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**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 PERIOD AND YEAR ENDED 31 DECEMBER 2017**

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**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 Period And Year Ended 31 December 2017**

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**Al-Bassam & Co.**  
**Allied Accountants**  
(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 31 December 2017 and the related interim condensed statement of comprehensive income - reinsurance operations and accumulated surplus, interim condensed statement of income - shareholders' operations and interim condensed statement of comprehensive income - shareholders' operations for the three month period and year then ended, and the interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows - reinsurance operations and shareholders' operations for the year then ended and the related notes 1 through 18 which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 "Interim Financial Reporting" as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 31 December 2017 are not prepared, in all material respects, in accordance with IAS 34 as modified by the SAMA for the accounting of zakat and income tax.

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27 Jumada'I 1439H  
13 February 2018

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

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b><u>REINSURANCE OPERATIONS' ASSETS</u></b>			
Cash and cash equivalents		53,494,191	42,891,784
Time deposits	5	58,003,125	67,551,600
Accrued special commission income from time deposits		868,728	1,070,010
Premium receivables, net	4	358,871,064	181,957,594
Investments held at fair value through income statement	7	106,316,032	93,447,337
Accrued insurance premiums		372,087,694	262,339,842
Retroceded share of unearned premiums	8	117,679,188	3,758,101
Deferred excess of loss premiums		14,299,778	17,516,594
Retroceded share of outstanding claims		165,839,483	110,649,986
Deferred acquisition costs		100,345,144	81,705,133
Prepaid expenses, deposits and other assets		103,964,040	49,276,087
Due from shareholders' operations		144,461,682	152,144,139
Property and equipment, net		2,286,389	3,402,655
<b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>		<b>1,598,516,538</b>	<b>1,067,710,862</b>
<b><u>SHAREHOLDERS' ASSETS</u></b>			
Cash and cash equivalents		31,737,579	27,950,269
Time deposits	5	--	112,456,507
Accrued special commission income from time deposits		3,250	2,191,242
Accrued special commission income from bonds and sukuk		3,830,983	4,143,727
Investments held at fair value through income statement	7	758,751,497	724,579,017
Investment in associate	12	91,954,382	--
Prepaid expenses and other assets		228,471	45,178
Statutory deposit	6	100,000,000	100,000,000
Return on investment of statutory deposit	6	13,127,882	10,242,145
Property and equipment, net		31,249,580	32,110,109
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>1,030,883,624</b>	<b>1,013,718,194</b>
<b>TOTAL ASSETS</b>		<b>2,629,400,162</b>	<b>2,081,429,056</b>
<b><u>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u></b>			
Accounts payable		16,648,193	18,217,139
Retrocession balances payable		229,763,824	51,919,382
Accrued retroceded premiums		7,891,275	75,603
Gross unearned premiums	8	461,488,892	306,479,380
Gross outstanding claims		861,052,967	680,013,941
Unearned commission income		7,542,299	848,245
Accrued expenses and other liabilities		5,742,651	3,906,248
Employees' end of service benefits		5,729,277	3,958,044
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>		<b>1,595,859,378</b>	<b>1,065,417,982</b>
<b><u>REINSURANCE OPERATIONS' SURPLUS</u></b>			
Accumulated surplus		2,657,160	2,292,880
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>		<b>1,598,516,538</b>	<b>1,067,710,862</b>
<b><u>SHAREHOLDERS' LIABILITIES AND EQUITY</u></b>			
<b><u>SHAREHOLDERS' LIABILITIES</u></b>			
Provision for zakat and tax	10	37,431,370	39,728,370
Due to reinsurance operations		144,461,682	152,144,139
Accrued expenses and other liabilities		7,069,892	6,302,569
Deferred return on investment of statutory deposit	6	13,127,882	10,242,145
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>202,090,826</b>	<b>208,417,223</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Other reserves		(1,961,580)	--
Accumulated deficit		(175,316,546)	(200,769,953)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>828,792,798</b>	<b>805,300,971</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,030,883,624</b>	<b>1,013,718,194</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>2,629,400,162</b>	<b>2,081,429,056</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 18 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 - REINSURANCE OPERATIONS AND ACCUMULATED SURPLUS

For the three month period and year ended 31 December 2017

	For the three month		For the year	
	period ended		ended	
	31 December 2017 (Unaudited) SR	31 December 2016 (Unaudited) SR	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
	<i>Notes</i>			
Gross written premiums	62,162,431	7,498,416	942,006,884	985,510,354
Retroceded premiums	(28,753,835)	(1,007,988)	(274,514,242)	(5,582,043)
Excess of loss expenses	(5,203,371)	(6,838,601)	(30,571,165)	(41,744,005)
<b>Net written premiums</b>	<b>28,205,225</b>	<b>(348,173)</b>	<b>636,921,477</b>	<b>938,184,306</b>
Changes in net unearned premiums	128,798,331	130,971,571	(41,088,425)	192,913,534
<b>Net earned premiums</b>	<b>157,003,556</b>	<b>130,623,398</b>	<b>595,833,052</b>	<b>1,131,097,840</b>
Net claims paid	9 (90,364,945)	(94,952,358)	(293,264,688)	(952,890,160)
Changes in net outstanding claims	(16,005,927)	45,955,337	(125,849,529)	44,258,942
<b>Net claims incurred</b>	<b>(106,370,872)</b>	<b>(48,997,021)</b>	<b>(419,114,217)</b>	<b>(908,631,218)</b>
Gross acquisition costs and profit commissions	(34,236,772)	(29,390,565)	(146,126,103)	(164,692,446)
Commissions earned on retroceded business	4,453,690	928,874	11,258,223	2,982,263
Supervision and inspection fees	(310,812)	(37,492)	(4,710,034)	(4,927,552)
<b>Net acquisition costs</b>	<b>(30,093,894)</b>	<b>(28,499,183)</b>	<b>(139,577,914)</b>	<b>(166,637,735)</b>
<b>Surplus from reinsurance operations</b>	<b>20,538,790</b>	<b>53,127,194</b>	<b>37,140,921</b>	<b>55,828,887</b>
Special commission income from time deposits	318,496	583,245	1,783,135	2,105,663
Realized gains on investments held at fair value through income statement	175,705	--	188,054	98,858
Unrealized gains / (losses) on investments held at fair value through income statement	235,383	(1,158,671)	3,930,642	2,352,103
Other income	1,074,939	358,313	1,074,939	921,733
Investment management expenses	(260,234)	(44,090)	(504,593)	(344,216)
General and administrative expenses	(8,917,784)	(9,334,093)	(38,873,345)	(38,058,515)
Foreign exchange translation losses	(293,075)	(4,865,421)	(1,096,952)	(11,874,657)
<b>Net surplus from reinsurance operations</b>	<b>12,872,220</b>	<b>38,666,477</b>	<b>3,642,801</b>	<b>11,029,856</b>
Shareholders' appropriation from reinsurance operations' surplus	2 (12,507,940)	(37,563,491)	(3,278,521)	(9,926,870)
<b>Reinsurance operations' surplus after shareholders' appropriation</b>	<b>364,280</b>	<b>1,102,986</b>	<b>364,280</b>	<b>1,102,986</b>
Accumulated surplus at the beginning of the period / year	2,292,880	1,189,894	2,292,880	1,189,894
Accumulated surplus at the end of the period / year	2,657,160	2,292,880	2,657,160	2,292,880
Other comprehensive income	--	--	--	--
<b>Total comprehensive income for the period / year from reinsurance operations</b>	<b>364,280</b>	<b>1,102,986</b>	<b>364,280</b>	<b>1,102,986</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 18 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 - SHAREHOLDERS' OPERATIONS

