

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

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018**

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018**

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<b>INDEX</b>	<b>PAGE</b>
Independent auditors' review report	1
Interim statement of financial position	2
Interim statement of income	3
Interim statement of comprehensive income	4
Interim statement of changes in shareholders' equity	5
Interim statement of cash flows	6
Notes to the interim condensed financial information	7 - 31



الدكتور محمد العمري وشركاه

Dr. Mohamed Al-Amri & Co.

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

### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of The Company for Cooperative Insurance (A Saudi Joint Stock Company) (the "Company") as at September 30, 2018 and the interim statements of income and comprehensive income for the three month and nine month period then ended, and interim statements of changes in shareholders' equity and cash flows for the nine month period then ended and other explanatory notes (the interim condensed financial information). 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 modified by Saudi Arabian Monetary Authority (SAMA) for accounting of zakat and income taxes. Our responsibility is to express a conclusion on these 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 modified by SAMA for accounting of zakat and income taxes.

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Safar 30, 1440H  
November 8, 2018G



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

	Notes	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR'000			
<b>ASSETS</b>			
Statutory deposit	10	125,000	125,000
Accrued income on statutory deposit		2,190	1,997
Property and equipment, net		271,814	279,051
Intangible assets		4,689	7,653
Investment property		9,861	9,861
Investments in associates		87,532	95,468
Available for sale investments	4	5,847,743	5,525,209
Murabaha deposits	5	-	82,035
Prepaid expenses and other assets		321,888	191,369
Deferred excess of loss premiums		3,155	11,293
Deferred policy acquisition costs		121,644	170,790
Reinsurers' share of gross outstanding claims	7	1,458,639	1,375,277
Reinsurers' share of incurred but not reported claims	7	173,040	391,207
Reinsurers' share of unearned premiums	7	507,532	591,125
Receivables, net	3	1,788,254	2,257,678
Accrued investment income		25,800	158,093
Cash and cash equivalents	6	929,978	1,397,203
<b>TOTAL ASSETS</b>		<b>11,678,759</b>	<b>12,670,309</b>
<b>LIABILITIES</b>			
Reserve for discontinued operations		1,621	1,621
End-of-service indemnities		124,582	119,242
Return payable on statutory deposit		2,190	1,997
Claims payable, accrued expenses and other liabilities		2,191,792	1,291,652
Reserve for takaful activities		9,427	10,576
Gross outstanding claims	7	1,932,961	2,374,764
Incurred but not reported claims reserve	7	1,695,259	1,700,269
Premium deficiency reserve	7	56,893	137,248
Unearned commission income		31,897	53,661
Gross unearned premiums	7	3,257,818	4,405,244
Reinsurers' balances payable		117,109	207,922
Dividends payable		6,414	6,414
Zakat		268,622	233,318
<b>TOTAL LIABILITIES</b>		<b>9,696,585</b>	<b>10,543,928</b>
<b>ACCUMULATED SURPLUS - INSURANCE OPERATIONS</b>			
Fair value reserve for available for sale investments		(174,001)	(80,505)
Remeasurement of defined benefit obligation		(5,879)	(5,879)
<b>TOTAL LIABILITIES AND ACCUMULATED SURPLUS</b>		<b>9,516,705</b>	<b>10,457,544</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	1,250,000	1,250,000
Legal reserve	11	1,000,000	1,000,000
Fair value reserve for investments		(150,471)	(85,739)
Retained earnings		62,525	48,504
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,162,054</b>	<b>2,212,765</b>
<b>TOTAL LIABILITIES, ACCUMULATED SURPLUS AND SHAREHOLDERS' EQUITY</b>			
		<b>11,678,759</b>	<b>12,670,309</b>
CONTINGENCIES	9		

The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.

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

	Three months ended September 30, 2018 (Unaudited)	Three months ended September 30, 2017 (Unaudited)	Nine months ended September 30, 2018 (Unaudited)	Nine months ended September 30, 2017 (Unaudited)
<b>SAR'000</b>				
<b>REVENUES</b>				
Gross premiums written	1,207,781	1,421,123	5,059,357	5,553,742
Reinsurance ceded - local	(12,257)	(76,877)	(35,704)	(235,776)
Reinsurance ceded - international	(204,304)	(183,462)	(719,115)	(508,503)
Fee income from takaful	925	825	4,166	5,007
Excess of loss premiums	(5,135)	(11,856)	(21,001)	(31,828)
<b>Net premiums written</b>	<b>987,010</b>	<b>1,149,753</b>	<b>4,287,703</b>	<b>4,782,642</b>
Changes in unearned premiums, net	765,210	722,024	1,063,833	665,621
<b>Net premiums earned</b>	<b>1,752,220</b>	<b>1,871,777</b>	<b>5,351,536</b>	<b>5,448,263</b>
Reinsurance commissions	25,074	34,096	71,706	84,257
Other underwriting income	2,561	3,363	8,489	12,921
<b>TOTAL REVENUES</b>	<b>1,779,855</b>	<b>1,909,236</b>	<b>5,431,731</b>	<b>5,545,441</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	1,717,894	1,511,676	5,894,073	4,462,383
Expenses incurred related to claims	5,120	4,131	16,802	12,745
Reinsurers' share of claims paid	(119,435)	(56,530)	(684,477)	(177,680)
<b>Net claims and other benefits paid</b>	<b>1,603,579</b>	<b>1,459,277</b>	<b>5,226,398</b>	<b>4,297,448</b>
Changes in outstanding claims, net	(98,575)	(5,925)	(525,165)	(33,171)
Changes in incurred but not reported claims reserve, net	162,376	34,775	213,157	85,611
Changes in premium deficiency reserve	(61,496)	-	(80,355)	-
<b>Net claims and other benefits incurred</b>	<b>1,605,884</b>	<b>1,488,127</b>	<b>4,834,035</b>	<b>4,349,888</b>
Changes in reserves for takaful activities	23	(2,920)	(1,149)	(3,011)
Policy acquisition costs	93,069	135,923	294,863	350,725
Other underwriting expenses	30,203	31,195	104,334	108,784
Manafeth insurance share distribution	13,972	18,325	46,321	70,364
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>1,743,151</b>	<b>1,670,650</b>	<b>5,278,404</b>	<b>4,876,750</b>
<b>Net underwriting income</b>	<b>36,704</b>	<b>238,586</b>	<b>153,327</b>	<b>668,691</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>				
General and administrative expenses	(116,087)	(118,182)	(318,574)	(336,085)
Reversal of / (allowance for) doubtful debts	6,191	2,245	(10,907)	14,594
Dividend and realized gain on investments, net	32,293	35,667	192,642	236,407
Share of profit from investments in associates, net	7,803	3,998	21,668	11,093
Other income, net	10,229	13,435	19,174	24,908
<b>TOTAL OTHER OPERATING (EXPENSES) / INCOME</b>	<b>(59,571)</b>	<b>(62,837)</b>	<b>(95,997)</b>	<b>(49,083)</b>
<b>Net (loss) / income for the period</b>	<b>(22,867)</b>	<b>175,749</b>	<b>57,330</b>	<b>619,608</b>
<b>Surplus attributed to the insurance operations</b>		(16,036)	-	(50,837)
<b>Net (loss) / income for the period attributable to the shareholders</b>	<b>(22,867)</b>	<b>159,713</b>	<b>57,330</b>	<b>568,771</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share (in SAR)	(0.18)	1.28	0.46	4.55
Weighted average number of shares in issue	125,000,000	125,000,000	125,000,000	125,000,000

The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.

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

	Three months ended September 30, 2018 (Unaudited)	Three months ended September 30, 2017 (Unaudited)	Nine months ended September 30, 2018 (Unaudited)	Nine months ended September 30, 2017 (Unaudited)
Notes				
	SAR'000			
Total (loss) / income for the period	(22,867)	175,749	57,330	619,608
<b>Other comprehensive income:</b>				
<i>To be recycled back to interim statement of income in subsequent periods:</i>				
<i>Available for sale investments:</i>				
- Net change in fair value	4 (10,539)	43,352	(157,382)	162,593
- Net amounts transferred to interim statement of income	4 -	(26,861)	(902)	(100,506)
Share of other comprehensive income of associates	865	-	56	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(32,541)</b>	<b>192,240</b>	<b>(100,898)</b>	<b>681,695</b>
<b>Total comprehensive (loss) / income attributed to the insurance operations</b>	<b>3,082</b>	<b>30,645</b>	<b>(93,496)</b>	<b>55,648</b>
<b>Total comprehensive (loss) / income for the period attributable to the shareholders</b>	<b>(35,623)</b>	<b>161,595</b>	<b>(7,402)</b>	<b>626,047</b>

The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.

