

**THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2017**

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2017

INDEX	PAGE
Independent auditors' review report	1
Interim statement of financial position	2 - 3
Interim statement of income - Insurance operations and accumulated surplus	4
Interim statement of comprehensive income - Insurance operations	5
Interim statement of comprehensive income - Shareholders operations	6
Interim statement of changes in Shareholders' equity	7
Interim statement of cash flows - Insurance operations	8
Interim statement of cash flows - Shareholders operations	9
Notes to the interim condensed financial information	10 - 26



INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF THE COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of The Company for Cooperative Insurance (A Saudi Joint Stock Company) (the "Company") as at 31 March 2017 and the related interim statement of income - insurance operations and accumulated surplus, interim statements of comprehensive income for insurance operations and shareholders operations, interim statement of changes in shareholders' equity and interim statements of cash flows for insurance operations and shareholders operations for the three-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) and Saudi Arabian Monetary Authority (SAMA) guidance on accounting for zakat and taxes. Our responsibility is to express a conclusion on these 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34 and SAMA guidance on accounting for zakat and taxes.

PricewaterhouseCoopers
P.O. Box 8282, Riyadh 11482
Kingdom of Saudi Arabia

Omar M. Al Sagga
Certified Public Accountant
Registration No. 369



Dr. Mohamed Al-Amri & Co.
Public Accountants & Consultants
P. O. Box 8736, Riyadh 11491
Kingdom of Saudi Arabia

Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362



15 Shaban, 1438 (H)
11 May, 2017 (G)

**THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION**

		March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
	Notes	SAR '000	
<u>ASSETS - INSURANCE OPERATIONS</u>			
Property and equipment, net		293,524	298,406
Investment property		9,861	9,861
Investments in associates		6,053	12,691
Available-for-sale investments	4(i)	3,755,415	3,155,586
Prepaid expenses and other assets		117,786	282,796
Deferred policy acquisition costs		223,439	218,100
Reinsurers' share of outstanding claims	6	2,260,137	2,102,745
Reinsurers' share of unearned premiums		465,413	553,813
Receivables, net	3	2,133,551	2,326,988
Murabaha deposits	5	147,500	411,000
Bank balances and cash	5	911,112	968,402
Total assets - Insurance operations		10,323,791	10,340,388
<u>ASSETS - SHAREHOLDERS OPERATIONS</u>			
Statutory deposit	9	125,000	100,000
Accrued income on statutory deposit		1,789	1,711
Investments in associates		85,723	94,958
Available-for-sale investments	4(ii)	1,718,926	1,377,991
Due from Insurance operations		720,978	539,326
Murabaha deposits	5	100,000	905,150
Bank balances and cash	5	119,818	116,597
Total assets - Shareholders operations		2,872,234	3,135,733
TOTAL ASSETS		13,196,025	13,476,121

The accompanying notes 1 to 19 form an integral part of these interim condensed financial information.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION (continued)

	Notes	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
		SAR '000	
<u>LIABILITIES AND SURPLUS - INSURANCE OPERATIONS</u>			
Liabilities - Insurance operations:			
Reserve for discontinued operations		1,621	1,621
Surplus distribution payable		76,651	76,651
Claims payable, accrued expenses and other liabilities		1,132,066	1,500,543
Reserve for takaful activities		12,971	12,902
Gross outstanding claims and reserves	6	3,744,609	3,577,820
Unearned commission income		51,930	54,439
Gross unearned premiums		4,426,697	4,390,229
Reinsurers' balances payable		181,829	177,828
Due to Shareholders' operations		720,978	539,326
Total liabilities - Insurance operations		10,349,352	10,331,359
Surplus - Insurance operations:			
Accumulated surplus		13,966	-
Fair value reserve for available-for-sale investments		(39,527)	9,029
Total liabilities and surplus - Insurance operations		10,323,791	10,340,388
<u>LIABILITIES AND EQUITY - SHAREHOLDERS OPERATIONS</u>			
Shareholders operations liabilities:			
Accrued expenses and other liabilities		1,484	-
Return payable on statutory deposit		1,789	1,711
Dividends payable		7,779	6,054
Zakat		217,398	200,443
Total liabilities - Shareholders operations		228,450	208,208
Shareholders' equity:			
Share capital	7	1,250,000	1,000,000
Legal reserve	10	1,000,000	1,000,000
Fair value reserve for available-for-sale investments		2,465	(71,182)
Retained earnings		391,319	998,707
Total Shareholders' equity		2,643,784	2,927,525
Total Shareholders operations liabilities and equity		2,872,234	3,135,733
TOTAL LIABILITIES, INSURANCE OPERATIONS SURPLUS AND SHAREHOLDERS' EQUITY		13,196,025	13,476,121

The accompanying notes 1 to 19 form an integral part of these interim condensed financial information.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF INCOME - INSURANCE OPERATIONS AND ACCUMULATED
SURPLUS

