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

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

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

SCOPE OF AUDIT:

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 30 September 2012, the related interim statements of takaful operations, takaful operations' comprehensive income, shareholders' operations and shareholders' comprehensive income for the three and nine month periods then ended, the related interim statements of changes in shareholders' equity, takaful 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 limited review in accordance with the Standard on Review of Interim Financial Reporting 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 A MATTER:

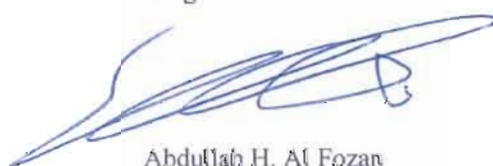
Without qualifying our opinion, we draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

Ernst & Young
P O Box 2732
Riyadh 11461
Kingdom of Saudi Arabia



Rashid S. Al Rashoud
Certified Public Accountant
Registration No. 366

KPMG Al Fozan & Al Sadhan
P O Box 92876
Riyadh 11663
Kingdom of Saudi Arabia



Abdullah H. Al Fozan
Certified Public Accountant
Licence No. 348

29 Thu'l Quada 1433H
(15 October 2012)



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

INTERIM STATEMENT OF FINANCIAL POSITION

		30 September 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
	Notes		
TAKAFUL OPERATIONS' ASSETS			
Cash and cash equivalents	6	32,281	48,950
Due from shareholders' operations		203,058	196,822
Contributions receivable, net	7	106,538	61,482
Advances and other assets		-	6,622
Re-takaful share of outstanding claims	10(a)	37,129	43,976
Available for sale investments	9(i)(b)	29,052	30,216
Investments held to maturity	9(i)(a)	-	7,000
Deferred policy acquisition costs		11,834	13,399
Re-takaful share of unearned contributions		84,636	73,345
Amount due from related parties	10(a)	533	634
TOTAL TAKAFUL OPERATIONS' ASSETS		505,061	482,446
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	6	58,659	1,211
Due from related parties	10(a)	798	957
Management fees receivable		18,829	35,620
Investments at fair value through income statement	9(ii)(c)	32,720	31,125
Available for sale investments	9(ii)(b)	2,423	2,223
Advances, prepayments and other assets		15,836	19,793
Investments held to maturity	9(ii)(a)	159,885	197,175
Statutory deposit	8	20,000	20,000
Property and equipment, net		18,623	15,040
TOTAL SHAREHOLDERS' ASSETS		327,773	323,144
TOTAL ASSETS		832,834	805,590

The accompanying notes 1 to 16 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)

	30 September 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
	Notes	
TAKAFUL OPERATIONS' LIABILITIES & SURPLUS		
Gross outstanding claims	108,757	90,240
Payables, accruals and others	32,822	27,606
Management fees payable	18,829	35,620
Re-takaful balances payable	66,345	85,925
Gross unearned contributions	271,735	237,452
Unearned commission income	6,471	5,525
	504,959	482,368
TAKAFUL OPERATIONS' SURPLUS		
Fair value reserve for AFS investments	9(i)(b) 102	78
TOTAL TAKAFUL OPERATIONS' LIABILITIES & SURPLUS	505,061	482,446
SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Provision for zakat	728	1,859
Payables, accruals and others	13,591	12,717
Due to takaful operations	203,058	196,822
Employees' end of service benefits	3,114	2,410
TOTAL SHAREHOLDERS' LIABILITIES	220,491	213,808
SHAREHOLDERS' EQUITY		
Share capital	200,000	200,000
Accumulated losses	(92,718)	(90,664)
TOTAL SHAREHOLDERS' EQUITY	107,282	109,336
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	327,773	323,144
TOTAL LIABILITIES AND EQUITY	832,834	805,590

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

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF TAKAFUL OPERATIONS (UNAUDITED)

