

**AXA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
30 JUNE 2017 (UNAUDITED)  
AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2017**

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## Report on review of interim financial information

To the shareholders of AXA Cooperative Insurance Company:  
(A Saudi Joint Stock Company)

### Introduction

We have reviewed the accompanying interim statement of financial position of AXA Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of 30 June 2017 and the related interim statements of insurance operations' income and accumulated surplus, insurance operations' comprehensive income, shareholders' operations and shareholders' comprehensive income for the three-month and six-month periods then ended and the interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the six-month period ended 30 June 2017 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") and Saudi Arabian Monetary Authority's ("SAMA") guidance on accounting for zakat and income tax. Our responsibility is to express a conclusion on these condensed interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 and SAMA's guidance on accounting for zakat and income tax.

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**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**(All amounts expressed in Saudi Riyals thousands unless otherwise stated)**

		As at	
	Note	30 June 2017 (Unaudited)	31 December 2016 (Audited)
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	3	223,499	132,662
Short-term deposits		406,583	380,074
Premiums and insurance balances receivable - net	4	208,685	122,672
Reinsurers' share of unearned premiums		69,273	29,078
Reinsurers' share of outstanding claims and reserves		134,730	105,316
Deferred policy acquisition costs		37,870	19,130
Available-for-sale Investments	7	215,522	134,810
Prepayments and other receivable		16,500	18,458
Long-term deposits		103,380	7,500
Held-to-maturity Investments	7	78,844	75,000
Furniture, fixtures and equipment		6,562	6,070
Intangible - computer software		7,743	7,984
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>1,509,191</b>	<b>1,038,752</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	3	6	-
Short-term deposits		10,000	60,000
Available-for-sale Investments	7	161,509	160,466
Prepayments and other receivable		1,340	2,366
Investment return on statutory deposit		2,289	1,859
Long-term deposits		155,000	116,250
Held-to-maturity Investments	7	60,000	80,000
Goodwill on acquisition of insurance portfolio	12	50,000	50,000
Due from insurance operations		62,450	25,448
Statutory deposit	8	45,000	45,000
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>547,594</b>	<b>521,389</b>
<b>TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS</b>		<b>2,056,785</b>	<b>1,560,141</b>

(Continued)

The accompanying notes are an integral part of this condensed interim financial information.

*Basim Al-Filali*  
*[Signature]*  
*[Signature]*

**AXA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM STATEMENT OF FINANCIAL POSITION (Continued)**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		As at	
	Note	30 June 2017 (Unaudited)	31 December 2016 (Audited)
<b>INSURANCE OPERATIONS' LIABILITIES AND ACCUMULATED SURPLUS</b>			
Reinsurance balances payable	6b	99,028	33,547
Gross unearned premiums		491,481	290,295
Gross outstanding claims and reserves		701,981	557,152
Advance premiums		3,690	7,339
Unearned reinsurance commission income		7,948	5,424
Accrued and other liabilities		105,916	86,296
Due to shareholder's operations		62,450	25,448
Due to a related party	6b	3,257	3,534
Employee benefit obligations		23,974	22,402
<b>Total insurance operations' liabilities</b>		<b>1,499,725</b>	<b>1,031,437</b>
Accumulated surplus from insurance operations		8,628	8,198
Fair value reserve on available-for-sale investments		838	(883)
<b>Total insurance operations' accumulated surplus</b>		<b>9,466</b>	<b>7,315</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND ACCUMULATED SURPLUS</b>		<b>1,509,191</b>	<b>1,038,752</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Accrued zakat and income tax		21,484	18,961
Accrued and other liabilities		554	1,020
Commission payable on statutory deposits		2,289	1,859
<b>Total shareholders' liabilities</b>		<b>24,327</b>	<b>21,840</b>
<b>Shareholders' equity</b>			
Share capital	10	450,000	450,000
Statutory reserve		15,815	11,150
Fair value reserve		1,244	830
Performance share reserve	11	715	640
Retained earnings		55,493	36,929
<b>Total shareholders' equity</b>		<b>523,267</b>	<b>499,549</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>547,594</b>	<b>521,389</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND ACCUMULATED SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>2,056,785</b>	<b>1,560,141</b>

**CONTINGENCIES**

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The accompanying notes form an integral part of this condensed interim financial information.

  
Paul Adamson  
Managing Director

  
Gary Lawin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**

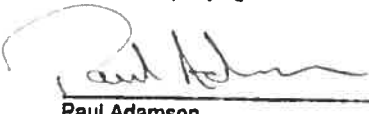
(A Saudi Joint Stock Company)

**INTERIM STATEMENT OF INSURANCE OPERATIONS' INCOME AND ACCUMALTED SURPLUS**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

