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

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

**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2020**

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BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED FINANCIAL STATEMENTS  
For The Three And Six Months Periods Ended 30 June 2020

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

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

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of **BuruJ Cooperative Insurance Company** (the "Company") as at 30 June 2020, the related interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended and interim condensed statements of changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes (the "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") that are endorsed in the Kingdom of Saudi Arabia. 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" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 that are endorsed in the Kingdom of Saudi Arabia, and consequently 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 as at 30 June 2020 of the Company are not prepared, in all material respects, in accordance with IAS 34 that are endorsed in the Kingdom of Saudi Arabia.

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

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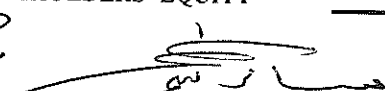
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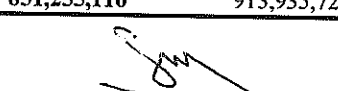
**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

		30 June 2020 (Unaudited) SAR	31 December 2019 (Audited) SAR
	Notes		
<b>ASSETS</b>			
Cash and cash equivalents	4	162,537,989	125,460,738
Time deposits	5	277,331,206	364,385,572
Premiums and reinsurers' receivable, net	6	47,806,352	49,101,466
Reinsurers' share of unearned premiums	10(b)	16,016,637	19,851,794
Reinsurers' share of outstanding claims	10(a)	37,016,425	48,964,213
Reinsurers' share of claims incurred but not reported	10(a)	6,606,875	8,185,996
Deferred policy acquisition costs	10(d)	5,657,340	5,958,543
Deferred excess of loss premiums		3,815,796	-
Investments	7	231,447,059	227,769,945
Prepaid expenses and other assets		21,200,512	22,663,557
Right-of-use assets	11	5,423,761	6,235,610
Property, equipment and intangible assets, net		4,133,270	3,849,346
Investment in associate	8	423,884	302,011
Statutory deposit	15	31,838,010	31,206,937
<b>TOTAL ASSETS</b>		<b>851,255,116</b>	<b>913,935,728</b>
<b>LIABILITIES</b>			
Policyholders and accounts payables		28,475,548	27,474,519
Reinsurers' balances payable		12,865,202	16,101,860
Accrued expenses and other liabilities		14,461,162	23,277,565
Lease liabilities	11	5,197,759	5,980,823
Unearned premiums	10(b)	111,355,704	122,112,912
Unearned reinsurance commission	10(c)	1,682,227	1,803,595
Outstanding claims	10(a)	138,388,007	159,642,538
Claims incurred but not reported	10(a)	43,748,195	53,091,755
Premium deficiency reserve	10(a)	22,047,590	18,326,242
Other technical reserves	10(a)	4,518,167	5,201,569
End-of-service benefits		13,890,403	12,953,970
Zakat payable	12	24,272,632	32,026,709
Statutory deposit investment returns	15	1,838,010	1,206,937
<b>TOTAL LIABILITIES</b>		<b>422,740,606</b>	<b>479,200,994</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		1,447,495	467,978
Fair value reserve on available for sale investments		(1,996,726)	(1,658,891)
Accumulated actuarial loss on end-of-service benefits		(2,233,757)	(2,233,757)
<b>TOTAL LIABILITIES &amp; INSURANCE OPERATIONS' SURPLUS</b>		<b>419,957,618</b>	<b>475,776,324</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	300,000,000	300,000,000
Statutory reserve		49,573,882	49,573,882
Retained earnings		76,932,939	75,227,968
Fair value reserve on available for sale investments		4,790,677	13,357,554
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>431,297,498</b>	<b>438,159,404</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>851,255,116</b>	<b>913,935,728</b>

  
Zain AlAbdeen Barry  
Board Member

  
Samer Kanj  
Chief Executive Officer

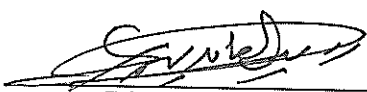
  
Samer Saad  
Finance Manager

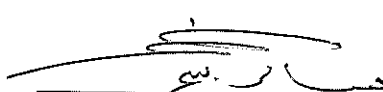
The accompanying notes 1 to 21 form part of these interim condensed financial statements.

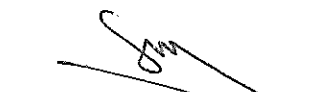
**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

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

	Notes	For the three months period ended		For the six months period ended	
		30 June 2020 SAR	30 June 2019 SAR	30 June 2020 SAR	30 June 2019 SAR
<b>REVENUES</b>					
Gross written premiums		42,846,771	84,638,685	109,899,994	189,525,694
Reinsurance premiums ceded					
- Local		(607,758)	(611,413)	(1,233,998)	(1,156,540)
- Foreign		(9,534,749)	(15,608,027)	(12,877,613)	(22,078,023)
Excess of loss premiums					
- Local		(294,309)	(527,265)	(842,441)	(676,712)
- Foreign		(1,628,534)	(3,245,759)	(4,560,022)	(4,375,739)
Net premiums written		30,781,421	64,646,221	90,385,920	161,238,680
Changes in unearned premiums, net		8,845,988	4,166,376	6,922,051	(20,997,105)
Net premiums earned		39,627,409	68,812,597	97,307,971	140,241,575
Reinsurance commissions		2,087,047	1,449,914	5,863,751	4,152,382
Policy fees and other underwriting income		4,003,000	723,377	4,568,269	1,240,608
<b>TOTAL REVENUES</b>		<b>45,717,456</b>	<b>70,985,888</b>	<b>107,739,991</b>	<b>145,634,565</b>
<b>UNDERWRITING COSTS</b>					
Gross claims paid		(25,975,981)	(55,163,890)	(86,451,301)	(105,196,668)
Reinsurers' share of claims paid		3,656,131	3,219,206	8,900,943	5,491,886
Net claims paid		(22,319,850)	(51,944,684)	(77,550,358)	(99,704,782)
Changes in outstanding claims, net		11,559,350	(1,394,970)	9,306,743	(3,065,004)
Changes in claims incurred but not reported, net		3,999,480	4,589,514	7,764,439	20,148,466
Net claims incurred		(6,761,020)	(48,750,140)	(60,479,176)	(82,621,320)
Changes in premium deficiency reserves		(1,482,198)	-	(3,721,348)	(10,179,352)
Changes in other technical reserves		585,298	287,695	683,402	2,104,997
Policy acquisition costs		(2,880,745)	(6,056,433)	(7,454,431)	(11,884,201)
Inspection and supervision fees		(257,756)	(768,800)	(689,524)	(1,681,851)
Other underwriting expenses		(1,352,342)	(2,243,926)	(3,104,509)	(4,687,999)
<b>TOTAL UNDERWRITING COSTS</b>		<b>(12,148,763)</b>	<b>(57,531,604)</b>	<b>(74,765,586)</b>	<b>(108,949,726)</b>
<b>NET UNDERWRITING SURPLUS</b>		<b>33,568,693</b>	<b>13,454,284</b>	<b>32,974,405</b>	<b>36,684,839</b>
<b>OTHER OPERATING (EXPENSES)/INCOME</b>					
(Allowance for)/reversal of doubtful debts	6	(1,815,905)	(1,801,339)	(1,603,932)	308,095
General and administrative expenses		(14,380,739)	(15,523,959)	(29,384,203)	(32,172,059)
Commission income on time deposits and investments		3,389,310	5,174,125	7,185,003	10,402,485
Dividend income		862,010	1,109,488	3,460,384	2,647,699
Realized gain on investments		616,511	790,136	793,689	2,943,085
Impairment of available for sale investments		-	(3,900)	(7,126,797)	(185,216)
Share of loss/(profit) of associate	8	(319,358)	(205,393)	121,873	(154,476)
Other income		207,507	91,068	1,716,485	77,894
<b>TOTAL OTHER OPERATING (EXPENSES)/INCOME</b>		<b>(11,440,664)</b>	<b>(10,369,774)</b>	<b>(24,837,498)</b>	<b>(16,132,493)</b>
<b>Total income before surplus attribution and zakat</b>		<b>22,128,029</b>	<b>3,084,510</b>	<b>8,136,907</b>	<b>20,552,346</b>
Surplus attributable to the insurance operations		(2,097,415)	(125,806)	(979,517)	(1,447,664)
<b>Income attributed to the shareholders before zakat</b>		<b>20,030,614</b>	<b>2,958,704</b>	<b>7,157,390</b>	<b>19,104,682</b>
Zakat charge	12	(3,010,751)	(2,932,373)	(5,452,419)	(6,060,923)
<b>Net income attributed to the shareholders after zakat</b>		<b>17,019,863</b>	<b>26,331</b>	<b>1,704,971</b>	<b>13,043,759</b>
Earnings per share – Basic and diluted - Restated	16	0.57	0.00	0.06	0.43

  
Zain AlAbdeen Barry  
Board Member

  
Samer Kanj  
Chief Executive Officer

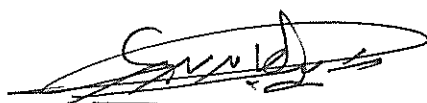
  
Samer Saad  
Finance Manager

The accompanying notes 1 to 21 form part of these interim condensed financial statements.

