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

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

FOR THE THREE MONTH PERIOD AND YEAR ENDED 31 DECEMBER 2017

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

INDEX	PAGE
Limited review report	1
Interim statement of financial position	2-3
Interim statement of insurance comprehensive operations	4-5
Interim statement of shareholders' comprehensive operations	6
Interim statement of changes in shareholders' equity	7
Interim statement of insurance operations' cash flows	8
Interim statement of shareholders' cash flows	9
Notes to the interim condensed financial statements	10-26

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 December 2017 and the related interim statement of insurance comprehensive operations and interim statement of shareholders' comprehensive operations for the three month period and the year then ended, and the related interim statement of changes in shareholders' equity, interim statement of insurance operations' cash flows and interim statement of shareholders' cash flows for the year then ended, and the related notes which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these condensed interim 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" as endorsed in the Kingdom of Saudi Arabia. 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.

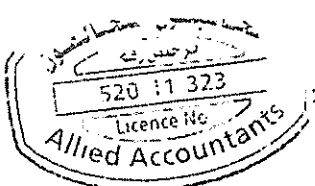
CONCLUSION

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 IAS 34 as modified by SAMA for accounting of zakat and income tax.

PKF Al-Bassam & Co.
Allied Accountants
P.O. Box 69658
Riyadh 11567
Kingdom of Saudi Arabia



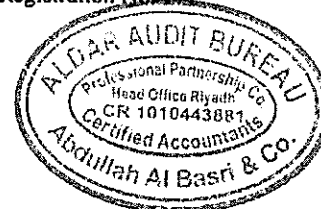
Ibrahim A. Al-Bassam
Certified Public Accountant
Registration No. 337



Aldar Audit Bureau
Abdullah Al Basri & Co
P. O. Box 2195
Riyadh 11451
Kingdom of Saudi Arabia



Abdullah M. Al Basri
Certified Public Accountant
Registration No. 171



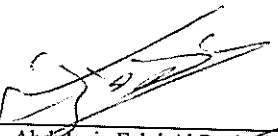
30 January 2018
13 Jumada Al- Awwal 1439


BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

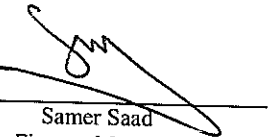
INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) – Restated (Note 16) SR
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	5	194,470,790	209,890,732
Time deposits	6	333,373,598	207,468,182
Premiums and reinsurance balances receivable, net	7	39,876,887	38,215,596
Available for sale investments	8(i)(a)	41,401,450	42,692,814
Reinsurers' share of outstanding claims		101,460,176	100,594,541
Prepayments and other assets		15,252,380	16,733,954
Deferred policy acquisition costs		15,907,131	16,113,034
Reinsurers' share of unearned premiums		10,763,509	13,011,258
Property and equipment, net		3,302,164	2,448,458
TOTAL INSURANCE OPERATIONS' ASSETS		755,808,085	647,168,569
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	5	44,405,740	103,520,629
Time deposits	6	79,817,228	-
Available for sale investments	8(ii)(a)	118,077,276	91,538,840
Due from insurance operations		144,367,831	106,814,050
Prepayments and other assets		2,303,935	1,551,006
Held to maturity investments	8(ii)(c)	10,000,000	10,000,000
Investment in an associate	8(ii)(d)	1,220,388	441,482
Statutory deposit	10	25,000,000	25,000,000
Statutory deposit investment returns	10	527,829	399,070
TOTAL SHAREHOLDERS' ASSETS		425,720,227	339,265,077
TOTAL ASSETS		1,181,528,312	986,433,646


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer


Samer Saad
Finance Manager


The accompanying notes 1 to 20 form part of these interim condensed financial statements.


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

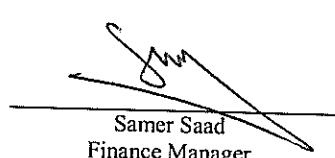
INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2017

	Note	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) – Restated (Note 16) SR
INSURANCE OPERATIONS' LIABILITIES & SURPLUS			
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims		314,244,478	271,975,776
Reinsurance and insurance balances payable		33,134,204	17,198,491
Accrued expenses and other liabilities		30,594,161	19,017,855
Employees' end of service benefits	17	8,912,564	5,647,053
Due to shareholders' operations		144,367,831	106,814,050
Unearned reinsurance commission		1,713,540	1,753,681
Gross unearned premiums		203,643,613	204,001,357
Other reserves		12,332,859	8,731,425
TOTAL INSURANCE OPERATIONS' LIABILITIES		748,943,250	635,139,688
INSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		10,221,968	14,339,519
Changes in fair values of available for sale investments	8(i)(b)	(1,454,347)	(2,310,638)
Accumulated actuarial loss on employees' end of service benefits	17	(1,902,786)	-
TOTAL INSURANCE OPERATIONS' LIABILITIES & SURPLUS		755,808,085	647,168,569
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Zakat payable	12	25,840,869	20,492,110
Accrued expenses and other liabilities		2,375,013	3,308,430
Statutory deposit investment returns	10	527,829	399,070
TOTAL SHAREHOLDERS' LIABILITIES		28,743,711	24,199,610
SHAREHOLDERS' EQUITY			
Share capital		250,000,000	250,000,000
Statutory reserve		34,224,026	14,674,338
Retained earnings	11,16	105,742,042	50,517,990
Change in fair values of available for sale investments	16	7,010,448	(126,861)
	8(ii)(b)		
TOTAL SHAREHOLDERS' EQUITY		396,976,516	315,065,467
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		425,720,227	339,265,077
TOTAL LIABILITIES AND EQUITY		1,181,528,312	986,433,646


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer


Samer Saad
Finance Manager


The accompanying notes 1 to 20 form part of these interim condensed financial statements.