Note	Three-month period ended 30 June 2017 (Unaudited)	Three-month period ended 30 June 2016 (Unaudited)	Six-month period ended 30 June 2017 (Unaudited)	Six-month period ended 30 June 2016 (Unaudited)
<b>REVENUE</b>				
Gross premiums written	6a 219,933	200,542	941,175	651,295
Less: reinsurance premiums ceded	(25,058)	(17,680)	(149,114)	(37,803)
Net premiums written	194,875	182,862	792,061	613,492
Changes in unearned premiums, net	127,696	81,964	(160,991)	(95,431)
Net premiums earned	322,571	264,826	631,070	518,061
Reinsurance commissions	8,207	3,650	14,168	7,655
Total revenue	330,778	268,476	645,238	525,716
<b>COSTS AND EXPENSES</b>				
Gross claims paid and other expenses	211,270	186,639	437,982	376,625
Reinsurers' share of claims paid	(18,589)	(4,482)	(33,266)	(26,366)
Net claims paid	192,681	182,157	404,716	350,259
Changes in outstanding claims and reserves, net	74,755	37,338	115,415	76,588
Net claims incurred	6a 267,436	219,495	520,131	426,847
Policy acquisition costs	27,046	17,739	49,921	35,328
General and administrative expenses	6a 28,151	25,130	57,897	47,785
Total costs and expenses	322,633	262,364	627,949	509,960
Operating surplus	8,145	6,112	17,289	15,756
Commission income	5,823	4,260	11,312	6,781
Surplus from insurance operations	13,968	10,372	28,601	22,537
Shareholders' appropriation of surplus	(12,571)	(9,334)	(25,741)	(20,283)
Insurance operations' surplus after shareholders' appropriation of surplus	1,397	1,038	2,860	2,254
Accumulated surplus, beginning of the period	9,661	6,573	8,198	5,357
Surplus distributed during the period	(2,430)	-	(2,430)	-
Accumulated surplus, end of the period	8,628	7,611	8,628	7,611

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Paul Adamson  
Managing Director

  
Gary Lewin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

**INTERIM STATEMENT OF INSURANCE OPERATIONS' COMPREHENSIVE INCOME**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended 30 June 2017 (Unaudited)	Three-month period ended 30 June 2016 (Unaudited)	Six-month period ended 30 June 2017 (Unaudited)	Six-month period ended 30 June 2016 (Unaudited)
Insurance operations' surplus after shareholders' appropriation of surplus		1,397	1,038	2,860	2,254
<b>OTHER COMPREHENSIVE INCOME:</b>					
Items that may subsequently be reclassified to statement of Insurance operations' Income and accumulated surplus					
Changes in fair value reserve for available-for-sale investments, net	7	106	873	1,721	1,011
<b>Total comprehensive income for the period</b>		<b>1,503</b>	<b>1,911</b>	<b>4,581</b>	<b>3,265</b>

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Paul Adamson  
Managing Director  
Gary Lewin  
Chief Executive Officer  
Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**


(A Saudi Joint Stock Company)

**INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS**


(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended 30 June 2017 (Unaudited)	Three-month period ended 30 June 2016 (Unaudited)	Six-month period ended 30 June 2017 (Unaudited)	Six-month period ended 30 June 2016 (Unaudited)
Net surplus transferred from Insurance operations		12,571	9,334	25,741	20,283
Commission income	7	2,612	659	6,053	3,303
General and administrative expenses		(355)	(465)	(693)	(816)
Shareholders' net income for the period		14,828	9,528	31,101	22,770
Weighted average number of outstanding shares ('000')		45,000	45,000	45,000	45,000
Basic and diluted earnings per share (Saudi Riyals)		0.33	0.21	0.69	0.51

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Paul Adamson  
Managing Director

  
Gary Lewin  
Chief Executive Officer

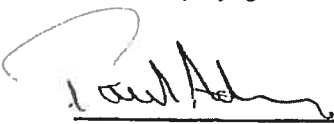
  
Babar Ali Khan  
Chief Financial Officer



**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME**  
**(All amounts expressed in Saudi Riyals thousands unless otherwise stated)**

		Three-month period ended 30 June 2017	Three-month period ended 30 June 2018 (Restated - see Note 2)	Six-month period ended 30 June 2017	Six-month period ended 30 June 2018 (Restated - see Note 2)
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Shareholders' net income for period		14,828	9,528	31,101	22,770
Performance shares re-measurement		(101)	-	-	-
Changes in fair value reserve for available-for-sale investments, net	7	566	3,532	414	1,514
<b>Total comprehensive income for the period</b>		<b>15,293</b>	<b>13,060</b>	<b>31,515</b>	<b>24,284</b>

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**Gary Lewin**  
**Chief Executive Officer**

  
**Babar Ali Khan**  
**Chief Financial Officer**

**AXA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30 2017**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

<u>Unaudited</u>	Share capital	Statutory reserve	Fair value reserve	Performance share reserve	Retained Earnings	Total
Balance at 1 January 2017	450,000	11,150	830	640	36,929	499,549
Income for the period	-	-	-	-	31,101	31,101
Changes in fair value reserve for available-for-sale investments, net	-	-	414	-	-	414
Transfer to statutory reserve	-	4,665	-	-	(4,665)	-
Provision for zakat for the current period	-	-	-	-	(5,197)	(5,197)
Performance share reserve - charge during the period	-	-	-	-	(2,578)	(2,578)
Performance share reserve - settlement	-	-	-	273	-	273
Transfer from retained earnings	-	-	-	(295)	-	(295)
	-	-	-	97	(97)	-
Balance at 30 June 2017	450,000	15,815	1,244	715	55,493	523,267

Unaudited

Balance at 1 January 2016	450,000	5,132	17	-	13,312	488,461
Income for the period	-	-	-	-	22,770	22,770
Changes in fair value reserve for available-for-sale investments, net	-	-	-	-	-	-
Transfer to statutory reserve	-	-	1,514	-	-	1,514
Provision for zakat for the current period	-	3,308	-	-	(3,308)	-
Provision for income tax for the current period	-	-	-	-	(4,111)	(4,111)
	-	-	-	-	(2,118)	(2,118)
Balance at 30 June 2016	450,000	8,440	1,531	-	26,545	486,516

The accompanying are an integral part of this condensed interim financial information.

