
**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 2021

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS

For The Three Months Period Ended 30 June 2021

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**INDEPENDENT AUDITORS' REVIEW REPORT ON THE 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 2021, 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. 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 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 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 2021 are not prepared, in all material respects, in accordance with IAS 34 that are endorsed in the Kingdom of Saudi Arabia.

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22 August 2021
14 Muharram 1443

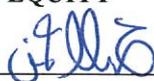
**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

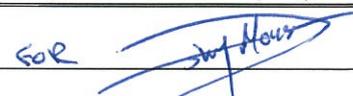
| | Notes | 30 June 2021 (Unaudited) SAR | 31 December 2020 (Audited) SAR |
|--|-------|------------------------------------|--------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 4 | 115,351,877 | 131,891,933 |
| Time deposits | 5 | 246,736,953 | 288,808,058 |
| Premiums and reinsurers' receivable, net | 6 | 47,396,940 | 36,267,297 |
| Reinsurers' share of unearned premiums | 10(b) | 14,901,403 | 15,250,132 |
| Reinsurers' share of outstanding claims | 10(a) | 32,705,898 | 34,868,873 |
| Reinsurers' share of claims incurred but not reported | 10(a) | 5,889,786 | 5,794,590 |
| Deferred policy acquisition costs | 10(d) | 4,974,393 | 3,733,851 |
| Deferred excess of loss premiums | | 3,279,604 | - |
| Investments | 7 | 266,192,435 | 252,441,453 |
| Prepaid expenses and other assets | | 33,859,434 | 25,015,836 |
| Right-of-use assets | 11 | 3,732,048 | 4,569,427 |
| Property, equipment and intangible assets, net | | 3,096,618 | 3,717,353 |
| Investment in associate | 8 | 483,209 | 700,618 |
| Statutory deposit | | 30,000,000 | 30,000,000 |
| Statutory deposit investment returns | 15 | 2,353,079 | 1,838,010 |
| TOTAL ASSETS | | 810,953,677 | 834,897,431 |
| LIABILITIES | | | |
| Policyholders and accounts payables | | 30,333,792 | 26,879,684 |
| Reinsurers' balances payable | | 13,335,281 | 12,557,417 |
| Accrued expenses and other liabilities | | 21,808,285 | 14,704,394 |
| Lease liabilities | 11 | 3,648,686 | 4,471,572 |
| Unearned premiums | 10(b) | 68,422,775 | 91,976,873 |
| Unearned reinsurance commission | 10(c) | 1,712,126 | 1,606,945 |
| Outstanding claims | 10(a) | 117,061,987 | 122,744,363 |
| Claims incurred but not reported | 10(a) | 33,915,137 | 38,964,437 |
| Premium deficiency reserve | 10(a) | 16,366,108 | 23,753,336 |
| Other technical reserves | 10(a) | 5,337,659 | 5,802,271 |
| End-of-service benefits | | 13,579,958 | 16,012,358 |
| Zakat payable | 12 | 27,155,178 | 30,147,838 |
| Statutory deposit investment returns | 15 | 2,353,079 | 1,838,010 |
| TOTAL LIABILITIES | | 355,030,051 | 391,459,498 |
| INSURANCE OPERATIONS' SURPLUS | | | |
| Accumulated surplus | | 1,840,481 | 1,714,863 |
| Fair value reserve on available for sale investments | | 3,562,902 | (77,725) |
| Accumulated actuarial loss on end-of-service benefits | | (2,718,032) | (2,718,032) |
| TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS | | 357,715,402 | 390,378,604 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 13 | 300,000,000 | 300,000,000 |
| Statutory reserve | | 50,721,307 | 50,721,307 |
| Retained earnings | | 78,183,947 | 79,817,669 |
| Foreign currency translation adjustments | | 253,206 | 208,729 |
| Fair value reserve on available for sale investments | | 24,079,815 | 13,771,122 |
| TOTAL SHAREHOLDERS' EQUITY | | 453,238,275 | 444,518,827 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 810,953,677 | 834,897,431 |



Board Member



General Manager



Finance Manager

The accompanying notes 1 to 22 form part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

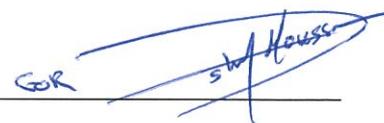
| | Notes | For the three months period ended | | For the six months period ended | |
|--|-------|-----------------------------------|---------------------|---------------------------------|---------------------|
| | | 30 June 2021 SAR | 30 June 2020 SAR | 30 June 2021 SAR | 30 June 2020 SAR |
| REVENUES | | | | | |
| Gross written premiums | | 35,525,240 | 42,846,771 | 71,331,367 | 109,899,994 |
| Reinsurance premiums ceded | | | | | |
| - Local | | (979,147) | (607,758) | (1,416,858) | (1,233,998) |
| - Foreign | | (11,552,046) | (9,534,749) | (13,876,882) | (12,877,613) |
| Excess of loss premiums | | | | | |
| - Local | | (282,709) | (294,309) | (622,119) | (842,441) |
| - Foreign | | (1,638,333) | (1,628,534) | (3,613,392) | (4,560,022) |
| Net premiums written | | 21,073,005 | 30,781,421 | 51,802,116 | 90,385,920 |
| Changes in unearned premiums, net | | 15,894,827 | 8,845,988 | 23,205,369 | 6,922,051 |
| Net premiums earned | | 36,967,832 | 39,627,409 | 75,007,485 | 97,307,971 |
| Reinsurance commissions | | 1,206,155 | 2,087,047 | 3,049,997 | 5,863,751 |
| Policy fees and other underwriting income | | 21,530 | 4,003,000 | 437,158 | 4,568,269 |
| TOTAL REVENUES | | 38,195,517 | 45,717,456 | 78,494,640 | 107,739,991 |
| UNDERWRITING COSTS | | | | | |
| Gross claims paid | | (28,682,096) | (25,975,981) | (65,878,558) | (86,451,301) |
| Reinsurers' share of claims paid | | 1,164,798 | 3,656,131 | 5,064,545 | 8,900,943 |
| Net claims paid | | (27,517,298) | (22,319,850) | (60,814,013) | (77,550,358) |
| Changes in outstanding claims, net | | 368,285 | 11,559,350 | 3,519,401 | 9,306,743 |
| Changes in claims incurred but not reported, net | | 3,226,066 | 3,999,480 | 5,144,496 | 7,764,439 |
| Net claims incurred | | (23,922,947) | (6,761,020) | (52,150,116) | (60,479,176) |
| Changes in premium deficiency reserves | | 8,759,362 | (1,482,198) | 7,387,228 | (3,721,348) |
| Changes in other technical reserves | | 135,812 | 585,298 | 464,612 | 683,402 |
| Policy acquisition costs | | (2,497,817) | (2,880,745) | (4,905,532) | (7,454,431) |
| Inspection and supervision fees | | (269,191) | (257,756) | (519,122) | (689,524) |
| Other underwriting expenses | | (1,530,599) | (1,352,342) | (5,521,862) | (3,104,509) |
| TOTAL UNDERWRITING COSTS | | (19,325,380) | (12,148,763) | (55,244,792) | (74,765,586) |
| NET UNDERWRITING SURPLUS | | 18,870,137 | 33,568,693 | 23,249,848 | 32,974,405 |
| OTHER OPERATING (EXPENSES)/INCOME | | | | | |
| (Allowance for)/reversal of doubtful debts | 6 | (1,025,164) | (1,815,905) | 389,228 | (1,603,932) |
| General and administrative expenses | | (14,472,682) | (14,380,739) | (30,580,294) | (29,384,203) |
| Commission income on time deposits and investments | | 2,745,491 | 3,389,310 | 4,879,448 | 7,185,003 |
| Dividend income | | 2,791,252 | 862,010 | 4,638,248 | 3,460,384 |
| Realized gain on investments | | 1,327,179 | 616,511 | 3,109,182 | 793,689 |
| Impairment of available for sale investments | | | - | (1,218,783) | (7,126,797) |
| Share of (loss)/profit of associate | 8 | (128,248) | (319,358) | (217,409) | 121,873 |
| Other income | | 289 | 207,507 | 12,720 | 1,716,485 |
| TOTAL OTHER OPERATING (EXPENSES)/INCOME | | (8,761,883) | (11,440,664) | (18,987,660) | (24,837,498) |
| Total income before surplus attribution and zakat | | 10,108,254 | 22,128,029 | 4,262,188 | 8,136,907 |
| Surplus attributable to the insurance operations | | (768,235) | (2,097,415) | (125,617) | (979,517) |
| Income attributed to the shareholders before zakat | | 9,340,019 | 20,030,614 | 4,136,571 | 7,157,390 |
| Zakat charge | 12 | (3,205,758) | (3,010,751) | (5,770,293) | (5,452,419) |
| Net income attributed to the shareholders after zakat | | 6,134,261 | 17,019,863 | (1,633,722) | 1,704,971 |
| Earnings per share – Basic and diluted - Restated | 16 | 0.20 | 0.57 | (0.05) | 0.06 |



Board Member



General Manager



Finance Manager

The accompanying notes 1 to 22 form part of these interim condensed financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

