

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 SIX-MONTH PERIODS ENDED JUNE 30, 2018

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 SIX-MONTH PERIODS ENDED JUNE 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 June 2018, and the related interim statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim statements of changes in shareholders' equity and cash flows for the six-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.

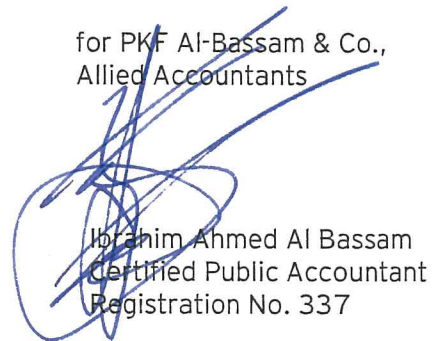
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24 Dhul-Qadah 1439H
6 August 2018
Al Khobar



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

	<i>Note</i>	<i>June 30, 2018 SR (Unaudited)</i>	<i>December 31, 2017 SR (Audited)</i>
ASSETS			
Cash and cash equivalents	5	145,663,769	141,924,558
Premiums and insurance balances receivable	6	113,456,601	65,262,463
Amounts due from related parties	8	83,254	83,254
Reinsurers' share of unearned premiums	14.2	55,132,670	44,255,912
Reinsurers' share of outstanding claims	14.1	21,589,604	24,224,633
Reinsurers' share of claims incurred but not reported	14.1	93,850,710	91,887,300
Deferred policy acquisition costs		8,271,226	4,912,113
Investments held for trading	16	74,586,492	75,428,912
Investments available for sale	16	1,932,078	1,932,078
Prepayments and other assets		16,712,912	11,327,755
Term deposits		60,424,800	59,845,669
Property and equipment		441,611	599,321
Intangible assets		457,375	385,005
Goodwill	7	43,774,750	43,774,750
Statutory deposit	10	20,000,000	20,000,000
Statutory deposit commission income	10	1,021,254	817,322
TOTAL ASSETS		<u>657,399,106</u>	<u>586,661,045</u>

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 JUNE 30, 2018

	<i>Note</i>	June 30, 2018 SR (Unaudited)	December 31, 2017 SR (Audited)
LIABILITIES			
Accounts payable		22,609,088	13,460,813
Accrued expenses and other liabilities		11,034,725	10,569,072
Reinsurance balances payable	9	38,689,916	29,815,786
Gross unearned premiums	14.2	108,909,415	74,285,096
Unearned reinsurance commission income		8,562,541	6,225,692
Gross outstanding claims	14.1	35,104,360	39,475,033
Claims incurred but not reported	14.1	125,265,057	125,252,803
Additional premium reserves	14.1	2,730,391	2,416,499
Other technical reserves	14.1	2,223,883	3,005,737
End-of-service indemnities		6,240,659	6,117,342
Accumulated surplus payable		7,546,078	5,234,380
Reserve for re-measurement of actuarial loss on obligation		(157,784)	(157,784)
Statutory deposit commission income payable	10	1,021,254	817,322
Provision for zakat and income tax	13	13,879,912	13,371,168
TOTAL LIABILITIES		383,659,495	329,888,959
SHAREHOLDERS' EQUITY			
Share capital	11	200,000,000	200,000,000
Statutory reserve		23,491,013	19,309,215
Retained earnings		50,248,598	37,462,871
TOTAL EQUITY		273,739,611	256,772,086
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		657,399,106	586,661,045

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 SIX-MONTH PERIOD ENDED JUNE 30, 2018

		<i>For the three- month period ended June 30, 2018</i>	<i>For the three- month period ended June 30, 2017</i>	<i>For the six- month period ended June 30, 2018</i>	<i>For the six- month period ended June 30, 2017</i>
	Note	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE					
Gross written premiums	8	52,720,837	48,378,434	151,588,017	132,877,760
Less: Reinsurance premiums ceded-	8				
Local		(1,956,468)	(1,761,534)	(3,946,671)	(3,305,755)
Foreign		(24,206,960)	(17,597,503)	(68,523,931)	(51,223,661)
Excess of loss expenses		(1,101,813)	(1,044,028)	(2,203,632)	(2,088,054)
Net premiums written		25,455,596	27,975,369	76,913,783	76,260,290
Changes in unearned premiums, net		2,656,244	(1,105,452)	(23,747,561)	(23,675,720)
Net premiums earned		28,111,840	26,869,917	53,166,222	52,584,570
Reinsurance commission income		5,323,338	5,030,335	10,383,545	10,221,712
TOTAL REVENUE		33,435,178	31,900,252	63,549,767	62,806,282
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid and other expenses		(11,867,557)	(28,963,891)	(26,220,601)	(41,616,362)
Reinsurers' share of gross claims paid		2,452,301	19,011,464	6,794,657	21,835,351
Net claims paid		(9,415,256)	(9,952,427)	(19,425,944)	(19,781,011)
Changes in outstanding claims, net		(230,606)	3,575,804	1,735,644	5,472,986
Changes in claims incurred but not reported, net		2,053,073	(2,175,145)	1,951,156	(3,057,333)
Net claims incurred		(7,592,789)	(8,551,768)	(15,739,144)	(17,365,358)
Changes in additional premium reserves		(610,649)	(112,829)	(313,892)	(1,445,357)
Changes in other technical reserves		69,589	46,538	781,854	(1,957,854)
Policy acquisition costs		(4,767,847)	(4,504,268)	(9,365,632)	(9,240,660)
Other underwriting expenses		(375,602)	(485,665)	(1,289,588)	(1,065,426)
TOTAL UNDERWRITING COSTS AND EXPENSES		(13,277,298)	(13,607,992)	(25,926,402)	(31,074,655)
NET UNDERWRITING INCOME		20,157,880	18,292,260	37,623,365	31,731,627
OTHER OPERATING (EXPENSES) / INCOME					
Allowance for doubtful debts		(3,357,104)	(2,531,520)	(3,164,981)	(783,290)
General and administrative expenses	8	(8,083,627)	(7,577,206)	(15,814,697)	(14,824,098)
Interest and commission income		864,129	668,089	1,693,952	1,661,996
Dividend income and realised losses		814,496	747,019	1,163,110	1,170,133
Unrealised gains/(losses) on investments held at fair value		137,724	94,498	284,228	(51,167)
Other income		857,414	1,185,575	1,412,482	2,148,016
TOTAL OTHER OPERATING EXPENSES		(8,766,968)	(7,413,545)	(14,425,906)	(10,678,410)
TOTAL INCOME FOR THE PERIOD		11,390,912	10,878,715	23,197,459	21,053,217

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 SIX-MONTH PERIOD ENDED JUNE 30, 2018**

