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

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

**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2017**

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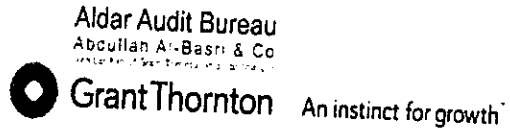
**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT**  
**For The Three and Nine Month Periods Ended 30 September 2017**

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



**Aldar Audit Bureau**  
 Abdullah Al-Basri & Co

**Grant Thornton** An instinct for growth

**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

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

**INTRODUCTION**

**SCOPE OF REVIEW**

We have reviewed the accompanying interim statement of financial position of Buruj Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2017 and the related interim statement of insurance comprehensive operations and interim statement of shareholders' comprehensive operations for the three month and nine month periods then ended, and the related interim statement of changes in shareholders' equity, interim statement of insurance operations' cash flows and interim statement of shareholders' cash flows for the nine-month period then ended, and the related notes which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**SCOPE OF REVIEW**

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

**CONCLUSION**

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

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**Abdullah A. Al-Bassam**  
 Certified Public Accountant  
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 Certified Public Accountant  
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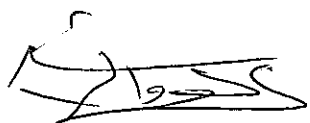
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**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

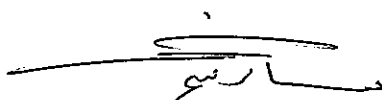
**INTERIM STATEMENT OF FINANCIAL POSITION (continued)**

As at 30 September 2017

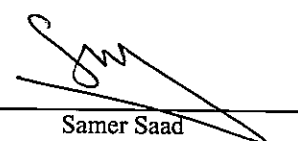
		<i>30 September 2017</i>	<i>31 December 2016</i>
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Audited) – Restated</i>
		<i>SR</i>	<i>(Note 16)</i>
			<i>SR</i>
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	5	179,716,371	209,890,732
Time deposits	6	327,956,697	207,468,182
Premiums and reinsurance balances receivable, net	7	59,861,025	38,215,596
Available for sale investments	8(i)(a)	41,645,160	42,692,814
Reinsurers' share of outstanding claims		104,482,830	100,594,541
Prepayments and other assets		20,500,802	16,733,954
Deferred policy acquisition costs		19,102,709	16,113,034
Reinsurers' share of unearned premiums		14,162,821	13,011,258
Property and equipment, net		2,906,072	2,448,458
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>770,334,487</b>	<b>647,168,569</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	5	111,493,988	103,520,629
Time deposits	6	20,625,550	-
Available for sale investments	8(ii)(a)	111,180,046	91,538,840
Due from insurance operations		126,896,648	106,814,050
Prepayments and other assets		2,857,363	1,551,006
Held to maturity investments	8(ii)(c)	10,000,000	10,000,000
Investment in an associate	8(ii)(d)	1,220,388	441,482
Statutory deposit	10	25,000,000	25,000,000
Statutory deposit investment returns	10	527,829	399,070
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>409,801,812</b>	<b>339,265,077</b>
<b>TOTAL ASSETS</b>		<b>1,180,136,299</b>	<b>986,433,646</b>



Abdulaziz Fahd Al Rashed  
Board Member



Samer-Kanj  
Chief Executive Officer



Samer Saad  
Finance Manager

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

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

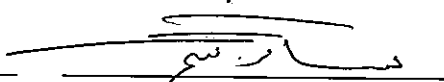
**INTERIM STATEMENT OF FINANCIAL POSITION (continued)**

As at 30 September 2017

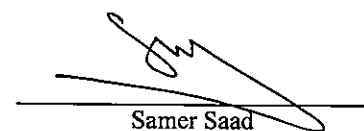
	Note	30 September 2017 (Unaudited) SR	31 December 2016 (Audited) – Restated (Note 16) SR
<b>INSURANCE OPERATIONS' LIABILITIES &amp; SURPLUS</b>			
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
Gross outstanding claims		320,907,160	271,975,776
Reinsurance and insurance balances payable		22,410,389	17,198,491
Accrued expenses and other liabilities		28,873,203	19,017,855
Employees' end of service benefits		6,716,798	5,647,053
Due to shareholders' operations		126,896,648	106,814,050
Unearned reinsurance commission		2,347,926	1,753,681
Gross unearned premiums		232,092,522	204,001,357
Other reserves		8,731,425	8,731,425
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>		<b>748,976,071</b>	<b>635,139,688</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		22,619,868	14,339,519
Changes in fair values of available for sale investments	8(i)(b)	(1,261,452)	(2,310,638)
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES &amp; SURPLUS</b>		<b>770,334,487</b>	<b>647,168,569</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Zakat payable	12	23,460,050	20,492,110
Accrued expenses and other liabilities		3,495,502	3,308,430
Statutory deposit investment returns	10	527,829	399,070
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>27,483,381</b>	<b>24,199,610</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		250,000,000	250,000,000
Statutory reserve	11,16	14,674,338	14,674,338
Retained earnings	16	109,701,735	50,517,990
Change in fair values of available for sale investments	8(ii)(b)	7,942,358	(126,861)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>382,318,431</b>	<b>315,065,467</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>409,801,812</b>	<b>339,265,077</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,180,136,299</b>	<b>986,433,646</b>



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Chief Executive Officer



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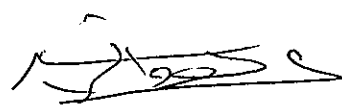
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**BURUJ COOPERATIVE INSURANCE COMPANY  
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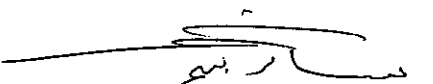
**INTERIM STATEMENT OF INSURANCE COMPREHENSIVE OPERATIONS (UNAUDITED)**

