

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2018 (UNAUDITED)
AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018

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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 condensed statement of financial position of AXA Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of September 30, 2018 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and the interim condensed statements of changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2018 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

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

Conclusion

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

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

		September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	Note		
Assets			
Cash and cash equivalents	4	89,951	117,776
Short-term deposits		725,120	576,973
Premiums and reinsurers' balances receivable - net	5	344,981	153,398
Reinsurers' share of unearned premiums	7	41,692	22,059
Reinsurers' share of outstanding claims	7	131,504	120,206
Reinsurers' share of claims incurred but not reported and other reserves	7	50,842	34,548
Deferred policy acquisition costs		30,533	28,158
Investments	6	672,092	534,625
Prepaid expenses and other assets		19,864	17,525
Long-term deposits		155,000	208,380
Property and equipment		5,487	7,016
Intangible assets		9,962	9,983
Due from shareholders'/insurance operations		45,731	78,456
Goodwill	18	50,000	50,000
Statutory deposit	13	45,000	45,000
Accrued income on statutory deposit		3,360	2,693
Total assets		2,421,119	2,006,796
Liabilities			
Accrued and other liabilities		139,870	131,562
Reinsurers' balances payable		73,412	59,093
Advance premiums		6,953	17,842
Unearned premiums	7	551,496	345,030
Unearned reinsurance commission		8,541	4,284
Outstanding claims	7	297,077	264,286
Claims incurred but not reported and other reserves	7	632,989	496,716
Due to related parties		4,773	4,335
Employee benefit obligations		27,983	24,744
Zakat and income tax		37,739	27,076
Due to shareholders'/insurance operations		45,731	78,456
Accrued income payable to SAMA		3,360	2,693
Total liabilities		1,829,924	1,456,117
Accumulated surplus - insurance operations			
Surplus distribution payable		13,492	7,422
Fair value reserve on investments		(5,583)	(488)
Total liabilities and accumulated surplus		1,837,833	1,463,051

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

		September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	Note		
Shareholders' equity			
Share capital	16	450,000	450,000
Statutory reserve	14	29,361	20,162
Performance share reserve	15	1,216	982
Retained earnings		109,493	72,865
Fair value reserve on investments		(6,784)	(264)
Total shareholders' equity		583,286	543,745
Total liabilities, accumulated surplus and shareholders' equity		2,421,119	2,006,796

The accompanying notes 1 to 21 form an integral part of these interim condensed financial information.


 Paul Adamson
 Managing Director


 Gary Lewin
 Chief Executive Officer



 Babar Ali Khan
 Chief Financial Officer

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME

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

	Three-month period ended September 30, 2018 (Unaudited)	Three-month period ended September 30, 2017 (Unaudited)	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
Revenues				
Gross premiums written				
- Direct	406,328	366,929	1,262,276	1,302,537
- Reinsurance	139	2,322	3,118	7,889
	406,467	369,251	1,265,394	1,310,426
Reinsurance premiums ceded				
- Foreign	(40,254)	(39,163)	(107,171)	(133,017)
- Local	(1,662)	3,966	(37,271)	(51,294)
	(41,916)	(35,197)	(144,442)	(184,311)
Net premiums written	364,551	334,054	1,120,952	1,126,115
Changes in unearned premiums, net	(46,549)	(33,742)	(186,833)	(194,733)
Net premiums earned	318,002	300,312	934,119	931,382
Reinsurance commissions	9,178	5,752	22,344	19,920
Total revenues	327,180	306,064	956,463	951,302
Underwriting costs and expenses				
Gross claims paid	200,789	202,507	641,426	640,489
Reinsurers' share of claims paid	(13,287)	(15,828)	(65,238)	(49,094)
Net claims and other benefits paid	187,502	186,679	576,188	591,395
Changes in outstanding claims, net	6,206	1,810	21,493	9,332
Changes in claims incurred but not reported and other reserves, net	47,382	49,352	119,979	157,245
Net claims and other benefits incurred	241,090	237,841	717,660	757,972
Policy acquisition costs	25,810	25,183	78,080	75,104
Total underwriting costs and expenses	266,900	263,024	795,740	833,076
Net underwriting income	60,280	43,040	160,723	118,226
Other operating (expenses) income				
General and administrative expenses	(50,632)	(37,458)	(124,361)	(96,048)
Commission income on deposits	11,196	8,098	31,092	25,463
Total other operating expenses, net	(39,436)	(29,360)	(93,269)	(70,585)
Total income for the period	20,844	13,680	67,454	47,641
Total income attributed to the insurance operations	(1,810)	(1,089)	(6,070)	(3,949)
Total income for the period attributable to the shareholders	19,034	12,591	61,384	43,692
Earnings per share (expressed in SAR per share)				
Basic earnings per share	0.42	0.28	1.36	0.97
Diluted earnings per share	0.42	0.28	1.36	0.97

The accompanying notes 1 to 21 form an integral part of these interim condensed financial information.


Paul Adamson
Managing Director


Gary Leven
Chief Executive Officer


Babar Ali Khan
Chief Financial Officer

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

	Note	Three-month period ended September 30, 2018 (Unaudited)	Three-month period ended September 30, 2017 (Unaudited)	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
Total income for the period		20,844	13,680	67,454	47,641
Other comprehensive (loss) income:					
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>					
Net change in fair value of available-for-sale investments	6	(4,665)	(532)	(11,615)	775
Total comprehensive income for the period	19	16,179	13,148	55,839	48,416

The accompanying notes 1 to 21 form an integral part of these interim condensed financial information.


 Paul Adamson
 Managing Director



 Gary Lehm
 Chief Executive Officer


 Babar Ali Khan
 Chief Financial Officer


AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
Balance as at January 1, 2018		450,000	20,162	982	72,865	(264)	543,745
Total comprehensive income for the period							
Total income for the period attributable to shareholders		-	-	-	61,384	-	61,384
Changes in fair values of available-for-sale investments	6	-	-	-	-	(6,520)	(6,520)
Total comprehensive income for the period attributable to shareholders							
Transfer to statutory reserve		-	-	-	61,384	(6,520)	54,864
Performance share reserve		-	9,199	-	(9,199)	-	-
Performance share reserve - settlement		-	-	512	-	-	512
Transfer from retained earnings		-	-	(447)	-	-	(447)
Provision for zakat		-	-	169	(169)	-	-
Provision for income tax		-	-	-	(10,176)	-	(10,176)
		-	-	-	(5,212)	-	(5,212)
Balance as at September 30, 2018		450,000	29,361	1,216	109,493	(6,784)	583,286

The accompanying notes 1 to 21 form an integral part of these interim condensed financial information.


