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

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

**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012**

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**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT**  
**For The Six Month Period Ended 30 June 2012**

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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 30 June 2012, the related interim statements of insurance operations and shareholders' comprehensive operations for the three month and the six month periods then ended, the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the six 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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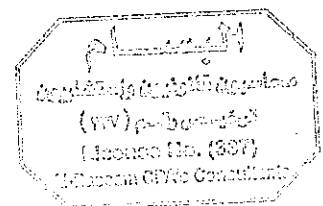
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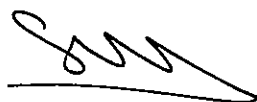



BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	<i>Note</i>	<i>30 June 2012 (Unaudited) SR</i>	<i>31 December 2011 (Audited) SR</i>
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	5	54,332,352	35,673,588
Time deposits	6	32,000,000	-
Premiums and reinsurance balances receivable, net	7	41,215,208	37,771,509
Reinsurers' share of outstanding claims		16,846,129	16,422,034
Prepayments and other assets		2,689,267	1,316,622
Deferred policy acquisition costs		11,498,766	7,616,181
Reinsurers' share of unearned premiums		14,517,875	12,804,232
Property and equipment, net		4,956,195	5,228,188
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>178,055,792</b>	<b>116,832,354</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	5	32,884,724	33,379,381
Available for sale investments	8(iii)	35,496,927	34,170,224
Due from insurance operations		10,079,472	11,553,307
Prepayments and other assets		848,116	822,348
Statutory deposit	9	13,110,708	13,000,000
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>92,419,947</b>	<b>92,925,260</b>
<b>TOTAL ASSETS</b>		<b>270,475,739</b>	<b>209,757,614</b>

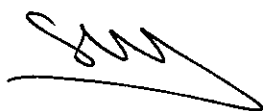
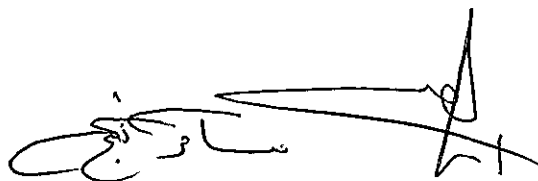
The accompanying notes 1 to 13 form part of these interim condensed financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2012

	<i>Note</i>	<b>30 June 2012 (Unaudited) SR</b>	<b>31 December 2011 (Audited) SR</b>
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
Gross outstanding claims		32,944,404	33,758,195
Reinsurance and insurance balances payable		19,661,149	15,536,104
Accrued expenses and other liabilities		2,033,836	4,008,156
Employees' end of service benefits		1,110,427	793,421
Due to shareholders' operations		10,079,472	11,553,307
Unearned reinsurance commission		4,243,285	3,410,350
Gross unearned premiums		104,965,709	45,328,158
Other reserves		3,017,510	2,444,663
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>		<b>178,055,792</b>	<b>116,832,354</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		130,000,000	130,000,000
Accumulated losses		(47,434,067)	(44,766,205)
Change in fair values of available for sale investments	8(iii)	660,028	(104,897)
<b>Total shareholders' equity</b>		<b>83,225,961</b>	<b>85,128,898</b>
<b>Shareholders' liabilities</b>			
Zakat payable		6,629,947	5,852,347
Accrued expenses and other liabilities		2,491,968	1,869,311
Due to a related party	10(a)	72,071	74,704
<b>Total shareholders' liabilities</b>		<b>9,193,986</b>	<b>7,796,362</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>92,419,947</b>	<b>92,925,260</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>270,475,739</b>	<b>209,757,614</b>

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

BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS (UNAUDITED)