- 4 -

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

	Notes	Share capital	Legal reserve	Fair value reserve for investments	Retained earnings	Total
SAR'000						
<i>Unaudited</i>						
<b>Balance at January 1, 2017</b>		1,000,000	1,000,000	(71,182)	998,707	2,927,525
Comprehensive income for the period:						
Net income for the period	18	-	-	-	568,771	568,771
Changes in fair value of available-for-sale investments	18	-	-	63,933	-	63,933
Amount transferred to interim statement of income	18	-	-	(6,657)	-	(6,657)
		-	-	57,276	568,771	626,047
Zakat	17	-	-	-	(53,701)	(53,701)
Issuance of bonus shares		250,000	-	-	(250,000)	-
Dividend distribution		-	-	-	(500,000)	(500,000)
<b>Balance at September 30, 2017</b>		1,250,000	1,000,000	(13,906)	763,777	2,999,871
<i>Unaudited</i>						
<b>Balance at January 1, 2018</b>		1,250,000	1,000,000	(85,739)	48,504	2,212,765
Comprehensive income for the period:						
Net income for the period	18	-	-	-	57,330	57,330
Changes in fair value of available-for-sale investments	18	-	-	(61,272)	-	(61,272)
Amount transferred to interim statement of income	18	-	-	(3,516)	-	(3,516)
Share of other comprehensive income investments in associates	18	-	-	56	-	56
		-	-	(64,732)	57,330	(7,402)
Zakat	17	-	-	-	(43,309)	(43,309)
<b>Balance at September 30, 2018</b>		1,250,000	1,000,000	(150,471)	62,525	2,162,054

The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.

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

	Notes	Nine months ended September 30, 2018 (Unaudited)	Nine months ended September 30, 2017 (Unaudited)
SAR'000			
<b>Operating activities:</b>			
Net income for the period		57,330	619,608
Adjustments for non-cash items:			
Depreciation of property and equipment		16,671	17,806
Amortization of intangible assets		5,943	2,415
Allowance for/(reversal of) doubtful debts		10,907	(14,594)
Gain on sale of investments		(902)	(100,506)
Share of profit of associates, net		(22,449)	(6,622)
Provision for end-of-service indemnities		11,677	11,830
		<u>79,177</u>	<u>529,937</u>
<b>Changes in operating assets and liabilities:</b>			
Prepaid expenses and others assets		(130,519)	120,714
Deferred excess of loss premiums		8,138	(1,503)
Deferred policy acquisition costs		49,146	11,483
Reinsurers' share of gross outstanding claims		(83,362)	438
Reinsurers' share of claims incurred but not reported		218,167	(42,752)
Reinsurers' share of unearned premiums		83,593	26,522
Receivables, net		458,517	559,237
Reinsurers' balances payable		(90,813)	145,607
Gross unearned premiums		(1,147,426)	(692,143)
Unearned commission income		(21,764)	(2,443)
Gross outstanding claims		(441,803)	(33,609)
Incurred but not reported claims reserve		(5,010)	128,363
Premium deficiency reserve		(80,355)	-
Reserve for takaful activities		(1,149)	(3,011)
Claims payable, accrued expenses and other liabilities		900,140	(279,703)
		<u>(205,323)</u>	<u>467,137</u>
End-of-service indemnities paid		(6,337)	(9,875)
<b>Net cash (used in)/ from operating activities</b>		<u>(211,660)</u>	<u>457,262</u>
<b>Investing activities:</b>			
Statutory deposit		-	(25,000)
Proceeds from sale of available-for-sale investments		537,810	3,772,783
Purchase of available-for-sale investments		(1,017,726)	(5,234,919)
Proceeds from sale of murabaha deposits		82,035	-
Accrued investment income		132,293	-
Dividends received from investments in associates		30,441	12,427
Purchase of property and equipment		(9,434)	(4,258)
Purchase of intangible assets		(2,979)	(12,332)
<b>Net cash used in investing activities</b>		<u>(247,560)</u>	<u>(1,491,299)</u>
<b>Financing activities:</b>			
Dividends paid		-	(499,755)
Zakat paid during the period		(8,005)	(19,765)
<b>Net cash used in financing activities</b>		<u>(8,005)</u>	<u>(519,520)</u>
<b>Net change in cash and cash equivalents</b>		<u>(467,225)</u>	<u>(1,553,557)</u>
Cash and cash equivalents, beginning of the period	6	<u>1,397,203</u>	<u>2,401,149</u>
<b>Cash and cash equivalents, end of the period</b>	6	<u>929,978</u>	<u>847,592</u>
<b>Non-cash supplemental information:</b>			
Changes in fair value for available-for-sale investments		(158,284)	62,087
Share of other comprehensive income of associates		56	-

The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.



**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**SEPTEMBER 30, 2018**

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**1. GENERAL**

The Company for Cooperative Insurance (the "Company") is a Saudi joint stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/5 and incorporated on January 18, 1986, corresponding to Jumada Al-Awal 8, 1406H, under Commercial Registration No. 1010061695. The Company's head office is located on Thumamah Road (At Takhassusi) ArRabi District, P.O. Box 86959, Riyadh 11632, Kingdom of Saudi Arabia.

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

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

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

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

**2. BASIS OF PREPARATION**

**(a) Basis of presentation**

The accompanying interim condensed financial statements (interim condensed financial information) of the Company for the three and nine months period ended September 30, 2018 has been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as modified by Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax, which requires, adoption of all IFRSs as issued by the International Accounting standard Board ("IASB") except for the application of International Accounting Standard (IAS) 12 – "Income Taxes" and IFRIC 21 – "Levies" so far as these related to zakat and income tax. As per the SAMA Circular no. 381000074519 dated 14 Rajab 1438H (corresponding to April 11, 2017) and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments and investment in associates which is accounted for under the equity method. The Company'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 non-current: statutory deposit, accrued income on statutory deposit, property and equipment, intangible assets, investment property, investments in associates, available for sale investments, reserve for discontinued operations, end-of-service indemnities and return payable on statutory deposit. All other financial statement line items would generally be classified as current.

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 (Note 18). 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 statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 18 of the financial information have been provided as supplementary financial information 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, statements of 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.

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

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**2. BASIS OF PREPARATION (continued)**

**(a) Basis of presentation (continued)**

In preparing the Company-level financial information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealised 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 interim condensed financial information do not include all of the information required for full annual financial information and should be read in conjunction with the annual financial information as of and for the year ended December 31, 2017. These interim condensed financial information are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

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

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

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimate and judgments used by management in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2017.

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

i) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the date of statement of financial position, for which the insured event has occurred prior to the date of statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. Actuary had also used a segmentation approach including analyzing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

ii) Impairment of available-for-sale financial assets

The Company determines that available-for-sale financial assets are impaired when there has been a significant or prolonged decline in the fair value of the available-for-sale financial assets below its cost. The determination of what is significant or prolonged requires judgment. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgment, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

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**2. BASIS OF PREPARATION (continued)**

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

iii) Impairment of receivables

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

iv) Fair value of financial instruments

Fair values of available-for-sale investments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

For unquoted investments, fair value is determined by reference to the market value of a similar investment or where the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The accounting and risk management policies adopted in the preparation of these condensed interim financial information are consistent with the Company's audited financial statements for the year ended December 31, 2017, except for adoption of the amendments to existing standards which has had no material impact on the financial information of the Company.

**(c) 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 December 31, 2017 except as explained below:

- **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. 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 fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement. 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 2021. 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 2021, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and 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 both the income statement and the balance sheet. The Company has decided not to early adopt this new standard.

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**2. BASIS OF PREPARATION (continued)**

- **IFRS 16 - "Leases"**, applicable for the period beginning on or after 1 January 2019. The new standard eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 proposes on-balance sheet accounting model. The Company has decided not to early adopt this new standard.

**(d) Segmental reporting**

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

- Medical - coverage for health insurance.
- Motor insurance.
- Property and Casualty - coverage for property, engineering, marine, aviation, energy and general accidents insurance.
- Manafeth - third party liability insurance for foreign vehicles and the profit of this segment is shared with other insurance companies.
- Shareholders' segment - reporting shareholder operations of the Company. Income earned from investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis. The surplus or loss from the insurance operations is allocated to this segment on an appropriate basis.

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

**(e) Seasonality of operations**

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

**3. RECEIVABLES, NET**

Receivables comprise net amounts due from the following:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	SAR'000	
Policyholders	1,016,194	1,200,264
Brokers and agents	721,151	908,273
Related parties (note 13)	56,575	155,600
	<b>1,793,920</b>	2,264,137
Receivables from reinsurers	100,583	110,677
Administrative service plan	43,963	22,169
	<b>1,938,466</b>	2,396,983
Provision for doubtful receivables	(150,212)	(139,305)
Receivables, net	<b>1,788,254</b>	2,257,678

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**4. AVAILABLE-FOR-SALE INVESTMENTS**

Available-for-sale investments comprise the following:

	Note	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR'000			
<b><u>Insurance operations</u></b>			
Mutual funds	4.1	2,842,499	2,663,286
Sukuks		228,710	281,860
Equity		-	15,284
Total		3,071,209	2,960,430
<b><u>Shareholders' operations</u></b>			
Mutual funds	4.1	2,676,534	2,464,779
Sukuks		100,000	100,000
Total		2,776,534	2,564,779
Total available-for-sale investments		5,847,743	5,525,209

4.1 As at September 30, 2018 the Company has invested an amount of SAR 5.2 billion (December 31, 2017 SAR 4.3 billion), which include SAR 2.8 billion (December 31, 2017 SAR 2.2 billion) and SAR 2.4 billion (December 31, 2017 SAR 2.1 billion) for insurance and shareholders' operations respectively, in MENA Islamic Fund SPC "Fund" registered in the Cayman Islands. These investments are structured through four investment companies registered with CMA "Capital Markets Authority" in the Kingdom of Saudi Arabia. However, the investment Manager of this Fund is Ivystone Investments Limited registered in Cayman Islands and administrator of this fund is Northern Trust International Fund Administration Services (Ireland) Limited registered in Ireland.