Paul Adamson
 Managing Director



Gary Lewis
 Chief Executive Officer


Babar Ali Khan
 Chief Financial Officer


AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

Balance as at January 1, 2017	450,000	11,150	640	36,929	830	499,549
Total comprehensive income for the period						
Total income for the period attributable to shareholders	-	-	-	43,692	-	43,692
Changes in fair values of available-for-sale investments	-	-	-	-	(112)	(112)
Total comprehensive income for the period attributable to shareholders						
Transfer to statutory reserve	-	-	-	43,692	(112)	43,580
Performance share reserve	-	6,427	-	(6,427)	-	-
Performance share reserve - settlement	-	-	320	-	-	320
Transfer from retained earnings	-	-	(247)	-	-	(247)
Provision for zakat	-	-	113	(113)	-	-
Provision for income tax	-	-	-	(7,819)	-	(7,819)
	-	-	-	(3,738)	-	(3,738)
Balance as at September 30, 2017	450,000	17,577	826	62,524	718	531,645

The accompanying notes 1 to 21 form an integral part of this interim condensed financial information.


Paul Adamson
Managing Director


Gary Lewin
Chief Executive Officer


Babar Ali Khan
Chief Financial Officer

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
Cash flows from operating activities		
Total income for the period	67,454	47,641
<u>Adjustments for non-cash items:</u>		
Depreciation of property and equipment	2,721	1,893
Amortization of intangible assets	2,915	1,541
Accretion of discount on available-for-sale investments	(499)	(146)
Amortization of premium on available-for-sale investments	78	181
Impairment loss on available-for-sale investments	806	827
Performance share reserve	512	320
	<u>73,987</u>	<u>52,257</u>
<u>Changes in operating assets and liabilities:</u>		
Premiums and insurers' balances receivable - net	(191,583)	(152,117)
Reinsurers' share of unearned premiums	(19,633)	(25,992)
Reinsurers' share of outstanding claims	(11,298)	(10,623)
Reinsurers' share of claims incurred but not reported and other reserves	(16,294)	(22,275)
Deferred policy acquisition costs	(2,375)	(15,497)
Prepaid expenses and other assets	(3,673)	(5,510)
Accrued income on statutory deposit	667	4,350
Accrued and other liabilities	9,642	20,425
Reinsurers' balances payable	14,319	50,847
Advance premiums	(10,889)	(2,674)
Unearned premiums	206,466	220,725
Unearned reinsurance commission	4,257	2,949
Outstanding claims	32,791	19,956
Claims incurred but not reported and other reserves	136,273	179,519
Due to related parties	438	179
Employee benefit obligations	3,239	2163
Zakat and income tax paid	(4,725)	(6,131)
Accrued income payable to SAMA	(667)	(4,350)
Surplus contribution paid	-	(2,430)
Net cash generated from operating activities	<u>220,942</u>	<u>305,771</u>
Cash flows from investing activities		
Placements in short-term deposits	(1,090,476)	(132,798)
Proceeds from disposals of short-term deposits	942,329	50,000
Purchases of investments	(165,308)	(136,648)
Proceeds from disposal of investments	15,841	45,104
Placements in long-term deposits	(6,620)	(134,630)
Proceeds from disposal of long-term deposits	60,000	-
Additions in property and equipment	(1,192)	(2,777)
Additions to intangible assets	(2,894)	(2,571)
Net cash used in investing activities	<u>(248,320)</u>	<u>(314,320)</u>

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AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Nine-month period ended September 30, 2018 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)
Cash flows from financing activity			
Performance share reserve - settlement		(447)	(247)
Net change in cash and cash equivalents		(27,825)	(8,796)
Cash and cash equivalents, beginning of the period		117,776	132,662
Cash and cash equivalents, end of the period	4	89,951	123,866
Supplemental non-cash information:			
Changes in fair value of available-for-sale investments		(11,615)	775
Zakat and income tax provisions charged to shareholders' equity		(15,388)	(11,557)

The accompanying notes 1 to 21 form an integral part of these interim condensed financial information.


Paul Adamson
Managing Director


Gary Lewin
Chief Executive Officer


Babar Ali Khan
Chief Financial Officer

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

1 General

AXA Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), "the Company", was formed pursuant to Royal Decree No. M/36 dated 27 Jumada II 1429H. (July 1, 2008) (date of inception). The Company was incorporated vide Ministerial Order number Q/192, dated 10 Jumada II 1430H, (June 3, 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 (July 13, 2009). The Company's registered address is P.O. Box 753, Riyadh 11421, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance activities. Its principal lines of business include health, motor, marine, property, engineering, accident and liability and protection insurance.

The principal activities of the Company are to engage in cooperative insurance operations and related activities including reinsurance activities in accordance with the Law on Supervision of Cooperative Insurance (the "Law"), the Company's by-laws and other regulations promulgated in the Kingdom of Saudi Arabia. The Company obtained licence from the Saudi Arabian Monetary Authority ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide licence number TMN/25/20101, dated Safar 11, 1431H (corresponding to January 26, 2010). The Company has commenced insurance operations on 4 Rabi' I 1431H (corresponding to February 18, 2010) after obtaining full product approval for certain products and temporary approval for the remaining products. During 2016, the Company obtained approval for the remaining products.

2 Basis of preparation

(a) Basis of presentation

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax', which requires, adoption of all International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") except for the application of IAS 12 - 'Income Taxes' and IFRIC 21 - 'Levies' so far as these relate to zakat and income tax. As per the SAMA Circular number 381000074519 dated 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. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, short-term deposits, premiums and reinsurers' balances receivable - net, prepaid expenses and other assets, accrued income on statutory deposit, accrued and other liabilities, reinsurers' balances payable, advance premiums, due to related parties, zakat and income tax and accrued income payable to SAMA. The following balances would generally be classified as non-current: long-term deposits, deferred policy acquisition costs, investments, property and equipment, intangible assets, goodwill, statutory deposit, unearned premiums, unearned reinsurance commission, outstanding claims, claims incurred but not reported and other reserves, reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported and other reserves and employee benefit obligations.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders' operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 33 to 43 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

2 Basis of preparation (continued)

(a) Basis of presentation (continued)

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

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

The interim condensed financial information does not include all of the information required for full annual financial statement and should be read in conjunction with the annual financial statement as of and for the year ended December 31, 2017.

