

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

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

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2019

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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 June 2019 and the related interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended and the interim condensed statements of changes in equity and cash flows for the six-month period ended 30 June 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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4 August 2019



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)

| | Note | 30 June 2019 (Unaudited) | 31 December 2018 (Audited) |
|--|------|-----------------------------|-------------------------------|
| Assets | | | |
| Cash and cash equivalents | 4 | 408,781 | 46,064 |
| Short-term deposits | | 424,640 | 698,828 |
| Premiums and reinsurers' balances receivable - net | 5 | 267,973 | 196,334 |
| Reinsurers' share of unearned premiums | 7 | 18,532 | 18,275 |
| Reinsurers' share of outstanding claims | 7 | 91,171 | 98,534 |
| Reinsurers' share of claims incurred but not reported and other reserves | 7 | 46,550 | 46,481 |
| Deferred policy acquisition costs | | 35,946 | 21,440 |
| Investments | 6 | 759,648 | 732,215 |
| Prepaid expenses and other assets | | 19,374 | 20,105 |
| Long-term deposits | | 180,000 | 155,000 |
| Right-of-use assets | 8 | 27,086 | - |
| Property and equipment | | 5,029 | 6,179 |
| Intangible assets | | 13,444 | 16,570 |
| Due from shareholders' / Insurance operations | | 42,175 | 53,125 |
| Goodwill | 19 | 50,000 | 50,000 |
| Statutory deposit | 14 | 45,000 | 45,000 |
| Accrued income on statutory deposit | | 4,313 | 3,641 |
| Total assets | | 2,439,662 | 2,207,791 |
| Liabilities | | | |
| Accrued and other liabilities | | 92,914 | 113,579 |
| Surplus distribution payable | | 15,867 | 12,208 |
| Reinsurers' balances payable | | 48,220 | 51,134 |
| Advance premiums | | 22,957 | 26,846 |
| Unearned premiums | 7 | 514,678 | 388,193 |
| Unearned reinsurance commission | | 4,095 | 4,131 |
| Outstanding claims | 7 | 270,310 | 277,841 |
| Claims incurred but not reported and other reserves | 7 | 663,177 | 616,039 |
| Lease liabilities | 8 | 23,903 | - |
| Due to a related party | | 7,134 | 5,568 |
| Employee benefit obligations | | 28,860 | 28,286 |
| Zakat and income tax | | 40,861 | 37,318 |
| Due to shareholders' / Insurance operations | | 42,175 | 53,125 |
| Accrued income payable to SAMA | | 4,313 | 3,641 |
| Total liabilities | | 1,779,484 | 1,617,909 |

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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)

| | Note | 30 June 2019 (Unaudited) | 31 December 2018 (Audited) |
|-------------------------------------|------|-----------------------------|-------------------------------|
| Equity | | | |
| Share capital | 17 | 450,000 | 450,000 |
| Statutory reserve | 15 | 41,263 | 31,961 |
| Performance share reserve | 16 | 1,061 | 1,323 |
| Retained earnings | | 157,086 | 119,881 |
| Fair value reserve on investments | | 10,788 | (13,283) |
| Total equity | | 660,198 | 589,882 |
| Total liabilities and equity | | 2,439,662 | 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 June 2019 (Unaudited) | Three-month period ended 30 June 2018 Restated (Note 2) (Unaudited) | Six-month period ended 30 June 2019 (Unaudited) | Six-month period ended 30 June 2018 Restated (Note 2) (Unaudited) |
|--|---|---|---|---|
| REVENUES | | | | |
| Gross premiums written | | | | |
| - Direct | 249,301 | 183,528 | 792,352 | 855,948 |
| - Reinsurance | 987 | 461 | 2,567 | 2,979 |
| | 250,288 | 183,989 | 794,919 | 858,927 |
| Reinsurance premiums ceded | | | | |
| - Foreign | (30,045) | (15,826) | (45,498) | (66,917) |
| - Local | (566) | (487) | (973) | (35,609) |
| | (30,611) | (16,313) | (46,471) | (102,526) |
| Net premiums written | 219,677 | 167,676 | 748,448 | 756,401 |
| Changes in unearned premiums | 94,573 | 163,107 | (126,485) | (163,524) |
| Changes in reinsurers' share of unearned premiums | 4,760 | (21,311) | 257 | 23,240 |
| Net premiums earned | 319,010 | 309,472 | 622,220 | 616,117 |
| Reinsurance commissions | 4,292 | 8,181 | 7,091 | 13,166 |
| Total revenues | 323,302 | 317,653 | 629,311 | 629,283 |
| Underwriting costs and expenses | | | | |
| Gross claims paid | 223,667 | 265,704 | 434,065 | 440,637 |
| Reinsurers' share of claims paid | (8,594) | (31,179) | (15,249) | (51,951) |
| Net claims and other benefits paid | 215,073 | 234,525 | 418,816 | 388,686 |
| Changes in outstanding claims | (13,629) | 3,274 | (7,531) | 27,259 |
| Changes in reinsurance share of outstanding claims | 7,125 | (219) | 7,363 | (11,972) |
| Changes in claims incurred but not reported and other reserves | 30,000 | 3,038 | 47,138 | 76,305 |
| Changes in reinsurance share of claims incurred but not reported and other reserves | 4,174 | (1,434) | (69) | (3,708) |
| Net claims and other benefits incurred | 242,743 | 239,184 | 465,717 | 476,570 |
| Policy acquisition costs | 22,093 | 24,398 | 44,440 | 52,270 |
| Total underwriting costs and expenses | 264,836 | 263,582 | 510,157 | 528,840 |
| Net underwriting income | 58,466 | 54,071 | 119,154 | 100,443 |
| Other operating (expenses) income | | | | |
| General and administrative expenses | (39,791) | (37,997) | (83,869) | (73,729) |
| Commission income on deposits | 14,574 | 10,541 | 27,415 | 19,896 |
| Total other operating expenses, net | (25,217) | (27,456) | (56,454) | (53,833) |

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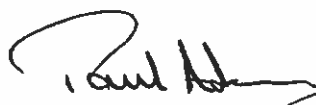




AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME (continued)
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

| | Three-month period ended 30 June 2019 (Unaudited) | Three-month period ended 30 June 2018 Restated (Note 2) (Unaudited) | Six-month period ended 30 June 2019 (Unaudited) | Six-month period ended 30 June 2018 Restated (Note 2) (Unaudited) |
|--|---|---|---|---|
| Total income for the period before surplus attribution, zakat and income tax | 33,249 | 26,615 | 62,700 | 46,610 |
| Surplus attributed to the insurance operations | (2,778) | (2,503) | (5,396) | (4,261) |
| Total income for the period before zakat and income tax | 30,471 | 24,112 | 57,304 | 42,349 |
| Zakat expense | (3,215) | (5,063) | (6,136) | (7,599) |
| Income tax expense | (2,441) | (1,993) | (4,661) | (3,430) |
| Total income for the period attributable to the shareholders | 24,815 | 17,056 | 46,507 | 31,320 |
| Earnings per share (expressed in Saudi Riyals per share) | | | | |
| Basic earnings per share | 0.55 | 0.38 | 1.03 | 0.70 |
| Diluted earnings per share | 0.55 | 0.38 | 1.03 | 0.70 |

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



Paul Adamson
Managing Director



Gary Lewis
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)

| | Note | Three-month period ended June 30, 2019 (Unaudited) | Three-month period ended June 30, 2018 Restated (Note 2) (Unaudited) | Six-month period ended June 30, 2019 (Unaudited) | Six-month period ended June 30, 2018 Restated (Note 2) (Unaudited) |
|---|------|--|--|--|--|
| Total income for the period attributable to the shareholders | | 24,815 | 17,056 | 46,507 | 31,320 |
| 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 | 10,233 | (567) | 24,071 | (6,950) |
| Total comprehensive income for the period | 20 | 35,048 | 16,489 | 70,578 | 24,370 |

