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

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT
For The Three and Nine Month Periods Ended 30 September 2012

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**LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF
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 September 2012, and the related interim statements of insurance operations' comprehensive income and shareholders' comprehensive operations for the three and nine month periods then ended, the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the nine month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF A MATTER:

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

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



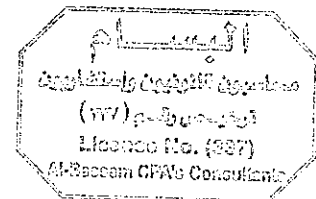
Rashid S. Al Rashoud
Certified Public Accountant
Registration No. 366

Al Bassam Certified Public
Accountants & Consultants
P O Box 69658
Riyadh 11557
Kingdom of Saudi Arabia



Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337

28 Dhul Qadah 1433H
(14 October 2012)



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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	<i>Note</i>	<i>30 September 2012 (Unaudited) SR</i>	<i>31 December 2011 (Audited) SR</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	42,266,949	35,673,588
Time deposits	6	47,000,000	-
Premiums and reinsurance balances receivable, net	7	39,647,463	37,771,509
Available for sale investments	8(i)(a)	7,850,684	-
Reinsurers' share of outstanding claims		23,030,356	16,422,034
Prepayments and other assets		6,463,669	1,316,622
Deferred policy acquisition costs		9,899,189	7,616,181
Reinsurers' share of unearned premiums		20,108,855	12,804,232
Property and equipment, net		4,578,190	5,228,188
TOTAL INSURANCE OPERATIONS' ASSETS		200,845,355	116,832,354
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	34,603,500	33,379,381
Available for sale investments	8(ii)(c)	33,863,697	34,170,224
Due from insurance operations		8,632,552	11,553,307
Prepayments and other assets		949,492	822,348
Statutory deposit	9	13,110,708	13,000,000
TOTAL SHAREHOLDERS' ASSETS		91,159,949	92,925,260
TOTAL ASSETS		292,005,304	209,757,614

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 30 September 2012

	<i>30 September 2012 (Unaudited) SR</i>	<i>31 December 2011 (Audited) SR</i>
INSURANCE OPERATIONS' LIABILITIES & DEFICIT		
Gross outstanding claims	40,291,540	33,758,195
Reinsurance and insurance balances payable	24,973,873	15,536,104
Accrued expenses and other liabilities	4,528,273	4,008,156
Employees' end of service benefits	1,304,382	793,421
Due to shareholders' operations	8,632,552	11,553,307
Unearned reinsurance commission	4,400,341	3,410,350
Gross unearned premiums	111,579,903	45,328,158
Other reserves	5,179,215	2,444,663
TOTAL INSURANCE OPERATIONS' LIABILITIES	200,890,079	116,832,354
INSURANCE OPERATIONS' DEFICIT		
Change in fair values of available for sales investments	8(i)(a) (44,724)	-
TOTAL INSURANCE OPERATIONS' LIABILITIES & DEFICIT	200,845,355	116,832,354
 SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	130,000,000	130,000,000
Accumulated losses	(49,060,512)	(44,766,205)
Change in fair values of available for sale investments	8(ii)(c) 1,008,352	(104,897)
Total shareholders' equity	81,947,840	85,128,898
Shareholders' liabilities		
Zakat payable	7,021,115	5,852,347
Accrued expenses and other liabilities	2,177,107	1,869,311
Due to a related party	10(i) 13,887	74,704
Total shareholders' liabilities	9,212,109	7,796,362
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	91,159,949	92,925,260
 TOTAL LIABILITIES AND EQUITY	292,005,304	209,757,614

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' COMPREHENSIVE INCOME
(UNAUDITED)**

