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

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

**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016**

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**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT**  
**For The Three and Nine Month Periods Ended 30 September 2016**

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Audit - Consultants - Zakat & Tax

Al-Bassam & Al-Nemer

Allied Accountants

(Member firm of PKF International)



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

**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 30 September 2016, the related interim statements of insurance and shareholders' comprehensive operations for the three and nine month periods then ended, the related interim statements of changes in shareholders' equity, insurance operations' and shareholders' cash flows for the nine month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard - 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**CONCLUSION:**

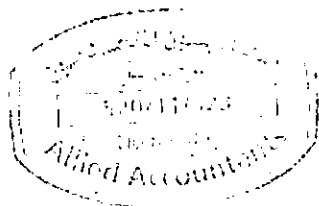
Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

**EMPHASIS OF A MATTER:**

We draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

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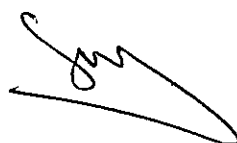


**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 30 September 2016

		<i>30 September 2016</i>	<i>31 December 2015</i>
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	5	164,285,027	151,818,340
Time deposits	6	208,164,474	149,199,175
Premiums and reinsurance balances receivable, net	7	70,500,341	46,988,000
Available for sale investments	8(i)(a)	37,152,514	45,180,145
Reinsurers' share of outstanding claims		109,696,888	111,531,028
Prepayments and other assets		18,463,251	10,993,779
Deferred policy acquisition costs		17,412,117	17,775,959
Reinsurers' share of unearned premiums		16,574,515	14,201,309
Property and equipment, net		2,184,201	2,534,400
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>644,433,328</b>	<b>550,222,135</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	5	58,975,473	61,634,436
Time deposits	6	60,457,500	60,000,000
Available for sale investments	8(ii)(a)	64,135,442	63,101,149
Due from insurance operations		68,750,806	34,033,715
Prepayments and other assets		1,911,999	690,728
Held to maturity investments	8(ii)(c)	10,000,000	5,000,000
Investment in an associate	8(ii)(d)	851,219	1,200,000
Statutory deposit	10	25,000,000	25,000,000
Statutory deposit investment returns	10	399,070	337,805
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>290,481,509</b>	<b>250,997,833</b>
<b>TOTAL ASSETS</b>		<b>934,914,837</b>	<b>801,219,968</b>





The accompanying notes 1 to 16 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 30 September 2016

		<i>30 September 2016</i>	<i>31 December 2015</i>
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>
<b>INSURANCE OPERATIONS' LIABILITIES &amp; SURPLUS</b>			
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
Gross outstanding claims		296,367,895	253,864,386
Reinsurance and insurance balances payable		29,763,024	17,981,967
Accrued expenses and other liabilities		15,529,270	17,630,707
Employees' end of service benefits		5,334,203	3,825,949
Due to shareholders' operations		68,750,806	34,033,715
Unearned reinsurance commission		2,510,164	3,085,518
Gross unearned premiums		213,713,569	215,746,194
Premium deficiency and other reserves		7,512,644	3,502,338
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES</b>		<b>639,481,575</b>	<b>549,670,774</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		11,303,294	6,617,215
Changes in fair values of available for sale investments	8(ii)(b)	(6,351,541)	(6,065,854)
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES &amp; SURPLUS</b>		<b>644,433,328</b>	<b>550,222,135</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Zakat payable	11	17,669,260	14,691,356
Accrued expenses and other liabilities		2,699,705	2,930,758
Statutory deposit investment returns	10	399,070	337,805
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>20,768,035</b>	<b>17,959,919</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		250,000,000	250,000,000
Retained earnings (Accumulated losses)		20,184,693	(17,597,642)
Change in fair values of available for sale investments	8(ii)(b)	(471,219)	635,556
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>269,713,474</b>	<b>233,037,914</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>290,481,509</b>	<b>250,997,833</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>934,914,837</b>	<b>801,219,968</b>