	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
	<i>30 September</i>	<i>30 September 2011</i>	<i>30 September</i>	<i>30 September</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Gross contributions written	130,050	107,504	450,721	363,665
Re-takaful contributions ceded	(16,434)	(24,662)	(126,943)	(116,341)
Excess of loss	(572)	(463)	(1,940)	(1,388)
NET CONTRIBUTIONS WRITTEN	113,044	82,379	321,838	245,936
Change in unearned contributions, net	(6,472)	(9,025)	(22,992)	(60,044)
NET CONTRIBUTIONS EARNED	106,572	73,354	298,846	185,892
Policy fees and other income	278	246	1,042	840
Re-takaful commission income	2,692	2,654	10,337	6,007
TOTAL UNDERWRITING REVENUE	109,542	76,254	310,225	192,739
Gross claims paid	(74,193)	(64,152)	(281,284)	(152,635)
Re-takaful share of claims paid	19,511	13,747	71,924	33,847
NET CLAIMS PAID	(54,682)	(50,405)	(209,360)	(118,788)
Movement in outstanding claims, net	(23,208)	(16,710)	(25,364)	(28,159)
NET CLAIMS INCURRED	(77,890)	(67,115)	(234,724)	(146,947)
Inspection and supervision fees	(757)	(890)	(3,091)	(3,287)
Policy acquisition costs	(5,940)	(3,466)	(19,731)	(11,960)
Other expenses	(923)	(1,663)	(1,688)	(5,274)
TOTAL CLAIMS AND OTHER EXPENSES	(85,510)	(73,134)	(259,234)	(167,468)
NET UNDERWRITING SURPLUS	24,032	3,120	50,991	25,271
Investment income	17	145	524	219
Management fees	(24,049)	(39,441)	(51,515)	(130,706)
Net deficit for the period	-	(36,176)	-	(105,216)
Net deficit transferred to shareholders' operations	-	36,176	-	105,216
NET RESULT FOR THE PERIOD	-	-	-	-

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

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

INTERIM STATEMENT OF TAKAFUL OPERATIONS' COMPREHENSIVE
INCOME (UNAUDITED)

	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
	<i>30 September 2012</i>	<i>30 September 2011</i>	<i>30 September 2012</i>	<i>30 September 2011</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Net result for the period	-	-	-	-
Other comprehensive income				
Net change in fair values of available for sale investments (note 9(i) (b))	93	-	102	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	93	-	102	-





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



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

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS (UNAUDITED)

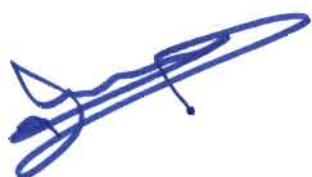
	<i>Notes</i>	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
		<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
REVENUE					
Management fees		24,049	39,441	51,515	130,706
Dividend income		601	338	1,919	910
Net gain / (loss) on FVIS investments	9(ii)(c)	229	(583)	1,458	471
Special commission income on investments held to maturity		1,106	130	3,673	596
Realised gain on sale of AFS investments		245	-	324	-
TOTAL REVENUE		26,230	39,326	58,889	132,683
General and administrative expenses		(22,236)	(21,514)	(60,222)	(64,566)
Net deficit transferred from takaful operations		-	(36,176)	-	(105,216)
INCOME / (LOSS) BEFORE ZAKAT		3,994	(18,364)	(1,333)	(37,099)
Provision for Zakat	11	(700)	-	(721)	(930)
NET INCOME / (LOSS) FOR THE PERIOD		3,294	(18,364)	(2,054)	(38,029)
BASIC AND DILUTED EARNING / (LOSS) PER SHARE (SR)	13	0.16	(0.92)	(0.10)	(1.90)

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

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

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
(UNAUDITED)

	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Net income / (loss) for the period	3,294	(18,364)	(2,054)	(38,029)
Other comprehensive loss				
Net change in fair value of available for sale investments	-	(696)	-	(1,145)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	3,294	(19,060)	(2,054)	(39,174)





The accompanying notes 1 to 16 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
(UNAUDITED)

For the nine month period ended 30 September 2012

	Share capital SR'000	Accumulated losses SR'000	Fair value reserve for AFS investments SR'000	Total SR'000
<u>2011</u>				
Balance as at 1 January 2011	200,000	(57,759)	1,145	143,386
Net loss for the period	-	(38,029)	-	(38,029)
Other comprehensive loss	-	-	(1,145)	(1,145)
Total comprehensive loss for the period	-	(38,029)	(1,145)	(39,174)
Balance as at 30 September 2011	200,000	(95,788)	-	104,212
<u>2012</u>				
Balance as at 1 January 2012	200,000	(90,664)	-	109,336
Net loss for the period	-	(2,054)	-	(2,054)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(2,054)	-	(2,054)
Balance as at 30 September 2012	200,000	(92,718)	-	107,282