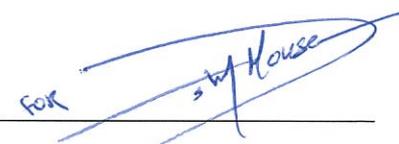
| | For the three months period ended | | For the six months period ended | |
|--|-----------------------------------|---------------------|---------------------------------|---------------------|
| | 30 June 2021 SAR | 30 June 2020 SAR | 30 June 2021 SAR | 30 June 2020 SAR |
| Total income for the period after zakat | 6,902,496 | 19,117,278 | (1,508,105) | 2,684,488 |
| 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 | (1,327,179) | (616,511) | (3,109,182) | (793,689) |
| - Net change in fair value | 9,865,303 | 8,036,527 | 17,058,502 | (8,111,023) |
| Change in Foreign currency translation | 28,239 | - | 44,477 | - |
| | 8,566,363 | 7,420,016 | 13,993,797 | (8,904,712) |
| <u>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</u> | 15,468,859 | 26,537,294 | 12,485,692 | (6,220,224) |
| Comprehensive income attributed to the insurance operations | 3,108,831 | 2,804,485 | 3,766,244 | 641,682 |
| Comprehensive income/(loss) for the period attributable to the shareholders | 12,360,028 | 23,732,809 | 8,719,448 | (6,861,906) |



Board Member



General Manager



Finance Manager

The accompanying notes 1 to 22 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 30 JUNE 2021

| | Share Capital SAR | Statutory Reserve SAR | Retained earnings SAR | Foreign currency translation adjustments SAR | Fair value reserve on available for sale investments SAR | Total SAR |
|--|-------------------------|-----------------------------|-----------------------------|--|---|--------------------|
| 2021 | | | | | | |
| Balance as at 1 January 2021 | 300,000,000 | 50,721,307 | 79,817,669 | 208,729 | 13,771,122 | 444,518,827 |
| Net loss for the period attributable to shareholders | - | - | (1,633,722) | - | - | (1,633,722) |
| Foreign currency translation adjustments | - | - | - | 44,477 | - | 44,477 |
| Changes in fair value of available for sale investments | - | - | - | - | 10,308,693 | 10,308,693 |
| Total comprehensive income attributable to shareholders | | | (1,633,722) | 44,477 | 10,308,693 | 8,719,448 |
| Transfer to statutory reserve | - | - | - | - | - | - |
| Balance as at 30 June 2021 | 300,000,000 | 50,721,307 | 78,183,947 | 253,206 | 24,079,815 | 453,238,275 |
| 2020 | | | | | | |
| Balance as at 1 January 2020 | 300,000,000 | 49,573,882 | 75,227,968 | - | 13,357,554 | 438,159,404 |
| Net income attributable to shareholders after zakat | - | - | 5,737,126 | - | - | 5,737,126 |
| Foreign currency translation adjustments | - | - | - | 208,729 | - | 208,729 |
| Changes in fair value of available for sale investments | - | - | - | - | 413,568 | 413,568 |
| Total comprehensive income attributable to shareholders | - | - | 5,737,126 | 208,729 | 413,568 | 6,359,423 |
| Transfer to statutory reserve | - | 1,147,425 | (1,147,425) | - | - | - |
| Balance as at 31 December 2020 | 300,000,000 | 50,721,307 | 79,817,669 | 208,729 | 13,771,122 | 444,518,827 |


Board Member


General Manager


FOR
Finance Manager

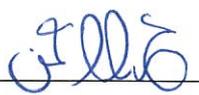
The accompanying notes 1 to 22 form part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

| | For the six months period ended | |
|---|--|---------------------|
| | 30 June 2021 | 30 June 2020 |
| Notes | SAR | SAR |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total income before zakat | 4,262,188 | 8,136,907 |
| <i>Adjustments for non-cash items:</i> | | |
| Depreciation of property and equipment | 724,980 | 818,284 |
| Loss on disposal of property and equipment | 2,695 | 36,250 |
| (Reversal) / Allowance of doubtful debts provision | 6 (389,228) | 1,603,932 |
| Depreciation of right-of-use assets | 837,379 | 811,849 |
| Interest expense on lease liability | 60,635 | 100,458 |
| Share of loss / (gain) of associate | 8 217,409 | (121,873) |
| Provision for end-of-service indemnities | 315,154 | 1,007,567 |
| Realized gain from investments | (3,109,182) | (793,689) |
| Impairment of available for sale investments | 1,218,783 | 7,126,797 |
| <i>Changes in operating assets and liabilities:</i> | | |
| Premiums and reinsurers' receivable | (10,740,415) | (308,818) |
| Reinsurers' share of unearned premiums | 348,729 | 3,835,157 |
| Reinsurers' share of outstanding claims | 2,162,975 | 11,947,788 |
| Reinsurers' share of claims incurred but not reported | (95,196) | 1,579,121 |
| Deferred policy acquisition costs | (1,240,542) | 301,203 |
| Deferred excess of loss premiums | (3,279,604) | (3,815,796) |
| Prepaid expenses and other assets | (8,843,598) | 1,463,045 |
| Policyholders and accounts payables | 3,454,108 | 1,001,029 |
| Reinsurers' balances payable | 777,864 | (3,236,658) |
| Accrued expenses and other liabilities | 7,103,891 | (8,816,403) |
| Unearned premiums | (23,554,098) | (10,757,208) |
| Unearned reinsurance commission | 105,181 | (121,368) |
| Outstanding claims | (5,682,376) | (21,254,531) |
| Claims incurred but not reported | (5,049,300) | (9,343,560) |
| Premium deficiency reserves | (7,387,228) | 3,721,348 |
| Other technical reserves | (464,612) | (683,402) |
| | (48,243,408) | (15,762,571) |
| End-of-service indemnities paid | (2,747,554) | (71,134) |
| Zakat paid | (8,762,953) | (13,206,496) |
| Net cash used in from operating activities | (59,753,915) | (29,040,201) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Disposals in time deposits | 5 42,071,105 | 87,054,366 |
| Additions in investments | 7(ii) (46,679,057) | (35,696,780) |
| Proceeds from available for sale investments | 7(ii) 48,812,269 | 16,781,846 |
| Additions in property, equipment and intangible assets | (222,494) | (1,142,608) |
| Proceeds from disposal of property, equipment and intangible assets | 115,557 | 4,150 |
| Net cash generated from investing activities | 44,097,380 | 67,000,974 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Lease liabilities | (883,521) | (883,522) |
| Net cash used in financing activities | (883,521) | (883,522) |
| Net change in cash and cash equivalents | (16,540,056) | 37,077,251 |
| Cash and cash equivalents, beginning of the period | 131,891,933 | 125,460,738 |
| Cash and cash equivalents, end of the period | 4 115,351,877 | 162,537,989 |
| <i>Non-cash transactions:</i> | | |
| Change in fair value of available for sale investments | 13,949,320 | (8,904,712) |
| Foreign currency translation adjustments | 44,477 | - |


Board Member


General Manager


Finance Manager

The accompanying notes 1 to 22 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 2021

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 period ended 30 June 2021 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)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2021

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 2020.

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.

In response to the spread of the Covid-19 virus in the Kingdom of Saudi Arabia where the Company operates and its consequential disruption to the social and economic activities, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating
- the continuity of its business throughout the Kingdom is protected and kept intact.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2021

2 BASIS OF PREPARATION (continued)

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

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 2021. 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 2020.

IFRS 17 – Insurance Contracts

Overview

IFRS 17 has been published on May 18, 2017, it establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- i. embedded derivatives, if they meet certain specified criteria.
- ii. distinct investment components; and
- iii. any promise to transfer distinct goods or non-insurance services.

These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

Measurement

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2015, IFRS 17 provides the following different measurement models:

The General model is based on the following “building blocks”:

a) the fulfilment cash flows (FCF), which comprise:

- probability-weighted estimates of future cash flows,
- an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
- and a risk adjustment for non-financial risk;

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**3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE OR ADOPTED
(CONTINUED)**

IFRS 17 – Insurance Contracts (continued)

b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date;
- and the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as ‘direct participating contracts’). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, the CSM is also adjusted for in addition to adjustment under general model;

- i. changes in the entity’s share of the fair value of underlying items ,
- ii. changes in the effect of the time value of money and financial risks not relating to the underlying items.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The general model remains applicable for the measurement of incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

Effective date

The IASB issued an Exposure Draft Amendments to IFRS 17 during June 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard-setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4, is currently January 1, 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intend to apply the standard on its effective date.

Transition

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Presentation and Disclosures

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts together with amendments to presentation and disclosures.

