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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2017**

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

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

**For The Three And Six Month Periods Ended 30 June 2017**

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**Al-Bassam & Al-Nemer**  
**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 statement of financial position of Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2017 and the related interim statement of comprehensive income - reinsurance operations and accumulated surplus, interim statement of income - shareholders' operations and interim statement of comprehensive income - shareholders' operations for the three month and six month periods then ended and the interim statement of changes in shareholders' equity and interim statement of cash flows - reinsurance operations and shareholders' operations for the six month period then ended and the related notes 1 through 17 which form an integral part of these interim condensed financial statements. The Company's management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and Saudi Arabian Monetary Authority's ("SAMA") guidance for the accounting of zakat and 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 2017 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" and SAMA guidance for the accounting of zakat and tax.

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7 Dhul Qa'dah 1438H  
 30 July 2017

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

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b><u>REINSURANCE OPERATIONS' ASSETS</u></b>			
Cash and bank balances		25,270,922	42,891,784
Time deposits	5	35,248,125	67,551,600
Accrued special commission income from time deposits		310,169	1,070,010
Premium receivables	4	196,836,908	181,957,594
Investments held at fair value through income statement	7	130,849,425	93,447,337
Accrued insurance premiums		481,905,204	262,339,842
Retroceded share of unearned premiums	8	27,616,314	3,758,101
Deferred excess of loss premiums		882,396	17,516,594
Retroceded share of outstanding claims		69,261,757	110,649,986
Deferred acquisition costs		138,408,601	81,705,133
Prepaid expenses and other assets		52,106,145	49,276,087
Due from shareholders' operations		143,032,192	152,144,139
Property and equipment		2,601,713	3,402,655
<b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>		<b>1,304,329,871</b>	<b>1,067,710,862</b>
<b><u>SHAREHOLDERS' ASSETS</u></b>			
Cash and bank balances		15,216,841	27,950,269
Time deposits	5	--	112,456,507
Accrued special commission income from time deposits		--	2,191,242
Accrued special commission income from bonds and sukuk		3,750,480	4,143,727
Investments held at fair value through income statement	7	848,852,783	724,579,017
Prepaid expenses and other assets		215,052	45,178
Statutory deposit	6	100,000,000	100,000,000
Return on investment of statutory deposit	6	11,795,020	10,242,145
Property and equipment		31,675,692	32,110,109
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>1,011,505,868</b>	<b>1,013,718,194</b>
<b>TOTAL ASSETS</b>		<b>2,315,835,739</b>	<b>2,081,429,056</b>
<b><u>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u></b>			
Accounts payable		8,903,946	18,217,139
Retrocession balances payable		24,628,791	51,919,382
Accrued retroceded premiums		3,158,476	75,603
Gross unearned premiums	8	560,847,952	306,479,380
Gross outstanding claims		691,498,590	680,013,941
Unearned commission income		3,822,955	848,245
Accrued expenses and other liabilities		3,804,073	3,906,248
Employees' end of service benefits		5,324,030	3,958,044
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>		<b>1,301,988,813</b>	<b>1,065,417,982</b>
<b><u>REINSURANCE OPERATIONS' SURPLUS</u></b>			
Accumulated surplus		2,341,058	2,292,880
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>		<b>1,304,329,871</b>	<b>1,067,710,862</b>
<b><u>SHAREHOLDERS' LIABILITIES AND EQUITY</u></b>			
<b><u>SHAREHOLDERS' LIABILITIES</u></b>			
Provision for zakat and tax	10	32,084,513	39,728,370
Due to reinsurance operations		143,032,192	152,144,139
Accrued expenses and other liabilities		6,022,896	6,302,569
Deferred return on investment of statutory deposit	6	11,795,020	10,242,145
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>192,934,621</b>	<b>208,417,223</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(187,499,677)	(200,769,953)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>818,571,247</b>	<b>805,300,971</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,011,505,868</b>	<b>1,013,718,194</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>2,315,835,739</b>	<b>2,081,429,056</b>

Managing Director / Chief Executive Officer

Chairman of the Board


Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME - REINSURANCE OPERATIONS**  
**AND ACCUMULATED SURPLUS**  
**For the three and six month periods ended 30 June 2017**

