

BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY) FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2014

INDEX	PAGE
Independent auditors' report	1
Statement of financial position	2 - 3
Statement of insurance comprehensive operations	4 - 5
Statement of shareholders' comprehensive operations	6
Statement of changes in shareholders' equity	7
Statement of insurance operations' cash flows	8 - 9
Statement of shareholders' cash flows	10
Notes to the financial statements	11 - 42





INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

SCOPE OF AUDIT:

We have audited the accompanying statement of financial position of Buruj Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 December 2014, the related statements of insurance and shareholders' comprehensive operations, changes in shareholders' equity, insurance operations' and shareholders' cash flows for the year then ended and the related notes which form an integral part of these financial statements. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the International Financial Reporting Standards, the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

UNQUALIFIED OPINION:

In our opinion, the financial statements taken as a whole:

- present fairly, in all material respects, the financial position of the Company as at 31 December 2014 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards; and
- comply with the requirements of the Regulation for Companies and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

EMPHASIS OF A MATTER:

We draw attention to the fact that these financial statements are prepared in accordance with International Financial Reporting Standards and not in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants.

Ernst & Young

P O Box 2732

Riyadh 11461

Kingdom of Saudi Arabia

Rashid S. Al Rashoud

Certified Public Accountant

License No. 366

21 Rabi Al Thani 1436H (10 February 2015) PKF Al-Bassam & Al-Nemer Allied Accountants

P O Box 28355

Riyadh 11437

Kingdom of Saudi Arabia

Abdul Mohsen M. Al-Nemer Certified Public Accountant License No. 399

ن التحالف و الت



STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 SR	2013 SR
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	6	192,137,163	121,530,428
Premiums and reinsurance balances receivable, net	8(a)	38,905,474	27,750,263
Due from shareholders' operations	o(a)	-	3,288,847
Available for sale investments	12(i)(a)	29,946,280	5,200,047
Reinsurers' share of outstanding claims	12(1)(a) 10(a)	45,789,566	38,766,004
Prepayments and other assets	7	8,081,955	10,271,255
Deferred policy acquisition costs	9(a)	14,236,385	10,531,345
Reinsurers' share of unearned premiums	9(b)	15,449,620	28,037,312
Held to maturity investment	12(i)(c)	8,000,000	8,000,000
Property and equipment, net	11	3,158,856	3,299,017
TOTAL INSURANCE OPERATIONS' ASSETS		355,705,299	251,474,471
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	6	19,293,257	13,523,880
Available for sale investments	12(ii)(a)	52,908,862	56,381,037
Due from insurance operations		15,543,197	-
Prepayments and other assets	7	1,493,164	261,032
Statutory deposit		13,243,810	13,157,101
TOTAL SHAREHOLDERS' ASSETS		102,482,290	83,323,050
TOTAL ASSETS		458,187,589	334,797,521





STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2014

	Note	2014 SR	2013 SR
INSURANCE OPERATIONS' LIABILITIES & SURPLU	JS		
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims	10(a)	123,499,116	84,727,336
Reinsurance and insurance balances payable	14	19,765,059	21,968,981 8,545,707
Accrued expenses and other liabilities Employees' end of service benefits	16 17	11,101,617 2,914,841	2,061,031
Due to shareholders' operations	17	15,543,197	2,001,051
Unearned reinsurance commission	9(c)	3,656,749	3,805,866
Gross unearned premiums	9(b)	163,402,878	124,830,264
Premium deficiency and other reserves	3(0)	13,835,299	4,802,146
TOTAL INSURANCE OPERATIONS' LIABILITIES		353,718,756	250,741,331
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus	10000	2,984,395	733,140
Changes in fair values of available for sale investments	12(i)(b)	(997,852)	<u>-</u>
TOTAL INSURANCE OPERATIONS' LIABILITIES & SURPLUS		255 505 200	251 474 471
SURPLUS		355,705,299	251,474,471
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Zakat payable	19	9,733,588	7,364,263
Accrued expenses and other liabilities	16	2,758,611	2,152,540
Due to a related party	15	-	36,244
Due to insurance operations		-	3,288,847
TOTAL SHAREHOLDERS' LIABILITIES		12,492,199	12,841,894
SHAREHOLDERS' EQUITY			
Share capital	18	130,000,000	130,000,000
Accumulated losses		(41,063,537)	(58,728,974)
Change in fair values of available for sale investments	12(ii)(b)	1,053,628	(789,870)
TOTAL SHAREHOLDERS' EQUITY		89,990,091	70,481,156
TOTAL SHAREHOLDERS' LIABILITIES AND EQUIT	Y	102,482,290	83,323,050
TOTAL LIABILITIES AND EQUITY		458,187,589	334,797,521

Jun June

STATEMENT OF INSURANCE COMPREHENSIVE OPERATIONS

For the year ended 31 December 2014

 \Box

 \square

	Note	2014 SR	2013 SR
Gross written premiums Reinsurance premiums ceded Excess of loss premiums	9 (b) 9 (b) 9 (b)	379,301,196 (47,680,595) (6,557,198)	279,283,805 (75,499,465) (5,046,810)
NET PREMIUMS WRITTEN		325,063,403	198,737,530
Movement in unearned premiums, net	9 (b)	(51,160,306)	(26,477,299)
NET PREMIUMS EARNED	9 (b)	273,903,097	172,260,231
Reinsurance commission income Policy fees	9 (c)	13,656,496 9,617,700	14,145,154 6,513,376
TOTAL REVENUES		297,177,293	192,918,761
Gross claims paid Reinsurance share of claims paid	10 (a) 10 (a)	(174,196,827) 17,043,409	(130,216,178) 22,162,976
NET CLAIMS PAID		(157,153,418)	(108,053,202)
Movement in outstanding claims, net Movement in premium deficiency and other reserves	10 (a) 10 (a)	(31,748,218) (9,033,153)	(8,291,726) (2,149,987)
NET CLAIMS INCURRED		(197,934,789)	(118,494,915)
Policy acquisition costs Inspection and supervision fees Third party administrator fees Other underwriting expenses	9 (a)	(31,456,161) (2,839,046) (5,263,821) (1,398,239)	(22,854,674) (2,251,094) (4,161,975) (1,134,605)
TOTAL UNDERWRITING COSTS		(238,892,056)	(148,897,263)
NET UNDERWRITING SURPLUS		58,285,237	44,021,498
General and administrative expenses Allowance for doubtful debts Special commission income from time deposits Special commission income from investments Dividend income Realized gain (loss) from available for sale investments Gain on disposal of property and equipment	20 8(c) 6	(40,913,233) (1,090,543) 1,595,291 217,230 278,538 4,122,231 17,801	(37,809,687) (49,592) 700,508 567,264 - (98,740) 149
SURPLUS FROM INSURANCE OPERATIONS		22,512,552	7,331,400
Surplus transferred to shareholders' operations		(20,261,297)	(6,598,260)
NET RESULT FOR THE YEAR		2,251,255	733,140
Accumulated surplus at beginning of the year		733,140	<u>-</u>
ACCUMLATED SURPLUS AT END OF THE YEAR	~	2,984,395	733,140
In Man	<i></i>	ارسو	
The accompanying notes 1 to 25 form part of these financial st	atements.		

C3				
	BURUJ COOPERATIVE INSURANCE COM	AD A NIV		
	(A SAUDI JOINT STOCK COMPANY)	VII WIN I		
	STATEMENT OF INSURANCE COMPREHEN	SIVE OPI	ERATIONS (con	tinued)
	For the year ended 31 December 2014			
		M -4-	2014	2013 SR
		_Note	SR	
	NET RESULT FOR THE YEAR		2,251,255	733,140
	OTHER COMPREHENSIVE INCOME (LOSS) TO BE			
	RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:			
	Realized (gain) loss from available for sale investments		(4.100.001)	00.740
	transferred to income Change in fair values of available for sale investments	12(i)(b)	(4,122,231) 3,124,379	98,740 (98,740)
	Net change in fair values of available for sale investments		(997,852)	-
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,253,403	733,140
				
			e,	
	en and	Xa		
\supset				
				•
]				
\Box				
3				
	·			
3		•		
_]				
]				

STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS For the year ended 31 December 2014

	Note	2014 SR	2013 SR
Surplus transferred from insurance operations	-	20,261,297	6,598,260
EXPENSES General and administrative	20	(2,124,771)	(2,190,890)
INCOME FROM OPERATIONS	•	18,136,526	4,407,370
Special commission income from time deposits Special commission income from available for sale investments Realized gain from available for sale investments	6	288,064 1,046,053 628,857	288,488 1,134,241 1,613,253
INCOME BEFORE ZAKAT	-	20,099,500	7,443,352
Zakat	19	(2,434,063)	(2,405,814)
NET INCOME FOR THE YEAR	•	17,665,437	5,037,538
OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED SUBSEQUENTLY TO INCOME:			
Realized gain from available for sale investments transferred to income Change in fair values of available for sale investments	12(ii)(b)	(628,857) 2,472,355	(1,613,253) (162,629)
Net change in fair values of available for sale investments	•	1,843,498	(1,775,882)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		19,508,935	3,261,656
BASIC AND DILUTED EARNINGS PER SHARE (AFTER ZAKAT) FOR THE YEAR	21	1.36	0.39

Sm

A POSE

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2014

	Share Capital SR	Accumulated losses SR	Change in fair value of available for sale investments SR	Total SR
2013 Balance as at 1 January 2013	130,000,000	(63,766,512)	986,012	67,219,500
Net income for the year	-	5,037,538	-	5,037,538
Other comprehensive loss for the year	-	-	(1,775,882)	(1,775,882)
Total comprehensive (loss) income for the year	-	5,037,538	(1,775,882)	3,261,656
Balance as at 31 December 2013	130,000,000	(58,728,974)	(789,870)	70,481,156
2014 Balance as at 1 January 2014	130,000,000	(58,728,974)	(789,870)	70,481,156
Net income for the year	-	17,665,437	-	17,665,437
Other comprehensive income for the year	-	-	1,843,498	1,843,498
Total comprehensive income for the year	-	17,665,437	1,843,498	19,508,935
Balance as at 31 December 2014	130,000,000	(41,063,537)	1,053,628	89,990,091

Sur

1)

STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

For the year ended 31 December 2014

	Note	2014 SR	2013 SR
OPERATING ACTIVITIES Net result for the year		2,251,255	733,140
iver result for the year		2,231,233	733,140
Adjustments for:		20.271.207	C 500 200
Surplus transferred to shareholders' operations		20,261,297	6,598,260
Depreciation	11	1,358,588	2,063,002
Provision for employees' end of service benefits	17	996,153	750,837
Allowance for doubtful debts	8	1,044,863	49,592
Special commission income from time deposits		(1,595,291)	(700,508)
Special commission income from investments		(217,230)	(567,264)
Dividend income		(278,538)	
Realized (gain) loss from available for sale investments		(4,122,231)	98,740
Gain on disposal of property and equipment		(17,801)	(149)
Net surplus before changes in operating assets and liabilities		19,681,065	9,025,650
Changes in operating assets and liabilities:			
Premiums and reinsurance balances receivable		(12,200,074)	3,943,638
Reinsurers' share of outstanding claims		(7,023,562)	(10,976,086)
Prepayments and other assets		2,189,300	(5,338,714)
Deferred policy acquisition costs		(3,705,040)	(2,359,064)
Reinsurers' share of unearned premiums		12,587,692	(6,400,614)
Gross outstanding claims		38,771,780	19,267,812
Reinsurance and insurance balances payable		(2,203,922)	(2,340,432)
Accrued expenses and other liabilities		2,555,910	1,170,733
Unearned reinsurance commission		(149,117)	184,793
Gross unearned premiums		38,572,614	32,877,913
Premium deficiency and other reserves		9,033,153	2,149,987
Cash from operations		98,109,799	41,205,616
Employees' end of service benefits paid	17	(142,343)	(170,705)
Net cash from operating activities		97,967,456	41,034,911
INVESTING ACTIVITIES			
Purchase of available for sale investments	12(i)(b)	(53,263,093)	(2,398,868)
Proceeds from sale of available for sale investments	12(i)(b)	26,441,192	10,341,700
Purchase of held to maturity investments	12(i)(c)	-	(8,000,000)
Special commission income from time deposits		1,595,291	700,508
Special commission income from investments		217,230	567,264
Dividend income		278,538	-
Purchase of property and equipment	11	(1,220,726)	(903,339)
Proceeds from disposal of property and equipment		20,100	1,860
Net cash (used in) from investing activities		(25,931,468)	309,125
FINANCING ACTIVITY			
Due to shareholders' operations		(1,429,253)	(3,655,197)
Net cash used in financing activity		(1,429,253)	(3,655,197)
	5		continued on page
et !			
		ر سی	ブ し、

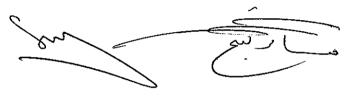
The accompanying notes 1 to 25 form part of these financial statements.

......continued on page 8

STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (continued)

For the year ended 31 December 2014

	Note	2014 SR	2013 SR
INCREASE IN CASH AND CASH EQUIVALENTS		70,606,735	37,688,839
Cash and cash equivalents at beginning of the year		121,530,428	83,841,589
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	192,137,163	121,530,428
Non-cash transactions: Transfer of surplus to shareholders' comprehensive operations		20,261,297	6,598,260
Net change in fair value of available for sale investments	12(i)(b)	(997,852)	<u> </u>





STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the year ended 31 December 2014

		Note	2014 SR	2013 SR
	OPERATING ACTIVITIES Income before zakat		20,099,500	7,443,352
	Adjustments for: Surplus transferred from insurance operations Special commission income from time deposits Special commission income from available for sale investments Realized gain from available for sale investments		(20,261,297) (288,064) (1,046,053) (628,857)	(6,598,260) (288,488) (1,134,241) (1,613,253)
	Net deficit before changes in operating assets and liabilities		(2,124,771)	(2,190,890)
)	Changes in operating assets and liabilities: Prepayments and other assets Statutory deposit Accrued expenses and other liabilities Due to a related party		(1,232,132) (86,709) 606,071 (36,244)	575,268 (46,393) 323,553 28,037
	Cash used in operations		(2,873,785)	(1,310,425)
	Zakat paid	19	(64,738)	(2,111,164)
	Net cash used in operating activities		(2,938,523)	(3,421,589)
	INVESTING ACTIVITIES Special commission income from time deposits Special commission income from available for sale investments Purchase of available for sale investments Proceeds from sale of available for sale investments	12(ii)(b) 12(ii)(b)	288,064 1,046,053 (5,460,792) 11,405,322	288,488 1,134,241 (48,877,553) 26,874,265
	Net cash from (used in) investing activities		7,278,647	(20,580,559)
١	FINANCING ACTIVITY Due from insurance operations		1,429,253	3,655,197
,	Net cash from financing activity		1,429,253	3,655,197
	INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		5,769,377	(20,346,951)
	Cash and cash equivalents at the beginning of the year		13,523,880	33,870,831
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	19,293,257	13,523,880
	Non-cash transactions: Transfer of surplus from insurance operations		(20,261,297)	(6,598,260)
	Net change in fair values of available for sale investments	12 (ii) (b)	1,843,498	(1,775,882)
		:		

fur mil

The accompanying notes 1 to 25 form part of these financial statements.

\Box .	BURUJ COOPERATIVE INSURANCE COMPANY
	(A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS
	31 December 2014
	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.
コ	The Company launched its insurance operations on 1 July 2010 after receipt of an authorization from SAMA to commence insurance operations as product approval and related formalities were completed.
	2 BASIS OF PREPARATION
コ コ	The accompanying financial statements have been prepared on the historical cost basis, except for the measurement at fair value of "available for sale investments".
	Statement of compliance The financial statements of the Company have been prepared by the management in accordance with International Financial Reporting Standards ("IFRS").
	As required by Saudi Arabian insurance regulations, the Company maintains separate books of accounts for
	Insurance and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is determined by the management and Board of Directors.
-	
	Functional and presentational currency The functional and presentation currency of the Company is Saudi Riyals.
	Transfer of deficit / surplus The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the
コ	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.
J	The insurance operations resulted in a surplus for the year ended 31 December 2014 amounting to SR 22.51 million
	(31 December 2013: SR 7.33 million). Accordingly, 90% of the net surplus amounting to SR 20.26 million (31 December 2013: SR 6.60 million) has been transferred to the shareholders' operations.
J	
]	
]	
J	

 \supset

b	
□,	BURUJ COOPERATIVE INSURANCE COMPANY
	(A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued)
	31 December 2014
	3A CHANGES IN ACCOUNTING POLICIES AND NEW STANDARDS AND AMENDMENTS ISSUED
	The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2014.
	The nature and the impact of each new standard and amendment is described below:
	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
	These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to
	certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Company, since none of the investments in the Company qualifies to be an investment entity under IFRS 10.
	Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Company, since the Company does not have any offsetting arrangements.
	IFRIC 21 Levies
	IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.
	Retrospective application is required for IFRIC 21. This interpretation has no impact on the Company as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent
	with the requirements of IFRIC 21 in prior years.
	Annual Improvements 2010-2012 Cycle In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included
	an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is
	immaterial. This amendment to IFRS 13 has no impact on the Company.
	3B STANDARDS AND INTERPRETATIONS 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 financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.
	IFRS 9 Financial Instruments
	In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all
	previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018,
	with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of
	initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the
	Company's financial liabilities.
	Annual improvements 2010-2012 Cycle These improvements are effective from 1 July 2014 and are not expected to have a material impact on the
	Company. They include:

\Box					
□.	BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)				
		S TO THE FINANCIAL STATEMENTS (continued)			
	31 Dec	ember 2014			
	3B	STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)			
		Operating Segments endments are applied retrospectively and clarifies that:			
	•	An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are			
	•	'similar' The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.			
	The ame	Property, Plant and Equipment and IAS 38 Intangible Assets endment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by the to observable data on either the gross or the net carrying amount. In addition, the accumulated tion or amortisation is the difference between the gross and carrying amounts of the asset.			
	The ame	Related Party Disclosures endment is applied retrospectively and clarifies that a management entity (an entity that provides key ment personnel services) is a related party subject to the related party disclosures. In addition, an entity that anagement entity is required to disclose the expenses incurred for management services.			
	These in	improvements 2011-2013 Cycle improvements are effective from 1 July 2014 and are not expected to have a material impact on the y. They include:			
∃ ∃	The ame	Fair Value Measurement endment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not inancial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as le).			
	The ame are gene consume	ments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation and IAS 16 and IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that the rated from operating a business (of which the asset is part) rather than the economic benefits that are additionally use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant pment and may only be used in very limited circumstances to amortise intangible assets.			
	adoption	endments are effective prospectively for annual periods beginning on or after 1 January 2016, with early permitted. These amendments are not expected to have any impact on the Company given that the y has not used a revenue-based method to depreciate its non-current assets.			
	4	SIGNIFICANT ACCOUNTING POLICIES			
	The sign	ificant accounting policies adopted are as follows:			
]]]]	The Con the insur specified significal contract lifetime,	classification in pany issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where er accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a l uncertain future event adversely affects the policyholder. As a general guideline, the Company defines int insurance risk as the possibility of having to pay benefits on the occurrence of an insured event. Once a has been classified as an insurance contract, it remains an insurance contract for the remainder of its even if the insurance risk reduces significantly during this period, unless all rights and obligations are shed or expired.			

	FES TO THE FINANCIAL STATEMENTS (continued) ecember 2014
4	SIGNIFICANT ACCOUNTING POLICIES
Prem terms	iums earned and commission income iums are taken into income and recorded in the statement of insurance comprehensive operations, over the of the policies to which they relate on a pro-rata basis. Unearned premiums represent the portion of premiums relating to the unexpired period of coverage.
	ned premiums and commission income, which relate to unexpired risks beyond the end of the financial period ported as unearned and deferred based on the following methods:
•	Last three months from the period in respect of marine cargo;
•	Actual number of days for other lines of business and Pre-defined calculation for Engineering class of business for risks undertaken that extend beyond a single year. In accordance with this calculation, lower premiums are earned in the first year which graduall increases towards the end of the tenure of the policy.
Intangintang Intang When amore Chang the as	gible assets acquired separately are measured on initial recognition at cost. Following initial recognition gible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses gible assets with finite lives are amortised over their useful economic life and assessed for impairment ever there is an indication that the intangible asset may be impaired. The amortisation period and the disation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end ges in the expected useful life or the expected pattern of consumption of future economic benefits embodied it set is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in thing estimates.
Premifair vimpai	iums and reinsurance balances receivable iums and reinsurance balances receivable are recognised when due and measured on initial recognition at the alue of the consideration received or receivable. The carrying value of premiums receivable is reviewed for rement and whenever events or circumstances indicate that the carrying amount may not be recoverable, the rement loss is recorded in the statement of insurance comprehensive operations. Premiums receivable are ognised when the derecognition criteria for financial assets have been met.
	difference between the provisions at the end of reporting period and settlements and provisions in the ving year is included in the statement of insurance operations.
salvag	es and other recoveries and are charged to the statement of insurance operations, in the period in which the curred.
	outstanding claims comprise the gross estimated cost of claims incurred but not settled at the reporting date reported or not. Provisions for reported claims not paid as at the reporting date are made on the basis of
wheth indivi exper The u	dual case estimates. In addition, a provision based on management's judgment and the Company's price is maintained for the cost of settling claims incurred but not reported ("IBNR") at the reporting data limitate liability may be in excess of or less than the amount provided. The Company also relies primarily of the Reserves as ultimately set out by the Company's actuary.

