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

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

**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

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BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED FINANCIAL STATEMENTS  
For The Three Month Period Ended 31 March 2019

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**INDEPENDENT AUDITORS' REVIEW REPORT  
ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**The Shareholders**  
**Buruj Cooperative Insurance Company**  
**(A Saudi Joint Stock Company)**  
**Kingdom of Saudi Arabia**

**Introduction:**

We have reviewed the accompanying interim condensed statement of financial position of Buruj Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2019 and the related interim condensed statement of income, interim condensed statement of comprehensive income for three month period then ended, interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the three 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" (IAS 34) as modified by Saudi Arabian Monetary Authority (SAMA) for the accounting of 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 Engagements 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 the 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 (ISAs), as endorsed in Kingdom of Saudi Arabia 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 (IAS 34), "Interim Financial Reporting" as modified by SAMA for accounting of zakat and income tax.

**Al-Bassam & Co.**  
**Allied Accountants**  
P.O. Box 69658  
Riyadh 11557  
Kingdom of Saudi Arabia

**Ibrahim A. Al-Bassam**  
Certified Public Accountant  
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**Aldar Audit Bureau**  
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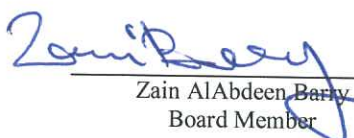


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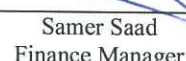
**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

|  |              | <b>31 March 2019</b><br><b>(Unaudited)</b> | <b>31 December 2018</b><br><b>(Audited)</b> |
|--|--------------|--|---|
|  | <b>Notes</b> | <b>SAR</b>                                 | <b>SAR</b>                                  |
| <b>ASSETS</b>  |              |  |   |
| Cash and cash equivalents                                    | 4            | 238,168,157                                | 223,534,759                                 |
| Time deposits  | 5            | 380,442,671                                | 368,123,651                                 |
| Premiums and reinsurers' receivable, net                     | 6            | 51,353,335                                 | 37,828,171                                  |
| Reinsurers' share of unearned premiums                       | 10(a)        | 9,960,476                                  | 9,826,524                                   |
| Reinsurers' share of outstanding claims                      | 10(b)        | 57,280,039                                 | 58,536,727                                  |
| Reinsurers' share of claims incurred but not reported        | 10(b)        | 16,126,795                                 | 23,638,303                                  |
| Deferred policy acquisition costs                            |              | 11,276,205                                 | 9,251,289                                   |
| Deferred excess of loss premiums                             |              | 5,679,142                                  | -   |
| Investments  | 7            | 168,031,695                                | 184,452,148                                 |
| Prepaid expenses and other assets                            |              | 23,688,640                                 | 18,446,097                                  |
| Right-of-use assets  |              | 7,453,385                                  | -   |
| Property, equipment and intangible assets, net               |              | 4,206,802                                  | 4,420,141                                   |
| Investment in associate                                      | 8            | 621,209                                    | 570,292                                     |
| Statutory deposit  |              | 30,000,000                                 | 25,000,000                                  |
| Statutory deposit investment returns                         |              | 1,206,937                                  | 837,567                                     |
| <b>TOTAL ASSETS</b>  |              | <b>1,005,495,488</b>                       | <b>964,465,669</b>                          |
| <b>LIABILITIES</b>   |              |  |   |
| Policyholders and accounts payables                          |              | 26,972,562                                 | 26,652,095                                  |
| Reinsurers' balances payable                                 |              | 4,465,868                                  | 3,438,376                                   |
| Accrued expenses and other liabilities                       |              | 27,390,911                                 | 24,605,744                                  |
| Lease liabilities  |              | 6,923,036                                  | -   |
| Unearned premiums  |              | 160,112,547                                | 134,815,114                                 |
| Unearned reinsurance commission                              |              | 1,662,535                                  | 1,593,290                                   |
| Outstanding claims   |              | 159,503,175                                | 159,089,829                                 |
| Claims incurred but not reported                             | 10(b)        | 80,801,237                                 | 103,871,697                                 |
| Premium deficiency reserve                                   | 10(b)        | 14,452,676                                 | 4,273,324                                   |
| Other technical reserves                                     | 10(b)        | 5,627,565                                  | 7,444,867                                   |
| End-of-service indemnities                                   |              | 11,826,367                                 | 11,496,527                                  |
| Zakat payable  | 11           | 32,968,218                                 | 29,839,668                                  |
| Statutory deposit investment returns                         |              | 1,206,937                                  | 837,567                                     |
| <b>TOTAL LIABILITIES</b>                                     |              | <b>533,913,634</b>                         | <b>507,958,098</b>                          |
| <b>INSURANCE OPERATIONS' SURPLUS</b>                         |              |  |   |
| Accumulated surplus  |              | 8,648,553                                  | 7,326,695                                   |
| Fair value gain/ (loss) reserve on investments               |              | 1,083,635                                  | (1,006,041)                                 |
| Accumulated actuarial loss on end-of-service indemnities     |              | (3,357,799)                                | (3,357,799)                                 |
| <b>TOTAL LIABILITIES &amp; INSURANCE OPERATIONS' SURPLUS</b> |              | <b>540,288,023</b>                         | <b>510,920,953</b>                          |
| <b>SHAREHOLDERS' EQUITY</b>                                  |              |  |   |
| Share capital  | 12           | 300,000,000                                | 250,000,000                                 |
| Statutory reserve  |              | 48,707,396                                 | 48,707,396                                  |
| Retained earnings  |              | 114,779,454                                | 151,762,026                                 |
| Fair value gain reserve on investments                       |              | 1,720,615                                  | 3,075,294                                   |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                            |              | <b>465,207,465</b>                         | <b>453,544,716</b>                          |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>            |              | <b>1,005,495,488</b>                       | <b>964,465,669</b>                          |

  
Zain AlAbdeen Barry  
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.



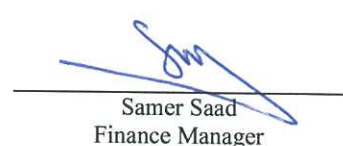
**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)**

|   |       | <b>For the three months period ended</b> |                              |
|---|-------|--|------------------------------|
|   | Notes | <b>31 March 2019<br/>SAR</b>             | <b>31 March 2018<br/>SAR</b> |
| <b><u>REVENUES</u></b>  |       |  |                              |
| Gross written premiums  |       | <b>104,887,009</b>                       | 97,996,492                   |
| Reinsurance premiums ceded  |       |  |                              |
| - Local   |       | <b>(545,127)</b>                         | (617,603)                    |
| - Foreign   |       | <b>(6,469,996)</b>                       | (4,294,067)                  |
| Excess of loss premiums   |       |  |                              |
| - Local   |       | <b>(149,447)</b>                         | (326,837)                    |
| - Foreign   |       | <b>(1,129,980)</b>                       | (4,182,550)                  |
| <b>Net premiums written</b>                                       |       | <b>96,592,459</b>                        | 88,575,435                   |
| Changes in unearned premiums, net                                 |       | <b>(25,163,481)</b>                      | 14,235,424                   |
| <b>Net premiums earned</b>  |       | <b>71,428,978</b>                        | 102,810,859                  |
| Reinsurance commissions   |       | <b>2,702,468</b>                         | 2,295,773                    |
| Policy fees and other underwriting income                         |       | <b>517,231</b>                           | 3,412,715                    |
| <b><u>TOTAL REVENUES</u></b>                                      |       | <b>74,648,677</b>                        | 108,519,347                  |
| <b><u>UNDERWRITING COSTS</u></b>                                  |       |  |                              |
| Gross claims paid   |       | <b>(50,032,778)</b>                      | (67,058,757)                 |
| Reinsurers' share of claims paid                                  |       | <b>2,272,680</b>                         | 5,818,009                    |
| <b>Net claims paid</b>  |       | <b>(47,760,098)</b>                      | (61,240,748)                 |
| Changes in outstanding claims, net                                |       | <b>(1,670,034)</b>                       | 1,405,606                    |
| Changes in claims incurred but not reported, net                  |       | <b>15,558,952</b>                        | (2,628,102)                  |
| <b>Net claims incurred</b>  |       | <b>(33,871,180)</b>                      | (62,463,244)                 |
| Changes in premium deficiency reserves                            |       | <b>(10,179,352)</b>                      | -                            |
| Changes in other technical reserves                               |       | <b>1,817,302</b>                         | 2,576,827                    |
| Policy acquisition costs  |       | <b>(5,827,768)</b>                       | (9,328,884)                  |
| Inspection and supervision fees                                   |       | <b>(913,051)</b>                         | (737,362)                    |
| Other underwriting expenses                                       |       | <b>(2,444,073)</b>                       | (2,476,382)                  |
| <b><u>TOTAL UNDERWRITING COSTS</u></b>                            |       | <b>(51,418,122)</b>                      | (72,429,045)                 |
| <b>NET UNDERWRITING SURPLUS</b>                                   |       | <b>23,230,555</b>                        | 36,090,302                   |
| <b><u>OTHER OPERATING (EXPENSES)/INCOME</u></b>                   |       |  |                              |
| Reversal of/(allowance for) doubtful debts                        | 6     | <b>2,109,434</b>                         | (963,808)                    |
| General and administrative expenses                               |       | <b>(16,648,100)</b>                      | (15,621,750)                 |
| Commission income on time deposits and investments                |       | <b>5,228,360</b>                         | 4,143,977                    |
| Dividend income   |       | <b>1,538,211</b>                         | 1,462,251                    |
| Realized gain on investments                                      |       | <b>2,152,949</b>                         | 447,353                      |
| Impairment of available for sale investments                      |       | <b>(181,316)</b>                         | -                            |
| Share of profit/(loss) from associate                             | 8     | <b>50,917</b>                            | (375,354)                    |
| Other (expenses)/income   |       | <b>(13,174)</b>                          | 54,155                       |
| <b><u>TOTAL OTHER OPERATING (EXPENSES)/INCOME</u></b>             |       | <b>(5,762,719)</b>                       | (10,853,176)                 |
| <b>Total income for the period</b>                                |       | <b>17,467,836</b>                        | 25,237,126                   |
| <b>Total income attributed to the insurance operations</b>        |       | <b>(1,321,858)</b>                       | (2,346,498)                  |
| <b>Net income for the period attributable to the shareholders</b> |       | <b>16,145,978</b>                        | 22,890,628                   |
| <b>Earnings per share – Basic and diluted – Restated</b>          | 14    | <b>0.54</b>                              | 0.76                         |

