
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 SIX MONTH PERIODS ENDED 30 JUNE 2018**

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 Six Month Periods Ended 30 June 2018

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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 30 June 2018, the related interim condensed statement of income and interim condensed statement of comprehensive income for the three month and six month periods then ended and interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the six 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 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 30 June 2018 of Saudi Re for Cooperative Reinsurance Company 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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23 Dhulqa'da 1439H
 5 August 2018

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		30 June 2018 (Unaudited) SR	31 December 2017 (Audited) SR
ASSETS			
Bank balances and cash	5	29,291,076	33,481,770
Time deposits		158,354,170	109,753,125
Accrued special commission income from time deposits		943,293	871,978
Premium receivables, net	4	213,553,272	358,871,064
Investments held at fair value through income statement	7	725,110,667	865,067,529
Accrued insurance premiums		593,062,612	372,087,694
Retroceded share of unearned premiums	8	44,934,839	117,679,188
Deferred excess of loss premiums		592,839	14,299,778
Retroceded share of outstanding claims	9	162,794,456	59,889,008
Retroceded share of claims incurred but not reported	9	88,857,946	105,950,475
Deferred policy acquisition costs		156,879,555	100,345,144
Prepaid expenses, deposits and other assets		142,050,551	104,192,511
Property and equipment, net		32,498,668	33,535,969
Accrued special commission income from bonds and sukuk		3,201,722	3,830,983
Investment in an associate	13	90,547,264	91,954,382
Statutory deposit	6	121,500,000	100,000,000
Accrued income on statutory deposit	6	14,074,527	13,127,882
TOTAL ASSETS		2,578,247,457	2,484,938,480
LIABILITIES			
Accounts payable		15,911,800	16,648,193
Retrocession balances payable		34,583,166	229,763,824
Accrued retroceded premiums		15,896,585	7,891,275
Unearned premiums	8	617,643,710	461,488,892
Outstanding claims	9	585,694,044	445,954,001
Claims incurred but not reported	9	399,772,420	415,098,966
Unearned retrocession commission		10,342,483	7,542,299
Accrued expenses and other liabilities		8,393,368	12,812,543
End of service indemnities		6,277,538	5,729,277
Provision for zakat and tax	11	31,478,776	37,431,370
Accrued commission income payable to SAMA	6	14,074,527	13,127,882
TOTAL LIABILITIES EXCLUDING REINSURANCE OPERATIONS' SURPLUS		1,740,068,417	1,653,488,522
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		3,466,450	2,657,160
TOTAL REINSURANCE OPERATIONS' SURPLUS		3,466,450	2,657,160
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS		1,743,534,867	1,656,145,682
SHAREHOLDERS' EQUITY			
Share capital	10	810,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Other reserves		(3,936,071)	(1,961,580)
Retained earnings / (accumulated deficit)		22,577,737	(175,316,546)
TOTAL SHAREHOLDERS' EQUITY		834,712,590	828,792,798
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		2,578,247,457	2,484,938,480

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

For the three month and six month periods ended 30 June 2018

	For the three month period ended		For the six month period ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Notes (Unaudited) SR	(Unaudited) SR	(Unaudited)	(Unaudited)
REVENUES				
Gross written premiums	62,187,704	120,914,486	590,570,059	577,259,792
Retroceded premiums	(11,018,319)	(22,987,110)	(39,392,228)	(38,644,747)
Excess of loss expenses	(8,155,154)	(9,353,343)	(15,854,143)	(19,225,369)
Net written premiums	43,014,231	88,574,033	535,323,688	519,389,676
Changes in unearned premiums, net	94,640,501	54,302,778	(228,899,165)	(230,510,359)
Net earned premiums	137,654,732	142,876,811	306,424,523	288,879,317
Retrocession commissions	4,429,172	1,877,943	8,227,608	3,679,511
TOTAL REVENUES	142,083,904	144,754,754	314,652,131	292,558,828
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(92,265,946)	(84,098,853)	(176,775,363)	(206,255,464)
Retroceded share of claims paid	7,346,580	2,083,778	9,463,290	60,531,248
Net claims paid	(84,919,366)	(82,015,075)	(167,312,073)	(145,724,216)
Changes in outstanding claims, net	(24,021,189)	2,983,734	(36,834,598)	(13,277,537)
Changes in incurred but not reported claims, net	15,529,683	(12,906,269)	(1,765,981)	(39,595,342)
Net claims incurred	(93,410,872)	(91,937,610)	(205,912,652)	(198,597,095)
Policy acquisition costs and profit commissions	(35,509,098)	(37,749,166)	(77,569,067)	(72,521,142)
Other underwriting expenses	1,928,001	(604,572)	(713,911)	(2,886,299)
TOTAL UNDERWRITING COSTS AND EXPENSES	(126,991,969)	(130,291,348)	(284,195,630)	(274,004,536)
NET UNDERWRITING INCOME	15,091,935	14,463,406	30,456,501	18,554,292
OTHER OPERATING INCOME / (EXPENSES)				
Special commission income from time deposits	620,186	242,415	1,025,876	1,980,757
Realized gains on investments held at fair value through income statement	840,897	109,523	1,717,915	197,165
Unrealized gains on investments held at fair value through income statement	3,596,974	16,040,827	6,496,462	29,962,585
Special commission income from bonds and sukuk	594,597	593,856	1,364,190	1,218,787
Dividend income	1,071,096	1,250,000	1,417,032	1,625,000
Share of profit of associate	275,686	--	567,373	--
Investment management expenses	(842,487)	(4,686,591)	(2,041,404)	(5,578,817)
Net investment income	6,156,949	13,550,030	10,547,444	29,405,477
Other income	626,057	--	1,138,934	--
Allowance for doubtful debts	(462,064)	(1,258,444)	(860,140)	(1,258,444)
General and administrative expenses	(11,118,194)	(11,498,786)	(22,720,449)	(23,521,815)
Board of directors' remunerations, meetings fees and expenses	(540,344)	(1,643,562)	(1,129,906)	(1,850,560)
Foreign exchange translation losses	(3,042,322)	(155,731)	(2,591,486)	(387,451)
Total income for the period	6,712,017	13,456,913	14,840,898	20,941,499
Total income attributed to the reinsurance operations	(276,265)	(48,178)	(809,289)	(48,178)
Total income for the period attributable to the shareholders	6,435,752	13,408,735	14,031,609	20,893,321
Basic and diluted earnings per share for the period - restated	17	0.08	0.17	0.17
		0.26		

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
For the three month and six month periods ended 30 June 2018

	For the three month period ended		For the six month period ended	
	30 June 2018 (Unaudited) SR	30 June 2017 (Unaudited) SR	30 June 2018 (Unaudited) SR	30 June 2017 (Unaudited) SR
Net income for the period	6,435,752	13,408,735	14,031,609	20,893,321
<i>Other comprehensive income</i>				
Items that may be classified to income statement subsequently				
Share of foreign currency translation reserve of an associate	(3,155,409)	--	(1,974,491)	--
Total comprehensive income for the period	3,280,343	13,408,735	12,057,118	20,893,321



 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 six month period ended 30 June 2018

	GCC Shareholders and General Public						Non - GCC Shareholders						Total				
	(Accumulated deficit) / retained earnings		Statutory reserve		Other reserves		Share capital		(Accumulated deficit) / retained earnings		Statutory reserve		Other reserves		Total		
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
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)	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	491,710	3,685	79,725	--	(491,710)	(3,685)	(79,725)	--	--	--	--	--	--	--	--	--	--
Net profit for the period	--	--	13,732,245	--	--	--	299,364	--	--	14,031,609	--	14,031,609	--	--	--	--	14,031,609
Other comprehensive income	--	--	--	(1,932,365)	--	--	--	--	--	--	(42,126)	--	--	--	--	--	(1,974,491)
Total comprehensive income for the period	--	--	13,732,245	(1,932,365)	--	--	299,364	--	--	14,031,609	(1,974,491)	12,057,118	--	--	--	--	12,057,118
Zakat and tax charge for the period	--	--	(6,115,386)	--	--	--	(21,940)	--	--	(6,137,326)	--	(6,137,326)	--	--	--	--	(6,137,326)
Balance as at 30 June 2018 (Unaudited)	792,718,750	5,941,334	19,498,489	(3,850,888)	17,281,250	129,590	3,079,248	810,000,000	6,070,924	22,577,737	(3,936,071)	834,712,590					
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					
Transferred during the period	9,045,510	54,914	1,852,816	--	(9,045,510)	(54,914)	(1,852,816)	--	--	--	--	--	--	--	--	--	--
Net profit for the period	--	--	20,474,117	--	--	--	419,204	--	--	20,893,321	--	20,893,321	--	--	--	--	20,893,321
Other comprehensive income	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	20,474,117	--	--	--	419,204	--	--	20,893,321	--	20,893,321	--	--	--	--	20,893,321
Zakat and tax charge for the period	--	--	(7,591,231)	--	--	--	(31,814)	--	--	(7,623,045)	--	(7,623,045)	--	--	--	--	(7,623,045)
Balance as at 30 June 2017 (Unaudited)	979,935,910	5,949,116	(185,987,648)	--	20,064,090	121,808	(1,512,029)	1,000,000,000	6,070,924	(187,499,677)	--	818,571,247					