	<i>For the three- month period ended June 30, 2018</i>	<i>For the three- month period ended June 30, 2017</i>	<i>For the six- month period ended June 30, 2018</i>	<i>For the six- month period ended June 30, 2017</i>
Note	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total income for the period	11,390,912	10,878,715	23,197,459	21,053,217
Total income attributed to policyholders	(1,121,183)	(1,097,395)	(2,288,469)	(2,135,284)
Net income for the period attributable to shareholders	10,269,729	9,781,320	20,908,990	18,917,933
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 0.51	0.49	1.05	0.95

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 SIX MONTH PERIOD ENDED JUNE 30, 2018

	<i>For the three- month period ended June 30, 2018</i>	<i>For the three- month period ended June 30, 2017</i>	<i>For the six- month period ended June 30, 2018</i>	<i>For the six- month period ended June 30, 2017</i>
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net income for the period attributable to shareholders	10,269,729	9,781,320	20,908,990	18,917,933
<i>Items that will not be reclassified to statement of income in subsequent periods</i>				
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>10,269,729</u>	<u>9,781,320</u>	<u>20,908,990</u>	<u>18,917,933</u>

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 SIX-MONTH PERIOD ENDED JUNE 30, 2018

	<i>Share capital</i> SR	<i>Statutory reserve</i> SR	<i>Retained earnings</i> SR	<i>Total</i> SR
January 1, 2018 (<i>Audited</i>)	200,000,000	19,309,215	37,462,871	256,772,086
Net income for the period attributable to shareholders	-	-	20,908,990	20,908,990
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	20,908,990	20,908,990
Provision for zakat (note 13 a)	-	-	(2,542,219)	(2,542,219)
Provision for income tax (note 13 b)	-	-	(1,399,246)	(1,399,246)
Transfer to statutory reserve	-	4,181,798	(4,181,798)	-
June 30, 2018 (<i>Unaudited</i>)	200,000,000	23,491,013	50,248,598	273,739,611
At January 1, 2017 (<i>Audited</i>)	100,000,000	31,774,306	94,605,708	226,380,014
Net income for the period attributable to shareholders	-	-	18,917,933	18,917,933
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	18,917,933	18,917,933
Provision for zakat (note 13 a)	-	-	(2,323,625)	(2,323,625)
Provision for income tax (note 13 b)	-	-	(648,083)	(648,083)
Transfer to statutory reserve	-	3,783,587	(3,783,587)	-
At June 30, 2017 (<i>Unaudited</i>)	100,000,000	35,557,893	106,768,346	242,326,239

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 SIX-MONTH PERIOD ENDED JUNE 30, 2018

	<i>For the six-month period ended June 30, 2018</i>	<i>For the six-month period ended June 30, 2017</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Net income for the period attributable to shareholders	20,908,990	18,917,933
Adjustments for:		
Depreciation of property and equipment	144,272	181,889
Amortization of intangible assets	59,630	249,820
Gain on sale of property and equipment	(24,161)	-
Allowance for doubtful debts	3,164,981	783,290
Unrealised (gains) / losses on investments held for trading	(284,228)	51,167
Realised losses on investments held for trading	59,023	65,144
Commission income	203,932	95,338
Provision for end-of-service indemnities	1,151,382	703,531
	25,383,821	21,048,112
Working capital adjustments:		
Premiums and insurance balances receivable	(51,359,119)	(28,105,067)
Reinsurers' share of unearned premiums	(10,876,758)	2,927,817
Reinsurers' share of outstanding claims	2,635,029	10,189,702
Reinsurers' share of claims incurred but not reported	(1,963,410)	(8,860,583)
Deferred policy acquisition costs	(3,359,113)	(2,831,045)
Prepayments and other assets	(5,385,157)	998,015
Accounts payable	9,148,275	(3,188,330)
Accrued expenses and other liabilities	465,653	(7,522,454)
Reinsurance balances payable	8,874,130	1,929,263
Gross unearned premiums	34,624,319	20,747,903
Unearned reinsurance commission income	2,336,849	3,120,217
Gross outstanding claims	(4,370,673)	(15,662,688)
Claims incurred but not reported	12,254	11,917,916
Additional premium reserves	313,892	1,445,357
Other technical reserves	(781,854)	(86,352)
Cash from operations	5,698,138	8,067,783
Surplus distribution payable to policyholders	2,311,698	(3,041,484)
Zakat and income tax paid	(3,432,721)	(14,823,095)
End-of-service indemnities paid	(1,028,065)	(1,887,291)
Net cash from/ (used) in operating activities	3,549,050	(11,684,087)
INVESTING ACTIVITIES		
Purchase of investments held for trading	-	(1,051,093)
Proceeds from disposal of investments held for trading	1,067,624	-
Commission income received	(203,932)	(95,338)
Additions to long term deposits	(579,131)	-
Proceeds from sales of property and equipment	47,100	-
Purchase of property and equipment	(9,500)	(283,818)
Purchase of intangible assets	(132,000)	-
Net cash from/(used) in investing activities	190,161	(1,430,249)
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	3,739,211	(13,114,336)
Cash and cash equivalents at the beginning of the period	141,924,558	204,301,769
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	145,663,769	191,187,433

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 JUNE 30, 2018

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 six-month period ended June 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.

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

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

3. BASIS OF PREPARATION (Continued)

- 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 investment in held for trading and investment 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.
- 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 second 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).

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

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

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.

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):

Standard	Description
IAS 7	Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
IFRS 12	Annual Improvements Cycle – 2014-2016: Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
IAS 12	Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses
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.

Standard/ Interpretation	Description	Effective from periods beginning on or after the following date
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
IFRS 17	Insurance Contracts	1 January 2021
IFRS 9	Financial Instruments	1 January 2021

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT JUNE 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>June 30, 2018</i>	<i>December 31, 2017</i>	<i>June 30, 2018</i>	<i>December 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	20,000	15,000	-	-
Cash at banks				
- Current accounts	13,419,047	12,935,952	9,017,788	6,712,794
- Time deposits	64,047,982	73,543,177	59,158,952	48,717,635
	77,487,029	86,494,129	68,176,740	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 1.8% to 2.50% (December 31, 2017: 1.4% to 1.96%).