For the three month period and year ended 31 December 2017

	<i>Notes</i>	For the three month period ended		For the year ended	
		31 December 2017 (Unaudited) SR	31 December 2016 (Unaudited) SR	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Shareholders' appropriation from reinsurance operations' surplus	2	12,507,940	37,563,491	3,278,521	9,926,870
Special commission income from time deposits		3,250	1,274,450	790,446	3,740,243
Special commission income from bonds and sukuk		897,508	726,811	2,688,320	2,980,537
Share of profit of associate		165,962	--	165,962	--
Realized gains on investments held at fair value through income statement		966,455	735,206	1,151,270	433,532
Unrealized gains on investments held at fair value through income statement		6,911,594	7,046,551	46,017,732	12,819,617
Dividend income		3,011,676	1,415,266	4,636,677	2,693,101
<b>Total income</b>		<b>24,464,385</b>	<b>48,761,775</b>	<b>58,728,928</b>	<b>32,593,900</b>
Investment management expenses		(2,694,073)	(399,309)	(8,947,126)	(2,802,742)
General and administrative expenses		(2,713,382)	(5,775,785)	(7,853,573)	(9,851,144)
Board of directors' remunerations, meetings fees and expenses		(741,456)	(203,117)	(3,002,231)	(1,576,144)
Foreign exchange translation (losses) / gains		(97,798)	--	(38,113)	99,954
<b>Net income for the period / year</b>		<b>18,217,676</b>	<b>42,383,564</b>	<b>38,887,885</b>	<b>18,463,824</b>
<b>Basic and diluted earnings per share for the period / year</b>	15	<b>0.182</b>	0.424	<b>0.389</b>	0.185

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 18 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 -  
SHAREHOLDERS' OPERATIONS**

**For the three month period and year ended 31 December 2017**

	For the three month period ended		For the year ended	
	31 December 2017 (Unaudited) SR	31 December 2016 (Unaudited) SR	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Net income for the period / year	18,217,676	42,383,564	38,887,885	18,463,824
Other comprehensive loss	(1,961,580)	--	(1,961,580)	--
Total comprehensive income for the period/ year	16,256,096	42,383,564	36,926,305	18,463,824

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 18 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 year ended 31 December 2017**

	GCC Shareholders and General Public				Non - GCC Shareholders				Total				
	Share capital	Statutory reserve	Accumulated deficit	Other reserves	Share capital	Statutory reserve	Accumulated deficit	Other reserves	Share capital	Statutory reserve	Accumulated deficit	Other reserves	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 1 January 2017 (Audited)	970,890,400	5,894,202	(200,723,350)	--	29,109,600	176,722	(46,603)	--	1,000,000,000	6,070,924	(200,769,953)	--	805,300,971
Transfer during the year	7,156,640	43,447	2,031,633	--	(7,156,640)	(43,447)	(2,031,633)	--	--	--	--	--	--
Net profit for the year	--	--	38,034,296	--	--	--	853,589	--	--	--	38,887,885	--	38,887,885
Other comprehensive loss	--	--	--	(1,918,523)	--	--	--	(43,057)	--	--	--	(1,961,580)	(1,961,580)
Total comprehensive income for the year	--	--	38,034,296	(1,918,523)	--	--	853,589	(43,057)	--	--	38,887,885	(1,961,580)	36,926,305
Zakat charge for the year	--	--	(13,360,674)	--	--	--	--	--	--	--	(13,360,674)	--	(13,360,674)
Tax charge for the year	--	--	--	--	--	--	(73,804)	--	--	--	(73,804)	--	(73,804)
Balance as at 31 December 2017 (Unaudited)	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
Balance as at 1 January 2016 (Audited)	976,078,306	5,925,697	(204,507,637)	--	23,921,694	145,227	573,437	--	1,000,000,000	6,070,924	(203,934,200)	--	802,136,724
Transfer during the year	(5,187,906)	(31,495)	1,086,968	--	5,187,906	31,495	(1,086,968)	--	--	--	--	--	--
Net profit for the year	--	--	17,926,342	--	--	--	537,482	--	--	--	18,463,824	--	18,463,824
Other comprehensive income	--	--	--	--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the year	--	--	17,926,342	--	--	--	537,482	--	--	--	18,463,824	--	18,463,824
Zakat and tax charge for the year	--	--	--	--	--	--	(70,554)	--	--	--	(15,299,577)	--	(15,299,577)
Balance as at 31 December 2016 (Audited)	970,890,400	5,894,202	(200,723,350)	--	29,109,600	176,722	(46,603)	--	1,000,000,000	6,070,924	(200,769,953)	--	805,300,971

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 18 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 - REINSURANCE

### OPERATIONS

For the year ended 31 December 2017

	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b>OPERATING ACTIVITIES</b>		
Reinsurance operations' surplus after shareholders' appropriation	364,280	1,102,986
<i>Adjustments to reconcile reinsurance operations' surplus after shareholders' appropriation to net cash from operating activities:</i>		
Employees' end of service benefits	2,155,915	1,174,484
Depreciation	1,884,003	2,349,025
Allocated depreciation from shareholders' operations	--	888,748
Realized gains on investments held at fair value through income statement	7 (iv) (188,053)	(98,858)
Unrealized gains on investments held at fair value through income statement	7 (iv) (3,930,642)	(2,352,103)
Retroceded share of unearned premiums	8 (113,921,087)	3,605,358
Gross unearned premiums	8 155,009,512	(196,518,892)
Provision for doubtful receivable	333,440	2,330,630
Shareholders' appropriation from reinsurance operations' surplus	3,278,521	9,926,870
Operating income / (loss) before changes in operating assets and liabilities	44,985,889	(177,591,752)
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable, gross	(177,246,910)	10,853,683
Accrued insurance premiums	(109,747,852)	178,483,786
Retroceded share of outstanding claims	(55,189,497)	(50,153,146)
Deferred acquisition costs	(18,640,011)	12,443,314
Deferred excess of loss premiums	3,216,816	(126,930)
Prepaid expenses, deposits and other assets	(54,687,953)	41,945,169
Accounts payable	(1,568,946)	8,115,417
Retrocession balances payable	177,844,442	36,992,201
Accrued retroceded premiums	7,815,672	(278,864)
Gross outstanding claims	181,039,026	5,894,204
Unearned commission income	6,694,054	(958,360)
Accrued expenses and other liabilities	1,836,403	(278,964)
<b>Cash from operating activities</b>	6,351,133	65,339,758
Employees' end of service benefits paid	(384,682)	(381,153)
<b>Net cash from operating activities</b>	5,966,451	64,958,605
<b>INVESTING ACTIVITIES</b>		
Time deposits	9,548,475	(32,333,268)
Accrued special commission income on time deposits	201,282	(997,811)
Purchase of property and equipment	(767,737)	(295,835)
Additions in investments held at fair value through income statement	7 (iv) (51,000,000)	(39,232,824)
Proceeds from disposal of investments held at fair value through income statement	7 (iv) 42,250,000	21,943,821
<b>Net cash from / (used in) investing activities</b>	232,020	(50,915,917)
<b>FINANCING ACTIVITY</b>		
Due from shareholders' operations	4,403,936	(32,176,596)
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	10,602,407	(18,133,908)
Cash and cash equivalents at the beginning of the year	42,891,784	61,025,692
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	53,494,191	42,891,784

