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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 2016**

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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 2016**

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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 2016, 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.

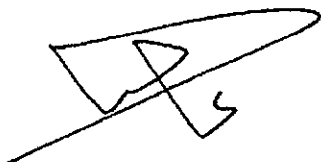
**CONCLUSION:**

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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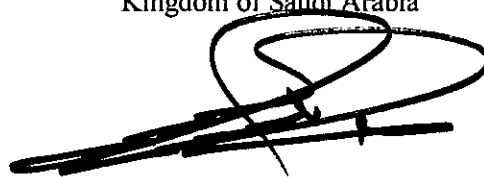


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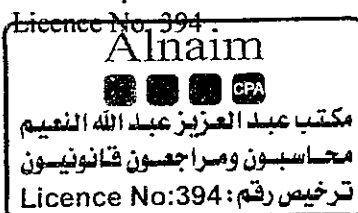


11 Rajab 1437  
(18 April 2016)

Abdulaziz A. Alnaim  
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**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 March 2016

	<i>Note</i>	<b>31 March 2016 (Unaudited) SR</b>	<b>31 December 2015 (Audited) SR</b>
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	5	120,781,852	151,818,340
Time deposits	6	203,300,767	149,199,175
Premiums and reinsurance balances receivable, net	7	68,887,554	46,988,000
Available for sale investments	8(i)(a)	42,386,381	45,180,145
Reinsurers' share of outstanding claims		103,002,448	111,531,028
Prepayments and other assets		16,428,376	10,993,779
Deferred policy acquisition costs		19,790,716	17,775,959
Reinsurers' share of unearned premiums		12,764,431	14,201,309
Property and equipment, net		2,294,170	2,534,400
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>589,636,695</b>	<b>550,222,135</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	5	59,867,503	61,634,436
Time deposits	6	60,000,000	60,000,000
Available for sale investments	8(ii)(a)	66,004,733	63,101,149
Due from insurance operations		42,867,057	34,033,715
Prepayments and other assets		1,444,549	690,728
Held to maturity investment	8(ii)(c)	5,000,000	5,000,000
Investment in an associate	8(ii)(d)	1,200,000	1,200,000
Statutory deposit	10	25,000,000	25,000,000
Statutory deposit investment returns	10	399,070	337,805
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>261,782,912</b>	<b>250,997,833</b>
<b>TOTAL ASSETS</b>		<b>851,419,607</b>	<b>801,219,968</b>

The accompanying notes 1 to 16 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 2016

	<i>Note</i>	<b>31 March 2016 (Unaudited) SR</b>	<b>31 December 2015 (Audited) SR</b>
<b>INSURANCE OPERATIONS' LIABILITIES &amp; SURPLUS</b>			
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
Gross outstanding claims		262,822,807	253,864,386
Reinsurance and insurance balances payable		19,540,477	17,981,967
Accrued expenses and other liabilities		19,926,411	17,630,707
Employees' end of service benefits		4,155,803	3,825,949
Due to shareholders' operations		42,867,057	34,033,715
Unearned reinsurance commission		2,858,941	3,085,518
Gross unearned premiums		232,041,903	215,746,194
Premium deficiency and other reserves		3,502,338	3,502,338
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>		<b>587,715,737</b>	<b>549,670,774</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		7,935,056	6,617,215
Changes in fair values of available for sale investments	8(i)(b)	(6,014,098)	(6,065,854)
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES &amp; SURPLUS</b>		<b>589,636,695</b>	<b>550,222,135</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Zakat payable	11	14,082,505	14,691,356
Accrued expenses and other liabilities		3,039,844	2,930,758
Statutory deposit investment returns	10	399,070	337,805
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>17,521,419</b>	<b>17,959,919</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		250,000,000	250,000,000
Accumulated losses		(7,397,063)	(17,597,642)
Change in fair values of available for sale investments	8(ii)(b)	1,658,556	635,556
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>244,261,493</b>	<b>233,037,914</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>261,782,912</b>	<b>250,997,833</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>851,419,607</b>	<b>801,219,968</b>

