

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

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

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

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International  
Accountants  
المحاسبون الدوليون

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## Report on review of interim financial information

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

### Introduction

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

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

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2 November 2017

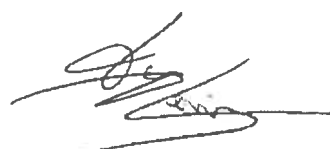


AXA COOPERATIVE INSURANCE COMPANY  
(A Saudi Joint Stock Company)  
INTERIM STATEMENT OF FINANCIAL POSITION  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		As at	
	Note	30 September 2017 (Unaudited)	31 December 2016 (Audited)
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	3	123,866	132,662
Short-term deposits		512,672	380,074
Premiums and insurance balances receivable - net	4	274,789	122,672
Reinsurers' share of unearned premiums		55,070	29,078
Reinsurers' share of outstanding claims and reserves		138,214	105,316
Deferred policy acquisition costs		34,627	19,130
Available-for-sale investments	7	218,394	134,810
Prepayments and other receivable		18,071	18,458
Long-term deposits		103,380	7,500
Held-to-maturity investments	7	78,839	75,000
Furniture, fixtures and equipment		6,965	6,070
Intangible - computer software		9,013	7,984
<b>TOTAL INSURANCE OPERATIONS' ASSETS</b>		<b>1,574,090</b>	<b>1,038,752</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	3	-	-
Short-term deposits		10,000	60,000
Available-for-sale investments	7	164,500	160,486
Prepayments and other receivable		3,278	2,366
Investment return on statutory deposit		2,491	1,859
Long-term deposits		155,000	116,250
Held-to-maturity investments	7	60,000	60,000
Goodwill on acquisition of insurance portfolio	12	50,000	50,000
Due from insurance operations		68,891	25,448
Statutory deposit	8	45,000	45,000
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>559,160</b>	<b>521,389</b>
<b>TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS</b>		<b>2,133,250</b>	<b>1,560,141</b>

(Continued)

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



Paul Adams



CFO

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

		<b>As at</b>	
	<b>Note</b>	<b>30 September 2017</b> (Unaudited)	<b>31 December 2016</b> (Audited)
<b>INSURANCE OPERATIONS' LIABILITIES AND ACCUMULATED SURPLUS</b>			
Reinsurance balances payable	6b	84,394	33,547
Gross unearned premiums		511,020	290,295
Gross outstanding claims and reserves		766,627	557,152
Advance premiums		4,665	7,339
Unearned reinsurance commission income		8,373	5,424
Accrued and other liabilities		102,121	88,296
Due to shareholder's operations		68,891	25,448
Due to a related party	6b	3,713	3,534
Employee benefit obligations		24,566	22,402
<b>Total insurance operations' liabilities</b>		<b>1,564,369</b>	<b>1,031,437</b>
Accumulated surplus from insurance operations		9,717	8,198
Fair value reserve on available-for-sale investments		4	(883)
<b>Total insurance operations' accumulated surplus</b>		<b>9,721</b>	<b>7,315</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND ACCUMULATED SURPLUS</b>		<b>1,574,090</b>	<b>1,038,752</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
Shareholders' liabilities			
Zakat and income tax payable		24,387	18,981
Accrued and other liabilities		637	1,020
Commission payable on statutory deposits		2,491	1,859
<b>Total shareholders' liabilities</b>		<b>27,515</b>	<b>21,840</b>
Shareholders' equity			
Share capital	10	450,000	450,000
Statutory reserve	9	17,577	11,150
Fair value reserve		718	830
Performance share reserve	11	826	640
Retained earnings		82,524	36,829
<b>Total shareholders' equity</b>		<b>531,645</b>	<b>499,549</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>559,160</b>	<b>521,389</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND ACCUMULATED SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>2,133,250</b>	<b>1,560,141</b>

