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

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

**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**

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**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT**  
**For The Three Month Period Ended 31 March 2017**

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Audi - Consultants - Zakat & Tax

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

**Alnaim**



**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

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

**INTRODUCTION**

**SCOPE OF REVIEW**

We have reviewed the accompanying interim statement of financial position of Buruj Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2017 and the related interim statements of insurance comprehensive operations and interim statement of shareholders' comprehensive operations, interim statement of changes in shareholders' equity, interim statement of insurance operations' cash flows and interim statement of shareholders' cash flows for the three-month period then ended and the related notes which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for Zakat and Income Tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**SCOPE OF REVIEW**

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

**CONCLUSION**

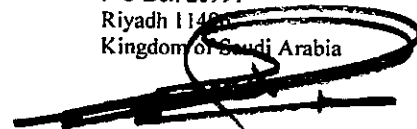
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority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

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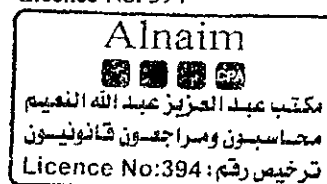


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9 May 2017  
13 Shaaban 1438



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

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 March 2017

|   | <i>Note</i> | <b>31 March 2017<br/>(Unaudited)<br/>SR</b> | <b>31 December 2016<br/>(Audited) – Restated<br/>(Note 16)<br/>SR</b> |
|---|-------------|---|---|
| <b>INSURANCE OPERATIONS' ASSETS</b>               |             |   |   |
| Cash and cash equivalents                         | 5           | 225,058,903                                 | 209,890,732   |
| Time deposits                                     | 6           | 273,881,996                                 | 207,468,182   |
| Premiums and reinsurance balances receivable, net | 7           | 57,432,226                                  | 38,215,596  |
| Available for sale investments                    | 8(i)(a)     | 40,222,896                                  | 42,692,814  |
| Reinsurers' share of outstanding claims           |             | 94,938,280                                  | 100,594,541   |
| Prepayments and other assets                      |             | 19,545,850                                  | 16,733,954  |
| Deferred policy acquisition costs                 |             | 21,329,201                                  | 16,113,034  |
| Reinsurers' share of unearned premiums            |             | 14,853,954                                  | 13,011,258  |
| Property and equipment, net                       |             | 2,755,214                                   | 2,448,458   |
| <b>TOTAL INSURANCE OPERATIONS' ASSETS</b>         |             | <b>750,018,520</b>                          | <b>647,168,569</b>  |
| <b>SHAREHOLDERS' ASSETS</b>                       |             |   |   |
| Cash and cash equivalents                         | 5           | 86,704,425                                  | 103,520,629   |
| Time deposits                                     | 6           | 17,506,000                                  | -   |
| Available for sale investments                    | 8(ii)(a)    | 96,680,529                                  | 91,538,840  |
| Due from insurance operations                     |             | 129,528,053                                 | 106,814,050   |
| Prepayments and other assets                      |             | 1,793,094                                   | 1,551,006   |
| Held to maturity investments                      | 8(ii)(c)    | 10,000,000                                  | 10,000,000  |
| Investment in an associate                        | 8(ii)(d)    | 441,482                                     | 441,482   |
| Statutory deposit                                 | 10          | 25,000,000                                  | 25,000,000  |
| Statutory deposit investment returns              | 10          | 527,829                                     | 399,070   |
| <b>TOTAL SHAREHOLDERS' ASSETS</b>                 |             | <b>368,181,412</b>                          | <b>339,265,077</b>  |
| <b>TOTAL ASSETS</b>                               |             | <b>1,118,199,932</b>                        | <b>986,433,646</b>  |

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

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

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

As at 31 March 2017

|  | <i>Note</i> | <b>31 March 2017<br/>(Unaudited)<br/>SR</b> | <b>31 December 2016<br/>(Audited) –<br/>Restated (Note 16)<br/>SR</b> |
|--|-------------|---|---|
| <b>INSURANCE OPERATIONS' LIABILITIES &amp; SURPLUS</b>       |             |   |   |
| <b>INSURANCE OPERATIONS' LIABILITIES</b>                     |             |   |   |
| Gross outstanding claims                                     |             | 282,436,156                                 | 271,975,776   |
| Reinsurance and insurance balances payable                   |             | 22,726,107                                  | 17,198,491  |
| Accrued expenses and other liabilities                       |             | 20,516,795                                  | 19,017,855  |
| Employees' end of service benefits                           |             | 5,855,741                                   | 5,647,053   |
| Due to shareholders' operations                              |             | 129,528,053                                 | 106,814,050   |
| Unearned reinsurance commission                              |             | 2,090,122                                   | 1,753,681   |
| Gross unearned premiums                                      |             | 267,347,375                                 | 204,001,357   |
| Other reserves   |             | 8,731,425                                   | 8,731,425   |
| <b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>               |             | <b>739,231,774</b>                          | <b>635,139,688</b>  |
| <b>INSURANCE OPERATIONS' SURPLUS</b>                         |             |   |   |
| Accumulated surplus  |             | 17,293,804                                  | 14,339,519  |
| Changes in fair values of available for sale investments     | 8(i)(b)     | (6,507,058)                                 | (2,310,638)   |
| <b>TOTAL INSURANCE OPERATIONS' LIABILITIES &amp; SURPLUS</b> |             | <b>750,018,520</b>                          | <b>647,168,569</b>  |
| <b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>                  |             |   |   |
| <b>SHAREHOLDERS' LIABILITIES</b>                             |             |   |   |
| Zakat payable  | 12          | 23,288,067                                  | 20,492,110  |
| Accrued expenses and other liabilities                       |             | 3,360,382                                   | 3,308,430   |
| Statutory deposit investment returns                         | 10          | 527,829                                     | 399,070   |
| <b>TOTAL SHAREHOLDERS' LIABILITIES</b>                       |             | <b>27,176,278</b>                           | <b>24,199,610</b>   |
| <b>SHAREHOLDERS' EQUITY</b>                                  |             |   |   |
| Share capital  |             | 250,000,000                                 | 250,000,000   |
| Statutory reserve  | 11,16       | 14,674,338                                  | 14,674,337  |
| Retained earnings  | 16          | 75,723,940                                  | 50,517,991  |
| Change in fair values of available for sale investments      | 8(ii)(b)    | 606,856                                     | (126,861)   |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                            |             | <b>341,005,134</b>                          | <b>315,065,467</b>  |
| <b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>            |             | <b>368,181,412</b>                          | <b>339,265,077</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                          |             | <b>1,118,199,932</b>                        | <b>986,433,646</b>  |

