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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND
LIMITED REVIEW REPORT**

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

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**LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF
AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Al Rajhi Company for Cooperative Insurance (A Saudi Joint Stock Company) (the "Company") as at 31 March 2013, the related interim statements of income - takaful and shareholders' operations, interim statements of comprehensive income - takaful and shareholders' operations, interim statement of changes in shareholders' equity, interim statements of cash flows - takaful and shareholders' operations 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 limited review in accordance with the Standard on Review of Interim Financial Information issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited 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:

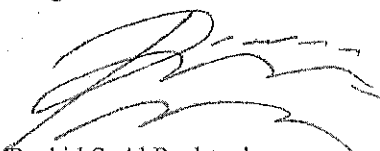
Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

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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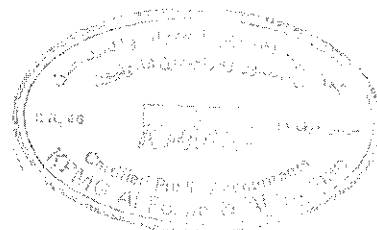
Rashid S. Al Rashoud
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5 Jumada Thani 1434H
(15 April 2013)



AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION

		<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
	<i>Notes</i>		
TAKAFUL OPERATIONS' ASSETS			
Bank balances and cash	6	54,378	50,413
Due from shareholders' operations		202,547	202,867
Contributions receivable, net	7	163,136	111,296
Available for sale (AFS) investments	9(i)	15,427	30,200
Re-takaful share of outstanding claims		42,670	40,898
Re-takaful share of unearned contributions		98,613	76,239
Deferred policy acquisition costs		9,901	10,876
TOTAL TAKAFUL OPERATIONS' ASSETS		586,672	522,789
SHAREHOLDERS' OPERATIONS' ASSETS			
Bank balance and cash	6	71,913	109,740
Amount due from related parties	10(a)	1,274	1,274
Management fees receivable		15,318	18,866
Investments at fair value through income statement (FVIS)	9(ii)(c)	35,653	31,918
Available for sale (AFS) investments	9(ii)(b)	16,811	2,572
Investments held to maturity (HTM)	9(ii)(a)	124,710	112,710
Advances, prepayments and other assets		12,252	11,409
Statutory deposit	8	20,000	20,000
Property and equipment, net		18,339	17,415
TOTAL SHAREHOLDERS' OPERATIONS' ASSETS		316,270	325,904
TOTAL ASSETS		902,942	848,693

(Signature)

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The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

		31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
	Notes		
TAKAFUL OPERATIONS' LIABILITIES AND SURPLUS			
TAKAFUL OPERATIONS' LIABILITIES			
Gross outstanding claims		121,721	119,263
Amount due to related parties	10(a)	1,090	927
Management fees payable		15,318	18,866
Payables, accruals and other liabilities		23,785	30,597
Re-takaful balances payable		71,951	66,500
Gross unearned contributions		346,969	280,565
Unearned re-takaful commission income		5,770	5,967
		<u>586,604</u>	<u>522,685</u>
TAKAFUL OPERATIONS' SURPLUS			
Fair value reserve for AFS investments	9(i)	68	104
		<u>586,672</u>	<u>522,789</u>
TOTAL TAKAFUL OPERATIONS' LIABILITIES & SURPLUS			
SHAREHOLDERS' OPERATIONS' LIABILITIES AND EQUITY			
SHAREHOLDERS' OPERATIONS' LIABILITIES			
Provision for zakat		1,669	1,368
Payables, accruals and other liabilities		5,978	9,455
Due to takaful operations		202,547	202,867
Employees' end of service benefits		3,833	3,455
		<u>214,027</u>	<u>217,145</u>
TOTAL SHAREHOLDERS' OPERATIONS' LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		200,000	200,000
Accumulated losses		(97,794)	(91,241)
Fair value reserve for AFS investments	9(ii)(b)	37	-
		<u>102,243</u>	<u>108,759</u>
TOTAL SHAREHOLDERS' EQUITY			
TOTAL SHAREHOLDERS' OPERATIONS' LIABILITIES AND EQUITY			
		<u>316,270</u>	<u>325,904</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		<u>902,942</u>	<u>848,693</u>

