
**SAUDI RE FOR COOPERATIVE REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30
SEPTEMBER 2019**

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

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

For The Three Month And Nine Month Periods Ended 30 September 2019

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Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)



KPMG Al Fozan & Partners
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED
FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF SAUDI RE FOR COOPERATIVE REINSURANCE
COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Saudi Re for Cooperative Reinsurance Company** (the "Company") as at 30 September 2019, the related interim condensed statements of income and interim condensed statement of comprehensive income for the three month and nine month periods then ended and interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the nine month period then ended and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia. 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" that is 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 that are 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 as at 30 September 2019 of the Company are not prepared, in all material respects, in accordance with IAS 34 as endorsed in Kingdom of Saudi Arabia.

For Al-Bassam & Co
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13 Rabbi-Al-Awwal 1441H
10 November 2019

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		30 September 2019 (Unaudited) SR	31 December 2018 (Audited) SR
ASSETS			
Bank balances and cash	5	56,731,929	31,886,106
Time deposits		381,291,846	270,131,677
Accrued special commission income from time deposits		6,641,948	2,079,624
Premium receivables, net	4	213,027,069	200,023,513
Investments held at fair value through income statement	7	430,863,752	552,574,107
Held-to-maturity investments		37,500,000	--
Accrued reinsurance premiums		561,513,034	409,778,137
Retroceded share of unearned premiums	8	46,813,784	33,080,894
Deferred excess of loss premiums		15,912,228	11,431,609
Retroceded share of outstanding claims	9	217,290,623	198,432,518
Retroceded share of claims incurred but not reported	9	68,691,604	59,937,179
Deferred policy acquisition costs		133,188,282	99,895,591
Prepaid expenses, deposits and other assets		211,406,025	208,959,232
Property and equipment, net		33,249,049	32,588,898
Accrued special commission income from bonds and sukuk		3,598,664	2,663,892
Investment in an equity accounted investee	13	104,297,936	97,293,816
Statutory deposit	6	121,500,000	121,500,000
Accrued income on statutory deposit	6	17,446,787	15,549,401
TOTAL ASSETS		2,660,964,560	2,347,806,194
LIABILITIES			
Accounts payable		31,457,324	19,927,639
Retrocession balances payable		61,419,818	22,898,559
Accrued retroceded premiums		20,572,006	15,839,717
Unearned premiums	8	497,262,853	380,171,285
Outstanding claims	9	675,719,648	662,467,372
Claims incurred but not reported	9	407,217,041	330,480,733
Unearned retrocession commission		8,075,821	6,410,240
Accrued expenses and other liabilities		14,137,909	12,546,952
End of service indemnities		7,312,005	6,593,975
Provision for zakat and tax	11	35,752,303	38,244,253
Accrued commission income payable to SAMA	6	17,446,787	15,549,401
TOTAL LIABILITIES EXCLUDING REINSURANCE OPERATIONS' SURPLUS		1,776,373,515	1,511,130,126
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		6,942,553	4,028,195
TOTAL REINSURANCE OPERATIONS' SURPLUS		6,942,553	4,028,195
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS		1,783,316,068	1,515,158,321
SHAREHOLDERS' EQUITY			
Share capital	10	810,000,000	810,000,000
Statutory reserve		8,815,260	8,815,260
Retained earnings		58,612,127	12,757,997
Other reserves		221,105	1,074,616
TOTAL SHAREHOLDERS' EQUITY		877,648,492	832,647,873
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		2,660,964,560	2,347,806,194

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the three month and nine month periods ended 30 September 2019

	For the three month period ended		For the nine month period ended	
	30 September 2019	30 September 2018 (Restated)	30 September 2019	30 September 2018 (Restated)
	SR	SR	SR	SR
REVENUES				
Gross written premiums	169,969,767	83,274,213	676,496,841	673,844,272
Retroceded premiums	(41,247,113)	(24,336,974)	(90,412,077)	(63,729,202)
Excess of loss expenses	17,747	(7,892,851)	(14,523,569)	(23,746,994)
Net written premiums	128,740,401	51,044,388	571,561,195	586,368,076
Changes in unearned premiums, net	24,969,066	91,688,271	(103,358,678)	(137,210,894)
Net earned premiums	153,709,467	142,732,659	468,202,517	449,157,182
Retrocession commissions	4,426,574	4,154,879	13,059,295	12,382,488
TOTAL REVENUES	158,136,041	146,887,538	481,261,812	461,539,670
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(95,788,232)	(94,848,040)	(286,243,323)	(271,623,403)
Retroceded share of claims paid	8,821,805	5,576,062	48,086,173	15,039,352
Net claims paid	(86,966,427)	(89,271,978)	(238,157,150)	(256,584,051)
Changes in outstanding claims, net	24,097,277	(3,454,807)	5,605,831	(40,289,404)
Changes in incurred but not reported claims, net	(29,352,032)	(3,327,964)	(67,981,886)	(5,093,946)
Net claims incurred	(92,221,182)	(96,054,749)	(300,533,205)	(301,967,401)
Policy acquisition costs and profit commissions	(38,803,522)	(41,064,356)	(124,544,140)	(118,633,424)
Other underwriting expenses	(918,078)	(453,070)	(2,598,168)	(1,166,981)
TOTAL UNDERWRITING COSTS AND EXPENSES	(131,942,782)	(137,572,175)	(427,675,513)	(421,767,806)
NET UNDERWRITING INCOME	26,193,259	9,315,363	53,586,299	39,771,864
OTHER OPERATING INCOME / (EXPENSES)				
Special commission income from time deposits	4,514,431	1,720,303	13,051,764	3,485,267
Realized gains on investments held at fair value through income statement	669,263	66,136	2,028,725	1,784,050
Unrealized (losses) / gains on investments held at fair value through income statement	(4,964,761)	8,332,061	14,879,836	14,828,525
Special commission income from bonds and sukuk	1,192,997	725,928	3,014,673	2,090,116
Dividend income	592,248	1,067,155	2,595,399	2,484,187
Share of profit of equity accounted investee	434,970	677,175	7,857,631	1,244,548
Investment management expenses	(409,614)	(929,516)	(1,326,186)	(2,970,920)
Net investment income	2,029,534	11,659,242	42,101,842	22,945,774
Other income	251,958	751,485	747,658	1,151,331
Reversal of provision for doubtful debts	—	2,434,907	517,929	1,574,768
General and administrative expenses	(11,508,055)	(12,791,744)	(35,641,022)	(35,512,192)
Board of directors' remunerations, meetings fees and expenses	(546,449)	(512,482)	(1,705,469)	(1,642,388)
Foreign exchange translation losses	(1,113,481)	(483,902)	(536,874)	(3,075,388)
Total income for the period before zakat and tax	15,306,766	10,372,869	59,070,363	25,213,769
Total income attributed to the reinsurance operations	(1,720,547)	(343,749)	(2,914,358)	(1,153,038)
Net income for the period before zakat and tax	13,586,219	10,029,120	56,156,005	24,060,731
Zakat and tax charge for the period	(3,253,939)	(3,138,931)	(10,301,875)	(9,276,257)
Net income for the period after zakat and tax attributable to the shareholders	10,332,280	6,890,189	45,854,130	14,784,474
Basic and diluted earnings per share for the period	0.13	0.09	0.57	0.18

Managing Director / Chief Executive Officer


Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three month and nine month periods ended 30 September 2019

	For the three month period ended		For the nine month period ended	
	30 September 2019	30 September 2018 (Restated)(Restated)	30 September 2019	30 September 2018 (Restated) (Restated)
	SR	SR	SR	SR
Net income for the period after zakat and tax attributable to shareholders	10,332,280	6,890,189	45,854,130	14,784,474
<i>Other comprehensive income</i>				
Items that may be classified to income statement subsequently				
Share of foreign currency translation reserve of an equity accounted investee	376,381	3,969,004	(853,511)	1,994,513
Total comprehensive income for the period	10,708,661	10,859,193	45,000,619	16,778,987


 Managing Director/ Chief Executive Officer


 Chairman of the Board


 Chief Financial Officer

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine month period ended 30 September 2019

	GCC Shareholders and General Public				Non - GCC Shareholders				Total				
	Share Capital SR	Statutory reserve SR	Retained earnings / (Accumulated deficit) SR	Other reserves SR	Share capital SR	Statutory reserve SR	Retained earnings / (Accumulated deficit) SR	Other reserves SR	Share Capital SR	Statutory reserve SR	Retained earnings / (Accumulated deficit) SR	Other reserves SR	Total SR
Balance as at 1 January 2019 (Audited)	783,693,750	8,528,901	9,431,953	1,019,067	26,306,250	286,359	3,326,044	55,549	810,000,000	8,815,260	12,757,997	1,074,616	832,647,873
Transferred during the period	(29,817,540)	(324,503)	(358,862)	(38,773)	29,817,540	324,503	358,862	38,773	--	--	--	--	--
Net profit for the period	--	--	42,040,623	--	--	--	3,813,507	--	--	--	45,854,130	--	45,854,130
Other comprehensive income	--	--	--	(794,372)	--	--	--	(59,139)	--	--	--	(853,511)	(853,511)
Total comprehensive income for the period	--	--	42,040,623	(794,372)	--	--	3,813,507	(59,139)	--	--	45,854,130	(853,511)	45,000,619
Balance as at 30 September 2019 (Unaudited)	753,876,210	8,204,398	51,113,714	185,922	56,123,790	610,862	7,498,413	35,183	810,000,000	8,815,260	58,612,127	221,105	877,648,492
Balance as at 1 January 2018 (Audited)	978,047,040	5,937,649	(174,018,095)	(1,918,523)	21,952,960	133,275	(1,298,451)	(43,057)	1,000,000,000	6,070,924	(175,316,546)	(1,961,580)	828,792,798
Reduction of capital (note 10)	(185,820,000)	--	185,820,000	--	(4,180,000)	--	4,180,000	--	(190,000,000)	--	190,000,000	--	--
Transferred during the period	(714,350)	(5,354)	(10,642)	--	714,350	5,354	10,642	--	--	--	--	--	--
Net profit for the period - (Restated)	--	--	14,264,150	--	--	--	520,324	--	--	--	14,784,474	--	14,784,474
Other comprehensive income	--	--	--	1,948,990	--	--	--	45,523	--	--	--	1,994,513	1,994,513
Total comprehensive income for the period	--	--	14,264,150	1,948,990	--	--	520,324	45,523	--	--	14,784,474	1,994,513	16,778,987
Balance as at 30 September 2018 (Unaudited)	791,512,690	5,932,295	26,055,413	30,467	18,487,310	138,629	3,412,515	2,466	810,000,000	6,070,924	29,467,928	32,933	845,571,785

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine month period ended 30 September 2019