	Three months ended March 31, 2017 (Unaudited)	Three months ended March 31, 2016 (Unaudited)
Note	SAR '000	
REVENUES		
Gross premiums written	2,028,380	1,701,342
Less: Reinsurance ceded	(143,356)	(120,314)
Net premiums written	1,885,024	1,581,028
Changes in unearned premiums, net	(124,868)	41,502
Net premiums earned	1,760,156	1,622,530
Reinsurance commissions	25,244	25,023
Other income, net	13,342	11,424
Total revenues	1,798,742	1,658,977
COSTS AND EXPENSES		
Gross claims paid	1,431,954	1,323,655
Less: Reinsurance share	(33,009)	(80,132)
Net claims paid	1,398,945	1,243,523
Changes in outstanding claims and reserves, net	9,397	24,109
Net claims incurred	1,408,342	1,267,632
Policy acquisition costs	105,060	124,668
Excess of loss expenses	12,460	6,331
Changes in reserve for takaful activities	69	(4)
Other underwriting expenses	43,122	38,280
Manafeth insurance share distribution	29,234	23,014
Operating and selling expenses	81,608	92,899
Other general and administrative expenses	14,554	11,572
Total costs and expenses	1,694,449	1,564,392
Operating surplus	104,293	94,585
Investment income, net	35,366	24,047
Impairment of available-for-sale investments	-	(50,036)
Surplus from Insurance operations	139,659	68,596
Shareholders' appropriation from surplus	(125,693)	(61,736)
Surplus from Insurance operations after Shareholders' appropriation	13,966	6,860
ACCUMULATED SURPLUS AT END OF THE PERIOD	13,966	6,860

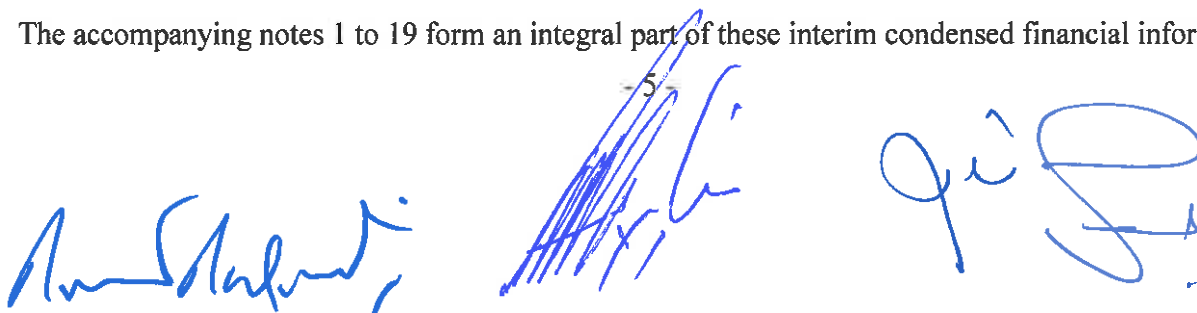
The accompanying notes 1 to 19 form an integral part of these interim condensed financial information.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF COMPREHENSIVE INCOME - INSURANCE OPERATIONS

		Three months ended March 31, 2017 (Unaudited)	Three months ended March 31, 2016 (Unaudited)
	Note	SAR '000	
Surplus from Insurance operations after Shareholders' appropriation		13,966	6,860
Other comprehensive (loss) / income:			
<i>Items that may be recycled back to interim statement of income in subsequent periods:</i>			
Changes in fair value of available-for-sale investments	4	(48,556)	17,924
Total comprehensive (loss) / income for the period		(34,590)	24,784

The accompanying notes 1 to 19 form an integral part of these interim condensed financial information.

- 5 -



THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS OPERATIONS

	Three months ended March 31, 2017 (Unaudited)	Three months ended March 31, 2016 (Unaudited) [Restated - note 17]
Notes	<u>SAR '000</u>	
Appropriation of surplus from Insurance operations	125,693	61,736
Investment income, net	34,035	19,518
Share of profit from investments in associates, net	2,050	2,408
Impairment of available-for-sale investments	-	(22,034)
Other expenses, net	<u>(1,483)</u>	<u>(100)</u>
Income from operations	160,295	61,528
Other comprehensive income / (loss):		
<i>Items that may be recycled back to interim statement of income in subsequent periods:</i>		
Changes in fair value of available-for-sale investments	4 73,647	(8,385)
Total comprehensive income for the period	<u>233,942</u>	<u>53,143</u>
Earnings per share:		
Basic and diluted earnings per share (in SAR)	15 <u>1.28</u>	<u>0.49</u>
Weighted average number of shares in issue	7 <u>125,000,000</u>	<u>125,000,000</u>