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

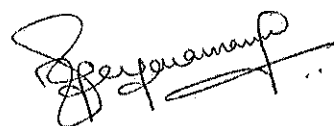
	<i>For the three month period ended</i>	
	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>SR'000</i>	<i>SR'000</i>
Gross contributions written	208,268	162,442
Re-takaful contributions ceded	(50,505)	(50,479)
Excess of loss	(560)	(909)
NET CONTRIBUTIONS WRITTEN	157,203	111,054
Change in unearned contributions, net	(44,029)	(15,857)
NET CONTRIBUTIONS EARNED	113,174	95,197
Policy fees and other income	284	268
Re-takaful commission income	3,549	1,617
TOTAL UNDERWRITING REVENUE	117,007	97,082
Gross claims paid	(110,169)	(107,253)
Re-takaful share of claims paid	15,318	31,198
NET CLAIMS PAID	(94,851)	(76,055)
Movement in outstanding claims, net	(687)	2,921
NET CLAIMS INCURRED	(95,538)	(73,134)
Inspection and supervision fees	(1,643)	(1,347)
Policy acquisition costs	(6,094)	(7,865)
Other expenses	(569)	(757)
Other income	1,891	-
TOTAL CLAIMS AND OTHER EXPENSES	(101,953)	(83,103)
NET UNDERWRITING SURPLUS	15,054	13,979
Investment income	264	375
Management fees	(15,318)	(14,354)
Net deficit for the period	-	-
Net deficit transferred to shareholders' operations	-	-
NET RESULT FOR THE PERIOD	-	-

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME – TAKAFUL
OPERATIONS (UNAUDITED)

	<i>For the three month period ended</i>	
	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>SR'000</i>	<i>SR'000</i>
Net result for the period	-	-
<i><u>Other comprehensive income to be reclassified subsequently to the income statement:</u></i>		
Net unrealized gain for available for sale investments (note 9(i))	68	6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	68	6



The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF INCOME – SHAREHOLDERS’ OPERATIONS
(UNAUDITED)

		<i>For the three month period ended</i>	
		<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>Notes</i>	<i>SR'000</i>	<i>SR'000</i>
REVENUE			
Management fees		15,318	14,354
Dividend income		506	515
Net change in investments at FVIS	9(ii)(c)	1,957	4,293
Special commission income on HTM investments		758	1,368
Realised gain on sale of AFS investments		203	438
TOTAL REVENUE		18,742	20,968
General and administrative expenses		(24,994)	(19,824)
(LOSS) INCOME BEFORE ZAKAT		(6,252)	1,144
Provision for zakat	11	(301)	(350)
NET (LOSS) INCOME FOR THE PERIOD		(6,553)	794
BASIC AND DILUTED (LOSS) EARNING PER SHARE (SR)	13	(0.33)	0.04

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The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

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

	<i>For the three month period ended</i>	
	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>SR'000</i>	<i>SR'000</i>
Net (loss) income for the period	(6,553)	794
<i><u>Other comprehensive income to be reclassified subsequently to the income statement:</u></i>		
Net change in fair value of available for sale investments (note 9 (ii) (b))	37	20
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(6,516)	814

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The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three month period ended 31 March 2013

	Share capital SR '000	Accumulated losses SR '000	Fair value reserve for AFS investments SR '000	Total SR '000
2012				
Balance as at 1 January 2012	200,000	(90,664)	-	109,336
Net income for the period	-	794	-	794
Other comprehensive income	-	-	20	20
Total comprehensive income for the period	-	794	20	814
Balance as at 31 March 2012 - Unaudited	200,000	(89,870)	20	110,150
2013				
Balance as at 1 January 2013	200,000	(91,241)	-	108,759
Net loss for the period	-	(6,553)	-	(6,553)
Other comprehensive income	-	-	37	37
Total comprehensive loss for the period	-	(6,553)	37	(6,516)
Balance as at 31 March 2013 - Unaudited	200,000	(97,794)	37	102,243