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 SIX-MONTH PERIOD ENDED 30 JUNE 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)


| (Unaudited) | Note | Share capital | Statutory reserve | Performance share reserve | Retained earnings | Fair value reserve on investments | Total |
|--|------|---------------|-------------------|---------------------------|-------------------|-----------------------------------|---------|
| Balance as at 1 January 2019 | | 450,000 | 31,961 | 1,323 | 119,881 | (13,283) | 589,882 |
| Total comprehensive income for the period | | | | | | | |
| Total income for the period attributable to the shareholders | | | | | 46,507 | - | 46,507 |
| Changes in fair values of available-for-sale investments | 6 | | | | - | 24,071 | 24,071 |
| Total comprehensive income for the period | | | | | 46,507 | 24,071 | 70,578 |
| Transfer to statutory reserve | | | 9,302 | | (9,302) | - | - |
| Performance share reserve | | | | 381 | - | - | 381 |
| Performance share reserve - settlement | | | | (643) | - | - | (643) |
| Balance as at 30 June 2019 | | 450,000 | 41,263 | 1,061 | 157,086 | 10,788 | 660,198 |

(Continued)

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 (continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

| Restated (Note 2) (Unaudited) | Note | Share capital | Statutory reserve | Performance share reserve | Retained earnings | Fair value reserve on investments | Total |
|--|------|---------------|----------------------|------------------------------|----------------------|---|---------|
| Balance as at 1 January 2018 | | 450,000 | 20,162 | 982 | 72,865 | (752) | 543,257 |
| Total comprehensive income for the period | | | | | | | |
| Total income for the period attributable to the shareholders | | - | - | - | 31,320 | - | 31,320 |
| Changes in fair values of available-for-sale investments | 6 | - | - | - | - | (6,950) | (6,950) |
| Total comprehensive income for the period | | - | - | - | 31,320 | (6,950) | 24,370 |
| Transfer to statutory reserve | | - | 6,264 | - | (6,264) | - | - |
| Performance share reserve | | - | - | 256 | - | - | 256 |
| Performance share reserve - settlement | | - | - | (385) | - | - | (385) |
| Transfer from retained earnings | | - | - | 156 | (156) | - | - |
| Balance as at 30 June 2018 | | 450,000 | 26,426 | 1,009 | 97,765 | (7,702) | 567,498 |

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 CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

| | | Six-month period ended 30 June 2019 | Six-month period ended 30 June 2018 Restated (Note 2) |
|--|------|---|---|
| | Note | (Unaudited) | (Unaudited) |
| Cash flows from operating activities | | | |
| Total income for the period before surplus attribution, zakat and income tax | | 62,700 | 46,610 |
| <u>Adjustments for non-cash items:</u> | | | |
| Depreciation of property and equipment | | 1,379 | 2,070 |
| Amortization of intangible assets | | 2,790 | 1,865 |
| Reversal of provision for doubtful debts | 5 | (726) | - |
| Accretion of discount on available-for-sale investments | 6 | (655) | (279) |
| Amortization of premium on available-for-sale investments | 6 | 104 | 61 |
| Amortization of premium on held-to-maturity investments | 6 | 7 | 8 |
| Impairment loss on available-for-sale investments | | - | 806 |
| Performance share reserve | | (262) | 256 |
| <u>Changes in operating assets and liabilities:</u> | | | |
| Premiums and reinsurers' receivable - net | | (70,913) | (148,297) |
| Reinsurers' share of unearned premiums | | (257) | (23,240) |
| Reinsurers' share of outstanding claims | | 7,363 | (11,972) |
| Reinsurers' share of claims incurred but not reported and other reserves | | (69) | (3,708) |
| Deferred policy acquisition costs | | (14,506) | (7,398) |
| Prepaid expenses and other assets | | 731 | (844) |
| Accrued income on statutory deposit | | (672) | (424) |
| Accrued and other liabilities | | (20,665) | (26,880) |
| Surplus distribution paid | | (1,737) | - |
| Reinsurers' balances payable | | (2,914) | 21,295 |
| Advance premiums | | (3,889) | (4,182) |
| Unearned premiums | | 126,485 | 163,524 |
| Unearned reinsurance commission | | (36) | 3,469 |
| Outstanding claims | | (7,531) | 27,259 |
| Claims incurred but not reported and other reserves | | 47,138 | 76,305 |
| Due to a related party | | 1,566 | (545) |
| Employee benefit obligations | | 574 | 5,036 |
| Zakat and income tax paid | | (7,254) | (3,491) |
| Accrued income payable to SAMA | | 672 | 424 |
| Net cash generated from operating activities | | 119,423 | 117,728 |

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

| | | Six-month period ended 30 June 2019 | Six-month period ended 30 June 2018 Restated (Note 2) |
|---|------|---|---|
| | Note | (Unaudited) | (Unaudited) |
| Cash flows from investing activities | | | |
| Placements of short-term deposits | | (282,231) | (150,134) |
| Proceeds from disposals of short-term deposits | | 556,419 | 26,111 |
| Purchases of investments | 6 | (78,259) | (127,696) |
| Proceeds from disposals of investments | 6 | 75,441 | 13,962 |
| Placements of long-term deposits | | (25,000) | (6,620) |
| Proceeds from disposals of long-term deposits | | - | 60,000 |
| Purchases of property and equipment | | (229) | (173) |
| Purchases of intangible assets | | 336 | (1,353) |
| Net cash generated from (used in) investing activities | | 246,477 | (185,903) |
| Cash flows from financing activities | | | |
| Principal elements of lease payments | 8 | (3,183) | - |
| Performance share reserve - settlement | | - | (385) |
| Net cash used in financing activities | | (3,183) | (385) |
| Net change in cash and cash equivalents | | 362,717 | (68,560) |
| Cash and cash equivalents, beginning of the period | | 46,064 | 117,776 |
| Cash and cash equivalents, end of the period | 4 | 408,781 | 49,216 |
| Supplemental non-cash information: | | | |
| Changes in fair value of available-for-sale investments | | 24,071 | (6,950) |
| Acquisition of right-of-use assets (Note 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 SIX-MONTH PERIODS ENDED 30 JUNE 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).

On 17 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 and available-for-sale investments. 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 SIX-MONTH PERIODS ENDED 30 JUNE 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, 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 SIX-MONTH PERIODS ENDED 30 JUNE 2019
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

2 Basis of preparation (continued)

(b) Critical accounting judgments, estimates and assumptions (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 insurance 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.

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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.

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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 six-month periods ended 30 June 2019 based on the latest instructions from SAMA dated 17 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 dated 17 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 six-month periods ended 30 June 2018 by Saudi Riyals 7.1 million and Saudi Riyals 11.0 million, respectively. The change had no impact on the interim condensed statement of cash flows for the six-month period ended 30 June 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 expense is charged to the interim condensed statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

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.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

c) Deferred tax

Deferred income tax is recognized using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. 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 liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

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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.

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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 June 2019 (Unaudited) | 31 December 2018 (Audited) |
|--|---|---|
| Insurance operations | | |
| - Bank balances and cash | 68,354 | 38,268 |
| - Deposits maturing within 3 month from the placement date | 238,716 | 7,796 |
| | 307,070 | 46,064 |
| Shareholders' operations | | |
| - Bank balances and cash | - | - |
| - Deposits maturing within 3 month from the placement date | 101,711 | - |
| | 101,711 | - |
| Total | 408,781 | 46,064 |

Cash at banks are placed with counterparties that have investment grade credit ratings. As at 30 June 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.

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5 Premiums and reinsurers' balances receivable - net

| | 30 June 2019 (Unaudited) | 31 December 2018 (Audited) |
|-------------------------------|---|---|
| Policyholders | 266,276 | 201,311 |
| Brokers and agents | 159 | 32 |
| Related parties | 13,921 | 21,368 |
| Reinsurers and other insurers | 32,243 | 18,975 |
| | 312,599 | 241,686 |
| Provision for doubtful debts | (44,626) | (45,352) |
| | 267,973 | 196,334 |

Movement in provision for doubtful debts is as follows:

| | 30 June 2019 (Unaudited) | 31 December 2018 (Audited) |
|---|---|---|
| Balance at the beginning of the period / year | 45,352 | 25,936 |
| Provision for the period / year | - | 19,416 |
| Provision reversed during the period / year | (726) | - |
| Balance at the end of the period / year | 44,626 | 45,352 |

6 Investments

Investments are comprised of the following:

| | 30 June 2019 (Unaudited) | 31 December 2018 (Audited) |
|---------------------------------|---|---|
| Insurance operations | | |
| Available-for-sale | 452,261 | 415,131 |
| Held-to-maturity | 78,813 | 78,820 |
| | 531,074 | 493,951 |
| Shareholders' operations | | |
| Available-for-sale | 168,574 | 178,264 |
| Held-to-maturity | 60,000 | 60,000 |
| | 228,574 | 238,264 |
| Total investments | 759,648 | 732,215 |

Available-for-sale investments at 30 June 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.