	30 September 2019 SR	30 September 2018 SR
OPERATING ACTIVITIES		
Total income for the period before zakat & tax	59,070,363	25,213,769
<i>Adjustments to reconcile total income for the period before zakat & tax to net cash generated from / (used in) operating activities:</i>		
Employees' end of service benefits	1,087,213	1,235,679
Depreciation of property and equipment	1,350,951	1,752,820
Realized gains on investments held at fair value through income statement	(2,028,725)	(1,784,051)
Unrealized gains on investments held at fair value through income statement	(14,879,836)	(14,828,525)
Share of profit of equity accounted investee	(7,857,631)	(1,244,548)
Reversal of provision for doubtful receivable	(517,929)	(1,574,768)
Operating income before changes in operating assets and liabilities	36,224,406	8,770,376
Changes in operating assets and liabilities:		
Premiums receivable, gross	(12,485,628)	146,526,154
Accrued reinsurance premiums	(151,734,897)	(154,508,491)
Retroceded share of unearned premiums	(13,732,890)	71,796,240
Unearned premiums	117,091,568	65,414,655
Retroceded share of outstanding claims	(18,858,105)	(115,447,647)
Retroceded share of claims incurred but not reported	(8,754,425)	8,768,589
Deferred acquisition costs	(33,292,691)	(35,550,395)
Deferred excess of loss premiums	(4,480,619)	(491,088)
Prepaid expenses, deposits and other assets	(2,446,793)	(42,288,310)
Accounts payable	11,529,685	2,033,486
Retrocession balances payable	38,521,259	(193,388,765)
Accrued retroceded premiums	4,732,289	10,854,548
Outstanding claims	13,252,276	155,737,048
Claims incurred but not reported	76,736,308	(3,674,644)
Unearned commission income	1,665,581	1,182,662
Accrued expenses and other liabilities	1,590,957	(352,032)
	55,558,281	(74,617,614)
Zakat and income tax paid	(12,793,825)	(12,089,920)
Employees' end of service benefits paid	(369,183)	(629,189)
Net cash generated from / (used in) operating activities	42,395,273	(87,336,723)
INVESTING ACTIVITIES		
Time deposits	(160,909,599)	(42,281,276)
Accrued special commission income on time deposits	(4,562,324)	(380,284)
Accrued special commission income from bonds and sukuk	(934,772)	1,551,214
Proceeds from disposal of property and equipment	--	75,000
Purchase of property and equipment	(2,011,102)	(612,466)
Additions in investments held at fair value through income statement	(191,645,880)	(33,530,186)
Additions in held-to-maturity investments	(37,500,000)	--
Proceeds from disposal of investments held at fair value through income statement	330,264,797	188,160,165
Statutory deposit	--	(21,500,000)
Net cash (used in) / generated from investing activities	(67,298,880)	91,482,167
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(24,903,607)	4,145,444
Cash and cash equivalents at the beginning of the period	81,635,536	85,231,770
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	56,731,929	89,377,214

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Re for Cooperative Reinsurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 dated 12 Jumada Al-Awal 1429H (corresponding to 17 May 2008) with a branch in the Federal Territory of Labuan, Malaysia with license number IS2014146. The address of the Company’s registered office is at 4130 Northern Ring Road Al Wadi, Unit number 1, Riyadh 13313-6684, Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative reinsurance and related activities inside and outside the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

Basis of measurement

These unaudited interim condensed financial statements are prepared under the historical cost basis except for the measurement at fair value of investments held at fair value through income statement and investment in equity accounted investee which is accounted for under the equity method.

Statement of compliance

The interim condensed financial statements of the Company as at and for the period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants (“SOCPA”).

The interim condensed financial statements as at and for the period ended 31 March 2019 and financial statements of the Company as at and for the year ended 31 December 2018, respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards (“IFRS”) respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – “Income Taxes” and IFRIC 21 – “Levies” so far as these relate to zakat and income tax) and the Regulations for Companies in the Kingdom of Saudi Arabia.

On 23 July 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (“IASB”) and as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants (“SOCPA”) (collectively referred to as “IFRS”) as endorsed in Kingdom of Saudi Arabia.

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (as disclosed in note 3) and the effects of this change are disclosed in note 11 to the interim condensed financial statements.

The Company’s interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: bank balances and cash, time deposits, accrued special commission income from time deposits, premium receivables, net, investments held at fair value through income statement, deferred excess of loss premiums, retroceded share of outstanding claims, prepaid expenses, deposits and other assets, accrued special commission income from bonds and sukuk, accounts payable, retrocession balances payable, outstanding claims, accrued expenses and other liabilities, provision for zakat and income tax and accumulated surplus. The following balances would generally be classified as non-current: accrued reinsurance premiums, retroceded share of unearned premiums, retroceded share of claims incurred but not reported, deferred policy acquisition costs, property and equipment, net, investment in an equity accounted investee, statutory deposit, accrued income on statutory deposit, accrued retroceded premiums, unearned premiums, claims incurred but not reported, unearned retrocession commission, employees end of service indemnities and accrued commission income payable to SAMA.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

2. BASIS OF PREPARATION (CONTINUED)

Statement of compliance (continued)

The interim condensed statement of financial position, statements of income, statement of comprehensive income and cash flows of the reinsurance operations and shareholders' operations which are presented in note 15 of the interim condensed financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations.

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

The inclusion of separate information of the reinsurance operations with the financial information of the Company in the interim condensed statement of financial position, statement of income, statement of comprehensive income, cash flows as well as certain relevant notes to the interim condensed financial information represents additional supplementary information required as required by the implementing regulations.

The accompanying unaudited 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 2018.

Surplus is distributed between reinsurance operations and shareholders operations in accordance with the implementing regulations issued by the SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from reinsurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on reinsurance operations is transferred to the shareholders' operation in full.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Reinsurance and Shareholders' operations and presents the financial statements accordingly. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is determined by the management and Board of Directors.

In accordance with the Company's By-laws and Article 70 (2g) of the Insurance Implementing Regulations of SAMA, a minimum of 20% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid up capital of the Company. This reserve is not available for distribution.

Functional and presentation currency

These unaudited interim condensed financial statements have been presented in Saudi Arabian Riyals (SAR), which is the functional and presentational currency of the Company. All financial information presented has been rounded off to the nearest SAR.

Fiscal year

The Company follows a fiscal year ending December 31.

Critical accounting judgments, estimates and assumptions

The preparation of interim 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 interim condensed financial statements, 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 statements as at and for the year ended 31 December 2018.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for the following:

A) Change in accounting for Zakat and income tax

The basis of preparation has been changed for the period ended 30 September 2019 as a result of the issuance of latest instructions from SAMA dated 23 July 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the instructions issued by SAMA dated 23 July 2019, where by the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively (see note 2) and the effects of the above change are disclosed in note 11 to the interim condensed financial statements. The change has resulted in reduction of reported income of the Company for the nine-month period ended 30 September 2018 by SR 9,276,257. The change has had no impact on the statement of cash flows for the period ended 30 September 2018.

i) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

ii) IFRIC Interpretation 23 Uncertainty over Income tax treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its interim condensed financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities.

The Interpretation did not have an impact on the interim condensed financial statements of the Company.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)

iii) Zakat

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat expense is charged to the profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

B) Adoption of IFRS 16 – Leases

Effective 1 January 2019, the Company adopted IFRS 16, Leases and the impact of this adoption of this standard is explained below:

The standard replace the existing guidance on leases including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal form of a lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. On 1st January 2019 i.e. the effective date, IFRS 16 had no significant financial impact on the Company's financial statements. IFRS 16 stipulates that all lease and the associated contractual rights and obligations should generally be recognized in the Company's statement of financial position, unless the term is 12 months or less or the lease is for low value assets. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for lessees. For each lease, the lessee recognizes a liability for the lease obligation incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs, which is amortized over the useful life.

The Company has opted for the modified retrospective approach application method that this is permitted by IFRS 16. As a result, of the initial application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the incremental borrowing rate that is the best estimate of the Company at the time of initial application (i.e.1 April 2019), which was approximately 5%. The right of use asset is classified under property and equipment. On the other hand, the lease liability is classified under accrued expenses and other liabilities.

i) Right of use (RoU) Assets / Lease Liabilities

On initial recognition, at inception of the contract, the Company shall assess whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets

• Right of Use Assets

The Company applies the cost model, and measures the right of use assets at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses; and
- b) Adjusted for any re-measurement of the lease liability for lease modifications.

Generally, a RoU asset would be equal to lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to the transactions, etc, these need to be added to the RoU asset value.

• Lease Liability

On initial recognition, the lease liability is the present value of all remaining payments to the lessor. After the commencement date, the Company measures the lease liability by:

- a) Increasing the carrying amount to reflect incremental financing rate on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Re-measuring the carrying amount to reflect any re-assessment or lease modification.

Right of use assets are classified under property and equipment, while lease liabilities are classified under accrued expenses and other liabilities in the interim condensed statement of financial position.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)

C) Standards issued but not yet effective

In addition to the above-mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards, which have been published and are mandatory for compliance for the Company with effect from future dates.

i) IFRS 9 Financial Instruments

The 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. The Company plans to avail of the exemptions available to insurers and is considering deferring the implementation of IFRS 9 until a later date, but no later than January 1, 2021.

ii) IFRS 17 - Insurance Contracts

IFRS 17 applies to all insurance contracts (including reinsurance contracts) that an entity issues, reinsurance contracts that it holds and investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2022.

4. PREMIUM RECEIVABLES, NET

<u>Reinsurance operations</u>	30 September 2019	31 December 2018
	(Unaudited)	(Audited)
	SR	SR
Policyholders	214,207,444	203,156,463
Related parties (note 12)	2,013,335	578,688
Less: provision for doubtful debts	(3,193,710)	(3,711,638)
	213,027,069	200,023,513

5. CASH AND CASH EQUIVALENTS

	Reinsurance operations	
	30 September 2019	31 December 2018
	(Unaudited)	(Audited)
Cash in hand (A)	40,000	40,000
Bank balances (B)	30,096,404	22,303,716
Deposits maturing within 3 months from the acquisition date (C)	--	49,749,430
	30,136,404	72,093,146
	Shareholders' operations	
	30 September 2019	31 December 2018
	(Unaudited)	(Audited)
Bank balances (D)	26,595,525	9,542,390
	26,595,525	9,542,390
Total Bank balances and cash (A+B+D)	56,731,929	31,886,106
Total Deposits maturing within 3 months from acquisition date (C)*	--	49,749,430
Total	56,731,929	81,635,536

*Included within time deposits

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 121.5 million (31 December 2018: SR 121.5 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 15% (31 December 2018: 15%) of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA. The statutory deposit generates special commission income which is accrued on regular basis and is shown as a separate line item as part of the shareholders' liabilities in the Statement of Financial Position as "Accrued commission income payable to SAMA". The accrued commission income payable to SAMA on the deposit as at 30 September 2019 is SAR 17,446,787 (31 December 2018: 15,549,401) and has also been disclosed in assets as "Accrued income on statutory deposit".

7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

i. Investments held at fair value through income statement consist of the following as at:

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Money market funds	12,298,579	164,851,160	177,149,739	2,088,717	31,888,438	33,977,155
Real-estate investment funds	--	26,323,351	26,323,351	--	26,323,351	26,323,351
Equities	--	135,435,695	135,435,695	--	138,269,676	138,269,676
Fixed-rate bonds/sukuk	--	50,373,131	50,373,131	51,726,932	247,493,141	299,220,073
Floating-rate bonds/sukuk	--	41,581,836	41,581,836	2,284,697	52,499,155	54,783,852
	12,298,579	418,565,173	430,863,752	56,100,346	496,473,761	552,574,107

ii. Determination of fair value and fair values hierarchy:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

The 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.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As at 30 September 2019 and 31 December 2018, the investments under reinsurance operations in bonds and sukuk were SR Nil (31 December 2018: SR 54.01 million) are classified as Level 1 investments while the investment in money market funds amounting to SR 12.3 million (31 December 2018 SR 2.09 million) is classified as level 2 investments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	30 September 2019 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	164,851,160	--	164,851,160
Real-estate investment funds	--	--	26,323,351	26,323,351
Equities	135,435,695	--	--	135,435,695
Fixed-rate bonds/sukuk	--	--	50,373,131	50,373,131
Floating-rate bonds/sukuk	1,581,836	--	40,000,000	41,581,836
	137,017,531	164,851,160	116,696,482	418,565,173

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	31 December 2018 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	31,888,438	--	31,888,438
Real-estate investment funds	--	--	26,323,351	26,323,351
Equities	138,269,676	--	--	138,269,676
Fixed-rate bonds/sukuk	197,428,627	--	50,064,514	247,493,141
Floating-rate bonds/sukuk	12,499,155	--	40,000,000	52,499,155
	<u>348,197,458</u>	<u>31,888,438</u>	<u>116,387,865</u>	<u>496,473,761</u>

Fair values of investment funds is based on the NAV calculated on the basis of the fair value of the underlying real estate as disclosed in the fund's latest available financial statements. The Discounted Cash flow (DCF) model has been used to value the debt securities. This model considers the present value of net cash flows to be generated from the debt security, discounted at the market yield of similar quoted instruments. The estimate is adjusted for the effect of non-marketability of the debt securities. The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy.