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

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

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

|  | <i>For the three month period ended</i> |                      |
|--|---|----------------------|
|  | <i>31 March 2017</i>                    | <i>31 March 2016</i> |
| <i>Note</i>  | <i>SR</i>                               | <i>SR</i>            |
| Gross written premiums                                     | 176,918,024                             | 126,263,892          |
| Reinsurance premiums ceded                                 | (8,859,836)                             | (7,915,699)          |
| Excess of loss premiums                                    | (1,642,682)                             | (2,022,912)          |
| <b>NET PREMIUMS WRITTEN</b>                                | <b>166,415,506</b>                      | <b>116,325,281</b>   |
| Movement in unearned premiums, net                         | (61,503,322)                            | (17,732,587)         |
| <b>NET PREMIUMS EARNED</b>                                 | <b>104,912,184</b>                      | <b>98,592,694</b>    |
| Reinsurance commission income                              | 2,005,182                               | 1,932,348            |
| Policy fees and other underwriting income                  | 6,053,306                               | 2,418,095            |
| <b>TOTAL REVENUES</b>                                      | <b>112,970,672</b>                      | <b>102,943,137</b>   |
| Gross claims paid  | (51,409,580)                            | (57,119,751)         |
| Reinsurance share of claims paid                           | 3,116,345                               | 10,221,159           |
| <b>NET CLAIMS PAID</b>                                     | <b>(48,293,235)</b>                     | <b>(46,898,592)</b>  |
| Movement in outstanding claims, net                        | (16,116,641)                            | (17,487,002)         |
| <b>NET CLAIMS INCURRED</b>                                 | <b>(64,409,876)</b>                     | <b>(64,385,594)</b>  |
| Policy acquisition costs                                   | (9,644,339)                             | (9,098,841)          |
| Inspection and supervision fees                            | (1,318,230)                             | (1,090,469)          |
| Other underwriting expenses                                | (2,302,970)                             | (1,853,196)          |
| <b>TOTAL UNDERWRITING COSTS</b>                            | <b>(77,675,415)</b>                     | <b>(76,428,100)</b>  |
| <b>NET UNDERWRITING SURPLUS</b>                            | <b>35,295,257</b>                       | <b>26,515,037</b>    |
| General and administrative expenses                        | (11,955,402)                            | (10,877,066)         |
| Reversal of (allowance for) doubtful debts                 | 2,214,473                               | (1,129,105)          |
| Special commission income from time deposits               | 2,096,711                               | 1,217,873            |
| Dividend income  | 245,685                                 | 181,044              |
| Realized gain / (loss) from available for sale investments | 1,532,795                               | (2,994,019)          |
| Other income   | 113,328                                 | 264,641              |
| <b>SURPLUS FROM INSURANCE OPERATIONS</b>                   | <b>29,542,847</b>                       | <b>13,178,405</b>    |
| Surplus transferred to shareholders' operations            | (26,588,562)                            | (11,860,564)         |
| <b>NET RESULT FOR THE PERIOD</b>                           | <b>2,954,285</b>                        | <b>1,317,841</b>     |
| Accumulated surplus at beginning of the period             | 14,339,519                              | 6,617,215            |
| <b>ACCUMULATED SURPLUS AT END OF THE PERIOD</b>            | <b>17,293,804</b>                       | <b>7,935,056</b>     |

.....continued on page 5

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

BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  


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

.....continued from page 4

|  | <i>Note</i> | <i>For the three month period ended</i> |                         |
|--|-------------|---|-------------------------|
|  |             | <i>31 March 2017</i>                    | <i>31 March 2016</i>    |
|  |             | <i>SR</i>                               | <i>SR</i>               |
| <b>NET RESULT FOR THE PERIOD</b>   |             | <b>2,954,285</b>                        | <b>1,317,841</b>        |
| <b><i>OTHER COMPREHENSIVE (LOSS) / INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</i></b> |             |   |                         |
| Realized (gain) loss from available for sale investments   |             | <b>(1,532,795)</b>                      | 2,994,019               |
| Change in fair values of available for sale investments  |             | <b>(2,663,625)</b>                      | <b>(2,942,263)</b>      |
| Net change in fair values of available for sale investments  | 8(i)(b)     | <b>(4,196,420)</b>                      | 51,756                  |
| <b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>  |             | <b><u>(1,242,135)</u></b>               | <b><u>1,369,597</u></b> |