The accompanying notes 1 to 16 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 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2016 (Unaudited) SR</i>	<i>2015 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>	<i>2015 (Unaudited) SR</i>
Gross written premiums	108,556,047	106,261,944	335,706,365	319,935,082
Reinsurance premiums ceded	(11,651,846)	(11,046,541)	(30,842,268)	(40,947,911)
Excess of loss premiums	(4,840,531)	(2,034,713)	(9,468,795)	(8,888,636)
<b>NET PREMIUMS WRITTEN</b>	<b>92,063,670</b>	<b>93,180,690</b>	<b>295,395,302</b>	<b>270,098,535</b>
Movement in unearned premiums, net	8,169,182	(13,133,176)	4,405,831	(26,230,228)
<b>NET PREMIUMS EARNED</b>	<b>100,232,852</b>	<b>80,047,514</b>	<b>299,801,133</b>	<b>243,868,307</b>
Reinsurance commission income	2,536,860	3,805,506	6,444,914	10,548,312
Policy fees and other underwriting income	3,550,179	3,213,271	8,758,507	10,823,531
<b>TOTAL REVENUES</b>	<b>106,319,891</b>	<b>87,066,291</b>	<b>315,004,554</b>	<b>265,240,150</b>
Gross claims paid	(41,570,692)	(57,150,105)	(154,740,058)	(164,828,765)
Reinsurance share of claims paid	1,269,856	15,603,718	17,880,691	21,480,842
<b>NET CLAIMS PAID</b>	<b>(40,300,836)</b>	<b>(41,546,387)</b>	<b>(136,859,367)</b>	<b>(143,347,923)</b>
Movement in outstanding claims, net	(24,082,098)	(23,328,235)	(44,337,650)	(38,845,680)
Movement in premium deficiency and other reserves	(330,842)	6,613,140	(4,010,306)	7,676,912
<b>NET CLAIMS INCURRED</b>	<b>(64,713,776)</b>	<b>(58,261,482)</b>	<b>(185,207,323)</b>	<b>(174,516,691)</b>
Policy acquisition costs	(10,071,621)	(8,111,313)	(28,747,371)	(25,074,593)
Inspection and supervision fees	(798,306)	(841,023)	(2,743,239)	(2,104,031)
Other underwriting expenses	(2,224,318)	(1,172,661)	(6,326,616)	(4,360,520)
<b>TOTAL UNDERWRITING COSTS</b>	<b>(77,808,021)</b>	<b>(68,386,479)</b>	<b>(223,024,549)</b>	<b>(206,055,835)</b>
<b>NET UNDERWRITING SURPLUS</b>	<b>28,511,870</b>	<b>18,679,812</b>	<b>91,980,005</b>	<b>59,184,315</b>
General and administrative expenses	(12,875,458)	(10,541,960)	(36,183,440)	(30,737,453)
Allowance for doubtful debts	(3,417,134)	(2,805,380)	(6,419,382)	(7,478,824)
Special commission income from time deposits	1,509,156	544,532	4,071,403	1,584,611
Special commission income from investments	-	47,002	400,000	550,407
Dividend income	104,555	169,222	650,328	661,937
Realized (loss) gain from available for sale investments	(1,055,630)	(1,489,047)	(3,924,320)	2,150,165
Impairment of available for sale investments	(4,329,611)	-	(4,329,611)	-
Other income	165,805	444	615,810	338,540
<b>SURPLUS FROM INSURANCE OPERATIONS</b>	<b>8,613,553</b>	<b>4,604,625</b>	<b>46,860,793</b>	<b>26,253,698</b>
Surplus transferred to shareholders' operations	(7,752,198)	(4,144,162)	(42,174,714)	(23,628,328)
<b>NET RESULT FOR THE PERIOD</b>	<b>861,355</b>	<b>460,463</b>	<b>4,686,079</b>	<b>2,625,370</b>
Accumulated surplus at beginning of the period	-	-	6,617,215	2,984,395
<b>ACCUMULATED SURPLUS AT END OF THE PERIOD</b>	<b>861,355</b>	<b>460,463</b>	<b>11,303,294</b>	<b>5,609,765</b>

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The accompanying notes 1 to 16 form part of these interim condensed financial statements.

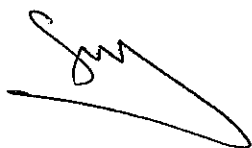
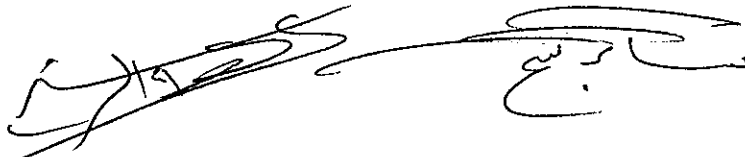
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**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

.....continued from page 4

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2016 (Unaudited) SR</i>	<i>2015 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>	<i>2015 (Unaudited) SR</i>
<b>NET RESULT FOR THE PERIOD</b>	<b>861,355</b>	<b>460,463</b>	<b>4,686,079</b>	<b>2,625,370</b>
<b><i>OTHER COMPREHENSIVE (LOSS) INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</i></b>				
Realized loss (gain) from available for sale investments	<b>1,055,630</b>	1,489,047	<b>3,924,320</b>	(2,150,165)
Change in fair values of available for sale investments	<b>(1,984,948)</b>	(7,269,914)	<b>(4,210,007)</b>	(1,867,870)
Net change in fair values of available for sale investments	<b>(929,318)</b>	(5,780,867)	<b>(285,687)</b>	(4,018,035)
Total comprehensive (loss) income for the period	<b>(67,963)</b>	(5,320,404)	<b>4,400,392</b>	(1,392,665)

