

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND  
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

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

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

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**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT**  
**AUDITORS' LIMITED REVIEW REPORT**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018**

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**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF CHUBB ARABIA COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim statement of financial position of CHUBB Arabia Cooperative Insurance Company, a Saudi Joint Stock Company (the "Company") as at 30 September 2018, and the related interim statements of income and comprehensive income for the three-month and nine-month periods then ended and the related interim statements of changes in shareholders' equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements 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 statements are not prepared, in all material respects in accordance with IAS 34 as modified by SAMA for the accounting of zakat and income tax.

for Ernst & Young

Waleed G. Tawfiq  
Certified Public Accountant  
Registration No. 437



for PKF Al-Bassam & Co.,  
Allied Accountants

Ibrahim Ahmed Al Bassam  
Certified Public Accountant  
Registration No. 337



4 Rabi Awal 1440H  
12 November 2018  
Al Khobar

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2018**

|   |             | <i>September 30,</i><br><i>2018</i> | <i>December 31,</i><br><i>2017</i> |
|---|-------------|-------------------------------------|------------------------------------|
|   | <i>Note</i> | <i>SR</i>                           | <i>SR</i>                          |
|   |             | <i>(Unaudited)</i>                  | <i>(Audited)</i>                   |
| <b>ASSETS</b>   |             |                                     |                                    |
| Cash and cash equivalents                             | 5           | 176,229,775                         | 141,924,558                        |
| Premiums and insurance balances receivable            | 6           | 79,354,824                          | 65,262,463                         |
| Amounts due from related parties                      | 8           | 83,254                              | 83,254                             |
| Reinsurers' share of unearned premiums                | 14.2        | 46,752,105                          | 44,255,912                         |
| Reinsurers' share of outstanding claims               | 14.1        | 25,338,103                          | 24,224,633                         |
| Reinsurers' share of claims incurred but not reported | 14.1        | 79,667,110                          | 91,887,300                         |
| Deferred policy acquisition costs                     |             | 6,269,112                           | 4,912,113                          |
| Deferred excess of loss premiums                      |             | 1,091,789                           | -                                  |
| Investments held for trading                          | 16          | 69,540,187                          | 75,428,912                         |
| Investments available for sale                        | 16          | 1,932,078                           | 1,932,078                          |
| Prepayments and other assets                          |             | 17,992,854                          | 11,327,755                         |
| Term deposits   |             | 52,030,088                          | 59,845,669                         |
| Property and equipment                                |             | 419,674                             | 599,321                            |
| Intangible assets                                     |             | 427,560                             | 385,005                            |
| Goodwill  | 7           | 43,774,750                          | 43,774,750                         |
| Statutory deposit                                     | 10          | 20,000,000                          | 20,000,000                         |
| Statutory deposit commission income                   | 10          | 1,160,015                           | 817,322                            |
| <b>TOTAL ASSETS</b>                                   |             | <b>622,063,278</b>                  | <b>586,661,045</b>                 |

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

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF FINANCIAL POSITION (Continued)**  
**AS AT SEPTEMBER 30, 2018**

|  |             | <i>September 30,</i> | <i>December 31,</i> |
|--|-------------|----------------------|---------------------|
|  |             | <i>2018</i>          | <i>2017</i>         |
|  | <i>Note</i> | <i>SR</i>            | <i>SR</i>           |
|  |             | <i>(Unaudited)</i>   | <i>(Audited)</i>    |
| <b>LIABILITIES</b>   |             |                      |                     |
| Accounts payable   |             | 23,410,068           | 13,460,813          |
| Accrued expenses and other liabilities                     |             | 11,688,952           | 10,569,072          |
| Reinsurance balances payable                               | 9           | 34,283,803           | 29,815,786          |
| Gross unearned premiums                                    | 14.2        | 84,563,463           | 74,285,096          |
| Unearned reinsurance commission income                     |             | 8,372,001            | 6,225,692           |
| Gross outstanding claims                                   | 14.1        | 39,044,253           | 39,475,033          |
| Claims incurred but not reported                           | 14.1        | 108,977,380          | 125,252,803         |
| Additional premium reserves                                | 14.1        | 1,754,858            | 2,416,499           |
| Other technical reserves                                   | 14.1        | 2,043,722            | 3,005,737           |
| End-of-service indemnities                                 |             | 5,917,967            | 6,117,342           |
| Accumulated surplus payable                                |             | 8,189,968            | 5,234,380           |
| Reserve for re-measurement of actuarial loss on obligation |             | (157,784)            | (157,784)           |
| Statutory deposit commission income payable                | 10          | 1,160,015            | 817,322             |
| Provision for zakat and income tax                         | 13          | 15,576,407           | 13,371,168          |
| <b>TOTAL LIABILITIES</b>                                   |             | <b>344,825,073</b>   | <b>329,888,959</b>  |
| <b>SHAREHOLDERS' EQUITY</b>                                |             |                      |                     |
| Share capital  | 11          | 200,000,000          | 200,000,000         |
| Statutory reserve  |             | 24,530,031           | 19,309,215          |
| Retained earnings  |             | 52,708,174           | 37,462,871          |
| <b>TOTAL EQUITY</b>  |             | <b>277,238,205</b>   | <b>256,772,086</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>          |             | <b>622,063,278</b>   | <b>586,661,045</b>  |

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

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**INTERIM STATEMENT OF INCOME**

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

|  |             | <i>For the three-<br/>month period<br/>ended<br/>September 30,<br/>2018<br/>SR</i> | <i>For the three-<br/>month period<br/>ended<br/>September 30,<br/>2017<br/>SR</i> | <i>For the nine-<br/>month period<br/>ended<br/>September 30,<br/>2018<br/>SR</i> | <i>For the nine-<br/>month period<br/>ended<br/>September 30,<br/>2017<br/>SR</i> |
|--|-------------|--|--|---|---|
|  | <i>Note</i> | <i>(Unaudited)</i>   | <i>(Unaudited)</i>   | <i>(Unaudited)</i>  | <i>(Unaudited)</i>  |
| <b>REVENUE</b>                                   |             |  |  |   |   |
| Gross written premiums                           | 8           | 32,187,194   | 41,888,385   | 183,775,211   | 174,766,145   |
| Less: Reinsurance premiums ceded-                | 8           |  |  |   |   |
| Local  |             | (1,001,415)  | (1,284,151)  | (4,948,086)   | (4,589,905)   |
| Foreign  |             | (21,509,544)   | (25,310,558)   | (90,033,475)  | (76,534,220)  |
| Excess of loss expenses                          |             | (1,091,793)  | (1,032,874)  | (3,295,425)   | (3,120,928)   |
| <b>Net premiums written</b>                      |             | <b>8,584,442</b>   | <b>14,260,802</b>  | <b>85,498,225</b>   | <b>90,521,092</b>   |
| Changes in unearned premiums, net                |             | 15,965,387   | 11,935,870   | (7,782,174)   | (11,739,850)  |
| <b>Net premiums earned</b>                       |             | <b>24,549,829</b>  | <b>26,196,672</b>  | <b>77,716,051</b>   | <b>78,781,242</b>   |
| Reinsurance commission income                    |             | 5,203,092  | 5,178,120  | 15,586,637  | 15,399,832  |
| <b>TOTAL REVENUE</b>                             |             | <b>29,752,921</b>  | <b>31,374,792</b>  | <b>93,302,688</b>   | <b>94,181,074</b>   |
| <b>UNDERWRITING COSTS AND EXPENSES</b>           |             |  |  |   |   |
| Gross claims paid and other expenses             |             | (11,259,968)   | (31,079,526)   | (37,480,569)  | (72,695,888)  |
| Reinsurers' share of gross claims paid           |             | 3,299,290  | 21,611,213   | 10,093,947  | 43,446,564  |
| <b>Net claims paid</b>                           |             | <b>(7,960,678)</b>   | <b>(9,468,313)</b>   | <b>(27,386,622)</b>   | <b>(29,249,324)</b>   |
| Changes in outstanding claims, net               |             | (191,394)  | 297,068  | 1,544,250   | 5,770,054   |
| Changes in claims incurred but not reported, net |             | 2,104,077  | (1,274,305)  | 4,055,233   | (4,331,638)   |
| <b>Net claims incurred</b>                       |             | <b>(6,047,995)</b>   | <b>(10,445,550)</b>  | <b>(21,787,139)</b>   | <b>(27,810,908)</b>   |
| Changes in additional premium reserves           |             | 975,533  | (152,292)  | 661,641   | (1,597,649)   |
| Changes in other technical reserves              |             | 180,161  | (2,718)  | 962,015   | (1,960,572)   |
| Policy acquisition costs                         |             | (4,441,010)  | (4,740,376)  | (13,806,642)  | (13,981,036)  |
| Other underwriting expenses                      |             | (484,877)  | (411,652)  | (1,774,465)   | (1,477,078)   |
| <b>TOTAL UNDERWRITING COSTS AND<br/>EXPENSES</b> |             | <b>(9,818,188)</b>   | <b>(15,752,588)</b>  | <b>(35,744,590)</b>   | <b>(46,827,243)</b>   |
| <b>NET UNDERWRITING INCOME</b>                   |             | <b>19,934,733</b>  | <b>15,622,204</b>  | <b>57,558,098</b>   | <b>47,353,831</b>   |

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

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM STATEMENT OF INCOME** (Continued)

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

|   |    | <i>For the three-<br/>month period<br/>ended<br/>September<br/>30, 2018<br/>SR<br/>(Unaudited)</i> | <i>For the three-<br/>month period<br/>ended<br/>September<br/>30, 2017<br/>SR<br/>(Unaudited)</i> | <i>For the nine-<br/>month period<br/>ended<br/>September<br/>30, 2018<br/>SR<br/>(Unaudited)</i> | <i>For the nine-<br/>month period<br/>ended<br/>September<br/>30, 2017<br/>SR<br/>(Unaudited)</i> |
|---|----|--|--|---|---|
| <b>OTHER OPERATING (EXPENSES) / INCOME</b>                      |    |  |  |   |   |
| Allowance for doubtful debts                                    |    | (8,164,959)  | (1,643,644)  | (11,329,940)  | (2,426,934)   |
| General and administrative expenses                             | 8  | (7,561,551)  | (7,218,348)  | (23,376,248)  | (22,042,446)  |
| Interest and commission income                                  |    | 1,147,539  | 695,271  | 2,841,491   | 2,357,267   |
| Dividend income and realised losses                             |    | 231,594  | 451,562  | 2,856,673   | 1,584,065   |
| Unrealised gains/(losses) on investments held for trading       |    | (193,740)  | (197,897)  | (1,371,482)   | (211,433)   |
| Other income  |    | 445,364  | 957,356  | 1,857,846   | 3,105,372   |
| <b>TOTAL OTHER OPERATING EXPENSES</b>                           |    | <b>(14,095,753)</b>  | <b>(6,955,700)</b>   | <b>(28,521,660)</b>   | <b>(17,634,109)</b>   |
| <b>TOTAL INCOME FOR THE PERIOD</b>                              |    | <b>5,838,980</b>   | <b>8,666,504</b>   | <b>29,036,438</b>   | <b>29,719,722</b>   |
| <b>Total income for the period</b>                              |    | <b>5,838,980</b>   | <b>8,666,504</b>   | <b>29,036,438</b>   | <b>29,719,722</b>   |
| <b>Total income attributed to policyholders</b>                 |    | <b>(643,890)</b>   | <b>(866,780)</b>   | <b>(2,932,359)</b>  | <b>(3,002,064)</b>  |
| <b>Net income for the period attributable to shareholders</b>   |    | <b>5,195,090</b>   | <b>7,799,724</b>   | <b>26,104,079</b>   | <b>26,717,658</b>   |
| <b>Weighted average number of outstanding shares (adjusted)</b> | 11 | <b>20,000,000</b>  | <b>20,000,000</b>  | <b>20,000,000</b>   | <b>20,000,000</b>   |
| <b>Earnings per share for the period (adjusted)</b>             | 17 | <b>0.26</b>  | <b>0.39</b>  | <b>1.31</b>   | <b>1.34</b>   |

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

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY****(A SAUDI JOINT STOCK COMPANY)****INTERIM STATEMENT OF COMPREHENSIVE INCOME****FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

|   | <i>For the three-<br/>month period<br/>ended<br/>September<br/>30, 2018<br/>SR<br/>(Unaudited)</i> | <i>For the three-<br/>month period<br/>ended<br/>September<br/>30, 2017<br/>SR<br/>(Unaudited)</i> | <i>For the nine-<br/>month period<br/>ended<br/>September<br/>30, 2018<br/>SR<br/>(Unaudited)</i> | <i>For the nine-<br/>month period<br/>ended<br/>September<br/>30, 2017<br/>SR<br/>(Unaudited)</i> |
|---|--|--|---|---|
| Net income for the period attributable to shareholders                                  | <b>5,195,090</b>   | 7,799,724  | <b>26,104,079</b>   | 26,717,658  |
| <i>Items that will not be reclassified to statement of income in subsequent periods</i> |  |  |   |   |
| Other comprehensive income  | -  | -  | -   | -   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>  | <b>5,195,090</b>   | 7,799,724  | <b>26,104,079</b>   | 26,717,658  |