Paul Adamson  
Managing Director

Gary Lewin  
Chief Executive Officer

Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**


(A Saudi Joint Stock Company)

**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Six-month period ended 30 June 2017 (Unaudited)	Six-month period ended 30 June 2016 (Unaudited)
<b>Cash flows from operating activities</b>			
Net result from insurance operations		2,860	2,254
<u>Adjustments to reconcile surplus from insurance operations to net cash from operating activities:</u>			
Shareholders' appropriation of surplus from Insurance Operations		25,741	20,283
Amortization of premium on available- for-sale investments		42	8
Accretion of the discount on available-for-sale investments		(60)	(46)
Depreciation		1,245	1,370
Amortization of intangibles		952	928
		<u>30,780</u>	<u>24,797</u>
<b>Changes in operating assets and liabilities:</b>			
Premiums and insurance balances receivable, net		(86,014)	(51,398)
Reinsurers' share of unearned premiums		(40,195)	16,512
Reinsurers' share of outstanding claims and reserves		(29,414)	9,908
Deferred policy acquisition costs		(18,740)	(4,988)
Prepayments and other receivable		1,957	(4,774)
Receivable from related parties		-	(3,812)
Due from shareholders' operations		-	108,686
Reinsurance balances payable		65,481	(11,216)
Deferred reinsurance commission		2,524	(2,655)
Gross unearned premiums		201,186	78,920
Gross outstanding claims and reserves		144,829	66,697
Accrued expenses and other liabilities		15,972	(6,822)
Due to shareholder's operations		11,261	17,087
Payable to related parties		(277)	(100)
Employee benefit obligations		1,572	608
Surplus contribution paid		(2,430)	-
<b>Net cash inflow from operating activities</b>		<u>298,492</u>	<u>235,650</u>
<b>Cash flows from investing activities</b>			
Short-term deposits		(26,509)	(63,619)
Purchase of furniture, fixtures and equipment		(1,737)	(1,273)
Proceeds from sale of available-for-sale investments		15,245	38
Purchase of available-for-sale investments		(94,218)	(3,924)
Held to maturity		(3,844)	-
Long term deposit		(95,880)	-
Purchase of intangible assets		(712)	(1,313)
<b>Net cash outflow from investing activities</b>		<u>(207,655)</u>	<u>(70,093)</u>
<b>Net Increase in cash and cash equivalents</b>		<u>90,837</u>	<u>165,557</u>
<b>Cash and cash equivalents, beginning of the period</b>		<u>132,662</u>	<u>44,286</u>
<b>Cash and cash equivalents, end of the period</b>	3	<u>223,499</u>	<u>209,843</u>
<b>Supplemental cash flow information:</b>			
<b>Non-cash investing activity:</b>			
Unrealized fair value changes on available-for-sale investments	7	1,721	1,011

The accompanying notes form an integral part of this condensed interim financial information.

  
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Managing Director

  
Gary Lewin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**

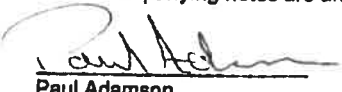
(A Saudi Joint Stock Company)

**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Six-month period ended 30 June 2017 (Unaudited)	Six-month period ended 30 June 2016 (Unaudited)
<b>Cash flows from operating activities</b>			
Shareholders' net income for the period		31,101	22,770
<u>Adjustments to reconcile net income to net cash from operating activities:</u>			
Performance share reserve - charge during the period		273	
Impairment loss on available for sale investments		827	2,379
Amortization of premium on available for sale investments		83	30
Accretion of the discount on available for sale investments		(32)	(89)
Appropriation of surplus from insurance operations		(25,741)	(20,283)
		6,511	4,807
<u>Changes in operating assets and liabilities:</u>			
Prepayments and other receivable		1,026	(62)
Zakat and income tax paid		(5,252)	-
Investment return on statutory deposit		(430)	(331)
Commission on statutory deposit payable		430	331
Due to insurance operations		-	(108,886)
Due from insurance operations		(11,261)	(17,087)
Accrued and other liabilities		(466)	(175)
<b>Net cash outflow from operating activities</b>		<b>(9,442)</b>	<b>(119,203)</b>
<b>Cash flows from investing activities</b>			
Short-term deposits		50,000	20,000
Long term deposit		(38,750)	(45,000)
Purchase of available-for-sale investments	7	(26,817)	(5,512)
Proceeds from disposal of available-for-sale investments	7	25,310	3,256
<b>Net cash inflow (outflow) from investing activities</b>		<b>9,743</b>	<b>(27,256)</b>
<b>Cash flows from financing activities</b>			
Performance share reserve - settlement		(295)	-
<b>Net change in cash and cash equivalents</b>		<b>6</b>	<b>(146,459)</b>
Cash and cash equivalents, beginning of the period		-	146,459
<b>Cash and cash equivalents, end of the period</b>	3	<b>6</b>	<b>-</b>
<u>Supplemental cash flow information:</u>			
<u>Non-cash operating activity:</u>			
Zakat and income tax charged to shareholders' comprehensive income		(7,775)	(6,229)
<u>Non-cash investing activity:</u>			
Unrealized fair value changes on available-for-sale investments, net	7	414	1,514

The accompanying notes are an integral part of this condensed interim financial information.

  
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Managing Director

  
Gary Lewin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

## **AXA COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

#### **1. General information**

##### **Legal status and principal activities**

AXA Cooperative Insurance Company (the "Company") is a Saudi joint stock company established in the Kingdom of Saudi Arabia by the Royal Decree number M/36 dated 27 Jumada II 1429H (1 July 2008) (date of inception). The Company was incorporated vide Ministerial Order number Q/192, dated 10 Jumada II 1430H, (3 June 2009) (date of incorporation). The Company is registered in the Kingdom of Saudi Arabia under commercial registration number 1010271203 issued in Riyadh on Rajab 20, 1430H (13 July 2009). The Company's registered address is P.O. Box 753, Riyadh 11421, Kingdom of Saudi Arabia.

