
**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 2015

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 2015

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Al-Bassam & Al-Nemer

Allied Accountants

**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 2015 and the related interim statements of insurance and shareholders' comprehensive operations, changes in shareholders' equity, insurance operations' and shareholders' cash flows 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 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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26 Jumada Thani 1436H
(15 April 2015)

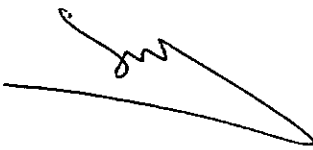
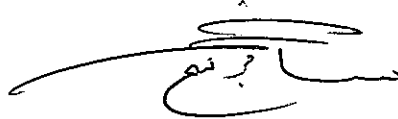


**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	<i>Note</i>	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	96,906,166	192,137,163
Time deposits	6	92,575,001	-
Premiums and reinsurance balances receivable, net	7	57,817,290	38,905,474
Available for sale investments	8(i)(a)	37,050,138	29,946,280
Reinsurers' share of outstanding claims		99,009,175	45,789,566
Prepayments and other assets		8,943,395	8,081,955
Deferred policy acquisition costs		14,818,206	14,236,385
Reinsurers' share of unearned premiums		19,640,673	15,449,620
Held to maturity investment	8(i)(c)	8,000,000	8,000,000
Property and equipment, net		3,013,044	3,158,856
TOTAL INSURANCE OPERATIONS' ASSETS		437,773,088	355,705,299
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	30,237,064	19,293,257
Available for sale investments	8(ii)(a)	47,334,173	52,908,862
Due from insurance operations		14,330,369	15,543,197
Prepayments and other assets		1,771,627	1,493,164
Investment in an associate	8(ii)(c)	1,200,000	-
Statutory deposit	9	13,337,805	13,243,810
TOTAL SHAREHOLDERS' ASSETS		108,211,038	102,482,290
TOTAL ASSETS		545,984,126	458,187,589


The accompanying notes 1 to 14 form part of these interim condensed financial statements.

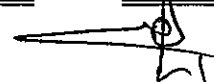
**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2015

	<i>Note</i>	31 March 2015 (Unaudited) SR	31 December 2014 (Audited) SR
INSURANCE OPERATIONS' LIABILITIES & SURPLUS			
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims		187,393,135	123,499,116
Reinsurance and insurance balances payable		26,886,569	19,765,059
Accrued expenses and other liabilities		13,618,255	11,101,617
Employees' end of service benefits		3,052,983	2,914,841
Due to shareholders' operations		14,330,369	15,543,197
Unearned reinsurance commission		4,603,208	3,656,749
Gross unearned premiums		171,919,003	163,402,878
Premium deficiency and other reserves		12,771,527	13,835,299
TOTAL INSURANCE OPERATIONS' LIABILITIES		434,575,049	353,718,756
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		3,602,054	2,984,395
Changes in fair values of available for sale investments	8(i)(b)	(404,015)	(997,852)
TOTAL INSURANCE OPERATIONS' LIABILITIES & SURPLUS		437,773,088	355,705,299
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Zakat payable		10,467,039	9,733,588
Accrued expenses and other liabilities		2,680,564	2,758,611
TOTAL SHAREHOLDERS' LIABILITIES		13,147,603	12,492,199
SHAREHOLDERS' EQUITY			
Share capital		130,000,000	130,000,000
Accumulated losses		(36,005,075)	(41,063,537)
Change in fair values of available for sale investments	8(ii)(b)	1,068,510	1,053,628
TOTAL SHAREHOLDERS' EQUITY		95,063,435	89,990,091
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		108,211,038	102,482,290
TOTAL LIABILITIES AND EQUITY		545,984,126	458,187,589



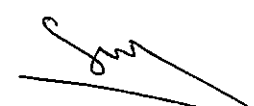


The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF INSURANCE COMPREHENSIVE OPERATIONS
(UNAUDITED)**