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IFRS 17 – Insurance Contracts (continued)

Impact

The Company is currently in design phase of IFRS 17 implementation which requires developing and designing new processes and procedures for the business including any system developments required under IFRS 17 and detailed assessment of business requirements. Following are the main areas under design phase and status of the progress made so far by the Company:

| Major areas of design phase | Summary of progress |
|---|--|
| Governance and control framework | The Company has put in place a comprehensive IFRS 17 governance program which includes establishing oversight steering committee for monitoring the progress of implementation and assigning roles and responsibilities to various stakeholders |
| Operational area | The Company is in progress of designing operational aspects of the design phase which includes establishing comprehensive data policy and data dictionary. Also the Company is finalizing architectural designs for various sub-systems. The Company has progressed through assessment of business requirements and currently working on vendor selection while finalizing various process needed for transition and assessment of new resources needed. |
| Technical and financial area | The Company has completed various policy papers encompassing various technical and financial matters after concluding on policy decisions required under the IFRS 17 standard. The policy decisions are taken after due deliberations among various stakeholders. Currently majority of policy papers have been approved by the Company's IFRS 17 project steering committee. |
| Implementation | The Company has completed the Implementation working, and now moving toward Implementation and dry run. |
| Systems | We are considering acquisition of IFRS 17 calculation system to accommodate calculation of Insurance contracts and Reinsurance held contracts inline with IFRS 17. |
| Financial Impact | The financial impact of adoption of IFRS 17 is not yet fully complete. |

IFRS 9 – Financial Instruments

This standard was published on July 24, 2014 and has replaced IAS 39. The new standard addresses the following items related to financial instruments:

a) Classification and measurement:

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both:

- i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

The financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through profit or loss upon sale, if both conditions are met:

- i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale and
- ii. the contractual terms of cash flows are SPPI,

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

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(CONTINUED)**

IFRS 9 – Financial Instrument (continued)

For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

b) Impairment:

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

c) Hedge accounting:

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

Effective date

The published effective date of IFRS 9 was January 1, 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on September 12, 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

1. apply a temporary exemption from implementing IFRS 9 until the earlier of
 - a. the effective date of a new insurance contract standard; or
 - b. annual reporting periods beginning on or after January 1, 2021.. The IASB has extended the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to January 1, 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
2. adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning January 1, 2020:

- (1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and

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**3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE OR ADOPTED
(CONTINUED)**

IFRS 9 – Financial Instrument (continued)

(2) The total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

Impact assessment:

As at June 30, 2021, the Company has total financial assets (including insurance receivables / reinsurance recoverable) and insurance related assets amounting to SR 747,110,178 and SR 105,868,421, respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 485,434,533 (2020: SR 539,468,761). Other financial assets consist of available for sale investments amounting to SR 261,192,436 (2020: SR 242,441,452). The Company expect to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9.

Investment in funds classified under available for sale investments will be at FVSI under IFRS 9. As at June 30, 2021 debt securities are measured at fair value of SR 5,000,000 with changes in fair value during the year of nil. Other financial assets have a fair value of SR 2,534,535 as at June 30, 2021 with a fair value change during the year of nil. The Company financial assets have low credit risk as at December 31, 2020 and 2019. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9: However, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review. We are in the process of building non-performance risk quantification for certain reinsurance held arrangements based on IFRS 9 ECL simplified approach.

4 CASH AND CASH EQUIVALENTS

| | 30 June 2021 (Unaudited) | | 31 December 2020 (Audited) | |
|---|-------------------------------------|---|-------------------------------------|---|
| | Insurance operations SAR | Shareholders' operations SAR | Insurance operations SAR | Shareholders' operations SAR |
| Bank balances and cash | 82,412,808 | 31,997,364 | 85,800,804 | 45,149,516 |
| Deposits maturing within 3 months from the acquisition date | 941,705 | - | 941,613 | - |
| | 83,354,513 | 31,997,364 | 86,742,417 | 45,149,516 |

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 1.7% per annum (2020: 1.7% 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.

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(UNAUDITED) (continued)

30 June 2021

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 2.97% per annum (2020: 2.09% 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:

| | 30 June 2021 (Unaudited) SAR | 31 December 2020 (Audited) SAR |
|--|---|--|
| Premiums receivable | 54,024,221 | 35,568,338 |
| <i>Less: Allowance for doubtful debts</i> | (13,199,897) | (14,059,921) |
| | 40,824,324 | 21,508,417 |
| Reinsurers' receivable | 8,087,643 | 15,803,111 |
| <i>Less: Allowance for doubtful debts</i> | (1,515,027) | (1,044,231) |
| | 6,572,616 | 14,758,880 |
| Total premiums and reinsurers' receivable, net | 47,396,940 | 36,267,297 |

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

| 30 June 2021 (Unaudited) | Policyholders SAR | Reinsurers' SAR | Total SAR |
|---|------------------------------------|----------------------------------|----------------------------|
| Opening balance | 14,059,921 | 1,044,231 | 15,104,152 |
| (Reversal)/charge for the period | (860,024) | 470,796 | (389,228) |
| Closing balance | 13,199,897 | 1,515,027 | 14,714,924 |
| 31 December 2020 (Audited) | Policyholders SAR | Reinsurers' SAR | Total SAR |
| Opening balance | 13,597,655 | 3,128,453 | 16,726,108 |
| Reversal for the year | 462,266 | (2,084,222) | (1,621,956) |
| Closing balance | 14,059,921 | 1,044,231 | 15,104,152 |

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7 INVESTMENTS

(i) Investments are classified as follows:

| | 30 June 2021 (Unaudited) | | 31 December 2020 (Audited) | |
|--------------------------|---------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| | Insurance Operations SAR | Shareholders' Operations SAR | Insurance Operations SAR | Shareholders' Operations SAR |
| Available for sale "AFS" | 60,051,334 | 201,141,101 | 52,732,939 | 189,708,514 |
| Held to maturity "HTM" | - | 5,000,000 | - | 10,000,000 |
| Total | 60,051,334 | 206,141,101 | 52,732,939 | 199,708,514 |

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

| | 30 June 2021 (Unaudited) | | 31 December 2020 (Audited) | |
|---|---------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| | Insurance Operations SAR | Shareholders' Operations SAR | Insurance Operations SAR | Shareholders' Operations SAR |
| Quoted local equity securities | 34,670,714 | 12,453,902 | 27,194,404 | 12,418,420 |
| Units in local investment funds - (NAV)* | 25,380,620 | 92,568,654 | 25,538,535 | 89,705,144 |
| Quoted fixed income securities | - | 74,483,556 | - | 68,987,144 |
| Units in quoted local real estate funds | - | 19,711,911 | - | 16,674,728 |
| Unquoted local equity investment ** | - | 1,923,078 | - | 1,923,078 |
| Total available for sale investments | 60,051,334 | 201,141,101 | 52,732,939 | 189,708,514 |

* 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:

| | 30 June 2021 (Unaudited) | | 31 December 2020 (Audited) | |
|---|---------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| | Insurance Operations SAR | Shareholders' Operations SAR | Insurance Operations SAR | Shareholders' Operations SAR |
| Sukuk "Almarai" – September 2022 | - | 5,000,000 | - | 5,000,000 |
| Sukuk "Sipchem" – June 2021 | - | - | - | 5,000,000 |
| Total held to maturity investments | - | 5,000,000 | - | 10,000,000 |

The fair value of the "HTM" investments as at 30 June 2021 was not different from its carrying value. Sukuk "Sipchem" was matured in the second quarter.

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7 INVESTMENTS (continued)

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

| | 30 June 2021 (Unaudited) | | 31 December 2020 (Audited) | |
|--|---------------------------------|-------------------------------------|----------------------------|------------------------------|
| | Insurance Operations SAR | Shareholders' Operations SAR | Insurance Operations SAR | Shareholders' Operations SAR |
| Opening balance | 52,732,939 | 199,708,514 | 30,561,376 | 197,208,569 |
| Purchases | 39,182,264 | 7,496,793 | 58,809,636 | 20,672,820 |
| Disposals | (38,741,969) | (10,070,300) | (39,646,573) | (13,255,278) |
| Impairment | - | (1,218,783) | (164,080) | (5,531,398) |
| | 53,173,234 | 195,916,224 | 49,560,359 | 199,094,713 |
| Changes in fair value of investments | 6,878,100 | 10,180,400 | 3,172,580 | 405,072 |
| Foreign currency translation adjustments | | 44,477 | - | 208,729 |
| Closing balance | 60,051,334 | 206,141,101 | 52,732,939 | 199,708,514 |

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 | | | |
| December 31, 2020 | Saudi Arabia | 5,643,624 | 3,870,711 | 1,480,631 | (318,836)* | 40% | |
| December 31, 2019 | Saudi Arabia | 4,562,157 | 2,970,531 | 543,313 | (1,116,934) | 40% | |

Based on latest audited financial statements for the year ended 31 December 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.

* On 28 December 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 500,000 of the associate's general and administrative expenses for the year 2020 before issuing the associate's year-end financial statements for 2020, and thus the Company absorbed the amount of SAR 200,000 as 'other expenses' presented in yearend condensed statement of income for shareholders' operations.

| | 30 June 2021 (Unaudited) SAR | 31 December 2020 (Audited) SAR |
|------------------------|-------------------------------------|--------------------------------|
| Opening balance | 700,618 | 302,011 |
| Share of profit/(loss) | (217,409) | 398,607 |
| Closing balance | 483,209 | 700,618 |

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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.