The principal activities of the Company are to engage in cooperative insurance operations and related activities including reinsurance activities in accordance with the Law on Supervision of Cooperative Insurance (the "Law"), the Company's by-laws and other regulations promulgated in the Kingdom of Saudi Arabia. The Company obtained licence from the Saudi Arabian Monetary Authority ("SAMA") to practice general and medical insurance and reinsurance business in the Kingdom of Saudi Arabia vide licence number. TMN/25/20101, dated Safar 11, 1431H (corresponding to 26 January 2010). The Company has commenced insurance operations on Rabi' I 4, 1431H (corresponding to 18 February 2010) after obtaining full product approval for certain products and temporary approval for the remaining products. During 2016, the Company obtained approval for the remaining products.

#### **2. Summary of significant accounting policies**

Significant accounting policies applied in the preparation of this condensed interim financial information are set out below. These policies are consistently applied for all periods presented.

##### **2.1 Basis of preparation**

During 2017, SAMA issued a circular number 381000074519 dated 14 Rajab 1438H (11 April 2017) ("Circular") and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax. The impact of these amendments is that zakat and income tax will be recognized in the interim statement of shareholders' equity with a corresponding liability in the interim statement of financial position.

Applying the above framework, the condensed interim financial information of the Company as at and for the three-month and six-month periods ended 30 June 2017 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") and SAMA guidance for the accounting of zakat and income tax.

Until 2016, the condensed interim financial information of the Company was prepared in accordance with the IAS 34. This change in framework resulted in a change in the presentation of zakat and income tax (as disclosed in note 2.2) to the condensed interim financial information.

As required by the Law, the Company maintains separate accounts for insurance operations and shareholders' operations and presents the financial statements accordingly. The physical custody and title of all assets related to the insurance operations and shareholders' operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined by management and the Board of Directors of the Company.

In accordance with the requirements of the Implementing Regulations for Co-operative Insurance Companies (the "Regulations") issued by SAMA and as per the by-laws of the Company, surplus arising from the insurance operations is distributed as follows:

Transfer to shareholders' comprehensive operations	90%
Transfer to insurance operations' accumulated surplus	<u>10%</u>
	<u>100%</u>

If the insurance operations result in a deficit, the entire deficit is borne by the shareholders' operations. The accompanying condensed interim financial information include all adjustments comprising mainly of normal recurring accruals considered necessary by the Company's management to present a fair statement of the financial position, results of operations and cash flows.

**AXA COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**2. Summary of significant accounting policies (continued)****2.2 Accounting policies**

The accounting policies used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the annual audited financial statements as at and for the year ended 31 December 2016, except for:

(a) The Company used to charge zakat and income tax to the interim statement of changes in shareholders' equity through the interim statement of shareholders' comprehensive income. As a result of the Circular, the Company has changed its presentation relating to zakat and income tax and has started to charge zakat and income tax directly to the interim statement of changes in shareholders' equity. The Company has accounted for this change retrospectively, which has resulted in an increase in the total shareholders' comprehensive income by Saudi Riyals 6.2 million for the period ended 30 June 2016. The above change has not resulted in any changes in any of the components of the shareholders' equity of prior periods presented earlier; and

(b) The adoption of certain amendments and revisions to existing standards as mentioned below, which have no significant financial impact on the condensed interim financial information of the Company. This condensed interim financial information should therefore be read in conjunction with the audited financial statements for the year ended 31 December 2016. The results of the interim period are not indicative of the results of the full statutory financial year.

**Standard**

Amendments to IAS 1  
Amendments to IFRS 11  
IFRS 14  
Amendments to IAS 16  
Amendments to IFRS 10 and IAS 28  
Amendments to IAS 27  
Annual improvements 2014

**Description**

Disclosure initiative  
Accounting for acquisitions of interests in joint operations  
Regulatory deferral accounts  
Property, plant and equipment  
Investment entities: Applying the consolidation exception  
Equity method in separate financial statements

The adoption of the above standards did not have any impact on the accounting policies, financial position or performance of the Company.

The Company's management decided not to choose the early adoption of the following new and amended standards and interpretations issued which will become effective for the period commencing on or after 1 July 2017:

**Standard**

Amendments to IAS 7  
Amendments to IFRS 4  
Amendments to IAS 12  
Amendments to IFRS 2  
  
IFRS 9  
IFRS 15  
IFRS 16  
IFRS 17  
IAS 40  
IFRIC 22  
Annual improvements 2014 - 2016

**Description**

Statement of cash flows  
Introduction of overlay approach and a deferral approach  
Deferred tax assets related to debt instruments  
Clarification on how to accounts for certain types of share-based payment transactions  
Financial instruments  
Revenue from contracts with customers  
Leases  
Insurance contracts  
Investment property, relating to transfer of property  
Foreign currency transaction and advance consideration

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**2. Summary of significant accounting policies (continued)**

**2.3 Use of estimates in the preparation of condensed interim financial information**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and the Company's condensed interim financial information present fairly, in all material respects, the financial position and results of operations.

**2.4 Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including commission rate risk, currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2016. There have been no changes in the risk management department or in any risk management policies since the year end.

**2.5 Seasonality of operations**

There are no seasonal changes that affect insurance operations.