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

For the six month period ended 30 June 2018

	Notes	30 June 2018 (Unaudited) SR	30 June 2017 (Unaudited) SR
OPERATING ACTIVITIES			
Total income for the period		14,840,898	20,941,499
<i>Adjustments to reconcile net income for the period to net cash used in operating activities:</i>			
Employees' end of service benefits		905,519	1,504,582
Depreciation of property and equipment		1,318,512	1,394,867
Realized gains on investments held at fair value through income statement	7 (iv)	(1,717,915)	(197,165)
Unrealized gains on investments held at fair value through income statement	7 (iv)	(6,496,462)	(29,962,585)
Share of profit of associate		(567,373)	--
Provision for doubtful receivable		860,140	1,258,444
Operating income / (loss) before changes in operating assets and liabilities		9,143,319	(5,060,358)
Changes in operating assets and liabilities:			
Premiums receivable, gross		144,457,652	(16,137,758)
Accrued insurance premiums		(220,974,918)	(219,565,362)
Retroceded share of unearned premiums	8	72,744,349	(23,858,213)
Unearned premiums	8	156,154,818	254,368,572
Retroceded share of outstanding claims		(102,905,448)	48,237,217
Retroceded share of claims incurred but not reported		17,092,529	(6,848,988)
Deferred acquisition costs		(56,534,411)	(56,703,468)
Deferred excess of loss premiums		13,706,939	16,634,198
Prepaid expenses, deposits and other assets		(37,858,040)	(2,999,932)
Accounts payable		(736,393)	(9,313,193)
Retrocession balances payable		(195,180,658)	(27,290,591)
Accrued retroceded premiums		8,005,310	3,082,873
Outstanding claims		139,740,043	(34,959,681)
Claims incurred but not reported		(15,326,546)	46,444,330
Unearned commission income		2,800,184	2,974,710
Accrued expenses and other liabilities		(4,419,175)	(381,848)
Cash used in operating activities		(70,090,446)	(31,377,492)
Zakat and income tax paid		(12,089,920)	(15,266,902)
Employees' end of service benefits paid		(357,257)	(138,596)
Net cash used in operating activities		(82,537,623)	(46,782,990)
INVESTING ACTIVITIES			
Time deposits		23,914,770	144,759,982
Accrued special commission income on time deposits		(71,315)	2,951,083
Accrued special commission income from bonds and sukuk		629,261	393,247
Proceeds from disposal of property and equipment		75,000	--
Purchase of property and equipment		(356,211)	(159,508)
Additions in investments held at fair value through income statement	7 (iv)	(10,988,926)	(191,355,580)
Proceeds from disposal of investments held at fair value through income statement	7 (iv)	159,160,165	59,839,476
Statutory deposit		(21,500,000)	--
Net cash from investing activities		150,862,744	16,428,700
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		68,325,121	(30,354,290)
Cash and cash equivalents at the beginning of the period		85,231,770	70,842,053
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	153,556,891	40,487,763

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 UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month and six month periods ended 30 June 2018

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 Board of Directors in 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. Accordingly, the Company has revised its share capital after completing all the regulatory requirements.

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 associate which is accounted for under the equity method.

Statement of compliance

The condensed 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 International Financial Reporting Standards ("IFRS") 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 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the Zakat and Income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.

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

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. Until 31 December 2017, this information was shown in the main statements. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the reinsurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the reinsurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
For the three and six month periods ended 30 June 2018

2. BASIS OF PREPARATION (CONTINUED)

Statement of compliance (continued)

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 2017.

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 2017.

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 2017 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:

New and amended standards issued and adopted

- Amendments to IASs' - "Disclosure Initiative" applicable from 1 January 2018.
- IFRS 15 Revenue from contracts with customers

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 1 January 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.

IFRS 16 Leases

IFRS 16 – Leases, which is effective for annual periods beginning on or after 1 January 2019 and is not expected to have a material impact on the Company's interim condensed financial statements.

4. PREMIUM RECEIVABLES, NET

<u>Reinsurance operations</u>	30 June 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Policyholders	217,634,983	362,196,497
Related parties (note 12)	2,064,835	1,960,973
Less: provision for doubtful debts	(6,146,546)	(5,286,406)
	<u>213,553,272</u>	<u>358,871,064</u>

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

5. CASH AND CASH EQUIVALENTS

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

	Reinsurance operations	
	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bank balances and cash (A)	22,190,941	24,244,191
Deposits maturing within 3 months from the acquisition date (B)	65,013,518	29,250,000
	87,204,459	53,494,191
	Shareholders' operations	
	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bank balances and cash (C)	7,100,135	9,237,579
Deposits maturing within 3 months from the acquisition date (D)	59,252,297	22,500,000
	66,352,432	31,737,579
Total Bank balances and cash (A+C)	29,291,076	33,481,770
Total Deposits maturing within 3 months from acquisition date (B+D)	124,265,815	51,750,000
Total	153,556,891	85,231,770

6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 121.5 million (31 December 2017: SR 100 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 15% (31 December 2017: 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 a regular basis and is shown as a separate line item as part of the 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 June 2018 is SAR 14,074,527 (31 December 2017: 13,127,882) 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 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total	Reinsurance operations SR	Shareholders' operations SR	Total SR
Money market funds	21,032,718	10,430,166	31,462,884	52,999,225	102,510,933	155,510,158
Investment funds	--	26,323,351	26,323,351	--	50,000,000	50,000,000
Equities	--	172,881,326	172,881,326	--	160,594,703	160,594,703
Fixed-rate bonds/sukuk	48,607,915	377,676,776	426,284,691	47,956,869	377,834,683	425,791,552
Floating-rate bonds/sukuk	3,901,445	64,256,970	68,158,415	5,359,938	67,811,178	73,171,116
	73,542,078	651,568,589	725,110,667	106,316,032	758,751,497	865,067,529

ii. Determination of fair value and fair values hierarchy:

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

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

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:

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 June 2018 and 31 December 2017, the investments under reinsurance operations in bonds and sukuk amounting to SR 52.5 million (31 December 2017: SR 53.3 million) are classified as Level 1 investments while the investment in money market funds amounting to SR 21.0 million (31 December 2017 SR 52.9 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 June 2018 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	10,430,166	--	10,430,166
Investment funds	--	--	26,323,351	26,323,351
Equities	172,881,326	--	--	172,881,326
Fixed-rate bonds/sukuk	327,612,258	--	50,064,518	377,676,776
Floating-rate bonds/sukuk	24,256,970	--	40,000,000	64,256,970
	<u>524,750,554</u>	<u>10,430,166</u>	<u>116,387,869</u>	<u>651,568,589</u>
	31 December 2017 (Audited)			
	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	--	50,064,514	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>

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	Closing
For the period 30 June 2018	140,064,514	--	(23,676,645)	116,387,869
For the year ended 31 December 2017	147,564,514	--	(7,500,000)	140,064,514

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.

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For the three month and six month periods ended 30 June 2018

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

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Investments held at fair value through income statement	116,387,869	140,064,514
Impact on Unrealized Gain for the year ended: <i>If increased by 1%</i>	1,163,879	1,400,645
<i>If decreased by 1%</i>	(1,163,879)	(1,400,645)

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 June 2018 and year ended 31 December 2017.

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

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Opening balance	106,316,032	758,751,497	865,067,529	93,447,337	724,579,017	818,026,354
Additions	6,000,000	4,988,926	10,988,926	51,000,000	154,342,957	205,342,957
Disposals	(38,416,162)	(120,744,003)	(159,160,165)	(42,250,000)	(167,339,479)	(209,589,479)
Unrealized gains	(571,678)	7,068,140	6,496,462	3,930,642	46,017,732	49,948,374
Realized gains	213,886	1,504,029	1,717,915	188,053	1,151,270	1,339,323
Closing balance	73,542,078	651,568,589	725,110,667	106,316,032	758,751,497	865,067,529

As at 30 June 2018, the investments under reinsurance operations include SR 52.5 million (31 December 2017: SR 53.3 million) which are held through discretionary managed portfolios.

As at 30 June 2018, the investments under shareholders' operations include SR 500.1 million (31 December 2017: SR 496 million) which are held through discretionary managed portfolios.

Investments under reinsurance and shareholders' operations include cash component of SR 1.6 million and SR 14.9 million respectively as at 30 June 2018 (31 December 2017: SR 4.9 million and SR 25 million respectively) available with external fund managers within the agreed investment guidelines.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

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

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

	30 June 2018 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	10,430,166	--	10,430,166
Investment funds	--	26,323,351	26,323,351
Equities	172,881,326	--	172,881,326
Fixed-rate bonds/sukuk	327,612,258	50,064,518	377,676,776
Floating-rate bonds/sukuk	24,256,970	40,000,000	64,256,970
	535,180,720	116,387,869	651,568,589
	31 December 2017 (Audited)		
	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
	618,686,983	140,064,514	758,751,497

As at 30 June 2018 and 31 December 2017, all financial instruments under reinsurance operations, which are measured at fair value, are quoted.

- 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	
	30 June 2018 (Unaudited) SR	31 December 2017 (Audited) SR	30 June 2018 (Unaudited) SR	31 December 2017 (Audited) SR	30 June 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Reinsurance operations						
Money Market Funds	21,032,718	52,999,225	--	--	21,032,718	52,999,225
Fixed-Rate Bonds/Sukuk	--	--	48,607,915	47,956,869	48,607,915	47,956,869
Floating-Rate Bonds/Sukuk	--	--	3,901,445	5,359,938	3,901,445	5,359,938
	21,032,718	52,999,225	52,509,360	53,316,807	73,542,078	106,316,032
	Domestic		International		Total	
	30 June 2018 (Unaudited) SR	31 December 2017 (Audited) SR	30 June 2018 (Unaudited) SR	31 December 2017 (Audited) SR	30 June 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Shareholders' operations						
Money Market Funds	10,430,166	102,510,933	--	--	10,430,166	102,510,933
Investment Funds	26,323,351	50,000,000	--	--	26,323,351	50,000,000
Equities	68,200,278	56,119,572	104,681,048	104,475,131	172,881,326	160,594,703
Fixed-Rate Bonds/Sukuk	50,064,518	40,000,000	327,612,258	337,834,683	377,676,776	377,834,683
Floating-Rate Bonds/Sukuk	40,000,000	40,000,000	24,256,970	27,811,178	64,256,970	67,811,178
	195,018,313	288,630,505	456,550,276	470,120,992	651,568,589	758,751,497
Total	216,051,031	341,629,730	509,059,636	523,437,799	725,110,667	865,067,529

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For the three month and six month periods ended 30 June 2018