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

(b) Critical accounting judgments, estimates and assumptions

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

In preparing this condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statement as at and for the year ended December 31, 2017.

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

(1) Liability arising from claims under insurance contracts

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

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

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

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

2 Basis of preparation (continued)

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

(2) Impairment of premiums and insurance balances receivable and goodwill

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

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

(3) Impairment of available-for-sale investments

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

(c) Seasonality of operations

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

3 Significant accounting policies

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial information for the year ended 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 through profit or loss ("FVTPL"). The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at FVTPL whereby that part of the fair value changes attributable to own credit is to be recognised in the statement of comprehensive income instead of the statement of income. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

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

AXA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018
 (All amounts expressed in Saudi Riyals thousands unless otherwise stated)

3 Significant accounting policies (continued)

- IFRS 17, 'Insurance Contracts'

Applicable for the period beginning on or after January 1, 2021, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption is permitted if IFRS 9 'Financial Instruments' have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect the statements of financial position, income and comprehensive income. The Company has decided not to early adopt this new standard.

4 Cash and cash equivalents

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

	Insurance operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Bank balances and cash	46,967	100,400
Deposits maturing within 3 month from the placement date	42,984	17,376
	89,951	117,776

Cash at banks are placed with counterparties that have investment grade credit ratings. As at September 30, 2018, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned financial income at 2.6% to 2.9% (December 31, 2017: 1.5% to 1.7%) per annum.

5 Premiums and reinsurers' balances receivable - net

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Policyholders	153,958	37,723
Brokers and agents (see note below)	189,885	110,853
Related parties (note 11)	24,426	15,943
Reinsurers	11,189	14,815
	379,458	179,334
Less: provision for doubtful debts	(34,477)	(25,936)
	344,981	153,398

Note : Premium balances receivable from brokers and agents at September 30, 2018 amounting to Saudi Riyals 189.9 million (December 31, 2017: Saudi Riyals 110.8 million) are ultimately due from customers that are insured through brokers and agents.

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6 Investments

Investments are classified as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Insurance operations		
- Available-for-sale	361,356	239,927
- Held-to-maturity	78,824	78,836
	<u>440,180</u>	<u>318,763</u>
Shareholders' operations		
- Available-for-sale	171,912	155,862
- Held-to-maturity	60,000	60,000
	<u>231,912</u>	<u>215,862</u>
Total investments	<u>672,092</u>	<u>534,625</u>

Available-for-sale investments at September 30, 2018 include 1,923,078 shares (December 31, 2017: 1,923,078 shares) in Najm for Insurance Services ("Najm"), and are held by the Company at Nil value.

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

	Insurance operations		Shareholders' operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Opening balance	239,927	134,810	155,862	160,466
Purchases	131,170	127,602	34,138	43,806
Disposals	(4,990)	(22,943)	(10,839)	(45,414)
Amortization of premium	(34)	(79)	(44)	(149)
Accretion of discount	378	142	121	69
Impairment of investments	-	-	(806)	(1,822)
Changes in fair value of investments	(5,095)	395	(6,520)	(1,094)
Closing balance	<u>361,356</u>	<u>239,927</u>	<u>171,912</u>	<u>155,862</u>

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

	Insurance operations		Shareholders' operations	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Opening balance	78,836	75,000	60,000	60,000
Purchases	-	3,844	-	-
Amortization of premium	(12)	(8)	-	-
Closing balance	<u>78,824</u>	<u>78,836</u>	<u>60,000</u>	<u>60,000</u>

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7 Technical reserves

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Outstanding claims	326,717	284,542
Less: realizable value of salvage and subrogation	<u>(29,640)</u>	<u>(20,256)</u>
	297,077	264,286
Claims incurred but not reported and other reserves	<u>632,989</u>	<u>496,716</u>
	930,066	761,002
Less:		
- Reinsurers' share of outstanding claims	<u>(131,504)</u>	<u>(120,206)</u>
- Reinsurers' share of claims incurred but not reported and other reserves	<u>(50,842)</u>	<u>(34,548)</u>
	<u>(182,346)</u>	<u>(154,754)</u>
Net outstanding claims and reserves	<u>747,720</u>	<u>606,248</u>

7.2 Movement in net unearned premiums

Movement in net unearned premiums comprise of the following:

	September 30, 2018 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of period	345,030	(22,059)	322,971
Premium written during the period	1,265,394	(144,442)	1,120,952
Premium earned during the period	<u>(1,058,928)</u>	<u>124,809</u>	<u>(934,119)</u>
Balance as at the end of period	<u>551,496</u>	<u>(41,692)</u>	<u>509,804</u>

	December 31, 2017 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of year	290,295	(29,078)	261,217
Premium written during the year	1,499,477	(199,603)	1,299,874
Premium earned during the year	<u>(1,444,742)</u>	<u>206,622</u>	<u>(1,238,120)</u>
Balance as at the end of year	<u>345,030</u>	<u>(22,059)</u>	<u>322,971</u>

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8 Commitments and contingencies

(a) Contingencies

- (i) The Company has provided a bank guarantee in favour of the General Authority of Zakat and Tax ("GAZT") of Saudi Riyals 4.9 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 4.9 million in the ordinary course of business.
- (ii) The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

(b) Operating lease commitments

The Company has operating leases for its offices which generally have a term of one year. Rental expenses for the nine-month period ended September 30, 2018 amounted to Saudi Riyals 4.2 million (September 30, 2017: Saudi Riyals 3.7 million). There were no significant committed lease rentals outstanding at September 30, 2018.

