

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2019 (UNAUDITED)
AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019**

	Page
Report on review of interim financial information	2
Interim condensed statement of financial position	3 - 4
Interim condensed statement of income	5 - 6
Interim condensed statement of comprehensive income	7
Interim condensed statement of changes in equity	8 - 9
Interim condensed statement of cash flows	10 - 11
Notes to the interim condensed financial information	12 - 49



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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 condensed statement of financial position of AXA Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of 30 September 2019 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 2019 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed 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 condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

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

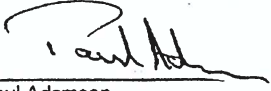
		30 September 2019 (Unaudited)	31 December 2018 (Audited)
	Note		
Assets			
Cash and cash equivalents	4	424,425	48,084
Short-term deposits		443,476	698,828
Premiums and reinsurers' balances receivable - net	5	315,259	196,334
Reinsurers' share of unearned premiums	7	25,817	18,275
Reinsurers' share of outstanding claims	7	82,872	98,534
Reinsurers' share of claims incurred but not reported and other reserves	7	50,785	46,481
Deferred policy acquisition costs		32,718	21,440
Investments	6	765,377	732,215
Prepaid expenses and other assets		21,421	20,105
Long-term deposits		210,000	155,000
Right-of-use assets	8	26,409	-
Property and equipment		5,865	6,179
Intangible assets		12,315	16,570
Due from shareholders' / insurance operations		69,115	53,125
Goodwill	19	50,000	50,000
Statutory deposit	14	45,000	45,000
Accrued income on statutory deposit		4,668	3,641
Total assets		2,585,522	2,207,791
Liabilities			
Accrued and other liabilities		129,451	113,579
Surplus distribution payable		17,896	12,208
Reinsurers' balances payable		47,679	51,134
Advance premiums		20,793	26,846
Unearned premiums	7	558,588	388,193
Unearned reinsurance commission		4,515	4,131
Outstanding claims	7	256,304	277,841
Claims incurred but not reported and other reserves	7	688,629	616,039
Lease liabilities	8	23,903	-
Due to a related party	12	7,071	5,568
Employee benefit obligations		29,610	28,286
Zakat and income tax		44,264	37,318
Due to shareholders' / insurance operations		69,115	53,125
Accrued income payable to SAMA		4,668	3,641
Total liabilities		1,902,486	1,617,909

(Continued)


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

		30 September 2019 (Unaudited)	31 December 2018 (Audited)
	Note		
Equity			
Share capital	17	450,000	450,000
Statutory reserve	15	44,725	31,961
Performance share reserve	16	1,237	1,323
Retained earnings		170,935	119,881
Fair value reserve on investments		16,139	(13,283)
Total equity		683,036	589,882
Total liabilities and equity		2,585,522	2,207,791

The accompanying notes from 1 to 22 form an integral part of this interim condensed 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 CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended 30 September 2019 (Unaudited)	Three-month period ended 30 September 2018 Restated (Note 2) (Unaudited)	Nine-month period ended 30 September 2019 (Unaudited)	Nine-month period ended 30 September 2018 Restated (Note 2) (Unaudited)
Revenues				
Gross premiums written				
- Direct	378,153	406,328	1,170,505	1,262,276
- Reinsurance	400	139	2,967	3,118
	378,553	406,467	1,173,472	1,265,394
Reinsurance premiums ceded				
- Foreign	(29,119)	(40,254)	(74,617)	(107,171)
- Local	(1,601)	(1,662)	(2,574)	(37,271)
	(30,720)	(41,916)	(77,191)	(144,442)
Net premiums written	347,833	364,551	1,096,281	1,120,952
Changes in unearned premiums	(43,910)	(42,941)	(170,395)	(206,465)
Changes in reinsurers' share of unearned premiums	7,285	(3,608)	7,542	19,632
Net premiums earned	311,208	318,002	933,428	934,119
Reinsurance commissions	2,936	9,178	10,027	22,344
Total revenues	314,144	327,180	943,455	956,463
Underwriting costs and expenses				
Gross claims paid	226,964	200,789	661,029	641,426
Reinsurers' share of claims paid	(4,188)	(13,287)	(19,437)	(65,238)
Net claims and other benefits paid	222,776	187,502	641,592	576,188
Changes in outstanding claims	(14,006)	5,533	(21,537)	32,792
Changes in reinsurers' share of outstanding claims	8,299	673	15,662	(11,299)
Changes in claims incurred but not reported and other reserves	25,452	59,969	72,590	136,274
Changes in reinsurers' share of claims incurred but not reported and other reserves	(4,235)	(12,587)	(4,304)	(16,295)
Net claims and other benefits incurred	238,286	241,090	704,003	717,660
Policy acquisition costs	22,662	25,810	67,102	78,080
Total underwriting costs and expenses	260,948	266,900	771,105	795,740
Net underwriting income	53,196	60,280	172,350	160,723
Other operating (expenses) income				
General and administrative expenses	(42,533)	(50,632)	(126,402)	(124,361)
Commission income on deposits - net	13,915	11,196	41,330	31,092
Total other operating expenses, net	(28,618)	(39,436)	(85,072)	(93,269)

(Continued)

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

	Three-month period ended 30 September 2019 (Unaudited)	Three-month period ended 30 September 2018 Restated (Note 2) (Unaudited)	Nine-month period ended 30 September 2019 (Unaudited)	Nine-month period ended 30 September 2018 Restated (Note 2) (Unaudited)
Total income for the period before surplus attribution, zakat and income tax	24,578	20,844	87,278	67,454
Surplus attributed to the insurance operations	(2,029)	(1,810)	(7,425)	(6,070)
Total income for the period before zakat and income tax	22,549	19,034	79,853	61,384
Zakat expense (Note 2)	(3,409)	(2,577)	(9,545)	(10,176)
Income tax expense (Note 2)	(1,829)	(1,782)	(6,490)	(5,212)
Total income for the period attributable to the shareholders	17,311	14,675	63,818	45,996
Earnings per share (expressed in Saudi Riyals per share)				
Basic earnings per share	0.38	0.33	1.42	1.02
Diluted earnings per share	0.38	0.33	1.42	1.02

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.



Paul Adamson
Managing Director



Gary Lewin
Chief Executive Officer




Babar Ali Khan
Chief Financial Officer

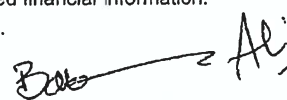
AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		Three-month period ended 30 September 2019	Three-month period ended 30 September 2018 Restated (Note 2)	Nine-month period ended 30 September 2019	Nine-month period ended 30 September 2018 Restated (Note 2)
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total income for the period attributable to the shareholders		17,311	14,675	63,818	45,996
Other comprehensive income (loss):					
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>					
Net change in fair value of available-for-sale investments	6	5,351	(4,665)	29,422	(11,615)
Total comprehensive income for the period	20	22,662	10,010	93,240	34,381

The accompanying notes from 1 to 22 form an integral part of this interim condensed 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 CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

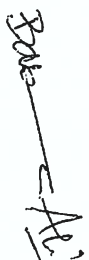
Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
Balance as at 1 January 2019 (Audited)	450,000	31,961	1,323	119,881	(13,283)	589,882
Total comprehensive income for the period	-	-	-	63,818	-	63,818
Total income for the period attributable to the shareholders	-	-	-	-	29,422	29,422
Changes in fair values of available-for-sale investments	6	-	-	-	-	63,818
Total comprehensive income for the period	-	-	-	63,818	29,422	93,240
Transfer to statutory reserve	15	12,764	-	(12,764)	-	-
Performance share reserve	16	-	610	-	-	610
Performance share reserve - settlement	16	-	(696)	-	-	(696)
Balance as at 30 September 2019 (Unaudited)	450,000	44,725	1,237	170,935	16,139	683,036

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

(Continued)


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 CONDENSED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

Restated (No: 2)	Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
Balance as at: 1 January 2018 (Audited)		450,000	20,162	982	72,865	(752)	543,257
Total comprehensive income for the period		-	-	-	45,996	-	45,996
Total income for the period attributable to the shareholders		-	-	-	-	(11,515)	(11,515)
Changes in fair values of available-for-sale investments		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	45,996	(11,515)	34,381
Transfer to statutory reserve	15	-	9,199	-	(9,199)	-	-
Performance share reserve	16	-	-	512	-	-	512
Performance share reserve - settlement	16	-	-	(447)	-	-	(447)
Transfer from retained earnings	16	-	-	169	(169)	-	-
Balance as at: 30 September 2018 (Unaudited)		450,000	29,361	1,216	109,493	(12,367)	577,703

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.