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>
Gross written premiums	94,674,751	108,556,047	415,945,179	335,706,365
Reinsurance premiums ceded	(9,437,481)	(11,651,846)	(23,910,836)	(30,842,268)
Excess of loss premiums	(4,509,701)	(4,840,531)	(11,794,695)	(9,468,795)
<b>NET PREMIUMS WRITTEN</b>	<b>80,727,569</b>	<b>92,063,670</b>	<b>380,239,648</b>	<b>295,395,302</b>
Movement in unearned premiums, net	50,302,722	8,169,182	(26,939,602)	4,405,831
<b>NET PREMIUMS EARNED</b>	<b>131,030,291</b>	<b>100,232,852</b>	<b>353,300,046</b>	<b>299,801,133</b>
Reinsurance commission income	2,542,689	2,536,860	6,110,270	6,444,914
Policy fees and other underwriting income	3,241,741	3,550,179	13,739,083	8,758,507
<b>TOTAL REVENUES</b>	<b>136,814,721</b>	<b>106,319,891</b>	<b>373,149,399</b>	<b>315,004,554</b>
Gross claims paid	(59,083,216)	(41,570,692)	(171,892,974)	(154,740,058)
Reinsurance share of claims paid	7,378,174	1,269,856	12,224,463	17,880,691
<b>NET CLAIMS PAID</b>	<b>(51,705,042)</b>	<b>(40,300,836)</b>	<b>(159,668,511)</b>	<b>(136,859,367)</b>
Movement in outstanding claims, net	(26,313,570)	(24,082,098)	(45,043,095)	(44,337,650)
Movement in other reserves	-	(330,842)	-	(4,010,306)
<b>NET CLAIMS INCURRED</b>	<b>(78,018,612)</b>	<b>(64,713,776)</b>	<b>(204,711,606)</b>	<b>(185,207,323)</b>
Policy acquisition costs	(11,701,316)	(10,071,621)	(33,045,189)	(28,747,371)
Inspection and supervision fees	(788,575)	(798,306)	(3,547,677)	(2,743,239)
Other underwriting expenses	(3,035,341)	(2,224,318)	(8,375,079)	(6,326,616)
<b>TOTAL UNDERWRITING COSTS</b>	<b>(93,543,844)</b>	<b>(77,808,021)</b>	<b>(249,679,551)</b>	<b>(223,024,549)</b>
<b>NET UNDERWRITING SURPLUS</b>	<b>43,270,877</b>	<b>28,511,870</b>	<b>123,469,848</b>	<b>91,980,005</b>
General and administrative expenses	(14,768,903)	(12,875,458)	(43,385,221)	(36,183,440)
Allowance for doubtful debts	(1,044,100)	(3,417,134)	(2,683,986)	(6,419,382)
Special commission income from time deposits	2,397,028	1,509,156	6,681,399	4,071,403
Dividend income	133,286	104,555	764,991	1,050,328
Realized (loss) gain from available for sale investments	(143,303)	(1,055,630)	1,802,977	(3,924,320)
Impairment of available for sale investments	(4,206,494)	(4,329,611)	(4,206,494)	(4,329,611)
Other income	152,524	165,805	359,904	615,810
<b>SURPLUS FROM INSURANCE OPERATIONS</b>	<b>25,790,915</b>	<b>8,613,553</b>	<b>82,803,418</b>	<b>46,860,793</b>
Surplus transferred to shareholders' operations	(23,211,823)	(7,752,198)	(74,523,076)	(42,174,714)
<b>NET RESULT FOR THE PERIOD</b>	<b>2,579,092</b>	<b>861,355</b>	<b>8,280,342</b>	<b>4,686,079</b>

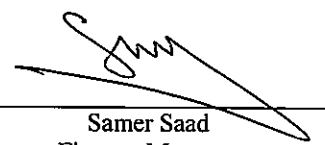
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Abdulaziz Fahd Al Rashed  
Board Member



Samer Kanj  
Chief Executive Officer



Samer Saad  
Finance Manager

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

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

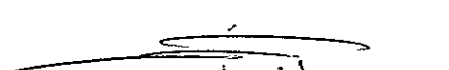
**INTERIM STATEMENT OF INSURANCE COMPREHENSIVE OPERATIONS  
(UNAUDITED) (continued)**

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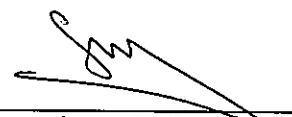
	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>
<b>NET RESULT FOR THE PERIOD</b>	<b>2,579,092</b>	<b>861,355</b>	<b>8,280,342</b>	<b>4,686,079</b>
<b><i>OTHER COMPREHENSIVE (LOSS) INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</i></b>				
Realized loss (gain) from available for sale investments	<b>143,303</b>	1,055,630	<b>(1,802,977)</b>	3,924,320
Change in fair values of available for sale investments	<b>5,769,024</b>	(1,984,948)	<b>2,852,163</b>	(4,210,007)
Net change in fair values of available for sale investments	<b>5,912,327</b>	(929,318)	<b>1,049,186</b>	(285,687)
Total comprehensive income (loss) for the period	<b>8,491,419</b>	<b>(67,963)</b>	<b>9,329,528</b>	<b>4,400,392</b>



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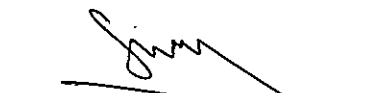
**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS**