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2012 SR</i>	<i>2011 SR</i>	<i>2012 SR</i>	<i>2011 SR</i>
Gross written premiums	64,276,078	16,068,402	136,015,830	46,203,468
Reinsurance premiums ceded	(8,193,731)	(7,299,999)	(20,057,799)	(17,605,809)
Excess of loss premiums	(580,626)	(398,422)	(4,414,367)	(1,190,069)
<b>NET PREMIUMS WRITTEN</b>	<b>55,501,721</b>	<b>8,369,981</b>	<b>111,543,664</b>	<b>27,407,590</b>
Movement in unearned premiums, net	(19,945,076)	1,156,443	(57,923,908)	(10,454,187)
<b>NET PREMIUMS EARNED</b>	<b>35,556,645</b>	<b>9,526,424</b>	<b>53,619,756</b>	<b>16,953,403</b>
Reinsurance commission income	3,424,413	2,265,602	5,539,085	3,783,384
Policy fees	1,114,554	271,257	1,205,472	376,319
<b>TOTAL REVENUES</b>	<b>40,095,612</b>	<b>12,063,283</b>	<b>60,364,313</b>	<b>21,113,106</b>
Gross claims paid	(25,803,294)	(24,237,637)	(42,881,464)	(36,213,002)
Reinsurance share of claims paid	1,910,787	19,600,733	4,976,369	26,052,828
<b>NET CLAIMS PAID</b>	<b>(23,892,507)</b>	<b>(4,636,904)</b>	<b>(37,905,095)</b>	<b>(10,160,174)</b>
Movement in outstanding claims, net	105,012	1,096,553	1,237,886	1,288,956
Movement in other reserves	(572,847)	-	(572,847)	-
<b>NET CLAIMS INCURRED</b>	<b>(24,360,342)</b>	<b>(3,540,351)</b>	<b>(37,240,056)</b>	<b>(8,871,218)</b>
Policy acquisition costs	(5,228,744)	(1,547,168)	(9,506,578)	(3,381,300)
Inspection and supervision fees	(321,854)	(74,246)	(677,550)	(214,645)
Other underwriting expenses	(30,873)	-	(107,426)	-
<b>TOTAL UNDERWRITING COSTS</b>	<b>(29,941,813)</b>	<b>(5,161,765)</b>	<b>(47,531,610)</b>	<b>(12,467,163)</b>
<b>NET UNDERWRITING SURPLUS</b>	<b>10,153,799</b>	<b>6,901,518</b>	<b>12,832,703</b>	<b>8,645,943</b>
General and administrative expenses	(7,549,673)	(6,455,632)	(14,992,205)	(12,565,559)
(Allowance for) reversal of doubtful debts	(593,970)	(621,822)	556,468	(2,218,429)
Special commission income from time deposits	100,697	13,688	105,700	31,498
Gain (loss) on disposal of property and equipment	2,654	-	(28)	-
<b>SURPLUS (DEFICIT) FROM INSURANCE OPERATIONS</b>	<b>2,113,507</b>	<b>(162,248)</b>	<b>(1,497,362)</b>	<b>(6,106,547)</b>
Net (surplus) deficit transferred to shareholders' operations	(1,902,156)	162,248	1,497,362	6,106,547
<b>NET SURPLUS FOR THE PERIOD</b>	<b>211,351</b>	<b>-</b>	<b>-</b>	<b>-</b>

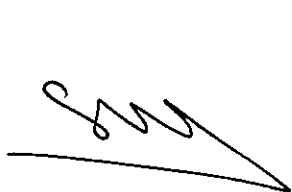
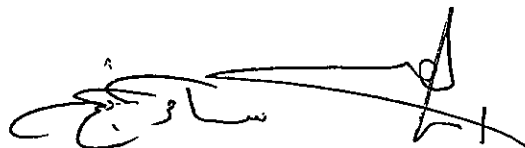
The accompanying notes 1 to 13 form part of these interim condensed financial statements.

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BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS  
(UNAUDITED)