**CONTINGENCIES**

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

  
Paul Adamson  
Managing Director

  
Gary Lowin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

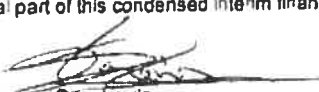
**INTERIM STATEMENT OF INSURANCE OPERATIONS' INCOME AND ACCUMULATED SURPLUS**


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

	Note	Three-month period ended 30 September 2017 (Unaudited)	Three-month period ended 30 September 2016 (Unaudited)	Nine-month period ended 30 September 2017 (Unaudited)	Nine-month period ended 30 September 2016 (Unaudited)
<b>REVENUE</b>					
Gross premiums written	6a	369,251	387,053	1,310,426	1,038,348
Less: reinsurance premiums ceded		(35,197)	(40,728)	(184,311)	(78,529)
Net premiums written		334,054	346,327	1,126,115	959,819
Changes in unearned premiums, net		(33,742)	(81,717)	(194,733)	(177,148)
Net premiums earned		300,312	264,610	931,382	782,671
Reinsurance commissions		6,762	4,354	19,920	12,009
Total revenue		306,064	268,964	951,302	794,680
<b>COSTS AND EXPENSES</b>					
Gross claims paid and other expenses		202,607	205,891	640,489	582,316
Reinsurers' share of claims paid		(16,828)	(8,034)	(49,094)	(34,400)
Net claims paid		186,679	197,657	591,395	547,916
Changes in outstanding claims and reserves, net		51,162	18,120	188,677	95,708
Net claims incurred	6a	237,841	216,777	757,972	643,624
Policy acquisition costs		26,183	18,195	75,104	53,523
General and administrative expenses	6a	37,092	29,756	94,989	77,541
Total costs and expenses		300,116	264,728	928,065	774,688
Operating surplus		6,948	4,236	23,237	19,992
Commission income		4,937	5,306	16,249	12,087
Surplus from insurance operations		10,885	9,542	39,486	32,079
Shareholders' appropriation of surplus		(9,796)	(8,588)	(36,537)	(28,871)
Insurance operations' surplus after shareholders' appropriation of surplus		1,089	954	3,949	3,208
Accumulated surplus, beginning of the period		8,628	7,611	8,198	5,357
Surplus distributed during the period		-	(996)	(2,430)	(996)
Accumulated surplus, end of the period		9,717	7,569	9,717	7,569

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

  
Paul Adamson  
Managing Director


  
Gary Lewin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer


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

		Three-month period ended 30 September 2017	Three-month period ended 30 September 2016	Nine-month period ended 30 September 2017	Nine-month period ended 30 September 2016
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Insurance operations' surplus after shareholders' appropriation of surplus		1,089	954	3,949	3,208
<b>OTHER COMPREHENSIVE INCOME:</b>					
Items that may subsequently be reclassified to statement of insurance operations' income and accumulated surplus					
Changes in fair value reserve for available-for-sale investments, net	7	(834)	873	887	1,011
<b>Total comprehensive income for the period</b>		<b>255</b>	<b>1,827</b>	<b>4,836</b>	<b>4,219</b>

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Gary Lewin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**

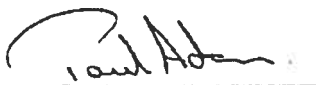
(A Saudi Joint Stock Company)

**INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS**

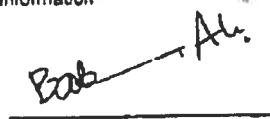
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		Three-month period ended 30 September 2017	Three-month period ended 30 September 2016	Nine-month period ended 30 September 2017	Nine-month period ended 30 September 2016
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net surplus transferred from insurance operations		9,796	8,588	35,537	28,871
Commission income	7	3,161	3,041	9,214	8,344
General and administrative expenses		(366)	(435)	(1,059)	(1,251)
Shareholders' net income for the period		<u>12,591</u>	<u>11,194</u>	<u>43,692</u>	<u>33,964</u>
Weighted average number of outstanding shares ('000')		<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>
Basic and diluted earnings per share (Saudi Riyals)	15	<u>0.28</u>	<u>0.25</u>	<u>0.97</u>	<u>0.75</u>

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Gary Lewin  
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Chief Financial Officer



**AXA COOPERATIVE INSURANCE COMPANY**

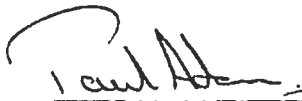
(A Saudi Joint Stock Company)