8. UNEARNED PREMIUM

Reinsurance operations	30 June 2018 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	461,488,892	(117,679,188)	343,809,704
Premiums written during the period	590,570,059	(55,246,371)	535,323,688
Premium earned	(434,415,241)	127,990,720	(306,424,521)
Changes in unearned premiums	156,154,818	72,744,349	228,899,167
Closing balance	617,643,710	(44,934,839)	572,708,871

	31 December 2017 (Audited)		
	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
Premiums 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

9. CLAIMS RESERVES

Reinsurance operations	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Outstanding claims	585,694,044	445,954,001
Claims incurred but not reported	399,772,420	415,098,966
	985,466,464	861,052,967
Less:		
- Retroceded share of outstanding claims	162,794,456	59,889,008
- Retroceded share of claims incurred but not reported	88,857,946	105,950,475
	251,652,402	165,839,483
Net outstanding claims reserves	733,814,062	695,213,484

10. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 810 million at 30 June 2018 (31 December 2017: SAR 1,000 million) consisting of 81 million shares (December 31, 2017: 100 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 June 2018 (Unaudited)		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algozaibi Brothers Co.	4,050,000	10	40,500,000
Others	76,950,000	10	769,500,000
	81,000,000	10	810,000,000

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10. SHARE CAPITAL (CONTINUED)

	31 December 2017 (Audited)		
	Authorized and issued	Paid up	
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	5,000,000	10	50,000,000
Others	95,000,000	10	950,000,000
	<u>100,000,000</u>	<u>10</u>	<u>1,000,000,000</u>

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 all externally imposed capital requirements during the reported financial period.

The Company held its Board of Directors meeting on 24 May 2017 to recommend to the Extraordinary General Assembly to reduce the Company's share capital against accumulated losses by SR 190 million. Based on the approval received from the shareholders at the Extraordinary General Assembly, the Company reduced its share capital from SR 1,000 million to SR 810 million against accumulated losses of the Company on pro rata basis.

Legal and regulatory formalities relating to the reduction of capital have been completed and the Company has successfully reduced its share capital by SR 190 million in January 2018.

11. PROVISION FOR ZAKAT AND TAX

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

	30 June 2018 (Unaudited)		31 December 2017 (Audited)	
	SR	%	SR	%
Saudi Shareholders	<u>775,575,000</u>	<u>95.75%</u>	956,770,000	95.67%
GCC Shareholders	<u>17,147,700</u>	<u>2.12%</u>	21,280,000	2.13%
Foreign Shareholders	<u>17,277,300</u>	<u>2.13%</u>	21,950,000	2.20%
Total	<u>810,000,000</u>	<u>100%</u>	<u>1,000,000,000</u>	<u>100%</u>

As of 30 June 2018, the authorized, issued and fully paid-up share capital of the Company consists of 81 million shares (31 December 2017: 100 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 year end are as follows:

	30 June 2018	31 December 2017
	SR (Unaudited)	SR (Audited)
Provision for zakat	<u>31,152,345</u>	37,108,412
Provision for tax	<u>326,431</u>	322,958
	<u>31,478,776</u>	<u>37,431,370</u>

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11 PROVISION FOR ZAKAT AND TAX (CONTINUED)

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

	30 June 2018	30 June 2017
	SR (Unaudited)	SR (Unaudited)
Zakat charge for the period	6,115,389	7,591,231
Tax charge for the period	21,937	31,814
	6,137,326	7,623,045

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 June 2018 and 31 December 2017.

The Company has filed its Tax / Zakat returns for the years ended 31 December 2008 to 2016 with the General Authority of Zakat and Income Tax (GAZT). The company has received the final assessments for the years ended 31 December 2008 to 2013. The assessments for the years ended 31 December 2014 to 2016 are still outstanding.

The Company has 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) has 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 has filed an appeal against the PAC Ruling with the Higher Appeal Committee (HAC). The HAC has not yet fixed a hearing session for the discussion of the said appeal. The Company has deposited SR 30.8 million as guarantee for the appeals.

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 six month period ended		Balance as at	
		30 June 2018 (Unaudited) SR	30 June 2017 (Unaudited) SR	30 June 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Board of Directors	- Consulting fees	692,357	159,308	442,200	442,200
	- Remunerations, meetings fees and expenses	1,129,906	2,042,763	2,017,253	1,563,507
Key management Personnel	- Short term benefits	5,119,451	4,818,410	1,616,033	1,294,000
	- End of service benefits	288,856	792,184	2,743,814	2,464,889
Companies represented by the Board members	- Gross written premiums	22,384,268	2,411,384	2,064,835	1,960,973
	- Claims incurred	1,256,350	1,115,483	3,038,703	2,476,077
	- Commissions	10,104,852	711,094	--	--
	- Refundable deposit	--	--	--	37,500,375
	- HSBC Custodian fees	--	94,000	--	30,996

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

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12 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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.

13 INVESTMENT IN AN ASSOCIATE

Shareholders' operations	30 June	31 December
	2018	2017
	(Unaudited)	(Audited)
	SR	SR
Balance at the beginning of the period / year	91,954,382	--
Addition during the period / year	--	93,750,000
Share of profit of associate for the period / year	567,373	165,962
Share in foreign currency translation adjustments for the period / year	(1,974,491)	(1,961,580)
Balance at the end of the period / year	90,547,264	91,954,382

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 associate (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.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

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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 June 2018 (Unaudited)										
REVENUES										
Gross written premiums	7,837,493	28,236,899	(10,313,397)	7,852,525	8,521,878	9,512,135	5,768,112	(17,486,037)	22,258,096	62,187,704
Retroceded premiums	(2,239,010)	(5,116,904)	1,436,667	--	126,357	79,131	--	--	(5,304,560)	(11,018,319)
Excess of loss expenses	(2,015,840)	(2,940,097)	(142,506)	--	(109,731)	(214,530)	--	--	(2,732,450)	(8,155,154)
Net written premiums	3,582,643	20,179,898	(9,019,236)	7,852,525	8,538,504	9,376,736	5,768,112	(17,486,037)	14,221,086	43,014,231
Changes in unearned premiums, net	13,245,210	20,686,865	8,979,060	16,061,958	6,734,054	300,023	2,828,744	25,545,363	259,224	94,640,501
Net earned premiums	16,827,853	40,866,763	(40,176)	23,914,483	15,272,558	9,676,759	8,596,856	8,059,326	14,480,310	137,654,732
Retrocession commissions	492,987	1,334,053	150,096	--	928,848	(57,622)	--	--	1,580,810	4,429,172
TOTAL REVENUES	17,320,840	42,200,816	109,920	23,914,483	16,201,406	9,619,137	8,596,856	8,059,326	16,061,120	142,083,904
UNDERWRITING COSTS AND EXPENSES										
Gross claims paid	(9,551,651)	(25,287,581)	(3,041,889)	(13,841,935)	(13,396,042)	(16,828,336)	(2,598,920)	--	(7,719,592)	(92,265,946)
Retroceded share of claims paid	136,267	599,299	235,189	--	1,819,351	--	--	--	4,556,474	7,346,580
Net claims paid	(9,415,384)	(24,688,282)	(2,806,700)	(13,841,935)	(11,576,691)	(16,828,336)	(2,598,920)	--	(3,163,118)	(84,919,366)
Changes in outstanding claims, net	(6,020,141)	5,964,166	(2,937,394)	(3,292,463)	(2,644,403)	(1,169,615)	(2,003,320)	--	(11,918,019)	(24,021,189)
Changes in Incurred but not reported claims, net	3,915,249	(1,063,440)	2,658,945	605,018	6,595,377	6,849,471	(419,913)	(4,868,520)	1,257,496	15,529,683
Net claims incurred	(11,520,276)	(19,787,556)	(3,085,149)	(16,529,380)	(7,625,717)	(11,148,480)	(5,022,153)	(4,868,520)	(13,823,641)	(93,410,872)
Policy acquisition costs and profit commissions	(5,878,513)	(13,862,726)	(60,797)	(3,522,311)	(4,955,297)	(958,555)	(314,222)	(3,233,150)	(2,723,527)	(35,509,098)
Other underwriting expenses	167,429	474,568	173,612	354,997	207,603	46,478	74,494	406,565	22,255	1,928,001
TOTAL UNDERWRITING COSTS AND EXPENSES	(17,231,360)	(33,175,714)	(2,972,334)	(19,696,694)	(12,373,411)	(12,060,557)	(5,261,881)	(7,695,105)	(16,524,913)	(126,991,969)
NET UNDERWRITING INCOME	89,480	9,025,102	(2,862,414)	4,217,789	3,827,995	(2,441,420)	3,334,975	364,221	(463,793)	15,091,935