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

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

INTERIM STATEMENT OF TAKAFUL OPERATIONS' CASH FLOWS
(UNAUDITED)

		<i>For the nine month period ended</i>	
		<i>30 September</i>	
	<i>Notes</i>	<i>2012 SR'000</i>	<i>2011 SR'000</i>
OPERATING ACTIVITIES			
Net deficit for the period		-	(105,216)
<i>Adjustments for:</i>			
Allowance for doubtful debts		1,660	5,266
Realised gain on sale of available for sale investments		(78)	-
Deficit transferred to the shareholders' operations		-	105,216
Net surplus before changes in operating assets and liabilities		1,582	5,266
<i>Changes in operating assets and liabilities:</i>			
Contributions receivable		(46,716)	(38,827)
Re-takaful share of outstanding claims		6,847	(31,086)
Re-takaful share of unearned contributions		(11,291)	(38,439)
Advances and other assets		6,622	(4,230)
Deposit against letters of guarantee		(3,093)	-
Amount due from related parties		101	-
Due from shareholders' operations		(6,236)	(61,049)
Deferred policy acquisition costs		1,565	(7,559)
Gross outstanding claims		18,517	73,110
Gross unearned contributions		34,283	98,484
Unearned commission income		946	3,772
Re-takaful balances payable		(19,580)	68,411
Management fee payable		(16,791)	-
Payables, accruals and other		5,216	4,538
Net cash (used in) / from operating activities		(28,028)	72,391
INVESTING ACTIVITIES			
Maturities / (purchase) of held to maturity investments	9(i)(a)	7,000	(7,000)
Purchase of available for sale investments	9(i)(b)	(155,000)	(15,102)
Sale of available for sale investments	9(i)(b)	156,266	-
Net cash from / (used in) investing activities		8,266	(22,102)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(19,762)	50,289
Cash and cash equivalents at the beginning of period		43,900	29,211
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	24,138	79,500
<i>Non - cash supplemental information:</i>			
Changes in fair value of available for sale investments		102	27

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

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

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

		<i>For the nine month period ended 30 September</i>	
	<i>Notes</i>	<i>2012 SR'000</i>	<i>2011 SR'000</i>
OPERATING ACTIVITIES			
Net loss for the period		(2,054)	(38,029)
<i>Adjustments for:</i>			
Depreciation		4,038	2,269
Provision for zakat		721	930
Employees' end of service benefits		704	865
Net (gain) / loss on FVIS investments		(1,458)	1,326
Realised gain on sale of AFS investments		-	(1,798)
Net surplus / (deficit) before changes in operating assets and liabilities		1,951	(34,437)
<i>Changes in operating assets and liabilities:</i>			
Due from related parties		159	(1,169)
Management fee receivable		16,791	-
Advances, prepayments and other assets		3,957	(12,525)
Due to takaful operations		6,236	61,049
Payables, accruals and others		874	11,410
Zakat paid		(1,852)	(2,828)
Net cash from operating activities		28,116	21,500
INVESTING ACTIVITIES			
Purchase of property and equipment, net		(7,621)	(7,636)
Purchase of FVIS, net		(137)	(3,894)
Purchase of AFS investments, net		(200)	59,299
Maturities of investments held to maturity	9(ii)(a)	75,000	-
Purchase of investments held to maturity	9(ii)(a)	(37,710)	(47,000)
Net cash from investing activities		29,332	769
INCREASE IN CASH AND CASH EQUIVALENTS		57,448	22,269
Cash and cash equivalents at beginning of the period		1,211	82,979
Cash and cash equivalents at end of the period	6	58,659	105,248
<i>Non cash supplemental information:</i>			
Changes in fair value of available for sale investments		-	(1,145)

The accompanying notes 1 to 16 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)

30 September 2012

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 registered office address 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 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 2011. 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 the 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 and risk management 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 2011.