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF CASH FLOWS – TAKAFUL OPERATIONS
(UNAUDITED)

		<i>For the three month period ended 31 March</i>	
		<i>2013</i>	<i>2012</i>
<i>Notes</i>	<i>SR'000</i>	<i>SR'000</i>	
OPERATING ACTIVITIES			
Net result for the period		-	-
<i>Adjustments for:</i>			
Allowance for doubtful receivables		366	737
Realised gain on sale of available for sale investments		(104)	(78)
Net surplus before changes in operating assets and liabilities		262	659
<i>Changes in operating assets and liabilities:</i>			
Due from shareholders' operations		320	(2,319)
Contributions receivable		(52,206)	(7,088)
Re-takaful share of outstanding claims		(1,772)	8,773
Amount due to related parties		163	6,472
Re-takaful share of unearned contributions		(22,374)	(11,499)
Deferred policy acquisition costs		975	(972)
Deposit against letters of guarantee		(4,751)	(1,250)
Gross outstanding claims		2,458	(11,695)
Management fee payable		(3,548)	(35,620)
Payables, accruals and other liabilities		(6,812)	23,040
Re-takaful balances payable		5,451	3,773
Gross unearned contributions		66,404	27,357
Unearned re-takaful commission income		(197)	501
Net cash (used in) / from operating activities		(15,627)	132
INVESTING ACTIVITIES			
Purchase of available for sale investments	9(i)	(50,000)	(45,000)
Sale of available for sale investments	9(i)	64,841	72,890
Net cash from investing activities		14,841	27,890
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(786)	28,022
Cash and cash equivalents at the beginning of the period		41,885	43,900
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	41,099	71,922
<i>Non - cash supplemental information:</i>			
Changes in fair value of available for sale investments		68	6

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

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

		<i>For the three month period ended 31 March</i>	
	<i>Notes</i>	<i>2013 SR'000</i>	<i>2012 SR'000</i>
OPERATING ACTIVITIES			
Net (loss) / income for the period		(6,553)	794
<i>Adjustments for:</i>			
Depreciation		1,410	1,301
Provision for Zakat		301	(88)
Employees' end of service benefits		378	530
Net (gain) / loss on investments at FVIS		(1,957)	(3,550)
Realised gain on sale of AFS investments		-	-
Net deficit before changes in operating assets and liabilities		(6,421)	(1,013)
<i>Changes in operating assets and liabilities:</i>			
Due from related parties		-	159
Management fee receivable		3,548	35,620
Advances, prepayments and other assets		(843)	5,116
Payables, accruals and others liabilities		(3,477)	(4,743)
Due to takaful operations		(320)	2,319
Net cash (used in) / from operating activities		(7,513)	37,458
INVESTING ACTIVITIES			
Purchase of property and equipment, net		(2,334)	(6,621)
Sale of investments at FVIS	9(ii)(c)	5,289	4,918
Purchase of investments at FVIS	9(ii)(c)	(7,067)	(5,798)
Purchase of AFS investments	9(ii)(b)	(98,000)	(27,500)
Sale of AFS investments	9(ii)(b)	83,798	-
Maturities of investments HTM	9(ii)(a)	-	25,000
Purchase of investments HTM	9(ii)(a)	(12,000)	-
Net cash used in investing activities		(30,314)	(10,001)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(37,827)	27,457
Cash and cash equivalents at beginning of the period		109,740	1,211
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6	71,913	28,668
<i>Non cash supplemental information:</i>			
Changes in fair value of available for sale investments		37	20

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2013

1 ORGANISATION AND PRINCIPAL ACTIVITIES

Al Rajhi Company for Cooperative Insurance (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010270371 dated 5 Rajab 1430 corresponding to 28 June 2009. The Company was listed on the Saudi stock market on 20 Rajab 1430H (corresponding to 13 July 2009).