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME**

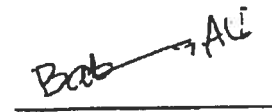
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		Three-month period ended 30 September 2017 (Unaudited)	Three-month period ended 30 September 2016 (Restated - see Note 2) (Unaudited)	Nine-month period ended 30 September 2017 (Unaudited)	Nine-month period ended 30 September 2016 (Restated - see Note 2) (Unaudited)
Shareholders' net income for period		12,691	11,194	43,692	33,984
Changes in fair value reserve for available-for-sale investments, net	7	302	(1,953)	(112)	(439)
<b>Total comprehensive income for the period</b>		<b>12,893</b>	<b>9,241</b>	<b>43,680</b>	<b>33,525</b>

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

  
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Managing Director

  
Gary Lewin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

# AXA COOPERATIVE INSURANCE COMPANY

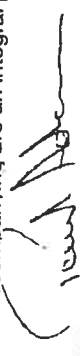
(A Saudi Joint Stock Company)

## INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

Unaudited	Share capital	Statutory reserve	Fair value reserve	Performance share reserve	Retained earnings	Total
<b>Balance at 1 January 2017</b>	450,000	11,150	830	640	36,929	499,549
Income for the period	-	-	-	-	43,692	43,692
Changes in fair value reserve for available-for-sale investments, net	-	-	(112)	-	-	(112)
Transfer to statutory reserve	-	6,427	-	-	(6,427)	-
Provision for zakat for the current period	-	-	-	-	(7,819)	(7,819)
Provision for income tax for the current period	-	-	-	-	(3,738)	(3,738)
Performance share reserve - charge during the period	-	-	-	320	-	320
Performance share reserve - settlement	-	-	-	(247)	-	(247)
Transfer from retained earnings	-	-	-	113	(113)	-
<b>Balance at 30 September 2017</b>	<b>450,000</b>	<b>17,577</b>	<b>718</b>	<b>826</b>	<b>62,524</b>	<b>531,645</b>
<b>Unaudited</b>						
<b>Balance at 1 January 2016</b>	450,000	5,132	17	-	13,312	468,461
Income for the period	-	-	-	-	33,964	33,964
Provision for zakat for the current period	-	-	-	-	(2,730)	(2,730)
Provision for income tax for the current period	-	-	-	-	(7,149)	(7,149)
Transfer to statutory reserve	-	4,817	-	-	(4,817)	-
Changes in fair value reserve for available-for-sale investments, net	-	-	(439)	-	-	(439)
<b>Balance at 30 September 2016</b>	<b>450,000</b>	<b>9,949</b>	<b>(422)</b>	<b>-</b>	<b>32,580</b>	<b>492,107</b>

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



Paul Adamson  
Managing Director



Gary Lewin  
Chief Executive Officer



Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

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

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


	Note	Nine-month period ended 30 September 2017 (Unaudited)	Nine-month period ended 30 September 2018 (Unaudited)
<b>Cash flows from operating activities</b>			
Net result from insurance operations		3,949	3,208
<u>Adjustments to reconcile surplus from insurance operations to net cash from operating activities</u>			
Shareholders' appropriation of surplus from insurance operations		35,537	28,871
Amortization of premium on available-for-sale investments	7	59	12
Accretion of the discount on available-for-sale investments	7	(98)	(69)
Depreciation		1,893	1,997
Amortization of intangibles		1,541	1,485
		<u>42,881</u>	<u>35,504</u>
<u>Changes in operating assets and liabilities:</u>			
Premiums and insurance balances receivable, net		(152,117)	(163,719)
Reinsurers' share of unearned premiums		(25,992)	5,693
Reinsurers' share of outstanding claims and reserves		(32,898)	1,551
Deferred policy acquisition costs		(15,497)	(9,994)
Prepayments and other receivable		385	(9,627)
Receivable from related parties		-	(2,424)
Due from shareholders' operations		-	98,098
Reinsurance balances payable		50,847	(13,929)
Deferred reinsurance commission		2,949	574
Gross unearned premiums		220,725	171,455
Gross outstanding claims and reserves		199,475	94,174
Advance premiums		(2,674)	-
Accrued expenses and other liabilities		15,825	30,483
Due to shareholder's operations		7,906	26,478
Due to a related party		179	(100)
Employee benefit obligations		2,163	1,278
Surplus contribution paid		(2,430)	(998)
<b>Net cash inflow from operating activities</b>		<u>311,727</u>	<u>284,500</u>
<b>Cash flows from investing activities</b>			
Short-term deposits		(132,798)	(91,502)
Purchase of furniture, fixtures and equipment		(2,777)	(1,308)
Proceeds from sale of available-for-sale investments	7	19,045	70
Purchase of available-for-sale investments	7	(101,703)	(8,756)
Held to maturity		(3,839)	-
Long term deposit		(95,880)	(20,000)
Purchase of intangible assets		(2,571)	(2,144)
<b>Net cash outflow from investing activities</b>		<u>(320,523)</u>	<u>(123,638)</u>
<b>Net increase in cash and cash equivalents</b>		<u>(8,796)</u>	<u>140,862</u>
Cash and cash equivalents, beginning of the period		<u>132,662</u>	<u>44,286</u>
<b>Cash and cash equivalents, end of the period</b>	3	<u>123,865</u>	<u>185,148</u>