**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 30 September</i>		<i>For the nine month period ended 30 September</i>	
		<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
		<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>
Surplus transferred from insurance operations		7,752,198	4,144,162	42,174,714	23,628,328
<b>EXPENSES</b>					
General and administrative		(464,178)	(584,804)	(2,081,507)	(1,642,610)
<b>INCOME FROM OPERATIONS</b>		<b>7,288,020</b>	<b>3,559,358</b>	<b>40,093,207</b>	<b>21,985,718</b>
Special commission income from time deposits		454,892	240,082	1,008,004	492,598
Special commission income from investments		424,064	250,123	1,183,289	763,125
Dividend income		384,616	-	384,616	339,103
Realized gain from available for sale investments		-	-	818,508	629,577
Share of loss of an associate		-	-	(348,781)	-
<b>INCOME BEFORE ZAKAT</b>		<b>8,551,592</b>	<b>4,049,563</b>	<b>43,138,843</b>	<b>24,210,121</b>
Zakat		(1,518,207)	(1,487,168)	(5,356,508)	(4,563,342)
<b>NET INCOME FOR THE PERIOD</b>		<b>7,033,385</b>	<b>2,562,395</b>	<b>37,782,335</b>	<b>19,646,779</b>
<b><i>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</i></b>					
Realized gain from available for sale investments transferred to income		-	-	(818,508)	(629,577)
Change in fair values of available for sale investments	8(ii)(b)	(1,983,834)	(498,464)	(288,267)	1,399,671
Net change in fair values of available for sale investments		(1,983,834)	(498,464)	(1,106,775)	770,094
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>5,049,551</b>	<b>2,063,931</b>	<b>36,675,560</b>	<b>20,416,873</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD – RESTATED</b>	13	<b>0.28</b>	<b>0.10</b>	<b>1.51</b>	<b>0.87</b>
<b>WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES - RESTATED</b>	13	<b>25,000,000</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>22,598,971</b>

The accompanying notes 1 to 16 form part of these interim condensed financial statements.



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

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

For the nine month period ended 30 September 2016

	<i>Share Capital SR</i>	<i>Retained earnings (Accumulated losses) SR</i>	<i>Change in fair values of available for sale investments SR</i>	<i>Total SR</i>
Balance as at 1 January 2015	130,000,000	(41,063,537)	1,053,628	89,990,091
Net income for the period	-	19,646,779	-	19,646,779
Rights issue transaction costs	-	(4,769,014)	-	(4,769,014)
<i>Other comprehensive income:</i>				
Net change in fair values of available for sale investments	-	-	770,094	770,094
<i>Total comprehensive income for the period</i>	-	14,877,765	770,094	15,647,859
Rights issue	120,000,000	-	-	120,000,000
Balance as at 30 September 2015	250,000,000	(26,185,772)	1,823,722	225,637,950
<b>Balance as at 1 January 2016</b>	<b>250,000,000</b>	<b>(17,597,642)</b>	<b>635,556</b>	<b>233,037,914</b>
Net income for the period	-	37,782,335	-	37,782,335
<i>Other comprehensive income:</i>				
Net change in fair values of available for sale investments	-	-	(1,106,775)	(1,106,775)
<i>Total comprehensive income for the period</i>	-	37,782,335	(1,106,775)	36,675,560
Balance as at 30 September 2016	250,000,000	20,184,693	(471,219)	269,713,474

The accompanying notes 1 to 16 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 nine month period ended</i>	
	<i>30 September</i>	<i>30 September</i>
	<i>2016</i>	<i>2015</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>
<b>OPERATING ACTIVITIES</b>		
Net result for the period	4,686,079	2,625,370
<i>Adjustments for:</i>		
Surplus transferred to shareholders' operations	42,174,714	23,628,328
Depreciation	814,024	902,500
Provision for employees' end of service benefits	1,593,268	698,477
Allowance for of doubtful debts	6,405,902	7,478,824
Realized loss (gain) from available for sale investments	3,924,320	(2,150,165)
Impairment of available for sale investments	4,329,611	-
Loss (gain) on disposal of property and equipment	504	(23,973)
<i>Net surplus before changes in operating assets and liabilities</i>	<u>63,928,422</u>	<u>33,159,361</u>
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurance balances receivable	(29,918,243)	(47,511,039)
Reinsurers' share of outstanding claims	1,834,140	(65,536,173)
Prepayments and other assets	(7,469,472)	(5,629,299)
Deferred policy acquisition costs	363,842	(2,434,469)
Reinsurers' share of unearned premiums	(2,373,206)	(4,696,206)
Gross outstanding claims	42,503,509	104,381,852
Reinsurance and insurance balances payable	11,781,057	6,667,312
Accrued expenses and other liabilities	(2,101,437)	6,201,939
Unearned reinsurance commission	(575,354)	487,229
Gross unearned premiums	(2,032,625)	30,926,434
Premium deficiency and other reserves	4,010,306	(7,676,912)
<i>Cash from operating activities</i>	<u>79,950,939</u>	<u>48,340,029</u>
Employees' end of service benefits paid	(85,014)	(79,191)
<b>Net cash from operating activities</b>	<u>79,865,925</u>	<u>48,260,838</u>
<b>INVESTING ACTIVITIES</b>		
Time deposits	(58,965,299)	(107,896,699)
Purchase of available for sale investments	8 (i)(b) (22,582,459)	(68,264,386)
Proceeds from available for sale investments	8 (i)(b) 22,070,472	48,554,241
Purchase of property and equipment	(464,379)	(402,860)
Proceeds from disposal of property and equipment	50	26,200
<b>Net cash used in investing activities</b>	<u>(59,941,615)</u>	<u>(127,983,504)</u>
<b>FINANCING ACTIVITY</b>		
Due to shareholders' operations	(7,457,623)	(10,253,477)
<b>Net cash used in financing activity</b>	<u>(7,457,623)</u>	<u>(10,253,477)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>12,466,687</u>	<u>(89,976,143)</u>
Cash and cash equivalents at beginning of the period	151,818,340	192,137,163
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>5 164,285,027</u>	<u>102,161,020</u>
<i>Non-cash transactions:</i>		
Transfer of surplus to shareholders' comprehensive operations	42,174,714	23,628,328
Net change in fair values of available for sale investments	(285,687)	(4,018,035)

