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

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

FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2017

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT
For The Three and Six Month Periods Ended 30 June 2017

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Al-Bassam & Al-Nemer
Allied Accountants
 (Member firm of PKF International)



INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

**TO THE SHAREHOLDERS OF BURUJ COOPERATIVE INSURANCE COMPANY
 (A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

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 2017 and the related interim statements of insurance comprehensive operations and interim statement of shareholders' comprehensive operations for the three month and six month periods then ended, and the related interim statement of changes in shareholders' equity, interim statement of insurance operations' cash flows and interim statement of 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. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

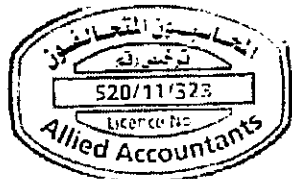
We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the kingdom of Saudi Arabia. A review of these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for zakat and income tax.

PKF Al-Bassam & Al-Nemer
Allied Accountants
 P.O. Box 28355
 Riyadh 11437
 Kingdom of Saudi Arabia

Ibrahim A. Al-Bassam
 Certified Public Accountant
 Registration No. 337



Aldar Audit Bureau
Abdullah Al Basri & Co
 P. O. Box 2195
 Riyadh 11451
 Kingdom of Saudi Arabia

Abdullah M. Al Basri
 Certified Public Accountant
 Registration No. 171



30 July 2017
 7 Dhul-Qadah 1438

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		<i>30 June 2017</i>	<i>31 December 2016</i>
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Audited) – Restated</i>
		<i>SR</i>	<i>(Note 16)</i>
		<i>SR</i>	<i>SR</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	198,853,984	209,890,732
Time deposits	6	302,804,598	207,468,182
Premiums and reinsurance balances receivable, net	7	50,249,072	38,215,596
Available for sale investments	8(i)(a)	40,002,440	42,692,814
Reinsurers' share of outstanding claims		116,147,600	100,594,541
Prepayments and other assets		22,212,516	16,733,954
Deferred policy acquisition costs		23,046,872	16,113,034
Reinsurers' share of unearned premiums		12,550,813	13,011,258
Property and equipment, net		2,648,476	2,448,458
TOTAL INSURANCE OPERATIONS' ASSETS		768,516,371	647,168,569
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	105,976,080	103,520,629
Time deposits	6	38,131,550	-
Available for sale investments	8(ii)(a)	92,622,987	91,538,840
Due from insurance operations		103,692,288	106,814,050
Prepayments and other assets		2,328,515	1,551,006
Held to maturity investments	8(ii)(c)	10,000,000	10,000,000
Investment in an associate	8(ii)(d)	1,220,388	441,482
Statutory deposit	10	25,000,000	25,000,000
Statutory deposit investment returns	10	527,829	399,070
TOTAL SHAREHOLDERS' ASSETS		379,499,637	339,265,077
TOTAL ASSETS		1,148,016,008	986,433,646

The accompanying notes 1 to 19 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 2017

	<i>Note</i>	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) – Restated (Note 16) SR
INSURANCE OPERATIONS' LIABILITIES & SURPLUS			
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims		306,258,360	271,975,776
Reinsurance and insurance balances payable		21,867,492	17,198,491
Accrued expenses and other liabilities		26,334,676	19,017,855
Employees' end of service benefits		6,169,645	5,647,053
Due to shareholders' operations		103,692,288	106,814,050
Unearned reinsurance commission		1,812,259	1,753,681
Gross unearned premiums		280,783,236	204,001,357
Other reserves		8,731,425	8,731,425
TOTAL INSURANCE OPERATIONS' LIABILITIES		755,649,381	635,139,688
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		20,040,769	14,339,519
Changes in fair values of available for sale investments	8(i)(b)	(7,173,779)	(2,310,638)
TOTAL INSURANCE OPERATIONS' LIABILITIES & SURPLUS		768,516,371	647,168,569
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Zakat payable	12	20,825,257	20,492,110
Accrued expenses and other liabilities		3,454,103	3,308,430
Statutory deposit investment returns	10	527,829	399,070
TOTAL SHAREHOLDERS' LIABILITIES		24,807,189	24,199,610
SHAREHOLDERS' EQUITY			
Share capital		250,000,000	250,000,000
Statutory reserve	11,16	14,674,338	14,674,338
Retained earnings	16	88,348,454	50,517,990
Change in fair values of available for sale investments	8(ii)(b)	1,669,656	(126,861)
TOTAL SHAREHOLDERS' EQUITY		354,692,448	315,065,467
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		379,499,637	339,265,077
TOTAL LIABILITIES AND EQUITY		1,148,016,008	986,433,646