4.2 Movements in available-for-sale investments are as follows:

	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Quoted securities	Unquoted securities	Total	Quoted securities	Unquoted securities	Total
SAR'000						
<b><u>Insurance operations</u></b>						
Balance at the beginning of the period / year	41,245	2,919,185	2,960,430	402,628	2,752,958	3,155,586
Purchases	-	553,660	553,660	43,806	1,453,478	1,497,284
Disposals	(18,805)	(327,966)	(346,771)	(402,628)	(1,213,533)	(1,616,161)
Changes in fair value of investments	6,359	(102,469)	(96,110)	(2,561)	(73,718)	(76,279)
Balance as at the end of the period/ year	28,799	3,042,410	3,071,209	41,245	2,919,185	2,960,430
<b><u>Shareholders' operations</u></b>						
Balance at the beginning of the period/ year	39,340	2,525,439	2,564,779	58,065	1,319,926	1,377,991
Purchases	-	464,066	464,066	40,007	4,179,252	4,219,259
Disposals	(15,007)	(176,032)	(191,039)	(66,480)	(2,950,426)	(3,016,906)
Changes in fair value of investments	2,985	(64,257)	(61,272)	7,748	(23,313)	(15,565)
Balance as at the end of the period/ year	27,318	2,749,216	2,776,534	39,340	2,525,439	2,564,779
Total	56,117	5,791,626	5,847,743	80,585	5,444,624	5,525,209

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**4. AVAILABLE-FOR-SALE INVESTMENTS (continued)**

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

	Three months ended September 30, 2018 (Unaudited)	Three months ended September 30, 2017 (Unaudited)
SAR'000		
<b><u>Insurance operations</u></b>		
Change in fair value	3,082	43,280
Net amount recycled to interim statement of income - insurance operations	-	(28,671)
	<u>3,082</u>	<u>14,609</u>
<b><u>Shareholders' operations</u></b>		
Change in fair value	(13,621)	72
Net amount recycled to interim statement of income - shareholders' operations	-	1,810
	<u>(13,621)</u>	<u>1,882</u>
	Nine months ended September 30, 2018 (Unaudited)	Nine months ended September 30, 2017 (Unaudited)
SAR'000		
<b><u>Insurance operations</u></b>		
Change in fair value	(96,110)	98,660
Net amount recycled to interim statement of income - insurance operations	2,614	(93,849)
	<u>(93,496)</u>	<u>4,811</u>
<b><u>Shareholders' operations</u></b>		
Change in fair value	(61,272)	63,933
Net amount recycled to interim statement of income - shareholders' operations	(3,516)	(6,657)
	<u>(64,788)</u>	<u>57,276</u>

**5. MURABAHA DEPOSITS**

The murabaha deposits are held with commercial banks in the Kingdom of Saudi Arabia. These murabaha deposits are denominated in Saudi Arabian Riyals and have an original maturity of more than three months to one year and yield financial incomes at rates 2.25% (2017: 2.25%).

The movements in murabaha deposits during the period is as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR'000		
<b><u>Shareholders' operations</u></b>		
Balance at the beginning of the period/ year	82,035	-
Placed during the period/ year	-	82,035
Matured during the period/ year	(82,035)	-
Balance at the end of the period/ year	<u>-</u>	<u>82,035</u>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**6. CASH AND CASH EQUIVALENTS**

	<b>September 30, 2018 (Unaudited)</b>	<b>December 31, 2017 (Audited)</b>
	<b>SAR'000</b>	
<b><u>Insurance operations</u></b>		
Murabaha deposits	-	200,133
Bank balances and cash	<b>765,764</b>	<b>915,011</b>
	<b>765,764</b>	<b>1,115,144</b>
<b><u>Shareholders' operations</u></b>		
Murabaha deposits	-	100,000
Bank balances and cash	<b>164,214</b>	<b>182,059</b>
	<b>164,214</b>	<b>282,059</b>
 Total cash and cash equivalents	 <b>929,978</b>	 <b>1,397,203</b>

Bank balances and cash includes call account balance of SAR 157 million (December 31, 2017: SAR 188 million). Both bank balances and murabaha deposits (including off-balance sheet exposures) are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

**7. UNEARNED PREMIUM AND GROSS OUTSTANDING CLAIMS AND RESERVES, NET**

(i) The movement in unearned premiums is as follows:

	<b>September 30, 2018 (Unaudited)</b>			<b>December 31, 2017 (Audited)</b>		
	<b>Gross</b>	<b>Due from reinsurers</b>	<b>Net</b>	<b>Gross</b>	<b>Due from reinsurers</b>	<b>Net</b>
	<b>SAR'000</b>					
Balance as at the beginning of the period / year	<b>4,405,244</b>	<b>(591,125)</b>	<b>3,814,119</b>	<b>4,390,229</b>	<b>(553,813)</b>	<b>3,836,416</b>
Premiums written during the period / year	<b>5,059,357</b>	<b>(754,819)</b>	<b>4,304,538</b>	<b>8,406,669</b>	<b>(1,091,407)</b>	<b>7,315,262</b>
Premiums earned during the period / year	<b>(6,206,783)</b>	<b>838,412</b>	<b>(5,368,371)</b>	<b>(8,391,654)</b>	<b>1,054,095</b>	<b>(7,337,559)</b>
Balance as at the end of the period / year	<b>3,257,818</b>	<b>(507,532)</b>	<b>2,750,286</b>	<b>4,405,244</b>	<b>(591,125)</b>	<b>3,814,119</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**7. UNEARNED PREMIUM AND GROSS OUTSTANDING CLAIMS AND RESERVES, NET (continued)**

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

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	SAR'000	
Gross outstanding claims	2,016,071	2,483,435
Less: Realizable value of salvage and subrogation	(83,110)	(108,671)
	1,932,961	2,374,764
Add: Incurred but not reported claims reserve	1,695,259	1,700,269
Add: Premium deficiency reserve	56,893	137,248
Gross outstanding claims and reserves	3,685,113	4,212,281
Less: Reinsurers' share of gross outstanding claims	(1,458,639)	(1,375,277)
Less: Reinsurers' share of incurred but not reported claims	(173,040)	(391,207)
Reinsurers' share of outstanding claims and reserves	(1,631,679)	(1,766,484)
Net outstanding claims and reserves	2,053,434	2,445,797

There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. The management and external actuary had made a detailed assessment of technical reserves and the various parameters in the valuation of technical liabilities.

As at September 30, 2018, based on the recommendations of external actuary, management had recorded technical reserves (Gross outstanding claims and reserves) which amounted to SAR 3.7 billion (2017: SAR 4.2 billion). Significant portion of reserves relates to medical line of business.

**8. SHARE CAPITAL**

The authorized, issued and paid up capital of the Company was SAR 1.25 billion at September 30, 2018 (December 31, 2017: SAR 1.25 billion) consisting of 125 million shares (December 31, 2017: 125 million shares) of SAR 10 each.

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

	September 30, 2018		
	Authorized and issued		Paid up
	No. of Shares	SAR'000	
Held by the public	66,713,009	667,130	667,130
Public Pension Agency	29,737,685	297,377	297,377
General Organization for Social Insurance	28,549,306	285,493	285,493
	125,000,000	1,250,000	1,250,000
	December 31, 2017		
	Authorized and issued		Paid up
	No. of Shares	SAR'000	
Held by the public	66,713,009	667,130	667,130
Public Pension Agency	29,737,685	297,377	297,377
General Organization for Social Insurance	28,549,306	285,493	285,493
	125,000,000	1,250,000	1,250,000



**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

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**9. CONTINGENT LIABILITIES**

As at September 30, 2018, the Company was contingently liable for letters of credit and guarantees, issued on its behalf by the banks, amounting to SAR 644 million (December 31, 2017: SAR 189 million) occurring in the normal course of business.

The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. Appropriate provisions have been made in relation to pending cases and management believes that finalization of these court cases is not expected to have a material impact on the financial information.

**10. STATUTORY DEPOSIT**

In compliance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company has deposited 10 percent of its share capital, amounting to SAR 125 million (December 31, 2017: SAR 125 million), in a bank designated by SAMA. The statutory deposit is maintained with the National Commercial Bank and can be withdrawn only with the consent of SAMA.