**Supplemental cash flow information:**


Non-cash investing activity:

Unrealized fair value changes on available-for-sale investments 7 887 1,011

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

  
Paul Adamson  
Managing Director

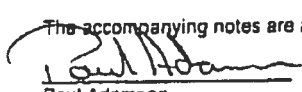
  
Gary Lewin  
Chief Executive Officer

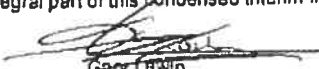
  
Babar Al-Khan  
Chief Financial Officer

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

		Nine-month period ended 30 September 2017 (Unaudited)	Nine-month period ended 30 September 2016 (Unaudited)
Note			
	Cash flows from operating activities		
	Shareholders' net income for the period	43,692	33,964
	<u>Adjustments to reconcile net income to net cash from operating activities:</u>		
	Performance share reserve - charge during the period	320	-
7	Impairment loss on available for sale investments	827	2,379
7	Amortization of premium on available for sale investments	122	33
7	Accretion of the discount on available for sale investments	(48)	(132)
	Appropriation of surplus from insurance operations	(35,637)	(28,871)
		9,376	7,373
	<u>Changes in operating assets and liabilities:</u>		
	Prepayments and other receivable	(5,896)	(1,506)
	Zakat and income tax paid	(6,131)	(687)
	Investment return on statutory deposit	4,350	(583)
	Commission on statutory deposit payable	(4,350)	563
	Due to insurance operations	35,537	(26,478)
	Due from insurance operations	(43,443)	(98,088)
	Accrued and other liabilities	4,600	(251)
	Net cash outflow from operating activities	(6,966)	(119,647)
	Cash flows from investing activities		
	Short-term deposits	50,000	20,000
	Long term deposit	(38,750)	(45,000)
7	Purchase of available-for-sale investments	(31,106)	(5,432)
7	Proceeds from disposal of available-for-sale investments	26,059	3,620
	Net cash inflow (outflow) from investing activities	6,203	(26,812)
	Cash flows from financing activities		
	Performance share reserve - settlement	(247)	-
	Net change in cash and cash equivalents	-	(146,459)
	Cash and cash equivalents, beginning of the period	-	146,459
3	Cash and cash equivalents, end of the period	-	-
	<u>Supplemental cash flow information:</u>		
	Non-cash operating activity:		
	Zakat and income tax charged to shareholders' comprehensive income	(11,557)	(9,879)
	Non-cash investing activity:		
7	Unrealized fair value changes on available-for-sale investments, net	(112)	(438)

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Paul Adamson  
Managing Director

  
Gary Lewin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

## **AXA COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

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

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2017**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The Company used to charge zakat and income tax to the interim statement of changes in shareholders' equity through the interim statement of shareholders' comprehensive income. As a result of the Circular, the Company has changed its presentation relating to zakat and income tax and has started to charge zakat and income tax directly to the interim statement of changes in shareholders' equity. The Company has accounted for this change retrospectively, which has resulted in an increase in the total shareholders' comprehensive income by Saudi Riyals 9.9 million for the period ended 30 September 2016. The above change has not resulted in any changes in any of the components of the shareholders' equity of prior periods presented earlier; and