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



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

|   | <i>Share<br/>capital<br/>SR</i> | <i>Statutory<br/>reserve<br/>SR</i> | <i>Retained<br/>earnings<br/>SR</i> | <i>Total<br/>SR</i> |
|---|---------------------------------|-------------------------------------|-------------------------------------|---------------------|
| January 1, 2018 <i>(Audited)</i>                          | 200,000,000                     | 19,309,215                          | 37,462,871                          | 256,772,086         |
| Net income for the period<br>attributable to shareholders | -                               | -                                   | 26,104,079                          | 26,104,079          |
| Other comprehensive income for the<br>period              | -                               | -                                   | -                                   | -                   |
| Total comprehensive income for the<br>period              | -                               | -                                   | 26,104,079                          | 26,104,079          |
| Provision for zakat (note 13 a)                           | -                               | -                                   | (3,886,409)                         | (3,886,409)         |
| Provision for income tax (note 13. b)                     | -                               | -                                   | (1,751,551)                         | (1,751,551)         |
| Transfer to statutory reserve                             | -                               | 5,220,816                           | (5,220,816)                         | -                   |
| <b>September 30, 2018 <i>(Unaudited)</i></b>              | <b>200,000,000</b>              | <b>24,530,031</b>                   | <b>52,708,174</b>                   | <b>277,238,205</b>  |
| At January 1, 2017 <i>(Audited)</i>                       | 100,000,000                     | 31,774,306                          | 94,605,708                          | 226,380,014         |
| Net income for the period<br>attributable to shareholders | -                               | -                                   | 26,717,658                          | 26,717,658          |
| Other comprehensive income for the<br>period              | -                               | -                                   | -                                   | -                   |
| Total comprehensive income for the<br>period              | -                               | -                                   | 26,717,658                          | 26,717,658          |
| Provision for zakat (note 13 a)                           | -                               | -                                   | (3,724,886)                         | (3,724,886)         |
| Provision for income tax (note 13 b)                      | -                               | -                                   | (1,287,091)                         | (1,287,091)         |
| Transfer to statutory reserve                             | -                               | 5,343,532                           | (5,343,532)                         | -                   |
| At September 30, 2017 <i>(Unaudited)</i>                  | 100,000,000                     | 37,117,838                          | 110,967,857                         | 248,085,695         |

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

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

|   | <i>For the nine-month<br/>period ended<br/>September 30, 2018</i> | <i>For the nine-month<br/>period ended<br/>September 30, 2017</i> |
|---|---|---|
|   | <i>SR</i>   | <i>SR</i>   |
|   | <i>(Unaudited)</i>  | <i>(Unaudited)</i>  |
| <b>OPERATING ACTIVITIES</b>                               |   |   |
| Net income for the period attributable to shareholders    | 29,036,438  | 29,719,722  |
| Adjustments for:  |   |   |
| Depreciation of property and equipment                    | 237,052   | 267,076   |
| Amortization of intangible assets                         | 59,630  | 380,206   |
| Gain on sale of property and equipment                    | (24,162)  | (40,050)  |
| Allowance for doubtful debts                              | 11,329,940  | 2,426,934   |
| Unrealised losses on investments held for trading         | 1,371,482   | 211,433   |
| Realised (gains) / losses on investments held for trading | (1,393,437)   | 105,222   |
| Provision for end-of-service indemnities                  | 1,184,153   | 1,030,035   |
|   | <u>41,801,096</u>   | <u>34,100,578</u>   |
| Working capital adjustments:                              |   |   |
| Premiums and insurance balances receivable                | (25,422,301)  | (17,605,183)  |
| Reinsurers' share of unearned premiums                    | (2,496,193)   | 4,573,475   |
| Reinsurers' share of outstanding claims                   | (1,113,470)   | 34,480,020  |
| Reinsurers' share of claims incurred but not reported     | 12,220,190  | (22,535,413)  |
| Deferred policy acquisition costs                         | (1,356,999)   | (1,780,620)   |
| Deferred excess of loss premiums                          | (1,091,789)   | (1,032,878)   |
| Prepayments and other assets                              | (6,665,099)   | (733,028)   |
| Accounts payable  | 9,949,255   | (1,429,581)   |
| Accrued expenses and other liabilities                    | 1,119,880   | (6,238,354)   |
| Reinsurance balances payable                              | 4,468,017   | 4,513,872   |
| Gross unearned premiums                                   | 10,278,367  | 7,166,375   |
| Unearned reinsurance commission income                    | 2,146,309   | 3,423,370   |
| Gross outstanding claims                                  | (430,780)   | (40,250,074)  |
| Claims incurred but not reported                          | (16,275,423)  | 26,867,051  |
| Additional premium reserves                               | (661,641)   | 1,597,649   |
| Other technical reserves                                  | (962,015)   | (83,634)  |
|   | <u>25,507,404</u>   | <u>25,033,625</u>   |
| <b>Cash from operations</b>                               | <b>25,507,404</b>   | <b>25,033,625</b>   |
| Surplus distribution payable to policyholders             | 23,229  | (10,384,814)  |
| Zakat and income tax paid                                 | (3,432,721)   | (14,823,095)  |
| End-of-service indemnities paid                           | (1,383,528)   | (2,147,740)   |
| <b>Net cash from/ (used) in operating activities</b>      | <b>20,714,384</b>   | <b>(2,322,024)</b>  |
| <b>INVESTING ACTIVITIES</b>                               |   |   |
| Purchase of investments held for trading                  | (5,169,345)   | (13,906,469)  |
| Proceeds from disposal of investments held for trading    | 11,080,025  | 12,825,001  |
| Proceeds / (Additions) to long term deposits              | 7,815,581   | (59,845,669)  |
| Proceeds from sales of property and equipment             | 47,100  | 40,050  |
| Purchase of property and equipment                        | (50,528)  | (309,573)   |
| Purchase of intangible assets                             | (132,000)   | -   |
| <b>Net cash from/(used) in investing activities</b>       | <b>13,590,833</b>   | <b>(61,196,660)</b>   |
| <b>INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  |   |   |
| Cash and cash equivalents at the beginning of the period  | 141,924,558   | 204,301,769   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b> | <b>176,229,775</b>  | <b>140,783,085</b>  |

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

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AT SEPTEMBER 30, 2018**

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

CHUBB Arabia Cooperative Insurance Company (“the Company”) is a Saudi Joint Stock Company registered on 28 Rajab, 1430H (corresponding to July 21, 2009) under commercial registration number 2050066029 which was later amended to 2051043431 dated 9 Sha’aban 1431H (corresponding to July 21, 2010), issued in Al-Khobar, Kingdom of Saudi Arabia. The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to October 11, 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to October 9, 2006).

The activities of the Company are to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 21 Dhul-Hijjah, 1430H (corresponding to December 8, 2009), the Company received the license from Saudi Arabian Monetary Agency (“SAMA”) to transact insurance business in the Kingdom of Saudi Arabia.

Surplus from insurance operations is distributed in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

**2. ASSET PURCHASE AGREEMENT AND TRANSFER OF INSURANCE PORTFOLIO**

The Company started its insurance operations on February 1, 2010. The Company acquired the insurance portfolio and the net assets of Ace Arabia Insurance Company BSC and International Insurance Company BSC with effect from January 1, 2009 as set forth in SAMA’s guidelines in this respect, following the approval on the transfer from the respective authorities in 2012.

**3. BASIS OF PREPARATION**

- i The interim condensed financial information for the nine-month period ended September 30, 2018 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 IFRSs as issued by the International Accounting Standards Board (“IASB”), except for the application of International Accounting Standard (IAS) 12 - “Income Taxes” and IFRIC 21 - “Levies” so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax (“SAMA Circular”), zakat and income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.
- ii. The interim financial statements is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of investments in held for trading and investments available for sale. The Company’s interim statement of financial position is presented in order of liquidity and is not presented using a current/non-current classification. Except for property and equipment, statutory deposit, end-of-service indemnities and engineering related unearned premiums, unearned reinsurance commission, deferred policy acquisition cost, outstanding claims, claims incurred but not reported and technical reserves, all other assets and liabilities are of short-term nature, unless, stated otherwise.

## **CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**

**AT SEPTEMBER 30, 2018**

#### **3. BASIS OF PREPARATION (Continued)**

- iii. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations. Accordingly, assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. Similarly, in the past, the Company's interim condensed and annual financial statements presented separately the statement of financial position, statements of income, comprehensive income and cash flows for the insurance operations and shareholders operations. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.
- iv. The interim statement of financial position, interim statements of income and interim statement of comprehensive income of the insurance operations and shareholders operations which are presented on pages 28 to 35 of the financial statements 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 statements of financial position, statement of income and statements of comprehensive income 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.
- v. SAMA has issued an illustrative financial statement for the insurance sector in the Kingdom of Saudi Arabia. Following the illustrative financial statements, this is the third period where the Company issued its interim financial statements after combining shareholders and insurance operations to prepare the Company level interim condensed financial statements. In preparing the Company level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.
- vi. In preparing these interim condensed financial statements, comparative amounts, which in the most recent annual financial statements were presented separately for shareholders and insurance operations, were also combined together to conform with the current period presentation and SAMA requirements.

However, note 20 to these interim condensed financial statements provide statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations, separately.

- vii. The interim condensed financial statements do not include all the information, and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2017. The interim condensed financial statements 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.
- viii. These interim condensed financial statements are expressed in Saudi Arabian Riyals (SR).

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)****AT SEPTEMBER 30, 2018****4. SIGNIFICANT ACCOUNTING POLICIES (continued)****New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company**

The Company has adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

| <b>Standard</b>   | <b>Description</b>   |
|-------------------|--|
| IFRS 15           | Revenue from Contracts with Customers  |
| IAS 40            | Transfers of investment property – Amendments to IAS 40                                    |
| IFRIC 22          | Foreign Currency Transactions and Advances Consideration                                   |
| IFRS 1 and IAS 28 | Annual Improvements to IFRS 2014-2016 cycle  |
| IFRS 4            | Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts |
| IFRS 2            | Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions  |

The adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

**Standards issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

| <i>Standard/<br/>Interpretation</i> | <i>Description</i>  | <i>Effective from periods<br/>beginning on or after<br/>the following date</i> |
|-------------------------------------|---|--|
| Amendments to IAS 28                | Long-term interests in associates and joint ventures              | 1 January 2019   |
| IFRIC 23                            | Uncertainty over Income Tax Treatments                            | 1 January 2019   |
| IFRS 16                             | Leases  | 1 January 2019   |
| IFRS 3, IFRS 11, IAS 12 and IAS 23  | Annual Improvements to IFRS 2015-2017 cycle                       | 1 January 2019   |
| IAS 19                              | Amendments to IAS 19 – Plan amendment, curtailment of settlement. | 1 January 2019   |
| IFRS 17                             | Insurance Contracts   | 1 January 2021   |
| IFRS 9                              | Financial Instruments   | 1 January 2021   |

**IFRS 9 - Financial Instrument**

Implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. Upon implementation of the revised standard IFRS 4 'Insurance Contracts', more assets may be classified as at fair value through profit or loss under the fair value option. The Company continues to monitor the IASB progress on amendments to IFRS 4 which also introduces a temporary exemption for the implementation of IFRS 9 for reporting entities whose activities predominantly relate to insurance. The Company has chosen to defer the implementation of IFRS 9 until 1 January 2021.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)****AT SEPTEMBER 30, 2018****4. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Risk Management**

The Company's activities expose it to 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 interim condensed financial statements do 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 December 31, 2017. There have been no changes in the risk management department or in any risk management policies since the year end.

**Seasonality**

Due to the seasonality of the operations, results can vary on a quarterly basis.

**Use of estimates in the preparation of interim condensed financial statements**

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 these 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 information as at and for the year ended 31 December 2017.

**5. CASH AND CASH EQUIVALENTS**

|                    | <i>Insurance operations</i>   |                              | <i>Shareholders' operations</i> |                              |
|--------------------|-------------------------------|------------------------------|---------------------------------|------------------------------|
|                    | <i>September<br/>30, 2018</i> | <i>December<br/>31, 2017</i> | <i>September<br/>30, 2018</i>   | <i>December<br/>31, 2017</i> |
|                    | <i>SR</i>                     | <i>SR</i>                    | <i>SR</i>                       | <i>SR</i>                    |
|                    | <i>(Unaudited)</i>            | <i>(Audited)</i>             | <i>(Unaudited)</i>              | <i>(Audited)</i>             |
| Cash in hand       | <b>20,000</b>                 | 15,000                       | -                               | -                            |
| Cash at banks      |                               |                              |                                 |                              |
| - Current accounts | <b>14,953,966</b>             | 12,935,952                   | <b>14,081,086</b>               | 6,712,794                    |
| - Time deposits    | <b>64,413,934</b>             | 73,543,177                   | <b>82,760,789</b>               | 48,717,635                   |
|                    | <b>79,387,900</b>             | 86,494,129                   | <b>96,841,875</b>               | 55,430,429                   |

Deposits are placed with local banks with maturities of less than three-months and earn financial income at an average rate of 2.0% to 2.80% (December 31, 2017: 1.4% to 1.96%).

**6. PREMIUMS AND INSURANCE BALANCES RECEIVABLE**

|  | <i>September<br/>30, 2018</i> | <i>December<br/>31, 2017</i> |
|--|-------------------------------|------------------------------|
|  | <i>SR</i>                     | <i>SR</i>                    |
|  | <i>(Unaudited)</i>            | <i>(Audited)</i>             |
| Premiums receivable  | <b>94,506,908</b>             | 63,700,784                   |
| Receivables from insurance and reinsurance companies               | <b>1,132,668</b>              | 7,713,542                    |
| Premiums and reinsurance receivables from related parties (note 8) | <b>1,263,063</b>              | 66,012                       |
|  | <b>96,902,639</b>             | 71,480,338                   |
| Less: allowance for doubtful debts, net                            | <b>(17,547,815)</b>           | (6,217,875)                  |
|  | <b>79,354,824</b>             | 65,262,463                   |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)****AT SEPTEMBER 30, 2018****7. GOODWILL**

The Company entered into a purchase agreement whereby it has purchased the insurance business operations in the Kingdom of Saudi Arabia of Ace Arabia Insurance Company BSC and International Insurance Company BSC. The purchase price was based on a valuation study conducted in accordance with the due diligence and valuation guidelines issued by SAMA and the value of goodwill was estimated at SR 43.77 million.