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2012 SR</i>	<i>2011 SR</i>	<i>2012 SR</i>	<i>2011 SR</i>
Gross written premiums	56,333,456	24,055,320	192,349,286	70,258,788
Reinsurance premiums ceded	(16,098,454)	(9,965,389)	(36,156,253)	(27,571,198)
Excess of loss premiums	(849,096)	(580,624)	(5,263,463)	(1,770,693)
NET PREMIUMS WRITTEN	39,385,906	13,509,307	150,929,570	40,916,897
Movement in unearned premiums, net	(1,023,214)	(2,780,177)	(58,947,122)	(13,234,364)
NET PREMIUMS EARNED	38,362,692	10,729,130	91,982,448	27,682,533
Reinsurance commission income	2,815,035	3,654,737	8,354,120	7,438,121
Policy fees	839,114	484,632	2,044,586	860,951
TOTAL REVENUES	42,016,841	14,868,499	102,381,154	35,981,605
Gross claims paid	(26,472,022)	(6,254,818)	(69,353,486)	(42,467,820)
Reinsurance share of claims paid	1,008,341	764,711	5,984,710	26,817,539
NET CLAIMS PAID	(25,463,681)	(5,490,107)	(63,368,776)	(15,650,281)
Movement in outstanding claims, net	(1,162,908)	(2,087,072)	74,978	(798,116)
Movement in other reserves	(2,161,705)	-	(2,734,552)	-
NET CLAIMS INCURRED	(28,788,294)	(7,577,179)	(66,028,350)	(16,448,397)
Policy acquisition costs	(5,447,102)	(3,323,760)	(14,953,680)	(6,705,060)
Inspection and supervision fees	(354,520)	(102,160)	(1,032,070)	(316,805)
Other underwriting expenses	(482,398)	-	(589,824)	-
TOTAL UNDERWRITING COSTS	(35,072,314)	(11,003,099)	(82,603,924)	(23,470,262)
NET UNDERWRITING SURPLUS	6,944,527	3,865,400	19,777,230	12,511,343
General and administrative expenses	(8,105,918)	(6,844,641)	(23,098,123)	(19,410,200)
Allowance for doubtful debts	(577,640)	(93,578)	(21,172)	(2,312,007)
Special commission income from time deposits	265,701	14,452	371,401	45,950
Special commission income from available for sale investments	33,413	-	33,413	-
Gain (loss) on disposal of property and equipment	-	31,354	(28)	31,354
DEFICIT FROM INSURANCE OPERATIONS	(1,439,917)	(3,027,013)	(2,937,279)	(9,133,560)
Deficit transferred to shareholders' operations	1,439,917	3,027,013	2,937,279	9,133,560
NET RESULT FOR THE PERIOD	-	-	-	-
OTHER COMPREHENSIVE LOSS:				
Change in fair values of available for sale investments	(44,724)	-	(44,724)	-
Total comprehensive loss for the period	(44,724)	-	(44,724)	-

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)

	Note	For the three month period ended 30 September		For the nine month period ended 30 September	
		2012	2011	2012	2011
		SR	SR	SR	SR
Deficit transferred from insurance operations		(1,439,917)	(3,027,013)	(2,937,279)	(9,133,560)
EXPENSES					
General and administrative		(470,670)	(494,297)	(1,732,085)	(1,585,181)
LOSS FROM OPERATIONS		(1,910,587)	(3,521,310)	(4,669,364)	(10,718,741)
Special commission income from time deposits	5	90,504	39,801	225,873	540,932
Special commission income from available for sale investments		321,753	227,290	896,259	540,111
Realized gain from available for sale investments		263,053	-	421,693	26,975
LOSS BEFORE ZAKAT		(1,235,277)	(3,254,219)	(3,125,539)	(9,610,723)
Zakat		(391,168)	(430,163)	(1,168,768)	(1,339,258)
NET LOSS FOR THE PERIOD		(1,626,445)	(3,684,382)	(4,294,307)	(10,949,981)
OTHER COMPREHENSIVE INCOME:					
Change in fair values of available for sale investments	8(ii)(c)	348,324	(113,998)	1,113,249	39,614
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,278,121)	(3,798,380)	(3,181,058)	(10,910,367)
BASIC AND DILUTED LOSS PER SHARE FOR THE PERIOD	13	(0.12)	(0.28)	(0.33)	(0.84)

