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

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

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
For The Three Month Period Ended 31 March 2018

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

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

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of **Buruj Cooperative insurance company – a Saudi Joint Stock Company** - ("the Company") as at 31 March 2018 and the related interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the three months period then ended, and the related notes which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

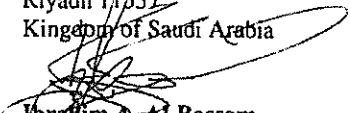
Scope of Review:

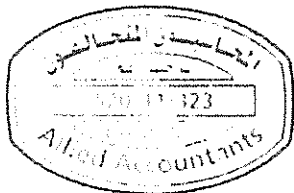
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed financial statements consists of making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

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for accounting of zakat and income tax.

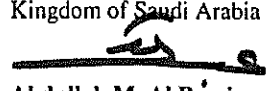
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30 April 2018
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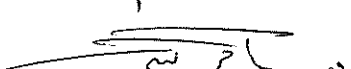


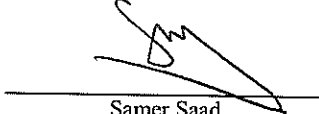
BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2018 (Unaudited) SAR	31 December 2017 (Audited) SAR
ASSETS			
Cash and cash equivalents	4	225,626,421	238,876,530
Time deposits	5	398,855,115	413,190,826
Premiums and reinsurers' receivable, net	6	57,473,097	39,876,887
Reinsurers' share of unearned premiums	9(a)	8,756,738	10,763,509
Reinsurers' share of outstanding claims	9(b)	73,094,075	76,882,260
Reinsurers' share of claims incurred but not reported	9(b)	28,960,743	24,577,916
Deferred policy acquisition costs		14,456,750	15,907,131
Deferred excess of loss premiums		7,194,784	-
Investments	7	175,614,743	169,478,726
Prepaid expenses and other assets		28,686,709	17,556,315
Property and equipment, net		3,536,532	3,302,164
Investment in associate	7(e)	845,034	1,220,388
Statutory deposit		25,000,000	25,000,000
Statutory deposit investment returns		837,567	527,829
TOTAL ASSETS		1,048,938,308	1,037,160,481
LIABILITIES			
Policyholders and accounts payables		25,453,080	30,301,115
Accrued expenses and other liabilities		38,900,848	32,969,174
Reinsurers' balances payable		8,116,599	2,833,089
Unearned premiums		187,401,418	203,643,613
Unearned reinsurance commission		1,805,487	1,713,540
Outstanding claims		180,002,218	185,196,009
Claims incurred but not reported		136,059,398	129,048,469
Other technical reserves		9,756,032	12,332,859
End-of-service indemnities		9,119,016	8,912,564
Zakat payable	10	29,011,375	25,840,869
Statutory deposit investment returns		837,567	527,829
TOTAL LIABILITIES		626,463,038	633,319,130
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		12,568,466	10,221,968
Fair value loss reserve on investments		(736,328)	(1,454,347)
Accumulated actuarial loss on end-of-service indemnities		(1,902,786)	(1,902,786)
TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS		636,392,390	640,183,965
SHAREHOLDERS' EQUITY			
Share capital	11	250,000,000	250,000,000
Statutory reserve		34,224,026	34,224,026
Retained earnings		125,462,164	105,742,042
Fair value gain reserve on investments		2,859,728	7,010,448
TOTAL SHAREHOLDERS' EQUITY		412,545,918	396,976,516
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,048,938,308	1,037,160,481


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer

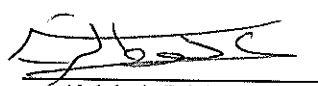

Samer Saad
Finance Manager

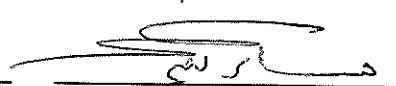
The accompanying notes 1 to 18 form part of these interim condensed financial statements.


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

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

	For the three months period ended	
	31 March 2018	31 March 2017
Notes	SAR	SAR
<u>REVENUES</u>		
Gross written premiums	97,996,492	176,918,024
Reinsurance premiums ceded		
- Local	(617,603)	(759,929)
- Foreign	(4,294,067)	(8,099,907)
Excess of loss premiums		
- Local	(326,837)	(227,685)
- Foreign	(4,182,550)	(1,414,997)
Net premiums written	88,575,435	166,415,506
Changes in unearned premiums, net	14,235,424	(61,503,322)
Net premiums earned	102,810,859	104,912,184
Reinsurance commissions	2,295,773	2,005,182
Policy fees and other underwriting income	3,412,715	6,053,306
<u>TOTAL REVENUES</u>	108,519,347	112,970,672
<u>UNDERWRITING COSTS</u>		
Gross claims paid	(67,058,757)	(51,409,580)
Reinsurers' share of claims paid	5,818,009	3,116,345
Net claims paid	(61,240,748)	(48,293,235)
Changes in outstanding claims, net	1,405,606	(15,260,546)
Changes in claims incurred but not reported, net	(2,628,102)	(856,095)
Net claims incurred	(62,463,244)	(64,409,876)
Changes in other technical reserves	2,576,827	-
Policy acquisition costs	(9,328,884)	(9,644,339)
Inspection and supervision fees	(737,362)	(1,318,230)
Other underwriting expenses	(2,476,382)	(2,302,970)
<u>TOTAL UNDERWRITING COSTS</u>	(72,429,045)	(77,675,415)
NET UNDERWRITING SURPLUS	36,090,302	35,295,257
<u>OTHER OPERATING (EXPENSES)/INCOME</u>		
(Allowance for)/reversal of doubtful debts	6 (963,808)	2,214,473
General and administrative expenses	(15,621,750)	(12,412,847)
Commission income on time deposits and investments	4,143,977	2,933,219
Dividend income	1,462,251	1,224,863
Realized gain on investments	447,353	1,587,899
Share of loss from associate	7(e) (375,354)	-
Other income	54,155	113,328
<u>TOTAL OTHER OPERATING (EXPENSES)/INCOME</u>	(10,853,176)	(4,339,065)
Total income for the period	25,237,126	30,956,192
Total income attributed to the insurance operations	(2,346,498)	(2,954,285)
Net income for the period attributable to the shareholders	22,890,628	28,001,907
Earnings per share – Basic and diluted	13 0.92	1.12