	<i>For the three month period ended</i>	
	<i>31 March 2015</i>	<i>31 March 2014</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>
Gross written premiums	103,719,052	89,932,553
Reinsurance premiums ceded	(15,640,047)	(14,874,360)
Excess of loss premiums	(2,797,204)	(1,457,887)
NET PREMIUMS WRITTEN	85,281,801	73,600,306
Movement in unearned premiums, net	(4,325,072)	(19,788,472)
NET PREMIUMS EARNED	80,956,729	53,811,834
Reinsurance commission income	2,970,715	2,766,301
Policy fees	3,788,202	2,449,640
TOTAL REVENUES	87,715,646	59,027,775
Gross claims paid	(56,236,609)	(37,058,470)
Reinsurance share of claims paid	1,888,528	6,207,237
NET CLAIMS PAID	(54,348,081)	(30,851,233)
Movement in outstanding claims, net	(10,674,410)	(3,669,873)
Movement in premium deficiency and other reserves, net	1,063,772	(3,016,404)
NET CLAIMS INCURRED	(63,958,719)	(37,537,510)
Policy acquisition costs	(8,536,648)	(6,246,916)
Inspection and supervision fees	(522,523)	(491,993)
Other underwriting expenses	(1,665,298)	(1,703,731)
TOTAL UNDERWRITING COSTS	(74,683,188)	(45,980,150)
NET UNDERWRITING SURPLUS	13,032,458	13,047,625
General and administrative expenses	(9,092,640)	(9,293,043)
Allowance for doubtful debts	(254,409)	(907,094)
Special commission income from time deposits	5, 6 478,241	273,259
Special commission income from investments	50,968	53,690
Dividend income	125,191	37,000
Realized gain from available for sale investments	8(i)(b) 1,522,215	423,262
Other income	314,568	300
SURPLUS FROM INSURANCE OPERATIONS	6,176,592	3,634,999
Surplus transferred to shareholders' operations	(5,558,933)	(3,271,499)
NET RESULT FOR THE PERIOD	617,659	363,500
Accumulated surplus at beginning of the period	2,984,395	733,140
ACCUMULATED SURPLUS AT END OF THE PERIOD	3,602,054	1,096,640




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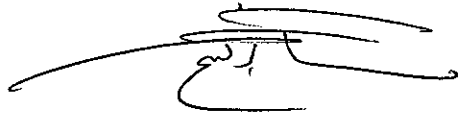
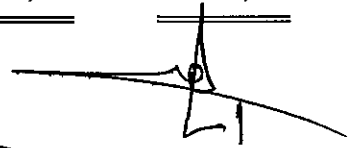
The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF INSURANCE COMPREHENSIVE OPERATIONS
(UNAUDITED) (continued)**

.....continued from page 4

	<i>Note</i>	<i>For the three month period ended</i>	
		<i>31 March 2015</i>	<i>31 March 2014</i>
		<i>SR</i>	<i>SR</i>
NET RESULT FOR THE PERIOD		617,659	363,500
<i>OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</i>			
Realized gain from available for sale investments		(1,522,215)	(423,262)
Change in fair values of available for sale investments		2,116,052	976,654
Net change in fair values of available for sale investments	8(i)(b)	593,837	553,392
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,211,496	916,892

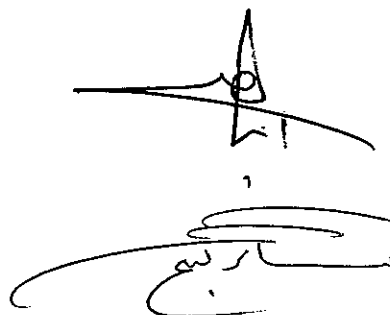




The accompanying notes 1 to 14 form part of these interim condensed financial statements.