**11. LEGAL RESERVE**

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

**12. MANAFETH SHARED AGREEMENT**

On January 13, 2015 together with 25 related insurance companies, the Company signed the Manafeth shared agreement relating to third party liability motor insurance which is effective from 1 January 2015. The agreement relates to motor insurance for vehicles entering the Kingdom of Saudi Arabia. The agreement was subsequently renewed for year starting from January 1, 2018 to December 31, 2018 with 26 related insurance companies.

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

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

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**13. RELATED PARTY TRANSACTIONS AND BALANCES**

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

	Transactions for the period ended		Balance receivable / (payable) as at	
	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
SAR'000				
<b><u>Major shareholders</u></b>				
Insurance premium written	28,947	27,785	33,918	3,631
<b><u>Associates</u></b>				
Insurance premium written	14,103	1,067	4,482	(40)
Najm fees paid	8,141	29,883	18,531	(7,883)
Waseel fees paid	6,094	4,366	-	-
United Insurance Co. fees and claims, net	3,157	3,354	889	3,393
<b><u>Entities controlled, jointly controlled or significantly influenced by related parties</u></b>				
Insurance premium written	24,133	133,543	18,175	152,009
Rent expenses paid	23	-	561	(56)
Amount of claims paid to hospitals	16,834	15,931	(5,527)	10,216

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

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

	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)
SAR'000		
Salaries and other allowances	7,017	6,823
End of service indemnities	1,238	2,666

**14. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair values of recognised financial instruments are not significantly different from the carrying values included in the financial information. The estimated fair values of financial instruments are based on quoted market prices, when available.

**Determination of fair value and fair value hierarchy**

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

- Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.
- Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**14. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

The valuation of each publicly traded investment is based upon the closing market price of that stock as of the valuation date, less a discount if the security is restricted. Fair values of private equity investments and mutual funds classified in Level 3 are determined based on the investees' latest reported net assets values as at the date of statement of financial position taking into account the fair value of underlying investments by the fund. The fair value of underlying investments are taken by the fund manager from reliable and third party sources including Reuters, Bloomberg, etc. As at September 30, 2018 the Company has invested an amount of SAR 5.2 billion (classified as available for sale investments) in MENA Islamic Fund SPC registered in the Cayman Islands (refer Note 4). These investments are classified under Level 3, valued based on latest reported net assets values. Fair values of other investments (including sukuks) classified in Level 3 are determined based on discounted cash flows, which incorporate assumptions regarding an appropriate credit spread. There were no transfers in between levels during the period ended September 30, 2018 and 2017.

The fair values of bank balances and other financial assets in statement of financial position which are carried at amortized cost, are not significantly different from the carrying values included in the financial statements due to the short term nature of balances.

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

	SAR'000			
	Level 1	Level 2	Level 3	Total
<b>September 30, 2018 (Unaudited)</b>				
Available-for-sale investments				
<b><u>Insurance operations</u></b>				
Mutual funds	28,799	-	2,813,700	2,842,499
Sukuks	-	-	228,710	228,710
	28,799	-	3,042,410	3,071,209
<b><u>Shareholders' operations</u></b>				
Mutual funds	27,318	-	2,649,216	2,676,534
Sukuks	-	-	100,000	100,000
	27,318	-	2,749,216	2,776,534
<b>Total</b>	<b>56,117</b>	<b>-</b>	<b>5,791,626</b>	<b>5,847,743</b>
<b>December 31, 2017 (Audited)</b>				
Available-for-sale investments				
<b><u>Insurance operations</u></b>				
Mutual funds	25,961	-	2,637,325	2,663,286
Equity shares	15,284	-	-	15,284
Sukuks	-	-	281,860	281,860
	41,245	-	2,919,185	2,960,430
<b><u>Shareholders' operations</u></b>				
Mutual funds	39,340	-	2,425,439	2,464,779
Sukuks	-	-	100,000	100,000
	39,340	-	2,525,439	2,564,779
<b>Total</b>	<b>80,585</b>	<b>-</b>	<b>5,444,624</b>	<b>5,525,209</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**14. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

September 30, 2018 (Unaudited)	SAR'000					
	Balance January 1	Purchases	Sales	Statement of income	Other comprehensive income	Balance September 30
<b>Insurance operations</b>						
Mutual funds	2,637,325	553,655	(275,188)	372	(102,464)	2,813,700
Sukuks	281,860	-	(53,150)	-	-	228,710
	<u>2,919,185</u>	<u>553,655</u>	<u>(328,338)</u>	<u>372</u>	<u>(102,464)</u>	<u>3,042,410</u>
<b>Shareholders' operations</b>						
Mutual funds	2,425,439	464,066	(176,038)	3,516	(67,767)	2,649,216
Sukuks	100,000	-	-	-	-	100,000
	<u>2,525,439</u>	<u>464,066</u>	<u>(176,038)</u>	<u>3,516</u>	<u>(67,767)</u>	<u>2,749,216</u>
<b>Total</b>	<u>5,444,624</u>	<u>1,017,721</u>	<u>(504,376)</u>	<u>3,888</u>	<u>(170,231)</u>	<u>5,791,626</u>

December 31, 2017 (Audited)	SAR'000					
	Balance January 1	Purchases	Sales	Statement of income	Other comprehensive income	Balance December 31
<b>Insurance operations</b>						
Mutual funds	2,448,388	1,546,680	(1,433,630)	162,860	(86,973)	2,637,325
Sukuks	304,570	-	(22,710)	-	-	281,860
	<u>2,752,958</u>	<u>1,546,680</u>	<u>(1,456,340)</u>	<u>162,860</u>	<u>(86,973)</u>	<u>2,919,185</u>
<b>Shareholders' operations</b>						
Mutual funds	890,076	3,823,681	(2,347,066)	81,053	(22,305)	2,425,439
Sukuks	100,000	-	-	-	-	100,000
Murabaha	329,850	-	(329,850)	-	-	-
	<u>1,319,926</u>	<u>3,823,681</u>	<u>(2,676,916)</u>	<u>81,053</u>	<u>(22,305)</u>	<u>2,525,439</u>
<b>Total</b>	<u>4,072,884</u>	<u>5,370,361</u>	<u>(4,133,256)</u>	<u>243,913</u>	<u>(109,278)</u>	<u>5,444,624</u>

**15. OPERATING SEGMENTS**

Consistent with the Company's internal reporting process; operating segments have been approved by management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief operating decision maker.

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

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

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**15. OPERATING SEGMENTS (continued)**

Operating Segments	For the three months period ended September 30, 2018						
	(Unaudited)						
	Medical	Motor	Manafeth	Property & casualty	Total - Insurance operations	Total Shareholders' operations	Total
SAR'000							
<b>REVENUES</b>							
Gross premiums written	892,126	127,185	37,227	151,243	1,207,781		1,207,781
Reinsurance ceded - local	-	-	-	(12,257)	(12,257)		(12,257)
Reinsurance ceded - international	(91,790)	-	-	(112,514)	(204,304)		(204,304)
Fees income from takaful	925	-	-	-	925		925
Excess of loss premiums	-	(3,111)	(579)	(1,445)	(5,135)		(5,135)
<b>Net premiums written</b>	<b>801,261</b>	<b>124,074</b>	<b>36,648</b>	<b>25,027</b>	<b>987,010</b>		<b>987,010</b>
Changes in unearned premiums	654,404	103,458	1,134	6,214	765,210		765,210
<b>Net premiums earned</b>	<b>1,455,665</b>	<b>227,532</b>	<b>37,782</b>	<b>31,241</b>	<b>1,752,220</b>		<b>1,752,220</b>
Reinsurance commissions	605	134	-	24,335	25,074		25,074
Other underwriting income	-	2,561	-	-	2,561		2,561
<b>TOTAL REVENUES</b>	<b>1,456,270</b>	<b>230,227</b>	<b>37,782</b>	<b>55,576</b>	<b>1,779,855</b>		<b>1,779,855</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid and related expenses	1,474,841	144,141	6,683	97,349	1,723,014		1,723,014
Reinsurers' share of claims paid	(26,752)	(1,778)	-	(90,905)	(119,435)		(119,435)
<b>Net claims paid</b>	<b>1,448,089</b>	<b>142,363</b>	<b>6,683</b>	<b>6,444</b>	<b>1,603,579</b>		<b>1,603,579</b>
Changes in outstanding claims, net	(104,464)	2,097	1,452	2,340	(98,575)		(98,575)
Changes in incurred but not reported claims reserve, net	189,790	(24,130)	144	(3,428)	162,376		162,376
Changes in premium deficiency reserves	(61,496)	-	-	-	(61,496)		(61,496)
<b>Net claims and other benefits incurred</b>	<b>1,471,919</b>	<b>120,330</b>	<b>8,279</b>	<b>5,356</b>	<b>1,605,884</b>		<b>1,605,884</b>
Changes in reserve for takaful activities	23	-	-	-	23		23
Policy acquisition costs	50,799	22,484	8,263	11,523	93,069		93,069
Other underwriting expenses	20,334	2,436	2,746	4,687	30,203		30,203
Manafeth insurance share	-	-	13,972	-	13,972		13,972
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>1,543,075</b>	<b>145,250</b>	<b>33,260</b>	<b>21,566</b>	<b>1,743,151</b>		<b>1,743,151</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>(86,805)</b>	<b>84,977</b>	<b>4,522</b>	<b>34,010</b>	<b>36,704</b>		<b>36,704</b>
General and administrative expenses	-	-	-	-	(115,353)	(734)	(116,087)
Reversal of allowance for doubtful debts	-	-	-	-	6,191	-	6,191
Dividend and realized gain on investments, net	-	-	-	-	4,357	27,936	32,293
Share of profit from investments in associates, net	-	-	-	-	-	7,803	7,803
Other income	-	-	-	-	10,229	-	10,229
<b>NET (LOSS)/ INCOME FOR THE PERIOD</b>					<b>(57,872)</b>	<b>35,005</b>	<b>(22,867)</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**15. OPERATING SEGMENTS (continued)**