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer



Samer Saad
Finance Manager

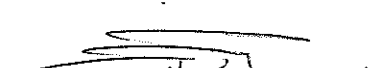
The accompanying notes 1 to 18 form part of these interim condensed financial statements.


BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the three months period ended	
	31 March 2018 SAR	31 March 2017 SAR
Total income for the period	25,237,126	30,956,192
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	(447,353)	(1,587,899)
- Net change in fair value	(2,985,348)	(1,874,804)
	(3,432,701)	(3,462,703)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	21,804,425	27,493,489
Total comprehensive income (loss) attributed to the insurance operations	3,064,517	(1,242,135)
Total comprehensive income for the period attributable to the shareholders	18,739,908	28,735,624


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer


Samer Saad
Finance Manager

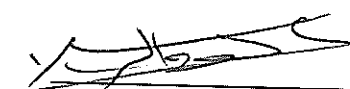
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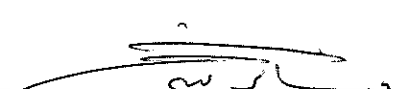
**BURUJ COOPERATIVE INSURANCE COMPANY
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**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)**

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018

	Share Capital SAR	Statutory Reserve SAR	Retained earnings SAR	Fair value reserve gain/(loss) on investments SAR	Total SAR
2018 (Unaudited)					
Balance as at 1 January 2018	250,000,000	34,224,026	105,742,042	7,010,448	396,976,516
<i>Total comprehensive income for the period attributable to shareholders:</i>					
Net income for the period attributable to shareholders	-	-	22,890,628	-	22,890,628
Changes in fair value of available for sale investments	-	-	-	(4,150,720)	(4,150,720)
Total comprehensive income for the period attributable to shareholders	-	-	22,890,628	(4,150,720)	18,739,908
Zakat for the period (Note 10)	-	-	(3,170,506)	-	(3,170,506)
Balance as at 31 March 2018	250,000,000	34,224,026	125,462,164	2,859,728	412,545,918
2017 (Unaudited)					
Balance as at 1 January 2017	250,000,000	14,674,338	50,517,990	(126,861)	315,065,467
<i>Total comprehensive income for the period attributable to shareholders:</i>					
Net income for the period attributable to shareholders	-	-	28,001,907	-	28,001,907
Changes in fair value of available for sale investments	-	-	-	733,717	733,717
Total comprehensive income for the period attributable to shareholders	-	-	28,001,907	733,717	28,735,624
Zakat for the period	-	-	(2,795,957)	-	(2,795,957)
Balance as at 31 March 2017	250,000,000	14,674,338	75,723,940	606,856	341,005,134


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer

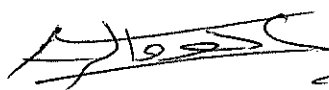

Samer Saad
Finance Manager

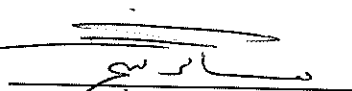
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BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the three months period ended	
	<i>31 March 2018</i>	<i>31 March 2017</i>
<i>Notes</i>	<i>SAR</i>	<i>SAR</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Total income for the period	25,237,126	30,956,192
<i>Adjustments for non-cash items:</i>		
Depreciation of property and equipment	276,533	227,923
(Gain)/loss on disposal of property and equipment	(52,299)	29,881
Allowance for/(reversal of) of doubtful debts	6 963,808	(2,214,473)
Share of loss of associate	7(e) 375,354	-
Provision for end-of-service indemnities	404,431	518,441
Realized gain from investments	(447,353)	(1,587,899)
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurers' receivable	(18,560,018)	(17,002,157)
Reinsurers' share of unearned premiums	2,006,771	(1,842,696)
Reinsurers' share of outstanding claims	3,788,185	4,693,620
Reinsurers' share of claims incurred but not reported	(4,382,827)	962,641
Deferred policy acquisition costs	1,450,381	(5,216,167)
Deferred excess of loss premiums	(7,194,784)	(1,772,418)
Prepaid expenses and other assets	(11,130,394)	(1,281,566)
Policyholders and accounts payables	(4,848,035)	3,016,913
Accrued expenses and other liabilities	5,931,674	1,550,892
Reinsurers' balances payable	5,283,510	2,510,703
Unearned premiums	(16,242,195)	63,346,018
Unearned reinsurance commission	91,947	336,441
Outstanding claims	(5,193,791)	10,566,926
Claims incurred but not reported	7,010,929	(106,546)
Other technical reserves	(2,576,827)	-
End-of-service indemnities paid	(17,807,874)	87,692,669
Net cash (used in)/generated from operating activities	(18,005,853)	87,382,916
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions/disposals in time deposits	14,335,711	(83,919,814)
Additions in investments	(17,319,741)	(32,174,977)
Proceeds from available for sale investments	8,198,375	27,628,402
Additions/disposals in property and equipment	(523,952)	(564,560)
Proceeds from disposal of property and equipment	65,351	-
Net cash generated from/(used in) investing activities	4,755,744	(89,030,949)
Net change in cash and cash equivalents	(13,250,109)	(1,648,033)
Cash and cash equivalents, beginning of the period	238,876,530	313,411,361
Cash and cash equivalents, end of the period	4 225,626,421	311,763,328
<i>Non-cash transactions:</i>		
Change in fair value of available for sale investments	(3,432,701)	(3,462,703)