	For the three month		For the six month	
	period ended		period ended	
	30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR	30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR
<i>Notes</i>				
Gross written premiums	120,914,486	448,888,587	577,259,792	895,557,135
Retroceded premiums	(22,987,110)	(2,007,125)	(38,644,747)	(3,678,736)
Excess of loss expenses	(9,353,343)	(11,652,223)	(19,225,369)	(28,449,069)
<b>Net written premiums</b>	<b>88,574,033</b>	<b>435,229,239</b>	<b>519,389,676</b>	<b>863,429,330</b>
Changes in net unearned premiums	54,302,778	195,420,488	(230,510,359)	18,058,786
<b>Net earned premiums</b>	<b>142,876,811</b>	<b>630,649,727</b>	<b>288,879,317</b>	<b>881,488,116</b>
Net claims paid	9 (82,015,075)	(708,460,692)	(145,724,216)	(810,204,681)
Changes in net outstanding claims	(9,922,535)	139,345,063	(52,872,879)	27,323,370
<b>Net claims incurred</b>	<b>(91,937,610)</b>	<b>(569,115,629)</b>	<b>(198,597,095)</b>	<b>(782,881,311)</b>
Gross acquisition costs and profit commissions	(37,749,166)	(69,236,901)	(72,521,142)	(107,664,118)
Commissions earned on retroceded business	1,877,943	688,391	3,679,511	1,389,903
Supervision and inspection fees	(604,572)	(2,244,443)	(2,886,299)	(4,477,786)
<b>Net acquisition costs</b>	<b>(36,475,795)</b>	<b>(70,792,953)</b>	<b>(71,727,930)</b>	<b>(110,752,001)</b>
<b>Surplus/ (deficit) from reinsurance operations</b>	<b>14,463,406</b>	<b>(9,258,855)</b>	<b>18,554,292</b>	<b>(12,145,196)</b>
Special commission income from time deposits	241,848	462,766	1,193,562	930,000
Realized gains on investments held at fair value through income statement	--	98,238	12,349	98,858
Unrealized gains on investments held at fair value through income statement	901,048	1,437,057	2,389,739	2,494,568
Other income	--	193,295	--	193,295
Investment management expenses	(84,108)	(88,558)	(152,411)	(186,157)
General and administrative expenses	(11,240,727)	(10,514,967)	(21,058,618)	(20,090,997)
Foreign exchange translation losses	(155,731)	(1,948,208)	(447,136)	(2,030,633)
<b>Net surplus / (deficit) from reinsurance operations</b>	<b>4,125,736</b>	<b>(19,619,232)</b>	<b>481,777</b>	<b>(30,736,262)</b>
Shareholders' appropriation from reinsurance operations' (surplus) / deficit	2 (4,077,558)	19,619,232	(433,599)	30,736,262
<b>Reinsurance operations' surplus after shareholders' appropriation</b>	<b>48,178</b>	<b>--</b>	<b>48,178</b>	<b>--</b>
Accumulated surplus at the beginning of the period	2,292,880	1,189,894	2,292,880	1,189,894
<b>Accumulated surplus at the end of the period</b>	<b>2,341,058</b>	<b>1,189,894</b>	<b>2,341,058</b>	<b>1,189,894</b>
Other comprehensive income	--	--	--	--
<b>Total comprehensive income from reinsurance operations for the period</b>	<b>48,178</b>	<b>--</b>	<b>48,178</b>	<b>--</b>

  
Managing Director / Chief Executive Officer

  
Chairman of the Board

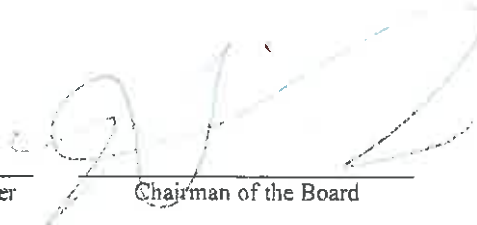
  
Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS**  
**For the three and six month periods ended 30 June 2017**

	Notes	For the three month period ended		For the six month period ended	
		30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR	30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR
Shareholders' appropriation from reinsurance operations' surplus / (deficit)	2	4,077,558	(19,619,232)	433,599	(30,736,262)
Special commission income from time deposits		567	978,221	787,195	1,518,659
Special commission income from bonds and sukuk		593,856	734,235	1,218,787	1,585,642
Realized gains on investments held at fair value through income statement		109,523	908,530	184,816	914,452
Unrealized gains on investments held at fair value through income statement		15,139,779	10,008,501	27,572,846	4,451,990
Dividend income		1,250,000	1,277,835	1,625,000	1,277,835
<b>Total income / (loss)</b>		<b>21,171,283</b>	<b>(5,711,910)</b>	<b>31,822,243</b>	<b>(20,987,684)</b>
General and administrative expenses		(1,516,503)	(1,365,705)	(3,721,641)	(2,865,041)
Investment management expenses		(4,602,483)	(831,030)	(5,416,406)	(1,620,313)
Board of directors' remunerations, meeting fees and expenses		(1,643,562)	(1,123,008)	(1,850,560)	(1,256,415)
Foreign exchange translation gains		--	102,762	59,685	99,953
<b>Net income / (loss) for the period</b>		<b>13,408,735</b>	<b>(8,928,891)</b>	<b>20,893,321</b>	<b>(26,629,500)</b>
<b>Basic and diluted earnings / (loss) per share for the period</b>	14	<b>0.13</b>	<b>(0.09)</b>	<b>0.21</b>	<b>(0.27)</b>

  
 Managing Director / Chief Executive Officer

  
 Chairman of the Board

  
 Chief Financial Officer

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**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS'**  
**OPERATIONS**

**For the three and six month periods ended 30 June 2017**

	For the three month period ended		For the six month period ended	
	30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR	30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR
<b>Net income / (loss) for the period</b>	<b>13,408,735</b>	<b>(8,928,891)</b>	<b>20,893,321</b>	<b>(26,629,500)</b>
<b>Other comprehensive income</b>	--	--	--	--
<b>Total comprehensive income / (loss) for the period</b>	<b>13,408,735</b>	<b>(8,928,891)</b>	<b>20,893,321</b>	<b>(26,629,500)</b>

  
 Managing Director / Chief Executive Officer

  
 Chairman of the Board

  
 Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.