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

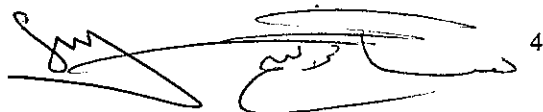
**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

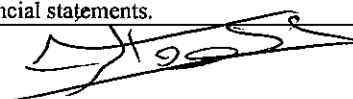
	<i>For the three month period ended</i>	
	<i>31 March 2016</i>	<i>31 March 2015</i>
	<i>Note</i>	<i>SR</i>
Gross written premiums		126,263,892
Reinsurance premiums ceded		(7,915,699)
Excess of loss premiums		(2,022,912)
<b>NET PREMIUMS WRITTEN</b>		<b>116,325,281</b>
Movement in unearned premiums, net		(17,732,587)
<b>NET PREMIUMS EARNED</b>		<b>98,592,694</b>
Reinsurance commission income		1,932,348
Policy fees and other underwriting income		2,418,095
<b>TOTAL REVENUES</b>		<b>102,943,137</b>
Gross claims paid		(57,119,751)
Reinsurance share of claims paid		10,221,159
<b>NET CLAIMS PAID</b>		<b>(46,898,592)</b>
Movement in outstanding claims, net		(17,487,002)
Movement in premium deficiency and other reserves		-
<b>NET CLAIMS INCURRED</b>		<b>(64,385,594)</b>
Policy acquisition costs		(9,098,841)
Inspection and supervision fees		(1,090,469)
Other underwriting expenses		(1,853,196)
<b>TOTAL UNDERWRITING COSTS</b>		<b>(76,428,100)</b>
<b>NET UNDERWRITING SURPLUS</b>		<b>26,515,037</b>
General and administrative expenses		(10,877,066)
Allowance for doubtful debts		(1,129,105)
Special commission income from time deposits	5, 6	1,217,873
Special commission income from investments		-
Dividend income		181,044
Realized (loss) gain from available for sale investments		(2,994,019)
Other income		264,641
<b>SURPLUS FROM INSURANCE OPERATIONS</b>		<b>13,178,405</b>
Surplus transferred to shareholders' operations		(11,860,564)
<b>NET RESULT FOR THE PERIOD</b>		<b>1,317,841</b>
Accumulated surplus at beginning of the period		6,617,215
<b>ACCUMULATED SURPLUS AT END OF THE PERIOD</b>		<b>7,935,056</b>

.....continued on page 5

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



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**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 2016</i>	<i>31 March 2015</i>
		<i>SR</i>	<i>SR</i>
<b>NET RESULT FOR THE PERIOD</b>		<b>1,317,841</b>	<b>617,659</b>
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</b>			
Realized loss (gain) from available for sale investments		<b>2,994,019</b>	<b>(1,522,215)</b>
Change in fair values of available for sale investments		<b>(2,942,263)</b>	<b>2,116,052</b>
Net change in fair values of available for sale investments	8(i)(b)	<b>51,756</b>	<b>593,837</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,369,597</b>	<b>1,211,496</b>

The accompanying notes 1 to 16 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 2016</i>	<i>31 March 2015</i>
		<i>SR</i>	<i>SR</i>
Surplus transferred from insurance operations		11,860,564	5,558,933
<b>EXPENSES</b>			
General and administrative		(519,156)	(590,149)
<b>INCOME FROM OPERATIONS</b>		<b>11,341,408</b>	<b>4,968,784</b>
Special commission income from time deposits	5	246,378	98,614
Special commission income from available for sale investments		382,546	281,990
Realized gain from available for sale investments		-	442,525
<b>INCOME BEFORE ZAKAT</b>		<b>11,970,332</b>	<b>5,791,913</b>
Zakat		(1,769,753)	(733,451)
<b>NET INCOME FOR THE PERIOD</b>		<b>10,200,579</b>	<b>5,058,462</b>
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</b>			
Realized gain from available for sale investments		-	(442,525)
Change in fair values of available for sale investments		1,023,000	457,407
Net change in fair values of available for sale investments	8(ii)(b)	1,023,000	14,882
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>11,223,579</b>	<b>5,073,344</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD – RESTATED</b>	14	<b>0.41</b>	<b>0.26</b>
<b>WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES – RESTATED</b>	14	<b>25,000,000</b>	<b>19,370,000</b>