**8. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties represent shareholders, companies related to shareholders (“affiliates”) and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties. The following are the details of major related parties’ transactions during the period and the related balances at the end of the period:

| <i>Related parties</i> | <i>Nature of transactions</i>     | <i>For the nine-</i> | <i>For the nine-</i> |
|------------------------|-----------------------------------|----------------------|----------------------|
|                        |                                   | <i>month period</i>  | <i>month period</i>  |
|                        |                                   | <i>ended</i>         | <i>ended</i>         |
|                        |                                   | <i>September 30,</i> | <i>September 30,</i> |
|                        |                                   | <i>2018</i>          | <i>2017</i>          |
|                        |                                   | <i>SR</i>            | <i>SR</i>            |
|                        |                                   | <i>(Unaudited)</i>   | <i>(Unaudited)</i>   |
| Affiliates             | Gross written premiums            | 934,674              | 1,211,130            |
|                        | Rent                              | 1,015,900            | 1,073,115            |
|                        | Claim expenses                    | 1,921,980            | 2,554,582            |
| Board of Directors     | Remuneration                      | 1,068,750            | 855,000              |
|                        | Meeting fee and expenses          | 738,500              | 180,000              |
| Shareholders           | Reinsurance premiums ceded        | 43,860,363           | 37,648,794           |
|                        | Reinsurers’ share of gross claims | 7,477,092            | 13,822,554           |
|                        | Reinsurance commission income     | 6,402,602            | 7,128,166            |

Balances due from related parties are comprised of the followings:

| <i>Related parties</i>              | <i>Amounts due from related parties</i> |                  |
|-------------------------------------|---|------------------|
|                                     | <i>September</i>                        | <i>December</i>  |
|                                     | <i>30, 2018</i>                         | <i>31, 2017</i>  |
|                                     | <i>SR</i>                               | <i>SR</i>        |
|                                     | <i>(Unaudited)</i>                      | <i>(Audited)</i> |
| ACE Arabia Insurance Company BSC    | 80,750                                  | 80,750           |
| International Insurance Company BSC | 2,504                                   | 2,504            |
| <b>Total</b>                        | <b>83,254</b>                           | <b>83,254</b>    |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**

**AT SEPTEMBER 30, 2018**

**8. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

| <i>Related parties</i>            | <i>Premiums and reinsurance</i> |                  | <i>Reinsurance payables</i> |                  |
|-----------------------------------|---------------------------------|------------------|-----------------------------|------------------|
|                                   | <i>receivables</i>              |                  |                             |                  |
|                                   | <i>September</i>                | <i>December</i>  | <i>September</i>            | <i>December</i>  |
|                                   | <i>30, 2018</i>                 | <i>31, 2017</i>  | <i>30, 2018</i>             | <i>31, 2017</i>  |
|                                   | <i>SR</i>                       | <i>SR</i>        | <i>SR</i>                   | <i>SR</i>        |
|                                   | <i>(Unaudited)</i>              | <i>(Audited)</i> | <i>(Unaudited)</i>          | <i>(Audited)</i> |
| CHUBB American Insurance Co., USA | -                               | -                | 3,207,532                   | 3,635,732        |
| CHUBB Tempest RE                  | -                               | -                | 2,547,272                   | 700,021          |
| ACE American Insurance, Bahrain   | -                               | -                | 856,394                     | -                |
| CHUBB European Group, France      | 1,263,063                       | -                | -                           | 1,066,967        |
| CHUBB European Group London, UK   | -                               | -                | 3,885,999                   | 968,393          |
| CHUBB European Group, Italy       | -                               | -                | -                           | 768,372          |
| ACE Mena, Bahrain                 | -                               | -                | 517,215                     | 626,191          |
| RFIB Group Limited, UK            | -                               | 15,497           | 4,225,629                   | 101,117          |
| CHUBB Philadelphia, USA           | -                               | -                | -                           | 119,541          |
| CHUBB, Australia                  | -                               | -                | 1,132,456                   | -                |
| Others                            | -                               | 50,515           | 1,381,809                   | 261,147          |
| <b>Total</b>                      | <b>1,263,063</b>                | <b>66,012</b>    | <b>17,754,306</b>           | <b>8,247,481</b> |

- Amounts due from/ due to, pertain to transactions conducted with affiliates.

- Prices and terms of payment for these transactions are approved by the management.

**Compensation of key management personnel**

The remuneration of key management personnel during the period were as follows:

|                            | <i>For the period ended</i> | <i>For the period ended</i> |
|----------------------------|-----------------------------|-----------------------------|
|                            | <i>September 30, 2018</i>   | <i>September 30, 2017</i>   |
|                            | <i>SR</i>                   | <i>SR</i>                   |
|                            | <i>(Unaudited)</i>          | <i>(Unaudited)</i>          |
| Salaries and benefits      | 2,533,379                   | 2,159,225                   |
| End-of-service indemnities | 161,866                     | 148,014                     |
|                            | <b>2,695,245</b>            | <b>2,307,239</b>            |

**9. REINSURANCE BALANCES PAYABLE**

|                          | <i>For the period ended</i> | <i>For the year ended</i> |
|--------------------------|-----------------------------|---------------------------|
|                          | <i>September 30, 2018</i>   | <i>December 31, 2017</i>  |
|                          | <i>SR</i>                   | <i>SR</i>                 |
|                          | <i>(Unaudited)</i>          | <i>(Audited)</i>          |
| Related parties (note 8) | 17,754,306                  | 8,247,481                 |
| Others                   | 16,529,497                  | 21,568,305                |
|                          | <b>34,283,803</b>           | <b>29,815,786</b>         |



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)****AT SEPTEMBER 30, 2018****10. STATUTORY DEPOSIT**

The statutory deposit represents 10% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent.

In accordance with the instruction received from the Saudi Arabian Monetary Agency (SAMA) vide their circular dated March 1, 2016, the Company has disclosed the commission due on statutory deposit as at September 30, 2018 as an asset and a liability in these interim condensed financial statements.

**11. SHARE CAPITAL**

The authorised, issued and paid-up share capital is SR 200 million at September 30, 2018 consisting of 20 million shares (December 31, 2017: SR 200 million consisting of 20 million shares) of SR 10 each.

**12. CONTINGENCIES****Legal proceedings**

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders insurance claims. 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 impact on the Company's results or financial position.

**13. ZAKAT AND INCOME TAX****a) Zakat****Charge for the period/year**

The zakat charge relating to Saudi shareholders' and principal elements of zakat base are as following:

|  | <i>September<br/>30, 2018</i> | <i>December<br/>31, 2017</i>  |
|--|-------------------------------|-------------------------------|
|  | <i>SR</i>                     | <i>SR</i>                     |
|  | <i>(Unaudited)</i>            | <i>(Audited)</i>              |
| Equity   | 140,000,000                   | 140,000,000                   |
| Opening provisions and other adjustments                 | 9,154,686                     | 9,294,248                     |
| Book value of long term assets, net of related financing | (1,945,519)                   | (2,041,485)                   |
|  | <b>147,209,167</b>            | <b>147,252,763</b>            |
| Zakatable income for the period /year                    | <b>20,325,507</b>             | <b>29,938,052</b>             |
| Zakat base   | <b>167,534,674</b>            | <b>177,190,815</b>            |
|  | <i>September<br/>30, 2018</i> | <i>September<br/>30, 2017</i> |
|  | <i>SR</i>                     | <i>SR</i>                     |
|  | <i>(Unaudited)</i>            | <i>(Unaudited)</i>            |
| Charge and provision for the period                      | <b>3,886,409</b>              | <b>3,724,886</b>              |

The difference between the financial results and adjusted profit is mainly due to adjustments for certain costs based on relevant regulations.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**

**AT SEPTEMBER 30, 2018**

**13. ZAKAT AND INCOME TAX (Continued)**

**b) Income tax**

**Charge for the period**

Income tax relating to the non-Saudi shareholders' consists of:

|                                     | <i>September<br/>30, 2018</i> | <i>September<br/>30, 2017</i> |
|-------------------------------------|-------------------------------|-------------------------------|
|                                     | <i>SR</i>                     | <i>SR</i>                     |
|                                     | <i>(Unaudited)</i>            | <i>(Unaudited)</i>            |
| Charge and provision for the period | <u><b>1,751,551</b></u>       | <u><b>1,287,091</b></u>       |

Income tax has been provided for based on the estimated taxable profit at the rate of 20% per annum.

The differences between the financial results and taxable income are mainly due to adjustments for certain costs/claims based on the relevant fiscal regulations.

**c) Movement in the provision for zakat and income tax during the period/year**

The movement in zakat and income tax provision is as follows:

|                                     | <i>September 30,<br/>2018</i> | <i>December 31,<br/>2017</i> |
|-------------------------------------|-------------------------------|------------------------------|
|                                     | <i>SR</i>                     | <i>SR</i>                    |
|                                     | <i>(Unaudited)</i>            | <i>(Audited)</i>             |
| At the beginning of the period/year | <b>13,371,168</b>             | 17,600,102                   |
| Provision for the period/year       | <b>5,637,960</b>              | 7,282,472                    |
| Paid during the period/year         | <b>(3,432,721)</b>            | (11,511,406)                 |
| At the end of the period/year       | <u><b>15,576,407</b></u>      | <u><b>13,371,168</b></u>     |

The following is the shareholding percentage in the interim condensed financial statements as at the end of the period/year:

|                                    | <i>September<br/>30, 2018</i> | <i>December<br/>31, 2017</i> |
|------------------------------------|-------------------------------|------------------------------|
|                                    | <i>%</i>                      | <i>%</i>                     |
|                                    | <i>(Unaudited)</i>            | <i>(Audited)</i>             |
| Shareholding subject to zakat      | <b>70.00</b>                  | 70.00                        |
| Shareholding subject to income tax | <u><b>30.00</b></u>           | <u><b>30.00</b></u>          |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**AT SEPTEMBER 30, 2018**

**13. ZAKAT AND INCOME TAX (Continued)**

**d) Zakat and income tax assessments**

In 2015, the General Authority of Zakat and Tax ("the GAZT") raised final assessments for the years ended December 31, 2009 to 2012 and claimed additional zakat and income tax liability including withholding tax amounting to SR 13.79 million. The management has filed an appeal against these assessments and believes that the outcome of this appeal will be in the favor of the Company. However, the Company has paid SR 14.9 million (including delay penalties and withholding tax) and also furnished a bank guarantee of SR 3.3 million in favor of GAZT to avoid any further delay penalties till the appeal against the assessments are finalised.

During the year, the Company has also received a provisional assessment for the years 2013 to 2015 where GAZT had requested for an additional zakat and income tax liability of SR 6.2 million. The management has also filed an appeal against this assessment. However, the Company has submitted an additional bank guarantee amounting to SR 6.2 million to cover the full additional liability and to avoid delay penalties.

Zakat and income tax assessments have not been raised by the GAZT for the years 2016 or 2017.

Zakat and income tax has been computed based on the Company's understanding and interpretation of the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia. The GAZT continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakat regulations in Saudi Arabia are subject to different interpretations and new zakat regulations have been issued by the GAZT dated 1 Jumada II 1438H (corresponding to 28 February 2017). The zakat and income tax liability as computed by the Company could be different from zakat and tax liability as assessed by the GAZT for years for which assessments have not yet been raised by the GAZT.

**14. TECHNICAL RESERVES**

**14.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

|   | <i>September 30,<br/>2018</i> | <i>December 31,<br/>2017</i> |
|---|-------------------------------|------------------------------|
|   | <i>SR</i>                     | <i>SR</i>                    |
|   | <i>(Unaudited)</i>            | <i>(Audited)</i>             |
| Outstanding claims                                      | <b>39,044,253</b>             | 39,870,152                   |
| Less: Realizable value of salvage and subrogation       | -                             | (395,119)                    |
|   | <b>39,044,253</b>             | 39,475,033                   |
| Claims incurred but not reported                        | <b>108,977,380</b>            | 125,252,803                  |
| Additional premium reserve                              | <b>1,754,858</b>              | 2,416,499                    |
| Other technical reserve                                 | <b>2,043,722</b>              | 3,005,737                    |
|   | <b>151,820,213</b>            | 170,150,072                  |
| Less:   |                               |                              |
| - Reinsurers' share of outstanding claims               | <b>(25,338,103)</b>           | (24,224,633)                 |
| - Reinsurers' share of claims incurred but not reported | <b>(79,667,110)</b>           | (91,887,300)                 |
| <b>Net outstanding claims and reserves</b>              | <b>46,815,000</b>             | 54,038,139                   |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)****AT SEPTEMBER 30, 2018****14. TECHNICAL RESERVES (Continued)****14.2 Movement in unearned premiums**

Movement in unearned premiums comprise of the following:

|   | <b>Nine-months ended September 30, 2018</b><br><i>(Unaudited)</i> |                     |                   |
|---|---|---------------------|-------------------|
|   | <b>Gross</b>  | <b>Reinsurance</b>  | <b>Net</b>        |
| Balance as at the beginning of the period | 74,285,096  | (44,255,912)        | 30,029,184        |
| Premium written during the period         | 183,775,211   | (98,276,986)        | 85,498,225        |
| Premium earned during the period          | (173,496,844)   | 95,780,793          | (77,716,051)      |
| Balance as at the end of the period       | <b>84,563,463</b>   | <b>(46,752,105)</b> | <b>37,811,358</b> |

  

|   | <b>Year-ended December 31, 2017</b><br><i>(Audited)</i> |                     |                   |
|---|---|---------------------|-------------------|
|   | <b>Gross</b>  | <b>Reinsurance</b>  | <b>Net</b>        |
| Balance as at the beginning of the year | 75,997,779  | (46,507,276)        | 29,490,503        |
| Premium written during the year         | 220,497,866   | (115,107,406)       | 105,390,460       |
| Premium earned during the year          | (222,210,549)   | 117,358,770         | (104,851,779)     |
| Balance as at the end of the year       | <b>74,285,096</b>                                       | <b>(44,255,912)</b> | <b>30,029,184</b> |

**15. SEGMENTAL INFORMATION**

For management purposes, the Company is organized into business segments classified as: Property, Engineering, Motor, Casualty and Others. Others include marine and other general insurance. These segments are the basis on which the Company reports its primary segment information.