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 Nine Month Period Ended 30 September 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	-	(10,949,981)	-	(10,949,981)
Other comprehensive income for the period	-	-	39,614	39,614
<i>Total comprehensive (loss) income for the period</i>	-	(10,949,981)	39,614	(10,910,367)
Balance as at 30 September 2011	130,000,000	(39,941,679)	39,614	90,097,935
Balance as at 1 January 2012	130,000,000	(44,766,205)	(104,897)	85,128,898
Net loss for the period	-	(4,294,307)	-	(4,294,307)
Other comprehensive income for the period	-	-	1,113,249	1,113,249
<i>Total comprehensive (loss) income for the period</i>	-	(4,294,307)	1,113,249	(3,181,058)
Balance as at 30 September 2012	130,000,000	(49,060,512)	1,008,352	81,947,840

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 nine month period ended 30 September</i>	
	<i>2012</i>	<i>2011</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Net deficit from insurance operations	(2,937,279)	(9,133,560)
<i>Adjustments for:</i>		
Depreciation	1,350,397	1,209,843
Provision for employees' end of service benefits	555,682	428,867
Allowance for doubtful debts	21,172	2,312,007
Special commission income from time deposits	(371,401)	(45,950)
Special commission income from available for sale investments	(33,413)	-
Loss (gain) on disposal of property and equipment	28	(31,354)
Net deficit before changes in operating assets and liabilities	(1,414,814)	(5,260,147)
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurance balances receivable	(1,897,126)	(20,833,394)
Prepayments and other assets	(5,147,047)	(912,421)
Reinsurers' share of outstanding claims	(6,608,322)	14,166,900
Deferred policy acquisition costs	(2,283,008)	(1,575,186)
Reinsurers' share of unearned premiums	(7,304,623)	(5,338,280)
Gross outstanding claims	6,533,345	(13,368,784)
Reinsurance and insurance balances payable	9,437,769	(3,648,388)
Accrued expenses and other liabilities	520,117	443,228
Unearned commission income	989,991	1,501,152
Gross unearned premiums	66,251,745	18,572,644
Other reserves	2,734,552	-
<i>Cash from (used in) operations</i>	61,812,579	(16,252,676)
Employees' end of service benefits paid	(44,721)	(444,431)
Net cash from / (used in) operating activities	61,767,858	(16,697,107)
INVESTING ACTIVITIES		
Purchase of property and equipment	(701,702)	(851,843)
Time deposits	6 (47,000,000)	-
Purchase of available for sale investments	8(i)(a) (7,895,408)	-
Special commission income from time deposits	371,401	45,950
Special commission income from available for sale investments	33,413	-
Proceeds from disposal of property and equipment	1,275	31,354
Net cash used in investing activities	(55,191,021)	(774,539)
FINANCING ACTIVITY		
Due to shareholders' operations	16,524	19,820,721
Net cash from financing activity	16,524	19,820,721
INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of the period	6,593,361	2,349,075
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5 35,673,588	20,445,582
<i>Non cash transactions:</i>		
Transfer of deficit to shareholders' comprehensive operations	(2,937,279)	(9,133,560)
Net change in fair values of available for sale investments	(44,724)	-

The accompanying notes 1 to 14 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' CASH FLOWS
(UNAUDITED)

	Note	For the nine months period ended 30 September	
		2012 SR	2011 SR
OPERATING ACTIVITIES			
Loss before zakat		(3,125,539)	(9,610,723)
<i>Adjustments for:</i>			
Deficit transferred from insurance operations		2,937,279	9,133,560
Special commission income from time deposits		(225,873)	(540,932)
Special commission income from available for sale investments		(896,259)	(540,111)
Realized gain from available for sale investments		(421,693)	(26,975)
<i>Net deficit before changes in operating assets and liabilities</i>		<u>(1,732,085)</u>	<u>(1,585,181)</u>
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(127,144)	(876,134)
Accrued expenses and other liabilities		307,796	1,114,461
Due to a related party		(60,817)	2,230
Statutory deposit		(110,708)	-
<i>Cash used in operations</i>		<u>(1,722,958)</u>	<u>(1,344,624)</u>
Zakat paid		-	(145,525)
Net cash used in operating activities		<u>(1,722,958)</u>	<u>(1,490,149)</u>
INVESTING ACTIVITIES			
Special commission income from time deposits		225,873	540,932
Special commission income from available for sale investments		896,259	540,111
Realized gain from available for sale investments		421,693	-
Purchase of available for sale investments	8(iii)(c)	(13,350,180)	(31,155,515)
Sale of available for sale investments	8(iii)(c)	14,769,956	3,753,637
Net cash from (used in) investing activity		<u>2,963,601</u>	<u>(26,320,835)</u>
FINANCING ACTIVITY			
Due from insurance operations		(16,524)	(19,820,721)
Net cash used in financing activity		<u>(16,524)</u>	<u>(19,820,721)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		1,224,119	(47,631,705)
Cash and cash equivalents at the beginning of the period		<u>33,379,381</u>	<u>87,486,216</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	<u><u>34,603,500</u></u>	<u><u>39,854,511</u></u>
<u>Non-cash transactions:</u>			
Transfer of deficit from insurance operations		<u>2,937,279</u>	<u>9,133,560</u>
Net change in fair values of available for sale investments	8 (iii)(c)	<u>1,113,249</u>	<u>39,614</u>

