
**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 NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 Nine Month Periods Ended 30 September 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 September 2014, the related interim statements of comprehensive income for insurance and shareholders' operations for the three month and nine month periods then ended, the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the nine 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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(28 October 2014)



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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	<i>Notes</i>	<i>30 September 2014 SR (Unaudited)</i>	<i>31 December 2013 SR (Audited)</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	9,053,383	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	132,920,564	77,173,180
Due from related parties		869,757	1,256,938
Due from shareholders' operations		79,271,226	49,320,644
Reinsurers' share of unearned premiums		70,116,434	69,121,800
Reinsurers' share of outstanding claims		409,422,886	596,366,930
Deferred policy acquisition costs		6,434,013	6,027,808
Prepayments and other assets		7,131,605	5,003,694
Property and equipment, net		1,106,688	855,456
TOTAL INSURANCE OPERATIONS' ASSETS		792,684,986	931,426,253
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	17,829,824	9,958,892
Term deposits		107,963,549	115,627,202
Investments	6(b)	27,491,435	27,404,625
Other assets		739,190	424,835
Statutory deposit	9	20,000,000	20,000,000
TOTAL SHAREHOLDERS' ASSETS		174,023,998	173,415,554
TOTAL ASSETS		966,708,984	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 September 2014

	<i>30 September 2014 SR (Unaudited)</i>	<i>31 December 2013 SR (Audited)</i>
INSURANCE OPERATIONS' LIABILITIES		
Gross outstanding claims	486,625,951	663,503,315
Gross unearned premiums	144,440,250	138,747,983
Accounts payable	4,439,086	3,769,281
Reinsurance balances payable	100,782,214	75,912,509
Due to related parties	2,987,722	3,153,965
Accrued expenses and other liabilities	33,493,536	27,775,624
Surplus distribution payable	488,001	488,001
Unearned reinsurance commission	10,563,700	8,880,200
End of service indemnities	8,864,526	9,195,375
TOTAL INSURANCE OPERATIONS' LIABILITIES	792,684,986	931,426,253
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Due to insurance operations	79,271,226	49,320,644
Due to a related party	1,058,354	1,058,354
Accrued expenses and other liabilities	11,506,955	9,929,652
TOTAL SHAREHOLDERS' LIABILITIES	91,836,535	60,308,650
SHAREHOLDERS' EQUITY		
Share capital	200,000,000	200,000,000
Unrealized gain on available for sale investments	267,138	208,689
Accumulated losses	(118,079,675)	(87,101,785)
TOTAL SHAREHOLDERS' EQUITY	82,187,463	113,106,904
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	174,023,998	173,415,554
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	966,708,984	1,104,841,807

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

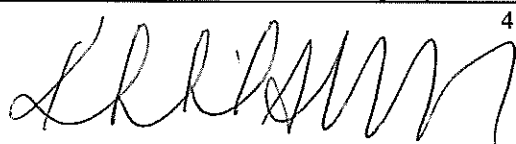



AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME – INSURANCE OPERATIONS
(UNAUDITED)

	<i>Note</i>	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
		<i>30 September 2014 SR</i>	<i>30 September 2013 SR</i>	<i>30 September 2014 SR</i>	<i>30 September 2013 SR</i>
Gross written premiums		95,707,177	101,523,740	244,745,481	251,203,032
Less: Reinsurance premium ceded		(56,403,980)	(60,880,031)	(113,033,250)	(121,478,667)
Excess of loss premiums		(2,830,357)	(2,834,941)	(8,802,438)	(8,507,276)
NET WRITTEN PREMIUMS		36,472,840	37,808,768	122,909,793	121,217,089
Changes in unearned premiums, net		1,976,867	1,466,000	(4,697,633)	(9,778,000)
NET PREMIUMS EARNED		38,449,707	39,274,768	118,212,160	111,439,089
Gross claims paid		(92,806,102)	(38,431,363)	(254,261,060)	(113,661,859)
Reinsurers' share of gross claims paid		66,801,260	8,307,705	152,746,298	23,217,314
Changes in outstanding claims, net		(4,502,504)	(3,322,925)	(10,066,680)	1,062,147
NET CLAIMS INCURRED		(30,507,346)	(33,446,583)	(111,581,442)	(89,382,398)
Policy acquisition costs		(3,379,609)	(3,647,926)	(12,083,739)	(11,206,711)
Reinsurance commission income		5,853,880	6,647,550	18,972,048	18,767,637
Other underwriting expenses		(498,019)	(529,060)	(1,227,610)	(1,150,424)
NET UNDERWRITING SURPLUS		9,918,613	8,298,749	12,291,417	28,467,193
General and administrative expenses		(13,584,410)	(15,879,581)	(42,703,061)	(41,851,768)
Investment income		141,078	121,321	444,110	375,145
Other (expense) / income		(14,838)	90,106	16,952	91,310
INSURANCE OPERATIONS' DEFICIT		(3,539,557)	(7,369,405)	(29,950,582)	(12,918,120)
Shareholders' appropriation from insurance operations' deficit	2	3,539,557	7,369,405	29,950,582	12,918,120
NET DEFICIT AT END OF THE PERIOD		--	--	--	--