The accompanying notes 1 to 19 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 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>
Gross written premiums	144,352,404	100,886,426	321,270,428	227,150,318
Reinsurance premiums ceded	(5,613,519)	(11,274,723)	(14,473,355)	(19,190,422)
Excess of loss premiums	(5,642,312)	(2,605,352)	(7,284,994)	(4,628,264)
NET PREMIUMS WRITTEN	133,096,573	87,006,351	299,512,079	203,331,632
Movement in unearned premiums, net	(15,739,002)	13,969,236	(77,242,324)	(3,763,351)
NET PREMIUMS EARNED	117,357,571	100,975,587	222,269,755	199,568,281
Reinsurance commission income	1,562,399	1,975,706	3,567,581	3,908,054
Policy fees and other underwriting income	4,444,036	2,790,233	10,497,342	5,208,328
TOTAL REVENUES	123,364,006	105,741,526	236,334,678	208,684,663
Gross claims paid	(61,400,178)	(56,049,615)	(112,809,758)	(113,169,366)
Reinsurance share of claims paid	1,729,944	6,389,676	4,846,289	16,610,835
NET CLAIMS PAID	(59,670,234)	(49,659,939)	(107,963,469)	(96,558,531)
Movement in outstanding claims, net	(2,612,884)	(2,768,550)	(18,729,525)	(20,255,552)
Movement in other reserves	-	(3,679,464)	-	(3,679,464)
NET CLAIMS INCURRED	(62,283,118)	(56,107,953)	(126,692,994)	(120,493,547)
Policy acquisition costs	(11,699,534)	(9,576,909)	(21,343,873)	(18,675,750)
Inspection and supervision fees	(1,440,872)	(854,464)	(2,759,102)	(1,944,933)
Other underwriting expenses	(3,036,768)	(2,249,102)	(5,339,738)	(4,102,298)
TOTAL UNDERWRITING COSTS	(78,460,292)	(68,788,428)	(156,135,707)	(145,216,528)
NET UNDERWRITING SURPLUS	44,903,714	36,953,098	80,198,971	63,468,135
General and administrative expenses	(16,660,916)	(12,430,916)	(28,616,318)	(23,307,982)
Allowance for doubtful debts	(3,854,359)	(1,873,143)	(1,639,886)	(3,002,248)
Special commission income from time deposits	2,187,660	1,344,374	4,284,371	2,562,247
Dividend income	386,020	764,729	631,705	945,773
Realized gain (loss) from available for sale investments	413,485	125,329	1,946,280	(2,868,690)
Other income	94,052	185,364	207,380	450,005
SURPLUS FROM INSURANCE OPERATIONS	27,469,656	25,068,835	57,012,503	38,247,240
Surplus transferred to shareholders' operations	(24,722,691)	(22,561,952)	(51,311,253)	(34,422,516)
NET RESULT FOR THE PERIOD	2,746,965	2,506,883	5,701,250	3,824,724

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The accompanying notes 1 to 19 form part of these interim condensed financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

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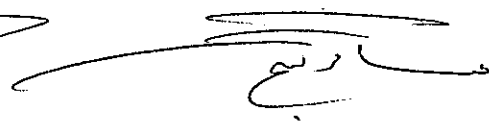
	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>
NET RESULT FOR THE PERIOD	2,746,965	2,506,883	5,701,250	3,824,724
<i>OTHER COMPREHENSIVE (LOSS) INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</i>				
Realized (gain) loss from available for sale investments	(413,485)	(125,329)	(1,946,280)	2,868,690
Change in fair values of available for sale investments	(253,236)	717,204	(2,916,861)	(2,225,059)
Net change in fair values of available for sale investments	(666,721)	591,875	(4,863,141)	643,631
Total comprehensive income for the period	<u>2,080,244</u>	<u>3,098,758</u>	<u>838,109</u>	<u>4,468,355</u>

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

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS

	<i>Note</i>	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
		<i>2017 (Unaudited) SR</i>	<i>2016 – Restated (Note 16) (Unaudited) SR</i>	<i>2017 (Unaudited) SR</i>	<i>2016 – Restated (Note 16) (Unaudited) SR</i>
Surplus transferred from insurance operations		24,722,691	22,561,952	51,311,253	34,422,516
EXPENSES					
General and administrative		(731,160)	(1,098,173)	(1,188,605)	(1,617,329)
INCOME FROM OPERATIONS		23,991,531	21,463,779	50,122,648	32,805,187
Special commission income from time deposits	5	376,463	306,734	653,225	553,112
Special commission income from investments		649,083	376,679	1,208,829	759,225
Dividend income		3,150,822	-	4,130,000	-
Realized (loss) gain from available for sale investments		(1,159,162)	818,508	(1,104,058)	818,508
Share of profit (loss) of an associate		778,906	(348,781)	778,906	(348,781)
NET INCOME FOR THE PERIOD	16	27,787,643	22,616,919	55,789,550	34,587,251
OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:					
Realized gain from available for sale investments transferred to income		1,159,162	(818,508)	1,104,058	(818,508)
Change in fair values of available for sale investments	8(ii)(b)	(96,362)	672,567	692,459	1,695,567
Net change in fair values of available for sale investments		1,062,800	(145,941)	1,796,517	877,059
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16	28,850,443	22,470,978	57,586,067	35,464,310
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD	15,16	1.11	0.90	2.23	1.38





The accompanying notes 1 to 19 form part of these interim condensed financial statements.