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

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

	<i>Note</i>	<i>For the three month period ended</i>	
		<i>31 March 2015</i>	<i>31 March 2014</i>
		<i>SR</i>	<i>SR</i>
Surplus transferred from insurance operations		5,558,933	3,271,499
EXPENSES			
General and administrative		(590,149)	(613,072)
INCOME FROM OPERATIONS		4,968,784	2,658,427
Special commission income from time deposits	5	98,614	59,720
Special commission income from available for sale investments		281,990	266,814
Realized gain from available for sale investments		442,525	563,395
INCOME BEFORE ZAKAT		5,791,913	3,548,356
Zakat		(733,451)	(479,870)
NET INCOME FOR THE PERIOD		5,058,462	3,068,486
<i>OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</i>			
Realized gain from available for sale investments		(442,525)	(563,395)
Change in fair values of available for sale investments		457,407	1,106,774
Net change in fair values of available for sale investments	8(ii)(b)	14,882	543,379
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,073,344	3,611,865
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD	13	0.39	0.24

The accompanying notes 1 to 14 form part of these interim condensed financial statements.

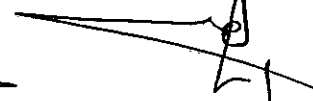
**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

For the three month period ended 31 March 2015

	<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>
2014				
Balance as at 1 January 2014	130,000,000	(58,728,974)	(789,870)	70,481,156
Net income for the period	-	3,068,486	-	3,068,486
Other comprehensive loss for the period	-	-	543,379	543,379
<i>Total comprehensive income for the period</i>	-	3,068,486	543,379	3,611,865
Balance as at 31 March 2014	<u>130,000,000</u>	<u>(55,660,488)</u>	<u>(246,491)</u>	<u>74,093,021</u>
2015				
Balance as at 1 January 2015	<u>130,000,000</u>	<u>(41,063,537)</u>	<u>1,053,628</u>	<u>89,990,091</u>
Net income for the period	-	5,058,462	-	5,058,462
Other comprehensive income for the period	-	-	14,882	14,882
<i>Total comprehensive income for the period</i>	-	5,058,462	14,882	5,073,344
Balance as at 31 March 2015	<u>130,000,000</u>	<u>(36,005,075)</u>	<u>1,068,510</u>	<u>95,063,435</u>





The accompanying notes 1 to 14 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 2015</i>	<i>31 March 2014</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES			
Surplus from insurance operations		617,659	363,500
<i>Adjustments for:</i>			
Surplus transferred to shareholders' operations		5,558,933	3,271,499
Depreciation		297,387	451,292
Provision for employees' end of service benefits		200,906	207,832
Allowance for doubtful debts		254,409	907,094
Special commission income from time deposits		(478,241)	(273,259)
Special commission income from available for sale investments		(50,968)	(53,690)
Dividend income		(125,191)	(37,000)
Realized gain from available for sale investments		(1,522,215)	(423,262)
Gain on disposal of property and equipment		-	(300)
<i>Net surplus before changes in operating assets and liabilities</i>		<u>4,752,679</u>	<u>4,413,706</u>
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurance balances receivable		(19,166,225)	(25,988,468)
Reinsurers' share of outstanding claims		(53,219,609)	(585,047)
Prepayments and other assets		(861,440)	1,951,010
Deferred policy acquisition costs		(581,821)	(1,953,506)
Reinsurers' share of unearned premiums		(4,191,053)	3,066,149
Gross outstanding claims		63,894,019	4,254,920
Reinsurance and insurance balances payable		7,121,510	2,217,918
Accrued expenses and other liabilities		2,516,638	998,857
Unearned reinsurance commission		946,459	1,164,169
Gross unearned premiums		8,516,125	16,722,323
Other reserves		(1,063,772)	3,016,404
<i>Cash from operations</i>		<u>8,663,510</u>	<u>9,278,435</u>
Employees' end of service benefits paid		(62,764)	(9,991)
Net cash from operating activities		<u>8,600,746</u>	<u>9,268,444</u>
INVESTING ACTIVITIES			
Time deposits	6	(92,575,001)	(42,000,013)
Purchase of available for sale investments	8 (i)(b)	(21,704,000)	(11,595,921)
Proceeds from available for sale investments	8 (i)(b)	16,716,194	3,651,230
Special commission income from time deposits		478,241	273,259
Special commission income from available for sale investments		50,968	53,690
Dividend income		125,191	37,000
Purchase of property and equipment		(151,575)	(541,375)
Proceeds from disposal of property and equipment		-	300
Net cash used in investing activities		<u>(97,059,982)</u>	<u>(50,121,830)</u>
FINANCING ACTIVITY			
Due to shareholders' operations		(6,771,761)	(19,194)
Net cash used in financing activity		<u>(6,771,761)</u>	<u>(19,194)</u>
DECREASE IN CASH AND CASH EQUIVALENTS			
		<u>(95,230,997)</u>	<u>(40,872,580)</u>
Cash and cash equivalents at beginning of the period		192,137,163	121,530,428
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	<u>96,906,166</u>	<u>80,657,848</u>
<i>Non-cash transactions:</i>			
Transfer of surplus to shareholders' comprehensive operations		5,558,933	3,271,499
Net change in fair values of available for sale investments		593,837	553,392