	Note	For the three month period ended 30 June		For the six month period ended 30 June	
		2012	2011	2012	2011
		SR	SR	SR	SR
Net surplus (deficit) transferred from insurance operations		1,902,156	(162,248)	(1,497,362)	(6,106,547)
<b>EXPENSES</b>					
General and administrative		(802,409)	(741,550)	(1,261,415)	(1,090,884)
<b>INCOME (LOSS) FROM OPERATIONS</b>		<b>1,099,747</b>	<b>(903,798)</b>	<b>(2,758,777)</b>	<b>(7,197,431)</b>
Special commission income from time deposits	5	77,669	257,657	135,369	501,131
Special commission income from available for sale investments		307,195	177,277	574,506	312,821
Realized gain from available for sale investments		131,308	26,975	158,640	26,975
<b>INCOME (LOSS) BEFORE ZAKAT</b>		<b>1,615,919</b>	<b>(441,889)</b>	<b>(1,890,262)</b>	<b>(6,356,504)</b>
Zakat		(457,865)	(510,558)	(777,600)	(909,095)
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>		<b>1,158,054</b>	<b>(952,447)</b>	<b>(2,667,862)</b>	<b>(7,265,599)</b>
<b>OTHER COMPREHENSIVE INCOME:</b>					
Change in fair values of available for sale investments	8(iii)	381,083	676,793	764,925	153,612
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>1,539,137</b>	<b>(456,852)</b>	<b>(1,902,937)</b>	<b>(7,111,987)</b>
<b>BASIC AND DILUTED EARNING (LOSS) PER SHARE FOR THE PERIOD</b>	12	<b>0.09</b>	<b>(0.07)</b>	<b>(0.21)</b>	<b>(0.56)</b>

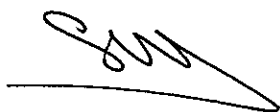
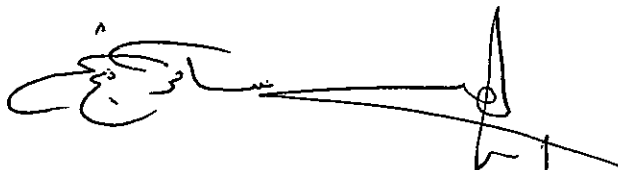
The accompanying notes 1 to 13 form part of these interim condensed financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
(UNAUDITED)

For the Six Month Period Ended 30 June 2012

	<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 2011	130,000,000	(28,991,698)	-	101,008,302
Net loss for the period	-	(7,265,599)	-	(7,265,599)
Other comprehensive income for the period	-	-	153,612	153,612
<i>Total comprehensive (loss) income for the period</i>	-	(7,265,599)	153,612	(7,111,987)
Balance as at 30 June 2011	130,000,000	(36,257,297)	153,612	93,896,315
Balance as at 1 January 2012	130,000,000	(44,766,205)	(104,897)	85,128,898
Net loss for the period	-	(2,667,862)	-	(2,667,862)
Other comprehensive income for the period	-	-	764,925	764,925
<i>Total comprehensive (loss) income for the period</i>	-	(2,667,862)	764,925	(1,902,937)
Balance as at 30 June 2012	130,000,000	(47,434,067)	660,028	83,225,961

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



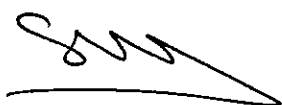
**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS**  
**(UNAUDITED)**

	<i>For the six month period ended 30 June</i>	
	<u>2012</u>	<u>2011</u>
	<i>Note</i> <u>SR</u>	<u>SR</u>
<b>OPERATING ACTIVITIES</b>		
Net deficit from insurance operations	(1,497,362)	(6,106,547)
<i>Adjustments for:</i>		
Depreciation	884,907	790,418
Employees' end of service benefits	317,006	292,723
(Reversal of) / allowance for doubtful debts	(556,468)	2,218,429
Special commission income from time deposits	(105,700)	(31,498)
Loss on disposal of property and equipment	<u>28</u>	<u>-</u>
Net deficit before changes in operating assets and liabilities	(957,589)	(2,836,475)
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurance balances receivable	(2,887,231)	(23,070,819)
Prepayments and other assets	(1,372,645)	161,893
Reinsurers' share of outstanding claims	(424,095)	13,955,560
Deferred policy acquisition costs	(3,882,585)	(1,843,428)
Reinsurers' share of unearned premiums	(1,713,643)	(4,214,530)
Gross outstanding claims	(813,791)	(15,244,516)
Reinsurance and insurance balances payable	4,125,045	13,881,188
Accrued expenses and other liabilities	(1,974,320)	377,675
Unearned commission income	832,935	1,397,304
Gross unearned premiums	59,637,551	14,668,717
Other reserves	<u>572,847</u>	<u>-</u>
<i>Cash from (used in) operations</i>	51,142,479	(2,767,431)
Employees' end of service benefits paid		(444,427)
Net cash from / (used in) operating activities	<u>51,142,479</u>	<u>(3,211,858)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(614,217)	(600,967)
Time deposits	(32,000,000)	-
Special commission income from time deposits	105,700	31,498
Proceeds from disposal of property and equipment	<u>1,275</u>	<u>-</u>
Net cash used in investing activities	<u>(32,507,242)</u>	<u>(569,469)</u>
<b>FINANCING ACTIVITY</b>		
Due to shareholders' operations	<u>23,527</u>	<u>2,802,193</u>
Net cash from financing activity	<u>23,527</u>	<u>2,802,193</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>18,658,764</b>	<b>(979,134)</b>
Cash and cash equivalents at beginning of the period	<u>35,673,588</u>	<u>20,445,582</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>5</b> <u>54,332,352</u>	<u>19,466,448</u>
<i>Non cash transaction:</i>		
Transfer of deficit to shareholders' comprehensive operations	<u>(1,497,362)</u>	<u>(6,106,547)</u>

