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**BURUJ COOPERATIVE INSURANCE COMPANY  
(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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**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(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  
BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**SCOPE OF REVIEW:**

We have reviewed the accompanying interim statement of financial position of Buruj Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2013, the related interim statements of insurance and shareholders' comprehensive operations, changes in shareholders' equity, insurance operations' and shareholders' cash flows for 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 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:**

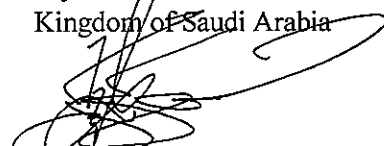
We draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

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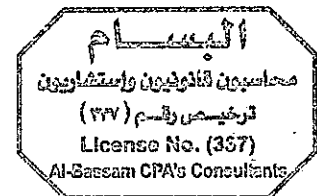
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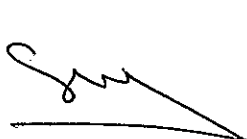


**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 March 2013

	<i>Note</i>	<b>31 March 2013</b> <i>(Unaudited)</i>	<b>31 December 2012</b> <i>(Audited)</i>
		<u>SR</u>	<u>SR</u>
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	5	65,579,949	83,841,589
Time deposits	6	20,445,068	-
Premiums and reinsurance balances receivable, net	7	51,351,978	31,743,493
Available for sale investments	8(i)(a)	7,880,378	8,050,824
Reinsurers' share of outstanding claims		34,669,251	27,789,918
Prepayments and other assets		8,237,207	4,932,541
Deferred policy acquisition costs		10,581,857	8,172,281
Reinsurers' share of unearned premiums		35,432,312	21,636,698
Property and equipment, net		4,528,302	4,460,391
Due from shareholders' operations		4,246,433	6,231,910
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<u>242,952,735</u>	<u>196,859,645</u>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	5	40,485,854	33,870,831
Available for sale investments	8(ii)(c)	30,532,742	34,540,378
Prepayments and other assets		930,153	836,300
Statutory deposit	9	13,157,101	13,110,708
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<u>85,105,850</u>	<u>82,358,217</u>
<b>TOTAL ASSETS</b>		<u>328,058,585</u>	<u>279,217,862</u>





The accompanying notes 1 to 15 form part of these interim condensed financial statements.

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF FINANCIAL POSITION (continued)**

As at 31 March 2013

	<i>Note</i>	<i>31 March 2013</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2012</i> <i>(Audited)</i> <i>SR</i>
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
Gross outstanding claims		69,142,999	65,459,524
Reinsurance and insurance balances payable		38,124,567	24,309,413
Accrued expenses and other liabilities		7,651,544	7,374,974
Employees' end of service benefits		1,654,638	1,480,899
Unearned reinsurance commission		5,632,062	3,621,073
Gross unearned premiums		116,538,238	91,952,351
Other reserves		4,006,849	2,652,159
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>		<b>242,750,897</b>	<b>196,850,393</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		238,394	-
Changes in fair values of available for sale investments	8(i)(a)	(36,556)	9,252
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES &amp; SURPLUS</b>		<b>242,952,735</b>	<b>196,859,645</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		130,000,000	130,000,000
Accumulated losses		(61,766,893)	(63,766,512)
Change in fair values of available for sale investments	8(ii)(c)	538,125	986,012
<b>Total shareholders' equity</b>		<b>68,771,232</b>	<b>67,219,500</b>
<b>Shareholders' liabilities</b>			
Zakat payable		7,638,189	7,069,613
Accrued expenses and other liabilities		4,441,789	1,828,987
Due to a related party	10	8,207	8,207
Due to insurance operations		4,246,433	6,231,910
<b>Total shareholders' liabilities</b>		<b>16,334,618</b>	<b>15,138,717</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>85,105,850</b>	<b>82,358,217</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>328,058,585</b>	<b>279,217,862</b>

The accompanying notes 1 to 15 form part of these interim condensed financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE COMPREHENSIVE OPERATIONS  
(UNAUDITED)