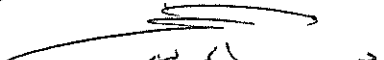
BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

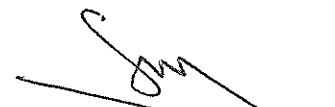
	For the three months period ended		For the six months period ended	
	30 June 2020 SAR	30 June 2019 SAR	30 June 2020 SAR	30 June 2019 SAR
Total income for the period after zakat	19,117,278	152,137	2,684,488	14,491,423
Other comprehensive (loss)/income				
<i>Items that will be reclassified to statements of income in subsequent periods</i>				
Available for sale investments:				
- Net amounts transferred to statement of income	(616,511)	(790,136)	(793,689)	(2,943,085)
- Net change in fair value	8,036,527	4,446,454	(8,111,023)	7,334,400
	7,420,016	3,656,318	(8,904,712)	4,391,315
<b><u>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</u></b>	<b>26,537,294</b>	<b>3,808,455</b>	<b>(6,220,224)</b>	<b>18,882,738</b>
Comprehensive income/(loss) attributed to the insurance operations	2,804,485	(530,303)	641,682	2,881,231
Comprehensive income/(loss) for the period attributable to the shareholders	23,732,809	4,338,758	(6,861,906)	16,001,507



Zain AlAbdeen Barry  
Board Member



Samer Kanj  
Chief Executive Officer



Samer Saad  
Finance Manager

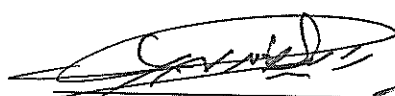
The accompanying notes 1 to 21 form part of these interim condensed financial statements.

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


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

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	Share Capital SAR	Statutory Reserve SAR	Retained earnings SAR	Fair value reserve gain on investments SAR	Total SAR
<b>2020</b>					
Balance as at 1 January 2020 (Audited)	300,000,000	49,573,882	75,227,968	13,357,554	438,159,404
<i>Total comprehensive loss for the period attributable to shareholders:</i>					
Net income for the period attributable to shareholders	-	-	1,704,971	-	1,704,971
Changes in fair value of available for sale investments	-	-	-	(8,566,877)	(8,566,877)
<b>Total comprehensive income for the period attributable to shareholders</b>	-	-	1,704,971	(8,566,877)	(6,861,906)
<b>Balance as at 30 June 2020 (Unaudited)</b>	<b>300,000,000</b>	<b>49,573,882</b>	<b>76,932,939</b>	<b>4,790,677</b>	<b>431,297,498</b>
<b>2019</b>					
Balance as at 1 January 2019 (Audited)	250,000,000	48,707,396	151,762,026	3,075,294	453,544,716
<i>Total comprehensive income for the period attributable to shareholders:</i>					
Net income for the period attributable to shareholders	-	-	13,043,759	-	13,043,759
Changes in fair value of available for sale investments	-	-	-	2,957,748	2,957,748
<b>Total comprehensive income for the period attributable to shareholders</b>	-	-	13,043,759	2,957,748	16,001,507
Bonus shares	50,000,000	-	(50,000,000)	-	-
<b>Balance as at 30 June 2019 (Unaudited)</b>	<b>300,000,000</b>	<b>48,707,396</b>	<b>114,805,785</b>	<b>6,033,042</b>	<b>469,546,223</b>

  
Zain AlAbdeen Barry  
Board Member

  
Samer Kanj  
Chief Executive Officer

  
Samer Saad  
Finance Manager

The accompanying notes 1 to 21 form part of these interim condensed financial statements.


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

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

	For the six months period ended	
	30 June 2020	30 June 2019
Notes	SAR	SAR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total income for the period before zakat	8,136,907	20,552,346
<i>Adjustments for non-cash items:</i>		
Depreciation of property and equipment	818,284	732,621
Loss on disposal of property and equipment	36,250	21,701
Allowance for/(reversal of) doubtful debts	6 1,603,932	(308,095)
Right-of-use depreciation	811,849	811,851
Interest expense on liability	100,458	88,160
Share of (profit)/loss of associate	8 (121,873)	154,476
Provision for end-of-service indemnities	1,007,567	1,023,557
Realized gain from investments	(793,689)	(2,943,085)
Impairment of available for sale investments	7,126,797	185,216
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurers' receivable	(308,818)	(17,472,320)
Reinsurers' share of unearned premiums	3,835,157	(7,681,273)
Reinsurers' share of outstanding claims	11,947,788	(56,255)
Reinsurers' share of claims incurred but not reported	1,579,121	7,892,755
Deferred policy acquisition costs	301,203	(2,100,916)
Deferred excess of loss premiums	(3,815,796)	(3,786,094)
Prepaid expenses and other assets	1,463,045	(4,948,844)
Right-of-use assets	-	(7,859,310)
Statutory deposit	-	(5,000,000)
Policyholders and accounts payables	1,001,029	5,180,747
Reinsurers' balances payable	(3,236,658)	15,477,951
Accrued expenses and other liabilities	(8,816,403)	(5,263,999)
Lease liabilities	(883,522)	6,664,507
Unearned premiums	(10,757,208)	28,678,378
Unearned reinsurance commission	(121,368)	415,215
Outstanding claims	(21,254,531)	3,121,259
Claims incurred but not reported	(9,343,560)	(28,041,220)
Premium deficiency reserve	3,721,348	10,179,352
Other technical reserves	(683,402)	(2,104,997)
End-of-service indemnities paid	(16,646,093)	13,613,684
Insurance surplus paid	(71,134)	(144,590)
Zakat paid	-	(7,326,695)
Net cash used in operating activities	12 (29,923,723)	(8,666,161)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions/(disposals) in time deposits	87,054,366	(10,054,144)
Additions in investments	7b(ii) (35,696,780)	(20,098,218)
Proceeds from available for sale investments	7b(ii) 16,781,846	33,851,598
Additions in property, equipment and intangible assets	(1,142,608)	(505,944)
Proceeds from disposal of property, equipment and intangible assets	4,150	-
Net cash generated from investing activities	67,000,974	3,193,292
Net change in cash and cash equivalents	37,077,251	669,530
Cash and cash equivalents, beginning of the period	125,460,738	223,534,759
Cash and cash equivalents, end of the period	4 162,537,989	224,204,289
<i>Non-cash transactions:</i>		
Change in fair value of available for sale investments	(8,904,712)	4,391,315

  
Zain AlAbdeen Barry  
Board Member

  
Samer Kanj  
Chief Executive Officer

  
Samer Saad  
Finance Manager

The accompanying notes 1 to 21 form part of these interim condensed financial statements.



**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
30 June 2020

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**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 of the Company for the three and six months period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants ("SOCPA").

The interim condensed financial statements 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", investment in associate which is accounted for under the equity method and employees end of service benefits at present value.

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 19 have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (continued)**  
30 June 2020

**2 BASIS OF PREPARATION (continued)**

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

In preparing the Company-level financial statements 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 statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2019.

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

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

The preparation of interim condensed financial statements 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. Further, the Company has considered the following:

**Impact of covid-19 on the medical technical reserves and financial assets**

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews. This necessitated the Company's management to revisit its significant judgments in applying the Company's accounting policies and the methods of computation and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2019. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Company's management carried out a preliminary assessment on the overall Company's operations and business aspects including factors like dealing with customers and service providers, the health and safety of its employees and the wider community where it is operating, claims processing, collections protocol, travel restrictions, oil prices etc., concluded that, as of the reporting date of the interim condensed financial statements, no significant changes are required to the judgements and key estimates. However, in view of the current uncertainties, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. As the situation is rapidly evolving and the future remains uncertain, the management continue to assess the impact based on prospective developments.

In response to the Covid-19 pandemic, SAMA issued a decree 189 (the "Decree") dated May 8, 2020 to all insurance companies in the Kingdom of Saudi Arabia. Among various other matters relating to the insurance sector, the Decree instructs all the insurance companies to extend the period of validity of all existing retail motor insurance policies by two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this Decree and allowing insurance companies not to cancel the policy in the event the insured fails to pay the premiums. The Company has taken the financial impact in both unearned premiums and premium deficiency reserves.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**2 BASIS OF PREPARATION (continued)**

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

**Medical technical reserves**

Notwithstanding these challenges, management believes that the technical reserves on medical line of business are likely to remain largely unaffected as the insurance industry has been facilitated by the Government through bearing all costs associated with Covid-19 virus. Moreover, there is a general decrease in trend in medical claims which are of routine nature. Based on these factors, the Company's management believes that the COVID-19 pandemic has had no material effects on Company's reported insurance operations results for the period ended 30 June 2020. The Company's management continues to monitor the situation closely.

**Other financial assets**

The Company has performed an assessment in accordance with its accounting policy due to Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets are impaired. These include factors such as, significant financial difficulties of issuer or debtor, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities, the company has performed an assessment to determine whether there is a significant decline in the fair value of available for sale financial assets below their cost. Based on these assessments, the Company believes that the COVID-19 pandemic has had no material effects impact with respect to the factors mentioned above on Company's reported results for the quarter ended 30 June 2020. The Company's management continues to monitor the situation closely.

**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 2019.

***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 2023 to match with the adoption of IFRS 17.

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

*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 2023. 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.

**4 CASH AND CASH EQUIVALENTS**

	<b>30 June 2020 (Unaudited)</b>		<b>31 December 2019 (Audited)</b>	
	<b>Insurance operations SAR</b>	<b>Shareholders' operations SAR</b>	<b>Insurance operations SAR</b>	<b>Shareholders' operations SAR</b>
Bank balances and cash	<b>104,084,401</b>	<b>39,512,074</b>	70,968,861	26,432,852
Deposits maturing within 3 months from the acquisition date	<b>18,941,514</b>	-	-	28,059,025
	<b>123,025,915</b>	<b>39,512,074</b>	70,968,861	54,491,877

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 1.15% per annum (2019: 2.50% 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 3.01% per annum (2019: 3.71% per annum).