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6 Investments (continued)

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

| | Insurance operations | Shareholders' operations | Total |
|-------------------------|-----------------------------|---------------------------------|--------------|
| As at 1 January 2019 | 415,131 | 178,264 | 593,395 |
| Purchases | 64,547 | 13,712 | 78,259 |
| Disposals | (43,813) | (31,628) | (75,441) |
| Amortization of premium | (77) | (27) | (104) |
| Accretion of discount | 551 | 104 | 655 |
| Changes in fair value | 15,922 | 8,149 | 24,071 |
| As at 30 June 2019 | 452,261 | 168,574 | 620,835 |

| | Insurance operations | Shareholders' operations | Total |
|-------------------------|-----------------------------|---------------------------------|--------------|
| As at 1 January 2018 | 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 | 415,131 | 178,264 | 593,395 |

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

| | Insurance operations | | Shareholders' operations | |
|-------------------------|-----------------------------|-----------------------|---------------------------------|-----------------------|
| | 30 June 2019 | 31 December | 30 June 2019 | 31 December |
| | (Unaudited) | 2018 (Audited) | (Unaudited) | 2018 (Audited) |
| Opening balance | 78,820 | 78,836 | 60,000 | 60,000 |
| Amortization of premium | (7) | (16) | - | - |
| Closing balance | 78,813 | 78,820 | 60,000 | 60,000 |

7 Technical reserves

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

| | 30 June 2019 | 31 December 2018 |
|--|---------------------|-------------------------|
| | (Unaudited) | (Audited) |
| Outstanding claims | 305,864 | 310,497 |
| Less: realizable value of salvage and subrogation | (35,554) | (32,656) |
| | 270,310 | 277,841 |
| Claims incurred but not reported and other reserves | 663,177 | 616,039 |
| | 933,487 | 893,880 |
| Less: | | |
| - Reinsurers' share of outstanding claims | (91,171) | (98,534) |
| - Reinsurers' share of claims incurred but not reported and other reserves | (46,550) | (46,481) |
| | (137,721) | (145,015) |
| Net outstanding claims and reserves | 795,766 | 748,865 |

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7 Technical reserves (continued)

7.2 Movement in net unearned premiums

Movement in net unearned premiums comprise of the following:

| | 30 June 2019 (Unaudited) | | |
|---|---------------------------------|--------------------|------------|
| | Gross | Reinsurance | Net |
| Balance as at the beginning of the period | 388,193 | (18,275) | 369,918 |
| Premium written during the period | 794,919 | (46,471) | 748,448 |
| Premium earned during the period | (668,434) | 46,214 | (622,220) |
| Balance as at the end of the period | 514,678 | (18,532) | 496,146 |

| | 31 December 2018 (Audited) | | |
|---|-----------------------------------|--------------------|-------------|
| | Gross | Reinsurance | Net |
| Balance as at the beginning of the year | 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 | 388,193 | (18,275) | 369,918 |

8 Leases

| | 30 June 2019 (Unaudited) | 1 January 2019 (Unaudited) |
|---|-------------------------------------|---------------------------------------|
| Right-of-use assets | | |
| Building | 27,086 | - |
| 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 six-month period ended 30 June 2019 were Saudi Riyals 27.1 million.

Depreciation on right-of-use assets and interest expense on lease liabilities amounted to Nil during the three-month and six-month periods ended 30 June 2019, respectively.

Short-term leases that were expensed during the three-month and six-month periods ended 30 June 2019 amounted to Saudi Riyals 1.4 million and Saudi Riyals 2.7 million, respectively (30 June 2018: Saudi Riyals 1.1 million and Saudi Riyals 2.7 million, respectively).

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9 Commitments and contingencies

- (i) The Company has issued various bank guarantees amounting to Saudi Riyals 11.4 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.

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

| | | Fair value | | | |
|--|----------------|------------|---------|---------|---------|
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| 30 June 2019 (Unaudited) | | | | | |
| Financial assets measured at fair value (Insurance operations) | | | | | |
| Available-for-sale investments | | | | | |
| - Government bonds | 363,544 | 363,544 | - | - | 363,544 |
| - Other bonds | 68,011 | 68,011 | - | - | 68,011 |
| - Mutual funds | 20,706 | 20,706 | - | - | 20,706 |
| | 452,261 | 452,261 | - | - | 452,261 |
| Financial assets measured at fair value (Shareholders' operations) | | | | | |
| Available-for-sale investments | | | | | |
| - Government bonds | 102,580 | 102,580 | - | - | 102,580 |
| - Other bonds | 23,028 | 23,028 | - | - | 23,028 |
| - Mutual funds | 9,631 | 9,631 | - | - | 9,631 |
| - Equities | 33,335 | 33,335 | - | - | 33,335 |
| | 168,574 | 168,574 | - | - | 168,574 |
| 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 |

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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.

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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 June 2019 and 31 December 2018, its total revenues, expenses, and net income for the three-month and six-month periods then ended are as follows:

| | Insurance operations | | | | | Shareholders' |
|--|-----------------------|---------|---------|------------|------------------|--------------------------|
| | Property and casualty | | Health | Protection | Sub-total | |
| 30 June 2019 (Unaudited) | Motor | | | | | Total |
| Assets | | | | | | |
| Reinsurers' share of unearned premiums | - | 14,660 | 2,316 | 1,556 | 18,532 | - 18,532 |
| Reinsurers' share of outstanding claims | 4,369 | 86,589 | 213 | - | 91,171 | - 91,171 |
| Reinsurers' share of claims incurred but not reported and other reserves | 25,325 | 21,225 | - | - | 46,550 | - 46,550 |
| Deferred policy acquisition costs | 19,504 | 5,729 | 9,974 | 739 | 35,946 | - 35,946 |
| Segment assets | 49,198 | 128,203 | 12,503 | 2,295 | 192,199 | - 192,199 |
| Unallocated assets | | | | | 1,550,914 | 696,549 2,247,463 |
| Total assets | | | | | 1,743,113 | 696,549 2,439,662 |
| Liabilities and equity | | | | | | |
| Unearned premiums | 277,852 | 72,916 | 157,149 | 6,761 | 514,678 | - 514,678 |
| Unearned reinsurance commission | - | 3,094 | 488 | 513 | 4,095 | - 4,095 |
| Outstanding claims | 33,084 | 181,939 | 52,988 | 2,299 | 270,310 | - 270,310 |
| Claims incurred but not reported and other reserves | 442,037 | 146,306 | 58,969 | 15,865 | 663,177 | - 663,177 |
| Segment liabilities | 752,973 | 404,255 | 269,594 | 25,438 | 1,452,260 | - 1,452,260 |
| Unallocated liabilities and equity | | | | | 290,853 | 696,549 987,402 |
| Total liabilities and equity | | | | | 1,743,113 | 696,549 2,439,662 |

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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 reserves | 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 |