 Abdulaziz Fahd Al Rashed
 Board Member


 Samer Kanj
 Chief Executive Officer


 Samer Saad
 Finance Manager

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
31 March 2018

1 GENERAL

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

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

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

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

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

2 BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements for the three months period ended 31 March 2018 (the “period”) have been prepared in accordance International Accounting Standard 34, “Interim Financial Reporting” as modified by the Saudi Arabian Monetary Authority (“SAMA”) for the accounting of zakat and income tax¹, which requires adoption of IFRS as issued by the International Accounting Standards Board (“IASB”) except for the application of International Accounting Standard (IAS) 12-“Income Taxes and IFRIC 21 – “Levies” so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax (“SAMA Circular”), the Zakat and Income tax are to be accrued on a separately quarter basis through shareholders equity under retained earnings.

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

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 16 have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations.

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 March 2018

3 BASIS OF PREPARATION (continued)

(a) Basis of presentation (continued)

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

The interim condensed financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2017.

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

(b) Critical accounting judgments, estimates and assumptions

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

In preparing these condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2017.

3 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 2017.

New standards issued but not yet effective

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

IFRS 9 Financial Instruments

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 March 2018

IFRS 17 Insurance Contracts

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

4 CASH AND CASH EQUIVALENTS

	31 March 2018 (Unaudited)		31 December 2017 (Audited)	
	Insurance operations SAR	Shareholders' operations SAR	Insurance operations SAR	Shareholders' operations SAR
Bank balances and cash	132,450,443	23,892,799	129,470,790	28,655,320
Deposits maturing within 3 months from the acquisition date	56,157,829	13,125,350	65,000,000	15,750,420
Total	<u>188,608,272</u>	<u>37,018,149</u>	<u>194,470,790</u>	<u>44,405,740</u>

Deposits maturing within 3 months from the acquisition date are placed with local banks and financial institutions and earns special commission income at an average rate of 2.36% per annum (31 December 2017: 2.13%).

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

5 TIME DEPOSITS

Time deposits are placed with local banks and financial institutions with an original maturity of more than three months from the date of acquisition and earns special commission income at an average rate of 2.75% per annum (31 December 2017: 2.79% per annum).

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

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 March 2018

6 PREMIUMS AND REINSURERS' RECEIVABLE, NET

Premiums and reinsurers' receivable are comprised of the following:

	31 March 2018 (Unaudited) SAR	31 December 2017 (Audited) SAR
Policyholders	63,160,983	44,855,075
<i>Less:</i> Allowance for doubtful debts	(17,971,116)	(17,351,691)
	45,189,867	27,503,384
Reinsurers' receivables	13,145,361	12,891,251
<i>Less:</i> Allowance for doubtful debts	(862,131)	(517,748)
	12,283,230	12,373,503
Total premiums and reinsurers' receivable, net	57,473,097	39,876,887

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

31 March 2018 (Unaudited)	Policyholders SAR	Reinsurers SAR	Total SAR
Beginning balance	17,351,691	517,748	17,869,439
Charge for the period	619,425	344,383	963,808
<i>Closing balance</i>	17,971,116	862,131	18,833,247
31 December 2017 (Audited)	Policyholders SAR	Reinsurers SAR	Total SAR
Beginning balance	17,100,342	761,611	17,861,953
Charge/(reversal) for the year	251,349	(130,301)	121,048
Written-off	-	(113,562)	(113,562)
<i>Closing balance</i>	17,351,691	517,748	17,869,439

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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7 INVESTMENTS

(a) Investments are classified as follows:

	31 March 2018 (Unaudited)		31 December 2017 (Audited)	
	Insurance Operations SAR	Shareholders' Operations SAR	Insurance Operations SAR	Shareholders' Operations SAR
Available for sale	42,691,634	122,923,109	41,401,450	118,077,276
Held to maturity	-	10,000,000	-	10,000,000
Total	42,691,634	132,923,109	41,401,450	128,077,276