 \Box

□'

 \Box

_]

_]

BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2014
4 SIGNIFICANT ACCOUNTING POLICIES (continued)
Fair value measurement
The Company measures financial instruments, such as investments in available for sale or derivatives if any, and non-financial assets, at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 13. Fair value is the price that would be received to sell an asset or paid to
transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place
either:
 in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
■ 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
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as set out above. The Company's management determines the policies and procedures for both recurring fair value measurement, such as available for sale financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation, if any.
External valuers are involved for valuation of significant assets, such as available for sale financial assets if any, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by investment committee after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The investment committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case. At each reporting date, the investment committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the valuation committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

_]

¬՝	BURUJ COOPERATIVE INSURANCE COMPANY
	(A SAUDI JOINT STOCK COMPANY) NOTES TO THE EDIANCIAL STATEMENTS (continued)
	31 December 2014
	4 SIGNIFICANT ACCOUNTING POLICIES (continued)
	Fair value measurement (continued) The investment committee in conjunction with the Company's external valuers, also compares at each reporting
	date, changes in the fair value of each asset and liability with relevant external sources to determine whether the
	the valuation results to the audit committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.
	Liability adequacy test
	At each end of reporting period, a liability adequacy test is performed to ensure the adequacy of the insurance contract liabilities net of related deferred policy acquisition costs using current estimates of future cash flows under
]	insurance contracts. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses are used. Any deficiency is immediately charged to the statement of
	subsequently by establishing a provision for losses arising from liability adequacy tests, captioned as premium
	deficiency reserves.
	Unearned commission income Commission income on outwards reinsurance contracts are deferred and amortised over the terms of the insurance
	contracts to which they relate. Amortisation is recorded in the statement of insurance comprehensive operations.
	Statutory deposit
	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 is included under statutory deposit and accrued expenses and other liabilities.
	Reinsurance Reinsurance contracts are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on insurance contracts issued.
	The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers on settlement of claims and other receivables such as profit commissions, if any, and reinsurers' share of outstanding claims that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are recognised consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of each reinsurance contract.
	At each reporting date, the Company assesses whether there is any indication that a reinsurance asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.
	Where the carrying amount of a reinsurance asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Impairment, if any is recognised in the statement of insurance comprehensive operations.
]	Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.
	STO THE FINANCIAL STATEMENTS (continued) superior 2014 SIGNIFICANT ACCOUNTING POLICIES (continued) superior measurement (continued) superior measurement (continued) superior the fair value of each asset and liability with relevant external sources to determine whether the is reasonable. On an interim basis, the investment committee and the Company's external valuers present ation results to the audit committee and the Company's independent auditors. This includes a discussion of or assumptions used in the valuations. **Adequacy test** end of reporting period, a liability adequacy test is performed to ensure the adequacy of the insurance liabilities net of related deferred policy acquisition costs using current estimates of future cash flows under the comprehensive operations initially by writing off related deferred policy acquisition costs and ently by establishing a provision for losses arising from liability adequacy tests, captioned as premium expreserves. **End commission income** sion income on outwards reinsurance contracts are deferred and amortised over the terms of the insurance to which they relate, Amortisation is recorded in the statement of insurance comprehensive operations. **End commission income** sion income on outwards reinsurance contracts are deferred and amortised over the terms of the insurance to which they relate, Amortisation is recorded in the statement of insurance comprehensive operations. **End commission income** sion income on outwards reinsurance contracts are deferred and amortised over the terms of the insurance to which they relate, Amortisation is recorded in the statement of insurance comprehensive operations. **End commission income** sion income on outwards reinsurance contracts are deferred and amortised over the terms of the insurance of the insurance on the withing the properties of the company which is maintained with a bank designated of an accordance with The Cooperative Insurance Company which is maintained with a bank designated of the properties o

□'	BURUJ COOPERATIVE INSURANCE COMPANY			
	(A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued)			
	31 December 2014			
	4 SIGNIFICANT ACCOUNTING POLICIES (continued)			
	Fair value measurement (continued)			
	Deferred policy acquisition costs Commissions and other costs directly and indirectly related to the acquisition and renewal of insurance contracts are deferred and amortised over the terms of the insurance contracts to which they relate as premiums are earned. For			
	marine, such costs are deferred on the same basis as premiums are earned. Amortisation is recorded in the statement of insurance comprehensive operations.			
	Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in accounting estimate.			
	An impairment review is performed at each reporting date or more frequently when an indication of impairment			
	arises. When the recoverable amounts are less than the carrying value an impairment loss is recognised in the statement of insurance comprehensive operations. Deferred policy acquisition costs are also considered in the liability adequacy test for each reporting period.			
	Accounts payable and accruals Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.			
	Zakat			
	Zakat is provided for in accordance with Saudi Arabian fiscal regulations. Zakat is accrued and charged to the statement of shareholders' comprehensive operations.			
	Employees' end of service benefits The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the			
	employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.			
	Provisions Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.			
	Leases Operating lease payments are recognised as an expense on a straight-line basis over the lease term.			
	Cash and cash equivalents			
	Cash and cash equivalents comprise of cash in hand and at banks and time deposits with original maturities of less than three months from the date of the acquisition.			
	Special commission income Special commission income is recognised on an effective yield basis.			
\supset	Statutory reserve			
	In accordance with its by-laws, the Company allocates 20% of its net income of each year to the statutory reserve until it has built up a reserve equal to the share capital. In view of the accumulated losses, no such transfer has been made for the year ended 31 December 2014.			
	Foreign currencies			
	Transactions in foreign currencies are recorded at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the rates of exchange ruling at			
	the reporting date. All differences are taken to the statement of insurance or shareholders comprehensive operations.			
·-¬				

	TES TO THE FINANCIAL STATEMENTS (continued) December 2014
J1 2	
4	SIGNIFICANT ACCOUNTING POLICIES (continued)
	value measurement (continued)
Finan only net b states	enting incial assets and financial liabilities are offset and the net amount reported in the statement of financial positive when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle asis, or to realise the assets and settle the liabilities simultaneously. Income and expense are not offset in ment of insurance or shareholders' comprehensive operations unless required or permitted by an accountant or interpretation, as specifically disclosed in the accounting policies of the Company.
Trad	e date accounting
All rethat that trans	egular way purchases and sales of financial assets are recognised / derecognised on the trade date (i.e. the che Company commits to purchase or sell the assets). Regular way purchases or sales of financial assets actions that require settlement of assets within the time frame generally established by regulation or convente market place.
Impa	irment and uncollectibility of financial assets
asset	ssessment is made at each reporting date to determine whether there is objective evidence that a specific final or group of financial assets may be impaired. If such evidence exists, an impairment loss is recognised in nent of operations. Impairment is determined as follows:
a)	For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of operations;
b)	For assets carried at cost, impairment is the difference between carrying value and the present value of fu cash flows discounted at the current market rate of return for a similar financial asset;
c)	For assets carried at amortised cost, impairment is the difference between carrying amount and the prevalue of future cash flows discounted at the original effective interest rate.
Segn	nental reporting
reven by th mana	perating segment is a component of the Company that is engaged in business activities from which it e ues and incur expenses and about which discrete financial information is available that is evaluated regule chief operating decision maker in deciding how to allocate resources and in assessing performance, gement purposes, the Company is organised into business units based on products and services and has table operating segments as follows:
•	Motor insurance which provides coverage against losses and liability related to motor vehicles, exclutransport insurance.
•	Medical products which provide health care cover to policyholders.
•	Property which provides coverage against fire, and any other insurance included under this class insurance.
•	General Accident and liability which provides coverage against accidental death to individual and groupersons under Personal Accident Insurance and insures the interest of employers under Fidelity Guara
•	and affords cover for loss or damage under Money and certain public liability insurances. Engineering products which provide companies with solutions against unfortunate events with respect activities undertaken during construction projects.
•	Marine products which provide cover for unpredictable events during sea voyage and inland transit solutions against unfortunate events incidences during travel and transit.
reven	holders' Funds is a non-operating segment. Income earned from time deposits and investments is the que generating activity. Certain direct operating expenses and other overhead expenses are allocated to ent on an appropriate basis. The deficit or surplus from the insurance operations' is allocated to this segment performance is evaluated based on income or loss which, in certain respect

 \Box

 \Box

	BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)
	NOTES TO THE FINANCIAL STATEMENTS (continued)
	31 December 2014
	4 SIGNIFICANT ACCOUNTING POLICIES (continued)
	Segmental reporting (continued)
	Transfer pricing for intersegment transactions between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of financial statements of the
	Company. As the Company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by operating segment only.
	Investments
	All investments are initially recognised at their fair value, including acquisition charges associated with the investment, excluding those held at fair value through income statement. For investments that are traded in
	organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the reporting date without any deduction for transaction costs.
	Available for sale investments ("AFS") Available for sale investments include equity and debt securities. Equity investments classified as AFS are those
	which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, AFS
	financial investments are subsequently measured at fair value.
	Unrealised gains and losses are recognised directly in equity (through other comprehensive income) captioned under 'change in fair values of available for sale investments'. When the investment is disposed off, the cumulative gain or loss previously recognised in equity is recognised in the statement of shareholders' comprehensive
	operations. Where the Company holds more than one investment in the same security they are deemed to be disposed of on a 'first in first out' basis. Interest earned whilst holding AFS financial investments is reported as
	interest income using the effective interest rate. Dividends earned whilst holding AFS investments are recognised in the statement of shareholders' comprehensive income when the right of payment has been established. The losses
	arising from impairment of such investments are recognised in the statement of insurance or shareholders' comprehensive operations.
	Held to maturity investments ("HTM") Held to maturity investments are non-derivative financial assets which have fixed or determinable payments that the
	Company has the positive intention and ability to hold to maturity and are initially measured at amortised cost adjusted by the amount of amortisation of premium or accretion of discount using the effective interest method.
	Any permanent decline in value of HTM investments is recognised in the statement of insurance comprehensive operations. Investments classified as held to maturity cannot ordinarily be sold or reclassified without impacting the
	Company's ability to use this classification and cannot be designated as a hedged item with respect to special commission rate or prepayment risk, reflecting the longer-term nature of these investments.
	5 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS
	The preparation of financial statements requires the use of estimates and judgments that affect the reported amounts of
	assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates and judgments are
	based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.
	The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated based on historical experience and other
	factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of
	financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the foreseeable future are discussed below.
1	

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2014

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in estimating the liability that the Company will ultimately pay for such claims. The provision for claims incurred but not reported is an estimation of claims which are expected to be reported subsequent to the end of reporting period, for which the insured event has occurred prior to the end of reporting period. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis.