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

**Standard**

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

**Description**

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

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

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

**Standard**

Amendments to IAS 7  
Amendments to IFRS 4  
Amendments to IAS 12  
Amendments to IFRS 2  
  
IFRS 9  
IFRS 15  
IFRS 16  
IFRS 17  
IAS 40  
IFRIC 22  
IFRIC 23  
Annual improvements 2014 - 2016

**Description**

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

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**2. Summary of significant accounting policies (continued)****2.3 Use of estimates in the preparation of condensed interim financial information**

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

**2.4 Financial risk management**

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

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

**2.5 Seasonality of operations**

There are no seasonal changes that affect insurance operations.

**3. Cash and cash equivalents**

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>30 September</b>	<b>31 December</b>	<b>30</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>	<b>September</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash in hand and at bank	61,116	20,269	-	-
Time deposits	62,750	112,393	-	-
	<b>123,866</b>	<b>132,662</b>	<b>-</b>	<b>-</b>

Cash at banks are placed with counterparties that have investment grade credit ratings. As of September 30, 2017, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned financial income at 1.45% to 1.70% (31 December 2016: 0.65% to 1.85%) per annum.

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

	<b>30 September</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Receivable from insurance intermediaries	106,458	68,467
Receivable from policyholders	168,656	60,190
Receivable from reinsurance companies	24,485	19,435
	<b>299,599</b>	<b>148,092</b>
Less: provision for doubtful debts	(24,810)	(25,420)
	<b>274,789</b>	<b>122,672</b>

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

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

**Provision for zakat and income tax**

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

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

**Status of zakat and tax assessment**

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

The GAZT has issued assessments for the years 2013 and 2014 with additional liability amounted of Saudi Riyals 5.3 million and Saudi Riyals 6.3 million respectively. The Company filed appeal against GAZT's initial assessment and has obtained limited certificates for these years. Zakat and income tax assessments for 2015 and 2016 are currently under review by the GAZT.

**6. Related party matters**

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

**a) Related party transactions**

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

Nature of transactions	Three - month period ended 30 September 2017 (Unaudited)	Three - month period ended 30 September 2016 (Unaudited)	Nine - month period ended 30 September 2017 (Unaudited)	Nine - month period ended 30 September 2016 (Unaudited)
<b>Insurance operations</b>				
Gross premiums written	33,859	30,603	53,006	49,912
Net claims paid	6,575	6,534	21,805	23,928
Reinsurance ceded	11,860	15,915	36,227	37,710
Reinsurers' share of outstanding claims	3,023	4,169	8,656	12,977
Reinsurance commissions	953	903	2,834	3,001
Expenses charged by related parties	322	992	1,346	1,597
Remuneration of key management personnel	1,961	1,972	7,978	5,898
Contribution to provident fund	-	706	726	706
<b>Shareholders' operations</b>				
Directors remunerations	290	290	820	850

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



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

	30 September 2017	31 December 2016
	(Unaudited)	(Audited)
Premium receivable from related parties	15,978	17,380
Less: provision for doubtful debts	(9,263)	(2,481)
	<u>6,715</u>	<u>14,899</u>

**ii) Due to a related party**

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

**iii) Reinsurers' balances payable**

Reinsurers' balances payable include Saudi Riyals 30 million (31 December 2016 - Saudi Riyals 16.45 million) payable to related parties.