Operating Segments	For the three months period ended September 30, 2017						
	(Unaudited)						
	Medical	Motor	Manafeth	Property & casualty	Total - Insurance operations	Total Shareholders' operations	Total
SAR'000							
<b>REVENUES</b>							
Gross premiums written	854,491	345,873	39,297	181,462	1,421,123		1,421,123
Reinsurance ceded - local	-	-	-	(76,877)	(76,877)		(76,877)
Reinsurance ceded - international	(100,913)	3	-	(82,552)	(183,462)		(183,462)
Fees income from takaful	825	-	-	-	825		825
Excess of loss premiums	-	(5,842)	(669)	(5,345)	(11,856)		(11,856)
<b>Net premiums written</b>	<b>754,403</b>	<b>340,034</b>	<b>38,628</b>	<b>16,688</b>	<b>1,149,753</b>		<b>1,149,753</b>
Changes in unearned premiums	685,587	15,992	6,934	13,511	722,024		722,024
<b>Net premiums earned</b>	<b>1,439,990</b>	<b>356,026</b>	<b>45,562</b>	<b>30,199</b>	<b>1,871,777</b>		<b>1,871,777</b>
Reinsurance commissions	459	-	-	33,637	34,096		34,096
Other underwriting income	-	3,363	-	-	3,363		3,363
<b>TOTAL REVENUES</b>	<b>1,440,449</b>	<b>359,389</b>	<b>45,562</b>	<b>63,836</b>	<b>1,909,236</b>		<b>1,909,236</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid and related expenses	1,219,958	235,547	9,580	50,722	1,515,807		1,515,807
Reinsurers' share of claims paid	(13,850)	(106)	(16)	(42,558)	(56,530)		(56,530)
<b>Net claims paid</b>	<b>1,206,108</b>	<b>235,441</b>	<b>9,564</b>	<b>8,164</b>	<b>1,459,277</b>		<b>1,459,277</b>
Changes in outstanding claims, net	987	(1,675)	1,137	(6,374)	(5,925)		(5,925)
Changes in incurred but not reported claims reserve, net	31,898	-	-	2,877	34,775		34,775
<b>Net claims and other benefits incurred</b>	<b>1,238,993</b>	<b>233,766</b>	<b>10,701</b>	<b>4,667</b>	<b>1,488,127</b>		<b>1,488,127</b>
Changes in reserve for takaful activities	(2,920)	-	-	-	(2,920)		(2,920)
Policy acquisition costs	60,034	52,436	8,013	15,440	135,923		135,923
Other underwriting expenses	21,960	3,936	3,560	1,739	31,195		31,195
Manafeth Insurance share	-	-	18,325	-	18,325		18,325
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>1,318,067</b>	<b>290,138</b>	<b>40,599</b>	<b>21,846</b>	<b>1,670,650</b>		<b>1,670,650</b>
<b>NET UNDERWRITING INCOME</b>	<b>122,382</b>	<b>69,251</b>	<b>4,963</b>	<b>41,990</b>	<b>238,586</b>		<b>238,586</b>
General and administrative expenses					(116,874)	(1,308)	(118,182)
Reversal of allowance for doubtful debts					2,245	-	2,245
Dividend and realized gain on investments, net					22,973	12,694	35,667
Share of profit from investments in associates, net						3,998	3,998
Other income					13,435	-	13,435
<b>NET INCOME FOR THE PERIOD</b>					<b>160,365</b>	<b>15,384</b>	<b>175,749</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**15. OPERATING SEGMENTS (continued)**

Operating Segments	For the nine months period ended September 30, 2018					
	(Unaudited)					
	Medical	Motor	Manafeth	Property & casualty SAR'000	Total - Insurance operations	Total Shareholders' operations Total
<b>REVENUES</b>						
Gross premiums written	3,739,131	492,676	109,111	718,439	5,059,357	5,059,357
Reinsurance ceded - local	-	-	-	(35,704)	(35,704)	(35,704)
Reinsurance ceded - international	(108,503)	-	-	(610,612)	(719,115)	(719,115)
Fees income from takaful	4,166	-	-	-	4,166	4,166
Excess of loss premiums	-	(12,503)	(2,356)	(6,142)	(21,001)	(21,001)
<b>Net premiums written</b>	<b>3,634,794</b>	<b>480,173</b>	<b>106,755</b>	<b>65,981</b>	<b>4,287,703</b>	<b>4,287,703</b>
Changes in unearned premiums	707,468	337,327	3,224	15,814	1,063,833	1,063,833
<b>Net premiums earned</b>	<b>4,342,262</b>	<b>817,500</b>	<b>109,979</b>	<b>81,795</b>	<b>5,351,536</b>	<b>5,351,536</b>
Reinsurance commissions	1,956	135	-	69,615	71,706	71,706
Other underwriting income	-	8,489	-	-	8,489	8,489
<b>TOTAL REVENUES</b>	<b>4,344,218</b>	<b>826,124</b>	<b>109,979</b>	<b>151,410</b>	<b>5,431,731</b>	<b>5,431,731</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid and related expenses	4,749,709	526,730	21,160	613,276	5,910,875	5,910,875
Reinsurers' share of claims paid	(87,615)	(7,895)	-	(588,967)	(684,477)	(684,477)
<b>Net claims paid</b>	<b>4,662,094</b>	<b>518,835</b>	<b>21,160</b>	<b>24,309</b>	<b>5,226,398</b>	<b>5,226,398</b>
Changes in outstanding claims, net	(539,676)	5,240	5,222	4,049	(525,165)	(525,165)
Changes in incurred but not reported claims reserve, net	253,043	(23,271)	(10,130)	(6,485)	213,157	213,157
Changes in premium deficiency reserves	(80,355)	-	-	-	(80,355)	(80,355)
<b>Net claims and other benefits incurred</b>	<b>4,295,106</b>	<b>500,804</b>	<b>16,252</b>	<b>21,873</b>	<b>4,834,035</b>	<b>4,834,035</b>
Changes in reserve for takaful activities	(1,149)	-	-	-	(1,149)	(1,149)
Policy acquisition costs	150,152	83,511	24,873	36,327	294,863	294,863
Other underwriting expenses	70,964	7,863	9,034	16,473	104,334	104,334
Manafeth Insurance share	-	-	46,321	-	46,321	46,321
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>4,515,073</b>	<b>592,178</b>	<b>96,480</b>	<b>74,673</b>	<b>5,278,404</b>	<b>5,278,404</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>(170,855)</b>	<b>233,946</b>	<b>13,499</b>	<b>76,737</b>	<b>153,327</b>	<b>153,327</b>
General and administrative expenses					(314,129)	(4,445)
Allowance for doubtful debts					(10,907)	
Dividend and realized gain on investments, net					56,316	136,326
Share of profit from investments in associates, net					-	21,668
Other income					19,174	
<b>NET (LOSS)/ INCOME FOR THE PERIOD</b>					<b>(96,219)</b>	<b>153,549</b>
						<b>57,330</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**15. OPERATING SEGMENTS (continued)**