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 June 2017 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	9,003,832	27,574,201	11,377,249	(3,690,618)	22,702,449	20,072,341	658,082	3,931,186	29,285,764	120,914,486
Retroceded premiums	(1,558,928)	(3,780,079)	(10,343,705)	--	(277,299)	(22,147)	--	--	(7,004,952)	(22,987,110)
Excess of loss expenses	(2,380,113)	(5,226,643)	(264,850)	(16,706)	(514,562)	(438,547)	--	(1,581)	(510,341)	(9,353,343)
Net written premiums	5,064,791	18,567,479	768,694	(3,707,324)	21,910,588	19,611,647	658,082	3,929,605	21,770,471	88,574,033
Changes in unearned premiums, net	13,445,790	18,122,919	8,384,049	22,710,946	(6,197,570)	(5,839,275)	3,691,127	10,208,923	(10,224,131)	54,302,778
Net earned premiums	18,510,581	36,690,398	9,152,743	19,003,622	15,713,018	13,772,372	4,349,209	14,138,528	11,546,340	142,876,811
Retrocession commissions	417,709	801,703	386,365	--	151,937	(2,279)	--	--	122,508	1,877,943
<u>TOTAL REVENUES</u>	18,928,290	37,492,101	9,539,108	19,003,622	15,864,955	13,770,093	4,349,209	14,138,528	11,668,848	144,754,754
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(10,503,687)	(26,818,346)	(3,816,300)	(22,091,039)	(3,994,256)	(11,004,506)	(3,438,707)	--	(2,432,012)	(84,098,853)
Retroceded share of claims paid	129,952	1,631,586	170,502	--	121,560	30,178	--	--	--	2,083,778
Net claims paid	(10,373,735)	(25,186,760)	(3,645,798)	(22,091,039)	(3,872,696)	(10,974,328)	(3,438,707)	--	(2,432,012)	(82,015,075)
Changes in outstanding claims, net	3,560,387	(1,079,604)	367,483	(2,376,541)	(705,117)	2,284,626	394,005	--	538,495	2,983,734
Changes in Incurred but not reported claims, net	(3,036,195)	992,806	(381,561)	9,911,564	(2,750,962)	(5,685,286)	(438,690)	(8,486,635)	(3,031,310)	(12,906,269)
Net claims incurred	(9,849,543)	(25,273,558)	(3,659,876)	(14,556,016)	(7,328,775)	(14,374,988)	(3,483,392)	(8,486,635)	(4,924,827)	(91,937,610)
Policy acquisition costs and profit commissions	(6,517,533)	(12,418,469)	(3,942,881)	(2,130,096)	(4,148,254)	(1,280,457)	(90,013)	(5,719,161)	(1,502,302)	(37,749,166)
Other underwriting expenses	(46,234)	(140,033)	(56,858)	18,457	(114,842)	(100,773)	(3,290)	(19,656)	(141,343)	(604,572)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(16,413,310)	(37,832,060)	(7,659,615)	(16,667,655)	(11,591,871)	(15,756,218)	(3,576,695)	(14,225,452)	(6,568,472)	(130,291,348)
<u>NET UNDERWRITING INCOME</u>	2,514,980	(339,959)	1,879,493	2,335,967	4,273,084	(1,986,125)	772,514	(86,924)	5,100,376	14,463,406

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 six month period ended										
30 June 2018 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	44,090,391	157,148,152	24,535,355	109,183,412	68,205,000	29,680,271	31,100,244	74,476,795	52,150,439	590,570,059
Retroceded premiums	(4,952,516)	(13,402,812)	(618,427)	--	(12,688,956)	79,131	--	--	(7,808,648)	(39,392,228)
Excess of loss expenses	(3,815,085)	(5,370,047)	(285,012)	--	(171,859)	(429,059)	--	--	(5,783,081)	(15,854,143)
Net written premiums	35,322,790	138,375,293	23,631,916	109,183,412	55,344,185	29,330,343	31,100,244	74,476,795	38,558,710	535,323,688
Changes in unearned premiums, net	(7,615,983)	(52,453,211)	(12,329,078)	(63,657,726)	(20,165,764)	(2,684,771)	(16,395,670)	(43,743,218)	(9,853,744)	(228,899,165)
Net earned premiums	27,706,807	85,922,082	11,302,838	45,525,686	35,178,421	26,645,572	14,704,574	30,733,577	28,704,966	306,424,523
Retrocession commissions	806,086	2,721,348	370,830	--	1,691,912	(57,622)	--	--	2,695,054	8,227,608
<u>TOTAL REVENUES</u>	28,512,893	88,643,430	11,673,668	45,525,686	36,870,333	26,587,950	14,704,574	30,733,577	31,400,020	314,652,131
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(27,133,826)	(40,284,281)	(11,460,544)	(24,223,817)	(18,992,413)	(33,076,168)	(6,985,248)	--	(14,619,066)	(176,775,363)
Retroceded share of claims paid	1,096,585	622,972	251,149	--	2,936,110	--	--	--	4,556,474	9,463,290
Net claims paid	(26,037,241)	(39,661,309)	(11,209,395)	(24,223,817)	(16,056,303)	(33,076,168)	(6,985,248)	--	(10,062,592)	(167,312,073)
Changes in outstanding claims, net	796,892	(5,143,442)	(3,043,185)	(2,730,117)	(2,183,827)	(3,768,334)	(220,935)	--	(20,541,650)	(36,834,598)
Changes in Incurred but not reported claims, net	8,530,732	(2,106,273)	1,701,687	(4,546,559)	945,953	10,510,086	(1,527,785)	(20,465,252)	5,191,430	(1,765,981)
Net claims incurred	(16,709,617)	(46,911,024)	(12,550,893)	(31,500,493)	(17,294,177)	(26,334,416)	(8,733,968)	(20,465,252)	(25,412,812)	(205,912,652)
Policy acquisition costs and profit commissions	(10,310,843)	(27,481,906)	(3,879,861)	(6,588,840)	(9,853,001)	(1,656,726)	(466,909)	(12,266,547)	(5,064,434)	(77,569,067)
Other underwriting expenses	(13,835)	(169,988)	(632)	(151,657)	(90,813)	(54,363)	(52,167)	(53,249)	(127,207)	(713,911)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(27,034,295)	(74,562,918)	(16,431,386)	(38,240,990)	(27,237,991)	(28,045,505)	(9,253,044)	(32,785,048)	(30,604,453)	(284,195,630)
NET UNDERWRITING INCOME	1,478,598	14,080,512	(4,757,718)	7,284,696	9,632,342	(1,457,555)	5,451,530	(2,051,471)	795,567	30,456,501

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 six month period ended 30 June 2017 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	54,074,586	147,462,243	41,401,571	100,066,097	68,564,944	40,713,524	16,515,805	61,187,648	47,273,374	577,259,792
Retroceded premiums	(3,915,288)	(11,877,286)	(13,512,770)	--	(2,312,203)	(22,147)	--	--	(7,005,053)	(38,644,747)
Excess of loss expenses	(4,760,228)	(10,619,000)	(529,700)	(83,719)	(1,029,668)	(871,790)	--	(2,599)	(1,328,665)	(19,225,369)
Net written premiums	45,399,070	124,965,957	27,359,101	99,982,378	65,223,073	39,819,587	16,515,805	61,185,049	38,939,656	519,389,677
Changes in unearned premiums, net	(11,068,893)	(49,310,720)	(7,904,480)	(56,379,507)	(36,100,629)	(10,382,968)	(7,010,990)	(35,647,389)	(16,704,783)	(230,510,358)
Net earned premiums	34,330,177	75,655,237	19,454,621	43,602,871	29,122,444	29,436,619	9,504,815	25,537,660	22,234,873	288,879,317
Retrocession commissions	665,828	1,577,242	896,211	--	415,972	(2,279)	--	--	126,537	3,679,511
<u>TOTAL REVENUES</u>	34,996,005	77,232,479	20,350,832	43,602,871	29,538,416	29,434,340	9,504,815	25,537,660	22,361,410	292,558,828
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(16,578,255)	(114,060,849)	(7,823,481)	(24,922,589)	(9,739,052)	(21,715,438)	(5,307,905)	--	(6,107,895)	(206,255,464)
Retroceded share of claims paid	414,741	59,043,313	623,857	--	124,200	30,178	--	--	294,959	60,531,248
Net claims paid	(16,163,514)	(55,017,536)	(7,199,624)	(24,922,589)	(9,614,852)	(21,685,260)	(5,307,905)	--	(5,812,936)	(145,724,216)
Changes in outstanding claims, net	(3,545,703)	(3,696,910)	(1,616,083)	(4,751,664)	(2,203,214)	2,933,406	(485,905)	--	88,536	(13,277,537)
Changes in Incurred but not reported claims, net	(7,161,519)	(7,601,068)	1,804,604	(328,802)	534,173	(8,518,428)	(402,276)	(16,139,343)	(1,782,683)	(39,595,342)
Net claims incurred	(26,870,736)	(66,315,514)	(7,011,103)	(30,003,055)	(11,283,893)	(27,270,282)	(6,196,086)	(16,139,343)	(7,507,083)	(198,597,095)
Policy acquisition costs and profit commissions	(12,116,083)	(24,109,441)	(8,104,956)	(4,427,761)	(8,075,893)	(2,464,041)	(183,928)	(10,332,555)	(2,706,484)	(72,521,142)
Other underwriting expenses	(271,588)	(739,473)	(206,980)	(500,327)	(344,154)	(203,979)	(82,579)	(305,938)	(231,281)	(2,886,299)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(39,258,407)	(91,164,428)	(15,323,039)	(34,931,143)	(19,703,940)	(29,938,302)	(6,462,593)	(26,777,836)	(10,444,848)	(274,004,536)
<u>NET UNDERWRITING INCOME</u>	(4,262,402)	(13,931,949)	5,027,793	8,671,728	9,834,476	(503,962)	3,042,222	(1,240,176)	11,916,562	18,554,292

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 June 2018 (Unaudited)												
<u>ASSETS</u>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	22,190,941	7,100,135	29,291,076
Time deposits	--	--	--	--	--	--	--	--	--	99,101,873	59,252,297	158,354,170
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	398,681	544,612	943,293
Premium receivables, net	23,500,737	56,689,863	13,048,310	16,694,618	30,440,287	18,017,252	7,802,548	1,537	57,915,685	(10,557,565)	--	213,553,272
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	73,542,078	651,568,589	725,110,667
Accrued insurance premiums	52,109,909	135,257,733	36,840,616	95,734,436	42,170,333	37,816,093	30,408,985	139,498,038	23,226,469	--	--	593,062,612
Retroceded share of unearned premiums	7,329,894	9,159,308	1,261,608	--	12,769,837	--	--	--	14,414,192	--	--	44,934,839
	--	--	--	--	--	592,839	--	--	--	--	--	592,839
Deferred excess of loss premiums Retroceded share of outstanding claims	6,538,605	42,737,175	10,602,527	(993,866)	2,298,001	830,288	--	--	100,781,726	--	--	162,794,456
Retroceded share of claims incurred but not reported	3,090,461	8,674,866	1,527,148	13,195	5,901,998	863	--	--	69,649,415	--	--	88,857,946
Deferred policy acquisition costs	25,935,016	43,061,947	9,937,290	13,089,065	15,392,091	956,037	681,927	41,442,025	6,384,157	--	--	156,879,555
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	111,157,125	30,893,426	142,050,551
Property and equipment, net	--	--	--	--	--	--	--	--	--	1,685,853	30,812,815	32,498,668
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	3,201,722	3,201,722
Investment in an associate	--	--	--	--	--	--	--	--	--	--	90,547,264	90,547,264
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	14,074,527	14,074,527
TOTAL ASSETS	118,504,622	295,580,892	73,217,499	124,537,448	108,972,547	58,213,372	38,893,460	180,941,600	272,371,644	297,518,986	1,009,495,647	2,578,247,457