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)

	<i>Notes</i>	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
		<i>30 September 2014</i>	<i>30 September 2013</i>	<i>30 September 2014</i>	<i>30 September 2013</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
INCOME					
Shareholders’ appropriation from insurance operations’ deficit	2	(3,539,557)	(7,369,405)	(29,950,582)	(12,918,120)
Investment income		366,202	341,225	1,198,160	1,210,874
		<u>(3,173,355)</u>	<u>(7,028,180)</u>	<u>(28,752,422)</u>	<u>(11,707,246)</u>
General and administration expenses		<u>(328,795)</u>	<u>(385,035)</u>	<u>(1,050,243)</u>	<u>(1,192,163)</u>
NET LOSS FOR THE PERIOD		<u>(3,502,150)</u>	<u>(7,413,215)</u>	<u>(29,802,665)</u>	<u>(12,899,409)</u>
OTHER COMPREHENSIVE INCOME					
Change in fair value of available for sale investments		<u>(259,391)</u>	<u>(120,688)</u>	<u>58,449</u>	<u>(134,962)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(3,761,541)</u>	<u>(7,533,903)</u>	<u>(29,744,216)</u>	<u>(13,034,371)</u>
BASIC AND DILUTED LOSS PER SHARE FOR THE PERIOD					
	10	<u>(0.18)</u>	<u>(0.37)</u>	<u>(1.49)</u>	<u>(0.64)</u>

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



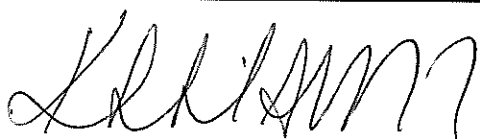

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the nine month period ended 30 September 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	--	--	(12,899,409)	(12,899,409)
<i>Other comprehensive income:</i>				
Net change in fair value of available for sale investments	--	(134,962)	--	(134,962)
Total comprehensive loss	--	(134,962)	(12,899,409)	(13,034,371)
Zakat and income tax	--	--	(1,760,152)	(1,760,152)
Balance as at 30 September 2013 (unaudited)	200,000,000	275,974	(77,653,811)	122,622,163
Balance at 1 January 2014 (audited)	200,000,000	208,689	(87,101,785)	113,106,904
Net loss for the period	--	--	(29,802,665)	(29,802,665)
<i>Other comprehensive income:</i>				
Change in fair value of available for sale investments	--	58,449	--	58,449
Total comprehensive income / (loss)	--	58,449	(29,802,665)	(29,744,216)
Zakat and income tax	--	--	(1,175,225)	(1,175,225)
Balance as at 30 September 2014 (unaudited)	200,000,000	267,138	(118,079,675)	82,187,463

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

INTERIM STATEMENT OF CASHFLOWS – INSURANCE OPERATIONS
(UNAUDITED)