The address of registered office of the Company is as follows:

Al Rajhi Company for Cooperative Insurance
P O Box 67791
Riyadh 11517
Kingdom of Saudi Arabia

The objectives of the Company are to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations applicable in the Kingdom of Saudi Arabia. On 29 Dhul-Qi'dah 1430H (corresponding to 17 November 2009), the Company received its license from Saudi Arabian Monetary Agency ("SAMA") to transact cooperative insurance business in the Kingdom of Saudi Arabia and received product approval from SAMA on 17 January 2010.

2 BASIS OF PREPARATION

These interim condensed financial statements are prepared under the historical cost convention except for the measurement at fair value of available for sale (AFS) and fair value through income statement (FVIS) investments. The Company has prepared these interim condensed financial statements in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2012. In management's opinion, these interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim period presented. The Company's interim results may not be indicative of its annual results.

3 BASIS OF PRESENTATION

The Company's by-laws require separate books to be maintained for Takaful and Shareholders' operations. As per the Company policy all general and administrative expenses of Takaful operations are charged to Shareholders' operations.

4 FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed financial statements have been presented in Saudi Arabian Riyals (SR), being the functional currency of the Company. All financial information presented has been rounded off to the nearest thousand (SR'000).

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of interim condensed financial statements are consistent with those used in the Company's audited financial statements for the year ended 31 December 2012 except for the adoption of following amendments and revisions to existing standards mentioned below which has had no financial impact on the interim condensed financial statements of the Company:

IFRS 13 Fair Value Measurement

IFRS 13 describes how to measure fair value when fair value is required or permitted by IFRS. New disclosures related to fair value measurements are also required to help users understand the valuation techniques and inputs used to develop fair value measurements and the effect of fair value measurements on profit or loss. Adoption of this standard did have not impact the Company's financial position or performance.

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

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

For the three month period ended 31 March 2013

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments have not impacted the Company's financial position or performance.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities, which resulted in SIC-12 being withdrawn. IFRS 10 does not change consolidation procedures (i.e., how to consolidate an entity). Rather, IFRS 10 changes whether an entity is consolidated by revising the definition of control. Adoption of this standard did have not impact the Company's financial position or performance.

IAS 34 Interim Financial Reporting — Interim financial reporting and segment information

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. Adoption of this standard did have not impact the Company's financial position or performance.

IAS 1 Presentation of Items of Other Comprehensive Income — Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available for sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment had no impact on the Company's financial position or performance.

Standards issued but not yet effective

In addition to the above mentioned standards, 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. In subsequent phases, the Board will address impairment and hedge accounting. The Company will quantify the effect of the adoption of the first phase of IFRS 9 in conjunction with the other phases, when issued, to present a comprehensive picture.

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.

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

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

For the three month period ended 31 March 2013

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Mudarib fee

During the three month period ended 30 September 2012, the Company amended its policy of apportioning Mudarib's share of investment income to the takaful operations. Mudarib's fees are no longer charged to the takaful operations starting 1 September 2012. Mudarib's share of investment income for the comparative period ended 31 March 2012 amounting to SR 94 thousand has been included under management fees in the statement of income – takaful operations.

6 BANK BALANCES AND CASH

	31 March 2013 (Unaudited)		31 December 2012 (Audited)	
	<i>Takaful operations</i>	<i>Shareholders' operations</i>	<i>Takaful operations</i>	<i>Shareholders' operations</i>
	(SR'000)	(SR'000)	(SR'000)	(SR'000)
Cash in hand and at banks	41,099	71,913	41,885	59,740
Murabaha deposits with original maturities of three months or less	-	-	-	50,000
Cash and cash equivalents in the statements of cash flows	41,099	71,913	41,885	109,740
Deposit against letters of guarantee *	13,279	-	8,528	-
	<u>54,378</u>	<u>71,913</u>	<u>50,413</u>	<u>109,740</u>

* Deposits against letters of guarantee comprises amounts placed with a local bank against issuance of payment guarantees in favour of the Company's service providers (note 14). As these cannot be withdrawn before the end of guarantee period, these are restricted in nature.