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

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS**

|  | <i>Note</i> | <i>For the three month period ended</i> |   |
|--|-------------|---|---|
|  |             | <i>31 March 2017</i>                    | <i>31 March 2016 –<br/>Restated (Note 16)</i> |
|  |             | <i>SR</i>                               | <i>SR</i>                                     |
| Surplus transferred from insurance operations  |             | 26,588,562                              | 11,860,564                                    |
| <b>EXPENSES</b>  |             |   |   |
| General and administrative   |             | (457,445)                               | (519,156)                                     |
| <b>INCOME FROM OPERATIONS</b>  |             | <b>26,131,117</b>                       | <b>11,341,408</b>                             |
| Special commission income from time deposits   | 5           | 276,762                                 | 246,378                                       |
| Special commission income from investments   |             | 559,746                                 | 382,546                                       |
| Dividend income  |             | 979,178                                 | -   |
| Realized gain from available for sale investments  |             | 55,104                                  | -   |
| <b>NET INCOME FOR THE PERIOD</b>   | 16          | <b>28,001,907</b>                       | <b>11,970,332</b>                             |
| <b>OTHER COMPREHENSIVE INCOME TO BE<br/>RECLASSIFIED SUBSEQUENTLY TO THE INCOME<br/>STATEMENT:</b> |             |   |   |
| Realized gain from available for sale investments  |             | (55,104)                                | -   |
| Change in fair values of available for sale investments  |             | 788,821                                 | 1,023,000                                     |
| Net change in fair values of available for sale investments  | 8(ii)(b)    | 733,717                                 | 1,023,000                                     |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   | 16          | <b>28,735,624</b>                       | <b>12,993,332</b>                             |
| <b>BASIC AND DILUTED EARNINGS PER SHARE FOR THE<br/>PERIOD</b>                                     | 15,16       | <b>1.12</b>                             | <b>0.48</b>                                   |

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



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

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three month period ended 31 March 2017

|  | <i>Share<br/>Capital<br/>SR</i> | <i>Statutory<br/>Reserve<br/>SR</i> | <i>Retained<br/>earnings<br/>(Accumulated<br/>losses)<br/>SR</i> | <i>Change in fair<br/>values of<br/>available for<br/>sale investments<br/>SR</i> | <i>Total<br/>SR</i> |
|--|---------------------------------|-------------------------------------|--|---|---------------------|
| <i>2016 (Unaudited)</i>  |                                 |                                     |  |   |                     |
| Balance as at 1 January 2016   | 250,000,000                     | -                                   | (17,597,642)   | 635,556   | 233,037,914         |
| Net income for the period – <i>before<br/>adjustment</i>   | -                               | -                                   | 10,200,579   | -   | 10,200,579          |
| <i>Prior Period Adjustments (Note 16)</i>  | -                               | -                                   | 1,769,753  | -   | 1,769,753           |
| Net income for the period – <i>after<br/>adjustment</i>  | -                               | -                                   | 11,970,332   | -   | 11,970,332          |
| <i>Other comprehensive income:</i><br>Net change in fair values of available for<br>sale investments | -                               | -                                   | -  | 1,023,000   | 1,023,000           |
| <i>Total comprehensive income for the<br/>period – after adjustment</i>                              | -                               | -                                   | 11,970,332   | 1,023,000   | 12,993,332          |
| Zakat for the period   | -                               | -                                   | (1,769,753)  | -   | (1,769,753)         |
| Balance as at 31 March 2016  | 250,000,000                     | -                                   | (7,397,063)  | 1,658,556   | 244,261,493         |
| <i>2017 (Unaudited)</i>  |                                 |                                     |  |   |                     |
| Balance as at 1 January 2017 – <i>before<br/>adjustment</i>  | 250,000,000                     | 13,038,466                          | 52,153,862   | (126,861)   | 315,065,467         |
| <i>Adjustment (Note 16)</i>  | -                               | 1,635,872                           | (1,635,872)  | -   | -                   |
| <b>Balance as at 1 January 2017 – <i>after<br/>adjustment (Note 16)</i></b>                          | <b>250,000,000</b>              | <b>14,674,338</b>                   | <b>50,517,990</b>  | <b>(126,861)</b>  | <b>315,065,467</b>  |
| Net income for the period  | -                               | -                                   | 28,001,907   | -   | 28,001,907          |
| <i>Other comprehensive income:</i><br>Net change in fair values of available for<br>sale investments | -                               | -                                   | -  | 733,717   | 733,717             |
| <i>Total comprehensive income for the<br/>period</i>   | -                               | -                                   | 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         |