The accompanying notes 1 to 16 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 2016

	<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>
<b>2015</b>				
Balance as at 1 January 2015	130,000,000	(41,063,537)	1,053,628	89,990,091
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>
<b>2016</b>				
Balance as at 1 January 2016	<u>250,000,000</u>	<u>(17,597,642)</u>	<u>635,556</u>	<u>233,037,914</u>
Net income for the period	-	10,200,579	-	10,200,579
Other comprehensive income for the period	-	-	1,023,000	1,023,000
<i>Total comprehensive income for the period</i>	-	10,200,579	1,023,000	11,223,579
Balance as at 31 March 2016	<u>250,000,000</u>	<u>(7,397,063)</u>	<u>1,658,556</u>	<u>244,261,493</u>

The accompanying notes 1 to 16 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)**

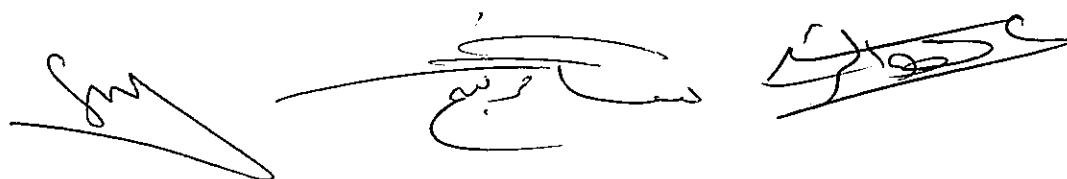
	<i>Note</i>	<i>For the three month period ended</i>	
		<i>31 March 2016</i>	<i>31 March 2015</i>
		<i>SR</i>	<i>SR</i>
<b>OPERATING ACTIVITIES</b>			
Surplus from insurance operations		1,317,841	617,659
<i>Adjustments for:</i>			
Surplus transferred to shareholders' operations		11,860,564	5,558,933
Depreciation		286,250	297,387
Provision for employees' end of service benefits		338,483	200,906
Allowance for doubtful debts		1,129,105	254,409
Realized loss (gain) from available for sale investments		2,994,019	(1,522,215)
Loss on disposal of property and equipment		504	-
<i>Net surplus before changes in operating assets and liabilities</i>		<u>17,926,766</u>	<u>5,407,079</u>
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurance balances receivable		(23,028,659)	(19,166,225)
Reinsurers' share of outstanding claims		8,528,580	(53,219,609)
Prepayments and other assets		(5,434,597)	(861,440)
Deferred policy acquisition costs		(2,014,757)	(581,821)
Reinsurers' share of unearned premiums		1,436,878	(4,191,053)
Gross outstanding claims		8,958,421	63,894,019
Reinsurance and insurance balances payable		1,558,510	7,121,510
Accrued expenses and other liabilities		2,295,704	2,516,638
Unearned reinsurance commission		(226,577)	946,459
Gross unearned premiums		16,295,709	8,516,125
Other reserves		-	(1,063,772)
<i>Cash from operations</i>		<u>26,295,978</u>	<u>9,317,910</u>
Employees' end of service benefits paid		(8,629)	(62,764)
<i>Net cash from operating activities</i>		<u>26,287,349</u>	<u>9,255,146</u>
<b>INVESTING ACTIVITIES</b>			
Time deposits	6	(54,101,592)	(92,575,001)
Purchase of available for sale investments	8 (i)(b)	(12,271,625)	(21,704,000)
Proceeds from available for sale investments	8 (i)(b)	12,123,126	16,716,194
Purchase of property and equipment		(46,573)	(151,575)
Proceeds from disposal of property and equipment		49	-
<i>Net cash used in investing activities</i>		<u>(54,296,615)</u>	<u>(97,714,382)</u>
<b>FINANCING ACTIVITY</b>			
Due to shareholders' operations		(3,027,222)	(6,771,761)
<i>Net cash used in financing activity</i>		<u>(3,027,222)</u>	<u>(6,771,761)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		151,818,340	192,137,163
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	5	<u>120,781,852</u>	<u>96,906,166</u>
<i>Non-cash transactions:</i>			
Transfer of surplus to shareholders' comprehensive operations		11,860,564	5,558,933
<i>Net change in fair values of available for sale investments</i>		<u>51,756</u>	<u>593,837</u>