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

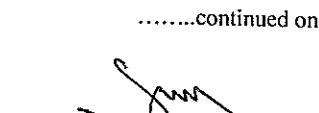
INTERIM STATEMENT OF INSURANCE COMPREHENSIVE OPERATIONS (UNAUDITED)

	<i>For the three month period ended 31 December</i>		<i>For the year ended 31 December</i>	
	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>	<i>2017 (Unaudited) SR</i>	<i>2016 (Audited) SR</i>
Gross written premiums	95,563,572	101,859,362	511,508,751	437,565,727
Reinsurance premiums ceded	(4,482,727)	(4,191,396)	(28,393,563)	(35,033,664)
Excess of loss premiums	(7,211,043)	(4,861,458)	(19,005,738)	(14,330,253)
NET PREMIUMS WRITTEN	83,869,802	92,806,508	464,109,450	388,201,810
Movement in unearned premiums, net	25,049,597	6,148,955	(1,890,005)	10,554,786
NET PREMIUMS EARNED	108,919,399	98,955,463	462,219,445	398,756,596
Reinsurance commission income	1,901,176	1,941,609	8,011,446	8,386,523
Policy fees and other underwriting income	3,981,973	4,388,175	17,721,056	13,146,682
TOTAL REVENUES	114,802,548	105,285,247	487,951,947	420,289,801
Gross claims paid	(79,431,394)	(47,026,822)	(251,324,368)	(201,766,880)
Reinsurance share of claims paid	5,989,030	3,531,731	18,213,493	21,412,422
NET CLAIMS PAID	(73,442,364)	(43,495,091)	(233,110,875)	(180,354,458)
Movement in outstanding claims, net	3,640,028	15,289,772	(41,403,067)	(29,047,878)
Movement in other reserves	(3,601,434)	(1,218,781)	(3,601,434)	(5,229,087)
NET CLAIMS INCURRED	(73,403,770)	(29,424,100)	(278,115,376)	(214,631,423)
Policy acquisition costs	(11,099,386)	(9,035,489)	(44,144,575)	(37,782,860)
Inspection and supervision fees	(871,106)	(858,927)	(4,418,783)	(3,602,166)
Other underwriting expenses	(2,917,888)	(2,142,212)	(11,292,967)	(8,468,828)
TOTAL UNDERWRITING COSTS	(88,292,150)	(41,460,728)	(337,971,701)	(264,485,277)
NET UNDERWRITING SURPLUS	26,510,398	63,824,519	149,980,246	155,804,524
General and administrative expenses	(12,341,366)	(14,071,585)	(55,726,587)	(50,255,025)
Reversal of/(allowance for) doubtful debts	2,562,938	(162,396)	(121,048)	(6,581,778)
Special commission income from time deposits	2,447,758	1,662,396	9,129,157	5,733,799
Dividend income	233,543	501,492	998,534	1,551,820
Realized (loss)/gain from available for sale investments	(31,960)	1,498,053	1,771,017	(6,755,878)
Impairment of available for sale investments	-	-	(4,206,494)	-
Other income	34,946	211,300	394,850	827,110
SURPLUS FROM INSURANCE OPERATIONS	19,416,257	53,463,779	102,219,675	100,324,572
Surplus transferred to shareholders' operations	(17,474,632)	(48,117,401)	(91,997,708)	(90,292,115)
NET RESULT FOR THE PERIOD / YEAR	1,941,625	5,346,378	10,221,967	10,032,457

.....continued on page 5


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer


Samer Saad
Finance Manager


The accompanying notes 1 to 20 form part of these interim condensed financial statements.

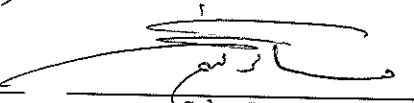
**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

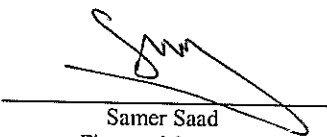
**INTERIM STATEMENT OF INSURANCE COMPREHENSIVE OPERATIONS
(UNAUDITED) (continued)**

.....continued from page 4

	<i>For the three month period ended 31 December</i>		<i>For the year ended 31 December</i>	
	<i>2017 (Unaudited) SR</i>	<i>2016 (Unaudited) SR</i>	<i>2017 (Unaudited) SR</i>	<i>2016 (Audited) SR</i>
NET RESULT FOR THE PERIOD / YEAR	1,941,625	5,346,378	10,221,967	10,032,457
<i>OTHER COMPREHENSIVE (LOSS) / INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</i>				
Realized loss/(gain) from available for sale investments	31,960	(1,498,053)	(1,771,017)	6,755,878
Change in fair value of available for sale investments	(224,855)	5,538,956	2,627,308	(3,000,662)
Net change in fair value of available for sale investments	(192,895)	4,040,903	856,291	3,755,216
Actuarial loss on employees' end of service benefits	(1,902,786)	-	(1,902,786)	-
Total comprehensive (loss)/income for the period / year	(154,056)	9,387,281	9,175,472	13,787,673


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer


Samer Saad
Finance Manager

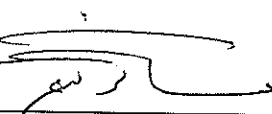
The accompanying notes 1 to 20 form part of these interim condensed financial statements.