Consistent with the Company's internal reporting process, operating segment has been approved by management in respect of the Company's activities, assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2017.

Segment results do not include other underwriting expenses, general and administrative expenses, interest income and commission income, dividend income and realised loss, net, other income, allowance for doubtful debts, and unrealized (losses)/ gains on investments held for trading.

Segment assets do not include cash and cash equivalents, investments held for trading, premiums and insurance balances receivable, prepayments and other assets, amounts due from related parties, amounts due from shareholders' operations, property and equipment and intangible assets.

Segment liabilities and accumulated surplus do not include accounts payables, reinsurance balances payable, accrued expenses and other liabilities, amounts due to shareholders' operations and end-of-service indemnities.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**

**AT SEPTEMBER 30, 2018**

**15. SEGMENTAL INFORMATION (Continued)**

**Operating segments**

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

|   | <i>Property<br/>SR</i> | <i>Engineering<br/>SR</i> | <i>Motor<br/>SR</i> | <i>Casualty<br/>SR</i> | <i>Others<br/>SR</i> | <i>Total<br/>SR</i> |
|---|------------------------|---------------------------|---------------------|------------------------|----------------------|---------------------|
|   | <i>(Unaudited)</i>     | <i>(Unaudited)</i>        | <i>(Unaudited)</i>  | <i>(Unaudited)</i>     | <i>(Unaudited)</i>   | <i>(Unaudited)</i>  |
| <b>REVENUE</b>  |                        |                           |                     |                        |                      |                     |
| Gross written premiums                                      | 10,295,070             | 4,114,856                 | 4,762,897           | 10,818,689             | 2,195,682            | 32,187,194          |
| Less: Reinsurance premiums ceded                            |                        |                           |                     |                        |                      |                     |
| Local   | (483,324)              | (441,424)                 | -                   | -                      | (76,667)             | (1,001,415)         |
| Foreign   | (8,926,166)            | (3,004,208)               | (771,195)           | (7,590,447)            | (1,217,528)          | (21,509,544)        |
| Excess of loss expenses                                     | (374,118)              | (145,491)                 | (238,920)           | (123,081)              | (210,183)            | (1,091,793)         |
| <b>Net premiums written</b>                                 | <b>511,462</b>         | <b>523,733</b>            | <b>3,752,782</b>    | <b>3,105,161</b>       | <b>691,304</b>       | <b>8,584,442</b>    |
| Change in unearned premiums, net                            | 975,276                | 98,034                    | 11,776,768          | 1,630,020              | 1,485,289            | 15,965,387          |
| <b>Net premiums earned</b>                                  | <b>1,486,738</b>       | <b>621,767</b>            | <b>15,529,550</b>   | <b>4,735,181</b>       | <b>2,176,593</b>     | <b>24,549,829</b>   |
| Reinsurance commission income                               | 2,329,704              | 901,550                   | 663,887             | 844,893                | 463,058              | 5,203,092           |
| <b>TOTAL REVENUE</b>  | <b>3,816,442</b>       | <b>1,523,317</b>          | <b>16,193,437</b>   | <b>5,580,074</b>       | <b>2,639,651</b>     | <b>29,752,921</b>   |
| <b>UNDERWRITING COSTS AND EXPENSES</b>                      |                        |                           |                     |                        |                      |                     |
| Gross claims paid and other expenses                        | (52,379)               | (1,535,910)               | (8,639,864)         | (168,319)              | (863,496)            | (11,259,968)        |
| Reinsurers' share of gross claims paid                      | 47,257                 | 1,518,366                 | 976,231             | 56,181                 | 701,255              | 3,299,290           |
| <b>Net claims paid</b>                                      | <b>(5,122)</b>         | <b>(17,544)</b>           | <b>(7,663,633)</b>  | <b>(112,138)</b>       | <b>(162,241)</b>     | <b>(7,960,678)</b>  |
| Change in outstanding claims, net                           | (73,229)               | (185,677)                 | 264,579             | 70,716                 | (267,783)            | (191,394)           |
| Changes in claims incurred but not reported, net            | (37,177)               | 273,702                   | 1,691,697           | 402,100                | (226,245)            | 2,104,077           |
| <b>Net claims incurred</b>                                  | <b>(115,528)</b>       | <b>70,481</b>             | <b>(5,707,357)</b>  | <b>360,678</b>         | <b>(656,269)</b>     | <b>(6,047,995)</b>  |
| Changes in additional premium reserve                       | -                      | 975,533                   | -                   | -                      | -                    | 975,533             |
| Changes in other technical reserves                         | 104,336                | 16,227                    | 49,098              | 16,941                 | (6,441)              | 180,161             |
| Policy acquisition costs                                    | (1,128,632)            | (260,508)                 | (1,723,691)         | (865,579)              | (462,600)            | (4,441,010)         |
| Other underwriting expenses                                 | (104,475)              | (73,780)                  | (93,486)            | (103,575)              | (109,561)            | (484,877)           |
| <b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>                | <b>(1,244,299)</b>     | <b>727,953</b>            | <b>(7,475,436)</b>  | <b>(591,535)</b>       | <b>(1,234,871)</b>   | <b>(9,818,188)</b>  |
| <b>NET UNDERWRITING INCOME</b>                              | <b>2,572,143</b>       | <b>2,251,270</b>          | <b>8,718,001</b>    | <b>4,988,539</b>       | <b>1,404,780</b>     | <b>19,934,733</b>   |
| <b>OTHER OPERATING (EXPENSES)/ INCOME</b>                   |                        |                           |                     |                        |                      |                     |
| Unallocated allowance for doubtful debts                    |                        |                           |                     |                        |                      | (8,164,959)         |
| Unallocated general and administrative expenses             |                        |                           |                     |                        |                      | (7,561,551)         |
| Unallocated interest and commission income                  |                        |                           |                     |                        |                      | 1,147,539           |
| Unallocated dividend income and realised loss, net          |                        |                           |                     |                        |                      | 231,594             |
| Unallocated unrealized loss on investments held for trading |                        |                           |                     |                        |                      | (193,740)           |
| Unallocated other income                                    |                        |                           |                     |                        |                      | 445,364             |
| <b>TOTAL OTHER OPERATING EXPENSES</b>                       |                        |                           |                     |                        |                      | <b>(14,095,753)</b> |
| <b>TOTAL INCOME FOR THE PERIOD</b>                          |                        |                           |                     |                        |                      | <b>5,838,980</b>    |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**

**AT SEPTEMBER 30, 2018**

**15. SEGMENTAL INFORMATION (Continued)**

**Operating segments (Continued)**

*For the nine-month period ended  
September 30, 2018*

|  | <i>Property<br/>SR</i> | <i>Engineering<br/>SR</i> | <i>Motor<br/>SR</i> | <i>Casualty<br/>SR</i> | <i>Others<br/>SR</i> | <i>Total<br/>SR</i> |
|--|------------------------|---------------------------|---------------------|------------------------|----------------------|---------------------|
|  | <i>(Unaudited)</i>     | <i>(Unaudited)</i>        | <i>(Unaudited)</i>  | <i>(Unaudited)</i>     | <i>(Unaudited)</i>   | <i>(Unaudited)</i>  |
| <b>REVENUE</b>   |                        |                           |                     |                        |                      |                     |
| Gross written premiums                                       | 56,119,262             | 12,076,135                | 66,759,812          | 30,307,041             | 18,512,961           | 183,775,211         |
| Less: Reinsurance premiums ceded                             |                        |                           |                     |                        |                      |                     |
| Local  | (3,554,631)            | (996,660)                 |                     | (83,938)               | (312,857)            | (4,948,086)         |
| Foreign  | (46,112,164)           | (8,930,596)               | (10,578,528)        | (14,719,725)           | (9,692,462)          | (90,033,475)        |
| Excess of loss expenses                                      | (1,122,353)            | (436,471)                 | (716,761)           | (369,242)              | (650,598)            | (3,295,425)         |
| <b>Net premiums written</b>                                  | <b>5,330,114</b>       | <b>1,712,408</b>          | <b>55,464,523</b>   | <b>15,134,136</b>      | <b>7,857,044</b>     | <b>85,498,225</b>   |
| Change in unearned premiums, net                             | (1,054,228)            | 363,390                   | (6,278,590)         | (1,660,280)            | 847,534              | (7,782,174)         |
| <b>Net premiums earned</b>                                   | <b>4,275,886</b>       | <b>2,075,798</b>          | <b>49,185,933</b>   | <b>13,473,856</b>      | <b>8,704,578</b>     | <b>77,716,051</b>   |
| Reinsurance commission income                                | 7,068,437              | 2,730,488                 | 1,633,415           | 2,205,351              | 1,948,946            | 15,586,637          |
| <b>TOTAL REVENUE</b>   | <b>11,344,323</b>      | <b>4,806,286</b>          | <b>50,819,348</b>   | <b>15,679,207</b>      | <b>10,653,524</b>    | <b>93,302,688</b>   |
| <b>UNDERWRITING COSTS AND EXPENSES</b>                       |                        |                           |                     |                        |                      |                     |
| Gross claims paid and other expenses                         | (5,958,438)            | (2,412,995)               | (25,288,322)        | (818,207)              | (3,002,607)          | (37,480,569)        |
| Reinsurers' share of gross claims paid                       | 3,704,980              | 2,298,273                 | 1,847,800           | 83,597                 | 2,159,297            | 10,093,947          |
| <b>Net claims paid</b>                                       | <b>(2,253,458)</b>     | <b>(114,722)</b>          | <b>(23,440,522)</b> | <b>(734,610)</b>       | <b>(843,310)</b>     | <b>(27,386,622)</b> |
| Change in outstanding claims, net                            | 2,599,560              | (203,518)                 | (575,074)           | (120,319)              | (156,399)            | 1,544,250           |
| Changes in claims incurred but not reported, net             | 432,952                | 1,458,058                 | 2,129,304           | 1,033,208              | (998,289)            | 4,055,233           |
| <b>Net claims incurred</b>                                   | <b>779,054</b>         | <b>1,139,818</b>          | <b>(21,886,292)</b> | <b>178,279</b>         | <b>(1,997,998)</b>   | <b>(21,787,139)</b> |
| Changes in additional premium reserve                        | 664,273                | (34,494)                  | -                   | -                      | 31,862               | 661,641             |
| Changes in other technical reserves                          | 932,568                | 5,322                     | (17,766)            | 67,944                 | (26,053)             | 962,015             |
| Policy acquisition costs                                     | (3,262,881)            | (941,683)                 | (5,458,086)         | (2,406,475)            | (1,737,517)          | (13,806,642)        |
| Other underwriting expenses                                  | (403,634)              | (196,206)                 | (550,809)           | (278,348)              | (345,468)            | (1,774,465)         |
| <b>TOTAL UNDERWRITING COSTS AND<br/>EXPENSES</b>             | <b>(1,290,620)</b>     | <b>(27,243)</b>           | <b>(27,912,953)</b> | <b>(2,438,600)</b>     | <b>(4,075,174)</b>   | <b>(35,744,590)</b> |
| <b>NET UNDERWRITING INCOME</b>                               | <b>10,053,703</b>      | <b>4,779,043</b>          | <b>22,906,395</b>   | <b>13,240,607</b>      | <b>6,578,350</b>     | <b>57,558,098</b>   |
| <b>OTHER OPERATING (EXPENSES)/ INCOME</b>                    |                        |                           |                     |                        |                      |                     |
| Unallocated allowance for doubtful debts                     |                        |                           |                     |                        |                      | (11,329,940)        |
| Unallocated general and administrative expenses              |                        |                           |                     |                        |                      | (23,376,248)        |
| Unallocated interest and commission income                   |                        |                           |                     |                        |                      | 2,841,491           |
| Unallocated dividend income and realised loss, net           |                        |                           |                     |                        |                      | 2,856,673           |
| Unallocated unrealised gains on investments held for trading |                        |                           |                     |                        |                      | (1,371,482)         |
| Unallocated other income                                     |                        |                           |                     |                        |                      | 1,857,846           |
| <b>TOTAL OTHER OPERATING EXPENSES</b>                        |                        |                           |                     |                        |                      | <b>(28,521,660)</b> |
| <b>TOTAL INCOME FOR THE PERIOD</b>                           |                        |                           |                     |                        |                      | <b>29,036,438</b>   |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**