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

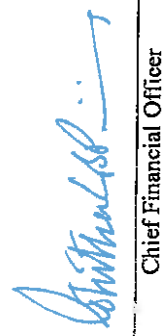
## INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six month period ended 30 June 2017

	GCC Shareholders and General Public			Non - GCC Shareholders			Total			
	Share capital	Statutory reserve	Accumulated deficit	Share capital	Statutory reserve	Retained earnings / accumulated deficit	Share capital	Statutory reserve	Accumulated deficit	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 1 January 2016 (Audited)	976,078,306	5,925,697	(204,507,637)	23,921,694	145,227	573,437	1,000,000,000	6,070,924	(203,934,200)	802,136,724
Transfer during the period	(4,709,726)	(28,592)	(112,899)	4,709,726	28,592	112,899	--	--	--	--
Total comprehensive loss for the period	--	--	(25,867,060)	--	--	(762,440)	--	--	(26,629,500)	(26,629,500)
Zakat charge for the period	--	--	(6,655,859)	--	--	--	--	--	(6,655,859)	(6,655,859)
Balance as at 30 June 2016 (Unaudited)	971,368,580	5,897,105	(237,143,455)	28,631,420	173,819	(76,104)	1,000,000,000	6,070,924	(237,219,559)	768,851,365
Balance as at 1 January 2017 (Audited)	970,890,400	5,894,202	(200,723,350)	29,109,600	176,722	(46,603)	1,000,000,000	6,070,924	(200,769,953)	805,300,971
Transfer during the period	9,045,510	54,914	1,852,816	(9,045,510)	(54,914)	(1,852,816)	--	--	--	--
Total comprehensive income for the period	--	--	20,474,117	--	--	419,204	--	--	20,893,321	20,893,321
Zakat charge for the period	--	--	(7,591,231)	--	--	--	--	--	(7,591,231)	(7,591,231)
Tax charge for the period	--	--	--	--	--	(31,814)	--	--	(31,814)	(31,814)
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



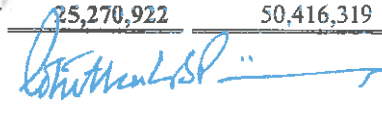
The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.



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

## INTERIM STATEMENT OF CASH FLOWS - REINSURANCE OPERATIONS


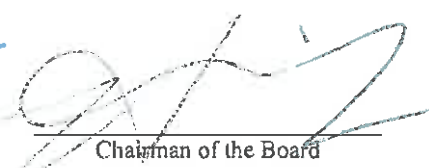

For the six month period ended 30 June 2017

	30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR
<b>OPERATING ACTIVITIES</b>		
Reinsurance operations' surplus after shareholders' appropriation	48,178	--
<i>Adjustments to reconcile reinsurance operations' surplus after shareholders' appropriation to net cash from operating activities:</i>		
Employees' end of service benefits	1,504,582	579,884
Depreciation	960,450	1,248,181
Realized gains on investments held at fair value through income statement	7 (iv) (12,349)	(98,858)
Unrealized gains on investments held at fair value through income statement	7 (iv) (2,389,739)	(2,494,568)
Retroceded share of unearned premiums	(23,858,213)	1,107,427
Gross unearned premiums	254,368,572	(19,166,213)
Provision for doubtful receivable	1,258,444	1,512,897
Shareholders' appropriation from reinsurance operations' surplus / (deficit)	433,599	(30,736,262)
Operating income / (loss) before changes in operating assets and liabilities	232,313,524	(48,047,512)
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable, gross	(16,137,758)	(8,397,984)
Accrued insurance premiums	(219,565,362)	87,449,600
Retroceded share of outstanding claims	41,388,229	(68,114,265)
Deferred acquisition costs	(56,703,468)	(25,477,480)
Deferred excess of loss premiums	16,634,198	16,359,364
Prepaid expenses and other assets	(2,830,058)	41,465,344
Accounts payable	(9,313,193)	1,161,857
Retrocession balances payable	(27,290,591)	(9,769,280)
Accrued retroceded premiums	3,082,873	1,201,198
Gross outstanding claims	11,484,649	40,790,895
Unearned commission income	2,974,710	(347,387)
Accrued expenses and other liabilities	(102,175)	1,068,451
<b>Cash (used in) / from operations</b>	<b>(24,064,422)</b>	<b>29,342,801</b>
Employees' end of service benefits paid	(138,596)	(345,745)
<b>Net cash (used in) / from operating activities</b>	<b>(24,203,018)</b>	<b>28,997,056</b>
<b>INVESTING ACTIVITIES</b>		
Time deposits	32,303,475	(52,538,333)
Accrued special commission income on time deposits	759,841	--
Purchase of property and equipment	(159,508)	(146,576)
Additions in investments held at fair value through income statement	7 (iv) (51,000,000)	(697,535)
Proceeds from disposal of property plant and equipment	--	27,447
Proceeds from disposal of investments held at fair value through income statement	7 (iv) 16,000,000	21,943,821
<b>Net cash used in investing activities</b>	<b>(2,096,192)</b>	<b>(31,411,176)</b>
<b>FINANCING ACTIVITY</b>		
Due from shareholders' operations	8,678,348	(8,195,253)
<b>DECREASE IN CASH AND BANK BALANCES</b>		
	<b>(17,620,862)</b>	<b>(10,609,373)</b>
Cash and bank balances at the beginning of the period	42,891,784	61,025,692
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<b>25,270,922</b>	<b>50,416,319</b>
		