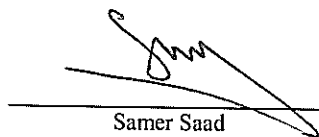
**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS

	Note	For the three month period ended 31 December		For the year ended 31 December	
		2017 (Unaudited) SR	2016 – Restated (Note 16) (Unaudited) SR	2017 (Unaudited) SR	2016 – Restated (Note 16) (Audited) SR
Surplus transferred from insurance operations		17,474,632	48,117,401	91,997,708	90,292,115
EXPENSES					
General and administrative		(865,655)	(798,035)	(2,558,049)	(2,879,542)
INCOME FROM OPERATIONS		16,608,977	47,319,366	89,439,659	87,412,573
Special commission income from time deposits	5	586,089	399,606	1,839,171	1,407,610
Special commission income from investments		795,486	492,076	2,681,503	1,675,365
Dividend income		-	-	4,130,000	384,616
Realized (loss)/gain from available for sale investments		(19,737)	29,174	(1,120,800)	847,682
Share of profit/(loss) of an associate		-	(409,737)	778,906	(758,518)
NET INCOME FOR THE PERIOD / YEAR	16	17,970,815	47,830,485	97,748,439	90,969,328
OTHER COMPREHENSIVE (LOSS) INCOME TO BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:					
Realized loss/(gain) from available for sale investments transferred to income		19,737	(29,174)	1,120,800	(847,682)
Change in fair value of available for sale investments	8(ii)(b)	(951,647)	373,532	6,016,509	85,265
Net change in fair value of available for sale investments		(931,910)	344,358	7,137,309	(762,417)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR	16	17,038,905	48,174,843	104,885,748	90,206,911
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD / YEAR	15,16	0.72	1.93	3.91	3.64


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer


Samer Saad
Finance Manager

The accompanying notes 1 to 20 form part of these interim condensed financial statements.

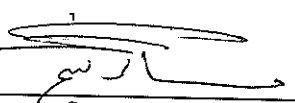
BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

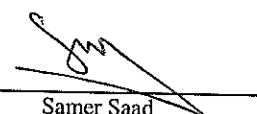
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the Year Ended 31 December 2017

	<i>Share Capital SR</i>	<i>Statutory Reserve 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>
2016 (Audited)					
Balance as at 1 January 2016	250,000,000	-	(17,597,642)	635,556	233,037,914
Net income for the year – before adjustment	-	-	82,789,970	-	82,789,970
Prior year adjustment (Note 16)	-	-	8,179,358	-	8,179,358
Net income for the year – after adjustment	-	-	90,969,328	-	90,969,328
<i>Other comprehensive income:</i>					
Net change in fair value of available for sale investments	-	-	-	(762,417)	(762,417)
<i>Total comprehensive income for the year – after adjustment</i>	-	-	90,969,328	(762,417)	90,206,911
Zakat for the year (Note 12)	-	-	(8,179,358)	-	(8,179,358)
Transfer to statutory reserve	-	14,674,338	(14,674,338)	-	-
Balance as at 31 December 2016	<u>250,000,000</u>	<u>14,674,338</u>	<u>50,517,990</u>	<u>(126,861)</u>	<u>315,065,467</u>
2017 (Unaudited)					
Balance as at 1 January 2017 – before adjustment	250,000,000	13,038,466	52,153,862	(126,861)	315,065,467
Prior year adjustment (Note 16)	-	1,635,872	(1,635,872)	-	-
Balance as at 1 January 2017 – after adjustment (Note 16)	<u>250,000,000</u>	<u>14,674,338</u>	<u>50,517,990</u>	<u>(126,861)</u>	<u>315,065,467</u>
Net income for the year	-	-	97,748,439	-	97,748,439
<i>Other comprehensive income:</i>					
Net change in fair value of available for sale investments	-	-	-	7,137,309	7,137,309
<i>Total comprehensive income for the year</i>	-	-	97,748,439	7,137,309	104,885,748
Dividends distributed (Note 18)	-	-	(12,500,000)	-	(12,500,000)
Transfer to statutory reserve	-	19,549,688	(19,549,688)	-	-
Zakat for the year (Note 12)	-	-	(10,474,699)	-	(10,474,699)
Balance as at 31 December 2017	<u>250,000,000</u>	<u>34,224,026</u>	<u>105,742,042</u>	<u>7,010,448</u>	<u>396,976,516</u>


Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer

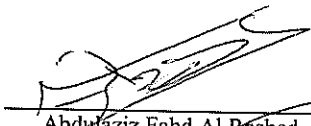

Samer Saad
Finance Manager

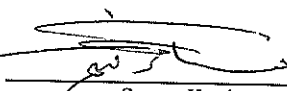
The accompanying notes 1 to 20 form part of these interim condensed financial statements.