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 18 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 – SHAREHOLDERS' OPERATIONS

For the year ended 31 December 2017

	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>		
Net profit for the year	38,887,885	18,463,824
<i>Adjustments to reconcile net profit to net cash used in operating activities:</i>		
Depreciation	860,529	--
Realized gains on investments held at fair value through income statement	7 (iv) (1,151,270)	(433,532)
Unrealized gains on investments held at fair value through income statement	7 (iv) (46,017,732)	(12,819,617)
Share of profit of associate	(165,962)	--
Income from statutory deposit	(2,885,737)	(2,649,751)
Shareholders' appropriation from reinsurance operations' surplus	(3,278,521)	(9,926,870)
Operating deficit before changes in operating assets and liabilities	(13,750,808)	(7,365,946)
<b>Changes in operating assets and liabilities:</b>		
Prepaid expenses and other assets	(183,293)	360,812
Accrued expenses and other liabilities	767,323	4,128,894
Deferred return on investment of statutory deposit	2,885,737	2,649,751
Zakat and tax paid	(15,731,478)	(14,989,931)
<b>Net cash used in operating activities</b>	<b>(26,012,519)</b>	<b>(15,216,420)</b>
<b>INVESTING ACTIVITIES</b>		
Accrued special commission income from time deposits	2,187,992	(1,650,831)
Accrued special commission income from bonds and sukuk	312,744	(1,923,242)
Additions in investments held at fair value through income statement	7 (iv) (154,342,957)	(149,522,772)
Proceeds from disposal of investments held at fair value through income statement	7 (iv) 167,339,479	125,777,170
Investment in associate	(93,750,000)	--
Time deposits	112,456,507	6,392,493
<b>Net cash from / (used in) investing activities</b>	<b>34,203,765</b>	<b>(20,927,182)</b>
<b>FINANCING ACTIVITY</b>		
Due to reinsurance operations	(4,403,936)	32,176,596
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,787,310</b>	<b>(3,967,006)</b>
Cash and cash equivalents at the beginning of the year	27,950,269	31,917,275
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>31,737,579</b>	<b>27,950,269</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

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

## **NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

### **For the period ended 31 December 2017**

#### **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 P.O. Box 300259, Riyadh 11372, Al Wadi, Northern Ring Road West, Exit 7, Building 4130, Riyadh, Kingdom of Saudi Arabia.

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

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.

##### ***Statement of compliance***

The condensed (consolidated) interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax', which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the Zakat and Income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings. This change in framework, however, does not result in any change in the company's accounting policy for zakat and tax.

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 2016.

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. Due to accumulated losses at reporting date, no such transfer was made.

##### ***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.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

**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 2016 except for the investment in associate which is mentioned below and except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had no significant financial impact on the unaudited interim condensed financial statements of the Company on the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior year have been reclassified to conform to the presentation made in the current period:

**Investment in associate**

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of associates, until the date on which significant influence ceases.

*New and amended standards issued and adopted*

- Amendments to IASs' - "Disclosure Initiative" applicable from January 1, 2017.
- Amendments to IAS 7 – "Statement of Cash Flows", which is applicable for annual periods beginning on or after January 1, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

*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.

*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.

*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 2021.

The following new or amended standards are not expected to have significant impact on the financial statements.

*IFRS 15 Revenue from contracts with customers*

*IFRS 16 Leases*

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

**4. PREMIUM RECEIVABLES, NET**

	<b>31 December 2017 (Unaudited) SR</b>	31 December 2016 (Audited) SR
Premium receivable, gross	<b>364,157,470</b>	186,910,560
Less: provision for doubtful debts	<b>(5,286,406)</b>	(4,952,966)
	<b><u>358,871,064</u></b>	<u>181,957,594</u>

**5. TIME DEPOSITS**

Time deposits are placed with banks which have credit ratings in line with Company's investment policy of BBB and above as per Moody's, Fitch and Standard and Poor's rating agencies and have maturity period of more than three months from the date of original placement. These time deposits earn a special commission at an average commission rate of 1.90% per annum (31 December 2016: 2.93% per annum). The carrying amount of these deposits reasonably approximate the fair value as at the statement of financial position date.

**6. STATUTORY DEPOSIT**

The Company has deposited an amount of SR 100 million (31 December 2016: SR 100 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 10% 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 "Deferred return on investment of statutory deposit". The accrued commission on the deposit as at 31 December 2017 is SAR 13,127,882 (31 December 2016: 10,242,145) and has also been disclosed in assets as "Return on investment of 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:

	<b>31 December 2017 (Unaudited)</b>		31 December 2016 (Audited)	
	<b>Reinsurance operations SR</b>	<b>Shareholders' operations SR</b>	Reinsurance operations SR	Shareholders' operations SR
Money market funds	<b>52,999,225</b>	<b>102,510,933</b>	39,245,084	85,410,773
Investment funds	--	<b>50,000,000</b>	--	50,000,000
Equities	--	<b>160,594,703</b>	--	142,975,208
Fixed-Rate Bonds/Sukuk	<b>47,956,869</b>	<b>377,834,683</b>	52,685,763	378,817,260
Floating-Rate Bonds/Sukuk	<b>5,359,938</b>	<b>67,811,178</b>	1,516,490	67,375,776
	<b><u>106,316,032</u></b>	<b><u>758,751,497</u></b>	<u>93,447,337</u>	<u>724,579,017</u>

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 fair values of recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial statements

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

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

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

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 31 December 2017 and 31 December 2016, all financial instruments under reinsurance operations which are measured at fair value are Level 1 instruments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	31 December 2017 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	102,510,933	--	102,510,933
Investment funds	--	--	50,000,000	50,000,000
Equities	160,594,703	--	--	160,594,703
Fixed-rate bonds/sukuk	327,770,169	--	50,064,515	377,834,683
Floating-rate bonds/sukuk	27,811,178	--	40,000,000	67,811,178
	<u>516,176,050</u>	<u>102,510,933</u>	<u>140,064,514</u>	<u>758,751,497</u>

  

	31 December 2016 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	85,410,773	--	85,410,773
Investment funds	--	--	50,000,000	50,000,000
Equities	142,975,208	--	--	142,975,208
Fixed-rate bonds/sukuk	321,252,746	--	57,564,514	378,817,260
Floating-rate bonds/sukuk	27,375,776	--	40,000,000	67,375,776
	<u>491,603,730</u>	<u>85,410,773</u>	<u>147,564,514</u>	<u>724,579,017</u>

Fair values of investment funds is determined on the basis of the fund's latest reported net assets value (NAV) as at the date of statement of interim condensed statement of financial position. Bonds and sukuk are valued at latest valuations received from the fund managers and DPM managers. 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	Closing
<b>31 December 2017</b>	<u>147,564,514</u>	--	(7,499,999)	<u>140,064,514</u>
31 December 2016	122,500,000	62,564,514	(37,500,000)	147,564,514

**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.

	31 December 2017 (Unaudited)	31 December 2016 (Audited)
<b>Investments held at fair value through income statement</b>	<b>140,064,514</b>	147,564,514
Impact on Unrealized Gain for the year ended:		
<i>If increased by 1%</i>	<u>1,400,645</u>	1,475,645
<i>If decreased by 1%</i>	<u>(1,400,645)</u>	(1,475,645)

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

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

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 31 December 2017 and year ended 31 December 2016.