The accompanying notes 1 to 16 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 2016 SR	31 March 2015 SR
<b>OPERATING ACTIVITIES</b>			
Income before zakat		11,970,332	5,791,913
<i>Adjustments for:</i>			
Surplus transferred from insurance operations		(11,860,564)	(5,558,933)
Realised gain from available for sale investments		-	(442,525)
Net surplus before changes in operating assets and liabilities		109,768	(209,545)
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(753,821)	(278,463)
Statutory deposit investment returns		-	(93,995)
Accrued expenses and other liabilities		109,086	(78,047)
<i>Cash used in operations</i>		(534,967)	(660,050)
Zakat paid	11	(2,378,604)	-
Net cash used in operating activities		(2,913,571)	(660,050)
<b>INVESTING ACTIVITIES</b>			
Purchase of available for sale investments	8(ii)(b)	(1,880,584)	(8,565,408)
Sale of available for sale investments	8(ii)(b)	-	14,597,504
Investment in an associate	8(ii)(c)	-	(1,200,000)
Net cash (used in) from investing activities		(1,880,584)	4,832,096
<b>FINANCING ACTIVITY</b>			
Due from insurance operations		3,027,222	6,771,761
Net cash from financing activity		3,027,222	6,771,761
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,766,933)</b>	<b>10,943,807</b>
Cash and cash equivalents at the beginning of the period		61,634,436	19,293,257
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>59,867,503</b>	<b>30,237,064</b>
<i>Non-cash transactions:</i>			
Transfer of surplus from insurance operations		(11,860,564)	(5,558,933)
Net change in fair values of available for sale investments		1,023,000	14,882



The accompanying notes 1 to 16 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 2016

**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 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 2016 amounting to SR 13.2 million (31 March 2015: SR 6.2 million). Accordingly, 90% of the net surplus amounting to SR 11.9 million (31 March 2015: SR 5.6 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 2016 (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 2015.

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 2016

**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 2015.

*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*

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.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB decided that IFRS 9 would be mandatorily effective for years ending on or after 31 December 2018.

**5 CASH AND CASH EQUIVALENTS**

	<i>31 March 2016 (Unaudited)</i>		<i>31 December 2015 (Audited)</i>	
	<i>Insurance operations SR</i>	<i>Shareholders' operations SR</i>	<i>Insurance operations SR</i>	<i>Shareholders' operations SR</i>
Cash in hand and at banks	120,781,852	42,992,053	147,818,340	44,908,990
Short term deposits	-	16,875,450	4,000,000	16,725,446
Cash and cash equivalents	<u>120,781,852</u>	<u>59,867,503</u>	<u>151,818,340</u>	<u>61,634,436</u>

Short term time deposits placed with local banks and financial institutions have an original maturity of less than three months from the date of acquisition and earned special commission income at an average rate of 2.39% per annum (2015: 1.80%).

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

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**6 TIME DEPOSITS**

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 1.80% per annum (31 December 2015: 1.50%).