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

Available-for-sale investments include the following:

	Insurance operations		Shareholders' operations	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Government bonds	124,253	70,990	72,929	72,744
Other bonds	75,967	49,090	68,943	68,815
Mutual funds	18,174	14,730	-	-
Equity investments	-	-	22,628	18,907
	<u>218,394</u>	<u>134,810</u>	<u>164,500</u>	<u>160,466</u>

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

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

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

	Insurance operations		Shareholders' operations	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Balance, beginning of the period / year	134,810	85,008	160,466	123,338
Purchases during the period / year	101,703	50,666	31,106	43,195
Sold during the period / year	(19,045)	(71)	(26,059)	(3,620)
Amortization of premium on available-for-sale investments	(59)	(92)	(122)	(176)
Accretion of the discount on available-for-sale investments	98	27	48	44
Impairment	-	-	(827)	(3,128)
Unrealised fair value changes, net	887	(728)	(112)	813
Balance, end of the period / year	218,394	134,810	164,500	160,466

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

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

Type of security	Issuer	Maturity period	Profit margin	Book value net of amortization	
				30 September 2017	31 December 2016
				(Unaudited)	(Audited)
Sukuks	General Authority of Civil Aviation II	10 years	3.21%	60,000	60,000
Sukuks	Saudi Electricity Global	10 years	3.47%	18,839	15,000
				78,839	75,000

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

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

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#### **8. Statutory deposit**

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

#### **9. Statutory reserve**

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

#### **10. Share capital**

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

#### **11. Performance share reserve**

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

At the balance sheet date, the Company recognised changes in reserve of Saudi Riyals 0.8 million (31 December 2016: Saudi Riyals 0.64 million) in respect of performance shares. During the period, the Company recognised an expense of SAR 0.3 million (30 September 2016: Nil) in the interim statement of shareholders' operations in respect of performance shares.

#### **12. 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 October 1, 2012) to transfer insurance portfolio from AXA Saudi Arabia Holding W.L.L. (formerly AXA Insurance Saudi Arabia B.S.C.c) at a total consideration of SR 106.57 million. During 2015, the Company met payment conditions imposed by SAMA and received approval for payment of SR 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 56.57 million which was recorded as contingent liability was accordingly relinquished.

#### **13. Contingencies**

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

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**14. Segmental information**

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

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

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

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

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

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

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**14. Segmental information (continued)**

**Operating segments**

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

	General and medical							Protection	Grand Total
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health		
Gross premiums written	5,333	239,268	29,427	9,348	10,187	1,631	72,131	1,926	369,251
Less: reinsurance premiums ceded	(168)	(381)	(24,578)	(4,578)	(4,579)	(27)	6	(892)	(35,197)
Net premiums written	5,165	238,887	4,849	4,770	5,608	1,604	72,137	1,034	334,054
Changes in unearned premiums	1,136	(39,926)	1,693	4,509	(809)	675	(4,379)	3,359	(33,742)
Net premiums earned	6,301	198,961	6,542	9,279	4,799	2,279	67,758	4,393	300,312
Reinsurance commission earned	43	2,517	1,563	1,069	478	-	-	82	5,752
Total revenue	6,344	201,478	8,105	10,348	5,277	2,279	67,758	4,475	306,064
Gross claims paid	311	138,644	4,445	2,473	902	27	54,096	1,609	202,507
Less: reinsurers' share	(22)	(12,884)	(934)	(1,441)	(115)	-	(57)	(375)	(15,828)
Net claims paid	289	125,760	3,511	1,032	787	27	54,039	1,234	186,679
Changes in outstanding claims and reserves	2,624	41,081	(3,658)	4,537	7,906	239	(2,036)	469	51,162
Net claims incurred	2,913	166,841	(147)	5,569	8,693	266	52,003	1,703	237,841
Policy acquisition costs	788	14,808	2,112	1,053	985	51	4,574	812	25,183
General and administrative expenses	777	24,575	808	1,146	593	281	8,369	543	37,092
Total costs and expenses	4,478	206,224	2,773	7,768	10,271	598	64,946	3,058	300,116
Surplus from insurance operations									5,948
Commission income									4,937
Net surplus from insurance operations									10,885
Shareholders' appropriation of surplus from insurance operations									(9,796)
Net result from insurance operations' after appropriation of surplus									1,089



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**14. Segmental information (continued)**