	<i>Note</i>	<i>For the nine month period ended</i>	
		<i>30 September 2014</i> SR	<i>30 September 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		418,002	633,787
Employees' end of service benefits		1,580,000	1,152,036
Provision for doubtful debt		688,677	(1,355,153)
Operating cash inflows before changes in operating assets and liabilities		2,686,679	430,670
<i>Changes in operating assets and liabilities:</i>			
Premiums and insurance balances receivable		(56,436,061)	(23,656,371)
Due from related parties		387,181	5,348,825
Due from shareholders' operations		(29,950,582)	(12,918,120)
Reinsurers' share of outstanding claims		186,944,044	(674,067,769)
Prepayments and other assets		(2,127,911)	(3,683,373)
Reinsurers' share of unearned premiums		(994,634)	(31,064,083)
Deferred policy acquisition costs		(406,205)	(2,667,731)
Gross outstanding claims		(176,877,364)	673,005,622
Accounts payable		669,805	(11,548,344)
Reinsurance balances payable		24,869,705	63,688,202
Due to shareholders' operations-current account		--	(4,433,778)
Due to related parties		(166,243)	--
Accrued expenses and other liabilities		5,717,912	6,468,897
Unearned reinsurance commission income		1,683,500	3,111,766
Gross unearned premiums		5,692,267	40,842,083
<i>Cash (used in) / from operations</i>		(38,307,907)	28,856,496
Employees' end of service benefits paid		(1,910,849)	(506,885)
Net cash (used in) / from operating activities		(40,218,756)	28,349,611
INVESTING ACTIVITY			
Purchase of property and equipment		(669,234)	(230,507)
Term deposit		9,479,099	--
Net cash from / (used in) investing activity		8,809,865	(230,507)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(31,408,891)	28,119,104
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	9,053,383	85,902,447

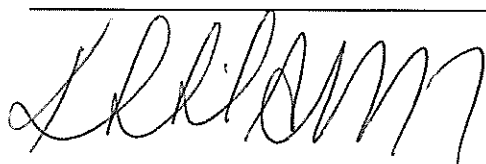
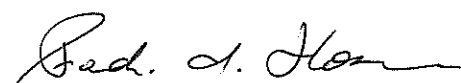
The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF CASH FLOWS – SHAREHOLDERS’ OPERATIONS
(UNAUDITED)

	<i>Note</i>	<i>For the nine month period ended</i>	
		<i>30 September 2014</i>	<i>30 September 2013</i>
		<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES			
Net loss for the period		(29,802,665)	(12,899,409)
Operating cash outflows before changes in operating assets and liabilities			
<i>Changes in operating assets and liabilities:</i>			
Other assets		(314,355)	(305,811)
Due from insurance operations-current account		--	4,433,778
Due to a related party		--	1,344
Due to insurance operations		29,950,582	12,918,120
Accrued expenses and other liabilities		402,078	(258,712)
		<u>235,640</u>	<u>3,889,310</u>
Zakat paid		--	(474,762)
Net cash from operating activities		<u>235,640</u>	<u>3,414,548</u>
INVESTING ACTIVITIES			
Term deposits		7,663,653	--
Investments		(28,361)	(501,972)
Net cash from / (used in) investing activities		<u>7,635,292</u>	<u>(501,972)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>7,870,932</u>	<u>2,912,576</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		<u>9,958,892</u>	<u>30,878,826</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6	<u><u>17,829,824</u></u>	<u><u>33,791,402</u></u>
<u>Non-cash transactions:</u>			
Net change in fair value of available for sale investments		<u>58,449</u>	<u>(134,962)</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 September 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 Road, 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 nine month periods ended 30 September 2014 (“the period”) are prepared in accordance with IAS 34 – Interim Financial Reporting, as such these 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 September 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 in 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 September 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 September 2014		31 December 2013	
	Insurance operations (Unaudited) SR	Shareholders' operations (Unaudited) SR	Insurance operations (Audited) SR	Shareholders' operations (Audited) SR
Cash in hand	28,126	--	25,293	--
Cash at banks - Current accounts	9,025,257	17,829,824	40,436,981	9,958,892
	<u>9,053,383</u>	<u>17,829,824</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 September 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)	--	--	3,820,509	3,845,250
Abu Dhabi National Energy Company (TAQA) (51% owned by Abu Dhabi Government)	4,344,530	4,396,875	4,453,943	4,434,375
Sukuks				
Saudi Electricity Company	18,883,490	19,175,625	18,921,484	19,125,000
EIB Sukuk Ltd (Emirates Islamic Bank)	3,996,277	3,918,935		
	<u>27,224,297</u>	<u>27,491,435</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 September 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 September 2014</u>				
Abu Dhabi National Energy Company (TAQA) (51% owned by Abu Dhabi Government)	4,396,875	--	--	4,396,875
Saudi Electricity Company (Sukuks)	19,175,625	--	--	19,175,625
EIB Sukuk Ltd(Emirates Islamic Bank)	3,918,935			3,918,935
	<u>27,491,435</u>	--	--	<u>27,491,435</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 of SR 1.92 million (2013: SR 1.92 million), held as part of Company's insurance operations, 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 September 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 58,449 (2013: SR (134,962)) has been recorded in the interim statement of comprehensive income – shareholders' operations.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
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8 PREMIUM AND INSURANCE BALANCES RECEIVABLE