  
Zain AlAbdeen Barry  
Board Member

  
Samer Kanj  
Chief Executive Officer

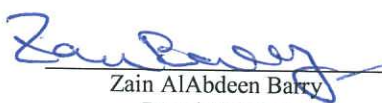
  
Samer Saad  
Finance Manager

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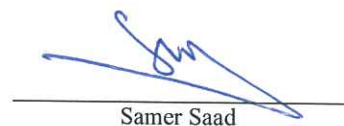
**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

|  | <b>For the three months period ended</b> |                      |
|--|--|----------------------|
|  | <b>31 March 2019</b>                     | <b>31 March 2018</b> |
|  | <b>SAR</b>                               | <b>SAR</b>           |
| <b>Total income for the period</b>   | <b>17,467,836</b>                        | <b>25,237,126</b>    |
| <b>Other comprehensive income/(loss)</b>   |  |                      |
| <i>Items that will be reclassified to statements of income in subsequent periods</i> |  |                      |
| Available for sale investments:  |  |                      |
| - Net amounts transferred to statement of income                                     | <b>(2,152,949)</b>                       | <b>(447,353)</b>     |
| - Net change in fair value   | <b>2,887,946</b>                         | <b>(2,985,348)</b>   |
|  | <b>734,997</b>                           | <b>(3,432,701)</b>   |
| <b><u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u></b>                              | <b>18,202,833</b>                        | <b>21,804,425</b>    |
| <b>Total comprehensive income attributed to the insurance operations</b>             | <b>3,411,534</b>                         | <b>3,064,517</b>     |
| <b>Total comprehensive income for the period attributable to the shareholders</b>    | <b>14,791,299</b>                        | <b>18,739,908</b>    |

  
Zain AlAbdeen Barry  
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 CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019

|   | Share<br>Capital<br>SAR | Statutory<br>Reserve<br>SAR | Retained<br>earnings<br>SAR | Fair value<br>reserve gain on<br>investments<br>SAR | Total<br>SAR       |
|---|-------------------------|-----------------------------|-----------------------------|---|--------------------|
| <b>2019</b>   |                         |                             |                             |   |                    |
| <b>Balance as at 1 January 2019 (Audited)</b>   | <b>250,000,000</b>      | <b>48,707,396</b>           | <b>151,762,026</b>          | <b>3,075,294</b>                                    | <b>453,544,716</b> |
| <i><b>Total comprehensive income for the period attributable to shareholders:</b></i> |                         |                             |                             |   |                    |
| Net income for the period attributable to shareholders                                | -                       | -                           | 16,145,978                  | -   | 16,145,978         |
| Changes in fair value of available for sale investments                               | -                       | -                           | -                           | (1,354,679)   | (1,354,679)        |
| <b>Total comprehensive income for the period attributable to shareholders</b>         | <b>-</b>                | <b>-</b>                    | <b>16,145,978</b>           | <b>(1,354,679)</b>                                  | <b>14,791,299</b>  |
| <b>Bonus shares (Note 12)</b>   | <b>50,000,000</b>       | <b>-</b>                    | <b>(50,000,000)</b>         | <b>-</b>  | <b>-</b>           |
| <b>Zakat for the period (Note 11)</b>   | <b>-</b>                | <b>-</b>                    | <b>(3,128,550)</b>          | <b>-</b>  | <b>(3,128,550)</b> |
| <b>Balance as at 31 March 2019 (Unaudited)</b>  | <b>300,000,000</b>      | <b>48,707,396</b>           | <b>114,779,454</b>          | <b>1,720,615</b>                                    | <b>465,207,465</b> |
| <b>2018</b>   |                         |                             |                             |   |                    |
| <b>Balance as at 1 January 2018 (Audited)</b>   | <b>250,000,000</b>      | <b>34,224,026</b>           | <b>105,742,042</b>          | <b>7,010,448</b>                                    | <b>396,976,516</b> |
| <i><b>Total comprehensive income for the period attributable to shareholders:</b></i> |                         |                             |                             |   |                    |
| Net income for the period attributable to shareholders                                | -                       | -                           | 22,890,628                  | -   | 22,890,628         |
| Changes in fair value of available for sale investments                               | -                       | -                           | -                           | (4,150,720)   | (4,150,720)        |
| <b>Total comprehensive income for the period attributable to shareholders</b>         | <b>-</b>                | <b>-</b>                    | <b>22,890,628</b>           | <b>(4,150,720)</b>                                  | <b>18,739,908</b>  |
| <b>Zakat for the period</b>   | <b>-</b>                | <b>-</b>                    | <b>(3,170,506)</b>          | <b>-</b>  | <b>(3,170,506)</b> |
| <b>Balance as at 31 March 2018 (Unaudited)</b>  | <b>250,000,000</b>      | <b>34,224,026</b>           | <b>125,462,164</b>          | <b>2,859,728</b>                                    | <b>412,545,918</b> |

  
Zain AlAbdeen Barry  
Board Member

  
Samer Kanj  
Chief Executive Officer

  
Samer Saad  
Finance Manager

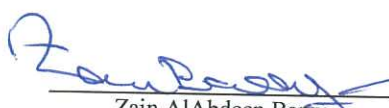
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**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

|   | <b>For the three months period ended</b> |                      |
|---|--|----------------------|
|   | <b>31 March 2019</b>                     | <b>31 March 2018</b> |
| Notes   | <b>SAR</b>                               | <b>SAR</b>           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |  |                      |
| Total income for the period                                   | 17,467,836                               | 25,237,126           |
| <i>Adjustments for non-cash items:</i>                        |  |                      |
| Depreciation of property and equipment                        | 359,593                                  | 276,533              |
| Loss/(gain) on disposal of property and equipment             | 13,174                                   | (52,299)             |
| (Reversal of)/allowance for doubtful debts                    | 6 (2,109,434)                            | 963,808              |
| Right-of-use depreciation                                     | 405,925                                  | -                    |
| Interest expense on lease liability                           | 33,919                                   | -                    |
| Share of (profit)/loss of associate                           | 8 (50,917)                               | 375,354              |
| Provision for end-of-service indemnities                      | 461,949                                  | 404,431              |
| Realized gain from investments                                | (2,152,949)                              | (447,353)            |
| Impairment of available for sale investments                  | 181,316                                  | -                    |
| <i>Changes in operating assets and liabilities:</i>           |  |                      |
| Premiums and reinsurers' receivable                           | (11,415,730)                             | (18,560,018)         |
| Reinsurers' share of unearned premiums                        | (133,952)                                | 2,006,771            |
| Reinsurers' share of outstanding claims                       | 1,256,688                                | 3,788,185            |
| Reinsurers' share of claims incurred but not reported         | 7,511,508                                | (4,382,827)          |
| Deferred policy acquisition costs                             | (2,024,916)                              | 1,450,381            |
| Deferred excess of loss premiums                              | (5,679,142)                              | (7,194,784)          |
| Prepaid expenses and other assets                             | (5,242,543)                              | (11,130,394)         |
| Right-of-use assets   | (7,859,310)                              | -                    |
| Statutory deposit   | (5,000,000)                              | -                    |
| Policyholders and accounts payables                           | 320,467                                  | (4,848,035)          |
| Reinsurers' balances payable                                  | 1,027,492                                | 5,283,510            |
| Accrued expenses and other liabilities                        | 2,785,167                                | 5,931,674            |
| Lease liabilities   | 6,889,117                                | -                    |
| Unearned premiums   | 25,297,433                               | (16,242,195)         |
| Unearned reinsurance commission                               | 69,245                                   | 91,947               |
| Outstanding claims  | 413,346                                  | (5,193,791)          |
| Claims incurred but not reported                              | (23,070,460)                             | 7,010,929            |
| Premium deficiency reserves                                   | 10,179,352                               | -                    |
| Other technical reserves                                      | (1,817,302)                              | (2,576,827)          |
| End-of-service indemnities paid                               | 8,116,872                                | (17,807,874)         |
| <b>Net cash generated from/(used in) operating activities</b> | <b>7,984,763</b>                         | <b>(18,005,853)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |  |                      |
| (Additions)/disposals in time deposits                        | (12,319,020)                             | 14,335,711           |
| Additions in investments                                      | (10,957,638)                             | (17,319,741)         |
| Proceeds from available for sale investments                  | 30,084,721                               | 8,198,375            |
| Additions in property and equipment                           | (159,428)                                | (523,952)            |
| Proceeds from disposal of property and equipment              | -  | 65,351               |
| <b>Net cash generated from investing activities</b>           | <b>6,648,635</b>                         | <b>4,755,744</b>     |
| Net change in cash and cash equivalents                       | 14,633,398                               | (13,250,109)         |
| Cash and cash equivalents, beginning of the period            | 223,534,759                              | 238,876,530          |
| <b>Cash and cash equivalents, end of the period</b>           | <b>238,168,157</b>                       | <b>225,626,421</b>   |
| <i>Non-cash transactions:</i>                                 |  |                      |
| Change in fair value of available for sale investments        | 734,997                                  | (3,432,701)          |

  
Zain AlAbdeen Barry  
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)**

31 March 2019

### **1 GENERAL**

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 Authority (“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 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.

### **2 BASIS OF PREPARATION**

#### **(a) Basis of presentation**

The interim condensed financial statements for the three months period ended 31 March 2019 (the “period”) have been prepared in accordance International Accounting Standard 34, “Interim Financial Reporting” as modified by the Saudi Arabian Monetary Authority (“SAMA”) for the accounting of zakat and income tax’, which requires adoption of IFRS as issued by the International Accounting Standards Board (“IASB”) except for the application of International Accounting Standard (IAS) 12-“Income Taxes and IFRIC 21 – “Levies” so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax (“SAMA Circular”), the Zakat and Income tax are to be accrued separately on a quarterly basis through shareholders equity under retained earnings.

The interim condensed financial information have been prepared under the going concern basis and the historical cost basis except for the measurement at fair value of “available for sale investments” and investment in associate which is accounted for under the equity method.

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 17 have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations.

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2019

**2 BASIS OF PREPARATION (continued)**

**(a) Basis of presentation (continued)**

In preparing the Company-level financial information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The interim condensed financial information 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 2018.

These interim condensed financial information are expressed in Saudi Arabian Riyals (SAR).

**(b) Critical accounting judgments, estimates and assumptions**

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2018.

**3 SUMMARY OF 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 2018 except as described below:

***IFRS 16 - Leases***

IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

IFRS 16 'Leases' introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

**(A) Adjustment recognised on adoption of IFRS 16:**

The Company has adopted IFRS 16 on 1 January 2019, using modified retrospective approach; therefore, the cumulative effect of adopting IFRS 16 has been recognised as an adjustment to the opening balance of prepayments with no effect on opening retained earnings at 1 January 2019 and without a restatement of comparative information.