The accompanying notes 1 to 16 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>For the nine month period ended</i>	
	<i>30 September 2016</i>	<i>30 September 2015</i>
	<i>Note</i>	<i>SR</i>
<b>OPERATING ACTIVITIES</b>		
Income before zakat		43,138,843
<i>Adjustments for:</i>		
Surplus transferred from insurance operations		(42,174,714)
Realised gain from available for sale investments		(818,508)
Share of loss of an associate		348,781
Net surplus (deficit) before changes in operating assets and liabilities		494,402
<i>Changes in operating assets and liabilities:</i>		
Prepayments and other assets		(1,221,271)
Statutory deposit investment returns		-
Accrued expenses and other liabilities		(231,053)
<i>Cash used in operations</i>		(957,922)
Zakat paid		(2,378,604)
Net cash used in operating activities		(3,336,526)
<b>INVESTING ACTIVITIES</b>		
Time deposits		(457,500)
Purchase of available for sale investments	8(ii)(b)	(19,125,261)
Sale of available for sale investments	8(ii)(b)	17,802,701
Investment in associate		-
Purchase of held to maturity investments		(5,000,000)
Net cash used in investing activities		(6,780,060)
<b>FINANCING ACTIVITIES</b>		
Proceeds from right issue		-
Payment for right issue transaction costs		-
Due from insurance operations		7,457,623
Net cash from financing activities		7,457,623
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		(2,658,963)
Cash and cash equivalents at the beginning of the period		61,634,436
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	58,975,473
<i>Non-cash transactions:</i>		
Transfer of surplus from insurance operations		(42,174,714)
Net change in fair values of available for sale investments		(1,106,775)

The accompanying notes 1 to 16 form part of these interim condensed financial statements.

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

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

30 September 2016

**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 nine month period ended 30 September 2016 amounting to SR 46.86 million (30 September 2015: SR 26.25 million). Accordingly, 90% of the net surplus amounting to SR 42.17 million (30 September 2015: SR 23.63 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 nine month period ended 30 September 2016 (the “period”) are prepared in accordance with IAS 34 – Interim Financial Reporting, 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 2015.

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.

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

**(UNAUDITED)** (continued)

30 September 2016

**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 2015.

*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**

	<i>30 September 2016 (Unaudited)</i>		<i>31 December 2015 (Audited)</i>	
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash in hand and at banks	142,889,760	41,731,473	147,818,340	44,908,990
Short term deposits	21,395,267	17,244,000	4,000,000	16,725,446
Cash and cash equivalents	<u>164,285,027</u>	<u>58,975,473</u>	<u>151,818,340</u>	<u>61,634,436</u>

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 2.25% per annum (2015: 1.80%).

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED)** (continued)

30 September 2016

**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 2.69% per annum (31 December 2015: 1.50%).

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>30 September 2016</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2015</i> <i>(Audited)</i> <i>SR</i>
Premiums receivable	<b>82,520,485</b>	51,913,108
<i>Less: Allowance for doubtful debts</i>	<b>(16,894,959)</b>	(10,268,615)
	<b>65,625,526</b>	41,644,493
Reinsurance balances receivable	<b>5,679,413</b>	6,368,547
<i>Less: Allowance for doubtful debts</i>	<b>(804,598)</b>	(1,025,040)
	<b>4,874,815</b>	5,343,507
Total premiums and reinsurance balances receivable, net	<b>70,500,341</b>	46,988,000

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

	<i>Policyholders</i> <i>SR</i>	<i>Reinsurers</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<i>30 September 2016 (Unaudited)</i>			
Beginning balance	<b>10,268,615</b>	<b>1,025,040</b>	<b>11,293,655</b>
Charge (reversal) for the period	<b>6,626,344</b>	<b>(206,962)</b>	<b>6,419,382</b>
Written-off	-	<b>(13,480)</b>	<b>(13,480)</b>
<i>Closing balance</i>	<b>16,894,959</b>	<b>804,598</b>	<b>17,699,557</b>
<i>31 December 2015 (Audited)</i>			
Beginning balance	8,838,890	934,786	9,773,676
Charge for the year	1,429,725	90,254	1,519,979
<i>Closing balance</i>	10,268,615	1,025,040	11,293,655

BURUJ COOPERATIVE INSURANCE COMPANY  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2016

8 INVESTMENTS

(i) Insurance operations (Available for sale)

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

	<i>Source of fair value</i>	<i>30 September 2016 (Unaudited) SR</i>	<i>31 December 2015 (Audited) SR</i>
Local "DPM" equity securities	Quoted	17,271,483	22,506,571
Units in local investment funds	NAV*	9,881,031	12,673,574
Units in local real estate fund	NAV*	10,000,000	10,000,000
		<u>37,152,514</u>	<u>45,180,145</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>30 September 2016 (Unaudited) SR</i>	<i>31 December 2015 (Audited) SR</i>
At the beginning of the period / year	45,180,145	29,946,280
Purchased during the period / year	22,582,459	77,359,746
Sold during the period / year	(22,070,472)	(57,612,580)
Impaired during the period / year	(4,329,611)	-
	<u>41,362,521</u>	<u>49,693,446</u>
Changes in fair value, net	(4,210,007)	(4,513,301)
At the end of the period / year	<u>37,152,514</u>	<u>45,180,145</u>