The accompanying notes 1 to 14 form part of these interim condensed financial statements.

8

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

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

	<i>Note</i>	<i>For the three month period ended</i>	
		<i>31 March 2015</i>	<i>31 March 2014</i>
		<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES			
Income before zakat		5,791,913	3,548,356
<i>Adjustments for:</i>			
Surplus transferred from insurance operations		(5,558,933)	(3,271,499)
Special commission income from time deposits		(98,614)	(59,720)
Special commission income from available for sale investments		(281,990)	(266,814)
Realised gain from available for sale investments		(442,525)	(563,395)
Net deficit before changes in operating assets and liabilities		(590,149)	(613,072)
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(278,463)	(230,879)
Statutory deposit		(93,995)	(86,709)
Accrued expenses and other liabilities		(78,047)	188,144
Net cash used in operating activities		(1,040,654)	(742,516)
INVESTING ACTIVITIES			
Special commission income from time deposits		98,614	59,720
Special commission income from available for sale investments		281,990	266,814
Purchase of available for sale investments	8(ii)(b)	(8,565,408)	-
Sale of available for sale investments	8(ii)(b)	14,597,504	4,211,014
Investment in an associate	8(ii)(c)	(1,200,000)	-
Net cash from investing activities		5,212,700	4,537,548
FINANCING ACTIVITY			
Due from insurance operations		6,771,761	19,194
Net cash from financing activity		6,771,761	19,194
INCREASE IN CASH AND CASH EQUIVALENTS		10,943,807	3,814,226
Cash and cash equivalents at the beginning of the period		19,293,257	13,523,880
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	30,237,064	17,338,106

Non-cash transactions:

Transfer of surplus from insurance operations		(5,558,933)	(3,271,499)
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Net change in fair values of available for sale investments

14,882 543,379

The accompanying notes 1 to 14 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 2015

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.

The Company is in the process of increasing its share capital through a rights issue (at par value) which will increase the share capital of the Company from Saudi Riyals 130,000,000 to Saudi Riyals 250,000,000. As at the reporting date, final approvals have been obtained from the Saudi Arabian Monetary Agency ("SAMA") and the Capital Market Authority (the "CMA"). The Company called for an Extraordinary General Meeting on 1 April 2015 in which the shareholders approved the Board of Directors' recommendation to increase the share capital of the Company from SR 130 million to SR 250 million through a rights issue of SR 120 million. Any unsubscribed portion of the rights issue after the offering period will be purchased by the Underwriter at the offer price. The closure of the rights issue subscription will be completed after the reporting period.

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 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 2015 amounting to SR 6.2 million (31 March 2014: SR 3.6 million). Accordingly, 90% of the net surplus amounting to SR 5.6 million (31 March 2014: SR 3.2 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 2015 (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 2014.