Operating Segments	For the nine months period ended September 30, 2017						
	(Unaudited)						
	Medical	Motor	Manafeth	Property & casualty	Total - Insurance operations	Total Shareholders' operations	Total
SAR'000							
<b>REVENUES</b>							
Gross premiums written	3,620,384	1,066,995	149,457	716,906	5,553,742		5,553,742
Reinsurance ceded - local	-	-	-	(235,776)	(235,776)		(235,776)
Reinsurance ceded - international	(116,623)	3	-	(391,883)	(508,503)		(508,503)
Fees income from takaful	5,007	-	-	-	5,007		5,007
Excess of loss premiums	-	(17,273)	(2,268)	(12,287)	(31,828)		(31,828)
<b>Net premiums written</b>	<b>3,508,768</b>	<b>1,049,725</b>	<b>147,189</b>	<b>76,960</b>	<b>4,782,642</b>		<b>4,782,642</b>
Changes in unearned premiums	632,134	15,838	9,738	7,911	665,621		665,621
<b>Net premiums earned</b>	<b>4,140,902</b>	<b>1,065,563</b>	<b>156,927</b>	<b>84,871</b>	<b>5,448,263</b>		<b>5,448,263</b>
Reinsurance commissions	554	4	-	83,699	84,257		84,257
Other underwriting income	7	12,914	-	-	12,921		12,921
<b>TOTAL REVENUES</b>	<b>4,141,463</b>	<b>1,078,481</b>	<b>156,927</b>	<b>168,570</b>	<b>5,545,441</b>		<b>5,545,441</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid and related expenses	3,518,156	774,911	31,024	151,037	4,475,128		4,475,128
Reinsurers' share of claims paid	(38,841)	(12,289)	(894)	(125,656)	(177,680)		(177,680)
<b>Net claims paid</b>	<b>3,479,315</b>	<b>762,622</b>	<b>30,130</b>	<b>25,381</b>	<b>4,297,448</b>		<b>4,297,448</b>
Changes in outstanding claims, net	15,686	(47,219)	1,202	(2,840)	(33,171)		(33,171)
Changes in incurred but not reported claims reserve, net	67,400	11,901	-	6,310	85,611		85,611
<b>Net claims and other benefits incurred</b>	<b>3,562,401</b>	<b>727,304</b>	<b>31,332</b>	<b>28,851</b>	<b>4,349,888</b>		<b>4,349,888</b>
Changes in reserve for takaful activities	(3,011)	-	-	-	(3,011)		(3,011)
Policy acquisition costs	170,889	117,711	25,506	36,619	350,725		350,725
Other underwriting expenses	71,998	11,530	13,661	11,595	108,784		108,784
Manafeth insurance share	-	-	70,364	-	70,364		70,364
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>3,802,277</b>	<b>856,545</b>	<b>140,863</b>	<b>77,065</b>	<b>4,876,750</b>		<b>4,876,750</b>
<b>NET UNDERWRITING INCOME</b>	<b>339,186</b>	<b>221,936</b>	<b>16,064</b>	<b>91,505</b>	<b>668,691</b>		<b>668,691</b>
General and administrative expenses					(330,742)	(5,343)	(336,085)
Reversal of allowance for doubtful debts					14,594	-	14,594
Dividend and realized gain on investments, net					130,924	105,483	236,407
Share of profit from investments in associates, net					-	11,093	11,093
Other income					24,908	-	24,908
<b>NET INCOME FOR THE PERIOD</b>					<b>508,375</b>	<b>111,233</b>	<b>619,608</b>



**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**15. OPERATING SEGMENTS (continued)**

Operating Segments	As at September 30, 2018 (Unaudited)						Total
	Medical	Motor	Manafeth	Property & casualty	Total - Insurance operations	Total - Shareholders' operations	
	SAR'000						
<b>Assets</b>							
Reinsurer's share of unearned premiums	76,430	5	-	431,097	507,532		507,532
Reinsurer's share of incurred but not reported claims	18,919	-	-	154,121	173,040		173,040
Reinsurer's share of outstanding claims	27,306	16,378	2,000	1,412,955	1,458,639		1,458,639
Deferred excess of loss premiums	-	1,630	-	1,525	3,155		3,155
Deferred policy acquisition costs	89,155	20,077	1,273	11,139	121,644		121,644
Investments (including investment property)					3,088,872	2,882,064	5,970,936
Receivables, net					1,788,254		1,788,254
Cash and cash equivalents					765,764	164,214	929,978
Unallocated assets					598,287	127,294	725,581
<b>Total assets</b>	<b>211,810</b>	<b>38,090</b>	<b>3,273</b>	<b>2,010,837</b>	<b>8,505,187</b>	<b>3,173,572</b>	<b>11,678,759</b>
<b>Liabilities</b>							
Gross unearned premiums	2,390,663	336,683	23,758	506,714	3,257,818		3,257,818
Gross outstanding claims	219,707	144,016	13,030	1,556,208	1,932,961		1,932,961
Incurred but not reported claims reserve	1,303,244	195,685	13,338	182,992	1,695,259		1,695,259
Premium deficiency reserve	56,893	-	-	-	56,893		56,893
Unearned commission income	5,950	-	-	25,947	31,897		31,897
Reserve for takaful activities	9,427	-	-	-	9,427		9,427
Reinsurers' balances payable					117,109		117,109
Unallocated liabilities and accumulated surplus					2,130,374	284,967	2,415,341
<b>Total liabilities and surplus</b>	<b>3,985,884</b>	<b>676,384</b>	<b>50,126</b>	<b>2,271,861</b>	<b>9,231,738</b>	<b>284,967</b>	<b>9,516,705</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**15. OPERATING SEGMENTS (continued)**

Operating Segments	As at December 31, 2017 (Audited)						
	Medical	Motor	Manafeth	Property & casualty	Total - Insurance operations	Total - Shareholders' operations	Total
	SAR'000						
<b>Assets</b>							
Reinsurer's share of unearned premiums	62,909	6	-	528,210	591,125		591,125
Reinsurer's share of incurred but not reported claims	28,142	14,987	1,141	346,937	391,207		391,207
Reinsurer's share of outstanding claims	25,547	19,753		1,329,977	1,375,277		1,375,277
Deferred excess of loss premiums		6,595		4,698	11,293		11,293
Deferred policy acquisition costs	99,636	47,306	1,822	22,026	170,790		170,790
Investments (including investment property)					3,049,051	2,739,580	5,788,631
Receivables, net					2,257,678		2,257,678
Cash and cash equivalents					1,115,144	282,059	1,397,203
Unallocated assets					476,323	210,782	687,105
<b>Total assets</b>	<b>216,234</b>	<b>88,647</b>	<b>2,963</b>	<b>2,231,848</b>	<b>9,437,888</b>	<b>3,232,421</b>	<b>12,670,309</b>
<b>Liabilities</b>							
Gross unearned premiums	3,084,610	674,011	26,982	619,641	4,405,244		4,405,244
Gross outstanding claims	757,624	142,151	5,808	1,469,181	2,374,764		2,374,764
Incurred but not reported claims reserve	1,059,424	233,943	24,609	382,293	1,700,269		1,700,269
Premium deficiency reserve	137,248				137,248		137,248
Unearned commission income	5,346	1		48,314	53,661		53,661
Reserve for takaful activities	10,576				10,576		10,576
Reinsurers' balances payable					207,922		207,922
Unallocated liabilities and surplus					1,322,131	245,729	1,567,860
<b>Total liabilities and surplus</b>	<b>5,054,828</b>	<b>1,050,106</b>	<b>57,399</b>	<b>2,519,429</b>	<b>10,211,815</b>	<b>245,729</b>	<b>10,457,544</b>

**16. EARNINGS PER SHARE**

Basic and diluted earnings per share have been calculated by dividing the income attributed to shareholders' by 125 million shares.

**17. ZAKAT**

**Status of assessments**

The Company had filed zakat returns with the General Authority of Zakat and Tax ("GAZT") for the years from 2005 to 2017. In relation to 2005 and 2006, the final assessments had been finalized and the Company had filed an appeal against the assessments of GAZT which is raised to Board of Grievances. In relation to 2007 to 2013, GAZT had raised assessments and management had subsequently filed their response. Further, GAZT has yet to commence its review for the years 2014 to 2017. Based on advice from zakat consultant, appropriate provisions have been made and management believes that finalization of the abovementioned assessments is not expected to have a material impact on the financial information.

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**18. SUPPLEMENTARY INFORMATION**

**a) Interim condensed statement of financial position**

	As at September 30, 2018			As at December 31, 2017		
	(Unaudited)			(Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000					
<b>ASSETS</b>						
Statutory deposit	-	125,000	125,000	-	125,000	125,000
Accrued income on statutory deposit	-	2,190	2,190	-	1,997	1,997
Property and equipment, net	271,814	-	271,814	279,051	-	279,051
Intangible assets	4,689	-	4,689	7,653	-	7,653
Investment property	9,861	-	9,861	9,861	-	9,861
Investments in associates	7,802	79,730	87,532	7,021	88,447	95,468
Available for sale investments	3,071,209	2,776,534	5,847,743	2,960,430	2,564,779	5,525,209
Murabaha deposits	-	-	-	-	82,035	82,035
Due from/ to Shareholder's operations	726,551	(726,551)	-	773,927	(773,927)	-
Prepaid expenses and other assets	321,784	104	321,888	189,619	1,750	191,369
Deferred excess of loss premiums	3,155	-	3,155	11,293	-	11,293
Deferred policy acquisition costs	121,644	-	121,644	170,790	-	170,790
Reinsurers' share of gross outstanding claims	1,458,639	-	1,458,639	1,375,277	-	1,375,277
Reinsurers' share of incurred but not reported claims	173,040	-	173,040	391,207	-	391,207
Reinsurers' share of unearned premiums	507,532	-	507,532	591,125	-	591,125
Receivables, net	1,788,254	-	1,788,254	2,257,678	-	2,257,678
Accrued investment income	-	25,800	25,800	71,739	86,354	158,093
Cash and cash equivalents	765,764	164,214	929,978	1,115,144	282,059	1,397,203
<b>TOTAL ASSETS</b>	<b>9,231,738</b>	<b>2,447,021</b>	<b>11,678,759</b>	<b>10,211,815</b>	<b>2,458,494</b>	<b>12,670,309</b>