9 Determination of fair value and fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

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

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

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

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

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

(a) Carrying amounts and fair value

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

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

(a) Carrying amounts and fair value (continued)

	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
September 30, 2018 (Unaudited)					
Financial assets measured at fair value (Insurance operations)					
Available-for-sale investments					
- Government bonds	290,796	290,796	-	-	290,796
- Other bonds	50,451	50,451	-	-	50,451
- Mutual funds	20,109	20,109	-	-	20,109
Held-to-maturity investments	78,824	78,824	-	-	78,824
	440,180	440,180	-	-	440,180

Financial assets measured at fair value
(Shareholders' operations)

Available-for-sale investments					
- Government bonds	114,169	114,169	-	-	114,169
- Other bonds	28,979	28,979	-	-	28,979
- Mutual funds	4,560	4,560	-	-	4,560
- Equities	24,204	24,204	-	-	24,204
Held-to-maturity investments	60,000	60,000	-	-	60,000
	231,912	231,912	-	-	231,912

	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	

December 31, 2017 (Audited)

Financial assets measured at fair value
(Insurance operations)

Available-for-sale investments					
- Government bonds	78,835	78,835	-	-	78,835
- Other bonds	142,993	142,993	-	-	142,993
- Mutual funds	18,099	18,099	-	-	18,099
Held-to-maturity investments	78,836	78,836	-	-	78,836
	318,763	318,763	-	-	318,763

Financial assets measured at fair value
(Shareholders' operations)

Available-for-sale investments					
- Government bonds	60,000	60,000	-	-	60,000
- Other bonds	78,898	78,898	-	-	78,898
- Equities	16,964	16,964	-	-	16,964
Held-to-maturity investments	60,000	60,000	-	-	60,000
	215,862	215,862	-	-	215,862

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10 Segmental information

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

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

The basis of segmentation for the segment profit or loss have been revised since December 31, 2017. Segment results for Accident and Liability, Marine, Engineering, Other general accident, and Protection lines of business have been aggregated as Other line of business. The aggregation is based on the contribution of each of these lines of business to the overall gross premiums written from all lines of business.

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

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

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

- Motor
- Property
- Health; and
- Other

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

Where intersegment transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of financial statements of the Company.

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10 Segmental information (continued)

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at September 30, 2018 and December 31, 2017, its total revenues, expenses, and net income for the three-month and nine-month periods then ended, are as follows:

	Insurance operations				Shareholder's	
	Motor	Property	Health	Other	Total	operations
September 30, 2018 (Unaudited)						Total
Assets						
Reinsurers' share of unearned premiums	16,803	14,970	-	9,919	41,692	-
Reinsurers' share of outstanding claims	2,827	20,956	157	107,564	131,504	-
Reinsurers' share of claims incurred but not reported and other reserves	34,101	8,005	-	8,736	50,842	-
Deferred policy acquisition costs	18,284	4,388	4,911	2,950	30,533	-
Segment assets	72,015	48,319	5,068	129,169	254,571	-
Unallocated assets					1,541,407	625,141
Total assets					1,795,978	625,141
Liabilities and accumulated surplus						
Unearned premiums	288,929	34,064	183,319	45,184	551,496	-
Unearned reinsurance commission	2,731	3,409	(1)	2,402	8,541	-
Outstanding claims	30,523	47,607	45,164	173,783	297,077	-
Claims incurred but not reported and other reserves	429,873	30,543	57,841	114,732	632,989	-
Segment liabilities	752,056	115,623	286,323	336,101	1,490,103	-
Unallocated liabilities and equity					305,875	625,141
Total liabilities and accumulated surplus					1,795,978	625,141

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10 Segmental information (continued)

December 31, 2017 (Audited)	Insurance operations					Shareholders' operations	Grand Total
	Motor	Property	Health	Other	Total		
Assets							
Reinsurers' share of unearned premiums	2	13,300	196	8,561	22,059	-	22,059
Reinsurers' share of outstanding claims	2,520	31,670	289	85,727	120,206	-	120,206
Reinsurers' share of claims incurred but not reported	30,056	1,303	-	3189	34,548	-	34,548
Deferred policy acquisition costs	17,890	3,213	3,236	3,819	28,158	-	28,158
Segment assets	50,468	49,486	3,721	101,296	204,971	-	204,971
Unallocated assets					1,227,291	574,534	1,801,825
Total assets					1,432,262	574,534	2,006,796
Liabilities and accumulated surplus							
Unearned premiums	178,371	24,612	99,594	42,453	345,030	-	345,030
Unearned reinsurance commission	-	2,870	-	1,414	4,284	-	4,284
Outstanding claims	24,679	58,848	36,903	143,856	264,286	-	264,286
Claims incurred but not reported and other reserves	320,971	25,073	62,436	88,236	496,716	-	496,716
Segment liabilities	524,021	111,403	198,933	275,959	1,110,316	-	1,110,316
Unallocated liabilities and equity					321,946	574,534	896,480
Total liabilities and accumulated surplus					1,432,262	574,534	2,006,796

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10 Segmental information (continued)

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

	Motor	Insurance operations				Shareholders ' operations	Grand Total
		Property	Health	Other	Total		
Revenues							
Gross premiums written							
- Direct	208,046	29,084	122,179	47,019	406,328	-	406,328
- Reinsurance	-	139	-	-	139	-	139
	208,046	29,223	122,179	47,019	406,467	-	406,467
Reinsurance premiums ceded							
- Foreign	708	(19,262)	-	(21,700)	(40,254)	-	(40,254)
- Local	-	(1,291)	-	(371)	(1,662)	-	(1,662)
	708	(20,553)	-	(22,071)	(41,916)	-	(41,916)
Net premiums written	208,754	8,670	122,179	24,948	364,551	-	364,551
Changes in unearned premiums, net	(6,698)	(2,392)	(37,626)	167	(46,549)	-	(46,549)
Net premiums earned	202,056	6,278	84,553	25,115	318,002	-	318,002
Reinsurance commissions	2,602	1,315	-	5,261	9,178	-	9,178
Total revenues	204,658	7,593	84,553	30,376	327,180	-	327,180
Underwriting costs and expenses							
Gross claims paid	129,391	2,907	63,569	4,922	200,789	-	200,789
Reinsurers' share of claims paid	(11,267)	(859)	(16)	(1,145)	(13,287)	-	(13,287)
Net claims and other benefits paid	118,124	2,048	63,553	3,777	187,502	-	187,502
Changes in outstanding claims, net	388	(628)	604	5,842	6,206	-	6,206
Changes in claims incurred but not reported and other reserves, net	37,353	(2,045)	988	11,086	47,382	-	47,382
Net claims and other benefits incurred	155,865	(625)	65,145	20,705	241,090	-	241,090
Policy acquisition costs	15,169	2,052	6,495	2,094	25,810	-	25,810
Total underwriting costs and expenses	171,034	1,427	71,640	22,799	266,900	-	266,900
Net underwriting income	33,624	6,166	12,913	7,577	60,280	-	60,280

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10 Segmental information (continued)