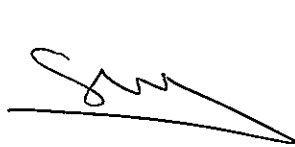
	Note	<i>For the three month period ended</i>	
		31 March 2013 SR	31 March 2012 SR
Gross written premiums		80,423,810	71,739,752
Reinsurance premiums ceded		(26,422,973)	(11,864,068)
Excess of loss premiums		(849,096)	(3,833,741)
<b>NET PREMIUMS WRITTEN</b>		<b>53,151,741</b>	<b>56,041,943</b>
Movement in unearned premiums, net		(10,790,273)	(37,978,832)
<b>NET PREMIUMS EARNED</b>		<b>42,361,468</b>	<b>18,063,111</b>
Reinsurance commission income		2,584,725	2,114,672
Policy fees		1,123,729	90,918
<b>TOTAL REVENUES</b>		<b>46,069,922</b>	<b>20,268,701</b>
Gross claims paid		(33,881,767)	(17,078,170)
Reinsurance share of claims paid		3,511,552	3,065,582
<b>NET CLAIMS PAID</b>		<b>(30,370,215)</b>	<b>(14,012,588)</b>
Movement in outstanding claims, net		3,195,859	1,132,874
Movement in other reserves, net		(1,354,690)	-
<b>NET CLAIMS INCURRED</b>		<b>(28,529,046)</b>	<b>(12,879,714)</b>
Policy acquisition costs		(5,176,864)	(4,277,834)
Inspection and supervision fees		(654,196)	(355,696)
Other underwriting expenses		(675,426)	(76,553)
<b>TOTAL UNDERWRITING COSTS</b>		<b>(35,035,532)</b>	<b>(17,589,797)</b>
<b>NET UNDERWRITING SURPLUS</b>		<b>11,034,390</b>	<b>2,678,904</b>
General and administrative expenses		(9,344,561)	(7,442,532)
Reversal of doubtful debts		397,185	1,150,438
Special commission income from time deposits	5, 6	140,053	5,003
Special commission income from available for sale investments		157,581	-
Loss on disposal of property and equipment		(709)	(2,682)
<b>SURPLUS (DEFICIT) FROM INSURANCE OPERATIONS</b>		<b>2,383,939</b>	<b>(3,610,869)</b>
(Surplus) deficit transferred to shareholders' operations		(2,145,545)	3,610,869
<b>NET RESULT FOR THE PERIOD</b>		<b>238,394</b>	<b>-</b>
<b>OTHER COMPREHENSIVE LOSS:</b>			
Change in fair values of available for sale investments	8(i)(a)	(45,808)	-
<b>Total comprehensive income for the period</b>		<b>192,586</b>	<b>-</b>

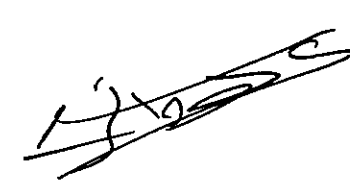
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**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS  
(UNAUDITED)**

	Note	<i>For the three month period ended</i>	
		<i>31 March 2013</i>	<i>31 March 2012</i>
		SR	SR
Surplus (deficit) transferred from insurance operations		2,145,545	(3,610,869)
<b>EXPENSES</b>			
General and administrative		(560,137)	(459,006)
<b>INCOME (LOSS) FROM OPERATIONS</b>		<u>1,585,408</u>	<u>(4,069,875)</u>
Special commission income from time deposits	5	105,101	57,700
Special commission income from available for sale investments		275,683	267,311
Realized gain from available for sale investments		602,003	27,332
<b>INCOME (LOSS) BEFORE ZAKAT</b>		<u>2,568,195</u>	<u>(3,717,532)</u>
Zakat		(568,576)	(319,735)
<b>NET INCOME (LOSS) FOR THE PERIOD</b>		<u>1,999,619</u>	<u>(4,037,267)</u>
<b><i>OTHER COMPREHENSIVE (LOSS) INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</i></b>			
Change in fair values of available for sale investments	8(ii)(c)	(447,887)	383,842
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<u><u>1,551,732</u></u>	<u><u>(3,653,425)</u></u>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE (BEFORE ZAKAT) FOR THE PERIOD</b>	13(a)	<u>0.20</u>	<u>(0.29)</u>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE (AFTER ZAKAT) FOR THE PERIOD</b>	13(b)	<u>0.15</u>	<u>(0.31)</u>