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

	31 December 2017 (Unaudited)		31 December 2016 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Opening balance	93,447,337	724,579,017	73,707,373	687,580,266
Additions	51,000,000	154,342,957	39,232,824	149,522,772
Disposals	(42,250,000)	(167,339,479)	(21,943,821)	(125,777,170)
Unrealized gains	3,930,642	46,017,732	2,352,103	12,819,617
Realized gains	188,053	1,151,270	98,858	433,532
<b>Closing balance</b>	<b>106,316,032</b>	<b>758,751,497</b>	<b>93,447,337</b>	<b>724,579,017</b>

As at 31 December 2017, the investments under reinsurance operations include SR 53.3 million (31 December 2016: SR 54.2 million) which are held through discretionary managed portfolios.

As at 31 December 2017, the investments under shareholders' operations include SR 496 million (31 December 2016: SR 454.1 million) which are held through discretionary managed portfolios.

Investments under reinsurance and shareholders' operations include cash component of SR 4.9 million and SR 25 million respectively as at 31 December 2017 (31 December 2016: SR 1.5 million and SR 17.2 million respectively) available with external fund managers within the agreed investment guidelines.

v. The analysis of the composition of investments is as follows:

	31 December 2017 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	102,510,933	--	102,510,933
Investment funds	--	50,000,000	50,000,000
Equities	160,594,703	--	160,594,703
Fixed-rate bonds/sukuk	327,770,169	50,064,514	377,834,683
Floating-rate bonds/sukuk	27,811,178	40,000,000	67,811,178
	<b>618,686,983</b>	<b>140,064,514</b>	<b>758,751,497</b>
	31 December 2016 (Audited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	85,410,773	--	85,410,773
Investment funds	--	50,000,000	50,000,000
Equities	142,975,208	--	142,975,208
Fixed-rate bonds/sukuk	321,252,746	57,564,514	378,817,260
Floating-rate bonds/sukuk	27,375,776	40,000,000	67,375,776
	<b>577,014,503</b>	<b>147,564,514</b>	<b>724,579,017</b>

As at 31 December 2017 and 31 December 2016, all financial instruments under reinsurance operations, which are measured at fair value, are quoted.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

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

- vi. Average credit ratings of all fixed and floating rates Sukuk and Bonds are within the investment grades i.e. BBB and above.
- vii. The geographical split of investments held at fair value through income statement is as follows:

	Domestic		International		Total	
	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b>Reinsurance operations</b>						
Money Market Funds	52,999,225	39,245,084	--	--	52,999,225	39,245,084
Fixed-Rate Bonds/Sukuk	--	--	47,956,869	52,685,763	47,956,869	52,685,763
Floating-Rate Bonds/Sukuk	--	--	5,359,938	1,516,490	5,359,938	1,516,490
<b>Total</b>	<b>52,999,225</b>	<b>39,245,084</b>	<b>53,316,807</b>	<b>54,202,253</b>	<b>106,316,032</b>	<b>93,447,337</b>

	Domestic		International		Total	
	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b>Shareholders' operations</b>						
Money Market Funds	102,510,933	85,410,773	--	--	102,510,933	85,410,773
Investment Funds	50,000,000	50,000,000	--	--	50,000,000	50,000,000
Equities	56,119,572	50,756,270	104,475,131	92,218,938	160,594,703	142,975,208
Fixed-Rate Bonds/Sukuk	40,000,000	40,000,000	337,834,683	338,817,260	377,834,683	378,817,260
Floating-Rate Bonds/Sukuk	40,000,000	40,000,000	27,811,178	27,375,776	67,811,178	67,375,776
<b>Total</b>	<b>288,630,505</b>	<b>266,167,043</b>	<b>470,120,992</b>	<b>458,411,974</b>	<b>758,751,497</b>	<b>724,579,017</b>

**8. UNEARNED PREMIUM**

	31 December 2017 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	306,479,380	(3,758,101)	302,721,279
Premiums written during the year	942,006,884	(305,085,407)	636,921,477
Premium earned	(786,997,372)	191,164,320	(595,833,052)
Changes in unearned premiums	155,009,512	(113,921,087)	41,088,425
Closing balance	461,488,892	(117,679,188)	343,809,704
	31 December 2016 (Audited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	502,998,272	(7,363,459)	495,634,813
Premiums written during the year	985,510,354	(47,326,048)	938,184,306
Premiums earned	(1,182,029,246)	50,931,406	(1,131,097,840)
Changes in unearned premiums	(196,518,892)	3,605,358	(192,913,534)
Closing balance	306,479,380	(3,758,101)	302,721,279



**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

**9. NET CLAIMS PAID**

	For the three month period ended		For the year ended	
	31 December 2017 (Unaudited) SR	31 December 2016 (Unaudited) SR	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Gross claims paid	92,043,174	96,122,455	356,661,152	963,922,862
Retroceded share of claims paid	(1,678,229)	(1,170,097)	(63,396,464)	(11,032,702)
<b>Net claims paid</b>	<b>90,364,945</b>	<b>94,952,358</b>	<b>293,264,688</b>	<b>952,890,160</b>

**10. PROVISION FOR ZAKAT AND TAX**

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

	31 December 2017		31 December 2016	
	SR (Unaudited)	%	SR (Audited)	%
Saudi Shareholders	956,770,000	95.67%	947,225,190	94.72%
GCC Shareholders	21,280,000	2.13%	23,665,210	2.37%
Foreign Shareholders	21,950,000	2.20%	29,109,600	2.91%
<b>Total</b>	<b>1,000,000,000</b>	<b>100%</b>	<b>1,000,000,000</b>	<b>100%</b>

As of 31 December 2017 and 31 December 2016, the authorized, issued and fully paid-up share capital of the Company consists of 100 million shares of SAR 10 each. The Company's zakat and tax calculations and corresponding accruals and payments of zakat and tax are based on the above ownership percentages in accordance with the relevant provisions of the Saudi Arabian Zakat and Income Tax regulations.