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 2016</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2015</i> <i>(Audited)</i> <i>SR</i>
Premiums receivable	73,261,808	51,913,108
Less: Allowance for doubtful debts	<u>(11,527,721)</u>	<u>(10,268,615)</u>
	<u>61,734,087</u>	<u>41,644,493</u>
Reinsurance balances receivable	8,048,506	6,368,547
Less: Allowance for doubtful debts	<u>(895,039)</u>	<u>(1,025,040)</u>
	<u>7,153,467</u>	<u>5,343,507</u>
Total premiums and reinsurance balances receivable, net	<u><u>68,887,554</u></u>	<u><u>46,988,000</u></u>

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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 2016 (Unaudited) SR</i>	<i>31 December 2015 (Audited) SR</i>
Local "DPM" equity securities*	Quoted	20,492,733	22,506,571
Units in local investment funds	NAV**	11,893,648	12,673,574
Units in local real estate funds	NAV**	10,000,000	10,000,000
		<u>42,386,381</u>	<u>45,180,145</u>

\* Managed at the discretion of a local 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 2016 (Unaudited) SR</i>	<i>31 December 2015 (Audited) SR</i>
At the beginning of the period / year	45,180,145	29,946,280
Purchased during the period / year	12,271,625	77,359,746
Sold during the period / year	(12,123,126)	(57,612,580)
	<u>45,328,644</u>	<u>49,693,446</u>
Change in fair values	(2,942,263)	(4,513,301)
At the end of the period / year	<u>42,386,381</u>	<u>45,180,145</u>

The change in fair value of this portfolio amounting to SR (6,014,098) (31 December 2015: SR (6,065,854)) is presented within 'insurance operations surplus' in the statement of financial position and the current period / year change in fair value has been reported in the statement of insurance comprehensive operations' under 'other comprehensive income (loss) to be reclassified subsequently to the income statement'.

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**8 INVESTMENTS (continued)**

**(ii) Shareholders operations**

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

	<i>Source of fair value</i>	<i>31 March 2016 (Unaudited) SR</i>	<i>31 December 2015 (Audited) SR</i>
GCC bonds and sukuku	Quoted	25,760,520	23,828,379
Units in local investment funds	NAV**	31,752,779	31,309,702
Units in local real estate funds	NAV**	6,568,356	6,039,990
Unquoted local equity investment	Unquoted	1,923,078	1,923,078
		<b>66,004,733</b>	<b>63,101,149</b>

\*\* 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 2016 (Unaudited) SR</i>	<i>31 December 2015 (Audited) SR</i>
At the beginning of the period / year	63,101,149	52,908,862
Purchased during the period / year	1,880,584	33,772,937
Sold during the period / year	-	(23,792,155)
	<b>64,981,733</b>	<b>62,889,644</b>
Change in fair values	<b>1,023,000</b>	<b>211,505</b>
At the end of the period / year	<b>66,004,733</b>	<b>63,101,149</b>

The cumulative change in fair values of available for sale investments of shareholders' operations amounting to SR 1,658,556 (31 December 2015: SR 635,556) is presented within shareholders' equity in the interim statement of financial position.

**(ii) Shareholders' operations (Held to maturity)**

(c) Held to Maturity ("HTM") investment amounting to SR 5,000,000 (31 December 2015 : SR 5,000,000) is comprised of senior unsecured quoted Sukuk issued by a quoted company registered in the Kingdom of Saudi Arabia and maturing on 16 September 2022. The rate of return on the Sukuk is calculated based on 6-month Saudi Arabian Inter-Bank Offered Rate ("SIBOR") plus a margin of 115 basis points per annum and paid semi-annually. The fair value of the HTM investment as at 31 March 2016 was not different from its carrying value.

**(ii) Shareholders operations (Investment in associate)**

(d) The Company has a 40% interest in Gulf Warranties Insurance Services Company (the "associate"), which is involved in the administration of insurance claims. The associate is a limited liability company in the Kingdom of Saudi Arabia and there are no published price quotations for the fair value of this investment. The associate received its operating license from Saudi Arabian Monetary Agency ("SAMA") on 21 March 2016 and will launch its operations during second quarter of 2016. The Company although has significant influence, yet this investment has been accounted as an associate as it does not control or jointly control the financial and operating policies of the associate.