**3. Cash and cash equivalents**

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>30 June 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>	<b>30 June 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Cash in hand and at bank	25,599	20,269	-	-
Time deposits	197,900	112,393	6	-
	<b>223,499</b>	<b>132,662</b>	<b>6</b>	<b>-</b>

Cash at banks are placed with counterparties that have investment grade credit ratings. As of June 30, 2017, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned financial income at 1.20% to 1.35% (December 31, 2016: 0.65% to 1.85%) per annum.

**4. Premiums and insurance balances receivable, net**

	<b>30 June 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Receivable from insurance intermediaries	156,873	68,467
Receivable from policyholders	56,105	60,190
Receivable from reinsurance companies	18,268	19,435
	<b>231,246</b>	<b>148,092</b>
Less: provision for doubtful debts	(22,561)	(25,420)
	<b>208,685</b>	<b>122,672</b>

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**5. Zakat and income tax matters****Components of zakat base**

Significant components of zakat base of the Company principally comprise of shareholders' equity at the beginning of the period, adjusted net income and certain other items.

**Provision for zakat and income tax**

Provision for Zakat has been made at 2.5% of approximate zakat base attributable to the Saudi shareholders of the Company. Local shareholding used for the purpose of zakat base calculation is 66%.

Provision for income tax has been made at 20% of the adjusted net income attributable to the foreign shareholders of the Company. Foreign shareholding subject to income tax is 34%.

**Status of zakat and tax assessment**

During 2014, the General Authority of Zakat and Tax ("GAZT") has issued assessments for the years from 2009 to 2012 amounting to Saudi Riyals 11.6 million, which was subsequently reduced to Saudi Riyals 8.5 million. The Company filed an appeal against the assessment of GAZT for the additional demand arising out of various disallowances from years 2009 to 2012 with Preliminary Appeal Committee ("PAC"). As per the decision of PAC, the liability was reduced to Saudi Riyals 4.87 million. The appeal against PAC's decision is currently pending for hearing with Higher Appeal Committee.

The GAZT has issued assessments for the years 2013 and 2014 with additional liability amounted of Saudi Riyals 5.3 million and Saudi Riyals 6.3 million respectively. The Company filed appeal against GAZT's initial assessment and has obtained limited certificates for these years.

**6. Related party matters**

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

**a) Related party transactions**

The following are the details of the major related party transactions during the period:

<b>Nature of transactions</b>	<b>Three - month period ended 30 June 2017 (Unaudited)</b>	<b>Three - month period ended 30 June 2016 (Unaudited)</b>	<b>Six - month period ended 30 June 2017 (Unaudited)</b>	<b>Six - month period ended 30 June 2016 (Unaudited)</b>
<b>Insurance operations</b>				
Gross premiums written	7,589	7,935	19,147	19,309
Net claims paid	6,042	7,656	15,230	17,394
Reinsurance ceded	13,224	11,380	24,367	21,795
Reinsurers' share of outstanding claims	2,322	4,353	5,633	8,808
Reinsurance commissions	1,480	1,081	1,881	2,098
Expenses charged by related parties	812	207	1,024	605
Remuneration of key management personnel	3,997	1,954	6,017	3,926
Contribution to provident fund	6	-	726	-
<b>Shareholders' operations</b>				
Directors remunerations	275	285	530	560

The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is on employment terms and as per the by-laws of the Company.



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**6. Related party matters (continued)****b) Related party balances****i) Premiums and insurance balances receivable**

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Premium receivable from related parties	23,949	17,380
Less: provision for doubtful debts	(7,216)	(2,481)
	<b>16,733</b>	<b>14,899</b>

**ii) Receivable from a related party**

Receivable from a related party represents amount receivable the AXA Insurance Gulf B.S.C (c.).

**iii) Reinsurers' balances payable**

Reinsurers' balances payable is Saudi Riyals 19 million (31 December 2016 – Saudi Riyals 16.45 million).

**iv) Due to related parties**

Due to related parties represents net balance resulted from various transactions with related parties in the normal course of business.

**7. Investments****Available-for-sale investments**

Available-for-sale investments include the following:

	Insurance operations		Shareholders' operations	
	30 June 2017 (Unaudited)	31 December 2016 (Audited)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Government bonds	128,186	70,990	73,187	72,744
Other bonds	68,673	49,090	69,804	68,815
Mutual funds	18,663	14,730	-	-
Equity investments	-	-	18,518	18,907
	<b>215,522</b>	<b>134,810</b>	<b>161,509</b>	<b>160,466</b>

The equity investments include investment in 1,923,078 shares of Najm for Insurance Services (Najm) (2016: 1,923,078 shares) which are stated at nil value (31 December 2016: Nil).

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**7. Investments (continued)**
**Available-for-sale investments (continued)**

The movement in these available-for-sale investments is as follows:

	Insurance operations		Shareholders' operations	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Balance, beginning of the period / year	134,810	85,008	160,466	123,338
Purchases during the period / year	94,218	50,666	26,817	43,195
Sold during the period / year	(15,245)	(71)	(25,310)	(3,620)
Amortization of premium on available-for-sale investments	(42)	(92)	(83)	(176)
Accretion of the discount on available-for-sale investments	60	27	32	44
Impairment	-	-	(827)	(3,128)
Unrealised fair value changes, net	1,721	(728)	414	813
Balance, end of the period / year	215,522	134,810	161,509	160,466

**Held-to-maturity investments - Insurance operations**

Held-to-maturity investments at June 30, 2017 and December 31, 2016 comprise of the following:

Type of security	Issuer	Maturity period	Profit margin	Book value net of amortization	
				30 June 2017	31 December 2016
				(Unaudited)	(Audited)
Sukuks	General Authority of Civil Aviation II	10 years	3.21%	60,000	60,000
Sukuks	Saudi Electricity Global	10 years	3.47%	18,844	15,000
				78,844	75,000

**Held-to-maturity investments - shareholders' operations**

Type of security	Issuer	Maturity period	Profit margin	Book value net of amortization	
				30 June 2017	31 December 2016
				(Unaudited)	(Audited)
Sukuks	General Authority of Civil Aviation II	10 years	3.21%	60,000	60,000

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**8. Statutory deposit**

In accordance with the Regulations, the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of SAMA.