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11 Segmental information (continued)

| | Insurance operations | | | | | Shareholders' operations | Total |
|---|----------------------|-----------------------|---------|------------|-----------|--------------------------|----------|
| | Motor | Property and casualty | Health | Protection | Sub-total | | |
| For the three-month period ended 30 June 2019 (Unaudited) | | | | | | | |
| Revenues | | | | | | | |
| Gross premiums written | | | | | | | |
| - Direct | 14,503 | 16,781 | 16,804 | - | 48,088 | - | 48,088 |
| - Large corporates | 51,459 | 43,178 | 45,254 | 3,250 | 143,141 | - | 143,141 |
| - Medium corporates | 391 | 855 | 2,954 | - | 4,200 | - | 4,200 |
| - Small enterprises | 167 | 366 | 1,266 | - | 1,799 | - | 1,799 |
| - Micro enterprises | 32,984 | 1,736 | 17,353 | - | 52,073 | - | 52,073 |
| - Retail | - | 987 | - | - | 987 | - | 987 |
| - Reinsurance | 99,504 | 63,903 | 83,631 | 3,250 | 250,288 | - | 250,288 |
| Reinsurance premiums ceded | 113 | (25,557) | (3,062) | (1,539) | (30,045) | - | (30,045) |
| - Foreign | - | (566) | - | - | (566) | - | (566) |
| - Local | 113 | (26,123) | (3,062) | (1,539) | (30,611) | - | (30,611) |
| Net premiums written | 99,617 | 37,780 | 80,569 | 1,711 | 219,677 | - | 219,677 |
| Changes in unearned premiums | 98,403 | (13,562) | 9,557 | 175 | 94,573 | - | 94,573 |
| Changes in reinsurers' share of unearned premiums | - | 1,884 | 2,102 | 774 | 4,760 | - | 4,760 |
| Net premiums earned | 198,020 | 26,102 | 92,228 | 2,660 | 319,010 | - | 319,010 |
| Reinsurance commissions | - | 4,066 | 190 | 36 | 4,292 | - | 4,292 |
| Total revenues | 198,020 | 30,168 | 92,418 | 2,696 | 323,302 | - | 323,302 |
| Underwriting costs and expenses | | | | | | | |
| Gross claims paid | 140,603 | 10,293 | 71,167 | 1,604 | 223,667 | - | 223,667 |
| Reinsurers' share of claims paid | (1,119) | (6,895) | (440) | (140) | (8,594) | - | (8,594) |
| Net claims and other benefits paid | 139,484 | 3,398 | 70,727 | 1,464 | 215,073 | - | 215,073 |
| Changes in outstanding claims | (191) | (8,947) | (3,938) | (553) | (13,629) | - | (13,629) |
| Changes in reinsurance share of outstanding claims | (1,166) | 8,535 | (184) | (60) | 7,125 | - | 7,125 |
| Changes in claims incurred but not reported and other reserves | 11,645 | 13,846 | 3,948 | 561 | 30,000 | - | 30,000 |
| Changes in reinsurance share of claims incurred but not reported and other reserves | 9,005 | (4,831) | - | - | 4,174 | - | 4,174 |
| Net claims and other benefits incurred | 159,777 | 12,001 | 70,553 | 1,412 | 242,743 | - | 242,743 |

(Continued)

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11 Segmental information (continued)

| | Insurance operations | | | | | Shareholders' operations | Total |
|--|----------------------|-----------------------|----------|------------|-----------|--------------------------|----------|
| | Motor | Property and casualty | Health | Protection | Sub-total | | |
| For the three-month period ended 30 June 2019 (Unaudited) | | | | | | | |
| Policy acquisition costs | 11,746 | 4,099 | 5,989 | 259 | 22,093 | - | 22,093 |
| Total underwriting costs and expenses | 170,523 | 16,100 | 76,542 | 1,671 | 264,836 | - | 264,836 |
| Net underwriting income | 27,497 | 14,068 | 15,876 | 1,025 | 58,466 | - | 58,466 |
| Other operating (expenses) income | | | | | | | |
| General and administrative expenses | (24,423) | (3,218) | (11,416) | (327) | (39,384) | (407) | (39,791) |
| Commission income on deposits - net | - | - | - | - | 8,694 | 5,880 | 14,574 |
| Total other operating expenses, net | (24,423) | (3,216) | (11,416) | (327) | (30,690) | 5,473 | (25,217) |
| Total income before surplus attribution, zakat and income tax | | | | | | | 33,249 |
| Surplus attributed to the insurance operations | | | | | | (2,778) | (2,778) |
| Total income for the period before zakat and income tax | | | | | | | 30,471 |
| Zakat expense | | | | | | | (3,215) |
| Income tax expense | | | | | | | (2,441) |
| Total income for the period attributable to the shareholders | | | | | | | 24,815 |

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11 Segmental information (continued)

Restated (Note 2)

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

| | Insurance operations | | | | | Shareholders' operations | Total |
|---|----------------------|-----------------------|---------|------------|-----------|--------------------------|----------|
| | Motor | Property and casualty | Health | Protection | Sub-total | | |
| Revenues | | | | | | | |
| Gross premiums written | | | | | | | |
| - Direct | | | | | | | |
| - Large corporates | 14,920 | 14,699 | 13,619 | - | 43,238 | - | 43,238 |
| - Medium corporates | 33,029 | 27,700 | 48,570 | 3,008 | 112,307 | - | 112,307 |
| - Small enterprises | 713 | 209 | 1,943 | - | 2,865 | - | 2,865 |
| - Micro enterprises | 306 | 89 | 833 | - | 1,228 | - | 1,228 |
| - Retail | 20,293 | 2,197 | 1,400 | - | 23,890 | - | 23,890 |
| - Reinsurance | - | 461 | - | - | 461 | - | 461 |
| | 69,261 | 45,355 | 66,365 | 3,008 | 183,989 | - | 183,989 |
| Reinsurance premiums ceded | | | | | | | |
| - Foreign | 2,569 | (16,950) | 2 | (1,447) | (15,826) | - | (15,826) |
| - Local | - | (487) | - | - | (487) | - | (487) |
| | 2,569 | (17,437) | 2 | (1,447) | (16,313) | - | (16,313) |
| Net premiums written | 71,830 | 27,918 | 66,367 | 1,561 | 167,676 | - | 167,676 |
| Changes in unearned premiums | 154,104 | 180 | 8,477 | 346 | 163,107 | - | 163,107 |
| Changes in reinsurers' share of unearned premiums | (18,363) | (3,694) | (14) | 760 | (21,311) | - | (21,311) |
| Net premiums earned | 207,571 | 24,404 | 74,830 | 2,667 | 309,472 | - | 309,472 |
| Reinsurance commissions | 3,689 | 3,929 | - | 563 | 8,181 | - | 8,181 |
| Total revenues | 211,260 | 28,333 | 74,830 | 3,230 | 317,653 | - | 317,653 |
| Underwriting costs and expenses | | | | | | | |
| Gross claims paid | 177,824 | 30,501 | 55,757 | 1,622 | 265,704 | - | 265,704 |
| Reinsurers' share of claims paid | (11,156) | (19,661) | (111) | (251) | (31,179) | - | (31,179) |
| Net claims and other benefits paid | 166,668 | 10,840 | 55,646 | 1,371 | 234,525 | - | 234,525 |
| Changes in outstanding claims | (2,634) | 1,763 | 5,334 | (1,189) | 3,274 | - | 3,274 |
| Changes in reinsurance share of outstanding claims | (116) | (275) | 46 | 126 | (219) | - | (219) |
| Changes in claims incurred but not reported and other reserves | 1,882 | 1,555 | (2,674) | 2,275 | 3,038 | - | 3,038 |
| Changes in reinsurance share of claims incurred but not reported and other reserves | (1,567) | 133 | - | - | (1,434) | - | (1,434) |
| Net claims and other benefits incurred | 164,233 | 14,016 | 58,352 | 2,583 | 239,184 | - | 239,184 |

(Continued)

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11 Segmental information (continued)

Restated (Note 2)

| Restated (Note 2) | Insurance operations | | | | | Grand Total |
|---|----------------------|-----------------------|---------|------------|-----------|-------------|
| | Motor | Property and casualty | Health | Protection | Sub Total | |
| For the three-month period ended 30 June 2018 (Unaudited) | | | | | | |
| Policy acquisition costs | 15,341 | 4,571 | 3,453 | 1,033 | 24,398 | 24,398 |
| Total underwriting costs and expenses | 179,574 | 18,587 | 61,805 | 3,616 | 263,582 | 263,582 |
| Net underwriting income | 31,686 | 9,746 | 13,025 | (386) | 54,071 | 54,071 |
| Other operating (expenses) income | | | | | | |
| General and administrative expenses | (25,259) | (2,969) | (9,106) | (321) | (37,655) | (37,997) |
| Commission income on deposits - net | - | - | - | - | 8,614 | 10,541 |
| Total other operating expenses, net | (25,259) | (2,969) | (9,106) | (321) | (29,041) | (27,456) |
| Total income before surplus attribution, zakat and income tax | | | | | | 26,615 |
| Surplus attributed to the insurance operations | | | | | | (2,503) |
| Total income before zakat and income tax | | | | | | 24,112 |
| Zakat expense | | | | | | (5,063) |
| Income tax expense | | | | | | (1,993) |
| Total income for the period attributable to the shareholders | | | | | | 17,056 |