Managing Director / Chief Executive Officer	Chairman of the Board	Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CASH FLOWS – SHAREHOLDERS’ OPERATIONS**  
**For the six month period ended 30 June 2017**

	30 June 2017 SR (Unaudited)	30 June 2016 SR (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Net profit / (loss) for the period	20,893,321	(26,629,500)
<i>Adjustments to reconcile net profit / (loss) to net cash used in operating activities:</i>		
Depreciation	434,417	437,885
Realized gains on investments held at fair value through income statement	7 (iv) (184,816)	(914,452)
Unrealized gains on investments held at fair value through income statement	7 (iv) (27,572,846)	(4,451,990)
Income from statutory deposit	(1,552,875)	(1,349,089)
Shareholders’ appropriation from reinsurance operations’ (surplus) / deficit	(433,599)	30,736,262
Operating deficit before changes in operating assets and liabilities	<u>(8,416,398)</u>	<u>(2,170,884)</u>
<b>Changes in operating assets and liabilities:</b>		
Prepaid expenses and other assets	(169,874)	183,641
Accrued expenses and other liabilities	(279,673)	(363,068)
Deferred return on investment of statutory deposit	1,552,875	1,349,089
Zakat and tax paid	<u>(15,266,902)</u>	<u>(14,989,933)</u>
Net cash used in operating activities	<u>(22,579,972)</u>	<u>(15,991,155)</u>
<b>INVESTING ACTIVITIES</b>		
Accrued special commission income from time deposits	2,191,242	(1,462,412)
Accrued special commission income from bonds and sukuk	393,247	(1,110,286)
Additions in investments held at fair value through income statement	7 (iv) (140,355,580)	(63,258,011)
Proceeds from disposal of investments held at fair value through income statement	7 (iv) 43,839,476	114,171,147
Time deposits	<u>112,456,507</u>	<u>(25,345,506)</u>
Net cash from investing activities	<u>18,524,892</u>	<u>22,994,932</u>
<b>FINANCING ACTIVITY</b>		
Due to reinsurance operations	<u>(8,678,348)</u>	8,195,253
<b>(DECREASE) / INCREASE IN CASH AND BANK BALANCES</b>	<b>(12,733,428)</b>	15,199,030
Cash and bank balances at the beginning of the period	<u>27,950,269</u>	<u>31,917,275</u>
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<u>15,216,841</u>	<u>47,116,305</u>

		
Managing Director / Chief Executive Officer	Chairman of the Board	Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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

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

**For the period ended 30 June 2017**

### **1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Saudi Re for Cooperative Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 dated 12 Jumada Al-Awal 1429H (corresponding to 17 May 2008) with a branch in the Federal Territory of Labuan, Malaysia with license number IS2014146. The address of the Company's registered office is at P.O. Box 300259, Riyadh 11372, Al Wadi, Northern Ring Road West, Exit 7, Building 4130, Riyadh, Kingdom of Saudi Arabia.

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

### **2. BASIS OF PREPARATION**

#### ***Basis of measurement***

These unaudited interim condensed financial statements are prepared under the historical cost basis except for the measurement at fair value of investments held at fair value through income statement.

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

During 2017, SAMA issued a Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and tax. As a result of these amendments, zakat and tax for the company will continue to be accrued on a quarterly basis and recognized in statement of changes in shareholders' equity with a corresponding liability recognized in the statement of financial position.

Applying the above framework, the interim condensed financial statements of the Company as at and for the three month and six month periods ended 30 June 2017 have been prepared using the IAS 34 and SAMA guidance for the accounting of zakat and tax. Until 31 December 2016, the financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"). This change in framework, however, does not result in any change in the company's accounting policy for zakat and tax.