The change in fair value of available for sale investments of insurance operations amounting to SR (6,351,541) (31 December 2015: SR (6,065,854)) is presented within 'insurance operations surplus' in the statement of financial position and the current period / year change in fair value amounting has been reported in the 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)**  
**30 September 2016**

**8 INVESTMENTS (continued)**

**(ii) Shareholders' operations**

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

	<i>Source of fair value</i>	<b>30 September 2016 (Unaudited) SR</b>	<b>31 December 2015 (Audited) SR</b>
GCC bonds and sukuku	Quoted	23,407,071	23,828,379
Units in local investment funds	NAV*	17,388,809	31,309,702
Units in local real estate funds	NAV*	21,416,484	6,039,990
Unquoted local equity investment	Unquoted	1,923,078	1,923,078
		<b>64,135,442</b>	<b>63,101,149</b>

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

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

	<b>30 September 2016 (Unaudited) SR</b>	<b>31 December 2015 (Audited) SR</b>
At the beginning of the period / year	63,101,149	52,908,862
Purchased during the period / year	19,125,261	33,772,937
Sold during the period / year	(17,802,701)	(23,792,155)
	<b>64,423,709</b>	<b>62,889,644</b>
Changes in fair value, net	(288,267)	211,505
At the end of the period / year	<b>64,135,442</b>	<b>63,101,149</b>

The cumulative change in fair values of available for sale investments of shareholders' operations amounting to SR (471,219) (31 December 2015: SR 635,556) 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 2015: SR 5,000,000) 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 30 September 2016 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. This investment has decreased by SR 348,781 which represents the Company's share of Gulf Warranties losses.



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (continued)**

30 September 2016

**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> <i>SR</i>	<i>Level 2</i> <i>SR</i>	<i>Level 3</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<b><i>30 September 2016 (Unaudited)</i></b>				
Bonds and sukuk	23,407,071	-	-	23,407,071
Investment and real estate funds	27,269,840	31,416,484	-	58,686,324
Equities	17,271,483	-	1,923,078	19,194,561
	<u>67,948,394</u>	<u>31,416,484</u>	<u>1,923,078</u>	<u>101,287,956</u>
<b><i>31 December 2015 (Audited)</i></b>				
Bonds and sukuk	18,328,379	5,500,000	-	23,828,379
Investment and real estate funds	31,776,906	28,246,360	-	60,023,266
Equities	22,506,571	-	1,923,078	24,429,649
	<u>72,611,856</u>	<u>33,746,360</u>	<u>1,923,078</u>	<u>108,281,294</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 nine-month period ended 30 September 2016 and for the year ended 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

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**(UNAUDITED) (continued)**

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**10 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 399,070 (31 December 2015: SR 337,805) has been presented in the statement of financial position.

**11 ZAKAT**

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

	<i>30 September 2016</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2015</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the period / year	14,691,356	9,733,588
Provided for the period / year	5,356,508	4,957,768
Payments during the period / year	(2,378,604)	-
At the end of the period / year	<u>17,669,260</u>	<u>14,691,356</u>

***Status of assessments***

The Company has filed its zakat returns for all the years ended up to 31 December 2015.

On review of the zakat return by the Department of Zakat and Income tax ("DZIT") for the long period ended 31 December 2010, a demand of SR 2,256,659 was raised by the DZIT. The Company paid this demand and filed an appeal with DZIT. During 2014, DZIT 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 DZIT.

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

On review of the zakat return by the DZIT 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 DZIT. However, the Company has filed appeals with the DZIT. These appeals are in progress. The final assessments have not yet been carried out by the DZIT.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (continued)**

30 September 2016

**12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

a) The following are the details of major related party transactions during the period 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>30 September 2016 (Unaudited) SR</i>	<i>30 September 2015 (Unaudited) SR</i>	<i>30 September 2016 (Unaudited) SR</i>	<i>31 December 2015 (Audited) SR</i>
Shareholders	Gross written premiums	10,999,613	21,867,482	13,159,539	8,917,928
	Reinsurance premium ceded	(1,469,905)	(28,907)	(853,713)	(325,252)
	Gross claims incurred	(2,968,147)	(12,276,762)	-	-
Board of Directors and committees' members	Remuneration fees, allowances and other expense	(1,093,000)	(1,081,500)	(1,755,260)	(1,599,260)
	Gross written premiums	13,450,796	20,044,099	6,332,003	2,917,717
	Insurance brokerage contracts	(3,381,131)	(4,616,943)	(3,074,096)	(1,506,061)
Associate	General and administrative expenses paid on behalf of the associate	-	-	843,032	-

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 all executive and non-executive directors, and other senior management personnel. The summary of compensation of key management personnel for the period is as follows:

	<i>For the nine month period ended 30 September</i>	
	<i>2016 (Unaudited) SR</i>	<i>2015 (Unaudited) SR</i>
Short-term benefits	3,842,850	3,080,050
End of service benefits	382,541	138,792
	<u>4,225,391</u>	<u>3,218,842</u>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED)** (continued)