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)
30 September 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 deficit for the nine month period ended 30 September 2012. Accordingly, the net deficit amounting to SR 2.9 million (30 September 2011: SR 9.1 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 nine month period ended 30 September 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 September 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 September 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	33,293,614	3,415,915	20,233,581	6,843,488
Short term time deposits	8,973,335	31,187,585	15,440,007	26,535,893
Cash and cash equivalents	<u>42,266,949</u>	<u>34,603,500</u>	<u>35,673,588</u>	<u>33,379,381</u>

Included in cash and cash equivalents is SR 8.9 million (31 December 2011: SR 9.44 million) which is currently held in the name of a related party on behalf of the Company.

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 0.31% 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 amounting to SR 47,000,000 (31 December 2011: SR nil) are placed with counterparties which have investment grade credit ratings, as rated by international rating agencies.

Time deposits are placed with local and international banks with a maturity of more than three months from the date of original acquisition and earned special commission income at an average rate of 1.20% per annum (31 December 2011: nil).

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

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

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

7 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET

Premiums and reinsurance balances receivable are comprised of the following:

	<i>30 September 2012</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2011</i> <i>(Audited)</i> <i>SR</i>
Premium receivable	49,158,909	43,398,106
<i>Less: Allowance for doubtful debts</i>	<i>(10,264,824)</i>	<i>(10,606,789)</i>
	<u>38,894,085</u>	<u>32,791,317</u>
Reinsurance balances receivable	1,466,880	5,330,557
<i>Less: Allowance for doubtful debts</i>	<i>(713,502)</i>	<i>(350,365)</i>
	<u>753,378</u>	<u>4,980,192</u>
Total premiums and reinsurance balances receivable, net	<u>39,647,463</u>	<u>37,771,509</u>

8 AVAILABLE FOR SALE INVESTMENTS (AFS)

(i) Insurance operations

- (a) During the three month period ended 30 September 2012, the Company invested in a portfolio of debt securities (Sharia'a compliant instruments) issued by sovereign, quasi sovereign, and corporates based in the Gulf Cooperative Council countries. This portfolio is managed at the discretion of a locally regulated financial institution.

The cumulative change in fair value of this portfolio amounting to SR (44,724) (31 December 2011: nil) is presented within 'insurance operations deficit' in the interim statement of financial position and reported in the interim statement of insurance operations' comprehensive income.

(ii) Shareholders operations

- (a) AFS for shareholders operations comprise of various bonds and sukuku issued by governments, quasi governments, banks and corporates in the Gulf Cooperative Council countries amounting to SR 31,940,619 (31 December 2011: SR 32,247,146) and is managed by a local regulated financial institution.
- (b) Available for sale investments of shareholders' operations 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.
- (c) The movement during the period in available for sale investments (shareholders operations) are as follows:

	<i>30 September 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	13,350,180	38,001,783
Sold during the period / year	<i>(14,769,956)</i>	<i>(3,726,662)</i>
	<u>32,750,448</u>	<u>34,275,121</u>
Change in fair values	1,113,249	(104,897)
At the end of the period / year	<u>33,863,697</u>	<u>34,170,224</u>

**BURUJ COOPERATIVE INSURANCE COMPANY
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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30 September 2012**

8 AVAILABLE FOR SALE INVESTMENTS (AFS) (continued)

(ii) Shareholders operations (continued)

The cumulative change in fair values of available for sale investments of shareholders' operations amounting to SR 1,008,352 (31 December 2011: SR (104,897)) is presented within shareholders' equity in the interim statement of financial position.