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**9 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>
<b><i>2016 (Unaudited)</i></b>				
Bonds and sukuku	20,260,520	5,500,000	-	25,760,520
Investment and real estate funds	31,369,808	28,844,975	-	60,214,783
Equities	20,492,733	-	1,923,078	22,415,811
	<u>72,123,061</u>	<u>34,344,975</u>	<u>1,923,078</u>	<u>108,391,114</u>
<b><i>2015 (Audited)</i></b>				
Bonds and sukuku	18,328,379	5,500,000	-	23,828,379
Investment and real estate funds	31,776,906	28,246,360	-	60,023,266
Equities	22,506,571	-	1,923,078	24,429,649
	<u>72,611,856</u>	<u>33,746,360</u>	<u>1,923,078</u>	<u>108,281,294</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 2016 and for the year ended 31 December 2015, 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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**10 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 on the statutory deposit and its obligation amounting to SR 399,070 (31 December 2015: SR 337,805) has been presented in the statement of financial position.

**11 ZAKAT**

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

	<i>31 March 2016</i> <i>(Unaudited)</i> <b>SR</b>	<i>31 December 2015</i> <i>(Audited)</i> <b>SR</b>
At the beginning of the period / year	<b>14,691,356</b>	9,733,588
Provided for the period / year	<b>1,769,753</b>	4,957,768
Payments during the period / year	<b>(2,378,604)</b>	-
At the end of the period / year	<b>14,082,505</b>	14,691,356

***Status of assessments***

The Company has filed its zakat returns for all the years ended up to 31 December 2014.

On review of the zakat return by the Department of Zakat and Income tax ("DZIT") for the long period ended 31 December 2010, a demand of SR 2,256,659 was raised by the DZIT. The Company paid this demand and filed an appeal with DZIT. During 2014, DZIT revised its assessment of the zakat return for the long period ended 31 December 2010 after taking into consideration the effect of portfolio transfer and raised an additional demand of SR 64,738. The Company paid this demand. The final assessment has not yet been carried out by the DZIT.

On review of the zakat return by the DZIT for the years 2011, 2012, 2013 and 2014 a demand of SR 2,378,604, SR 544,407, SR 2,885,577 and SR 2,885,577 respectively, have been raised by the DZIT. However, the Company has filed appeals with the DZIT. These appeals are in progress. The final assessments have not yet been carried out by the DZIT.

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**12 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>31 March 2016 (Unaudited) SR</i>	<i>31 March 2015 (Unaudited) SR</i>	<i>31 March 2016 (Unaudited) SR</i>	<i>31 December 2015 (Audited) SR</i>
Shareholders	Gross written premiums	3,015,785	8,210,356	10,414,761	8,917,928
	Reinsurance premium ceded	(334,298)	(8,013)	(305,202)	(325,252)
	Gross claims incurred	(979,434)	(10,465,566)	-	-
Board of Directors and committees' members	Remuneration fees, allowances and other expense	(348,000)	(386,500)	(1,616,260)	(1,599,260)
	Gross written premiums	925,236	6,738,609	4,287,422	2,917,717
	Insurance brokerage contracts	(606,695)	(1,560,605)	(1,509,667)	(1,506,061)
Associate	General and administrative expenses	403,064	-	392,517	-

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>2016 (Unaudited) SR</i>	<i>2015 (Unaudited) SR</i>
Short-term benefits	724,350	724,350
End of service benefits	63,778	35,786
	<u>788,128</u>	<u>760,136</u>