30 September 2016

**13 BASIC AND DILUTED EARNINGS PER SHARE - Restated**

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

The weighted average number of shares has been retrospectively adjusted for all prior periods to reflect the bonus element of the rights issue as required by IAS 33, "Earnings per share" as follows:

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>
Issued ordinary shares as at 1 January	25,000,000	13,000,000	25,000,000	13,000,000
Adjusted rights issue	-	12,000,000	-	9,598,971
Weighted average number of ordinary shares	25,000,000	25,000,000	25,000,000	22,598,971

The basic and diluted earnings per share are as follows:

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>	<i>(Unaudited) SR</i>
Net income for the period	7,033,385	2,562,396	37,782,335	19,646,779
Weighted average number of ordinary shares	25,000,000	25,000,000	25,000,000	22,598,971
Basic and diluted earnings per share – restated	0.28	0.10	1.51	0.87

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

30 September 2016

**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 30 September 2016 (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	65,830,629	27,585,137	5,083,872	1,998,225	8,058,184	108,556,047
Reinsurance premiums ceded	(12)	-	(4,562,254)	(1,167,436)	(5,922,144)	(11,651,846)
Excess of loss premiums	(3,546,414)	(480,113)	(200,662)	(414,863)	(198,479)	(4,840,531)
<b>Net premiums written</b>	<b>62,284,203</b>	<b>27,105,024</b>	<b>320,956</b>	<b>415,926</b>	<b>1,937,561</b>	<b>92,063,670</b>
Movement in unearned premiums, net	(2,104,254)	10,141,227	270,812	36,193	(174,796)	8,169,182
<b>Net premiums earned</b>	<b>60,179,949</b>	<b>37,246,251</b>	<b>591,768</b>	<b>452,119</b>	<b>1,762,765</b>	<b>100,232,852</b>
Reinsurance commission income	-	-	669,932	1,388,309	478,619	2,536,860
Policy fees and other underwriting income	3,485,484	-	4,130	47,365	13,200	3,550,179
<b>Total revenues</b>	<b>63,665,433</b>	<b>37,246,251</b>	<b>1,265,830</b>	<b>1,887,793</b>	<b>2,254,584</b>	<b>106,319,891</b>
Net claims paid	(30,315,440)	(10,373,294)	(22,643)	424,314	(13,773)	(40,300,836)
Movement in outstanding claims, net	(5,605,378)	(16,844,510)	(262,410)	(376,543)	(993,257)	(24,082,098)
Movement in premium deficiency and other reserves, net	-	-	(244,058)	-	(86,784)	(330,842)
<b>Net claims incurred</b>	<b>(35,920,818)</b>	<b>(27,217,804)</b>	<b>(529,111)</b>	<b>47,771</b>	<b>(1,093,814)</b>	<b>(64,713,776)</b>
Policy acquisition costs	(5,004,555)	(4,180,940)	(372,732)	(169,709)	(343,685)	(10,071,621)
Inspection and supervision fees	(326,544)	(413,778)	(12,919)	(9,031)	(36,034)	(798,306)
Other underwriting expenses	(168,007)	(2,034,860)	(21,451)	-	-	(2,224,318)
<b>Total underwriting costs</b>	<b>(41,419,924)</b>	<b>(33,847,382)</b>	<b>(936,213)</b>	<b>(130,969)</b>	<b>(1,473,533)</b>	<b>(77,808,021)</b>
<b>Net underwriting surplus</b>	<b>22,245,509</b>	<b>3,398,869</b>	<b>329,617</b>	<b>1,756,824</b>	<b>781,051</b>	<b>28,511,870</b>
Unallocated expenses						(16,292,592)
Unallocated losses						(3,605,725)
<b>Surplus from insurance operations</b>						<b>8,613,553</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**14 SEGMENT INFORMATION (continued)**

Operating segments

<i>For the three month period ended 30 September 2015 (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	58,386,118	34,760,175	5,858,848	2,704,019	4,552,784	106,261,944
Reinsurance premiums ceded	(1,306,652)	-	(5,217,518)	(1,603,526)	(2,918,845)	(11,046,541)
Excess of loss premiums	(915,450)	(247,375)	(129,116)	(409,472)	(333,300)	(2,034,713)
Net premiums written	56,164,016	34,512,800	512,214	691,021	1,300,639	93,180,690
Movement in unearned premiums, net	6,366,352	(18,917,947)	(310,877)	428,652	(699,356)	(13,133,176)
Net premiums earned	62,530,368	15,594,853	201,337	1,119,673	601,283	80,047,514
Reinsurance commission income	24,751	-	1,070,143	1,955,041	755,571	3,805,506
Policy fees and other underwriting income	3,131,541	-	8,840	59,610	13,280	3,213,271
<b>Total revenues</b>	<b>65,686,660</b>	<b>15,594,853</b>	<b>1,280,320</b>	<b>3,134,324</b>	<b>1,370,134</b>	<b>87,066,291</b>
Net claims paid	(37,241,171)	(3,850,497)	(734,489)	283,325	(3,555)	(41,546,387)
Movement in outstanding claims, net	(25,914,523)	3,609,014	482,508	(779,412)	(725,822)	(23,328,235)
Movement in premium deficiency and other reserves, net	6,413,140	-	200,000	-	-	6,613,140
Net claims incurred	(56,742,554)	(241,483)	(51,981)	(496,087)	(729,377)	(58,261,482)
Policy acquisition costs	(5,053,444)	(1,707,222)	(615,523)	(324,834)	(410,290)	(8,111,313)
Inspection and supervision fees	(284,734)	(523,878)	(7,057)	(12,189)	(13,165)	(841,023)
Other underwriting expenses	(198,999)	(973,662)	-	-	-	(1,172,661)
<b>Total underwriting costs</b>	<b>(62,279,731)</b>	<b>(3,446,245)</b>	<b>(674,561)</b>	<b>(833,110)</b>	<b>(1,152,832)</b>	<b>(68,386,479)</b>
Net underwriting surplus	3,406,929	12,148,608	605,759	2,301,214	217,302	18,679,812
Unallocated expenses						(13,347,340)
Unallocated losses						(727,847)
<b>Surplus from insurance operations</b>						<b>4,604,625</b>