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------------|--------------------|------------------|--------------------|
| 30 June 2021 (Unaudited) | SAR | SAR | SAR | SAR |
| Available for sale | | | | |
| - Equities | 47,124,616 | - | 1,923,078 | 49,047,694 |
| - Fixed income securities | 74,483,556 | - | - | 74,483,556 |
| - Investment and real estate funds | 19,711,911 | 117,949,274 | - | 137,661,185 |
| Held to maturity | - | - | 5,000,000 | 5,000,000 |
| | 141,320,083 | 117,949,274 | 6,923,078 | 266,192,435 |

31 December 2020 (Audited)

| | | | | |
|------------------------------------|--------------------|--------------------|-------------------|--------------------|
| Available for sale | | | | |
| - Equities | 39,612,824 | - | 1,923,078 | 41,535,902 |
| - Fixed income securities | 68,987,143 | - | - | 68,987,143 |
| - Investment and real estate funds | 16,674,728 | 115,243,679 | - | 131,918,407 |
| Held to maturity | - | - | 10,000,000 | 10,000,000 |
| | 125,274,695 | 115,243,679 | 11,923,078 | 252,441,452 |

Transfers between levels

During the three month period ended 30 June 2021, 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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10 TECHNICAL RESERVES

(a) NET OUTSTANDING CLAIMS AND RESERVES

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|--|---|--------------------------------------|
| Gross outstanding claims | 117,061,987 | 122,744,363 |
| Less: Realizable value of salvage and subrogation | - | - |
| | 117,061,987 | 122,744,363 |
| Claims incurred but not reported | 33,915,137 | 38,964,437 |
| Premium deficiency reserve | 16,366,108 | 23,753,336 |
| Other technical reserves (Unallocated loss adjustment expense) | 5,337,659 | 5,802,271 |
| | 172,680,891 | 191,264,407 |
| Less: | | |
| Reinsurers' share of outstanding claims | (32,705,898) | (34,868,873) |
| Reinsurers' share of claims incurred but not reported | (5,889,786) | (5,794,590) |
| | (38,595,684) | (40,663,463) |
| Net outstanding claims and other reserves | 134,085,207 | 150,600,944 |

(b) MOVEMENT IN UNEARNED PREMIUMS

| | 30 June 2021 (Unaudited) | | | 31 December 2020 (Audited) | | |
|---|---------------------------------|----------------------------------|--------------------------|----------------------------|--------------------|---------------|
| | Gross SAR | Reinsurance SAR | Net SAR | Gross SAR | Reinsurance SAR | Net SAR |
| Opening balance | 91,976,873 | (15,250,132) | 76,726,741 | 122,112,912 | (19,851,794) | 102,261,118 |
| Premiums written during the period/year | 71,331,367 | (19,529,251) | 51,802,116 | 202,251,926 | (38,073,998) | 164,177,928 |
| Premiums earned during the period/year | (94,885,465) | 19,877,980 | (75,007,485) | (232,387,965) | 42,675,660 | (189,712,305) |
| Closing balance | 68,422,775 | (14,901,403) | 53,521,372 | 91,976,873 | (15,250,132) | 76,726,741 |

(c) UNEARNED REINSURANCE COMMISSION

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|--|---|--------------------------------------|
| | SAR | SAR |
| Opening balance | 1,606,945 | 1,803,595 |
| Reinsurance commission received during the period/year | 3,155,178 | 8,422,390 |
| Reinsurance commission earned during the period/year | (3,049,997) | (8,619,040) |
| Closing balance | 1,712,126 | 1,606,945 |

(d) MOVEMENT IN DEFERRED POLICY ACQUISITION COSTS

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) |
|----------------------------------|---|--------------------------------------|
| | SAR | SAR |
| Opening balance | 3,733,851 | 5,958,543 |
| Paid during the period/year | 6,146,074 | 10,868,512 |
| Amortised during the period/year | (4,905,532) | (13,093,204) |
| Closing balance | 4,974,393 | 3,733,851 |

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11 LEASES

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

| | 30 June 2021 (Unaudited) SAR | 31 December 2020 (Audited) SAR |
|---------------------------------|---|--|
| Cost | | |
| Opening balance | 7,946,701 | 7,859,310 |
| Additions | - | 87,391 |
| Deletions | - | - |
| Closing balance | <u>7,946,701</u> | <u>7,946,701</u> |
| Accumulated Depreciation | | |
| Opening balance | 3,377,274 | 1,623,700 |
| Charge | 837,379 | 1,753,574 |
| Closing balance | <u>4,214,653</u> | <u>3,377,274</u> |
| Carrying Value | <u>3,732,048</u> | <u>4,569,427</u> |

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

| | 30 June 2021 (Unaudited) SAR | 31 December 2020 (Audited) SAR |
|--|---|--|
| Non-current portion of lease liability | 2,396,480 | 3,027,638 |
| Current portion of lease liability | 1,252,206 | 1,443,934 |
| | <u>3,648,686</u> | <u>4,471,572</u> |

The total interest expense on lease liabilities recognized during the period ended 30 June 2021 is SAR 60,635 (30 June 2020: SAR 100,458).

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12 ZAKAT PAYABLE

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

| | 30 June 2021 (Unaudited) SAR | 31 December 2020 (Audited) SAR |
|-------------------------------------|---|--------------------------------------|
| At the beginning of the period/year | 30,147,838 | 32,026,709 |
| Provided for the period/year | 5,770,293 | 11,327,625 |
| Paid during the period/year | (8,762,953) | (13,206,496) |
| At the end of the period/year | 27,155,178 | 30,147,838 |

Status of assessments

The Company has filed zakat returns with the General Authority of Zakat and Tax (“ZATCA”) 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 a demand of SAR 2,885,577 and SAR 2,885,577 respectively as initial assessments, have been raised by the GAZT. However, the Company has filed appeals with the GAZT. As the final assessments for 2013 and 2014 have been issued (in 2020) the 2013/2014 initial assessments have been cancelled automatically.

In 2020 the company received VAT assessments from GAZT for the FY 2018 and 2019 amounted 3,924,845 VAT plus 1,089,003 VAT delay penalties. Company objected against the assessment and still in procedure. Company paid the VAT assessment and cancelled the penalties as per GAZT initiatives and continue with the objection. GAZT rejected the objection and company appealed the cases in front of GSTC (High Tax Committee), the cases are still in discussion with GSTC.

In 2020 the company received zakat and WHT assessments from GAZT for the FY 2014 to 2019 amounted 14,667,767 zakat, 8,162,057 WHT and 3,823,855 WHT delay penalties. Company paid the WHT assessment and cancelled the penalties as per GAZT initiatives and continue with the objection. GAZT rejected the objection and company appealed the cases in front of GSTC (High Tax Committee), the cases are still in discussion with GSTC.

The summary for the appeals in GSTC:

- From 2014 to 2018 zakat and withholding tax appeal
- For year 2012 zakat appeal
- From February to December 2018 VAT appeal
- From January to December 2019 VAT appeal

13 SHARE CAPITAL

The authorized, issued and paid up share capital of the Company was SAR 300 million at 30 June 2021 (31 December 2020: SAR 300 million) consisting of 30 million shares (31 December 2020: 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 2,353,079 (31 December 2020: SR 1,838,010) has been presented in the statement of financial position.

16 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings per share for the period has been calculated by dividing the net (loss)/ 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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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> | <u>Transactions for the period ended</u> | | <u>Balance as at</u> | |
|--|---|---|------------------------------------|---|---|
| | | 30 June 2021 (Unaudited) SAR | 30 June 2020 (Unaudited) SAR | 30 June 2021 (Unaudited) SAR | 31 December 2020 (Audited) SAR |
| Major Shareholders | Insurance premium written | 12,777,340 | 2,948,694 | 13,758,926 | 3,248,096 |
| | Claims paid | (855,710) | (3,113,517) | - | - |
| | Reinsurance premium ceded | (140,022) | (706,905) | (1,452,011) | (1,612,657) |
| Board of Directors and committees' members | Remuneration fees, allowances and other expense | (1,315,500) | (684,500) | (2,810,891) | (1,938,207) |
| | Insurance premium written | 13,313,913 | 16,259,083 | 12,624,057 | 8,444,178 |
| | Insurance brokerage contracts | (3,183,500) | (2,022,946) | (3,142,584) | (891,155) |
| Associate | General and administrative expenses | - | 353,665 | 510,973 | 510,973 |

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 three top executives including the General Manager. The summary of compensation of key management personnel for the period is as follows:

| | 30 June 2021 (Unaudited) SAR | 30 June 2020 (Unaudited) SAR |
|-------------------------|---|------------------------------------|
| Short term benefits | 440,046 | 1,510,500 |
| End of service benefits | 52,583 | 135,049 |
| | 492,629 | 1,645,549 |

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(UNAUDITED) (continued)

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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.

| For the three month period ended 30 June 2021 | Motor SAR | Medical SAR | Property & Casualty SAR | Total SAR |
|--|----------------------|------------------------|--|----------------------|
| <u>Gross Written Premiums</u> | | | | |
| Individuals | 6,558,749 | 71,721 | 107,979 | 6,738,449 |
| Very small enterprises | 443,058 | 9,645,409 | 264,303 | 10,352,770 |
| Small enterprises | 419,372 | 65,030 | 730,520 | 1,214,922 |
| Medium sized enterprises | 1,195,678 | 2,735 | 9,878,255 | 11,076,668 |
| Large enterprises | 1,026,689 | 2,566 | 5,113,176 | 6,142,431 |
| Total gross written premiums | 9,643,546 | 9,787,461 | 16,094,233 | 35,525,240 |
| | | | | |
| For the three month period ended 30 June 2020 | Motor SAR | Medical SAR | Property & Casualty SAR | Total SAR |
| <u>Gross Written Premiums</u> | | | | |
| 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 |
| Total gross written premiums | 25,572,707 | 4,803,249 | 12,470,815 | 42,846,771 |