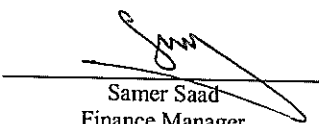
**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)

	<i>For the year ended 31 December</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Net result for the year	10,221,967	10,032,457
<i>Adjustments for:</i>		
Surplus transferred to shareholders' operations	91,997,708	90,292,115
Depreciation	1,022,708	1,037,753
Provision for employees' end of service benefits	1,959,823	1,949,643
Allowance for of doubtful debts	7,486	6,568,298
Realized (gain)/loss from available for sale investments	(1,771,017)	6,755,878
Impairment of available for sale investments	4,206,494	-
Loss/(gain) on disposal of property and equipment	29,881	(33,229)
<i>Net surplus before changes in operating assets and liabilities</i>	<u>107,675,050</u>	<u>116,602,915</u>
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurance balances receivable	(1,668,777)	2,204,106
Reinsurers' share of outstanding claims	(865,635)	10,936,487
Prepayments and other assets	1,481,574	(5,740,175)
Deferred policy acquisition costs	205,903	1,662,925
Reinsurers' share of unearned premiums	2,247,749	1,190,051
Gross outstanding claims	42,268,702	18,111,390
Reinsurance and insurance balances payable	15,935,713	(783,476)
Accrued expenses and other liabilities	11,576,306	1,387,148
Unearned reinsurance commission	(40,141)	(1,331,837)
Gross unearned premiums	(357,744)	(11,744,837)
Other reserves	3,601,434	5,229,087
<i>Cash generated from operations</i>	<u>182,060,134</u>	<u>137,723,784</u>
Employees' end of service benefits paid	(597,098)	(128,539)
Insurance surplus paid	(14,339,519)	(2,310,153)
Net cash generated from operating activities	<u>167,123,517</u>	<u>135,285,092</u>
INVESTING ACTIVITIES		
Time deposits	(125,905,416)	(58,269,007)
Purchase of available for sale investments	(33,647,942)	(37,918,858)
Proceeds from available for sale investments	33,360,120	37,405,527
Purchase of property and equipment	(1,906,294)	(953,632)
Proceeds from disposal of property and equipment	-	35,050
Net cash used in investing activities	<u>(128,099,532)</u>	<u>(59,700,920)</u>
FINANCING ACTIVITY		
Due to shareholders' operations	(54,443,927)	(17,511,780)
Net cash used in financing activity	<u>(54,443,927)</u>	<u>(17,511,780)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	<u>(15,419,942)</u>	<u>58,072,392</u>
Cash and cash equivalents at beginning of the year	209,890,732	151,818,340
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>194,470,790</u>	<u>209,890,732</u>
<i>Non-cash transactions:</i>		
Transfer of surplus to shareholders' comprehensive operations	91,997,708	90,292,115
Net change in fair value of available for sale investments	856,291	3,755,216

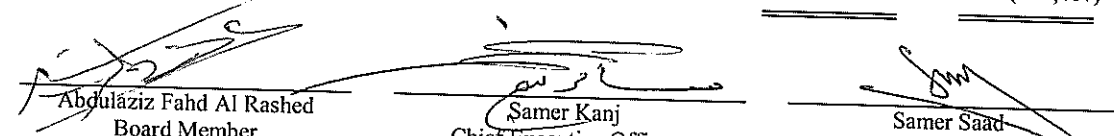

Abdulaziz Fahd Al Rashed
Board Member


Samer Kanj
Chief Executive Officer


Samer Saad
Finance Manager

The accompanying notes 1 to 20 form part of these interim condensed financial statements.

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

	Note	<i>For the year ended 31 December</i>	
		<i>2017</i> <i>(Unaudited)</i> <i>SR</i>	<i>2016</i> <i>(Audited)</i> <i>SR</i>
OPERATING ACTIVITIES			
Net income for the year		97,748,439	90,969,328
<i>Adjustments for:</i>			
Surplus transferred from insurance operations		(91,997,708)	(90,292,115)
Realised loss/(gain) from available for sale investments		1,120,800	(847,682)
Share of (profit)/loss of an associate		(778,906)	758,518
Net surplus before changes in operating assets and liabilities		<u>6,092,625</u>	<u>588,049</u>
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(752,929)	(860,278)
Accrued expenses and other liabilities		(933,417)	377,672
Cash generated from operations		<u>4,406,279</u>	<u>105,443</u>
Zakat paid		(5,125,940)	(2,378,604)
Net cash used in operating activities		<u>(719,661)</u>	<u>(2,273,161)</u>
INVESTING ACTIVITIES			
Time deposits		(79,817,228)	60,000,000
Purchase of available for sale investments	8(ii)(b)	(57,648,967)	(49,900,195)
Proceeds from available for sale investments	8(ii)(b)	37,127,040	21,547,769
Purchase of held to maturity investments		-	(5,000,000)
Net cash (used in)/generated from investing activities		<u>(100,339,155)</u>	<u>26,647,574</u>
FINANCING ACTIVITIES			
Dividends paid		(12,500,000)	-
Due from insurance operations		54,443,927	17,511,780
Net cash generated from financing activities		<u>41,943,927</u>	<u>17,511,780</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>(59,114,889)</u>	<u>41,886,193</u>
Cash and cash equivalents at the beginning of the year		<u>103,520,629</u>	<u>61,634,436</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	<u><u>44,405,740</u></u>	<u><u>103,520,629</u></u>
<i>Non-cash transactions:</i>			
Transfer of surplus from insurance operations		<u>(91,997,708)</u>	<u>(90,292,115)</u>
Net change in fair value of available for sale investments		<u>7,137,309</u>	<u>(762,417)</u>
			
		Abduláziz Fahd Al Rashed Board Member	Samer Kanj Chief Executive Officer
		Samer Saad Finance Manager	

The accompanying notes 1 to 20 form part of these interim condensed financial statements.

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

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

31 December 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 Authority ("SAMA") issued a formal approval to transact insurance business.

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

The Company obtained the necessary approvals from SAMA and Ministry of Commerce and Investment for the amendment of the Company's by-laws to be in accordance with the new companies' laws and regulations. Based on the above, the Company's extraordinary general assembly meeting was held on 26 Sha'ban 1438 (corresponding to 22 May 2017) and approved the new by-laws.