Paul Adamson
Managing Director


Gary Lewin
Chief Executive Officer


Sabar Ali Khan
Chief Financial Officer

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		Nine-month period ended 30 September 2018 Restated (Note 2)
	Nine-month period ended 30 September 2019 (Unaudited)	(Unaudited)
Note		
Cash flows from operating activities		
Total income for the period before surplus attribution, zakat and income tax	87,278	67,454
<u>Adjustments for non-cash items:</u>		
Depreciation and amortization	7,235	5,636
Provision for doubtful debts - net	254	-
Accretion of discount on available-for-sale investments	6 (1,018)	(499)
Amortization of premium on available-for-sale investments	6 158	78
Amortization of premium on held-to-maturity investments	6 11	12
Impairment loss on available-for-sale investments	-	806
Performance share reserve - net	(86)	512
	93,832	73,999
<u>Changes in operating assets and liabilities:</u>		
Premiums and reinsurers' receivable - net	(119,179)	(191,583)
Reinsurers' share of unearned premiums	(7,542)	(19,632)
Reinsurers' share of outstanding claims	15,662	(11,299)
Reinsurers' share of claims incurred but not reported and other reserves	(4,304)	(16,295)
Deferred policy acquisition costs	(11,278)	(2,375)
Prepaid expenses and other assets	(1,316)	(3,673)
Accrued income on statutory deposit	(1,027)	667
Accrued and other liabilities	15,872	9,642
Surplus distribution paid	(1,737)	-
Reinsurers' balances payable	(3,455)	14,319
Advance premiums	(6,053)	(10,889)
Unearned premiums	170,395	206,465
Unearned reinsurance commission	384	4,257
Outstanding claims	(21,537)	32,792
Claims incurred but not reported and other reserves	72,590	136,274
Due to a related party	1,503	438
Employee benefit obligations	1,324	3,239
Zakat and income tax paid	(9,089)	(4,725)
Accrued income payable to SAMA	1,027	(667)
Net cash generated from operating activities	186,072	220,954

(Continued)


AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		Nine-month period ended 30 September 2019	Nine-month period ended 30 September 2018 Restated (Note 2)
	Note	(Unaudited)	(Unaudited)
Cash flows from investing activities			
Placements in short-term deposits		(514,692)	(1,090,476)
Proceeds from disposals of short-term deposits		770,044	942,329
Purchases of investments	6	(103,522)	(165,308)
Proceeds from disposals of investments	6	100,631	15,829
Placements in long-term deposits		(55,000)	(6,620)
Proceeds from disposals of long-term deposits		-	60,000
Purchases of property and equipment		(1,836)	(1,192)
Purchases of intangible assets		(153)	(2,894)
Net cash generated from (used in) investing activities		195,472	(248,332)
Cash flows from financing activities			
Principal elements of lease payments		(3,183)	-
Performance share reserve - settlement		-	(447)
Net cash used in financing activities		(3,183)	(447)
Net change in cash and cash equivalents		378,361	(27,825)
Cash and cash equivalents, beginning of the period		46,064	117,776
Cash and cash equivalents, end of the period	4	424,425	89,951
Supplemental non-cash information:			
Changes in fair value of available-for-sale investments	6	29,422	(11,615)
Acquisition of right-of-use assets	8	27,086	-

The accompanying notes from 1 to 22 form an integral part of this interim condensed 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)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

1 General

AXA Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), "the Company", was formed pursuant to Royal Decree No. 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 purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance activities. Its principal lines of business include health, motor, marine, property, engineering, accident and liability and protection insurance.

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 health 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 4 Rabi' I 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 Basis of preparation

(a) Basis of presentation

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

The interim condensed financial information and financial statements of the Company as at and for the three-month period and year ended 31 March 2019 and 31 December 2018, respectively, were prepared in accordance with IAS 34 and International Financial Reporting Standards ("IFRS"), respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application IAS 12, 'Income Taxes' and IFRIC 21, 'Levies' so far as these relate to zakat and income tax).

During July 2019, SAMA instructed insurance companies in the Kingdom of Saudi Arabia to account for zakat and income taxes in the interim condensed statement of income. This aligns with IFRS and its interpretations as issued by the International Accounting Standards Board ("IASB") and as endorsed in the Kingdom of Saudi Arabia and with the other standards and pronouncements that are issued by SOCPA (collectively referred to as "IFRS as endorsed in KSA").

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors (as disclosed in Note 3.3 and the effects of this change are disclosed in Note 13 (a) to the interim condensed financial information).

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of employee benefit obligations, available-for-sale investments and as described below. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, short-term deposits, premiums and reinsurers' balances receivable - net, prepaid expenses and other assets, accrued income on statutory deposit, accrued and other liabilities, reinsurers' balances payable, advance premiums, due to a related party, zakat and income tax and accrued income payable to SAMA. The following balances would generally be classified as non-current: long-term deposits, deferred policy acquisition costs, investments, right-of-use assets, property and equipment, intangible assets, goodwill, statutory deposit, unearned premiums, unearned reinsurance commission, outstanding claims, claims incurred but not reported and other reserves, reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported and other reserves, surplus distribution payable, lease liabilities, employee benefit obligations and due to shareholders' / insurance operations.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

2 Basis of preparation (continued)

(a) Basis of presentation (continued)

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 information 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.

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 39 to 49 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company's interim condensed financial information in compliance with IFRS as endorsed in KSA, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The inclusion of separate information of the insurance and shareholders' operations with the interim condensed financial information of the Company in the interim condensed statements of financial position, income, comprehensive income and cash flows as well as certain relevant notes to the financial information represents additional supplementary information as required by the Implementing Regulations.

The interim condensed financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2018.

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals") and are rounded off to the nearest thousands.

(b) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2018.

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

(1) Liability arising from claims under insurance contracts

Considerable judgement by management is required in the estimation of amounts due to policyholders arising from claims made under insurance policies. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of interim condensed statement of financial position and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims is that of using past claim settlement trends to predict future claims settlement trends.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

2 Basis of preparation (continued)

- (b) Critical accounting judgments, estimates and assumptions (continued)
- (1) Liability arising from claims under insurance contracts (continued)

Claims requiring court or arbitration decisions, if any, are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and claims incurred but not reported, on a quarterly basis.

- (2) Impairment of premiums and reinsurance balances receivable and goodwill

An estimate of the uncollectible amount of premium receivable, if any, is made when collection of the full amount of the receivables as per the original terms of the insurance policy is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due and Company's past experience.

The recoverable amount of goodwill is estimated based on the present value of the future cash flows expected to be derived from the asset. In case, recoverable amount is less than carrying value, difference is charged to the interim condensed statement of income as impairment loss.

- (3) Impairment of available-for-sale investments

The Company treats available-for-sale investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Company evaluates other factors, including normal volatility in share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

- (c) Seasonality of operations

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

3 Significant accounting policies

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial information for the year ended 31 December 2018 except as explained below:

3.1 New and amended standards adopted by the Company

- IFRS 16, 'Leases'

The Company adopted IFRS 16 from 1 January 2019 using the simplified transition approach. IFRS 16 was issued in January 2016 and it replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC - 15 'Operating Leases - Incentives' and SIC - 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from previous guidance under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

3 Significant accounting policies (continued)

3.1 New and amended standards adopted by the Company (continued)

- IFRS 16, 'Leases' (continued)

The Company elected to apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. The Company elected to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application. The Company set up a project team that has reviewed various leasing and non-leasing arrangements during 2018 in light of the new lease accounting guidance in IFRS 16. The standard affects primarily the accounting for the Company's operating leases. Based on the impact assessment performed by the Company, the identified impact from the adoption of IFRS 16 was not material and, hence, no adjustments were recognized by management on the date of transition i.e. 1 January 2019.