The accompanying notes 1 to 13 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 six months period ended 30 June	
		2012 SR	2011 SR
<b>OPERATING ACTIVITIES</b>			
Loss before zakat		(1,890,262)	(6,356,504)
<i>Adjustments for:</i>			
Deficit transferred from insurance operations		1,497,362	6,106,547
Special commission income from time deposits		(135,369)	(501,131)
Special commission income from available for sale investments		(574,506)	(312,821)
Realized gain from available for sale investments		(158,640)	(26,975)
<i>Net deficit before changes in operating assets and liabilities</i>		(1,261,415)	(1,090,884)
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(25,768)	(723,397)
Accrued expenses and other liabilities		622,657	720,980
Due to a related party		(2,633)	52,362
Statutory deposit		(110,708)	-
<i>Cash used in operations</i>		(777,867)	(1,040,939)
Zakat paid		-	(145,525)
Net cash used in operating activities		(777,867)	(1,186,464)
<b>INVESTING ACTIVITIES</b>			
Special commission income from time deposits		135,369	501,131
Special commission income from available for sale investments		574,506	312,821
Realized gain from available for sale investments		158,640	-
Purchase of available for sale investments	8 (iii)	(10,124,533)	(24,670,263)
Sale of available for sale investments	8 (iii)	9,562,755	3,753,637
Net cash from / (used in) investing activity		306,737	(20,102,674)
<b>FINANCING ACTIVITY</b>			
Due from insurance operations		(23,527)	(2,802,193)
Net cash used in financing activity		(23,527)	(2,802,193)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(494,657)	(24,091,331)
Cash and cash equivalents at the beginning of the period		33,379,381	87,486,216
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<u>32,884,724</u>	<u>63,394,885</u>
<i>Non-cash transaction:</i>			
Transfer of deficit from insurance operations		<u>1,497,362</u>	<u>6,106,547</u>
Net change in fair values of available for sale investments	8 (iii)	<u>764,925</u>	<u>153,612</u>




The accompanying notes 1 to 13 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)**

30 June 2012

**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 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 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 authorisation from SAMA to commence insurance operations as product approval and related formalities were completed.

**2 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").

However, the insurance operations incurred a net deficit for the six month period ended 30 June 2012. Accordingly, the net deficit amounting to SR 1.5 million (30 June 2011: SR 6.1 million) has been transferred to the shareholders' operations.

**3 BASIS OF PREPARATION**

***Basis of measurement***

The 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 six month period ended 30 June 2012 (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 2011.

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)  
30 June 2012

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

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2011.

The Company has chosen not to early adopt the following new standards and amendment, which are effective for the Company's financial years starting 2013 and thereafter:

- IAS 1(Amendment) - Presentation of items of other comprehensive income
- IFRS 13 Fair value measurement
- IAS 19 (revised 2011) Employee benefits
- 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 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.