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 year ended 31 December 2017 amounting to SR 102.22 million (31 December 2016: SR 100.32 million). Accordingly, 90% of the net surplus amounting to SR 91.99 million (31 December 2016: SR 90.29 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 and year ended 31 December 2017 (the "period" or "year") are prepared in accordance International Accounting Standard 34, "Interim Financial Reporting" as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax', which requires adoption of IFRS as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12-"Income Taxes and IFRIC 21 – "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the Zakat and Income tax are to be accrued on a separately quarter basis through shareholders equity under retained earnings. Until 31 December 2016, the financial statements of the Company were prepared in accordance with IFRS. This change in framework, however, doesn't result in any change in the Company's accounting policy for zakat and tax.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

3 BASIS OF MEASUREMENT (continued)

Statement of compliance (continued)

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.

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:

• *Employees' end of service benefits*

The Company operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements for actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding credit to equity through other comprehensive income of the policy holders in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service cost are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date the Company recognizes related restructuring costs

Net special commission income is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation in the statement of income of insurance operations under general and administrative expenses:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine-settlements
- Net special commission expense or income

• *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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

4 SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

IFRS 17 Insurance Contracts

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

5 CASH AND CASH EQUIVALENTS

	<i>31 December 2017 (Unaudited)</i>		<i>31 December 2016 (Audited)</i>	
	<i>Insurance operations SR</i>	<i>Shareholders' operations SR</i>	<i>Insurance operations SR</i>	<i>Shareholders' operations SR</i>
Cash in hand and at banks	129,470,790	28,655,320	184,661,982	25,014,413
Short term deposits	65,000,000	15,750,420	25,228,750	78,506,216
Cash and cash equivalents	<u>194,470,790</u>	<u>44,405,740</u>	<u>209,890,732</u>	<u>103,520,629</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 1.15% per annum (31 December 2016: 2.60%).

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

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 2.59% per annum (31 December 2016: 3.02%).

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

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

7 PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET

Premiums and reinsurance balances receivable are comprised of the following:

	<i>31 December 2017</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2016</i> <i>(Audited)</i> <i>SR</i>
Premiums receivable	44,855,075	50,285,767
Less: Allowance for doubtful debts	(17,351,691)	(17,100,342)
	<u>27,503,384</u>	<u>33,185,425</u>
Reinsurance balances receivable	12,891,251	5,791,782
Less: Allowance for doubtful debts	(517,748)	(761,611)
	<u>12,373,503</u>	<u>5,030,171</u>
Total premiums and reinsurance balances receivable, net	<u>39,876,887</u>	<u>38,215,596</u>

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

	<i>Policyholders</i> <i>SR</i>	<i>Reinsurers</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<i>31 December 2017 (Unaudited)</i>			
Beginning balance	17,100,342	761,611	17,861,953
Charge (reversal) for the year	251,349	(130,301)	121,048
Written-off	-	(113,562)	(113,562)
<i>Closing balance</i>	<u>17,351,691</u>	<u>517,748</u>	<u>17,869,439</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	(249,949)	6,581,778
Written-off	-	(13,480)	(13,480)
<i>Closing balance</i>	<u>17,100,342</u>	<u>761,611</u>	<u>17,861,953</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

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>31 December 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Local "DPM" equity securities	Quoted	21,134,185	21,382,559
Units in local investment funds	NAV*	10,945,265	11,310,255
Units in local real estate fund	NAV*	9,322,000	10,000,000
		<u>41,401,450</u>	<u>42,692,814</u>

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

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

	<i>31 December 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
At the beginning of the year	42,692,814	45,180,145
Purchased during the year	33,647,942	37,918,858
Sold during the year	(33,360,120)	(37,405,527)
Impaired during the year	(4,206,494)	-
	<u>38,774,142</u>	<u>45,693,476</u>
Changes in fair value, net	2,627,308	(3,000,662)
At the end of the year	<u>41,401,450</u>	<u>42,692,814</u>

The change in fair value of available for sale investments of insurance operations amounting to SR (1,454,347) (31 December 2016: SR (2,310,638)) is presented within 'insurance operations surplus' in the statement of financial position and the current 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'.

(ii) Shareholders' operations

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

	<i>Source of fair value</i>	<i>31 December 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
GCC bonds and sukuk	Quoted	60,168,535	39,323,518
Units in local investment funds	NAV*	9,986,080	18,980,090
Units in local real estate funds	NAV*	45,999,583	31,312,154
Unquoted local equity investment	Unquoted	1,923,078	1,923,078
		<u>118,077,276</u>	<u>91,538,840</u>

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

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

8 INVESTMENTS (continued)

(iii) Shareholders' operations (continued)

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

	<i>31 December 2017</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2016</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the year	91,538,840	63,101,149
Purchased during the year	57,648,967	49,900,195
Sold during the year	(37,127,040)	(21,547,769)
	<u>112,060,767</u>	<u>91,453,575</u>
Changes in fair value, net	6,016,509	85,265
At the end of the year	<u>118,077,276</u>	<u>91,538,840</u>

The cumulative change in fair value of available for sale investments of shareholders' operations amounting to SR 7,010,448 (31 December 2016: (126,861)) is presented within shareholders' equity in the 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 December 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. This investment has increased by SR 778,906 which represents the Company's share of Gulf Warranties audited results for the year ended 31 December 2016.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