**9. Statutory reserve**

In accordance with the Law on Supervision of Cooperative Insurance Companies, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

**10. Share capital**

The authorized, issued and paid up share capital of the Company is Saudi Riyals 450 million at 30 June 2017 (31 December 2016: Saudi Riyals 450 million) consisting of 45 million shares (31 December 2016: 45 million shares) of Saudi Riyals 10 each.

**11. Share-based payments**

AXA Group ("the Group") has introduced a performance share based plan for employees of AXA entities world-wide which is designed to reward them for their role in achievement of the entities' long-term objectives. This scheme incentivizes employees after completion of certain number of years with the Company, with shares of AXA SA without any cost to employees. These shares are issued outside Saudi Arabia and employees have the right to receive at the settlement date, a certain number of AXA SA shares based on the achievement of performance criteria defined by AXA SA and vesting period. The Company absorbs cost of these shares under a group recharge arrangement, paid directly to AXA SA.

At the balance sheet date, the Company recognised changes in reserve of Saudi Riyals 0.08 million (31 December 2016: Saudi Riyals 0.64 million) in respect of performance shares. During the period, the Company recognised an expense of SAR 0.3 million (June 30, 2016: Nil) in interim statement of shareholders' operations in respect of performance shares.

**12. Goodwill on acquisition of insurance portfolio**

This represents goodwill recognized on portfolio acquisition. The Company received approval from SAMA on 15 Dhul-Qadah 1433H (corresponding to October 1, 2012) to transfer insurance portfolio from AXA Saudi Arabia Holding W.L.L. (formerly AXA Insurance Saudi Arabia B.S.C.c) at a total consideration of SR 106.57 million. During the year 2015, the Company met payment conditions imposed by SAMA and received approval for payment of SR 50 million in respect of initial consideration to AXA Saudi Arabia Holding W.L.L. which was recognized as goodwill. The remaining amount of Saudi Riyals 56.57 has been relinquished.

**13. Contingencies**

The Company has provided bank guarantee in favour of the General Authority for Zakat and Tax ("GAZT") of Saudi Riyals 4.87 million against the settlement of the tax and Zakat from 2009 till 2012. The Company has issued various other bank guarantees for an amount of Saudi Riyals 2.9 million in the normal course of business. Also see Note 5.

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**14. Segmental information**

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incur expenses and about which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

- Segment assets do not include cash and cash equivalents, short-term deposits, long-term deposits, available-for-sale investments, held-to-maturity investments, receivable from related parties, premiums and insurance balances receivable, prepayments and other receivable, due from shareholders', furniture, fixtures and equipment and intangibles;
- Segment liabilities and surplus do not include reinsurers' balances payable, advance premiums, payable to a related party, accrued and other liabilities, employee end of service benefits and fair value reserve on available-for-sale investments; and
- Operating segments do not include shareholders' operations.

For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:

- Accident and liability;
- Motor;
- Property;
- Marine;
- Engineering;
- Other general insurance;
- Health; and
- Protection.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the interim condensed financial information.

No inter-segment transactions occurred during the period. If any transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of interim condensed financial information of the Company.

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**14. Segmental information (continued)**

**Operating segments**

**For the three - month period ended 30 June 2017 (Unaudited)**

	General and medical							Protection	Grand Total
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health	Total	
Gross premiums written	6,872	83,791	14,537	20,640	8,978	1,585	72,917	209,320	219,933
Less: reinsurance premiums ceded	(456)	2,033	(6,546)	(15,959)	(1,397)	(21)	(154)	(22,500)	(25,058)
Net premiums written	6,416	85,824	7,991	4,681	7,581	1,564	72,763	186,820	194,875
Changes in unearned premiums	(25)	131,008	(3,021)	(2,735)	(986)	(390)	7,366	131,217	(3,521)
Net premiums earned	6,391	216,832	4,970	1,946	6,595	1,174	80,129	318,037	322,571
Reinsurance commission earned	75	2,420	1,664	3,624	365	-	1	8,149	8,207
Total revenue	6,466	219,252	6,634	5,570	6,960	1,174	80,130	326,186	330,778
Gross claims paid	255	144,789	4,775	2,924	1,079	(1)	54,299	208,120	211,270
Less: reinsurers' share	-	(15,404)	141	(1,693)	(308)	-	(303)	(17,567)	(18,589)
Net claims paid	255	129,385	4,916	1,231	771	(1)	53,996	190,553	192,681
Changes in outstanding claims and reserves	1,229	50,375	3,555	2,957	2,552	13	12,243	72,924	74,755
Net claims incurred	1,484	179,760	8,471	4,188	3,323	12	66,239	263,477	267,436
Policy acquisition costs	838	15,967	2,155	1,331	913	31	5,050	26,285	27,046
General and administrative expenses	554	18,923	444	149	580	102	6,998	27,750	28,151
Total costs and expenses	2,876	214,650	11,070	5,668	4,816	145	78,287	317,512	322,633
Surplus from insurance operations									8,145
Commission income									5,823
Net surplus from insurance operations									13,968
Shareholders' appropriation of surplus from insurance operations									(12,571)
Net result from insurance operations' after appropriation of surplus									1,397