**5 CASH AND CASH EQUIVALENTS**

	<i>30 June 2012 (Unaudited)</i>		<i>31 December 2011 (Audited)</i>	
	<i>Insurance operations SR</i>	<i>Shareholders' operations SR</i>	<i>Insurance operations SR</i>	<i>Shareholders' operations SR</i>
Cash on hand and at banks	35,992,471	6,263,370	20,233,581	6,843,488
Short term time deposits	18,339,881	26,621,354	15,440,007	26,535,893
Cash and cash equivalents	<u>54,332,352</u>	<u>32,884,724</u>	<u>35,673,588</u>	<u>33,379,381</u>

Cash at banks and short term time deposits are placed with local and Gulf Cooperative Council ("GCC") banks which have investment grade credit ratings, as rated by international rating agencies.

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 0.52% per annum (31 December 2011: 0.37%).

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

**6 TIME DEPOSITS**

Time deposits 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 1.33% per annum (31 December 2011: 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>30 June 2012</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2011</i> <i>(Audited)</i> <i>SR</i>
Premium receivable	48,668,702	43,398,106
<i>Less: Allowance for doubtful debts</i>	<i>(9,120,366)</i>	<i>(10,606,789)</i>
	<u>39,548,336</u>	<u>32,791,317</u>
Reinsurance balances receivable	2,947,192	5,330,557
<i>Less: Allowance for doubtful debts</i>	<i>(1,280,320)</i>	<i>(350,365)</i>
	<u>1,666,872</u>	<u>4,980,192</u>
Total premiums and reinsurance balances receivable, net	<u>41,215,208</u>	<u>37,771,509</u>

**8 AVAILABLE FOR SALE INVESTMENTS**

- (i) Available for sale investments comprise of various bonds and sukuks issued by governments, quasi governments, banks and corporates in the Gulf Cooperative Council countries amounting to SR 33,573,849 (31 December 2011: SR 32,247,146) and is managed by a local financial institution who has an investment grade credit rating, as rated by international rating agencies.
- (ii) Available for sale investments also comprise of an investment amounting to SR 1,923,078 (31 December 2011: 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.
- (iii) The movement during the period in available for sale investments are as follows:

	<i>30 June 2012</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2011</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the year	34,170,224	-
Purchased during the period / year	10,124,533	38,001,783
Sold during the period / year	<i>(9,562,755)</i>	<i>(3,726,662)</i>
	<u>34,836,899</u>	<u>34,275,121</u>
Change in fair values	764,925	(104,897)
At the end of the period / year	<u>35,496,927</u>	<u>34,170,224</u>

The cumulative change in fair values of available for sale investments amounting to SR 660,028 (31 December 2011: SR (104,897)) is presented within shareholders' equity in the interim statement of financial position.

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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 110,708 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:

Related party	Nature of transactions	Amounts of transactions		Balance as at	
		For the period ended 30 June 2012 (Unaudited) SR	For the period ended 30 June 2011 (Unaudited) SR	30 June 2012 (Unaudited) SR	31 December 2011 (Audited) SR
Shareholders	Gross written premiums	13,663,633	11,198,457		
	Reinsurance premium ceded	1,165,371	556,771		
	Claims incurred	8,331,317	4,302,766		
	General and administrative expenses	-	155,488	72,071	(74,704)
Directors and committees' members	Board of directors and committees' meeting fees and expenses	667,324	570,000		
	Gross written premiums	8,203,959	-		
	Insurance brokerage contract	2,234,754	842,908		

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:

	For the period ended 30 June 2012 (Unaudited) SR	For the period ended 30 June 2011 (Unaudited) SR
Short-term benefits	1,538,670	1,345,753
End of service benefits	65,846	62,754
	<u>1,604,516</u>	<u>1,408,507</u>

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11 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, special commission income on time deposit 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 and cash and cash equivalents. Accordingly they are included in unallocated assets.

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 and due to related parties. Accordingly they are included in unallocated liabilities.