3.2 New standards, amendments and interpretations not yet applied by the Company

- IFRS 9, 'Financial Instruments' (including amendments to IFRS 4, Insurance Contracts)

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value through profit or loss ("FVTPL"). The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at FVTPL whereby that part of the fair value changes attributable to own credit is to be recognised in the statement of comprehensive income instead of the statement of income. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2022. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

The Company is eligible and have chosen to apply the deferral approach under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

- IFRS 17, 'Insurance Contracts'

Applicable for the period beginning on or after 1 January 2022, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption is permitted if IFRS 9 'Financial Instruments' have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect the statements of financial position, income and comprehensive income. The Company has decided not to early adopt this new standard.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

3 Significant accounting policies (continued)

3.3 Changes in accounting policies

3.3.1 Change in accounting for zakat and income tax

As mentioned in Note 2 (a) above, the basis of preparation has been changed for the three-month and nine-month periods ended 30 September 2019 based on the latest instructions from SAMA during July 2019. Previously, zakat and income tax was recognized in the statement of changes in equity as per SAMA circular number 381000074519 dated 11 April 2017. As per SAMA instructions in July 2019, the zakat and income tax shall be recognized in the interim condensed statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively (the effects of the above change are disclosed in Note 13 to the interim condensed financial information). The change has resulted in a reduction of reported income of the Company for the three-month and nine-month periods ended 30 September 2018 by Saudi Riyals 4.4 million and Saudi Riyals 15.4 million, respectively. The change had no impact on the interim condensed statement of cash flows for the nine-month period ended 30 September 2018.

a) Zakat

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes.

b) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, and is charged to the interim condensed statement of income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Additional current income tax, if any, is accounted for when determined to be required for payment.

c) Deferred tax

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, and for the carry forward losses in the financial statements, if any. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

3 Significant accounting policies (continued)

3.3 Changes in accounting policies (continued)

3.3.2 Right-of-use assets and lease liabilities

Until 2018, all leases of the Company were assessed to be operating leases and payments made under such leases were charged to profit or loss on a straight-line basis over the period of the lease.

Starting 1 January 2019, the Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the interim condensed statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37, 'Provisions, contingent liabilities and contingent assets'. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

3 Significant accounting policies (continued)

3.3 Changes in accounting policies (continued)

3.3.2 Right-of-use assets and lease liabilities (continued)

Right-of-use assets are depreciated over the shorter period of lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the interim condensed interim statement of financial position.

The Company applies IAS 36 "Impairment of Assets" to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

4 Cash and cash equivalents

Cash and cash equivalents included in the statement of financial position comprise the following:

	30 September 2019	31 December
	(Unaudited)	2018
	(Audited)	
Insurance operations		
- Bank balances and cash	52,350	38,268
- Deposits maturing within 3 month from the placement date	164,504	7,796
	216,854	46,064
Shareholders' operations		
- Deposits maturing within 3 month from the placement date	207,571	-
Total	424,425	46,064

Cash at banks are placed with counterparties that have investment grade credit ratings. As at 30 September 2019, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned financial income at 2.25% to 4.10% (31 December 2018: 1.45% to 2.75%) per annum.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

5 Premiums and reinsurers' balances receivable - net

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Policyholders	286,854	201,311
Brokers and agents	187	32
Related parties	41,647	21,368
Reinsurers and other insurers	32,177	18,975
	360,865	241,686
Less: Provision for doubtful debts	(45,606)	(45,352)
	315,259	196,334

Movement in provision for doubtful debts is as follows:

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Balance at the beginning of the period	45,352	25,936
Provision for the period	980	19,416
Provision reversed during the period	(726)	-
Balance at the end of the period	45,606	45,352

6 Investments

Investments are comprised of the following:

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Insurance operations		
Available-for-sale	465,365	415,131
Held-to-maturity	78,809	78,820
	544,174	493,951
Shareholders' operations		
Available-for-sale	161,203	178,264
Held-to-maturity	60,000	60,000
	221,203	238,264
Total investments	765,377	732,215

Available-for-sale investments at 30 September 2019 include 1,923,078 shares (31 December 2018: 1,923,078 shares) in Najm for Insurance Services ("Najm"), and are held by the Company at Nil value.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

6 Investments (continued)

Movement in available-for-sale investments is as follows:

	Insurance operations	Shareholders' operations	Total
As at 1 January 2019 (Audited)	415,131	178,264	593,395
Purchases	87,333	16,189	103,522
Disposals	(57,051)	(43,580)	(100,631)
Amortization of premium	(117)	(41)	(158)
Accretion of discount	873	145	1,018
Changes in fair value	19,196	10,226	29,422
As at 30 September 2019 (Unaudited)	465,365	161,203	626,568

	Insurance operations	Shareholders' operations	Total
As at 1 January 2018 (Audited)	239,927	155,862	395,789
Purchases	192,686	50,087	242,773
Disposals	(12,028)	(19,256)	(31,284)
Amortization of premium	(70)	(57)	(127)
Accretion of discount	609	173	782
Impairment	-	(2,007)	(2,007)
Changes in fair value	(5,993)	(6,538)	(12,531)
As at 31 December 2018 (Audited)	415,131	178,264	593,395

Movement in held-to-maturity investments is as follows:

	Insurance operations		Shareholders' operations	
	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Opening balance	78,820	78,836	60,000	60,000
Amortization of premium	(11)	(16)	-	-
Closing balance	78,809	78,820	60,000	60,000

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

7 Technical reserves

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Outstanding claims	303,158	310,497
Less: realizable value of salvage and subrogation	(46,854)	(32,656)
	256,304	277,841
Claims incurred but not reported and other reserves	688,629	616,039
	944,933	893,880
Less:		
- Reinsurers' share of outstanding claims	(82,872)	(98,534)
- Reinsurers' share of claims incurred but not reported and other reserves	(50,785)	(46,481)
	(133,657)	(145,015)
Net outstanding claims and reserves	811,276	748,865

7.2 Movement in net unearned premiums

Movement in net unearned premiums comprise of the following:

	30 September 2019		
	Gross	Reinsurance	Net
Balance as at the beginning of the period (Audited)	388,193	(18,275)	369,918
Premium written during the period	1,173,472	(77,191)	1,096,281
Premium earned during the period	(1,003,077)	69,649	(933,428)
Balance as at the end of the period (Unaudited)	558,588	(25,817)	532,771

	31 December 2018		
	Gross	Reinsurance	Net
Balance as at the beginning of the year (Audited)	345,030	(22,059)	322,971
Premium written during the year	1,445,860	(150,485)	1,295,375
Premium earned during the year	(1,402,697)	154,269	(1,248,428)
Balance as at the end of the year (Audited)	388,193	(18,275)	369,918

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

8 Leases

	30 September 2019 (Unaudited)	1 January 2019 (Unaudited)
Right-of-use assets		
Building	26,409	-
Lease liabilities		
Within one year	-	-
Later than one year but not later than five years	12,735	-
Later than five years	15,919	-
	28,654	-
Future finance charges	(4,751)	-
Total lease liabilities	23,903	-

Additions to the right-of-use assets during the nine-month period ended 30 September 2019 were Saudi Riyals 27.1 million.

Depreciation on right-of-use assets and interest expense on lease liabilities amounted to Saudi Riyals 0.7 million during the three-month and nine-month periods ended 30 September 2019, respectively.

Short-term leases that were expensed during the three-month and nine-month periods ended 30 September 2019 amounted to Saudi Riyals 1.3 and Saudi Riyals 4.0 million, respectively (30 September 2018: Saudi Riyals 1.5 million and Saudi Riyals 4.2 million, respectively).

9 Commitments and contingencies

- (i) The Company has issued various bank guarantees amounting to Saudi Riyals 13.6 million (31 December 2018: Saudi Riyals 11.4 million) in the ordinary course of business.
- (ii) The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

10 Determination of fair value and fair value hierarchy

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. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information.