	Insurance operations					Shareholder s' operations	Grand Total
	Motor	Property	Health	Other	Total		
For the three-month period ended September 30, 2018 (Unaudited)							
Other operating expenses							
General and administrative expenses	(32,294)	(958)	(13,151)	(3,924)	(50,327)	(305)	(50,632)
Total other operating expenses	(32,294)	(958)	(13,151)	(3,924)	(50,327)	(305)	(50,632)
Commission income on deposits and investments					8,145	3,051	11,196
Total income for the period							20,844
Total income attributed to the insurance operations							(1,810)
Total income for the period attributable to the shareholders							19,034

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Segmental information (continued)

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

	Insurance operations				
	Motor	Property	Health	Other	Shareholders' operations
					Grand Total
Revenues					
Gross premiums written					
- Direct	239,268	29,164	72,131	26,366	366,929
- Reinsurance	-	263	-	2,059	2,322
	239,268	29,427	72,131	28,425	369,251
Reinsurance premiums ceded					
- Foreign	(381)	(23,658)	6	(15,130)	(39,163)
- Local	-	(920)	-	4,886	3,966
	(381)	(24,578)	6	(10,244)	(35,197)
Net premiums written	238,887	4,849	72,137	18,181	334,054
Changes in unearned premiums, net	(39,926)	1,993	(4,379)	8,870	(33,742)
Net premiums earned	198,961	6,542	67,758	27,051	300,312
Reinsurance commissions	2,517	1,563	-	1,672	5,752
Total revenues	201,478	8,105	67,758	28,723	306,064
Underwriting costs and expenses					
Gross claims paid	138,644	4,445	54,096	5,322	202,507
Reinsurers' share of claims paid	(12,884)	(934)	(57)	(1,953)	(15,828)
Net claims and other benefits paid	125,760	3,511	54,039	3,369	186,679
Changes in outstanding claims, net	601	(4,131)	(4,536)	9,876	1,810
Changes in claims incurred but not reported and other reserves, net	40,480	473	2,500	5,899	49,352
Net claims and other benefits incurred	166,841	(147)	52,003	19,144	237,841
Policy acquisition costs	14,808	2,112	4,574	3,689	25,183
Total underwriting costs and expenses	181,649	1,965	56,577	22,833	263,024
Net underwriting result	19,829	6,140	11,181	5,890	43,040

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10 Segmental information (continued)

	Insurance operations					Shareholders' operations	Grand Total
	Motor	Property	Health	Other	Total		
For the three-month period ended September 30, 2017 (Unaudited)							
Other operating expenses							
General and administrative expenses	(24,575)	(808)	(8,369)	(3,340)	(37,092)	(366)	(37,458)
Total other operating expenses	(24,575)	(808)	(8,369)	(3,340)	(37,092)	(366)	(37,458)
Commission income on deposits and investments					4,937	3,161	8,098
Total income for the period							13,680
Total income attributed to the insurance operations							(1,089)
Total income for the period attributable to the shareholders							12,591

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10 Segmental information (continued)

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

	Insurance operations					Shareholder s' operations	Grand Total
	Motor	Property	Health	Other	Total		
Revenues							
Gross premiums written							
- Direct	780,179	54,312	315,337	112,448	1,262,276	-	1,262,276
- Reinsurance	-	2,128	-	990	3,118	-	3,118
	780,179	56,440	315,337	113,438	1,265,394	-	1,265,394
Reinsurance premiums ceded							
- Foreign	(34,698)	(31,003)	8	(41,478)	(107,171)	-	(107,171)
- Local	(35,109)	(1,774)	-	(388)	(37,271)	-	(37,271)
	(69,807)	(32,777)	8	(41,866)	(144,442)	-	(144,442)
Net premiums written	710,372	23,663	315,345	71,572	1,120,952	-	1,120,952
Changes in unearned premiums, net	(93,758)	(7,782)	(83,921)	(1,372)	(186,833)	-	(186,833)
Net premiums earned	616,614	15,881	231,424	70,200	934,119	-	934,119
Reinsurance commissions	7,993	4,480	-	9,871	22,344	-	22,344
Total revenues	624,607	20,361	231,424	80,071	956,463	-	956,463
Underwriting costs and expenses							
Gross claims paid	412,271	17,330	176,602	35,223	641,426	-	641,426
Reinsurers' share of claims paid	(36,829)	(10,480)	(348)	(17,581)	(65,238)	-	(65,238)
Net claims paid	375,442	6,850	176,254	17,642	576,188	-	576,188
Changes in outstanding claims, net	5,538	(526)	8,390	8,091	21,493	-	21,493
Changes in claims incurred but not reported and other reserves, net	104,856	(1,233)	(4,595)	20,951	119,979	-	119,979
Net claims incurred	485,836	5,091	180,049	46,684	717,660	-	717,660
Policy acquisition costs	46,075	6,179	16,708	9,118	78,080	-	78,080
Total underwriting costs and expenses	531,911	11,270	196,757	55,802	795,740	-	795,740
Net underwriting result	92,696	9,091	34,667	24,269	160,723	-	160,723

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10 Segmental information (continued)

	Insurance operations					Shareholder s' operations	Grand Total
	Motor	Property	Health	Other	Total		
For the nine-month period ended September 30, 2018 (Unaudited)							
Other operating expenses							
General and administrative expenses	(81,319)	(2,094)	(30,520)	(9,254)	(123,187)	(1,174)	(124,361)
Total other operating expenses	(81,319)	(2,094)	(30,520)	(9,254)	(123,187)	(1,174)	(124,361)
Commission income on deposits and investments					23,168	7,924	31,092
Total income for the period							67,454
Total income attributed to the insurance operations							(6,070)
Total income for the period attributable to the shareholders							61,384

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10 Segmental information (continued)