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 2015

4 SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

Significant accounting policies

The significant accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2014. In addition, accounting policies applicable to significant transactions and account balances arising during the interim period year ended 31 March 2015 is set out below:

Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies of an investee entity.

Interests in associates is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements of the Company include the Company's share of the profit or loss and other comprehensive income, until the date on which significant influence ceases. Unrealised profits and losses resulting from transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. The reporting dates of the associate are identical to the Company's reporting dates and their accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

New 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 interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

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31 March 2015

5 CASH AND CASH EQUIVALENTS

	<i>31 March 2015 (Unaudited)</i>		<i>31 December 2014 (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 in hand and at banks	96,906,166	17,430,054	179,909,663	19,293,257
Short term deposits	-	12,807,010	12,227,500	-
Cash and cash equivalents	96,906,166	30,237,064	192,137,163	19,293,257

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 1.31% per annum (2014: 1.05%). The carrying amounts disclosed above reasonably approximate their fair values at the reporting date.

6 TIME DEPOSITS

Time deposits amounting to SR 92,575,001 (31 December 2014: 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 an original maturity of more than three months from the date of acquisition and earned special commission income at an average rate of 1.94% per annum (31 December 2014: nil).

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

7 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET

Premiums and reinsurance balances receivable are comprised of the following:

	<i>31 March 2015 (Unaudited)</i>	<i>31 December 2014 (Audited)</i>
	<i>SR</i>	<i>SR</i>
Premiums receivable	65,425,034	46,178,206
<i>Less: Allowance for doubtful debts</i>	<i>(9,059,887)</i>	<i>(8,838,890)</i>
	56,365,147	37,339,316
Reinsurance balances receivable	2,420,341	2,500,944
<i>Less: Allowance for doubtful debts</i>	<i>(968,198)</i>	<i>(934,786)</i>
	1,452,143	1,566,158
Total premiums and reinsurance balances receivable, net	57,817,290	38,905,474

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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8 INVESTMENTS

(i) Insurance operations (Available for sale)

(a) Available for sale investments of insurance operations comprise the following:

	<i>Source of fair value</i>	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
Local "DPM" equity securities*	Quoted	27,050,138	14,946,280
Units in local real estate funds	NAV**	10,000,000	15,000,000
		<u>37,050,138</u>	<u>29,946,280</u>

*SR 27,050,138 comprise of a portfolio of locally quoted equity securities managed at the discretion of a locally regulated financial institution ("DPM").

** NAV: Net Asset Value as announced by asset manager.

(b) The movement during the period/year in available for sale investments are as follows:

	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
At the beginning of the period / year	29,946,280	-
Purchased during the period / year	21,704,000	53,263,093
Sold during the period / year	(16,716,194)	(26,441,192)
	<u>34,934,086</u>	<u>26,821,901</u>
Change in fair values	2,116,052	3,124,379
At the end of the period / year	<u>37,050,138</u>	<u>29,946,280</u>

The change in fair value of this portfolio amounting to SR (404,015) (31 December 2014: SR (997,852)) is presented within 'insurance operations surplus' in the statement of financial position and the current period / year change in fair value amounting to SR 593,837 (31 December 2014: SR 553,392) has been reported in the statement of insurance comprehensive operations' under 'other comprehensive income (loss) to be reclassified subsequently to the income statement'.

The Company accounts for the gain / loss in the DPM portfolio as realised gains / loss, once the individual securities within the DPM portfolio are sold. Accordingly, during the period ended 31 March 2015, the DPM manager sold SR 16.72 million of securities and realised a gain of SR 1.52 million which has been considered in the statement of comprehensive income of the insurance operations. The DPM portfolio at the end of 31 March 2015 comprised of SR 25.50 million of equity securities and SR 1.91 million in cash (31 December 2014: SR 13.63 million in equity securities and SR 1.32 million in cash).