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

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30 June 2020

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

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

	<b>30 June 2020 (Unaudited) SAR</b>	<b>31 December 2019 (Audited) SAR</b>
Premiums receivable	51,822,597	53,440,694
Less: Allowance for doubtful debts	<u>(14,598,451)</u>	<u>(13,597,655)</u>
	<u>37,224,146</u>	<u>39,843,039</u>
Reinsurers' receivable	14,313,795	12,386,880
Less: Allowance for doubtful debts	<u>(3,731,589)</u>	<u>(3,128,453)</u>
	<u>10,582,206</u>	<u>9,258,427</u>
Total premiums and reinsurers' receivable, net	<u>47,806,352</u>	<u>49,101,466</u>

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

<b>30 June 2020 (Unaudited)</b>	<b>Policyholders SAR</b>	<b>Reinsurers' SAR</b>	<b>Total SAR</b>
Opening balance	13,597,655	3,128,453	16,726,108
Charge for the period	1,000,796	603,136	1,603,932
Closing balance	<u>14,598,451</u>	<u>3,731,589</u>	<u>18,330,040</u>
	<b>Policyholders SAR</b>	<b>Reinsurers' SAR</b>	<b>Total SAR</b>
31 December 2019 (Audited)			
Opening balance	18,829,813	2,614,881	21,444,694
Reversal for the year	(5,232,158)	513,572	(4,718,586)
Closing balance	<u>13,597,655</u>	<u>3,128,453</u>	<u>16,726,108</u>

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**7 INVESTMENTS**

(i) Investments are classified as follows:

	<b>30 June 2020 (Unaudited)</b>		<b>31 December 2019 (Audited)</b>	
	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>
Available for sale "AFS"	48,556,078	172,890,981	30,561,376	187,208,569
Held to maturity "HTM"	-	10,000,000	-	10,000,000
<b>Total</b>	<b>48,556,078</b>	<b>182,890,981</b>	<b>30,561,376</b>	<b>197,208,569</b>

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

	<b>30 June 2020 (Unaudited)</b>		<b>31 December 2019 (Audited)</b>	
	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>
Quoted local equity securities	22,250,478	11,531,390	22,948,576	12,507,123
Units in local investment funds - (NAV)*	26,305,600	78,681,681	7,612,800	72,090,307
Quoted fixed income securities	-	66,238,886	-	85,055,504
Units in quoted local real estate funds	-	14,515,946	-	15,632,557
Unquoted local equity investment **	-	1,923,078	-	1,923,078
<b>Total available for sale investments</b>	<b>48,556,078</b>	<b>172,890,981</b>	<b>30,561,376</b>	<b>187,208,569</b>

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

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

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

	<b>30 June 2020 (Unaudited)</b>		<b>31 December 2019 (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
<b>Total held to maturity investments</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>	<b>10,000,000</b>

The fair value of the "HTM" investments as at 30 June 2020 was not different from its carrying value. There were no movement in held to maturity investments during the period.

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**7 INVESTMENTS (continued)**

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

	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	Insurance Operations SAR	Shareholders' Operations SAR	Insurance Operations SAR	Shareholders' Operations SAR
Opening balance	30,561,376	197,208,569	31,161,180	153,290,968
Purchases	24,446,480	11,250,300	15,009,435	93,132,796
Disposals	(5,293,193)	(11,488,653)	(17,380,043)	(62,303,629)
Impairment	(1,595,399)	(5,531,398)	(185,216)	-
	48,119,264	191,438,818	28,605,356	184,120,135
Changes in fair value of investments	436,814	(8,547,837)	1,956,020	13,088,434
Closing balance	48,556,078	182,890,981	30,561,376	197,208,569

**8 INVESTMENT IN ASSOCIATE**

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	Loss	% Interest
SAR						
June 30, 2020	Saudi Arabia	4,041,841	2,960,764	284,909	(510,581)	40%
December 31, 2019	Saudi Arabia	4,573,894	2,982,269	543,313	(1,116,934)*	40%

Based on latest management accounts for the period ended 30 June 2020.

On 26 January 2020 an agreement was signed in which 60% ownership owned by Gulf Warranties – Bahrain was sold to Gulf Insurance Group K.S.C – Kuwait. The change in ownership previously obtained non-objection from the Saudi Arabian Monetary Authority ("SAMA") on 14 November 2019.

\* On 6 February 2020, the Company and Gulf Insurance Group K.S.C issued a partner's resolution to bear proportionally each by its percentage of ownership the amount of SAR 1,134,163 of the associate's general and administrative expenses for the year 2019 before issuing the associate's year-end financial statements for 2019, and thus the Company absorbed the amount of SAR 453,666 as 'other expenses' presented in the interim condensed statement of income for shareholders' operations.

	30 June 2020 (Unaudited) SAR	31 December 2019 (Audited) SAR
Opening balance	302,011	570,292
Share of profit/(loss)	121,873	(268,280)
Closing balance	423,884	302,011

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**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>30 June 2020 (Unaudited)</b>	<b>Level 1 SAR</b>	<b>Level 2 SAR</b>	<b>Level 3 SAR</b>	<b>Total SAR</b>
<b>Available for sale</b>				
- Equities	33,781,868	-	1,923,078	35,704,946
- Fixed income securities	66,238,886	-	-	66,238,886
- Investment and real estate funds	14,515,946	104,987,281	-	119,503,227
<b>Held to maturity</b>	-	-	10,000,000	10,000,000
	<b>114,536,700</b>	<b>104,987,281</b>	<b>11,923,078</b>	<b>231,447,059</b>

**31 December 2019 (Audited)**

<b>Available for sale</b>				
- Equities	35,455,699	-	1,923,078	37,378,777
- Fixed income securities	85,055,504	-	-	85,055,504
- Investment and real estate funds	15,632,557	79,703,107	-	95,335,664
<b>Held to maturity</b>	-	-	10,000,000	10,000,000
	<b>136,143,760</b>	<b>79,703,107</b>	<b>11,923,078</b>	<b>227,769,945</b>

**Transfers between levels**

During the three month period ended 30 June 2020, 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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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

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**10 TECHNICAL RESERVES**

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

	<b>30 June 2020</b> <b>(Unaudited)</b>	<b>31 December 2019</b> <b>(Audited)</b>
Gross outstanding claims	<u>138,388,007</u>	<u>159,642,538</u>
Less: Realizable value of salvage and subrogation	-	-
	<u>138,388,007</u>	<u>159,642,538</u>
Claims incurred but not reported	43,748,195	53,091,755
Premium deficiency reserve	22,047,590	18,326,242
Other technical reserves (Unallocated loss adjustment expense)	<u>4,518,167</u>	<u>5,201,569</u>
	<u>208,701,959</u>	<u>236,262,104</u>
Less:		
Reinsurers' share of outstanding claims	<u>(37,016,425)</u>	<u>(48,964,213)</u>
Reinsurers' share of claims incurred but not reported	<u>(6,606,875)</u>	<u>(8,185,996)</u>
	<u>(43,623,300)</u>	<u>(57,150,209)</u>
<b>Net outstanding claims and other reserves</b>	<u><b>165,078,659</b></u>	<u><b>179,111,895</b></u>

**(b) MOVEMENT IN UNEARNED PREMIUMS**

	<b>30 June 2020 (Unaudited)</b>			<b>31 December 2019 (Audited)</b>		
	Gross SAR	Reinsurance SAR	Net SAR	Gross SAR	Reinsurance SAR	Net SAR
Opening balance	122,112,912	(19,851,794)	102,261,118	134,815,114	(9,826,524)	124,988,590
Premiums written during the period/year	109,899,994	(19,514,074)	90,385,920	305,540,939	(58,207,330)	247,333,609
Premiums earned during the period/year	<u>(120,657,202)</u>	<u>23,349,231</u>	<u>(97,307,971)</u>	<u>(318,243,141)</u>	<u>48,182,060</u>	<u>(270,061,081)</u>
Closing balance	<u>111,355,704</u>	<u>(16,016,637)</u>	<u>95,339,067</u>	<u>122,112,912</u>	<u>(19,851,794)</u>	<u>102,261,118</u>

**(c) UNEARNED REINSURANCE COMMISSION**

	<b>30 June 2020</b> <b>(Unaudited)</b>	<b>31 December 2019</b> <b>(Audited)</b>
	SAR	SAR
Opening balance	1,803,595	1,593,290
Reinsurance commission received during the period/year	5,742,383	8,958,747
Reinsurance commission earned during the period/year	<u>(5,863,751)</u>	<u>(8,748,442)</u>
Closing balance	<u>1,682,227</u>	<u>1,803,595</u>

**(d) MOVEMENT IN DEFERRED POLICY ACQUISITION COSTS**

	<b>30 June 2020</b> <b>(Unaudited)</b>	<b>31 December 2019</b> <b>(Audited)</b>
	SAR	SAR
Opening balance	5,958,543	9,251,289
Paid during the period/year	7,153,228	18,972,301
Amortised during the period/year	<u>(7,454,431)</u>	<u>(22,265,047)</u>
Closing balance	<u>5,657,340</u>	<u>5,958,543</u>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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**11 LEASES**

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

	<b>30 June 2020 (Unaudited) SAR</b>	<b>31 December 2019 (Audited) SAR</b>
<b>Cost</b>		
Opening balance	7,859,310	-
Additions	-	7,859,310
Deletions	-	-
Closing balance	<u>7,859,310</u>	<u>7,859,310</u>
<b>Accumulated Depreciation</b>		
Opening balance	1,623,700	-
Charge	811,849	1,623,700
Closing balance	<u>2,435,549</u>	<u>1,623,700</u>
<b>Carrying Value</b>	<u>5,423,761</u>	<u>6,235,610</u>

Lease liabilities as at period/year end are as follows:

	<b>30 June 2020 (Unaudited) SAR</b>	<b>31 December 2019 (Audited) SAR</b>
Non-current portion of lease liability	3,602,036	4,416,108
Current portion of lease liability	1,595,723	1,564,715
	<u>5,197,759</u>	<u>5,980,823</u>

The total interest expense on lease liabilities recognized during the period ended 30 June 2020 is SAR 100,458 (30 June 2019: SAR 88,160).