	Opening	Purchase	Sale	Unrealized gain	Closing
For the nine month period ended 30 September 2019 (Unaudited)	<u>116,387,865</u>	<u>--</u>	<u>--</u>	<u>308,617</u>	<u>116,696,482</u>
For the year ended 31 December 2018 (Audited)	<u>140,064,514</u>	<u>--</u>	<u>(23,676,649)</u>	<u>--</u>	<u>116,387,865</u>

Sensitivity Analysis

For the fair value of level 3 investments, reasonable possible changes at the reporting date to one of the unobservable inputs, holding other inputs constant, would have the following effects.

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Investments held at fair value through income statement	<u>50,373,131</u>	<u>50,064,514</u>
Impact on Unrealized Gain for the period / year ended:		
<i>If increased by 5% in market rate</i>	<u>(162,454)</u>	<u>(312,689)</u>
<i>If decreased by 5% in market rate</i>	<u>162,454</u>	<u>312,689</u>

iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 30 September 2019 and year ended 31 December 2018.

iv. Investment in real-estate investment funds have various unobservable inputs.

v. The movements of investments held at fair value through income statement are as follows:

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Opening balance	56,100,346	496,473,762	552,574,108	106,316,032	758,751,497	865,067,529
Additions	10,124,625	181,521,255	191,645,880	21,000,000	36,078,728	57,078,728
Disposals	(54,204,896)	(276,059,901)	(330,264,797)	(72,416,163)	(301,294,002)	(373,710,165)
Unrealized gains/(losses)	85,237	14,794,599	14,879,836	(367,808)	3,828,225	3,460,417
Realized gains/(losses)	193,267	1,835,458	2,028,725	1,568,285	(890,687)	677,598
Closing balance	<u>12,298,579</u>	<u>418,565,173</u>	<u>430,863,752</u>	<u>56,100,346</u>	<u>496,473,761</u>	<u>552,574,107</u>

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

As at 30 September 2019, the investments under reinsurance operations were SR Nil (31 December 2018: SR 54.01 million) which are held through discretionary managed portfolios.

As at 30 September 2019, the investments under shareholders' operations include SR 109.7 million (31 December 2018: SR 318.5 million) which are held through discretionary managed portfolios.

Investments under reinsurance and shareholders' operations include cash component amounting to SR Nil and SR 9.1 million respectively as at 30 September 2019 (31 December 2018: SR 0.77 million and SR 10.04 million respectively) available with external fund managers within the agreed investment guideline

vi. The analysis of the composition of investments for shareholder's operations is as follows:

	30 September 2019 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	164,851,160	--	164,851,160
Real-estate investment funds	--	26,323,351	26,323,351
Equities	135,435,695	--	135,435,695
Fixed-rate bonds/sukuk	--	50,373,131	50,373,131
Floating-rate bonds/sukuk	1,581,836	40,000,000	41,581,836
	301,868,691	116,696,482	418,565,173
	31 December 2018 (Audited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	31,888,438	--	31,888,438
Real-estate investment funds	--	26,323,351	26,323,351
Equities	138,269,676	--	138,269,676
Fixed-rate bonds/sukuk	197,428,627	50,064,514	247,493,141
Floating-rate bonds/sukuk	12,499,155	40,000,000	52,499,155
	380,085,896	116,387,865	496,473,761

As at 30 September 2019 and 31 December 2018, all financial instruments under reinsurance operations, which are measured at fair value, are quoted.

vii. Average credit ratings of all fixed and floating rates sukuk and bonds are within the investment grades i.e. BBB and above.

viii. The geographical split of investments held at fair value through income statement is as follows:

	Domestic		International		Total	
	30 September 2019 (Unaudited) SR	31 December 2018 (Audited) SR	30 September 2019 (Unaudited) SR	31 December 2018 (Audited) SR	30 September 2019 (Unaudited) SR	31 December 2018 (Audited) SR
Reinsurance operations						
Money Market Funds	12,298,579	2,088,717	--	--	12,298,579	2,088,717
Fixed-Rate Bonds/Sukuk	--	--	--	51,726,932	--	51,726,932
Floating-Rate Bonds/Sukuk	--	--	--	2,284,697	--	2,284,697
	12,298,579	2,088,717	--	54,011,629	12,298,579	56,100,346

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	Domestic		International		Total	
	30 September 2019 (Unaudited) SR	31 December 2018 (Audited) SR	30 September 2019 (Unaudited) SR	31 December 2018 (Audited) SR	30 September 2019 (Unaudited) SR	31 December 2018 (Audited) SR
Shareholders' operations						
Money Market Funds	164,851,160	31,888,438	--	--	164,851,160	31,888,438
Real-estate investment funds	26,323,351	26,323,351	--	--	26,323,351	26,323,351
Equities	63,581,551	70,186,682	71,854,144	68,082,994	135,435,695	138,269,676
Fixed-Rate Bonds/Sukuk	40,398,424	40,000,000	9,974,707	207,493,141	50,373,131	247,493,141
Floating-Rate Bonds/Sukuk	40,000,000	40,000,000	1,581,836	12,499,155	41,581,836	52,499,155
	335,154,486	208,398,471	83,410,687	288,075,290	418,565,173	496,473,761
Total	347,453,065	210,487,188	83,410,687	342,086,919	430,863,752	552,574,107

8. UNEARNED PREMIUM

Reinsurance operations

	30 September 2019 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	380,171,285	(33,080,894)	347,090,391
Premiums written during the period	676,496,841	(104,935,646)	571,561,195
Premium earned	(559,405,273)	91,202,756	(468,202,517)
Changes in unearned premiums	117,091,568	(13,732,890)	103,358,678
Closing balance	497,262,853	(46,813,784)	450,449,069
	31 December 2018 (Audited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	461,488,892	(117,679,188)	343,809,704
Premiums written during the year	721,604,828	(104,708,727)	616,896,101
Premiums earned	(802,922,435)	189,307,020	(613,615,415)
Changes in unearned premiums	(81,317,607)	84,598,293	3,280,686
Closing balance	380,171,285	(33,080,894)	347,090,391

9. CLAIMS RESERVES

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Reinsurance operations		
Outstanding claims	675,719,648	662,467,372
Claims incurred but not reported	407,217,041	330,480,733
	1,082,936,689	992,948,105
Less:		
- Retroceded share of outstanding claims	217,290,623	198,432,518
- Retroceded share of claims incurred but not reported	68,691,604	59,937,179
	285,982,227	258,369,697
Net outstanding claims reserves	796,954,462	734,578,408

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

10. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 810 million at 30 September 2019 (31 December 2018: SAR 810 million) consisting of 81 million shares (December 31, 2018: 81 million shares) of SAR 10 each.

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

	30 September 2019 (Unaudited)		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	4,050,000	10	40,500,000
Others	76,950,000	10	769,500,000
	81,000,000	10	810,000,000
	31 December 2018 (Audited)		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	4,050,000	10	40,500,000
Others	76,950,000	10	769,500,000
	81,000,000	10	810,000,000

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

11. PROVISION FOR ZAKAT AND TAX

A summary of the Company's share capital and percentages of ownership are follows:

	30 September 2019 (Unaudited)		31 December 2018 (Audited)	
	SR	%	SR	%
Saudi Shareholders	737,999,100	91.11%	767,345,400	94.73%
GCC Shareholders	15,884,100	1.96%	16,345,800	2.02%
GCC Shareholders and general public	753,883,200	93.07%	783,691,200	96.75%
Non-GCC Shareholders	56,116,800	6.93%	26,308,800	3.25%
Total	810,000,000	100%	810,000,000	100%

As of 30 September 2019, the authorized, issued and fully paid-up share capital of the Company consists of 81 million shares (31 December 2018: 81 million) of SAR 10 each. The Company's zakat and tax calculations and corresponding accruals and payments of zakat and tax are based on founding shareholders' ownership percentages in accordance with the relevant provisions of the Saudi Arabian Zakat and Income Tax regulations.

The zakat and tax liability as at period / year end are as follows:

	30 September 2019 SR (Unaudited)	31 December 2018 SR (Audited)
Provision for zakat	35,348,270	37,883,047
Provision for tax	404,033	361,206
	35,752,303	38,244,253

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

11 PROVISION FOR ZAKAT AND TAX (CONTINUED)

The zakat and tax charges for the nine month period ended are as follows:

	30 September 2019 SR (Unaudited)	30 September 2018 SR (Unaudited)
Zakat charge for the period	10,224,409	9,247,421
Tax charge for the period	77,466	28,836
	10,301,875	9,276,257

The Company has recorded zakat and tax provision based on the circular No. 12746/16/1438H (18 January 2017) issued by the General Authority of Zakat and Income Tax (GAZT), in which Saudi public listed companies are to provide for tax and zakat based on the shareholding percentages of GCC and non-GCC founding shareholders. The shareholding percentages of GCC and non-GCC founding shareholders were 99.1% and 0.90% respectively as at 30 September 2019 and 31 December 2018.

Zakat and income tax provisions are calculated based on the Company's best understanding of the zakat and tax regulations. The Company deducts statutory deposit and other non-current assets while calculating the Zakat base. Additional zakat and income tax provisions are accounted for to cover any differences that may arise on the final Zakat and income tax assessments when received from GAZT and the Company's current provision for Zakat and income tax.

Status of assessment

The Company has filed its Tax / Zakat returns for the years ended 31 December 2014 to 2018 with the General Authority of Zakat and Income Tax (GAZT). The company received the final assessments for the years ended 31 December 2008 to 2013 which shows additional zakat, tax and delay fines amounting to SR 32.55 million, principally on account of disallowance of long-term investments and statutory deposits from the zakat base. The assessments for the years ended 31 December 2014 to 2018 are still outstanding.

The Company filed appeals against the GAZT's assessment of additional zakat, tax and delay fines for the years 2008 to 2013. The Preliminary Appeal Committee (PAC) issued its Ruling on the appeals filed. The Ruling upheld the Company's appeal on certain items of the appeal and rejected the appeal on the other items. The Company filed an appeal against the PAC Ruling with the Higher Appeal Committee (HAC). Later on, the Company approached Committee for Settlement of Zakat and Tax disputes and reached on an agreement with the Committee for Settlement of Zakat and Tax Disputes for the assessment years 2008 to 2013.

On 7th October 2019, the Company received a letter from GAZT instructing them to pay final settlement of SR 16 million from the existing additional zakat, tax and applicable fines for the years 2008 to 2013. The payment will be settled in Q4 2019 and the Company will be requesting GAZT to release the guarantee deposit, for the items appealed, against amounting to SR 29.39 million which is included in prepaid expenses, deposits and other assets.

Impact of change in accounting for zakat and income tax

This change in the accounting treatment for zakat and income tax as explained in note 3 has the following impact on the line items of the statement of income, statements of financial position and changes in shareholder's equity:

As at and for the nine-month period ended 30 September 2018:

Financial Statement Impacted	Account	Before the restatement for the nine-month period ended 30 September 2018 SR	Effect of restatement SR	As restated as at and for the nine month period ended 30 September 2018 SR
Statement of changes in Equity	Provision for zakat and income tax (retained earnings)	(9,276,257)	9,276,257	--
Statement of income	Zakat and income tax expenses	--	(9,276,257)	(9,276,257)
Statement of income	Earnings per share*	0.297	(0.11)	0.18

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

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11 PROVISION FOR ZAKAT AND TAX (CONTINUED)

As at and for the three-month period ended 30 September 2018:

Financial Statement Impacted	Account	Before the restatement for the three-month period ended 30 September 2018 SR	Effect of restatement SR	As restated as at and for the three month period ended 30 September 2018 SR
Statement of income	Zakat and income tax expenses	--	(3,138,931)	(3,138,931)
Statement of income	Earnings per share*	0.124	(0.04)	0.09

12 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms, which are approved by the management.