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

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

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 following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10 Determination of fair value and fair value hierarchy (continued)

		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
30 September 2019 (Unaudited)					
Financial assets measured at fair value (Insurance operations)					
Available-for-sale investments					
- Government bonds	299,408	299,408	-	-	299,408
- Other bonds	145,026	145,026	-	-	145,026
- Mutual funds	20,931	20,931	-	-	20,931
	465,365	465,365	-	-	465,365
Financial assets measured at fair value (Shareholders' operations)					
Available-for-sale investments					
- Government bonds	80,463	80,463	-	-	80,463
- Other bonds	37,618	37,618	-	-	37,618
- Mutual funds	9,110	9,110	-	-	9,110
- Equities	34,012	34,012	-	-	34,012
	161,203	161,203	-	-	161,203
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2018 (Audited)					
Financial assets measured at fair value (Insurance operations)					
Available-for-sale investments					
- Government bonds	335,174	335,174	-	-	335,174
- Other bonds	59,718	59,718	-	-	59,718
- Mutual funds	20,239	20,239	-	-	20,239
	415,131	415,131	-	-	415,131
Financial assets measured at fair value (Shareholders' operations)					
Available-for-sale investments					
- Government bonds	109,603	109,603	-	-	109,603
- Other bonds	28,228	28,228	-	-	28,228
- Mutual funds	9,644	9,644	-	-	9,644
- Equities	30,789	30,789	-	-	30,789
	178,264	178,264	-	-	178,264

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11 Segmental information

Operating segments for the purpose of segmental information are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the interim condensed statement of income. Segment assets and liabilities comprise operating assets and liabilities.

Segment assets do not include cash and cash equivalents, short-term deposits, premiums and reinsurers' balances receivable - net, investments, prepaid expenses and other assets, long-term deposits, right-of-use assets, property and equipment, intangible assets, due from shareholders' / insurance operations, goodwill, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets. Segment liabilities do not include accrued and other liabilities, surplus distribution payable, reinsurers' balances payable, advance premiums, lease liabilities, due to a related party, employee benefit obligations, zakat and income tax, due to shareholders' / insurance operations and accrued income payable to SAMA. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

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

- Motor;
- Property and casualty;
- 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 financial statements.

Where intersegment 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 financial statements of the Company.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
 (All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11 Segmental information (continued)

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 September 2019 and 31 December 2018, its total revenues, expenses, and net income for the three-month and nine-month periods then ended are as follows:

	Insurance operations				Shareholders' operations	Total
	Motor	Property and casualty	Health	Protection		
30 September 2019 (Unaudited)						
Assets						
Reinsurers' share of unearned premiums	-	22,554	1,681	1,582	25,817	25,817
Reinsurers' share of outstanding claims	4,295	78,846	(169)	(100)	82,872	82,872
Reinsurers' share of claims incurred but not reported and other reserves	24,011	26,774	-	-	50,785	50,785
Deferred policy acquisition costs	15,942	7,581	8,573	622	32,718	32,718
Segment assets	44,248	135,755	10,085	2,104	192,192	192,192
Unallocated assets					1,673,145	2,393,330
Total assets					1,865,337	2,585,522
Liabilities and equity						
Unearned premiums	282,557	82,725	187,386	5,920	558,588	558,588
Unearned reinsurance commission	-	3,751	335	429	4,515	4,515
Outstanding claims	31,566	174,143	49,372	1,223	256,304	256,304
Claims incurred but not reported and other reserves	441,571	163,495	68,272	15,291	688,629	688,629
Segment liabilities	755,694	424,114	305,365	22,863	1,508,036	1,508,036
Unallocated liabilities and equity					357,301	1,077,486
Total liabilities and equity					1,865,337	2,585,522

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11 Segmental information (continued)

	Insurance operations					Shareholders' operations	Total
	Motor	Property and casualty	Health	Protection	Sub-total		
31 December 2018 (Audited)							
Assets							
Reinsurers' share of unearned premiums	-	16,324	783	1,168	18,275	-	18,275
Reinsurers' share of outstanding claims	3,501	95,200	33	(200)	98,534	-	98,534
Reinsurers' share of claims incurred but not reported and other reserve	32,544	13,937	-	-	46,481	-	46,481
Deferred policy acquisition costs	12,554	4,465	3,805	616	21,440	-	21,440
Segment assets	48,599	129,926	4,621	1,584	184,730	-	184,730
Unallocated assets					1,384,490	638,571	2,023,061
Total assets					1,569,220	638,571	2,207,791
Liabilities and equity							
Unearned premiums	191,039	55,856	136,372	4,926	388,193	-	388,193
Unearned reinsurance commission	-	3,607	178	346	4,131	-	4,131
Outstanding claims	30,826	193,680	51,797	1,538	277,841	-	277,841
Claims incurred but not reported and other reserves	412,613	123,123	64,092	16,211	616,039	-	616,039
Segment liabilities	634,478	376,266	252,439	23,021	1,286,204	-	1,286,204
Unallocated liabilities and equity					283,016	638,571	921,587
Total liabilities and equity					1,569,220	638,571	2,207,791

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11

Segmental information (continued)

For the three-month period ended 30 September 2019

	Insurance operations					Shareholders' operations	Total
	Motor	Property and casualty	Health	Protection	Sub-total		
Revenues							
Gross premiums written							
- Direct	146,123	-	58,044	-	204,167	-	204,167
- Large corporates	22,877	55,904	48,283	2,584	129,648	-	129,648
- Medium corporates	608	155	4,326	-	5,089	-	5,089
- Small enterprises	261	66	1,854	-	2,181	-	2,181
- Micro enterprises	28,287	1,565	7,216	-	37,068	-	37,068
- Retail	-	400	-	-	400	-	400
- Reinsurance	198,156	58,090	119,723	2,584	378,553	-	378,553
Reinsurance premiums ceded							
- Foreign	(1,042)	(27,089)	(238)	(750)	(29,119)	-	(29,119)
- Local	-	(1,601)	-	-	(1,601)	-	(1,601)
	(1,042)	(28,690)	(238)	(750)	(30,720)	-	(30,720)
Net premiums written	197,114	29,400	119,485	1,834	347,833	-	347,833
Changes in unearned premiums	(4,705)	(9,809)	(30,237)	841	(43,910)	-	(43,910)
Changes in reinsurers' share of unearned premiums	-	7,894	(635)	26	7,285	-	7,285
Net premiums earned	192,409	27,485	88,613	2,701	311,208	-	311,208
Reinsurance commissions	-	2,414	159	363	2,936	-	2,936
Total revenues	192,409	29,899	88,772	3,064	314,144	-	314,144
Underwriting costs and expenses							
Gross claims paid	147,181	7,077	70,231	2,475	226,964	-	226,964
Reinsurers' share of claims paid	(1,339)	(2,235)	(614)	-	(4,188)	-	(4,188)
Net claims and other benefits paid	145,842	4,842	69,617	2,475	222,776	-	222,776
Changes in outstanding claims	(1,518)	(7,796)	(3,616)	(1,076)	(14,006)	-	(14,006)
Changes in reinsurers' share of outstanding claims	74	7,743	382	100	8,299	-	8,299
Changes in claims incurred but not reported and other reserves	(466)	17,190	9,302	(574)	25,452	-	25,452
Changes in reinsurers' share of claims incurred but not reported and other reserves	1,313	(5,548)	-	-	(4,235)	-	(4,235)
Net claims and other benefits incurred	145,245	16,431	75,685	925	238,286	-	238,286

(Continued)

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11 Segmental information (continued)

	Insurance operations					
	Property and casualty		Health		Protection	
	Motor	Sub-total	Health	Protection	Sub-total	Shareholders' operations
For the three-month period ended 30 September 2019						
(Unaudited)						
Policy acquisition costs	11,670	4,365	6,132	495	22,662	-
Total underwriting costs and expenses	156,915	20,796	81,817	1,420	260,948	-
Net underwriting income	35,494	9,103	6,955	1,644	53,196	-
Other operating (expenses) income						
General and administrative expenses	(26,047)	(3,717)	(11,994)	(366)	(42,124)	(409)
Commission income on deposits	-	-	-	-	9,232	4,683
Total other operating expenses, net	(26,047)	(3,717)	(11,994)	(366)	(32,892)	4,274
Total income before surplus attribution, zakat and income tax						24,578
Surplus attributed to the insurance operations						(2,029)
Total income for the period before zakat and income tax						22,549
Zakat expense						(3,409)
Income tax expense						(1,829)
Total income for the period attributable to the shareholders						17,311

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
 (All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11

Segmental information (continued)

Restated (Note 2)