6. PREMIUMS AND INSURANCE BALANCES RECEIVABLE

	<i>June 30, 2018</i>	<i>December 31, 2017</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Premiums receivable	121,490,165	63,700,784
Receivables from insurance and reinsurance companies	1,076,367	7,713,542
Premiums and reinsurance receivables from related parties (note 8)	272,925	66,012
	122,839,457	71,480,338
Less: allowance for doubtful debts, net	(9,382,856)	(6,217,875)
	113,456,601	65,262,463

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 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 six-</i>	<i>For the six-</i>
		<i>month period</i>	<i>month period</i>
		<i>ended June</i>	<i>ended June 30,</i>
		<i>30, 2018</i>	<i>2017</i>
		<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Affiliates	Gross written premiums	930,434	1,196,683
	Rent	704,530	725,495
	Claim expenses	979,743	1,783,158
Board of Directors	Remuneration	924,500	570,000
	Meeting fee and expenses	200,000	124,500
Shareholders	Reinsurance premiums ceded	31,401,144	22,070,829
	Reinsurers’ share of gross claims	1,688,951	5,611,758
	Reinsurance commission income	3,798,715	4,219,282

Balances due from related parties are comprised of the followings:

<i>Related parties</i>	<i>Amounts due from related parties</i>	
	<i>June</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
Total	83,254	83,254

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT JUNE 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>June</i>	<i>December</i>	<i>June</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	-	-	4,132,099	3,635,732
CHUBB Tempest RE	-	-	3,542,754	700,021
Ace American Insurance Bahrain	-	-	1,272,959	-
CHUBB European Group, France	-	-	1,049,982	1,066,967
CHUBB European Group London, UK	-	-	940,938	968,393
CHUBB European Group Merkezi Ingeltri	-	-	605,125	768,372
ACE Mena, Bahrain	-	-	524,902	626,191
RFIB Group Limited, UK	-	15,497	-	101,117
CHUBB Philadelphia, USA	-	-	-	119,541
CHUBB Australia	272,925	-	-	-
Others	-	50,515	323,897	261,147
Total	272,925	66,012	12,392,656	8,247,481

- 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>June 30, 2018</i>	<i>June 30, 2017</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Salaries and benefits	1,842,293	1,497,260
End-of-service indemnities	123,644	111,724
	1,965,937	1,608,984

9. REINSURANCE BALANCES PAYABLE

	<i>For the period ended</i>	<i>For the year ended</i>
	<i>June 30, 2018</i>	<i>December 31, 2017</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Related parties (note 8)	12,392,656	8,247,481
Others	26,297,260	21,568,305
	38,689,916	29,815,786

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)****AT JUNE 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 June 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 June 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>June 30, 2018 SR (Unaudited)</i>	<i>December 31, 2017 SR (Audited)</i>
Equity	140,000,000	140,000,000
Opening provisions and other adjustments	49,121,031	9,294,248
Book value of long term assets, net of related financing	(1,981,745)	(2,041,485)
	187,139,286	147,252,763
Zakatable income for the period /year	16,238,221	29,938,052
Zakat base	203,377,507	177,190,815
	<i>June 30, 2018 SR (Unaudited)</i>	<i>June 30, 2017 SR (Unaudited)</i>
Charge and provision for the period	2,542,219	2,323,625

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
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT JUNE 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>June 30, 2018</i>	<i>June 30, 2017</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Charge and provision for the period	<u>1,399,246</u>	<u>648,083</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>June 30, 2018</i>	<i>December 31, 2017</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
At the beginning of the period/year	13,371,168	17,600,102
Provision for the period/year	3,941,465	7,282,472
Paid during the period/year	<u>(3,432,721)</u>	<u>(11,511,406)</u>
At the end of the period/year	<u>13,879,912</u>	<u>13,371,168</u>

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

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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT JUNE 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.

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 year 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>June 30, 2018</i>	<i>December 31, 2017</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Outstanding claims	35,717,295	39,870,152
Less: Realizable value of salvage and subrogation	612,935	395,119
	35,104,360	39,475,033
Claims incurred but not reported	125,265,057	125,252,803
Additional premium reserve	2,730,391	2,416,499
Other technical reserve	2,223,883	3,005,737
	165,323,691	170,150,072
Less:		
- Reinsurers’ share of outstanding claims	(21,589,604)	(24,224,633)
- Reinsurers’ share of claims incurred but not reported	(93,850,710)	(91,887,300)
Net outstanding claims and reserves	49,883,377	54,038,139

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

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

Movement in unearned premiums comprise of the following:

	Six-months ended June 30, 2018		
	<i>(Unaudited)</i>		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	74,285,096	(44,255,912)	30,029,184
Premium written during the period	151,588,017	(74,674,234)	76,913,783
Premium earned during the period	(116,963,698)	63,797,476	(53,166,222)
Balance as at the end of the period	108,909,415	(55,132,670)	53,776,745

	Year-ended December 31, 2017		
	<i>(Audited)</i>		
	Gross	Reinsurance	Net
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	74,285,096	(44,255,912)	30,029,184

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 is 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 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 JUNE 30, 2018

15. SEGMENTAL INFORMATION (Continued)

Operating segments

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

	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE						
Gross written premiums	17,836,327	3,963,752	19,401,162	7,663,570	3,856,026	52,720,837
Less: Reinsurance premiums ceded						
Local	(1,600,507)	(276,357)	-	-	(79,604)	(1,956,468)
Foreign	(13,422,326)	(3,004,046)	(3,435,943)	(2,776,958)	(1,567,687)	(24,206,960)
Excess of loss expenses	(374,117)	(145,489)	(238,921)	(123,080)	(220,206)	(1,101,813)
Net premiums written	2,439,377	537,860	15,726,298	4,763,532	1,988,529	25,455,596
Change in unearned premiums, net	(981,428)	196,046	1,484,239	(202,905)	2,160,292	2,656,244
Net premiums earned	1,457,949	733,906	17,210,537	4,560,627	4,148,821	28,111,840
Reinsurance commission income	2,288,150	914,027	615,112	578,844	927,205	5,323,338
TOTAL REVENUE	3,746,099	1,647,933	17,825,649	5,139,471	5,076,026	33,435,178
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid and other expenses	(500,875)	(431,391)	(9,290,855)	(539,535)	(1,104,901)	(11,867,557)
Reinsurers' share of gross claims paid	497,641	404,138	649,136	12,146	889,240	2,452,301
Net claims paid	(3,234)	(27,253)	(8,641,719)	(527,389)	(215,661)	(9,415,256)
Change in outstanding claims, net	80,414	(32,725)	237,764	(225,682)	(290,377)	(230,606)
Changes in claims incurred but not reported, net	(358,739)	135,432	2,514,398	726,471	(964,489)	2,053,073
Net claims incurred	(281,559)	75,454	(5,889,557)	(26,600)	(1,470,527)	(7,592,789)
Changes in additional premium reserve	-	(610,649)	-	-	-	(610,649)
Changes in other technical reserves	5,722	650	93,430	(18,487)	(11,726)	69,589
Policy acquisition costs	(1,075,455)	(322,219)	(1,931,854)	(708,225)	(730,094)	(4,767,847)
Other underwriting expenses	(105,100)	(42,360)	(115,489)	(56,802)	(55,851)	(375,602)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,456,392)	(899,124)	(7,843,470)	(810,114)	(2,268,198)	(13,277,298)
NET UNDERWRITING INCOME	2,289,707	748,809	9,982,179	4,329,357	2,807,828	20,157,880
OTHER OPERATING (EXPENSES)/ INCOME						
Unallocated allowance for doubtful debts						(3,357,104)
Unallocated general and administrative expenses						(8,083,627)
Unallocated interest income and commission income						864,129
Unallocated dividend income and realised loss, net						814,496
Unallocated unrealized gain on investments held at fair value						137,724
Unallocated other income						857,414
TOTAL OTHER OPERATING EXPENSES						(8,766,968)
TOTAL INCOME FOR THE PERIOD						11,390,912