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

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

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

|   | <i>For the three month period ended</i> |                      |
|---|---|----------------------|
|   | <i>31 March 2017</i>                    | <i>31 March 2016</i> |
| <i>Note</i>   | <i>(Unaudited)</i>                      | <i>(Unaudited)</i>   |
|   | <i>SR</i>                               | <i>SR</i>            |
| <b>OPERATING ACTIVITIES</b>   |   |                      |
| Net result for the period   | 2,954,285                               | 1,317,841            |
| <i>Adjustments for:</i>   |   |                      |
| Surplus transferred to shareholders' operations                       | 26,588,562                              | 11,860,564           |
| Depreciation  | 227,923                                 | 286,250              |
| Provision for employees' end of service benefits                      | 518,441                                 | 338,483              |
| (Reversal of) allowance for of doubtful debts                         | (2,214,473)                             | 1,129,105            |
| Realized (gain) loss from available for sale investments              | (1,532,795)                             | 2,994,019            |
| Loss on disposal of property and equipment                            | 29,881                                  | 504                  |
| <i>Net surplus before changes in operating assets and liabilities</i> | <u>26,571,824</u>                       | <u>17,926,766</u>    |
| <i>Changes in operating assets and liabilities:</i>                   |   |                      |
| Premiums and reinsurance balances receivable                          | (17,002,157)                            | (23,028,659)         |
| Reinsurers' share of outstanding claims                               | 5,656,261                               | 8,528,580            |
| Prepayments and other assets  | (2,811,896)                             | (5,434,597)          |
| Deferred policy acquisition costs                                     | (5,216,167)                             | (2,014,757)          |
| Reinsurers' share of unearned premiums                                | (1,842,696)                             | 1,436,878            |
| Gross outstanding claims  | 10,460,380                              | 8,958,421            |
| Reinsurance and insurance balances payable                            | 5,527,616                               | 1,558,510            |
| Accrued expenses and other liabilities                                | 1,498,940                               | 2,295,704            |
| Unearned reinsurance commission                                       | 336,441                                 | (226,577)            |
| Gross unearned premiums   | <u>63,346,018</u>                       | <u>16,295,709</u>    |
| <i>Cash from operating activities</i>                                 | <u>86,524,564</u>                       | <u>26,295,978</u>    |
| Employees' end of service benefits paid                               | (309,753)                               | (8,629)              |
| Net cash from operating activities                                    | <u>86,214,811</u>                       | <u>26,287,349</u>    |
| <b>INVESTING ACTIVITIES</b>   |   |                      |
| Time deposits   | (66,413,814)                            | (54,101,592)         |
| Purchase of available for sale investments                            | 8 (i)(b) (15,146,839)                   | (12,271,625)         |
| Proceeds from available for sale investments                          | 8 (i)(b) 14,953,132                     | 12,123,126           |
| Purchase of property and equipment                                    | (564,560)                               | (46,573)             |
| Proceeds from disposal of property and equipment                      | -                                       | 49                   |
| Net cash used in investing activities                                 | <u>(67,172,081)</u>                     | <u>(54,296,615)</u>  |
| <b>FINANCING ACTIVITY</b>   |   |                      |
| Due to shareholders' operations                                       | (3,874,559)                             | (3,027,222)          |
| Net cash used in financing activity                                   | <u>(3,874,559)</u>                      | <u>(3,027,222)</u>   |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>               | <b>15,168,171</b>                       | <b>(31,036,488)</b>  |
| Cash and cash equivalents at beginning of period                      | 209,890,732                             | 151,818,340          |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>                 | <b>5 225,058,903</b>                    | <b>120,781,852</b>   |
| <i>Non-cash transactions:</i>   |   |                      |
| Transfer of surplus to shareholders' comprehensive operations         | 26,588,562                              | 11,860,564           |
| Net change in fair values of available for sale investments           | <u>(4,196,420)</u>                      | <u>51,756</u>        |

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

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)**

|  | <i>Note</i> | <i>For the three month period ended</i>                 |   |
|--|-------------|---|---|
|  |             | <i>31 March 2017</i><br><i>(Unaudited)</i><br><i>SR</i> | <i>31 March 2016</i><br><i>(Unaudited)</i><br><i>SR</i> |
| <b>OPERATING ACTIVITIES</b>                                    |             |   |   |
| Net Income for the period                                      |             | 28,001,907  | 11,970,332  |
| <i>Adjustments for:</i>  |             |   |   |
| Surplus transferred from insurance operations                  |             | (26,588,562)  | (11,860,564)  |
| Realised gain from available for sale investments              |             | (55,104)  | -   |
| Net surplus before changes in operating assets and liabilities |             | 1,358,241   | 109,768   |
| <i>Changes in operating assets and liabilities:</i>            |             |   |   |
| Prepayments and other assets                                   |             | (242,088)   | (753,821)   |
| Accrued expenses and other liabilities                         |             | 51,952  | 109,086   |
| <i>Cash from( used in) operations</i>                          |             | 1,168,105   | (534,967)   |
| Zakat paid   |             | -   | (2,378,604)   |
| Net cash from (used in) operating activities                   |             | 1,168,105   | (2,913,571)   |
| <b>INVESTING ACTIVITIES</b>                                    |             |   |   |
| Time deposits  |             | (17,506,000)  | -   |
| Purchase of available for sale investments                     | 8(ii)(b)    | (17,028,138)  | (1,880,584)   |
| Proceeds from available for sale investments                   | 8(ii)(b)    | 12,675,270  | -   |
| Net cash used in investing activities                          |             | (21,858,868)  | (1,880,584)   |
| <b>FINANCING ACTIVITIES</b>                                    |             |   |   |
| Due from insurance operations                                  |             | 3,874,559   | 3,027,222   |
| Net cash from financing activities                             |             | 3,874,559   | 3,027,222   |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>                   |             |   |   |
| Cash and cash equivalents at the beginning of the period       |             | 103,520,629   | 61,634,436  |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>      | 5           | 86,704,425  | 59,867,503  |
| <i>Non-cash transactions:</i>                                  |             |   |   |
| Transfer of surplus from insurance operations                  |             | (26,588,562)  | (11,860,564)  |
| Net change in fair values of available for sale investments    |             | 733,717   | 1,023,000   |

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

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

31 March 2017

**1 ORGANISATION AND PRINCIPAL ACTIVITIES**

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

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

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

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

**2 SURPLUS TRANSFERRED TO SHAREHOLDERS' OPERATIONS**

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

The insurance operations resulted in a surplus for the three month period ended 31 March 2017 amounting to SR 29.54 million (31 March 2016: SR 13.18 million). Accordingly, 90% of the net surplus amounting to SR 26.59 million (31 March 2016: SR 11.86 million) has been transferred to the shareholders' operations.

**3 BASIS OF MEASUREMENT**

***Basis of measurement***

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

***Statement of compliance***

The accompanying interim condensed financial statements for the three month period ended 31 March 2017 (the "period") are prepared in accordance International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for Zakat and Income Tax.

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

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

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

***Significant accounting policies***

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

• ***Zakat***

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

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

***New standards issued but not yet effective***

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

***IFRS 9 Financial Instruments***

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

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB decided that IFRS 9 would be mandatorily effective for years ending on or after 31 December 2018.