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

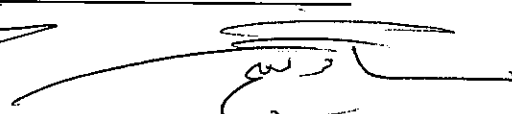
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)**

For the six month period ended 30 June 2017

	<i>Share Capital SR</i>	<i>Statutory Reserve SR</i>	<i>Retained earnings (Accumulated losses) SR</i>	<i>Change in fair values of available for sale investments SR</i>	<i>Total SR</i>
<i>2016 (Unaudited)</i>					
Balance as at 1 January 2016	250,000,000	-	(17,597,642)	635,556	233,037,914
Net income for the period – before adjustment	-	-	30,748,950	-	30,748,950
Prior Period Adjustments (Note 16)	-	-	3,838,301	-	3,838,301
Net income for the period – after adjustment	-	-	34,587,251	-	34,587,251
Other comprehensive income: Net change in fair values of available for sale investments	-	-	-	877,059	877,059
Total comprehensive income for the period – after adjustment	-	-	34,587,251	877,059	35,464,310
Zakat for the period (Note 12)	-	-	(3,838,301)	-	(3,838,301)
Balance as at 30 June 2016	250,000,000	-	13,151,308	1,512,615	264,663,923
<i>2017 (Unaudited)</i>					
Balance as at 1 January 2017 – before adjustment	250,000,000	13,038,466	52,153,862	(126,861)	315,065,467
Adjustment (Note 16)	-	1,635,872	(1,635,872)	-	-
Balance as at 1 January 2017 – after adjustment (Note 16)	250,000,000	14,674,338	50,517,990	(126,861)	315,065,467
Net income for the period	-	-	55,789,550	-	55,789,550
Other comprehensive income: Net change in fair values of available for sale investments	-	-	-	1,796,517	1,796,517
Total comprehensive income for the period	-	-	55,789,550	1,796,517	57,586,067
Dividends distributed (Note 17)	-	-	(12,500,000)	-	(12,500,000)
Zakat for the period (Note 12)	-	-	(5,459,086)	-	(5,459,086)
Balance as at 30 June 2017	250,000,000	14,674,338	88,348,454	1,669,656	354,692,448

The accompanying notes 1 to 19 form part of these interim condensed financial statements.

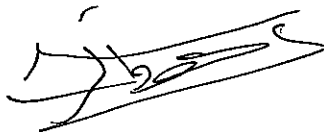
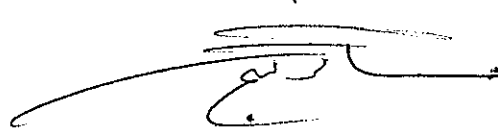




**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)

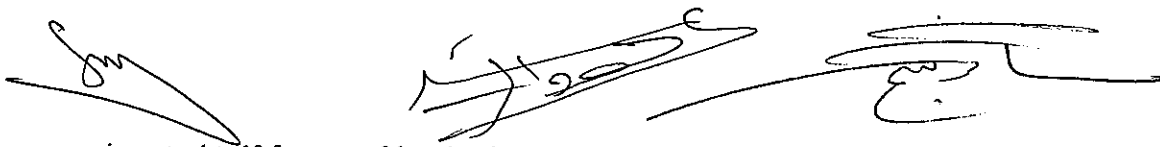
		<i>For the six month period ended</i>	
		<u>30 June 2017</u>	<u>30 June 2016</u>
	<i>Note</i>	<u>SR</u>	<u>SR</u>
OPERATING ACTIVITIES			
Net result for the period		5,701,250	3,824,724
<i>Adjustments for:</i>			
Surplus transferred to shareholders' operations		51,311,253	34,422,516
Depreciation		474,236	556,909
Provision for employees' end of service benefits		936,096	1,166,195
Allowance for of doubtful debts		1,639,886	2,988,768
Realized (gain) loss from available for sale investments		(1,946,280)	2,868,690
Loss on disposal of property and equipment		29,881	504
<i>Net surplus before changes in operating assets and liabilities</i>		<u>58,146,322</u>	<u>45,828,306</u>
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurance balances receivable		(13,673,362)	(25,834,085)
Reinsurers' share of outstanding claims		(15,553,059)	(147,599)
Prepayments and other assets		(5,478,562)	(3,967,544)
Deferred policy acquisition costs		(6,933,838)	(859,802)
Reinsurers' share of unearned premiums		460,445	708,524
Gross outstanding claims		34,282,584	20,403,150
Reinsurance and insurance balances payable		4,669,001	6,018,409
Accrued expenses and other liabilities		7,316,821	(709,875)
Unearned reinsurance commission		58,578	(732,889)
Gross unearned premiums		76,781,879	3,054,827
Other reserves		-	3,679,464
<i>Cash from operating activities</i>		<u>140,076,809</u>	<u>47,440,886</u>
Employees' end of service benefits paid		(413,504)	(82,297)
Net cash generated from operating activities		<u>139,663,305</u>	<u>47,358,589</u>
INVESTING ACTIVITIES			
Time deposits		(95,336,416)	(58,248,891)
Purchase of available for sale investments	8 (i)(b)	(19,922,320)	(18,544,839)
Proceeds from available for sale investments	8 (i)(b)	19,695,833	18,084,784
Purchase of property and equipment		(704,135)	(99,701)
Proceeds from disposal of property and equipment		-	50
Net cash used in investing activities		<u>(96,267,038)</u>	<u>(58,808,597)</u>
FINANCING ACTIVITY			
Due to shareholders' operations		(54,433,015)	(6,241,224)
Net cash used in financing activity		<u>(54,433,015)</u>	<u>(6,241,224)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>(11,036,748)</u>	<u>(17,691,232)</u>
Cash and cash equivalents at beginning of the period		209,890,732	151,818,340
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	<u>198,853,984</u>	<u>134,127,108</u>
<i>Non-cash transactions:</i>			
Transfer of surplus to shareholders' comprehensive operations		51,311,253	34,422,516
Net change in fair values of available for sale investments		<u>(4,863,141)</u>	<u>643,631</u>