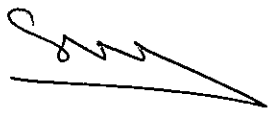
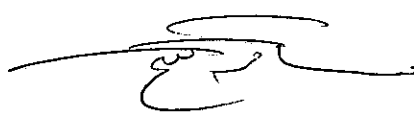
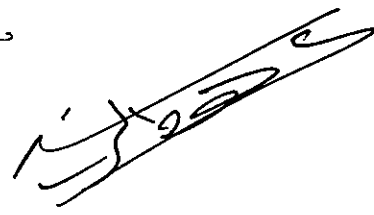
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**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

For the Three Month Period Ended 31 March 2013

	<i>Share Capital SR</i>	<i>Accumulated losses SR</i>	<i>Change in fair values of available for sale investments SR</i>	<i>Total SR</i>
Balance as at 1 January 2012	130,000,000	(44,766,205)	(104,897)	85,128,898
Net loss for the period	-	(4,037,267)	-	(4,037,267)
Other comprehensive income for the period	-	-	383,842	383,842
<i>Total comprehensive loss for the period</i>	<i>-</i>	<i>(4,037,267)</i>	<i>383,842</i>	<i>(3,653,425)</i>
Balance as at 31 March 2012	<u>130,000,000</u>	<u>(48,803,472)</u>	<u>278,945</u>	<u>81,475,473</u>
Balance as at 1 January 2013	<u>130,000,000</u>	<u>(63,766,512)</u>	<u>986,012</u>	<u>67,219,500</u>
Net income for the period	-	1,999,619	-	1,999,619
Other comprehensive loss for the period	-	-	(447,887)	(447,887)
<i>Total comprehensive income for the period</i>	<i>-</i>	<i>1,999,619</i>	<i>(447,887)</i>	<i>1,551,732</i>
Balance as at 31 March 2013	<u>130,000,000</u>	<u>(61,766,893)</u>	<u>538,125</u>	<u>68,771,232</u>

The accompanying notes 1 to 15 form part of these interim condensed financial statements.



**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)**

	<i>For the three month period ended</i>		
	<i>31 March 2013</i>	<i>31 March 2012</i>	
	<i>Note</i>	<i>SR</i>	<i>SR</i>
<b>OPERATING ACTIVITIES</b>			
Surplus (deficit) from insurance operations		238,394	(3,610,869)
<i>Adjustments for:</i>			
Surplus transferred to shareholders' operations		2,145,545	-
Depreciation		537,879	431,935
Provision for employees' end of service benefits		192,903	162,446
Reversal of doubtful debts		(397,185)	(1,150,438)
Special commission income from time deposits		(140,053)	(5,003)
Special commission income from available for sale investments		(157,581)	-
Loss on disposal of property and equipment		709	2,682
<i>Net surplus (deficit) before changes in operating assets and liabilities</i>		<u>2,420,611</u>	<u>(4,169,247)</u>
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurance balances receivable		(19,211,300)	(7,081,038)
Reinsurers' share of outstanding claims		(6,879,333)	(1,594,845)
Prepayments and other assets		(3,304,666)	(1,661,312)
Deferred policy acquisition costs		(2,409,576)	(2,991,037)
Reinsurers' share of unearned premiums		(13,795,614)	(3,452,223)
Gross outstanding claims		3,683,475	461,971
Reinsurance and insurance balances payable		13,815,154	8,905,771
Accrued expenses and other liabilities		276,570	324,244
Unearned commission income		2,010,989	1,142,966
Gross unearned premiums		24,585,887	41,431,055
Other reserves		1,354,690	-
<i>Cash from operating activities</i>		<u>2,546,887</u>	<u>31,316,305</u>
Employees' end of service benefits paid		(19,164)	-
<i>Net cash from operating activities</i>		<u>2,527,723</u>	<u>31,316,305</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(607,499)	(139,156)
Time deposits	6	(20,445,068)	-
Purchase of available for sale investments	8 (i)(b)	(8,093)	-
Proceeds from available for sale investments	8 (i)(b)	132,731	-
Special commission income from time deposits		140,053	5,003
Special commission income from available for sale investments		157,581	-
Proceeds from disposal of property and equipment		1,000	-
<i>Net cash used in investing activities</i>		<u>(20,629,295)</u>	<u>(134,153)</u>
<b>FINANCING ACTIVITY</b>			
Due from shareholders' operations		(160,068)	(1,816)
<i>Net cash used in financing activity</i>		<u>(160,068)</u>	<u>(1,816)</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(18,261,640)</u>	<u>31,180,336</u>
Cash and cash equivalents at beginning of the period		<u>83,841,589</u>	<u>35,673,588</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	5	<u>65,579,949</u>	<u>66,853,924</u>
<i>Non-cash transactions:</i>			
Transfer of surplus (deficit) to shareholders' comprehensive operations		2,145,545	(3,610,869)
Net change in fair values of available for sale investments		(45,808)	-