9 STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital of the Company which is maintained with a bank designated by SAMA in accordance with The Cooperative Insurance Companies Control Law for insurance companies. This statutory deposit cannot be withdrawn without the consent of SAMA. Accrued interest amounting to SR 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/ year:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amounts of transactions</i>		<i>Balance as at</i>	
		<i>For the period ended 30 September 2012 (Unaudited) SR</i>	<i>For the period ended 30 September 2011 (Unaudited) SR</i>	<i>30 September 2012 (Unaudited) SR</i>	<i>31 December 2011 (Audited) SR</i>
Shareholders	Gross written premiums	18,034,196	13,723,518		
	Reinsurance premium ceded	(2,894,270)	(1,652,213)		
	Claims incurred	(15,785,814)	(5,986,170)		
	General and administrative expenses	-	(208,481)	(13,887)	(74,704)
Directors and committees' members	Board of directors and committees' meeting fees and expenses	967,324	855,000		
	Gross written premiums	8,292,762	-		
	Insurance brokerage contract	2,556,488	1,136,557		

BURUJ COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2012

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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 period ended 30 September 2012 (Unaudited) SR</i>	<i>For the period ended 30 September 2011 (Unaudited) SR</i>
Short-term benefits	2,235,405	2,133,744
End of service benefits	106,747	87,485
	<u>2,342,152</u>	<u>2,221,229</u>

**BURUJ COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2012

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 AFS investments and loss or gain on property and equipment.

Segment assets do not include insurance operations' property and equipment, prepayments and other assets, premiums and reinsurance balances receivable, time deposit, AFS investments and cash and cash equivalents. Accordingly they are included in unallocated assets.

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 September 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	4,376,022	35,134,249	4,255,889	9,350,041	3,217,255	56,333,456
Reinsurance premiums ceded	(4,135,839)	(984,157)	(3,128,003)	(4,960,484)	(2,889,971)	(16,098,454)
Excess of loss premiums	(27,320)	(618,750)	(183,141)	-	(19,885)	(849,096)
Net premiums written	212,863	33,531,342	944,745	4,389,557	307,399	39,385,906
Movement in unearned premiums, net	23,385	1,870,384	630,260	(3,735,318)	188,075	(1,023,214)
Net premiums earned	236,248	35,401,726	1,575,005	654,239	495,474	38,362,692
Reinsurance commission income	629,231	(20,141)	1,566,025	-	639,920	2,815,035
Policy fees	2,735	786,834	46,335	-	3,210	839,114
Total revenues	868,214	36,168,419	3,187,365	654,239	1,138,604	42,016,841
Net claims paid	(13,056)	(25,310,526)	(349,424)	(7,800)	217,125	(25,463,681)
Movement in outstanding claims, net	(344,001)	971,382	(1,727,466)	(162,128)	99,305	(1,162,908)
Movement in other reserves	-	(2,547,696)	-	385,991	-	(2,161,705)
Net claims incurred	(357,057)	(26,886,840)	(2,076,890)	216,063	316,430	(28,788,294)
Policy acquisition costs	(352,853)	(4,181,419)	(509,973)	(102,786)	(300,071)	(5,447,102)
Inspection and supervision fees	(13,626)	(170,442)	(18,783)	(140,250)	(11,419)	(354,520)
Other underwriting expenses	(26,350)	(359,331)	-	(96,717)	-	(482,398)
Total underwriting costs	(749,886)	(31,598,032)	(2,605,646)	(123,690)	4,940	(35,072,314)
Net underwriting surplus	118,328	4,570,387	581,719	530,549	1,143,544	6,944,527
Unallocated expenses						(8,683,558)
Unallocated income						299,114
Net deficit from insurance operations						(1,439,917)

**BURUJ COOPERATIVE INSURANCE COMPANY
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
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11 SEGMENT INFORMATION (continued)