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

15. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

*For the six-month period ended
June 30, 2018*

	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE						
Gross written premiums	45,824,192	7,961,279	61,996,915	19,488,352	16,317,279	151,588,017
Less: Reinsurance premiums ceded						
Local	(3,071,307)	(555,236)	-	(83,938)	(236,190)	(3,946,671)
Foreign	(37,185,998)	(5,926,388)	(9,807,333)	(7,129,278)	(8,474,934)	(68,523,931)
Excess of loss expenses	(748,235)	(290,980)	(477,841)	(246,161)	(440,415)	(2,203,632)
Net premiums written	4,818,652	1,188,675	51,711,741	12,028,975	7,165,740	76,913,783
Change in unearned premiums, net	(2,029,504)	265,356	(18,055,358)	(3,290,300)	(637,755)	(23,747,561)
Net premiums earned	2,789,148	1,454,031	33,656,383	8,738,675	6,527,985	53,166,222
Reinsurance commission income	4,738,733	1,828,938	969,528	1,360,458	1,485,888	10,383,545
TOTAL REVENUE	7,527,881	3,282,969	34,625,911	10,099,133	8,013,873	63,549,767
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid and other expenses	(5,906,059)	(877,085)	(16,648,458)	(649,888)	(2,139,111)	(26,220,601)
Reinsurers' share of gross claims paid	3,657,723	779,907	871,569	27,416	1,458,042	6,794,657
Net claims paid	(2,248,336)	(97,178)	(15,776,889)	(622,472)	(681,069)	(19,425,944)
Change in outstanding claims, net	2,672,789	(17,841)	(839,653)	(191,035)	111,384	1,735,644
Changes in claims incurred but not reported, net	470,129	1,184,356	437,607	631,108	(772,044)	1,951,156
Net claims incurred	894,582	1,069,337	(16,178,935)	(182,399)	(1,341,729)	(15,739,144)
Changes in additional premium reserve	664,273	(1,010,027)	-	-	31,862	(313,892)
Changes in other technical reserves	828,232	(10,905)	(66,864)	51,003	(19,612)	781,854
Policy acquisition costs	(2,134,249)	(681,175)	(3,734,395)	(1,540,896)	(1,274,917)	(9,365,632)
Other underwriting expenses	(299,159)	(122,426)	(457,323)	(174,773)	(235,907)	(1,289,588)
TOTAL UNDERWRITING COSTS AND EXPENSES	(46,321)	(755,196)	(20,437,517)	(1,847,065)	(2,840,303)	(25,926,402)
NET UNDERWRITING INCOME	7,481,560	2,527,773	14,188,394	8,252,068	5,173,570	37,623,365
OTHER OPERATING (EXPENSES)/ INCOME						
Unallocated allowance for doubtful debts						(3,164,981)
Unallocated general and administrative expenses						(15,814,697)
Unallocated interest income and commission income						1,693,952
Unallocated dividend income and realised loss, net						1,163,110
Unallocated unrealised gains on investments held at fair value						284,228
Unallocated other income						1,412,482
TOTAL OTHER OPERATING EXPENSES						(14,425,906)
TOTAL INCOME FOR THE PERIOD						23,197,459

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

15. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

As at June 30, 2018

	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total - Insurance operations SR</i>	<i>Shareholders' operations SR</i>	<i>Total 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>
Assets								
Reinsurers' share of unearned Premiums	30,713,956	7,736,099	6,412,953	8,035,455	2,234,207	55,132,670	-	55,132,670
Reinsurers' share of outstanding claims	9,824,419	9,121,031	707,045	420,819	1,516,290	21,589,604	-	21,589,604
Reinsurers' share of claims incurred but not reported	80,300,157	5,322,080	839,100	4,172,579	3,216,794	93,850,710	-	93,850,710
Deferred policy acquisition Costs	1,820,843	523,858	4,086,797	1,259,145	580,583	8,271,226	-	8,271,226
Unallocated assets						226,166,917	252,387,979	478,554,896
TOTAL ASSETS						405,011,127	252,387,979	657,399,106
Liabilities								
Gross unearned premiums	34,572,344	9,028,509	42,837,758	17,238,371	5,232,433	108,909,415	-	108,909,415
Unearned reinsurance commission income	3,809,992	1,667,309	1,660,916	961,267	463,057	8,562,541	-	8,562,541
Gross outstanding claims	10,531,330	9,712,266	9,367,910	3,119,847	2,373,007	35,104,360	-	35,104,360
Claims incurred but not reported	83,981,036	7,750,940	17,155,783	9,841,044	6,536,254	125,265,057	-	125,265,057
Additional premium reserve	-	2,730,391	-	-	-	2,730,391	-	2,730,391
Other technical reserves	892,467	126,071	1,014,108	114,010	77,227	2,223,883	-	2,223,883
Unallocated liabilities						82,869,099	17,994,749	100,863,848
TOTAL LIABILITIES						365,664,746	17,994,749	383,659,495