The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 3.17% per annum (2019: 3.17% per annum).

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**12 ZAKAT PAYABLE**

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

	<b>30 June 2020</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2019</b> <b>(Audited)</b> <b>SAR</b>
At the beginning of the period/year	<b>32,026,709</b>	29,839,668
Provided for the period/year	<b>5,452,419</b>	10,853,203
Paid during the period/year	<b>(13,206,496)</b>	(8,666,162)
At the end of the period/year	<b>24,272,632</b>	32,026,709

**Status of assessments**

The Company has filed zakat returns with the General Authority of Zakat and Tax ("GAZT") for the years from 2010 to 2019.

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 an initial 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 and these appeals are in progress. On 29 April 2020, the Company received GAZT revised assessment of the zakat return of 2014 for SAR 2,352,969. The Company paid this revised assessment.

No assessments have been received out yet from the GAZT for the years 2015 to 2019.

**13 SHARE CAPITAL**

The authorized, issued and paid up share capital of the Company was SAR 300 million at 30 June 2020 (31 December 2019: SAR 300 million) consisting of 30 million shares (31 December 2019: 30 million shares) of SAR 10 each.

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**14 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.

Management, through various scenario analyses as required by the regulator, has proactively assessed the potential of the COVID-19 by performing stress testing for various variables like: gross premium growth, employee costs, YTD loss ratio, outstanding premium provisions etc. and the related impact on the revenue, profitability, loss ratio and solvency ratio. Management has concluded that based on the preliminary stress testing performed the solvency of the Company can be reduced moderately if the current situation persists longer. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

**15 STATUTORY DEPOSIT**

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

Accrued interest on the statutory deposit amounting to SR 1,838,010 (31 December 2019: SR 1,206,937) has been presented in the statement of financial position.

**16 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 after zakat by the number of issued and outstanding shares (30 million shares) at the period end.

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30 June 2020

**17 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>	<b>Transactions for the period ended</b>		<b>Balance as at</b>	
		<b>30 June 2020</b> <b>(Unaudited)</b> <b>SAR</b>	<b>30 June 2019</b> <b>(Unaudited)</b> <b>SAR</b>	<b>30 June</b> <b>2020</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December</b> <b>2019</b> <b>(Audited)</b> <b>SAR</b>
Major Shareholders	Insurance premium written	2,948,694	10,256,278	6,096,395	8,621,910
	Reinsurance premium ceded	(190,974)	(706,905)	(426,690)	(654,754)
Board of Directors and committees' members	Remuneration fees, allowances and other expense	(684,500)	(985,608)	(852,889)	(1,865,260)
	Insurance premium written	16,259,083	16,984,151	15,045,623	7,432,800
	Insurance brokerage contracts	(2,022,946)	(3,215,117)	(2,284,135)	(1,823,134)
Associate	General and administrative expenses	353,665	-	610,973	844,638

Balances in respect of the above transactions with related parties are included in the relevant accounts in the interim condensed 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>30 June 2020</b> <b>(Unaudited)</b> <b>SAR</b>	<b>30 June 2019</b> <b>(Unaudited)</b> <b>SAR</b>
Short term benefits	1,510,500	1,826,400
End of service benefits	135,049	205,843
	<b>1,645,549</b>	<b>2,032,243</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

30 June 2020

**18 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.

	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
For the three month period ended 30 June 2020				
<b>Gross Written Premiums</b>				
Individuals	20,330,525	-	73,400	20,403,925
Very small enterprises	1,359,342	4,752,822	204,954	6,317,118
Small enterprises	1,254,403	36,902	1,357,423	2,648,728
Medium sized enterprises	1,101,342	12,140	2,872,310	3,985,792
Large enterprises	1,527,095	1,385	7,962,728	9,491,208
<b>Total gross written premiums</b>	<b>25,572,707</b>	<b>4,803,249</b>	<b>12,470,815</b>	<b>42,846,771</b>

	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
For the three month period ended 30 June 2019				
<b>Gross Written Premiums</b>				
Individuals	25,745,839	-	249,187	25,995,026
Very small enterprises	749,199	34,552,418	171,512	35,473,129
Small enterprises	995,105	459,220	953,046	2,407,371
Medium sized enterprises	1,220,385	104,105	9,842,033	11,166,523
Large enterprises	1,516,143	15,134	8,065,359	9,596,636
<b>Total gross written premiums</b>	<b>30,226,671</b>	<b>35,130,877</b>	<b>19,281,137</b>	<b>84,638,685</b>

BURUJ COOPERATIVE INSURANCE COMPANY  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2020

18 INSURANCE OPERATING SEGMENTS (continued)

For the three month period ended 30 June 2020 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<b>REVENUES</b>				
Gross written premiums	25,572,707	4,803,249	12,470,815	42,846,771
Reinsurance premiums ceded				
- Local	-	-	(607,758)	(607,758)
- Foreign – Direct	-	-	(4,528,793)	(4,528,793)
- Foreign – Through local reinsurance broker	-	-	(5,005,956)	(5,005,956)
Excess of loss premiums				
- Local	(145,651)	(57,364)	(91,294)	(294,309)
- Foreign – Through local reinsurance broker	(745,009)	(516,305)	(367,220)	(1,628,534)
<b>Net premiums written</b>	<b>24,682,047</b>	<b>4,229,580</b>	<b>1,869,794</b>	<b>30,781,421</b>
Change in unearned premiums, net	1,174,330	6,528,353	1,143,305	8,845,988
<b>Net premiums earned</b>	<b>25,856,377</b>	<b>10,757,933</b>	<b>3,013,099</b>	<b>39,627,409</b>
Reinsurance commissions	310,289	-	1,776,758	2,087,047
Policy fees and other underwriting income	472,445	1,482,000	2,048,555	4,003,000
<b>TOTAL REVENUES</b>	<b>26,639,111</b>	<b>12,239,933</b>	<b>6,838,412</b>	<b>45,717,456</b>
<b>UNDERWRITING COSTS</b>				
Gross claims paid	(9,615,894)	(14,515,858)	(1,844,229)	(25,975,981)
Reinsurers' share of claims paid	27,000	1,927,387	1,701,744	3,656,131
<b>Net claims paid</b>	<b>(9,588,894)</b>	<b>(12,588,471)</b>	<b>(142,485)</b>	<b>(22,319,850)</b>
Changes in outstanding claims, net	3,839,689	7,389,795	329,866	11,559,350
Changes in IBNR, net	2,978,133	827,983	193,364	3,999,480
<b>Net claims incurred</b>	<b>(2,771,072)</b>	<b>(4,370,693)</b>	<b>380,745</b>	<b>(6,761,020)</b>
Changes in premium deficiency reserves	(2,789,975)	1,579,100	(271,323)	(1,482,198)
Changes in other technical reserves	240,760	105,249	239,289	585,298
Policy acquisition costs	(1,283,845)	(935,969)	(660,931)	(2,880,745)
Inspection and supervision fees	(127,135)	(71,762)	(58,859)	(257,756)
Other underwriting expenses	(448,984)	(903,358)	-	(1,352,342)
<b>TOTAL UNDERWRITING COSTS</b>	<b>(7,180,251)</b>	<b>(4,597,433)</b>	<b>(371,079)</b>	<b>(12,148,763)</b>
<b>NET UNDERWRITING SURPLUS</b>	<b>19,458,860</b>	<b>7,642,500</b>	<b>6,467,333</b>	<b>33,568,693</b>
Unallocated other operating expenses				(15,701,554)
Unallocated investment income and other income				3,107,007
<b>SURPLUS FROM INSURANCE OPERATIONS</b>				<b>20,974,146</b>

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(UNAUDITED) (continued)