THE COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)  
(continued)  
SEPTEMBER 30, 2018

18. SUPPLEMENTARY INFORMATION (continued)

a) Interim condensed statement of financial position (continued)

	As at September 30, 2018			As at December 31, 2017		
	(Unaudited)			(Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000					
<b>LIABILITIES</b>						
Reserve for discontinued operations	1,621	-	1,621	1,621	-	1,621
End-of-service indemnities	124,582	-	124,582	119,242	-	119,242
Return payable on statutory deposit	-	2,190	2,190	-	1,997	1,997
Claims payable, accrued expenses and other liabilities	2,184,051	7,741	2,191,792	1,287,652	4,000	1,291,652
Reserve for takaful activities	9,427	-	9,427	10,576	-	10,576
Gross outstanding claims	1,932,961	-	1,932,961	2,374,764	-	2,374,764
Incurred but not reported claims reserve	1,695,259	-	1,695,259	1,700,269	-	1,700,269
Premium deficiency reserve	56,893	-	56,893	137,248	-	137,248
Unearned commission income	31,897	-	31,897	53,661	-	53,661
Gross unearned premiums	3,257,818	-	3,257,818	4,405,244	-	4,405,244
Reinsurers' balances payable	117,109	-	117,109	207,922	-	207,922
Dividends payable	-	6,414	6,414	-	6,414	6,414
Zakat	-	268,622	268,622	-	233,318	233,318
<b>TOTAL LIABILITIES</b>	<b>9,411,618</b>	<b>284,967</b>	<b>9,696,585</b>	<b>10,298,199</b>	<b>245,729</b>	<b>10,543,928</b>
<b>ACCUMULATED SURPLUS – INSURANCE OPERATIONS</b>						
Fair value reserve for available for sale investments	(174,001)	-	(174,001)	(80,505)	-	(80,505)
Remeasurements of defined benefit obligation	(5,879)	-	(5,879)	(5,879)	-	(5,879)
<b>TOTAL ACCUMULATED SURPLUS</b>	<b>(179,880)</b>	<b>-</b>	<b>(179,880)</b>	<b>(86,384)</b>	<b>-</b>	<b>(86,384)</b>
<b>TOTAL LIABILITIES AND ACCUMULATED SURPLUS</b>	<b>9,231,738</b>	<b>284,967</b>	<b>9,516,705</b>	<b>10,211,815</b>	<b>245,729</b>	<b>10,457,544</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	-	1,250,000	1,250,000	-	1,250,000	1,250,000
Legal reserve	-	1,000,000	1,000,000	-	1,000,000	1,000,000
Fair value reserve for investments	-	(150,471)	(150,471)	-	(85,739)	(85,739)
Retained earnings	-	62,525	62,525	-	48,504	48,504
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>2,162,054</b>	<b>2,162,054</b>	<b>-</b>	<b>2,212,765</b>	<b>2,212,765</b>
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>	<b>9,231,738</b>	<b>2,447,021</b>	<b>11,678,759</b>	<b>10,211,815</b>	<b>2,458,494</b>	<b>12,670,309</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**18. SUPPLEMENTARY INFORMATION (continued)**

**b) Interim condensed statement of income (continued)**

	For the three months period ended September 30, 2018			For the three months period ended September 30, 2017		
	(Unaudited)			(Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR'000					
<b>REVENUES</b>						
Gross premiums written	1,207,781		1,207,781	1,421,123		1,421,123
Reinsurance premium ceded	(216,561)		(216,561)	(260,339)		(260,339)
Fees income from takaful	925		925	825		825
Excess of loss premiums	(5,135)		(5,135)	(11,856)		(11,856)
Net premiums written	987,010		987,010	1,149,753		1,149,753
Changes in unearned premiums, net	765,210		765,210	722,024		722,024
Net premiums earned	1,752,220		1,752,220	1,871,777		1,871,777
Reinsurance commissions	25,074		25,074	34,096		34,096
Other underwriting income	2,561		2,561	3,363		3,363
<b>Total revenues</b>	<b>1,779,855</b>		<b>1,779,855</b>	<b>1,909,236</b>		<b>1,909,236</b>
<b>COST AND EXPENSES</b>						
Gross claims paid	1,717,894		1,717,894	1,511,676		1,511,676
Expenses incurred related to claims	5,120		5,120	4,131		4,131
Reinsurance share of claims paid	(119,435)		(119,435)	(56,530)		(56,530)
Net claims and other benefits paid	1,603,579		1,603,579	1,459,277		1,459,277
Changes in outstanding claims, net	(98,575)		(98,575)	(5,925)		(5,925)
Changes in incurred but not reported claims, net	162,376		162,376	34,775		34,775
Changes in premium deficiency reserves	(61,496)		(61,496)	-		-
Net claims and other benefits incurred	1,605,884		1,605,884	1,488,127		1,488,127
Changes in reserves for takaful activities	23		23	(2,920)		(2,920)
Policy acquisition costs	93,069		93,069	135,923		135,923
Other underwriting expenses	30,203		30,203	31,195		31,195
Manafeth Insurers share	13,972		13,972	18,325		18,325
<b>Total underwriting costs and expenses</b>	<b>1,743,151</b>		<b>1,743,151</b>	<b>1,670,650</b>		<b>1,670,650</b>
<b>Net underwriting income</b>	<b>36,704</b>		<b>36,704</b>	<b>238,586</b>		<b>238,586</b>
General and administrative expenses	(115,353)	(734)	(116,087)	(116,874)	(1,308)	(118,182)
Reversal of allowance for doubtful debts	6,191	-	6,191	2,245	-	2,245
Dividend and realized gain on investments, net	4,357	27,936	32,293	22,973	12,694	35,667
Share of profit from investments in associates, net	-	7,803	7,803	-	3,998	3,998
Other income, net	10,229	-	10,229	13,435	-	13,435
<b>Net (loss) / income for the period before appropriation</b>	<b>(57,872)</b>	<b>35,005</b>	<b>(22,867)</b>	<b>160,365</b>	<b>15,384</b>	<b>175,749</b>
<b>Net (loss) / income transferred to shareholders' operations</b>	<b>57,872</b>	<b>(57,872)</b>	<b>-</b>	<b>(144,329)</b>	<b>144,329</b>	<b>-</b>
<b>Net (loss) / income for the period after Shareholders' appropriations</b>	<b>-</b>	<b>(22,867)</b>	<b>(22,867)</b>	<b>16,036</b>	<b>159,713</b>	<b>175,749</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**18. SUPPLEMENTARY INFORMATION (continued)**

**b) Interim condensed statement of income (continued)**

	For the nine months period ended September 30, 2018			For the nine months period ended September 30, 2017		
	(Unaudited)			(Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR'000					
<b>REVENUES</b>						
Gross premiums written	5,059,357		5,059,357	5,553,742		5,553,742
Reinsurance premium ceded	(754,819)		(754,819)	(744,279)		(744,279)
Fees income from takaful	4,166		4,166	5,007		5,007
Excess of loss premiums	(21,001)		(21,001)	(31,828)		(31,828)
Net premiums written	4,287,703		4,287,703	4,782,642		4,782,642
Changes in unearned premiums, net	1,063,833		1,063,833	665,621		665,621
Net premiums earned	5,351,536		5,351,536	5,448,263		5,448,263
Reinsurance commissions	71,706		71,706	84,257		84,257
Other underwriting income	8,489		8,489	12,921		12,921
<b>Total revenues</b>	<b>5,431,731</b>		<b>5,431,731</b>	<b>5,545,441</b>		<b>5,545,441</b>
<b>COST AND EXPENSES</b>						
Gross claims paid	5,894,073		5,894,073	4,462,383		4,462,383
Expenses incurred related to claims	16,802		16,802	12,745		12,745
Reinsurance share of claims paid	(684,477)		(684,477)	(177,680)		(177,680)
Net claims and other benefits paid	5,226,398		5,226,398	4,297,448		4,297,448
Changes in outstanding claims, net	(525,165)		(525,165)	(33,171)		(33,171)
Changes in incurred but not reported claims, net	213,157		213,157	85,611		85,611
Changes in premium deficiency reserves	(80,355)		(80,355)	-		-
Net claims and other benefits incurred	4,834,035		4,834,035	4,349,888		4,349,888
Changes in reserves for takaful activities	(1,149)		(1,149)	(3,011)		(3,011)
Policy acquisition costs	294,863		294,863	350,725		350,725
Other underwriting expenses	104,334		104,334	108,784		108,784
Manafeth Insurers share	46,321		46,321	70,364		70,364
<b>Total underwriting costs and expenses</b>	<b>5,278,404</b>		<b>5,278,404</b>	<b>4,876,750</b>		<b>4,876,750</b>
<b>Net underwriting income</b>	<b>153,327</b>		<b>153,327</b>	<b>668,691</b>		<b>668,691</b>
General and administrative expenses	(314,129)	(4,445)	(318,574)	(330,742)	(5,343)	(336,085)
(Allowance for)/ reversal of doubtful debts	(10,907)	-	(10,907)	14,594	-	14,594
Dividend and realized gain on investments, net	56,316	136,326	192,642	130,924	105,483	236,407
Share of profit from investments in associates, net	-	21,668	21,668	-	11,093	11,093
Other income, net	19,174	-	19,174	24,908	-	24,908
<b>Net (loss) / income for the period before appropriation</b>	<b>(96,219)</b>	<b>153,549</b>	<b>57,330</b>	<b>508,375</b>	<b>111,233</b>	<b>619,608</b>
<b>Net (loss) / income transferred to shareholders' operations</b>	<b>96,219</b>	<b>(96,219)</b>	<b>-</b>	<b>(457,538)</b>	<b>457,538</b>	<b>-</b>
<b>Net income for the period after Shareholders' appropriations</b>	<b>-</b>	<b>57,330</b>	<b>57,330</b>	<b>50,837</b>	<b>568,771</b>	<b>619,608</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**18. SUPPLEMENTARY INFORMATION (continued)**