The accompanying notes 1 to 19 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	<i>For the six month period ended</i>	
		<u>30 June 2017</u>	<u>30 June 2016</u>
		SR	SR
OPERATING ACTIVITIES			
Net income for the period		55,789,550	34,587,251
<i>Adjustments for:</i>			
Surplus transferred from insurance operations		(51,311,253)	(34,422,516)
Realised loss (gain) from available for sale investments		1,104,058	(818,508)
Share of (profit) loss of an associate		(778,906)	348,781
Net surplus (deficit) before changes in operating assets and liabilities		<u>4,803,449</u>	<u>(304,992)</u>
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(777,509)	(745,222)
Accrued expenses and other liabilities		145,673	(284,414)
Cash generated from (used in) operations		<u>4,171,613</u>	<u>(1,334,628)</u>
Zakat paid		(5,125,939)	(2,378,604)
Net cash used in operating activities		<u>(954,326)</u>	<u>(3,713,232)</u>
INVESTING ACTIVITIES			
Time deposits		(38,131,550)	(457,500)
Purchase of available for sale investments	8(ii)(b)	(31,152,826)	(19,125,261)
Proceeds from available for sale investments	8(ii)(b)	30,761,138	17,802,732
Purchase of held to maturity investments		-	(5,000,000)
Net cash used in investing activities		<u>(38,523,238)</u>	<u>(6,780,029)</u>
FINANCING ACTIVITIES			
Dividends paid		(12,500,000)	-
Due from insurance operations		54,433,015	6,241,224
Net cash generated from financing activities		<u>41,933,015</u>	<u>6,241,224</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		2,455,451	(4,252,037)
Cash and cash equivalents at the beginning of the period		<u>103,520,629</u>	<u>61,634,436</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	<u><u>105,976,080</u></u>	<u><u>57,382,399</u></u>
<i>Non-cash transactions:</i>			
Transfer of surplus from insurance operations		(51,311,253)	(34,422,516)
Net change in fair values of available for sale investments		<u>1,796,517</u>	<u>877,059</u>



The accompanying notes 1 to 19 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 2017

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

2 SURPLUS 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 six month period ended 30 June 2017 amounting to SR 57.0 million (30 June 2016: SR 38.2 million). Accordingly, 90% of the net surplus amounting to SR 51.3 million (30 June 2016: SR 34.4 million) has been transferred to the shareholders' operations.

3 BASIS OF MEASUREMENT

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 and six months period ended 30 June 2017 (the "period") are prepared in accordance International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for Zakat and Income Tax.

The accompanying interim condensed financial statements 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 2016.

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.

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(UNAUDITED) (continued)

30 June 2017

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 2016 except for the following:

• *Zakat*

On 14 Rajab 1438 (corresponding to 11 April 2017), SAMA has issued a new circular (number 381000074519) regarding the accounting policy of Zakat and income tax in which it is mentioned that they should be charged directly to the retained earnings of all insurance companies irrespective of their ownership structure for the current and comparative periods and this will be effective starting 1 January 2017.

Therefore, the Company has adopted the above new accounting policy in the preparation of these interim condensed financial statements and has restated the comparative financial statements accordingly (*Note 16*).

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.

IFRS 17 Insurance Contracts

The IASB issued IFRS 17 in May 2017. IFRS 17 will be mandatorily effective for annual reporting periods beginning on or after 1 January 2021. Once effective, IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally.

5 CASH AND CASH EQUIVALENTS

	<i>30 June 2017 (Unaudited)</i>		<i>31 December 2016 (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	198,853,984	44,550,088	184,661,982	25,014,413
Short term deposits	-	61,425,992	25,228,750	78,506,216
Cash and cash equivalents	<u>198,853,984</u>	<u>105,976,080</u>	<u>209,890,732</u>	<u>103,520,629</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 1.15% per annum (31 December 2016: 2.60%).

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

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(UNAUDITED) (continued)

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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 2.59% per annum (31 December 2016: 3.02%).

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>30 June 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Premiums receivable	64,208,958	50,285,767
Less: Allowance for doubtful debts	<u>(18,824,431)</u>	<u>(17,100,342)</u>
	<u>45,384,527</u>	<u>33,185,425</u>
Reinsurance balances receivable	5,541,953	5,791,782
Less: Allowance for doubtful debts	<u>(677,408)</u>	<u>(761,611)</u>
	<u>4,864,545</u>	<u>5,030,171</u>
Total premiums and reinsurance balances receivable, net	<u><u>50,249,072</u></u>	<u><u>38,215,596</u></u>

The movement in allowance for doubtful policyholders' and reinsurance balances for the period / year is set out below:

<i>30 June 2017 (Unaudited)</i>	<i>Policyholders SR</i>	<i>Reinsurers SR</i>	<i>Total SR</i>
Beginning balance	17,100,342	761,611	17,861,953
Charge (reversal) for the period	1,724,089	(84,203)	1,639,886
Closing balance	<u>18,824,431</u>	<u>677,408</u>	<u>19,501,839</u>
	<u>Policyholders SR</u>	<u>Reinsurers SR</u>	<u>Total SR</u>
Beginning balance	10,268,615	1,025,040	11,293,655
Charge (reversal) for the year	6,831,727	(249,949)	6,581,778
Written-off	-	(13,480)	(13,480)
Closing balance	<u>17,100,342</u>	<u>761,611</u>	<u>17,861,953</u>