Details of transactions and balances with related parties during the period other than those which have been disclosed elsewhere in these financial statements are disclosed below.

Related party	Nature of transactions	Amount of transactions for the nine month period ended		Balance as at	
		30 September 2019 (Unaudited) SR	30 September 2018 (Unaudited) SR	30 September 2019 (Unaudited) SR	31 December 2018 (Audited) SR
Board of Directors	- Consulting fees	113,066	672,074	--	--
	- Remunerations, meetings fees and expenses	1,690,469	1,642,388	1,431,313	1,740,000
Key management Personnel	- Short term benefits	7,543,592	7,155,486	1,772,249	2,249,464
	- End of service benefits	349,416	406,440	3,049,693	2,978,976
Companies represented by the Board members	- Gross written premiums	76,599,262	22,666,439	2,013,335	578,688
	- Claims incurred	1,372,394	1,168,649	2,829,748	3,131,773
	- Commissions	986,587	10,191,929	--	--
	- Investments	207,179	--	60,207,179	--

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. Companies represented by the Board members include Iskan Insurance Company, Probitas Holding (Bermuda) Limited (including its subsidiaries), Mamda Re and The Islamic Insurance Company.

Balances with related parties are included in accrued expenses and other liabilities and employees' end of service indemnities as shown in the interim condensed statement of financial position.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

13 INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE

Shareholders' operations	30 September	31 December
	2019	2018
	(Unaudited)	(Audited)
	SR	SR
Balance at the beginning of the period / year	97,293,816	91,954,382
Addition during the period / year	--	--
Share of profit of an equity accounted investee for the period / year	7,857,631	2,303,238
Share in foreign currency translation adjustments for the period / year	(853,511)	3,036,196
Balance at the end of the period / year	<u>104,297,936</u>	<u>97,293,816</u>

This represents investment in 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL"). The Company has accounted for this investment as an equity accounted investee. PHBL operates in insurance and reinsurance businesses including Lloyds market in London, United Kingdom.

14 SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business and geographical segments have been approved by the Management Committee in respect of the Company's activities, assets and liabilities as stated below.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

14. SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments

The Company revises periodically its estimated gross written premiums and related retroceded premium upon receipt of actual information from cedants. In some business segments, this results in negative gross written premiums, positive retroceded premiums and negative net written premiums for the period when the revision take place.

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the three month period ended 30 September 2019 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	19,097,027	49,333,880	39,392,030	6,601,583	3,865,572	9,815,072	149,372	19,314,813	22,400,418	169,969,767
Retroceded premiums	(1,411,462)	(3,959,857)	(26,572,757)	--	412,841	--	--	--	(9,715,878)	(41,247,113)
Excess of loss expenses	(763,657)	1,565,388	(134,427)	--	20,972	(182,513)	--	--	(488,016)	17,747
Net written premiums	16,921,908	46,939,411	12,684,846	6,601,583	4,299,385	9,632,559	149,372	19,314,813	12,196,524	128,740,401
Changes in unearned premiums, net	(398,135)	(2,029,663)	854,273	7,987,787	6,917,273	3,984,034	6,399,999	(2,641,004)	3,894,502	24,969,066
Net earned premiums	16,523,773	44,909,748	13,539,119	14,589,370	11,216,658	13,616,593	6,549,371	16,673,809	16,091,026	153,709,467
Retrocession commissions	488,722	939,356	877,571	--	1,007,465	(503)	--	--	1,113,963	4,426,574
<u>TOTAL REVENUES</u>	17,012,495	45,849,104	14,416,690	14,589,370	12,224,123	13,616,090	6,549,371	16,673,809	17,204,989	158,136,041
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(15,619,632)	(30,298,529)	(6,904,489)	(10,445,761)	(8,836,054)	(9,728,017)	(4,208,692)	--	(9,747,058)	(95,788,232)
Retroceded share of claims paid	78,736	2,842,484	2,259,524	--	3,641,061	--	--	--	--	8,821,805
Net claims paid	(15,540,896)	(27,456,045)	(4,644,965)	(10,445,761)	(5,194,993)	(9,728,017)	(4,208,692)	--	(9,747,058)	(86,966,427)
Changes in outstanding claims, net	9,156,977	11,544,781	(2,483,666)	2,529,692	797,348	283,656	(633,290)	--	2,901,779	24,097,277
Changes in Incurred but not reported claims, net	(7,674,333)	(8,541,581)	(2,985,717)	3,790,804	(7,667,614)	(2,259,021)	(1,374,472)	(11,904,163)	9,264,065	(29,352,032)
Net claims incurred	(14,058,252)	(24,452,845)	(10,114,348)	(4,125,265)	(12,065,259)	(11,703,382)	(6,216,454)	(11,904,163)	2,418,786	(92,221,182)
Policy acquisition costs and profit commissions	(5,721,982)	(12,163,220)	(4,668,814)	(2,040,610)	(3,509,521)	(858,417)	(193,576)	(6,948,720)	(2,698,662)	(38,803,522)
Other underwriting expenses	(80,877)	(244,526)	(166,995)	(77,713)	(73,594)	(68,685)	(32,747)	(96,574)	(76,367)	(918,078)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(19,861,111)	(36,860,591)	(14,950,157)	(6,243,588)	(15,648,374)	(12,630,484)	(6,442,777)	(18,949,457)	(356,243)	(131,942,782)
NET UNDERWRITING (LOSS) / INCOME	(2,848,616)	8,988,513	(533,467)	8,345,782	(3,424,251)	985,606	106,594	(2,275,648)	16,848,746	26,193,259

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

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14 SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the three month period ended 30 September 2018 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	20,876,337	36,362,755	19,965,096	(18,762,912)	(1,214,658)	6,256,275	1,014,320	(1,368,648)	20,145,648	83,274,213
Retroceded premiums	(1,382,563)	(4,034,737)	(10,035,602)	--	60,479	--	--	--	(8,944,551)	(24,336,974)
Excess of loss expenses	(981,409)	(4,597,901)	(134,425)	--	(32,927)	(214,529)	--	--	(1,931,660)	(7,892,851)
Net written premiums	18,512,365	27,730,117	9,795,069	(18,762,912)	(1,187,106)	6,041,746	1,014,320	(1,368,648)	9,269,437	51,044,388
Changes in unearned premiums, net	1,448,993	14,164,653	1,993,699	31,087,093	10,417,026	6,158,526	6,286,882	16,021,991	4,109,408	91,688,271
Net earned premiums	19,961,358	41,894,770	11,788,768	12,324,181	9,229,920	12,200,272	7,301,202	14,653,343	13,378,845	142,732,659
Retrocession commissions	449,875	1,014,563	380,604	--	893,389	(91)	--	--	1,416,539	4,154,879
<u>TOTAL REVENUES</u>	20,411,233	42,909,333	12,169,372	12,324,181	10,123,309	12,200,181	7,301,202	14,653,343	14,795,384	146,887,538
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(6,683,104)	(25,913,593)	(3,547,938)	(24,440,271)	(4,807,322)	(14,207,317)	(4,695,456)	--	(10,553,039)	(94,848,040)
Retroceded share of claims paid	911,514	3,077,033	21,804	--	1,565,712	--	--	--	(1)	5,576,062
Net claims paid	(5,771,590)	(22,836,560)	(3,526,134)	(24,440,271)	(3,241,610)	(14,207,317)	(4,695,456)	--	(10,553,040)	(89,271,978)
Changes in outstanding claims, net	(9,482,703)	(8,194,246)	3,159,990	1,144,238	(252,681)	3,127,961	(1,305,295)	--	8,347,929	(3,454,807)
Changes in Incurred but not reported claims, net	(2,539,814)	1,653,239	(806,248)	13,871,754	(3,472,257)	2,770,317	(1,918,466)	(10,283,655)	(2,602,834)	(3,327,964)
Net claims incurred	(17,794,107)	(29,377,567)	(1,172,392)	(9,424,279)	(6,966,548)	(8,309,039)	(7,919,217)	(10,283,655)	(4,807,945)	(96,054,749)
Policy acquisition costs and profit commissions	(5,969,240)	(16,152,848)	(4,246,221)	(2,196,756)	(4,218,450)	230,316	(52,756)	(5,806,270)	(2,652,131)	(41,064,356)
Other underwriting expenses	(47,206)	(140,079)	(67,553)	10,647	(22,719)	(35,896)	(28,723)	(24,173)	(97,368)	(453,070)
	(23,810,553)	(45,670,494)	(5,486,166)	(11,610,388)	(11,207,717)	(8,114,619)	(8,000,696)	(16,114,098)	(7,557,444)	(137,572,175)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>										
<u>NET UNDERWRITING (LOSS) / INCOME</u>	(3,399,320)	(2,761,161)	6,683,206	713,793	(1,084,408)	4,085,562	(699,494)	(1,460,755)	7,237,940	9,315,363

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14 SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the nine month period ended 30 September 2019 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	69,825,701	186,374,216	79,365,743	59,143,517	53,545,251	42,256,363	19,549,479	71,839,935	94,596,636	676,496,841
Retroceded premiums	(5,833,139)	(16,395,016)	(26,848,543)	--	(18,857,308)	--	--	--	(22,478,071)	(90,412,077)
Excess of loss expenses	(2,880,994)	(4,477,726)	(537,703)	--	(84,484)	(558,855)	--	--	(5,983,807)	(14,523,569)
Net written premiums	61,111,568	165,501,474	51,979,497	59,143,517	34,603,459	41,697,508	19,549,479	71,839,935	66,134,758	571,561,195
Changes in unearned premiums, net	(8,912,176)	(29,203,004)	(12,940,480)	(3,118,447)	1,250,987	(4,231,662)	(4,025,960)	(23,296,356)	(18,881,580)	(103,358,678)
Net earned premiums	52,199,392	136,298,470	39,039,017	56,025,070	35,854,446	37,465,846	15,523,519	48,543,579	47,253,178	468,202,517
Retrocession commissions	1,356,872	3,282,568	1,100,258	--	2,788,433	(5,941)	--	--	4,537,105	13,059,295
<u>TOTAL REVENUES</u>	53,556,264	139,581,038	40,139,275	56,025,070	38,642,879	37,459,905	15,523,519	48,543,579	51,790,283	481,261,812
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(35,559,987)	(99,717,460)	(14,441,216)	(27,973,550)	(25,880,198)	(30,731,788)	(11,028,073)	--	(40,911,051)	(286,243,323)
Retroceded share of claims paid	578,896	17,620,238	4,226,489	--	6,982,487	--	--	--	18,678,063	48,086,173
Net claims paid	(34,981,091)	(82,097,222)	(10,214,727)	(27,973,550)	(18,897,711)	(30,731,788)	(11,028,073)	--	(22,232,988)	(238,157,150)
Changes in outstanding claims, net	(2,118,950)	9,627,607	(4,209,577)	(5,641,018)	(424,673)	2,759,243	(770,813)	--	6,384,012	5,605,831
Changes in Incurred but not reported claims, net	(9,239,304)	(4,571,733)	(8,812,782)	(4,142,148)	(4,416,374)	617,398	(4,318,002)	(33,764,483)	665,542	(67,981,886)
Net claims incurred	(46,339,345)	(77,041,348)	(23,237,086)	(37,756,716)	(23,738,758)	(27,355,147)	(16,116,888)	(33,764,483)	(15,183,434)	(300,533,205)
Policy acquisition costs and profit commissions	(18,667,718)	(40,588,816)	(13,363,218)	(6,946,120)	(11,874,254)	(3,443,249)	(946,607)	(19,249,166)	(9,464,992)	(124,544,140)
Other underwriting expenses	(241,236)	(762,885)	(302,767)	(284,811)	(230,122)	(184,364)	(77,618)	(207,596)	(306,769)	(2,598,168)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(65,248,299)	(118,393,049)	(36,903,071)	(44,987,647)	(35,843,134)	(30,982,760)	(17,141,113)	(53,221,245)	(24,955,195)	(427,675,513)
NET UNDERWRITING (LOSS) / INCOME	(11,692,035)	21,187,989	3,236,204	11,037,423	2,799,745	6,477,145	(1,617,594)	(4,677,666)	26,835,088	53,586,299