30 June 2020

**18 INSURANCE OPERATING SEGMENTS (continued)**

For the three month period ended 30 June 2019 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<b>REVENUES</b>				
Gross written premiums	30,226,671	35,130,877	19,281,137	84,638,685
Reinsurance premiums ceded				
- Local	-	-	(611,413)	(611,413)
- Foreign – Direct	-	-	(5,028,694)	(5,028,694)
- Foreign – Through local reinsurance broker	-	-	(10,579,333)	(10,579,333)
Excess of loss premiums				
- Local	(383,852)	(57,634)	(85,779)	(527,265)
- Foreign – Through local reinsurance broker	(2,195,775)	(518,715)	(531,269)	(3,245,759)
Net premiums written	27,647,044	34,554,528	2,444,649	64,646,221
Change in unearned premiums, net	11,910,358	(8,288,693)	544,711	4,166,376
Net premiums earned	39,557,402	26,265,835	2,989,360	68,812,597
Reinsurance commissions	-	-	1,449,914	1,449,914
Policy fees and other underwriting income	663,227	-	60,150	723,377
<b>TOTAL REVENUES</b>	<b>40,220,629</b>	<b>26,265,835</b>	<b>4,499,424</b>	<b>70,985,888</b>
<b>UNDERWRITING COSTS</b>				
Gross claims paid	(30,833,438)	(22,812,206)	(1,518,246)	(55,163,890)
Reinsurers' share of claims paid	312,666	2,072,358	834,182	3,219,206
Net claims paid	(30,520,772)	(20,739,848)	(684,064)	(51,944,684)
Changes in outstanding claims, net	(1,568,905)	(504,069)	678,004	(1,394,970)
Changes in IBNR, net	4,210,050	-	379,464	4,589,514
Net claims incurred	(27,879,627)	(21,243,917)	373,404	(48,750,140)
Changes in other technical reserves	-	-	287,695	287,695
Policy acquisition costs	(2,597,423)	(2,527,899)	(931,111)	(6,056,433)
Inspection and supervision fees	(149,214)	(526,675)	(92,911)	(768,800)
Other underwriting expenses	(914,630)	(1,329,296)	-	(2,243,926)
<b>TOTAL UNDERWRITING COSTS</b>	<b>(31,540,894)</b>	<b>(25,627,787)</b>	<b>(362,923)</b>	<b>(57,531,604)</b>
<b>NET UNDERWRITING SURPLUS</b>	<b>8,679,735</b>	<b>638,048</b>	<b>4,136,501</b>	<b>13,454,284</b>
Unallocated other operating expenses				(16,765,488)
Unallocated investment and other income				4,569,262
<b>SURPLUS FROM INSURANCE OPERATIONS</b>				<b>1,258,058</b>



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**18 INSURANCE OPERATING SEGMENTS (continued)**

For the six months period ended 30 June 2020 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<b>REVENUES</b>				
Gross written premiums	74,916,132	15,040,591	19,943,271	109,899,994
Reinsurance premiums ceded				
- Local	-	-	(1,233,998)	(1,233,998)
- Foreign – Direct	-	-	(5,347,429)	(5,347,429)
- Foreign – Through local reinsurance broker	-	-	(7,530,184)	(7,530,184)
Excess of loss premiums				
- Local	(305,970)	(102,364)	(434,107)	(842,441)
- Foreign – Through local reinsurance broker	(1,475,350)	(921,305)	(2,163,367)	(4,560,022)
<b>Net premiums written</b>	<b>73,134,812</b>	<b>14,016,922</b>	<b>3,234,186</b>	<b>90,385,920</b>
Change in unearned premiums, net	(11,392,117)	17,190,294	1,123,874	6,922,051
<b>Net premiums earned</b>	<b>61,742,695</b>	<b>31,207,216</b>	<b>4,358,060</b>	<b>97,307,971</b>
Reinsurance commissions	310,289	-	5,553,462	5,863,751
Policy fees and other underwriting income	974,334	1,482,000	2,111,935	4,568,269
<b>TOTAL REVENUES</b>	<b>63,027,318</b>	<b>32,689,216</b>	<b>12,023,457</b>	<b>107,739,991</b>
<b>UNDERWRITING COSTS</b>				
Gross claims paid	(37,299,368)	(43,766,923)	(5,385,010)	(86,451,301)
Reinsurers' share of claims paid	27,000	4,089,237	4,784,706	8,900,943
<b>Net claims paid</b>	<b>(37,272,368)</b>	<b>(39,677,686)</b>	<b>(600,304)</b>	<b>(77,550,358)</b>
Changes in outstanding claims, net	(1,233,349)	10,056,991	483,101	9,306,743
Changes in IBNR, net	6,088,993	1,031,381	644,065	7,764,439
<b>Net claims incurred</b>	<b>(32,416,724)</b>	<b>(28,589,314)</b>	<b>526,862</b>	<b>(60,479,176)</b>
Changes in premium deficiency reserves	(5,893,179)	2,691,735	(519,904)	(3,721,348)
Changes in other technical reserves	244,227	151,734	287,441	683,402
Policy acquisition costs	(2,833,132)	(3,167,469)	(1,453,830)	(7,454,431)
Inspection and supervision fees	(373,051)	(225,097)	(91,376)	(689,524)
Other underwriting expenses	(804,016)	(2,202,523)	(97,970)	(3,104,509)
<b>TOTAL UNDERWRITING COSTS</b>	<b>(42,075,875)</b>	<b>(31,340,934)</b>	<b>(1,348,777)</b>	<b>(74,765,586)</b>
<b>NET UNDERWRITING SURPLUS</b>	<b>20,951,443</b>	<b>1,348,282</b>	<b>10,674,680</b>	<b>32,974,405</b>
Unallocated other operating expenses				(29,850,878)
Unallocated investment income and other income				6,671,641
<b>SURPLUS FROM INSURANCE OPERATIONS</b>				<b>9,795,168</b>
For the six months period ended 30 June 2020	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<b>Gross Written Premiums</b>				
Individuals	43,030,010	-	210,269	43,240,279
Very small enterprises	2,698,490	14,886,068	856,059	18,440,617
Small enterprises	3,476,608	115,738	2,998,362	6,590,708
Medium sized enterprises	3,784,482	36,771	4,927,578	8,748,831
Large enterprises	21,926,542	2,014	10,951,003	32,879,559
<b>Total gross written premiums</b>	<b>74,916,132</b>	<b>15,040,591</b>	<b>19,943,271</b>	<b>109,899,994</b>

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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(UNAUDITED) (continued)

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**18 INSURANCE OPERATING SEGMENTS (continued)**

For the six month period ended 30 June 2019 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<b>REVENUES</b>				
Gross written premiums	85,250,192	74,338,782	29,936,720	189,525,694
Reinsurance premiums ceded				
- Local	-	-	(1,156,540)	(1,156,540)
- Foreign – Direct	-	-	(8,470,947)	(8,470,947)
- Foreign – Through local reinsurance broker	-	-	(13,607,076)	(13,607,076)
Excess of loss premiums				
- Local	(362,430)	(142,724)	(171,558)	(676,712)
- Foreign – Through local reinsurance broker	(2,028,677)	(1,284,524)	(1,062,538)	(4,375,739)
Net premiums written	82,859,085	72,911,534	5,468,061	161,238,680
Change in unearned premiums, net	1,938,487	(23,285,383)	349,791	(20,997,105)
Net premiums earned	84,797,572	49,626,151	5,817,852	140,241,575
Reinsurance commissions	-	-	4,152,382	4,152,382
Policy fees and other underwriting income	1,103,688	-	136,920	1,240,608
<b>TOTAL REVENUES</b>	<b>85,901,260</b>	<b>49,626,151</b>	<b>10,107,154</b>	<b>145,634,565</b>
<b>UNDERWRITING COSTS</b>				
Gross claims paid	(64,074,484)	(38,320,970)	(2,801,214)	(105,196,668)
Reinsurers' share of claims paid	1,335,354	2,756,079	1,400,453	5,491,886
Net claims paid	(62,739,130)	(35,564,891)	(1,400,761)	(99,704,782)
Changes in outstanding claims, net	1,613,465	(5,027,307)	348,838	(3,065,004)
Changes in IBNR, net	11,445,408	7,212,339	1,490,719	20,148,466
Net claims incurred	(49,680,257)	(33,379,859)	438,796	(82,621,320)
Changes in premium deficiency reserves	-	(9,293,849)	(885,503)	(10,179,352)
Changes in other technical reserves	212,293	-	1,892,704	2,104,997
Policy acquisition costs	(5,398,390)	(4,897,835)	(1,587,976)	(11,884,201)
Inspection and supervision fees	(424,439)	(1,114,368)	(143,044)	(1,681,851)
Other underwriting expenses	(1,855,619)	(2,832,380)	-	(4,687,999)
<b>TOTAL UNDERWRITING COSTS</b>	<b>(57,146,412)</b>	<b>(51,518,291)</b>	<b>(285,023)</b>	<b>(108,949,726)</b>
<b>NET UNDERWRITING SURPLUS (DEFICIT)</b>	<b>28,754,848</b>	<b>(1,892,140)</b>	<b>9,822,131</b>	<b>36,684,839</b>
Unallocated other operating expenses				(30,295,370)
Unallocated investment and other income				8,087,168
<b>SURPLUS FROM INSURANCE OPERATIONS</b>				<b>14,476,637</b>
For the six month period ended 30 June 2019	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<b>Gross Written Premiums</b>				
Individuals	53,117,376	-	477,805	53,595,181
Very small enterprises	2,296,597	73,133,887	659,171	76,089,655
Small enterprises	3,377,248	896,196	2,496,325	6,769,769
Medium sized enterprises	5,492,897	276,935	12,956,746	18,726,578
Large enterprises	20,966,074	31,764	13,346,673	34,344,511
Total gross written premiums	85,250,192	74,338,782	29,936,720	189,525,694

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**18 INSURANCE OPERATING SEGMENTS (continued)**