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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8 INVESTMENTS (continued)

(i) Insurance operations (Held to maturity)

(c) Held to Maturity (“HTM”) investment amounting to SR 8,000,000 (31 December 2014 : SR 8,000,000) comprised of secured unquoted Sukuk issued by an unquoted company registered in the Kingdom of Saudi Arabia and maturing on 7 October 2015. The rate of return on the Sukuk is calculated based on 3-month Saudi Inter-Bank Offered Rate (“SIBOR”) plus a margin of 170 basis points per annum and paid quarterly. Management is of the opinion that the fair value of the HTM investment as at 31 March 2015 was not materially different from its carrying value.

(ii) Shareholders operations

(a) Available for sale investments of shareholders operations comprise the following:

	<i>Source of fair value</i>	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
GCC bonds and sukuk	Quoted	23,138,875	23,803,130
Units in local trading funds	NAV**	16,987,729	21,898,163
Units in local real estate funds	NAV**	5,284,491	5,284,491
Unquoted local equity investment	Unquoted	1,923,078	1,923,078
		<u>47,334,173</u>	<u>52,908,862</u>

** NAV: Net Asset Value as announced by asset manager.

(b) The movement during the period / year in available for sale investments are as follows:

	<i>31 March 2015 (Unaudited) SR</i>	<i>31 December 2014 (Audited) SR</i>
At the beginning of the period / year	52,908,862	56,381,037
Purchased during the period / year	8,565,408	5,460,792
Sold during the period / year	(14,597,504)	(11,405,322)
	<u>46,876,766</u>	<u>50,436,507</u>
Change in fair values	457,407	2,472,355
At the end of the period / year	<u>47,334,173</u>	<u>52,908,862</u>

The cumulative change in fair values of available for sale investments of shareholders’ operations amounting to SR 1,068,510 (31 December 2014: SR 1,053,628) is presented within shareholders’ equity in the interim statement of financial position.

(ii) Shareholders operations (Investment in associate)

(c) The Company together with an investor from a member nation of the Gulf Cooperative Council (“GCC member nation”) established a new limited liability company (the “associate”) in the Kingdom of Saudi Arabia. The GCC member nation will own 60% in the capital of the associate and the Company will own 40%. Additional legal formalities in respect of the operations of the associate are expected to be completed during 2015. The Company, although has significant influence, has accounted this investment as an associate as it does not control or jointly control the financial and operating policies of the associate.

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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 337,805 (31 December 2014: SR 243,810) has been included under statutory deposit and accrued expenses and other liabilities.

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>31 March 2015 (Unaudited) SR</i>	<i>31 March 2014 (Unaudited) SR</i>
Shareholders	Gross written premiums	8,210,356	7,504,204
	Reinsurance premium ceded	(8,013)	(123,246)
	Gross claims incurred	(10,465,566)	(3,607,400)
Board of directors and committees' members	Remuneration fees, allowances and other expenses	(386,500)	(298,500)
	Gross written premiums	6,738,609	5,865,125
	Insurance brokerage contract	(1,560,605)	(1,852,790)

Balances in respect of the above transactions with related parties are included in the relevant accounts in the interim statements of financial position and comprehensive income.

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>2015 (Unaudited) SR</i>	<i>2014 (Unaudited) SR</i>
Short-term benefits	724,350	672,510
End of service benefits	35,786	64,372
	<u>760,136</u>	<u>736,882</u>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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31 March 2015

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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	<i>Level 1</i> <i>SR</i>	<i>Level 2</i> <i>SR</i>	<i>Level 3</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<i>2015 (Unaudited)</i>				
Bonds and sukuk	17,638,875	5,500,000	-	23,138,875
Trading and real estate funds	-	32,272,220	-	32,272,220
Equities	27,050,138	-	1,923,078	28,973,216
	<u>44,689,013</u>	<u>37,772,220</u>	<u>1,923,078</u>	<u>84,384,311</u>
<i>2014 (Audited)</i>				
Bonds and sukuk	18,303,130	5,500,000	-	23,803,130
Trading and real estate funds	-	42,182,654	-	42,182,654
Equities	14,946,280	-	1,923,078	16,869,358
	<u>33,249,410</u>	<u>47,682,654</u>	<u>1,923,078</u>	<u>82,855,142</u>

Transfers between levels

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 2015 and for the year ended 31 December 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

There was no recurring fair value measurements categorised within Level 3 of the fair value hierarchy as set out in the table above.