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

	31 March 2018 (Unaudited)		31 December 2017 (Audited)	
	Insurance Operations SAR	Shareholders' Operations SAR	Insurance Operations SAR	Shareholders' Operations SAR
Opening balance	41,401,450	128,077,276	42,692,814	101,538,840
Purchases	3,072,446	14,247,295	33,647,942	57,648,967
Disposals	(2,851,004)	(5,347,371)	(33,360,120)	(37,127,040)
Impairment of investments	-	-	(4,206,494)	-
	41,622,892	136,977,199	38,774,142	122,060,767
Changes in fair value of investments	1,068,742	(4,054,091)	2,627,308	6,016,509
Closing balance	42,691,634	132,923,109	41,401,450	128,077,276

(c) Available for sale investments comprises the following:

	31 March 2018 (Unaudited)		31 December 2017 (Audited)	
	Insurance Operations SAR	Shareholders' Operations SAR	Insurance Operations SAR	Shareholders' Operations SAR
Quoted local "DPM" equity securities	22,209,883	-	21,134,185	-
Units in local investment funds - (NAV)*	20,481,751	41,411,556	20,267,265	55,985,663
Quoted fixed income securities	-	67,216,422	-	60,168,535
Units in quoted local real estate funds	-	12,372,053	-	-
Unquoted local equity investment	-	1,923,078	-	1,923,078
Total available for sale investments	42,691,634	122,923,109	41,401,450	118,077,276

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

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7 INVESTMENTS (continued)

Held to maturity

- (d) Held to Maturity (“HTM”) investments amounting to SR 10,000,000 (31 December 2017: SR 10,000,000) are comprised of quoted Sukuk issued by listed companies registered in the Kingdom of Saudi Arabia. The rate of return on the Sukuk are calculated based on 6-months Saudi Arabian Inter-Bank Offered Rate (“SIBOR”) plus a specified margin basis points per annum for each Sukuk and paid semi-annually. The fair value of the HTM investment as at 31 March 2018 was not different from its carrying value.

Investment in associate

- (e) The Company has a 40% interest in Gulf Warranties Insurance Services Company (the “associate”), which is involved in the administration of insurance claims. The associate is a limited liability company in the Kingdom of Saudi Arabia and is not listed on any public exchange. The associate received its operating license from Saudi Arabian Monetary Agency (“SAMA”) on 21 March 2016. The Company although has significant influence, yet this investment has been accounted as an associate as it does not control or jointly control the financial and operating policies of the associate. This investment has decreased by SR 375,354 which represents the Company’s share of Gulf Warranties audited results for the year ended 31 December 2017.

8 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.

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8 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31 March 2018 (Unaudited)	Level 1 SAR	Level 2 SAR	Level 3 SAR	Total SAR
Available for sale				
- Equities	22,209,883	-	1,923,078	24,132,961
- Fixed income securities	67,216,422	-	-	67,216,422
- Investment and real estate funds	34,397,384	39,867,976	-	74,265,360
Held to maturity	-	-	10,000,000	10,000,000
	123,823,689	39,867,976	11,923,078	175,614,743
31 December 2017 (Audited)				
Available for sale				
- Equities	21,134,185	-	1,923,078	23,057,263
- Fixed income securities	60,168,535	-	-	60,168,535
- Investment and real estate funds	20,931,345	55,321,583	-	76,252,928
Held to maturity	-	-	10,000,000	10,000,000
	102,234,065	55,321,583	11,923,078	169,478,726

Transfers between levels

The following table presents the transfers between levels for the period ended 31 March 2018:

31 March 2018 (Unaudited)	Level 1 SAR	Level 2 SAR	Level 3 SAR
Transfers between Levels 1 and 2:			
Units in real estate funds	12,372,053	(12,372,053)	-

The units in real estate funds were transferred into Level 1 because quoted prices exist on 31 March 2018, however this was not available as at 31 December 2017.

During the three month period ended 31 March 2018, there were no transfers into or out of Level 3 fair value measurements.

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9 TECHNICAL RESERVES

(a) MOVEMENT IN UNEARNED PREMIUMS

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Gross SAR	Reinsurers' share SAR	Net SAR	Gross SAR	Reinsurers' share SAR	Net SAR
Beginning balance	203,643,613	(10,763,509)	192,880,104	204,001,357	(13,011,258)	190,990,099
Premiums written during the period/year	97,996,492	(9,421,057)	88,575,435	511,508,751	(47,399,301)	464,109,450
Premiums earned during the period/year	(114,238,687)	11,427,828	(102,810,859)	(511,866,495)	49,647,050	(462,219,445)
Closing balance	<u>187,401,418</u>	<u>(8,756,738)</u>	<u>178,644,680</u>	<u>203,643,613</u>	<u>(10,763,509)</u>	<u>192,880,104</u>

(b) NET OUTSTANDING CLAIMS AND RESERVES

Net outstanding claims and reserves comprise of the following:

	31 March 2018 (Unaudited) SAR	31 December 2017 (Audited) SAR
Outstanding claims	<u>180,002,218</u>	<u>185,196,009</u>
Claims incurred but not reported	136,059,398	129,048,469
Other technical reserves	9,756,032	12,332,859
	<u>325,817,648</u>	<u>326,577,337</u>
Less:		
Reinsurers' share of outstanding claims	(73,094,075)	(76,882,260)
Reinsurers' share of claims incurred but not reported	(28,960,743)	(24,577,916)
	<u>(102,054,818)</u>	<u>(101,460,176)</u>
Net outstanding claims and other reserves	<u>223,762,830</u>	<u>225,117,161</u>

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10 ZAKAT PAYABLE

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

	31 March 2018 (Unaudited) SAR	31 December 2017 (Audited) SAR
At the beginning of the period/year	25,840,869	20,492,110
Provided for the period/year	3,170,506	10,474,699
Paid during the period/year	-	(5,125,940)
At the end of the period/year	29,011,375	25,840,869

Status of assessments

The Company has filed zakat returns with the General Authority of Zakat and Tax (“GAZT”) for the years from 2010 to 2017.