The Company has applied the practical expedient to grandfather the definition of a lease on transition i.e. all contracts entered into before 1 January 2019 are identified as leases in accordance with IAS 17 and IFRIC 4.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2019

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

*IFRS 16 – Leases (continued)*

**(B) Accounting Policies:**

The Company has recognised new assets and liabilities for its operating leases of office premises. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interim statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

i. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

ii. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in- substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the interim statement of income. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Right-of-use assets depreciation charge and balance are as follows:

|                                 | <b>31 March 2019</b><br><b>(Unaudited)</b><br><b>SAR</b> |
|---------------------------------|--|
| <b>Cost</b>                     |  |
| As at 1 January 2019            | -  |
| Additions                       | 7,859,310  |
| Deletions                       | -  |
| As at 31 March 2019             | <u>7,859,310</u>   |
| <b>Accumulated Depreciation</b> |  |
| As at 1 January 2019            | -  |
| Charge                          | (405,925)  |
| As at 31 March 2019             | <u>(405,925)</u>   |
| <b>Carrying Value</b>           | <u>7,453,385</u>   |



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2019

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

***IFRS 16 – Leases (continued)***

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease as follows:

|  | SAR              |
|--|------------------|
| Operating lease liability as at 31 December 2018                 | 8,230,655        |
| Weighted average incremental borrowing rate as at 1 January 2019 | 3.17%            |
| Discounted operating lease liability as at 1 January 2019        | 7,565,180        |
| Less: Current portion of lease liability                         | (1,558,543)      |
| Non-current portion of lease liability as at 1 January 2019      | <u>6,006,637</u> |

Lease liabilities as at period end are as follows:

|  | 31 March 2019<br>(Unaudited)<br>SAR |
|--|-------------------------------------|
| Non-current portion of lease liability | 5,421,200                           |
| Current portion of lease liability     | <u>1,501,836</u>                    |
|  | <u>6,923,036</u>                    |

The total interest expense on lease liabilities recognized during the period ended 31 March 2019 is SAR 33,919.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.17 %.

***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 2022 for companies whose activities are predominantly connected with insurance. In line with other insurance companies in the Kingdom of Saudi Arabia, the Company deferred the application of IFRS 9 till 1 January 2022 to match with the adoption of IFRS 17.

***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 2022. 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. The Company is in the process of assessing the impact of IFRS 17.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2019

**4 CASH AND CASH EQUIVALENTS**

|   | <b>31 March 2019 (Unaudited)</b> |                                 | <b>31 December 2018 (Audited)</b> |                                 |
|---|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|   | <b>Insurance operations</b>      | <b>Shareholders' operations</b> | <b>Insurance operations</b>       | <b>Shareholders' operations</b> |
|   | <b>SAR</b>                       | <b>SAR</b>                      | <b>SAR</b>                        | <b>SAR</b>                      |
| Bank balances and cash                                      | <b>115,404,582</b>               | <b>31,300,600</b>               | 104,211,856                       | 18,873,381                      |
| Deposits maturing within 3 months from the acquisition date | <b>27,951,161</b>                | <b>63,511,814</b>               | 37,357,794                        | 63,091,728                      |
|   | <b>143,355,743</b>               | <b>94,812,414</b>               | 141,569,650                       | 81,965,109                      |

Deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These earn commission income at an average rate of 2.70% per annum (2018: 2.55% per annum).

Both bank balances and deposits are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

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

**5 TIME DEPOSITS**

Time deposits are placed with local banks and financial institutions with an original maturity of more than three months from the date of acquisition and earned special commission income at an average rate of 3.93% per annum (2018: 3.80% per annum).

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

**6 PREMIUMS AND REINSURERS' RECEIVABLE, NET**

(a) Premiums and reinsurers' receivables comprised of the following:

|  | <b>31 March 2019 (Unaudited)</b> | <b>31 December 2018 (Audited)</b> |
|--|----------------------------------|-----------------------------------|
|  | <b>SAR</b>                       | <b>SAR</b>                        |
| Premiums receivable                            | <b>63,269,623</b>                | 49,900,132                        |
| Less: Allowance for doubtful debts             | <b>(16,705,716)</b>              | (18,829,813)                      |
|  | <b>46,563,907</b>                | 31,070,319                        |
| Reinsurers' receivable                         | <b>7,418,972</b>                 | 9,372,733                         |
| Less: Allowance for doubtful debts             | <b>(2,629,544)</b>               | (2,614,881)                       |
|  | <b>4,789,428</b>                 | 6,757,852                         |
| Total premiums and reinsurers' receivable, net | <b>51,353,335</b>                | 37,828,171                        |

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2019

**6 PREMIUMS AND REINSURERS' RECEIVABLE, NET (continued)**

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

|                                   | Policyholders<br>SAR | Reinsurers'<br>SAR | Total<br>SAR |
|-----------------------------------|----------------------|--------------------|--------------|
| <b>31 March 2019 (Unaudited)</b>  |                      |                    |              |
| Beginning balance                 | 18,829,813           | 2,614,881          | 21,444,694   |
| Reversal/(charge) for the period  | (2,124,097)          | 14,663             | (2,109,434)  |
| Closing balance                   | 16,705,716           | 2,629,544          | 19,335,260   |
| <b>31 December 2018 (Audited)</b> |                      |                    |              |
| Beginning balance                 | 17,351,691           | 517,748            | 17,869,439   |
| Charge for the year               | 1,478,122            | 2,097,133          | 3,575,255    |
| Closing balance                   | 18,829,813           | 2,614,881          | 21,444,694   |

**7 INVESTMENTS**

(i) Investments are classified as follows:

|                          | <b>31 March 2019 (Unaudited)</b> |                                    | <b>31 December 2018 (Audited)</b> |                                    |
|--------------------------|----------------------------------|------------------------------------|-----------------------------------|------------------------------------|
|                          | Insurance<br>Operations<br>SAR   | Shareholders'<br>Operations<br>SAR | Insurance<br>Operations<br>SAR    | Shareholders'<br>Operations<br>SAR |
| Available for sale "AFS" | 30,424,701                       | 127,606,994                        | 31,161,180                        | 143,290,968                        |
| Held to maturity "HTM"   | -                                | 10,000,000                         | -                                 | 10,000,000                         |
| Total                    | 30,424,701                       | 137,606,994                        | 31,161,180                        | 153,290,968                        |

(a) Available for sale investments ("AFS") comprises the following:

|  | <b>31 March 2019 (Unaudited)</b> |                                    | <b>31 December 2018 (Audited)</b> |                                    |
|--|----------------------------------|------------------------------------|-----------------------------------|------------------------------------|
|  | Insurance<br>Operations<br>SAR   | Shareholders'<br>Operations<br>SAR | Insurance<br>Operations<br>SAR    | Shareholders'<br>Operations<br>SAR |
| Quoted local "DPM" equity securities     | 21,821,601                       | -                                  | 22,524,280                        | -                                  |
| Units in local investment funds - (NAV)* | 8,603,100                        | 49,172,042                         | 8,636,900                         | 62,710,386                         |
| Quoted fixed income securities           | -                                | 64,050,493                         | -                                 | 66,181,234                         |
| Units in quoted local real estate funds  | -                                | 12,461,381                         | -                                 | 12,476,270                         |
| Unquoted local equity investment **      | -                                | 1,923,078                          | -                                 | 1,923,078                          |
| Total available for sale investments     | 30,424,701                       | 127,606,994                        | 31,161,180                        | 143,290,968                        |

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

\*\* This represents the share in Najm for Insurance Services Company.



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (continued)**  
**31 March 2019**

**7 INVESTMENTS (continued)**

(b) Held to maturity ("HTM") comprises of domestic unquoted floating rate securities as follows:

|                                    | <b>31 March 2019 (Unaudited)</b> |                                     | <b>31 December 2018 (Audited)</b> |                                     |
|------------------------------------|----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
|                                    | <b>Insurance Operations SAR</b>  | <b>Shareholders' Operations SAR</b> | <b>Insurance Operations SAR</b>   | <b>Shareholders' Operations SAR</b> |
| Sukuk "Almarai" – September 2022   | -                                | 5,000,000                           | -                                 | 5,000,000                           |
| Sukuk "Sipchem" – June 2021        | -                                | 5,000,000                           | -                                 | 5,000,000                           |
| Total held to maturity investments | -                                | 10,000,000                          | -                                 | 10,000,000                          |

The fair value of the "HTM" investments as at 31 March 2019 was not different from its carrying value. There were no movement in held to maturity investments during the period.

(ii) The movement during the period/year in the investments is as follows:

|                                      | <b>31 March 2019 (Unaudited)</b> |                                     | <b>31 December 2018 (Audited)</b> |                                     |
|--------------------------------------|----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
|                                      | <b>Insurance Operations SAR</b>  | <b>Shareholders' Operations SAR</b> | <b>Insurance Operations SAR</b>   | <b>Shareholders' Operations SAR</b> |
| Opening balance                      | 31,161,180                       | 153,290,968                         | 41,401,450                        | 128,077,276                         |
| Purchases                            | 1,893,359                        | 9,064,279                           | 12,623,508                        | 50,844,352                          |
| Disposals                            | (4,791,907)                      | (25,292,814)                        | (23,582,613)                      | (21,647,316)                        |
| Impairment                           | (181,316)                        | -                                   | (620,545)                         | -                                   |
|                                      | 28,081,316                       | 137,062,433                         | 29,821,800                        | 157,274,312                         |
| Changes in fair value of investments | 2,343,385                        | 544,561                             | 1,339,380                         | (3,983,344)                         |
| Closing balance                      | 30,424,701                       | 137,606,994                         | 31,161,180                        | 153,290,968                         |

**8 INVESTMENT IN ASSOCIATE**

|                        | <b>31 March 2019 (Unaudited) SAR</b> | <b>31 December 2018 (Audited) SAR</b> |
|------------------------|--------------------------------------|---------------------------------------|
| Beginning balance      | 570,292                              | 1,220,388                             |
| Share of profit/(loss) | 50,917                               | (650,096)                             |
| Closing balance        | 621,209                              | 570,292                               |

The Company's interest in associate, which is unquoted, is as follows along with summarized financial information:

**Gulf Warranties Insurance Services (Limited liability Company)**

| As of              | Country of Incorporation | Assets    | Liabilities | Revenue   | Profit/(Loss) | % Interest |
|--------------------|--------------------------|-----------|-------------|-----------|---------------|------------|
| <b>SAR</b>         |                          |           |             |           |               |            |
| December 31, 2018* | Saudi Arabia             | 5,496,699 | 3,922,303   | 1,200,138 | (470,505)     | 40%        |
| September 30, 2018 | Saudi Arabia             | 5,010,203 | 3,580,870   | 533,016   | (686,855)     | 40%        |

\* Based on latest audited financial statements.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2019

**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 between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the assets or liability, or
- in the absences of a principal market, in the most advantages accessible market for the asset or liability

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information.