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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 do not include general and administrative expenses, allowance for doubtful debts, income on term deposits and investments, gain or loss on property, plant and equipment and investments. Accordingly, they are included in unallocated assets.

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

Operating segments

<i>For the three month period ended 31 March 2015 (Unaudited)</i>	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	80,925,361	3,076,617	7,824,186	4,645,595	7,247,293	103,719,052
Reinsurance premiums ceded	(5,359)	-	(6,934,280)	(3,145,952)	(5,554,456)	(15,640,047)
Excess of loss premiums	(1,977,619)	(515,475)	(54,072)	(188,501)	(61,537)	(2,797,204)
Net premiums written	78,942,383	2,561,142	835,834	1,311,142	1,631,300	85,281,801
Movement in unearned premiums, net	(24,526,057)	22,107,630	(546,798)	(327,024)	(1,032,823)	(4,325,072)
Net premiums earned	54,416,326	24,668,772	289,036	984,118	598,477	80,956,729
Reinsurance commission income	28,610	212,688	1,081,648	827,092	820,677	2,970,715
Policy fees	3,699,372	-	12,800	63,775	12,255	3,788,202
Total revenues	58,144,308	24,881,460	1,383,484	1,874,985	1,431,409	87,715,646
Net claims paid	(49,615,325)	(4,487,970)	(4,279)	(157,512)	(82,995)	(54,348,081)
Movement in outstanding claims, net	(8,803,290)	(1,708,114)	(516,305)	103,053	250,246	(10,674,410)
Movement in premium deficiency and other reserves, net	1,563,772	-	(500,000)	-	-	1,063,772
Net claims incurred	(56,854,843)	(6,196,084)	(1,020,584)	(54,459)	167,251	(63,958,719)
Policy acquisition costs	(4,901,595)	(2,480,544)	(535,118)	(229,794)	(389,597)	(8,536,648)
Inspection and supervision fees	(403,118)	(46,149)	(22,456)	(21,177)	(29,623)	(522,523)
Other underwriting expenses	(353,721)	(1,305,077)	(6,500)	-	-	(1,665,298)
Total underwriting costs	(62,513,277)	(10,027,854)	(1,584,658)	(305,430)	(251,969)	(74,683,188)
Net underwriting (deficit) surplus	(4,368,969)	14,853,606	(201,174)	1,569,555	1,179,440	13,032,458
Unallocated expenses						(9,347,049)
Unallocated income						2,491,183
Surplus from insurance operations						6,176,592

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(UNAUDITED) (continued)

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12 SEGMENT INFORMATION (continued)