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

	31 December 2017 SR (Unaudited)	31 December 2016 SR (Audited)
Provision for zakat	37,108,412	39,443,148
Provision for tax	322,958	285,222
	<b>37,431,370</b>	<b>39,728,370</b>

The zakat and tax charges for the year ended are as follows:

	31 December 2017 SR (Unaudited)	31 December 2016 SR (Audited)
Zakat charge for the year	13,360,674	15,229,023
Tax charge for the year	73,804	70,554
	<b>13,434,478</b>	<b>15,299,577</b>

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 31 December 2017 and 31 December 2016.

The Company has filed its tax and zakat returns for the years ended 31 December 2009 to 2016 with the GAZT and the assessments for these years are still outstanding.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

**10 PROVISION FOR ZAKAT AND TAX (CONTINUED)**

The Company has filed appeals against the GAZT's assessment of additional withholding tax and delay fines for the years 2009 to 2012. The appeal for the year 2013 is under process. The Company has also filed appeals against the zakat, tax and delay fines assessments for the aforementioned years, except 2011. The appeal committee has not yet communicated the hearing dates for the said appeals.

**11. 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 year ended		Balance as at	
		31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Board of Directors	- Consulting fees	345,923	330,233	--	--
	- Remunerations, meetings fees and expenses	3,194,434	1,576,144	1,563,507	250,500
Key management Personnel	- Short term benefits	8,812,170	8,534,209	1,294,000	1,096,000
	- End of service benefits	1,029,722	427,429	3,977,260	1,434,572
Companies represented by the Board members	- Gross written premiums	3,837,467	2,936,227	1,960,973	2,018,548
	- Claims incurred	2,193,770	4,221,407	2,476,077	2,285,317
	- Commissions	1,064,584	2,453,122	--	--
	- Refundable deposit	37,500,375	--	37,500,375	--
	- HSBC Custodian fees	154,000	130,000	30,996	21,821

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 and The Islamic Insurance Company.

Balances with related parties are included in accrued expenses and other liabilities and employee end of service benefits as shown in the interim statement of financial position.

**12. INVESTMENT IN ASSOCIATE**

	31 December 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Addition during the year	93,750,000	--
Share of profit of associate	165,962	--
Share in foreign currency translation adjustments	(1,961,580)	--
31 December	91,954,382	--

The Company, on 6 October 2017, acquired 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL"). The Company has accounted for this investment as an associate (equity accounted investee). PHBL operates in insurance and reinsurance businesses including Lloyds market in London, United Kingdom.

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

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

#### For the period ended 31 December 2017

#### 13. 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.

Segment results do not include realized and unrealized gains on investments held at fair value through income statement, other income, investment management expenses and all general and administrative expenses and depreciation.

Segment assets do not include cash and bank balances of reinsurance operations, investments held at fair value through income statement, prepaid expenses and other assets, due from shareholders' operations and property and equipment. Segment liabilities do not include surplus distribution payable, accrued expenses and other liabilities and employees' end of service benefits.

#### 13.1 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	Speciality SR	Others SR	Total SR
<b>For the three month period ended 31 December 2017 (Unaudited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	4,597,832	10,361,171	221,711	3,308,481	(567,184)	11,910,706	(2,300,002)	34,629,716	62,162,431
Retroceded premiums	(1,126,165)	(7,314,966)	(753,029)	--	(678,687)	--	--	(18,880,988)	(28,753,835)
Excess of loss expenses	(1,199,497)	(1,619,966)	(95,004)	--	(41,419)	(438,547)	18,899	(1,827,837)	(5,203,371)
<b>Net written premiums</b>	<b>2,272,170</b>	<b>1,426,239</b>	<b>(626,322)</b>	<b>3,308,481</b>	<b>(1,287,290)</b>	<b>11,472,159</b>	<b>(2,281,103)</b>	<b>13,920,891</b>	<b>28,205,225</b>
Change in net unearned premiums	16,984,875	37,567,395	10,130,176	26,879,017	10,789,353	(1,018,631)	14,308,137	13,158,009	128,798,331
<b>Net earned premiums</b>	<b>19,257,045</b>	<b>38,993,634</b>	<b>9,503,854</b>	<b>30,187,498</b>	<b>9,502,063</b>	<b>10,453,528</b>	<b>12,027,034</b>	<b>27,078,900</b>	<b>157,003,556</b>
Net claims paid	(10,525,397)	(34,745,796)	(5,856,146)	(14,208,805)	(1,304,417)	(14,755,783)	--	(8,968,601)	(90,364,945)
Change in net outstanding claims	4,532,218	3,177,420	(2,453,052)	(5,463,059)	(4,090,737)	1,368,828	(9,366,112)	(3,711,433)	(16,005,927)
<b>Net claims incurred</b>	<b>(5,993,179)</b>	<b>(31,568,376)</b>	<b>(8,309,198)</b>	<b>(19,671,864)</b>	<b>(5,395,154)</b>	<b>(13,386,955)</b>	<b>(9,366,112)</b>	<b>(12,680,034)</b>	<b>(106,370,872)</b>
Gross acquisition costs and profit commission	(6,117,641)	(11,109,243)	(2,532,062)	(2,908,955)	(2,963,875)	(1,099,608)	(4,944,683)	(2,560,705)	(34,236,772)
Commissions earned on retroceded business	295,751	1,495,694	288,413	--	357,689	(14,108)	--	2,030,251	4,453,690
Supervision and inspection fees	(22,989)	(51,806)	(1,108)	(16,543)	2,836	(59,557)	11,500	(173,145)	(310,812)
<b>Net acquisition costs</b>	<b>(5,844,879)</b>	<b>(9,665,355)</b>	<b>(2,244,757)</b>	<b>(2,925,498)</b>	<b>(2,603,350)</b>	<b>(1,173,273)</b>	<b>(4,933,183)</b>	<b>(703,599)</b>	<b>(30,093,894)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>7,418,987</b>	<b>(2,240,097)</b>	<b>(1,050,101)</b>	<b>7,590,136</b>	<b>1,503,559</b>	<b>(4,106,700)</b>	<b>(2,272,261)</b>	<b>13,695,267</b>	<b>20,538,790</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