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

	Motor	Property	Health	Other	Total	Shareholders' operations	Grand Total
Revenues							
Gross premiums written							
- Direct	906,726	61,332	226,018	108,461	1,302,537	-	1,302,537
- Reinsurance	10	2,138	-	5,741	7,889	-	7,889
	906,736	63,470	226,018	114,202	1,310,426	-	1,310,426
Reinsurance premiums ceded							
- Foreign	(55,660)	(39,329)	1,607	(39,635)	(133,017)	-	(133,017)
- Local	(52,793)	(923)	-	2,422	(51,294)	-	(51,294)
	(108,453)	(40,252)	1,607	(37,213)	(184,311)	-	(184,311)
Net premiums written	798,283	23,218	227,625	76,989	1,126,115	-	1,126,115
Changes in unearned premiums, net	(174,685)	(9,144)	(4,061)	(6,843)	(194,733)	-	(194,733)
Net premiums earned	623,598	14,074	223,564	70,146	931,382	-	931,382
Reinsurance commissions	7,577	4,919	25	7,399	19,920	-	19,920
Total revenues	631,175	18,993	223,589	77,545	951,302	-	951,302
Underwriting costs and expenses							
Gross claims paid	428,267	12,591	179,681	19,950	640,489	-	640,489
Reinsurers' share of claims paid	(37,466)	(2,383)	(826)	(8,419)	(49,094)	-	(49,094)
Net claims paid	390,801	10,208	178,855	11,531	591,395	-	591,395
Changes in outstanding claims, net	3,913	4,531	(10,540)	11,428	9,332	-	9,332
Changes in claims incurred but not reported and other reserves, net	122,564	573	13,143	20,965	157,245	-	157,245
Net claims incurred	517,278	15,312	181,458	43,924	757,972	-	757,972
Policy acquisition costs	44,703	6,299	13,617	10,485	75,104	-	75,104
Total underwriting costs and expenses	561,981	21,611	195,075	54,409	833,076	-	833,076
Net underwriting result	69,194	(2,618)	28,514	23,136	118,226	-	118,226

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10 Segmental information (continued)

	Insurance operations					Shareholders' operations	Grand Total
	Motor	Property	Health	Other	Total		
For the nine-month period ended September 30, 2017 (Unaudited)							
Other operating expenses							
General and administrative expenses	(63,600)	(1,435)	(22,801)	(7,153)	(94,989)	(1,059)	(96,048)
Total other operating expenses	(63,600)	(1,435)	(22,801)	(7,153)	(94,989)	(1,059)	(96,048)
Commission income on deposits and investment					16,249	9,214	25,463
Total income for the period							47,641
Total income attributed to the insurance operations							(3,949)
Total income for the period attributable to the shareholders							43,692

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11 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the nine-month period ended September 30, 2018, and the related balances:

	Transactions for the nine-month period ended		Balance receivable as at	
	September 30, 2018	September 30, 2017	September 30, 2018	December 31, 2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<u>Major shareholders</u>				
Gross premium written	20,589	23,382	7,301	2,027
Reinsurance premiums ceded	35,067	36,227	13,731	11,948
Reinsurance commissions	1,451	2,834	-	-
Gross claims paid	9,854	10,626	-	-
Reinsurers' share of claims paid	7,404	8,656	-	-
Expenses charged	2,189	1,346	-	-
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Gross premiums written	29,275	29,607	3,394	1,968
Gross claims paid	20,440	19,835	-	-
	126,269	132,513	24,426	15,943

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

	September 30, 2018	September 30, 2017
	(Unaudited)	(Unaudited)
Salaries and benefits	5,678	5,654
Employee benefit obligations	389	304
	6,067	5,958

Board of Directors fees for the period ended September 30, 2018 was Saudi Riyals 1.0 million (September 30, 2017: Saudi Riyals 0.8 million).

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.

12 Zakat and income tax - status of assessments

During 2014, the GAZT 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 the Preliminary Appeal Committee ("PAC"). As per the decision of the PAC, the liability was reduced to Saudi Riyals 4.9 million. The matter was then referred to Higher Appeal Committee ("HAC") which supported the PAC and GAZT's contention in their decision issued in 2018. The Company is currently assessing the decision issued by HAC.

The GAZT has issued assessments for the years 2013 and 2014 with additional liabilities of Saudi Riyals 5.3 million and Saudi Riyals 6.3 million, respectively. The Company filed appeals 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.

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13 Statutory deposit

In accordance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of SAMA.

14 Statutory reserve

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

15 Performance share reserve

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

As at September 30, 2018, the Company recognised changes in the performance share reserve of Saudi Riyals 0.23 million (December 31, 2017: Saudi Riyals 0.19 million). During the nine-month period ended September 30, 2018, the Company has recognised an expense amounting to Saudi Riyals 0.51 million (December 31, 2017: Saudi Riyals 0.32 million) in the interim condensed statement of income with respect to performance shares.

16 Share capital

The authorized, issued and paid up capital of the Company is Saudi Riyals 450 million at September 30, 2018 (December 31, 2017: Saudi Riyals 450 million) consisting of 45 million shares (December 31, 2017: Saudi Riyals 45 million shares) of Saudi Riyals 10 each.

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

	September 30, 2018	
	Authorized and issued	Paid up
	No. of Shares (thousands)	Saudi Riyals (thousands)
AXA Insurance Gulf B.S.C (c.)	14,400	144,000
AXA Mediterranean Holding SA	8,100	81,000
General public	22,500	225,000
	45,000	450,000
	December 31, 2017	
	Authorized and issued	Paid up
	No. of Shares (thousands)	Saudi Riyals (thousands)
AXA Insurance Gulf B.S.C (c.)	14,400	144,000
AXA Mediterranean Holding SA	8,100	81,000
General public	22,500	225,000
	45,000	450,000

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17 Capital management

The Company's objectives when managing capital are:

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

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

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

The Company's solvency margin at September 30, 2018 was 145% (December 31, 2017: 161%) of the Premium solvency margin.

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

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19 Supplementary information

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<u>ASSETS</u>						
Cash and cash equivalents	89,951	-	89,951	117,776	-	117,776
Short-term deposits	522,759	202,361	725,120	500,862	76,111	576,973
Premiums and reinsurers' balances receivable - net	344,981	-	344,981	153,398	-	153,398
Reinsurers' share of unearned premiums	41,692	-	41,692	22,059	-	22,059
Reinsurers' share of outstanding claims	131,504	-	131,504	120,206	-	120,206
Reinsurers' share of claims incurred but not reported and other reserves	50,842	-	50,842	34,548	-	34,548
Deferred policy acquisition costs	30,533	-	30,533	28,158	-	28,158
Investments	440,180	231,912	672,092	318,763	215,862	534,625
Prepaid expenses and other assets	18,087	1,777	19,864	16,113	1,412	17,525
Long-term deposits	110,000	45,000	155,000	103,380	105,000	208,380
Property and equipment	5,487	-	5,487	7,016	-	7,016
Intangible assets	9,962	-	9,962	9,983	-	9,983
Due from shareholders'/ insurance operations	-	45,731	45,731	-	78,456	78,456
Goodwill	-	50,000	50,000	-	50,000	50,000
Statutory deposit	-	45,000	45,000	-	45,000	45,000
Accrued income on statutory deposit	-	3,360	3,360	-	2,693	2,693
TOTAL ASSETS	1,795,978	625,141	2,421,119	1,432,262	574,534	2,006,796