New amendments and standards issued but not yet effective

The Company has chosen not to early adopt the following new standards and amendment, which are effective for the Company's financial years beginning on or after 1 January 2013:

- IFRS 13 Fair value measurement

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2012

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

New amendments and standards issued but not yet effective (continued)

- Amendments to IAS 32 and IFRS 7 Financial instruments on asset and liability offsetting

In addition to the above, the Company has chosen not to early adopt IFRS 9 (2010) – Financial instruments, which has been published and may also be early adopted, but will not be effective until January 1, 2015.

The management is currently assessing the implication of the above standards and amendments and the timing of adoption.

Management (Wakala) fee

The management fee model for motor and general (40%), health (30%) lines of business was based on a fixed charge on gross written contribution upto 31 December 2011. From 1 January 2012, the Company has amended the model by charging management fee on net contribution for the period after adjusting commission income and cost of production for motor and general at 40% and for health at 30%. Also, the Company limits the management fee charge to the extent of surplus available in takaful operations.

During the three months period ended 30 September 2012, the Company amended its policy of apportioning Mudarib's share of investment income to be included within the management fee charge for the period.

6 CASH AND CASH EQUIVALENTS

	<i>30 September 2012 (Unaudited)</i>		<i>31 December 2011 (Audited)</i>	
	<i>Takaful operations (SR'000)</i>	<i>Shareholders' operations (SR'000)</i>	<i>Takaful operations (SR'000)</i>	<i>Shareholders' operations (SR'000)</i>
Cash in hand and at banks	24,138	58,659	13,247	1,211
Murabaha deposits with original maturities of three months or less	-	-	30,653	-
Cash and cash equivalents in the statements of cash flows	24,138	58,659	43,900	1,211
Deposit against letters of guarantee *	8,143	-	5,050	-
	<u>32,281</u>	<u>58,659</u>	<u>48,950</u>	<u>1,211</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. As these cannot be withdrawn before the end of guarantee period, these are restricted in nature.

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2012

7 CONTRIBUTIONS RECEIVABLE, NET

	<i>30 September 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Due from policyholders		
- External policyholders	48,043	43,720
- Related parties ((note 10(a))	70,879	28,486
Gross contributions receivable	118,922	72,206
Allowance for doubtful debts	(12,384)	(10,724)
	106,538	61,482

8 STATUTORY DEPOSIT

Statutory deposit amounting to SR 20 million (31 December 2011: 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)
30 September 2012

9 INVESTMENTS

Investments are classified as set out below:

(i) TAKAFUL OPERATIONS

(a) Held To Maturity investments ("HTM")

HTM investments comprise of Murabaha deposits with original maturity of more than three months. During the six month period ended 30 June 2012, the Murabaha deposits matured and were not renewed. Accordingly, there are no HTM investments held by takaful operations' as at 30 September 2012 (31 December 2011: SR 7 million).

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

AFS comprises of investment in a commodity fund. The movement during the period / year in AFS investments is set out below:

	<i>30 September 2012</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2011</i> <i>(Audited)</i> <i>SR'000</i>
At the beginning of the period / year	30,216	-
Purchased during the period / year	155,000	130,000
Sold during the period / year	(156,266)	(99,862)
	<u>28,950</u>	<u>30,138</u>
Unrealised gain at the period end	102	78
At the end of the period / year	<u>29,052</u>	<u>30,216</u>

The net change in fair values of AFS amounting to SR 102 thousand (31 December 2011: SR 78 thousand) is presented within Takaful operations' surplus under liability section of the interim statement of financial position.

(ii) SHAREHOLDERS' OPERATIONS

(a) Held To Maturity investments ("HTM")

HTM amounting to SR 159 million (31 December 2011: SR 197 million) comprise of Murabaha deposits with original maturities of more than three months.

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

	<i>30 September 2012</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2011</i> <i>(Audited)</i> <i>SR'000</i>
At the beginning of the period / year	197,175	28,000
Purchased during the period / year	37,710	197,175
Maturities during the period / year	(75,000)	(28,000)
At the end of the period / year	<u>159,885</u>	<u>197,175</u>

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9 INVESTMENTS (continued)

(ii) SHAREHOLDERS' OPERATIONS (continued)

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

AFS comprises of investment in a commodity fund (the "Fund") and investments in an unquoted company.