**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 prices in active markets for the same or identical instrument that an entity can access at the measurement date;
- Level 2 – quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3 - valuation techniques for which any significant input is not based on observable market data.

| <b>31 March 2019 (Unaudited)</b>   | <b>Level 1<br/>SAR</b> | <b>Level 2<br/>SAR</b> | <b>Level 3<br/>SAR</b> | <b>Total<br/>SAR</b> |
|------------------------------------|------------------------|------------------------|------------------------|----------------------|
| <b>Available for sale</b>          |                        |                        |                        |                      |
| - Equities                         | 21,821,601             | -                      | 1,923,078              | 23,744,679           |
| - Fixed income securities          | 64,050,493             | -                      | -                      | 64,050,493           |
| - Investment and real estate funds | 12,461,381             | 57,775,142             | -                      | 70,236,523           |
| <b>Held to maturity</b>            | -                      | -                      | 10,000,000             | 10,000,000           |
|                                    | <b>98,333,475</b>      | <b>57,775,142</b>      | <b>11,923,078</b>      | <b>168,031,695</b>   |

**31 December 2018 (Audited)**

|                                    |                    |                   |                   |                    |
|------------------------------------|--------------------|-------------------|-------------------|--------------------|
| <b>Available for sale</b>          |                    |                   |                   |                    |
| - Equities                         | 22,524,280         | -                 | 1,923,078         | 24,447,358         |
| - Fixed income securities          | 66,181,234         | -                 | -                 | 66,181,234         |
| - Investment and real estate funds | 12,476,270         | 71,347,286        | -                 | 83,823,556         |
| <b>Held to maturity</b>            | -                  | -                 | 10,000,000        | 10,000,000         |
|                                    | <b>101,181,784</b> | <b>71,347,286</b> | <b>11,923,078</b> | <b>184,452,148</b> |

**Transfers between levels**

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

During the three month period ended 31 March 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

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**(UNAUDITED) (continued)**  
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**10 TECHNICAL RESERVES**

**(a) MOVEMENT IN UNEARNED PREMIUMS**

|   | <b>31 March 2019 (Unaudited)</b> |                        |                | <b>31 December 2018 (Audited)</b> |                        |                |
|---|----------------------------------|------------------------|----------------|-----------------------------------|------------------------|----------------|
|   | <b>Gross SAR</b>                 | <b>Reinsurance SAR</b> | <b>Net SAR</b> | <b>Gross SAR</b>                  | <b>Reinsurance SAR</b> | <b>Net SAR</b> |
| Beginning balance                       | 134,815,114                      | (9,826,524)            | 124,988,590    | 203,643,613                       | (10,763,509)           | 192,880,104    |
| Premiums written during the period/year | 104,887,009                      | (8,294,550)            | 96,592,459     | 319,997,982                       | (45,432,962)           | 274,565,020    |
| Premiums earned during the period/year  | (79,589,576)                     | 8,160,598              | (71,428,978)   | (388,826,481)                     | 46,369,947             | (342,456,534)  |
| Closing balance                         | 160,112,547                      | (9,960,476)            | 150,152,071    | 134,815,114                       | (9,826,524)            | 124,988,590    |

**(b) NET OUTSTANDING CLAIMS AND RESERVES**

Net outstanding claims and reserves comprise of the following:

|   | <b>31 March 2019 (Unaudited) SAR</b> | <b>31 December 2018 (Audited) SAR</b> |
|---|--------------------------------------|---------------------------------------|
| Gross outstanding claims                              | 159,503,175                          | 159,089,829                           |
| Less: Realizable value of salvage and subrogation     | -                                    | -                                     |
|   | 159,503,175                          | 159,089,829                           |
| Claims incurred but not reported                      | 80,801,237                           | 103,871,697                           |
| Premium deficiency reserve                            | 14,452,676                           | 4,273,324                             |
| Other technical reserves *                            | 5,627,565                            | 7,444,867                             |
|   | 260,384,653                          | 274,679,717                           |
| Less:   |                                      |                                       |
| Reinsurers' share of outstanding claims               | (57,280,039)                         | (58,536,727)                          |
| Reinsurers' share of claims incurred but not reported | (16,126,795)                         | (23,638,303)                          |
|   | (73,406,834)                         | (82,175,030)                          |
| <b>Net outstanding claims and other reserves</b>      | <b>186,977,819</b>                   | <b>192,504,687</b>                    |

\* Other technical reserves comprise of the following:

|   | <b>31 March 2019 (Unaudited) SAR</b> | <b>31 December 2018 (Audited) SAR</b> |
|---|--------------------------------------|---------------------------------------|
| Unallocated loss adjustment expense provision | 2,172,636                            | 2,784,912                             |
| Catastrophe reserve                           | 2,468,820                            | 2,468,820                             |
| Reinsurance accrual reserve                   | 986,109                              | 2,191,135                             |
|   | 5,627,565                            | 7,444,867                             |



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2019

**11 ZAKAT PAYABLE**

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

|                                     | <b>31 March 2018<br/>(Unaudited)<br/>SAR</b> | <b>31 December 2018<br/>(Audited)<br/>SAR</b> |
|-------------------------------------|--|---|
| At the beginning of the period/year | <b>29,839,668</b>                            | 25,840,869                                    |
| Provided for the period/year        | <b>3,128,550</b>                             | 11,913,498                                    |
| Paid during the period/year         | -  | (7,914,699)                                   |
| At the end of the period/year       | <b>32,968,218</b>                            | 29,839,668                                    |

**Status of assessments**

The Company has filed zakat returns with the General Authority of Zakat and Tax ("GAZT") for the years from 2010 to 2018.

On review of the zakat return by GAZT for the long period ended 31 December 2010, a demand of SAR 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 SAR 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 SAR 2,378,604 has been raised by the GAZT. The Company paid this demand and filed an appeal with GAZT. On February 2019 GAZT revised its assessment of the zakat return to SAR 2,053,604 after taken into consideration the deduction of statutory deposit based on the decision of the Appeal Committee.

On review of the zakat return by the GAZT for the year 2012, a demand of SAR 1,979,521 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 2013 and 2014 a demand of SAR 2,885,577 and SAR 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.

No assessments have been received out yet from the GAZT for the years 2015 to 2018.

**12 SHARE CAPITAL**

The authorized, issued and paid up share capital of the Company was SAR 300 Million at March 31, 2019 (December 31, 2018: SAR 250 Million) consisting of 30 million shares (December 31, 2018: 25 million shares) of SAR 10 each.

The Company's Board of Directors recommended on June 4, 2018 to the Extraordinary General Assembly Meeting to increase share capital of the Company by issuing 5 million bonus shares. The Company obtained the Capital Market Authority approval on August 9, 2018. The Extraordinary General Assembly held on January 14, 2019 approved the issuance of 5 million bonus shares amounting to SAR 50 Million and thus the share capital increased to SAR 300 Million consisting of 30 million shares of SAR 10 each.

The shareholders of the Company are subject to 100% Zakat.

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**13 CAPITAL MANAGEMENT**

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SAR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

**14 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share for the period has been calculated by dividing the net income for the period by the number of issued and outstanding shares (30 million shares) at the period end. The Company has increased its share capital by issuing 5 million bonus shares (note 12), as a result the ordinary shares issued and outstanding as at quarter ended 31 March 2019 has increased to 30 million shares. Earnings per share of the prior comparative period have been restated to include the impact of bonus shares issued during the quarter ended 31 March, 2019.

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**15 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances:

| <i>Related party</i>                       | <i>Nature of transactions</i>                                       | <u>Transactions for the period ended</u>                 |  | <u>Balance as at</u>                                     |   |
|--|---|--|--|--|---|
|  |   | <b>31 March 2019</b><br><b>(Unaudited)</b><br><b>SAR</b> | <b>31 March 2018</b><br><b>(Unaudited)</b><br><b>SAR</b> | <b>31 March 2019</b><br><b>(Unaudited)</b><br><b>SAR</b> | <b>31 December 2018</b><br><b>(Audited)</b><br><b>SAR</b> |
| Major Shareholders                         | Insurance premium written   | <b>339,816</b>   | 531,743  | <b>6,068,735</b>   | 6,576,370   |
|  | Claims paid   | <b>(247,793)</b>   | (601,168)  | -  | -   |
|  | Reinsurance premium ceded   | <b>(465,484)</b>   | (406,381)  | <b>(689,407)</b>   | (315,200)   |
| Board of Directors and committees' members | Remuneration fees, allowances and other expense                     | <b>(616,608)</b>   | (437,685)  | <b>(1,899,071)</b>                                       | (1,869,829)   |
|  | Insurance premium written   | <b>14,127,089</b>  | 9,690,736  | <b>16,493,995</b>  | 5,126,350   |
|  | Insurance brokerage contracts                                       | <b>(1,449,996)</b>                                       | (1,079,661)  | <b>(2,281,661)</b>                                       | (1,363,461)   |
| Associate                                  | General and administrative expenses paid on behalf of the associate | -  | -  | <b>844,638</b>   | 844,638   |

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

**Compensation of key management personnel**

Key management personnel of the Company include five top executives including the Chief Executive Officer and Finance Manager. The summary of compensation of key management personnel for the period is as follows:

|                         | <b>31 March 2019</b><br><b>(Unaudited)</b><br><b>SAR</b> | <b>31 March 2018</b><br><b>(Unaudited)</b><br><b>SAR</b> |
|-------------------------|--|--|
| Short term benefits     | <b>913,200</b>   | 833,500  |
| End of service benefits | <b>47,778</b>  | 73,420   |
|                         | <b>960,978</b>   | 906,920  |

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**16 INSURANCE OPERATING SEGMENTS**

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.