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14 SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the nine month period ended 30 September 2018 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	64,966,728	193,510,907	44,500,451	90,420,500	66,990,342	35,936,546	32,114,564	73,108,147	72,296,087	673,844,272
Retroceded premiums	(6,335,079)	(17,437,549)	(10,654,029)	--	(12,628,477)	79,131	--	--	(16,753,199)	(63,729,202)
Excess of loss expenses	(4,796,494)	(9,967,948)	(419,437)	--	(204,786)	(643,588)	--	--	(7,714,741)	(23,746,994)
Net written premiums	53,835,155	166,105,410	33,426,985	90,420,500	54,157,079	35,372,089	32,114,564	73,108,147	47,828,147	586,368,076
Changes in unearned premiums, net	(6,166,990)	(38,288,558)	(10,335,379)	(32,570,633)	(9,748,738)	3,473,755	(10,108,788)	(27,721,227)	(5,744,336)	(137,210,894)
Net earned premiums	47,668,165	127,816,852	23,091,606	57,849,867	44,408,341	38,845,844	22,005,776	45,386,920	42,083,811	449,157,182
Retrocession commissions	1,255,961	3,735,911	751,434	--	2,585,301	(57,713)	--	--	4,111,594	12,382,488
<u>TOTAL REVENUES</u>	48,924,126	131,552,763	23,843,040	57,849,867	46,993,642	38,788,131	22,005,776	45,386,920	46,195,405	461,539,670
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(33,816,930)	(66,197,874)	(15,008,482)	(48,664,088)	(23,799,735)	(47,283,485)	(11,680,704)	--	(25,172,105)	(271,623,403)
Retroceded share of claims paid	2,008,099	3,700,005	272,953	--	4,501,822	--	--	--	4,556,473	15,039,352
Net claims paid	(31,808,831)	(62,497,869)	(14,735,529)	(48,664,088)	(19,297,913)	(47,283,485)	(11,680,704)	--	(20,615,632)	(256,584,051)
Changes in outstanding claims, net	(8,685,811)	(13,337,688)	116,805	(1,585,879)	(2,436,508)	(640,373)	(1,526,230)	--	(12,193,720)	(40,289,404)
Changes in Incurred but not reported claims, net	5,990,918	(453,034)	895,439	9,325,195	(2,526,304)	13,280,403	(3,446,251)	(30,748,907)	2,588,595	(5,093,946)
Net claims incurred	(34,503,724)	(76,288,591)	(13,723,285)	(40,924,772)	(24,260,725)	(34,643,455)	(16,653,185)	(30,748,907)	(30,220,757)	(301,967,401)
Policy acquisition costs and profit commissions	(16,280,083)	(43,634,754)	(8,126,082)	(8,785,596)	(14,071,451)	(1,426,410)	(519,665)	(18,072,817)	(7,716,566)	(118,633,424)
Other underwriting expenses	(61,041)	(310,067)	(68,185)	(141,010)	(113,532)	(90,259)	(80,890)	(77,422)	(224,575)	(1,166,981)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(50,844,848)	(120,233,412)	(21,917,552)	(49,851,378)	(38,445,708)	(36,160,124)	(17,253,740)	(48,899,146)	(38,161,898)	(421,767,806)
NET UNDERWRITING (LOSS) / INCOME	(1,920,722)	11,319,351	1,925,488	7,998,489	8,547,934	2,628,007	4,752,036	(3,512,226)	8,033,507	39,771,864

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14 SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 30 September 2019												
(Unaudited)												
<u>ASSETS</u>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	30,136,404	26,595,525	56,731,929
Time deposits	--	--	--	--	--	--	--	--	--	138,292,787	242,999,059	381,291,846
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	2,096,112	4,545,836	6,641,948
Premium receivables, net	34,290,861	91,065,180	14,841,966	25,961,910	21,275,673	11,541,286	9,798,724	(7,260)	25,273,074	(21,014,345)	--	213,027,069
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	12,298,579	418,565,173	430,863,752
Held-to-maturity investments	--	--	--	--	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	58,108,962	125,171,628	39,781,880	38,749,655	36,652,298	40,368,241	24,952,237	149,167,133	48,561,000	--	--	561,513,034
Retroceded share of unearned premiums	7,820,399	8,734,103	6,879,801	--	13,941,112	--	--	--	9,438,369	--	--	46,813,784
Deferred excess of loss premiums	4,021,196	5,130,493	537,707	--	132,999	182,513	--	--	5,907,320	--	--	15,912,228
Retroceded share of outstanding claims	6,891,305	51,833,749	47,214,826	(995,031)	3,540,160	114,967	--	--	108,690,647	--	--	217,290,623
Retroceded share of claims incurred but not reported	5,863,565	3,719,693	47,049,779	740	4,842,941	--	--	--	7,214,886	--	--	68,691,604
Deferred policy acquisition costs	24,466,513	37,557,103	10,091,385	5,183,388	10,404,804	1,810,147	326,625	37,460,843	5,887,474	--	--	133,188,282
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	180,336,113	31,069,912	211,406,025
Property and equipment, net	--	--	--	--	--	--	--	--	--	3,481,094	29,767,955	33,249,049
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	3,598,664	3,598,664
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	104,297,936	104,297,936
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	17,446,787	17,446,787
TOTAL ASSETS	141,462,801	323,211,949	166,397,344	68,900,662	90,789,987	54,017,154	35,077,586	186,620,716	210,972,770	345,626,744	1,037,886,847	2,660,964,560

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

14. SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 30 September 2019 (Unaudited)												
<u>LIABILITIES</u>												
Accounts payable	(2,446,550)	11,469,437	113,590	2,840,288	1,773,942	1,283,260	794,736	--	(1,318,047)	16,946,668	--	31,457,324
Retrocession balances payable	--	--	--	--	--	--	--	--	--	61,419,818	--	61,419,818
Accrued retroceded premiums	932,683	3,980,088	(210,907)	--	6,890,296	--	--	--	8,979,846	--	--	20,572,006
Unearned premiums	81,387,908	131,661,579	38,981,558	30,980,375	40,148,954	25,249,563	14,662,810	91,377,065	42,813,041	--	--	497,262,853
Outstanding claims	106,200,393	225,667,666	82,589,844	48,141,635	27,382,324	21,015,510	7,664,592	--	157,057,684	--	--	675,719,648
Claims incurred but not reported	35,409,584	44,246,687	64,548,285	52,692,955	28,633,361	26,001,217	20,422,379	114,741,755	20,520,818	--	--	407,217,041
Unearned retrocession commission	1,435,481	2,233,454	192,015	--	2,859,953	--	--	--	1,354,918	--	--	8,075,821
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	10,801,260	3,336,649	14,137,909
End of service indemnities	--	--	--	--	--	--	--	--	--	7,312,005	--	7,312,005
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	35,752,303	35,752,303
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	17,446,787	17,446,787
TOTAL LIABILITIES	222,919,499	419,258,911	186,214,385	134,655,253	107,688,830	73,549,550	43,544,517	206,118,820	229,408,260	96,479,751	56,535,739	1,776,373,515

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

14 SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2018 (Audited)												
<u>ASSETS</u>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	22,343,716	9,542,390	31,886,106
Time deposits	--	--	--	--	--	--	--	--	--	73,896,431	196,235,246	270,131,677
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	408,367	1,671,257	2,079,624
Premium receivables, net	33,063,188	78,621,615	26,912,590	18,256,587	16,991,024	8,314,274	5,657,842	--	39,134,882	(26,928,489)	--	200,023,513
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	56,100,346	496,473,761	552,574,107
Held-to-maturity investments												
Accrued reinsurance premiums	45,037,704	95,556,383	24,345,102	24,596,627	28,688,727	36,594,299	19,382,544	109,680,062	25,896,689	--	--	409,778,137
Retroceded share of unearned premiums	8,010,935	7,175,832	2,619,072	--	6,220,529	--	--	--	9,054,526	--	--	33,080,894
Deferred excess of loss premiums	2,837,663	3,638,816	403,276	--	98,783	--	--	--	4,453,071	--	--	11,431,609
Retroceded share of outstanding claims	8,807,058	48,821,297	26,882,345	(993,866)	3,321,553	114,798	--	--	111,479,333	--	--	198,432,518
Retroceded share of claims incurred but not reported	8,097,132	5,620,750	1,605,731	445	5,721,604	651	--	--	38,890,866	--	--	59,937,179
Deferred policy acquisition costs	21,099,778	26,959,964	6,258,256	4,527,001	8,610,364	1,220,723	300,936	27,153,981	3,764,588	--	--	99,895,591
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	177,871,645	31,087,587	208,959,232
Property and equipment, net	--	--	--	--	--	--	--	--	--	2,212,848	30,376,050	32,588,898
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	2,663,892	2,663,892
Investment in equity accounted investee	--	--	--	--	--	--	--	--	--	--	97,293,816	97,293,816
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	15,549,401	15,549,401
TOTAL ASSETS	126,953,458	266,394,657	89,026,372	46,386,794	69,652,584	46,244,745	25,341,322	136,834,043	232,673,955	305,904,864	1,002,393,400	2,347,806,194

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

14 SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2018 (Audited)												
LIABILITIES												
Accounts payable	243,793	8,841,262	391,426	490,530	1,008,131	1,624,317	--	--	4,138,668	3,189,512	--	19,927,639
Retrocession balances payable	--	--	--	--	--	--	--	--	--	22,898,559	--	22,898,559
Accrued retroceded premiums	2,021,819	4,615,122	28,978	--	2,945,797	--	--	--	6,228,001	--	--	15,839,717
Unearned premiums	72,778,665	101,381,181	21,780,349	27,861,928	33,086,082	21,017,901	10,636,850	68,080,710	23,547,619	--	--	380,171,285
Outstanding claims	105,894,071	232,426,687	58,047,786	42,461,041	26,739,043	23,774,585	6,893,779	--	166,230,380	--	--	662,467,372
Claims incurred but not reported	28,403,847	41,575,068	10,291,455	48,550,512	25,095,650	26,620,210	16,104,376	80,977,273	52,862,342	--	--	330,480,733
Unearned retrocession commission	3,004,693	(304,033)	147,595	--	1,543,719	--	--	--	2,018,266	--	--	6,410,240
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	7,560,114	4,986,838	12,546,952
End of service indemnities	--	--	--	--	--	--	--	--	--	6,593,975	--	6,593,975
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	38,244,253	38,244,253
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	15,549,401	15,549,401
TOTAL LIABILITIES	212,346,888	388,535,287	90,687,589	119,364,011	90,418,422	73,037,013	33,635,005	149,057,983	255,025,276	40,242,160	58,780,492	1,511,130,126