	Note	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
		<i>2017 (Unaudited) SR</i>	<i>2016 – Restated (Note 16) (Unaudited) SR</i>	<i>2017 (Unaudited) SR</i>	<i>2016 – Restated (Note 16) (Unaudited) SR</i>
Surplus transferred from insurance operations		23,211,823	7,752,198	74,523,076	42,174,714
<b>EXPENSES</b>					
General and administrative		(503,789)	(464,178)	(1,692,394)	(2,081,507)
<b>INCOME FROM OPERATIONS</b>					
		22,708,034	7,288,020	72,830,682	40,093,207
Special commission income from time deposits	5	599,857	454,892	1,253,082	1,008,004
Special commission income from investments		677,188	424,064	1,886,017	1,183,289
Dividend income		-	384,616	4,130,000	384,616
Realized gain (loss) from available for sale investments		2,995	-	(1,101,063)	818,508
Share of profit (loss) of an associate		-	-	778,906	(348,781)
<b>NET INCOME FOR THE PERIOD</b>	16	<b>23,988,074</b>	<b>8,551,592</b>	<b>79,777,624</b>	<b>43,138,843</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</b>					
Realized gain from available for sale investments transferred to income		(2,995)	-	1,101,063	(818,508)
Change in fair values of available for sale investments	8(ii)(b)	6,275,697	(1,983,834)	6,968,156	(288,267)
Net change in fair values of available for sale investments		6,272,702	(1,983,834)	8,069,219	(1,106,775)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	16	<b>30,260,776</b>	<b>6,567,758</b>	<b>87,846,843</b>	<b>42,032,068</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD</b>	15,16	<b>0.96</b>	<b>0.34</b>	<b>3.19</b>	<b>1.72</b>

  
Abdulaziz Fahd Al Rashed  
Board Member

  
Samer Kanj  
Chief Executive Officer

  
Samer Saad  
Finance Manager

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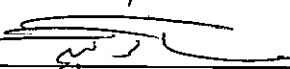
**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

For the nine month period ended 30 September 2017

	<i>Share Capital SR</i>	<i>Statutory Reserve SR</i>	<i>Retained earnings (Accumulated losses) SR</i>	<i>Change in fair values of available for sale investments SR</i>	<i>Total SR</i>
<i>2016 (Unaudited)</i>					
Balance as at 1 January 2016	250,000,000	-	(17,597,642)	635,556	233,037,914
Net income for the period – <i>before adjustment</i>	-	-	37,782,335	-	37,782,335
<i>Prior Period Adjustments (Note 16)</i>	-	-	5,356,508	-	5,356,508
Net income for the period – <i>after adjustment</i>	-	-	43,138,843	-	43,138,843
<i>Other comprehensive income:</i> Net change in fair values of available for sale investments	-	-	-	(1,106,775)	(1,106,775)
<i>Total comprehensive income for the period – after adjustment</i>	-	-	43,138,843	(1,106,775)	42,032,068
Zakat for the period (Note 12)	-	-	(5,356,508)	-	(5,356,508)
Balance as at 30 September 2016	250,000,000	-	20,184,693	(471,219)	269,713,474
<i>2017 (Unaudited)</i>					
Balance as at 1 January 2017 – <i>before adjustment</i>	250,000,000	13,038,466	52,153,862	(126,861)	315,065,467
<i>Prior Period Adjustment (Note 16)</i>	-	1,635,872	(1,635,872)	-	-
Balance as at 1 January 2017 – <i>after adjustment (Note 16)</i>	250,000,000	14,674,338	50,517,990	(126,861)	315,065,467
Net income for the period	-	-	79,777,624	-	79,777,624
<i>Other comprehensive income:</i> Net change in fair values of available for sale investments	-	-	-	8,069,219	8,069,219
<i>Total comprehensive income for the period</i>	-	-	79,777,624	8,069,219	87,846,843
Dividends distributed (Note 17)	-	-	(12,500,000)	-	(12,500,000)
Zakat for the period (Note 12)	-	-	(8,093,879)	-	(8,093,879)
Balance as at 30 September 2017	250,000,000	14,674,338	109,701,735	7,942,358	382,318,431

  
Abdulaziz Fahd Al Rashed  
Board Member

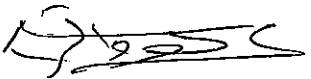
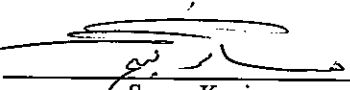
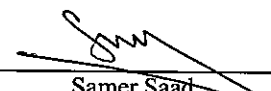
  
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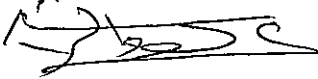
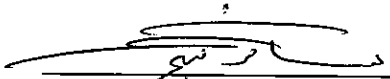
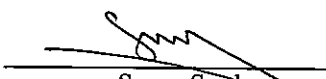
**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)**

	Note	<i>For the nine month period ended</i>		
		<i>30 September 2017 SR</i>	<i>30 September 2016 SR</i>	
<b>OPERATING ACTIVITIES</b>				
Net result for the period		8,280,342	4,686,079	
<i>Adjustments for:</i>				
Surplus transferred to shareholders' operations		74,523,076	42,174,714	
Depreciation		744,787	814,024	
Provision for employees' end of service benefits		1,509,675	1,593,268	
Allowance for of doubtful debts		2,683,986	6,405,902	
Realized (gain) loss from available for sale investments		(1,802,977)	3,924,320	
Impairment of available for sale investments		4,206,494	4,329,611	
Loss on disposal of property and equipment		29,881	504	
<i>Net surplus before changes in operating assets and liabilities</i>		<u>90,175,264</u>	<u>63,928,422</u>	
<i>Changes in operating assets and liabilities:</i>				
Premiums and reinsurance balances receivable		(24,329,415)	(29,918,243)	
Reinsurers' share of outstanding claims		(3,888,289)	1,834,140	
Prepayments and other assets		(3,766,848)	(7,469,472)	
Deferred policy acquisition costs		(2,989,675)	363,842	
Reinsurers' share of unearned premiums		(1,151,563)	(2,373,206)	
Gross outstanding claims		48,931,384	42,503,509	
Reinsurance and insurance balances payable		5,211,898	11,781,057	
Accrued expenses and other liabilities		9,855,348	(2,101,437)	
Unearned reinsurance commission		594,245	(575,354)	
Gross unearned premiums		28,091,165	(2,032,625)	
Other reserves		-	4,010,306	
<i>Cash from operating activities</i>		<u>146,733,514</u>	<u>79,950,939</u>	
Employees' end of service benefits paid		(439,930)	(85,014)	
Net cash generated from operating activities		<u>146,293,584</u>	<u>79,865,925</u>	
<b>INVESTING ACTIVITIES</b>				
Time deposits		(120,488,515)	(58,965,299)	
Purchase of available for sale investments	8 (i)(b)	(27,101,882)	(22,582,459)	
Proceeds from available for sale investments	8 (i)(b)	26,795,205	22,070,472	
Purchase of property and equipment		(1,232,275)	(464,379)	
Proceeds from disposal of property and equipment		-	50	
Net cash used in investing activities		<u>(122,027,467)</u>	<u>(59,941,615)</u>	
<b>FINANCING ACTIVITY</b>				
Due to shareholders' operations		(54,440,478)	(7,457,623)	
Net cash used in financing activity		<u>(54,440,478)</u>	<u>(7,457,623)</u>	
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(30,174,361)</u>	<u>12,466,687</u>	
Cash and cash equivalents at beginning of the period		209,890,732	151,818,340	
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	5	<u>179,716,371</u>	<u>164,285,027</u>	
<i>Non-cash transactions:</i>				
Transfer of surplus to shareholders' comprehensive operations		74,523,076	42,174,714	
Net change in fair values of available for sale investments		<u>1,049,186</u>	<u>(285,687)</u>	
  				