| <b>For the three month period<br/>ended 31 March 2019 (Unaudited)</b> | <b>Motor<br/>SAR</b> | <b>Medical<br/>SAR</b> | <b>Property &amp;<br/>Casualty<br/>SAR</b> | <b>Total<br/>SAR</b> |
|---|----------------------|------------------------|--|----------------------|
| <b><u>REVENUES</u></b>  |                      |                        |  |                      |
| Gross written premiums  | 55,023,521           | 39,207,905             | 10,655,583                                 | 104,887,009          |
| Reinsurance premiums ceded  |                      |                        |  |                      |
| - Local   | -                    | -                      | (545,127)                                  | (545,127)            |
| - Foreign   | -                    | -                      | (6,469,996)                                | (6,469,996)          |
| Excess of loss premiums   |                      |                        |  |                      |
| - Local   | 21,422               | (85,090)               | (85,779)                                   | (149,447)            |
| - Foreign   | 167,098              | (765,809)              | (531,269)                                  | (1,129,980)          |
| <b>Net premiums written</b>   | <b>55,212,041</b>    | <b>38,357,006</b>      | <b>3,023,412</b>                           | <b>96,592,459</b>    |
| Change in unearned premiums, net                                      | (9,971,871)          | (14,996,690)           | (194,920)                                  | (25,163,481)         |
| <b>Net premiums earned</b>  | <b>45,240,170</b>    | <b>23,360,316</b>      | <b>2,828,492</b>                           | <b>71,428,978</b>    |
| Reinsurance commissions   | -                    | -                      | 2,702,468                                  | 2,702,468            |
| Policy fees and other underwriting income                             | 440,461              | -                      | 76,770                                     | 517,231              |
| <b><u>TOTAL REVENUES</u></b>  | <b>45,680,631</b>    | <b>23,360,316</b>      | <b>5,607,730</b>                           | <b>74,648,677</b>    |
| <b><u>UNDERWRITING COSTS</u></b>                                      |                      |                        |  |                      |
| Gross claims paid   | (33,241,046)         | (15,508,764)           | (1,282,968)                                | (50,032,778)         |
| Reinsurers' share of claims paid                                      | 1,022,688            | 683,721                | 566,271                                    | 2,272,680            |
| <b>Net claims paid</b>  | <b>(32,218,358)</b>  | <b>(14,825,043)</b>    | <b>(716,697)</b>                           | <b>(47,760,098)</b>  |
| Changes in outstanding claims, net                                    | 3,182,370            | (4,523,238)            | (329,166)                                  | (1,670,034)          |
| Changes in IBNR, net  | 7,235,358            | 7,212,339              | 1,111,255                                  | 15,558,952           |
| <b>Net claims incurred</b>  | <b>(21,800,630)</b>  | <b>(12,135,942)</b>    | <b>65,392</b>                              | <b>(33,871,180)</b>  |
| Changes in premium deficiency reserves                                | -                    | (9,293,849)            | (885,503)                                  | (10,179,352)         |
| Changes in other technical reserves                                   | 212,293              | -                      | 1,605,009                                  | 1,817,302            |
| Policy acquisition costs  | (2,800,967)          | (2,369,936)            | (656,865)                                  | (5,827,768)          |
| Inspection and supervision fees                                       | (275,225)            | (587,693)              | (50,133)                                   | (913,051)            |
| Other underwriting expenses   | (940,989)            | (1,503,084)            | -  | (2,444,073)          |
| <b><u>TOTAL UNDERWRITING COSTS</u></b>                                | <b>(25,605,518)</b>  | <b>(25,890,504)</b>    | <b>77,900</b>                              | <b>(51,418,122)</b>  |
| <b>NET UNDERWRITING SURPLUS</b>                                       | <b>20,075,113</b>    | <b>(2,530,188)</b>     | <b>5,685,630</b>                           | <b>23,230,555</b>    |
| Unallocated other operating expenses                                  |                      |                        |  | (13,529,882)         |
| Unallocated investment and other income                               |                      |                        |  | 3,517,906            |
| <b>NET SURPLUS FROM INSURANCE OPERATIONS</b>                          |                      |                        |  | <b>13,218,579</b>    |

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**16 INSURANCE OPERATING SEGMENTS (continued)**

| For the three month period<br>ended 31 March 2019             | Motor<br>SAR        | Medical<br>SAR      | Property &<br>Casualty<br>SAR | Total<br>SAR        |
|---|---------------------|---------------------|-------------------------------|---------------------|
| <b>Gross Written Premiums</b>                                 |                     |                     |                               |                     |
| Individuals   | 27,371,537          | -                   | 228,618                       | 27,600,155          |
| Very small enterprises  | 1,547,398           | 38,581,469          | 487,659                       | 40,616,526          |
| Small enterprises   | 2,382,143           | 436,976             | 1,543,279                     | 4,362,398           |
| Medium sized enterprises                                      | 4,272,512           | 172,830             | 3,114,713                     | 7,560,055           |
| Large enterprises   | 19,449,931          | 16,630              | 5,281,314                     | 24,747,875          |
| <b>Total gross written premiums</b>                           | <b>55,023,521</b>   | <b>39,207,905</b>   | <b>10,655,583</b>             | <b>104,887,009</b>  |
|   |                     |                     |                               |                     |
| For the three month period<br>ended 31 March 2018 (Unaudited) | Motor<br>SAR        | Medical<br>SAR      | Property &<br>Casualty<br>SAR | Total<br>SAR        |
| <b>REVENUES</b>   |                     |                     |                               |                     |
| Gross written premiums  | 65,821,211          | 23,319,916          | 8,855,365                     | 97,996,492          |
| Reinsurance premiums ceded                                    |                     |                     |                               |                     |
| - Local   | -                   | -                   | (617,603)                     | (617,603)           |
| - Foreign   | -                   | -                   | (4,294,067)                   | (4,294,067)         |
| Excess of loss premiums                                       |                     |                     |                               |                     |
| - Local   | (181,074)           | (52,500)            | (93,263)                      | (326,837)           |
| - Foreign   | (1,026,087)         | (2,242,969)         | (913,494)                     | (4,182,550)         |
| Net premiums written  | 64,614,050          | 21,024,447          | 2,936,938                     | 88,575,435          |
| Change in unearned premiums, net                              | (4,748,187)         | 19,913,844          | (930,233)                     | 14,235,424          |
| Net premiums earned   | 59,865,863          | 40,938,291          | 2,006,705                     | 102,810,859         |
| Reinsurance commissions                                       | -                   | -                   | 2,295,773                     | 2,295,773           |
| Policy fees and other underwriting income                     | 3,329,907           | -                   | 82,808                        | 3,412,715           |
| <b>TOTAL REVENUES</b>   | <b>63,195,770</b>   | <b>40,938,291</b>   | <b>4,385,286</b>              | <b>108,519,347</b>  |
|   |                     |                     |                               |                     |
| <b>UNDERWRITING COSTS</b>                                     |                     |                     |                               |                     |
| Gross claims paid   | (36,450,948)        | (28,839,322)        | (1,768,487)                   | (67,058,757)        |
| Reinsurers' share of claims paid                              | 632,901             | 3,784,101           | 1,401,007                     | 5,818,009           |
| Net claims paid   | (35,818,047)        | (25,055,221)        | (367,480)                     | (61,240,748)        |
| Changes in outstanding claims, net                            | (3,930,418)         | 5,975,139           | (639,115)                     | 1,405,606           |
| Changes in IBNR, net  | (2,363,935)         | (300,504)           | 36,337                        | (2,628,102)         |
| Net claims incurred   | (42,112,400)        | (19,380,586)        | (970,258)                     | (62,463,244)        |
| Changes in other technical reserves                           | 3,864,784           | -                   | (1,287,957)                   | 2,576,827           |
| Policy acquisition costs                                      | (4,396,436)         | (4,218,049)         | (714,399)                     | (9,328,884)         |
| Inspection and supervision fees                               | (328,200)           | (349,536)           | (59,626)                      | (737,362)           |
| Other underwriting expenses                                   | (214,705)           | (2,261,677)         | -                             | (2,476,382)         |
| <b>TOTAL UNDERWRITING COSTS</b>                               | <b>(43,186,957)</b> | <b>(26,209,848)</b> | <b>(3,032,240)</b>            | <b>(72,429,045)</b> |
|   |                     |                     |                               |                     |
| <b>NET UNDERWRITING SURPLUS</b>                               | <b>20,008,813</b>   | <b>14,728,443</b>   | <b>1,353,046</b>              | <b>36,090,302</b>   |
|   |                     |                     |                               |                     |
| Unallocated other operating expenses                          |                     |                     |                               | (15,980,830)        |
| Unallocated investment and other income                       |                     |                     |                               | 3,355,511           |
|   |                     |                     |                               |                     |
| <b>NET SURPLUS FROM INSURANCE OPERATIONS</b>                  |                     |                     |                               | <b>23,464,983</b>   |

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**16 INSURANCE OPERATING SEGMENTS (continued)**