The accompanying notes 1 to 15 form part of these interim condensed financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

	Note	For the three month period ended	
		31 March 2013 SR	31 March 2012 SR
<b>OPERATING ACTIVITIES</b>			
Income (loss) before zakat		2,568,195	(3,717,532)
<i>Adjustments for:</i>			
(Surplus) deficit transferred from insurance operations		(2,145,545)	3,610,869
Special commission income from time deposits		(105,101)	(57,700)
Special commission income from available for sale investments		(275,683)	(267,311)
Realised gain from available for sale investments		(602,003)	(27,332)
Net deficit before changes in operating assets and liabilities		(560,137)	(459,006)
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(93,853)	(186,776)
Statutory deposit		(46,393)	(110,708)
Accrued expenses and other liabilities		2,612,802	305,657
Due to a related party		-	(2,133)
Net cash from (used in) operating activities		1,912,419	(452,966)
<b>INVESTING ACTIVITIES</b>			
Special commission income from time deposits		105,101	57,700
Special commission income from available for sale investments		275,683	267,311
Realized gain from available for sale investments		602,003	27,332
Purchase of available for sale investments	8(ii)(c)	(4,818,750)	(3,562,500)
Sale of available for sale investments	8(ii)(c)	8,378,499	5,065,215
Net cash from investing activities		4,542,536	1,855,058
<b>FINANCING ACTIVITIES</b>			
Due to insurance operations		160,068	1,816
Net cash (used in) from financing activities		160,068	1,816
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>6,615,023</b>	<b>1,403,908</b>
Cash and cash equivalents at the beginning of the period		33,870,831	33,379,381
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>40,485,854</b>	<b>34,783,289</b>
<i>Non-cash transactions:</i>			
Transfer of (surplus) deficit from insurance operations		(2,145,545)	3,610,869
Net change in fair values of available for sale investments		(447,887)	278,945

The accompanying notes 1 to 15 form part of these interim condensed financial statements.

**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

31 March 2013

**1 ORGANISATION AND PRINCIPAL ACTIVITIES**

Buruj Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010280606 dated 10 Safar 1431H, corresponding to 26 January 2010. The registered office address of the Company is P O Box 51855, Riyadh 11553, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Tadawul (the Saudi Arabian Stock Market) on 15 February 2010.

The Company was licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree numbered 72/M dated 28 Shawal 1429H (corresponding to 29 October 2008), pursuant to Council of Ministers resolution numbered 313 dated 27 Shawal 1429H (corresponding to 28 October 2008). On 10 Muharram 1431H (corresponding to 27 December 2009), the Ministry of Commerce and Industry issued a resolution declaring the incorporation of the Company.

On 15 Jumada Thani 1431H (corresponding to 29 May 2010), the Saudi Arabian Monetary Agency ("SAMA") issued a formal approval to transact insurance business.

The Company launched its insurance operations on 1 July 2010 after receipt of an authorization from SAMA to commence insurance operations as product approval and related formalities were completed.

**2 SURPLUS / DEFICIT TRANSFERRED TO SHAREHOLDERS' OPERATIONS**

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% 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.

The insurance operations resulted in a surplus for the three month period ended 31 March 2013 (deficit for the period ended 31 March 2012). Accordingly, 90% of the net surplus amounting to SR 2.1 million (31 March 2012: entire deficit of SR 3.6 million) has been transferred to the shareholders' operations.