Operating segments

<i>For the three month period ended 30 September 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	3,018,776	13,273,353	4,175,169	3,588,022	24,055,320
Reinsurance premiums ceded	(2,849,637)	(1,045,176)	(2,784,593)	(3,285,983)	(9,965,389)
Excess of loss premiums	(53,995)	(327,375)	(176,866)	(22,388)	(580,624)
Net premiums written	115,144	11,900,802	1,213,710	279,651	13,509,307
Movement in unearned premiums, net	57,359	(3,193,525)	236,954	119,035	(2,780,177)
Net premiums earned	172,503	8,707,277	1,450,664	398,686	10,729,130
Reinsurance commission income	565,168	53,560	2,507,146	528,863	3,654,737
Policy fees	2,060	431,617	49,005	1,950	484,632
Total revenues	739,731	9,192,454	4,006,815	929,499	14,868,499
Net claims paid	(285,229)	(4,820,446)	(353,197)	(31,235)	(5,490,107)
Movement in outstanding claims, net	13,876	(2,317,508)	285,074	(68,514)	(2,087,072)
Net claims incurred	(271,353)	(7,137,954)	(68,123)	(99,749)	(7,577,179)
Policy acquisition costs	(263,504)	(2,434,287)	(443,171)	(182,798)	(3,323,760)
Inspection and supervision fees	(10,334)	(61,070)	(19,470)	(11,286)	(102,160)
Total underwriting costs	(545,191)	(9,633,311)	(530,764)	(293,833)	(11,003,099)
Net underwriting surplus	194,540	(440,857)	3,476,051	635,666	3,865,400
Unallocated expenses					(6,938,219)
Unallocated income					45,806
Net deficit from insurance operations					(3,027,013)

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

11 SEGMENT INFORMATION (continued)

Operating segments

For the nine month period ended
30 September 2012
(Unaudited)

	Property SR	Motor SR	Marine SR	Medical SR	Others SR	Total SR
Gross written premiums	11,919,186	144,978,976	15,999,331	10,934,027	8,517,766	192,349,286
Reinsurance premiums ceded	(10,998,239)	(993,287)	(11,056,179)	(5,783,385)	(7,325,163)	(36,156,253)
Excess of loss premiums	(135,310)	(4,526,616)	(536,874)	-	(64,663)	(5,263,463)
Net premiums written	785,637	139,459,073	4,406,278	5,150,642	1,127,940	150,929,570
Movement in unearned premiums, net	(202,549)	(54,991,964)	368,856	(4,383,530)	262,065	(58,947,122)
Net premiums earned	583,088	84,467,109	4,775,134	767,112	1,390,005	91,982,448
Reinsurance commission income	1,798,868	(86,732)	5,012,926	-	1,629,058	8,354,120
Policy fees	9,875	1,854,199	169,237	-	11,275	2,044,586
Total revenues	2,391,831	86,234,576	9,957,297	767,112	3,030,338	102,381,154
Net claims paid	(110,892)	(62,205,128)	(775,123)	(10,151)	(267,482)	(63,368,776)
Movement in outstanding claims, net	(158,486)	2,765,232	(2,559,948)	(299,617)	327,797	74,978
Movement in other reserves	-	(2,734,552)	-	-	-	(2,734,552)
Net claims incurred	(269,378)	(62,174,448)	(3,335,071)	(309,768)	60,315	(66,028,350)
Policy acquisition costs	(962,318)	(11,735,394)	(1,441,745)	(120,258)	(693,965)	(14,953,680)
Inspection and supervision fees	(38,493)	(719,459)	(73,642)	(164,010)	(36,466)	(1,032,070)
Other underwriting expenses	(26,350)	(450,843)	-	(112,631)	-	(589,824)
Total underwriting costs	(1,296,539)	(75,080,144)	(4,850,458)	(706,667)	(670,116)	(82,603,924)
Net underwriting surplus	1,095,292	11,154,432	5,106,839	60,445	2,360,222	19,777,230
Unallocated expenses						(23,119,323)
Unallocated income						404,814
Net deficit from insurance operations						(2,937,279)