7 CONTRIBUTIONS RECEIVABLE, NET

	31 March 2013 (Unaudited) SR'000	31 December 2012 (Audited) SR'000
Due from policyholders		
- External policyholders	58,320	52,297
- Related parties ((note 10(a))	117,958	71,775
Gross contributions receivable	176,278	124,072
Allowance for doubtful receivables	(13,142)	(12,776)
	<u>163,136</u>	<u>111,296</u>

8 STATUTORY DEPOSIT

Statutory deposit amounting to SR 20 million (31 December 2012: SR 20 million) represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Agency ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA.

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

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

For the three month period ended 31 March 2013

9 INVESTMENTS

Investments are classified as set out below:

(i) TAKAFUL OPERATIONS

Available for sale investments ("AFS")

AFS at the period end comprises investment in a commodity fund. The movement in AFS investments is set out below:

	<i>31 March 2013</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2012</i> <i>(Audited)</i> <i>SR'000</i>
At the beginning of the period / year	30,200	30,216
Purchased during the period / year	50,000	195,000
Sold during the period / year	(64,841)	(195,120)
	<u>15,359</u>	<u>30,096</u>
Net unrealised gain	68	104
	<u>15,427</u>	<u>30,200</u>

The net unrealised gain amounting to SR 68 thousand (31 March 2012: SR 6 thousand) is presented within Takaful operations' surplus under liability section of the interim statement of financial position.

(ii) SHAREHOLDERS' OPERATIONS

(a) Investments Held to maturity ("HTM")

HTM amounting to SR 124.7 million (31 December 2012: SR 112.7 million) comprise of Murabaha deposits with original maturities of more than three months.

The movement during the period in HTM is set out below:

	<i>31 March 2013</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2012</i> <i>(Audited)</i> <i>SR'000</i>
At the beginning of the period / year	112,710	197,175
Purchased during the period / year	12,000	112,710
Maturities during the period / year	-	(197,175)
	<u>124,710</u>	<u>112,710</u>

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

For the three month period ended 31 March 2013

9 INVESTMENTS (continued)

(ii) SHAREHOLDERS' OPERATIONS (continued)

(b) Available for sale investments ("AFS")

AFS investments comprises of investment in a commodity fund and equity investments in an unquoted company.

The movement during the period in AFS is set out below:

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
At the beginning of the period / year	2,572	2,223
Purchased during the period / year	98,000	122,700
Sold during the period / year	(83,798)	(122,351)
	<u>16,774</u>	<u>2,572</u>
Net change in fair values	37	-
	<u>16,811</u>	<u>2,572</u>
At the end of the period / year	<u>16,811</u>	<u>2,572</u>

AFS investments as at 31 March 2013 includes an investment amounting to SR 2.4 million (31 March 2012: SR 2.4 million) in an unquoted Company, registered in the Kingdom of Saudi Arabia. As there is no quoted price available, this investment has been valued at cost. Management is of the opinion that the fair market value of this investment is not materially different from its carrying value.

(c) Investments at fair value through income statement ("FVIS")

FVIS investments comprise of a portfolio of equities listed on the Saudi Arabian Stock Exchange ("Tadawul"). The movement during the period in FVIS is set out below:

	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
At the beginning of the period / year	31,918	31,125
Purchased during the period / year	7,067	15,919
Sold during the period / year	(5,289)	(17,559)
	<u>33,696</u>	<u>29,485</u>
Net change in fair values	1,957	2,433
	<u>35,653</u>	<u>31,918</u>
At the end of the period / year	<u>35,653</u>	<u>31,918</u>

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For the three month period ended 31 March 2013

10 RELATED PARTY TRANSACTIONS AND BALANCES

a) Transactions and balances with related parties:

Related parties represent major shareholders, directors and key management personnel of the Company, and companies which are principally owned by the shareholders and any other entities controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management.