		Abdulaziz Fahd Al Rashed Board Member	Samer Kanj Chief Executive Officer	Samer Saad Finance Manager

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

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

**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)**

	Note	<i>For the nine month period ended</i>	
		<i>30 September 2017 SR</i>	<i>30 September 2016 SR</i>
<b>OPERATING ACTIVITIES</b>			
Net income for the period		79,777,624	43,138,843
<i>Adjustments for:</i>			
Surplus transferred from insurance operations		(74,523,076)	(42,174,714)
Realised loss (gain) from available for sale investments		1,101,063	(818,508)
Share of (profit) loss of an associate		(778,906)	348,781
Net surplus before changes in operating assets and liabilities		5,576,705	494,402
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(1,306,357)	(1,221,271)
Accrued expenses and other liabilities		187,072	(231,053)
<i>Cash generated from (used in) operations</i>		4,457,420	(957,922)
Zakat paid		(5,125,939)	(2,378,604)
Net cash used in operating activities		(668,519)	(3,336,526)
<b>INVESTING ACTIVITIES</b>			
Time deposits		(20,625,550)	(457,500)
Purchase of available for sale investments	8(ii)(b)	(47,181,156)	(19,125,261)
Proceeds from available for sale investments	8(ii)(b)	34,508,106	17,802,701
Purchase of held to maturity investments		-	(5,000,000)
Net cash used in investing activities		(33,298,600)	(6,780,060)
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(12,500,000)	-
Due from insurance operations		54,440,478	7,457,623
Net cash generated from financing activities		41,940,478	7,457,623
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		7,973,359	(2,658,963)
Cash and cash equivalents at the beginning of the period		103,520,629	61,634,436
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	111,493,988	58,975,473
<i>Non-cash transactions:</i>			
Transfer of surplus from insurance operations		(74,523,076)	(42,174,714)
Net change in fair values of available for sale investments		8,069,219	(1,106,775)
			
Abdulaziz Fahd Al Rashed Board Member			
			
Samer Kanj Chief Executive Officer			
			
Samer Saad Finance Manager			

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

30 September 2017

**1 ORGANISATION AND PRINCIPAL ACTIVITIES**

Buruj Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010280606 dated 10 Safar 1431H, corresponding to 26 January 2010. The registered office address of the Company is P O Box 51855, Riyadh 11553, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Tadawul (the Saudi Arabian Stock Market) on 15 February 2010.

The Company was licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree numbered 72/M dated 28 Shawal 1429H (corresponding to 29 October 2008), pursuant to Council of Ministers resolution numbered 313 dated 27 Shawal 1429H (corresponding to 28 October 2008). On 10 Muharram 1431H (corresponding to 27 December 2009), the Ministry of Commerce and Industry issued a resolution declaring the incorporation of the Company.

On 15 Jumada Thani 1431H (corresponding to 29 May 2010), the Saudi Arabian Monetary Agency ("SAMA") issued a formal approval to transact insurance business.

The Company launched its insurance operations on 1 July 2010 after receipt of an authorisation from SAMA to commence insurance operations as product approval and related formalities were completed.

The Company obtained the necessary approvals from SAMA and Ministry of Commerce and Investment for the amendment of the Company's by-laws to be in accordance with the new companies' laws and regulations. Based on the above, the Company's extraordinary general assembly meeting was held on 26 Sha'ban 1438 (corresponding to 22 May 2017) and approved the new by-laws.

**2 SURPLUS TRANSFERRED TO SHAREHOLDERS' OPERATIONS**

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by SAMA. Any deficit arising on insurance operations is transferred to the shareholders' operations in full.

The insurance operations resulted in a surplus for the nine month period ended 30 September 2017 amounting to SR 82.80 million (30 September 2016: SR 46.86 million). Accordingly, 90% of the net surplus amounting to SR 74.52 million (30 September 2016: SR 42.17 million) has been transferred to the shareholders' operations.

**3 BASIS OF MEASUREMENT**

***Basis of measurement***

The interim condensed financial statements have been prepared under the historical cost basis except for the measurement at fair value of "available for sale investments".

***Statement of compliance***

The accompanying interim condensed financial statements for the three and nine months period ended 30 September 2017 (the "period") are prepared in accordance International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for Zakat and Income Tax.

The accompanying interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2016.

In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. The interim results may not be indicative of the Company's annual results.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

30 September 2017

**4 SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE**

*Significant accounting policies*

The significant accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016 except for the following:

• *Zakat*

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

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

*New standards issued but not yet effective*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

*IFRS 9 Financial Instruments*

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB decided that IFRS 9 would be mandatorily effective for annual reporting periods beginning on or after 1 January 2018 with an optional temporary exception to defer the application of IFRS 9 till 1 January 2021 for companies whose activities are predominantly connected with insurance.