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

Impairment losses on receivables

The Company assesses receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. This assessment of impairment requires judgment. In making this judgment, the Company evaluates credit risk characteristics that consider past-due status being indicative of the ability to pay all amounts due as per contractual terms.

Deferred policy acquisition costs

Certain acquisition costs related to sale of new policies are recorded as deferred acquisition costs and are amortised over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment.

Fair value of financial instruments that are not quoted in an active market

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

6 CASH AND CASH EQUIVALENTS

	31 December 2014		31 Decem	iber 2013
	Insurance operations SR	Shareholders' operations SR	Insurance operations SR	Shareholders' operations SR
Cash in hand and at banks Short term deposits	179,909,663 12,227,500	19,293,257	113,655,218 7,875,210	13,523,880
Cash and cash equivalents	192,137,163	19,293,257	121,530,428	13,523,880

Short term 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 1.05% per annum (2013: 1.87%). The carrying amounts disclosed above reasonably approximate their fair values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2014

7 PREPAYMENTS AND OTHER ASSETS

	31 December 2014		31 December 2013	
- -	Insurance operations SR	Shareholders' operations SR	Insurance operations SR	Shareholders' operations SR
Prepaid third party administrator fees	2,433,562		2,471,658	-
Prepaid excess of loss premiums	1,824,420	•	1,918,167	-
Insurance syndicate receivable	1,817,028		1,178,668	-
Prepaid rent	872,176	-	721,658	-
Prepaid IT expenses	257,449	-	437,556	-
Advances paid on rights issue expenses	_	1,170,086	-	-
Accrued commission and others	81,078	323,078	2,849,423	261,032
Others	796,242	<u>-</u>	694,125	
	8,081,955	1,493,164	10,271,255	261,032

8 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET

(a) Premiums and reinsurance balances receivable are comprised of the following:

	31 December 2014 SR	31 December 2013 SR
Premiums receivable Less: Allowance for doubtful debts	46,178,206 (8,838,890)	34,217,620 (7,909,106)
	37,339,316	26,308,514
Reinsurance balances receivable Less: Allowance for doubtful debts	2,500,944 (934,786)	2,261,456 (819,707)
	1,566,158	1,441,749
Total premiums and reinsurance balances receivable, net	38,905,474	27,750,263

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2014

8 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET (continued)

(b) As at 31 December 2014 and 2013, the ageing of unimpaired balances is as follows:

		Past due but not			
2014	Total SR	Neither past due nor impaired SR	91 to 180 days SR	181 to 365 days SR	More than 365 days SR
Policyholders	37,339,316	18,403,426	9,921,453	8,895,019	119,418
Reinsurers	1,566,158	1,368,853	41,190	110,435	45,680
2013					
Policyholders	26,308,514	11,087,173	5,947,948	9,109,566	163,827
Reinsurers	1,441,749	1,129,863	36,551	2,180	273,155

The Company classifies policyholders' and reinsurers' balances as 'past due and impaired' on a case by case basis. An impairment adjustment, if any, is recorded in the statement of insurance comprehensive operations. It is not the practice of the Company to obtain collateral over premiums and reinsurance balances receivables and these are, therefore, unsecured.

The Company does not have an internal credit ratings assessment process. The amounts which are neither past due nor impaired in respect of policyholders balances are from individuals and corporates, which have not been subjected to a rating process by the Company.

Balances due from reinsurers are with counterparties who have investment grade credit ratings which is equivalent to AA+ to BBB under Standard and Poor's rating methodology.

(c) The movement in provision for doubtful policyholders' and reinsurance balances for the years ended 31 December 2014 and 2013 are set out below:

Policyholders	Reinsurers'	Total
SR	SR	SR
7,909,106	819,707	8,728,813
929,784	160,759	1,090,543
-	(45,680)	(45,680)
8,838,890	934,786	9,773,676
Policyholders	Reinsurers'	Total
SR	SR	SR
7,747,446	931,775	8,679,221
161,660	(112,068)	49,592
7,909,106	819,707	8,728,813
	7,909,106 929,784 - 8,838,890 - Policyholders SR 7,747,446 161,660	SR SR 7,909,106 819,707 929,784 160,759 - (45,680) 8,838,890 934,786 Policyholders Reinsurers' SR SR 7,747,446 931,775 161,660 (112,068)

BURUL COOPERATIVE INSURANCE COMPANY								
NOTES TO THE FINANCIAL STATEMENTS (continued) 31 December 2014						ΝΥ		
9						nued)		
UNEARNED REINSURANCE COMMISSION 2014 2013 5R 5R 5R 5R 5R 5R 5R 5		31 December 2014						
(a) DEFERRED POLICY ACQUISITION COSTS 2014						COSTS, UNEAF	RNED PREM	IUMS AND
Beginning balance								
Beginning balance		(a) DEFERREDT	DLICT ACQU		,15	2014	2	2013
Paid during the year Amortised during the year (insurance operations) 35,161,201 25,213,738					-	SR		SR
Closing balance		Paid during the year	: (insurance ope	erations)		35,161,201	25,2	13,738
(b) UNEARNED PREMIUMS 31 December 2014 33 December 2013		- ,						
Solution Solution								· · · · · · · · · · · · · · · · · · ·
Reinsurers' share SR SR SR SR SR SR SR S		(b) UNEARNED PI	REMIUMS					
Beginning balance 124,830,264 (28,037,312) 96,792,952 91,952,351 (21,636,698) 70,315,653 Premiums written during the year (see note below)379,301,196 (54,237,793) 325,063,403 279,283,805 (80,546,275) 198,737,530 Premiums earned during the year (340,728,582) 66,825,485 (273,903,097) (246,405,892) 74,145,661 (172,260,231) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (172,260,231) (21,636,698) (21,63	П							
Premiums written during the year (see note below)379,301,196 (54,237,793) 325,063,403 279,283,805 (80,546,275) 198,737,530 Premiums earned during the year (340,728,582) 66,825,485 (273,903,097) (246,405,892) 74,145,661 (172,260,231) Closing balance 163,402,878 (15,449,620) 147,953,258 124,830,264 (28,037,312) 96,792,952 Note: Reinsurers' share of premiums written during the year includes excess of loss premiums of SR 6,557,198 for the year ended 31 December 2014 (2013: SR 5,046,810). (c) UNEARNED REINSURANCE COMMISSION 2014 2013 SR SR SR Beginning balance 3,805,866 3,621,073 SR SR SR Commission received during the year 13,507,379 14,329,947 Commission earned during the year (insurance operations) (13,656,496) (14,145,154)				share			share	
the year (see note below)379,301,196 (54,237,793) 325,063,403 279,283,805 (80,546,275) 198,737,530 Premiums earned during the year (340,728,582) 66,825,485 (273,903,097) (246,405,892) 74,145,661 (172,260,231) Closing balance 163,402,878 (15,449,620) 147,953,258 124,830,264 (28,037,312) 96,792,952 Note: Reinsurers' share of premiums written during the year includes excess of loss premiums of SR 6,557,198 for the year ended 31 December 2014 (2013: SR 5,046,810). (c) UNEARNED REINSURANCE COMMISSION 2014 2013 SR SR SR SR SR SR SR Commission received during the year (insurance operations) 13,507,379 14,329,947 (13,656,496) (14,145,154)			124,830,264	(28,037,312)	96,792,952	91,952,351	(21,636,698)	70,315,653
the year (340,728,582) 66,825,485 (273,903,097) (246,405,892) 74,145,661 (172,260,231) Closing balance 163,402,878 (15,449,620) 147,953,258 124,830,264 (28,037,312) 96,792,952 Note: Reinsurers' share of premiums written during the year includes excess of loss premiums of SR 6,557,198 for the year ended 31 December 2014 (2013: SR 5,046,810). (c) UNEARNED REINSURANCE COMMISSION Beginning balance Commission received during the year (insurance operations) 3,805,866 3,621,073 (13,656,496) (14,145,154)		the year (see note below)379,301,196	(54,237,793)	325,063,403	279,283,805	(80,546,275)	198,737,530
Note: Reinsurers' share of premiums written during the year includes excess of loss premiums of SR 6,557,198 for the year ended 31 December 2014 (2013: SR 5,046,810). (c) UNEARNED REINSURANCE COMMISSION 2014 2013			(340,728,582)	66,825,485	(273,903,097)	(246,405,892)	74,145,661	(172,260,231)
the year ended 31 December 2014 (2013: SR 5,046,810). (c) UNEARNED REINSURANCE COMMISSION 2014 2013 SR SR SR Beginning balance Commission received during the year Commission earned during the year (insurance operations) (13,656,496) (14,145,154)		Closing balance	163,402,878	(15,449,620)	147,953,258	124,830,264	(28,037,312)	96,792,952
(c) UNEARNED REINSURANCE COMMISSION 2014 2013						excess of loss pre	miums of SR 6	5,557,198 for
2014 2013 SR SR SR		•						
Beginning balance Commission received during the year Commission earned during the year (insurance operations) Commission earned during the year (insurance operations) (13,656,496) (14,145,154)		•				2014	2	013
Commission received during the year Commission earned during the year (insurance operations) Commission earned during the year (insurance operations) (13,656,496) (14,145,154)						SR		SR
Commission earned during the year (insurance operations) (13,656,496) (14,145,154)			ng the year					
Closing balance 3,656,749 3,805,866								
		Closing balance				3,656,749	3,80	5,866
]							
	\Box							
]							