Following are the details of significant related party transactions during the period ended 31 March 2013 and 2012 and the related balances as at 31 March 2013 and 31 December 2012:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amounts of transactions</i>		<i>Balance as at</i>	
		<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
Al Rajhi Insurance Company BSC (shareholder)	Reimbursement from / expenses paid on behalf of related party (Takaful operations)	(163)	137	(1,090)	(927)
	Reimbursement from / expenses paid on behalf of related party (shareholders' operations)	-	(159)	1,274	1,274
Al Rajhi Bank (shareholder)	Contribution - policies written	126,070	83,663	83,314	32,610
Affiliate companies	Contribution - policies written	11,089	11,046	34,644	39,165
	Contributions receivable (note 7)			117,958	71,775
Al Rajhi Bank (shareholder)	Claims incurred and notified during the year	64,644	40,580	50,586	32,567
Al Rajhi Bank (shareholder)	Bank balance (Takaful operations)			41,099	40,720
	Bank balance (Shareholders' operations)			71,913	59,165
	Bank balances			113,012	99,885

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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amounts of transactions</i>		<i>Balance as at</i>	
		<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 March 2012 (Unaudited) SR'000</i>	<i>31 March 2013 (Unaudited) SR'000</i>	<i>31 December 2012 (Audited) SR'000</i>
Al Rajhi Capital (Affiliate)	Available for sale investments managed by the affiliate				
	a) Takaful operations			15,427	30,200
	b) Shareholders' operations			14,388	149
				<u>29,815</u>	<u>30,349</u>
Al Rajhi Capital (Affiliate)	Income received from sale of investment in Al Rajhi Capital commodity fund				
	a) Takaful operations	264	286		
	b) Shareholders' operations	203	438		
		<u>467</u>	<u>724</u>		
Al Rajhi Bank (shareholder)	Investment in shares of Al Rajhi Bank			3,719	3,676
Al Rajhi Takaful Agency (ARTA)	Commissions	(34)	-	(254)	(220)

b) Compensation of key management personnel:

Key Management personnel of the Company include all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the period ended is as follows:

	<i>For the period ended</i>	
	<i>31 March 2013 SR'000 (Unaudited)</i>	<i>31 March 2012 SR'000 (Audited)</i>
Salaries and benefits of key management personnel	1,502	1,340
Shariah committee remuneration	70	83
	<u>1,572</u>	<u>1,423</u>

11 PROVISION FOR ZAKAT

The zakat charge for the three month period ended 31 March 2013 amounted to SR 301 thousand (31 March 2012 : SR 350 thousand).

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(UNAUDITED) (continued)

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12 SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities, assets and liabilities. Information disclosed below is based on current reporting to the Chief Operating Decision Maker. Operating segments do not include shareholders' operations of the Company.

Segment assets do not include takaful operations' bank balances and cash, due from shareholders' operations, net contributions receivable and available for sale investments. Accordingly they are included in unallocated assets.

Segment liabilities do not include takaful operations' payables accruals and other liabilities, amount due to related parties, management fee payable and re-takaful balances payable. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to Chief Operating Decision Maker under the related segments and are monitored on a centralised basis.

<i>Operating segments</i>	<i>For the three month period ended 31 March 2013</i>			
	<i>(Unaudited)</i>			
	<i>General</i>	<i>Motor</i>	<i>Health</i>	<i>Total</i>
	<i>SR'000</i>			
Gross contributions written	23,579	115,503	69,186	208,268
Net contributions earned	6,126	91,255	15,793	113,174
Policy fee and other income	54	230	-	284
Re-takaful commission income	3,484	65	-	3,549
Total underwriting revenue	9,664	91,550	15,793	117,007
Net claims incurred	(558)	(87,440)	(7,540)	(95,538)
Inspection and supervision fees	(118)	(577)	(948)	(1,643)
Policy acquisition costs	(2,402)	(2,637)	(1,055)	(6,094)
Other expenses	(116)	(116)	(337)	(569)
Other income	-	-	1,891	1,891
Total claims and other expenses	(3,194)	(90,770)	(7,989)	(101,953)
Net underwriting surplus	6,470	780	7,804	15,054
Investment income				264
Management fees				(15,318)
Net result for the period				-

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For the three month period ended 31 March 2013