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

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

On review of the zakat return by the GAZT for the years 2012, 2013 and 2014 a demand of SR 1,979,521, SR 2,885,577 and SR 2,885,577 respectively, have been raised by the GAZT. However, the Company has filed appeals with the GAZT. These appeals are in progress. The final assessments have not yet been carried out by the GAZT.

No assessments have been carried out yet by the GAZT for the years 2015, 2016 and 2017.

11 SHARE CAPITAL

The authorized, issued and paid up share capital of the Company was SAR 250 Million at March 31, 2018 (December 31, 2017: SAR 250 Million) consisting of 25 million shares (December 31, 2017: 25 million shares) of SAR 10 each.

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

12 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.

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

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13 BASIC AND DILUTED EARNINGS PER SHARE

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

14 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>	Transactions for the period ended		Balance as at	
		31 March 2018 (Unaudited) SAR	31 March 2017 (Unaudited) SAR	31 March 2018 (Unaudited) SAR	31 December 2017 (Audited) SAR
Major Shareholders	Gross written premiums	531,743	3,557,015	8,054,311	12,500,723
	Reinsurance premium ceded	(406,381)	(461,918)	(567,973)	(1,164,406)
	Claims paid	(601,168)	(3,773,679)	-	-
Board of Directors and committees' members	Remuneration fees, allowances and other expense	(437,685)	(328,500)	(2,139,571)	(1,841,571)
	Gross written premiums	9,690,736	10,162,779	8,690,365	4,315,317
	Insurance brokerage contracts	(1,079,661)	(1,103,949)	(1,944,425)	(1,556,714)
Associate	General and administrative expenses paid on behalf of the associate	-	-	844,638	844,638

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

The compensation of key management personnel during the three months period is as follows:

	31 March 2018 (Unaudited) SR	31 March 2017 (Unaudited) SR
Salaries and other allowances	833,500	833,500
End of service indemnities	73,420	183,012
	906,920	1,016,512

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15 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 31 March 2018 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<u>REVENUES</u>				
Gross written premiums	65,821,211	23,319,916	8,855,365	97,996,492
Reinsurance premiums ceded				
- Local	-	-	(617,603)	(617,603)
- Foreign	-	-	(4,294,067)	(4,294,067)
Excess of loss premiums				
- Local	(181,074)	(52,500)	(93,263)	(326,837)
- Foreign	(1,026,087)	(2,242,969)	(913,494)	(4,182,550)
Net premiums written	64,614,050	21,024,447	2,936,938	88,575,435
Change in unearned premiums, net	(4,748,187)	19,913,844	(930,233)	14,235,424
Net premiums earned	59,865,863	40,938,291	2,006,705	102,810,859
Reinsurance commissions	-	-	2,295,773	2,295,773
Policy fees and other underwriting income	3,329,907	-	82,808	3,412,715
<u>TOTAL REVENUES</u>	63,195,770	40,938,291	4,385,286	108,519,347
<u>UNDERWRITING COSTS</u>				
Gross claims paid and loss adjustment expenses	(36,450,948)	(28,839,322)	(1,768,487)	(67,058,757)
Reinsurers' share of claims paid	632,901	3,784,101	1,401,007	5,818,009
Net claims paid	(35,818,047)	(25,055,221)	(367,480)	(61,240,748)
Changes in outstanding claims, net	(3,930,418)	5,975,139	(639,115)	1,405,606
Changes in IBNR, net	(2,363,935)	(300,504)	36,337	(2,628,102)
Net claims incurred	(42,112,400)	(19,380,586)	(970,258)	(62,463,244)
Changes in other technical reserves	3,864,784	-	(1,287,957)	2,576,827
Policy acquisition costs	(4,396,436)	(4,218,049)	(714,399)	(9,328,884)
Inspection and supervision fees	(328,200)	(349,536)	(59,626)	(737,362)
Other underwriting expenses	(214,705)	(2,261,677)	-	(2,476,382)
<u>TOTAL UNDERWRITING COSTS</u>	(43,186,957)	(26,209,848)	(3,032,240)	(72,429,045)
NET UNDERWRITING SURPLUS	20,008,813	14,728,443	1,353,046	36,090,302
Unallocated other operating expenses				(15,980,830)
Unallocated investment and other income				3,355,511
NET SURPLUS FROM INSURANCE OPERATIONS				23,464,983

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15 OPERATING SEGMENTS (continued)