As at 30 June 2020 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total Insurance Operations SAR
<b>Assets</b>				
Reinsurers' share of unearned premiums	-	-	16,016,637	16,016,637
Reinsurers' share of outstanding claims	11,441,769	729,152	24,845,504	37,016,425
Reinsurers' share of claims incurred but not reported	1,290,110	54,281	5,262,484	6,606,875
Deferred policy acquisition costs	3,465,688	1,136,231	1,055,421	5,657,340
Deferred excess of loss premiums	1,781,319	900,000	1,134,477	3,815,796
<b>Total Segment assets</b>	<b>17,978,886</b>	<b>2,819,664</b>	<b>48,314,523</b>	<b>69,113,073</b>
Unallocated assets				510,670,123
<b>Total insurance operations assets</b>				<b>579,783,196</b>
<b>LIABILITIES</b>				
Unearned premiums	76,257,543	13,288,424	21,809,737	111,355,704
Unearned reinsurance commission	-	-	1,682,227	1,682,227
Outstanding claims	95,859,576	8,623,612	33,904,819	138,388,007
Claims incurred but not reported	31,209,342	4,758,754	7,780,099	43,748,195
Premium deficiency reserve	16,305,651	5,222,035	519,904	22,047,590
Other technical reserves	3,293,274	189,728	1,035,165	4,518,167
<b>Total Segment liabilities</b>	<b>222,925,386</b>	<b>32,082,553</b>	<b>66,731,951</b>	<b>321,739,890</b>
Unallocated liabilities				258,043,306
<b>Total insurance operations liabilities</b>				<b>579,783,196</b>
As at December 31, 2019 (Audited)	Motor	Medical	Property & Casualty	Total Insurance Operations
<b>ASSETS</b>				
Reinsurers' share of unearned premiums	-	-	19,851,794	19,851,794
Reinsurers' share of outstanding claims	9,936,276	2,911,553	36,116,384	48,964,213
Reinsurers' share of claims incurred but not reported	2,404,394	157,223	5,624,379	8,185,996
Deferred policy acquisition costs	2,242,681	2,595,041	1,120,821	5,958,543
<b>Total Segment assets</b>	<b>14,583,351</b>	<b>5,663,817</b>	<b>62,713,378</b>	<b>82,960,546</b>
Unallocated assets				530,901,621
<b>Total insurance operations assets</b>				<b>613,862,167</b>
<b>LIABILITIES</b>				
Unearned premiums	64,865,426	30,478,718	26,768,768	122,112,912
Unearned reinsurance commission	-	-	1,803,595	1,803,595
Outstanding claims	93,120,734	20,863,004	45,658,800	159,642,538
Claims incurred but not reported	38,412,619	5,893,077	8,786,059	53,091,755
Premium deficiency reserve	10,412,472	7,913,770	-	18,326,242
Other technical reserves	3,537,501	341,462	1,322,606	5,201,569
<b>Total Segment liabilities</b>	<b>210,348,752</b>	<b>65,490,031</b>	<b>84,339,828</b>	<b>360,178,611</b>
Unallocated liabilities				253,683,556
<b>Total insurance operations liabilities</b>				<b>613,862,167</b>

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**30 June 2020**

**19 SUPPLEMENTARY INFORMATION**

**Interim Condensed Statement of Financial Position**

**As at 30 June 2020 (Unaudited)**

	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	123,025,915	39,512,074	162,537,989
Time deposits	263,121,684	14,209,522	277,331,206
Premiums and reinsurers' receivable, net	47,806,352	-	47,806,352
Reinsurers' share of unearned premiums	16,016,637	-	16,016,637
Reinsurers' share of outstanding claims	37,016,425	-	37,016,425
Reinsurers' share of claims incurred but not reported	6,606,875	-	6,606,875
Deferred policy acquisition costs	5,657,340	-	5,657,340
Deferred excess of loss premiums	3,815,796	-	3,815,796
Investments	48,556,078	182,890,981	231,447,059
Due from insurance operations	-	187,031,531	187,031,531
Prepaid expenses and other assets	18,603,063	2,597,449	21,200,512
Right-of-use assets	5,423,761	-	5,423,761
Property, equipment and intangible assets, net	4,133,270	-	4,133,270
Investment in associate	-	423,884	423,884
Statutory deposit	-	31,838,010	31,838,010
<b>TOTAL ASSETS</b>	<b>579,783,196</b>	<b>458,503,451</b>	<b>1,038,286,647</b>
<b>LIABILITIES</b>			
Policyholders and accounts payables	28,475,548	-	28,475,548
Reinsurers' balances payable	12,865,202	-	12,865,202
Accrued expenses and other liabilities	13,365,851	1,095,311	14,461,162
Lease liabilities	5,197,759	-	5,197,759
Unearned premiums	111,355,704	-	111,355,704
Unearned reinsurance commission	1,682,227	-	1,682,227
Outstanding claims	138,388,007	-	138,388,007
Claims incurred but not reported	43,748,195	-	43,748,195
Premium deficiency reserve	22,047,590	-	22,047,590
Other technical reserves	4,518,167	-	4,518,167
Due to shareholders' operations	187,031,531	-	187,031,531
End-of-service benefits	13,890,403	-	13,890,403
Zakat payable	-	24,272,632	24,272,632
Statutory deposit investment returns	-	1,838,010	1,838,010
<b>TOTAL LIABILITIES</b>	<b>582,566,184</b>	<b>27,205,953</b>	<b>609,772,137</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus	1,447,495	-	1,447,495
Fair value reserve on available for sale investments	(1,996,726)	-	(1,996,726)
Accumulated actuarial loss on end-of-service benefits	(2,233,757)	-	(2,233,757)
<b>TOTAL LIABILITIES &amp; INSURANCE OPERATIONS' SURPLUS</b>	<b>579,783,196</b>	<b>27,205,953</b>	<b>606,989,149</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	-	300,000,000	300,000,000
Statutory reserve	-	49,573,882	49,573,882
Retained earnings	-	76,932,939	76,932,939
Fair value reserve on available for sale investments	-	4,790,677	4,790,677
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>431,297,498</b>	<b>431,297,498</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>579,783,196</b>	<b>458,503,451</b>	<b>1,038,286,647</b>

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

Statement of Financial Position	As at 31 December 2019 (Audited)		
	Insurance operations	Shareholders' operations	Total
<b>ASSETS</b>			
Cash and cash equivalents	70,968,861	54,491,877	125,460,738
Time deposits	350,322,697	14,062,875	364,385,572
Premiums and reinsurers' receivable, net	49,101,466	-	49,101,466
Reinsurers' share of unearned premiums	19,851,794	-	19,851,794
Reinsurers' share of outstanding claims	48,964,213	-	48,964,213
Reinsurers' share of claims incurred but not reported	8,185,996	-	8,185,996
Deferred policy acquisition costs	5,958,543	-	5,958,543
Investments	30,561,376	197,208,569	227,769,945
Due from insurance operations	-	174,020,104	174,020,104
Prepaid expenses and other assets	19,862,265	2,801,292	22,663,557
Right-of-use assets	6,235,610	-	6,235,610
Property, equipment and intangible assets, net	3,849,346	-	3,849,346
Investment in associate	-	302,011	302,011
Statutory deposit	-	31,206,937	31,206,937
<b>TOTAL ASSETS</b>	<b>613,862,167</b>	<b>474,093,665</b>	<b>1,087,955,832</b>
<b>LIABILITIES</b>			
Policyholders and accounts payables	27,474,519	-	27,474,519
Reinsurers' balances payable	16,101,860	-	16,101,860
Accrued expenses and other liabilities	20,576,950	2,700,615	23,277,565
Lease liabilities	5,980,823	-	5,980,823
Unearned premiums	122,112,912	-	122,112,912
Unearned reinsurance commission	1,803,595	-	1,803,595
Outstanding claims	159,642,538	-	159,642,538
Claims incurred but not reported	53,091,755	-	53,091,755
Premium deficiency reserve	18,326,242	-	18,326,242
Other technical reserves	5,201,569	-	5,201,569
Due to shareholders' operations	174,020,104	-	174,020,104
End-of-service benefits	12,953,970	-	12,953,970
Zakat payable	-	32,026,709	32,026,709
Statutory deposit investment returns	-	1,206,937	1,206,937
<b>TOTAL LIABILITIES</b>	<b>617,286,837</b>	<b>35,934,261</b>	<b>653,221,098</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus	467,978	-	467,978
Fair value reserve on available for sale investments	(1,658,891)	-	(1,658,891)
Accumulated actuarial loss on end-of-service benefits	(2,233,757)	-	(2,233,757)
<b>TOTAL LIABILITIES &amp; INSURANCE OPERATIONS' SURPLUS</b>	<b>613,862,167</b>	<b>35,934,261</b>	<b>649,796,428</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	-	300,000,000	300,000,000
Statutory reserve	-	49,573,882	49,573,882
Retained earnings	-	75,227,968	75,227,968
Fair value reserve on available for sale investments	-	13,357,554	13,357,554
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>438,159,404</b>	<b>438,159,404</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>613,862,167</b>	<b>474,093,665</b>	<b>1,087,955,832</b>