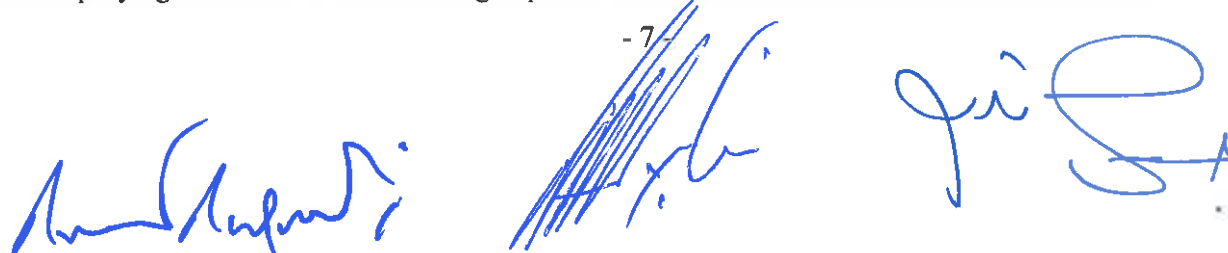
The accompanying notes 1 to 19 form an integral part of these interim condensed financial information.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	Share capital	Legal reserve	Fair value reserve for available-for-sale investments	Retained earnings	Total
		SAR'000				
<i>Unaudited</i>						
Balance at January 1, 2016		1,000,000	883,465	(56,861)	482,464	2,309,068
Comprehensive income for the period:						
Income from operations		-	-	-	61,528	61,528
Changes in fair value of available-for-sale investments		-	-	(8,385)	-	(8,385)
Zakat	17	-	-	-	(14,320)	(14,320)
Dividend distribution	7	-	-	-	(100,000)	(100,000)
Balance at March 31, 2016		1,000,000	883,465	(65,246)	429,672	2,247,891
<i>Unaudited</i>						
Balance at January 1, 2017		1,000,000	1,000,000	(71,182)	998,707	2,927,525
Comprehensive income for the period:						
Income from operations		-	-	-	160,295	160,295
Changes in fair value of available-for-sale investments		-	-	73,647	-	73,647
Zakat		-	-	-	(17,683)	(17,683)
Issuance of bonus shares	7	250,000	-	-	(250,000)	-
Dividend distribution	7	-	-	-	(500,000)	(500,000)
Balance at March 31, 2017		1,250,000	1,000,000	2,465	391,319	2,643,784

The accompanying notes 1 to 19 form an integral part of these interim condensed financial information.

- 7 -

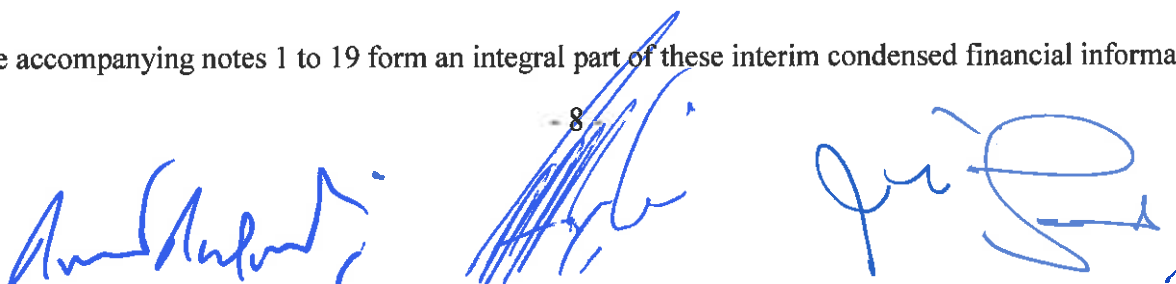


THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CASH FLOWS - INSURANCE OPERATIONS

	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
Notes	SAR '000	
Operating activities:		
Surplus from Insurance operations after Shareholders' appropriation	13,966	6,860
<u>Adjustments to reconcile surplus from Insurance operations to net cash from operating activities:</u>		
Shareholders' appropriation from surplus	125,693	61,736
Depreciation	5,795	3,574
Reversal of provision for doubtful debts	(6,020)	(2,471)
Gain on sale of available-for-sale investments	(41,501)	(15,257)
Impairment on available-for-sale investments	-	50,036
Share of loss from investment in an associate	6,638	2,165
Operating surplus before changes in operating assets and liabilities	104,571	106,643
<u>Changes in operating assets and liabilities:</u>		
Prepaid expenses and other assets	165,010	96,045
Deferred policy acquisition costs	(5,339)	(14,047)
Reinsurers' share of outstanding claims	(157,392)	72,095
Reinsurers' share of unearned premiums	88,400	153,958
Receivables, net	199,457	501,208
Reinsurers' balances payable	4,001	(268,400)
Gross unearned premiums	36,468	(195,460)
Unearned commission income	(2,509)	(5,894)
Gross outstanding claims and reserves	166,789	(47,986)
Reserve for takaful activities	69	(4)
Claims payable, accrued expenses and other liabilities	(368,477)	(28,371)
Due to Shareholders' operations	(125,693)	(61,736)
Cash from operating activities	105,355	308,051
Surplus paid to policyholders during the period	-	(46,895)
Net cash from operating activities	105,355	261,156
Investing activities:		
Proceeds from sale of available-for-sale investments	134,942	373,652
Purchase of available-for-sale investments	(741,826)	(284,143)
Purchase of property and equipment	(913)	(2,782)
Net cash (used in) / from investing activities	(607,797)	86,727
Financing activity:		
Due to Shareholders operations	181,652	(190,581)
Net change in cash and cash equivalents	(320,790)	157,302
Cash and cash equivalents at the beginning of the period	5 1,379,402	761,868
Cash and cash equivalents at the end of the period	5 1,058,612	919,170
Non-cash supplemental information:		
Changes in fair value of available-for-sale investments	(48,556)	17,924

The accompanying notes 1 to 19 form an integral part of these interim condensed financial information.