The accompanying unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2016.

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

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

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

The Board of Directors on their meeting held on 24 May 2017 recommended to the Extraordinary General Assembly meeting to reduce the Company's share capital from SR 1,000,000,000 to SR 804,000,000. The capital reduction is subject to approval from regulatory authorities and the Extraordinary General Assembly.

#### ***Functional and presentation currency***

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

#### ***Fiscal year***

The Company follows a fiscal year ending December 31.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

**3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS**

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the 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 January 1, 2017.
- Amendments to IAS 7 – “Statement of Cash Flows”, which is applicable for annual periods beginning on or after January 1, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

*Standards issued but not yet effective*

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

*IFRS 9 Financial Instruments*

The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. Upon implementation of the revised standard IFRS 4 ‘Insurance Contracts’, more assets may be classified as at fair value through profit or loss under the fair value option. The Company continues to monitor the IASB progress on amendments to IFRS 4 which also introduces a temporary exemption for the implementation of IFRS 9 for reporting entities whose activities predominantly relate to insurance. The Company expects that it will be eligible for this temporary exemption and will consider deferring the implementation of IFRS 9 until a later date, but no later than January 1, 2021.

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

*IFRS 15 Revenue from contracts with customers*

*IFRS 16 Leases*

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

**4. PREMIUM RECEIVABLES**

	<b>30 June 2017 (Unaudited) SR</b>	<b>31 December 2016 (Audited) SR</b>
Premium receivable, gross	<b>203,048,318</b>	186,910,560
Less: Provision for doubtful debts	<b>(6,211,410)</b>	(4,952,966)
	<b><u>196,836,908</u></b>	<u>181,957,594</u>

**5. TIME DEPOSITS**

Time deposits are placed with banks which have credit ratings in line with Company's investment policy of BBB and above as per Moody's, Fitch and Standard and Poor's rating agencies and have maturity period of more than three months from the date of original placement. Such deposits earn special commission at an average commission rate of 2.38% per annum (31 December 2016: 2.93% per annum). The carrying amount of these deposits reasonably approximate the fair value as at the statement of financial position date.

**6. STATUTORY DEPOSIT**

The Company has deposited an amount of SR 100 million (31 December 2016: SR 100 million) with a local bank, which has been rated "A" by Standard & Poor's Ratings agency representing the statutory deposit of 10% of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA. The statutory deposit generates special commission income. This special commission income is accrued on regular basis and is shown as a separate line item as part of the shareholders' liabilities in the Statement of Financial Position. The accrued commission on the deposit as at 30 June 2017 is SAR 11,795,020 (31 December 2016: 10,242,145) and has also been disclosed in assets as return on investment of statutory deposit.

**7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT**

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

	<b>30 June 2017 (Unaudited)</b>		<b>31 December 2016 (Audited)</b>	
	<b>Reinsurance operations SR</b>	<b>Shareholders' operations SR</b>	<b>Reinsurance operations SR</b>	<b>Shareholders' operations SR</b>
Money market funds	<b>67,422,499</b>	<b>181,217,496</b>	39,245,084	85,410,773
Investment funds	--	<b>50,000,000</b>	--	50,000,000
Equities	--	<b>160,126,738</b>	--	142,975,208
Fixed-Rate Bonds/Sukuk	<b>57,656,252</b>	<b>396,266,844</b>	52,685,763	378,817,260
Floating-Rate Bonds/Sukuk	<b>5,770,674</b>	<b>61,241,705</b>	1,516,490	67,375,776
	<b><u>130,849,425</u></b>	<b><u>848,852,783</u></b>	<u>93,447,337</u>	<u>724,579,017</u>

ii. Determination of fair value and fair values hierarchy:

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

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

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

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

As at 30 June 2017 and 31 December 2016, all financial instruments under reinsurance operations which are measured at fair value are Level 1 instruments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	30 June 2017 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money Market Funds	181,217,496	--	--	181,217,496
Investment funds	--	50,000,000	--	50,000,000
Equities	160,126,738	--	--	160,126,738
Fixed-Rate Bonds/Sukuk	338,702,326	57,564,518	--	396,266,844
Floating-Rate Bonds/Sukuk	21,241,705	40,000,000	--	61,241,705
	<u>701,288,265</u>	<u>147,564,518</u>	<u>--</u>	<u>848,852,783</u>
	31 December 2016 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money Market Funds	85,410,773	--	--	85,410,773
Investment funds	--	50,000,000	--	50,000,000
Equities	142,975,208	--	--	142,975,208
Fixed-Rate Bonds/Sukuk	321,252,746	57,564,514	--	378,817,260
Floating-Rate Bonds/Sukuk	27,375,776	40,000,000	--	67,375,776
	<u>577,014,503</u>	<u>147,564,514</u>	<u>--</u>	<u>724,579,017</u>

iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 30 June 2017 and year ended 31 December 2016.