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2018

15. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

For the three-month period ended

June 30, 2017

	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE						
Gross written premiums	12,990,504	4,454,580	20,336,060	7,307,183	3,290,107	48,378,434
Less: Reinsurance premiums ceded						
Local	(1,446,644)	(225,690)	-	-	(89,200)	(1,761,534)
Foreign	(10,392,634)	(2,862,704)	(59,554)	(2,833,186)	(1,449,425)	(17,597,503)
Excess of loss expenses	(258,401)	(133,547)	(233,411)	(118,937)	(299,732)	(1,044,028)
Net premiums written	892,825	1,232,639	20,043,095	4,355,060	1,451,750	27,975,369
Change in unearned premiums, net	559,519	(152,298)	(3,368,993)	32,029	1,824,291	(1,105,452)
Net premiums earned	1,452,344	1,080,341	16,674,102	4,387,089	3,276,041	26,869,917
Reinsurance commission income	2,483,328	1,269,247	(8,088)	583,077	702,771	5,030,335
TOTAL REVENUE	3,935,672	2,349,588	16,666,014	4,970,166	3,978,812	31,900,252
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid and other expenses	(14,644,536)	(1,726,890)	(7,182,109)	(966,292)	(4,444,064)	(28,963,891)
Reinsurers' share of gross claims paid	13,795,789	1,527,126	-	30,324	3,658,225	19,011,464
Net claims paid	(848,747)	(199,764)	(7,182,109)	(935,968)	(785,839)	(9,952,427)
Change in outstanding claims, net	434,883	364,228	1,353,137	922,471	501,085	3,575,804
Changes in claims incurred but not reported	(713,270)	(571,240)	213,274	(746,159)	(357,750)	(2,175,145)
Net claims incurred	(1,127,134)	(406,776)	(5,615,698)	(759,656)	(642,504)	(8,551,768)
Changes in additional premium reserve	650,479	(763,308)	-	-	-	(112,829)
Other technical reserves	-	-	46,538	-	-	46,538
Policy acquisition costs	(1,208,535)	(416,285)	(1,627,846)	(743,159)	(508,443)	(4,504,268)
Unallocated other underwriting expenses	(122,142)	(55,349)	(153,023)	(70,740)	(84,411)	(485,665)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,807,332)	(1,641,718)	(7,350,029)	(1,573,555)	(1,235,358)	(13,607,992)
NET UNDERWRITING INCOME	2,128,340	707,870	9,315,985	3,396,611	2,743,454	18,292,260
OTHER OPERATING (EXPENSES)/ INCOME						
Unallocated allowance of doubtful debts						(2,531,520)
Unallocated general and administrative expenses						(7,577,206)
Unallocated interest income						668,089
Unallocated realised losses on investments held at fair value						747,019
Unallocated unrealised losses on investments held at fair value						94,498
Unallocated other income						1,185,575
TOTAL OTHER OPERATING EXPENSES						(7,413,545)
TOTAL INCOME FOR THE PERIOD						<u>10,878,715</u>

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2018

15. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

*For the six-month period ended
June 30, 2017*

	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE						
Gross written premiums	34,845,309	10,453,304	55,946,230	17,892,687	13,740,230	132,877,760
Less: Reinsurance premiums ceded						
Local	(2,600,733)	(511,719)	-	-	(193,303)	(3,305,755)
Foreign	(28,519,527)	(7,985,319)	(629,156)	(6,669,554)	(7,420,105)	(51,223,661)
Excess of loss expenses	(516,803)	(267,092)	(466,821)	(237,872)	(599,466)	(2,088,054)
Net premiums written	3,208,246	1,689,174	54,850,253	10,985,261	5,527,356	76,260,290
Change in unearned premiums, net	(319,154)	205,329	(21,547,875)	(2,184,862)	170,842	(23,675,720)
Net premiums earned	2,889,092	1,894,503	33,302,378	8,800,399	5,698,198	52,584,570
Reinsurance commission income	5,061,261	2,531,156	4,251	1,254,290	1,370,754	10,221,712
TOTAL REVENUE	7,950,353	4,425,659	33,306,629	10,054,689	7,068,952	62,806,282
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid and other expenses	(15,661,150)	(3,187,804)	(15,526,477)	(1,288,005)	(5,952,926)	(41,616,362)
Reinsurers' share of gross claims paid	14,582,966	2,777,534	-	33,699	4,441,152	21,835,351
Net claims paid	(1,078,184)	(410,270)	(15,526,477)	(1,254,306)	(1,511,774)	(19,781,011)
Change in outstanding claims, net	1,460,132	245,619	2,012,676	1,222,092	532,467	5,472,986
Changes in claims incurred but not reported	(1,457,579)	(766,985)	830,627	(1,523,649)	(139,747)	(3,057,333)
Net claims incurred	(1,075,631)	(931,636)	(12,683,174)	(1,555,863)	(1,119,054)	(17,365,358)
Changes in additional premium reserve	(977,075)	(468,282)	-	-	-	(1,445,357)
Other technical reserves	(2,044,206)	-	86,352	-	-	(1,957,854)
Policy acquisition costs	(2,391,963)	(879,174)	(3,325,639)	(1,505,429)	(1,138,455)	(9,240,660)
Unallocated other underwriting expenses	(255,304)	(102,790)	(390,882)	(142,548)	(173,902)	(1,065,426)
TOTAL UNDERWRITING COSTS AND EXPENSES	(6,744,179)	(2,381,882)	(16,313,343)	(3,203,840)	(2,431,411)	(31,074,655)
NET UNDERWRITING INCOME	1,206,174	2,043,777	16,993,286	6,850,849	4,637,541	31,731,627
OTHER OPERATING (EXPENSES)/ INCOME						
Unallocated allowance of doubtful debts						(783,290)
Unallocated general and administrative expenses						(14,824,098)
Unallocated interest income						1,661,996
Unallocated realised losses on investments held at fair value						1,170,133
Unallocated unrealised losses on investments held at fair value						(51,167)
Unallocated other income						2,148,016
TOTAL OTHER OPERATING EXPENSES						(10,678,410)
TOTAL INCOME FOR THE PERIOD						<u>21,053,217</u>

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

15. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

As at December 31, 2017
(Audited)

	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total - Insurance operations SR</i>	<i>Shareholders' operations SR</i>	<i>Total 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>
Assets								
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
TOTAL ASSETS						353,159,940	233,501,105	586,661,045
Liabilities								
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	-	-	31,861	2,416,498	-	2,416,498
Other technical reserves	1,720,699	115,166	947,244	165,013	57,615	3,005,737	-	3,005,737
Unallocated liabilities						63,139,108	16,088,992	79,228,100
TOTAL LIABILITIES						313,799,967	16,088,992	329,888,959

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").

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 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>June 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	28,104,963	46,481,529	29,108,064	46,320,848
Investments available for sale	-	1,932,078	-	1,932,078
	28,104,963	48,413,607	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 June 2018</i>	<i>31 December 2017</i>	<i>30 June 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	29,108,064	29,943,700	46,320,848	49,937,913
Acquisitions during the period/year	-	7,122,590	-	6,783,879
Disposals during the period/year	(464,737)	(7,518,720)	(602,888)	(9,753,781)
Unrealised (losses)/gains on investments held for trading	(512,671)	(387,643)	796,899	(579,883)
Realised losses	(25,693)	(51,863)	(33,330)	(67,280)
At the end of the period/year	28,104,963	29,108,064	46,481,529	46,320,848

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

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

b) Category wise investment analysis is as follows:

	<i>June 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	28,104,963	46,481,529	29,108,064	46,320,848
Unquoted	-	1,932,078	-	1,932,078
	28,104,963	48,413,607	29,108,064	48,252,926