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11 Segmental information (continued)

| For the six-month period ended 30 June 2019 (Unaudited) | | | | | | | |
|---|----------|-----------------------|----------|------------|-----------|--------------------------|-------------|
| Revenues | Motor | Property and casualty | Health | Protection | Sub-total | Shareholders' operations | Total |
| Gross premiums written | | | | | | | |
| - Direct | | | | | | | |
| - Large corporates | 303,887 | 24,315 | 44,508 | 5,452 | 378,162 | - | 378,162 |
| - Medium corporates | 101,795 | 80,079 | 120,339 | 3,250 | 305,463 | - | 305,463 |
| - Small enterprises | 2,232 | 1,094 | 8,051 | - | 11,377 | - | 11,377 |
| - Micro enterprises | 956 | 470 | 3,451 | - | 4,877 | - | 4,877 |
| - Retail | 67,087 | 2,443 | 22,943 | - | 92,473 | - | 92,473 |
| - Reinsurance | - | 2,567 | - | - | 2,567 | - | 2,567 |
| | 475,957 | 110,968 | 199,292 | 8,702 | 794,919 | - | 794,919 |
| Reinsurance premiums ceded | | | | | | | |
| - Foreign | (846) | (39,646) | (3,068) | (1,938) | (45,498) | - | (45,498) |
| - Local | - | (973) | - | - | (973) | - | (973) |
| | (846) | (40,619) | (3,068) | (1,938) | (46,471) | - | (46,471) |
| Net premiums written | 475,111 | 70,349 | 196,224 | 6,764 | 748,448 | - | 748,448 |
| Changes in unearned premiums | (86,813) | (17,060) | (20,777) | (1,835) | (126,485) | - | (126,485) |
| Changes in reinsurers' share of unearned premiums | - | (1,664) | 1,533 | 388 | 257 | - | 257 |
| Net premiums earned | 388,298 | 51,625 | 176,980 | 5,317 | 622,220 | - | 622,220 |
| Reinsurance commissions | (13) | 6,524 | 311 | 269 | 7,091 | - | 7,091 |
| Total revenues | 388,285 | 58,149 | 177,291 | 5,586 | 629,311 | - | 629,311 |
| Underwriting costs and expenses | | | | | | | |
| Gross claims paid | 266,583 | 21,630 | 143,819 | 2,033 | 434,065 | - | 434,065 |
| Reinsurers' share of claims paid | (5,649) | (8,460) | (844) | (296) | (15,249) | - | (15,249) |
| Net claims and other benefits paid | 260,934 | 13,170 | 142,975 | 1,737 | 418,816 | - | 418,816 |
| Changes in outstanding claims | 2,258 | (11,741) | 1,191 | 761 | (7,531) | - | (7,531) |
| Changes in reinsurance share of outstanding claims | (868) | 8,611 | (180) | (200) | 7,363 | - | 7,363 |
| Changes in claims incurred but not reported and other reserves | 29,424 | 23,182 | (5,122) | (346) | 47,138 | - | 47,138 |
| Changes in reinsurance share of claims incurred but not reported and other reserves | 7,220 | (7,289) | - | - | (69) | - | (69) |
| Net claims and other benefits incurred | 298,968 | 25,933 | 138,864 | 1,952 | 465,717 | - | 465,717 |
| | | | | | | | (Continued) |

(Continued)

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11 Segmental information (continued)

| | Insurance operations | | | | | Shareholders' operations | Total |
|--|----------------------|-----------------------|----------|------------|-----------|--------------------------|----------|
| | Motor | Property and casualty | Health | Protection | Sub-total | | |
| For the six-month period ended 30 June 2019 (Unaudited) | | | | | | | |
| Policy acquisition costs | 23,611 | 8,369 | 11,733 | 727 | 44,440 | - | 44,440 |
| Total underwriting costs and expenses | 322,579 | 34,302 | 150,597 | 2,679 | 510,157 | - | 510,157 |
| Net underwriting income | 65,706 | 23,847 | 26,694 | 2,907 | 119,154 | - | 119,154 |
| Other operating (expenses) income | | | | | | | |
| General and administrative expenses | (51,807) | (6,890) | (23,613) | (709) | (83,019) | (850) | (83,869) |
| Commission income on deposits - net | - | - | - | - | 17,810 | 9,605 | 27,415 |
| Total other operating expenses, net | (51,807) | (6,890) | (23,613) | (709) | (65,209) | 8,755 | (56,454) |
| Total income before surplus attribution, zakat and income tax | | | | | | | 62,700 |
| Surplus attributed to the insurance operations | | | | | | (5,396) | (5,396) |
| Total income before zakat and income tax | | | | | | | 57,304 |
| Zakat expense | | | | | | | (6,136) |
| Income tax expense | | | | | | | (4,661) |
| Total income for the period attributable to the shareholders | | | | | | | 46,507 |

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11 Segmental information (continued)

Restated (Note 2)

For the six-month period ended 30 June 2018 (Unaudited)

| | Insurance operations | | | | | Shareholders' operations | Total |
|---|----------------------|-----------------------|----------|------------|-----------|--------------------------|-----------|
| | Motor | Property and casualty | Health | Protection | Sub-total | | |
| Revenues | | | | | | | |
| Gross premiums written | | | | | | | |
| - Direct | | | | | | | |
| - Large corporates | 386,943 | 24,697 | 56,685 | 5,075 | 473,400 | - | 473,400 |
| - Medium corporates | 138,008 | 49,444 | 119,505 | 3,008 | 309,965 | - | 309,965 |
| - Small enterprises | 1,102 | 3,636 | 4,261 | - | 8,999 | - | 8,999 |
| - Micro enterprises | (208) | 1,555 | 1,827 | - | 3,174 | - | 3,174 |
| - Retail | 46,288 | 3,242 | 10,880 | - | 60,410 | - | 60,410 |
| - Reinsurance | - | 2,979 | - | - | 2,979 | - | 2,979 |
| | 572,133 | 85,553 | 193,158 | 8,083 | 858,927 | - | 858,927 |
| Reinsurance premiums ceded | | | | | | | |
| - Foreign | (35,406) | (29,475) | 8 | (2,044) | (66,917) | - | (66,917) |
| - Local | (35,109) | (500) | - | - | (35,609) | - | (35,609) |
| | (70,515) | (29,975) | 8 | (2,044) | (102,526) | - | (102,526) |
| Net premiums written | 501,618 | 55,578 | 193,166 | 6,039 | 756,401 | - | 756,401 |
| Changes in unearned premiums | (121,456) | 3,642 | (46,099) | 389 | (163,524) | - | (163,524) |
| Changes in reinsurers' share of unearned premiums | 34,396 | (11,126) | (196) | 166 | 23,240 | - | 23,240 |
| Net premiums earned | 414,558 | 48,094 | 146,871 | 6,594 | 616,117 | - | 616,117 |
| Reinsurance commissions | 5,391 | 7,154 | - | 621 | 13,166 | - | 13,166 |
| Total revenues | 419,949 | 55,248 | 146,871 | 7,215 | 629,283 | - | 629,283 |
| Underwriting costs and expenses | | | | | | | |
| Gross claims paid | 282,880 | 39,721 | 113,033 | 5,003 | 440,637 | - | 440,637 |
| Reinsurers' share of claims paid | (25,562) | (24,910) | (332) | (1,147) | (51,951) | - | (51,951) |
| Net claims and other benefits paid | 257,318 | 14,811 | 112,701 | 3,856 | 388,686 | - | 388,686 |
| Changes in outstanding claims | 5,342 | 14,785 | 7,678 | (546) | 27,259 | - | 27,259 |
| Changes in reinsurance share of outstanding claims | (192) | (11,935) | 109 | 46 | (11,972) | - | (11,972) |
| Changes in claims incurred but not reported and other reserves | 69,354 | 9,924 | (5,583) | 2,610 | 76,305 | - | 76,305 |
| Changes in reinsurance share of claims incurred but not reported and other reserves | (1,851) | (1,857) | - | - | (3,708) | - | (3,708) |
| Net claims and other benefits incurred | 329,971 | 25,728 | 114,905 | 5,966 | 476,570 | - | 476,570 |