BURUJ COOPERATIVE INSURANCE COMPANY  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2016

14 SEGMENT INFORMATION (continued)

Operating segments

<i>For the nine month period ended 30 September 2016 (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	180,142,727	111,609,550	14,620,604	7,106,717	22,226,767	335,706,365
Reinsurance premiums ceded	(74,777)	-	(11,980,769)	(4,251,015)	(14,535,707)	(30,842,268)
Excess of loss premiums	(5,790,145)	(1,115,022)	(725,308)	(1,244,588)	(593,732)	(9,468,795)
<b>Net premiums written</b>	<b>174,277,805</b>	<b>110,494,528</b>	<b>1,914,527</b>	<b>1,611,114</b>	<b>7,097,328</b>	<b>295,395,302</b>
Movement in unearned premiums, net	13,050,008	(6,442,923)	96,863	166,652	(2,464,769)	4,405,831
<b>Net premiums earned</b>	<b>187,327,813</b>	<b>104,051,605</b>	<b>2,011,390</b>	<b>1,777,766</b>	<b>4,632,559</b>	<b>299,801,133</b>
Reinsurance commission income	54,303	-	2,418,152	2,437,733	1,534,726	6,444,914
Policy fees and other underwriting income	8,512,117	-	26,460	172,895	47,035	8,758,507
<b>Total revenues</b>	<b>195,894,233</b>	<b>104,051,605</b>	<b>4,456,002</b>	<b>4,388,394</b>	<b>6,214,320</b>	<b>315,004,554</b>
Net claims paid	(114,228,348)	(22,167,694)	(81,468)	(136,952)	(244,905)	(136,859,367)
Movement in outstanding claims, net	(17,975,057)	(21,687,260)	(2,209,727)	(297,355)	(2,168,251)	(44,337,650)
Movement in premium deficiency and other reserves, net	(2,141,667)	(545,794)	(1,224,924)	-	(97,921)	(4,010,306)
<b>Net claims incurred</b>	<b>(134,345,072)</b>	<b>(44,400,748)</b>	<b>(3,516,119)</b>	<b>(434,307)</b>	<b>(2,511,077)</b>	<b>(185,207,323)</b>
Policy acquisition costs	(14,927,197)	(10,717,846)	(1,415,777)	(628,951)	(1,057,600)	(28,747,371)
Inspection and supervision fees	(896,069)	(1,674,147)	(38,798)	(32,103)	(102,122)	(2,743,239)
Other underwriting expenses	(482,345)	(5,803,820)	(40,451)	-	-	(6,326,616)
<b>Total underwriting costs</b>	<b>(150,650,683)</b>	<b>(62,596,561)</b>	<b>(5,011,145)</b>	<b>(1,095,361)</b>	<b>(3,670,799)</b>	<b>(223,024,549)</b>
<b>Net underwriting surplus (deficit)</b>	<b>45,243,550</b>	<b>41,455,044</b>	<b>(555,143)</b>	<b>3,293,033</b>	<b>2,543,521</b>	<b>91,980,005</b>
Unallocated expenses						(42,602,822)
Unallocated losses						(2,516,390)
<b>Surplus from insurance operations</b>						<b>46,860,793</b>