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18 INSURANCE OPERATING SEGMENTS (continued)

| For the three month period ended 30 June 2021 (Unaudited) | Motor SAR | Medical SAR | Property & Casualty SAR | Total SAR |
|--|----------------------|------------------------|--|----------------------|
| <u>REVENUES</u> | | | | |
| Gross written premiums | 9,643,546 | 9,787,461 | 16,094,233 | 35,525,240 |
| Reinsurance premiums ceded | | | | |
| - Local | - | - | (979,147) | (979,147) |
| - Foreign – Direct | - | - | (1,815,307) | (1,815,307) |
| - Foreign – Through local reinsurance broker | - | - | (9,736,739) | (9,736,739) |
| Excess of loss premiums | | | | |
| - Local | (106,493) | (64,134) | (112,082) | (282,709) |
| - Foreign – Through local reinsurance broker | (469,615) | (577,207) | (591,511) | (1,638,333) |
| Net premiums written | 9,067,438 | 9,146,120 | 2,859,447 | 21,073,005 |
| Change in unearned premiums, net | 16,385,972 | (298,951) | (192,194) | 15,894,827 |
| Net premiums earned | 25,453,410 | 8,847,169 | 2,667,253 | 36,967,832 |
| Reinsurance commissions | | | 1,206,155 | 1,206,155 |
| Policy fees and other underwriting income | 6,700 | 5,000 | 9,830 | 21,530 |
| <u>TOTAL REVENUES</u> | 25,460,110 | 8,852,169 | 3,883,238 | 38,195,517 |
| <u>UNDERWRITING COSTS</u> | | | | |
| Gross claims paid | (18,975,688) | (9,524,486) | (181,922) | (28,682,096) |
| Reinsurers' share of claims paid | - | 1,033,078 | 131,720 | 1,164,798 |
| Net claims paid | (18,975,688) | (8,491,408) | (50,202) | (27,517,298) |
| Changes in outstanding claims, net | (1,232,983) | 1,721,633 | (120,365) | 368,285 |
| Changes in IBNR, net | 3,346,266 | (159,479) | 39,279 | 3,226,066 |
| Net claims incurred | (16,862,405) | (6,929,254) | (131,288) | (23,922,947) |
| Changes in premium deficiency reserves | 7,080,695 | 1,498,048 | 180,619 | 8,759,362 |
| Changes in other technical reserves | 167,988 | 23,470 | (55,646) | 135,812 |
| Policy acquisition costs | (899,839) | (805,946) | (792,032) | (2,497,817) |
| Inspection and supervision fees | (47,686) | (146,490) | (75,015) | (269,191) |
| Other underwriting expenses | (1,104,881) | (425,718) | - | (1,530,599) |
| <u>TOTAL UNDERWRITING COSTS</u> | (11,666,128) | (6,785,890) | (873,362) | (19,325,380) |
| NET UNDERWRITING SURPLUS | 13,793,982 | 2,066,279 | 3,009,876 | 18,870,137 |
| Unallocated other operating expenses | | | | (14,696,006) |
| Unallocated investment income and other income | | | | 3,508,219 |
| SURPLUS FROM INSURANCE OPERATIONS | | | | 7,682,350 |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

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18 INSURANCE OPERATING SEGMENTS (continued)

| For the three month period ended 30 June 2020 (Unaudited) | Motor SAR | Medical SAR | Property & Casualty SAR | Total SAR |
|--|--------------------|--------------------|-------------------------------|---------------------|
| <u>REVENUES</u> | | | | |
| 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) |
| Net premiums written | 24,682,047 | 4,229,580 | 1,869,794 | 30,781,421 |
| Change in unearned premiums, net | 1,174,330 | 6,528,353 | 1,143,305 | 8,845,988 |
| Net premiums earned | 25,856,377 | 10,757,933 | 3,013,099 | 39,627,409 |
| 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 |
| <u>TOTAL REVENUES</u> | 26,639,111 | 12,239,933 | 6,838,412 | 45,717,456 |
| <u>UNDERWRITING COSTS</u> | | | | |
| 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 |
| Net claims paid | (9,588,894) | (12,588,471) | (142,485) | (22,319,850) |
| 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 |
| Net claims incurred | (2,771,072) | (4,370,693) | 380,745 | (6,761,020) |
| 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) |
| <u>TOTAL UNDERWRITING COSTS</u> | (7,180,251) | (4,597,433) | (371,079) | (12,148,763) |
| NET UNDERWRITING SURPLUS | 19,458,860 | 7,642,500 | 6,467,333 | 33,568,693 |
| Unallocated other operating expenses | | | | (15,701,554) |
| Unallocated investment income and other income | | | | 3,107,007 |
| SURPLUS FROM INSURANCE OPERATIONS | | | | 20,974,146 |

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(UNAUDITED) (continued)

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18 INSURANCE OPERATING SEGMENTS (continued)

| For the six months period ended 30 June 2021 (Unaudited) | Motor SAR | Medical SAR | Property & Casualty SAR | Total SAR |
|---|---------------------|---------------------|------------------------------------|---------------------|
| <u>REVENUES</u> | | | | |
| Gross written premiums | 31,989,718 | 17,266,117 | 22,075,532 | 71,331,367 |
| Reinsurance premiums ceded | | | | |
| - Local | - | - | (1,416,858) | (1,416,858) |
| - Foreign – Direct | - | - | (2,230,608) | (2,230,608) |
| - Foreign – Through local reinsurance broker | - | - | (11,646,274) | (11,646,274) |
| Excess of loss premiums | | | | |
| - Local | (268,889) | (129,066) | (224,164) | (622,119) |
| - Foreign – Through local reinsurance broker | (1,268,863) | (1,161,507) | (1,183,022) | (3,613,392) |
| Net premiums written | 30,451,966 | 15,975,544 | 5,374,606 | 51,802,116 |
| Change in unearned premiums, net | 22,327,734 | 1,332,133 | (454,498) | 23,205,369 |
| Net premiums earned | 52,779,700 | 17,307,677 | 4,920,108 | 75,007,485 |
| Reinsurance commissions | - | - | 3,049,997 | 3,049,997 |
| Policy fees and other underwriting income | 84,968 | 62,000 | 290,190 | 437,158 |
| <u>TOTAL REVENUES</u> | 52,864,668 | 17,369,677 | 8,260,295 | 78,494,640 |
| <u>UNDERWRITING COSTS</u> | | | | |
| Gross claims paid | (47,497,738) | (17,136,908) | (1,243,912) | (65,878,558) |
| Reinsurers' share of claims paid | 3,252,810 | 1,328,464 | 483,271 | 5,064,545 |
| Net claims paid | (44,244,928) | (15,808,444) | (760,641) | (60,814,013) |
| Changes in outstanding claims, net | 2,011,693 | 1,688,770 | (181,062) | 3,519,401 |
| Changes in IBNR, net | 5,325,208 | (63,441) | (117,271) | 5,144,496 |
| Net claims incurred | (36,908,027) | (14,183,115) | (1,058,974) | (52,150,116) |
| Changes in premium deficiency reserves | 6,912,298 | 849,402 | (374,472) | 7,387,228 |
| Changes in other technical reserves | 473,329 | 23,112 | (31,829) | 464,612 |
| Policy acquisition costs | (2,041,615) | (1,602,766) | (1,261,151) | (4,905,532) |
| Inspection and supervision fees | (158,604) | (258,346) | (102,172) | (519,122) |
| Other underwriting expenses | (3,160,087) | (2,361,775) | - | (5,521,862) |
| <u>TOTAL UNDERWRITING COSTS</u> | (34,882,706) | (17,533,488) | (2,828,598) | (55,244,792) |
| NET UNDERWRITING SURPLUS | 17,981,962 | (163,811) | 5,431,697 | 23,249,848 |
| Unallocated other operating expenses | | | | (28,566,007) |
| Unallocated investment income and other income | | | | 6,572,328 |
| SURPLUS FROM INSURANCE OPERATIONS | | | | 1,256,169 |

| For the six months period ended 30 June 2021 | Motor SAR | Medical SAR | Property & Casualty SAR | Total SAR |
|---|-------------------|--------------------|------------------------------------|-------------------|
| <u>Gross Written Premiums</u> | | | | |
| Individuals | 10,735,145 | 71,722 | 218,065 | 11,024,932 |
| Very small enterprises | 848,391 | 16,982,909 | 1,028,360 | 18,859,660 |
| Small enterprises | 2,198,161 | 200,875 | 1,837,124 | 4,236,160 |
| Medium sized enterprises | 3,178,468 | 3,175 | 11,527,934 | 14,709,577 |
| Large enterprises | 15,029,553 | 7,436 | 7,464,049 | 22,501,038 |
| Total gross written premiums | 31,989,718 | 17,266,117 | 22,075,532 | 71,331,367 |

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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 |
|---|---------------------|---------------------|-------------------------------|---------------------|
| REVENUES | | | | |
| 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) |
| Net premiums written | 73,134,812 | 14,016,922 | 3,234,186 | 90,385,920 |
| Change in unearned premiums, net | (11,392,117) | 17,190,294 | 1,123,874 | 6,922,051 |
| Net premiums earned | 61,742,695 | 31,207,216 | 4,358,060 | 97,307,971 |
| 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 |
| TOTAL REVENUES | 63,027,318 | 32,689,216 | 12,023,457 | 107,739,991 |
| UNDERWRITING COSTS | | | | |
| 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 |
| Net claims paid | (37,272,368) | (39,677,686) | (600,304) | (77,550,358) |
| 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 |
| Net claims incurred | (32,416,724) | (28,589,314) | 526,862 | (60,479,176) |
| 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) |
| TOTAL UNDERWRITING COSTS | (42,075,875) | (31,340,934) | (1,348,777) | (74,765,586) |
| NET UNDERWRITING SURPLUS | 20,951,443 | 1,348,282 | 10,674,680 | 32,974,405 |
| Unallocated other operating expenses | | | | (29,850,878) |
| Unallocated investment income and other income | | | | 6,671,641 |
| SURPLUS FROM INSURANCE OPERATIONS | | | | 9,795,168 |

| For the six months period ended 30 June 2020 | Motor SAR | Medical SAR | Property & Casualty SAR | Total SAR |
|--|--------------|----------------|-------------------------------|--------------|
| Gross Written Premiums | | | | |
| 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 |
| Total gross written premiums | 74,916,132 | 15,040,591 | 19,943,271 | 109,899,994 |