**Operating segments**

**For the nine-month period ended 30 September 2017 (Unaudited)**

	General and medical							Protection	Grand Total
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health		
Gross premiums written	21,822	906,736	63,470	40,068	29,055	4,747	226,018	18,510	1,310,426
Less: reinsurance premiums ceded	(1,345)	(108,453)	(40,252)	(23,338)	(9,222)	(174)	1,607	(3,134)	(184,311)
Net premiums written	20,477	798,283	23,218	16,730	19,833	4,573	227,625	15,376	1,126,115
Changes in unearned premiums	(1,624)	(174,685)	(9,144)	888	(2,969)	(196)	(4,061)	(2,942)	(194,733)
Net premiums earned	18,853	623,598	14,074	17,618	16,864	4,377	223,564	12,434	931,382
Reinsurance commission earned	163	7,577	4,919	5,913	1,168	-	25	155	19,920
Total revenue	19,016	631,175	18,993	23,531	18,032	4,377	223,589	12,589	951,302
Gross claims paid	657	428,267	12,591	9,767	2,072	62	179,681	7,392	640,489
Less: reinsurers' share	(22)	(37,466)	(2,383)	(6,377)	(423)	-	(826)	(1,597)	(49,094)
Net claims paid	635	390,801	10,208	3,390	1,649	62	178,855	5,795	591,395
Changes in outstanding claims and reserves	6,394	126,477	5,104	10,011	13,382	243	2,603	2,363	166,577
Net claims incurred	7,029	517,278	15,312	13,401	15,031	305	181,458	8,158	757,972
Policy acquisition costs	2,381	44,703	6,299	3,093	2,892	115	13,617	2,004	75,104
Operating and administrative salaries	1,923	63,600	1,435	1,797	1,720	446	22,801	1,267	94,989
Total costs and expenses	11,333	625,581	23,046	18,291	19,643	866	217,876	11,429	928,065
Surplus from insurance operations									23,237
Commission income									16,249
Net surplus from insurance operations									39,486
Shareholders' appropriation of surplus from insurance operations									(35,537)
Net result from insurance operations' after appropriation of surplus									3,949

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**14. Segmental information (continued)**

**Operating segments**

**For the nine-month period ended 30 September 2016 (Unaudited)**

	General and medical							Protection	Grand Total
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health		
Gross premiums written	23,070	599,319	57,251	35,927	25,729	3,419	276,514	17,119	1,038,348
Less: reinsurance premiums ceded	(1,611)	(2,519)	(41,584)	(15,733)	(10,082)	(227)	(1,793)	(4,980)	(78,529)
Net premiums written	21,459	596,800	15,667	20,194	15,647	3,192	274,721	12,139	959,819
Changes in unearned premiums	(1,475)	(149,588)	(2,076)	1,400	(2,503)	(127)	(21,592)	(1,187)	(177,148)
Net premiums earned	19,984	447,212	13,591	21,594	13,144	3,065	253,129	10,952	782,671
Reinsurance commission earned	249	8	5,545	4,640	898	-	30	639	12,009
Total revenue	20,233	447,220	19,136	26,234	14,042	3,065	253,159	11,591	794,680
Gross claims paid	2,998	325,489	35,617	4,894	268	310	201,826	10,914	582,316
Less: reinsurers' share	(2)	-	(28,083)	(1,747)	-	-	(1,930)	(2,638)	(34,400)
Net claims paid	2,996	325,489	7,534	3,147	268	310	199,896	8,276	547,916
Changes in outstanding claims and reserves	3,284	50,010	10,060	10,668	9,779	73	11,512	322	95,708
Net claims incurred	6,280	375,499	17,594	13,815	10,047	383	211,408	8,598	643,624
Policy acquisition costs	2,119	24,629	6,045	3,000	2,136	196	13,930	1,468	53,523
Operating and administrative salaries	1,270	28,426	864	1,373	835	195	16,089	696	49,748
Other general and administrative expenses	710	15,882	483	767	467	109	8,989	386	27,793
Total costs and expenses	10,379	444,436	24,986	18,955	13,485	883	250,416	11,148	774,688
Surplus from insurance operations									19,992
Commission income									12,087
Net surplus from insurance operations									32,079
Shareholders' appropriation of surplus from insurance operations									(28,871)
Net result from insurance operations' after appropriation of surplus									3,208



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**14. Segmental information (continued)**