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 June 2018 (Unaudited)												
LIABILITIES												
Accounts payable	(820,725)	6,539,627	311,591	(651,245)	788,197	1,005,331	42,827	--	72,748	8,623,449	--	15,911,800
Retrocession balances payable	--	--	--	--	--	--	--	--	--	34,583,166	--	34,583,166
Accrued retroceded premiums	--	--	--	--	--	--	--	--	--	15,896,585	--	15,896,585
Unearned premiums	87,535,070	158,593,744	32,281,466	82,161,390	61,729,662	27,441,343	22,607,917	103,708,010	41,585,108	--	--	617,643,710
Outstanding claims	90,692,224	205,690,880	41,620,765	39,500,534	24,198,665	29,381,646	3,611,750	--	150,997,580	--	--	585,694,044
Claims incurred but not reported	25,132,431	52,852,358	14,615,131	73,326,098	26,663,635	26,476,707	10,900,941	87,461,683	82,343,436	--	--	399,772,420
Unearned retrocession commission	1,436,894	2,083,609	350,897	--	2,952,425	--	--	--	3,518,658	--	--	10,342,483
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	4,821,951	3,571,417	8,393,368
End of service indemnities	--	--	--	--	--	--	--	--	--	6,277,538	--	6,277,538
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	31,478,776	31,478,776
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	14,074,527	14,074,527
TOTAL LIABILITIES	203,975,894	425,760,218	89,179,850	194,336,777	116,332,584	84,305,027	37,163,435	191,169,693	278,517,530	70,202,689	49,124,720	1,740,068,417

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 2017 (Audited)												
<u>ASSETS</u>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	24,244,191	9,237,579	33,481,770
Time deposits	--	--	--	--	--	--	--	--	--	87,253,125	22,500,000	109,753,125
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	868,728	3,250	871,978
Premium receivables, net	19,687,417	51,086,661	11,999,952	28,838,608	19,293,191	14,256,275	9,214,968	--	204,493,992	--	--	358,871,064
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	42,852,405	80,243,017	28,551,184	38,061,008	27,101,683	30,984,594	11,182,757	99,324,738	13,786,308	--	--	372,087,694
Retroceded share of unearned premiums	5,232,886	6,922,060	3,124,179	--	6,938,541	--	--	4,954,380	90,507,142	--	--	117,679,188
Deferred excess of loss premiums	3,599,045	4,861,337	285,350	812	124,799	--	--	-	5,428,435	--	--	14,299,778
Retroceded share of outstanding claims	5,873,857	27,513,631	6,442,354	844,078	562,549	--	--	33,165	18,619,374	--	--	59,889,008
Retroceded share of claims incurred but not reported	4,621,414	6,199,565	4,148,373	203,945	3,960,117	--	--	2,725,806	84,091,255	--	--	105,950,475
Deferred policy acquisition costs	23,125,232	28,016,883	6,165,446	2,967,167	9,093,617	1,612,077	79,966	25,354,513	3,930,243	--	--	100,345,144
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	103,964,040	228,471	104,192,511
Property and equipment, net	--	--	--	--	--	--	--	--	--	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	3,830,983	3,830,983
Investment in associate	--	--	--	--	--	--	--	--	--	--	91,954,382	91,954,382
Statutory deposit	--	--	--	--	--	--	--	--	--	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL ASSETS	104,992,256	204,843,154	60,716,838	70,915,618	67,074,497	46,852,946	20,477,691	132,392,602	420,856,749	324,932,505	1,030,883,624	2,484,938,480

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 2017 (Audited)												
LIABILITIES												
Accounts payable	2,024,597	5,253,603	1,234,040	2,965,837	1,983,897	1,466,074	--	--	1,720,145	--	--	16,648,193
Retrocession balances payable	5,033,745	13,062,010	3,068,188	7,373,948	4,932,553	3,645,092	--	--	192,648,288	--	--	229,763,824
Accrued retroceded premiums	93,834	300,820	427,891	137,458	5,218,500	67,948	--	2,070,312	(425,488)	--	--	7,891,275
Unearned premiums	77,341,378	102,962,516	21,570,862	18,054,363	35,273,830	24,534,466	6,212,247	67,058,703	108,480,527	--	--	461,488,892
Outstanding claims	91,280,484	187,339,456	34,411,733	36,746,983	21,609,258	24,854,749	3,390,815	--	46,320,523	--	--	445,954,001
Claims incurred but not reported	35,291,010	48,184,229	18,941,178	68,970,287	25,669,878	36,986,243	9,373,156	71,375,965	100,307,020	--	--	415,098,966
Unearned retrocession commission	1,116,878	1,630,527	282,828	--	1,733,337	--	--	--	2,778,729	--	--	7,542,299
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	5,742,651	7,069,892	12,812,543
End of service indemnities	--	--	--	--	--	--	--	--	--	5,729,277	--	5,729,277
Accumulated Surplus	--	--	--	--	--	--	--	--	--	2,657,160	--	2,657,160
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL LIABILITIES	212,181,926	358,733,161	79,936,720	134,248,876	96,421,253	91,554,572	18,976,218	140,504,980	451,829,744	14,129,088	57,629,144	1,656,145,682

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 June 2018 (Unaudited)						
Reinsurance operations' results						
REVENUES						
Gross written premiums	20,508,251	1,489,856	2,977,754	54,697,868	(17,486,025)	62,187,704
Retroceded premiums	(11,333,316)	66,574	(4,178)	252,601	--	(11,018,319)
Excess of loss expenses	(3,175,359)	(1,413,764)	(464,890)	(2,965,986)	(135,155)	(8,155,154)
Net written premiums	5,999,576	142,666	2,508,686	51,984,483	(17,621,180)	43,014,231
Changes in unearned premiums, net	43,272,860	22,816,331	5,137,459	(3,597,567)	27,011,418	94,640,501
Net earned premiums	49,272,436	22,958,997	7,646,145	48,386,916	9,390,238	137,654,732
Retrocession commissions	3,764,244	(39,452)	2,778	701,602	--	4,429,172
TOTAL REVENUES	53,036,680	22,919,545	7,648,923	49,088,518	9,390,238	142,083,904
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(36,939,264)	(14,466,049)	(8,555,627)	(32,266,846)	(38,160)	(92,265,946)
Retroceded share of claims paid	618,226	140,789	4,874	6,582,691	--	7,346,580
Net claims paid	(36,321,038)	(14,325,260)	(8,550,753)	(25,684,155)	(38,160)	(84,919,366)
Changes in outstanding claims, net	(5,023,470)	(5,826,707)	(2,747,817)	(9,189,351)	(1,233,844)	(24,021,189)
Changes in Incurred but not reported claims, net	5,778,038	4,745,918	1,370,904	8,386,632	(4,751,809)	15,529,683
Net claims incurred	(35,566,470)	(15,406,049)	(9,927,666)	(26,486,874)	(6,023,813)	(93,410,872)
Policy acquisition costs and profit commissions	(10,833,571)	(6,198,545)	(2,308,707)	(12,754,149)	(3,414,126)	(35,509,098)
Other underwriting expenses	735,937	190,910	55,564	525,377	420,213	1,928,001
TOTAL UNDERWRITING COSTS AND EXPENSES	(45,664,104)	(21,413,684)	(12,180,809)	(38,715,646)	(9,017,726)	(126,991,969)
NET UNDERWRITING INCOME	7,372,576	1,505,861	(4,531,886)	10,372,872	372,512	15,091,935

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 June 2017 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	29,981,878	12,726,385	4,947,611	69,327,426	3,931,186	120,914,486
Retroceded premiums	(22,886,387)	(99,777)	(946)	--	--	(22,987,111)
Excess of loss expenses	(4,918,350)	(2,116,694)	(419,973)	(1,896,745)	(1,581)	(9,353,343)
Net written premiums	2,177,141	10,509,914	4,526,692	67,430,681	3,929,605	88,574,032
Changes in unearned premiums, net	50,265,040	14,477,193	3,000,091	(23,648,471)	10,208,925	54,302,778
Net earned premiums	52,442,181	24,987,107	7,526,783	43,782,210	14,138,530	142,876,811
Retrocession commissions	1,814,518	63,137	288	--	--	1,877,943
<u>TOTAL REVENUES</u>	<u>54,256,699</u>	<u>25,050,244</u>	<u>7,527,071</u>	<u>43,782,210</u>	<u>14,138,530</u>	<u>144,754,754</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(50,760,356)	(8,573,095)	(8,358,379)	(16,407,023)	--	(84,098,853)
Retroceded share of claims paid	1,958,653	125,125	--	--	--	2,083,778
Net claims paid	(48,801,703)	(8,447,970)	(8,358,379)	(16,407,023)	--	(82,015,074)
Changes in outstanding claims, net	11,649,208	(4,316,553)	1,191,339	(5,540,260)	--	2,983,734
Changes in Incurred but not reported claims, net	8,733,805	(4,985,742)	(744,349)	(7,423,346)	(8,486,637)	(12,906,264)
Net claims incurred	(28,418,690)	(17,750,265)	(7,911,389)	(29,370,629)	(8,486,637)	(91,937,604)
Policy acquisition costs and profit commissions	(12,602,346)	(7,043,028)	(1,880,443)	(10,504,188)	(5,719,161)	(37,749,166)
Other underwriting expenses	(149,910)	(63,631)	(24,737)	(346,638)	(19,656)	(604,572)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>(41,170,946)</u>	<u>(24,856,924)</u>	<u>(9,816,569)</u>	<u>(40,221,454)</u>	<u>(14,225,454)</u>	<u>(130,291,348)</u>
<u>NET UNDERWRITING INCOME</u>	<u>13,085,753</u>	<u>193,320</u>	<u>(2,289,498)</u>	<u>3,560,755</u>	<u>(86,924)</u>	<u>14,463,412</u>