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(UNAUDITED) (continued)

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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>30 June 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Local "DPM" equity securities	Quoted	21,249,016	21,382,559
Units in local investment funds	NAV*	10,974,524	11,310,255
Units in local real estate fund	NAV*	7,778,900	10,000,000
		<u>40,002,440</u>	<u>42,692,814</u>

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

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

	<i>30 June 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
At the beginning of the period / year	42,692,814	45,180,145
Purchased during the period / year	19,922,320	37,918,858
Sold during the period / year	(19,695,833)	(37,405,527)
	<u>42,919,301</u>	<u>45,693,476</u>
Changes in fair value, net	(2,916,861)	(3,000,662)
At the end of the period / year	<u>40,002,440</u>	<u>42,692,814</u>

The change in fair value of available for sale investments of insurance operations amounting to SR (7,173,779) (31 December 2016: SR (2,310,638)) is presented within 'insurance operations surplus' in the interim statement of financial position and the current period change in fair value amounting has been reported in the interim statement of insurance comprehensive operations under 'other comprehensive income (loss) to be reclassified subsequently to the income statement'.

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(UNAUDITED) (continued)

30 June 2017

8 INVESTMENTS (continued)

(ii) Shareholders' operations

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

	<i>Source of fair value</i>	<i>30 June 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
GCC bonds and sukuk	Quoted	50,353,733	39,323,518
Units in local investment funds	NAV*	-	18,980,090
Units in local real estate funds	NAV*	40,346,176	31,312,154
Unquoted local equity investment	Unquoted	1,923,078	1,923,078
		<u>92,622,987</u>	<u>91,538,840</u>

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

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

	<i>30 June 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
At the beginning of the period / year	91,538,840	63,101,149
Purchased during the period / year	31,152,826	49,900,195
Sold during the period / year	(30,761,138)	(21,547,769)
	<u>91,930,528</u>	<u>91,453,575</u>
Changes in fair value, net	692,459	85,265
At the end of the period / year	<u>92,622,987</u>	<u>91,538,840</u>

The cumulative change in fair values of available for sale investments of shareholders' operations amounting to SR 1,669,656 (31 December 2016: (126,861)) is presented within shareholders' equity in the interim statement of financial position.

(ii) Shareholders' operations (Held to maturity)

(c) Held to Maturity ("HTM") investments amounting to SR 10,000,000 (31 December 2016: SR 10,000,000) are comprised of quoted Sukuk issued by listed companies registered in the Kingdom of Saudi Arabia. The rate of return on the Sukuk are calculated based on 6-month Saudi Arabian Inter-Bank Offered Rate ("SIBOR") plus a specified margin basis points per annum for each Sukuk and paid semi-annually. The fair value of the HTM investment as at 30 June 2017 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 is not listed on any public exchange. The associate received its operating license from Saudi Arabian Monetary Agency ("SAMA") on 21 March 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. This investment has increased by SR 778,906 which represents the Company's share of Gulf Warranties audited results for the year ended 31 December 2016.

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(UNAUDITED) (continued)

30 June 2017

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>
<u>30 June 2017 (Unaudited)</u>				
Bonds and sukuku	50,353,733	-	-	50,353,733
Investment and real estate funds	10,974,524	48,125,076	-	59,099,600
Equities	21,249,016	-	1,923,078	23,172,094
	<u>82,577,273</u>	<u>48,125,076</u>	<u>1,923,078</u>	<u>132,625,427</u>
<u>31 December 2016 (Audited)</u>				
Bonds and sukuku	39,323,518	-	-	39,323,518
Investment and real estate funds	30,290,345	41,312,154	-	71,602,499
Equities	21,382,559	-	1,923,078	23,305,637
	<u>90,996,422</u>	<u>41,312,154</u>	<u>1,923,078</u>	<u>134,231,654</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 six month period ended 30 June 2017, 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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(UNAUDITED) (continued)

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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 amounting to SR 527,829 (31 December 2016: SR 399,070) has been presented in the interim statement of financial position.

11 STATUTORY RESERVE

In accordance with the Company's By-laws and in compliance with Article 70 (2) of the Insurance Implementing Regulations of SAMA, the Company allocates 20% of net shareholders' income each year to the statutory reserve until this reserve equals to 100% of the paid capital. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

12 ZAKAT

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

	<i>30 June 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
At the beginning of the period / year	20,492,110	14,691,356
Provided for the period / year	5,459,086	8,179,358
Payments during the period / year	(5,125,939)	(2,378,604)
At the end of the period / year	20,825,257	20,492,110

The shareholding ownership percentage of the Company which is subject to Zakat is 100%.

Status of assessments

The Company has filed its zakat returns for all the years ended up to 31 December 2016.

On review of the zakat return by the General Authority of Zakat and Tax ("GAZT") for the long period ended 31 December 2010, a demand of SR 2,256,659 was raised by the GAZT. The Company paid this demand and filed an appeal with GAZT. During 2014, GAZT 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 GAZT.

On review of the zakat return by the GAZT for the year 2011, a demand of SR 2,378,604 has been raised by the GAZT. The Company paid this demand and filed an appeal with GAZT. The final assessments have not yet been carried out by the GAZT.