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

Interim Condensed Statement of Income (Unaudited)	For the three month period ended 30 June 2020			For the three month period ended 30 June 2019		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR	SAR	SAR	SAR	SAR	SAR
<b>REVENUES</b>						
Gross written premiums	42,846,771	-	42,846,771	84,638,685	-	84,638,685
Reinsurance premiums ceded	(10,142,507)	-	(10,142,507)	(16,219,440)	-	(16,219,440)
Excess of loss premiums	(1,922,843)	-	(1,922,843)	(3,773,024)	-	(3,773,024)
<b>Net premiums written</b>	<b>30,781,421</b>	<b>-</b>	<b>30,781,421</b>	<b>64,646,221</b>	<b>-</b>	<b>64,646,221</b>
Changes in unearned premiums, net	8,845,988	-	8,845,988	4,166,376	-	4,166,376
<b>Net premiums earned</b>	<b>39,627,409</b>	<b>-</b>	<b>39,627,409</b>	<b>68,812,597</b>	<b>-</b>	<b>68,812,597</b>
Reinsurance commissions	2,087,047	-	2,087,047	1,449,914	-	1,449,914
Policy fees and other underwriting income	4,003,000	-	4,003,000	723,377	-	723,377
<b>TOTAL REVENUES</b>	<b>45,717,456</b>	<b>-</b>	<b>45,717,456</b>	<b>70,985,888</b>	<b>-</b>	<b>70,985,888</b>
<b>UNDERWRITING COSTS</b>						
Gross claims paid	(25,975,981)	-	(25,975,981)	(55,163,890)	-	(55,163,890)
Reinsurers' share of claims paid	3,656,131	-	3,656,131	3,219,206	-	3,219,206
<b>Net claims paid</b>	<b>(22,319,850)</b>	<b>-</b>	<b>(22,319,850)</b>	<b>(51,944,684)</b>	<b>-</b>	<b>(51,944,684)</b>
Changes in outstanding claims, net	11,559,350	-	11,559,350	(1,394,970)	-	(1,394,970)
Changes in claims incurred but not reported, net	3,999,480	-	3,999,480	4,589,514	-	4,589,514
<b>Net claims incurred</b>	<b>(6,761,020)</b>	<b>-</b>	<b>(6,761,020)</b>	<b>(48,750,140)</b>	<b>-</b>	<b>(48,750,140)</b>
Change in premium deficiency reserves	(1,482,198)	-	(1,482,198)	-	-	-
Changes in other technical reserves	585,298	-	585,298	287,695	-	287,695
Policy acquisition costs	(2,880,745)	-	(2,880,745)	(6,056,433)	-	(6,056,433)
Inspection and supervision fees	(257,756)	-	(257,756)	(768,800)	-	(768,800)
Other underwriting expenses	(1,352,342)	-	(1,352,342)	(2,243,926)	-	(2,243,926)
<b>TOTAL UNDERWRITING COSTS</b>	<b>(12,148,763)</b>	<b>-</b>	<b>(12,148,763)</b>	<b>(57,531,604)</b>	<b>-</b>	<b>(57,531,604)</b>
<b>NET UNDERWRITING SURPLUS</b>	<b>33,568,693</b>	<b>-</b>	<b>33,568,693</b>	<b>13,454,284</b>	<b>-</b>	<b>13,454,284</b>
<b>OTHER OPERATING (EXPENSES)/INCOME</b>						
Allowance for doubtful debts	(1,815,905)	-	(1,815,905)	(1,801,339)	-	(1,801,339)
General and administrative expenses	(13,885,649)	(495,090)	(14,380,739)	(14,977,323)	(546,636)	(15,523,959)
Commission income on deposits and investments	2,159,553	1,229,757	3,389,310	3,366,872	1,807,253	5,174,125
Dividend income	123,437	738,573	862,010	258,253	851,235	1,109,488
Realized gain/(loss) on investments	616,511	-	616,511	870,143	(80,007)	790,136
Impairment of available for sale investments	-	-	-	(3,900)	-	(3,900)
Share of loss of associate	-	(319,358)	(319,358)	-	(205,393)	(205,393)
Other income	207,506	1	207,507	91,068	-	91,068
<b>TOTAL OTHER OPERATING (EXPENSES)/INCOME</b>	<b>(12,594,547)</b>	<b>1,153,883</b>	<b>(11,440,664)</b>	<b>(12,196,226)</b>	<b>1,826,452</b>	<b>(10,369,774)</b>
<b>Total income before surplus attribution and zakat</b>	<b>20,974,146</b>	<b>1,153,883</b>	<b>22,128,029</b>	<b>1,258,058</b>	<b>1,826,452</b>	<b>3,084,510</b>
<b>Surplus attributable to shareholders</b>	<b>(18,876,731)</b>	<b>18,876,731</b>	<b>-</b>	<b>(1,132,252)</b>	<b>1,132,252</b>	<b>-</b>
<b>Income before zakat</b>	<b>2,097,415</b>	<b>20,030,614</b>	<b>22,128,029</b>	<b>125,806</b>	<b>2,958,704</b>	<b>3,084,510</b>
<b>Zakat charge</b>	<b>-</b>	<b>(3,010,751)</b>	<b>(3,010,751)</b>	<b>-</b>	<b>(2,932,373)</b>	<b>(2,932,373)</b>
<b>Net income after zakat</b>	<b>2,097,415</b>	<b>17,019,863</b>	<b>19,117,278</b>	<b>125,806</b>	<b>26,331</b>	<b>152,137</b>

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**19 SUPPLEMENTARY INFORMATION (continued)**

Interim Condensed Statement of Income (Unaudited)	For the six month period ended 30 June 2020			For the six month period ended 30 June 2019		
	Insurance Operations SAR	Shareholders' Operations SAR	Total SAR	Insurance Operations SAR	Shareholders' Operations SAR	Total SAR
	<b>REVENUES</b>					
Gross written premiums	109,899,994	-	109,899,994	189,525,694	-	189,525,694
Reinsurance premiums ceded	(14,111,611)	-	(14,111,611)	(23,234,563)	-	(23,234,563)
Excess of loss premiums	(5,402,463)	-	(5,402,463)	(5,052,451)	-	(5,052,451)
<b>Net premiums written</b>	<b>90,385,920</b>	<b>-</b>	<b>90,385,920</b>	<b>161,238,680</b>	<b>-</b>	<b>161,238,680</b>
Changes in unearned premiums, net	6,922,051	-	6,922,051	(20,997,105)	-	(20,997,105)
<b>Net premiums earned</b>	<b>97,307,971</b>	<b>-</b>	<b>97,307,971</b>	<b>140,241,575</b>	<b>-</b>	<b>140,241,575</b>
Reinsurance commissions	5,863,751	-	5,863,751	4,152,382	-	4,152,382
Policy fees and other underwriting income	4,568,269	-	4,568,269	1,240,608	-	1,240,608
<b>TOTAL REVENUES</b>	<b>107,739,991</b>	<b>-</b>	<b>107,739,991</b>	<b>145,634,565</b>	<b>-</b>	<b>145,634,565</b>
<b>UNDERWRITING COSTS</b>						
Gross claims paid	(86,451,301)	-	(86,451,301)	(105,196,668)	-	(105,196,668)
Reinsurers' share of claims paid	8,900,943	-	8,900,943	5,491,886	-	5,491,886
<b>Net claims paid</b>	<b>(77,550,358)</b>	<b>-</b>	<b>(77,550,358)</b>	<b>(99,704,782)</b>	<b>-</b>	<b>(99,704,782)</b>
Changes in outstanding claims, net	9,306,743	-	9,306,743	(3,065,004)	-	(3,065,004)
Changes in claims incurred but not reported, net	7,764,439	-	7,764,439	20,148,466	-	20,148,466
<b>Net claims incurred</b>	<b>(60,479,176)</b>	<b>-</b>	<b>(60,479,176)</b>	<b>(82,621,320)</b>	<b>-</b>	<b>(82,621,320)</b>
Change in premium deficiency reserves	(3,721,348)	-	(3,721,348)	(10,179,352)	-	(10,179,352)
Changes in other technical reserves	683,402	-	683,402	2,104,997	-	2,104,997
Policy acquisition costs	(7,454,431)	-	(7,454,431)	(11,884,201)	-	(11,884,201)
Inspection and supervision fees	(689,524)	-	(689,524)	(1,681,851)	-	(1,681,851)
Other underwriting expenses	(3,104,509)	-	(3,104,509)	(4,687,999)	-	(4,687,999)
<b>TOTAL UNDERWRITING COSTS</b>	<b>(74,765,586)</b>	<b>-</b>	<b>(74,765,586)</b>	<b>(108,949,726)</b>	<b>-</b>	<b>(108,949,726)</b>
<b>NET UNDERWRITING SURPLUS</b>	<b>32,974,405</b>	<b>-</b>	<b>32,974,405</b>	<b>36,684,839</b>	<b>-</b>	<b>36,684,839</b>
<b>OTHER OPERATING (EXPENSES)/INCOME</b>						
(Allowance for)/reversal of doubtful debts provision	(1,603,932)	-	(1,603,932)	308,095	-	308,095
General and administrative expenses	(28,246,946)	(1,137,257)	(29,384,203)	(30,603,465)	(1,568,594)	(32,172,059)
Commission income on deposits and investments	4,727,751	2,457,252	7,185,003	6,597,582	3,804,903	10,402,485
Dividend income	594,490	2,865,894	3,460,384	473,056	2,174,643	2,647,699
Realized gain on investments	774,649	19,040	793,689	1,123,852	1,819,233	2,943,085
Impairment of available for sale investments	(1,595,399)	(5,531,398)	(7,126,797)	(185,216)	-	(185,216)
Share of profit/(loss) of associate	-	121,873	121,873	-	(154,476)	(154,476)
Other income/(expense)	2,170,150	(453,665)	1,716,485	77,894	-	77,894
<b>TOTAL OTHER OPERATING (EXPENSES)/INCOME</b>	<b>(23,179,237)</b>	<b>(1,658,261)</b>	<b>(24,837,498)</b>	<b>(22,208,202)</b>	<b>6,075,709</b>	<b>(16,132,493)</b>
<b>Total income before surplus attribution and zakat</b>	<b>9,795,168</b>	<b>(1,658,261)</b>	<b>8,136,907</b>	<b>14,476,637</b>	<b>6,075,709</b>	<b>20,552,346</b>
<b>Surplus attributable to shareholders</b>	<b>(8,815,651)</b>	<b>8,815,651</b>	<b>-</b>	<b>(13,028,973)</b>	<b>13,028,973</b>	<b>-</b>
<b>Income before zakat</b>	<b>979,517</b>	<b>7,157,390</b>	<b>8,136,907</b>	<b>1,447,664</b>	<b>19,104,682</b>	<b>20,552,346</b>
<b>Zakat charge</b>	<b>-</b>	<b>(5,452,419)</b>	<b>(5,452,419)</b>	<b>-</b>	<b>(6,060,923)</b>	<b>(6,060,923)</b>
<b>Net income after zakat</b>	<b>979,517</b>	<b>1,704,971</b>	<b>2,684,488</b>	<b>1,447,664</b>	<b>13,043,759</b>	<b>14,491,423</b>