- 8 -



**THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF CASH FLOWS - SHAREHOLDERS OPERATIONS

		March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
	Notes	SAR '000	
Operating activities:			
Net income for the period		160,295	61,528
<u>Adjustments to reconcile net income to net cash from operating activities:</u>			
Appropriation of surplus from Insurance operations		(125,693)	(61,736)
Impairment of available-for-sale investments		-	22,034
(Gain) / loss on sale of available-for-sale investments		(29,585)	18,501
Share of profit from investment in associates, net		(2,050)	(2,408)
Operating profit before changes in operating assets and liabilities		2,967	37,919
<u>Changes in operating assets and liabilities:</u>			
Due from Insurance operations		125,693	61,736
Accrued expenses and other liabilities		1,484	(209)
Cash from operating activities		130,144	99,446
Zakat paid during the period		(728)	(368)
Net cash from operating activities		129,416	99,078
Investing activities:			
Statutory deposit		(25,000)	-
Proceeds from sale of available-for-sale investments		1,003,765	969,862
Purchase of available-for-sale investments		(1,241,468)	(1,043,561)
Dividends received from investment in associates		11,285	6,213
Net cash used in investing activities		(251,418)	(67,486)
Financing activities:			
Dividends paid		(498,275)	(99,554)
Due from Insurance operations		(181,652)	190,581
Net cash (used in) / from financing activities		(679,927)	91,027
Net change in cash and cash equivalents		(801,929)	122,619
Cash and cash equivalents at the beginning of the period	5	1,021,747	62,855
Cash and cash equivalents at the end of the period	5	219,818	185,474
Non-cash supplemental information:			
Changes in fair value of available-for-sale investments		73,647	(8,385)

The accompanying notes 1 to 19 form an integral part of these interim condensed financial information.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2017

1. GENERAL

The Company for Cooperative Insurance (the “Company”) is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/5 and incorporated on January 18, 1986, corresponding to Jumada al-Awal 8, 1406H, under Commercial Registration No. 1010061695. The Company’s Head Office is located on Thumamah Road (at Takhassusi) ArRabi District, P.O. Box 86959, Riyadh 11632, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include medical, motor, marine, fire, engineering, energy, aviation, takaful and casualty insurance.

On July 31, 2003, corresponding to Jumada al-Thani 2, 1424H, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On December 1, 2004, corresponding to Shawwal 18, 1425H, the Saudi Arabian Monetary Authority (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

The Company conducts the business and advances funds to the insurance operations as required. On January 20, 2004, the Company amended its Articles of Association, giving authority to the Board of Directors to determine the disposition of the surplus from insurance operations.

On March 20, 2004, the Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by SAMA, whereby the Shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the Policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the Shareholders’ operations in full.

2. BASIS OF PREPARATION

(a) Basis of presentation

During 2017, SAMA issued a circular number 381000074519 dated 14 Rajab 1438H (corresponding to April 11, 2017) (“Circular”) and subsequent amendments through certain clarifications relating to the accounting for zakat and tax. The impact of these amendments is that zakat and 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 interim condensed financial information of the Company as at and for the three month period ended March 31, 2017 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) and SAMA guidance for the accounting of zakat and tax.

Until 2016, the interim condensed financial information of the Company were prepared in accordance with the IAS 34. This change in framework resulted in a change in accounting policy for zakat [as disclosed in note 2(c)] and the effects of this change are disclosed in note 17 to the interim condensed financial information.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

2. BASIS OF PREPARATION (continued)

(a) Basis of presentation (continued)

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

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments and investment in associates which is accounted for under the equity method. The Company presents its statement of financial position in order of liquidity.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the financial statements accordingly. Assets, liabilities, 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 and approved by the management and the Board of Directors.

These interim condensed financial information have been presented in Saudi Arabian Riyals (SAR), being the functional currency of the Company. All financial information presented has been rounded off to the nearest thousand (SAR '000).

In management's opinion, these interim condensed financial information reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim period presented.

(b) Critical accounting judgments, estimates and assumptions

The preparation of the interim condensed financial information requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial information and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial reporting period. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimate and judgments used by management in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2016.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

2. BASIS OF PREPARATION (continued)

(b) Critical accounting judgments, estimates and assumptions (continued)

Following are the accounting judgments and estimates that were critical in preparation of these interim condensed financial information:

i) Estimation of incurred but not reported claims

The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the date of statement of financial position, for which the insured event has occurred prior to the date of statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends.

ii) Impairment of available-for-sale financial assets

The Company determines that available-for-sale financial assets are impaired when there has been a significant or prolonged decline in the fair value of the available-for-sale financial assets below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

iii) Impairment of receivables

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

(c) Significant accounting policies

The accounting and risk management policies adopted in the preparation of these condensed interim financial information are consistent with the Company's audited financial statements for the year ended December 31, 2016, except for the change in the accounting policy in relation to accounting for zakat and adoption of the amendments to existing standards which has had no material impact on the financial information of the Company.