For the three-month period ended 30 September 2018
(Unaudited)

	Insurance operations					Shareholders' operations	Total
	Motor	Property and casualty	Health	Protection	Sub-total		
Revenues							
Gross premiums written							
- Direct							
- Large corporates	145,312	9,075	66,425	-	220,812	-	220,812
- Medium corporates	32,577	62,192	39,790	2,217	136,776	-	136,776
- Small enterprises	587	66	4,142	-	4,795	-	4,795
- Micro enterprises	251	28	1,775	-	2,054	-	2,054
- Retail	29,319	2,525	10,047	-	41,891	-	41,891
- Reinsurance	-	139	-	-	139	-	139
	208,046	74,025	122,179	2,217	406,467	-	406,467
Reinsurance premiums ceded							
- Foreign	708	(40,087)	-	(875)	(40,254)	-	(40,254)
- Local	-	(1,662)	-	-	(1,662)	-	(1,662)
	708	(41,749)	-	(875)	(41,916)	-	(41,916)
Net premiums written	208,754	32,276	122,179	1,342	364,551	-	364,551
Changes in unearned premiums	10,897	(17,365)	(37,626)	1,153	(42,941)	-	(42,941)
Changes in reinsurers' share of unearned premiums	(17,595)	14,024	-	(37)	(3,608)	-	(3,608)
Net premiums earned	202,056	28,935	84,553	2,458	318,002	-	318,002
Reinsurance commissions	2,602	6,601	-	(25)	9,178	-	9,178
Total revenues	204,658	35,536	84,553	2,433	327,180	-	327,180
Underwriting costs and expenses							
Gross claims paid	129,391	5,780	63,569	2,049	200,789	-	200,789
Reinsurers' share of claims paid	(11,267)	(1,164)	(16)	(840)	(13,287)	-	(13,287)
Net claims and other benefits paid	118,124	4,616	63,553	1,209	187,502	-	187,502
Changes in outstanding claims	503	2,957	582	1,491	5,533	-	5,533
Changes in reinsurers' share of outstanding claims	(115)	530	21	237	673	-	673
Changes in claims incurred but not reported and other reserves	39,547	20,677	988	(1,243)	59,969	-	59,969
Changes in reinsurers' share of claims incurred but not reported and other reserves	(2,194)	(10,393)	-	-	(12,587)	-	(12,587)
Net claims and other benefits incurred	155,865	18,387	65,144	1,694	241,090	-	241,090

(Continued)

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11

Segmental information (continued)

Restated (Note 2)
For the three-month period ended 30 September 2018
(Unaudited)

	Insurance operations					Shareholders'	Total
	Motor	Property and casualty	Health	Protection	Sub-total		
Policy acquisition costs	15,169	4,650	6,495	(504)	25,810	-	25,810
Total underwriting costs and expenses	171,034	23,037	71,639	1,190	266,900	-	266,900
Net underwriting result	33,624	12,499	12,914	1,243	60,280	-	60,280
Other operating (expenses) income							
General and administrative expenses	(32,293)	(4,465)	(13,151)	(418)	(50,327)	(305)	(50,632)
Commission income on deposits	-	-	-	-	8,145	3,051	11,196
Total other operating expenses, net	(32,293)	(4,465)	(13,151)	(418)	(42,182)	2,746	(39,436)
Total income before surplus attribution, zakat and income tax							20,844
Surplus attributed to the insurance operations							(1,810)
Total income for the period before zakat and income tax							19,034
Zakat expense							(2,577)
Income tax expense							(1,782)
Total income for the period attributable to the shareholders							14,675

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11

Segmental information (continued)

For the nine-month period ended 30 September 2019

	Insurance operations					Shareholders' operations	Total
	Motor	Property and casualty	Health	Protection	Sub-total		
Revenues							
Gross premiums written							
- Direct							
- Large corporates	450,010	24,315	102,552	5,452	582,329	-	582,329
- Medium corporates	124,672	135,983	168,622	5,834	435,111	-	435,111
- Small enterprises	2,840	1,249	12,377	-	16,466	-	16,466
- Micro enterprises	1,217	536	5,305	-	7,058	-	7,058
- Retail	95,374	4,008	30,159	-	129,541	-	129,541
- Reinsurance	-	2,967	-	-	2,967	-	2,967
	674,113	169,058	319,015	11,286	1,173,472	-	1,173,472
Reinsurance premiums ceded							
- Foreign	(1,888)	(66,735)	(3,306)	(2,688)	(74,617)	-	(74,617)
- Local	-	(2,574)	-	-	(2,574)	-	(2,574)
	(1,888)	(69,309)	(3,306)	(2,688)	(77,191)	-	(77,191)
Net premiums written	672,225	99,749	315,709	8,598	1,096,281	-	1,096,281
Changes in unearned premiums	(91,518)	(26,869)	(51,014)	(994)	(170,395)	-	(170,395)
Changes in reinsurers' share of unearned premiums	-	6,230	898	414	7,542	-	7,542
Net premiums earned	580,707	79,110	265,593	8,018	933,428	-	933,428
Reinsurance commissions	(13)	8,938	470	632	10,027	-	10,027
Total revenues	580,694	88,048	266,063	8,650	943,455	-	943,455
Underwriting costs and expenses							
Gross claims paid	413,764	28,707	214,050	4,508	661,029	-	661,029
Reinsurers' share of claims paid	(6,988)	(10,695)	(1,458)	(296)	(19,437)	-	(19,437)
Net claims and other benefits paid	406,776	18,012	212,592	4,212	641,592	-	641,592
Changes in outstanding claims	740	(19,537)	(2,425)	(315)	(21,537)	-	(21,537)
Changes in reinsurers' share of outstanding claims	(794)	16,354	202	(100)	15,662	-	15,662
Changes in claims incurred but not reported and other reserves	28,958	40,372	4,180	(920)	72,590	-	72,590
Changes in reinsurers' share of claims incurred but not reported and other reserves	8,533	(12,837)	-	-	(4,304)	-	(4,304)
Net claims and other benefits incurred	444,213	42,364	214,549	2,877	704,003	-	704,003

(Continued)

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
 (All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11 Segmental information (continued)

	Insurance operations					Shareholders' operations	Total
	Motor	Property and casualty	Health	Protection	Sub-total		
For the nine-month period ended 30 September 2019							
(Unaudited)							
Policy acquisition costs	35,281	12,734	17,865	1,222	67,102	-	67,102
Total underwriting costs and expenses	479,494	55,098	232,414	4,099	771,105	-	771,105
Net underwriting income	101,200	32,950	33,649	4,551	172,350	-	172,350
Other operating (expenses) income							
General and administrative expenses	(77,854)	(10,607)	(35,607)	(1,075)	(125,143)	(1,259)	(126,402)
Commission income on deposits	-	-	-	-	27,042	14,288	41,330
Total other operating expenses, net	(77,854)	(10,607)	(35,607)	(1,075)	(98,101)	13,029	(85,072)
Total income before surplus attribution, zakat and income tax							87,278
Surplus attributed to the insurance operations							<u>(7,425)</u>
Total income for the period before zakat and income tax							79,853
Zakat expense							<u>(9,545)</u>
Income tax expense							<u>(6,490)</u>
Total income for the period attributable to the shareholders							63,818

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11

Segmental information (continued)