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

	<i>June 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	74,586,492	75,428,912
Ordinary shares	1,932,078	1,932,078
	76,518,570	77,360,990

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>June 30, 2018</i>				Total
	Carrying value	Level 1	Level 2	Level 3	
	SR	SR	SR	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Investments held for trading	74,586,492	74,586,492	-	-	74,586,492
Investments available for sale	1,932,078	-	-	1,932,078	1,932,078
	76,518,570	74,586,492	-	1,932,078	76,518,570

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

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	<i>December 31, 2017</i>				
	Carrying value SR	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<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 1 August, 2018 corresponding to 19 Dhul-Qadah 1439H.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 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	June 30, 2018			December 31, 2017		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SR (Unaudited)	SR (Unaudited)	SR (Unaudited)	SR (Audited)	SR (Audited)	SR (Audited)
Cash and cash equivalents	5	77,487,029	68,176,740	145,663,769	86,494,129	55,430,429	141,924,558
Premiums and insurance balances receivable	6	113,456,601	-	113,456,601	65,262,463	-	65,262,463
Amounts due from related parties	8	83,254	-	83,254	83,254	-	83,254
Reinsurers' share of unearned premiums	14.2	55,132,670	-	55,132,670	44,255,912	-	44,255,912
Reinsurers' share of outstanding claims	14.1	21,589,604	-	21,589,604	24,224,633	-	24,224,633
Reinsurers' share of claims incurred but not reported	14.1	93,850,710	-	93,850,710	91,887,300	-	91,887,300
Deferred policy acquisition costs		8,271,226	-	8,271,226	4,912,113	-	4,912,113
Investments held for trading	16	28,104,963	46,481,529	74,586,492	29,108,064	46,320,848	75,428,912
Investments available for sale	16	-	1,932,078	1,932,078	-	1,932,078	1,932,078
Prepayments and other assets		6,136,084	10,576,828	16,712,912	5,947,746	5,380,009	11,327,755
Term deposits		-	60,424,800	60,424,800	-	59,845,669	59,845,669
Property and equipment		441,611	-	441,611	599,321	-	599,321
Intangible assets		457,375	-	457,375	385,005	-	385,005
Goodwill	7	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	10	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Statutory deposit commission income	10	-	1,021,254	1,021,254	-	817,322	817,322
Amounts due from insurance operations		-	39,346,381	39,346,381	-	39,359,973	39,359,973
TOTAL ASSETS		405,011,127	291,734,360	696,745,487	353,159,940	272,861,078	626,021,018
Less: inter-operations elimination		-	(39,346,381)	(39,346,381)	-	(39,359,973)	(39,359,973)
TOTAL ASSETS AS PER INTERIM STATEMENT OF FINANCIAL POSITION		405,011,127	252,387,979	657,399,106	353,159,940	233,501,105	586,661,045

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2018

20. SUPPLEMENTARY INFORMATION (Continued)

a) Interim statement of financial position (Continued)

	Note	June 30, 2018			December 31, 2017		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SR	SR	SR	SR	SR	SR
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Accounts payable		22,609,088	-	22,609,088	13,460,813	-	13,460,813
Accrued expenses and other liabilities		7,941,142	3,093,583	11,034,725	8,668,570	1,900,502	10,569,072
Reinsurance balances payable	9	38,689,916	-	38,689,916	29,815,786	-	29,815,786
Gross unearned premiums	14.2	108,909,415	-	108,909,415	74,285,096	-	74,285,096
Unearned reinsurance commission income		8,562,541	-	8,562,541	6,225,692	-	6,225,692
Gross outstanding claims	14.1	35,104,360	-	35,104,360	39,475,033	-	39,475,033
Claims incurred but not reported	14.1	125,265,057	-	125,265,057	125,252,803	-	125,252,803
Additional premium reserves	14.1	2,730,391	-	2,730,391	2,416,499	-	2,416,499
Other technical reserves	14.1	2,223,883	-	2,223,883	3,005,737	-	3,005,737
End-of-service indemnities		6,240,659	-	6,240,659	6,117,342	-	6,117,342
Accumulated surplus payable		7,546,078	-	7,546,078	5,234,380	-	5,234,380
Reserve for re-measurement of actuarial loss on obligation		(157,784)	-	(157,784)	(157,784)	-	(157,784)
Statutory deposit commission income payable	10	-	1,021,254	1,021,254	-	817,322	817,322
Provision for zakat and income tax	13	-	13,879,912	13,879,912	-	13,371,168	13,371,168
Amounts due to shareholders' operations		39,346,381	-	39,346,381	39,359,973	-	39,359,973
TOTAL LIABILITIES		405,011,127	17,994,749	423,005,876	353,159,940	16,088,992	369,248,932
Less: inter-operations elimination		(39,346,381)	-	(39,346,381)	(39,359,973)	-	(39,359,973)
TOTAL LIABILITIES AS PER INTERIM STATEMENT OF FINANCIAL POSITION		365,664,746	17,994,749	383,659,495	313,799,967	16,088,992	329,888,959
SHAREHOLDERS' EQUITY							
Share capital	11	-	200,000,000	200,000,000	-	200,000,000	200,000,000
Statutory reserve		-	23,491,013	23,491,013	-	19,309,215	19,309,215
Retained earnings		-	50,248,598	50,248,598	-	37,462,871	37,462,871
TOTAL EQUITY		-	273,739,611	273,739,611	-	256,772,086	256,772,086
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		365,664,746	291,734,360	657,399,106	313,799,967	272,861,078	586,661,045