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>31 December 2017 (Unaudited)</i>	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
Bonds and sukus	60,168,535	-	-	60,168,535
Investment and real estate funds	20,931,345	55,321,583	-	76,252,928
Equities	21,134,185	-	1,923,078	23,057,263
	<u>102,234,065</u>	<u>55,321,583</u>	<u>1,923,078</u>	<u>159,478,726</u>
<i>31 December 2016 (Audited)</i>				
Bonds and sukus	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 and year ended 31 December 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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

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 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 year is set out below:

	<i>31 December 2017</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2016</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the year	20,492,110	14,691,356
Provided for the year	10,474,699	8,179,358
Payments during the year	(5,125,940)	(2,378,604)
At the end of the year	<u>25,840,869</u>	<u>20,492,110</u>

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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

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 year:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amounts of transactions</i>		<i>Balance as at</i>	
		<i>31 December 2017 (Unaudited) SR</i>	<i>31 December 2016 (Unaudited) SR</i>	<i>31 December 2017 (Unaudited) SR</i>	<i>31 December 2016 (Audited) SR</i>
Shareholders	Gross written premiums	12,878,064	12,652,911	12,500,723	9,716,767
	Reinsurance premium ceded	(3,001,002)	(1,859,842)	(1,164,406)	(222,805)
	Gross claims incurred	(3,275,493)	(1,376,559)	-	-
Board of Directors and committees' members	Remuneration fees, allowances and other expense	(1,791,384)	(1,776,000)	(1,841,571)	(2,918,350)
	Gross written premiums	14,095,794	13,466,282	4,315,317	3,114,451
	Insurance brokerage contracts	(2,219,406)	(3,375,914)	(1,556,714)	(1,740,780)
Associate	General and administrative expenses paid on behalf of the associate	-	-	844,638	851,788

Balances in respect of the above transactions with related parties are included in the relevant accounts in the 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 year is as follows:

	<i>For the year ended 31 December</i>	
	<i>2017 (Unaudited) SR</i>	<i>2016 (Audited) SR</i>
Short-term benefits	5,478,917	4,780,100
End of service benefits	424,340	462,271
	<u>5,903,257</u>	<u>5,242,371</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 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 December 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	47,990,039	40,149,512	1,614,427	1,777,434	4,032,160	95,563,572
Reinsurance premiums ceded	-	-	(1,356,631)	(1,026,586)	(2,099,510)	(4,482,727)
Excess of loss premiums	(411,963)	(6,147,808)	(171,805)	(223,156)	(256,311)	(7,211,043)
Net premiums written	47,578,076	34,001,704	85,991	527,692	1,676,339	83,869,802
Movement in unearned premiums, net	14,373,504	9,607,269	555,140	189,632	324,052	25,049,597
Net premiums earned	61,951,580	43,608,973	641,131	717,324	2,000,391	108,919,399
Reinsurance commission income	-	-	577,359	904,235	419,582	1,901,176
Policy fees and other underwriting income	3,891,918	-	4,360	49,215	36,480	3,981,973
Total revenues	65,843,498	43,608,973	1,222,850	1,670,774	2,456,453	114,802,548
Net claims paid	(49,523,556)	(23,030,871)	(223,830)	(553,888)	(110,219)	(73,442,364)
Movement in outstanding claims, net	12,710,981	(9,343,753)	20,047	1,105,558	(852,805)	3,640,028
Movement in other reserves	(1,769,355)	(1,559,132)	(5,269)	-	(267,678)	(3,601,434)
Net claims incurred	(38,581,930)	(33,933,756)	(209,052)	551,670	(1,230,702)	(73,403,770)
Policy acquisition costs	(5,341,101)	(4,927,947)	(296,547)	(173,027)	(360,764)	(11,099,386)
Inspection and supervision fees	(239,587)	(602,242)	(4,922)	(8,007)	(16,348)	(871,106)
Other underwriting expenses	(247,468)	(2,664,919)	(5,501)	-	-	(2,917,888)
Total underwriting costs	(44,410,086)	(42,128,864)	(516,022)	370,636	(1,607,814)	(88,292,150)
Net underwriting surplus	21,433,412	1,480,109	706,828	2,041,410	848,639	26,510,398
Unallocated expenses						(9,778,428)
Unallocated income						2,684,287
Surplus from insurance operations						19,416,257

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

14 SEGMENT INFORMATION (continued)

Operating segments

<i>For the three month period ended 31 December 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	58,358,886	35,756,870	1,582,530	1,570,311	4,590,765	101,859,362
Reinsurance premiums ceded	12	-	(1,233,563)	(901,796)	(2,056,049)	(4,191,396)
Excess of loss premiums	(2,296,683)	(1,751,635)	(200,665)	(414,862)	(197,613)	(4,861,458)
Net premiums written	56,062,215	34,005,235	148,302	253,653	2,337,103	92,806,508
Movement in unearned premiums, net	4,117,514	1,990,237	376,990	175,789	(511,575)	6,148,955
Net premiums earned	60,179,729	35,995,472	525,292	429,442	1,825,528	98,955,463
Reinsurance commission income	-	-	598,359	888,422	454,828	1,941,609
Policy fees and other underwriting income	4,309,000	-	5,685	52,055	21,435	4,388,175
Total revenues	64,488,729	35,995,472	1,129,336	1,369,919	2,301,791	105,285,247
Net claims paid	(37,998,005)	(4,711,776)	(31,728)	(463,050)	(290,532)	(43,495,091)
Movement in outstanding claims, net	4,048,373	8,825,106	1,093,515	1,069,400	253,378	15,289,772
Movement in other reserves	860,745	428,483	(2,428,660)	-	(79,349)	(1,218,781)
Net claims incurred	(33,088,887)	4,541,813	(1,366,873)	606,350	(116,503)	(29,424,100)
Policy acquisition costs	(4,571,974)	(3,671,922)	(313,945)	(154,665)	(322,983)	(9,035,489)
Inspection and supervision fees	(290,133)	(536,352)	(5,352)	(7,066)	(20,024)	(858,927)
Other underwriting expenses	(117,901)	(2,024,311)	-	-	-	(2,142,212)
Total underwriting costs	(38,068,895)	(1,690,772)	(1,686,170)	444,619	(459,510)	(41,460,728)
Net underwriting surplus (deficit)	26,419,834	34,304,700	(556,834)	1,814,538	1,842,281	63,824,519
Unallocated expenses						(14,233,981)
Unallocated income						3,873,241
Surplus from insurance operations						53,463,779