(Continued)

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11 Segmental information (continued)

| | Insurance operations | | | | | Shareholders' operations | Grand Total |
|--|----------------------|-----------------------|-----------------|--------------|-----------------|--------------------------|-----------------|
| | Motor | Property and casualty | Health | Protection | Sub Total | | |
| Restated (Note 2) | | | | | | | |
| For the six-month period ended 30 June 2018 (Unaudited) | | | | | | | |
| Policy acquisition costs | 30,906 | 9,262 | 10,213 | 1,889 | 52,270 | - | 52,270 |
| Total underwriting costs and expenses | 360,877 | 34,990 | 125,118 | 7,855 | 528,840 | - | 528,840 |
| Net underwriting income | 59,072 | 20,258 | 21,753 | (640) | 100,443 | - | 100,443 |
| Other operating (expenses) income | | | | | | | |
| General and administrative expenses | (49,026) | (5,689) | (17,369) | (776) | (72,860) | (869) | (73,729) |
| Commission income on deposits - net | - | - | - | - | 15,023 | 4,873 | 19,896 |
| Total other operating expenses, net | (49,026) | (5,689) | (17,369) | (776) | (57,837) | 4,004 | (53,833) |
| Total income before surplus attribution, zakat and income tax | | | | | | | 46,610 |
| Surplus attributed to the insurance operations | | | | | | (4,261) | |
| Total income before zakat and income tax | | | | | | 42,349 | |
| Zakat expense | | | | | | | (7,599) |
| Income tax expense | | | | | | | (3,430) |
| Total income for the period attributable to the shareholders | | | | | | | 31,320 |

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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 six-month periods ended 30 June 2019 and 2018, and the related balances:

| | 30 June 2019 (unaudited) | 30 June 2018 (unaudited) |
|--|-----------------------------|-----------------------------|
| <u>Major shareholders</u> | | |
| Gross premiums from major shareholders | 11,290 | 13,173 |
| Reinsurance premiums ceded to major shareholders | 24,478 | 19,064 |
| Reinsurance commissions from major shareholders | 1,368 | 995 |
| Net claims paid to major shareholders | 6,671 | 6,174 |
| Reinsurers' share of gross claims paid to major shareholders | 2,735 | 7,212 |
| Expenses charged by major shareholders | 2,063 | 1,300 |

Entities controlled, jointly controlled or significantly influenced by related parties

| | | |
|---|--------|--------|
| Gross premiums from other related parties | 2,906 | 4,815 |
| Net claims paid to other related parties | 14,626 | 12,580 |

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

| | 30 June 2019 (unaudited) | 30 June 2018 (unaudited) |
|------------------------------|-----------------------------|-----------------------------|
| Salaries and benefits | 5,950 | 3,717 |
| Employee benefit obligations | 350 | 283 |
| | 6,300 | 4,000 |

Board of Directors fees for the three-month and six-month periods ended 30 June 2019 was Saudi Riyals 0.4 million and Saudi Riyals 0.7 million, respectively (30 June 2018: Saudi Riyals 0.3 million and 0.7 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.

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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 June 2018:

| Financial statement impacted | Account | Before the restatement for the three-month period ended 30 June 2018 | Effect of the restatement | As restated as at and for the three-month period ended 30 June 2018 |
|---------------------------------------|--------------------------------------|---|----------------------------------|--|
| Interim condensed statement of income | Zakat expense | - | (5,063) | (5,063) |
| Interim condensed statement of income | Income tax expense | - | (1,993) | (1,993) |
| Interim condensed statement of income | Basic and diluted earnings per share | 0.54 | (0.16) | 0.38 |

As at and for the six-month period ended 30 June 2018:

| Financial statement impacted | Account | Before the restatement for the six-month period ended 30 June 2018 | Effect of the restatement | As restated as at and for the six-month period ended 30 June 2018 |
|--|--|---|----------------------------------|--|
| Interim condensed statement of changes in equity | Total income for the period attributable to the shareholders | 42,349 | (11,029) | 31,320 |
| Interim condensed statement of changes in equity | Provision for zakat | (7,599) | 7,599 | - |
| Interim condensed statement of changes in equity | Provision for income tax | (3,430) | 3,430 | - |
| Interim condensed statement of income | Zakat expense | - | (7,599) | (7,599) |
| Interim condensed statement of income | Income tax expense | - | (3,430) | (3,430) |
| Interim condensed statement of income | Basic and diluted earnings per share | 0.94 | (0.24) | 0.70 |

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.

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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 June 2019, the Company recognised changes in the performance share reserve of Saudi Riyals 0.26 million (30 June 2018: Saudi Riyals 0.03 million). During the period 30 June 2019, the Company has recognised an expense amounting to Saudi Riyals 0.41 million (30 June 2018: Saudi Riyals 0.26 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 June 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 June 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, representing an increase of 11% of the paid-up share capital. 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 approval from SAMA to increase the Company's share capital. The Company is in the process of obtaining approval from the Capital Market Authority ("CMA") and the Company's shareholders.

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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 June 2019 was 197% (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.

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20 Supplementary information

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

| | 30 June 2019 (Unaudited) | | | 31 December 2018 (Audited) | | |
|--|--------------------------|---------------------------|------------------|----------------------------|---------------------------|------------------|
| | Insurance operations | Share-holders' operations | Total | Insurance operations | Share-holders' operations | Total |
| Assets | | | | | | |
| Cash and cash equivalents | 307,070 | 101,711 | 408,781 | 46,064 | - | 46,064 |
| Short-term deposits | 272,045 | 152,595 | 424,640 | 496,467 | 202,361 | 698,828 |
| Premiums and reinsurers' balances receivable - net | 267,973 | - | 267,973 | 196,334 | - | 196,334 |
| Reinsurers' share of unearned premiums | 18,532 | - | 18,532 | 18,275 | - | 18,275 |
| Reinsurers' share of outstanding claims | 91,171 | - | 91,171 | 98,534 | - | 98,534 |
| Reinsurers' share of claims incurred but not reported and other reserves | 46,550 | - | 46,550 | 46,481 | - | 46,481 |
| Deferred policy acquisition costs | 35,946 | - | 35,946 | 21,440 | - | 21,440 |
| Investments | 531,074 | 228,574 | 759,648 | 493,951 | 238,264 | 732,215 |
| Prepaid expenses and other assets | 17,193 | 2,181 | 19,374 | 18,925 | 1,180 | 20,105 |
| Long-term deposits | 110,000 | 70,000 | 180,000 | 110,000 | 45,000 | 155,000 |
| Right-of-use assets | 27,086 | - | 27,086 | - | - | - |
| Property and equipment | 5,029 | - | 5,029 | 6,179 | - | 6,179 |
| Intangible assets | 13,444 | - | 13,444 | 16,570 | - | 16,570 |
| Due from shareholders/ insurance operations | - | 42,175 | 42,175 | - | 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 | - | 4,313 | 4,313 | - | 3,641 | 3,641 |
| Total assets | 1,743,113 | 696,549 | 2,439,662 | 1,569,220 | 638,571 | 2,207,791 |

(Continued)