**3 BASIS OF PREPARATION**

*Basis of measurement*

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

*Statement of compliance*

The accompanying interim condensed financial statements for the three month period ended 31 March 2013 (the "period") are prepared in accordance with IAS 34 – Interim Financial Reporting, do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2012.

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.

The interim results may not be indicative of the Company's annual results.

**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

31 March 2013

**4 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

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 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.

*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 16 Property, Plant and Equipment — Classification of servicing equipment*

The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. 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*

The 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.

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**4 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)**

*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.

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.

**5 CASH AND CASH EQUIVALENTS**

	<i>31 March 2013 (Unaudited)</i>		<i>31 December 2012 (Audited)</i>	
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash on hand and at banks	57,579,949	2,283,652	42,279,100	5,770,831
Time deposits	8,000,000	38,202,202	41,562,489	28,100,000
Cash and cash equivalents	<u>65,579,949</u>	<u>40,485,854</u>	<u>83,841,589</u>	<u>33,870,831</u>

Short term time deposits placed with local banks have an original maturity of less than three months from the date of acquisition and earned special commission income at an average rate of 0.29% per annum (2012: 0.78%).

The carrying amounts disclosed above reasonably approximate their fair values at the reporting date.

**6 TIME DEPOSITS**

Time deposits amounting to SR 20,445,068 (31 December 2012: SR nil) are placed with counterparties which have investment grade credit ratings, as rated by international rating agencies.

Time deposits are placed with local and international banks with a maturity of more than three months from the date of original acquisition and earned special commission income at an average rate of 2.04% per annum (31 December 2012: nil).

The carrying amounts of the time deposits reasonably approximate their fair values at the reporting date.

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**7 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET**

Premiums and reinsurance balances receivable are comprised of the following:

	<i>31 March 2013</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2012</i> <i>(Audited)</i> <i>SR</i>
Premiums receivable	58,162,790	39,041,173
<i>Less: Allowance for doubtful debts</i>	<i>(7,299,651)</i>	<i>(7,747,446)</i>
	<u>50,863,139</u>	<u>31,293,727</u>
Reinsurance balances receivable	1,471,224	1,381,541
<i>Less: Allowance for doubtful debts</i>	<i>(982,385)</i>	<i>(931,775)</i>
	<u>488,839</u>	<u>449,766</u>
Total premiums and reinsurance balances receivable, net	<u><u>51,351,978</u></u>	<u><u>31,743,493</u></u>

**8 AVAILABLE FOR SALE INVESTMENTS ("AFS")**

*(i) Insurance operations*

- (a) AFS investments comprise of a portfolio of debt securities (Sharia'a compliant instruments) issued by sovereign, quasi sovereign, and corporates based in the Gulf Cooperative Council (the "GCC") countries amounting to SR 7,880,378 (31 December 2012: SR 8,050,824). This portfolio is managed at the discretion of a locally regulated financial institution.

The cumulative change in fair value of this portfolio amounting to SR (36,556) (31 December 2012: SR 9,252) is presented within 'insurance operations surplus' in the interim statement of financial position and the current period change in fair value has been reported in the interim statement of insurance comprehensive operations' under 'other comprehensive loss'.

- (b) The movement during the period in available for sale investments (insurance operations) are as follows:

	<i>31 March 2013</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2012</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the period / year	8,050,824	-
Purchased during the period / year	8,093	8,041,572
Sold during the period / year	<i>(132,731)</i>	-
	<u>7,926,186</u>	<u>8,041,572</u>
Change in fair values	<i>(45,808)</i>	9,252
At the end of the period / year	<u><u>7,880,378</u></u>	<u><u>8,050,824</u></u>

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8 AVAILABLE FOR SALE INVESTMENTS ("AFS") (continued)

(ii) Shareholders operations

- (a) AFS investments for shareholders operations comprise of various bonds and sukuks issued by governments, quasi governments, banks and corporates in the GCC countries amounting to SR 28,609,664 (31 December 2012: SR 32,617,300). The custody of these investments is with a local regulated unrated financial institution.
- (b) AFS investments of shareholders' operations also comprise of an investment amounting to SR 1,923,078 (31 December 2012: SR 1,923,078) 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 value of this investment is not materially different from its carrying value.
- (c) The movement during the period in available for sale investments (shareholders operations) are as follows:

	<i>31 March 2013</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2012</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the period / year	34,540,378	34,170,224
Purchased during the period / year	4,818,750	19,025,330
Sold during the period / year	(8,378,499)	(19,746,085)
	<u>30,980,629</u>	<u>33,449,469</u>
Change in fair values	(447,887)	1,090,909
At the end of the year	<u><u>30,532,742</u></u>	<u><u>34,540,378</u></u>

The cumulative change in fair values of available for sale investments of shareholders' operations amounting to SR 538,125 (31 December 2012: SR 986,012) is presented within shareholders' equity in the interim statement of financial position.

9 STATUTORY DEPOSIT

Statutory deposit 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. Accrued interest amounting to SR 157,101 (31 December 2012: SR 110,708) has been included under statutory deposit and accrued expenses and other liabilities.

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**10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

a) *The following are the details of major related party transactions during the period and the related balances at the end of the period:*

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amounts of transactions</i>		<i>Balance as at</i>	
		<i>For the three month period ended</i>		<i>31 March</i>	<i>31 December</i>
		<i>31 March 2013</i>	<i>31 March 2012</i>	<i>2013</i>	<i>2012</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Shareholders	Gross written premiums	9,858,580	8,544,926		
	Reinsurance premium ceded	553,930	913,967		
	Claims incurred	1,231,071	6,801,641		
	General and administrative expenses	-	-	(8,207)	(8,207)
Board of directors and committees' members	Board of directors and committees' meeting fees and expenses	225,000	285,000		
	Gross written premiums	3,062,424	110,650		
	Insurance brokerage contracts	1,125,973	534,400		

b) *Compensation of key management personnel*

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

	<i>For the three month period ended 31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Short-term benefits	744,143	775,005
End of service benefits	31,594	32,923
	<u>775,737</u>	<u>807,928</u>



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**11 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 financial statements. Equity investment in an unquoted company categorised under AFS is carried at cost.

*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> SR	<i>Level 2</i> SR	<i>Level 3</i> SR	<i>Total</i> SR
Financial investments available for sale	<u>36,490,042</u>	<u>-</u>	<u>1,923,078</u>	<u>38,413,120</u>

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

During the three-month period ended 31 March 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 Company does not carry any financial assets whose net gain or loss will not be recycled from the other comprehensive income to the statement of income.

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**12 SEGMENT 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 for insurance operations do not include general and administrative expenses, allowance for doubtful debts, special commission income on time deposit and AFS investments and loss or gain on property and equipment.

Segment assets do not include insurance operations' property and equipment, prepayments and other assets, premiums and reinsurance balances receivable, time deposit, AFS investments and cash and cash equivalents. Accordingly, they 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 insurance operations' due to shareholders operations, employees' end of service benefits, insurance and reinsurance balances payable, accrued expenses and other liabilities. Accordingly they are included in unallocated liabilities.

Shareholders' operations' is a non-operating segment. Income earned from time deposits and income from available for sale investments is the only revenue generating activity. Certain direct operating expenses, other overhead expenses and the deficit or surplus from insurance operations' are allocated to this segment on an appropriate basis.