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

	30 June 2017 (Unaudited)		31 December 2016 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Opening balance	93,447,337	724,579,017	73,707,373	687,580,266
Additions	51,000,000	140,355,580	39,232,824	149,522,772
Disposals	(16,000,000)	(43,839,476)	(21,943,821)	(125,777,170)
Unrealized gains	2,389,739	27,572,846	2,352,103	12,819,617
Realized gains	12,349	184,816	98,858	433,532
<b>Closing balance</b>	<u>130,849,425</u>	<u>848,852,783</u>	<u>93,447,337</u>	<u>724,579,017</u>

As at 30 June 2017, the investments under reinsurance operations include SR 63.4 million (31 December 2016: SR 54.2 million) which are through discretionary managed portfolios.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

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

As at 30 June 2017, the investments under shareholders' operations include SR 500.2 million (31 December 2016: SR 454.1 million) which are through discretionary managed portfolios.

Investments under reinsurance and shareholders' operations include cash component of SR 5 million and SR 19 million respectively as at 30 June 2017 (31 December 2016: SR 1.5 million and SR 17.2 million respectively) available with external fund managers within the agreed investment guidelines.

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

	30 June 2017 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money Market Funds	181,217,496	--	181,217,496
Investment Funds	--	50,000,000	50,000,000
Equities	160,126,738	--	160,126,738
Fixed-Rate Bonds/Sukuk	338,702,326	57,564,518	396,266,844
Floating-Rate Bonds/Sukuk	21,241,705	40,000,000	61,241,705
	<b>701,288,265</b>	<b>147,564,518</b>	<b>848,852,783</b>
	31 December 2016 (Audited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money Market Funds	85,410,773	--	85,410,773
Investment Funds	--	50,000,000	50,000,000
Equities	142,975,208	--	142,975,208
Fixed-Rate Bonds/Sukuk	321,252,746	57,564,514	378,817,260
Floating-Rate Bonds/Sukuk	27,375,776	40,000,000	67,375,776
	<b>577,014,503</b>	<b>147,564,514</b>	<b>724,579,017</b>

As at 30 June 2017 and 31 December 2016, 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 2017 (Unaudited) SR	31 December 2016 (Audited) SR	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b>Reinsurance operations</b>						
Money Market Funds	67,422,499	39,245,084	--	--	67,422,499	39,245,084
Fixed-Rate Bonds/Sukuk	--	--	57,656,252	52,685,763	57,656,252	52,685,763
Floating-Rate Bonds/Sukuk	--	--	5,770,674	1,516,490	5,770,674	1,516,490
<b>Total</b>	<b>67,422,499</b>	<b>39,245,084</b>	<b>63,426,926</b>	<b>54,202,253</b>	<b>130,849,425</b>	<b>93,447,337</b>



**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

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

	Domestic		International		Total	
	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b>Shareholders' operations</b>						
Money Market Funds	181,217,496	85,410,773	--	--	181,217,496	85,410,773
Investment Funds	50,000,000	50,000,000	--	--	50,000,000	50,000,000
Equities	56,018,059	50,756,270	104,108,679	92,218,938	160,126,738	142,975,208
Fixed-Rate Bonds/Sukuk	40,000,000	40,000,000	356,266,844	338,817,260	396,266,844	378,817,260
Floating-Rate Bonds/Sukuk	40,000,000	40,000,000	21,241,705	27,375,776	61,241,705	67,375,776
Total	367,235,555	266,167,043	481,617,228	458,411,974	848,852,783	724,579,017

**8. UNEARNED PREMIUM**

	30 June 2017 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	306,479,380	(3,758,101)	302,721,279
Premiums written during the period	577,259,792	(51,846,549)	525,413,243
Premium earned	(322,891,220)	27,988,336	(294,902,884)
Changes in unearned premiums	254,368,572	(23,858,213)	230,510,359
Closing balance	560,847,952	(27,616,314)	533,231,638
	31 December 2016 (Audited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	502,998,272	(7,363,459)	495,634,813
Premiums written during the period	985,510,354	(47,326,048)	938,184,306
Premiums earned	(1,182,029,246)	50,931,406	(1,131,097,840)
Changes in unearned premiums	(196,518,892)	3,605,358	(192,913,534)
Closing balance	306,479,380	(3,758,101)	302,721,279

**9. NET CLAIMS PAID**

	For the three month period ended		For the six month period ended	
	30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR	30 June 2017 (Unaudited) SR	30 June 2016 (Unaudited) SR
Gross claims paid	84,098,854	710,933,181	206,255,465	816,603,308
Retroceded share of claims paid	(2,083,779)	(2,472,489)	(60,531,249)	(6,398,627)
Net claims paid	82,015,075	708,460,692	145,724,216	810,204,681