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18 INSURANCE OPERATING SEGMENTS (continued)

| As at 30 June 2021 (Unaudited) | Motor SAR | Medical SAR | Property & Casualty SAR | Total Insurance Operations SAR |
|---|--------------------|-------------------|-------------------------------|---|
| Assets | | | | |
| Reinsurers' share of unearned premiums | - | - | 14,901,403 | 14,901,403 |
| Reinsurers' share of outstanding claims | 7,819,918 | 662,190 | 24,223,790 | 32,705,898 |
| Reinsurers' share of claims incurred but not reported | 2,154,701 | 362,380 | 3,372,705 | 5,889,786 |
| Deferred policy acquisition costs | 1,670,541 | 1,458,267 | 1,845,585 | 4,974,393 |
| Deferred excess of loss premiums | 1,312,418 | 560,000 | 1,407,186 | 3,279,604 |
| Total Segment assets | 12,957,578 | 3,042,837 | 45,750,669 | 61,751,084 |
| Unallocated assets | | | | 425,189,539 |
| Total insurance operations assets | | | | 486,940,623 |
| LIABILITIES | | | | |
| Unearned premiums | 17,199,619 | 30,555,016 | 20,668,140 | 68,422,775 |
| Unearned reinsurance commission | - | - | 1,712,126 | 1,712,126 |
| Outstanding claims | 76,323,818 | 7,234,260 | 33,503,909 | 117,061,987 |
| Claims incurred but not reported | 24,847,377 | 3,509,993 | 5,557,767 | 33,915,137 |
| Premium deficiency reserve | 6,705,226 | 8,880,939 | 779,943 | 16,366,108 |
| Other technical reserves | 3,753,825 | 246,889 | 1,336,945 | 5,337,659 |
| Total Segment liabilities | 128,829,865 | 50,427,097 | 63,558,830 | 242,815,792 |
| Unallocated liabilities | | | | 244,124,831 |
| Total insurance operations liabilities | | | | 486,940,623 |
| | | | | |
| As at December 31, 2020 (Audited) | Motor | Medical | Property & Casualty | Total Insurance Operations |
| ASSETS | | | | |
| Reinsurers' share of unearned premiums | - | - | 15,250,132 | 15,250,132 |
| Reinsurers' share of outstanding claims | 10,240,728 | 809,986 | 23,818,159 | 34,868,873 |
| Reinsurers' share of claims incurred but not reported | 2,474,295 | 94,739 | 3,225,556 | 5,794,590 |
| Deferred policy acquisition costs | 1,431,112 | 1,577,695 | 725,044 | 3,733,851 |
| Total Segment assets | 14,146,135 | 2,482,420 | 43,018,891 | 59,647,446 |
| Unallocated assets | | | | 481,127,433 |
| Total insurance operations assets | | | | 540,774,879 |
| LIABILITIES | | | | |
| Unearned premiums | 52,882,750 | 18,531,752 | 20,562,371 | 91,976,873 |
| Unearned reinsurance commission | - | - | 1,606,945 | 1,606,945 |
| Outstanding claims | 80,756,321 | 9,070,826 | 32,917,216 | 122,744,363 |
| Claims incurred but not reported | 10,298,389 | 3,178,910 | 25,487,138 | 38,964,437 |
| Premium deficiency reserve | 13,617,524 | 9,730,343 | 405,469 | 23,753,336 |
| Other technical reserves | 4,227,154 | 270,001 | 1,305,116 | 5,802,271 |
| Total Segment liabilities | 161,782,138 | 40,781,832 | 82,284,255 | 284,848,225 |
| Unallocated liabilities | | | | 255,926,654 |
| Total insurance operations liabilities | | | | 540,774,879 |

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2021

19 SUPPLEMENTARY INFORMATION

Interim Condensed Statement of Financial Position

As at 30 June 2021 (Unaudited)

| | Insurance operations | Shareholders' operations | Total |
|--|-------------------------|-----------------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | 83,354,513 | 31,997,364 | 115,351,877 |
| Time deposits | 196,219,603 | 50,517,350 | 246,736,953 |
| Premiums and reinsurers' receivable, net | 47,396,940 | - | 47,396,940 |
| Reinsurers' share of unearned premiums | 14,901,403 | - | 14,901,403 |
| Reinsurers' share of outstanding claims | 32,705,898 | - | 32,705,898 |
| Reinsurers' share of claims incurred but not reported | 5,889,786 | - | 5,889,786 |
| Deferred policy acquisition costs | 4,974,393 | - | 4,974,393 |
| Deferred excess of loss premiums | 3,279,604 | - | 3,279,604 |
| Investments | 60,051,334 | 206,141,101 | 266,192,435 |
| Due from insurance operations | - | 161,785,845 | 161,785,845 |
| Prepaid expenses and other assets | 31,338,484 | 2,520,950 | 33,859,434 |
| Right-of-use assets | 3,732,048 | - | 3,732,048 |
| Property, equipment and intangible assets, net | 3,096,618 | - | 3,096,618 |
| Investment in associate | - | 483,209 | 483,209 |
| Statutory deposit | - | 30,000,000 | 30,000,000 |
| Statutory deposit investment returns | - | 2,353,079 | 2,353,079 |
| TOTAL ASSETS | 486,940,624 | 485,798,898 | 972,739,522 |
| LIABILITIES | | | |
| Policyholders and accounts payables | 30,333,792 | - | 30,333,792 |
| Reinsurers' balances payable | 13,335,281 | - | 13,335,281 |
| Accrued expenses and other liabilities | 18,755,919 | 3,052,366 | 21,808,285 |
| Lease liabilities | 3,648,686 | - | 3,648,686 |
| Unearned premiums | 68,422,775 | - | 68,422,775 |
| Unearned reinsurance commission | 1,712,126 | - | 1,712,126 |
| Outstanding claims | 117,061,987 | - | 117,061,987 |
| Claims incurred but not reported | 33,915,137 | - | 33,915,137 |
| Premium deficiency reserve | 16,366,108 | - | 16,366,108 |
| Other technical reserves | 5,337,659 | - | 5,337,659 |
| Due to shareholders' operations | 161,785,845 | - | 161,785,845 |
| End-of-service benefits | 13,579,958 | - | 13,579,958 |
| Zakat payable | - | 27,155,178 | 27,155,178 |
| Statutory deposit investment returns | - | 2,353,079 | 2,353,079 |
| TOTAL LIABILITIES | 484,255,273 | 32,560,623 | 516,815,896 |
| INSURANCE OPERATIONS' SURPLUS | | | |
| Accumulated surplus | 1,840,481 | - | 1,840,481 |
| Fair value reserve on available for sale investments | 3,562,902 | - | 3,562,902 |
| Accumulated actuarial loss on end-of-service benefits | (2,718,032) | - | (2,718,032) |
| TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS | 486,940,624 | 32,560,623 | 519,501,247 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | - | 300,000,000 | 300,000,000 |
| Statutory reserve | - | 50,721,307 | 50,721,307 |
| Retained earnings | - | 78,183,947 | 78,183,947 |
| Fair value reserve on available for sale investments | - | 24,079,815 | 24,079,815 |
| Foreign currency translation adjustments | - | 253,206 | 253,206 |
| TOTAL SHAREHOLDERS' EQUITY | - | 453,238,276 | 453,238,276 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 486,940,623 | 485,798,899 | 972,739,522 |

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 June 2021

19 SUPPLEMENTARY INFORMATION (continued)

| Statement of Financial Position | As at 31 December 2020 (Audited) | | |
|--|----------------------------------|--------------------------|----------------------|
| | Insurance operations | Shareholders' operations | Total |
| ASSETS | | | |
| Cash and cash equivalents | 86,742,417 | 45,149,516 | 131,891,933 |
| Time deposits | 274,302,128 | 14,505,930 | 288,808,058 |
| Premiums and reinsurers' receivable, net | 36,267,297 | - | 36,267,297 |
| Reinsurers' share of unearned premiums | 15,250,132 | - | 15,250,132 |
| Reinsurers' share of outstanding claims | 34,868,873 | - | 34,868,873 |
| Reinsurers' share of claims incurred but not reported | 5,794,590 | - | 5,794,590 |
| Deferred policy acquisition costs | 3,733,851 | - | 3,733,851 |
| Deferred excess of loss premiums | - | - | - |
| Investments | 52,732,939 | 199,708,514 | 252,441,453 |
| Due from insurance operations | - | 185,048,574 | 185,048,574 |
| Prepaid expenses and other assets | 22,795,872 | 2,219,964 | 25,015,836 |
| Right-of-use assets | 4,569,427 | - | 4,569,427 |
| Property, equipment and intangible assets, net | 3,717,353 | - | 3,717,353 |
| Investment in associate | - | 700,618 | 700,618 |
| Statutory deposit | - | 30,000,000 | 30,000,000 |
| Statutory deposit investment returns | - | 1,838,010 | 1,838,010 |
| TOTAL ASSETS | 540,774,879 | 479,171,126 | 1,019,946,005 |
| LIABILITIES | | | |
| Policyholders and accounts payables | 26,879,684 | - | 26,879,684 |
| Reinsurers' balances payable | 12,557,417 | - | 12,557,417 |
| Accrued expenses and other liabilities | 12,037,943 | 2,666,451 | 14,704,394 |
| Lease liabilities | 4,471,572 | - | 4,471,572 |
| Unearned premiums | 91,976,873 | - | 91,976,873 |
| Unearned reinsurance commission | 1,606,945 | - | 1,606,945 |
| Outstanding claims | 122,744,363 | - | 122,744,363 |
| Claims incurred but not reported | 38,964,437 | - | 38,964,437 |
| Premium deficiency reserve | 23,753,336 | - | 23,753,336 |
| Other technical reserves | 5,802,271 | - | 5,802,271 |
| Due to shareholders' operations | 185,048,574 | - | 185,048,574 |
| End-of-service benefits | 16,012,358 | - | 16,012,358 |
| Zakat payable | - | 30,147,838 | 30,147,838 |
| Statutory deposit investment returns | - | 1,838,010 | 1,838,010 |
| TOTAL LIABILITIES | 541,855,773 | 34,652,299 | 576,508,072 |
| INSURANCE OPERATIONS' SURPLUS | | | |
| Accumulated surplus | 1,714,863 | - | 1,714,863 |
| Fair value reserve on available for sale investments | (77,725) | - | (77,725) |
| Accumulated actuarial loss on end-of-service benefits | (2,718,032) | - | (2,718,032) |
| TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS | 540,774,879 | 34,652,299 | 575,427,178 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | - | 300,000,000 | 300,000,000 |
| Statutory reserve | - | 50,721,307 | 50,721,307 |
| Retained earnings | - | 79,817,669 | 79,817,669 |
| Fair value reserve on available for sale investments | - | 13,771,122 | 13,771,122 |
| Foreign currency translation adjustments | - | 208,729 | 208,729 |
| TOTAL SHAREHOLDERS' EQUITY | - | 444,518,827 | 444,518,827 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 540,774,879 | 479,171,126 | 1,019,946,005 |