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2014

10 CLAIMS

(a) OUTSTANDING CLAIMS

	3.	l December 2	014	31	December 20.	13
	Gross SR	Reinsurers' share SR	Net SR	Gross SR	Reinsurers' share SR	Net SR
Outstanding at 31 December Incurred but not reported	(82,382,475) (41,116,641)	35,212,727 10,576,839	(47,169,748) (30,539,802)	(55,201,641) (29,525,695)		(28,780,439) (17,180,893)
Total outstanding claims	(123,499,116)	45,789,566	(77,709,550)	(84,727,336)	38,766,004	(45,961,332)
Premium deficiency and other reserves	(13,835,299)	-	(13,835,299)	(4,802,146)	-	(4,802,146)
	(137,334,415)	45,789,566	(91,544,849)	(89,529,482)	38,766,004	(50,763,478)
Claims paid during the year	(174,196,827)	17,043,409	(157,153,418)	(130,216,178)	22,162,976	(108,053,202)
Outstanding at 1 January Incurred but not reported	(55,201,641) (29,525,695)	26,421,202 12,344,802	(28,780,439) (17,180,893)	(40,477,369) (24,982,155)	6,821,223	
Total outstanding claims Premium deficiency and	(84,727,336)	38,766,004	(45,961,332)	(65,459,524)	27,789,918	(37,669,606)
other reserves	(4,802,146)		(4,802,146)	(2,652,159)	-	(2,652,159)
	(89,529,482)	38,766,004	(50,763,478)	(68,111,683)	27,789,918	(40,321,765)
Claims incurred	(222,001,760)	24,066,971	(197,934,788)	(151,633,976)	33,139,062	(118,494,914)

Note

Gross outstanding claims in the statement of financial position include claims outstanding at the reporting date and IBNR. The other reserves which comprise mainly of premium deficiency reserves are disclosed separately in the statement of financial position.

(b) CLAIMS DEVELOPMENT TABLE

Claims triangulation analysis by accident year

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In setting claims provisions the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

(A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued) BURUJ COOPERATIVE INSURANCE COMPANY

31 December 2014

· 10 CLAIMS (continued)

CLAIMS DEVELOPMENT TABLE (continued) **(**p)

GROSS				2014		
Accident year	31 December 2010 and earlier		1 31 December 2012	2 31 December 201.	31 December 2011 31 December 2012 31 December 2013 31 December 2014	Total
Estimate of cumulative claims:	SR	SR	SR	SR	SR	SR
At end of accident year	43,342,909	48,666,959	139,961,586	154.955.171	226.038.437	•
One year later	44,622,211	52,187,517	138,929,703	141,478,033		
Two years later	42,356,049	49,315,376	140,808,596	,	•	,
Three years later	42,426,913	49,802,099		•	•	,
Four years later	42,543,685		•	3	•	1
Current estimate of cumulative claims incurred	42,543,685	49,802,099	140,808,596	141,478,033	226,038,437	600,670,850
Cumulative payments to date	(41,313,690)	(44,645,272)	(133,340,801)	(122,545,909)	(135,326,062)	(477,171,734)
Total cumulative gross outstanding claims						
recognised in statement of financial position	1,229,995	5,156,827	7,467,795	18,932,124	90,712,375	123,499,116
NET (after considering effect of reinsurance)				2014		
1 cridant war	31 December 2010)				
isciment yeni	and earlier	31 December 201.	1 31 December 2017	2 31 December 201.	31 December 2011 31 December 2012 31 December 2013 31 December 2014	Total SB
ESUMATE OF CUMULATIVE CIAIMS:	VC	νc	Ϋ́C	ΥC	УC	УC
At end of accident year	9,416,080	27,780,509	118,882,521	120,085,398	193,383,686	•
One year later	10,021,759	29,168,892	116,898,249	113,738,441		•
Two years later	8,997,730	28,144,906	120,285,227	1	•	•
Three years later	9,093,286	28,665,211	•	1	ı	•
Four years later	9,100,265		•	•		
Current estimate of cumulative claims incurred	9,100,265	28,665,211	120,285,227	113,738,441	193,383,686	465,172,830
Cumulative payments to date	(8,512,872)	(27,278,587)	(115,594,294)	(105,478,218)	(130,599,309)	(387,463,280)
Total cumulative net outstanding claims recognised in statement of financial position	587,393	1,386,624	4,690,933	8,260,223	62,784,377	77,709,550

	BURUJ COOPERAT			COMPAN	Y		
	(A SAUDI JOINT ST NOTES TO THE FINA			TS (continu	ued)		
	31 December 2014						
	11 PROPERTY AND EQ	UIPMENT, N	ET				
	The estimated useful lives of p	roperty and equ	uipment for th	ne calculation o	of depreciation	on are as follo	ows:
	Leasehold improvements	10 y		niture, fixtures	and office e	quipment	7-10 years
	Computer equipment and softv	vare 4 y		or vehicles			4 years
□ .			Furniture, fixtures and	*	16	m . t	<i>m</i> . I
		Leasehold improvements		equipment and software	Motor vehicles	Total 2014	Total 2013
		<i>SR</i>	SR	SR	SR	SR	<i>SR</i>
	Cost: Beginning balance Additions during the year Disposals during the year	2,075,629 177,055	1,663,882 236,724	7,150,654 352,947 (26,363)	314,389 454,000 (12,416)	11,204,554 1,220,726 (38,779)	10,376,288 903,339 (75,073)
	Disposais daring the year	2,252,684	1,900,606	7,477,238	755,973	12,386,501	11,204,554
	Accumulated depreciation: Beginning balance	1,131,917	641,620	5,996,128	135,872	7,905,537	5,915,897
	Charge for the year (note 20) Disposals during the year	313,821	203,117	666,744 (26,363)	174,906 (10,117)	1,358,588 (36,480)	2,063,002
		1,445,738	844,737	6,636,509	300,661	9,227,645	7,905,537
	Net book value: At 31 December 2014	806,946	1,055,869	840,729	455,312	3,158,856	
<u>'</u>	At 31 December 2013	943,712	1,022,262	1,154,526	178,517		3,299,017
	12 INVESTMENTS						
コ	(i) Insurance operations (Av	ailable for sale	·)				
	(a) Available for sale investm			comprise the	following:		
]				rce of fair value	31 Decem SR		1 December 2013 SR
	Local "DPM" equity securities Units in local real estate funds	*		Quoted NAV**	14,946, 15,000,		<u>.</u>
					29,946,	280	-
	*SD 14 046 200 accoming of	montfalia -£1-	onlls:4-4	agnitu as sucit	ioo man	n+ +b-n -li	ation of a leasure
	*SR 14,946,280 comprise of a regulated financial institution		cany quoted	equity securit	ies manageo	at the discre	ноп от а тосану
J J	** NAV: Net Asset Value as an	nnounced by as	set manager.				

L_ i				
	BURUJ COOPERATIVE INSUI		JY	
	(A SAUDI JOINT STOCK COM NOTES TO THE FINANCIAL STA			
	31 December 2014		,	
	12 INVESTMENTS (continued)			
	(b) The movement during the year in available	le for sale investments are	as follows:	
			31 December 2014 SR	31 December 2013 SR
	At the beginning of the year			8,050,824
	Purchased during the year Sold during the year		53,263,093 (26,441,192)	2,398,868 (10,341,700)
			26,821,901	107,992
	Change in fair values		3,124,379	(107,992)
	At the end of the year		29,946,280	
	The change in fair value of this portfolio an			
	within 'insurance operations surplus' in the statement of insura (loss) to be reclassified subsequently to the inc	nce comprehensive opera		
	The Company accounts the gain / loss in the		d gains / loss area tha	individual convrition
	within the DPM portfolio are sold. According	ly, during the year ended	31 December 2014, the	DPM manager sold
	SR 26.44 million of securities and realised a g comprehensive income of the insurance operat of SR 13.63 million of equity securities and SI	tions. The DPM portfolio		
J	(i) Insurance operations (Held to matur			
	(c) Held to Maturity ("HTM") investme	nt amounting to SR 8,000	0,000 (31 December 2	013 : SR 8,000,000)
\supset	comprised of secured unquoted Sukul Arabia and maturing on 7 April 201			
コ	Saudi Inter-Bank Offered Rate ("SIBO Management is of the opinion that the	OR") plus a margin of 170 e fair value of the HTM in) basis points per annur	n and paid quarterly.
$\exists \bigcirc$	materially different from its carrying	value.		
7	(ii) Shareholders operations			
	(a) Available for sale investments of shareho	lders operations comprise	the following:	
		Source of fair	31 December 2014	31 December 2013
		value	SR	SR
-]	Bonds and sukuks Units in trading fund	Quoted NAV**	23,803,130 21,898,163	26,185,907 21,194,005
	Units in real estate funds Local equity investment	NAV** Quoted	5,284,491 -	4,782,400 2,295,647
	Unquoted local equity investment	Unquoted	1,923,078	1,923,078
}			52,908,862	56,381,037
	** NAV: Net Asset Value as announced by ass	set manager.		
J				
1				

	BURUJ COOPERATIVE INSURANCE COMPAN	NY	
	(A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (conti	nued)	
	31 December 2014	ŕ	
	12 INVESTMENTS (continued)		
	(b) The movement during the year in available for sale investments are	e as follows:	
		31 December 2014 SR	31 December 2013 SR
	At the beginning of the year Purchased during the year Sold during the year	56,381,037 5,460,792 (11,405,322)	34,540,378 48,877,553 (26,874,265)
	Change in fair values	50,436,507 2,472,355	56,543,666 (162,629)
	At the end of the year	52,908,862	56,381,037
	 The cumulative change in fair values of available for sale investme amounting to SR 1,053,629 (31 December 2013: SR (789,870)) is p statement of financial position. (c) The Company together with an investor from a member nation member nation") is in the process of establishing a new entity (li Saudi Arabia. The GCC member nation will own 60% in the share 40%. The Company expects legal formalities to set up this entity to 	oresented within sharehoresented within sharehoresented in Gulf Coopera imited liability company e capital of the Company	olders' equity in the tive Council ("GCC y) in the Kingdom of y and Buruj will own
	(iii) The analysis of total investments (insurance and shareholders' of	-	
		2014 SR	2013 SR
	Government and quasi government Banks and financial institutions Corporates	4,809,781 65,046,016 20,999,345	6,236,921 35,208,158 22,935,958
\Box	Total	90,855,142	64,381,037
	(iv) The credit quality of total investments (insurance and sharehold	lers' operations) is as fo 2014 SR	illows: 2013 SR
	AA- To AA		
	A- To A+ BBB- To BBB+ Unrated	10,279,240 9,781,294 70,794,608	7,616,238 7,885,455 48,879,344
\supset	Total	90,855,142	64,381,037
	Condit antimer and hand on Standard and Decade acting mostles delegated	the issues in sees of your	otod invoctments
	Credit ratings are based on Standard and Poor's rating methodology or	me issuer in case of unr	ateu investments.
— 1			

BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued) 31 December 2014 13 DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY The following table shows an analysis of financial instruments recorded at fair value (excludes HTM) by level of the fair value hierarchy: Level 3 Level 1 Level 2 **Total** SR 2014 SR SR SR Bonds and sukuks 18,303,130 5,500,000 23,803,130 Trading and real estate funds 42,182,654 42,182,654 14,946,280 1,923,078 16,869,358 Equities 47,682,654 1,923,078 82,855,142 33,249,410 2013 20,685,907 5,500,000 26,185,907 Bonds and sukuks 25,976,405 25,976,405 Trading and real estate funds 2,295,647 1,923,078 4,218,725 **Equities** 31,476,405 1,923,078 56,381,037 22,981,554 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 years ended 31 December 2013 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. There was no recurring fair value measurements categorised within Level 3 of the fair value hierarchy as set out in the table above. 14 REINSURANCE AND INSURANCE BALANCES PAYABLE 2014 2013 SRSR11,045,581 Reinsurance balance payable 8,215,190 Brokers and salesmen payable 6,650,748 5,331,463 1,828,037 2,498,192 Payable to policyholders 1,219,761 Inspection and supervision fees payable 1,329,907 Surveyor's expenses payable 1,008,381 1,098,270 Other insurance payables 732,796 775,714 19,765,059 21,968,981

_ *	' BURUJ COOPER. (A SAUDI JOINT	·		PANY		
	NOTES TO THE FI		· · · · · · · · · · · · · · · · · · ·	continued)		
	31 December 2014					
	15 TRANSACTIONS	AND BALANCES WI	TH RELATEI	PARTIES		
	Related parties of the Cor Company and key manage		lders, Board of	Directors, member	ers of various c	ommittees of the
	a) The following are	the details of major rel	ated party trans	sactions during the	e year:	
					Amounts of tra	nsactions December 2013
	Related party	Nature of tr	ansactions		SR	SR SR
	Shareholders	Gross written premiun	ns	26,3	387,985	23,031,875
		Reinsurance premium	ceded	(6	515,410)	(2,197,928)
		Gross claims incurred	l	(14,7	748,938)	(5,020,368)
		General and administra	ative expenses		(36,244)	(28,037)
	Board of directors and committees' members	Remuneration fees, all	owances and ot	hers (1,5	570,000)	(1,653,000)
		Gross written premiun	ns	16,5	531,079	14,233,123
		Insurance brokerage co	ontracts	(5,2	236,637)	(3,216,367)
	Balances in respect of th statements of financial pos			ies are included	in the relevant	accounts in the
	b) Compensation of	key management person	mel			
	Key management personne management personnel. Th					
					014 SR	2013 SR
	Short-term benefits End of service benefits			-	45,560 63,538	2,816,323 120,204
				3,10	09,098	2,936,527
	16 ACCRUED EXP	ENSES AND OTHER	LIABILITIES	S		
				014		013
			Insurance operations SR	Shareholders' operations SR	Insurance operations SR	Shareholders' operations SR
_1	Employees' related accruai	s and navables	4,359,625		2,722,142	-
\neg	Third party claims payable	S	3,954,018	-	2,220,406	-
	Minimum deposit premium commissions adjustment		937,256	-	1,381,322	-
	Professional fees accruals a Provision for withholding t		423,379 285,288	-	368,150 1,625,118	-
	Board of directors and com	mittee's	,	2 425 560	,, -	1 971 750
	remuneration fees and ex Others	penses	1,142,051	2,427,760 330,851	228,569	1,871,759 280,781
\supset			11,101,617	2,758,611	8,545,707	2,152,540
·]						

NOTES TO THE FINANCIAL STATEMENTS (continued)	
31 December 2014		
17 EMPLOYEES' END OF SERVICE BENEFITS		
	2014 SR	2013 SR
Beginning balance	2,061,031	1,480,8
Charged during the year	996,153	750,8
Paid during the year	(142,343)	(170,7
At the end of the year	<u>2,914,841</u>	2,061,0
18 SHARE CAPITAL		
The authorised, issued and paid up share capital of the Company	is SR 130 million divided int	o 13 million
SR 10 each.		
The Company is in the process of increasing its share capital		
increase the share capital of the Company from Saudi Riyals 13 reporting date, final approvals have been obtained from the Sa		
Capital Market Authority (the "CMA"). The Company is in	the process of calling an E	extraordinary
Meeting to seek the approval of the shareholders of the Company	in respect of the rights issue.	
19 ZAKAT		
Zakat charge for the year is comprised of the following:	2014	201
Zakat charge for the year is comprised of the following:	2014 SR	
	SR	SR
Zakat charge for the year is comprised of the following: Current year charge Prior year adjustments		1,761
Current year charge	2,369,355 64,708	1,761, 644
Current year charge Prior year adjustments	<i>SR</i> 2,369,355	201. SR 1,761, 644, 2,405,
Current year charge	2,369,355 64,708 2,434,063	1,761, 644 2,405,
Current year charge Prior year adjustments	2,369,355 64,708	1,761, 644
Current year charge Prior year adjustments Movement in provision during the year is set out below:	2,369,355 64,708 2,434,063 =	2,405,
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year Provided during the year	2,369,355 64,708 2,434,063 2,434,063 2014 SR 7,364,263 2,434,063	2,405, 2,010, 7,069, 2,405
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year	2,369,355 64,708 2,434,063 2014 SR 7,364,263	2,405 2,405 2,010 SR 7,069 2,405
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year Provided during the year	2,369,355 64,708 2,434,063 2,434,063 2014 SR 7,364,263 2,434,063	2,405, 7,069, 2,405, (2,111,
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year Provided during the year Payments during the year	2,369,355 64,708 2,434,063 2,434,063 7,364,263 2,434,063 (64,738)	1,761, 644, 2,405,
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year Provided during the year Payments during the year	2,369,355 64,708 2,434,063 2,434,063 7,364,263 2,434,063 (64,738)	2,405 2,405 2,069 2,405 (2,111
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year Provided during the year Payments during the year	2,369,355 64,708 2,434,063 2,434,063 7,364,263 2,434,063 (64,738)	2,405, 7,069, 2,405, (2,111,
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year Provided during the year Payments during the year	2,369,355 64,708 2,434,063 2,434,063 7,364,263 2,434,063 (64,738)	2,405 2,405 2,069 2,405 (2,111
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year Provided during the year Payments during the year	2,369,355 64,708 2,434,063 2,434,063 7,364,263 2,434,063 (64,738)	2,405 2,405 2,405 2,405 2,405 2,405 (2,111
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year Provided during the year Payments during the year	2,369,355 64,708 2,434,063 2,434,063 7,364,263 2,434,063 (64,738)	2,405 2,405 2,405 2,405 2,405 2,405 (2,111
Current year charge Prior year adjustments Movement in provision during the year is set out below: At the beginning of the year Provided during the year Payments during the year	2,369,355 64,708 2,434,063 2,434,063 7,364,263 2,434,063 (64,738)	2,405, 7,069, 2,405, (2,111,

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2014

19 ZAKAT (continued)

The provision for the year is based on the following:

	2014 SR	2013 SR
Shareholders' equity Book value of long term assets and statutory deposit Provisions	71,271,026 (18,325,744) 18,800,603	66,233,488 (18,222,095) 13,467,195
	71,745,885	61,478,588
Adjusted income for the year	23,028,311	8,976,920
Zakat base	94,774,196	70,455,508

Status of assessments

The Company has filed its zakat returns for all the years' ended up to 31 December 2013.

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

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

20 GENERAL AND ADMINISTRATIVE EXPENSES

	2014		2013	
•	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
_	SR	SR	SR	SR
Employees' salaries and related costs	29,303,712	-	25,243,413	-
Office rent	3,374,237	-	3,252,338	-
Investment expenses	1,364,214	253,215	-	248,115
Depreciation (note 11)	1,358,588	-	2,063,002	-
Utilities and telecommunications	1,222,734	- .	1,012,971	-
Legal and professional fees	1,113,914	-	1,173,025	-
Withholding taxes	796,437	-	3,105,787	-
Stationery and office supplies	715,354	-	549,852	-
Information technology expenses	506,937	-	711,728	-
Board of Directors and committees				
remuneration fees and expenses	•	1,570,000	-	1,653,000
Listing fees	-	220,000	-	220,000
Others	1,157,106	81,556	697,571	69,775
	40,913,233	2,124,771	37,809,687	2,190,890

21 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the year has been calculated by dividing the net income for the year by the weighted average number of ordinary issued and outstanding shares at the year end of 13 million shares.

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2014
22 RISK MANAGEMENT
Risk governance The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organisational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of Directors. The Company is exposed to insurance, reinsurance, commission rate, credit, liquidity and currency risks.
Risk management structure A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.
Board of Directors The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.
Senior management Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.
Audit committee Risk management processes throughout the Company are audited annually by the Internal Audit Department which examines both the adequacy of the procedures and the Company's compliance with such procedures. The internal audit department discusses the results of all assessments with senior management, and reports its findings and recommendations directly to the audit committee.
The risks faced by the Company and the way these risks are mitigated by management are summarised below.
a) Insurance risk Insurance risk is the risk that actual claims payable to contract holders in respect of insured events exceed expectations. This could occur because the frequency or amounts of claims are more than expected. Insurance risk is monitored regularly by the Company to make sure the levels are within the projected frequency bands. The Company underwrites mainly property and fire, general accident, engineering, motor, medical and marine risks.
Frequency and amounts of claims The frequency and amounts of claims can be affected by several factors. The Company issues short term insurance policies in connection with property, general accident and liability, motor and marine risks. These are regarded as short-term insurance contracts as mainly claims are advised and settled within one year of the insured event taking place and therefore it is unlikely to have significant reserve movements (see note on Engineering). This helps to mitigate insurance risk. The insurance risks arising from the above insurance contracts are mainly concentrated in the Kingdom of Saudi Arabia.
Motor For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company only underwrites comprehensive polices for owner/drivers over 21 years of age.
The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims. The Company also has risk management procedures to control cost of claims. Besides treaty and facultative reinsurance arrangements, the Company has excess of loss cover for such damage to limit the losses for any individual claim to SR 500,000 (2013: SR 500,000).
Property For property insurance contracts the main risks are fire and business interruption. The Company only underwrites policies for properties containing fire detection equipment. These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. Besides treaty and facultative reinsurance arrangements, the Company has excess of loss cover for such damage to limit losses for any individual claim to SR 500,000 (2013: SR 500,000).

BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued) 31 December 2014 22 RISK MANAGEMENT (continued) Insurance risk (continued) a) General accident and liability For general accident contracts, the various insurance covers provided by the Company can be broadly classified under Personal Accident (excluding illness), Fidelity Guarantee, and Cash in Transit, Cash in Premises, Cash in Safe, Public Liability, Workmen's Compensation, and the like. These insurances afford protection for business enterprises towards loss or damage to person, property and interest giving cover per collusion accumulation as well. Besides treaty and facultative reinsurance arrangements, the Company has excess of loss cover for such damage to limit losses for any individual claim to SR 500,000 (2013: SR 500,000). Marine For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes. The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of cargo, vessels and shipping routes covered. Besides treaty and facultative reinsurance arrangements, the Company has excess of loss cover cover to limit losses for any individual claim to SR 500,000 (2013: SR 500,000). Engineering For engineering the main risks is loss or damage to buildings and civil work under construction like erection for plant or equipment and their related testing and commissioning. Engineering policies extend beyond annual periods in respect of tenure. The Company mitigates such risks by recognition of lower earned premiums during the first year of long-term policies and reinsures significant risks by undertaking treaty, facultative as well as excess of loss reinsurance arrangements. The underwriting policy is to ensure that construction all risks are comprehensive in terms of documentation of specific coverage and the risks are well diversified. Engineering all risks cover normally plant and machinery erection and is usually extended beyond erection to include testing and commissioning. Besides treaty and facultative reinsurance arrangements, the Company has excess of loss cover to limit losses for any individual claim to SR 500,000 (2013: SR 500,000). Sensitivity analysis The general insurance claims provision is sensitive to the above key assumptions. A hypothetical 10% change in the net claims ratio would impact income by approximately SR 19,793,478 (2.17: SR 11,849,491) annually in aggregate. Reinsurance risk In order to minimise its financial exposure to potential losses arising from large claims, the Company enters into agreements with other parties for reinsurance purpose. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess of loss reinsurance contracts. To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors the concentrations of credit risk arising from similar geographic regions, activities and economic characteristics of reinsurers. Reinsurance ceded contracts do not relieve the Company from its obligations to the policyholders and as a result the Company remains liable for a portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. The credit exposure for outstanding claims in this connection is: 2013 2013 SR SR15,213,161 Europe 21,051,230 11,208,041 Middle East including Kingdom of Saudi Arabia 14,161,497

Reinsurers' share of outstanding claims (note 10(a))

26,421,202

35,212,727

☐ '		RUJ COOPERATIVE INSURAN		ANY		
П		SAUDI JOINT STOCK COMPAI TES TO THE FINANCIAL STATE		ntinued)		
		ecember 2014	WIENTED (00)	iiiiiiaoa)		
	22	RISK MANAGEMENT (continued)				
	c)	Special commission rate risk				
	profit	al commission rate risk arises from the possib ability or the fair values of financial instrumen	its. The Compar	y is exposed to s	pecial commissi	ion rate risk on
	rates,	h and cash equivalents. The sensitivity of the with all other variables held constant, on the	e Company's ir	ncome for one y	ear, based on th	e floating rate
		ial assets held at 31 December 2014. The Conber 2014 (2013 SR nil) and the impact on the				
	d)	Credit risk				
		risk is the risk that one party to a financial in to incur a financial loss. For all classes of fir				
		sposure to the Company is the carrying value are and procedures are in place to mitigate the C			_	The following
	poner					
	•	To minimise its exposure to significant le financial condition of its reinsurers. Accor- effected are required to have a minimum ac	dingly, as a pre-	-requisite, the pa	rties with whom	reinsurance is
	•	The Company seeks to manage its credit individual customers and by monitoring our	risk with respe	ct to policyhold	-	_
	•	Cash and cash equivalents are maintained a pre-requisite, the bank with whom cash	with local banks	approved by the		
	_	minimum acceptable security rating level at As a pre-requisite, the Company deals with	ffirming its fina	ncial strength.	_	
	•	BBB. These credit ratings are monitored on		isureis willo liave	a credit failing t	of not less than
		ble below shows the maximum exposure to ial position.	credit risk for	the significant co	omponents of th	e statement of
			20	014	20	13
\supset			Insurance'	Shareholders'	Insurance'	Shareholders'
70	Assei	2	operations	operations	operations	operations
	Cash a	at banks and time deposits	192,080,552	19,293,257	121,421,807	13,523,880
\supset	Invest	ums and reinsurance balances receivable, net	38,905,474 37,946,280	52,908,862	27,750,263 8,000,000	- 56,381,037
٦-٦		urers' share of outstanding claims	45,789,566	-	38,766,004	-
	Other		2,071,200	1,493,164	4,380,818	261,032
	Statute	ory deposit		13,243,810		13,157,101
]			316,793,072	86,939,093	200,318,892	83,323,050
	e)	Liquidity risk				
	-	ity risk is the risk that the Company will no	ot be able to m	neet its commitm	ents associated	with financial
		•				
٠ ٦		ies when they fall due.	,		,	
		•	basis and mana	agement ensures	that sufficient li	quid funds are
]	availal Maturi	ies when they fall due. ity requirements are monitored on a monthly ole to meet any commitments as they arise. ity profiles				
	Maturi The ta	ies when they fall due. ity requirements are monitored on a monthly ole to meet any commitments as they arise.	profile of the	financial assets	and financial li	abilities of the

.		RUJ COOPERATIVE IN			ANY			
	(A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued)							
		ecember 2014		L1(10)				
	22	RISK MANAGEMENT (contin	nued)					
	e)	Liquidity risk (continued)						
	·				31 Decemb	er 2014		
			Ins	urance opera	tions	Share	cholders' ope	rations
			Up to	•	-	Up to		
			one year SR	No term SR	Total SR	one year SR	No term SR	Total SR
	ASSE						12 242 010	12 242 910
	Prepa	tory deposit yments and other assets	6,264,927	1,817,028		1,493,164	13,243,810	13,243,810 1,493,164
\exists	Premi	urers' share of outstanding claims iums and reinsurance balances	, ,	-	45,789,566	-	-	-
$\frac{1}{2}$		vivable, net rom insurance operations	38,905,474 -	-	38,905,474 -	- 15,543,197	-	- 15,543,197
	Avail	able for sale investments .	29,946,280	-	29,946,280	50,985,784	1,923,078	52,908,862
\supset	Cash	and cash equivalents	192,137,163		192,137,163	19,293,257		19,293,257
	TOTA	AL ASSETS	313,043,410	1,817,028	314,860,438	87,315,402	15,166,888	102,482,290
\supset					31 Decem	ber 2014		
7			Inst	urance operati	ions	Share	holders' oper	ations
			Up to	-		Up to		
\Box			one year	No term	Total	one year	No term	Total
7	LIAB	ILITIES	<i>SR</i>	SR	<i>SR</i>	SR	SR	<i>SR</i>
	Gross	outstanding claims	123,499,116		123,499,116	-	-	-
\supset		oyees' end of service benefits urance and insurance balances	-	2,914,841	2,914,841	-	-	-
\supset	Pay		19,765,059	-	19,765,059	-	-	
		payable	11,101,617	-	- 11,101,617	9,733,588	-	9,733,588
		ed expenses and other liabilities o shareholders' operations	15,543,197	-	15,543,197	2,758,611	-	2,758,611
	TOTA	AL LIABILITIES	169,908,989	2,914,841	172,823,830	12,492,199		12,492,199
\supset								
1								
		·						

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2014

22 RISK MANAGEMENT (continued)

e) Liquidity risk (continued)

Cash and cash equivalents

TOTAL ASSETS

	31 December 2013					
	Insurance operations			Shareholders' operations		
	Up to one year SR	No term SR	Total SR	Up to one year SR	No term SR	Total SR
ASSETS					'	
Statutory deposit	-	-	-	-	13,157,101	13,157,101
Prepayments and other assets	9,092,587	1,178,668	10,271,255	261,032	-	261,032
Reinsurers' share of outstanding claims	38,766,004	-	38,766,004	-	-	-
Premiums and reinsurance balances						
receivable, net	27,750,263	-	27,750,263	-	-	-
Due from shareholders' operations	3,288,847	-	3,288,847	-	-	-
Available for sale investments	-	-	=	54,457,959	1,923,078	56,381,037

121,530,428

200,428,129

31 December 2013

13,523,880

68,242,871 15,080,179 83,323,050

13,523,880

121.530,428

1,178,668 201,606,797

			41 15 000				
	Insurance operations			Shareholders' operations			
	Up to one year SR	No term SR	Total SR	Up to one year SR	No term SR	Total SR	
LIABILITIES							
Gross outstanding claims	84,727,336	-	84,727,336	-	-	-	
Due to a related party	-	-	-	36,244	-	36,244	
Employees' end of service benefits	-	2,061,031	2,061,031	-	-	-	
Reinsurance and insurance balances							
Payable	21,968,981	-	21,968,981	-	-	-	
Zakat payable		-	-	7,364,263	-	7,364,263	
Accrued expenses and other liabilities	8,545,707	-	8,545,707	2,152,540	_	2,152,540	
Due to insurance operations		-		3,288,847		3,288,847	
TOTAL LIABILITIES	115,242,024	2,061,031	117,303,055	12,841,894	-	12,841,894	

Liquidity profile

None of the financial liabilities on the statement of financial position are based on discounted cash flows and are all contractually payable on the basis as set out above.

f) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuation as the majority of monetary assets and liabilities are in Saudi Riyals or currencies pegged to the Saudi Riyal.