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

	30 September 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
At the beginning of the period / year	2,223	60,870
Purchased during the period / year	72,700	173,000
Sold during the period / year	(72,500)	(231,647)
At the end of the period / year	2,423	2,223

AFS investments as at 30 September 2012 includes an investment amounting to SR 2.4 million (31 December 2011: SR 2.2 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) 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 / year in FVIS is set out below:

	30 September 2012 (Unaudited) SR'000	31 December 2011 (Audited) SR'000
At the beginning of the period / year	31,125	21,523
Purchased during the period / year	2,418	9,883
Sold during the period / year	(2,281)	-
	31,262	31,406
Net change in fair values	1,458	(281)
At the end of the period / year	32,720	31,125

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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 nine month period ended 30 September 2012 and 2011 and the related balances as at 30 September 2012 and 31 December 2011:

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amounts of transactions</u>		<u>Balance as at</u>	
		<u>30 September 2012 (Unaudited) SR'000</u>	<u>30 September 2011 (Unaudited) SR'000</u>	<u>30 September 2012 (Unaudited) SR'000</u>	<u>31 December 2011 (Audited) SR'000</u>
Al Rajhi Insurance Company BSC (shareholder)	Expenses paid on behalf of related party (Takaful operations)	(101)	1,169	533	634
	Expenses paid on behalf of related party (shareholder's operations)	(159)	-	798	957
Al Rajhi Bank (shareholder) Affiliate companies	Contribution - policies written	242,069	138,385	22,347	5,569
	Contribution - policies written	60,936	33,787	48,532	22,917
	Contributions receivable (note 7)			70,879	28,486
Al Rajhi Bank (shareholder)	Claims incurred and notified during the period	159,838	88,740	25,769	20,774
Al Rajhi Bank (shareholder)	Bank balance (takaful operations)			22,974	12,074
	Bank balance (shareholders' operations)			58,044	637
	Bank balances			81,018	12,711

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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>30 September 2012 (Unaudited) SR'000</i>	<i>30 September 2011 (Unaudited) SR'000</i>	<i>30 September 2012 (Unaudited) SR'000</i>	<i>31 December 2011 (Audited) SR'000</i>
Al Rajhi Capital (Affiliate)	Available for sale investments of takaful operations			29,052	30,216
				<u>29,052</u>	<u>30,216</u>
Al Rajhi Capital (Entity significantly influenced by related parties)	Income received from sale of investment in Al Rajhi Capital commodity fund				
	a) Takaful operations	312	1,797		
	b) Shareholders' operations	<u>335</u>	<u>-</u>		
Al Rajhi Bank (shareholder)	Investment in equities classified as investments at FVIS			4,331	4,660
				<u>4,331</u>	<u>4,660</u>
Al Rajhi Takaful Agency (ARTA)	Commissions	<u>908</u>	<u>-</u>	<u>(215)</u>	<u>(194)</u>

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 nine month period ended (Unaudited)</i>	
	<i>30 September 2012 SR'000</i>	<i>30 September 2011 SR'000</i>
Salaries and benefits of key management personnel	3,050	5,413
Shariah committee remuneration	<u>188</u>	<u>451</u>
	<u>3,238</u>	<u>5,864</u>

11 PROVISION FOR ZAKAT

The Zakat charge for the nine month period ended 30 September 2012 amounted to SR 1,160 thousand which was partially offset by a reversal of Zakat provision for prior years amounting to SR 439 thousand.

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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 insurance operations' cash and cash equivalents, due from insurers, contributions receivable, investments, due from shareholders' operations and advances and other assets. Accordingly they are included in unallocated assets.

Segment liabilities do not include re-takaful balances payable, payables accruals and others. 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 centralized basis.