**5 CASH AND CASH EQUIVALENTS**

|                           | <b><i>31 March 2017 (Unaudited)</i></b>                |  | <b><i>31 December 2016 (Audited)</i></b>               |  |
|---------------------------|--|--|--|--|
|                           | <b><i>Insurance operations</i></b><br><b><i>SR</i></b> | <b><i>Shareholders' operations</i></b><br><b><i>SR</i></b> | <b><i>Insurance operations</i></b><br><b><i>SR</i></b> | <b><i>Shareholders' operations</i></b><br><b><i>SR</i></b> |
| Cash in hand and at banks | <b>199,685,088</b>                                     | <b>25,367,200</b>  | 184,661,982  | 25,014,413   |
| Short term deposits       | <b>25,373,815</b>                                      | <b>61,337,225</b>  | 25,228,750   | 78,506,216   |
| Cash and cash equivalents | <b>225,058,903</b>                                     | <b>86,704,425</b>  | 209,890,732  | 103,520,629  |

Short term time deposits placed with local banks and financial institutions have an original maturity of less than three months from the date of acquisition and earned special commission income at an average rate of 1.23% per annum (2016: 2.60%).

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

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31 March 2017

**6 TIME DEPOSITS**

Time deposits are placed with local and international banks with an original maturity of more than three months from the date of acquisition and earned special commission income at an average rate of 2.92% per annum (31 December 2016: 3.02%).

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

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

Premiums and reinsurance balances receivable are comprised of the following:

|   | <i>31 March 2017<br/>(Unaudited)<br/>SR</i> | <i>31 December 2016<br/>(Audited)<br/>SR</i> |
|---|---|--|
| Premiums receivable                                     | 69,212,945                                  | 50,285,767                                   |
| <i>Less: Allowance for doubtful debts</i>               | <i>(14,973,221)</i>                         | <i>(17,100,342)</i>                          |
|   | <u>54,239,724</u>                           | <u>33,185,425</u>                            |
| Reinsurance balances receivable                         | 3,866,761                                   | 5,791,782                                    |
| <i>Less: Allowance for doubtful debts</i>               | <i>(674,259)</i>                            | <i>(761,611)</i>                             |
|   | <u>3,192,502</u>                            | <u>5,030,171</u>                             |
| Total premiums and reinsurance balances receivable, net | <u>57,432,226</u>                           | <u>38,215,596</u>                            |

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

|                                   | <i>Policyholders<br/>SR</i> | <i>Reinsurers<br/>SR</i> | <i>Total<br/>SR</i> |
|-----------------------------------|-----------------------------|--------------------------|---------------------|
| <i>31 March 2017 (Unaudited)</i>  |                             |                          |                     |
| Beginning balance                 | 17,100,342                  | 761,611                  | 17,861,953          |
| Reversal for the period           | <i>(2,127,121)</i>          | <i>(87,352)</i>          | <i>(2,214,473)</i>  |
| <i>Closing balance</i>            | <u>14,973,221</u>           | <u>674,259</u>           | <u>15,647,480</u>   |
| <i>31 December 2016 (Audited)</i> |                             |                          |                     |
| Beginning balance                 | 10,268,615                  | 1,025,040                | 11,293,655          |
| Charge (reversal) for the year    | 6,831,727                   | <i>(249,949)</i>         | 6,581,778           |
| Written-off                       | -                           | <i>(13,480)</i>          | <i>(13,480)</i>     |
| <i>Closing balance</i>            | <u>17,100,342</u>           | <u>761,611</u>           | <u>17,861,953</u>   |

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31 March 2017

**8 INVESTMENTS**

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

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

|                                 | <i>Source of fair<br/>value</i> | <i>31 March 2017<br/>(Unaudited)<br/>SR</i> | <i>31 December 2016<br/>(Audited)<br/>SR</i> |
|---------------------------------|---------------------------------|---|--|
| Local "DPM" equity securities   | Quoted                          | 21,219,743                                  | 21,382,559                                   |
| Units in local investment funds | NAV*                            | 11,224,253                                  | 11,310,255                                   |
| Units in local real estate fund | NAV*                            | 7,778,900                                   | 10,000,000                                   |
|                                 |                                 | <u>40,222,896</u>                           | <u>42,692,814</u>                            |

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

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

|                                       | <i>31 March 2017<br/>(Unaudited)<br/>SR</i> | <i>31 December 2016<br/>(Audited)<br/>SR</i> |
|---------------------------------------|---|--|
| At the beginning of the period / year | 42,692,814                                  | 45,180,145                                   |
| Purchased during the period / year    | 15,146,839                                  | 37,918,858                                   |
| Sold during the period / year         | (14,953,132)                                | (37,405,527)                                 |
|                                       | <u>42,886,521</u>                           | <u>45,693,476</u>                            |
| Changes in fair value, net            | (2,663,625)                                 | (3,000,662)                                  |
| At the end of the period / year       | <u>40,222,896</u>                           | <u>42,692,814</u>                            |

The change in fair value of available for sale investments of insurance operations amounting to SR (6,507,058) (31 December 2016: SR (2,310,638)) is presented within 'insurance operations surplus' in the interim statement of financial position and the current period change in fair value amounting has been reported in the interim statement of insurance comprehensive operations under 'other comprehensive income (loss) to be reclassified subsequently to the income statement'.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2017