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**13 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 2016 (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	64,630,897	47,355,289	4,450,523	2,909,155	6,918,028	126,263,892
Reinsurance premiums ceded	(60,968)	-	(2,956,774)	(1,756,721)	(3,141,236)	(7,915,699)
Excess of loss premiums	(915,450)	(227,114)	(267,860)	(414,862)	(197,626)	(2,022,912)
<b>Net premiums written</b>	<b>63,654,479</b>	<b>47,128,175</b>	<b>1,225,889</b>	<b>737,572</b>	<b>3,579,166</b>	<b>116,325,281</b>
Movement in unearned premiums, net	2,845,733	(17,560,165)	(564,703)	(154,333)	(2,299,119)	(17,732,587)
<b>Net premiums earned</b>	<b>66,500,212</b>	<b>29,568,010</b>	<b>661,186</b>	<b>583,239</b>	<b>1,280,047</b>	<b>98,592,694</b>
Reinsurance commission income	27,392	-	929,888	397,132	577,936	1,932,348
Policy fees and other underwriting income	2,317,385	-	15,700	67,210	17,800	2,418,095
<b>Total revenues</b>	<b>68,844,989</b>	<b>29,568,010</b>	<b>1,606,774</b>	<b>1,047,581</b>	<b>1,875,783</b>	<b>102,943,137</b>
Net claims paid	(42,682,059)	(4,009,678)	(47,273)	(104,639)	(54,943)	(46,898,592)
Movement in outstanding claims, net	(13,122,590)	(2,496,102)	(566,535)	(403,801)	(897,974)	(17,487,002)
<b>Net claims incurred</b>	<b>(55,804,649)</b>	<b>(6,505,780)</b>	<b>(613,808)</b>	<b>(508,440)</b>	<b>(952,917)</b>	<b>(64,385,594)</b>
Policy acquisition costs	(5,059,389)	(2,892,589)	(563,518)	(212,286)	(371,059)	(9,098,841)
Inspection and supervision fees	(322,186)	(710,329)	(14,615)	(12,925)	(30,414)	(1,090,469)
Other underwriting expenses	(143,162)	(1,691,034)	(19,000)	-	-	(1,853,196)
<b>Total underwriting costs</b>	<b>(61,329,386)</b>	<b>(11,799,732)</b>	<b>(1,210,941)</b>	<b>(733,651)</b>	<b>(1,354,390)</b>	<b>(76,428,100)</b>
<b>Net underwriting surplus</b>	<b>7,515,603</b>	<b>17,768,278</b>	<b>395,833</b>	<b>313,930</b>	<b>521,393</b>	<b>26,515,037</b>
Unallocated expenses						(12,006,171)
Unallocated loss						(1,330,461)
<b>Surplus from insurance operations</b>						<b>13,178,405</b>

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**13 SEGMENT INFORMATION (continued)**

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 and other underwriting income	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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**13 SEGMENT INFORMATION (continued)**

**Operating segments**

*As at 31 March 2016 (Unaudited)*

	<i>Motor</i>	<i>Medical</i>	<i>Property</i>	<i>Marine</i>	<i>Others</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>ASSETS</b>						
Reinsurers' share of unearned premiums	344,910	-	5,435,569	1,756,721	5,227,231	12,764,431
Reinsurers' share of outstanding claims	14,763,487	807,583	53,212,373	13,244,551	20,974,454	103,002,448
Deferred policy acquisition costs	9,815,088	7,832,236	636,888	246,279	1,260,225	19,790,716
<b>SEGMENT ASSETS</b>	<b>24,923,485</b>	<b>8,639,819</b>	<b>59,284,830</b>	<b>15,247,551</b>	<b>27,461,910</b>	<b>135,557,595</b>
Unallocated assets						454,079,100
<b>TOTAL ASSETS</b>						<b>589,636,695</b>
<b>LIABILITIES</b>						
Gross unearned premiums	129,365,941	80,840,404	7,327,287	2,909,154	11,599,117	232,041,903
Gross outstanding claims	144,234,125	16,773,446	56,645,560	19,668,732	25,500,944	262,822,807
Unearned reinsurance commission	25,877	-	1,044,232	645,967	1,142,865	2,858,941
Premium deficiency and other reserves	3,336,917	-	122,029	-	43,392	3,502,338
Accrued expenses and other liabilities	2,141,667	545,794	980,866	-	11,137	3,679,464
<b>SEGMENT LIABILITIES</b>	<b>279,104,527</b>	<b>98,159,644</b>	<b>66,119,974</b>	<b>23,223,853</b>	<b>38,297,455</b>	<b>504,905,453</b>
Unallocated liabilities						84,731,242
<b>TOTAL LIABILITIES</b>						<b>589,636,695</b>