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2018

20. SUPPLEMENTARY INFORMATION (Continued)

b) Interim statement of income

	Note	Three months ended June 30, 2018			Three months ended June 30, 2017		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SR	SR	SR	SR	SR	SR
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE							
Gross written premiums	8	52,720,837	-	52,720,837	48,378,434	-	48,378,434
Less: Reinsurance premiums ceded	8						
Local		(1,956,468)	-	(1,956,468)	(1,761,534)	-	(1,761,534)
Foreign		(24,206,960)	-	(24,206,960)	(17,597,503)	-	(17,597,503)
Excess of loss premiums		(1,101,813)	-	(1,101,813)	(1,044,028)	-	(1,044,028)
Net premiums written		25,455,596	-	25,455,596	27,975,369	-	27,975,369
Changes in unearned premiums, net		2,656,244	-	2,656,244	(1,105,452)	-	(1,105,452)
Net premiums earned		28,111,840	-	28,111,840	26,869,917	-	26,869,917
Reinsurance commissions		5,323,338	-	5,323,338	5,030,335	-	5,030,335
TOTAL REVENUE		33,435,178	-	33,435,178	31,900,252	-	31,900,252
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid and other expenses		(11,867,557)	-	(11,867,557)	(28,963,891)	-	(28,963,891)
Reinsurers' share of gross claims paid		2,452,301	-	2,452,301	19,011,464	-	19,011,464
NET CLAIMS AND OTHER BENEFITS PAID		(9,415,256)	-	(9,415,256)	(9,952,427)	-	(9,952,427)
Changes in outstanding claims, net		(230,606)	-	(230,606)	3,575,804	-	3,575,804
Changes in claims incurred but not reported, net		2,053,073	-	2,053,073	(2,175,145)	-	(2,175,145)
Net claims incurred		(7,592,789)	-	(7,592,789)	(8,551,768)	-	(8,551,768)
Changes in additional premium reserve		(610,649)	-	(610,649)	(112,829)	-	(112,829)
Changes in other technical reserves		69,589	-	69,589	46,538	-	46,538
Policy acquisition costs		(4,767,847)	-	(4,767,847)	(4,504,268)	-	(4,504,268)
Other underwriting expenses		(375,602)	-	(375,602)	(485,665)	-	(485,665)
TOTAL UNDERWRITING COSTS AND EXPENSES		(13,277,298)	-	(13,277,298)	(13,607,992)	-	(13,607,992)
NET UNDERWRITING INCOME		20,157,880	-	20,157,880	18,292,260	-	18,292,260
OTHER OPERATING (EXPENSES) / INCOME							
Reversal of allowance for doubtful debts		(3,357,104)	-	(3,357,104)	(2,531,520)	-	(2,531,520)
General and administrative expenses	8	(6,916,446)	(1,167,181)	(8,083,627)	(6,406,442)	(1,170,764)	(7,577,206)
Interest income and commission income		314,398	549,731	864,129	205,962	462,127	668,089
Dividend income		354,550	459,946	814,496	325,178	421,841	747,019
Unrealised (losses)/gains on investments held for trading		(198,857)	336,581	137,724	(97,067)	191,565	94,498
Other income		857,414	-	857,414	1,185,575	-	1,185,575
TOTAL OTHER OPERATING EXPENSES		(8,946,045)	179,077	(8,766,968)	(7,318,314)	(95,231)	(7,413,545)
Net surplus from insurance operations/total income		11,211,835	179,077	11,390,912	10,973,946	(95,231)	10,878,715
Surplus transferred to shareholders		(10,090,652)	10,090,652	-	(9,876,551)	9,876,551	-
Net result from insurance operations after shareholders' transfer of surplus to shareholders		1,121,183	10,269,729	11,390,912	1,097,395	9,781,320	10,878,715

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2018

20. SUPPLEMENTARY INFORMATION (Continued)

c) Interim statement of comprehensive income

	<i>Three months ended June 30, 2018</i>			<i>Three months ended June 30, 2017</i>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<i>Note</i>	SR	SR	SR	SR	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net surplus from insurance operations/total income	11,211,835	179,077	11,390,912	10,973,946	(95,231)	10,878,715
Surplus transferred to shareholders	(10,090,652)	10,090,652	-	(9,876,551)	9,876,551	-
Net result from insurance operations after shareholders' transfer of surplus to shareholders	1,121,183	10,269,729	11,390,912	1,097,395	9,781,320	10,878,715
Items that will not be reclassified to statement of income	-	-	-	-	-	-
Other comprehensive income	1,121,183	10,269,729	11,390,912	1,097,395	9,781,320	10,878,715
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,121,183	10,269,729	11,390,912	1,097,395	9,781,320	10,878,715
Weighted average number of outstanding shares (adjusted)	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)		0.51			0.49	

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2018

20. SUPPLEMENTARY INFORMATION (Continued)

d) Interim statement of income

	Note	Six months ended June 30, 2018			Six months ended June 30, 2017		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SR	SR	SR	SR	SR	SR
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE							
Gross written premiums	8	151,588,017	-	151,588,017	132,877,760	-	132,877,760
Less: Reinsurance premiums ceded	8						
Local		(3,946,671)	-	(3,946,671)	(3,305,755)	-	(3,305,755)
Foreign		(68,523,931)	-	(68,523,931)	(51,223,661)	-	(51,223,661)
Excess of loss premiums		(2,203,632)	-	(2,203,632)	(2,088,054)	-	(2,088,054)
Net premiums written		76,913,783	-	76,913,783	76,260,290	-	76,260,290
Changes in unearned premiums, net		(23,747,561)	-	(23,747,561)	(23,675,720)	-	(23,675,720)
Net premiums earned		53,166,222	-	53,166,222	52,584,570	-	52,584,570
Reinsurance commissions		10,383,545	-	10,383,545	10,221,712	-	10,221,712
TOTAL REVENUE		63,549,767	-	63,549,767	62,806,282	-	62,806,282
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid and other expenses		(26,220,601)	-	(26,220,601)	(41,616,362)	-	(41,616,362)
Reinsurers' share of gross claims paid		6,794,657	-	6,794,657	21,835,351	-	21,835,351
NET CLAIMS AND OTHER BENEFITS PAID		(19,425,944)	-	(19,425,944)	(19,781,011)	-	(19,781,011)
Changes in outstanding claims, net		1,735,644	-	1,735,644	5,472,986	-	5,472,986
Changes in claims incurred but not reported, net		1,951,156	-	1,951,156	(3,057,333)	-	(3,057,333)
Net claims incurred		(15,739,144)	-	(15,739,144)	(17,365,358)	-	(17,365,358)
Changes in additional premium reserve		(313,892)	-	(313,892)	(1,445,357)	-	(1,445,357)
Changes in other technical reserves		781,854	-	781,854	(1,957,854)	-	(1,957,854)
Policy acquisition costs		(9,365,632)	-	(9,365,632)	(9,240,660)	-	(9,240,660)
Other underwriting expenses		(1,289,588)	-	(1,289,588)	(1,065,426)	-	(1,065,426)
TOTAL UNDERWRITING COSTS AND EXPENSES		(25,926,402)	-	(25,926,402)	(31,074,655)	-	(31,074,655)
NET UNDERWRITING INCOME		37,623,365	-	37,623,365	31,731,627	-	31,731,627
OTHER OPERATING (EXPENSES) / INCOME							
Reversal of allowance for doubtful debts		(3,164,981)	-	(3,164,981)	(783,290)	-	(783,290)
General and administrative expenses	8	(13,624,287)	(2,190,410)	(15,814,697)	(12,736,940)	(2,087,158)	(14,824,098)
Interest income and commission income		644,481	1,049,471	1,693,952	626,876	1,035,120	1,661,996
Dividend income		506,300	656,809	1,163,109	509,359	660,774	1,170,133
Unrealised (losses)/gains on investments held for trading		(512,671)	796,899	284,228	(142,807)	91,640	(51,167)
Other income		1,412,483	-	1,412,483	2,148,016	-	2,148,016
TOTAL OTHER OPERATING EXPENSES		(14,738,675)	312,769	(14,425,906)	(10,378,786)	(299,624)	(10,678,410)
Net surplus from insurance operations/total income		22,884,690	312,769	23,197,459	21,352,841	(299,624)	21,053,217
Surplus transferred to shareholders		(20,596,221)	20,596,221	-	(19,217,557)	19,217,557	-
Net result from insurance operations after shareholders' transfer of surplus to shareholders		2,288,469	20,908,990	23,197,459	2,135,284	18,917,933	21,053,217