**AT SEPTEMBER 30, 2018**

**15. SEGMENTAL INFORMATION (Continued)**

**Operating segments (Continued)**

*As at September 30, 2018*

|   | <i>Property<br/>SR</i> | <i>Engineering<br/>SR</i> | <i>Motor<br/>SR</i> | <i>Casualty<br/>SR</i> | <i>Others<br/>SR</i> | <i>Total -<br/>Insurance<br/>operations<br/>SR</i> | <i>Shareholders'<br/>operations<br/>SR</i> | <i>Total<br/>SR</i> |
|---|------------------------|---------------------------|---------------------|------------------------|----------------------|--|--|---------------------|
|   | <i>(Unaudited)</i>     | <i>(Unaudited)</i>        | <i>(Unaudited)</i>  | <i>(Unaudited)</i>     | <i>(Unaudited)</i>   | <i>(Unaudited)</i>                                 | <i>(Unaudited)</i>                         | <i>(Unaudited)</i>  |
| <b>Assets</b>   |                        |                           |                     |                        |                      |  |  |                     |
| Reinsurers' share of unearned Premiums                | 22,748,182             | 7,282,017                 | 4,669,177           | 10,300,438             | 1,752,291            | 46,752,105   | -  | 46,752,105          |
| Reinsurers' share of outstanding claims               | 13,054,415             | 9,196,137                 | 928,904             | 494,293                | 1,664,354            | 25,338,103   | -  | 25,338,103          |
| Reinsurers' share of claims incurred but not reported | 68,177,815             | 3,842,691                 | 1,340,723           | 2,879,215              | 3,426,666            | 79,667,110   | -  | 79,667,110          |
| Deferred policy acquisition Costs                     | 1,457,119              | 400,161                   | 2,665,144           | 1,420,411              | 326,277              | 6,269,112  | -  | 6,269,112           |
| Unallocated assets                                    |                        |                           |                     |                        |                      | 198,085,717  | 265,951,131                                | 464,036,848         |
| <b>TOTAL ASSETS</b>                                   |                        |                           |                     |                        |                      | <b>356,112,147</b>                                 | <b>265,951,131</b>                         | <b>622,063,278</b>  |
| <b>Liabilities</b>                                    |                        |                           |                     |                        |                      |  |  |                     |
| Gross unearned premiums                               | 25,631,294             | 8,476,393                 | 29,317,214          | 17,873,334             | 3,265,228            | 84,563,463   | -  | 84,563,463          |
| Unearned reinsurance commission income                | 3,398,023              | 1,753,342                 | 1,202,954           | 1,606,381              | 411,301              | 8,372,001  | -  | 8,372,001           |
| Gross outstanding claims                              | 13,834,555             | 9,973,049                 | 9,325,190           | 3,122,605              | 2,788,854            | 39,044,253   | -  | 39,044,253          |
| Claims incurred but not reported                      | 71,895,871             | 5,997,849                 | 15,965,709          | 8,145,580              | 6,972,371            | 108,977,380  | -  | 108,977,380         |
| Additional premium reserve                            | -                      | 1,754,858                 | -                   | -                      | -                    | 1,754,858  | -  | 1,754,858           |
| Other technical reserves                              | 788,131                | 109,844                   | 965,010             | 97,069                 | 83,668               | 2,043,722  | -  | 2,043,722           |
| Unallocated liabilities                               |                        |                           |                     |                        |                      | 80,726,808   | 19,342,588                                 | 100,069,396         |
| <b>TOTAL LIABILITIES</b>                              |                        |                           |                     |                        |                      | <b>325,482,485</b>                                 | <b>19,342,588</b>                          | <b>344,825,073</b>  |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**

**AT SEPTEMBER 30, 2018**

**15. SEGMENTAL INFORMATION (Continued)**

**Operating segments (Continued)**

*For the three-month period ended  
September 30, 2017*

|   | <i>Property<br/>SR</i> | <i>Engineering<br/>SR</i> | <i>Motor<br/>SR</i> | <i>Casualty<br/>SR</i> | <i>Others<br/>SR</i> | <i>Total<br/>SR</i> |
|---|------------------------|---------------------------|---------------------|------------------------|----------------------|---------------------|
|   | <i>(Unaudited)</i>     | <i>(Unaudited)</i>        | <i>(Unaudited)</i>  | <i>(Unaudited)</i>     | <i>(Unaudited)</i>   | <i>(Unaudited)</i>  |
| <b>REVENUE</b>  |                        |                           |                     |                        |                      |                     |
| Gross written premiums  | 12,354,154             | 7,130,741                 | 7,390,473           | 11,225,353             | 3,787,664            | 41,888,385          |
| Less: Reinsurance premiums ceded                              |                        |                           |                     |                        |                      |                     |
| Local   | (622,523)              | (555,478)                 | -                   | -                      | (106,150)            | (1,284,151)         |
| Foreign   | (9,723,354)            | (5,804,289)               | (32,419)            | (8,116,726)            | (1,633,770)          | (25,310,558)        |
| Excess of loss expenses                                       | (258,402)              | (133,545)                 | (233,409)           | (118,935)              | (288,583)            | (1,032,874)         |
| <b>Net premiums written</b>                                   | 1,749,875              | 637,429                   | 7,124,645           | 2,989,692              | 1,759,161            | 14,260,802          |
| Change in unearned premiums, net                              | (303,684)              | 193,012                   | 10,847,163          | 1,321,459              | (122,080)            | 11,935,870          |
| <b>Net premiums earned</b>                                    | 1,446,191              | 830,441                   | 17,971,808          | 4,311,151              | 1,637,081            | 26,196,672          |
| Reinsurance commission income                                 | 2,563,339              | 1,338,831                 | 14,775              | 790,914                | 470,261              | 5,178,120           |
| <b>TOTAL REVENUE</b>  | 4,009,530              | 2,169,272                 | 17,986,583          | 5,102,065              | 2,107,342            | 31,374,792          |
| <b>UNDERWRITING COSTS AND EXPENSES</b>                        |                        |                           |                     |                        |                      |                     |
| Gross claims paid and other expenses                          | (19,489,336)           | (2,565,909)               | (7,319,455)         | (51,421)               | (1,653,405)          | (31,079,526)        |
| Reinsurers' share of gross claims paid                        | 18,431,718             | 2,022,278                 | -                   | 10,980                 | 1,146,237            | 21,611,213          |
| <b>Net claims paid</b>  | (1,057,618)            | (543,631)                 | (7,319,455)         | (40,441)               | (507,168)            | (9,468,313)         |
| Change in outstanding claims, net                             | 873,645                | 461,058                   | (1,062,267)         | (40,209)               | 64,841               | 297,068             |
| Changes in claims incurred but not reported                   | (840,666)              | (445,134)                 | 849,626             | (591,493)              | (246,638)            | (1,274,305)         |
| <b>Net claims incurred</b>                                    | (1,024,639)            | (527,707)                 | (7,532,096)         | (672,143)              | (688,965)            | (10,445,550)        |
| Changes in additional premium reserve                         | (355,470)              | 203,178                   | -                   | -                      | -                    | (152,292)           |
| Changes in other technical reserves                           | -                      | -                         | (2,718)             | -                      | -                    | (2,718)             |
| Policy acquisition costs                                      | (1,149,940)            | (438,428)                 | (1,862,033)         | (861,432)              | (428,543)            | (4,740,376)         |
| Other underwriting expenses                                   | (96,092)               | (65,024)                  | (79,563)            | (88,273)               | (82,700)             | (411,652)           |
| <b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>                  | (2,626,141)            | (827,981)                 | (9,476,410)         | (1,621,848)            | (1,200,208)          | (15,752,588)        |
| <b>NET UNDERWRITING INCOME</b>                                | 1,383,389              | 1,341,291                 | 8,510,173           | 3,480,217              | 907,134              | 15,622,204          |
| <b>OTHER OPERATING (EXPENSES)/ INCOME</b>                     |                        |                           |                     |                        |                      |                     |
| Unallocated allowance of doubtful debts                       |                        |                           |                     |                        |                      | (1,643,644)         |
| Unallocated general and administrative expenses               |                        |                           |                     |                        |                      | (7,218,348)         |
| Unallocated commission and interest income                    |                        |                           |                     |                        |                      | 695,271             |
| Unallocated dividend income and realised losses               |                        |                           |                     |                        |                      | 451,562             |
| Unallocated unrealised losses on investments held for trading |                        |                           |                     |                        |                      | (197,897)           |
| Unallocated other income                                      |                        |                           |                     |                        |                      | 957,356             |
| <b>TOTAL OTHER OPERATING EXPENSES</b>                         |                        |                           |                     |                        |                      | (6,955,700)         |
| <b>TOTAL INCOME FOR THE PERIOD</b>                            |                        |                           |                     |                        |                      | <u>8,666,504</u>    |



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**

**AT SEPTEMBER 30, 2018**

**15. SEGMENTAL INFORMATION (Continued)**

**Operating segments (Continued)**

*For the nine-month period ended  
September 30, 2017*

|   | <i>Property<br/>SR</i> | <i>Engineering<br/>SR</i> | <i>Motor<br/>SR</i> | <i>Casualty<br/>SR</i> | <i>Others<br/>SR</i> | <i>Total<br/>SR</i> |
|---|------------------------|---------------------------|---------------------|------------------------|----------------------|---------------------|
|   | <i>(Unaudited)</i>     | <i>(Unaudited)</i>        | <i>(Unaudited)</i>  | <i>(Unaudited)</i>     | <i>(Unaudited)</i>   | <i>(Unaudited)</i>  |
| <b>REVENUE</b>  |                        |                           |                     |                        |                      |                     |
| Gross written premiums  | 47,199,463             | 17,584,045                | 63,336,703          | 29,118,040             | 17,527,894           | 174,766,145         |
| Less: Reinsurance premiums ceded                              |                        |                           |                     |                        |                      |                     |
| Local   | (3,223,256)            | (1,067,197)               | -                   | -                      | (299,452)            | (4,589,905)         |
| Foreign   | (38,242,881)           | (13,789,608)              | (661,575)           | (14,786,280)           | (9,053,876)          | (76,534,220)        |
| Excess of loss expenses                                       | (775,205)              | (400,637)                 | (700,230)           | (356,807)              | (888,049)            | (3,120,928)         |
| <b>Net premiums written</b>                                   | 4,958,121              | 2,326,603                 | 61,974,898          | 13,974,953             | 7,286,517            | 90,521,092          |
| Change in unearned premiums, net                              | (622,838)              | 398,341                   | (10,700,712)        | (863,403)              | 48,762               | (11,739,850)        |
| <b>Net premiums earned</b>                                    | 4,335,283              | 2,724,944                 | 51,274,186          | 13,111,550             | 7,335,279            | 78,781,242          |
| Reinsurance commission income                                 | 7,624,600              | 3,869,987                 | 19,026              | 2,045,204              | 1,841,015            | 15,399,832          |
| <b>TOTAL REVENUE</b>  | 11,959,883             | 6,594,931                 | 51,293,212          | 15,156,754             | 9,176,294            | 94,181,074          |
| <b>UNDERWRITING COSTS AND EXPENSES</b>                        |                        |                           |                     |                        |                      |                     |
| Gross claims paid and other expenses                          | (35,150,486)           | (5,753,713)               | (22,845,932)        | (1,339,426)            | (7,606,331)          | (72,695,888)        |
| Reinsurers' share of gross claims paid                        | 33,014,684             | 4,799,812                 | -                   | 44,679                 | 5,587,389            | 43,446,564          |
| <b>Net claims paid</b>  | (2,135,802)            | (953,901)                 | (22,845,932)        | (1,294,747)            | (2,018,942)          | (29,249,324)        |
| Change in outstanding claims, net                             | 2,333,777              | 706,677                   | 950,409             | 1,181,883              | 597,308              | 5,770,054           |
| Changes in claims incurred but not reported                   | (2,298,245)            | (1,212,119)               | 1,680,253           | (2,115,142)            | (386,385)            | (4,331,638)         |
| <b>Net claims incurred</b>                                    | (2,100,270)            | (1,459,343)               | (20,215,270)        | (2,228,006)            | (1,808,019)          | (27,810,908)        |
| Changes in additional premium reserve                         | (1,332,545)            | (265,104)                 | -                   | -                      | -                    | (1,597,649)         |
| Changes in other technical reserves                           | (2,044,206)            | -                         | 83,634              | -                      | -                    | (1,960,572)         |
| Policy acquisition costs                                      | (3,541,903)            | (1,317,602)               | (5,187,672)         | (2,366,861)            | (1,566,998)          | (13,981,036)        |
| Other underwriting expenses                                   | (351,397)              | (167,814)                 | (470,444)           | (230,821)              | (256,602)            | (1,477,078)         |
| <b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>                  | (9,370,321)            | (3,209,863)               | (25,789,752)        | (4,825,688)            | (3,631,619)          | (46,827,243)        |
| <b>NET UNDERWRITING INCOME</b>                                | 2,589,562              | 3,385,068                 | 25,503,460          | 10,331,066             | 5,544,675            | 47,353,831          |
| <b>OTHER OPERATING (EXPENSES)/ INCOME</b>                     |                        |                           |                     |                        |                      |                     |
| Unallocated allowance of doubtful debts                       |                        |                           |                     |                        |                      | (2,426,934)         |
| Unallocated general and administrative expenses               |                        |                           |                     |                        |                      | (22,042,446)        |
| Unallocated commission and interest income                    |                        |                           |                     |                        |                      | 2,357,267           |
| Unallocated dividend income and realised losses               |                        |                           |                     |                        |                      | 1,584,065           |
| Unallocated unrealised losses on investments held for trading |                        |                           |                     |                        |                      | (211,433)           |
| Unallocated other income                                      |                        |                           |                     |                        |                      | 3,105,372           |
| <b>TOTAL OTHER OPERATING EXPENSES</b>                         |                        |                           |                     |                        |                      | (17,634,109)        |
| <b>TOTAL INCOME FOR THE PERIOD</b>                            |                        |                           |                     |                        |                      | <u>29,719,722</u>   |