**8 INVESTMENTS (continued)**

**(ii) Shareholders' operations**

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

|                                  | <i>Source of fair<br/>value</i> | <i>31 March 2017<br/>(Unaudited)<br/>SR</i> | <i>31 December 2016<br/>(Audited)<br/>SR</i> |
|----------------------------------|---------------------------------|---|--|
| GCC bonds and sukuks             | Quoted                          | 44,558,658                                  | 39,323,518                                   |
| Units in local investment funds  | NAV*                            | 13,738,789                                  | 18,980,090                                   |
| Units in local real estate funds | NAV*                            | 36,460,004                                  | 31,312,154                                   |
| Unquoted local equity investment | Unquoted                        | 1,923,078                                   | 1,923,078                                    |
|                                  |                                 | <u>96,680,529</u>                           | <u>91,538,840</u>                            |

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

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

|                                       | <i>31 March 2017<br/>(Unaudited)<br/>SR</i> | <i>31 December 2016<br/>(Audited)<br/>SR</i> |
|---------------------------------------|---|--|
| At the beginning of the period / year | 91,538,840                                  | 63,101,149                                   |
| Purchased during the period / year    | 17,028,138                                  | 49,900,195                                   |
| Sold during the period / year         | (12,675,270)                                | (21,547,769)                                 |
|                                       | <u>95,891,708</u>                           | <u>91,453,575</u>                            |
| Changes in fair value, net            | 788,821                                     | 85,265                                       |
| At the end of the period / year       | <u>96,680,529</u>                           | <u>91,538,840</u>                            |

The cumulative change in fair values of available for sale investments of shareholders' operations amounting to SR 606,856 (31 December 2016: (126,861)) is presented within shareholders' equity in the interim statement of financial position.

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

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

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

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



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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 the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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

***Determination of fair value and fair value hierarchy***

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

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

|  | <i>Level 1</i><br><i>SR</i> | <i>Level 2</i><br><i>SR</i> | <i>Level 3</i><br><i>SR</i> | <i>Total</i><br><i>SR</i> |
|--|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| <b><i>31 March 2017 (Unaudited)</i></b>  |                             |                             |                             |                           |
| Bonds and sukuk                          | 44,558,658                  | -                           | -                           | 44,558,658                |
| Investment and real estate funds         | 24,963,042                  | 44,238,904                  | -                           | 69,201,946                |
| Equities                                 | 21,219,743                  | -                           | 1,923,078                   | 23,142,821                |
|  | <u>90,741,443</u>           | <u>44,238,904</u>           | <u>1,923,078</u>            | <u>136,903,425</u>        |
| <b><i>31 December 2016 (Audited)</i></b> |                             |                             |                             |                           |
| Bonds and sukuk                          | 39,323,518                  | -                           | -                           | 39,323,518                |
| Investment and real estate funds         | 30,290,345                  | 41,312,154                  | -                           | 71,602,499                |
| Equities                                 | 21,382,559                  | -                           | 1,923,078                   | 23,305,637                |
|  | <u>90,996,422</u>           | <u>41,312,154</u>           | <u>1,923,078</u>            | <u>134,231,654</u>        |

***Transfers between levels***

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

During the three month period ended 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

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**10 STATUTORY DEPOSIT**

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

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

**11 STATUTORY RESERVE**

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

**12 ZAKAT**

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

|                                       | <i>31 March 2017</i><br><i>(Unaudited)</i><br><i>SR</i> | <i>31 December 2016</i><br><i>(Audited)</i><br><i>SR</i> |
|---------------------------------------|---|--|
| At the beginning of the period / year | <b>20,492,110</b>                                       | 14,691,356   |
| Provided for the period / year        | <b>2,795,957</b>  | 8,179,358  |
| Payments during the period / year     | -   | (2,378,604)  |
| At the end of the period / year       | <b>23,288,067</b>                                       | 20,492,110   |

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

***Status of assessments***

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

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

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

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

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**13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

| <i>Related party</i>                                | <i>Nature of transactions</i>   | <i>Amounts of transactions</i>                  |   | <i>Balance as at</i>                            |  |
|---|---|---|---|---|--|
|   |   | <i>31 March<br/>2017<br/>(Unaudited)<br/>SR</i> | <i>31 March<br/>2016<br/>(Unaudited)<br/>SR</i> | <i>31 March<br/>2017<br/>(Unaudited)<br/>SR</i> | <i>31 December<br/>2016<br/>(Audited)<br/>SR</i> |
| Shareholders  | Gross written premiums  | 3,557,015                                       | 3,015,785                                       | 11,973,276                                      | 9,716,767  |
|   | Reinsurance premium ceded   | (461,918)                                       | (334,298)                                       | (222,979)                                       | (222,805)  |
|   | Gross claims incurred   | (3,773,679)                                     | (979,434)                                       | -   | -  |
| Board of<br>Directors and<br>committees'<br>members | Remuneration fees, allowances<br>and other expense                        | (328,500)                                       | (348,000)                                       | (3,080,960)                                     | (2,918,350)                                      |
|   | Gross written premiums  | 10,162,779                                      | 925,236   | 10,390,512                                      | 3,114,451  |
|   | Insurance brokerage contracts   | (1,103,949)                                     | (606,695)                                       | (2,085,847)                                     | (1,740,780)                                      |
| Associate   | General and administrative<br>expenses paid on behalf of the<br>associate | -   | 403,064   | 844,638   | 851,788  |

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

- b) Compensation of key management personnel

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

|                         | <i>For the three month period ended 31 March</i> |                                    |
|-------------------------|--|------------------------------------|
|                         | <i>2017<br/>(Unaudited)<br/>SR</i>               | <i>2016<br/>(Unaudited)<br/>SR</i> |
| Short-term benefits     | 833,500  | 724,350                            |
| End of service benefits | 183,012  | 63,778                             |
|                         | <u>1,016,512</u>                                 | <u>788,128</u>                     |

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(UNAUDITED) (continued)