**BURUJ COOPERATIVE INSURANCE COMPANY
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2012**

11 SEGMENT INFORMATION (continued)

Operating segments

*For the nine month period ended
30 September 2011
(Unaudited)*

	<i>Property SR</i>	<i>Motor SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	9,581,580	37,122,423	14,648,521	8,906,264	70,258,788
Reinsurance premiums ceded	(8,860,399)	(1,150,322)	(9,989,554)	(7,570,923)	(27,571,198)
Excess of loss premiums	(184,772)	(900,210)	(612,791)	(72,920)	(1,770,693)
Net premiums written	536,409	35,071,891	4,046,176	1,262,421	40,916,897
Movement in unearned premiums, net	(174,825)	(12,377,301)	(522,070)	(160,168)	(13,234,364)
Net premiums earned	361,584	22,694,590	3,524,106	1,102,253	27,682,533
Reinsurance commission income	1,541,824	97,599	4,389,425	1,409,273	7,438,121
Policy fees	10,020	668,516	171,290	11,125	860,951
Total revenues	1,913,428	23,460,705	8,084,821	2,522,651	35,981,605
Net claims paid	(847,783)	(14,000,369)	(543,873)	(258,256)	(15,650,281)
Movement in outstanding claims, net	101,867	(1,393,553)	538,657	(45,087)	(798,116)
Net claims incurred	(745,916)	(15,393,922)	(5,216)	(303,343)	(16,448,397)
Policy acquisition costs	(680,554)	(4,442,855)	(1,089,175)	(492,476)	(6,705,060)
Inspection and supervision fees	(32,730)	(180,329)	(67,280)	(36,466)	(316,805)
Total underwriting costs	(1,459,200)	(20,017,106)	(1,161,671)	(832,285)	(23,470,262)
Net underwriting surplus	454,228	3,443,599	6,923,150	1,690,366	12,511,343
Unallocated expenses					(21,722,207)
Unallocated income					77,304
Net deficit from insurance operations					(9,133,560)

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 September 2011.

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

11 SEGMENT INFORMATION (continued)

Operating segments

As at 30 September 2012 (Unaudited)

	<i>Property SR</i>	<i>Motor SR</i>	<i>Marine SR</i>	<i>Medical SR</i>	<i>Others SR</i>	<i>Total SR</i>
ASSETS						
Reinsurers' share of unearned premiums	6,023,053	729,159	3,128,007	4,941,513	5,287,123	20,108,855
Reinsurers' share of outstanding claims	7,574,875	2,073,949	6,864,291	635,561	5,881,680	23,030,356
Deferred policy acquisition costs	571,307	7,774,734	237,039	719,554	596,555	9,899,189
SEGMENT ASSETS	14,169,235	10,577,842	10,229,337	6,296,628	11,765,358	53,038,400
Unallocated assets						147,806,955
TOTAL ASSETS						200,845,355
LIABILITIES						
Gross unearned premiums	6,481,246	85,416,841	4,255,890	9,325,043	6,100,883	111,579,903
Gross outstanding claims	8,358,909	13,297,367	10,975,262	935,179	6,724,823	40,291,540
Unearned reinsurance commission	1,580,587	115,551	1,120,968	-	1,583,235	4,400,341
Other reserves	100,000	5,079,215	-	-	-	5,179,215
SEGMENT LIABILITIES	16,520,742	103,908,974	16,352,120	10,260,222	14,408,941	161,450,999
Unallocated liabilities						39,394,356
TOTAL LIABILITIES						200,845,355

Operating segments

As at 31 December 2011 (Audited)

	<i>Property SR</i>	<i>Motor SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
ASSETS					
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
SEGMENT ASSETS	6,797,892	9,357,130	7,228,632	13,458,793	36,842,447
Unallocated assets					79,989,907
TOTAL ASSETS					116,832,354
LIABILITIES					
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 reinsurance commission	855,101	83,473	1,239,534	1,232,242	3,410,350
Other reserves	100,000	2,344,663	-	-	2,444,663
SEGMENT LIABILITIES	8,270,009	49,053,197	11,152,434	16,465,726	84,941,366
Unallocated liabilities					31,890,988
TOTAL LIABILITIES					116,832,354

**BURUJ COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2012

12 CONTINGENT LIABILITIES

The Company has provided guarantees of SR 0.35 million (31 December 2011: nil) in respect of medical insurance in the normal course of its activities.

13 BASIC AND DILUTED LOSS PER SHARE

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

14 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

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