Shareholders' Funds 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 30 June 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	2,432,609	53,414,961	5,671,602	973,981	1,782,925	64,276,078
Reinsurance premiums ceded	(2,270,657)	(6,535)	(3,912,762)	(518,514)	(1,485,263)	(8,193,731)
Excess of loss premiums	(53,995)	(327,375)	(176,866)	-	(22,390)	(580,626)
<b>Net premiums written</b>	<b>107,957</b>	<b>53,081,051</b>	<b>1,581,974</b>	<b>455,467</b>	<b>275,272</b>	<b>55,501,721</b>
Movement in unearned premiums, net	68,496	(20,162,507)	298,284	(365,694)	216,345	(19,945,076)
<b>Net premiums earned</b>	<b>176,453</b>	<b>32,918,544</b>	<b>1,880,258</b>	<b>89,773</b>	<b>491,617</b>	<b>35,556,645</b>
Reinsurance commission income	592,853	23,679	2,207,368	-	600,513	3,424,413
Policy fees	1,905	1,041,470	67,889	-	3,290	1,114,554
<b>Total revenues</b>	<b>771,211</b>	<b>33,983,693</b>	<b>4,155,515</b>	<b>89,773</b>	<b>1,095,420</b>	<b>40,095,612</b>
Net claims paid	(3,212)	(23,256,554)	(314,617)	(1,064)	(317,060)	(23,892,507)
Movement in outstanding claims, net	244,188	(114,944)	381,480	(91,731)	(313,981)	105,012
Movement in other reserves	-	(186,856)	-	(385,991)	-	(572,847)
<b>Net claims incurred</b>	<b>240,976</b>	<b>(23,558,354)</b>	<b>66,863</b>	<b>(478,786)</b>	<b>(631,041)</b>	<b>(24,360,342)</b>
Policy acquisition costs	(313,657)	(4,126,770)	(568,277)	(13,559)	(206,481)	(5,228,744)
Inspection and supervision fees	(5,670)	(266,962)	(26,195)	(14,610)	(8,417)	(321,854)
Other underwriting expenses	-	(18,183)	-	(12,690)	-	(30,873)
<b>Total underwriting costs</b>	<b>(78,351)</b>	<b>(27,970,269)</b>	<b>(527,609)</b>	<b>(519,645)</b>	<b>(845,939)</b>	<b>(29,941,813)</b>
<b>Net underwriting surplus</b>	<b>692,860</b>	<b>6,013,424</b>	<b>3,627,906</b>	<b>(429,872)</b>	<b>249,481</b>	<b>10,153,799</b>
Unallocated expenses						(8,143,643)
Unallocated income						103,351
<b>Net surplus from insurance operations</b>						<b>2,113,507</b>

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11 SEGMENT INFORMATION (continued)

Operating segments

<i>For the three month period ended 30 June 2011 (Unaudited)</i>	<i>Property SR</i>	<i>Motor SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	1,779,310	6,669,066	5,613,498	2,006,528	16,068,402
Reinsurance premiums ceded	(1,673,522)	(834)	(3,981,168)	(1,644,475)	(7,299,999)
Excess of loss premiums	(20,016)	(286,417)	(66,723)	(25,266)	(398,422)
Net premiums written	85,772	6,381,815	1,565,607	336,787	8,369,981
Movement in unearned premiums, net	60,241	1,031,871	8,461	55,870	1,156,443
Net premiums earned	146,013	7,413,686	1,574,068	392,657	9,526,424
Reinsurance commission income	558,675	18,786	1,188,494	499,647	2,265,602
Policy fees	1,568	201,250	66,319	2,120	271,257
Total revenues	706,256	7,633,722	2,828,881	894,424	12,063,283
Net claims paid	(332,059)	(4,108,806)	(12,664)	(183,375)	(4,636,904)
Movement in outstanding claims, net	486,145	785,741	(224,022)	48,689	1,096,553
Net claims incurred	154,086	(3,323,065)	(236,686)	(134,686)	(3,540,351)
Policy acquisition costs	(225,281)	(797,176)	(385,096)	(139,615)	(1,547,168)
Inspection and supervision fees	(6,168)	(33,952)	(24,592)	(9,534)	(74,246)
Total underwriting costs	(77,363)	(4,154,193)	(646,374)	(283,835)	(5,161,765)
Net underwriting surplus	628,893	3,479,529	2,182,507	610,589	6,901,518
Unallocated expenses					(7,077,454)
Unallocated income					13,688
Net deficit from insurance operations					(162,248)