31 March 2017

**14 SEGMENT INFORMATION**

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

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

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

**Operating segments**

| <i>For the three month period ended 31 March 2017 (Unaudited)</i> | <i>Motor SR</i>     | <i>Medical SR</i>   | <i>Property SR</i> | <i>Marine SR</i>   | <i>Others SR</i> | <i>Total SR</i>     |
|---|---------------------|---------------------|--------------------|--------------------|------------------|---------------------|
| Gross written premiums  | 118,497,076         | 43,857,746          | 3,427,320          | 2,818,996          | 8,316,886        | 176,918,024         |
| Reinsurance premiums ceded  | -                   | -                   | (1,981,160)        | (1,678,299)        | (5,200,377)      | (8,859,836)         |
| Excess of loss premiums   | (788,906)           | (202,500)           | (171,804)          | (223,161)          | (256,311)        | (1,642,682)         |
| <b>Net premiums written</b>                                       | <b>117,708,170</b>  | <b>43,655,246</b>   | <b>1,274,356</b>   | <b>917,536</b>     | <b>2,860,198</b> | <b>166,415,506</b>  |
| Movement in unearned premiums, net                                | (51,600,958)        | (7,442,917)         | (775,427)          | (485,037)          | (1,198,983)      | (61,503,322)        |
| <b>Net premiums earned</b>  | <b>66,107,212</b>   | <b>36,212,329</b>   | <b>498,929</b>     | <b>432,499</b>     | <b>1,661,215</b> | <b>104,912,184</b>  |
| Reinsurance commission income                                     | -                   | -                   | 532,485            | 469,103            | 1,003,594        | 2,005,182           |
| Policy fees and other underwriting income                         | 5,957,316           | -                   | 17,075             | 53,600             | 25,315           | 6,053,306           |
| <b>Total revenues</b>   | <b>72,064,528</b>   | <b>36,212,329</b>   | <b>1,048,489</b>   | <b>955,202</b>     | <b>2,690,124</b> | <b>112,970,672</b>  |
| Net claims paid   | (39,493,575)        | (8,151,881)         | (117,155)          | (180,311)          | (350,313)        | (48,293,235)        |
| Movement in outstanding claims, net                               | (6,466,113)         | (7,843,645)         | (1,263,689)        | (699,775)          | 156,581          | (16,116,641)        |
| <b>Net claims incurred</b>  | <b>(45,959,688)</b> | <b>(15,995,526)</b> | <b>(1,380,844)</b> | <b>(880,086)</b>   | <b>(193,732)</b> | <b>(64,409,876)</b> |
| Policy acquisition costs  | (5,250,728)         | (3,679,354)         | (283,333)          | (122,664)          | (308,260)        | (9,644,339)         |
| Inspection and supervision fees                                   | (591,913)           | (657,866)           | (15,778)           | (12,947)           | (39,726)         | (1,318,230)         |
| Other underwriting expenses                                       | (292,855)           | (2,006,045)         | (4,000)            | -                  | (70)             | (2,302,970)         |
| <b>Total underwriting costs</b>                                   | <b>(52,095,184)</b> | <b>(22,338,791)</b> | <b>(1,683,955)</b> | <b>(1,015,697)</b> | <b>(541,788)</b> | <b>(77,675,415)</b> |
| <b>Net underwriting surplus (deficit)</b>                         | <b>19,969,344</b>   | <b>13,873,538</b>   | <b>(635,466)</b>   | <b>(60,495)</b>    | <b>2,148,336</b> | <b>35,295,257</b>   |
| Unallocated expenses  |                     |                     |                    |                    |                  | (9,740,929)         |
| Unallocated income  |                     |                     |                    |                    |                  | 3,988,519           |
| <b>Surplus from insurance operations</b>                          |                     |                     |                    |                    |                  | <b>29,542,847</b>   |

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(UNAUDITED) (continued)

31 March 2017

**14 SEGMENT INFORMATION (continued)**

Operating segments

| <i>For the three month period<br/>ended 31 March 2016 (Unaudited)</i> | <i>Motor<br/>SR</i> | <i>Medical<br/>SR</i> | <i>Property<br/>SR</i> | <i>Marine<br/>SR</i> | <i>Others<br/>SR</i> | <i>Total<br/>SR</i> |
|---|---------------------|-----------------------|------------------------|----------------------|----------------------|---------------------|
| Gross written premiums  | 64,630,897          | 47,355,289            | 4,450,523              | 2,909,155            | 6,918,028            | 126,263,892         |
| Reinsurance premiums ceded  | (60,968)            | -                     | (2,956,774)            | (1,756,721)          | (3,141,236)          | (7,915,699)         |
| Excess of loss premiums   | (915,450)           | (227,114)             | (267,860)              | (414,862)            | (197,626)            | (2,022,912)         |
| Net premiums written  | 63,654,479          | 47,128,175            | 1,225,889              | 737,572              | 3,579,166            | 116,325,281         |
| Movement in unearned premiums, net                                    | 2,845,733           | (17,560,165)          | (564,703)              | (154,333)            | (2,299,119)          | (17,732,587)        |
| Net premiums earned   | 66,500,212          | 29,568,010            | 661,186                | 583,239              | 1,280,047            | 98,592,694          |
| Reinsurance commission income   | 27,392              | -                     | 929,888                | 397,132              | 577,936              | 1,932,348           |
| Policy fees and other underwriting income                             | 2,317,385           | -                     | 15,700                 | 67,210               | 17,800               | 2,418,095           |
| Total revenues  | 68,844,989          | 29,568,010            | 1,606,774              | 1,047,581            | 1,875,783            | 102,943,137         |
| Net claims paid   | (42,682,059)        | (4,009,678)           | (47,273)               | (104,639)            | (54,943)             | (46,898,592)        |
| Movement in outstanding claims, net                                   | (13,122,590)        | (2,496,102)           | (566,535)              | (403,801)            | (897,974)            | (17,487,002)        |
| Net claims incurred   | (55,804,649)        | (6,505,780)           | (613,808)              | (508,440)            | (952,917)            | (64,385,594)        |
| Policy acquisition costs  | (5,059,389)         | (2,892,589)           | (563,518)              | (212,286)            | (371,059)            | (9,098,841)         |
| Inspection and supervision fees                                       | (322,186)           | (710,329)             | (14,615)               | (12,925)             | (30,414)             | (1,090,469)         |
| Other underwriting expenses   | (143,162)           | (1,691,034)           | (19,000)               | -                    | -                    | (1,853,196)         |
| Total underwriting costs  | (61,329,386)        | (11,799,732)          | (1,210,941)            | (733,651)            | (1,354,390)          | (76,428,100)        |
| Net underwriting surplus  | 7,515,603           | 17,768,278            | 395,833                | 313,930              | 521,393              | 26,515,037          |
| Unallocated expenses  |                     |                       |                        |                      |                      | (12,006,171)        |
| Unallocated losses  |                     |                       |                        |                      |                      | (1,330,461)         |
| Surplus from insurance operations                                     |                     |                       |                        |                      |                      | 13,178,405          |