**13 SEGMENTAL INFORMATION (CONTINUED)**

**13.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Speciality SR	Others SR	Total SR
<b>For the three month period ended 31 December 2016 (Unaudited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	2,144,446	(241,942)	(2,241,426)	713,605	960,546	4,403,196	(2,176,872)	3,936,863	7,498,416
Retroceded premiums	(719,241)	(4,523)	25,051	--	10	(10,382)	--	(298,903)	(1,007,988)
Excess of loss expenses	(917,932)	(3,895,664)	(176,641)	(144,284)	(392,897)	(515,150)	--	(796,033)	(6,838,601)
<b>Net written premiums</b>	<b>507,273</b>	<b>(4,142,129)</b>	<b>(2,393,016)</b>	<b>569,321</b>	<b>567,659</b>	<b>3,877,664</b>	<b>(2,176,872)</b>	<b>2,841,927</b>	<b>(348,173)</b>
Change in net unearned premiums	18,099,558	38,947,957	11,699,008	23,003,374	10,160,722	6,735,553	8,780,515	13,544,884	130,971,571
<b>Net earned premiums</b>	<b>18,606,831</b>	<b>34,805,828</b>	<b>9,305,992</b>	<b>23,572,695</b>	<b>10,728,381</b>	<b>10,613,217</b>	<b>6,603,643</b>	<b>16,386,811</b>	<b>130,623,398</b>
Net claims paid	(10,730,251)	(29,714,364)	(2,553,861)	(22,140,398)	(7,072,387)	(6,743,058)	--	(15,998,039)	(94,952,358)
Change in net outstanding claims	13,546,806	13,869,205	827,082	12,058,561	1,485,323	1,417,725	(4,414,742)	7,165,377	45,955,337
<b>Net claims incurred</b>	<b>2,816,555</b>	<b>(15,845,159)</b>	<b>(1,726,779)</b>	<b>(10,081,837)</b>	<b>(5,587,064)</b>	<b>(5,325,333)</b>	<b>(4,414,742)</b>	<b>(8,832,662)</b>	<b>(48,997,021)</b>
Gross acquisition costs and profit commission	(5,908,092)	(9,988,466)	(3,281,552)	(2,094,423)	(3,030,841)	(1,182,731)	(2,640,373)	(1,264,087)	(29,390,565)
Commissions on retroceded business	477,511	169,554	131,337	--	93,061	--	--	57,411	928,874
Supervision and inspection fees	(10,722)	1,210	11,207	(3,568)	(4,803)	(22,015)	10,884	(19,685)	(37,492)
<b>Net acquisition costs</b>	<b>(5,441,303)</b>	<b>(9,817,702)</b>	<b>(3,139,008)</b>	<b>(2,097,991)</b>	<b>(2,942,583)</b>	<b>(1,204,746)</b>	<b>(2,629,489)</b>	<b>(1,226,361)</b>	<b>(28,499,183)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>15,982,083</b>	<b>9,142,967</b>	<b>4,440,205</b>	<b>11,392,867</b>	<b>2,198,734</b>	<b>4,083,138</b>	<b>(440,588)</b>	<b>6,327,788</b>	<b>53,127,194</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

**13. SEGMENTAL INFORMATION (CONTINUED)**

**13.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Speciality SR	Others* SR	Total SR
<b>For the year ended</b>									
<b>31 December 2017 (Unaudited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	77,539,960	201,207,584	47,262,462	113,588,504	75,981,197	56,149,110	68,104,596	302,173,471	942,006,884
Retroceded premiums	(6,255,049)	(24,626,961)	(14,283,982)	--	(14,800,424)	(135,883)	--	(214,411,943)	(274,514,242)
Excess of loss expenses	(7,159,222)	(13,811,566)	(719,708)	(106,083)	(1,113,025)	(1,720,619)	--	(5,940,942)	(30,571,165)
<b>Net written premiums</b>	<b>64,125,689</b>	<b>162,769,057</b>	<b>32,258,772</b>	<b>113,482,421</b>	<b>60,067,748</b>	<b>54,292,608</b>	<b>68,104,596</b>	<b>81,820,586</b>	<b>636,921,477</b>
Change in net unearned premiums	3,387,563	(9,605,422)	1,431,561	(9,946,305)	(5,510,806)	(588,597)	(12,986,955)	(7,269,464)	(41,088,425)
<b>Net earned premiums</b>	<b>67,513,252</b>	<b>153,163,635</b>	<b>33,690,333</b>	<b>103,536,116</b>	<b>54,556,942</b>	<b>53,704,011</b>	<b>55,117,641</b>	<b>74,551,122</b>	<b>595,833,052</b>
Net claims paid	(31,113,147)	(105,085,685)	(16,185,423)	(51,909,503)	(17,512,543)	(44,400,260)	--	(27,058,127)	(293,264,688)
Change in net outstanding claims	(17,465,845)	(9,802,415)	(8,488,471)	(25,745,971)	(10,009,219)	(10,307,421)	(42,528,379)	(1,501,808)	(125,849,529)
<b>Net claims incurred</b>	<b>(48,578,992)</b>	<b>(114,888,100)</b>	<b>(24,673,894)</b>	<b>(77,655,474)</b>	<b>(27,521,762)</b>	<b>(54,707,681)</b>	<b>(42,528,379)</b>	<b>(28,559,935)</b>	<b>(419,114,217)</b>
Gross acquisition costs and profit commission	(22,921,944)	(48,865,247)	(12,231,929)	(10,693,036)	(15,817,416)	(5,620,534)	(22,437,665)	(7,538,332)	(146,126,103)
Commissions earned on retroceded business	1,243,284	4,021,973	1,453,278	--	1,658,513	9,244	--	2,871,931	11,258,223
Supervision and inspection fees	(387,700)	(1,006,038)	(236,312)	(567,943)	(379,905)	(280,749)	(340,523)	(1,510,864)	(4,710,034)
<b>Net acquisition costs</b>	<b>(22,066,360)</b>	<b>(45,849,312)</b>	<b>(11,014,963)</b>	<b>(11,260,979)</b>	<b>(14,538,808)</b>	<b>(5,892,039)</b>	<b>(22,778,188)</b>	<b>(6,177,265)</b>	<b>(139,577,914)</b>
<b>(Deficit) / surplus from reinsurance operations</b>	<b>(3,132,100)</b>	<b>(7,573,777)</b>	<b>(1,998,524)</b>	<b>14,619,663</b>	<b>12,496,372</b>	<b>(6,895,709)</b>	<b>(10,188,926)</b>	<b>39,813,922</b>	<b>37,140,921</b>

\* Others include one large energy facultative contract with the gross premium of SAR 187.8 million written inside Kingdom of Saudi Arabia