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) The following are the details of major related party transactions during the year 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>30 June 2017 (Unaudited) SR</i>	<i>30 June 2016 (Unaudited) SR</i>	<i>30 June 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Shareholders	Gross written premiums	6,864,165	9,645,367	13,285,334	9,716,767
	Reinsurance premium ceded	(1,370,310)	(889,608)	(757,213)	(222,805)
	Gross claims incurred	(3,732,990)	(3,584,942)	-	-
Board of Directors and committees' members	Remuneration fees, allowances and other expense	(766,000)	(722,000)	(2,799,178)	(2,918,350)
	Gross written premiums	13,150,313	13,446,950	9,989,021	3,114,451
	Insurance brokerage contracts	(1,772,461)	(2,769,572)	(2,241,673)	(1,740,780)
Associate	General and administrative expenses paid on behalf of the associate	-	774,982	844,638	851,788

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 senior management. The summary of compensation of key management personnel for the period is as follows:

	<i>For the six month period ended 30 June</i>	
	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>
Short-term benefits	1,703,158	1,561,600
End of service benefits	262,292	302,809
	<u>1,965,450</u>	<u>1,864,409</u>

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14 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 expenses or income.

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 30 June 2017 (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	62,436,733	73,048,203	3,641,157	1,994,289	3,232,022	144,352,404
Reinsurance premiums ceded	-	-	(3,204,629)	(1,199,021)	(1,209,869)	(5,613,519)
Excess of loss premiums	(4,011,531)	(979,504)	(171,804)	(223,161)	(256,312)	(5,642,312)
Net premiums written	58,425,202	72,068,699	264,724	572,107	1,765,841	133,096,573
Movement in unearned premiums, net	10,545,879	(26,906,061)	232,618	349,686	38,876	(15,739,002)
Net premiums earned	68,971,081	45,162,638	497,342	921,793	1,804,717	117,357,571
Reinsurance commission income	-	-	532,974	639,747	389,678	1,562,399
Policy fees and other underwriting income	4,375,891	-	5,475	44,610	18,060	4,444,036
Total revenues	73,346,972	45,162,638	1,035,791	1,606,150	2,212,455	123,364,006
Net claims paid	(43,357,106)	(15,815,799)	(108,744)	(373,988)	(14,597)	(59,670,234)
Movement in outstanding claims, net	(548,874)	(376,917)	(292,588)	16,297	(1,410,802)	(2,612,884)
Net claims incurred	(43,905,980)	(16,192,716)	(401,332)	(357,691)	(1,425,399)	(62,283,118)
Policy acquisition costs	(5,785,096)	(5,099,156)	(248,468)	(243,044)	(323,770)	(11,699,534)
Inspection and supervision fees	(309,276)	(1,095,723)	(11,637)	(9,154)	(15,082)	(1,440,872)
Other underwriting expenses	(310,423)	(2,726,051)	-	-	(294)	(3,036,768)
Total underwriting costs	(50,310,775)	(25,113,646)	(661,437)	(609,889)	(1,764,545)	(78,460,292)
Net underwriting surplus	23,036,197	20,048,992	374,354	996,261	447,910	44,903,714
Unallocated expenses						(20,515,275)
Unallocated income						3,081,217
Surplus from insurance operations						27,469,656

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14 SEGMENT INFORMATION (continued)

Operating segments

<i>For the three month period ended 30 June 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	49,681,201	36,669,124	5,086,209	2,199,337	7,250,555	100,886,426
Reinsurance premiums ceded	(13,797)	-	(4,461,741)	(1,326,858)	(5,472,327)	(11,274,723)
Excess of loss premiums	(1,328,281)	(407,795)	(256,786)	(414,863)	(197,627)	(2,605,352)
Net premiums written	48,339,123	36,261,329	367,682	457,616	1,580,601	87,006,351
Movement in unearned premiums, net	12,308,529	976,015	390,754	284,792	9,146	13,969,236
Net premiums earned	60,647,652	37,237,344	758,436	742,408	1,589,747	100,975,587
Reinsurance commission income	26,911	-	818,332	652,292	478,171	1,975,706
Policy fees and other underwriting income	2,709,248	-	6,630	58,320	16,035	2,790,233
Total revenues	63,383,811	37,237,344	1,583,398	1,453,020	2,083,953	105,741,526
Net claims paid	(41,230,849)	(7,784,722)	(11,552)	(456,627)	(176,189)	(49,659,939)
Movement in outstanding claims, net	752,911	(2,346,648)	(1,380,782)	482,989	(277,020)	(2,768,550)
Movement in other reserves	(2,141,667)	(545,794)	(980,866)	-	(11,137)	(3,679,464)
Net claims incurred	(42,619,605)	(10,677,164)	(2,373,200)	26,362	(464,346)	(56,107,953)
Policy acquisition costs	(4,863,253)	(3,644,317)	(479,527)	(246,956)	(342,856)	(9,576,909)
Inspection and supervision fees	(247,339)	(550,040)	(11,264)	(10,147)	(35,674)	(854,464)
Other underwriting expenses	(171,176)	(2,077,926)	-	-	-	(2,249,102)
Total underwriting costs	(47,901,373)	(16,949,447)	(2,863,991)	(230,741)	(842,876)	(68,788,428)
Net underwriting surplus (deficit)	15,482,438	20,287,897	(1,280,593)	1,222,279	1,241,077	36,953,098
Unallocated expenses						(14,304,059)
Unallocated income						2,419,796
Surplus from insurance operations						25,068,835

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14 SEGMENT INFORMATION (continued)