	Insurance operations					
	Motor	Property and casualty	Health	Protection	Sub-total	Shareholders' operations
Restated (Note 2)						
For the nine-month period ended 30 September 2018						
(Unaudited)						
Revenues						
Gross premiums written						
- Direct						
- Large corporates	532,255	33,772	123,110	5075	694,212	-
- Medium corporates	170,585	111,636	159,295	5,225	446,741	-
- Small enterprises	1,689	3,702	8,403	-	13,794	-
- Micro enterprises	43	1,583	3,602	-	5,228	-
- Retail	75,607	5,767	20,927	-	102,301	-
- Reinsurance	-	3,118	-	-	3,118	-
	780,179	159,578	315,337	10,300	1,265,394	-
						1,265,394
Reinsurance premiums ceded						
- Foreign	(34,698)	(69,562)	8	(2,919)	(107,171)	-
- Local	(35,109)	(2,162)	-	-	(37,271)	-
	(69,807)	(71,724)	8	(2,919)	(144,442)	-
						(144,442)
Net premiums written						
Changes in unearned premiums	710,372	87,854	315,345	7,381	1,120,952	-
Changes in reinsurers' share of unearned premiums	(110,559)	(13,723)	(83,725)	1,542	(206,465)	-
	16,801	2,898	(196)	129	19,632	-
						19,632
Net premiums earned						
Reinsurance commissions	616,614	77,029	231,424	9,052	934,119	-
	7,993	13,755	-	596	22,344	-
	624,607	90,784	231,424	9,648	956,463	-
						956,463
Underwriting costs and expenses						
Gross claims paid	412,271	45,501	176,602	7,052	641,426	-
Reinsurers' share of claims paid	(36,829)	(26,074)	(348)	(1,987)	(65,238)	-
Net claims and other benefits paid						
Changes in outstanding claims	375,442	19,427	176,254	5,065	576,188	-
Changes in reinsurers' share of outstanding claims	5,845	17,742	8,260	945	32,792	-
Changes in claims incurred but not reported and other reserves	(307)	(11,405)	130	283	(11,299)	-
Changes in reinsurers' share of claims incurred but not reported and other reserves	108,901	30,601	(4,595)	1,367	136,274	-
	(4,045)	(12,250)	-	-	(16,295)	-
	485,836	44,115	180,049	7,660	717,660	-
						717,660
Net claims and other benefits incurred						

(Continued)

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11

Segmental information (continued)

	Insurance operations					Shareholders' operations	Total
	Motor	Property and casualty	Health	Protection	Sub-total		
Restated (Note 2)							
For the nine-month period ended 30 September 2018							
(Unaudited)							
Policy acquisition costs	46,075	13,912	16,708	1,385	78,080	-	78,080
Total underwriting costs and expenses	531,911	58,027	196,757	9,045	795,740	-	795,740
Net underwriting income	92,696	32,757	34,667	603	160,723	-	160,723
Other operating (expenses) income							
General and administrative expenses	(81,319)	(10,154)	(30,520)	(1,194)	(123,187)	(1,174)	(124,361)
Commission income on deposits	-	-	-	-	23,168	7,924	31,092
Total other operating expenses, net	(81,319)	(10,154)	(30,520)	(1,194)	(100,019)	6,750	(93,269)
Total income before surplus attribution, zakat and income tax							67,454
Surplus attributed to the insurance operations						(6,070)	(6,070)
Total income for the period before zakat and income tax							61,384
Zakat expense						(10,176)	(10,176)
Income tax expense						(5,212)	(5,212)
Total income for the period attributable to the shareholders							45,996

AXA COOPERATIVE INSURANCE COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION****FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019**

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

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 nine-month periods ended 30 September 2019 and 2018, and the related balances:

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
<u>Major shareholders</u>		
Gross premiums from major shareholders	26,832	20,589
Reinsurance premiums ceded to major shareholders	41,351	35,067
Reinsurance commissions from major shareholders	2,042	1,451
Gross claims paid	9,632	9,854
Reinsurers' share of gross claims paid	4,411	7,404
Expenses charged	2,857	2,189
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>		
Gross premiums written	25,979	29,275
Gross claims paid	19,654	20,440
	132,758	126,269

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

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
Salaries and benefits	8,084	5,678
Employee benefit obligations	489	389
	8,573	6,067

Board of Directors fees for the three-month and nine-month periods ended 30 September 2019 was Saudi Riyals 0.3 million and Saudi Riyals 1.0 million, respectively (30 September 2018: Saudi Riyals 0.3 million and 1.1 million, respectively).

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.

Due to a related party represents amounts payable to AXA Insurance Gulf B.S.c (c).

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

13 Zakat and income tax

a) Restatement

The change in accounting treatment for zakat and income tax (as explained in Note 3) has the following impact on the line items of the interim condensed statements of income and changes in equity:

For the three-month period ended 30 September 2018:

Financial statement impacted	Account	Before the restatement for the three-month period ended 30 September 2018	Effect of the restatement	As restated as at and for the three-month period ended 30 September 2018
Interim condensed statement of income	Zakat expense	-	(2,577)	(2,577)
Interim condensed statement of income	Income tax expense	-	(1,782)	(1,782)
Interim condensed statement of income	Basic and diluted earnings per share	0.42	(0.09)	0.33

As at and for the nine-month period ended 30 September 2018:

Financial statement impacted	Account	Before the restatement for the nine-month period ended 30 September 2018	Effect of the restatement	As restated as at and for the nine-month period ended 30 September 2018
Interim condensed statement of changes in equity	Total income for the period attributable to the shareholders	61,384	(15,388)	45,996
Interim condensed statement of changes in equity	Provision for zakat	(10,176)	10,176	-
Interim condensed statement of changes in equity	Provision for income tax	(5,212)	5,212	-
Interim condensed statement of income	Zakat expense	-	(10,176)	(10,176)
Interim condensed statement of income	Income tax expense	-	(5,212)	(5,212)
Interim condensed statement of income	Basic and diluted earnings per share	1.36	(0.34)	1.02

b) Status of assessments

During 2018, the GAZT issued assessments for the years 2013 and 2014 with additional liability amounting to Saudi Riyals 5.3 million and Saudi Riyals 6.3 million, respectively. The Company filed an appeal against the GAZT's assessments and has obtained limited certificates for these years. However, management is of the view that the level of existing provisions for zakat and income tax is presently sufficient. Zakat and income tax assessments for the years 2015 through 2017 are currently under review by the GAZT.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

14 Statutory deposit

In accordance with Article 58 of the Insurance Implementing Regulations of SAMA, 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.

15 Statutory reserve

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, 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.

16 Performance share reserve

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 Group's long-term objectives. This scheme incentivizes employees after completion of certain number of years with the Company, with shares of AXA Societe Anonyme ("AXA SA") without any cost to employees. These shares are issued outside the Kingdom of 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 the cost of these shares under a group recharge arrangement, paid directly to AXA SA.

As at 30 September 2019, the Company recognised changes in the performance share reserve of Saudi Riyals 0.09 million (30 September 2018: Saudi Riyals 0.23 million). During the period 30 September 2019, the Company has recognised an expense amounting to Saudi Riyals 0.61 million (30 September 2018: Saudi Riyals 0.51 million) in the interim condensed statement of income with respect to performance shares.

17 Share capital

The authorized, issued and paid up capital of the Company is Saudi Riyals 450 million at 30 September 2019 (31 December 2018: Saudi Riyals 450 million) consisting of 45 million shares (31 December 2018: 45 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as at 30 September 2019 and 31 December 2018 is as below. The shareholders of the Company are subject to zakat and income tax.

	No. of shares (thousands)	Saudi Riyals (thousands)
AXA Insurance Gulf B.S.C (c.)	14,400	144,000
AXA Mediterranean Holding SA	8,100	81,000
General public	22,500	225,000
	45,000	450,000

On 28 February 2019 (corresponding to 23 Jumada II 1440H), the Board of Directors proposed to increase the share capital of the Company from Saudi Riyals 450 million to Saudi Riyals 500 million. The proposed share capital increase will be through the issuance of 5 million additional shares by the distribution of one bonus share for every nine shares held. On 27 May 2019 (corresponding to 22 Ramadhan 1440H), the Company received an approval from SAMA for the proposed share capital increase. Subsequent to 30 September 2019, on 3 October 2019 (corresponding to 3 Safar 1441H), the Capital Market Authority ("CMA") has also approved the proposed increase of share capital. The Company is currently in the process of obtaining approvals from the Company's shareholders.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

18 Capital management

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

As per Article 66 of the Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following three methods:

- Minimum capital requirement of Saudi Riyals 200 million;
- Premium solvency margin; or
- Claims solvency margin.

The Company's solvency margin at 30 September 2019 was 205% (31 December 2018: 169%) of the Premium solvency margin.