| <b>As at 31 March 2019 (Unaudited)</b>                | <b>Motor<br/>SAR</b> | <b>Medical<br/>SAR</b> | <b>Property &amp;<br/>Casualty<br/>SAR</b> | <b>Total<br/>Insurance<br/>Operations<br/>SAR</b> |
|---|----------------------|------------------------|--|---|
| <b><u>Assets</u></b>                                  |                      |                        |  |   |
| Reinsurers' share of unearned premiums                | -                    | -                      | 9,960,476                                  | 9,960,476   |
| Reinsurers' share of outstanding claims               | 9,528,029            | 2,103,824              | 45,648,186                                 | 57,280,039  |
| Reinsurers' share of claims incurred but not reported | 1,072,992            | 1,769,798              | 13,284,005                                 | 16,126,795  |
| Deferred policy acquisition costs                     | 5,095,066            | 4,903,345              | 1,277,794                                  | 11,276,205  |
| <b>Total Segment assets</b>                           | <b>15,696,087</b>    | <b>8,776,967</b>       | <b>70,170,461</b>                          | <b>94,643,515</b>                                 |
| Unallocated assets                                    |                      |                        |  | <b>591,339,831</b>                                |
| <b>Total insurance operations assets</b>              |                      |                        |  | <b>685,983,346</b>                                |
| <b><u>LIABILITIES</u></b>                             |                      |                        |  |   |
| Unearned premiums                                     | 90,854,550           | 51,486,204             | 17,771,793                                 | 160,112,547                                       |
| Unearned reinsurance commission                       | -                    | -                      | 1,662,535                                  | 1,662,535   |
| Outstanding claims                                    | 79,538,522           | 20,351,183             | 59,613,470                                 | 159,503,175                                       |
| Claims incurred but not reported                      | 50,354,384           | 13,012,131             | 17,434,722                                 | 80,801,237  |
| Premium deficiency reserve                            | -                    | 11,650,579             | 2,802,097                                  | 14,452,676  |
| Other technical reserves                              | 1,254,291            | 791,692                | 3,581,582                                  | 5,627,565   |
| <b>Total Segment liabilities</b>                      | <b>222,001,747</b>   | <b>97,291,789</b>      | <b>102,866,199</b>                         | <b>422,159,735</b>                                |
| Unallocated liabilities                               |                      |                        |  | <b>263,823,611</b>                                |
| <b>Total insurance operations liabilities</b>         |                      |                        |  | <b>685,983,346</b>                                |
| <b>As at 31 December 2018 (Audited)</b>               | <b>Motor<br/>SAR</b> | <b>Medical<br/>SAR</b> | <b>Property &amp;<br/>Casualty<br/>SAR</b> | <b>Total Insurance<br/>Operations<br/>SAR</b>     |
| <b><u>Assets</u></b>                                  |                      |                        |  |   |
| Reinsurers' share of unearned premiums                | -                    | -                      | 9,826,524                                  | 9,826,524   |
| Reinsurers' share of outstanding claims               | 12,440,967           | 1,607,603              | 44,488,157                                 | 58,536,727  |
| Reinsurers' share of claims incurred but not reported | 2,360,268            | -                      | 21,278,035                                 | 23,638,303  |
| Deferred policy acquisition costs                     | 4,507,509            | 3,534,996              | 1,208,784                                  | 9,251,289   |
| <b>Total Segment assets</b>                           | <b>19,308,744</b>    | <b>5,142,599</b>       | <b>76,801,500</b>                          | <b>101,252,843</b>                                |
| Unallocated assets                                    |                      |                        |  | <b>546,569,386</b>                                |
| <b>Total insurance operations assets</b>              |                      |                        |  | <b>647,822,229</b>                                |
| <b><u>LIABILITIES</u></b>                             |                      |                        |  |   |
| Unearned premiums                                     | 80,882,679           | 36,489,514             | 17,442,921                                 | 134,815,114                                       |
| Unearned reinsurance commission                       | -                    | -                      | 1,593,290                                  | 1,593,290   |
| Outstanding claims                                    | 85,633,830           | 15,331,724             | 58,124,275                                 | 159,089,829                                       |
| Claims incurred but not reported                      | 58,877,018           | 18,454,672             | 26,540,007                                 | 103,871,697                                       |
| Premium deficiency reserve                            | -                    | 2,356,730              | 1,916,594                                  | 4,273,324   |
| Other technical reserves                              | 1,466,584            | 791,692                | 5,186,591                                  | 7,444,867   |
| <b>Total Segment liabilities</b>                      | <b>226,860,111</b>   | <b>73,424,332</b>      | <b>110,803,678</b>                         | <b>411,088,121</b>                                |
| Unallocated liabilities                               |                      |                        |  | <b>236,734,108</b>                                |
| <b>Total insurance operations liabilities</b>         |                      |                        |  | <b>647,822,229</b>                                |



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**17 SUPPLEMENTARY INFORMATION**

**Interim Condensed Statement of Financial Position**

|  | As at 31 March 2019 (Unaudited) |                          |                      |
|--|---------------------------------|--------------------------|----------------------|
|  | Insurance operations            | Shareholders' operations | Total                |
| <b>ASSETS</b>  |                                 |                          |                      |
| Cash and cash equivalents                                    | 143,355,743                     | 94,812,414               | 238,168,157          |
| Time deposits  | 328,191,811                     | 52,250,860               | 380,442,671          |
| Premiums and reinsurers' receivable, net                     | 51,353,335                      | -                        | 51,353,335           |
| Reinsurers' share of unearned premiums                       | 9,960,476                       | -                        | 9,960,476            |
| Reinsurers' share of outstanding claims                      | 57,280,039                      | -                        | 57,280,039           |
| Reinsurers' share of claims incurred but not reported        | 16,126,795                      | -                        | 16,126,795           |
| Deferred policy acquisition costs                            | 11,276,205                      | -                        | 11,276,205           |
| Deferred excess of loss premiums                             | 5,679,142                       | -                        | 5,679,142            |
| Investments  | 30,424,701                      | 137,606,994              | 168,031,695          |
| Due from insurance operations                                | -                               | 182,092,787              | 182,092,787          |
| Prepaid expenses and other assets                            | 20,674,912                      | 3,013,728                | 23,688,640           |
| Right-of-use assets  | 7,453,385                       | -                        | 7,453,385            |
| Property and equipment, net                                  | 4,206,802                       | -                        | 4,206,802            |
| Investment in associate                                      | -                               | 621,209                  | 621,209              |
| Statutory deposit  | -                               | 30,000,000               | 30,000,000           |
| Statutory deposit investment returns                         | -                               | 1,206,937                | 1,206,937            |
| <b>TOTAL ASSETS</b>  | <b>685,983,346</b>              | <b>501,604,929</b>       | <b>1,187,588,275</b> |
| <b>LIABILITIES</b>   |                                 |                          |                      |
| Policyholders and accounts payables                          | 26,972,562                      | -                        | 26,972,562           |
| Reinsurers' balances payable                                 | 4,465,868                       | -                        | 4,465,868            |
| Accrued expenses and other liabilities                       | 25,168,602                      | 2,222,309                | 27,390,911           |
| Lease liabilities  | 6,923,036                       | -                        | 6,923,036            |
| Unearned premiums  | 160,112,547                     | -                        | 160,112,547          |
| Unearned reinsurance commission                              | 1,662,535                       | -                        | 1,662,535            |
| Outstanding claims   | 159,503,175                     | -                        | 159,503,175          |
| Claims incurred but not reported                             | 80,801,237                      | -                        | 80,801,237           |
| Premium deficiency reserve                                   | 14,452,676                      | -                        | 14,452,676           |
| Other technical reserves                                     | 5,627,565                       | -                        | 5,627,565            |
| Due to shareholders' operations                              | 182,092,787                     | -                        | 182,092,787          |
| End-of-service benefits                                      | 11,826,367                      | -                        | 11,826,367           |
| Zakat payable  | -                               | 32,968,218               | 32,968,218           |
| Statutory deposit investment returns                         | -                               | 1,206,937                | 1,206,937            |
| <b>TOTAL LIABILITIES</b>                                     | <b>679,608,957</b>              | <b>36,397,464</b>        | <b>716,006,421</b>   |
| <b>INSURANCE OPERATIONS' SURPLUS</b>                         |                                 |                          |                      |
| Accumulated surplus  | 8,648,553                       | -                        | 8,648,553            |
| Fair value reserve gain on available for sale investments    | 1,083,635                       | -                        | 1,083,635            |
| Accumulated actuarial loss on end-of-service benefits        | (3,357,799)                     | -                        | (3,357,799)          |
| <b>TOTAL LIABILITIES &amp; INSURANCE OPERATIONS' SURPLUS</b> | <b>685,983,346</b>              | <b>36,397,464</b>        | <b>722,380,810</b>   |
| <b>SHAREHOLDERS' EQUITY</b>                                  |                                 |                          |                      |
| Share capital  | -                               | 300,000,000              | 300,000,000          |
| Statutory reserve  | -                               | 48,707,396               | 48,707,396           |
| Retained earnings  | -                               | 114,779,454              | 114,779,454          |
| Fair value reserve gain on available for sale investments    | -                               | 1,720,615                | 1,720,615            |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                            | <b>-</b>                        | <b>465,207,465</b>       | <b>465,207,465</b>   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>            | <b>685,983,346</b>              | <b>501,604,929</b>       | <b>1,187,588,275</b> |

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (Continued)**  
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**17 SUPPLEMENTARY INFORMATION (continued)**

| Statement of Financial Position                              | As at 31 December 2018 (Audited) |                          |                      |
|--|----------------------------------|--------------------------|----------------------|
|  | Insurance operations             | Shareholders' operations | Total                |
| <b>ASSETS</b>  |                                  |                          |                      |
| Cash and cash equivalents                                    | 141,569,650                      | 81,965,109               | 223,534,759          |
| Time deposits  | 315,872,791                      | 52,250,860               | 368,123,651          |
| Premiums and reinsurers' receivable, net                     | 37,828,171                       | -                        | 37,828,171           |
| Reinsurers' share of unearned premiums                       | 9,826,524                        | -                        | 9,826,524            |
| Reinsurers' share of outstanding claims                      | 58,536,727                       | -                        | 58,536,727           |
| Reinsurers' share of claims incurred but not reported        | 23,638,303                       | -                        | 23,638,303           |
| Deferred policy acquisition costs                            | 9,251,289                        | -                        | 9,251,289            |
| Investments  | 31,161,180                       | 153,290,968              | 184,452,148          |
| Due from insurance operations                                | -                                | 170,036,859              | 170,036,859          |
| Prepaid expenses and other assets                            | 15,717,453                       | 2,728,644                | 18,446,097           |
| Property and equipment, net                                  | 4,420,141                        | -                        | 4,420,141            |
| Investment in associate                                      | -                                | 570,292                  | 570,292              |
| Statutory deposit  | -                                | 25,000,000               | 25,000,000           |
| Statutory deposit investment returns                         | -                                | 837,567                  | 837,567              |
| <b>TOTAL ASSETS</b>  | <b>647,822,229</b>               | <b>486,680,299</b>       | <b>1,134,502,528</b> |
| <b>LIABILITIES</b>   |                                  |                          |                      |
| Policyholders and accounts payables                          | 26,652,095                       | -                        | 26,652,095           |
| Reinsurers' balances payable                                 | 3,438,376                        | -                        | 3,438,376            |
| Accrued expenses and other liabilities                       | 22,147,396                       | 2,458,348                | 24,605,744           |
| Unearned premiums  | 134,815,114                      | -                        | 134,815,114          |
| Unearned reinsurance commission                              | 1,593,290                        | -                        | 1,593,290            |
| Outstanding claims   | 159,089,829                      | -                        | 159,089,829          |
| Claims incurred but not reported                             | 103,871,697                      | -                        | 103,871,697          |
| Premium deficiency reserve                                   | 4,273,324                        | -                        | 4,273,324            |
| Other technical reserves                                     | 7,444,867                        | -                        | 7,444,867            |
| Due to shareholders' operations                              | 170,036,859                      | -                        | 170,036,859          |
| End-of-service benefits                                      | 11,496,527                       | -                        | 11,496,527           |
| Zakat payable  | -                                | 29,839,668               | 29,839,668           |
| Statutory deposit investment returns                         | -                                | 837,567                  | 837,567              |
| <b>TOTAL LIABILITIES</b>                                     | <b>644,859,374</b>               | <b>33,135,583</b>        | <b>677,994,957</b>   |
| <b>INSURANCE OPERATIONS' SURPLUS</b>                         |                                  |                          |                      |
| Accumulated surplus  | 7,326,695                        | -                        | 7,326,695            |
| Fair value reserve loss on available for sale investments    | (1,006,041)                      | -                        | (1,006,041)          |
| Accumulated actuarial loss on end-of-service benefits        | (3,357,799)                      | -                        | (3,357,799)          |
| <b>TOTAL LIABILITIES &amp; INSURANCE OPERATIONS' SURPLUS</b> | <b>647,822,229</b>               | <b>33,135,583</b>        | <b>680,957,812</b>   |
| <b>SHAREHOLDERS' EQUITY</b>                                  |                                  |                          |                      |
| Share capital  | -                                | 250,000,000              | 250,000,000          |
| Statutory reserve  | -                                | 48,707,396               | 48,707,396           |
| Retained earnings  | -                                | 151,762,026              | 151,762,026          |
| Fair value reserve gain on available for sale investments    | -                                | 3,075,294                | 3,075,294            |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                            | <b>-</b>                         | <b>453,544,716</b>       | <b>453,544,716</b>   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>            | <b>647,822,229</b>               | <b>486,680,299</b>       | <b>1,134,502,528</b> |