Operating segments

<i>For the six month period ended 30 June 2017 (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	180,933,809	116,905,949	7,068,477	4,813,285	11,548,908	321,270,428
Reinsurance premiums ceded	-	-	(5,185,789)	(2,877,320)	(6,410,246)	(14,473,355)
Excess of loss premiums	(4,800,437)	(1,182,004)	(343,608)	(446,322)	(512,623)	(7,284,994)
Net premiums written	176,133,372	115,723,945	1,539,080	1,489,643	4,626,039	299,512,079
Movement in unearned premiums, net	(41,055,079)	(34,348,978)	(542,809)	(135,351)	(1,160,107)	(77,242,324)
Net premiums earned	135,078,293	81,374,967	996,271	1,354,292	3,465,932	222,269,755
Reinsurance commission income	-	-	1,065,459	1,108,850	1,393,272	3,567,581
Policy fees and other underwriting income	10,333,207	-	22,550	98,210	43,375	10,497,342
Total revenues	145,411,500	81,374,967	2,084,280	2,561,352	4,902,579	236,334,678
Net claims paid	(82,850,681)	(23,967,680)	(225,899)	(554,299)	(364,910)	(107,963,469)
Movement in outstanding claims, net	(7,014,987)	(8,220,562)	(1,556,277)	(683,478)	(1,254,221)	(18,729,525)
Net claims incurred	(89,865,668)	(32,188,242)	(1,782,176)	(1,237,777)	(1,619,131)	(126,692,994)
Policy acquisition costs	(11,035,824)	(8,778,510)	(531,801)	(365,708)	(632,030)	(21,343,873)
Inspection and supervision fees	(901,189)	(1,753,589)	(27,415)	(22,101)	(54,808)	(2,759,102)
Other underwriting expenses	(603,278)	(4,732,096)	(4,000)	-	(364)	(5,339,738)
Total underwriting costs	(102,405,959)	(47,452,437)	(2,345,392)	(1,625,586)	(2,306,333)	(156,135,707)
Net underwriting surplus (deficit)	43,005,541	33,922,530	(261,112)	935,766	2,596,246	80,198,971
Unallocated expenses						(30,256,204)
Unallocated income						7,069,736
Surplus from insurance operations						57,012,503

BURUJ COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2017

14 SEGMENT INFORMATION (continued)

Operating segments

<i>For the six month period ended 30 June 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	114,312,098	84,024,413	9,536,732	5,108,492	14,168,583	227,150,318
Reinsurance premiums ceded	(74,765)	-	(7,418,515)	(3,083,579)	(8,613,563)	(19,190,422)
Excess of loss premiums	(2,243,731)	(634,909)	(524,646)	(829,725)	(395,253)	(4,628,264)
Net premiums written	111,993,602	83,389,504	1,593,571	1,195,188	5,159,767	203,331,632
Movement in unearned premiums, net	15,154,262	(16,584,150)	(173,949)	130,459	(2,289,973)	(3,763,351)
Net premiums earned	127,147,864	66,805,354	1,419,622	1,325,647	2,869,794	199,568,281
Reinsurance commission income	54,303	-	1,748,220	1,049,424	1,056,107	3,908,054
Policy fees and other underwriting income	5,026,633	-	22,330	125,530	33,835	5,208,328
Total revenues	132,228,800	66,805,354	3,190,172	2,500,601	3,959,736	208,684,663
Net claims paid	(83,912,908)	(11,794,400)	(58,825)	(561,266)	(231,132)	(96,558,531)
Movement in outstanding claims, net	(12,369,679)	(4,842,750)	(1,947,317)	79,188	(1,174,994)	(20,255,552)
Movement in premium other reserves	(2,141,667)	(545,794)	(980,866)	-	(11,137)	(3,679,464)
Net claims incurred	(98,424,254)	(17,182,944)	(2,987,008)	(482,078)	(1,417,263)	(120,493,547)
Policy acquisition costs	(9,922,642)	(6,536,906)	(1,043,045)	(459,242)	(713,915)	(18,675,750)
Inspection and supervision fees	(569,525)	(1,260,369)	(25,879)	(23,072)	(66,088)	(1,944,933)
Other underwriting expenses	(314,338)	(3,768,960)	(19,000)	-	-	(4,102,298)
Total underwriting costs	(109,230,759)	(28,749,179)	(4,074,932)	(964,392)	(2,197,266)	(145,216,528)
Net underwriting surplus (deficit)	22,998,041	38,056,175	(884,760)	1,536,209	1,762,470	63,468,135
Unallocated expenses						(26,310,230)
Unallocated income						1,089,335
Surplus from insurance operations						38,247,240

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(UNAUDITED) (continued)
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14 SEGMENT INFORMATION (continued)

Operating segments

As at 30 June 2017 (Unaudited)