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

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**19 SUPPLEMENTARY INFORMATION (continued)**

Interim Condensed Statement of Comprehensive Income (Unaudited)	For the three months period ended 30 June 2020			For the three months period ended 30 June 2019		
	Insurance Operations SAR	Shareholders' Operations SAR	Total SAR	Insurance Operations SAR	Shareholders' Operations SAR	Total
	Net income for the period	2,097,415	17,019,863	19,117,278	125,806	26,331
<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	(616,511)	-	(616,511)	(870,143)	80,007	(790,136)
- Net change in fair value	1,323,581	6,712,946	8,036,527	214,034	4,232,420	4,446,454
	707,070	6,712,946	7,420,016	(656,109)	4,312,427	3,656,318
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>	<b>2,804,485</b>	<b>23,732,809</b>	<b>26,537,294</b>	<b>(530,303)</b>	<b>4,338,758</b>	<b>3,808,455</b>

Interim Condensed Statement of Comprehensive Income (Unaudited)	For the six months period ended 30 June 2020			For the six months period ended 30 June 2019		
	Insurance Operations SAR	Shareholders' Operations SAR	Total SAR	Insurance Operations SAR	Shareholders' Operations SAR	Total
	Net income for the period	979,517	1,704,971	2,684,488	1,447,664	13,043,759
<b>Other comprehensive (loss)/income</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	(774,649)	(19,040)	(793,689)	(1,123,852)	(1,819,233)	(2,943,085)
- Net change in fair value	436,814	(8,547,837)	(8,111,023)	2,557,419	4,776,981	7,334,400
	(337,835)	(8,566,877)	(8,904,712)	1,433,567	2,957,748	4,391,315
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>641,682</b>	<b>(6,861,906)</b>	<b>(6,220,224)</b>	<b>2,881,231</b>	<b>16,001,507</b>	<b>18,882,738</b>



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**19 SUPPLEMENTARY INFORMATION (continued)**

Interim Condensed Statement of Cash Flows	For the six month period ended 30 June 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before zakat	979,517	7,157,390	8,136,907
<i>Adjustments for non-cash items:</i>			
Surplus attributable to the shareholders		(8,815,651)	-
Depreciation of property and equipment	818,284	-	818,284
Loss on disposal of property and equipment	36,250	-	36,250
Allowance for doubtful debts provision	1,603,932	-	1,603,932
Right-of-use depreciation	811,849	-	811,849
Interest expense on lease liability	100,458	-	100,458
Share of profit of associate	-	(121,873)	(121,873)
Provision for end-of-service indemnities	1,007,567	-	1,007,567
Realized gain from investments	(774,649)	(19,040)	(793,689)
Impairment of available for sale investments	1,595,399	5,531,398	7,126,797
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurers' receivable	(308,818)	-	(308,818)
Reinsurers' share of unearned premiums	3,835,157	-	3,835,157
Reinsurers' share of outstanding claims	11,947,788	-	11,947,788
Reinsurers' share of claims incurred but not reported	1,579,121	-	1,579,121
Deferred policy acquisition costs	301,203	-	301,203
Deferred excess of loss premiums	(3,815,796)	-	(3,815,796)
Prepaid expenses and other assets	1,259,202	203,843	1,463,045
Policyholders and accounts payables	1,001,029	-	1,001,029
Reinsurers' balances payable	(3,236,658)	-	(3,236,658)
Accrued expenses and other liabilities	(7,211,099)	(1,605,304)	(8,816,403)
Lease liabilities	(883,522)	-	(883,522)
Unearned premiums	(10,757,208)	-	(10,757,208)
Unearned reinsurance commission	(121,368)	-	(121,368)
Outstanding claims	(21,254,531)	-	(21,254,531)
Claims incurred but not reported	(9,343,560)	-	(9,343,560)
Premium deficiency reserve	3,721,348	-	3,721,348
Other technical reserves	(683,402)	-	(683,402)
End-of-service indemnities paid	(18,976,856)	2,330,763	(16,646,093)
Zakat paid	(71,134)	-	(71,134)
Net cash used in operating activities	(19,047,990)	(10,875,733)	(29,923,723)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Disposals/(additions) in time deposits	87,201,013	(146,647)	87,054,366
Additions in investments	(24,446,480)	(11,250,300)	(35,696,780)
Proceeds from available for sale investments	5,293,193	11,488,653	16,781,846
Additions in property, equipment and intangible assets	(1,142,608)	-	(1,142,608)
Proceeds from disposal of property and equipment	4,150	-	4,150
Net cash generated from investing activities	66,909,268	91,706	67,000,974
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Due to shareholders' operations	4,195,776	(4,195,776)	-
Net cash generated from/(used in) financing activities	4,195,776	(4,195,776)	-
Net change in cash and cash equivalents	52,057,054	(14,979,803)	37,077,251
Cash and cash equivalents, beginning of the period	70,968,861	54,491,877	125,460,738
Cash and cash equivalents, end of the period	123,025,915	39,512,074	162,537,989
<i>Non-cash transactions:</i>			
Change in fair value of available for sale investments	(337,835)	(8,566,877)	(8,904,712)

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

Interim Condensed Statement of Cash Flows	For the six month period ended 30 June 2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before zakat	1,447,664	19,104,682	20,552,346
<i>Adjustments for non-cash items:</i>			
Surplus attributable to the shareholders	13,028,973	(13,028,973)	-
Depreciation of property and equipment	732,621	-	732,621
Loss on disposal of property and equipment	21,701	-	21,701
Reversal of doubtful debts provision	(308,095)	-	(308,095)
Right-of-use depreciation	811,851	-	811,851
Interest expense on lease liability	88,160	-	88,160
Share of loss of associate	-	154,476	154,476
Provision for end-of-service indemnities	1,023,557	-	1,023,557
Realized gain from investments	(1,123,852)	(1,819,233)	(2,943,085)
Impairment of available for sale investments	185,216	-	185,216
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurers' receivable	(17,472,320)	-	(17,472,320)
Reinsurers' share of unearned premiums	(7,681,273)	-	(7,681,273)
Reinsurers' share of outstanding claims	(56,255)	-	(56,255)
Reinsurers' share of claims incurred but not reported	7,892,755	-	7,892,755
Deferred policy acquisition costs	(2,100,916)	-	(2,100,916)
Deferred excess of loss premiums	(3,786,094)	-	(3,786,094)
Prepaid expenses and other assets	(5,417,228)	468,384	(4,948,844)
Right-of-use assets	(7,859,310)	-	(7,859,310)
Statutory deposit	-	(5,000,000)	(5,000,000)
Policyholders and accounts payables	5,180,747	-	5,180,747
Reinsurers' balances payable	15,477,951	-	15,477,951
Accrued expenses and other liabilities	(4,038,960)	(1,225,039)	(5,263,999)
Lease liabilities	6,664,507	-	6,664,507
Unearned premiums	28,678,378	-	28,678,378
Unearned reinsurance commission	415,215	-	415,215
Outstanding claims	3,121,259	-	3,121,259
Claims incurred but not reported	(28,041,220)	-	(28,041,220)
Premium deficiency reserve	10,179,352	-	10,179,352
Other technical reserves	(2,104,997)	-	(2,104,997)
End-of-service indemnities paid	14,959,387	(1,345,703)	13,613,684
Insurance surplus paid	(144,590)	-	(144,590)
Zakat paid	(7,326,695)	-	(7,326,695)
Net cash generated from/(used in) operating activities	7,488,102	(10,011,864)	(2,523,762)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions/disposals in time deposits	(42,005,004)	31,950,860	(10,054,144)
Additions in investments	(5,580,439)	(14,517,779)	(20,098,218)
Proceeds from available for sale investments	8,278,886	25,572,712	33,851,598
Additions in property, equipment and intangible assets	(505,944)	-	(505,944)
Net cash (used in)/generated from investing activities	(39,812,501)	43,005,793	3,193,292
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Due to shareholders' operations	133,035	(133,035)	-
Net cash generated from/(used in) financing activities	133,035	(133,035)	-
Net change in cash and cash equivalents	(32,191,364)	32,860,894	669,530
Cash and cash equivalents, beginning of the period	141,569,650	81,965,109	223,534,759
Cash and cash equivalents, end of the period	109,378,286	114,826,003	224,204,289
<i>Non-cash transactions:</i>			
Change in fair value of available for sale investments	1,433,567	2,957,748	4,391,315

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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**(UNAUDITED) (Continued)**

30 June 2020

**20 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.

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

The interim condensed financial statements have been approved by the Board of Directors on 13 August 2020 corresponding to 23 Dhul Hijjah 1441H.