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

14 SEGMENT INFORMATION (continued)

Operating segments

<i>For the year ended 31 December 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	276,899,240	190,284,636	14,268,803	8,820,217	21,235,855	511,508,751
Reinsurance premiums ceded	-	-	(11,391,258)	(5,230,986)	(11,771,319)	(28,393,563)
Excess of loss premiums	(8,868,326)	(7,532,312)	(687,217)	(892,639)	(1,025,244)	(19,005,738)
Net premiums written	268,030,914	182,752,324	2,190,328	2,696,592	8,439,292	464,109,450
Movement in unearned premiums, net	339,648	(1,246,201)	54,977	(53,114)	(985,315)	(1,890,005)
Net premiums earned	268,370,562	181,506,123	2,245,305	2,643,478	7,453,977	462,219,445
Reinsurance commission income	-	-	2,231,420	3,596,635	2,183,391	8,011,446
Policy fees and other underwriting income	17,396,126	-	30,720	193,100	101,110	17,721,056
Total revenues	285,766,688	181,506,123	4,507,445	6,433,213	9,738,478	487,951,947
Net claims paid	(167,955,245)	(62,109,974)	(473,148)	(1,199,440)	(1,373,068)	(233,110,875)
Movement in outstanding claims, net	(2,123,422)	(35,093,705)	(1,898,366)	36,727	(2,324,301)	(41,403,067)
Movement in other reserves	(1,769,355)	(1,559,132)	(5,269)	-	(267,678)	(3,601,434)
Net claims incurred	(171,848,022)	(98,762,811)	(2,376,783)	(1,162,713)	(3,965,047)	(278,115,376)
Policy acquisition costs	(21,737,723)	(19,255,206)	(1,142,920)	(683,233)	(1,325,493)	(44,144,575)
Inspection and supervision fees	(1,377,989)	(2,854,269)	(50,081)	(40,407)	(96,037)	(4,418,783)
Other underwriting expenses	(1,004,873)	(10,278,229)	(9,501)	-	(364)	(11,292,967)
Total underwriting costs	(195,968,607)	(131,150,515)	(3,579,285)	(1,886,353)	(5,386,941)	(337,971,701)
Net underwriting surplus	89,798,081	50,355,608	928,160	4,546,860	4,351,537	149,980,246
Unallocated expenses						(55,847,635)
Unallocated income						8,087,064
Surplus from insurance operations						102,219,675

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
31 December 2017

14 SEGMENT INFORMATION (continued)

Operating segments

<i>For the year ended 31 December 2016 (Audited)</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	238,501,613	147,366,420	16,203,134	8,677,028	26,817,532	437,565,727
Reinsurance premiums ceded	(74,765)	-	(13,214,332)	(5,152,811)	(16,591,756)	(35,033,664)
Excess of loss premiums	(8,086,828)	(2,866,657)	(925,973)	(1,659,450)	(791,345)	(14,330,253)
Net premiums written	230,340,020	144,499,763	2,062,829	1,864,767	9,434,431	388,201,810
Movement in unearned premiums, net	17,167,522	(4,452,686)	473,853	342,441	(2,976,344)	10,554,786
Net premiums earned	247,507,542	140,047,077	2,536,682	2,207,208	6,458,087	398,756,596
Reinsurance commission income	54,303	-	3,016,511	3,326,155	1,989,554	8,386,523
Policy fees and other underwriting income	12,821,117	-	32,145	224,950	68,470	13,146,682
Total revenues	260,382,962	140,047,077	5,585,338	5,758,313	8,516,111	420,289,801
Net claims paid	(152,226,353)	(26,879,470)	(113,196)	(600,002)	(535,437)	(180,354,458)
Movement in outstanding claims, net	(13,926,684)	(12,862,154)	(1,116,212)	772,045	(1,914,873)	(29,047,878)
Movement in other reserves	(1,280,922)	(117,311)	(3,653,584)	-	(177,270)	(5,229,087)
Net claims incurred	(167,433,959)	(39,858,935)	(4,882,992)	172,043	(2,627,580)	(214,631,423)
Policy acquisition costs	(19,499,171)	(14,389,768)	(1,729,722)	(783,616)	(1,380,583)	(37,782,860)
Inspection and supervision fees	(1,186,202)	(2,210,499)	(44,150)	(39,169)	(122,146)	(3,602,166)
Other underwriting expenses	(600,246)	(7,828,131)	(40,451)	-	-	(8,468,828)
Total underwriting costs	(188,719,578)	(64,287,333)	(6,697,315)	(650,742)	(4,130,309)	(264,485,277)
Net underwriting surplus/(deficit)	71,663,384	75,759,744	(1,111,977)	5,107,571	4,385,802	155,804,524
Unallocated expenses						(56,836,803)
Unallocated income						1,356,851
Surplus from insurance operations						100,324,572