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

	General and medical									
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health	Total	Protection	Grand Total
<b>Insurance operations' assets</b>										
Reinsurers' share of unearned premiums	461	26,097	18,360	2,601	5,533	-	61	53,113	1,957	55,070
Reinsurers' share of outstanding claims and reserves	354	26,544	32,073	68,777	8,989	-	166	136,903	1,311	138,214
Deferred policy acquisition costs	1,428	21,420	4,522	284	1,482	34	4,084	33,254	1,373	34,627
Segment assets	2,243	74,061	54,955	71,662	16,004	34	4,311	223,270	4,641	227,911
Unallocated assets										1,346,179
Total insurance operations' assets										<u>1,574,090</u>
<b>Insurance operations' liabilities and accumulated surplus</b>										
Gross unearned premiums	12,791	299,648	34,951	4,850	20,493	793	128,125	501,651	9,369	511,020
Gross outstanding claims and reserves	27,522	343,173	84,003	116,247	59,308	482	95,014	725,749	30,878	756,627
Unearned reinsurance commission income	84	2,583	4,019	667	840	-	1	8,194	179	8,373
Segment liabilities	40,397	645,404	122,973	121,764	80,641	1,275	223,140	1,235,594	40,426	1,276,020
Unallocated liabilities										298,070
Total insurance operations' liabilities and accumulated surplus										<u>1,574,090</u>

**AXA COOPERATIVE INSURANCE COMPANY**

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2017**

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

**14. Segmental information (continued)**

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

	General and medical									
	Accident and liability	Motor	Property	Marine	Engineering	Other general insurance	Health	Total	Protection	Grand Total
<b>Insurance operations' assets</b>										
Reinsurers' share of unearned premiums	304	7	13,514	2,480	9,532	-	2,209	28,046	1,032	29,078
Reinsurers' share of outstanding claims and reserves	338	4	30,351	65,819	8,138	-	615	105,265	51	105,316
Deferred policy acquisition costs	1,181	9,045	2,892	203	1,240	26	3,754	18,341	789	19,130
Segment assets	1,823	9,056	46,757	68,502	18,910	26	6,578	151,652	1,872	153,524
Unallocated assets										885,228
Total insurance operations' assets										<u>1,038,752</u>
<b>Insurance operations' liabilities and accumulated surplus</b>										
Gross unearned premiums	11,011	98,873	20,961	5,616	21,523	597	126,212	284,793	5,502	290,295
Gross outstanding claims and reserves	21,114	188,592	77,176	103,277	46,639	237	104,206	541,241	15,911	557,152
Unearned reinsurance commission income	44	-	2,857	746	1,514	-	199	5,360	64	5,424
Segment liabilities	32,169	287,465	100,994	109,639	69,676	834	230,617	831,394	21,477	852,871
Unallocated liabilities										185,881
Total insurance operations' liabilities and accumulated surplus										<u>1,038,752</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2017**

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

**15. Earnings per share**

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

**16. Fair values of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The Company's financial assets consist of cash and cash equivalents, deposits, premiums and insurance balances receivable, due from related parties, reinsurer's share of outstanding claims, available-for-sale investments, prepayments and other receivable, held-to-maturity investments and its financial liabilities consist of reinsurance balances payable, gross outstanding claims, accrued expenses and other liabilities, zakat and income tax payable, due to a related party and employee benefit obligations.

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

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

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

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

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

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

<b>30 September 2017 (Unaudited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Insurance operations</b>				
Available-for-sale investments	218,394	-	-	218,394
<b>Shareholders' operations</b>				
Available-for-sale investments	164,500	-	-	164,500
<b>Total investments</b>	<b>382,894</b>	<b>-</b>	<b>-</b>	<b>382,894</b>
<b>31 December 2016 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Insurance operations</b>				
Available-for-sale investments	134,810	-	-	134,810
<b>Shareholders' operations</b>				
Available-for-sale investments	160,466	-	-	160,466
<b>Total investments</b>	<b>295,276</b>	<b>-</b>	<b>-</b>	<b>295,276</b>

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the nine-month period ended 30 September 2017, there were no changes in the valuation techniques from the previous periods.

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

This condensed interim financial information has been approved by the Board of Directors on 31 October 2017.