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
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**17 SUPPLEMENTARY INFORMATION (continued)**

| Interim Condensed Statement of Income                  | For the three month period ended 31 March 2019<br>(Unaudited) |                                    |                     |
|--|---|------------------------------------|---------------------|
|  | Insurance<br>Operations<br>SAR                                | Shareholders'<br>Operations<br>SAR | Total<br>SAR        |
| <b>REVENUES</b>  |   |                                    |                     |
| Gross written premiums                                 | 104,887,009   | -                                  | 104,887,009         |
| Reinsurance premiums ceded                             | (7,015,123)   | -                                  | (7,015,123)         |
| Excess of loss premiums                                | (1,279,427)   | -                                  | (1,279,427)         |
| <b>Net premiums written</b>                            | <b>96,592,459</b>   | <b>-</b>                           | <b>96,592,459</b>   |
| Changes in unearned premiums, net                      | (25,163,481)  | -                                  | (25,163,481)        |
| <b>Net premiums earned</b>                             | <b>71,428,978</b>   | <b>-</b>                           | <b>71,428,978</b>   |
| Reinsurance commissions                                | 2,702,468   | -                                  | 2,702,468           |
| Policy fees and other underwriting income              | 517,231   | -                                  | 517,231             |
| <b>TOTAL REVENUES</b>                                  | <b>74,648,677</b>   | <b>-</b>                           | <b>74,648,677</b>   |
| <b>UNDERWRITING COSTS</b>                              |   |                                    |                     |
| Gross claims paid                                      | (50,032,778)  | -                                  | (50,032,778)        |
| Reinsurers' share of claims paid                       | 2,272,680   | -                                  | 2,272,680           |
| <b>Net claims paid</b>                                 | <b>(47,760,098)</b>   | <b>-</b>                           | <b>(47,760,098)</b> |
| Changes in outstanding claims, net                     | (1,670,034)   | -                                  | (1,670,034)         |
| Changes in claims incurred but not reported, net       | 15,558,952  | -                                  | 15,558,952          |
| <b>Net claims incurred</b>                             | <b>(33,871,180)</b>   | <b>-</b>                           | <b>(33,871,180)</b> |
| Changes in premium deficiency reserves                 | (10,179,352)  | -                                  | (10,179,352)        |
| Changes in other technical reserves                    | 1,817,302   | -                                  | 1,817,302           |
| Policy acquisition costs                               | (5,827,768)   | -                                  | (5,827,768)         |
| Inspection and supervision fees                        | (913,051)   | -                                  | (913,051)           |
| Other underwriting expenses                            | (2,444,073)   | -                                  | (2,444,073)         |
| <b>TOTAL UNDERWRITING COSTS</b>                        | <b>(51,418,122)</b>   | <b>-</b>                           | <b>(51,418,122)</b> |
| <b>NET UNDERWRITING SURPLUS</b>                        | <b>23,230,555</b>   | <b>-</b>                           | <b>23,230,555</b>   |
| <b>OTHER OPERATING (EXPENSES)/INCOME</b>               |   |                                    |                     |
| Reversal of doubtful debts provision                   | 2,109,434   | -                                  | 2,109,434           |
| General and administrative expenses                    | (15,626,142)  | (1,021,958)                        | (16,648,100)        |
| Commission income on deposits and investments          | 3,230,710   | 1,997,650                          | 5,228,360           |
| Dividend income  | 214,803   | 1,323,408                          | 1,538,211           |
| Realized gain on investments                           | 253,709   | 1,899,240                          | 2,152,949           |
| Impairment of available for sale investments           | (181,316)   | -                                  | (181,316)           |
| Share of profit of associate                           | -   | 50,917                             | 50,917              |
| Other expenses   | (13,174)  | -                                  | (13,174)            |
| <b>TOTAL OTHER OPERATING (EXPENSES)/INCOME</b>         | <b>(10,011,976)</b>   | <b>4,249,257</b>                   | <b>(5,762,719)</b>  |
| <b>Total surplus for the period</b>                    | <b>13,218,579</b>   | <b>4,249,257</b>                   | <b>17,467,836</b>   |
| <b>Surplus transferred to shareholders' operations</b> | <b>(11,896,721)</b>   | <b>11,896,721</b>                  | <b>-</b>            |
| <b>Net income</b>                                      | <b>1,321,858</b>  | <b>16,145,978</b>                  | <b>17,467,836</b>   |

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (Continued)**  
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**17 SUPPLEMENTARY INFORMATION (continued)**

| Interim Condensed Statement of Income                  | For the three month period ended 31 March 2018<br>(Unaudited) |                                    |                     |
|--|---|------------------------------------|---------------------|
|  | Insurance<br>Operations<br>SAR                                | Shareholders'<br>Operations<br>SAR | Total<br>SAR        |
| <b>REVENUES</b>  |   |                                    |                     |
| Gross written premiums                                 | 97,996,492  | -                                  | 97,996,492          |
| Reinsurance premiums ceded                             | (4,911,670)   | -                                  | (4,911,670)         |
| Excess of loss premiums                                | (4,509,387)   | -                                  | (4,509,387)         |
| Net premiums written                                   | 88,575,435  | -                                  | 88,575,435          |
| Changes in unearned premiums, net                      | 14,235,424  | -                                  | 14,235,424          |
| Net premiums earned                                    | 102,810,859   | -                                  | 102,810,859         |
| Reinsurance commissions                                | 2,295,773   | -                                  | 2,295,773           |
| Policy fees and other underwriting income              | 3,412,715   | -                                  | 3,412,715           |
| <b>TOTAL REVENUES</b>                                  | <b>108,519,347</b>  | <b>-</b>                           | <b>108,519,347</b>  |
| <b>UNDERWRITING COSTS</b>                              |   |                                    |                     |
| Gross claims paid                                      | (67,058,757)  | -                                  | (67,058,757)        |
| Reinsurers' share of claims paid                       | 5,818,009   | -                                  | 5,818,009           |
| Net claims paid  | (61,240,748)  | -                                  | (61,240,748)        |
| Changes in outstanding claims, net                     | 1,405,606   | -                                  | 1,405,606           |
| Changes in claims incurred but not reported, net       | (2,628,102)   | -                                  | (2,628,102)         |
| Net claims incurred                                    | (62,463,244)  | -                                  | (62,463,244)        |
| Changes in other technical reserves                    | 2,576,827   | -                                  | 2,576,827           |
| Policy acquisition costs                               | (9,328,884)   | -                                  | (9,328,884)         |
| Inspection and supervision fees                        | (737,362)   | -                                  | (737,362)           |
| Other underwriting expenses                            | (2,476,382)   | -                                  | (2,476,382)         |
| <b>TOTAL UNDERWRITING COSTS</b>                        | <b>(72,429,045)</b>   | <b>-</b>                           | <b>(72,429,045)</b> |
| <b>NET UNDERWRITING SURPLUS</b>                        | <b>36,090,302</b>   | <b>-</b>                           | <b>36,090,302</b>   |
| <b>OTHER OPERATING (EXPENSES)/INCOME</b>               |   |                                    |                     |
| Allowance for doubtful debts                           | (963,808)   | -                                  | (963,808)           |
| General and administrative expenses                    | (15,017,022)  | (604,728)                          | (15,621,750)        |
| Commission income on deposits and investments          | 2,645,231   | 1,498,746                          | 4,143,977           |
| Dividend income  | 305,401   | 1,156,850                          | 1,462,251           |
| Realized gain on investments                           | 350,724   | 96,629                             | 447,353             |
| Share of loss of associate                             | -   | (375,354)                          | (375,354)           |
| Other income   | 54,155  | -                                  | 54,155              |
| <b>TOTAL OTHER OPERATING (EXPENSES)/INCOME</b>         | <b>(12,625,319)</b>   | <b>1,772,143</b>                   | <b>(10,853,176)</b> |
| <b>Total surplus for the period</b>                    | <b>23,464,983</b>   | <b>1,772,143</b>                   | <b>25,237,126</b>   |
| <b>Surplus transferred to shareholders' operations</b> | <b>(21,118,485)</b>   | <b>21,118,485</b>                  | <b>-</b>            |
| <b>Net income</b>                                      | <b>2,346,498</b>  | <b>22,890,628</b>                  | <b>25,237,126</b>   |

