,920)	(329,597)	1,814,983	407,296	9,734	(6,674,500)
Net premiums earned	2,055,121	60,716,748	360,967	3,068,410	6,321,051	7,240,156	79,762,453
Gross claims paid	(76,589,234)	(67,424,326)	(1,389,986)	(8,418,916)	(974,562)	(6,657,934)	(161,454,958)
Reinsurers' share of gross claims paid	75,270,447	--	1,045,290	4,893,951	(381,823)	5,117,173	85,945,038
Change in outstanding claims, net	(154,598)	(105,616)	1,485,985	(2,145,978)	(1,603,585)	(3,040,384)	(5,564,176)
Net claims incurred	(1,473,385)	(67,529,942)	1,141,289	(5,670,943)	(2,959,970)	(4,581,145)	(81,074,096)
Policy acquisition costs	(2,600,117)	(3,166,954)	(1,024,799)	(418,104)	(1,118,989)	(375,167)	(8,704,130)
Reinsurance commission income	7,916,873	--	1,961,731	34,551	2,168,687	1,036,326	13,118,168
	5,898,492	(9,980,148)	2,439,188	(2,986,086)	4,410,779	3,320,170	3,102,395
Other underwriting expenses							(729,591)
Net underwriting surplus							2,372,804
General and administrative Expenses							(29,118,651)
Investment income							303,032
Other income, net							31,790
Insurance operations' deficit							(26,411,025)

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

(UNAUDITED) (continued)

30 June 2014

12 SEGMENTAL INFORMATION (continued)

	<i>For the six month period ended 30 June 2013 (Unaudited)</i>						
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations							
Gross written premiums	29,203,708	62,090,169	11,480,885	15,010,850	17,257,827	14,635,853	149,679,292
Reinsurance premiums ceded	(26,159,838)	--	(9,391,806)	(7,486,925)	(9,467,005)	(8,093,062)	(60,598,636)
Excess of loss premiums	(1,156,743)	(1,839,963)	(931,181)	(196,578)	(1,109,574)	(438,296)	(5,672,335)
Net premiums written	1,887,127	60,250,206	1,157,898	7,327,347	6,681,248	6,104,495	83,408,321
Change in unearned premiums, net	262,998	(9,071,909)	(288,998)	(2,986,970)	725,576	115,303	(11,244,000)
Net premiums earned	2,150,125	51,178,297	868,900	4,340,377	7,406,824	6,219,798	72,164,321
Gross claims paid	(2,577,974)	(53,249,468)	(854,991)	(5,032,950)	(9,524,153)	(3,990,960)	(75,230,496)
Reinsurers' share of gross claims paid	2,295,077	1,520,985	555,994	1,500,985	6,390,594	2,645,974	14,909,609
Change in outstanding claims, net	(4,022,759)	5,854,942	142,798	(164,997)	(463,596)	3,038,684	4,385,072
Net claims incurred	(4,305,656)	(45,873,541)	(156,199)	(3,696,962)	(3,597,155)	1,693,698	(55,935,815)
Policy acquisition costs	(2,041,373)	(2,417,560)	(1,203,959)	(399,768)	(1,144,988)	(351,137)	(7,558,785)
Reinsurance commission income	5,733,321	--	2,246,734	--	3,158,281	981,751	12,120,087
Other underwriting expenses	1,623,416	3,566,189	1,822,475	132,648	6,027,960	7,617,120	20,789,808
	--	--	--	--	--	--	(621,364)
Net underwriting surplus							20,168,444
Operating and administrative							
Salaries							(18,445,727)
Other general and administration Expenses							(7,526,460)
Investment income							253,824
Other income, net							1,204
Insurance operations' deficit							<u>(5,548,715)</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2014

<i>As at 30 June 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	27,961,720	--	13,675,863	2,697,973	3,448,266	4,748,495	52,532,317
Reinsurers' share of							
outstanding claims	437,118,429	216,303	9,714,403	2,714,973	7,363,726	9,464,104	466,591,938
Deferred policy acquisition							
Costs	1,842,113	3,243,992	1,656,254	106,005	792,992	224,722	7,866,078
Unallocated assets							<u>267,802,868</u>
							<u>794,793,201</u>
Insurance operations' liabilities							
Unearned reinsurance commission							
Income	4,218,273	--	3,295,150	--	782,992	967,585	9,264,000
Gross unearned premiums	30,745,693	60,227,398	15,174,848	4,864,951	7,133,929	10,686,181	128,833,000
Gross outstanding claims	446,000,540	40,657,485	14,928,851	5,759,942	14,549,855	17,395,826	539,292,499
Unallocated liabilities							<u>117,403,702</u>
							<u>794,793,201</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	485,549	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	570,882,291	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 July 2014, corresponding to 17 Ramadan 1435H.