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the three month period ended 30 September 2019 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	87,506,940	26,856,992	11,530,014	24,767,570	19,308,251	169,969,767
Retroceded premiums	(41,651,445)	(8,952)	--	413,284	--	(41,247,113)
Excess of loss expenses	(1,791,678)	(455,878)	(264,397)	2,567,369	(37,669)	17,747
Net written premiums	44,063,817	26,392,162	11,265,617	27,748,223	19,270,582	128,740,401
Changes in unearned premiums, net	3,219,635	(4,603,983)	672,704	27,292,745	(1,612,035)	24,969,066
Net earned premiums	47,283,452	21,788,179	11,938,321	55,040,968	17,658,547	153,709,467
Retrocession commissions	3,545,989	13,396	--	867,189	--	4,426,574
<u>TOTAL REVENUES</u>	50,829,441	21,801,575	11,938,321	55,908,157	17,658,547	158,136,041
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(31,069,561)	(20,219,206)	(4,751,530)	(39,708,817)	(39,118)	(95,788,232)
Retroceded share of claims paid	5,197,203	28,755	--	3,595,847	--	8,821,805
Net claims paid	(25,872,358)	(20,190,451)	(4,751,530)	(36,112,970)	(39,118)	(86,966,427)
Changes in outstanding claims, net	5,544,262	3,302,951	(34,862)	15,495,294	(210,368)	24,097,277
Changes in Incurred but not reported claims, net	10,516,847	(7,570,127)	(3,081,641)	(17,466,838)	(11,750,273)	(29,352,032)
Net claims incurred	(9,811,249)	(24,457,627)	(7,868,033)	(38,084,514)	(11,999,759)	(92,221,182)
Policy acquisition costs and profit commissions	(10,483,455)	(5,893,270)	(3,215,341)	(12,146,932)	(7,064,524)	(38,803,522)
Other underwriting expenses	(505,763)	(134,285)	(57,650)	(123,838)	(96,542)	(918,078)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(20,800,467)	(30,485,182)	(11,141,024)	(50,355,284)	(19,160,825)	(131,942,782)
<u>NET UNDERWRITING INCOME / (LOSS)</u>	30,028,974	(8,683,607)	797,297	5,552,873	(1,502,278)	26,193,259

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the three month period ended 30 September 2018 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	37,643,152	32,449,675	7,888,616	6,407,226	(1,114,456)	83,274,213
Retroceded premiums	(24,349,901)	(42,955)	(1,809)	57,691	--	(24,336,974)
Excess of loss expenses	(1,825,289)	(3,898,596)	(243,025)	(1,507,709)	(418,232)	(7,892,851)
Net written premiums	11,467,962	28,508,124	7,643,782	4,957,208	(1,532,688)	51,044,388
Changes in unearned premiums, net	40,558,537	(5,788,654)	956,181	38,738,374	17,223,833	91,688,271
Net earned premiums	52,026,499	22,719,470	8,599,963	43,695,582	15,691,145	142,732,659
Retrocession commissions	3,348,563	22,062	257	783,997	--	4,154,879
<u>TOTAL REVENUES</u>	<u>55,375,062</u>	<u>22,741,532</u>	<u>8,600,220</u>	<u>44,479,579</u>	<u>15,691,145</u>	<u>146,887,538</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(47,044,052)	(19,040,037)	(3,805,775)	(24,958,176)	--	(94,848,040)
Retroceded share of claims paid	3,736,787	274,678	--	1,564,597	--	5,576,062
Net claims paid	(43,307,265)	(18,765,359)	(3,805,775)	(23,393,579)	--	(89,271,978)
Changes in outstanding claims, net	4,082,865	(10,034,778)	(106,875)	2,913,200	(309,219)	(3,454,807)
Changes in Incurred but not reported claims, net	12,651,717	2,060,965	(644,800)	(6,898,104)	(10,497,742)	(3,327,964)
Net claims incurred	(26,572,683)	(26,739,172)	(4,557,450)	(27,378,483)	(10,806,961)	(96,054,749)
Policy acquisition costs and profit commissions	(13,061,371)	(6,947,067)	(2,090,356)	(12,998,845)	(5,966,717)	(41,064,356)
Other underwriting expenses	(164,418)	(75,799)	(33,495)	(148,179)	(31,179)	(453,070)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>(39,798,472)</u>	<u>(33,762,038)</u>	<u>(6,681,301)</u>	<u>(40,525,507)</u>	<u>(16,804,857)</u>	<u>(137,572,175)</u>
<u>NET UNDERWRITING INCOME / (LOSS)</u>	<u>15,576,590</u>	<u>(11,020,506)</u>	<u>1,918,918</u>	<u>3,954,072</u>	<u>(1,113,711)</u>	<u>9,315,363</u>

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
For the three month and nine month periods ended 30 September 2019

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the nine month period ended 30 September 2019 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	252,952,284	83,434,668	45,074,191	219,489,666	75,546,032	676,496,841
Retroceded premiums	(71,418,586)	(155,259)	(4,027)	(18,834,205)	--	(90,412,077)
Excess of loss expenses	(6,345,549)	(3,945,356)	(938,633)	(3,205,607)	(88,424)	(14,523,569)
Net written premiums	175,188,149	79,334,053	44,131,531	197,449,854	75,457,608	571,561,195
Changes in unearned premiums, net	(29,693,229)	(8,556,685)	(11,757,814)	(29,377,993)	(23,972,957)	(103,358,678)
Net earned premiums	145,494,920	70,777,368	32,373,717	168,071,861	51,484,651	468,202,517
Retrocession commissions	10,519,409	28,747	3,432	2,507,707	--	13,059,295
<u>TOTAL REVENUES</u>	156,014,329	70,806,115	32,377,149	170,579,568	51,484,651	481,261,812
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(112,927,336)	(48,953,326)	(16,743,953)	(107,590,514)	(28,194)	(286,243,323)
Retroceded share of claims paid	40,517,991	86,640	29,529	7,452,013	--	48,086,173
Net claims paid	(72,409,345)	(48,866,686)	(16,714,424)	(100,138,501)	(28,194)	(238,157,150)
Changes in outstanding claims, net	1,118,896	1,950,999	1,215,274	3,257,275	(1,936,613)	5,605,831
Changes in Incurred but not reported claims, net	343,905	(7,846,302)	(3,125,454)	(22,529,183)	(34,824,852)	(67,981,886)
Net claims incurred	(70,946,544)	(54,761,989)	(18,624,604)	(119,410,409)	(36,789,659)	(300,533,205)
Policy acquisition costs and profit commissions	(35,019,286)	(20,543,739)	(8,920,082)	(40,444,666)	(19,616,367)	(124,544,140)
Other underwriting expenses	(1,109,797)	(375,601)	(160,313)	(734,915)	(217,542)	(2,598,168)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(107,075,627)	(75,681,329)	(27,704,999)	(160,589,990)	(56,623,568)	(427,675,513)
NET UNDERWRITING INCOME / (LOSS)	48,938,702	(4,875,214)	4,672,150	9,989,578	(5,138,917)	53,586,299

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the nine month period ended 30 September 2018 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	263,856,117	90,931,146	29,643,352	210,733,574	78,680,083	673,844,272
Retroceded premiums	(51,791,831)	(28,317)	(13,314)	(11,895,740)	--	(63,729,202)
Excess of loss expenses	(8,325,313)	(6,809,357)	(1,022,597)	(6,929,172)	(660,555)	(23,746,994)
Net written premiums	203,738,973	84,093,472	28,607,441	191,908,662	78,019,528	586,368,076
Changes in unearned premiums, net	(45,189,252)	(9,360,304)	(5,991,368)	(47,627,794)	(29,042,176)	(137,210,894)
Net earned premiums	158,549,721	74,733,168	22,616,073	144,280,868	48,977,352	449,157,182
Retrocession commissions	10,077,637	(10,890)	3,726	2,312,015	--	12,382,488
<u>TOTAL REVENUES</u>	<u>168,627,358</u>	<u>74,722,278</u>	<u>22,619,799</u>	<u>146,592,883</u>	<u>48,977,352</u>	<u>461,539,670</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(126,712,487)	(51,757,151)	(15,752,839)	(77,362,766)	(38,160)	(271,623,403)
Retroceded share of claims paid	5,326,835	443,591	4,890	9,264,036	--	15,039,352
Net claims paid	(121,385,652)	(51,313,560)	(15,747,949)	(68,098,730)	(38,160)	(256,584,051)
Changes in outstanding claims, net	6,840,335	(19,062,720)	(12,275,921)	(14,237,745)	(1,553,353)	(40,289,404)
Changes in Incurred but not reported claims, net	20,883,764	5,538,619	2,942,526	(3,189,953)	(31,268,902)	(5,093,946)
Net claims incurred	(93,661,553)	(64,837,661)	(25,081,344)	(85,526,428)	(32,860,415)	(301,967,401)
Policy acquisition costs and profit commissions	(36,686,479)	(20,824,152)	(6,086,597)	(36,455,049)	(18,581,147)	(118,633,424)
Other underwriting expenses	(457,005)	(169,847)	(71,816)	(370,944)	(97,369)	(1,166,981)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>(130,805,037)</u>	<u>(85,831,660)</u>	<u>(31,239,757)</u>	<u>(122,352,421)</u>	<u>(51,538,931)</u>	<u>(421,767,806)</u>
NET UNDERWRITING INCOME / (LOSS)	37,822,321	(11,109,382)	(8,619,958)	24,240,462	(2,561,580)	39,771,864

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
For the three month and nine month periods ended 30 September 2019
14 SEGMENTAL INFORMATION (CONTINUED)
14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
As at 30 September 2019								
(Unaudited)								
ASSETS								
Bank balances and cash	27,091,114	--	--	3,045,290	--	--	26,595,525	56,731,929
Time deposits	85,754,774	--	--	52,538,013	--	--	242,999,059	381,291,846
Accrued special commission income from time deposits	1,298,304	--	--	797,808	--	--	4,545,836	6,641,948
Premium receivables, net	82,673,530	49,818,313	34,158,972	65,647,489	3,717,173	(22,988,408)	--	213,027,069
Investments held at fair value through income statement	--	--	--	--	--	12,298,579	418,565,173	430,863,752
Held-to-maturity investments	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	171,728,998	66,386,888	30,469,344	142,848,123	150,079,681	--	--	561,513,034
Retroceded share of unearned premiums	32,837,823	56,687	1,287	13,917,987	--	--	--	46,813,784
Deferred excess of loss premiums	13,619,650	1,353,691	158,635	780,252	--	--	--	15,912,228
Retroceded share of outstanding claims	181,050,872	18,256,649	1,544,587	16,438,515	--	--	--	217,290,623
Retroceded share of claims incurred but not reported	62,987,535	1,654,294	164,869	3,845,740	39,166	--	--	68,691,604
Deferred policy acquisition costs	34,592,843	18,343,015	7,641,897	35,036,672	37,573,855	--	--	133,188,282
Prepaid expenses, deposits and other assets	180,130,435	--	--	205,678	--	--	31,069,912	211,406,025
Property and equipment, net	1,936,520	--	--	1,544,574	--	--	29,767,955	33,249,049
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	3,598,664	3,598,664
Investment in an equity accounted investee	--	--	--	--	--	--	104,297,936	104,297,936
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	17,446,787	17,446,787
TOTAL ASSETS	875,702,398	155,869,537	74,139,591	336,646,141	191,409,875	(10,689,829)	1,037,886,847	2,660,964,560
LIABILITIES								
Accounts payable	3,064,384	90,384	182,007	12,117,272	(10,926)	16,014,203	--	31,457,324
Retrocession balances payable	--	--	--	--	--	61,419,818	--	61,419,818
Accrued retroceded premiums	3,294,814	(1,124,041)	(311,533)	7,138,586	--	11,574,180	--	20,572,006
Unearned premiums	176,717,392	60,944,145	26,581,584	140,675,773	92,343,959	--	--	497,262,853
Outstanding claims	348,928,745	134,980,984	19,932,837	168,743,018	3,134,064	--	--	675,719,648
Claims incurred but not reported	147,957,884	40,473,227	16,161,293	85,996,827	116,627,810	--	--	407,217,041
Unearned retrocession commission	5,208,783	13,607	300	2,853,131	--	--	--	8,075,821
Accrued expenses and other liabilities	--	--	--	--	--	10,801,260	3,336,649	14,137,909
End of service indemnities	7,312,005	--	--	--	--	--	--	7,312,005
Provision for zakat and tax	--	--	--	--	--	--	35,752,303	35,752,303
Accrued commission income payable to SAMA	--	--	--	--	--	--	17,446,787	17,446,787
TOTAL LIABILITIES	692,484,007	235,378,306	62,546,488	417,524,607	212,094,907	99,809,461	56,535,739	1,776,373,515