**Operating segments**

*As at 31 December 2015 (Audited)*

	<i>Motor</i>	<i>Medical</i>	<i>Property</i>	<i>Marine</i>	<i>Others</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>ASSETS</b>						
Reinsurers' share of unearned premiums	649,063	-	7,658,935	1,640,413	4,252,898	14,201,309
Reinsurers' share of outstanding claims	12,141,019	538,217	68,156,498	12,211,537	18,483,757	111,531,028
Deferred policy acquisition costs	9,766,162	6,135,266	696,742	212,286	965,503	17,775,959
<b>SEGMENT ASSETS</b>	<b>22,556,244</b>	<b>6,673,483</b>	<b>76,512,175</b>	<b>14,064,236</b>	<b>23,702,158</b>	<b>143,508,296</b>
Unallocated assets						406,713,839
<b>TOTAL ASSETS</b>						<b>550,222,135</b>
<b>LIABILITIES</b>						
Gross unearned premiums	132,515,827	63,280,239	8,985,950	2,638,513	8,325,665	215,746,194
Gross outstanding claims	128,489,067	14,007,978	71,023,150	18,231,917	22,112,274	253,864,386
Unearned reinsurance commission	48,696	-	1,321,877	592,496	1,122,449	3,085,518
Premium deficiency and other reserves	3,336,917	-	122,029	-	43,392	3,502,338
Accrued expenses and other liabilities	2,141,667	545,794	980,866	-	11,137	3,679,464
<b>SEGMENT LIABILITIES</b>	<b>266,532,174</b>	<b>77,834,011</b>	<b>82,433,872</b>	<b>21,462,926</b>	<b>31,614,917</b>	<b>479,877,900</b>
Unallocated liabilities						70,344,235
<b>TOTAL LIABILITIES</b>						<b>550,222,135</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2016

**14 BASIC AND DILUTED EARNINGS PER SHARE - Restated**

Basic and diluted earnings per share for the year have been calculated by dividing the net income for the period by the weighted average number of outstanding shares at the period end.

The weighted average number of shares has been retrospectively adjusted for prior period to reflect the bonus element of the rights issue as required by IAS 33, "Earnings per share" as follows:

	<i>For the three month period ended 31 March</i>	
	<i>2016 (Unaudited) SR</i>	<i>2015 (Unaudited) SR</i>
Issued ordinary shares as at 1 January	25,000,000	13,000,000
Adjusted rights issue	-	-
Effects of rights issue of shares	-	6,370,000
Weighted average number of ordinary shares	<u>25,000,000</u>	<u>19,370,000</u>

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.49, which is a ratio of the theoretical ex-rights of SR 21.33 and the closing price per share of 31.79 on 6 April 2015, the last day on which the shares were traded before the rights issue.

The basic and diluted earnings per share are as follows:

	<i>For the three month period ended 31 March</i>	
	<i>2016 (Unaudited) SR</i>	<i>2015 (Unaudited) SR</i>
Net income for the period	<u>10,200,579</u>	<u>5,058,462</u>
Weighted average number of ordinary shares	<u>25,000,000</u>	<u>19,370,000</u>
Basic and diluted earnings per share – restated	<u>0.41</u>	<u>0.26</u>

**15 COMPARATIVE FIGURES**

Certain figures for the prior period have been reclassified to conform to the presentation made in the current period; however the impact of such reclassifications was not material to the overall presentation of the condensed financial statements.

**16 APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 10 Rajab 1437H, (corresponding to 17 April 2016).