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

14 SEGMENT INFORMATION (continued)

Operating segments

As at 31 December 2017 (Unaudited)

	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
ASSETS						
Reinsurers' share of unearned premiums	-	-	4,234,751	989,943	5,538,815	10,763,509
Reinsurers' share of outstanding claims	18,838,183	3,155,217	48,740,442	13,267,995	17,458,339	101,460,176
Deferred policy acquisition costs	7,615,946	6,721,244	311,415	132,593	1,125,933	15,907,131
SEGMENT ASSETS	26,454,129	9,876,461	53,286,608	14,390,531	24,123,087	128,130,816
Unallocated assets						627,677,269
TOTAL ASSETS						755,808,085
LIABILITIES						
Gross unearned premiums	114,359,594	68,979,126	5,032,936	1,698,716	13,573,241	203,643,613
Gross outstanding claims	151,236,337	64,580,837	54,621,672	18,479,603	25,326,029	314,244,478
Unearned reinsurance commission	-	-	804,429	384,226	524,885	1,713,540
Other reserves	6,387,194	1,676,443	3,780,882	-	488,340	12,332,859
SEGMENT LIABILITIES	271,983,125	135,236,406	64,239,919	20,562,545	39,912,495	531,934,490
Unallocated liabilities						223,873,595
TOTAL LIABILITIES						755,808,085

Operating segments

As at 31 December 2016 (Audited)

	<i>Motor SR</i>	<i>Medical SR</i>	<i>Property SR</i>	<i>Marine SR</i>	<i>Others SR</i>	<i>Total SR</i>
ASSETS						
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
SEGMENT ASSETS	22,541,061	8,148,628	64,441,115	9,750,320	24,837,709	129,718,833
Unallocated assets						517,449,736
TOTAL ASSETS						647,168,569
LIABILITIES						
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
SEGMENT LIABILITIES	264,052,583	95,720,764	73,492,657	15,874,079	37,322,156	486,462,239
Unallocated liabilities						160,706,330
TOTAL LIABILITIES						647,168,569

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

31 December 2017

15 BASIC AND DILUTED EARNINGS PER SHARE

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

16 PRIOR YEAR RESTATEMENT

Further to the new SAMA's circular (number 381000074519) regarding the accounting policy of Zakat and income tax (Note 4), 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	82,789,970	8,179,358	90,969,328
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.

Statement of Shareholders' Comprehensive Income – (for the year ended 31 December 2016)

	<u>Before Adjustment</u>	<u>Adjustment</u>	<u>After Adjustment</u>
Net Income before Zakat for the year ended 31 December 2016	90,969,328	-	90,969,328
Zakat for the year ended 31 December 2016	(8,179,358)	8,179,358*	-
Net Income for the year ended 31 December 2016	82,789,970	8,179,358*	90,969,328
Total Comprehensive Income for the year ended 31 December 2016	82,027,553	8,179,358*	90,206,911
Basic and Diluted Earnings per Share for the year	3.31	0.33	3.64

*The above mentioned adjustment was carried out to the net income/comprehensive income for the year ended 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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

31 December 2017

17 EMPLOYEES' END OF SERVICE BENEFITS

The following tables summarise the components of end of service benefits recognised in the interim statement of income, accumulated surplus and amounts recognised in the statement of comprehensive income and interim statement of financial position of insurance operations:

Amount recognised in the statement of financial position	<i>31 December 2017</i> <i>(Unaudited)</i>
Present value of end of service benefits	<u>8,912,564</u>
Fair value of plan assets	-
Net liability at end of the year	<u><u>8,912,564</u></u>
Benefit expense (recognised in profit or loss)	<i>31 December 2017</i> <i>(Unaudited)</i>
Current service costs	<u>1,692,773</u>
Commission rate costs	<u>267,050</u>
Benefit expense (recognised in profit or loss)	<u><u>1,959,823</u></u>
Movement in the present value of end of service benefits	<i>31 December 2017</i> <i>(Unaudited)</i>
End of service benefits at beginning of the year	5,647,053
Current service costs	1,692,773
Commission rate costs	267,050
Actuarial loss from experience adjustments	1,902,786
Benefits paid	<u>(597,098)</u>
Present value of end of service benefits at end of the year	<u><u>8,912,564</u></u>
Movement in net liability recognised in balance sheet	<i>31 December 2017</i> <i>(Unaudited)</i>
Net liability at beginning of the year	5,647,053
Charge recognised in profit or loss	1,959,823
Actuarial loss recognised in other comprehensive income	1,902,786
Benefits paid	<u>(597,098)</u>
Net liability at end of the year	<u><u>8,912,564</u></u>
Principal actuarial assumption as at 31 December 2017	
Discount rate	4.50%
Salary increase rate	6.73%
Return on plan assets	Not applicable

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

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

31 December 2017

18 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 million each of which is entitled to SR 0.5 which represents 5% of the par value thereof.

The above proposed dividend was approved by the Company's general assembly extraordinary meeting that was held on 22 May 2017 and the dividend was paid on 6 June 2017.

19 COMPARATIVE FIGURES

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

20 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 13 Jumada Al-Awwal 1439H, (corresponding to 30 January 2018).