	<i>30 September 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2013</i> <i>(Audited)</i> <i>SR</i>
Premiums receivable	79,309,285	48,967,996
Receivables from insurance and reinsurance companies	35,012,506	20,501,445
Receivables from related parties	31,812,630	20,228,919
	<u>146,134,421</u>	<u>89,698,360</u>
Less: Allowance for doubtful debts	<u>(13,213,857)</u>	<u>(12,525,180)</u>
	<u><u>132,920,564</u></u>	<u><u>77,173,180</u></u>

Allowance for doubtful debts includes SR 1.4 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 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:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transactions for the nine month period ended</i>		<i>Balance as at</i>	
		<i>30 September 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>30 September 2013</i> <i>(Unaudited)</i> <i>SR</i>	<i>30 September 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2013</i> <i>(Audited)</i> <i>SR</i>
Shareholders / Companies under common management	Gross written Premiums	98,904,539	91,159,698	--	--
	Gross claims paid	71,982,231	62,799,129	--	--
	Reinsurance premiums ceded	46,124,553	39,295,849	--	--
	Reinsurers' share of gross claims paid	28,068,567	9,156,998	--	--
	Reinsurance commission income	10,711,825	10,519,827	--	--
	Outsourced service charges*	4,200,000	5,250,000	(17,100,000)	(12,900,000)
	Brand fee	22,575	22,575	(135,450)	(112,875)
	Reinsurers' share of gross outstanding Claims	--	--	92,141,072	161,896,613
	Gross outstanding claims	--	--	(24,108,442)	(25,958,244)
Board of directors	Remuneration and meeting fee	348,750	348,750	(373,455)	(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:

	<i>Nine month period ended 30 September 2014</i> <i>(Unaudited)</i> <i>SR</i>	<i>Nine month period ended 30 September 2013</i> <i>(Unaudited)</i> <i>SR</i>
Short term benefits	4,385,261	4,391,937
End of service indemnities	150,665	111,488

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 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 September 2014 (Unaudited)

	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations							
Gross written premiums	38,719,613	27,579,881	4,602,954	2,126,979	7,215,928	15,461,822	95,707,177
Reinsurance premiums ceded	(36,518,808)	-	(4,127,959)	(1,186,988)	(4,548,029)	(10,022,196)	(56,403,980)
Excess of loss premiums	(1,248,092)	(421,408)	(291,277)	(98,299)	(583,769)	(187,512)	(2,830,357)
Net written premiums	952,713	27,158,473	183,718	841,692	2,084,130	5,252,114	36,472,840
Change in unearned premiums, net	(349,995)	1,591,984	148,998	223,997	1,024,119	(662,236)	1,976,867
Net premiums earned	602,718	28,750,457	332,716	1,065,689	3,108,249	4,589,878	38,449,707
Gross claims paid	(67,423,326)	(20,481,795)	(692,993)	(2,007,980)	(1,401,986)	(798,022)	(92,806,102)
Reinsurers' share of gross claims paid	63,701,063	-	634,893	1,294,987	611,194	559,123	66,801,260
Change in outstanding claims, net	3,372,416	(7,047,463)	(152,698)	1,125,988	(1,043,789)	(756,958)	(4,502,504)
Net claims incurred	(349,847)	(27,529,258)	(210,798)	412,995	(1,834,581)	(995,857)	(30,507,346)
Policy acquisition costs	(540,304)	(1,142,805)	(724,693)	(25,344)	(792,991)	(153,472)	(3,379,609)
Reinsurance commission income	2,994,757	-	1,464,965	-	783,466	610,692	5,853,880
	2,707,324	78,394	862,190	1,453,340	1,264,143	4,051,241	10,416,632
Other underwriting expenses	-	-	-	-	-	-	(498,019)
Net underwriting surplus							9,918,613
General and administrative Expenses							(13,584,410)
Investment income							141,078
Other (expense) / income							(14,838)
Insurance operations' deficit							(3,539,557)