1	'BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued)					
	31 December 2014					
	22 RISK MANAGEMENT (continued)					
	g) Market price risk					
	Market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from commission rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.					
	The Company has investments in quoted 'sukuks', fixed rate bonds and locally quoted equities (see note 12), which have been classified under 'available for sale' investments. The Company limits its market price risks by closely monitoring developments in markets in which such investments are quoted. A 5% change in the market price of these quoted investments, with all other variables held constant, would change the 'other comprehensive income' and consequently 'shareholders' equity (for investments held under shareholders' operations) by SR 0.92 million (2013: SR 1.15 million) and insurance operations' surplus (for investments held under insurance operations) by SR 0.75 (2013: SR Nil).					
	h) Capital management					
]]	The Company manages its capital to ensure that it is able to continue as going concern and comply with SAMA's capital requirements in the Kingdom of Saudi Arabia while maximising the return to stakeholders through the equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves.					
	The operations of the Company are subject to local regulatory requirements within the jurisdiction where it is incorporated. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimise the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.					
]	The Company continuously reassesses its capital needs to maintain sufficient liquid resources and accordingly comply with the prescribed requirements for maintaining solvency margins (see note 18).					
]	i) Fair values of financial instruments					
	Financial instruments consist of financial assets and financial liabilities.					
	Financial assets of the Company include cash and cash equivalents, statutory deposit, investments, premiums and reinsurance balances receivables, and reinsurers' share of outstanding claims; its financial liabilities consist of gross outstanding claims, reinsurance and insurance balances payable, accrued expenses and other liabilities. Accounting policies for financial assets and liabilities are set out in note 4.					
ב ב ב	Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms. The fair value of the Company's financial assets and liabilities are not materially different from their carrying values.					
]	23 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 AFS investments, gain or loss on property, plant and equipment and investments. Accordingly, they are included in unallocated assets.					
]]]	Segment assets do not include insurance operations' property and equipment, prepayments and other assets, premiums and reinsurance balances receivable 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, and reinsurance and insurance balances payable, accrued expenses and other liabilities and insurance operations' surplus. Accordingly they are included in unallocated liabilities.					

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2014

23 SEGMENT INFORMATION (continued)

Operating segments

For the year ended 31 December 2014	Property SR	Motor SR	Marine SR	Medical SR	Others SR	TotalSR
Gross written premiums Reinsurance premiums ceded Excess of loss premiums	24,739,457 (22,903,298) (213,100)	218,273,810 (1,551,493) (4,214,105)	17,038,507 (11,533,389) (819,652)	104,372,765 (340) (1,040,000)	14,876,657 (11,692,075) (270,341)	379,301,196 (47,680,595) (6,557,198)
Net premiums written Movement in unearned premiums, net	1,623,059 (167,650)	212,508,212 (29,196,328)	4,685,466 (155,537)	103,332,425 (20,927,319)	2,914,241 (713,472)	325,063,403 (51,160,306)
Net premiums earned	1,455,409	183,311,884	4,529,929	82,405,106	2,200,769	273,903,097
Reinsurance commission income Policy fees	4,345,093 33,525	98,620 9,323,645	5,850,844 233,475	- -	3,361,939 27,055	13,656,496 9,617,700
Total revenues	5,834,027	192,734,149	10,614,248	82,405,106	5,589,763	297,177,293
Net claims paid Movement in outstanding claims, net Movement in premium deficiency and other reserves, net	(560,066) (459,363)	(147,458,355) (19,373,352) (9,033,153)	(456,330) (2,320,201)	(8,397,318) (8,953,700)	(281,349) (641,602)	(157,153,418) (31,748,218) (9,033,153)
Net claims incurred	(1,019,429)	(175,864,860)	(2,776,531)	(17,351,018)	(922,951)	(197,934,789)
Policy acquisition costs Inspection and supervision fees TPA fees and other underwriting expenses	(2,297,024) (58,666) (111,870)	(16,513,427) (1,080,155) (1,187,045)	(1,111,898) (76,471)	(10,169,711) (1,565,712) (5,363,145)	(1,364,101) (58,042)	(31,456,161) (2,839,046) (6,662,060)
Total underwriting costs	(3,486,989)	(194,645,487)	(3,964,900)	(34,449,586)	(2,345,094)	(238,892,056)
Net underwriting surplus (deficit)	2,347,038	(1,911,338)	6,649,348	47,955,520	3,244,669	58,285,237
Unallocated expenses Unallocated income						(42,003,776) 6,231,091
Surplus from insurance operations						22,512,552

11							
□ ,	BURUJ COOPERATIVE			/IPANY			
	(A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued)						
	31 December 2014						
	23 SEGMENT INFORMATIO	N (continued	i)				
	Operating segments						
	For the year ended						
	31 December 2013	Property SR	Motor SR	Marine SR	Medical SR	Others SR	Total SR
	Gross written premiums Reinsurance premiums ceded Excess of loss premiums	19,796,422 (18,466,670) (111,390)	137,559,211 (1,124,278) (3,829,147)	17,661,108 (12,614,644) (925,069)	92,591,087 (33,022,934) -	11,675,977 (10,270,939) (181,204)	279,283,805 (75,499,465) (5,046,810)
	Net premiums written Movement in unearned premiums, net	1,218,362 (66,582)	132,605,786 (6,543,618)	4,121,395 168,058	59,568,153 (20,503,356)	1,223,834 468,199	198,737,530 (26,477,299)
	Net premiums earned	1,151,780	126,062,168	4,289,453	39,064,797	1,692,033	172,260,231
	Reinsurance commission income Policy fees	3,932,090 14,965	84,197 6,300,606	4,607,519 185,025	2,679,716 -	2,841,632 12,780	14,145,154 6,513,376
	Total revenues	5,098,835	132,446,971	9,081,997	41,744,513	4,546,445	192,918,761
	Net claims paid Movement in outstanding claims, net Movement in premium deficiency	(1,354,044) (579,615)	(102,440,177) (3,794,670)	(1,091,740) 1,645,982	(2,812,903) (4,954,615)	(354,338) (608,808)	(108,053,202) (8,291,726)
	other reserves, net		(2,149,987)	-			(2,149,987)
	Net claims incurred	(1,933,659)	(108,384,834)	554,242	(7,767,518)	(963,146)	(118,494,915)
	Policy acquisition costs Inspection and supervision fees TPA fees and other underwriting	(1,779,377) (55,154)	(11,935,104) (680,190)	(1,307,032) (81,047)	(6,639,018) (1,388,866)	(1,194,143) (45,837)	(22,854,674) (2,251,094)
	expenses	(133,950)	(865,655)		(4,296,975)		(5,296,580)
	Total underwriting costs	(3,902,140)	(121,865,783)	(833,837)	(20,092,377)	(2,203,126)	(148,897,263)
$\supset \bigcirc$	Net underwriting surplus	1,196,695	10,581,188	8,248,160	21,652,136	2,343,319	44,021,498
	Unallocated expenses Unallocated income						(37,859,279) 1,169,181 ———
	Surplus from insurance operations						7,331,400
\supset						,	
						·	
\supset							
_]							

BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY) NOTES TO THE FINANCIAL STATEMENTS (continued) 31 December 2014 23 **SEGMENT INFORMATION (continued) Operating segments** As at 31 December 2014 Marine Medical Others **Total** Property Motor SR SR SR SR SR SR **ASSETS** Reinsurers' share of unearned premiums 15,449,620 765,039 2,436,998 5,063,711 7,183,872 Reinsurers' share of outstanding claims 11,689,226 1,089,788 12,392,398 45,789,566 14,275,261 6,342,893 Deferred policy acquisition costs 670,927 7,840,264 229,594 4,792,476 703,124 14,236,385 22,130,060 14,355,818 5,882,264 18,159,233 75,475,571 SEGMENT ASSETS 14,948,196 280,229,728 Unallocated assets 355,705,299 TOTAL ASSETS LIABILITIES 3,609,617 48,629,249 6,446,836 163,402,878 Gross unearned premiums 7,752,556 96,964,620 16,296,954 59,816,777 17,119,412 15,750,997 14,514,976 123,499,116 Gross outstanding claims 1,320,246 3,656,749 Unearned reinsurance commission 1,443,298 57,381 835,824 13,835,299 Premium deficiency and other reserves 100,000 13,735,299 25,592,808 170,574,077 21,564,853 64,380,246 22,282,058 304,394,042 SEGMENT LIABILITIES Unallocated liabilities and insurance 51,311,257 operations' surplus TOTAL LIABILITIES 355,705,299 Operating segments Medical Others Total As at 31 December 2013 Property Motor Marine SR SR SRSR SRSR **ASSETS** 5,809,175 528,453 2,524,448 13,492,819 5,682,417 28,037,312 Reinsurers' share of unearned premiums 13,043,722 3,409,224 5,738,083 8,464,853 8,110,122 38,766,004 Reinsurers' share of outstanding claims 5,034,139 200,747 4,035,325 696,958 10,531,345 Deferred policy acquisition costs 564,176 SEGMENT ASSETS 8,463,278 25,992,997 14,489,497 77,334,661 19,417,073 8,971,816 Unallocated assets 174,139,810 251,474,471 TOTAL ASSETS LIABILITIES 41,194,749 6,352,070 124,830,264 6,210,209 67,531,706 3,541,530 Gross unearned premiums Gross outstanding claims 14,606,052 37,509,757 8,848,068 14,172,362 9,591,097 84,727,336 3,805,866 Unearned reinsurance commission 1,312,149 39,634 919,126 1,534,957 4,802,146 100,000 4,702,146 Other reserves 22,228,410 109,783,243 13,308,724 55,367,111 17,478,124 218,165,612 SEGMENT LIABILITIES Unallocated liabilities and insurance 33,308,859 operations' surplus 251,474,471 TOTAL LIABILITIES

_ ,		RUJ COOPERATIVE INSURANCE COMPANY SAUDI JOINT STOCK COMPANY)						
	NOTES TO THE FINANCIAL STATEMENTS (continued)							
	31 D	December 2014						
	24	CONTINGENCIES AND COMMITMENTS						
	a)	Legal proceedings and regulations						
	The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal							
	proceedings, management does not believe that such proceedings (including litigations) will have a material effection on its results and financial position. The Company did not have any significant outstanding legal proceedings as a the reporting date.							
	<i>b)</i>	Operating lease commitments						
		minimum future lease payments for the use of the Company's premises total SR 3,219,680 payable during (2014: SR 3,130,630).						
	25	APPROVAL OF THE FINANCIAL STATEMENTS						
		financial statements have been approved by the Board of Directors on 21 Rabi Al Thani 1436H, corresponding						
	το 10	February 2015.						
$\subset \mathbb{Z}$								
\supset								
Ĵ								
\supset								

 \supset

 \Box