*IFRS 17 Insurance Contracts*

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

**5 CASH AND CASH EQUIVALENTS**

	<i>30 September 2017 (Unaudited)</i>		<i>31 December 2016 (Audited)</i>	
	<i>Insurance operations</i> <i>SR</i>	<i>Shareholders' operations</i> <i>SR</i>	<i>Insurance operations</i> <i>SR</i>	<i>Shareholders' operations</i> <i>SR</i>
Cash in hand and at banks	179,716,371	26,170,688	184,661,982	25,014,413
Short term deposits	-	85,323,300	25,228,750	78,506,216
Cash and cash equivalents	<u>179,716,371</u>	<u>111,493,988</u>	<u>209,890,732</u>	<u>103,520,629</u>

Short term time deposits placed with local banks and financial institutions have an original maturity of less than three months from the date of acquisition and earned special commission income at an average rate of 1.15% per annum (31 December 2016: 2.60%).

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

30 September 2017

**6 TIME DEPOSITS**

Time deposits are placed with local and international banks with an original maturity of more than three months from the date of acquisition and earned special commission income at an average rate of 2.59% per annum (31 December 2016: 3.02%).

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

**7 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET**

Premiums and reinsurance balances receivable are comprised of the following:

	<i>30 September 2017</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2016</i> <i>(Audited)</i> <i>SR</i>
Premiums receivable	68,543,165	50,285,767
<i>Less: Allowance for doubtful debts</i>	<i>(19,696,835)</i>	<i>(17,100,342)</i>
	<u>48,846,330</u>	<u>33,185,425</u>
Reinsurance balances receivable	11,863,799	5,791,782
<i>Less: Allowance for doubtful debts</i>	<i>(849,104)</i>	<i>(761,611)</i>
	<u>11,014,695</u>	<u>5,030,171</u>
Total premiums and reinsurance balances receivable, net	<u>59,861,025</u>	<u>38,215,596</u>

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

	<i>Policyholders</i> <i>SR</i>	<i>Reinsurers</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<i>30 September 2017 (Unaudited)</i>			
Beginning balance	17,100,342	761,611	17,861,953
Charge for the period	2,596,493	87,493	2,683,986
<i>Closing balance</i>	<u>19,696,835</u>	<u>849,104</u>	<u>20,545,939</u>
<i>31 December 2016 (Audited)</i>			
Beginning balance	10,268,615	1,025,040	11,293,655
Charge (reversal) for the year	6,831,727	(249,949)	6,581,778
Written-off	-	(13,480)	(13,480)
<i>Closing balance</i>	<u>17,100,342</u>	<u>761,611</u>	<u>17,861,953</u>

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (continued)**  
**30 September 2017**

**8 INVESTMENTS**

*(i) Insurance operations (Available for sale)*

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

	<i>Source of fair value</i>	<i>30 September 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Local "DPM" equity securities	Quoted	21,529,654	21,382,559
Units in local investment funds	NAV*	10,793,506	11,310,255
Units in local real estate fund	NAV*	9,322,000	10,000,000
		<u>41,645,160</u>	<u>42,692,814</u>

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

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

	<i>30 September 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
At the beginning of the period / year		
Purchased during the period / year	42,692,814	45,180,145
Sold during the period / year	27,101,882	37,918,858
Impaired during the period / year	(26,795,205)	(37,405,527)
	<u>(4,206,494)</u>	<u>-</u>
Changes in fair value, net	38,792,997	45,693,476
	<u>2,852,163</u>	<u>(3,000,662)</u>
At the end of the period / year	<u>41,645,160</u>	<u>42,692,814</u>

The change in fair value of available for sale investments of insurance operations amounting to SR (1,261,452) (31 December 2016: SR (2,310,638)) is presented within 'insurance operations surplus' in the interim statement of financial position and the current period change in fair value amounting has been reported in the interim statement of insurance comprehensive operations under 'other comprehensive income (loss) to be reclassified subsequently to the income statement'.

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (continued)**  
**30 September 2017**

**8 INVESTMENTS (continued)**

**(ii) Shareholders' operations**

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

	<i>Source of fair value</i>	<b>30 September 2017 (Unaudited) SR</b>	<b>31 December 2016 (Audited) SR</b>
GCC bonds and sukuk	Quoted	52,855,030	39,323,518
Units in local investment funds	NAV*	9,917,700	18,980,090
Units in local real estate funds	NAV*	46,484,238	31,312,154
Unquoted local equity investment	Unquoted	1,923,078	1,923,078
		<b>111,180,046</b>	<b>91,538,840</b>

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

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

	<b>30 September 2017 (Unaudited) SR</b>	<b>31 December 2016 (Audited) SR</b>
At the beginning of the period / year	91,538,840	63,101,149
Purchased during the period / year	47,181,156	49,900,195
Sold during the period / year	(34,508,106)	(21,547,769)
	<b>104,211,890</b>	<b>91,453,575</b>
Changes in fair value, net	6,968,156	85,265
At the end of the period / year	<b>111,180,046</b>	<b>91,538,840</b>

The cumulative change in fair values of available for sale investments of shareholders' operations amounting to SR 7,942,358 (31 December 2016: (126,861)) is presented within shareholders' equity in the interim statement of financial position.

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

(c) Held to Maturity ("HTM") investments amounting to SR 10,000,000 (31 December 2016: SR 10,000,000) are comprised of quoted Sukuk issued by listed companies registered in the Kingdom of Saudi Arabia. The rate of return on the Sukuk are calculated based on 6-month Saudi Arabian Inter-Bank Offered Rate ("SIBOR") plus a specified margin basis points per annum for each Sukuk and paid semi-annually. The fair value of the HTM investment as at 30 September 2017 was not different from its carrying value.