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**

**AT SEPTEMBER 30, 2018**

**15. SEGMENTAL INFORMATION (Continued)**

**Operating segments (Continued)**

*As at December 31, 2017*

*(Audited)*

|   | <i>Property<br/>SR</i> | <i>Engineering<br/>SR</i> | <i>Motor<br/>SR</i> | <i>Casualty<br/>SR</i> | <i>Others<br/>SR</i> | <i>Total - Insurance<br/>operations<br/>SR</i> | <i>Shareholders'<br/>operations<br/>SR</i> | <i>Total<br/>SR</i> |
|---|------------------------|---------------------------|---------------------|------------------------|----------------------|--|--|---------------------|
|   | <i>(Audited)</i>       | <i>(Audited)</i>          | <i>(Audited)</i>    | <i>(Audited)</i>       | <i>(Audited)</i>     | <i>(Audited)</i>                               | <i>(Audited)</i>                           | <i>(Audited)</i>    |
| <b>Assets</b>   |                        |                           |                     |                        |                      |  |  |                     |
| Reinsurers' share of unearned premiums                | 23,858,607             | 8,486,671                 | 312,766             | 9,580,345              | 2,017,523            | 44,255,912                                     | -  | 44,255,912          |
| Reinsurers' share of outstanding claims               | 12,445,348             | 9,195,983                 | -                   | 336,863                | 2,246,439            | 24,224,633                                     | -  | 24,224,633          |
| Reinsurers' share of claims incurred but not reported | 78,399,221             | 3,018,745                 | 83,249              | 8,779,284              | 1,606,801            | 91,887,300                                     | -  | 91,887,300          |
| Deferred policy acquisition costs                     | 768,168                | 575,646                   | 1,692,016           | 1,331,291              | 544,992              | 4,912,113                                      | -  | 4,912,113           |
| Unallocated assets                                    |                        |                           |                     |                        |                      | 187,879,982                                    | 233,501,105                                | 421,381,087         |
| <b>TOTAL ASSETS</b>                                   |                        |                           |                     |                        |                      | <b>353,159,940</b>                             | <b>233,501,105</b>                         | <b>586,661,045</b>  |
| <b>Liabilities</b>                                    |                        |                           |                     |                        |                      |  |  |                     |
| Gross unearned premiums                               | 25,687,491             | 10,044,437                | 18,682,213          | 15,492,961             | 4,377,994            | 74,285,096                                     | -  | 74,285,096          |
| Unearned reinsurance commission income                | 2,412,580              | 1,807,496                 | 31,081              | 1,415,852              | 558,683              | 6,225,692                                      | -  | 6,225,692           |
| Gross outstanding claims                              | 15,825,048             | 9,769,377                 | 7,821,212           | 2,844,856              | 3,214,540            | 39,475,033                                     | -  | 39,475,033          |
| Claims incurred but not reported                      | 82,550,229             | 6,631,961                 | 16,837,539          | 15,078,857             | 4,154,217            | 125,252,803                                    | -  | 125,252,803         |
| Additional premium reserves                           | 664,273                | 1,720,364                 | -                   | -                      | 31,862               | 2,416,499                                      | -  | 2,416,499           |
| Other technical reserves                              | 1,720,699              | 115,166                   | 947,244             | 165,013                | 57,615               | 3,005,737                                      | -  | 3,005,737           |
| Unallocated liabilities                               |                        |                           |                     |                        |                      | 63,139,107                                     | 16,088,992                                 | 79,228,099          |
| <b>TOTAL LIABILITIES</b>                              |                        |                           |                     |                        |                      | <b>313,799,967</b>                             | <b>16,088,992</b>                          | <b>329,888,959</b>  |

**Geographical segments**

All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for certain investments held in countries domiciled in the Gulf Cooperation Council ("GCC").

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**AT SEPTEMBER 30, 2018**

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company's financial assets include cash and cash equivalents, investments held for trading, investments available for sale, premiums and insurance balances receivable, reinsurer's share of outstanding claims, amounts due from related parties, amounts due from shareholders and other assets. Financial liabilities consist of gross outstanding claims, reinsurance balances payable, accounts payable, amounts due to related parties, amounts due to shareholders and other liabilities.

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

a) Investments are classified as follows:

|                                | <i>September 30, 2018</i>   |                                 | <i>December 31, 2017</i>    |                                 |
|--------------------------------|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
|                                | <i>Insurance operations</i> | <i>Shareholders' operations</i> | <i>Insurance operations</i> | <i>Shareholders' operations</i> |
|                                | <i>SR</i>                   | <i>SR</i>                       | <i>SR</i>                   | <i>SR</i>                       |
|                                | <i>(Unaudited)</i>          | <i>(Unaudited)</i>              | <i>(Audited)</i>            | <i>(Audited)</i>                |
| Investments held for trading   | <b>30,270,844</b>           | <b>39,269,343</b>               | 29,108,064                  | 46,320,848                      |
| Investments available for sale | -                           | <b>1,932,078</b>                | -                           | 1,932,078                       |
|                                | <b>30,270,844</b>           | <b>41,201,421</b>               | 29,108,064                  | 48,252,926                      |

Movement in the investment held for trading balance is as follows:

|   | <i>Insurance operations</i> |                         | <i>Shareholders' operations</i> |                         |
|---|-----------------------------|-------------------------|---------------------------------|-------------------------|
|   | <i>30 September 2018</i>    | <i>31 December 2017</i> | <i>30 September 2018</i>        | <i>31 December 2017</i> |
|   | <i>SR</i>                   | <i>SR</i>               | <i>SR</i>                       | <i>SR</i>               |
|   | <i>(Unaudited)</i>          | <i>(Audited)</i>        | <i>(Unaudited)</i>              | <i>(Audited)</i>        |
| At the beginning of the period/year               | <b>29,108,064</b>           | 29,943,700              | <b>46,320,848</b>               | 49,937,913              |
| Acquisitions during the period/year               | <b>2,250,216</b>            | 7,122,590               | <b>2,919,129</b>                | 6,783,879               |
| Disposals during the period/year                  | <b>(464,737)</b>            | (7,518,720)             | <b>(10,615,288)</b>             | (9,753,781)             |
| Unrealised losses on investments held for trading | <b>(597,006)</b>            | (387,643)               | <b>(774,476)</b>                | (579,883)               |
| Realised losses                                   | <b>(25,693)</b>             | (51,863)                | <b>1,419,130</b>                | (67,280)                |
| At the end of the period/year                     | <b>30,270,844</b>           | 29,108,064              | <b>39,269,343</b>               | 46,320,848              |

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**AT SEPTEMBER 30, 2018**

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

b) Category wise investment analysis is as follows:

|          | <i>September 30, 2018</i>   |                                 | <i>December 31, 2017</i>    |                                 |
|----------|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
|          | <i>Insurance operations</i> | <i>Shareholders' operation.</i> | <i>Insurance operations</i> | <i>Shareholders' operations</i> |
|          | <i>SR</i>                   | <i>SR</i>                       | <i>SR</i>                   | <i>SR</i>                       |
|          | <i>(Unaudited)</i>          | <i>(Unaudited)</i>              | <i>(Audited)</i>            | <i>(Audited)</i>                |
| Quoted   | 30,270,844                  | 39,269,343                      | 29,108,064                  | 46,320,848                      |
| Unquoted | -                           | 1,932,078                       | -                           | 1,932,078                       |
|          | <u>30,270,844</u>           | <u>41,201,421</u>               | <u>29,108,064</u>           | <u>48,252,926</u>               |

c) The analysis of investments by counterparties is as follows:

|                                     | <i>September 30, 2018</i> | <i>December 31, 2017</i> |
|-------------------------------------|---------------------------|--------------------------|
|                                     | <i>SR</i>                 | <i>SR</i>                |
|                                     | <i>(Unaudited)</i>        | <i>(Audited)</i>         |
| Sukuks, bonds and equity securities | 69,540,187                | 75,428,912               |
| Ordinary shares                     | 1,932,078                 | 1,932,078                |
|                                     | <u>71,472,265</u>         | <u>77,360,990</u>        |

Management has performed a review of the investments available for sale to assess whether impairment has occurred in the value of these investments. Based on specific information, management is of the view that no impairment is required in respect of the investments available for sale.

The Company has arranged through a financial institution inside the Kingdom of Saudi Arabia to invest in certain Sukuks, bonds and equity securities traded in active open market in US Dollars and Saudi Riyal. However, as the management's intention is to resell these investments in the short term, accordingly such investments are classified as investments held for trading.

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

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

|                                | <i>September 30, 2018</i> |                    |                    |                    | <i>Total</i>       |
|--------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|
|                                | <i>Carrying value</i>     | <i>Level 1</i>     | <i>Level 2</i>     | <i>Level 3</i>     |                    |
|                                | <i>SR</i>                 | <i>SR</i>          | <i>SR</i>          | <i>SR</i>          | <i>SR</i>          |
|                                | <i>(Unaudited)</i>        | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Investments held for trading   | 69,540,187                | 69,540,187         | -                  | -                  | 69,540,187         |
| Investments available for sale | 1,932,078                 | -                  | -                  | 1,932,078          | 1,932,078          |
|                                | <u>71,472,265</u>         | <u>69,540,187</u>  | <u>-</u>           | <u>1,932,078</u>   | <u>71,472,265</u>  |

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**AT SEPTEMBER 30, 2018**

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

*December 31, 2017*

|                                | Carrying<br>value<br>SR<br><i>(Audited)</i> | Level 1<br>SR<br><i>(Audited)</i> | Level 2<br>SR<br><i>(Audited)</i> | Level 3<br>SR<br><i>(Audited)</i> | Total<br>SR<br><i>(Audited)</i> |
|--------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| Investments held for trading   | 75,428,912                                  | 75,428,912                        | -                                 | -                                 | 75,428,912                      |
| Investments available for sale | 1,932,078                                   | -                                 | -                                 | 1,932,078                         | 1,932,078                       |
|                                | <u>77,360,990</u>                           | <u>75,428,912</u>                 | <u>-</u>                          | <u>1,932,078</u>                  | <u>77,360,990</u>               |

During the year, there has been no transfer between level 1, level 2 and level 3.

**17. EARNINGS PER SHARE FOR THE PERIOD**

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of outstanding shares during the period. The earning per share for the comparative period has been adjusted retrospectively to reflect the increase in share capital as required by the relevant accounting standard.

**18. COMPARATIVE BALANCES**

Certain of the comparative balances have been reclassified and regrouped to conform to the current period presentation. These changes are summarised below were mainly to conform with the SAMA requirements:

- As discussed in note 3 to these interim condensed financial statements, previously the interim statement of financial position, interim statement of income, interim statement of comprehensive income and interim statement of cash flows were presented separately for insurance operations and shareholders operations, which are now combined together to present the Company level interim statement of financial position, statement of income and statement of cash flows.
- The amounts "due to/from" shareholders and insurance operations which were previously reported separately in the respective statement of financial position, are now eliminated in full (refer note 20).
- Share of insurance operations surplus split in the ratio of 90/10 between shareholders and insurance operations and presented separately is now presented as an expense in the interim statement of income (refer note 20).

**19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 31 October 2018 corresponding to 22 Safar 1440H.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)  
AT SEPTEMBER 30, 2018

20. SUPPLEMENTARY INFORMATION

As required by the Implementing Regulations, the interim statement of financial position, interim statement of income and interim statement of cash flows are separately disclosed for both insurance operations and shareholders operations are as follows:

a) Interim statement of financial position

|  | Note | September 30, 2018                  |   | December 31, 2017                 |                                       |                    |
|--|------|-------------------------------------|---|-----------------------------------|---------------------------------------|--------------------|
|  |      | Insurance operations SR (Unaudited) | Shareholders' operations SR (Unaudited) | Insurance operations SR (Audited) | Shareholders' operations SR (Audited) | Total SR (Audited) |
| Cash and cash equivalents  | 5    | 79,387,900                          | 96,841,875                              | 86,494,129                        | 55,430,429                            | 141,924,558        |
| Premiums and insurance balances receivable                         | 6    | 79,354,824                          | -                                       | 65,262,463                        | -                                     | 65,262,463         |
| Amounts due from related parties                                   | 8    | 83,254                              | -                                       | 83,254                            | -                                     | 83,254             |
| Reinsurers' share of unearned premiums                             | 14.2 | 46,752,105                          | -                                       | 44,255,912                        | -                                     | 44,255,912         |
| Reinsurers' share of outstanding claims                            | 14.1 | 25,338,103                          | -                                       | 24,224,633                        | -                                     | 24,224,633         |
| Reinsurers' share of claims incurred but not reported              | 14.1 | 79,667,110                          | -                                       | 91,887,300                        | -                                     | 91,887,300         |
| Deferred policy acquisition costs                                  |      | 6,269,112                           | -                                       | 4,912,113                         | -                                     | 4,912,113          |
| Deferred excess of loss premiums                                   |      | 1,091,789                           | -                                       | -                                 | -                                     | -                  |
| Investments held for trading                                       | 16   | 30,270,844                          | 39,269,343                              | 29,108,064                        | 46,320,848                            | 75,428,912         |
| Investments available for sale                                     | 16   | -                                   | 1,932,078                               | -                                 | 1,932,078                             | 1,932,078          |
| Prepayments and other assets                                       |      | 7,049,872                           | 10,942,982                              | 5,947,746                         | 5,380,009                             | 11,327,755         |
| Term deposits  |      | -                                   | 52,030,088                              | -                                 | 59,845,669                            | 59,845,669         |
| Property and equipment   |      | 419,674                             | -                                       | 599,321                           | -                                     | 599,321            |
| Intangible assets  |      | 427,560                             | -                                       | 385,005                           | -                                     | 385,005            |
| Goodwill   | 7    | -                                   | 43,774,750                              | -                                 | 43,774,750                            | 43,774,750         |
| Statutory deposit  | 10   | -                                   | 20,000,000                              | -                                 | 20,000,000                            | 20,000,000         |
| Statutory deposit commission income                                | 10   | -                                   | 1,160,015                               | -                                 | 817,322                               | 817,322            |
| Amounts due from insurance operations                              |      | -                                   | 30,629,662                              | -                                 | 39,359,973                            | 39,359,973         |
| <b>TOTAL ASSETS</b>  |      | <b>356,112,147</b>                  | <b>296,580,793</b>                      | <b>353,159,940</b>                | <b>272,861,078</b>                    | <b>626,021,018</b> |
| Less: inter-operations elimination                                 |      | -                                   | (30,629,662)                            | -                                 | (39,359,973)                          | (39,359,973)       |
| <b>TOTAL ASSETS AS PER INTERIM STATEMENT OF FINANCIAL POSITION</b> |      | <b>356,112,147</b>                  | <b>265,951,131</b>                      | <b>353,159,940</b>                | <b>233,501,105</b>                    | <b>586,661,045</b> |