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

**10. PROVISION FOR ZAKAT AND TAX**

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

	30 June 2017		31 December 2016		30 June 2016	
	SR	%	SR	%	SR	%
Saudi Shareholders	958,860,000	95.9%	947,225,190	94.7%	948,890,000	94.9%
GCC Shareholders	21,075,910	2.1%	23,665,210	2.4%	22,480,000	2.2%
Foreign Shareholders	20,064,090	2%	29,109,600	2.9%	28,630,000	2.9%
<b>Total</b>	<b>1,000,000,000</b>	<b>100%</b>	<b>1,000,000,000</b>	<b>100%</b>	<b>1,000,000,000</b>	<b>100%</b>

As of 30 June 2017, 31 December 2016 and 30 June 2016, the authorized, issued and fully paid-in share capital of the Company consists of 100 million shares of SAR 10 each. The Company's zakat and tax calculations and corresponding accruals and payments of zakat and tax are based on the above ownership percentages in accordance with the relevant provisions of the Saudi Arabian Zakat and Income Tax regulations.

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

	30 June 2017	31 December 2016	30 June 2016
	SR	SR	SR
Provision for Zakat	31,786,656	39,443,148	30,869,984
Provision for tax	297,857	285,222	214,666
	<b>32,084,513</b>	<b>39,728,370</b>	<b>31,084,650</b>

The Zakat and tax charge for the six month period is as follows:

	30 June 2017	30 June 2016
	SR	SR
Zakat charge for the period	7,591,231	6,655,859
Tax charge for the period	31,814	--
	<b>7,623,045</b>	<b>6,655,859</b>

The Company has recorded zakat and tax provision based on the circular No. 12746/16/1438H (18 January 2017) issued by the General Authority of Zakat and Income Tax (GAZT), in which Saudi public listed companies are to provide for tax and zakat based on the shareholding percentages of GCC and non-GCC founding shareholders. The shareholding percentages of GCC and non-GCC founding shareholders were 99.1% and 0.90% respectively as at 30 June 2017, 31 December 2016 and 30 June 2016.

The Company has filed its zakat returns for the years ended 31 December 2009 to 2016 with the GAZT and the assessments for these years are still outstanding. The Company has not yet received related final assessments from GAZT.

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

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

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

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

Related party	Nature of transactions	Amount of transactions for the six month period ended		Balance as at	
		30 June 2017 (Unaudited) SR	31 June 2016 (Unaudited) SR	30 June 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Board of Directors	- Consulting fees	159,308	162,400	--	--
	- Remunerations, meeting fees and expenses	2,042,763	1,256,416	713,670	250,500
Key management Personnel	- Short term benefits	4,818,410	4,789,236	647,500	1,096,000
	- End of service benefits	792,184	204,529	2,226,754	1,434,572
Companies represented by the Board members	- Gross written premiums	2,411,384	3,563,822	2,313,272	2,018,548
	- Claims incurred	1,115,483	3,132,262	2,155,838	2,285,317
	- Commission	711,094	930,143	--	--
	- HSBC Custodian fees	94,000	102,000	41,807	21,821

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

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

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

**12. SEGMENTAL INFORMATION**

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

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

Segment assets do not include cash and bank balances of reinsurance operations, investments held at fair value through income statement, prepaid expenses and other assets, due from shareholders' operations and property and equipment.

Segment liabilities do not include surplus distribution payable, accrued expenses and other liabilities and employees' end of service benefits.

**12.1 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		Fire		Marine		Motor		General Accident		Life		Speciality		Others		Total		
	SR		SR		SR		SR		SR		SR		SR		SR		SR		
<b>For the three month period ended 30 June 2017 (Unaudited)</b>																			
<b>Reinsurance operations' results</b>																			
Gross written premiums	9,003,832		27,574,201		11,377,249		(3,690,618)		22,702,449		20,072,341		3,931,186		29,943,846				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		3,929,605		22,428,553				88,574,033
Change in net unearned premiums	13,445,790		18,122,919		8,384,049		22,710,946		(6,197,570)		(5,839,275)		(10,208,923)		(6,533,004)				54,302,778
Net earned premiums	18,510,581		36,690,398		9,152,743		19,003,622		15,713,018		13,772,372		14,138,528		15,895,549				142,876,811
Net claims paid	(10,373,735)		(25,186,760)		(3,645,798)		(22,091,039)		(3,872,696)		(10,974,328)		--		(5,870,719)				(82,015,075)
Change in net outstanding claims	524,192		(86,798)		(14,078)		7,535,023		(3,456,079)		(3,400,660)		(8,486,635)		(2,537,500)				(9,922,535)
Net claims incurred	(9,849,543)		(25,273,558)		(3,659,876)		(14,556,016)		(7,328,775)		(14,374,988)		(8,486,635)		(8,408,219)				(91,937,610)
Gross acquisition costs	(6,517,533)		(12,418,469)		(3,942,881)		(2,130,096)		(4,148,254)		(1,280,457)		(5,719,161)		(1,592,315)				(37,749,166)
Commissions on retroceded business	417,709		801,703		386,365		--		151,937		(2,279)		--		122,508				1,877,943
Supervision and inspection fees	(46,234)		(140,033)		(56,858)		18,457		(114,842)		(100,773)		(19,656)		(144,633)				(604,572)
Net acquisition costs	(6,146,058)		(11,756,799)		(3,613,374)		(2,111,639)		(4,111,159)		(1,383,509)		(5,738,817)		(1,614,440)				(36,475,795)
Surplus from reinsurance operation	2,514,980		(339,959)		1,879,493		2,335,967		4,273,084		(1,986,125)		(86,924)		5,872,890				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 period ended 30 June 2017**