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

(d) The Company has a 40% interest in Gulf Warranties Insurance Services Company (the "associate"), which is involved in the administration of insurance claims. The associate is a limited liability company in the Kingdom of Saudi Arabia and is not listed on any public exchange. The associate received its operating license from Saudi Arabian Monetary Agency ("SAMA") on 21 March 2016. The Company although has significant influence, yet this investment has been accounted as an associate as it does not control or jointly control the financial and operating policies of the associate. This investment has increased by SR 778,906 which represents the Company's share of Gulf Warranties audited results for the year ended 31 December 2016.



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

30 September 2017

**9 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

The fair values of recognised financial instruments are not significantly different from the carrying values included in the financial statements. Equity investment in an unquoted company categorised under AFS is carried at cost.

*Determination of fair value and fair value hierarchy*

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

<i>30 September 2017 (Unaudited)</i>	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
Bonds and sukuk	52,855,030	-	-	52,855,030
Investment and real estate funds	20,711,206	55,806,238	-	76,517,444
Equities	21,529,654	-	1,923,078	23,452,732
	<u>95,097,890</u>	<u>55,806,238</u>	<u>1,923,078</u>	<u>152,825,206</u>
<i>31 December 2016 (Audited)</i>				
Bonds and sukuk	39,323,518	-	-	39,323,518
Investment and real estate funds	30,290,345	41,312,154	-	71,602,499
Equities	21,382,559	-	1,923,078	23,305,637
	<u>90,996,422</u>	<u>41,312,154</u>	<u>1,923,078</u>	<u>134,231,654</u>

*Transfers between levels*

For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the nine month period ended 30 September 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

There was no recurring fair value measurements categorised within Level 3 of the fair value hierarchy as set out in the table above.

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

(UNAUDITED) (continued)

30 September 2017

**10 STATUTORY DEPOSIT**

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

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

**11 STATUTORY RESERVE**

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

**12 ZAKAT**

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

	<i>30 September 2017</i> <i>(Unaudited)</i> <u>SR</u>	<i>31 December 2016</i> <i>(Audited)</i> <u>SR</u>
At the beginning of the period / year	20,492,110	14,691,356
Provided for the period / year	8,093,879	8,179,358
Payments during the period / year	<u>(5,125,939)</u>	<u>(2,378,604)</u>
At the end of the period / year	<u>23,460,050</u>	<u>20,492,110</u>

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

***Status of assessments***

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

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

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

30 September 2017

**13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

- a) The following are the details of major related party transactions during the year and the related balances at the end of the period / year:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amounts of transactions</i>		<i>Balance as at</i>	
		<i>30 September 2017 (Unaudited) SR</i>	<i>30 September 2016 (Unaudited) SR</i>	<i>30 September 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Shareholders	Gross written premiums	10,658,256	10,999,613	15,644,341	9,716,767
	Reinsurance premium ceded	(2,618,135)	(1,469,905)	(1,144,421)	(222,805)
	Gross claims incurred	(4,455,840)	(2,968,147)	-	-
Board of Directors and committees' members	Remuneration fees, allowances and other expense	(1,076,500)	(1,093,000)	(2,878,078)	(2,918,350)
	Gross written premiums	13,966,253	13,450,796	7,925,683	3,114,451
	Insurance brokerage contracts	(2,205,598)	(3,381,131)	(2,253,586)	(1,740,780)
Associate	General and administrative expenses paid on behalf of the associate	-	-	844,638	851,788

Balances in respect of the above transactions with related parties are included in the relevant accounts in the interim statements of financial position and comprehensive income.

- b) Compensation of key management personnel

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

	<i>For the nine month period ended 30 September</i>	
	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>
Short-term benefits	4,645,417	3,842,850
End of service benefits	339,177	382,541
	<u>4,984,594</u>	<u>4,225,391</u>

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

(UNAUDITED) (continued)

30 September 2017

**14 SEGMENT INFORMATION**

Consistent with the Company's internal reporting process, operating segments have been approved by Management in respect of the Company's activities, assets and liabilities as stated below.

Segment results do not include general and administrative expenses, allowance for doubtful debts, income on term deposits and investments, gain or loss on property, plant and equipment and investments. Accordingly, they are included in unallocated expenses or income.

Segment assets do not include insurance operations' property and equipment, investments, prepayments and other assets, premiums and reinsurance balances receivable, cash and cash equivalents and time deposits. Accordingly they are included in unallocated assets. Segment liabilities do not include insurance operations' due to shareholders operations, employees' end-of-service benefits, and reinsurance and insurance balances payable, accrued expenses and other liabilities and insurance operations' surplus. Accordingly they are included in unallocated liabilities.

**Operating segments**

<i>For the three month period ended 30 September 2017 (Unaudited)</i>	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	47,975,392	33,229,175	5,585,899	2,229,498	5,654,787	94,674,751
Reinsurance premiums ceded	-	-	(4,848,838)	(1,327,080)	(3,261,563)	(9,437,481)
Excess of loss premiums	(3,655,926)	(202,500)	(171,804)	(223,161)	(256,310)	(4,509,701)
<b>Net premiums written</b>	<b>44,319,466</b>	<b>33,026,675</b>	<b>565,257</b>	<b>679,257</b>	<b>2,136,914</b>	<b>80,727,569</b>
Movement in unearned premiums, net	27,021,223	23,495,508	42,646	(107,395)	(149,260)	50,302,722
<b>Net premiums earned</b>	<b>71,340,689</b>	<b>56,522,183</b>	<b>607,903</b>	<b>571,862</b>	<b>1,987,654</b>	<b>131,030,291</b>
Reinsurance commission income	-	-	588,602	1,583,550	370,537	2,542,689
Policy fees and other underwriting income	3,171,001	-	3,810	45,675	21,255	3,241,741
<b>Total revenues</b>	<b>74,511,690</b>	<b>56,522,183</b>	<b>1,200,315</b>	<b>2,201,087</b>	<b>2,379,446</b>	<b>136,814,721</b>
Net claims paid	(35,581,008)	(15,111,423)	(23,419)	(91,253)	(897,939)	(51,705,042)
Movement in outstanding claims, net	(7,819,416)	(17,529,390)	(362,136)	(385,353)	(217,275)	(26,313,570)
<b>Net claims incurred</b>	<b>(43,400,424)</b>	<b>(32,640,813)</b>	<b>(385,555)</b>	<b>(476,606)</b>	<b>(1,115,214)</b>	<b>(78,018,612)</b>
Policy acquisition costs	(5,360,798)	(5,548,749)	(314,572)	(144,498)	(332,699)	(11,701,316)
Inspection and supervision fees	(237,213)	(498,438)	(17,744)	(10,299)	(24,881)	(788,575)
Other underwriting expenses	(154,127)	(2,881,214)	-	-	-	(3,035,341)
<b>Total underwriting costs</b>	<b>(49,152,562)</b>	<b>(41,569,214)</b>	<b>(717,871)</b>	<b>(631,403)</b>	<b>(1,472,794)</b>	<b>(93,543,844)</b>
<b>Net underwriting surplus</b>	<b>25,359,128</b>	<b>14,952,969</b>	<b>482,444</b>	<b>1,569,684</b>	<b>906,652</b>	<b>43,270,877</b>
Unallocated expenses						(15,813,003)
Unallocated losses						(1,666,959)
<b>Surplus from insurance operations</b>						<b>25,790,915</b>