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

30 June 2021

19 SUPPLEMENTARY INFORMATION (continued)

| Interim Condensed Statement of Income (Unaudited) | For the three month period ended 30 June 2021 | | | For the three month period ended 30 June 2020 | | |
|--|--|-----------------------------|---------------------|--|-----------------------------|---------------------|
| | Insurance Operations | Shareholders' Operations | Total | Insurance Operations | Shareholders' Operations | Total |
| | SAR | SAR | SAR | SAR | SAR | SAR |
| REVENUES | | | | | | |
| Gross written premiums | 35,525,240 | - | 35,525,240 | 42,846,771 | - | 42,846,771 |
| Reinsurance premiums ceded | (12,531,193) | - | (12,531,193) | (10,142,507) | - | (10,142,507) |
| Excess of loss premiums | (1,921,042) | - | (1,921,042) | (1,922,843) | - | (1,922,843) |
| Net premiums written | 21,073,005 | - | 21,073,005 | 30,781,421 | - | 30,781,421 |
| Changes in unearned premiums, net | 15,894,827 | - | 15,894,827 | 8,845,988 | - | 8,845,988 |
| Net premiums earned | 36,967,832 | - | 36,967,832 | 39,627,409 | - | 39,627,409 |
| Reinsurance commissions | 1,206,155 | - | 1,206,155 | 2,087,047 | - | 2,087,047 |
| Policy fees and other underwriting income | 21,530 | - | 21,530 | 4,003,000 | - | 4,003,000 |
| TOTAL REVENUES | 38,195,517 | - | 38,195,517 | 45,717,456 | - | 45,717,456 |
| UNDERWRITING COSTS | | | | | | |
| Gross claims paid | (28,682,096) | - | (28,682,096) | (25,975,981) | - | (25,975,981) |
| Reinsurers' share of claims paid | 1,164,798 | - | 1,164,798 | 3,656,131 | - | 3,656,131 |
| Net claims paid | (27,517,298) | - | (27,517,298) | (22,319,850) | - | (22,319,850) |
| Changes in outstanding claims, net | 368,285 | - | 368,285 | 11,559,350 | - | 11,559,350 |
| Changes in claims incurred but not reported, net | 3,226,066 | - | 3,226,066 | 3,999,480 | - | 3,999,480 |
| Net claims incurred | (23,922,947) | - | (23,922,947) | (6,761,020) | - | (6,761,020) |
| Change in premium deficiency reserves | 8,759,362 | - | 8,759,362 | (1,482,198) | - | (1,482,198) |
| Changes in other technical reserves | 135,812 | - | 135,812 | 585,298 | - | 585,298 |
| Policy acquisition costs | (2,497,817) | - | (2,497,817) | (2,880,745) | - | (2,880,745) |
| Inspection and supervision fees | (269,191) | - | (269,191) | (257,756) | - | (257,756) |
| Other underwriting expenses | (1,530,599) | - | (1,530,599) | (1,352,342) | - | (1,352,342) |
| TOTAL UNDERWRITING COSTS | (19,325,380) | - | (19,325,380) | (12,148,763) | - | (12,148,763) |
| NET UNDERWRITING SURPLUS | 18,870,137 | - | 18,870,137 | 33,568,693 | - | 33,568,693 |
| OTHER OPERATING (EXPENSES)/INCOME | | | | | | |
| Allowance for doubtful debts | (1,025,164) | - | (1,025,164) | (1,815,905) | - | (1,815,905) |
| General and administrative expenses | (13,670,842) | (801,840) | (14,472,682) | (13,885,649) | (495,090) | (14,380,739) |
| Commission income on deposits and investments | 1,436,954 | 1,308,537 | 2,745,491 | 2,159,553 | 1,229,757 | 3,389,310 |
| Dividend income | 652,214 | 2,139,038 | 2,791,252 | 123,437 | 738,573 | 862,010 |
| Realized gain/(loss) on investments | 1,388,762 | (61,583) | 1,327,179 | 616,511 | - | 616,511 |
| Impairment of available for sale investments | - | - | - | - | - | - |
| Share of loss of associate | - | (128,248) | (128,248) | - | (319,358) | (319,358) |
| Other income | 30,289 | (30,000) | 289 | 207,506 | 1 | 207,507 |
| TOTAL OTHER OPERATING (EXPENSES)/INCOME | (11,187,787) | 2,425,904 | (8,761,883) | (12,594,547) | 1,153,883 | (11,440,664) |
| Total income before surplus attribution and zakat | 7,682,350 | 2,425,904 | 10,108,254 | 20,974,146 | 1,153,883 | 22,128,029 |
| Surplus attributable to shareholders | (6,914,115) | 6,914,115 | - | (18,876,731) | 18,876,731 | - |
| Income before zakat | 768,235 | 9,340,019 | 10,108,254 | 2,097,415 | 20,030,614 | 22,128,029 |
| Zakat charge | - | (3,205,758) | (3,205,758) | - | (3,010,751) | (3,010,751) |
| Net income after zakat | 768,235 | 6,134,261 | 6,902,496 | 2,097,415 | 17,019,863 | 19,117,278 |

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

30 June 2021

19 SUPPLEMENTARY INFORMATION (continued)

| Interim Condensed Statement of Income (Unaudited) | For the six month period ended 30 June 2021 | | | For the six month period ended 30 June 2020 | | |
|--|--|-----------------------------|---------------------|--|-----------------------------|---------------------|
| | Insurance Operations | Shareholders' Operations | Total | Insurance Operations | Shareholders' Operations | Total |
| | SAR | SAR | SAR | SAR | SAR | SAR |
| REVENUES | | | | | | |
| Gross written premiums | 71,331,367 | - | 71,331,367 | 109,899,994 | - | 109,899,994 |
| Reinsurance premiums ceded | (15,293,740) | - | (15,293,740) | (14,111,611) | - | (14,111,611) |
| Excess of loss premiums | (4,235,511) | - | (4,235,511) | (5,402,463) | - | (5,402,463) |
| Net premiums written | 51,802,116 | - | 51,802,116 | 90,385,920 | - | 90,385,920 |
| Changes in unearned premiums, net | 23,205,369 | - | 23,205,369 | 6,922,051 | - | 6,922,051 |
| Net premiums earned | 75,007,485 | - | 75,007,485 | 97,307,971 | - | 97,307,971 |
| Reinsurance commissions | 3,049,997 | - | 3,049,997 | 5,863,751 | - | 5,863,751 |
| Policy fees and other underwriting income | 437,158 | - | 437,158 | 4,568,269 | - | 4,568,269 |
| TOTAL REVENUES | 78,494,640 | - | 78,494,640 | 107,739,991 | - | 107,739,991 |
| UNDERWRITING COSTS | | | | | | |
| Gross claims paid | (65,878,558) | - | (65,878,558) | (86,451,301) | - | (86,451,301) |
| Reinsurers' share of claims paid | 5,064,545 | - | 5,064,545 | 8,900,943 | - | 8,900,943 |
| Net claims paid | (60,814,013) | - | (60,814,013) | (77,550,358) | - | (77,550,358) |
| Changes in outstanding claims, net | 3,519,401 | - | 3,519,401 | 9,306,743 | - | 9,306,743 |
| Changes in claims incurred but not reported, net | 5,144,496 | - | 5,144,496 | 7,764,439 | - | 7,764,439 |
| Net claims incurred | (52,150,116) | - | (52,150,116) | (60,479,176) | - | (60,479,176) |
| Change in premium deficiency reserves | 7,387,228 | - | 7,387,228 | (3,721,348) | - | (3,721,348) |
| Changes in other technical reserves | 464,612 | - | 464,612 | 683,402 | - | 683,402 |
| Policy acquisition costs | (4,905,532) | - | (4,905,532) | (7,454,431) | - | (7,454,431) |
| Inspection and supervision fees | (519,122) | - | (519,122) | (689,524) | - | (689,524) |
| Other underwriting expenses | (5,521,862) | - | (5,521,862) | (3,104,509) | - | (3,104,509) |
| TOTAL UNDERWRITING COSTS | (55,244,792) | - | (55,244,792) | (74,765,586) | - | (74,765,586) |
| NET UNDERWRITING SURPLUS | 23,249,848 | - | 23,249,848 | 32,974,405 | - | 32,974,405 |
| OTHER OPERATING (EXPENSES)/INCOME | | | | | | |
| (Allowance for)/reversal of doubtful debts provision | 389,228 | - | 389,228 | (1,603,932) | - | (1,603,932) |
| General and administrative expenses | (28,955,235) | (1,625,059) | (30,580,294) | (28,246,946) | (1,137,257) | (29,384,203) |
| Commission income on deposits and investments | 2,388,746 | 2,490,702 | 4,879,448 | 4,727,751 | 2,457,252 | 7,185,003 |
| Dividend income | 852,673 | 3,785,575 | 4,638,248 | 594,490 | 2,865,894 | 3,460,384 |
| Realized gain on investments | 3,237,475 | (128,293) | 3,109,182 | 774,649 | 19,040 | 793,689 |
| Impairment of available for sale investments | - | (1,218,783) | (1,218,783) | (1,595,399) | (5,531,398) | (7,126,797) |
| Share of (loss) / profit of associate | - | (217,409) | (217,409) | - | 121,873 | 121,873 |
| Other income/(expense) | 93,434 | (80,714) | 12,720 | 2,170,150 | (453,665) | 1,716,485 |
| TOTAL OTHER OPERATING (EXPENSES)/INCOME | (21,993,679) | 3,006,019 | (18,987,660) | (23,179,237) | (1,658,261) | (24,837,498) |
| Total income before surplus attribution and zakat | 1,256,169 | 3,006,019 | 4,262,188 | 9,795,168 | (1,658,261) | 8,136,907 |
| Surplus attributable to shareholders | (1,130,552) | 1,130,552 | - | (8,815,651) | 8,815,651 | - |
| Income before zakat | 125,617 | 4,136,571 | 4,262,188 | 979,517 | 7,157,390 | 8,136,907 |
| Zakat charge | - | (5,770,293) | (5,770,293) | - | (5,452,419) | (5,452,419) |
| Net income after zakat | 125,617 | (1,633,722) | (1,508,105) | 979,517 | 1,704,971 | 2,684,488 |