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**AT SEPTEMBER 30, 2018**

**20. SUPPLEMENTARY INFORMATION (Continued)**  
**a) Interim statement of financial position (Continued)**

|   | Note | September 30, 2018      |                             | December 31, 2017       |                             |                      |
|---|------|-------------------------|-----------------------------|-------------------------|-----------------------------|----------------------|
|   |      | Insurance operations SR | Shareholders' operations SR | Insurance operations SR | Shareholders' operations SR | Total SR             |
| Accounts payable  |      | (Unaudited) 23,410,068  | (Unaudited) 2,606,166       | (Audited) 13,460,813    | (Audited) -                 | (Audited) 13,460,813 |
| Accrued expenses and other liabilities                                  |      | 9,082,786               | 2,606,166                   | 8,668,570               | 1,900,502                   | 10,569,072           |
| Reinsurance balances payable  | 9    | 34,283,803              | -                           | 29,815,786              | -                           | 29,815,786           |
| Gross unearned premiums   | 14.2 | 84,563,463              | -                           | 74,285,096              | -                           | 74,285,096           |
| Unearned reinsurance commission income                                  |      | 8,372,001               | -                           | 6,225,692               | -                           | 6,225,692            |
| Gross outstanding claims  | 14.1 | 39,044,253              | -                           | 39,475,033              | -                           | 39,475,033           |
| Claims incurred but not reported  | 14.1 | 108,977,380             | -                           | 125,252,803             | -                           | 125,252,803          |
| Additional premium reserves   | 14.1 | 1,754,858               | -                           | 2,416,499               | -                           | 2,416,499            |
| Other technical reserves  | 14.1 | 2,043,722               | -                           | 3,005,737               | -                           | 3,005,737            |
| End-of-service indemnities  |      | 5,917,967               | -                           | 6,117,342               | -                           | 6,117,342            |
| Accumulated surplus payable   |      | 8,189,968               | -                           | 5,234,380               | -                           | 5,234,380            |
| Reserve for re-measurement of actuarial loss on obligation              | 10   | (157,784)               | -                           | (157,784)               | -                           | (157,784)            |
| Statutory deposit commission income payable                             |      | -                       | 1,160,015                   | -                       | 817,322                     | 817,322              |
| Provision for zakat and income tax                                      | 13   | -                       | 15,576,407                  | -                       | 13,371,168                  | 13,371,168           |
| Amounts due to shareholders' operations                                 |      | 30,629,662              | -                           | 39,359,973              | -                           | 39,359,973           |
| <b>TOTAL LIABILITIES</b>  |      | <b>356,112,147</b>      | <b>19,342,588</b>           | <b>353,159,940</b>      | <b>16,088,992</b>           | <b>369,248,932</b>   |
| <b>Less: inter-operations elimination</b>                               |      | <b>(30,629,662)</b>     | <b>-</b>                    | <b>(39,359,973)</b>     | <b>-</b>                    | <b>(39,359,973)</b>  |
| <b>TOTAL LIABILITIES AS PER INTERIM STATEMENT OF FINANCIAL POSITION</b> |      | <b>325,482,485</b>      | <b>19,342,588</b>           | <b>313,799,967</b>      | <b>16,088,992</b>           | <b>329,888,959</b>   |
| <b>SHAREHOLDERS' EQUITY</b>   |      |                         |                             |                         |                             |                      |
| Share capital   | 11   | -                       | 200,000,000                 | -                       | 200,000,000                 | 200,000,000          |
| Statutory reserve   |      | -                       | 24,530,031                  | -                       | 19,309,215                  | 19,309,215           |
| Retained earnings   |      | -                       | 52,708,174                  | -                       | 37,462,871                  | 37,462,871           |
| <b>TOTAL EQUITY</b>   |      | <b>-</b>                | <b>277,238,205</b>          | <b>-</b>                | <b>256,772,086</b>          | <b>256,772,086</b>   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                       |      | <b>325,482,485</b>      | <b>296,580,793</b>          | <b>313,799,967</b>      | <b>272,861,078</b>          | <b>586,661,045</b>   |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**AT SEPTEMBER 30, 2018**

**20. SUPPLEMENTARY INFORMATION (Continued)**

**b) Interim statement of income**

|  | Note | Three-months ended September 30, 2018 |                             |              | Three-months ended September 30, 2017 |                             |              |
|--|------|---------------------------------------|-----------------------------|--------------|---------------------------------------|-----------------------------|--------------|
|  |      | Insurance operations SR               | Shareholders' operations SR | Total SR     | Insurance operations SR               | Shareholders' operations SR | Total SR     |
|  |      | (Unaudited)                           | (Unaudited)                 | (Unaudited)  | (Unaudited)                           | (Unaudited)                 | (Unaudited)  |
| <b>REVENUE</b>   |      |                                       |                             |              |                                       |                             |              |
| Gross written premiums   | 8    | 32,187,194                            | -                           | 32,187,194   | 41,888,385                            | -                           | 41,888,385   |
| Less: Reinsurance premiums ceded   | 8    | (1,001,415)                           | -                           | (1,001,415)  | (1,284,151)                           | -                           | (1,284,151)  |
| Local  |      | (21,509,544)                          | -                           | (21,509,544) | (25,310,558)                          | -                           | (25,310,558) |
| Foreign  |      | (1,091,793)                           | -                           | (1,091,793)  | (1,032,874)                           | -                           | (1,032,874)  |
| Excess of loss premiums  |      | 8,584,442                             | -                           | 8,584,442    | 14,260,802                            | -                           | 14,260,802   |
| <b>Net premiums written</b>  |      | 15,965,387                            | -                           | 15,965,387   | 11,935,870                            | -                           | 11,935,870   |
| Changes in unearned premiums, net  |      | 24,549,829                            | -                           | 24,549,829   | 26,196,672                            | -                           | 26,196,672   |
| <b>Net premiums earned</b>   |      | 5,203,092                             | -                           | 5,203,092    | 5,178,120                             | -                           | 5,178,120    |
| Reinsurance commissions  |      | 29,752,921                            | -                           | 29,752,921   | 31,374,792                            | -                           | 31,374,792   |
| <b>TOTAL REVENUE</b>   |      | (11,259,968)                          | -                           | (11,259,968) | (31,079,526)                          | -                           | (31,079,526) |
| <b>UNDERWRITING COSTS AND EXPENSES</b>   |      | 3,299,290                             | -                           | 3,299,290    | 21,611,213                            | -                           | 21,611,213   |
| Gross claims paid and other expenses   |      | (7,960,678)                           | -                           | (7,960,678)  | (9,468,313)                           | -                           | (9,468,313)  |
| Reinsurers' share of gross claims paid   |      | (191,394)                             | -                           | (191,394)    | 297,068                               | -                           | 297,068      |
| <b>NET CLAIMS AND OTHER BENEFITS PAID</b>  |      | 2,104,077                             | -                           | 2,104,077    | (1,274,305)                           | -                           | (1,274,305)  |
| Changes in outstanding claims, net   |      | (6,047,995)                           | -                           | (6,047,995)  | (10,445,550)                          | -                           | (10,445,550) |
| Changes in claims incurred but not reported, net   |      | 975,533                               | -                           | 975,533      | (152,292)                             | -                           | (152,292)    |
| <b>Net claims incurred</b>   |      | 180,161                               | -                           | 180,161      | (2,718)                               | -                           | (2,718)      |
| Changes in additional premium reserve  |      | (4,441,010)                           | -                           | (4,441,010)  | (4,740,376)                           | -                           | (4,740,376)  |
| Changes in other technical reserves  |      | (484,877)                             | -                           | (484,877)    | (411,652)                             | -                           | (411,652)    |
| Policy acquisition costs   |      | (9,818,188)                           | -                           | (9,818,188)  | (15,752,588)                          | -                           | (15,752,588) |
| Other underwriting expenses  |      | 19,934,733                            | -                           | 19,934,733   | 15,622,204                            | -                           | 15,622,204   |
| <b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>   |      | (8,164,959)                           | -                           | (8,164,959)  | (1,643,644)                           | -                           | (1,643,644)  |
| <b>NET UNDERWRITING INCOME</b>   |      | (6,188,151)                           | (1,373,400)                 | (7,561,551)  | (6,614,814)                           | (603,534)                   | (7,218,348)  |
| <b>OTHER OPERATING (EXPENSES) / INCOME</b>   |      | 391,298                               | 756,241                     | 1,147,539    | 197,370                               | 497,901                     | 695,271      |
| Allowance for doubtful debts   | 8    | 104,953                               | 126,641                     | 231,594      | 196,566                               | 254,996                     | 451,562      |
| General and administrative expenses  |      | (84,335)                              | (109,405)                   | (193,740)    | (47,241)                              | (150,656)                   | (197,897)    |
| Interest and commission income   |      | 445,364                               | -                           | 445,364      | 957,356                               | -                           | 957,356      |
| Dividend income and realized losses  |      | (13,495,830)                          | (599,923)                   | (14,095,753) | (6,954,407)                           | (1,293)                     | (6,955,700)  |
| Unrealised losses on investments held for trading  |      | 6,438,903                             | (599,923)                   | 5,838,980    | 8,667,797                             | (1,293)                     | 8,666,504    |
| Other income   |      | (5,795,013)                           | 5,795,013                   | -            | (7,801,017)                           | 7,801,017                   | -            |
| <b>TOTAL OTHER OPERATING EXPENSES</b>  |      | 643,890                               | 5,195,090                   | 5,838,980    | 866,780                               | 7,799,724                   | 8,666,504    |
| <b>TOTAL OTHER OPERATING EXPENSES</b>  |      |                                       |                             |              |                                       |                             |              |
| <b>Net surplus from insurance operations/total income</b>                                    |      |                                       |                             |              |                                       |                             |              |
| <b>Surplus transferred to shareholders</b>   |      |                                       |                             |              |                                       |                             |              |
| Net result from insurance operations after shareholders' transfer of surplus to shareholders |      |                                       |                             |              |                                       |                             |              |



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)  
AT SEPTEMBER 30, 2018

20. SUPPLEMENTARY INFORMATION (Continued)

c) Interim statement of comprehensive income

|  | Note | Three-months ended September 30, 2018 |   | Three-months ended September 30, 2017 |                                     |   |                      |
|--|------|---------------------------------------|---|---------------------------------------|-------------------------------------|---|----------------------|
|  |      | Insurance operations SR (Unaudited)   | Shareholders' operations SR (Unaudited) | Total SR (Unaudited)                  | Insurance operations SR (Unaudited) | Shareholders' operations SR (Unaudited) | Total SR (Unaudited) |
| Net surplus from insurance operations/total income   |      | 6,438,903                             | (599,923)                               | 5,838,980                             | 8,667,797                           | (1,293)                                 | 8,666,504            |
| Surplus transferred to shareholders  |      | (5,795,013)                           | 5,795,013                               | -                                     | (7,801,017)                         | 7,801,017                               | -                    |
| Net result from insurance operations after shareholders' transfer of surplus to shareholders |      | 643,890                               | 5,195,090                               | 5,838,980                             | 866,780                             | 7,799,724                               | 8,666,504            |
| Items that will not be reclassified to interim statement of other comprehensive income       |      | -                                     | -                                       | -                                     | -                                   | -                                       | -                    |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   |      | 643,890                               | 5,195,090                               | 5,838,980                             | 866,780                             | 7,799,724                               | 8,666,504            |
| Weighted average number of outstanding shares (adjusted)                                     | 11   | -                                     | 20,000,000                              | 20,000,000                            | -                                   | 20,000,000                              | 20,000,000           |
| Earnings per share for the period (adjusted)   | 17   |                                       | 0.26                                    |                                       |                                     | 0.39                                    |                      |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)  
AT SEPTEMBER 30, 2018**