**Operating segments**

<i>For the three month period ended 31 March 2013 (Unaudited)</i>	<i>Property SR</i>	<i>Motor SR</i>	<i>Marine SR</i>	<i>Medical SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	8,195,251	34,091,710	6,115,048	27,338,096	4,683,705	80,423,810
Reinsurance premiums ceded	(7,570,187)	(61,719)	(4,145,520)	(10,502,875)	(4,142,672)	(26,422,973)
Excess of loss premiums	(27,320)	(618,750)	(183,141)	-	(19,885)	(849,096)
<b>Net premiums written</b>	<b>597,744</b>	<b>33,411,241</b>	<b>1,786,387</b>	<b>16,835,221</b>	<b>521,148</b>	<b>53,151,741</b>
Movement in unearned premiums, net	(356,957)	3,451,487	(784,389)	(13,054,304)	(46,110)	(10,790,273)
<b>Net premiums earned</b>	<b>240,787</b>	<b>36,862,728</b>	<b>1,001,998</b>	<b>3,780,917</b>	<b>475,038</b>	<b>42,361,468</b>
Reinsurance commission income	966,481	23,071	904,389	-	690,784	2,584,725
Policy fees	5,905	1,053,284	60,630	-	3,910	1,123,729
<b>Total revenues</b>	<b>1,213,173</b>	<b>37,939,083</b>	<b>1,967,017</b>	<b>3,780,917</b>	<b>1,169,732</b>	<b>46,069,922</b>
Net claims paid	(42,919)	(29,695,858)	(60,313)	(456,562)	(114,563)	(30,370,215)
Movement in outstanding claims, net	(697,236)	4,285,736	(88,262)	(238,801)	(65,578)	3,195,859
Movement in other reserves, net	(1,354,690)	-	-	-	-	(1,354,690)
<b>Net claims incurred</b>	<b>(2,094,845)</b>	<b>(25,410,122)</b>	<b>(148,575)</b>	<b>(695,363)</b>	<b>(180,141)</b>	<b>(28,529,046)</b>
Policy acquisition costs	(429,067)	(3,607,581)	(223,290)	(617,626)	(299,300)	(5,176,864)
Inspection and supervision fees	(23,992)	(170,149)	(28,426)	(410,071)	(21,558)	(654,196)
Other underwriting expenses	(7,600)	(168,604)	-	(499,222)	-	(675,426)
<b>Total underwriting costs</b>	<b>(2,555,504)</b>	<b>(29,356,456)</b>	<b>(400,291)</b>	<b>(2,222,282)</b>	<b>(500,999)</b>	<b>(35,035,532)</b>
<b>Net underwriting surplus</b>	<b>(1,342,331)</b>	<b>8,582,627</b>	<b>1,566,726</b>	<b>1,558,635</b>	<b>668,733</b>	<b>11,034,390</b>
Unallocated expenses						(9,345,270)
Unallocated income						694,819
<b>Surplus from insurance operations</b>						<b>2,383,939</b>

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12 SEGMENT INFORMATION (continued)

Operating segments

<i>For the three month period ended 31 March 2012 (Unaudited)</i>	<i>Property SR</i>	<i>Motor SR</i>	<i>Marine SR</i>	<i>Medical SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	5,110,555	56,429,766	6,071,840	610,005	3,517,586	71,739,752
Reinsurance premiums ceded	(4,591,743)	(2,595)	(4,015,414)	(304,387)	(2,949,929)	(11,864,068)
Excess of loss premiums	(53,995)	(3,580,491)	(176,867)	-	(22,388)	(3,833,741)
Net premiums written	464,817	52,846,680	1,879,559	305,618	545,269	56,041,943
Movement in unearned premiums, net	(294,430)	(36,699,841)	(559,688)	(282,518)	(142,355)	(37,978,832)
Net premiums earned	170,387	16,146,839	1,319,871	23,100	402,914	18,063,111
Reinsurance commission income	576,784	(90,270)	1,239,533	-	388,625	2,114,672
Policy fees	5,235	25,895	55,013	-	4,775	90,918
Total revenues	752,406	16,082,464	2,614,417	23,100	796,314	20,268,701
Net claims paid	(94,624)	(13,638,048)	(111,082)	(1,287)	(167,547)	(14,012,588)
Movement in outstanding claims, net	(58,673)	1,908,794	(1,213,962)	(45,758)	542,473	1,132,874
Net claims incurred	(153,297)	(11,729,254)	(1,325,044)	(47,045)	374,926	(12,879,714)
Policy acquisition costs	(295,808)	(3,427,205)	(363,495)	(3,913)	(187,413)	(4,277,834)
Inspection and supervision fees	(19,197)	(282,055)	(28,664)	(9,150)	(16,630)	(355,696)
Other underwriting expenses	-	(73,329)	-	(3,224)	-	(76,553)
Total underwriting costs	(468,302)	(15,511,843)	(1,717,203)	(63,332)	170,883	(17,589,797)
Net underwriting surplus (deficit)	284,104	570,621	897,214	(40,232)	967,197	2,678,904
Unallocated expenses						(7,445,214)
Unallocated income						1,155,441
Deficit from insurance operations						(3,610,869)

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12 SEGMENT INFORMATION (continued)