For the three month period ended 31 March 2017 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
REVENUES				
Gross written premiums	118,497,076	43,857,746	14,563,202	176,918,024
Reinsurance premiums ceded				
- Local	-	-	(759,929)	(759,929)
- Foreign	-	-	(8,099,907)	(8,099,907)
Excess of loss premiums				
- Local	(114,391)	-	(113,294)	(227,685)
- Foreign	(674,515)	(202,500)	(537,982)	(1,414,997)
Net premiums written	117,708,170	43,655,246	5,052,090	166,415,506
Change in unearned premiums, net	(51,600,958)	(7,442,917)	(2,459,447)	(61,503,322)
Net premiums earned	66,107,212	36,212,329	2,592,643	104,912,184
Reinsurance commissions	-	-	2,005,182	2,005,182
Policy fees and other underwriting income	5,957,316	-	95,990	6,053,306
TOTAL REVENUES	72,064,528	36,212,329	4,693,815	112,970,672
UNDERWRITING COSTS				
Gross claims paid and loss adjustment expenses	(39,694,743)	(8,431,192)	(3,283,645)	(51,409,580)
Reinsurers' share of claims paid	201,168	279,311	2,635,866	3,116,345
Net claims paid	(39,493,575)	(8,151,881)	(647,779)	(48,293,235)
Changes in outstanding claims, net	(5,749,729)	(7,405,665)	(2,105,152)	(15,260,546)
Changes in IBNR, net	(716,384)	(437,980)	298,269	(856,095)
Net claims incurred	(45,959,688)	(15,995,526)	(2,454,662)	(64,409,876)
Policy acquisition costs	(5,250,728)	(3,679,354)	(714,257)	(9,644,339)
Inspection and supervision fees	(591,913)	(657,866)	(68,451)	(1,318,230)
Other underwriting expenses	(292,855)	(2,006,045)	(4,070)	(2,302,970)
TOTAL UNDERWRITING COSTS	(52,095,184)	(22,338,791)	(3,241,440)	(77,675,415)
NET UNDERWRITING SURPLUS	19,969,344	13,873,538	1,452,375	35,295,257
Unallocated other operating expenses				(9,740,929)
Unallocated investment and other income				3,988,519
NET SURPLUS FROM INSURANCE OPERATIONS				29,542,847

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15 OPERATING SEGMENTS (continued)

As at 31 March 2018 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total Insurance Operations SAR
Assets				
Reinsurers' share of unearned premiums	-	-	8,756,738	8,756,738
Reinsurers' share of outstanding claims	15,726,321	831,329	56,536,425	73,094,075
Reinsurers' share of claims incurred but not reported	6,551,577	18,964,943	3,444,223	28,960,743
Deferred policy acquisition costs	7,928,535	4,769,689	1,758,526	14,456,750
Deferred excess of loss premiums	3,621,479	1,400,000	2,173,305	7,194,784
Total Segment assets	33,827,912	25,965,961	72,669,217	132,463,090
Unallocated assets				637,223,512
Total insurance operations assets				769,686,602
LIABILITIES				
Unearned premiums	119,107,781	49,065,282	19,228,355	187,401,418
Unearned reinsurance commission	-	-	1,805,487	1,805,487
Outstanding claims	92,079,133	17,225,005	70,698,080	180,002,218
Claims incurred but not reported	68,891,272	42,801,532	24,366,594	136,059,398
Other technical reserves	2,522,410	1,676,443	5,557,179	9,756,032
Total Segment liabilities	282,600,596	110,768,262	121,655,695	515,024,553
Unallocated liabilities				254,662,049
Total insurance operations liabilities				769,686,602
As at 31 December 2017 (Audited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total Insurance Operations SAR
Assets				
Reinsurers' share of unearned premiums	-	-	10,763,509	10,763,509
Reinsurers' share of outstanding claims	11,445,435	3,109,863	62,326,962	76,882,260
Reinsurers' share of claims incurred but not reported	7,392,748	45,354	17,139,814	24,577,916
Deferred policy acquisition costs	7,615,946	6,721,244	1,569,941	15,907,131
Total Segment assets	26,454,129	9,876,461	91,800,226	128,130,816
Unallocated assets				627,677,269
Total insurance operations assets				755,808,085
LIABILITIES				
Unearned premiums	114,359,594	68,979,126	20,304,893	203,643,613
Unearned reinsurance commission	-	-	1,713,540	1,713,540
Outstanding claims	83,867,829	25,478,678	75,849,502	185,196,009
Claims incurred but not reported	67,368,508	39,102,159	22,577,802	129,048,469
Other technical reserves	6,387,194	1,676,443	4,269,222	12,332,859
Total Segment liabilities	271,983,125	135,236,406	124,714,959	531,934,490
Unallocated liabilities				223,873,595
Total insurance operations liabilities				755,808,085

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16 SUPPLEMENTARY INFORMATION

Interim Condensed Statement of Financial Position

As at 31 March 2018 (Unaudited)