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

**13. SEGMENTAL INFORMATION (CONTINUED)**

**13.1 Business segments (continued)**

	<b>Engineering SR</b>	<b>Fire SR</b>	<b>Marine SR</b>	<b>Motor SR</b>	<b>General Accident SR</b>	<b>Protection SR</b>	<b>Speciality SR</b>	<b>Others SR</b>	<b>Total SR</b>
<b>For the year ended</b>									
<b>31 December 2016 (Audited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	81,356,986	142,787,631	32,853,630	530,948,695	42,053,610	48,467,274	44,594,512	62,448,016	985,510,354
Retroceded premiums	(4,077,436)	(240,986)	(446,534)	--	(355,261)	(10,382)	--	(451,444)	(5,582,043)
Excess of loss expenses	(6,988,481)	(27,897,489)	(1,266,923)	(144,284)	(1,761,713)	(2,225,130)	--	(1,459,985)	(41,744,005)
<b>Net written premiums</b>	<b>70,291,069</b>	<b>114,649,156</b>	<b>31,140,173</b>	<b>530,804,411</b>	<b>39,936,636</b>	<b>46,231,762</b>	<b>44,594,512</b>	<b>60,536,587</b>	<b>938,184,306</b>
Change in net unearned premiums	1,170,244	1,802,430	2,481,552	214,665,691	(5,424,070)	(2,946,255)	(17,058,188)	(1,777,870)	192,913,534
<b>Net earned premiums</b>	<b>71,461,313</b>	<b>116,451,586</b>	<b>33,621,725</b>	<b>745,470,102</b>	<b>34,512,566</b>	<b>43,285,507</b>	<b>27,536,324</b>	<b>58,758,717</b>	<b>1,131,097,840</b>
Net claims paid	(35,247,783)	(116,710,202)	(14,706,799)	(687,464,532)	(14,530,308)	(53,625,838)	--	(30,604,698)	(952,890,160)
Change in net outstanding claims	16,214,600	20,965,511	3,849,265	31,924,634	(5,130,804)	(6,283,167)	(16,314,440)	(966,654)	44,258,945
<b>Net claims incurred</b>	<b>(19,033,183)</b>	<b>(95,744,691)</b>	<b>(10,857,534)</b>	<b>(655,539,898)</b>	<b>(19,661,112)</b>	<b>(59,909,005)</b>	<b>(16,314,440)</b>	<b>(31,571,352)</b>	<b>(908,631,215)</b>
Gross acquisition costs and profit commission	(23,067,687)	(34,677,103)	(10,925,141)	(67,316,937)	(10,166,640)	(3,074,342)	(9,959,543)	(5,505,053)	(164,692,446)
Commissions on retroceded business	1,352,829	603,521	498,388	--	369,987	--	--	157,538	2,982,263
Supervision and inspection fees	(406,784)	(713,938)	(164,268)	(2,654,743)	(210,268)	(242,336)	(222,973)	(312,242)	(4,927,552)
<b>Net acquisition costs</b>	<b>(22,121,642)</b>	<b>(34,787,520)</b>	<b>(10,591,021)</b>	<b>(69,971,680)</b>	<b>(10,006,921)</b>	<b>(3,316,678)</b>	<b>(10,182,516)</b>	<b>(5,659,757)</b>	<b>(166,637,735)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>30,306,488</b>	<b>(14,080,625)</b>	<b>12,173,170</b>	<b>19,958,524</b>	<b>4,844,533</b>	<b>(19,940,176)</b>	<b>1,039,368</b>	<b>21,527,608</b>	<b>55,828,890</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 December 2017**

**13. SEGMENTAL INFORMATION (CONTINUED)**

**13.1 Business segments (continued)**

	<b>Engineering SR</b>	<b>Fire SR</b>	<b>Marine SR</b>	<b>Motor SR</b>	<b>General Accident SR</b>	<b>Protection SR</b>	<b>Speciality SR</b>	<b>Others SR</b>	<b>Total SR</b>
<b>As at 31 December 2017 (Unaudited)</b>									
Segment assets	<b>104,992,256</b>	<b>204,843,153</b>	<b>60,716,838</b>	<b>70,915,618</b>	<b>67,074,498</b>	<b>46,852,945</b>	<b>132,392,603</b>	<b>441,334,439</b>	<b>1,129,122,350</b>
Segment liabilities	<b>212,181,926</b>	<b>358,733,161</b>	<b>79,936,719</b>	<b>134,248,877</b>	<b>96,421,253</b>	<b>91,554,571</b>	<b>142,504,980</b>	<b>468,805,963</b>	<b>1,584,387,450</b>
<b>As at 31 December 2016 (Audited)</b>									
Segment assets	97,515,523	206,539,934	44,825,423	117,899,804	30,386,493	41,682,958	72,758,483	46,318,632	657,927,250
Segment liabilities	192,370,204	368,517,655	58,172,724	128,029,379	59,915,278	78,946,082	71,948,354	99,654,015	1,057,553,691

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

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(CONTINUED)

For the period ended 31 December 2017

### 13. SEGMENTAL INFORMATION (CONTINUED)

#### 13.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>For the three month period ended 31 December 2017 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
Gross written premiums	41,628,958	8,991,408	2,350,079	10,690,215	(1,498,229)	62,162,431
Retroceded premiums	(28,534,349)	30,491	(493)	(249,484)	--	(28,753,835)
Excess of loss expenses	(2,353,194)	(1,054,576)	(320,076)	(1,460,000)	(15,525)	(5,203,371)
<b>Net written premiums</b>	<b>10,741,415</b>	<b>7,967,323</b>	<b>2,029,510</b>	<b>8,980,731</b>	<b>(1,513,754)</b>	<b>28,205,225</b>
Change in net unearned premiums	54,625,614	17,036,999	4,058,141	39,074,410	14,003,167	128,798,331
<b>Net earned premiums</b>	<b>65,367,029</b>	<b>25,004,322</b>	<b>6,087,651</b>	<b>48,055,141</b>	<b>12,489,413</b>	<b>157,003,556</b>
Net claims paid	(41,761,564)	(26,456,105)	(4,376,714)	(17,770,562)	--	(90,364,945)
Change in net outstanding claims	10,678,649	4,166,775	1,002,429	(22,354,908)	(9,498,872)	(16,005,927)
<b>Net claims incurred</b>	<b>(31,082,915)</b>	<b>(22,289,330)</b>	<b>(3,374,285)</b>	<b>(40,125,470)</b>	<b>(9,498,872)</b>	<b>(106,370,872)</b>
Gross acquisition costs and profit commission	(13,645,928)	(5,662,421)	(894,407)	(8,965,755)	(5,068,261)	(34,236,772)
Commissions earned on retroceded business	4,109,926	13,185	3,414	327,165	--	4,453,690
Supervision and inspection fees	(208,149)	(44,956)	(11,750)	(53,448)	7,491	(310,812)
<b>Net acquisition costs</b>	<b>(9,744,151)</b>	<b>(5,694,192)</b>	<b>(902,743)</b>	<b>(8,692,038)</b>	<b>(5,060,770)</b>	<b>(30,093,894)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>24,539,963</b>	<b>(2,979,200)</b>	<b>1,810,623</b>	<b>(762,367)</b>	<b>(2,070,229)</b>	<b>20,538,790</b>

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
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#### For the three month period ended 31 December 2016 (Unaudited)

<b>Reinsurance operations' results</b>						
Gross written premiums	6,752,807	7,504,028	(6,668,703)	2,087,156	(2,176,872)	7,498,416
Retroceded premiums	(801,627)	(244,678)	41,663	(3,346)	--	(1,007,988)
Excess of loss expenses	(3,596,547)	(1,372,013)	(438,243)	(1,431,798)	--	(6,838,601)
<b>Net written premiums</b>	<b>2,354,633</b>	<b>5,887,337</b>	<b>(7,065,283)</b>	<b>652,012</b>	<b>(2,176,872)</b>	<b>(348,173)</b>
Change in net unearned premiums	55,857,075	18,686,288	12,451,196	35,196,497	8,780,515	130,971,571
<b>Net earned premiums</b>	<b>58,211,708</b>	<b>24,573,625</b>	<b>5,385,913</b>	<b>35,848,509</b>	<b>6,603,643</b>	<b>130,623,398</b>
Net claims paid	(45,922,316)	(12,088,585)	(4,874,066)	(32,067,391)	--	(94,952,358)
Change in net outstanding claims	19,577,075	7,378,104	10,785,322	12,629,578	(4,414,742)	45,955,337
<b>Net claims incurred</b>	<b>(26,345,241)</b>	<b>(4,710,481)</b>	<b>5,911,256</b>	<b>(19,437,813)</b>	<b>(4,414,742)</b>	<b>(48,997,021)</b>
Gross acquisition costs and profit commission	(10,782,762)	(6,316,035)	(1,049,044)	(8,602,351)	(2,640,373)	(29,390,565)
Commissions earned on retroceded business	879,148	13,192	9,800	26,734	--	928,874
Supervision and inspection fees	(33,764)	(37,520)	33,344	(10,436)	10,884	(37,492)
<b>Net acquisition costs</b>	<b>(9,937,378)</b>	<b>(6,340,363)</b>	<b>(1,005,900)</b>	<b>(8,586,053)</b>	<b>(2,629,489)</b>	<b>(28,499,183)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>21,929,089</b>	<b>13,522,781</b>	<b>10,291,269</b>	<b>7,824,643</b>	<b>(440,588)</b>	<b>53,127,194</b>