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

**(UNAUDITED)** (continued)

30 September 2016

**14 SEGMENT INFORMATION (continued)**

Operating segments

<i>For the nine month period ended 30 September 2015 (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	208,285,977	60,609,334	22,778,543	11,516,244	16,744,984	319,935,082
Reinsurance premiums ceded	(1,312,372)	-	(20,355,683)	(7,418,617)	(11,861,239)	(40,947,911)
Excess of loss premiums	(6,398,303)	(1,010,225)	(237,260)	(786,474)	(456,374)	(8,888,636)
Net premiums written	200,575,302	59,599,109	2,185,600	3,311,153	4,427,371	270,098,535
Movement in unearned premiums, net	(25,444,501)	2,401,419	(936,283)	122,770	(2,373,633)	(26,230,228)
Net premiums earned	175,130,801	62,000,528	1,249,317	3,433,923	2,053,738	243,868,307
Reinsurance commission income	82,458	212,688	3,271,534	4,635,826	2,345,806	10,548,312
Policy fees and other underwriting income	10,567,036	-	32,080	185,670	38,745	10,823,531
Total revenues	185,780,295	62,213,216	4,552,931	8,255,419	4,438,289	265,240,150
Net claims paid	(130,358,738)	(11,993,271)	(768,737)	(51,279)	(175,898)	(143,347,923)
Movement in outstanding claims, net	(39,055,532)	3,108,394	(969,985)	(1,106,661)	(821,896)	(38,845,680)
Movement in premium deficiency and other reserves, net	7,976,912	-	(300,000)	-	-	7,676,912
Net claims incurred	(161,437,358)	(8,884,877)	(2,038,722)	(1,157,940)	(997,794)	(174,516,691)
Policy acquisition costs	(14,918,990)	(6,360,177)	(1,772,009)	(835,703)	(1,187,714)	(25,074,593)
Inspection and supervision fees	(1,030,406)	(910,636)	(46,355)	(52,548)	(64,086)	(2,104,031)
Other underwriting expenses	(838,254)	(3,515,766)	(6,500)	-	-	(4,360,520)
Total underwriting costs	(178,225,008)	(19,671,456)	(3,863,586)	(2,046,191)	(2,249,594)	(206,055,835)
Net underwriting surplus	7,555,287	42,541,760	689,345	6,209,228	2,188,695	59,184,315
Unallocated expenses						(38,216,277)
Unallocated income						5,285,660
Surplus from insurance operations						26,253,698



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2016

14 SEGMENT INFORMATION (continued)

Operating segments

As at 30 September 2016 (Unaudited)

	<i>Motor</i>	<i>Medical</i>	<i>Property</i>	<i>Marine</i>	<i>Others</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>ASSETS</b>						
Reinsurers' share of unearned premiums	-	-	6,381,044	1,164,061	9,029,410	16,574,515
Reinsurers' share of outstanding claims	12,217,857	1,289,176	61,936,945	13,217,067	21,035,843	109,696,888
Deferred policy acquisition costs	8,953,092	6,781,499	554,738	155,978	966,810	17,412,117
<b>SEGMENT ASSETS</b>	<b>21,170,949</b>	<b>8,070,675</b>	<b>68,872,727</b>	<b>14,537,106</b>	<b>31,032,063</b>	<b>143,683,520</b>
Unallocated assets						500,749,808
<b>TOTAL ASSETS</b>						<b>644,433,328</b>
<b>LIABILITIES</b>						
Gross unearned premiums	118,816,756	69,723,162	7,611,196	1,995,509	15,566,946	213,713,569
Gross outstanding claims	146,540,962	36,446,197	67,013,324	19,534,802	26,832,610	296,367,895
Unearned reinsurance commission	-	-	1,207,824	445,304	857,036	2,510,164
Premium deficiency and other reserves	5,478,584	545,794	1,346,953	-	141,313	7,512,644
<b>SEGMENT LIABILITIES</b>	<b>270,836,302</b>	<b>106,715,153</b>	<b>77,179,297</b>	<b>21,975,615</b>	<b>43,397,905</b>	<b>520,104,272</b>
Unallocated liabilities						124,329,056
<b>TOTAL LIABILITIES</b>						<b>644,433,328</b>

Operating segments

As at 31 December 2015 (Audited)

	<i>Motor</i>	<i>Medical</i>	<i>Property</i>	<i>Marine</i>	<i>Others</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>ASSETS</b>						
Reinsurers' share of unearned premiums	649,063	-	7,658,935	1,640,413	4,252,898	14,201,309
Reinsurers' share of outstanding claims	12,141,019	538,217	68,156,498	12,211,537	18,483,757	111,531,028
Deferred policy acquisition costs	9,766,162	6,135,266	696,742	212,286	965,503	17,775,959
<b>SEGMENT ASSETS</b>	<b>22,556,244</b>	<b>6,673,483</b>	<b>76,512,175</b>	<b>14,064,236</b>	<b>23,702,158</b>	<b>143,508,296</b>
Unallocated assets						406,713,839
<b>TOTAL ASSETS</b>						<b>550,222,135</b>
<b>LIABILITIES</b>						
Gross unearned premiums	132,515,827	63,280,239	8,985,950	2,638,513	8,325,665	215,746,194
Gross outstanding claims	128,489,067	14,007,978	71,023,150	18,231,917	22,112,274	253,864,386
Unearned reinsurance commission	48,696	-	1,321,877	592,496	1,122,449	3,085,518
Premium deficiency and other reserves	3,336,917	-	122,029	-	43,392	3,502,338
Accrued expenses and other liabilities	2,141,667	545,794	980,866	-	11,137	3,679,464
<b>SEGMENT LIABILITIES</b>	<b>266,532,174</b>	<b>77,834,011</b>	<b>82,433,872</b>	<b>21,462,926</b>	<b>31,614,917</b>	<b>479,877,900</b>
Unallocated liabilities						70,344,235
<b>TOTAL LIABILITIES</b>						<b>550,222,135</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (continued)**

30 September 2016

**15 COMPARATIVE FIGURES**

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.

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

The interim condensed financial statements have been approved by the Board of Directors on 15 Muharram 1438H, (corresponding to 16 October 2016).