**c) Interim condensed statement of comprehensive income**

	For the three months period ended September 30, 2018			For the three months period ended September 30, 2017		
	(Unaudited)			(Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR'000					
Net income for the period	-	(22,867)	(22,867)	16,036	159,713	175,749
<b>Other comprehensive income:</b>						
<i>To be recycled back to interim statement of income in subsequent periods:</i>						
<u>Available for sale investments</u>						
- Net change in fair value	3,082	(13,621)	(10,539)	43,280	72	43,352
- Net amounts recycled to interim statement of income	-	-	-	(28,671)	1,810	(26,861)
Share of other comprehensive income of investments in associates	-	865	865	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>3,082</b>	<b>(35,623)</b>	<b>(32,541)</b>	<b>30,645</b>	<b>161,595</b>	<b>192,240</b>
	For the nine months period ended September 30, 2018			For the nine months period ended September 30, 2017		
	(Unaudited)			(Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR'000					
Net income for the period	-	57,330	57,330	50,837	568,771	619,608
<b>Other comprehensive income:</b>						
<i>To be recycled back to interim statement of income in subsequent periods:</i>						
<u>Available for sale investments</u>						
- Net change in fair value	(96,110)	(61,272)	(157,382)	98,660	63,933	162,593
- Net amounts recycled to interim statement of income	2,614	(3,516)	(902)	(93,849)	(6,657)	(100,506)
Share of other comprehensive income of investments in associates	-	56	56	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(93,496)</b>	<b>(7,402)</b>	<b>(100,898)</b>	<b>55,648</b>	<b>626,047</b>	<b>681,695</b>

**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**18. SUPPLEMENTARY INFORMATION (continued)**

**d) Interim condensed statement of cash flows**

	For the nine months period ended September 30, 2018			For the nine months period ended September 30, 2017		
	(Unaudited)			(Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR'000					
<b>Operating activities:</b>						
Net income for the period		57,330	57,330	50,837	568,771	619,608
<b>Adjustments for non-cash items:</b>						
Appropriation of (surplus) / deficit	(96,219)	96,219	-	457,538	(457,538)	-
Depreciation	16,671	-	16,671	17,806	-	17,806
Amortization of intangible assets	5,943	-	5,943	2,415	-	2,415
Allowance for/(Reversal of) doubtful debts	10,907	-	10,907	(14,594)	-	(14,594)
Gain/ (loss) on sale of available-for-sale investments	2,614	(3,516)	(902)	(93,849)	(6,657)	(100,506)
Share of profit from investments in associates, net	(781)	(21,668)	(22,449)	5,801	(12,423)	(6,622)
Provision for end-of-service indemnities	11,677	-	11,677	11,830	-	11,830
	(49,188)	128,365	79,177	437,784	92,153	529,937
<b>Changes in operating assets and liabilities:</b>						
Prepaid expenses and others assets	(132,165)	1,646	(130,519)	120,714	-	120,714
Deferred excess of loss premiums	8,138	-	8,138	(1,503)	-	(1,503)
Deferred policy acquisition costs	49,146	-	49,146	11,483	-	11,483
Reinsurers' share of outstanding claims	(83,362)	-	(83,362)	438	-	438
Reinsurers' share of claims incurred but not reported	218,167	-	218,167	(42,752)	-	(42,752)
Reinsurers' share of unearned premiums	83,593	-	83,593	26,522	-	26,522
Receivables, net	458,517	-	458,517	559,237	-	559,237
Reinsurers' balances payable	(90,813)	-	(90,813)	145,607	-	145,607
Gross unearned premiums	(1,147,426)	-	(1,147,426)	(692,143)	-	(692,143)
Unearned commission income	(21,764)	-	(21,764)	(2,443)	-	(2,443)
Gross outstanding claims and reserves	(441,803)	-	(441,803)	(33,609)	-	(33,609)
Claims incurred but not reported reserves	(5,010)	-	(5,010)	128,363	-	128,363
Premium deficiency reserve	(80,355)	-	(80,355)	-	-	-
Reserve for takaful activities	(1,149)	-	(1,149)	(3,011)	-	(3,011)
Accrued expenses and other liabilities	896,399	3,741	900,140	(284,426)	4,723	(279,703)
Due from/ to Shareholder's operations	96,219	(96,219)	-	(457,538)	457,538	-
	(242,856)	37,533	(205,323)	(87,277)	554,414	467,137
End-of-service indemnities paid	(6,337)	-	(6,337)	(9,875)	-	(9,875)
<b>Net cash (used in)/ from operating activities</b>	<b>(249,193)</b>	<b>37,533</b>	<b>(211,660)</b>	<b>(97,152)</b>	<b>554,414</b>	<b>457,262</b>
<b>Investing activities:</b>						
Statutory deposit	-	-	-	-	(25,000)	(25,000)
Proceeds from sale of available-for-sale investments	346,771	191,039	537,810	1,076,069	2,696,714	3,772,783
Purchase of available-for-sale investments	(553,660)	(464,066)	(1,017,726)	(1,535,052)	(3,699,867)	(5,234,919)
Proceeds from Murabaha deposits	-	82,035	82,035	-	-	-
Accrued investment income	71,739	60,554	132,293	-	-	-
Dividends received from investments in associates	-	30,441	30,441	-	12,427	12,427
Purchase of property and equipment	(9,434)	-	(9,434)	(4,258)	-	(4,258)
Purchase of intangible assets	(2,979)	-	(2,979)	(12,332)	-	(12,332)
<b>Net cash used in investing activities</b>	<b>(147,563)</b>	<b>(99,997)</b>	<b>(247,560)</b>	<b>(475,573)</b>	<b>(1,015,726)</b>	<b>(1,491,299)</b>



**THE COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**(continued)**  
**SEPTEMBER 30, 2018**

**18. SUPPLEMENTARY INFORMATION (continued)**

**d) Interim condensed statement of cash flows (continued)**

	For the nine months period ended September 30, 2018			For the nine months period ended September 30, 2017		
	(Unaudited)			(Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR'000					
<b>Financing activities:</b>						
Dividends paid	-	-	-	-	(499,755)	(499,755)
Zakat paid during the period	-	(8,005)	(8,005)	-	(19,765)	(19,765)
Due to shareholders	47,376	(47,376)	-	(303,342)	303,342	-
<b>Net cash from/ (used in) financing activities</b>	<b>47,376</b>	<b>(55,381)</b>	<b>(8,005)</b>	<b>(303,342)</b>	<b>(216,178)</b>	<b>(519,520)</b>
<b>Net change in cash and cash equivalents</b>	<b>(349,380)</b>	<b>(117,845)</b>	<b>(467,225)</b>	<b>(876,067)</b>	<b>(677,490)</b>	<b>(1,553,557)</b>
Cash and cash equivalents, beginning of the period	1,115,144	282,059	1,397,203	1,379,402	1,021,747	2,401,149
<b>Cash and cash equivalents, end of the period</b>	<b>765,764</b>	<b>164,214</b>	<b>929,978</b>	<b>503,335</b>	<b>344,257</b>	<b>847,592</b>
<b>Non-cash supplemental information:</b>						
Changes in fair value for available-for-sale investments	(93,496)	(64,788)	(158,284)	4,811	57,276	62,087
Share of other comprehensive income of associates	-	56	56	-	-	-

**19. RECLASSIFICATION OF COMPARATIVE FIGURES**

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

**20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION**

The interim condensed financial information have been approved by the Audit Committee on behalf of the Board of Directors, on Safar 22, 1440H, corresponding to October 31, 2018.