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

30 June 2021

19 SUPPLEMENTARY INFORMATION (continued)

| Interim Condensed Statement of Comprehensive Income (Unaudited) | For the three months period ended 30 June 2021 | | | For the three months period ended 30 June 2020 | | |
|--|---|------------------------------------|--------------------|---|------------------------------------|-------------|
| | Insurance Operations SAR | Shareholders' Operations SAR | Total SAR | Insurance Operations SAR | Shareholders' Operations SAR | Total |
| | | | | | | |
| Net income for the period | 768,235 | 6,134,261 | 6,902,496 | 2,097,415 | 17,019,863 | 19,117,278 |
| 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 | (1,388,762) | 61,583 | (1,327,179) | (616,511) | - | (616,511) |
| - Net change in fair value | 3,729,358 | 6,135,945 | 9,865,303 | 1,323,581 | 6,712,946 | 8,036,527 |
| Change in Foreign currency translation | | 28,239 | 28,239 | | | |
| | 2,340,596 | 6,225,767 | 8,566,363 | 707,070 | 6,712,946 | 7,420,016 |
| TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD | 3,108,831 | 12,360,028 | 15,468,859 | 2,804,485 | 23,732,809 | 26,537,294 |
| Interim Condensed Statement of Comprehensive Income (Unaudited) | For the six months period ended 30 June 2021 | | | For the six months period ended 30 June 2020 | | |
| | Insurance Operations SAR | Shareholders' Operations SAR | Total SAR | Insurance Operations SAR | Shareholders' Operations SAR | Total |
| Net income for the period | 125,617 | (1,633,722) | (1,508,105) | 979,517 | 1,704,971 | 2,684,488 |
| 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 | (3,237,475) | 128,293 | (3,109,182) | (774,649) | (19,040) | (793,689) |
| - Net change in fair value | 6,878,102 | 10,180,400 | 17,058,502 | 436,814 | (8,547,837) | (8,111,023) |
| Change in Foreign currency translation | | 44,477 | 44,477 | | | |
| | 3,640,627 | 10,353,170 | 13,993,797 | (337,835) | (8,566,877) | (8,904,712) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | 3,766,244 | 8,719,448 | 12,485,692 | 641,682 | (6,861,906) | (6,220,224) |

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

30 June 2021

19 SUPPLEMENTARY INFORMATION (continued)

| Interim Condensed Statement of Cash Flows | For the six month period ended 30 June 2021 (Unaudited) | | |
|--|---|--------------------------|---------------------|
| | Insurance operations | Shareholders' operations | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before zakat | 125,617 | 4,136,571 | 4,262,188 |
| Deficit attributable to the shareholders | 1,130,552 | (1,130,552) | - |
| <i>Adjustments for non-cash items:</i> | | | |
| Depreciation of property and equipment | 724,980 | - | 724,980 |
| Loss on disposal of property and equipment | 2,695 | - | 2,695 |
| Reversal of doubtful debts provision | (389,228) | - | (389,228) |
| Right-of-use depreciation | 837,379 | - | 837,379 |
| Interest expense on lease liability | 60,635 | - | 60,635 |
| Share of profit of associate | - | 217,409 | 217,409 |
| Provision for end-of-service indemnities | 315,154 | - | 315,154 |
| Realized gain from investments | (3,237,475) | 128,293 | (3,109,182) |
| Impairment of available for sale investments | - | 1,218,783 | 1,218,783 |
| <i>Changes in operating assets and liabilities:</i> | | | |
| Premiums and reinsurers' receivable | (10,740,415) | - | (10,740,415) |
| Reinsurers' share of unearned premiums | 348,729 | - | 348,729 |
| Reinsurers' share of outstanding claims | 2,162,975 | - | 2,162,975 |
| Reinsurers' share of claims incurred but not reported | (95,196) | - | (95,196) |
| Deferred policy acquisition costs | (1,240,542) | - | (1,240,542) |
| Deferred excess of loss premiums | (3,279,604) | - | (3,279,604) |
| Prepaid expenses and other assets | (8,542,612) | (300,986) | (8,843,598) |
| Policyholders and accounts payables | 3,454,108 | - | 3,454,108 |
| Reinsurers' balances payable | 777,864 | - | 777,864 |
| Accrued expenses and other liabilities | 6,717,976 | 385,915 | 7,103,891 |
| Unearned premiums | (23,554,098) | - | (23,554,098) |
| Unearned reinsurance commission | 105,181 | - | 105,181 |
| Outstanding claims | (5,682,376) | - | (5,682,376) |
| Claims incurred but not reported | (5,049,300) | - | (5,049,300) |
| Premium deficiency reserve | (7,387,228) | - | (7,387,228) |
| Other technical reserves | (464,612) | - | (464,612) |
| | (52,898,841) | 4,655,433 | (48,243,408) |
| End-of-service indemnities paid | (2,747,554) | - | (2,747,554) |
| Zakat paid | - | (8,762,953) | (8,762,953) |
| Net cash used in operating activities | (55,646,395) | (4,107,520) | (59,753,915) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Disposals/(additions) in time deposits | 78,082,525 | (36,011,420) | 42,071,105 |
| Additions in investments | (39,182,264) | (7,496,793) | (46,679,057) |
| Proceeds from available for sale investments | 38,741,969 | 10,070,300 | 48,812,269 |
| Additions/disposals in property, equipment and intangible assets | (222,494) | - | (222,494) |
| Proceeds from disposal of property and equipment | 115,557 | - | 115,557 |
| Net cash generated from/(used in) investing activities | 77,535,293 | (33,437,913) | 44,097,380 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Lease liabilities | (883,521) | - | (883,521) |
| Due to shareholders' operations | (24,393,281) | 24,393,281 | - |
| Net cash generated from/(used in) financing activities | (25,276,802) | 24,393,281 | (883,521) |
| Net change in cash and cash equivalents | (3,387,904) | (13,152,152) | (16,540,056) |
| Cash and cash equivalents, beginning of the period | 86,742,417 | 45,149,516 | 131,891,933 |
| Cash and cash equivalents, end of the period | 83,354,513 | 31,997,364 | 115,351,877 |
| <i>Non-cash transactions:</i> | | | |
| Change in fair value of available for sale investments | 3,640,627 | 10,308,693 | 13,949,320 |
| Foreign currency translation adjustments | - | 44,477 | 44,477 |

BURUJ COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

30 June 2021

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 |
|--|----------------------|--------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 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 | (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) |
| 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) |
| | (18,093,334) | 2,330,763 | (15,762,571) |
| End-of-service indemnities paid | (71,134) | - | (71,134) |
| Zakat paid | - | (13,206,496) | (13,206,496) |
| Net cash used in operating activities | (18,164,468) | (10,875,733) | (29,040,201) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 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 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Lease liabilities | (883,522) | - | (883,522) |
| Due to shareholders' operations | 4,195,776 | (4,195,776) | - |
| Net cash generated from/(used in) financing activities | 3,312,254 | (4,195,776) | (883,522) |
| 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
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

30 June 2021

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 SUBSEQUENT EVENT

In response to the Covid-19 pandemic, SAMA issued a decree 189 (the “Decree”) dated 08 May 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 management believes that such requirements of the Decree are a non-adjusting event and therefore the interim condensed financial information has not been adjusted.

22 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 14 August 2021 corresponding to 5 Muharram 1443H.