19 Goodwill on acquisition of insurance portfolio

This represents goodwill recognized on acquisition of insurance portfolio and net assets of AXA Insurance Saudi Arabia B.S.C (c). The Company received approval from SAMA on 15 Dhul-Qadah 1433H (corresponding to 1 October 2012) to transfer the insurance portfolio from AXA Saudi Arabia Holding W.L.L. (formerly AXA Insurance Saudi Arabia B.S.C.c) at a total consideration of Saudi Riyals 106.6 million. During 2015, the Company met payment conditions imposed by SAMA and received approval for payment of Saudi Riyals 50.0 million in respect of initial consideration to AXA Saudi Arabia Holding W.L.L. which was recognized as goodwill being the excess of consideration paid and the net assets acquired. The remaining amount of Saudi Riyals 56.6 million which was recorded as contingent liability was accordingly relinquished.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information

Interim condensed statement of financial position

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Assets						
Cash and cash equivalents	216,854	207,571	424,425	46,064	-	46,064
Short-term deposits	391,322	52,154	443,476	496,467	202,361	698,828
Premiums and reinsurers' balances receivable - net	315,259	-	315,259	196,334	-	196,334
Reinsurers' share of unearned premiums	25,817	-	25,817	18,275	-	18,275
Reinsurers' share of outstanding claims	82,872	-	82,872	98,534	-	98,534
Reinsurers' share of claims incurred but not reported and other reserves	50,785	-	50,785	46,481	-	46,481
Deferred policy acquisition costs	32,718	-	32,718	21,440	-	21,440
Investments	544,174	221,203	765,377	493,951	238,264	732,215
Prepaid expenses and other assets	20,947	474	21,421	18,925	1,180	20,105
Long-term deposits	140,000	70,000	210,000	110,000	45,000	155,000
Right-of-use assets	26,409	-	26,409	-	-	-
Property and equipment	5,865	-	5,865	6,179	-	6,179
Intangible assets	12,315	-	12,315	16,570	-	16,570
Due from shareholders'/ insurance operations	-	69,115	69,115	-	53,125	53,125
Goodwill	-	50,000	50,000	-	50,000	50,000
Statutory deposit	-	45,000	45,000	-	45,000	45,000
Accrued income on statutory deposit	-	4,668	4,668	-	3,641	3,641
Total assets	1,865,337	720,185	2,585,522	1,569,220	638,571	2,207,791

(Continued)

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of financial position (continued)

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Liabilities						
Accrued and other liabilities	128,519	932	129,451	112,330	1,249	113,579
Surplus distribution payable	17,896	-	17,896	12,208	-	12,208
Reinsurers' balances payable	47,679	-	47,679	51,134	-	51,134
Advance premiums	20,793	-	20,793	26,846	-	26,846
Unearned premiums	558,588	-	558,588	388,193	-	388,193
Unearned reinsurance commission	4,515	-	4,515	4,131	-	4,131
Outstanding claims	256,304	-	256,304	277,841	-	277,841
Claims incurred but not reported and other reserves	688,629	-	688,629	616,039	-	616,039
Lease liabilities	23,903	-	23,903	-	-	-
Due to a related party	7,071	-	7,071	5,568	-	5,568
Employee benefit obligations	29,610	-	29,610	28,286	-	28,286
Zakat and income tax	-	44,264	44,264	-	37,318	37,318
Due to shareholders' insurance operations	69,115	-	69,115	53,125	-	53,125
Accrued income payable to SAMA	-	4,668	4,668	-	3,641	3,641
Total liabilities	1,852,622	49,864	1,902,486	1,575,701	42,208	1,617,909
Equity						
Share capital	-	450,000	450,000	-	450,000	450,000
Statutory reserve	-	44,725	44,725	-	31,961	31,961
Performance share reserve	-	1,237	1,237	-	1,323	1,323
Retained earnings	-	170,935	170,935	-	119,881	119,881
Fair value reserve on investments	12,715	3,424	16,139	(6,481)	(6,802)	(13,283)
Total equity	12,715	670,321	683,036	(6,481)	596,363	589,882
Total liabilities and equity	1,865,337	720,185	2,585,522	1,569,220	638,571	2,207,791

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of income for the three-month period ended 30 September (Unaudited)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Restated (Note 2) Share-holders' operations	Total
Revenues						
Gross premiums written						
- Direct	378,153	-	378,153	406,328	-	406,328
- Reinsurance	400	-	400	139	-	139
	378,553	-	378,553	406,467	-	406,467
Reinsurance premiums ceded:						
- Foreign	(29,119)	-	(29,119)	(40,254)	-	(40,254)
- Local	(1,601)	-	(1,601)	(1,662)	-	(1,662)
	(30,720)	-	(30,720)	(41,916)	-	(41,916)
Net premiums written	347,833	-	347,833	364,551	-	364,551
Changes in unearned premiums	(43,910)	-	(43,910)	(42,941)	-	(42,941)
Changes in reinsurers' share of unearned premiums	7,285	-	7,285	(3,608)	-	(3,608)
Net premiums earned	311,208	-	311,208	318,002	-	318,002
Reinsurance commissions	2,936	-	2,936	9,178	-	9,178
Total revenues	314,144	-	314,144	327,180	-	327,180
Underwriting costs and expenses						
Gross claims paid	226,964	-	226,964	200,789	-	200,789
Reinsurers' share of claims paid	(4,188)	-	(4,188)	(13,287)	-	(13,287)
Net claims and other benefits paid	222,776	-	222,776	187,502	-	187,502
Changes in outstanding claims	(14,006)	-	(14,006)	5,533	-	5,533
Changes in reinsurers' share of outstanding claims	8,299	-	8,299	673	-	673
Changes in claims incurred but not reported and other reserves	25,452	-	25,452	59,969	-	59,969
Changes in reinsurers' share of claims incurred but not reported and other reserves	(4,235)	-	(4,235)	(12,587)	-	(12,587)
Net claims and other benefits incurred	238,286	-	238,286	241,090	-	241,090
Policy acquisition costs	22,662	-	22,662	25,810	-	25,810
Total underwriting costs and expenses	260,948	-	260,948	266,900	-	266,900
Net underwriting income	53,196	-	53,196	60,280	-	60,280

(Continued)

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of income for the three-month period ended 30 September (Unaudited)
(continued)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Restated (Note 2) Share-holders' operations	Total
Other operating (expenses) income						
General and administrative expenses	(42,124)	(409)	(42,533)	(50,327)	(305)	(50,632)
Commission income on deposits - net	9,232	4,683	13,915	8,145	3,051	11,196
Total other operating expenses, net	(32,892)	4,274	(28,618)	(42,182)	2,746	(39,436)
Total income before surplus attribution, zakat and income Tax	20,304	4,274	24,578	18,098	2,746	20,844
Zakat expense	-	(3,409)	(3,409)	-	(2,577)	(2,577)
Income tax expense	-	(1,829)	(1,829)	-	(1,782)	(1,782)
Total income (loss) for the period	20,304	(964)	19,340	18,098	(1,613)	16,485
Surplus transferred to shareholders' operations	(18,275)	18,275	-	(16,288)	16,288	-
Total income for the period after transfer of insurance operations surplus	2,029	17,311	19,340	1,810	14,675	16,485
Earnings per share (expressed in Saudi Riyals per share)						
Basic earnings per share	-	-	0.38	-	-	0.33
Diluted earnings per share	-	-	0.38	-	-	0.33

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of comprehensive income for the three-month period ended 30 September (Unaudited)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Restated (Note 2) Share-holders' operations	Total
Total income for the period after transfer of insurance operations surplus	2,029	17,311	19,340	1,810	14,675	16,485
Other comprehensive income (loss):						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent period</i>						
Net change in fair value of available-for-sale investments	3,274	2,077	5,351	(948)	(3,717)	(4,665)
Total comprehensive income for the period	5,303	19,388	24,691	862	10,958	11,820