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20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

| | 30 June 2019 (Unaudited) | | | 31 December 2018 (Audited) | | |
|---|--------------------------|---------------------------|------------------|----------------------------|---------------------------|------------------|
| | Insurance operations | Share-holders' operations | Total | Insurance operations | Share-holders' operations | Total |
| Liabilities | | | | | | |
| Accrued and other liabilities | 92,296 | 618 | 92,914 | 112,330 | 1,249 | 113,579 |
| Surplus distribution payable | 15,867 | - | 15,867 | 12,208 | - | 12,208 |
| Reinsurers' balances payable | 48,220 | - | 48,220 | 51,134 | - | 51,134 |
| Advance premiums | 22,957 | - | 22,957 | 26,846 | - | 26,846 |
| Unearned premiums | 514,678 | - | 514,678 | 388,193 | - | 388,193 |
| Unearned reinsurance commission | 4,095 | - | 4,095 | 4,131 | - | 4,131 |
| Outstanding claims | 270,310 | - | 270,310 | 277,841 | - | 277,841 |
| Claims incurred but not reported and other reserves | 663,177 | - | 663,177 | 616,039 | - | 616,039 |
| Lease liabilities | 23,903 | - | 23,903 | - | - | - |
| Due to a related party | 7,134 | - | 7,134 | 5,568 | - | 5,568 |
| Employee benefit obligations | 28,860 | - | 28,860 | 28,286 | - | 28,286 |
| Zakat and income tax | - | 40,861 | 40,861 | - | 37,318 | 37,318 |
| Due to shareholders'/ insurance operations | 42,175 | - | 42,175 | 53,125 | - | 53,125 |
| Accrued income payable to SAMA | - | 4,313 | 4,313 | - | 3,641 | 3,641 |
| Total liabilities | 1,733,672 | 45,792 | 1,779,464 | 1,575,701 | 42,208 | 1,617,909 |
| Equity | | | | | | |
| Share capital | - | 450,000 | 450,000 | - | 450,000 | 450,000 |
| Statutory reserve | - | 41,263 | 41,263 | - | 31,961 | 31,961 |
| Performance share reserve | - | 1,061 | 1,061 | - | 1,323 | 1,323 |
| Retained earnings | - | 157,086 | 157,086 | - | 119,881 | 119,881 |
| Fair value reserve on investments | 9,441 | 1,347 | 10,788 | (6,481) | (6,802) | (13,283) |
| Total equity | 9,441 | 650,757 | 660,198 | (6,481) | 596,363 | 589,882 |
| Total liabilities and equity | 1,743,113 | 696,549 | 2,439,662 | 1,569,220 | 638,571 | 2,207,791 |

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20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30 (Unaudited)

| | 2019 | | | 2018 | | |
|---|----------------------|---------------------------|----------------|----------------------|---|----------------|
| | Insurance operations | Share-holders' operations | Total | Insurance operations | Restated (Note 2) Share-holders' operations | Total |
| Revenues | | | | | | |
| Gross premiums written | | | | | | |
| - Direct | 249,301 | - | 249,301 | 183,528 | - | 183,528 |
| - Reinsurance | 987 | - | 987 | 461 | - | 461 |
| | 250,288 | - | 250,288 | 183,989 | - | 183,989 |
| Reinsurance premiums ceded: | | | | | | |
| - Foreign | (30,045) | - | (30,045) | (15,826) | - | (15,826) |
| - Local | (566) | - | (566) | (487) | - | (487) |
| | (30,611) | - | (30,611) | (16,313) | - | (16,313) |
| Net premiums written | 219,677 | - | 219,677 | 167,676 | - | 167,676 |
| Changes in unearned premiums | 94,573 | - | 94,573 | 163,107 | - | 163,107 |
| Changes in reinsurers' share of unearned premiums | 4,760 | - | 4,760 | (21,311) | - | (21,311) |
| Net premiums earned | 319,010 | - | 319,010 | 309,472 | - | 309,472 |
| Reinsurance commissions | 4,292 | - | 4,292 | 8,181 | - | 8,181 |
| Total revenues | 323,302 | - | 323,302 | 317,653 | - | 317,653 |
| Underwriting costs and expenses | | | | | | |
| Gross claims paid | 223,667 | - | 223,667 | 265,704 | - | 265,704 |
| Reinsurers' share of claims paid | (8,594) | - | (8,594) | (31,179) | - | (31,179) |
| Net claims and other benefits paid | 215,073 | - | 215,073 | 234,525 | - | 234,525 |
| Changes in outstanding claims | (13,629) | - | (13,629) | 3,274 | - | 3,274 |
| Changes in reinsurance share of outstanding claims | 7,125 | - | 7,125 | (219) | - | (219) |
| Changes in claims incurred but not reported and other reserves | 30,000 | - | 30,000 | 3,038 | - | 3,038 |
| Changes in reinsurance share of claims incurred but not reported and other reserves | 4,174 | - | 4,174 | (1,434) | - | (1,434) |
| Net claims and other benefits incurred | 242,743 | - | 242,743 | 239,184 | - | 239,184 |
| Policy acquisition costs | 22,093 | - | 22,093 | 24,398 | - | 24,398 |
| Total underwriting costs and expenses | 264,836 | - | 264,836 | 263,582 | - | 263,582 |
| Net underwriting income | 58,466 | - | 58,466 | 54,071 | - | 54,071 |

(Continued)

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20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30 (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 | (39,384) | (407) | (39,791) | (37,655) | (342) | (37,997) |
| Commission income on deposits - net | 8,694 | 5,880 | 14,574 | 8,614 | 1,927 | 10,541 |
| Total other operating expenses, net | (30,690) | 5,473 | (25,217) | (29,041) | 1,585 | (27,456) |
| Total income before surplus appropriation, zakat and income tax | 27,776 | 5,473 | 33,249 | 25,030 | 1,585 | 26,615 |
| Zakat expense | - | (3,215) | (3,215) | - | (5,063) | (5,063) |
| Income tax expense | - | (2,441) | (2,441) | - | (1,993) | (1,993) |
| Total income (loss) for the period | 27,776 | (183) | 27,593 | 25,030 | (5,471) | 19,559 |
| Surplus transferred to shareholders' operations | (24,998) | 24,998 | - | (22,527) | 22,527 | - |
| Total income for the period after transfer of insurance operations surplus | 2,778 | 24,815 | 27,593 | 2,503 | 17,056 | 19,559 |
| Earnings per share (expressed in Saudi Riyals per share) | | | | | | |
| Basic earnings per share | - | - | 0.55 | - | - | 0.38 |
| Diluted earnings per share | - | - | 0.55 | - | - | 0.38 |

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20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30 (Unaudited) (continued)

| | 2019 | | | 2018 | | |
|--|-------------------|-------------------|---------------|--------------------------|-------------------|---------------|
| | Insurance | Share- | | Restated (Note 2) | Share- | |
| | operations | holders' | Total | insurance | holders' | Total |
| | operations | operations | | operations | operations | |
| Total income for the period after transfer of insurance operations surplus | 2,778 | 24,815 | 27,593 | 2,503 | 17,056 | 19,559 |
| 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 | 7,845 | 2,388 | 10,233 | 50 | (617) | (567) |
| Total comprehensive income for the period | 10,623 | 27,203 | 37,826 | 2,553 | 16,439 | 18,992 |

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20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE (Unaudited)

| | 2019 | | | 2018 | | |
|---|----------------------|---------------------------|----------------|----------------------|---|----------------|
| | Insurance operations | Share-holders' operations | Total | Insurance operations | Restated (Note 2) Share-holders' operations | Total |
| REVENUES | | | | | | |
| Gross premiums written | | | | | | |
| - Direct | 792,352 | - | 792,352 | 855,948 | - | 855,948 |
| - Reinsurance | 2,567 | - | 2,567 | 2,979 | - | 2,979 |
| | 794,919 | - | 794,919 | 858,927 | - | 858,927 |
| Reinsurance premiums ceded | | | | | | |
| - Foreign | (45,498) | - | (45,498) | (66,917) | - | (66,917) |
| - Local | (973) | - | (973) | (35,609) | - | (35,609) |
| | (46,471) | - | (46,471) | (102,526) | - | (102,526) |
| Net premiums written | 748,448 | - | 748,448 | 756,401 | - | 756,401 |
| Changes in unearned premiums | (126,485) | - | (126,485) | (163,524) | - | (163,524) |
| Changes in reinsurers' share of unearned premiums | 257 | - | 257 | 23,240 | - | 23,240 |
| Net premiums earned | 622,220 | - | 622,220 | 616,117 | - | 616,117 |
| Reinsurance commissions | 7,091 | - | 7,091 | 13,166 | - | 13,166 |
| Total revenues | 629,311 | - | 629,311 | 629,283 | - | 629,283 |
| Underwriting costs and expenses | | | | | | |
| Gross claims paid | 434,065 | - | 434,065 | 440,637 | - | 440,637 |
| Reinsurers' share of claims paid | (15,249) | - | (15,249) | (51,951) | - | (51,951) |
| Net claims and other benefits paid | 418,816 | - | 418,816 | 388,686 | - | 388,686 |
| Changes in outstanding claims | (7,531) | - | (7,531) | 27,259 | - | 27,259 |
| Changes in reinsurance share of outstanding claims | 7,363 | - | 7,363 | (11,972) | - | (11,972) |
| Changes in claims incurred but not reported and other reserves | 47,138 | - | 47,138 | 76,305 | - | 76,305 |
| Changes in reinsurance share of claims incurred but not reported and other reserves | (69) | - | (69) | (3,708) | - | (3,708) |
| Net claims and other benefits incurred | 465,717 | - | 465,717 | 476,570 | - | 476,570 |
| Policy acquisition costs | 44,440 | - | 44,440 | 52,270 | - | 52,270 |
| Total underwriting costs and expenses | 510,157 | - | 510,157 | 528,840 | - | 528,840 |
| Net underwriting income | 119,154 | - | 119,154 | 100,443 | - | 100,443 |