**20. SUPPLEMENTARY INFORMATION (Continued)  
d) Interim statement of income**

|  | Note | Nine-months ended September 30, 2018   |  | Nine-months ended September 30, 2017 |  |  |                         |
|--|------|--|--|--------------------------------------|--|--|-------------------------|
|  |      | Insurance operations SR<br>(Unaudited) | Shareholders' operations SR<br>(Unaudited) | Total SR<br>(Unaudited)              | Insurance operations SR<br>(Unaudited) | Shareholders' operations SR<br>(Unaudited) | Total SR<br>(Unaudited) |
| <b>REVENUE</b>   |      |  |  |                                      |  |  |                         |
| Gross written premiums   | 8    | 183,775,211                            | -  | 183,775,211                          | 174,766,145                            | -  | 174,766,145             |
| Less: Reinsurance premiums ceded   | 8    | (4,948,086)                            | -  | (4,948,086)                          | (4,589,905)                            | -  | (4,589,905)             |
| Local  |      | (90,033,475)                           | -  | (90,033,475)                         | (76,534,220)                           | -  | (76,534,220)            |
| Foreign  |      | (3,295,425)                            | -  | (3,295,425)                          | (3,120,928)                            | -  | (3,120,928)             |
| Excess of loss premiums  |      | 85,498,225                             | -  | 85,498,225                           | 90,521,092                             | -  | 90,521,092              |
| <b>Net premiums written</b>  |      | (7,782,174)                            | -  | (7,782,174)                          | (11,739,850)                           | -  | (11,739,850)            |
| Changes in unearned premiums, net  |      | 77,716,051                             | -  | 77,716,051                           | 78,781,242                             | -  | 78,781,242              |
| <b>Net premiums earned</b>   |      | 15,586,637                             | -  | 15,586,637                           | 15,399,832                             | -  | 15,399,832              |
| Reinsurance commissions  |      | 93,302,688                             | -  | 93,302,688                           | 94,181,074                             | -  | 94,181,074              |
| <b>TOTAL REVENUE</b>   |      | (37,480,569)                           | -  | (37,480,569)                         | (72,695,888)                           | -  | (72,695,888)            |
| <b>UNDERWRITING COSTS AND EXPENSES</b>   |      | 10,093,947                             | -  | 10,093,947                           | 43,446,564                             | -  | 43,446,564              |
| Gross claims paid and other expenses   |      | (27,386,622)                           | -  | (27,386,622)                         | (29,249,324)                           | -  | (29,249,324)            |
| Reinsurers' share of gross claims paid   |      | 1,544,250                              | -  | 1,544,250                            | 5,770,054                              | -  | 5,770,054               |
| <b>NET CLAIMS AND OTHER BENEFITS PAID</b>  |      | 4,055,233                              | -  | 4,055,233                            | (4,331,638)                            | -  | (4,331,638)             |
| Changes in outstanding claims, net   |      | (21,787,139)                           | -  | (21,787,139)                         | (27,810,908)                           | -  | (27,810,908)            |
| Changes in claims incurred but not reported, net   |      | 661,641                                | -  | 661,641                              | (1,597,649)                            | -  | (1,597,649)             |
| <b>Net claims incurred</b>   |      | 962,015                                | -  | 962,015                              | (1,960,572)                            | -  | (1,960,572)             |
| Changes in additional premium reserve  |      | (13,806,642)                           | -  | (13,806,642)                         | (13,981,036)                           | -  | (13,981,036)            |
| Changes in other technical reserves  |      | (1,774,465)                            | -  | (1,774,465)                          | (1,477,078)                            | -  | (1,477,078)             |
| Policy acquisition costs   |      | (35,744,590)                           | -  | (35,744,590)                         | (46,827,243)                           | -  | (46,827,243)            |
| Other underwriting expenses  |      | 57,558,098                             | -  | 57,558,098                           | 47,353,831                             | -  | 47,353,831              |
| <b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>   |      | (11,329,940)                           | -  | (11,329,940)                         | (2,426,934)                            | -  | (2,426,934)             |
| <b>NET UNDERWRITING INCOME</b>   |      | (19,812,438)                           | -  | (19,812,438)                         | (19,351,754)                           | -  | (19,351,754)            |
| <b>OTHER OPERATING (EXPENSES) / INCOME</b>   |      | 1,035,779                              | (3,563,810)                                | (2,528,031)                          | 824,246                                | (2,690,692)                                | (22,042,446)            |
| Reversal of allowance for doubtful debts   | 8    | 611,253                                | 1,805,712                                  | 2,416,965                            | 1,533,021                              | 1,533,021                                  | 2,357,267               |
| General and administrative expenses  |      | 2,245,420                              | 2,245,420                                  | 4,491,340                            | 689,544                                | 894,521                                    | 1,584,065               |
| Interest and commission income   |      | (597,006)                              | (774,476)                                  | (1,371,482)                          | (173,667)                              | (37,766)                                   | (211,433)               |
| Dividend income and realized losses  |      | 1,857,846                              | -  | 1,857,846                            | 3,105,372                              | -  | 3,105,372               |
| Unrealised (losses)/gains on investments held for trading                                    |      | (28,234,506)                           | (287,154)                                  | (28,521,660)                         | (17,333,193)                           | (300,916)                                  | (17,634,109)            |
| Other income   |      | 29,323,592                             | (287,154)                                  | 29,036,438                           | 30,020,638                             | (300,916)                                  | 29,719,722              |
| <b>TOTAL OTHER OPERATING EXPENSES</b>  |      | (26,391,233)                           | 26,391,233                                 | -                                    | (27,018,574)                           | 27,018,574                                 | -                       |
| <b>Net surplus from insurance operations/total income</b>                                    |      | 2,932,359                              | 26,104,079                                 | 29,036,438                           | 3,002,064                              | 26,717,658                                 | 29,719,722              |
| <b>Surplus transferred to shareholders</b>   |      |  |  |                                      |  |  |                         |
| Net result from insurance operations after shareholders' transfer of surplus to shareholders |      |  |  |                                      |  |  |                         |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)  
AT SEPTEMBER 30, 2018**

**20. SUPPLEMENTARY INFORMATION (Continued)**

**e) Interim statement of comprehensive income**

|  | Note | Nine-months ended September 30, 2018 |   | Nine-months ended September 30, 2017 |                                     |   |                      |
|--|------|--------------------------------------|---|--------------------------------------|-------------------------------------|---|----------------------|
|  |      | Insurance operations SR (Unaudited)  | Shareholders' operations SR (Unaudited) | Total SR (Unaudited)                 | Insurance operations SR (Unaudited) | Shareholders' operations SR (Unaudited) | Total SR (Unaudited) |
| Net surplus from insurance operations/total income   |      | 29,323,592                           | (287,154)                               | 29,036,438                           | 30,020,638                          | (300,916)                               | 29,719,722           |
| Surplus transferred to shareholders  |      | (26,391,233)                         | 26,391,233                              | -                                    | (27,018,574)                        | 27,018,574                              | -                    |
| Net result from insurance operations after shareholders' transfer of surplus to shareholders |      | 2,932,359                            | 26,104,079                              | 29,036,438                           | 3,002,064                           | 26,717,658                              | 29,719,722           |
| Items that will not be reclassified to statement of income                                   |      | -                                    | -                                       | -                                    | -                                   | -                                       | -                    |
| Other comprehensive income   |      | -                                    | -                                       | -                                    | -                                   | -                                       | -                    |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   |      | <b>2,932,359</b>                     | <b>26,104,079</b>                       | <b>29,036,438</b>                    | <b>3,002,064</b>                    | <b>26,717,658</b>                       | <b>29,719,722</b>    |
| Weighted average number of outstanding shares (adjusted)                                     | 11   | 20,000,000                           | 20,000,000                              | 20,000,000                           | 20,000,000                          | 20,000,000                              | 20,000,000           |
| Earnings per share for the period (adjusted)   | 17   |                                      | 1.31                                    |                                      |                                     | 1.34                                    |                      |

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)  
AT SEPTEMBER 30, 2018

20. SUPPLEMENTARY INFORMATION (Continued)

f) Interim statement of cash flows

|  | September 30, 2018                  |   | September 30, 2017                  |   |                      |
|--|-------------------------------------|---|-------------------------------------|---|----------------------|
|  | Insurance operations SR (Unaudited) | Shareholders' operations SR (Unaudited) | Insurance operations SR (Unaudited) | Shareholders' operations SR (Unaudited) | Total SR (Unaudited) |
| <b>OPERATING ACTIVITIES</b>                            |                                     |   |                                     |   |                      |
| Total income for the period                            | 2,932,359                           | 26,104,079                              | 3,002,064                           | 26,717,658                              | 29,719,722           |
| Adjustments for:                                       |                                     |   |                                     |   |                      |
| Depreciation of property and equipment                 | 237,052                             | -                                       | 267,076                             | -                                       | 267,076              |
| Amortisation of intangible assets                      | 59,630                              | -                                       | 380,206                             | -                                       | 380,206              |
| Gain on sale of property and equipment                 | (24,162)                            | -                                       | (40,050)                            | -                                       | (40,050)             |
| Allowance for doubtful debts                           | 11,329,940                          | -                                       | 2,426,934                           | -                                       | 2,426,934            |
| Unrealised losses on investments held for trading      | 597,006                             | 774,476                                 | 173,667                             | 37,766                                  | 211,433              |
| Realised losses/(gain) on investments held for trading | 25,693                              | (1,419,130)                             | 45,803                              | 59,419                                  | 105,222              |
| Provision for end-of-service indemnities               | 1,184,153                           | -                                       | 1,030,035                           | -                                       | 1,030,035            |
|  | 16,341,671                          | 25,459,425                              | 7,285,735                           | 26,814,843                              | 34,100,578           |
| Working capital adjustments:                           |                                     |   |                                     |   |                      |
| Premiums and insurance balances receivable             | (25,422,301)                        | -                                       | (17,605,183)                        | -                                       | (17,605,183)         |
| Reinsurers' share of unearned premiums                 | (2,496,193)                         | -                                       | 4,573,475                           | -                                       | 4,573,475            |
| Reinsurers' share of outstanding claims                | (1,113,470)                         | -                                       | 34,480,020                          | -                                       | 34,480,020           |
| Reinsurers' share of claims incurred but not reported  | 12,220,190                          | -                                       | (22,535,413)                        | -                                       | (22,535,413)         |
| Deferred policy acquisition costs                      | (1,356,999)                         | -                                       | (1,780,620)                         | -                                       | (1,780,620)          |
| Deferred excess of loss premiums                       | (1,091,789)                         | -                                       | (1,032,878)                         | -                                       | (1,032,878)          |
| Prepayments and other assets                           | (1,102,126)                         | (5,562,973)                             | 101,109                             | (834,137)                               | (733,028)            |
| Accounts payable                                       | 9,949,255                           | -                                       | (1,429,581)                         | -                                       | (1,429,581)          |
| Accrued expenses and other liabilities                 | -414,216                            | 705,664                                 | (5,986,022)                         | (252,332)                               | (6,238,354)          |
| Reinsurance balances payable                           | 4,468,017                           | -                                       | 4,513,872                           | -                                       | 4,513,872            |
| Gross unearned premiums                                | 10,278,367                          | -                                       | 7,166,375                           | -                                       | 7,166,375            |
| Unearned reinsurance commission income                 | 2,146,309                           | -                                       | 3,423,370                           | -                                       | 3,423,370            |
| Gross outstanding claims                               | (430,780)                           | -                                       | (40,250,074)                        | -                                       | (40,250,074)         |
| Claims incurred but not reported                       | (16,275,423)                        | -                                       | 26,867,051                          | -                                       | 26,867,051           |
| Additional premium reserves                            | (661,641)                           | -                                       | 1,597,649                           | -                                       | 1,597,649            |
| Other technical reserves                               | (962,015)                           | -                                       | (83,634)                            | -                                       | (83,634)             |
| Cash from operations                                   | 4,905,288                           | 20,602,116                              | (694,749)                           | 25,728,374                              | 25,033,625           |
| Surplus distribution payable to policyholders          | 23,229                              | -                                       | (10,384,814)                        | -                                       | (10,384,814)         |
| Zakat and income tax paid                              | -                                   | (3,432,721)                             | -                                   | (14,823,095)                            | (14,823,095)         |
| End-of-service indemnities paid                        | (1,383,528)                         | -                                       | (2,147,740)                         | -                                       | (2,147,740)          |
| Net cash from/(used in) operating activities           | 3,544,989                           | 17,169,395                              | (13,227,303)                        | 10,905,279                              | (2,322,024)          |

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)  
AT SEPTEMBER 30, 2018**

**20. SUPPLEMENTARY INFORMATION (Continued)**

**f) Interim statement of cash flows (Continued)**

|   | September 30, 2018                  |   |                      | September 30, 2017                  |   |                      |
|---|-------------------------------------|---|----------------------|-------------------------------------|---|----------------------|
|   | Insurance operations SR (Unaudited) | Shareholders' operations SR (Unaudited) | Total SR (Unaudited) | Insurance operations SR (Unaudited) | Shareholders' operations SR (Unaudited) | Total SR (Unaudited) |
| <b>INVESTING ACTIVITIES</b>                               |                                     |   |                      |                                     |   |                      |
| Purchase of property and equipment                        | (50,528)                            | -                                       | (50,528)             | (309,573)                           | -                                       | (309,573)            |
| Proceeds from sale of property and equipment              | 47,100                              | -                                       | 47,100               | 40,050                              | -                                       | 40,050               |
| Purchase of investments held for trading                  | (2,250,216)                         | (2,919,129)                             | (5,169,345)          | (7,122,590)                         | (6,783,879)                             | (13,906,469)         |
| Proceeds from disposal of investments held for trading    | 464,737                             | 10,615,288                              | 11,080,025           | 5,582,723                           | 7,242,278                               | 12,825,001           |
| Additions in long term deposits                           | -                                   | -                                       | -                    | -                                   | (59,845,669)                            | (59,845,669)         |
| Proceeds from long term deposits                          | -                                   | 7,815,581                               | 7,815,581            | -                                   | -                                       | -                    |
| Purchase of intangibles assets                            | (132,000)                           | -                                       | (132,000)            | -                                   | -                                       | -                    |
| <b>Net cash used in investing activities</b>              | <b>(1,920,907)</b>                  | <b>15,511,740</b>                       | <b>13,590,833</b>    | <b>(1,809,390)</b>                  | <b>(59,387,270)</b>                     | <b>(61,196,660)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |                                     |   |                      |                                     |   |                      |
| Interoperation balances                                   | (8,730,311)                         | 8,730,311                               | -                    | (7,217,667)                         | 7,217,667                               | -                    |
| Due to (from) shareholders/insurance operations           | -                                   | -                                       | -                    | 1,387,602                           | (1,387,602)                             | -                    |
| <b>Net cash from/(used in) financing activities</b>       | <b>(8,730,311)</b>                  | <b>8,730,311</b>                        | <b>-</b>             | <b>(5,830,065)</b>                  | <b>5,830,065</b>                        | <b>-</b>             |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>              | <b>(7,106,229)</b>                  | <b>41,411,446</b>                       | <b>34,305,217</b>    | <b>(20,866,758)</b>                 | <b>(42,651,926)</b>                     | <b>(63,518,684)</b>  |
| Cash and cash equivalents at the beginning of the period  | 86,494,129                          | 55,430,429                              | 141,924,558          | 99,339,063                          | 104,962,706                             | 204,301,769          |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b> | <b>79,387,900</b>                   | <b>96,841,875</b>                       | <b>176,229,775</b>   | <b>78,472,305</b>                   | <b>62,310,780</b>                       | <b>140,783,085</b>   |