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2018

20. SUPPLEMENTARY INFORMATION (Continued)

e) Interim statement of comprehensive income

	<i>Six months ended June 30, 2018</i>			<i>Six months ended June 30, 2017</i>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<i>Note</i>	SR	SR	SR	SR	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net surplus from insurance operations/total income	22,884,690	312,769	23,197,459	21,352,841	(299,624)	21,053,217
Surplus transferred to shareholders	(20,596,221)	20,596,221	-	(19,217,557)	19,217,557	-
Net result from insurance operations after shareholders' transfer of surplus to shareholders	2,288,469	20,908,990	23,197,459	2,135,284	18,917,933	21,053,217
Items that will not be reclassified to statement of income	-	-	-	-	-	-
Other comprehensive income	2,288,469	20,908,990	23,197,459	2,135,284	18,917,933	21,053,217
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,288,469	20,908,990	23,197,459	2,135,284	18,917,933	21,053,217
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	1.05			0.95	

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2018

20. SUPPLEMENTARY INFORMATION (Continued)

f) Interim statement of cash flows

	<i>June 30, 2018</i>			<i>June 30, 2017</i>		
	Insurance operations SR	Shareholders' operations SR	Total SR	Insurance operations SR	Shareholders' operations SR	Total SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES						
Total income for the period	2,288,469	20,908,990	23,197,459	2,135,284	18,917,933	21,053,217
Adjustments for:						
Depreciation of property and equipment	144,272	-	144,272	181,889	-	181,889
Amortisation of intangible assets	59,630	-	59,630	249,820	-	249,820
Gain on sale of property and equipment	(24,161)	-	(24,161)	-	-	-
Reversal of allowance for doubtful debts	3,164,981	-	3,164,981	783,290	-	783,290
Unrealised losses (gains) on investments held for trading	512,671	(796,899)	(284,228)	142,807	(91,640)	51,167
Realised losses on investments held for trading	25,693	33,330	59,023	28,357	36,787	65,144
Commission income	-	203,932	203,932	-	95,338	95,338
Provision for end-of-service indemnities	1,151,382	-	1,151,382	703,531	-	703,531
	7,322,937	20,349,353	27,672,290	4,224,978	18,958,418	23,183,396
Working capital adjustments:						
Premiums and insurance balances receivable	(51,359,119)	-	(51,359,119)	(28,105,067)	-	(28,105,067)
Reinsurers' share of unearned premiums	(10,876,758)	-	(10,876,758)	2,927,817	-	2,927,817
Reinsurers' share of outstanding claims	2,635,029	-	2,635,029	10,189,702	-	10,189,702
Reinsurers' share of claims Incurred but not reported	(1,963,410)	-	(1,963,410)	(8,860,583)	-	(8,860,583)
Deferred policy acquisition costs	(3,359,113)	-	(3,359,113)	(2,831,045)	-	(2,831,045)
Prepayments and other assets	(188,338)	(5,196,819)	(5,385,157)	930,603	67,412	998,015
Accounts payable	9,148,275	-	9,148,275	(3,188,330)	-	(3,188,330)
Accrued expenses and other liabilities	(727,428)	1,193,081	465,653	(6,710,288)	(812,166)	(7,522,454)
Reinsurance balances payable	8,874,130	-	8,874,130	1,929,263	-	1,929,263
Gross unearned premiums	34,624,319	-	34,624,319	20,747,903	-	20,747,903
Unearned reinsurance commission income	2,336,849	-	2,336,849	3,120,217	-	3,120,217
Gross outstanding claims	(4,370,673)	-	(4,370,673)	(15,662,688)	-	(15,662,688)
Claims incurred but not reported	12,254	-	12,254	11,917,916	-	11,917,916
Additional premium reserves	313,892	-	313,892	1,445,357	-	1,445,357
Other technical reserves	(781,854)	-	(781,854)	(86,352)	-	(86,352)
Cash from operations	(8,359,008)	16,345,615	7,986,607	(8,010,597)	18,213,664	10,203,067
Surplus distribution payable to policyholders	23,229	-	23,229	(5,176,768)	-	(5,176,768)
Zakat and income tax paid	-	(3,432,721)	(3,432,721)	-	(14,823,095)	(14,823,095)
End-of-service indemnities paid	(1,028,065)	-	(1,028,065)	(1,887,291)	-	(1,887,291)
Net cash from/(used in) operating activities	(9,363,844)	12,912,894	3,549,050	(15,074,656)	3,390,569	(11,684,087)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2018

20. SUPPLEMENTARY INFORMATION (Continued)

f) Interim statement of cash flows (Continued)

	<i>June 30, 2018</i>			<i>June 30, 2017</i>		
	Insurance operations SR	Shareholders' operations SR	Total SR	Insurance operations SR	Shareholders' operations SR	Total SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
INVESTING ACTIVITIES						
Proceeds from sale of property and equipment	47,100	-	47,100	-	-	-
Commission income paid	-	(203,932)	(203,932)	-	(95,338)	(95,338)
Purchase of property and equipment	(9,500)	-	(9,500)	(283,818)	-	(283,818)
Proceeds from disposal of investments held for trading	464,737	602,887	1,067,624	(1,526,645)	475,552	(1,051,093)
Additions in long term deposits	-	(579,131)	(579,131)	-	-	-
Purchase of intangibles assets	(132,000)	-	(132,000)	-	-	-
Net cash used in investing activities	370,337	(180,176)	190,161	(1,810,463)	380,214	(1,430,249)
CASH FLOWS FROM FINANCING ACTIVITIES						
Interoperation balances	(13,593)	13,593	-	(15,018,686)	15,018,686	-
Due to (from) shareholders/insurance operations	-	-	-	2,663,634	(2,663,634)	-
Net cash from/(used in) financing activities	(13,593)	13,593	-	(12,355,052)	12,355,052	-
DECREASE IN CASH AND CASH EQUIVALENTS	(9,007,100)	12,746,311	3,739,211	(29,240,171)	16,125,835	(13,114,336)
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
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	77,487,029	68,176,740	145,663,769	70,098,892	121,088,541	191,187,433