Operating segments

<i>For the three month period ended 31 March 2014 (Unaudited)</i>	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	64,718,658	6,582,926	7,962,258	4,704,213	5,964,498	89,932,553
Reinsurance premiums ceded	(2,599)	196	(7,218,929)	(2,962,503)	(4,690,525)	(14,874,360)
Excess of loss premiums	(899,137)	(220,000)	(28,375)	(221,325)	(89,050)	(1,457,887)
Net premiums written	63,816,922	6,363,122	714,954	1,520,385	1,184,923	73,600,306
Movement in unearned premiums, net	(25,509,656)	7,521,320	(391,591)	(724,628)	(683,917)	(19,788,472)
Net premiums earned	38,307,266	13,884,442	323,363	795,757	501,006	53,811,834
Reinsurance commission income	19,730	-	1,094,164	925,031	727,376	2,766,301
Policy fees	2,367,890	-	12,200	63,005	6,545	2,449,640
Total revenues	40,694,886	13,884,442	1,429,727	1,783,793	1,234,927	59,027,775
Net claims paid	(28,791,759)	(1,484,825)	(211,431)	(176,038)	(187,180)	(30,851,233)
Movement in outstanding claims, net	(3,549,559)	(40,293)	(45,550)	135,661	(170,132)	(3,669,873)
Movement in premium deficiency and other reserves, net	(3,016,404)	-	-	-	-	(3,016,404)
Net claims incurred	(35,357,722)	(1,525,118)	(256,981)	(40,377)	(357,312)	(37,537,510)
Policy acquisition costs	(3,147,347)	(2,088,928)	(494,254)	(202,214)	(314,173)	(6,246,916)
Inspection and supervision fees	(323,119)	(98,744)	(22,174)	(21,502)	(26,454)	(491,993)
Other underwriting expenses	(339,351)	(1,315,860)	(48,520)	-	-	(1,703,731)
Total underwriting costs	(39,167,539)	(5,028,650)	(821,929)	(264,093)	(697,939)	(45,980,150)
Net underwriting surplus	1,527,347	8,855,792	607,798	1,519,700	536,988	13,047,625
Unallocated expenses						(10,200,137)
Unallocated income						787,511
Surplus from insurance operations						3,634,999

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12 SEGMENT INFORMATION (continued)

Operating segments

As at 31 March 2015 (Unaudited)

	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
ASSETS						
Reinsurers' share of unearned premiums	388,962	-	8,907,260	3,145,952	7,198,499	19,640,673
Reinsurers' share of outstanding claims	4,774,006	969,358	65,920,755	15,809,319	11,535,737	99,009,175
Deferred policy acquisition costs	9,801,858	2,607,162	1,073,910	278,830	1,056,446	14,818,206
SEGMENT ASSETS	14,964,826	3,576,520	75,901,925	19,234,101	19,790,682	133,468,054
Unallocated assets						304,305,034
TOTAL ASSETS						437,773,088
LIABILITIES						
Gross unearned premiums	121,114,600	26,521,619	10,022,742	4,645,595	9,614,447	171,919,003
Gross outstanding claims	67,051,180	17,338,681	68,458,753	21,136,452	13,408,069	187,393,135
Unearned reinsurance commission	29,173	-	1,848,183	1,086,178	1,639,674	4,603,208
Premium deficiency and other reserves	12,171,527	-	600,000	-	-	12,771,527
SEGMENT LIABILITIES	200,366,480	43,860,300	80,929,678	26,868,225	24,662,190	376,686,873
Unallocated liabilities						61,086,215
TOTAL LIABILITIES						437,773,088

Operating segments

As at 31 December 2014 (Audited)

	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
ASSETS						
Reinsurers' share of unearned premiums	765,039	-	7,183,872	2,436,998	5,063,711	15,449,620
Reinsurers' share of outstanding claims	6,342,893	1,089,788	14,275,261	11,689,226	12,392,398	45,789,566
Deferred policy acquisition costs	7,840,264	4,792,476	670,927	229,594	703,124	14,236,385
SEGMENT ASSETS	14,948,196	5,882,264	22,130,060	14,355,818	18,159,233	75,475,571
Unallocated assets						280,229,728
TOTAL ASSETS						355,705,299
LIABILITIES						
Gross unearned premiums	96,964,620	48,629,249	7,752,556	3,609,617	6,446,836	163,402,878
Gross outstanding claims	59,816,777	15,750,997	16,296,954	17,119,412	14,514,976	123,499,116
Unearned reinsurance commission	57,381	-	1,443,298	835,824	1,320,246	3,656,749
Premium deficiency and other reserves	13,735,299	-	100,000	-	-	13,835,299
SEGMENT LIABILITIES	170,574,077	64,380,246	25,592,808	21,564,853	22,282,058	304,394,042
Unallocated liabilities						51,311,257
TOTAL LIABILITIES						355,705,299

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 March 2015

13 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share (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.

14 APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 26 Jumada Thani 1436H, (corresponding to 15 April 2015).