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**14. Segmental information (continued)**

**Operating segments**

**For the three - month period ended 30 June 2016 (Unaudited)**

	General and medical							Protection	Grand Total
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health		
Gross premiums written	7,516	80,515	10,891	15,832	8,261	1,172	72,536	3,819	200,542
Less: reinsurance premiums ceded	(802)	(751)	(6,928)	(4,976)	(2,813)	(36)	(1,274)	(100)	(17,680)
Net premiums written	6,714	79,764	3,963	10,856	5,448	1,136	71,262	3,719	182,862
Changes in unearned premiums	(362)	71,823	(416)	(2,948)	(959)	(323)	15,091	58	81,964
Net premiums earned	6,352	151,587	3,547	7,908	4,489	813	86,353	3,777	264,826
Reinsurance commission earned	92	4	1,779	1,269	303	-	5	198	3,650
Total revenue	6,444	151,591	5,326	9,177	4,792	813	86,358	3,975	268,476
Gross claims paid	222	109,786	8,087	1,408	31	268	64,795	2,042	186,639
Less: reinsurers' share	-	-	(2,347)	(620)	-	-	(1,148)	(367)	(4,482)
Net claims paid	222	109,786	5,740	788	31	268	63,647	1,675	182,157
Changes in outstanding claims and reserves	109	17,132	831	5,029	4,440	(195)	11,213	(1,221)	37,338
Net claims incurred	331	126,918	6,571	5,817	4,471	73	74,860	454	219,495
Policy acquisition costs	728	8,274	1,870	913	752	116	4,685	401	17,739
Operating and administrative salaries	380	9,095	212	474	269	49	5,179	228	15,886
Other general and administrative expenses	223	5,278	129	274	156	28	3,025	131	9,244
Total costs and expenses	1,662	149,565	8,782	7,478	5,648	266	87,749	1,214	262,364
Surplus from insurance operations									6,112
Commission income									4,260
Net surplus from insurance operations									10,372
Shareholders' appropriation of surplus from insurance operations									(9,334)
Net result from insurance operations' after appropriation of surplus									1,038

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**14. Segmental information (continued)**

**Operating segments**

**For the six-month period ended 30 June 2017 (Unaudited)**

	Accident and liability	General and medical						Total	Protection	Grand Total
		Motor	Property	Marine	Engineering	Other general insurance	Health			
Gross premiums written	16,489	667,468	34,043	30,720	18,868	3,116	153,887	924,591	16,584	941,175
Less: reinsurance premiums ceded	(1,177)	(108,072)	(15,674)	(18,760)	(4,643)	(147)	1,601	(146,872)	(2,242)	(149,114)
Net premiums written	15,312	559,396	18,369	11,960	14,225	2,969	155,488	777,719	14,342	792,061
Changes in unearned premiums	(2,760)	(134,759)	(10,837)	(3,621)	(2,160)	(871)	318	(154,690)	(6,301)	(160,991)
Net premiums earned	12,552	424,637	7,532	8,339	12,065	2,098	155,806	623,029	8,041	631,070
Reinsurance commission earned	120	5,060	3,356	4,844	690	-	25	14,095	73	14,168
Total revenue	12,672	429,697	10,888	13,183	12,755	2,098	155,831	637,124	8,114	645,238
Gross claims paid	346	289,623	8,146	7,294	1,170	35	125,585	432,199	5,783	437,982
Less: reinsurers' share	-	(24,582)	(1,449)	(4,936)	(308)	-	(769)	(32,044)	(1,222)	(33,266)
Net claims paid	346	265,041	6,697	2,358	862	35	124,816	400,155	4,561	404,716
Changes in outstanding claims and reserves	3,770	85,396	8,762	5,474	5,476	4	4,639	113,521	1,894	115,415
Net claims incurred	4,116	350,437	15,459	7,832	6,338	39	129,455	513,676	6,455	520,131
Policy acquisition costs	1,593	29,895	4,187	2,040	1,907	64	9,043	48,729	1,192	49,921
Operating and administrative salaries	1,148	38,960	691	765	1,107	192	14,295	57,158	739	57,897
Total costs and expenses	6,857	419,292	20,337	10,637	9,352	295	152,793	619,563	8,386	627,949
Surplus from insurance operations										17,289
Commission income										11,312
Net surplus from insurance operations										28,601
Shareholders' appropriation of surplus from insurance operations										(25,741)
Net result from insurance operations' after appropriation of surplus										2,860

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**14. Segmental information (continued)**