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (Continued)**  
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**17 SUPPLEMENTARY INFORMATION (continued)**

| Interim Condensed Statement of Comprehensive Income                                  | For the three month period ended 31 March 2019 |                                    |                   |
|--|--|------------------------------------|-------------------|
|  | (Unaudited)                                    |                                    |                   |
|  | Insurance<br>Operations<br>SAR                 | Shareholders'<br>Operations<br>SAR | Total<br>SAR      |
| Net income for the period  | 1,321,858                                      | 16,145,978                         | 17,467,836        |
| Other comprehensive income/(loss)  |  |                                    |                   |
| <i>Items that will be reclassified to statements of income in subsequent periods</i> |  |                                    |                   |
| Available for sale investments:  |  |                                    |                   |
| - Net amounts transferred to statement of income                                     | (253,709)                                      | (1,899,240)                        | (2,152,949)       |
| - Net change in fair value   | 2,343,385                                      | 544,561                            | 2,887,946         |
|  | 2,089,676                                      | (1,354,679)                        | 734,997           |
| <b>Total comprehensive income for the period</b>                                     | <b>3,411,534</b>                               | <b>14,791,299</b>                  | <b>18,202,833</b> |

| Interim Condensed Statement of Comprehensive Income                                  | For the three month period ended 31 March 2018 |                                    |                   |
|--|--|------------------------------------|-------------------|
|  | (Unaudited)                                    |                                    |                   |
|  | Insurance<br>Operations<br>SAR                 | Shareholders'<br>Operations<br>SAR | Total<br>SAR      |
| Net income for the period  | 2,346,498                                      | 22,890,628                         | 25,237,126        |
| Other comprehensive income/(loss)  |  |                                    |                   |
| <i>Items that will be reclassified to statements of income in subsequent periods</i> |  |                                    |                   |
| Available for sale investments:  |  |                                    |                   |
| - Net amounts transferred to statement of income                                     | (350,724)                                      | (96,629)                           | (447,353)         |
| - Net change in fair value   | 1,068,743                                      | (4,054,091)                        | (2,985,348)       |
|  | 718,019  | (4,150,720)                        | (3,432,701)       |
| <b>Total comprehensive income for the period</b>                                     | <b>3,064,517</b>                               | <b>18,739,908</b>                  | <b>21,804,425</b> |

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (Continued)**  
**31 March 2019**

**17 SUPPLEMENTARY INFORMATION (continued)**

| Interim Condensed Statement of Cash Flows                     | For the three month period ended 31 March 2019 |                          |                    |
|---|--|--------------------------|--------------------|
|   | (Unaudited)                                    |                          |                    |
|   | Insurance operations                           | Shareholders' operations | Total              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |  |                          |                    |
| Net income for the period                                     | 1,321,858                                      | 16,145,978               | 17,467,836         |
| <i>Adjustments for non-cash items:</i>                        |  |                          |                    |
| Surplus attributable to the shareholders                      | 11,896,721                                     | (11,896,721)             | -                  |
| Depreciation of property and equipment                        | 359,593  | -                        | 359,593            |
| Loss on disposal of property and equipment                    | 13,174   | -                        | 13,174             |
| Reversal of doubtful debts provision                          | (2,109,434)                                    | -                        | (2,109,434)        |
| Right-of-use depreciation                                     | 405,925  | -                        | 405,925            |
| Interest expense on lease liability                           | 33,919   | -                        | 33,919             |
| Share of profit of associate                                  | -  | (50,917)                 | (50,917)           |
| Provision for end-of-service indemnities                      | 461,949  | -                        | 461,949            |
| Realized gain from investments                                | (253,709)                                      | (1,899,240)              | (2,152,949)        |
| Impairment of available for sale investments                  | 181,316  | -                        | 181,316            |
| <i>Changes in operating assets and liabilities:</i>           |  |                          |                    |
| Premiums and reinsurers' receivable                           | (11,415,730)                                   | -                        | (11,415,730)       |
| Reinsurers' share of unearned premiums                        | (133,952)                                      | -                        | (133,952)          |
| Reinsurers' share of outstanding claims                       | 1,256,688                                      | -                        | 1,256,688          |
| Reinsurers' share of claims incurred but not reported         | 7,511,508                                      | -                        | 7,511,508          |
| Deferred policy acquisition costs                             | (2,024,916)                                    | -                        | (2,024,916)        |
| Deferred excess of loss premiums                              | (5,679,142)                                    | -                        | (5,679,142)        |
| Prepaid expenses and other assets                             | (4,957,459)                                    | (285,084)                | (5,242,543)        |
| Right-of-use assets   | (7,859,310)                                    | -                        | (7,859,310)        |
| Statutory deposit   | -  | (5,000,000)              | (5,000,000)        |
| Policyholders and accounts payables                           | 320,467  | -                        | 320,467            |
| Reinsurers' balances payable                                  | 1,027,492                                      | -                        | 1,027,492          |
| Accrued expenses and other liabilities                        | 3,021,206                                      | (236,039)                | 2,785,167          |
| Lease liabilities   | 6,889,117                                      | -                        | 6,889,117          |
| Unearned premiums   | 25,297,433                                     | -                        | 25,297,433         |
| Unearned reinsurance commission                               | 69,245   | -                        | 69,245             |
| Outstanding claims  | 413,346  | -                        | 413,346            |
| Claims incurred but not reported                              | (23,070,460)                                   | -                        | (23,070,460)       |
| Premium deficiency reserve                                    | 10,179,352                                     | -                        | 10,179,352         |
| Other technical reserves                                      | (1,817,302)                                    | -                        | (1,817,302)        |
|   | 11,338,895                                     | (3,222,023)              | 8,116,872          |
| End-of-service indemnities paid                               | (132,109)                                      | -                        | (132,109)          |
| <b>Net cash generated from/(used in) operating activities</b> | <b>11,206,786</b>                              | <b>(3,222,023)</b>       | <b>7,984,763</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |  |                          |                    |
| Additions in time deposits                                    | (12,319,020)                                   | -                        | (12,319,020)       |
| Additions in investments                                      | (1,893,359)                                    | (9,064,279)              | (10,957,638)       |
| Proceeds from available for sale investments                  | 4,791,907                                      | 25,292,814               | 30,084,721         |
| Additions/disposals in property and equipment                 | (159,428)                                      | -                        | (159,428)          |
| <b>Net cash (used in)/generated from investing activities</b> | <b>(9,579,900)</b>                             | <b>16,228,535</b>        | <b>6,648,635</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |  |                          |                    |
| Due to shareholders' operations                               | 159,207  | (159,207)                | -                  |
| <b>Net cash generated from/(used in) financing activities</b> | <b>159,207</b>                                 | <b>(159,207)</b>         | <b>-</b>           |
| Net change in cash and cash equivalents                       | 1,786,093                                      | 12,847,305               | 14,633,398         |
| Cash and cash equivalents, beginning of the period            | 141,569,650                                    | 81,965,109               | 223,534,759        |
| <b>Cash and cash equivalents, end of the period</b>           | <b>143,355,743</b>                             | <b>94,812,414</b>        | <b>238,168,157</b> |
| <i>Non-cash transactions:</i>                                 |  |                          |                    |
| Change in fair value of available for sale investments        | 2,089,676                                      | (1,354,679)              | 734,997            |



**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (Continued)**  
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**17 SUPPLEMENTARY INFORMATION (continued)**

| Interim Condensed Statement of Cash Flows              | For the three month period ended 31 March 2018 (Unaudited) |                          |              |
|--|--|--------------------------|--------------|
|  | Insurance operations                                       | Shareholders' operations | Total        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |  |                          |              |
| Net income for the period                              | 2,346,498  | 22,890,628               | 25,237,126   |
| <i>Adjustments for non-cash items:</i>                 |  |                          |              |
| Surplus attributable to the shareholders               | 21,118,485   | (21,118,485)             | -            |
| Depreciation of property and equipment                 | 276,533  | -                        | 276,533      |
| (Gain)/loss on disposal of property and equipment      | (52,299)   | -                        | (52,299)     |
| Allowance for doubtful debts                           | 963,808  | -                        | 963,808      |
| Share of loss of associate                             | -  | 375,354                  | 375,354      |
| Provision for end-of-service indemnities               | 404,431  | -                        | 404,431      |
| Realized gain from investments                         | (350,724)  | (96,629)                 | (447,353)    |
| <i>Changes in operating assets and liabilities:</i>    |  |                          |              |
| Premiums and reinsurers' receivable                    | (18,560,018)   | -                        | (18,560,018) |
| Reinsurers' share of unearned premiums                 | 2,006,771  | -                        | 2,006,771    |
| Reinsurers' share of outstanding claims                | 3,788,185  | -                        | 3,788,185    |
| Reinsurers' share of claims incurred but not reported  | (4,382,827)  | -                        | (4,382,827)  |
| Deferred policy acquisition costs                      | 1,450,381  | -                        | 1,450,381    |
| Deferred excess of loss premiums                       | (7,194,784)  | -                        | (7,194,784)  |
| Prepaid expenses and other assets                      | (10,623,710)   | (506,684)                | (11,130,394) |
| Policyholders and accounts payables                    | (4,848,035)  | -                        | (4,848,035)  |
| Accrued expenses and other liabilities                 | 5,924,692  | 6,982                    | 5,931,674    |
| Reinsurers' balances payable                           | 5,283,510  | -                        | 5,283,510    |
| Unearned premiums                                      | (16,242,195)   | -                        | (16,242,195) |
| Unearned reinsurance commission                        | 91,947   | -                        | 91,947       |
| Outstanding claims                                     | (5,193,791)  | -                        | (5,193,791)  |
| Claims incurred but not reported                       | 7,010,929  | -                        | 7,010,929    |
| Other technical reserves                               | (2,576,827)  | -                        | (2,576,827)  |
|  | (19,359,040)   | 1,551,166                | (17,807,874) |
| End-of-service indemnities paid                        | (197,979)  | -                        | (197,979)    |
| Net cash (used in)/generated from operating activities | (19,557,019)   | 1,551,166                | (18,005,853) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |  |                          |              |
| Additions/disposals in time deposits                   | 14,335,711   | -                        | 14,335,711   |
| Additions in investments                               | (3,072,446)  | (14,247,295)             | (17,319,741) |
| Proceeds from available for sale investments           | 2,851,004  | 5,347,371                | 8,198,375    |
| Additions/disposals in property and equipment          | (523,952)  | -                        | (523,952)    |
| Proceeds from disposal of property and equipment       | 65,351   | -                        | 65,351       |
| Net cash generated from (used in) investing activities | 13,655,668   | (8,899,924)              | 4,755,744    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |  |                          |              |
| Due to shareholders' operations                        | 38,833   | (38,833)                 | -            |
| Net cash generated from/(used in) financing activities | 38,833   | (38,833)                 | -            |
| Net change in cash and cash equivalents                | (5,862,518)  | (7,387,591)              | (13,250,109) |
| Cash and cash equivalents, beginning of the period     | 194,470,790  | 44,405,740               | 238,876,530  |
| Cash and cash equivalents, end of the period           | 188,608,272  | 37,018,149               | 225,626,421  |
| <i>Non-cash transactions:</i>                          |  |                          |              |
| Change in fair value of available for sale investments | 718,019  | (4,150,720)              | (3,432,701)  |

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

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

31 March 2019

**18 COMPARATIVE FIGURES**

Certain prior period figures have been reclassified to conform to current period presentations; 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 May 2019 corresponding to 30 Sha'ban 1440H.