The Company amended its accounting policy to charge zakat directly into retained earnings instead of income from operations within interim statement of comprehensive income - shareholders operations. This change in accounting policy has been applied retrospectively and the effects of the above change are disclosed in note 17 to the interim condensed financial information.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

2. BASIS OF PREPARATION (continued)

(c) Significant accounting policies (continued)

Amendments to existing standards include:

- Amendments to IAS 1 - "Presentation of Financial Statements", applicable for the annual periods beginning on or after 1 January 2016, clarify, existing IAS 1 requirements in relation to:
 - The materiality requirements in IAS 1;
 - That specific line items in the statement(s) of profit or loss and other comprehensive income ("OCI") and the statement of financial position may be disaggregated;
 - That entities have flexibility as to the order in which they present the notes to financial statements; and
 - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

The amendments further clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

- Amendments to IAS 16 - "Property, Plant and Equipment" and IAS 38 - "Intangible Assets", applicable for the annual periods beginning on or after 1 January 2016, restricts the use of ratio of revenue generated to total revenue expected to be generated to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Annual improvements to IFRS 2012-2014 cycle applicable for annual periods beginning on or after 1 January 2016. A summary of the amendments are as follows:

- IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations", amended to clarify that changing from one disposal method to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5.
- IFRS 7 - "Financial Instruments: Disclosures" has been amended to clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. The nature of the fee and the arrangement should be assessed in order to consider whether the disclosures are required under IFRS 7 and the assessment must be done retrospectively. IFRS 7 has been further amended to clarify that the offsetting disclosure requirements do not apply to condensed interim financial information, unless such disclosures provide a significant update to the information reported in the most recent annual report.
- IAS 19 - "Employee Benefits" - amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

2. BASIS OF PREPARATION (continued)

(c) Significant accounting policies (continued)

- IAS 34 - "Interim Financial Reporting" - amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-referencing to the interim financial report (e.g., in the management commentary or risk report). However, the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

The Company has chosen not to early adopt the following new standards which have been issued but not yet effective for the Company's accounting years beginning on or after 1 January 2017 and is currently assessing their impact. Following is a brief on the new IFRS and amendments to IFRS, effective for annual periods beginning on or after January 1, 2017:

- IFRS 9 - "Financial instruments", applicable for the annual periods beginning on or after 1 January 2018, and will be applied retrospectively with some exemptions. The new standard presents revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment. IASB had allowed temporary exemption for companies issuing insurance contracts until 2021 or until the new insurance contracts standard is applied, if that is earlier.
- Amendments to IAS 7 - "Statement of Cash Flows", applicable for the annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IAS 12 - "Income Taxes", applicable for the annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Therefore, assuming that the tax base remains at the original cost of the debt instrument, there is a temporary difference.
- IFRS 16 - "Leases", applicable for the period beginning on or after 1 January 2019. The new standard eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 proposes on-balance sheet accounting model.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

2. BASIS OF PREPARATION (continued)

(d) Segmental reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. For management purposes, the Company is organized into business units based on their products and services and has four reportable segments as follows:

- Medical - coverage for health insurance.
- Motor insurance.
- Property and Casualty - coverage for property, engineering, marine, aviation, energy and general accidents insurance.
- Manafeth - third party liability insurance for foreign vehicles and the profit of this segment is shared with other insurance companies.

Operating segments do not include shareholders operations of the Company. Income earned from investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis. The surplus or loss from the insurance operations is allocated to this segment on an appropriate basis.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. No inter-segment transactions occurred during the period.

(e) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company.

3. RECEIVABLES, NET

Receivables comprise net amounts due from the following:

	March 31, 2017	December 31, 2016
	SAR'000	SAR'000
	(Unaudited)	(Audited)
Policyholders	<u>1,828,492</u>	<u>1,890,619</u>
Brokers and agents	<u>247,744</u>	<u>318,076</u>
Related parties (note 12)	<u>64,582</u>	<u>165,494</u>
	2,140,818	2,374,189
Receivables from reinsurers	65,153	32,489
Administrative service plan	<u>25,320</u>	<u>24,070</u>
	2,231,291	2,430,748
Provision for doubtful receivables	<u>(97,740)</u>	<u>(103,760)</u>
Receivables, net	<u>2,133,551</u>	<u>2,326,988</u>

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

4. AVAILABLE-FOR-SALE INVESTMENTS

i) Insurance operations:

Available-for-sale investments of insurance operations comprise the following:

	March 31, 2017	December 31, 2016
	SAR'000	SAR'000
	(Unaudited)	(Audited)
Local / regional funds and fixed income investments	3,368,494	2,799,658
Local / regional equity	76,165	63,564
Foreign funds and fixed income investments	310,756	292,364
Total	3,755,415	3,155,586

The movement of changes in fair value of investments is as follows:

	March 31, 2017	March 31, 2016
	SAR'000	SAR'000
	(Unaudited)	(Unaudited)
Net change in fair value	(7,055)	(16,855)
Net amount transferred to interim statement of income - insurance operations	(41,501)	(15,257)
Impairment on available-for-sale investments	-	50,036
	(48,556)	17,924

ii) Shareholders operations:

Available-for-sale investments of shareholders operations comprise the following:

	March 31, 2017	December 31, 2016
	SAR'000	SAR'000
	(Unaudited)	(Audited)
Local / regional funds and fixed income investments	1,648,731	1,145,607
Local / regional equity	45,441	43,683
Foreign funds and fixed income investments	22,398	188,701
Foreign equity	2,356	-
Total	1,718,926	1,377,991