	Insurance operations	Shareholders' operations	Total
ASSETS			
Cash and cash equivalents	188,608,272	37,018,149	225,626,421
Time deposits	319,037,887	79,817,228	398,855,115
Premiums and reinsurers' receivable, net	57,473,097	-	57,473,097
Reinsurers' share of unearned premiums	8,756,738	-	8,756,738
Reinsurers' share of outstanding claims	73,094,075	-	73,094,075
Reinsurers' share of claims incurred but not reported	28,960,743	-	28,960,743
Deferred policy acquisition costs	14,456,750	-	14,456,750
Deferred excess of loss premiums	7,194,784	-	7,194,784
Investments	42,691,634	132,923,109	175,614,743
Due from insurance operations	-	165,525,149	165,525,149
Prepaid expenses and other assets	25,876,090	2,810,619	28,686,709
Property and equipment, net	3,536,532	-	3,536,532
Investment in associate	-	845,034	845,034
Statutory deposit	-	25,000,000	25,000,000
Statutory deposit investment returns	-	837,567	837,567
TOTAL ASSETS	769,686,602	444,776,855	1,214,463,457
LIABILITIES			
Policyholders and accounts payables	25,453,080	-	25,453,080
Accrued expenses and other liabilities	36,518,853	2,381,995	38,900,848
Reinsurers' balances payable	8,116,599	-	8,116,599
Unearned premiums	187,401,418	-	187,401,418
Unearned reinsurance commission	1,805,487	-	1,805,487
Outstanding claims	180,002,218	-	180,002,218
Claims incurred but not reported	136,059,398	-	136,059,398
Other technical reserves	9,756,032	-	9,756,032
Due to shareholders' operations	165,525,149	-	165,525,149
End-of-service indemnities	9,119,016	-	9,119,016
Zakat payable	-	29,011,375	29,011,375
Statutory deposit investment returns	-	837,567	837,567
TOTAL LIABILITIES	759,757,250	32,230,937	791,988,187
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus	12,568,466	-	12,568,466
Fair value loss reserve on investments	(736,328)	-	(736,328)
Accumulated actuarial loss on end-of-service indemnities	(1,902,786)	-	(1,902,786)
TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS	769,686,602	32,230,937	801,917,539
SHAREHOLDERS' EQUITY			
Share capital	-	250,000,000	250,000,000
Statutory reserve	-	34,224,026	34,224,026
Retained earnings	-	125,462,164	125,462,164
Fair value reserve gain on investments	-	2,859,728	2,859,728
TOTAL SHAREHOLDERS' EQUITY	-	412,545,918	412,545,918
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	769,686,602	444,776,855	1,214,463,457

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 March 2018

16 SUPPLEMENTARY INFORMATION (continued)

Statement of Financial Position	As at 31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total
ASSETS			
Cash and cash equivalents	194,470,790	44,405,740	238,876,530
Time deposits	333,373,598	79,817,228	413,190,826
Premiums and reinsurers' receivable, net	39,876,887	-	39,876,887
Reinsurers' share of unearned premiums	10,763,509	-	10,763,509
Reinsurers' share of outstanding claims	76,882,260	-	76,882,260
Reinsurers' share of claims incurred but not reported	24,577,916	-	24,577,916
Deferred policy acquisition costs	15,907,131	-	15,907,131
Investments	41,401,450	128,077,276	169,478,726
Due from insurance operations	-	144,367,831	144,367,831
Prepaid expenses and other assets	15,252,380	2,303,935	17,556,315
Property and equipment, net	3,302,164	-	3,302,164
Investment in associate	-	1,220,388	1,220,388
Statutory deposit	-	25,000,000	25,000,000
Statutory deposit investment returns	-	527,829	527,829
TOTAL ASSETS	755,808,085	425,720,227	1,181,528,312
LIABILITIES			
Policyholders and accounts payables	30,301,115	-	30,301,115
Accrued expenses and other liabilities	30,594,161	2,375,013	32,969,174
Reinsurers' balances payable	2,833,089	-	2,833,089
Unearned premiums	203,643,613	-	203,643,613
Unearned reinsurance commission	1,713,540	-	1,713,540
Outstanding claims	185,196,009	-	185,196,009
Claims incurred but not reported	129,048,469	-	129,048,469
Other technical reserves	12,332,859	-	12,332,859
Due to shareholders' operations	144,367,831	-	144,367,831
End-of-service indemnities	8,912,564	-	8,912,564
Zakat payable	-	25,840,869	25,840,869
Statutory deposit investment returns	-	527,829	527,829
TOTAL LIABILITIES	748,943,250	28,743,711	777,686,961
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus	10,221,968	-	10,221,968
Fair value loss reserve on investments	(1,454,347)	-	(1,454,347)
Accumulated actuarial loss on end-of-service indemnities	(1,902,786)	-	(1,902,786)
TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS	755,808,085	28,743,711	784,551,796
SHAREHOLDERS' EQUITY			
Share capital	-	250,000,000	250,000,000
Statutory reserve	-	34,224,026	34,224,026
Retained earnings	-	105,742,042	105,742,042
Fair value reserve gain on investments	-	7,010,448	7,010,448
TOTAL SHAREHOLDERS' EQUITY	-	396,976,516	396,976,516
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	755,808,085	425,720,227	1,181,528,312

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16 SUPPLEMENTARY INFORMATION (continued)

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

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16 SUPPLEMENTARY INFORMATION (continued)