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

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(CONTINUED)

For the period ended 31 December 2017

### 13. SEGMENTAL INFORMATION (CONTINUED)

#### 13.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>For the year ended 31 December 2017 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
Gross written premiums	509,969,724	110,254,203	31,614,736	221,261,849	68,906,372	942,006,884
Retroceded premiums	(262,339,169)	(85,337)	(31,670)	(12,058,066)	--	(274,514,242)
Excess of loss expenses	(13,990,416)	(6,671,177)	(1,716,281)	(8,158,867)	(34,424)	(30,571,165)
<b>Net written premiums</b>	<b>233,640,139</b>	<b>103,497,689</b>	<b>29,866,785</b>	<b>201,044,916</b>	<b>68,871,948</b>	<b>636,921,477</b>
Change in net unearned premiums	4,310,390	(7,568,325)	(1,628,710)	(22,909,856)	(13,291,924)	(41,088,425)
<b>Net earned premiums</b>	<b>237,950,529</b>	<b>95,929,364</b>	<b>28,238,075</b>	<b>178,135,060</b>	<b>55,580,024</b>	<b>595,833,052</b>
Net claims paid	(134,993,633)	(60,593,969)	(21,857,691)	(75,819,395)	--	(293,264,688)
Change in net outstanding claims	(18,934,256)	(25,371,818)	(5,162,273)	(33,720,044)	(42,661,138)	(125,849,529)
<b>Net claims incurred</b>	<b>(153,927,889)</b>	<b>(85,965,787)</b>	<b>(27,019,964)</b>	<b>(109,539,439)</b>	<b>(42,661,138)</b>	<b>(419,114,217)</b>
Gross acquisition costs and profit commission	(50,375,019)	(25,559,729)	(6,046,706)	(41,583,406)	(22,561,243)	(146,126,103)
Commissions earned on retroceded business	10,049,214	63,858	12,345	1,132,806	--	11,258,223
Supervision and inspection fees	(2,549,853)	(551,271)	(158,074)	(1,106,304)	(344,532)	(4,710,034)
<b>Net acquisition costs</b>	<b>(42,875,658)</b>	<b>(26,047,142)</b>	<b>(6,192,435)</b>	<b>(41,556,904)</b>	<b>(22,905,775)</b>	<b>(139,577,914)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>41,146,982</b>	<b>(16,083,565)</b>	<b>(4,974,324)</b>	<b>27,038,717</b>	<b>(9,986,889)</b>	<b>37,140,921</b>

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>For the year ended 31 December 2016 (Audited)</b>						
<b>Reinsurance operations' results</b>						
Gross written premiums	702,452,897	87,071,260	17,931,558	133,460,127	44,594,512	985,510,354
Retroceded premiums	(4,430,035)	(920,990)	(226,945)	(4,073)	--	(5,582,043)
Excess of loss expenses	(17,095,674)	(16,944,897)	(2,569,415)	(5,134,019)	--	(41,744,005)
<b>Net written premiums</b>	<b>680,927,188</b>	<b>69,205,372</b>	<b>15,135,198</b>	<b>128,322,036</b>	<b>44,594,512</b>	<b>938,184,306</b>
Change in net unearned premiums	217,201,159	1,537,374	7,756,877	(16,523,688)	(17,058,188)	192,913,534
<b>Net earned premiums</b>	<b>898,128,347</b>	<b>70,742,746</b>	<b>22,892,075</b>	<b>111,798,348</b>	<b>27,536,324</b>	<b>1,131,097,840</b>
Net claims paid	(803,908,888)	(66,052,412)	(17,880,463)	(65,048,397)	--	(952,890,160)
Change in net outstanding claims	50,917,078	2,552,786	9,372,373	(2,268,852)	(16,314,440)	44,258,945
<b>Net claims incurred</b>	<b>(752,991,811)</b>	<b>(63,499,625)</b>	<b>(8,508,090)</b>	<b>(67,317,249)</b>	<b>(16,314,440)</b>	<b>(908,631,215)</b>
Gross acquisition costs and profit commission	(105,273,362)	(19,878,017)	(6,786,710)	(22,794,814)	(9,959,543)	(164,692,446)
Commissions earned on retroceded business	2,741,542	159,369	54,528	26,824	--	2,982,263
Supervision and inspection fees	(3,512,263)	(435,356)	(89,658)	(667,302)	(222,973)	(4,927,552)
<b>Net acquisition costs</b>	<b>(106,044,084)</b>	<b>(20,154,003)</b>	<b>(6,821,840)</b>	<b>(23,435,292)</b>	<b>(10,182,516)</b>	<b>(166,637,735)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>39,092,452</b>	<b>(12,910,882)</b>	<b>7,562,145</b>	<b>21,045,807</b>	<b>1,039,368</b>	<b>55,828,890</b>

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

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(CONTINUED)

For the period ended 31 December 2017

### 13. SEGMENTAL INFORMATION (CONTINUED)

#### 13.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>As at 31 December 2017 (Unaudited)</b>						
<b>Reinsurance operations</b>						
Segment assets	679,283,101	90,397,437	26,046,340	213,400,347	119,995,125	1,129,122,350
Segment liabilities	864,206,690	209,662,325	49,489,156	333,592,921	127,436,358	1,584,387,450
<b>As at 31 December 2016 (Audited)</b>						
Segment assets	303,889,027	132,456,294	25,800,492	123,353,877	72,427,560	657,927,250
Segment liabilities	471,717,637	225,540,076	42,737,516	246,044,546	71,513,916	1,057,553,691

### 14. COMMITMENTS AND CONTINGENCIES

As at 31 December 2017, the Company has deposited and pledged SR 47,250,000 (31 December 2016: 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 54,938,250 (31 December 2016: Nil) 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.

Further, the office premises related refundable deposit amounts to SR 102,774 (31 December 2016: SR 102,774)."

### 15. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three month period and year ended 31 December 2017 and 31 December 2016 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.

### 16. 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.

### 17. SUBSEQUENT EVENT

The Board of Directors on their meeting held on 24 May 2017 recommended to the Extraordinary General Assembly meeting to reduce the Company's share capital from SR 1,000,000,000 to SR 810,000,000. On 1 January 2018, the Company got approval from the extra ordinary general meeting to reduce its share capital. The Company will revise its share capital after completing all the regulatory requirements.

### 18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 26 Jumada'I 1439H corresponding to 12 February 2018.