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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
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For the six month period ended 30 June 2018 (Unaudited)

Reinsurance operations' results

REVENUES

Gross written premiums	226,212,965	58,481,471	21,754,736	204,326,348	79,794,539	590,570,059
Retroceded premiums	(27,441,930)	14,638	(11,505)	(11,953,431)	--	(39,392,228)
Excess of loss expenses	(6,500,024)	(2,910,761)	(779,572)	(5,421,463)	(242,323)	(15,854,143)
Net written premiums	192,271,011	55,585,348	20,963,659	186,951,454	79,552,216	535,323,688
Changes in unearned premiums, net	(85,747,789)	(3,571,650)	(6,947,549)	(86,366,167)	(46,266,010)	(228,899,165)
Net earned premiums	106,523,222	52,013,698	14,016,110	100,585,287	33,286,206	306,424,523
Retrocession commissions	6,729,074	(32,952)	3,469	1,528,017	--	8,227,608
TOTAL REVENUES	113,252,296	51,980,746	14,019,579	102,113,304	33,286,206	314,652,131

UNDERWRITING COSTS AND EXPENSES

Gross claims paid	(79,668,435)	(32,717,114)	(11,947,063)	(52,404,591)	(38,160)	(176,775,363)
Retroceded share of claims paid	1,590,048	168,913	4,890	7,699,439	--	9,463,290
Net claims paid	(78,078,387)	(32,548,201)	(11,942,173)	(44,705,152)	(38,160)	(167,312,073)
Changes in outstanding claims, net	2,757,470	(9,027,942)	(12,169,046)	(17,150,946)	(1,244,134)	(36,834,598)
Changes in Incurred but not reported claims, net	8,232,047	3,477,654	3,587,326	3,708,152	(20,771,160)	(1,765,981)
Net claims incurred	(67,088,870)	(38,098,489)	(20,523,893)	(58,147,946)	(22,053,454)	(205,912,652)
Policy acquisition costs and profit commissions	(23,625,108)	(13,877,085)	(3,996,241)	(23,456,203)	(12,614,430)	(77,569,067)
Other underwriting expenses	(292,587)	(94,048)	(38,321)	(222,765)	(66,190)	(713,911)
TOTAL UNDERWRITING COSTS AND EXPENSES	(91,006,565)	(52,069,622)	(24,558,455)	(81,826,914)	(34,734,074)	(284,195,630)
NET UNDERWRITING INCOME	22,245,731	(88,876)	(10,538,876)	20,286,390	(1,447,868)	30,456,501

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 six month period ended 30 June 2017 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	230,688,159	71,334,699	26,097,158	187,952,128	61,187,648	577,259,792
Retroceded premiums	(38,402,020)	(219,436)	(23,291)	--	--	(38,644,747)
Excess of loss expenses	(9,596,645)	(4,542,728)	(941,043)	(4,142,354)	(2,599)	(19,225,367)
Net written premiums	182,689,494	66,572,535	25,132,824	183,809,774	61,185,049	519,389,677
Changes in unearned premiums, net	(69,153,058)	(16,617,432)	(9,888,481)	(99,204,001)	(35,647,387)	(230,510,358)
Net earned premiums	113,536,436	49,955,103	15,244,343	84,605,773	25,537,662	288,879,319
Retrocession commissions	3,597,336	76,209	5,966	--	--	3,679,511
<u>TOTAL REVENUES</u>	<u>117,133,772</u>	<u>50,031,312</u>	<u>15,250,309</u>	<u>84,605,773</u>	<u>25,537,662</u>	<u>292,558,830</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(76,292,697)	(77,781,454)	(13,287,090)	(38,893,223)	--	(206,255,464)
Retroceded share of claims paid	5,952,250	54,578,679	--	319	--	60,531,248
Net claims paid	(70,340,447)	(23,202,775)	(13,287,090)	(38,893,904)	--	(145,724,216)
Changes in outstanding claims, net	2,837,620	(5,492,343)	(564,556)	(10,058,259)	--	(13,277,537)
Changes in Incurred but not reported claims, net	(8,143,489)	(5,875,956)	(1,188,581)	(8,248,973)	(16,139,343)	(39,595,342)
Net claims incurred	(75,646,316)	(34,571,074)	(15,040,227)	(57,200,135)	(16,139,343)	(198,597,095)
Policy acquisition costs and profit commissions	(24,999,601)	(13,962,951)	(3,033,933)	(20,192,102)	(10,332,555)	(72,521,142)
Other underwriting expenses	(1,153,441)	(356,673)	(130,486)	(939,761)	(305,938)	(2,886,299)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>(101,799,358)</u>	<u>(48,890,698)</u>	<u>(18,204,646)</u>	<u>(78,331,998)</u>	<u>(26,777,836)</u>	<u>(274,004,536)</u>
<u>NET UNDERWRITING INCOME</u>	<u>15,334,414</u>	<u>1,140,614</u>	<u>(2,954,337)</u>	<u>6,273,775</u>	<u>(1,240,174)</u>	<u>18,554,292</u>

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 June 2018								
(Unaudited)								
ASSETS								
Bank balances and cash	--	--	--	--	--	22,190,941	7,100,135	29,291,076
Time deposits	--	--	--	--	--	99,101,873	59,252,297	158,354,170
Accrued special commission income from time deposits	--	--	--	--	--	398,681	544,612	943,293
Premium receivables, net	70,084,050	45,690,412	19,091,596	60,123,820	--	18,563,394	--	213,553,272
Investments held at fair value through income statement	--	--	--	--	--	73,542,078	651,568,589	725,110,667
Accrued insurance premiums	230,366,449	51,277,921	16,014,262	155,259,490	140,144,490	--	--	593,062,612
Retroceded share of unearned premiums	33,074,747	93,480	8,860	11,757,752	--	--	--	44,934,839
Deferred excess of loss premiums	296,420	118,568	177,851	--	--	--	--	592,839
Retroceded share of outstanding claims	134,847,248	4,375,133	(5,556,762)	29,128,837	--	--	--	162,794,456
Retroceded share of claims incurred but not reported	76,203,406	2,576,071	716,059	9,223,793	138,617	--	--	88,857,946
Deferred policy acquisition costs	42,743,964	19,793,678	5,107,086	47,356,671	41,878,156	--	--	156,879,555
Prepaid expenses, deposits and other assets	--	--	--	--	--	111,157,125	30,893,426	142,050,551
Property and equipment, net	--	--	--	--	--	1,685,853	30,812,815	32,498,668
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	3,201,722	3,201,722
Investment in an associate	--	--	--	--	--	--	90,547,264	90,547,264
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	14,074,527	14,074,527
TOTAL ASSETS	587,616,284	123,925,263	35,558,952	312,850,363	182,161,263	326,639,945	1,009,495,387	2,578,247,457
LIABILITIES								
Accounts payable	2,456,399	2,201,726	1,362,527	2,485,952	--	7,405,196	--	15,911,800
Retrocession balances payable	--	--	--	--	--	34,583,166	--	34,583,166
Accrued retroceded premiums	--	--	--	--	--	15,896,585	--	15,896,585
Unearned premiums	236,641,478	66,725,839	18,547,106	189,193,517	106,535,770	--	--	617,643,710
Outstanding claims	290,652,865	102,174,643	30,384,556	161,218,171	1,263,809	--	--	585,694,044
Claims incurred but not reported	196,542,243	40,368,353	12,204,451	62,638,081	88,019,292	--	--	399,772,420
Unearned retrocession commission	7,879,765	18,475	2,012	2,442,231	--	--	--	10,342,483
Accrued expenses and other liabilities	--	--	--	--	--	4,821,951	3,571,417	8,393,368
End of service indemnities	--	--	--	--	--	6,277,538	--	6,277,538
Provision for zakat and tax	--	--	--	--	--	--	31,478,776	31,478,776
Accrued commission income payable to SAMA	--	--	--	--	--	--	14,074,527	14,074,527
TOTAL LIABILITIES	734,172,750	211,489,036	62,500,652	417,977,952	195,818,871	68,984,436	49,124,720	1,740,068,417