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11 SEGMENT INFORMATION (continued)

Operating segments

For the six month period ended  
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(Unaudited)

	Property SR	Motor SR	Marine SR	Medical SR	Others SR	Total SR
Gross written premiums	7,543,164	109,844,727	11,743,442	1,583,986	5,300,511	136,015,830
Reinsurance premiums ceded	(6,862,400)	(9,130)	(7,928,176)	(822,901)	(4,435,192)	(20,057,799)
Excess of loss premiums	(107,990)	(3,907,866)	(353,733)	-	(44,778)	(4,414,367)
<b>Net premiums written</b>	<b>572,774</b>	<b>105,927,731</b>	<b>3,461,533</b>	<b>761,085</b>	<b>820,541</b>	<b>111,543,664</b>
Movement in unearned premiums, net	(225,934)	(56,862,348)	(261,404)	(648,212)	73,990	(57,923,908)
<b>Net premiums earned</b>	<b>346,840</b>	<b>49,065,383</b>	<b>3,200,129</b>	<b>112,873</b>	<b>894,531</b>	<b>53,619,756</b>
Reinsurance commission income	1,169,637	(66,591)	3,446,901	-	989,138	5,539,085
Policy fees	7,140	1,067,365	122,902	-	8,065	1,205,472
<b>Total revenues</b>	<b>1,523,617</b>	<b>50,066,157</b>	<b>6,769,932</b>	<b>112,873</b>	<b>1,891,734</b>	<b>60,364,313</b>
Net claims paid	(97,836)	(36,894,602)	(425,699)	(2,351)	(484,607)	(37,905,095)
Movement in outstanding claims, net	185,515	1,793,850	(832,482)	(137,489)	228,492	1,237,886
Movement in other reserves	-	(186,856)	-	(385,991)	-	(572,847)
<b>Net claims incurred</b>	<b>87,679</b>	<b>(35,287,608)</b>	<b>(1,258,181)</b>	<b>(525,831)</b>	<b>(256,115)</b>	<b>(37,240,056)</b>
Policy acquisition costs	(609,465)	(7,553,975)	(931,772)	(17,472)	(393,894)	(9,506,578)
Inspection and supervision fees	(24,867)	(549,017)	(54,859)	(23,760)	(25,047)	(677,550)
Other underwriting expenses	-	(91,512)	-	(15,914)	-	(107,426)
<b>Total underwriting costs</b>	<b>(546,653)</b>	<b>(43,482,112)</b>	<b>(2,244,812)</b>	<b>(582,977)</b>	<b>(675,056)</b>	<b>(47,531,610)</b>
<b>Net underwriting surplus</b>	<b>976,964</b>	<b>6,584,045</b>	<b>4,525,120</b>	<b>(470,104)</b>	<b>1,216,678</b>	<b>12,832,703</b>
Unallocated expenses						(14,992,233)
Unallocated income						662,168
<b>Net deficit from insurance operations</b>						<b>(1,497,362)</b>

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11 SEGMENT INFORMATION (continued)

Operating segments

For the six month period ended  
30 June 2011  
(Unaudited)

	Property SR	Motor SR	Marine SR	Others SR	Total SR
Gross written premiums	6,562,804	23,849,070	10,473,352	5,318,242	46,203,468
Reinsurance premiums ceded	(6,010,762)	(105,146)	(7,204,961)	(4,284,940)	(17,605,809)
Excess of loss premiums	(130,777)	(572,835)	(435,925)	(50,532)	(1,190,069)
Net premiums written	421,265	23,171,089	2,832,466	982,770	27,407,590
Movement in unearned premiums, net	(232,184)	(9,183,776)	(759,024)	(279,203)	(10,454,187)
Net premiums earned	189,081	13,987,313	2,073,442	703,567	16,953,403
Reinsurance commission income	976,656	44,039	1,882,279	880,410	3,783,384
Policy fees	7,960	236,899	122,285	9,175	376,319
Total revenues	1,173,697	14,268,251	4,078,006	1,593,152	21,113,106
Net claims paid	(562,554)	(9,179,923)	(190,676)	(227,021)	(10,160,174)
Movement in outstanding claims, net	87,991	923,955	253,583	23,427	1,288,956
Net claims incurred	(474,563)	(8,255,968)	62,907	(203,594)	(8,871,218)
Policy acquisition costs	(417,050)	(2,008,568)	(646,004)	(309,678)	(3,381,300)
Inspection and supervision fees	(22,396)	(119,259)	(47,810)	(25,180)	(214,645)
Total underwriting costs	(914,009)	(10,383,795)	(630,907)	(538,452)	(12,467,163)
Net underwriting surplus	259,688	3,884,456	3,447,099	1,054,700	8,645,943
Unallocated expenses					(14,783,988)
Unallocated income					31,498
Net deficit from insurance operations					(6,106,547)