Interim Condensed Statement of Income	For the three month period ended 31 March 2017		
	Insurance Operations	Shareholders' Operations	Total
	SAR	SAR	SAR
REVENUES			
Gross written premiums	176,918,024	-	176,918,024
Reinsurance premiums ceded	(8,859,836)	-	(8,859,836)
Excess of loss premiums	(1,642,682)	-	(1,642,682)
Net premiums written	166,415,506	-	166,415,506
Changes in unearned premiums, net	(61,503,322)	-	(61,503,322)
Net premiums earned	104,912,184	-	104,912,184
Reinsurance commissions	2,005,182	-	2,005,182
Policy fees and other underwriting income	6,053,306	-	6,053,306
TOTAL REVENUES	112,970,672	-	112,970,672
UNDERWRITING COSTS			
Gross claims paid	(51,409,580)	-	(51,409,580)
Reinsurers' share of claims paid	3,116,345	-	3,116,345
Net claims paid	(48,293,235)	-	(48,293,235)
Changes in outstanding claims, net	(15,260,546)	-	(15,260,546)
Changes in claims incurred but not reported, net	(856,095)	-	(856,095)
Net claims incurred	(64,409,876)	-	(64,409,876)
Changes in other technical reserves	-	-	-
Policy acquisition costs	(9,644,339)	-	(9,644,339)
Inspection and supervision fees	(1,318,230)	-	(1,318,230)
Other underwriting expenses	(2,302,970)	-	(2,302,970)
TOTAL UNDERWRITING COSTS	(77,675,415)	-	(77,675,415)
NET UNDERWRITING SURPLUS	35,295,257	-	35,295,257
OTHER OPERATING (EXPENSES)/INCOME			
Reversal of doubtful debts	2,214,473	-	2,214,473
General and administrative expenses	(11,955,402)	(457,445)	(12,412,847)
Commission income on deposits and investments	2,096,711	836,508	2,933,219
Dividend income	245,685	979,178	1,224,863
Realized gain on investments	1,532,795	55,104	1,587,899
Other income	113,328	-	113,328
TOTAL OTHER OPERATING (EXPENSES)/INCOME	(5,752,410)	1,413,345	(4,339,065)
Total surplus for the period	29,542,847	1,413,345	30,956,192
Surplus transferred to shareholders' operations	(26,588,562)	26,588,562	-
Net income	2,954,285	28,001,907	30,956,192

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 March 2018

16 SUPPLEMENTARY INFORMATION (continued)

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

Interim Condensed Statement of Comprehensive Income	For the three month period ended 31 March 2017		
	Insurance Operations	Shareholders' Operations	Total
	SAR	SAR	SAR
Net income for the period	2,954,285	28,001,907	30,956,192
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	(1,532,795)	(55,104)	(1,587,899)
- Net change in fair value	(2,663,625)	788,821	(1,874,804)
	(4,196,420)	733,717	(3,462,703)
Total comprehensive (loss)/income for the period	(1,242,135)	28,735,624	27,493,489

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

31 March 2018

16 SUPPLEMENTARY INFORMATION (continued)

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

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16 SUPPLEMENTARY INFORMATION (continued)

Interim Condensed Statement of Cash Flows	For the three month period ended 31 March 2017		
	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period	2,954,285	28,001,907	30,956,192
<i>Adjustments for non-cash items:</i>			
Surplus attributable to the shareholders	26,588,562	(26,588,562)	-
Depreciation of property and equipment	227,923	-	227,923
Loss on disposal of property and equipment	29,881	-	29,881
Allowance for of doubtful debts	(2,214,473)	-	(2,214,473)
Provision for end-of-service indemnities	518,441	-	518,441
Realized gain from investments	(1,532,795)	(55,104)	(1,587,899)
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurers' receivable	(17,002,157)	-	(17,002,157)
Reinsurers' share of unearned premiums	(1,842,696)	-	(1,842,696)
Reinsurers' share of outstanding claims	4,693,620	-	4,693,620
Reinsurers' share of claims incurred but not reported	962,641	-	962,641
Deferred policy acquisition costs	(5,216,167)	-	(5,216,167)
Deferred excess of loss premiums	(1,772,418)	-	(1,772,418)
Prepaid expenses and other assets	(1,039,478)	(242,088)	(1,281,566)
Policyholders and accounts payables	3,016,913	-	3,016,913
Accrued expenses and other liabilities	1,498,940	51,952	1,550,892
Reinsurers' balances payable	2,510,703	-	2,510,703
Unearned premiums	63,346,018	-	63,346,018
Unearned reinsurance commission	336,441	-	336,441
Outstanding claims	10,566,926	-	10,566,926
Claims incurred but not reported	(106,546)	-	(106,546)
	86,524,564	1,168,105	87,692,669
End-of-service indemnities paid	(309,753)	-	(309,753)
Net cash generated from operating activities	86,214,811	1,168,105	87,382,916
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions/disposals in time deposits	(66,413,814)	(17,506,000)	(83,919,814)
Additions in investments	(15,146,839)	(17,028,138)	(32,174,977)
Proceeds from available for sale investments	14,953,132	12,675,270	27,628,402
Additions/disposals in property and equipment	(564,560)	-	(564,560)
Net cash generated used in investing activities	(67,172,081)	(21,858,868)	(89,030,949)
CASH FLOWS FROM FINANCING ACTIVITIES			
Due to shareholders' operations	(3,874,559)	3,874,559	-
Net cash (used in)/generated from financing activities	(3,874,559)	3,874,559	-
Net change in cash and cash equivalents	15,168,171	(16,816,204)	(1,648,033)
Cash and cash equivalents, beginning of the period	209,890,732	103,520,629	313,411,361
Cash and cash equivalents, end of the period	225,058,903	86,704,425	311,763,328
<i>Non-cash transactions:</i>			
Change in fair value of available for sale investments	(4,196,420)	733,717	(3,462,703)

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17 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.

18 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 14 Sha'ban 1439H, corresponding to 30 April 2018.