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2018 (Audited)								
ASSETS								
Bank balances and cash	16,237,729	--	--	6,105,987	--	--	9,542,390	31,886,106
Time deposits	19,397,000	--	--	54,499,431	--	--	196,235,246	270,131,677
Accrued special commission income from time deposits	168,615	--	--	239,752	--	--	1,671,257	2,079,624
Premium receivables, net	47,592,759	35,285,959	12,729,390	39,081,228	--	65,334,177	--	200,023,513
Investments held at fair value through income statement	--	--	--	--	--	56,100,346	496,473,761	552,574,107
Held-to-maturity investments								
Accrued reinsurance premiums	129,433,278	50,023,519	16,330,009	103,366,647	110,624,684	--	--	409,778,137
Retroceded share of unearned premiums	27,317,750	8,739	8,026	5,746,379	--	--	--	33,080,894
Deferred excess of loss premiums	7,162,684	1,068,000	--	3,200,925	--	--	--	11,431,609
Retroceded share of outstanding claims	167,245,423	13,694,224	4,615,894	12,876,977	--	--	--	198,432,518
Retroceded share of claims incurred but not reported	47,208,681	3,523,570	513,471	8,635,652	55,805	--	--	59,937,179
Deferred policy acquisition costs	26,401,087	15,853,687	4,177,417	26,206,480	27,256,920	--	--	99,895,591
Prepaid expenses, deposits and other assets	11,146,007	--	--	115,763	166,609,875	--	31,087,587	208,959,232
Property and equipment, net	1,908,364	--	--	--	304,484	--	30,376,050	32,588,898
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	2,663,892	2,663,892
Investment in an equity accounted investee	--	--	--	--	--	--	97,293,816	97,293,816
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	15,549,401	15,549,401
TOTAL ASSETS	501,219,377	119,457,698	38,374,207	260,075,221	304,851,768	121,434,523	1,002,393,400	2,347,806,194
LIABILITIES								
Accounts payable	3,281,697	1,865,259	4,632,891	9,694,103	--	453,689	--	19,927,639
Retrocession balances payable	--	--	--	--	--	22,898,559	--	22,898,559
Accrued retroceded premiums	53,735	(1,098,698)	(311,533)	2,927,586	--	14,268,627	--	15,839,717
Unearned premiums	142,114,411	54,204,990	13,867,561	101,613,323	68,371,000	--	--	380,171,285
Outstanding claims	336,536,294	133,051,389	21,361,851	168,733,151	2,784,687	--	--	662,467,372
Claims incurred but not reported	132,522,900	34,496,239	13,384,441	68,257,556	81,819,597	--	--	330,480,733
Unearned retrocession commission	3,184,955	1,748	2,051	1,178,198	--	2,043,288	--	6,410,240
Accrued expenses and other liabilities	--	--	--	--	--	7,560,114	4,986,838	12,546,952
End of service indemnities	6,593,975	--	--	--	--	--	--	6,593,975
Provision for zakat and tax	--	--	--	--	--	--	38,244,253	38,244,253
Accrued commission income payable to SAMA	--	--	--	--	--	--	15,549,401	15,549,401
TOTAL LIABILITIES	624,287,967	222,520,927	52,937,262	352,403,917	152,975,284	47,224,277	58,780,492	1,511,130,126

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the three month and nine month periods ended 30 September 2019

15 SUPPLEMENTARY INFORMATION

Interim condensed statement of financial position

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
ASSETS						
Bank balances and cash	30,136,404	26,595,525	56,731,929	22,343,716	9,542,390	31,886,106
Time deposits	138,292,787	242,999,059	381,291,846	73,896,431	196,235,246	270,131,677
Accrued special commission income from time deposits	2,096,112	4,545,836	6,641,948	408,367	1,671,257	2,079,624
Premium receivables, net	213,027,069	--	213,027,069	200,023,513	--	200,023,513
Investments held at fair value through income statement	12,298,579	418,565,173	430,863,752	56,100,346	496,473,761	552,574,107
Held-to-maturity investments	--	37,500,000	37,500,000	--	--	--
Accrued reinsurance premiums	561,513,034	--	561,513,034	409,778,137	--	409,778,137
Retroceded share of unearned premiums	46,813,784	--	46,813,784	33,080,894	--	33,080,894
Deferred excess of loss premiums	15,912,228	--	15,912,228	11,431,609	--	11,431,609
Retroceded share of outstanding claims	217,290,623	--	217,290,623	198,432,518	--	198,432,518
Retroceded share of claims incurred but not reported	68,691,604	--	68,691,604	59,937,179	--	59,937,179
Deferred policy acquisition costs	133,188,282	--	133,188,282	99,895,591	--	99,895,591
Prepaid expenses, deposits and other assets	180,336,113	31,069,912	211,406,025	177,871,645	31,087,587	208,959,232
Property and equipment, net	3,481,094	29,767,955	33,249,049	2,212,848	30,376,050	32,588,898
Accrued special commission income from bonds and sukuk	--	3,598,664	3,598,664	--	2,663,892	2,663,892
Investment in an equity accounted investee	--	104,297,936	104,297,936	--	97,293,816	97,293,816
Statutory deposit	--	121,500,000	121,500,000	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	17,446,787	17,446,787	--	15,549,401	15,549,401
Due from shareholders' operations*	103,702,616	--	103,702,616	110,965,035	--	110,965,035
TOTAL ASSETS	1,726,780,329	1,037,886,847	2,764,667,176	1,456,377,829	1,002,393,400	2,458,771,229
LIABILITIES						
Accounts payable	31,457,324	--	31,457,324	19,927,639	--	19,927,639
Retrocession balances payable	61,419,818	--	61,419,818	22,898,559	--	22,898,559
Accrued retroceded premiums	20,572,006	--	20,572,006	15,839,717	--	15,839,717
Unearned premiums	497,262,853	--	497,262,853	380,171,285	--	380,171,285
Outstanding claims	675,719,648	--	675,719,648	662,467,372	--	662,467,372
Claims incurred but not reported	407,217,041	--	407,217,041	330,480,733	--	330,480,733
Unearned retrocession commission	8,075,821	--	8,075,821	6,410,240	--	6,410,240
Accrued expenses and other liabilities	10,801,260	3,336,649	14,137,909	7,560,114	4,986,838	12,546,952
End of service indemnities	7,312,005	--	7,312,005	6,593,975	--	6,593,975
Accumulated surplus	6,942,553	--	6,942,553	4,028,195	--	4,028,195
Provision for zakat and tax	--	35,752,303	35,752,303	--	38,244,253	38,244,253
Accrued commission income payable to SAMA	--	17,446,787	17,446,787	--	15,549,401	15,549,401
Due to reinsurance operations*	--	103,702,616	103,702,616	--	110,965,035	110,965,035
TOTAL LIABILITIES	1,726,780,329	160,238,355	1,887,018,684	1,456,377,829	169,745,527	1,626,123,356
SHAREHOLDERS' EQUITY						
Share capital	--	810,000,000	810,000,000	--	810,000,000	810,000,000
Statutory reserve	--	8,815,260	8,815,260	--	8,815,260	8,815,260
Other reserves	--	221,105	221,105	--	1,074,616	1,074,616
Retained earnings	--	58,612,127	58,612,127	--	12,757,997	12,757,997
TOTAL SHAREHOLDERS' EQUITY	--	877,648,492	877,648,492	--	832,647,873	832,647,873
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,726,780,329	1,037,886,847	2,764,667,176	1,456,377,829	1,002,393,400	2,458,771,229

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
For the three month and nine month periods ended 30 September 2019

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of income

	For the three month period ended 30 September 2019 (Unaudited)			For the three month period ended 30 September 2018 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
REVENUES						
Gross written premiums	169,969,767	--	169,969,767	83,274,213	--	83,274,213
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(41,247,113)	--	(41,247,113)	(24,336,974)	--	(24,336,974)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	17,747	--	17,747	(7,892,851)	--	(7,892,851)
Net written premiums	128,740,401	--	128,740,401	51,044,388	--	51,044,388
Changes in unearned premiums, net	24,969,066	--	24,969,066	91,688,271	--	91,688,271
Net earned premiums	153,709,467	--	153,709,467	142,732,659	--	142,732,659
Retrocession commissions	4,426,574	--	4,426,574	4,154,879	--	4,154,879
TOTAL REVENUES	158,136,041	--	158,136,041	146,887,538	--	146,887,538
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(95,788,232)	--	(95,788,232)	(94,848,040)	--	(94,848,040)
Retroceded share of claims paid	8,821,805	--	8,821,805	5,576,062	--	5,576,062
Net claims paid	(86,966,427)	--	(86,966,427)	(89,271,978)	--	(89,271,978)
Changes in outstanding claims, net	24,097,277	--	24,097,277	(3,454,807)	--	(3,454,807)
Changes in Incurred but not reported claims, net	(29,352,032)	--	(29,352,032)	(3,327,964)	--	(3,327,964)
Net claims incurred	(92,221,182)	--	(92,221,182)	(96,054,749)	--	(96,054,749)
Policy acquisition costs and profit commissions	(38,803,522)	--	(38,803,522)	(41,064,356)	--	(41,064,356)
Other underwriting expenses	(918,078)	--	(918,078)	(453,070)	--	(453,070)
TOTAL UNDERWRITING COSTS AND EXPENSES	(131,942,782)	--	(131,942,782)	(137,572,175)	--	(137,572,175)
NET UNDERWRITING INCOME	26,193,259	--	26,193,259	9,315,363	--	9,315,363
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	1,986,881	2,527,550	4,514,431	1,381,916	338,387	1,720,303
Realized gains on investments held at fair value through income statement	--	669,263	669,263	66,136	--	66,136
Unrealized gains / (losses) on investments held at fair value through income statement	60,234	(5,024,995)	(4,964,761)	1,058,045	7,274,016	8,332,061
Special commission income from bonds and sukuk	--	1,192,997	1,192,997	--	725,928	725,928
Dividend income	--	592,248	592,248	--	1,067,155	1,067,155
Share of profit of equity accounted investee	--	434,970	434,970	--	677,175	677,175
Investment management expenses	(30,606)	(379,008)	(409,614)	(112,281)	(817,235)	(929,516)
Net investment income	2,016,509	13,025	2,029,534	2,393,816	9,265,426	11,659,242
Other income	--	251,958	251,958	--	751,485	751,485
Reversal of provision for doubtful debts	--	--	--	2,434,907	--	2,434,907
General and administrative expenses	(9,903,963)	(1,604,092)	(11,508,055)	(10,223,220)	(2,568,524)	(12,791,744)
Board of directors' remunerations, meetings fees and expenses	--	(546,449)	(546,449)	--	(512,482)	(512,482)
Foreign exchange translation losses	(1,113,481)	--	(1,113,481)	(483,370)	(532)	(483,902)
Total income for the period before zakat and tax	17,192,324	(1,885,558)	15,306,766	3,437,496	6,935,373	10,372,869
Total income attributed to the reinsurance operations	(1,720,547)	--	(1,720,547)	(343,749)	--	(343,749)
Net income for the period before zakat and tax	15,471,777	(1,885,558)	13,586,219	3,093,747	6,935,373	10,029,120
Zakat and tax charge for the period	--	(3,253,939)	(3,253,939)	--	(3,138,931)	(3,138,931)
Net income for the period after zakat and tax attributable to the shareholders	15,471,777	(5,139,497)	10,332,280	3,093,747	3,796,442	6,890,189

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
For the three month and nine month periods ended 30 September 2019

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of income (continued)