The movement of changes in fair value of investments is as follows:

	March 31, 2017	March 31, 2016
	SAR'000	SAR'000
	(Unaudited)	(Unaudited)
Net change in fair value	103,232	(48,920)
Net amount transferred to interim statement of income - shareholders operations	(29,585)	18,501
Impairment on available-for-sale investments	-	22,034
	73,647	(8,385)

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

5. CASH AND CASH EQUIVALENTS

i) Insurance operations:

	March 31, 2017	December 31, 2016
	SAR'000	SAR'000
	(Unaudited)	(Audited)
	SAR'000	
Murabaha deposits	147,500	411,000
Bank balances and cash	911,112	968,402
	1,058,612	1,379,402

ii) Shareholders operations:

Murabaha deposits	100,000	905,150
Bank balances and cash	119,818	116,597
	219,818	1,021,747

Murabaha deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These earn commission at an average rate of 2.5% per annum as at 31 March 2017 (December 31, 2016: 3.2% per annum).

Bank balances and cash under insurance operations includes call account balance of nil (December 31, 2016: SAR 483 million). Both bank balances and murabaha deposits (including off-balance sheet exposures) are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

6. GROSS OUTSTANDING CLAIMS AND RESERVES, NET

Gross outstanding claims and reserves, net comprise of the following:

	March 31, 2017	December 31, 2016
	(SAR'000)	(SAR'000)
	(Unaudited)	(Audited)
Gross outstanding claims	2,368,932	2,254,192
Less: Realizable value of salvage and subrogation	(141,549)	(123,100)
	2,227,383	2,131,092
Add: Incurred but not reported claims	1,517,226	1,446,728
Gross outstanding claims and reserves	3,744,609	3,577,820
Less: Reinsurers' share of gross outstanding claims	(1,881,299)	(1,764,393)
Less: Reinsurers' share of incurred but not reported claims	(378,838)	(338,352)
Reinsurers' share of outstanding claims and reserves	(2,260,137)	(2,102,745)
Net outstanding claims and reserves	1,484,472	1,475,075

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

7. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 1.25 billion at March 31, 2017 (December 31, 2016: SAR 1 billion) consisting of 125 million shares (December 31, 2016: 100 million shares) of SAR 10 each.

A bonus issue of one share for every four shares held was approved by shareholders in their general assembly meeting held on March 21, 2017. The bonus shares have been issued to the shareholders effective from March 21, 2017. As a result of bonus issue, the share capital of the Company has increased to SAR 1.25 billion comprising of 125 million shares issued.

On February 15, 2017, corresponding to Jumada Al-Awal 18, 1438H the Company's Board of Directors proposed to pay cash dividend for the year ended December 31, 2016 of SAR 5 per share amounting to SAR 500 million (2015: SAR 100 million) to its shareholders. The cash dividend was approved by shareholders in their general assembly meeting held on March 21, 2017.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat.

	March 31, 2017		
	Authorized and issued		Paid up
	No. of Shares	SAR'000	
Held by the public	66,725,000	667,250	667,250
Public Pension Agency	29,737,500	297,375	297,375
General Organization for Social Insurance	28,537,500	285,375	285,375
	125,000,000	1,250,000	1,250,000

	December 31, 2016		
	Authorized and issued		Paid up
	No. of Shares	SAR'000	
Held by the public	53,370,407	533,704	533,704
Public Pension Agency	23,790,148	237,901	237,901
General Organization for Social Insurance	22,839,445	228,395	228,395
	100,000,000	1,000,000	1,000,000

8. CONTINGENT LIABILITIES

As at March 31, 2017, the Company was contingently liable for letters of credit and guarantees, issued on its behalf by the banks, amounting to SAR 182 million (December 31, 2016: SAR 175 million) occurring in the normal course of business.

The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company does not believe that the outcome of these court cases will have a material impact on the Company's income or financial condition.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

9. STATUTORY DEPOSIT

In compliance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company had deposited 10 percent of its share capital, amounting to SAR 125 million, in a bank designated by SAMA. The statutory deposit is maintained with the National Commercial Bank and can be withdrawn only with the consent of SAMA.

10. LEGAL RESERVE

In accordance with the Articles of Association of the Company and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the legal reserve until it equals the value of share capital. This transfer is only made at the year end. The legal reserve is not available for distribution to the shareholders until the liquidation of the Company.

11. MANAFETH SHARED AGREEMENT

On 13 January 2015 together with 25 related insurance companies, the Company signed the Manafeth shared agreement relating to third party liability motor insurance which is effective from 1 January 2015. The agreement relates to motor insurance for vehicles entering the Kingdom of Saudi Arabia.