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(UNAUDITED) (continued)

30 September 2014

12 SEGMENTAL INFORMATION (continued)

	<i>For the three month period ended 30 September 2013 (Unaudited)</i>						
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations							
Gross written premiums	40,064,599	28,000,474	4,900,951	2,573,974	13,508,865	12,474,877	101,523,740
Reinsurance premiums ceded	(37,712,313)	-	(4,163,058)	(1,368,386)	(8,895,211)	(8,741,063)	(60,880,031)
Excess of loss premiums	(1,131,529)	(482,906)	(559,814)	(59,251)	(406,646)	(194,795)	(2,834,941)
Net premiums written	1,220,757	27,517,568	178,079	1,146,337	4,207,008	3,539,019	37,808,768
Change in unearned premiums, net	(577,995)	1,223,988	251,998	2,011,980	(1,153,989)	(289,982)	1,466,000
Net premiums earned	642,762	28,741,556	430,077	3,158,317	3,053,019	3,249,037	39,274,768
Gross claims paid	(3,339,967)	(25,123,748)	(318,997)	(3,128,968)	(4,052,707)	(2,466,976)	(38,431,363)
Reinsurers' share of gross claims paid	3,051,670	(1,520,985)	252,998	1,737,983	3,053,057	1,732,982	8,307,705
Change in outstanding claims, net	(1,773,082)	(1,008,990)	148,198	(826,993)	(139,299)	277,241	(3,322,925)
Net claims incurred	(2,061,379)	(27,653,723)	82,199	(2,217,978)	(1,138,949)	(456,753)	(33,446,583)
Policy acquisition costs	(775,717)	(1,202,836)	(711,505)	(310,878)	(488,995)	(157,995)	(3,647,926)
Reinsurance commission income	3,223,994	-	1,411,440	-	1,318,997	693,119	6,647,550
Other underwriting expenses	1,029,660	(115,003)	1,212,211	629,461	2,744,072	3,327,408	8,827,809
Net underwriting surplus	-	-	-	-	-	-	(529,060)
General and administrative Expenses							8,298,749
Investment income							(15,879,581)
Other income, net							121,321
Insurance operations' deficit							90,106
							(7,369,405)

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

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(UNAUDITED) (continued)

30 September 2014

12 SEGMENTAL INFORMATION (continued)

	<i>For the nine month period ended 30 September 2014 (Unaudited)</i>						
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations							
Gross written premiums	71,920,281	97,594,024	19,143,809	5,227,948	20,735,793	30,123,626	244,745,481
Reinsurance premiums ceded	(65,050,171)	-	(17,098,029)	(2,919,971)	(11,003,990)	(16,961,089)	(113,033,250)
Excess of loss premiums	(3,327,280)	(1,676,883)	(1,171,498)	(212,858)	(1,733,918)	(680,001)	(8,802,438)
Net written premiums	3,542,830	95,917,141	874,282	2,095,119	7,997,885	12,482,536	122,909,793
Change in unearned premiums, net	(884,991)	(6,449,936)	(180,599)	2,038,980	1,431,415	(652,502)	(4,697,633)
Net premiums earned	2,657,839	89,467,205	693,683	4,134,099	9,429,300	11,830,034	118,212,160
Gross claims paid	(144,012,560)	(87,906,121)	(2,082,979)	(10,426,896)	(2,376,548)	(7,455,956)	(254,261,060)
Reinsurers' share of gross claims paid	138,971,510	-	1,680,183	6,188,938	229,371	5,676,296	152,746,298
Change in outstanding claims, net	3,217,818	(7,153,079)	1,333,287	(1,019,990)	(2,647,374)	(3,797,342)	(10,066,680)
Net claims incurred	(1,823,232)	(95,059,200)	930,491	(5,257,948)	(4,794,551)	(5,577,002)	(111,581,442)
Policy acquisition costs	(3,140,421)	(4,309,759)	(1,749,492)	(443,448)	(1,911,980)	(528,639)	(12,083,739)
Reinsurance commission income	10,911,630	-	3,426,696	-	2,952,153	1,681,569	18,972,048
Other underwriting expenses	8,605,816	(9,901,754)	3,301,378	(1,567,297)	5,674,922	7,405,962	13,519,027
Net underwriting surplus	-	-	-	-	-	-	(1,227,610)
							12,291,417
General and administrative Expenses							(42,703,061)
Investment income							444,110
Other income, net							16,952
Insurance operations' deficit							(29,950,582)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