	For the nine month period ended 30 September 2019 (Unaudited)			For the nine month period ended 30 September 2018 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
REVENUES						
Gross written premiums	676,496,841	--	676,496,841	673,844,272	--	673,844,272
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(90,412,077)	--	(90,412,077)	(63,729,202)	--	(63,729,202)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(14,523,569)	--	(14,523,569)	(23,746,994)	--	(23,746,994)
Net written premiums	571,561,195	--	571,561,195	586,368,076	--	586,368,076
Changes in unearned premiums, net	(103,358,678)	--	(103,358,678)	(137,210,894)	--	(137,210,894)
Net earned premiums	468,202,517	--	468,202,517	449,157,182	--	449,157,182
Retrocession commissions	13,059,295	--	13,059,295	12,382,488	--	12,382,488
TOTAL REVENUES	481,261,812	--	481,261,812	461,539,670	--	461,539,670
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(286,243,323)	--	(286,243,323)	(271,623,403)	--	(271,623,403)
Retroceded share of claims paid	48,086,173	--	48,086,173	15,039,352	--	15,039,352
Net claims paid	(238,157,150)	--	(238,157,150)	(256,584,051)	--	(256,584,051)
Changes in outstanding claims, net	5,605,831	--	5,605,831	(40,289,404)	--	(40,289,404)
Changes in Incurred but not reported claims, net	(67,981,886)	--	(67,981,886)	(5,093,946)	--	(5,093,946)
Net claims incurred	(300,533,205)	--	(300,533,205)	(301,967,401)	--	(301,967,401)
Policy acquisition costs and profit commissions	(124,544,140)	--	(124,544,140)	(118,633,424)	--	(118,633,424)
Other underwriting expenses	(2,598,168)	--	(2,598,168)	(1,166,981)	--	(1,166,981)
TOTAL UNDERWRITING COSTS AND EXPENSES	(427,675,513)	--	(427,675,513)	(421,767,806)	--	(421,767,806)
NET UNDERWRITING INCOME	53,586,299	--	53,586,299	39,771,864	--	39,771,864
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	5,789,526	7,262,238	13,051,764	2,977,271	507,996	3,485,267
Realized gains on investments held at fair value through income statement	193,267	1,835,458	2,028,725	280,020	1,504,030	1,784,050
Unrealized gains on investments held at fair value through income statement	85,237	14,794,599	14,879,836	486,367	14,342,157	14,828,524
Special commission income from bonds and sukuk	--	3,014,673	3,014,673	--	2,090,118	2,090,118
Dividend income	--	2,595,399	2,595,399	--	2,484,187	2,484,187
Share of profit of associate	--	7,857,631	7,857,631	--	1,244,548	1,244,548
Investment management expenses	(124,512)	(1,201,674)	(1,326,186)	(315,653)	(2,655,267)	(2,970,920)
Net investment income	5,943,518	36,158,324	42,101,842	3,428,005	19,517,769	22,945,774
Other income	--	747,658	747,658	--	1,151,331	1,151,331
Reversal of provision for doubtful debts	517,929	--	517,929	1,574,768	--	1,574,768
General and administrative expenses	(30,367,662)	(5,273,360)	(35,641,022)	(30,237,734)	(5,274,458)	(35,512,192)
Board of directors' remunerations, meetings fees and expenses	--	(1,705,469)	(1,705,469)	--	(1,642,388)	(1,642,388)
Foreign exchange translation losses	(536,874)	--	(536,874)	(3,006,523)	(68,865)	(3,075,388)
Total income for the period before zakat and tax	29,143,210	29,927,153	59,070,363	11,530,380	13,683,389	25,213,769
Total income attributed to the reinsurance operations	(2,914,358)	--	(2,914,358)	(1,153,038)	--	(1,153,038)
Net income for the period before zakat and tax	26,228,852	29,927,153	56,156,005	10,377,342	13,683,389	24,060,731
Zakat and tax charge for the period	--	(10,301,875)	(10,301,875)	--	(9,276,257)	(9,276,257)
Net income for the period after zakat and tax attributable to the shareholders	26,228,852	19,625,278	45,854,130	10,377,342	4,407,132	14,784,474

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
For the three month and nine month periods ended 30 September 2019

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of comprehensive income

	For the three month period ended 30 September 2019 (Unaudited)			For the three month period ended 30 September 2018 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Surplus transferred to Shareholders	15,471,777	(5,139,497)	10,332,280	3,093,747	3,796,442	6,890,189
<i>Other comprehensive income</i>						
Items that may be classified to income statement subsequently						
Share of foreign currency translation reserve of an equity accounted investee	--	376,381	376,381	--	3,969,004	3,969,004
Total comprehensive income for the period	15,471,777	(4,763,116)	10,708,661	3,093,747	7,765,446	10,859,193
	For the nine month period ended 30 September 2019 (Unaudited)			For the nine month period ended 30 September 2018 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Surplus transferred to Shareholders	26,228,852	19,625,278	45,854,130	10,377,342	4,407,132	14,784,474
<i>Other comprehensive income</i>						
Items that may be classified to income statement subsequently						
Share of foreign currency translation reserve of an equity accounted investee	--	(853,511)	(853,511)	--	1,994,513	1,994,513
Total comprehensive income for the period	26,228,852	18,771,767	45,000,619	10,377,342	6,401,645	16,778,987

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
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15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of cash flows

	<u>Reinsurance operations</u>	<u>Shareholders' operations</u>	<u>Total</u>	<u>Reinsurance operations</u>	<u>Shareholders' operations</u>	<u>Total</u>
	<u>For the nine month period ended 30 September 2019 (Unaudited)</u>			<u>For the nine month period ended 30 September 2018 (Unaudited)</u>		
OPERATING ACTIVITIES						
Total income for the period before zakat and tax	2,914,358	56,156,005	59,070,363	1,153,038	24,060,731	25,213,769
<i>Adjustments to reconcile net income for the period to net cash from operating activities:</i>						
Employees' end of service benefits	1,087,213	--	1,087,213	1,235,678	--	1,235,678
Depreciation of property and equipment	742,857	608,094	1,350,951	1,097,672	655,148	1,752,820
Realized gains on investments held at fair value through income statement	(193,267)	(1,835,458)	(2,028,725)	(280,021)	(1,504,030)	(1,784,051)
Unrealized (gains) on investments held at fair value through income statement	(85,237)	(14,794,599)	(14,879,836)	(486,368)	(14,342,157)	(14,828,525)
Share of profit of an equity accounted investee	--	(7,857,631)	(7,857,631)	--	(1,244,548)	(1,244,548)
(Reversal) of provision for doubtful receivable	(517,929)	--	(517,929)	(1,574,767)	--	(1,574,767)
Operating income before changes in operating assets and liabilities	3,947,995	32,276,411	36,224,406	1,145,232	7,625,144	8,770,376
Changes in operating assets and liabilities:						
Premiums receivable, gross	(12,485,628)	--	(12,485,628)	146,526,154	--	146,526,154
Accrued reinsurance premiums	(151,734,897)	--	(151,734,897)	(154,508,491)	--	(154,508,491)
Retroceded share of unearned premiums	(13,732,890)	--	(13,732,890)	71,796,240	--	71,796,240
Unearned premiums	117,091,568	--	117,091,568	65,414,655	--	65,414,655
Retroceded share of outstanding claims	(18,858,105)	--	(18,858,105)	(115,447,647)	--	(115,447,647)
Retroceded share of claims incurred but not reported	(8,754,425)	--	(8,754,425)	8,768,589	--	8,768,589
Deferred acquisition costs	(33,292,691)	--	(33,292,691)	(35,550,395)	--	(35,550,395)
Deferred excess of loss premiums	(4,480,619)	--	(4,480,619)	(491,088)	--	(491,088)
Prepaid expenses, deposits and other assets	(2,464,468)	17,675	(2,446,793)	(11,595,635)	(30,692,675)	(42,288,310)
Accounts payable	11,529,685	--	11,529,685	2,033,486	--	2,033,486
Retrocession balances payable	38,521,259	--	38,521,259	(193,388,765)	--	(193,388,765)
Accrued retroceded premiums	4,732,289	--	4,732,289	10,854,548	--	10,854,548
Outstanding claims	13,252,276	--	13,252,276	155,737,048	--	155,737,048
Claims incurred but not reported	76,736,308	--	76,736,308	(3,674,644)	--	(3,674,644)
Unearned commission income	1,665,581	--	1,665,581	1,182,662	--	1,182,662
Accrued expenses and other liabilities	3,241,146	(1,650,189)	1,590,957	2,210,448	(2,562,480)	(352,032)
Cash from / (used in) operating activities	24,914,384	30,643,897	55,558,281	(48,987,603)	(25,630,011)	(74,617,614)
Zakat and income tax paid	--	(12,793,825)	(12,793,825)	--	(12,089,920)	(12,089,920)
Employees' end of service benefits paid	(369,183)	--	(369,183)	(629,189)	--	(629,189)
Net cash from / (used in) operating activities	24,545,201	17,850,072	42,395,273	(49,616,792)	(37,719,931)	(87,336,723)

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15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of cash flows (continued)

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the nine month period ended 30 September 2019 (Unaudited)			For the nine month period ended 30 September 2018 (Unaudited)		
INVESTING ACTIVITIES						
Time deposits	(114,145,786)	(46,763,813)	(160,909,599)	7,348,724	(49,630,000)	(42,281,276)
Accrued special commission income on time deposits	(1,687,745)	(2,874,579)	(4,562,324)	377,818	(758,102)	(380,284)
Accrued special commission income from bonds and sukuk	--	(934,772)	(934,772)	--	1,551,214	1,551,214
Purchase of property and equipment	(2,011,102)	--	(2,011,102)	(612,466)	--	(612,466)
Additions in investments held at fair value through income statement	(10,124,625)	(181,521,255)	(191,645,880)	(21,000,000)	(12,530,186)	(33,530,186)
Additions in held-to-maturity investment	--	(37,500,000)	(37,500,000)	--	--	--
Proceeds from disposal of property and equipment	--	--	--	75,000	--	75,000
Proceeds from disposal of investments held at fair value through income statement	54,204,896	276,059,901	330,264,797	67,416,162	120,744,003	188,160,165
Statutory deposit	--	--	--	--	(21,500,000)	(21,500,000)
Net cash (used in) / from investing activities	(73,764,362)	6,465,482	(67,298,880)	53,605,238	37,876,929	91,482,167
FINANCING ACTIVITIES						
Due to / from reinsurance / shareholders' operations*	7,262,419	(7,262,419)	--	19,261,944	(19,261,944)	--
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(41,956,742)	17,053,135	(24,903,607)	23,250,390	(19,104,946)	4,145,444
Cash and cash equivalents at the beginning of the period	72,093,146	9,542,390	81,635,536	53,494,191	31,737,579	85,231,770
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	30,136,404	26,595,525	56,731,929	76,744,581	12,632,633	89,377,214

* These items are not included in the statement of financial position and the statement of cash flows.

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16 COMMITMENTS AND CONTINGENCIES

As at 30 September 2019, the Company has deposited and pledged SR 47,250,000 (31 December 2018: SR 47,250,000) with local bank to obtain the standby letter of credit towards Fund At Lloyds (FAL) for its participation in a Lloyds Syndicates and for 2015, 2016 and 2017 underwriting years. In addition, the Company has deposited SR 119,359,875 (31 December 2018: 119,359,875) with Lloyd's London as FAL for its continued participation in a Lloyds Syndicates and for 2018 underwriting year. Upon issuance of stand by letter of credit, the deposit with Lloyds will be withdrawn.

17 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three month and nine month periods ended 30 September 2019 and 30 September 2018 have been calculated by dividing net income for the period by the weighted average number of ordinary shares issued and outstanding at the end of the period.

18 FAIR VALUE

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

- In the principal market of the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Company's management believe that the carrying value of all financial assets and liabilities, other than those disclosed in note 7, approximate their fair values at the interim condensed financial statements.

19 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 7 Rabi Al-Awwal 1441H corresponding to 4 November 2019.