The main terms of the above mentioned agreement are as follows:

- The Company obtains 15% management fee of the net result of the Manafeth portfolio;
- The Company obtains 4.25% of Manafeth's gross premiums written to cover the related indirect expenses; and
- The net result of the Manafeth portfolio after deducting the two above mentioned items is due to be shared equally by the Company and its related insurers.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

12. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances:

	Transactions for the period ended		Balance receivable / (payable) as at	
	March 31, 2017 (SAR'000) (Unaudited)	March 31, 2016 (SAR'000) (Unaudited)	March 31, 2017 (SAR'000) (Unaudited)	December 31, 2016 (SAR'000) (Audited)
<u>Major shareholders</u>				
Amount of claims paid to hospitals owned by major shareholders	18,146	13,968	8,428	5,488
Medical insurance premium (adjusted) / written	(101)	3,921	1,888	1,985
<u>Associates</u>				
Insurance premium written	341	12,458	16,830	22,328
Rent expenses paid	-	457	-	-
Najm fees paid	5,376	420	8,574	20,980
Waseel fees paid	2,508	2,249	-	(1,115)
United Insurance Co. fees and claims, net	4,281	1,992	4,281	1,223
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Insurance premium written	68,516	8,537	45,864	141,181
Reinsurance transactions	-	-	-	(5,125)

In accordance with the Company's Articles of Association, the Board of Directors is entitled each year to remuneration of up to 10% of the remaining profit from Shareholders' operations, as defined, based on a decision by the General Assembly.

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

	March 31, 2017 (SAR'000) (Unaudited)	March 31, 2016 (SAR'000) (Unaudited)
Salaries and other allowances	2,671	2,063
End of service indemnities	1,330	148

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

13. 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 information. The estimated fair values of financial instruments are based on quoted market prices, when available.

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 market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.
- 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.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

The table below presents the available-for-sale investments based on the fair value hierarchy:

	(SAR'000)			
	Level 1	Level 2	Level 3	Total
March 31, 2017 (Unaudited)				
Available-for-sale financial assets				
- Insurance operations	494,200	-	3,261,215	3,755,415
- Shareholders operations	59,589	-	1,659,337	1,718,926
Total	553,789	-	4,920,552	5,474,341
December 31, 2016 (Audited)				
Available-for-sale financial assets				
- Insurance operations	402,628	-	2,752,958	3,155,586
- Shareholders operations	58,065	-	1,319,926	1,377,991
Total	460,693	-	4,072,884	4,533,577

The valuation of each publicly traded investment is based upon the closing market price of that stock as of the valuation date, less a discount if the security is restricted. Fair values of private equity investments classified in Level 3 are determined based on the investees' latest reported net assets values as at the date of statement of financial position, which approximate the fair values. Fair values of other investments (including sukuks) classified in Level 3 are determined based on discounted cash flows, which incorporate assumptions regarding an appropriate credit spread. There were no transfers in between levels during the period.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

14. OPERATING SEGMENTS

Consistent with the Company's internal reporting process; operating segments have been approved by management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief operating decision maker. Operating segments do not include shareholders operations of the Company.

Segment assets do not include insurance operations' property and equipment, prepayments and other assets, receivables, net and cash and cash equivalents. Accordingly, they are included in unallocated assets. Segment liabilities do not include reserve for discontinued operations, surplus distribution payable, due to shareholders operations, reinsurance balances payable, claims payable, accrued expenses and other liabilities and fair value reserve for available-for-sale investments. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities (including the related charges for provision for doubtful debts on premiums receivable and depreciation on the property and equipments) are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

For the three month period ended March 31, 2017
(Unaudited)

Operating Segments	Medical	Motor	Manafeth SAR' 000	Property & casualty	Total
Gross premiums written:					
Compulsory	951,815	-	-	-	-
Non - compulsory	496,945	-	-	-	-
Total gross premiums written	<u>1,448,760</u>	<u>354,854</u>	<u>59,559</u>	<u>165,207</u>	<u>2,028,380</u>
Net premiums written	<u>1,441,317</u>	<u>354,854</u>	<u>59,559</u>	<u>29,294</u>	<u>1,885,024</u>
Net premiums earned	1,305,980	363,070	59,891	31,215	1,760,156
Reinsurance commissions	381	2	-	24,861	25,244
Net claims incurred	(1,116,154)	(266,060)	(9,974)	(16,154)	(1,408,342)
Policy acquisition costs	(54,375)	(31,393)	(8,702)	(10,590)	(105,060)
Excess of loss expenses	-	(7,151)	(669)	(4,640)	(12,460)
Changes in reserve for takaful activities	(69)	-	-	-	(69)
Other underwriting expenses	(29,623)	(3,610)	(5,663)	(4,226)	(43,122)
Income from Insurance operations	<u>106,140</u>	<u>54,858</u>	<u>34,883</u>	<u>20,466</u>	<u>216,347</u>
General, administrative, operating and selling expenses					(96,162)
Investment income, net					35,366
Other income, net					13,342
Manafeth insurance share distribution					(29,234)
Surplus from Insurance operations					<u>139,659</u>