<i>Operating segments</i>	<i>For the three month period ended 30 September 2012 (Unaudited)</i>			
	<i>General</i>	<i>Motor</i>	<i>Health</i>	<i>Total</i>
	<i>SR'000</i>			
Gross contributions written	14,621	104,762	10,667	130,050
Re-takaful contributions ceded	(11,229)	(149)	(5,056)	(16,434)
Excess of loss	(198)	(374)	-	(572)
Net contributions written	3,194	104,239	5,611	113,044
Change in unearned contributions, net	35	(19,444)	12,937	(6,472)
Net contributions earned	3,229	84,795	18,548	106,572
Policy fee and other income	24	254	-	278
Re-takaful commission income	2,622	70	-	2,692
Total underwriting revenue	5,875	85,119	18,548	109,542
Gross claims paid	(2,771)	(44,876)	(26,546)	(74,193)
Re-takaful share of claims paid	2,280	162	17,069	19,511
Net claims paid	(491)	(44,714)	(9,477)	(54,682)
Movement in outstanding claims, net	(1,073)	(21,635)	(500)	(23,208)
Net claims incurred	(1,564)	(66,349)	(9,977)	(77,890)
Inspection and supervision fees	(73)	(524)	(160)	(757)
Policy acquisition cost	(1,176)	(1,865)	(2,899)	(5,940)
Other expenses	(150)	(621)	(152)	(923)
Total claims and other expenses	(2,963)	(69,359)	(13,188)	(85,510)
Net underwriting surplus for the period	2,912	15,760	5,360	24,032
Investment income				17
				24,049
Management fees				(24,049)
Net deficit for the period				-

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12 SEGMENTAL INFORMATION (Continued)

Operating segments	Three month period ended 30 September 2011 (Unaudited)			
	General	Motor	Health	Total
	SR'000			
Gross contributions written	9,232	63,364	34,908	107,504
Re-takaful contributions ceded	(6,724)	(542)	(17,396)	(24,662)
Excess of loss	(203)	(260)	-	(463)
Net contributions written	2,305	62,562	17,512	82,379
Change in unearned contributions, net	(919)	(13,098)	4,992	(9,025)
Net contributions earned	1,386	49,464	22,504	73,354
Policy fee and other income	20	9	217	246
Re-takaful commission income	2,480	174	-	2,654
Total underwriting revenue	3,886	49,647	22,721	76,254
Gross claims paid	(3,567)	(46,677)	(13,908)	(64,152)
Re-takaful share of claims paid	4,924	134	8,689	13,747
Net claims paid	1,357	(46,543)	(5,219)	(50,405)
Movement in outstanding claims, net	(2,818)	(7,449)	(6,443)	(16,710)
Net claims incurred	(1,461)	(53,992)	(11,662)	(67,115)
Inspection and supervision fees	(38)	(317)	(535)	(890)
Policy acquisition cost	(745)	(423)	(2,298)	(3,466)
Other expenses	(151)	(960)	(552)	(1,663)
Total claims and other expenses	(2,395)	(55,692)	(15,047)	(73,134)
Net underwriting surplus / (deficit) for the period	1,491	(6,045)	7,674	3,120
Management fees	(3,695)	(25,159)	(10,587)	(39,441)
Investment income				145
Net deficit for the period				(36,176)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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12 SEGMENTAL INFORMATION (Continued)

<i>Operating segments</i>	<i>For the nine month period ended 30 September 2012 (Unaudited)</i>			
	<i>General</i>	<i>Motor</i>	<i>Health</i>	<i>Total</i>
	<i>SR'000</i>			
Gross contributions written	84,509	272,912	93,300	450,721
Re-takaful contributions ceded	(72,905)	(877)	(53,161)	(126,943)
Excess of loss	(541)	(1,399)	-	(1,940)
Net contributions written	11,063	270,636	40,139	321,838
Change in unearned contributions, net	465	(50,907)	27,450	(22,992)
Net contributions earned	11,528	219,729	67,589	298,846
Policy fee and other income	90	952	-	1,042
Re-takaful commission income	10,144	193	-	10,337
Total underwriting revenue	21,762	220,874	67,589	310,225
Gross claims paid	(6,799)	(173,757)	(100,728)	(281,284)
Re-takaful share of claims paid	6,180	441	65,303	71,924
Net claims paid	(619)	(173,316)	(35,425)	(209,360)
Movement in outstanding claims, net	(1,034)	(29,280)	4,950	(25,364)
Net claims incurred	(1,653)	(202,596)	(30,475)	(234,724)
Inspection and supervision fees	(422)	(1,365)	(1,304)	(3,091)
Policy acquisition cost	(4,014)	(7,229)	(8,488)	(19,731)
Other expenses	(317)	(1,022)	(349)	(1,688)
Total claims and other expenses	(6,406)	(212,212)	(40,616)	(259,234)
Net underwriting surplus for the period	15,356	8,662	26,973	50,991
Investment income				524
				51,515
Management fees				(51,515)
Net deficit for the period				-