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2017

**14 SEGMENT INFORMATION (continued)**

**Operating segments**

*As at 31 March 2017 (Unaudited)*

|   | <i>Motor<br/>SR</i> | <i>Medical<br/>SR</i> | <i>Property<br/>SR</i> | <i>Marine<br/>SR</i> | <i>Others<br/>SR</i> | <i>Total<br/>SR</i> |
|---|---------------------|-----------------------|------------------------|----------------------|----------------------|---------------------|
| <b>ASSETS</b>                           |                     |                       |                        |                      |                      |                     |
| Reinsurers' share of unearned premiums  | -                   | -                     | 3,674,484              | 1,678,299            | 9,501,171            | 14,853,954          |
| Reinsurers' share of outstanding claims | 17,801,898          | 853,277               | 47,526,866             | 13,687,068           | 15,069,171           | 94,938,280          |
| Deferred policy acquisition costs       | 12,037,070          | 7,346,596             | 464,025                | 244,305              | 1,237,205            | 21,329,201          |
| <b>SEGMENT ASSETS</b>                   | <b>29,838,968</b>   | <b>8,199,873</b>      | <b>51,665,375</b>      | <b>15,609,672</b>    | <b>25,807,547</b>    | <b>131,121,435</b>  |
| Unallocated assets                      |                     |                       |                        |                      |                      | 618,897,085         |
| <b>TOTAL ASSETS</b>                     |                     |                       |                        |                      |                      | <b>750,018,520</b>  |
| <b>LIABILITIES</b>                      |                     |                       |                        |                      |                      |                     |
| Gross unearned premiums                 | 166,300,200         | 75,175,842            | 5,303,073              | 2,818,995            | 17,749,265           | 267,347,375         |
| Gross outstanding claims                | 154,542,743         | 35,028,837            | 52,773,419             | 19,635,178           | 20,455,979           | 282,436,156         |
| Unearned reinsurance commission         | -                   | -                     | 763,186                | 636,175              | 690,761              | 2,090,122           |
| Other reserves                          | 4,617,839           | 117,311               | 3,775,613              | -                    | 220,662              | 8,731,425           |
| <b>SEGMENT LIABILITIES</b>              | <b>325,460,782</b>  | <b>110,321,990</b>    | <b>62,615,291</b>      | <b>23,090,348</b>    | <b>39,116,667</b>    | <b>560,605,078</b>  |
| Unallocated liabilities                 |                     |                       |                        |                      |                      | 189,413,442         |
| <b>TOTAL LIABILITIES</b>                |                     |                       |                        |                      |                      | <b>750,018,520</b>  |

**Operating segments**

*As at 31 December 2016 (Audited)*

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

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(UNAUDITED) (continued)

31 March 2017

**15 BASIC AND DILUTED EARNINGS PER SHARE**

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

**16 PRIOR PERIOD RESTATEMENT**

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

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

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

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

*Interim Statement of Shareholders' Comprehensive Income – (for the period ended 31 March 2016)*

|   | <u>Before Adjustment</u> | <u>Adjustment</u> | <u>After Adjustment</u> |
|---|--------------------------|-------------------|-------------------------|
| Net Income before Zakat for the period ended 31 March 2016    | 11,970,332               | -                 | 11,970,332              |
| Zakat for the period ended 31 March 2016                      | (1,769,753)              | 1,769,753*        | -                       |
| Net Income for the period ended 31 March 2016                 | <u>10,200,579</u>        | <u>1,769,753*</u> | <u>11,970,332</u>       |
| Total Comprehensive Income for the period ended 31 March 2016 | <u>11,223,579</u>        | <u>1,769,753*</u> | <u>12,993,332</u>       |
| Basic and Diluted Earnings per Share for the period           | <u>0.41</u>              | <u>0.07</u>       | <u>0.48</u>             |

\*The above mentioned adjustment was carried out to the net income/comprehensive income for the period ended 31 March 2016 as a result of the Zakat restatement from income statement to the statement of shareholders' equity following the new accounting policy of Zakat and Income Tax as disclosed in Note 4.

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**17 PROPOSED DIVIDENDS DISTRIBUTION**

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

The above proposed dividend is subject to the Company's general assembly extraordinary meeting that is scheduled to be held on 22 May 2017 corresponding to 26 Shaaban 1438.

**18 COMPARATIVE FIGURES**

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

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

The interim condensed financial statements have been approved by the Board of Directors on 27 Rajab 1438H, (corresponding to 24 April 2017).