12 SEGMENTAL INFORMATION (continued)

Operating segments	Three month period ended 31 March 2012 (Unaudited)			
	General	Motor	Health	Total
	SR'000			
Gross contributions written	19,511	79,865	63,066	162,442
Net contributions earned	5,350	63,664	26,183	95,197
Policy fee and other income	38	230	-	268
Re-takaful commission income	1,567	50	-	1,617
Total underwriting revenue	6,955	63,944	26,183	97,082
Gross claims paid	(2,251)	(61,372)	(43,630)	(107,253)
Net claims incurred	156	(62,185)	(11,105)	(73,134)
Inspection and supervision fees	(98)	(399)	(850)	(1,347)
Policy acquisition costs	(1,627)	(3,310)	(2,928)	(7,865)
Other expenses	(91)	(372)	(294)	(757)
Total claims and other expenses	(1,660)	(66,266)	(15,177)	(83,103)
Net underwriting surplus /(deficit)	5,295	(2,322)	11,006	13,979
Investment income				375
Management fees				(14,354)
Net result for the period				-

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

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12 SEGMENTAL INFORMATION (continued)

<i>Takaful operations' assets</i>	<i>As at 31 March 2013 (Unaudited)</i>			
	<i>General</i>	<i>Motor</i>	<i>Health</i>	<i>Total</i>
	<i>SR '000</i>			
Re-takaful share of outstanding claims	23,084	3,322	16,264	42,670
Re-takaful share of unearned contributions	56,892	680	41,041	98,613
Deferred policy acquisition costs	3,550	2,462	3,889	9,901
Deposit against letters of guarantee (note 6)	79	11,800	1,400	13,279
				164,463
Unallocated assets				422,209
Total assets				586,672
Takaful operations' liabilities				
Gross outstanding claims	27,344	69,043	25,334	121,721
Gross unearned contributions	63,456	203,157	80,356	346,969
Unearned re-takaful commission income	5,564	206	-	5,770
				474,460
Unallocated liabilities and surplus				112,212
Total liabilities				586,672

<i>Takaful operations' assets</i>	<i>As at 31 December 2012 (Audited)</i>			
	<i>General</i>	<i>Motor</i>	<i>Health</i>	<i>Total</i>
	<i>SR '000</i>			
Re-takaful share of outstanding claims	21,882	921	18,095	40,898
Re-takaful share of unearned contributions	52,535	487	23,217	76,239
Deferred policy acquisition cost	3,418	5,198	2,260	10,876
Deposit against letters of guarantee (note 6)	-	7,050	1,478	8,528
				136,541
Unallocated assets				386,248
Total assets				522,789
Takaful operations' liabilities				
Gross outstanding claims	25,785	65,638	27,840	119,263
Gross unearned contributions	58,390	179,380	42,795	280,565
Unearned commission income	5,833	134	-	5,967
				405,795
Unallocated liabilities and surplus				116,994
Total liabilities				522,789

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

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13 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share for the three month period ended 31 March 2013 and 2012 have been computed by dividing the net (loss) income for the year by the weighted average number of issued shares (20 million shares) for the period ended 31 March 2013 and 2012 respectively.

14 CONTINGENT LIABILITIES

As at 31 March 2013, the Company's bankers have issued letters of guarantee of SR 13.2 million (2012: SR 8.5 million) issued to various motor agencies, workshops and health service providers as per the terms of the agreements with them (note 6).

15 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.

Investments held-to-maturity which comprise of Murabaha deposits amounting to SR 124,710 thousands, earn fixed rates of interest and are invested for a period exceeding 3 months. Management is unable to calculate the fair value of Murabaha deposits.

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' 000</i>	<i>Level 2</i> <i>SR' 000</i>	<i>Level 3</i> <i>SR' 000</i>	<i>Total</i> <i>SR' 000</i>
Financial investments available for sale (Takaful operations)	-	15,427	-	15,427
Financial assets held as FVIS (Shareholders' operations)	35,653	-	-	35,653
Financial investments available for sale (Shareholders' operations)	-	14,388	2,423	16,811
Total	35,653	29,815	2,423	67,891

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 2013, 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 fair value increase of SR 1,957 thousand in respect of FVIS investments was recorded in statement of income.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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16 COMPARATIVE FIGURES

Certain of the prior period figures have been reclassified to conform with the current year presentation.

17 APPROVAL OF THE FINANCIAL STATEMENTS

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