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19 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
LIABILITIES						
Accrued and other liabilities	139,114	756	139,870	130,542	1,020	131,562
Reinsurers' balances payable	73,412	-	73,412	59,093	-	59,093
Advance premiums	6,953	-	6,953	17,842	-	17,842
Unearned premiums	551,496	-	551,496	345,030	-	345,030
Unearned reinsurance commission	8,541	-	8,541	4,284	-	4,284
Outstanding claims	297,077	-	297,077	264,286	-	264,286
Claims incurred but not reported and other reserves	632,989	-	632,989	496,716	-	496,716
Due to related parties	4,773	-	4,773	4,335	-	4,335
Employee benefit obligations	27,983	-	27,983	24,744	-	24,744
Zakat and income tax	-	37,739	37,739	-	27,076	27,076
Due to shareholders'/ insurance operations	45,731	-	45,731	78,456	-	78,456
Accrued income payable to SAMA	-	3,360	3,360	-	2,693	2,693
TOTAL LIABILITIES	1,788,069	41,855	1,829,924	1,425,328	30,789	1,456,117
ACCUMULATED SURPLUS						
Surplus distribution payable	13,492	-	13,492	7,422	-	7,422
Fair value reserve on investments	(5,583)	-	(5,583)	(488)	-	(488)
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	1,795,978	41,855	1,837,833	1,432,262	30,789	1,463,051
SHAREHOLDERS' EQUITY						
Share capital	-	450,000	450,000	-	450,000	450,000
Statutory reserve	-	29,361	29,361	-	20,162	20,162
Performance share reserve	-	1,216	1,216	-	982	982
Retained earnings	-	109,493	109,493	-	72,865	72,865
Fair value reserve on investments	-	(6,784)	(6,784)	-	(264)	(264)
TOTAL SHAREHOLDERS' EQUITY	-	583,286	583,286	-	543,745	543,745
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,795,978	625,141	2,421,119	1,432,262	574,534	2,006,796

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19 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30,

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Revenues						
Gross premiums written						
- Direct	406,328	-	406,328	366,929	-	366,929
- Reinsurance	139	-	139	2,322	-	2,322
	406,467	-	406,467	369,251	-	369,251
Reinsurance premiums ceded						
- Foreign	(40,254)	-	(40,254)	(39,163)	-	(39,163)
- Local	(1,662)	-	(1,662)	3,966	-	3,966
	(41,916)	-	(41,916)	(35,197)	-	(35,197)
Net premiums written	364,551	-	364,551	334,054	-	334,054
Changes in unearned premiums, net	(46,549)	-	(46,549)	(33,742)	-	(33,742)
Net premiums earned	318,002	-	318,002	300,312	-	300,312
Reinsurance commissions	9,178	-	9,178	5,752	-	5,752
Total revenues	327,180	-	327,180	306,064	-	306,064
Underwriting costs and expenses						
Gross claims paid	200,789	-	200,789	202,507	-	202,507
Reinsurers' share of claims paid	(13,287)	-	(13,287)	(15,828)	-	(15,828)
Net claims and other benefits paid	187,502	-	187,502	186,679	-	186,679
Changes in outstanding claims, net	6,206	-	6,206	1,810	-	1,810
Changes in claims incurred but not reported and other reserves, net	47,382	-	47,382	49,352	-	49,352
Net claims and other benefits incurred	241,090	-	241,090	237,841	-	237,841
Policy acquisition costs	25,810	-	25,810	25,183	-	25,183
Total underwriting costs and expenses	266,900	-	266,900	263,024	-	263,024
Net underwriting income	60,280	-	60,280	43,040	-	43,040

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19 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Other operating (expenses) income						
General and administrative expenses	(50,327)	(305)	(50,632)	(37,092)	(366)	(37,458)
Commission income on deposits	8,145	3,051	11,196	4,937	3,161	8,098
Total other operating (expenses) income	(42,182)	2,746	(39,436)	(32,155)	2,795	(29,360)
Total income for the period	18,098	2,746	20,844	10,885	2,795	13,680
Total income for the period attributable to the shareholders	(16,288)	16,288	-	(9,796)	9,796	-
Total income attributed to the insurance operations	1,810	19,034	20,844	1,089	12,591	13,680
Earnings per share (expressed in SAR per share)						
Basic earnings per share	-	-	0.42	-	-	0.28
Diluted earnings per share	-	-	0.42	-	-	0.28

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19 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30,

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Total income for the period	1,810	19,034	20,844	1,089	12,591	13,680
Other comprehensive income (loss):						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>						
Net change in fair value of available-for-sale investments	(948)	(3,717)	(4,665)	(834)	302	(532)
Total comprehensive income for the period	862	15,317	16,179	255	12,893	13,148

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19 **Supplementary information (continued)**

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30,

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Revenues						
Gross premiums written						
- Direct	1,262,276	-	1,262,276	1,302,537	-	1,302,537
- Reinsurance	3,118	-	3,118	7,889	-	7,889
	1,265,394	-	1,265,394	1,310,426	-	1,310,426
Reinsurance premiums ceded						
- Foreign	(107,171)	-	(107,171)	(133,017)	-	(133,017)
- Local	(37,271)	-	(37,271)	(51,294)	-	(51,294)
	(144,442)	-	(144,442)	(184,311)	-	(184,311)
Net premiums written	1,120,952	-	1,120,952	1,126,115	-	1,126,115
Changes in unearned premiums, net	(186,833)	-	(186,833)	(194,733)	-	(194,733)
Net premiums earned	934,119	-	934,119	931,382	-	931,382
Reinsurance commissions	22,344	-	22,344	19,920	-	19,920
Total revenues	956,463	-	956,463	951,302	-	951,302
Underwriting costs and expenses						
Gross claims paid	641,426	-	641,426	640,489	-	640,489
Reinsurers' share of claims paid	(65,238)	-	(65,238)	(49,094)	-	(49,094)
Net claims and other benefits paid	576,188	-	576,188	591,395	-	591,395
Changes in outstanding claims, net	21,493	-	21,493	9,332	-	9,332
Changes in claims incurred but not reported and other reserves, net	119,979	-	119,979	157,245	-	157,245
Net claims and other benefits incurred	717,660	-	717,660	757,972	-	757,972
Policy acquisition costs	78,080	-	78,080	75,104	-	75,104
Total underwriting costs and expenses	795,740	-	795,740	833,076	-	833,076
Net underwriting income	160,723	-	160,723	118,226	-	118,226