Operating segments

As at 31 March 2013 (Unaudited)

	<u>Property SR</u>	<u>Motor SR</u>	<u>Marine SR</u>	<u>Medical SR</u>	<u>Others SR</u>	<u>Total SR</u>
<b>ASSETS</b>						
Reinsurers' share of unearned premiums	8,175,018	279,261	4,145,520	15,022,935	7,809,578	35,432,312
Reinsurers' share of outstanding claims	16,321,434	3,010,456	7,038,958	2,100,507	6,197,896	34,669,251
Deferred policy acquisition costs	893,470	4,870,825	584,827	3,262,937	969,798	10,581,857
<b>SEGMENT ASSETS</b>	<b>25,389,922</b>	<b>8,160,542</b>	<b>11,769,305</b>	<b>20,386,379</b>	<b>14,977,272</b>	<b>80,683,420</b>
Unallocated assets						162,269,315
<b>TOTAL ASSETS</b>						<b>242,952,735</b>
<b>LIABILITIES</b>						
Gross unearned premiums	8,866,427	57,287,409	6,115,049	35,275,813	8,993,540	116,538,238
Gross outstanding claims	18,001,385	29,030,583	11,883,187	3,092,202	7,135,642	69,142,999
Unearned commission income	1,947,902	21,068	1,532,660	-	2,130,432	5,632,062
Other reserves	1,454,690	2,552,159	-	-	-	4,006,849
<b>SEGMENT LIABILITIES</b>	<b>30,270,404</b>	<b>88,891,219</b>	<b>19,530,896</b>	<b>38,368,015</b>	<b>18,259,614</b>	<b>195,320,148</b>
Unallocated liabilities and surplus						47,632,587
<b>TOTAL LIABILITIES</b>						<b>242,952,735</b>

Operating segments

As at 31 December 2012 (Audited)

	<u>Property SR</u>	<u>Motor SR</u>	<u>Marine SR</u>	<u>Medical SR</u>	<u>Others SR</u>	<u>Total SR</u>
<b>ASSETS</b>						
Reinsurers' share of unearned premiums	4,265,932	523,650	2,424,444	8,120,441	6,302,231	21,636,698
Reinsurers' share of outstanding claims	9,903,179	3,256,534	7,699,615	1,770,492	5,160,098	27,789,918
Deferred policy acquisition costs	473,208	5,549,561	223,290	1,193,456	732,766	8,172,281
<b>SEGMENT ASSETS</b>	<b>14,642,319</b>	<b>9,329,745</b>	<b>10,347,349</b>	<b>11,084,389</b>	<b>12,195,095</b>	<b>57,598,897</b>
Unallocated assets						139,260,748
<b>TOTAL ASSETS</b>						<b>196,859,645</b>
<b>LIABILITIES</b>						
Gross unearned premiums	4,600,384	60,983,285	3,609,584	15,319,015	7,440,083	91,952,351
Gross outstanding claims	10,885,894	33,562,397	12,455,582	2,523,385	6,032,266	65,459,524
Unearned reinsurance commission	1,056,962	39,510	904,390	-	1,620,211	3,621,073
Other reserves	100,000	2,552,159	-	-	-	2,652,159
<b>SEGMENT LIABILITIES</b>	<b>16,643,240</b>	<b>97,137,351</b>	<b>16,969,556</b>	<b>17,842,400</b>	<b>15,092,560</b>	<b>163,685,107</b>
Unallocated liabilities and surplus						33,174,538
<b>TOTAL LIABILITIES</b>						<b>196,859,645</b>

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**13 CONTINGENT LIABILITIES**

As at 31 March 2013, the Company's bankers have issued letters of guarantee of SR 0.35 million (2012: SR 0.35 million) issued to various health service providers as per the terms of the agreements with them.

**14 BASIC AND DILUTED EARNINGS / LOSS PER SHARE**

(a) Basic and diluted earnings / loss per share (before zakat) for the period has been calculated by dividing the 'income before zakat' for the period by the ordinary issued and outstanding shares at the period end of 13 million shares.

(b) Basic and diluted earnings per share / loss (after zakat) for the period has been calculated by dividing the net income for the period by the ordinary issued and outstanding shares at the period end of 13 million shares.

**15 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).