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

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 2017 (Audited)								
ASSETS								
Bank balances and cash	--	--	--	--	--	24,244,191	9,237,579	33,481,770
Time deposits	--	--	--	--	--	87,253,125	22,500,000	109,753,125
Accrued special commission income from time deposits	--	--	--	--	--	868,728	3,250	871,978
Premium receivables, net	266,562,232	28,026,918	8,036,552	56,245,362	--	--	--	358,871,064
Investments held at fair value through income statement	--	--	--	--	--	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	131,722,284	37,493,534	12,584,151	94,929,763	95,357,962	--	--	372,087,694
Retroceded share of unearned premiums	111,364,371	132,802	6,720	6,175,295	--	--	--	117,679,188
Deferred excess of loss premiums	14,297,472	681	246	1,379	--	--	--	14,299,778
Retroceded share of outstanding claims	32,198,373	3,842,370	252,097	23,596,168	--	--	--	59,889,008
Retroceded share of claims incurred but not reported	91,885,089	3,560,477	1,799,833	8,705,076	--	--	--	105,950,475
Deferred policy acquisition costs	31,253,278	17,340,655	3,366,742	23,747,304	24,637,165	--	--	100,345,144
Prepaid expenses, deposits and other assets	--	--	--	--	--	103,964,040	228,471	104,192,511
Property and equipment, net	--	--	--	--	--	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	3,830,983	3,830,983
Investment in an associate	--	--	--	--	--	--	91,954,382	91,954,382
Statutory deposit	--	--	--	--	--	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL ASSETS	679,283,099	90,397,437	26,046,341	213,400,347	119,995,127	324,932,505	1,030,883,624	2,484,938,480
LIABILITIES								
Accounts payable	7,666,664	2,726,982	781,946	5,472,601	--	--	--	16,648,193
Retrocession balances payable	207,433,089	6,780,084	1,944,149	13,606,502	--	--	--	229,763,824
Accrued retroceded premiums	3,188,042	73,707	43,949	4,585,577	--	--	--	7,891,275
Unearned premiums	229,569,027	63,155,539	11,633,449	96,870,358	60,260,519	--	--	461,488,892
Outstanding claims	189,729,095	93,263,806	18,216,557	144,727,573	16,970	--	--	445,954,001
Claims incurred but not reported	220,374,289	43,651,994	16,925,594	68,951,645	65,195,444	--	--	415,098,966
Unearned retrocession commission	6,325,286	10,212	(14,227)	1,255,981	(34,953)	--	--	7,542,299
Accrued expenses and other liabilities	--	--	--	--	--	5,742,651	7,069,892	12,812,543
End of service indemnities	--	--	--	--	--	5,729,277	--	5,729,277
Accumulated surplus	--	--	--	--	--	2,657,160	--	2,657,160
Provision for zakat and tax	--	--	--	--	--	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL LIABILITIES	864,285,492	209,662,324	49,531,417	335,470,237	125,437,980	14,129,088	57,629,144	1,656,145,682

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

15. SUPPLEMENTARY INFORMATION

Interim condensed statement of financial position

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
ASSETS						
Bank balances and cash	22,190,941	7,100,135	29,291,076	24,244,191	9,237,579	33,481,770
Time deposits	99,101,873	59,252,297	158,354,170	87,253,125	22,500,000	109,753,125
Accrued special commission income from time deposits	398,681	544,612	943,293	868,728	3,250	871,978
Premium receivables, net	213,553,272	--	213,553,272	358,871,064	--	358,871,064
Investments held at fair value through income statement	73,542,078	651,568,589	725,110,667	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	593,062,612	--	593,062,612	372,087,694	--	372,087,694
Retroceded share of unearned premiums	44,934,839	--	44,934,839	117,679,188	--	117,679,188
Deferred excess of loss premiums	592,839	--	592,839	14,299,778	--	14,299,778
Retroceded share of outstanding claims	162,794,456	--	162,794,456	59,889,008	--	59,889,008
Retroceded share of claims incurred but not reported	88,857,946	--	88,857,946	105,950,475	--	105,950,475
Deferred policy acquisition costs	156,879,555	--	156,879,555	100,345,144	--	100,345,144
Prepaid expenses, deposits and other assets	111,157,125	30,893,426	142,050,551	103,964,040	228,471	104,192,511
Property and equipment, net	1,685,853	30,812,815	32,498,668	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	3,201,722	3,201,722	--	3,830,983	3,830,983
Investment in an associate	--	90,547,264	90,547,264	--	91,954,382	91,954,382
Statutory deposit	--	121,500,000	121,500,000	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	14,074,527	14,074,527	--	13,127,882	13,127,882
Due from shareholders' operations*	125,658,077	--	125,658,077	144,461,682	--	144,461,682
TOTAL ASSETS	1,694,410,147	1,009,495,387	2,703,905,534	1,598,516,538	1,030,883,624	2,629,400,162
LIABILITIES						
Accounts payable	15,911,800	--	15,911,800	16,648,193	--	16,648,193
Retrocession balances payable	34,583,166	--	34,583,166	229,763,824	--	229,763,824
Accrued retroceded premiums	15,896,585	--	15,896,585	7,891,275	--	7,891,275
Unearned premiums	617,643,710	--	617,643,710	461,488,892	--	461,488,892
Outstanding claims	585,694,044	--	585,694,044	445,954,001	--	445,954,001
Claims incurred but not reported	399,772,420	--	399,772,420	415,098,966	--	415,098,966
Unearned retrocession commission	10,342,483	--	10,342,483	7,542,299	--	7,542,299
Accrued expenses and other liabilities	4,821,951	3,571,417	8,393,368	5,742,651	7,069,892	12,812,543
End of service indemnities	6,277,538	--	6,277,538	5,729,277	--	5,729,277
Accumulated surplus	3,466,450	--	3,466,450	2,657,160	--	2,657,160
Provision for zakat and tax	--	31,478,776	31,478,776	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	14,074,527	14,074,527	--	13,127,882	13,127,882
Due to reinsurance operations*	--	125,658,076	125,658,076	--	144,461,682	144,461,682
TOTAL LIABILITIES	1,694,410,147	174,782,797	1,869,192,944	1,598,516,538	202,090,826	1,800,607,364
SHAREHOLDERS' EQUITY						
Share capital	--	810,000,000	810,000,000	--	1,000,000,000	1,000,000,000
Statutory reserve	--	6,070,924	6,070,924	--	6,070,924	6,070,924
Other reserves	--	(3,936,071)	(3,936,071)	--	(1,961,580)	(1,961,580)
Retained earnings / (accumulated deficit)	--	22,577,737	22,577,737	--	(175,316,546)	(175,316,546)
TOTAL SHAREHOLDERS' EQUITY	--	834,712,590	834,712,590	--	828,792,798	828,792,798
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,694,410,147	1,009,495,387	2,703,905,534	1,598,516,538	1,030,883,624	2,629,400,162

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

15. SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of income

	For the three month period ended 30 June 2018 (Unaudited)			For the three month period ended 30 June 2017 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
REVENUES						
Gross written premiums	62,187,704	--	62,187,704	120,914,486	--	120,914,486
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(11,018,319)	--	(11,018,319)	(22,987,110)	--	(22,987,110)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(8,155,154)	--	(8,155,154)	(9,353,343)	--	(9,353,343)
Net written premiums	43,014,231	--	43,014,231	88,574,033	--	88,574,033
Changes in unearned premiums, net	94,640,501	--	94,640,501	54,302,778	--	54,302,778
Net earned premiums	137,654,732	--	137,654,732	142,876,811	--	142,876,811
Retrocession commissions	4,429,172	--	4,429,172	1,877,943	--	1,877,943
TOTAL REVENUES	142,083,904	--	142,083,904	144,754,754	--	144,754,754
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(92,265,946)	--	(92,265,946)	(84,098,854)	--	(84,098,854)
Retroceded share of claims paid	7,346,580	--	7,346,580	2,083,779	--	2,083,779
Net claims paid	(84,919,366)	--	(84,919,366)	(82,015,075)	--	(82,015,075)
Changes in outstanding claims, net	(24,021,189)	--	(24,021,189)	2,983,734	--	2,983,734
Changes in Incurred but not reported claims, net	15,529,683	--	15,529,683	(12,906,269)	--	(12,906,269)
Net claims incurred	(93,410,872)	--	(93,410,872)	(91,937,610)	--	(91,937,610)
Policy acquisition costs and profit commissions	(35,509,098)	--	(35,509,098)	(37,749,166)	--	(37,749,166)
Other underwriting expenses	1,928,001	--	1,928,001	(604,572)	--	(604,572)
TOTAL UNDERWRITING COSTS AND EXPENSES	(126,991,969)	--	(126,991,969)	(130,291,348)	--	(130,291,348)
NET UNDERWRITING INCOME	15,091,935	--	15,091,935	14,463,406	--	14,463,406
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	475,422	144,764	620,186	241,848	567	242,415
Realized gains on investments held at fair value through income statement	213,885	627,012	840,897	--	109,523	109,523
Unrealized gains / (losses) on investments held at fair value through income statement	(80,753)	3,677,727	3,596,974	901,048	15,139,779	16,040,827
Special commission income from bonds and sukuk	--	594,597	594,597	--	593,856	593,856
Dividend income	--	1,071,096	1,071,096	--	1,250,000	1,250,000
Share of profit of associate	--	275,686	275,686	--	--	--
Investment management expenses	(53,262)	(789,225)	(842,487)	(84,108)	(4,602,483)	(4,686,591)
Net investment (loss) / income	555,292	5,601,657	6,156,949	1,058,788	12,491,242	13,550,030
Other income	376,838	249,219	626,057	--	--	--
Allowance for doubtful debts	(462,064)	--	(462,064)	(1,258,444)	--	(1,258,444)
General and administrative expenses	(9,768,388)	(1,349,806)	(11,118,194)	(9,982,283)	(1,516,503)	(11,498,786)
Board of directors' remunerations, meetings fees and expenses	--	(540,344)	(540,344)	--	(1,643,562)	(1,643,562)
Foreign exchange translation losses	(3,030,636)	(11,686)	(3,042,322)	(155,731)	--	(155,731)
Total income for the period	2,762,977	3,949,040	6,712,017	4,125,736	9,331,177	13,456,913
Total income attributed to the reinsurance operations	(276,265)	--	(276,265)	(48,178)	--	(48,178)
Total income for the period attributable to the shareholders	2,486,712	3,949,040	6,435,752	4,077,558	9,331,177	13,408,735

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of income (continued)