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19 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Other operating (expenses) income						
General and administrative expenses	(123,187)	(1,174)	(124,361)	(94,989)	(1,059)	(96,048)
Commission income on deposits	23,168	7,924	31,092	16,249	9,214	25,463
Total other operating (expenses) income	(100,019)	6,750	(93,269)	(78,740)	8,155	(70,585)
Total income for the period	60,704	6,750	67,454	39,486	8,155	47,641
Total income for the period attributable to the shareholders	(54,634)	54,634	-	(35,537)	35,537	-
Total income attributed to the insurance operations	6,070	61,384	67,454	3,949	43,692	47,641
Earnings per share (expressed in SAR per share)						
Basic earnings per share	-	-	1.36	-	-	0.97
Diluted earnings per share	-	-	1.36	-	-	0.97

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19 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30,

	2018			2017		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
Total income for the period	6,070	61,384	67,454	3,949	43,692	47,641
Other comprehensive (loss) income:						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>						
Net change in fair value of available-for-sale investments	(5,095)	(6,520)	(11,615)	-	775	775
Total comprehensive income for the period	975	54,864	55,839	3,949	44,467	48,416

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19 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30,

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Cash flows from operating activities						
Total income for the period	6,070	61,384	67,454	3,949	43,692	47,641
<u>Adjustments for non-cash items:</u>						
Depreciation of property and equipment	2,721	-	2,721	1,893	-	1,893
Amortization of intangible assets	2,915	-	2,915	1,541	-	1,541
Accretion of discount on available-for-sales investments	(378)	(121)	(499)	(98)	(48)	(146)
Amortization of premium on available-for-sale investments	34	44	78	59	122	181
Impairment loss on available-for-sale investments	-	806	806	-	827	827
Performance share reserve	-	512	512	-	320	320
Shareholders' appropriation of surplus from insurance operations	54,634	(54,634)	-	35,537	(35,537)	-
<u>Changes in operating assets and liabilities:</u>						
Premiums and reinsurers' balances receivable - net	(191,583)	-	(191,583)	(152,117)	-	(152,117)
Reinsurers' share of unearned premiums	(19,633)	-	(19,633)	(25,992)	-	(25,992)
Reinsurers' share of outstanding claims	(11,298)	-	(11,298)	(10,623)	-	(10,623)
Reinsurers' share of claims incurred but not reported and other reserves	(16,294)	-	(16,294)	(22,275)	-	(22,275)
Deferred policy acquisition costs	(2,375)	-	(2,375)	(15,497)	-	(15,497)

AXA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)
19 Supplementary information (continued)
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, (continued)**

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Prepaid expenses and other assets	(1,974)	(1,699)	(3,673)	385	(5,895)	(5,510)
Accrued income on statutory deposit	-	667	667	-	4,350	4,350
Accrued and other liabilities	8,572	1,070	9,642	15,825	4,600	20,425
Reinsurers' balances payable	14,319	-	14,319	50,847	-	50,847
Advance premiums	(10,889)	-	(10,889)	(2,674)	-	(2,674)
Unearned premiums	206,466	-	206,466	220,725	-	220,725
Unearned reinsurance commission	4,257	-	4,257	2,949	-	2,949
Outstanding claims	32,791	-	32,791	19,956	-	19,956
Claims incurred but not reported and other reserves	136,273	-	136,273	179,519	-	179,519
Due to related parties	438	-	438	179	-	179
Employee benefit obligations	3,239	-	3,239	2,163	-	2,163
Zakat and income tax paid	-	(4,725)	(4,725)	-	(6,131)	(6,131)
Accrued income payable to SAMA	-	(667)	(667)	-	(4,350)	(4,350)
Surplus contribution paid	-	-	-	(2,430)	-	(2,430)
Due from shareholders' operations	(87,359)	87,359	-	7,906	(7,906)	-
Net cash generated from (used in) operating activities	130,946	89,996	220,942	311,727	(5,956)	305,771

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19 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2018			2017		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Cash flows from investing activities						
Placements in short-term deposit	(888,115)	(202,361)	(1,090,476)	(132,798)	-	(132,798)
Proceeds from disposals of short-term deposits	866,218	76,111	942,329	-	50,000	50,000
Purchases of investments	(131,170)	(34,138)	(165,308)	(105,542)	(31,106)	(136,648)
Proceeds from disposal of investments	5,002	10,839	15,841	19,045	26,059	45,104
Placements in long-term deposits	(6,620)	-	(6,620)	(95,880)	(38,750)	(134,630)
Proceeds from disposal of long-term deposits	-	60,000	60,000	-	-	-
Additions in property and equipment	(1,192)	-	(1,192)	(2,777)	-	(2,777)
Additions to intangible assets	(2,894)	-	(2,894)	(2,571)	-	(2,571)
Net cash (used in) generated from investing activities	(158,771)	(89,549)	(248,320)	(320,523)	6,203	(314,320)
Cash flows from financing activities						
Performance share reserve - settlement	-	(447)	(447)	-	(247)	(247)
Net change in cash and cash equivalents	(27,825)	-	(27,825)	(8,796)	-	(8,796)
Cash and cash equivalents, beginning of the period	117,776	-	117,776	132,662	-	132,662
Cash and cash equivalents, end of the period	89,951	-	89,951	123,866	-	123,866
Supplemental cash flow information:						
Changes in fair value of available-for sale-investments	(5,095)	(6,520)	(11,615)	887	(112)	775
Zakat and income tax provisions charged to shareholders' equity	-	(15,388)	(15,388)	-	(11,557)	(11,557)

AXA COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018

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

20 Comparative figures

Certain amounts in the comparative interim condensed financial information have been reclassified to conform to the presentation of the interim condensed financial information for the three-month and nine-month periods ended September 30, 2018.

21 Approval of the interim condensed financial information

The interim condensed financial information has been approved by the Board of Directors November 11, 2018.