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12 SEGMENTAL INFORMATION (continued)

	<i>For the nine month period ended 30 September 2013 (Unaudited)</i>						
	Property SR	Motor SR	Engineering SR	Medical SR	Marine SR	Others SR	Total SR
Insurance operations							
Gross written premiums	69,268,307	90,090,643	16,381,836	17,584,824	30,766,692	27,110,730	251,203,032
Reinsurance premiums ceded	(63,872,151)	-	(13,554,864)	(8,855,311)	(18,362,216)	(16,834,125)	(121,478,667)
Excess of loss premiums	<u>(2,288,272)</u>	<u>(2,322,869)</u>	<u>(1,490,995)</u>	<u>(255,829)</u>	<u>(1,516,220)</u>	<u>(633,091)</u>	<u>(8,507,276)</u>
Net premiums written	3,107,884	87,767,774	1,335,977	8,473,684	10,888,256	9,643,514	121,217,089
Change in unearned premiums, net	<u>(314,997)</u>	<u>(7,847,921)</u>	<u>(37,000)</u>	<u>(974,990)</u>	<u>(428,413)</u>	<u>(174,679)</u>	<u>(9,778,000)</u>
Net premiums earned	<u>2,792,887</u>	<u>79,919,853</u>	<u>1,298,977</u>	<u>7,498,694</u>	<u>10,459,843</u>	<u>9,468,835</u>	<u>111,439,089</u>
Gross claims paid	(5,917,941)	(78,373,216)	(1,173,988)	(8,161,918)	(13,576,861)	(6,457,935)	(113,661,859)
Reinsurers' share of gross claims paid	5,346,747	-	808,992	3,238,968	9,443,652	4,378,955	23,217,314
Change in outstanding claims, net	<u>(5,795,841)</u>	<u>4,845,952</u>	<u>290,996</u>	<u>(991,990)</u>	<u>(602,895)</u>	<u>3,317,925</u>	<u>1,062,147</u>
Net claims incurred	<u>(6,367,035)</u>	<u>(73,527,264)</u>	<u>(74,000)</u>	<u>(5,914,940)</u>	<u>(4,736,104)</u>	<u>1,236,945</u>	<u>(89,382,398)</u>
Policy acquisition costs	(2,817,090)	(3,620,396)	(1,915,464)	(710,646)	(1,633,983)	(509,132)	(11,206,711)
Reinsurance commission income	<u>8,957,315</u>	<u>-</u>	<u>3,658,174</u>	<u>-</u>	<u>4,477,278</u>	<u>1,674,870</u>	<u>18,767,637</u>
Other underwriting expenses	<u>2,566,077</u>	<u>2,772,193</u>	<u>2,967,687</u>	<u>873,108</u>	<u>8,567,034</u>	<u>11,871,518</u>	<u>29,617,617</u>
Net underwriting surplus	-	-	-	-	-	-	<u>(1,150,424)</u>
Net underwriting surplus							28,467,193
General and administrative Expenses							(41,851,768)
Investment income							375,145
Other income, net							<u>91,310</u>
Insurance operations' deficit							<u>(12,918,120)</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2014

<i>As at 30 September 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	39,035,610	-	13,177,868	2,461,975	4,554,384	10,886,597	70,116,434
Reinsurers' share of outstanding claims	377,095,479	214,828	10,106,699	1,959,980	9,011,910	11,033,990	409,422,886
Deferred policy acquisition Costs	1,543,806	2,690,181	1,515,556	6,662	421,996	255,812	6,434,013
Unallocated assets							<u>306,711,653</u>
							<u>792,684,986</u>
Insurance operations' liabilities							
Unearned reinsurance commission Income	4,458,345	-	3,040,167	-	1,244,988	1,820,200	10,563,700
Gross unearned premiums	42,169,578	58,635,414	14,527,855	4,404,956	7,215,928	17,486,519	144,440,250
Gross outstanding claims	382,605,174	47,703,473	15,473,845	3,878,961	17,241,828	19,722,670	486,625,951
Unallocated liabilities							<u>151,055,085</u>
							<u>792,684,986</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 22 October 2014, corresponding to 28 Dhu-al Hajj 1435H.