	For the six month period ended 30 June 2018			For the six month period ended 30 June 2017		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
REVENUES						
Gross written premiums	590,570,059	--	590,570,059	577,259,792	--	577,259,792
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(39,392,228)	--	(39,392,228)	(38,644,747)	--	(38,644,747)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(15,854,143)	--	(15,854,143)	(19,225,369)	--	(19,225,369)
Net written premiums	535,323,688	--	535,323,688	519,389,676	--	519,389,676
Changes in unearned premiums, net	(228,899,165)	--	(228,899,165)	(230,510,359)	--	(230,510,359)
Net earned premiums	306,424,523	--	306,424,523	288,879,317	--	288,879,317
Retrocession commissions	8,227,608	--	8,227,608	3,679,511	--	3,679,511
TOTAL REVENUES	314,652,131	--	314,652,131	292,558,828	--	292,558,828
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(176,775,363)	--	(176,775,363)	(206,255,465)	--	(206,255,465)
Retroceded share of claims paid	9,463,290	--	9,463,290	60,531,249	--	60,531,249
Net claims paid	(167,312,073)	--	(167,312,073)	(145,724,216)	--	(145,724,216)
Changes in outstanding claims, net	(36,834,598)	--	(36,834,598)	(13,277,537)	--	(13,277,537)
Changes in Incurred but not reported claims, net	(1,765,981)	--	(1,765,981)	(39,595,342)	--	(39,595,342)
Net claims incurred	(205,912,652)	--	(205,912,652)	(198,597,095)	--	(198,597,095)
Policy acquisition costs and profit commissions	(77,569,067)	--	(77,569,067)	(72,521,142)	--	(72,521,142)
Other underwriting expenses	(713,911)	--	(713,911)	(2,886,299)	--	(2,886,299)
TOTAL UNDERWRITING COSTS AND EXPENSES	(284,195,630)	--	(284,195,630)	(274,004,536)	--	(274,004,536)
NET UNDERWRITING INCOME	30,456,501	--	30,456,501	18,554,292	--	18,554,292
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	856,267	169,609	1,025,876	1,193,562	787,195	1,980,757
Realized gains on investments held at fair value through income statement	213,885	1,504,029	1,717,914	12,349	184,816	197,165
Unrealized gains / (losses) on investments held at fair value through income statement	(571,678)	7,068,141	6,496,463	2,389,739	27,572,846	29,962,585
Special commission income from bonds and sukuk	--	1,364,190	1,364,190	--	1,218,787	1,218,787
Dividend income	--	1,417,032	1,417,032	--	1,625,000	1,625,000
Share of profit of associate	--	567,373	567,373	--	--	--
Investment management expenses	(203,369)	(1,838,035)	(2,041,404)	(162,411)	(5,416,406)	(5,578,817)
Net investment income	295,105	10,252,339	10,547,444	3,433,239	25,972,238	29,405,477
Other income	739,088	399,846	1,138,934	--	--	--
Allowance for doubtful debts	(860,140)	--	(860,140)	(1,258,444)	--	(1,258,444)
General and administrative expenses	(20,014,513)	(2,705,936)	(22,720,449)	(19,800,174)	(3,721,641)	(23,521,816)
Board of directors' remunerations, meetings fees and expenses	--	(1,129,906)	(1,129,906)	--	(1,850,560)	(1,850,560)
Foreign exchange translation losses	(2,523,153)	(68,333)	(2,591,486)	(447,136)	59,685	(387,451)
Total income for the period	8,092,888	6,748,010	14,840,898	481,777	20,459,722	20,941,499
Total income attributed to the reinsurance operations	(809,289)	--	(809,289)	(48,178)	--	(48,178)
Total income / (Loss) for the period attributable to the shareholders	7,283,599	6,748,010	14,031,609	433,599	20,459,722	20,893,321

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of comprehensive income

	For the three month period ended 30 June 2018 (Unaudited)			For the three month period ended 30 June 2017 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Shareholders' absorption of deficit/ (Surplus transferred to Shareholders)	2,486,712	3,949,040	6,435,752	4,077,558	9,331,177	13,408,735
<i>Other comprehensive income</i>						
Items that may be classified to income statement subsequently						
Share of foreign currency translation reserve of an associate	--	(3,155,409)	(3,155,409)	--	--	--
Total comprehensive income for the period	2,486,712	793,631	3,280,343	4,077,558	9,331,177	13,408,735

	For the six month period ended 30 June 2018 (Unaudited)			For the six month period ended 30 June 2017 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Shareholders' absorption of deficit/ (Surplus transferred to Shareholders)	7,283,599	6,748,010	14,031,609	433,599	20,459,722	20,893,321
<i>Other comprehensive income</i>						
Items that may be classified to income statement subsequently						
Share of foreign currency translation reserve of an associate	--	(1,974,491)	(1,974,491)	--	--	--
Total comprehensive income for the period	7,283,599	4,773,519	12,057,118	433,599	20,459,722	20,893,321

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of cash flows

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the six month period ended 30 June 2018 (Unaudited)			For the six month period ended 30 June 2017 (Unaudited)		
OPERATING ACTIVITIES						
Net income for the period	809,289	14,031,609	14,840,898	48,178	20,893,321	20,941,499
<i>Adjustments to reconcile net income for the period to net cash from operating activities:</i>						
Employees' end of service benefits	905,519	--	905,519	1,504,582	--	1,504,582
Depreciation of property and equipment	881,747	436,766	1,318,513	960,450	434,417	1,394,867
Realized gains on investments held at fair value through income statement	(213,886)	(1,504,029)	(1,717,915)	(12,349)	(184,816)	(197,165)
Unrealized loss / (gains) on investments held at fair value through income statement	571,678	(7,068,140)	(6,496,462)	(2,389,739)	(27,572,846)	(29,962,585)
Share of profit of associate	--	(567,373)	(567,373)	--	--	--
Provision for doubtful receivable	860,140	--	860,140	1,258,444	--	--
Operating income / (loss) before changes in operating assets and liabilities	3,814,487	5,328,833	9,143,320	1,369,566	(6,429,924)	(6,318,802)
Changes in operating assets and liabilities:						
Premiums receivable, gross	144,457,652	--	144,457,652	(16,137,758)	--	(16,137,758)
Accrued insurance premiums	(220,974,918)	--	(220,974,918)	(219,565,362)	--	(219,565,362)
Retroceded share of unearned premiums	72,744,349	--	72,744,349	(23,858,213)	--	(23,858,213)
Unearned premiums	156,154,818	--	156,154,818	254,368,572	--	254,368,572
Retroceded share of outstanding claims	(102,905,448)	--	(102,905,448)	48,237,217	--	48,237,217
Retroceded share of claims incurred but not reported	17,092,529	--	17,092,529	(6,848,988)	--	(6,848,988)
Deferred acquisition costs	(56,534,411)	--	(56,534,411)	(56,703,468)	--	(56,703,468)
Deferred excess of loss premiums	13,706,939	--	13,706,939	16,634,198	--	16,634,198
Prepaid expenses, deposits and other assets	(7,193,086)	(30,664,955)	(37,858,041)	(2,830,058)	(169,874)	(2,999,932)
Accounts payable	(736,393)	--	(736,393)	(9,313,193)	--	(9,313,193)
Retrocession balances payable	(195,180,658)	--	(195,180,658)	(27,290,591)	--	(27,290,591)
Accrued retroceded premiums	8,005,310	--	8,005,310	3,082,873	--	3,082,873
Outstanding claims	139,740,043	--	139,740,043	(34,959,681)	--	(34,959,681)
Claims incurred but not reported	(15,326,546)	--	(15,326,546)	46,444,330	--	46,444,330
Unearned commission income	2,800,184	--	2,800,184	2,974,710	--	2,974,710
Accrued expenses and other liabilities	(920,700)	(3,498,475)	(4,419,175)	(102,175)	(279,673)	(381,848)
Cash used in operating activities	(41,255,849)	(28,834,597)	(70,090,446)	(24,498,021)	(6,897,471)	(31,377,492)
Zakat and income tax paid	--	(12,089,920)	(12,089,920)	--	(15,266,902)	(15,266,902)
Employees' end of service benefits paid	(357,257)	--	(357,257)	(138,596)	--	(138,956)
Net cash used in operating activities	(41,613,106)	(40,924,517)	(82,537,623)	(24,636,617)	(22,146,373)	(46,782,990)

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of cash flows (continued)

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the six month period ended 30 June 2018 (Unaudited)			For the six month period ended 30 June 2017 (Unaudited)		
INVESTING ACTIVITIES						
Time deposits	23,914,770	--	23,914,770	32,303,475	112,456,507	144,759,982
Accrued special commission income on time deposits	470,047	(541,362)	(71,315)	759,841	2,191,242	2,951,083
Accrued special commission income from bonds and sukuk	--	629,261	629,261	--	393,247	393,247
Purchase of property and equipment	(356,211)	--	(356,211)	(159,508)	--	(159,508)
Additions in investments held at fair value through income statement	(6,000,000)	(4,988,926)	(10,988,926)	(51,000,000)	(140,355,580)	(1931,355,580)
Proceeds from disposal of property and equipment	75,000	--	75,000	--	--	--
Proceeds from disposal of investments held at fair value through income statement	38,416,162	120,744,003	159,160,165	16,000,000	43,839,476	59,893,476
Statutory deposit	--	(21,500,000)	(21,500,000)	--	--	--
Net cash from / (used in) investing activities	56,519,768	94,342,976	150,862,744	(2,096,192)	18,524,892	16,428,700
FINANCING ACTIVITIES						
Due to / from reinsurance / shareholders' operations*	18,803,606	(18,803,606)	--	9,111,947	(9,111,947)	--
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at the beginning of the period	53,494,191	31,737,579	85,231,770	42,891,784	27,950,269	70,842,053
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	87,204,459	66,352,432	153,556,891	25,270,922	15,216,841	40,487,763

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and six month periods ended 30 June 2018

16 COMMITMENTS AND CONTINGENCIES

As at 30 June 2018, the Company has deposited and pledged SR 47,250,000 (31 December 2017: 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 59,359,500 (31 December 2017: 54,938,250) 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 2017: SR 102,774).

17 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three month and six month periods ended 30 June 2018 and 30 June 2017 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.

The weighted average number of shares have been retrospectively adjusted for all prior periods to reflect the element of reduction in share capital as follows:

	30 June 2018	30 June 2017
No. of Shares		
Issue ordinary shares opening balance as at 1 January	100,000,000	100,000,000
Effect of decrease in capital	(19,000,000)	(19,000,000)
Weighted average outstanding number of ordinary shares	<u>81,000,000</u>	<u>81,000,000</u>

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 20 Dhulqa'da 1439H corresponding to 2 August 2018.