	<i>Motor</i> <i>SR</i>	<i>Medical</i> <i>SR</i>	<i>Property</i> <i>SR</i>	<i>Marine</i> <i>SR</i>	<i>Others</i> <i>SR</i>	<i>Total</i> <i>SR</i>
ASSETS						
Reinsurers' share of unearned premiums	-	-	3,957,252	1,191,304	7,402,257	12,550,813
Reinsurers' share of outstanding claims	27,446,565	8,260,079	48,015,407	14,656,781	17,768,768	116,147,600
Deferred policy acquisition costs	11,072,608	9,982,615	547,491	143,173	1,300,985	23,046,872
SEGMENT ASSETS	38,519,173	18,242,694	52,520,150	15,991,258	26,472,010	151,745,285
Unallocated assets						616,771,086
TOTAL ASSETS						768,516,371
LIABILITIES						
Gross unearned premiums	155,754,321	102,081,903	5,353,223	1,982,314	15,611,475	280,783,236
Gross outstanding claims	164,736,284	42,812,556	53,554,548	20,588,594	24,566,378	306,258,360
Unearned reinsurance commission	-	-	811,298	455,076	545,885	1,812,259
Other reserves	4,617,839	117,311	3,775,613	-	220,662	8,731,425
SEGMENT LIABILITIES	325,108,444	145,011,770	63,494,682	23,025,984	40,944,400	597,585,280
Unallocated liabilities						170,931,091
TOTAL LIABILITIES						768,516,371

Operating segments

As at 31 December 2016 (Audited)

	<i>Motor</i> <i>SR</i>	<i>Medical</i> <i>SR</i>	<i>Property</i> <i>SR</i>	<i>Marine</i> <i>SR</i>	<i>Others</i> <i>SR</i>	<i>Total</i> <i>SR</i>
ASSETS						
Reinsurers' share of unearned premiums	-	-	4,468,829	887,499	7,654,930	13,011,258
Reinsurers' share of outstanding claims	14,460,770	1,538,613	59,598,285	8,741,312	16,255,561	100,594,541
Deferred policy acquisition costs	8,080,291	6,610,015	374,001	121,509	927,218	16,113,034
SEGMENT ASSETS	22,541,061	8,148,628	64,441,115	9,750,320	24,837,709	129,718,833
Unallocated assets						517,449,736
TOTAL ASSETS						647,168,569
LIABILITIES						
Gross unearned premiums	114,699,242	67,732,925	5,321,991	1,543,158	14,704,041	204,001,357
Gross outstanding claims	144,735,502	27,870,528	63,581,149	13,989,647	21,798,950	271,975,776
Unearned reinsurance commission	-	-	813,904	341,274	598,503	1,753,681
Other reserves	4,617,839	117,311	3,775,613	-	220,662	8,731,425
SEGMENT LIABILITIES	264,052,583	95,720,764	73,492,657	15,874,079	37,322,156	486,462,239
Unallocated liabilities						160,706,330
TOTAL LIABILITIES						647,168,569

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15 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period have been calculated by dividing the net income for the period by the number of issued and outstanding shares at the period end of 25 million shares.

16 PRIOR PERIOD RESTATEMENT

Further to the new SAMA's circular (number 381000074519) regarding the accounting policy of Zakat and income tax (Note 4), below is the restatement impact on the comparative financial statements:

Financial Position – shareholders' equity as at 31 December 2016 and statement of shareholders' comprehensive operations for the year ended 31 December 2016

	<u>Before Adjustment</u>	<u>Adjustment</u>	<u>After Adjustment</u>
Accumulated losses as at 1 January 2016	(17,597,642)	-	(17,597,642)
Income before Zakat for the year ended 31 December 2016	90,969,328	-	90,969,328
Zakat	(8,179,358)	8,179,358	-
Net Income for the year ended 31 December 2016	82,789,970	8,179,358	90,969,328
Statutory Reserve as at 31 December 2016	13,038,466	1,635,872*	14,674,338
Retained Earnings as at 31 December 2016	52,153,862	(1,635,872)*	50,517,990

*The above mentioned adjustment was carried out to the net income, statutory reserve and retained earnings for the year ended and as of 31 December 2016 as a result of the Zakat restatement from income statement to the statement of shareholders' equity following the new accounting policy of Zakat and Income Tax as disclosed in Note 4 whereby there was no effect on the total shareholders' equity as of 31 December 2016.

Interim Statement of Shareholders' Comprehensive Income – (for the period ended 30 June 2016)

	<u>Before Adjustment</u>	<u>Adjustment</u>	<u>After Adjustment</u>
Net Income before Zakat for the period ended 30 June 2016	34,587,251	-	34,587,251
Zakat for the period ended 30 June 2016	(3,838,301)	3,838,301*	-
Net Income for the period ended 30 June 2016	30,748,950	3,838,301*	34,587,251
Total Comprehensive Income for the period ended 30 June 2016	31,626,009	3,838,301*	35,464,310
Basic and Diluted Earnings per Share for the period	1.23	0.15	1.38

*The above mentioned adjustment was carried out to the net income/comprehensive income for the period ended 30 June 2016 as a result of the Zakat restatement from income statement to the statement of shareholders' equity following the new accounting policy of Zakat and Income Tax as disclosed in Note 4.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2017

17 DIVIDENDS DISTRIBUTION

On 6 April 2017, the Company's board of directors has recommended a dividend distribution with regards to the year ended 31 December 2016 amounting to SR 12.5 million for a total number of entitled shares of 25 million each of which is entitled to SR 0.5 which represents 5% of the par value thereof.

The above proposed dividend was approved by the Company's general assembly extraordinary meeting that was held on 22 May 2017 and the dividend was paid on 6 June 2017.

18 COMPARATIVE FIGURES

Other than the restatement being disclosed in note 16, certain figures for the prior period have been reclassified to conform to the presentation made in the current period; however there is no impact of such reclassifications to the overall presentation of the interim condensed financial statements.

19 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 7 Dhul Qa'dah 1438H, (corresponding to 30 July 2017).