The company commenced writing medical operations during 2012. Accordingly, there are no comparative figures for medical line of business as of and for the period ended 30 June 2011.

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11 SEGMENT INFORMATION (continued)

Operating segments

As at 30 June 2012 (Unaudited)

	Property SR	Motor SR	Marine SR	Medical SR	Others SR	Total SR
<b>ASSETS</b>						
Reinsurers' share of unearned premiums	5,115,330	1,052	3,912,761	708,415	4,780,317	14,517,875
Reinsurers' share of outstanding claims	3,427,013	2,384,723	4,638,452	291,652	6,104,289	16,846,129
Deferred policy acquisition costs	650,541	9,565,059	509,973	88,451	684,742	11,498,766
<b>SEGMENT ASSETS</b>	<b>9,192,884</b>	<b>11,950,834</b>	<b>9,061,186</b>	<b>1,088,518</b>	<b>11,569,348</b>	<b>42,862,770</b>
Unallocated assets						135,193,022
<b>TOTAL ASSETS</b>						<b>178,055,792</b>
<b>LIABILITIES</b>						
Gross unearned premiums	5,596,908	86,559,118	5,670,904	1,356,627	5,782,152	104,965,709
Gross outstanding claims	3,867,046	14,579,523	7,021,957	429,142	7,046,736	32,944,404
Unearned commission income	1,278,133	19,861	1,439,781	-	1,505,510	4,243,285
Other reserves	100,000	2,531,519	-	385,991	-	3,017,510
<b>SEGMENT LIABILITIES</b>	<b>10,842,087</b>	<b>103,690,021</b>	<b>14,132,642</b>	<b>2,171,760</b>	<b>14,334,398</b>	<b>145,170,908</b>
Unallocated liabilities						32,884,884
<b>TOTAL LIABILITIES</b>						<b>178,055,792</b>

Operating segments

As at 31 December 2011 (Audited)

	Property SR	Motor SR	Marine SR	Others SR	Total SR
<b>ASSETS</b>					
Reinsurers' share of unearned premiums	3,673,867	617,816	3,488,822	5,023,727	12,804,232
Reinsurers' share of outstanding claims	2,759,849	2,322,877	3,376,316	7,962,992	16,422,034
Deferred policy acquisition costs	364,176	6,416,437	363,494	472,074	7,616,181
<b>SEGMENT ASSETS</b>	<b>6,797,892</b>	<b>9,357,130</b>	<b>7,228,632</b>	<b>13,458,793</b>	<b>36,842,447</b>
Unallocated assets					79,989,907
<b>TOTAL ASSETS</b>					<b>116,832,354</b>
<b>LIABILITIES</b>					
Gross unearned premiums	3,929,511	30,313,534	4,985,561	6,099,552	45,328,158
Gross outstanding claims	3,385,397	16,311,527	4,927,339	9,133,932	33,758,195
Unearned commission income	855,101	83,473	1,239,534	1,232,242	3,410,350
Premium deficiency and other reserves	100,000	2,344,663	-	-	2,444,663
<b>SEGMENT LIABILITIES</b>	<b>8,270,009</b>	<b>49,053,197</b>	<b>11,152,434</b>	<b>16,465,726</b>	<b>84,941,366</b>
Unallocated liabilities					31,890,988
<b>TOTAL LIABILITIES</b>					<b>116,832,354</b>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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**12 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE**

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

**13 APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 26 Sha'ban 1433H, (corresponding to 16 July 2012).