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of income for the nine-month period ended 30 September (Unaudited)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Restated (Note 2) Share-holders' operations	Total
Revenues						
Gross premiums written						
- Direct	1,170,505	-	1,170,505	1,262,276	-	1,262,276
- Reinsurance	2,967	-	2,967	3,118	-	3,118
	1,173,472	-	1,173,472	1,265,394	-	1,265,394
Reinsurance premiums ceded						
- Foreign	(74,617)	-	(74,617)	(107,171)	-	(107,171)
- Local	(2,574)	-	(2,574)	(37,271)	-	(37,271)
	(77,191)	-	(77,191)	(144,442)	-	(144,442)
Net premiums written	1,096,281	-	1,096,281	1,120,952	-	1,120,952
Changes in unearned premiums	(170,395)	-	(170,395)	(206,465)	-	(206,465)
Changes in reinsurers' share of unearned premiums	7,542	-	7,542	19,632	-	19,632
Net premiums earned	933,428	-	933,428	934,119	-	934,119
Reinsurance commissions	10,027	-	10,027	22,344	-	22,344
Total revenues	943,455	-	943,455	956,463	-	956,463
Underwriting costs and expenses						
Gross claims paid	661,029	-	661,029	641,426	-	641,426
Reinsurers' share of claims paid	(19,437)	-	(19,437)	(65,238)	-	(65,238)
Net claims and other benefits paid	641,592	-	641,592	576,188	-	576,188
Changes in outstanding claims	(21,537)	-	(21,537)	32,792	-	32,792
Changes in reinsurance share of outstanding claims	15,662	-	15,662	(11,299)	-	(11,299)
Changes in claims incurred but not reported and other reserves	72,590	-	72,590	136,274	-	136,274
Changes in reinsurers share of claims incurred but not reported and other	(4,304)	-	(4,304)	(16,295)	-	(16,295)
Net claims and other benefits incurred	704,003	-	704,003	717,660	-	717,660
Policy acquisition costs	67,102	-	67,102	78,080	-	78,080
Total underwriting costs and expenses	771,105	-	771,105	795,740	-	795,740
Net underwriting income	172,350	-	172,350	160,723	-	160,723

(Continued)

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of income for the nine-month period ended 30 September (Unaudited)
(continued)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Restated (Note 2) Share-holders' operations	Total
Other operating (expenses) income						
General and administrative expenses	(125,143)	(1,259)	(126,402)	(123,187)	(1,174)	(124,361)
Commission income on deposits - net	27,042	14,288	41,330	23,168	7,924	31,092
Total other operating expenses, net	(98,101)	13,029	(85,072)	(100,019)	6,750	(93,269)
Total income before surplus attribution, zakat and income tax	74,249	13,029	87,278	60,704	6,750	67,454
Zakat expense	-	(9,545)	(9,545)	-	(10,176)	(10,176)
Income tax expense	-	(6,490)	(6,490)	-	(5,212)	(5,212)
Total income (loss) for the period	74,249	(3,006)	71,243	60,704	(8,638)	52,066
Surplus transferred to shareholders' operations	(66,824)	66,824	-	(54,634)	54,634	-
Total income for the period after transfer of insurance operations surplus	7,425	63,818	71,243	6,070	45,996	52,066
Earnings per share (expressed in Saudi Riyals per share)						
Basic earnings per share	-	-	1.42	-	-	1.02
Diluted earnings per share	-	-	1.42	-	-	1.02

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of comprehensive income for the nine-month period ended 30 September (Unaudited)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Restated (Note 2) Share-holders' operations	Total
Total income for the period after transfer of insurance operations surplus	7,425	63,818	71,243	6,070	45,996	52,066
Other comprehensive income (loss):						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent period</i>						
Net change in fair value of available-for-sale investments	19,196	10,226	29,422	(5,095)	(6,520)	(11,615)
Total comprehensive income for the period	26,621	74,044	100,665	975	39,476	40,451

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of cash flows for the nine-month period ended 30 September (Unaudited)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Restated (Note 2) Share-holders' operations	Total
Cash flows from operating activities						
Total income before surplus attribution, zakat and income tax	74,249	13,029	87,278	60,704	6,750	67,454
Adjustments for non-cash items:						
Depreciation and amortization	7,235	-	7,235	5,636	-	5,636
Provision for doubtful debts - net	254	-	254	-	-	-
Accretion of discount on available-for-sale investments	(873)	(145)	(1,018)	(378)	(121)	(499)
Amortization of premium on available-for-sale investments	117	41	158	34	44	78
Amortization of premium on held-to-maturity investments	11	-	11	12	-	12
Impairment loss on available-for-sale investments	-	-	-	-	806	806
Performance share reserve	-	(86)	(86)	-	512	512
Changes in operating assets and liabilities:						
Premiums and reinsurers' balances receivable - net	(119,179)	-	(119,179)	(191,583)	-	(191,583)
Reinsurers' share of unearned premiums	(7,542)	-	(7,542)	(19,632)	-	(19,632)
Reinsurers' share of outstanding claims	15,662	-	15,662	(11,299)	-	(11,299)
Reinsurers' share of claims incurred but not reported and other reserves	(4,304)	-	(4,304)	(16,295)	-	(16,295)
Deferred policy acquisition costs	(11,278)	-	(11,278)	(2,375)	-	(2,375)

(Continued)

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of cash flows for the nine-month period ended 30 September (Unaudited)
(continued)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Restated (Note 2) Share-holders' operations	Total
Prepaid expenses and other assets	(2,022)	706	(1,316)	(1,974)	(1,699)	(3,673)
Accrued income on statutory deposit	-	(1,027)	(1,027)	-	667	667
Accrued and other liabilities	16,189	(317)	15,872	8,572	1,070	9,642
Surplus distribution paid	(1,737)	-	(1,737)	-	-	-
Reinsurers' balances payable	(3,455)	-	(3,455)	14,319	-	14,319
Advance premiums	(6,053)	-	(6,053)	(10,889)	-	(10,889)
Unearned premiums	170,395	-	170,395	206,465	-	206,465
Unearned reinsurance commission	384	-	384	4,257	-	4,257
Outstanding claims	(21,537)	-	(21,537)	32,792	-	32,792
Claims incurred but not reported and other reserves	72,590	-	72,590	136,274	-	136,274
Due to a related party	1,503	-	1,503	438	-	438
Employee benefit obligations	1,324	-	1,324	3,239	-	3,239
Zakat and income tax paid	-	(9,089)	(9,089)	-	(4,725)	(4,725)
Accrued income payable to SAMA	-	1,027	1,027	-	(667)	(667)
Due from shareholders' operations	(50,834)	50,834	-	(87,359)	87,359	-
Net cash generated from operating activities	131,099	54,973	186,072	130,958	89,996	220,954

(Continued)

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20 Supplementary information (continued)

Interim condensed statement of cash flows for the nine-month period ended 30 September (Unaudited) (continued)

	2019			2018		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Restated (Note 2) Share-holders' operations	Total
Cash flows from investing activities						
Placements in short-term deposit	(391,236)	(123,456)	(514,692)	(888,115)	(202,361)	(1,090,476)
Proceeds from disposals of short-term deposits	496,381	273,663	770,044	866,218	76,111	942,329
Purchases of investments	(87,333)	(16,189)	(103,522)	(131,170)	(34,138)	(165,308)
Proceeds from disposals of investments	57,051	43,580	100,631	4,990	10,839	15,829
Placements in long-term deposits	(30,000)	(25,000)	(55,000)	(6,620)	-	(6,620)
Proceeds from disposals of long-term deposits	-	-	-	-	60,000	60,000
Purchases of property and equipment	(1,836)	-	(1,836)	(1,192)	-	(1,192)
Purchases of intangible assets	(153)	-	(153)	(2,894)	-	(2,894)
Net cash generated from (used in) investing activities	42,874	152,598	195,472	(158,783)	(89,549)	(248,332)
Cash flows from financing activities						
Principal elements of lease payments	(3,183)	-	(3,183)	-	-	-
Performance share reserve - settlement	-	-	-	-	(447)	(447)
Net cash used in financing activities	(3,183)	-	(3,183)	-	(447)	(447)
Net change in cash and cash equivalents	170,790	207,571	378,361	(27,825)	-	(27,825)
Cash and cash equivalents, beginning of the period	46,064	-	46,064	117,776	-	117,776
Cash and cash equivalents, end of the period	216,854	207,571	424,425	89,951	-	89,951
Supplemental non-cash information:						
Changes in fair value of available-for sale-investments	19,196	10,226	29,422	(5,095)	(6,520)	(11,615)
Acquisition of right-of-use assets	27,086	-	27,086	-	-	-

21 Comparative figures

Certain amounts in the comparative interim condensed financial information have been reclassified to conform to the presentation of the interim condensed financial information for the three-month and nine-month periods ended 30 September 2019.

22 Approval of the interim condensed financial information

The interim condensed financial information has been approved by the Board of Directors on 6 November 2019.