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(UNAUDITED) (continued)

30 September 2017

**14 SEGMENT INFORMATION (continued)**

Operating segments

<i>For the three month period ended 30 September 2016 (Unaudited)</i>	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	65,830,629	27,585,137	5,083,872	1,998,225	8,058,184	108,556,047
Reinsurance premiums ceded	(12)	-	(4,562,254)	(1,167,436)	(5,922,144)	(11,651,846)
Excess of loss premiums	(3,546,414)	(480,113)	(200,662)	(414,863)	(198,479)	(4,840,531)
Net premiums written	62,284,203	27,105,024	320,956	415,926	1,937,561	92,063,670
Movement in unearned premiums, net	(2,104,254)	10,141,227	270,812	36,193	(174,796)	8,169,182
Net premiums earned	60,179,949	37,246,251	591,768	452,119	1,762,765	100,232,852
Reinsurance commission income	-	-	669,932	1,388,309	478,619	2,536,860
Policy fees and other underwriting income	3,485,484	-	4,130	47,365	13,200	3,550,179
Total revenues	63,665,433	37,246,251	1,265,830	1,887,793	2,254,584	106,319,891
Net claims paid	(30,315,440)	(10,373,294)	(22,643)	424,314	(13,773)	(40,300,836)
Movement in outstanding claims, net	(5,605,378)	(16,844,510)	(262,410)	(376,543)	(993,257)	(24,082,098)
Movement in other reserves	-	-	(244,058)	-	(86,784)	(330,842)
Net claims incurred	(35,920,818)	(27,217,804)	(529,111)	47,771	(1,093,814)	(64,713,776)
Policy acquisition costs	(5,004,555)	(4,180,940)	(372,732)	(169,709)	(343,685)	(10,071,621)
Inspection and supervision fees	(326,544)	(413,778)	(12,919)	(9,031)	(36,034)	(798,306)
Other underwriting expenses	(168,007)	(2,034,860)	(21,451)	-	-	(2,224,318)
Total underwriting costs	(41,419,924)	(33,847,382)	(936,213)	(130,969)	(1,473,533)	(77,808,021)
Net underwriting surplus	22,245,509	3,398,869	329,617	1,756,824	781,051	28,511,870
Unallocated expenses						(16,292,592)
Unallocated losses						(3,605,725)
Surplus from insurance operations						8,613,553

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

30 September 2017

**14 SEGMENT INFORMATION (continued)**

**Operating segments**

<i>For the nine month period ended 30 September 2017 (Unaudited)</i>	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	228,909,201	150,135,124	12,654,376	7,042,783	17,203,695	415,945,179
Reinsurance premiums ceded	-	-	(10,034,627)	(4,204,400)	(9,671,809)	(23,910,836)
Excess of loss premiums	(8,456,363)	(1,384,504)	(515,412)	(669,483)	(768,933)	(11,794,695)
<b>Net premiums written</b>	<b>220,452,838</b>	<b>148,750,620</b>	<b>2,104,337</b>	<b>2,168,900</b>	<b>6,762,953</b>	<b>380,239,648</b>
Movement in unearned premiums, net	(14,033,856)	(10,853,470)	(500,163)	(242,746)	(1,309,367)	(26,939,602)
<b>Net premiums earned</b>	<b>206,418,982</b>	<b>137,897,150</b>	<b>1,604,174</b>	<b>1,926,154</b>	<b>5,453,586</b>	<b>353,300,046</b>
Reinsurance commission income	-	-	1,654,061	2,692,400	1,763,809	6,110,270
Policy fees and other underwriting income	13,504,208	-	26,360	143,885	64,630	13,739,083
<b>Total revenues</b>	<b>219,923,190</b>	<b>137,897,150</b>	<b>3,284,595</b>	<b>4,762,439</b>	<b>7,282,025</b>	<b>373,149,399</b>
Net claims paid	(118,431,689)	(39,079,103)	(249,318)	(645,552)	(1,262,849)	(159,668,511)
Movement in outstanding claims, net	(14,834,403)	(25,749,952)	(1,918,413)	(1,068,831)	(1,471,496)	(45,043,095)
<b>Net claims incurred</b>	<b>(133,266,092)</b>	<b>(64,829,055)</b>	<b>(2,167,731)</b>	<b>(1,714,383)</b>	<b>(2,734,345)</b>	<b>(204,711,606)</b>
Policy acquisition costs	(16,396,622)	(14,327,259)	(846,373)	(510,206)	(964,729)	(33,045,189)
Inspection and supervision fees	(1,138,402)	(2,252,027)	(45,159)	(32,400)	(79,689)	(3,547,677)
Other underwriting expenses	(757,405)	(7,613,310)	(4,000)	-	(364)	(8,375,079)
<b>Total underwriting costs</b>	<b>(151,558,521)</b>	<b>(89,021,651)</b>	<b>(3,063,263)</b>	<b>(2,256,989)</b>	<b>(3,779,127)</b>	<b>(249,679,551)</b>
<b>Net underwriting surplus</b>	<b>68,364,669</b>	<b>48,875,499</b>	<b>221,332</b>	<b>2,505,450</b>	<b>3,502,898</b>	<b>123,469,848</b>
Unallocated expenses						(46,069,207)
Unallocated income						5,402,777
<b>Surplus from insurance operations</b>						<b>82,803,418</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