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20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30 (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 | (83,019) | (850) | (83,869) | (72,860) | (869) | (73,729) |
| Commission income on deposits | 17,810 | 9,605 | 27,415 | 15,023 | 4,873 | 19,896 |
| Total other operating expenses, net | (65,209) | 8,755 | (56,454) | (57,837) | 4,004 | (53,833) |
| Total income before surplus attribution, zakat and income tax | 53,945 | 8,755 | 62,700 | 42,606 | 4,004 | 46,610 |
| Zakat expense | - | (6,136) | (6,136) | - | (7,599) | (7,599) |
| Income tax expense | - | (4,661) | (4,661) | - | (3,430) | (3,430) |
| Total income (loss) for the period | 53,945 | (2,042) | 51,903 | 42,606 | (7,025) | 35,581 |
| Surplus transferred to shareholders' operations | (48,549) | 48,549 | - | (38,345) | 38,345 | - |
| Total income for the period after transfer of insurance operations surplus | 5,396 | 46,507 | 51,903 | 4,261 | 31,320 | 35,581 |
| Earnings per share (expressed in Saudi Riyals per share) | | | | | | |
| Basic earnings per share | - | - | 1.03 | - | - | 0.70 |
| Diluted earnings per share | - | - | 1.03 | - | - | 0.70 |

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20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30 (Unaudited) (continued)

| | 2019 | | | 2018 | | |
|--|-------------------|-------------------|---------------|--------------------------|-------------------|---------------|
| | Insurance | Share- | | Restated (Note 2) | Share- | |
| | operations | holders' | Total | insurance | holders' | Total |
| | operations | operations | | operations | operations | |
| Total income for the period after transfer of insurance operations surplus | 5,396 | 46,507 | 51,903 | 4,261 | 31,320 | 35,581 |
| 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 | 15,922 | 8,149 | 24,071 | (4,147) | (2,803) | (6,950) |
| Total comprehensive income for the period | 21,318 | 54,656 | 75,974 | 114 | 28,517 | 28,631 |

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20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30 (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 | 53,945 | 8,755 | 62,700 | 42,606 | 4,004 | 46,610 |
| Adjustments for non-cash items: | | | | | | |
| Depreciation of property and equipment | 1,379 | - | 1,379 | 2,070 | - | 2,070 |
| Amortization of intangible assets | 2,790 | - | 2,790 | 1,865 | - | 1,865 |
| Reversal of Provision for doubtful debts - net | (726) | - | (726) | - | - | - |
| Accretion of discount on available-for-sale investments | (551) | (104) | (655) | (202) | (77) | (279) |
| Amortization of premium on available-for-sale investments | 77 | 27 | 104 | 30 | 31 | 61 |
| Amortization of premium on held-to-maturity investments | 7 | - | 7 | 8 | - | 8 |
| Impairment loss on available-for-sale investments | - | - | - | - | 806 | 806 |
| Performance share reserve | - | (262) | (262) | - | 256 | 256 |
| Changes in operating assets and liabilities: | | | | | | |
| Premiums and reinsurers' balances receivable - net | (70,913) | - | (70,913) | (148,297) | - | (148,297) |
| Reinsurers' share of unearned premiums | (257) | - | (257) | (23,240) | - | (23,240) |
| Reinsurers' share of outstanding claims | 7,363 | - | 7,363 | (11,972) | - | (11,972) |
| Reinsurers' share of claims incurred but not reported and other reserves | (69) | - | (69) | (3,708) | - | (3,708) |
| Deferred policy acquisition costs | (14,506) | - | (14,506) | (7,398) | - | (7,398) |

(Continued)

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

20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30 (Unaudited) (continued)

| | 2019 | | | 2018 | | |
|---|----------------------|---------------------------|----------------|----------------------|---|----------------|
| | Insurance operations | Share-holders' operations | Total | Insurance operations | Restated (Note 2) Share-holders' operations | Total |
| Prepaid expenses and other assets | 1,732 | (1,001) | 731 | (2,126) | 1,282 | (844) |
| Accrued income on statutory deposit | - | (672) | (672) | - | (424) | (424) |
| Accrued and other liabilities | (20,034) | (631) | (20,665) | (26,370) | (510) | (26,880) |
| Surplus distribution paid | (1,737) | - | (1,737) | - | - | - |
| Reinsurers' balances payable | (2,914) | - | (2,914) | 21,295 | - | 21,295 |
| Advance premiums | (3,889) | - | (3,889) | (4,182) | - | (4,182) |
| Unearned premiums | 126,485 | - | 126,485 | 163,524 | - | 163,524 |
| Unearned reinsurance commission | (36) | - | (36) | 3,469 | - | 3,469 |
| Outstanding claims | (7,531) | - | (7,531) | 27,259 | - | 27,259 |
| Claims incurred but not reported and other reserves | 47,138 | - | 47,138 | 76,305 | - | 76,305 |
| Due to a related party | 1,566 | - | 1,566 | (545) | - | (545) |
| Employee benefit obligations | 574 | - | 574 | 5,036 | - | 5,036 |
| Zakat and income tax paid | - | (7,254) | (7,254) | - | (3,491) | (3,491) |
| Accrued income payable to SAMA | - | 672 | 672 | - | 424 | 424 |
| Due from shareholders' operations | (59,499) | 59,499 | - | 72,152 | (72,152) | - |
| Net cash generated from (used in) operating activities | 60,394 | 59,029 | 119,423 | 187,579 | (69,851) | 117,728 |

(Continued)

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

20 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FO FOR THE SIX-MONTH PERIOD ENDED JUNE 30 (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 of short-term deposit | (210,929) | (71,302) | (282,231) | (150,134) | - | (150,134) |
| Proceeds from disposals of short-term deposits | 435,351 | 121,068 | 556,419 | - | 26,111 | 26,111 |
| Purchase of investments | (64,547) | (13,712) | (78,259) | (102,776) | (24,920) | (127,696) |
| Proceeds from disposals of investments | 43,813 | 31,628 | 75,441 | 4,917 | 9,045 | 13,962 |
| Placements of long-term deposits | - | (25,000) | (25,000) | (6,620) | - | (6,620) |
| Proceeds from disposal of long-term deposits | - | - | - | - | 60,000 | 60,000 |
| Purchase of property and equipment | (229) | - | (229) | (173) | - | (173) |
| Purchase of intangible assets | 336 | - | 336 | (1,353) | - | (1,353) |
| Net cash generated from (used in) investing activities | 203,795 | 42,682 | 246,477 | (256,139) | 70,236 | (185,903) |
| Cash flows from financing activities | | | | | | |
| Principal elements of lease payments | (3,183) | - | (3,183) | - | - | - |
| Performance share reserve - settlement | - | - | - | - | (385) | (385) |
| Net change in cash and cash equivalents | 261,006 | 101,711 | 362,717 | (68,560) | - | (68,560) |
| Cash and cash equivalents, beginning of the period | 46,064 | - | 46,064 | 117,776 | - | 117,776 |
| Cash and cash equivalents, end of the period | 307,070 | 101,711 | 408,781 | 49,216 | - | 49,216 |
| Supplemental non-cash information: | | | | | | |
| Changes in fair value of available-for sale-investments | 15,922 | 8,149 | 24,071 | (4,147) | (2,803) | (6,950) |
| Acquisition of right-of-use assets (Note 8) | 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 six-month periods ended 30 June 2019.

22 Approval of the interim condensed financial information

The interim condensed financial information has been approved by the Board of Directors on 4 August 2019.