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12 SEGMENTAL INFORMATION (Continued)

Operating segments	For the nine month period ended 30 September 2011 (Unaudited)			
	General	Motor	Health	Total
	SR '000			
Gross contributions written	49,948	167,163	146,554	363,665
Re-takaful contributions ceded	(41,641)	(1,206)	(73,494)	(116,341)
Excess of loss	(607)	(781)	-	(1,388)
Net contributions written	7,700	165,176	73,060	245,936
Change in unearned contributions, net	(2,776)	(37,515)	(19,753)	(60,044)
Net contributions earned	4,924	127,661	53,307	185,892
Policy fee and other income	70	40	730	840
Re-takaful commission income	5,670	337	-	6,007
Total underwriting revenue	10,664	128,038	54,037	192,739
Gross claims paid	(6,499)	(106,648)	(39,488)	(152,635)
Re-takaful share of claims paid	6,983	421	26,443	33,847
Net claims paid	484	(106,227)	(13,045)	(118,788)
Movement in outstanding claims, net	(3,000)	(14,326)	(10,833)	(28,159)
Net claims incurred	(2,516)	(120,553)	(23,878)	(146,947)
Inspection and supervision fees	(241)	(836)	(2,210)	(3,287)
Policy acquisition cost	(2,510)	(3,478)	(5,972)	(11,960)
Other expenses	(725)	(2,424)	(2,125)	(5,274)
Total claims and other expenses	(5,992)	(127,291)	(34,185)	(167,468)
Net underwriting surplus for the period	4,672	747	19,852	25,271
Management fees	(19,946)	(66,679)	(44,081)	(130,706)
	(15,274)	(65,932)	(24,229)	(105,435)
Investment income				219
Net deficit for the period				(105,216)

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12 SEGMENTAL INFORMATION (Continued)

<i>Takaful operations' assets</i>	<i>As at 30 September 2012 (Unaudited)</i>			
	<i>General</i>	<i>Motor</i>	<i>Health</i>	<i>Total</i>
	<i>SR'000</i>			
Re-takaful share of outstanding claims	12,783	1,757	22,589	37,129
Re-takaful share of unearned contributions	59,986	542	24,108	84,636
Deferred policy acquisition costs	3,945	4,763	3,126	11,834
Deposit against letters of guarantee	-	8,143	-	8,143
				141,742
Unallocated assets				363,319
Total Assets				505,061
Takaful operations' liabilities				
Gross outstanding claims	16,459	58,134	34,164	108,757
Gross unearned contributions	65,458	160,006	46,271	271,735
Unearned commission income	6,408	63	-	6,471
				386,963
Unallocated liabilities				118,098
Total liabilities				505,061

<i>Takaful operations' assets</i>	<i>As at 31 December 2011 (Audited)</i>			
	<i>General</i>	<i>Motor</i>	<i>Health</i>	<i>Total</i>
	<i>SR'000</i>			
Re-takaful share of outstanding claims	10,083	1,190	32,703	43,976
Re-takaful share of unearned contributions	25,477	692	47,176	73,345
Deferred policy acquisition cost	1,341	3,622	8,436	13,399
Deposit against letters of guarantee	-	5,050	-	5,050
				135,770
Unallocated assets				346,676
Total Assets				482,446
Takaful operations' liabilities				
Gross outstanding claims	12,723	27,912	49,605	90,240
Gross unearned contributions	31,414	109,249	96,789	237,452
Unearned commission income	5,328	197	-	5,525
				333,217
Unallocated liabilities				149,229
Total liabilities				482,446

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13 BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share for the three and nine month periods ended 30 September 2012 and 30 September 2011 have been computed by dividing the net income / (loss) for period by the weighted average number of issued shares for the period.

14 CONTINGENT LIABILITIES

As at 30 September 2012, the Company's bankers have issued letters of guarantee of SR 8.1 million (2011: SR 5.1 million) issued to various motor agencies and workshops as per the terms of the agreements with them.

15 COMPARATIVE FIGURES

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

16 APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 14th October 2012 corresponding to 28Dhul Quada 1433H.