**Operating segments**

**For the six-month period ended 30 June 2016 (Unaudited)**

	General and medical							Protection	Grand Total
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health		
Gross premiums written	17,299	361,129	21,920	27,842	17,693	2,153	187,825	15,434	651,295
Less: reinsurance premiums ceded	(1,328)	(1,696)	(11,662)	(10,198)	(6,834)	(181)	(1,565)	(4,339)	(37,803)
Net premiums written	15,971	359,433	10,258	17,644	10,859	1,972	186,260	11,095	613,492
Changes in unearned premiums	(3,092)	(67,143)	(1,735)	(2,879)	(2,228)	(531)	(14,116)	(3,707)	(95,431)
Net premiums earned	12,879	292,290	8,523	14,765	8,631	1,441	172,144	7,388	518,061
Reinsurance commission earned	183	6	3,661	2,833	573	-	27	372	7,655
Total revenue	13,062	292,296	12,184	17,598	9,204	1,441	172,171	7,760	525,716
Gross claims paid	2,661	194,065	28,231	3,262	112	273	139,587	8,434	376,625
Less: reinsurers' share	(2)	-	(21,812)	(1,189)	-	-	(1,208)	(2,155)	(26,366)
Net claims paid	2,659	194,065	6,419	2,073	112	273	138,379	6,279	350,259
Changes in outstanding claims and reserves	(1,343)	52,849	4,768	6,961	7,608	24	6,211	(490)	76,588
Net claims incurred	1,316	246,914	11,187	9,034	7,720	297	144,590	5,789	426,847
Policy acquisition costs	1,401	15,841	3,839	1,963	1,453	149	9,587	1,095	35,328
Operating and administrative salaries	777	17,644	514	891	521	87	10,392	447	31,273
Other general and administrative expenses	410	9,316	272	471	275	46	5,487	235	16,512
Total costs and expenses	3,904	289,715	15,812	12,359	9,969	579	170,056	7,566	509,960
Surplus from insurance operations									15,756
Commission income									6,781
Net surplus from insurance operations									22,537
Shareholders' appropriation of surplus from insurance operations									(20,283)
Net result from insurance operations' after appropriation of surplus									2,254



**AXA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**14. Segmental information (continued)**

**Insurance operation's financial position as at 30 June 2017 (Unaudited)**

	General and medical							
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health	Grand Total
<u>Insurance operations' assets</u>								
Reinsurers' share of unearned premiums	605	52,878	3,722	3,080	6,799	-	107	69,273
Reinsurers' share of outstanding claims and reserves	407	20,199	36,995	68,227	8,554	-	223	134,730
Deferred policy acquisition costs	1,536	24,510	2,302	593	1,153	49	5,811	37,870
Segment assets								241,873
Unallocated assets								1,267,318
Total Insurance operations' assets								1,509,191
<u>Insurance operations' liabilities and accumulated surplus</u>								
Gross unearned premiums	14,071	286,503	22,006	9,837	20,950	1,468	123,792	491,481
Gross outstanding claims and reserves	24,951	295,748	92,583	112,395	50,967	241	108,453	701,981
Unearned reinsurance commission	104	5,232	772	805	1,022	-	1	7,948
Segment liabilities								1,201,410
Unallocated liabilities								307,781
Total Insurance operations' liabilities and accumulated surplus								1,509,191

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**14. Segmental information (continued)**

**Insurance operation's financial position as at 31 December 2016 (Audited)**

	General and medical									
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health	Total	Protection	Grand Total
<u>Insurance operations' assets</u>										
Reinsurers' share of unearned premiums	304	7	13,514	2,480	9,532	-	2,209	28,046	1,032	29,078
Reinsurers' share of outstanding claims and reserves	338	4	30,351	65,819	8,138	-	615	105,265	51	105,316
Deferred policy acquisition costs	1,181	9,045	2,892	203	1,240	26	3,754	18,341	789	19,130
Segment assets	1823	9056	46757	68502	18910	26	6578	151652	1872	153524
Unallocated assets										885,228
Total insurance operations' assets										<u>1,038,752</u>
<u>Insurance operations' liabilities and accumulated surplus</u>										
Gross unearned premiums	11,011	98,873	20,961	5,616	21,523	597	126,212	284,793	5,502	290,295
Gross outstanding claims and reserves	21,114	188,592	77,176	103,277	46,639	237	104,206	541,241	15,911	557,152
Unearned reinsurance commission	44	-	2,857	746	1,514	-	199	5,360	64	5,424
Segment liabilities	32,169	287,465	100,994	109,639	69,676	834	230,617	831,394	21,477	852,871
Unallocated liabilities										185,881
Total insurance operations' liabilities and accumulated surplus										<u>1,038,752</u>

**AXA COOPERATIVE INSURANCE COMPANY**

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**15. Earnings per share**

Basic and diluted earnings per share for three-month and six-month periods ended 30 June 2017 and 2016 have been computed by dividing the shareholders' net income for the periods by the weighted average number of ordinary shares outstanding during such periods.

**16. 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 between market participants at the measurement date (i.e. an exit price). The Company's financial assets consist of cash and cash equivalents, deposits, premiums and insurance balances receivable, due from related parties, reinsurer's share of outstanding claims, available-for-sale investments, prepayments and other receivable, held-to-maturity investments and its financial liabilities consist of reinsurance balances payable, gross outstanding claims, accrued expenses and other liabilities, accrued zakat and income tax, due to a related party and employee benefit obligations.

The fair values of financial assets and liabilities are not materially different from their carrying values at the reporting date.

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

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repackaging);

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

The table below presents the financial assets at their fair values as at 30 June 2017 and 31 December 2016 based on the fair value hierarchy:

<b>June 30, 2017 (Unaudited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Insurance operations</b>				
Available-for-sale investments	215,522	-	-	215,522
<b>Shareholders' operations</b>				
Available-for-sale investments	161,509	-	-	161,509
<b>Total investments</b>	<b>377,031</b>	<b>-</b>	<b>-</b>	<b>377,031</b>
<b>December 31, 2016 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Insurance operations</b>				
Available-for-sale investments	134,810	-	-	134,810
<b>Shareholders' operations</b>				
Available-for-sale investments	160,466	-	-	160,466
<b>Total investments</b>	<b>295,276</b>	<b>-</b>	<b>-</b>	<b>295,276</b>

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 six-month period ended 30 June 2017, there were no changes in the valuation techniques from the previous periods.

**17. Approval of the condensed interim financial information**

This condensed interim financial information has been approved by the Board of Directors on 1 August 2017.