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

14. OPERATING SEGMENTS (continued)

Operating Segments	For the three month period ended March 31, 2016 (Unaudited)				Total
	Medical	Motor	Manafeth SAR' 000	Property & casualty	
Gross premiums written:					
Compulsory	1,029,623	-	-	-	-
Non – compulsory	33,101	-	-	-	-
Total gross premiums written	1,062,724	432,019	56,073	150,526	1,701,342
Net premiums written	1,054,040	432,019	56,073	38,896	1,581,028
Net premiums earned	1,189,924	345,117	54,962	32,527	1,622,530
Reinsurance commissions	612	6	-	24,405	25,023
Net claims incurred	(1,014,770)	(234,123)	(11,821)	(6,918)	(1,267,632)
Policy acquisition costs	(60,102)	(43,479)	(8,697)	(12,390)	(124,668)
Excess of loss expenses	-	(2,715)	(1,219)	(2,397)	(6,331)
Changes in reserve for takaful activities	4	-	-	-	4
Other underwriting expenses	(23,380)	(4,906)	(4,504)	(5,490)	(38,280)
Income from Insurance Operations	92,288	59,900	28,721	29,737	210,646
General, administrative, operating and selling expenses					(104,471)
Investment income, net					24,047
Impairment on available-for-sale investments					(50,036)
Other income, net					11,424
Manafeth insurance share distribution					(23,014)
Surplus from Insurance Operations					68,596

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

14. OPERATING SEGMENTS (continued)

Operating Segments	As at March 31, 2017 (Unaudited)				Total
	Medical	Motor	Manafeth	Property & casualty	
SAR' 000					
Assets - Insurance operations					
Reinsurer's share of unearned premiums	5,371	19	-	460,023	465,413
Reinsurer's share of outstanding claims	65	30,353	1,375	2,228,344	2,260,137
Deferred policy acquisition costs	108,824	89,694	1,821	23,100	223,439
Investments (including investment property)					3,771,329
Receivables, net					2,133,551
Unallocated assets					1,469,922
Total assets					10,323,791
Liabilities and surplus - Insurance operations					
Gross unearned premiums	3,114,660	712,759	39,535	559,743	4,426,697
Gross outstanding claims and reserves	912,214	390,895	29,077	2,412,423	3,744,609
Unearned commission income	4,796	4	-	47,130	51,930
Reserve for takaful activities	12,971	-	-	-	12,971
Unallocated liabilities and surplus					2,087,584
Total liabilities and surplus					10,323,791

Operating Segments	As at December 31, 2016 (Audited)				Total
	Medical	Motor	Manafeth	Property & casualty	
SAR' 000					
Assets - Insurance operations					
Reinsurer's share of unearned premiums	6,204	22	-	547,587	553,813
Reinsurer's share of outstanding claims	3,553	18,843	3,213	2,077,136	2,102,745
Deferred policy acquisition costs	117,411	77,369	1,831	21,489	218,100
Investments (including investment property)					3,178,138
Receivables, net					2,326,988
Unallocated assets					1,960,604
Total assets					10,340,388
Liabilities and surplus - Insurance operations					
Gross unearned premiums	2,980,156	720,978	39,867	649,228	4,390,229
Gross outstanding claims and reserves	894,254	398,883	30,657	2,254,026	3,577,820
Unearned commission income	4,657	6	-	49,776	54,439
Reserve for takaful activities	12,902	-	-	-	12,902
Unallocated liabilities and surplus					2,304,998
Total liabilities and surplus					10,340,388

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

15. EARNINGS PER SHARE

Basic and diluted earnings per share have been calculated by dividing the net income for the period ended March 31, 2017 and March 31, 2016 by 125 million shares to give retroactive effect of change in share capital as a result of bonus share issue.

16. ZAKAT

Status of Assessments

The Company had filed Zakat returns with the General Authority of Zakat and Tax ("GAZT") for the years from 2005 to 2015. In relation to 2005 and 2006, the final assessments had been finalized and the Company had filed an appeal against the assessments of GAZT which is raised to Board of Grievances. In relation to 2007 to 2013, GAZT had raised assessments and management had subsequently filed their response. Further, GAZT has yet to commence its review for the years 2014 and 2015. Based on advice from zakat consultant, appropriate provisions have been made and management believes that finalization of the abovementioned assessments is not expected to have a material impact on the financial information.

17. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2017, based on the Circular issued by SAMA, the Company amended its accounting policy to charge zakat directly into retained earnings instead of income from operations within interim statement of comprehensive income - shareholders operations.

The change in the accounting policy has the following impacts:

	Balance as previously reported at 31 March 2016 SAR'000	Effect of restatement relating to zakat SAR'000	Balance as restated at 31 March 2016 SAR'000
Income from operations within interim statement of comprehensive income - shareholders operations	47,208	14,320	61,528
Total comprehensive income within interim statement of comprehensive income - shareholders operations	38,823	14,320	53,143

The above change in accounting policy did not have an impact on interim statements of financial position, changes in shareholders' equity and cash flows for any of the year / period presented.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
(continued)
MARCH 31, 2017

17. CHANGE IN ACCOUNTING POLICY (continued)

The basic and diluted earnings per share have been restated as at 31 March 2016 for the effects of the change in accounting policy, as mentioned below:

	Amount as previously reported at 31 March* 2016 SAR	Effect of restatement relating to zakat SAR	Amount as restated at 31 March 2016 SAR
Basis and diluted earnings per share	0.38	0.11	0.49

** after effects of bonus issue - note 7.*

18. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period. These changes were made for better presentation of balances and transactions in the interim condensed financial information of the Company.

19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information have been approved by the Audit Committee on behalf of the Board of Directors, on Rajeb 15, 1438H, corresponding to April 12, 2017.