30 September 2017

**14 SEGMENT INFORMATION (continued)**

Operating segments

<i>For the nine month period ended 30 September 2016 (Unaudited)</i>	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
Gross written premiums	180,142,727	111,609,550	14,620,604	7,106,717	22,226,767	335,706,365
Reinsurance premiums ceded	(74,777)	-	(11,980,769)	(4,251,015)	(14,535,707)	(30,842,268)
Excess of loss premiums	(5,790,145)	(1,115,022)	(725,308)	(1,244,588)	(593,732)	(9,468,795)
Net premiums written	174,277,805	110,494,528	1,914,527	1,611,114	7,097,328	295,395,302
Movement in unearned premiums, net	13,050,008	(6,442,923)	96,863	166,652	(2,464,769)	4,405,831
Net premiums earned	187,327,813	104,051,605	2,011,390	1,777,766	4,632,559	299,801,133
Reinsurance commission income	54,303	-	2,418,152	2,437,733	1,534,726	6,444,914
Policy fees and other underwriting income	8,512,117	-	26,460	172,895	47,035	8,758,507
Total revenues	195,894,233	104,051,605	4,456,002	4,388,394	6,214,320	315,004,554
Net claims paid	(114,228,348)	(22,167,694)	(81,468)	(136,952)	(244,905)	(136,859,367)
Movement in outstanding claims, net	(17,975,057)	(21,687,260)	(2,209,727)	(297,355)	(2,168,251)	(44,337,650)
Movement in other reserves	(2,141,667)	(545,794)	(1,224,924)	-	(97,921)	(4,010,306)
Net claims incurred	(134,345,072)	(44,400,748)	(3,516,119)	(434,307)	(2,511,077)	(185,207,323)
Policy acquisition costs	(14,927,197)	(10,717,846)	(1,415,777)	(628,951)	(1,057,600)	(28,747,371)
Inspection and supervision fees	(896,069)	(1,674,147)	(38,798)	(32,103)	(102,122)	(2,743,239)
Other underwriting expenses	(482,345)	(5,803,820)	(40,451)	-	-	(6,326,616)
Total underwriting costs	(150,650,683)	(62,596,561)	(5,011,145)	(1,095,361)	(3,670,799)	(223,024,549)
Net underwriting surplus (deficit)	45,243,550	41,455,044	(555,143)	3,293,033	2,543,521	91,980,005
Unallocated expenses						(42,602,822)
Unallocated losses						(2,516,390)
Surplus from insurance operations						46,860,793

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

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**14 SEGMENT INFORMATION (continued)**

**Operating segments**

*As at 30 September 2017 (Unaudited)*

	<i>Motor</i>	<i>Medical</i>	<i>Property</i>	<i>Marine</i>	<i>Others</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>ASSETS</b>						
Reinsurers' share of unearned premiums	-	-	5,806,330	1,323,713	7,032,778	14,162,821
Reinsurers' share of outstanding claims	18,533,782	4,111,057	49,081,790	15,210,190	17,546,011	104,482,830
Deferred policy acquisition costs	9,460,627	7,685,999	550,909	172,206	1,232,968	19,102,709
<b>SEGMENT ASSETS</b>	<b>27,994,409</b>	<b>11,797,056</b>	<b>55,439,029</b>	<b>16,706,109</b>	<b>25,811,757</b>	<b>137,748,360</b>
Unallocated assets						632,586,127
<b>TOTAL ASSETS</b>						<b>770,334,487</b>
<b>LIABILITIES</b>						
Gross unearned premiums	128,733,098	78,586,395	7,159,655	2,222,118	15,391,256	232,092,522
Gross outstanding claims	163,642,917	56,192,924	54,983,067	21,527,356	24,560,896	320,907,160
Unearned reinsurance commission	-	-	1,156,697	514,473	676,756	2,347,926
Other reserves	4,617,839	117,311	3,775,613	-	220,662	8,731,425
<b>SEGMENT LIABILITIES</b>	<b>296,993,854</b>	<b>134,896,630</b>	<b>67,075,032</b>	<b>24,263,947</b>	<b>40,849,570</b>	<b>564,079,033</b>
Unallocated liabilities						206,255,454
<b>TOTAL LIABILITIES</b>						<b>770,334,487</b>

**Operating segments**

*As at 31 December 2016 (Audited)*

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



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

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**15 BASIC AND DILUTED EARNINGS PER SHARE**

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

**16 PRIOR PERIOD RESTATEMENT**

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

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

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

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

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

	<u>Before Adjustment</u>	<u>Adjustment</u>	<u>After Adjustment</u>
Net Income before Zakat for the period ended 30 September 2016	43,138,843	-	43,138,843
Zakat for the period ended 30 September 2016	(5,356,508)	5,356,508*	-
Net Income for the period ended 30 September 2016	<u>37,782,335</u>	<u>5,356,508*</u>	<u>43,138,843</u>
Total Comprehensive Income for the period ended 30 September 2016	<u>36,675,560</u>	<u>5,356,508*</u>	<u>42,032,068</u>
Basic and Diluted Earnings per Share for the period	<u>1.51</u>	<u>0.21</u>	<u>1.72</u>

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

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

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(UNAUDITED) (continued)

30 September 2017

**17 DIVIDENDS DISTRIBUTION**

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

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

**18 COMPARATIVE FIGURES**

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

**19 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 5 Safar 1439H, (corresponding to 25 October 2017).