**12 SEGMENTAL INFORMATION (CONTINUED)**

**12.1 Business segments (continued)**

**For the three month period ended  
30 June 2016 (Unaudited)**

**Reinsurance operations' results**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
Gross written premiums	7,861,828	18,568,153	(1,380,361)	379,250,558	6,167,545	20,367,463	--	18,053,401	448,888,587
Retroceded premiums	(1,471,060)	(524,310)	77,995	--	(89,704)	--	--	(46)	(2,007,125)
Excess of loss expenses	(2,276,730)	(7,691,436)	(294,278)	--	(485,887)	(679,680)	--	(224,212)	(11,652,223)
<b>Net written premiums</b>	<b>4,114,038</b>	<b>10,352,407</b>	<b>(1,596,644)</b>	<b>379,250,558</b>	<b>5,591,954</b>	<b>19,687,783</b>	<b>--</b>	<b>17,829,143</b>	<b>435,229,239</b>
Change in net unearned premiums	13,189,833	13,902,203	9,594,855	159,154,465	3,610,713	(11,439,176)	8,620,353	(1,212,758)	195,420,488
Net earned premiums	17,303,871	24,254,610	7,998,211	538,405,023	9,202,667	8,248,607	8,620,353	16,616,385	630,649,727
Net claims paid	(4,775,141)	(36,537,442)	(3,973,830)	(636,909,682)	(3,144,739)	(17,652,471)	--	(5,467,387)	(708,460,692)
Change in net outstanding claims	(12,521,163)	6,106,575	(643,488)	155,834,824	(931,935)	62,966	(4,758,574)	(3,804,142)	139,345,063
<b>Net claims incurred</b>	<b>(17,296,304)</b>	<b>(30,430,867)</b>	<b>(4,617,318)</b>	<b>(481,074,858)</b>	<b>(4,076,674)</b>	<b>(17,589,505)</b>	<b>(4,758,574)</b>	<b>(9,271,529)</b>	<b>(569,115,629)</b>
Gross acquisition costs	(5,962,296)	(7,937,605)	(2,689,173)	(45,171,357)	(3,090,107)	(725,073)	(2,127,487)	(1,533,803)	(69,236,901)
Supervision and inspection fees	(39,308)	(92,841)	6,902	(1,896,253)	(30,838)	(101,838)	--	(90,267)	(2,244,443)
Commissions on retroceded business	226,632	285,068	76,141	--	91,033	(656)	--	10,173	688,391
<b>Net acquisition costs</b>	<b>(5,774,972)</b>	<b>(7,745,378)</b>	<b>(2,606,130)</b>	<b>(47,067,610)</b>	<b>(3,029,912)</b>	<b>(827,567)</b>	<b>(2,127,487)</b>	<b>(1,613,897)</b>	<b>(70,792,953)</b>
<b>Net underwriting results</b>	<b>(5,767,405)</b>	<b>(13,921,635)</b>	<b>774,763</b>	<b>10,262,555</b>	<b>2,096,081</b>	<b>(10,168,465)</b>	<b>1,734,292</b>	<b>5,730,959</b>	<b>(9,258,855)</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

**12. SEGMENTAL INFORMATION (CONTINUED)**

**12.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
<b>For the six month period ended 30 June 2017 (Unaudited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	54,074,586	147,462,243	41,401,570	100,066,097	68,564,944	40,713,524	61,187,648	63,789,180	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)
<b>Net written premiums</b>	<b>45,399,070</b>	<b>124,965,957</b>	<b>27,359,100</b>	<b>99,982,378</b>	<b>65,223,073</b>	<b>39,819,587</b>	<b>61,185,049</b>	<b>55,455,462</b>	<b>519,389,676</b>
Change in net unearned premiums	(11,068,893)	(49,310,720)	(7,904,481)	(56,379,507)	(36,100,629)	(10,382,968)	(35,647,389)	(23,715,772)	(230,510,359)
<b>Net earned premiums</b>	<b>34,330,177</b>	<b>75,655,237</b>	<b>19,454,619</b>	<b>43,602,871</b>	<b>29,122,444</b>	<b>29,436,619</b>	<b>25,537,660</b>	<b>31,739,690</b>	<b>288,879,317</b>
Net claims paid	(16,163,514)	(55,017,536)	(7,199,625)	(24,922,589)	(9,614,852)	(21,685,260)	--	(11,120,840)	(145,724,216)
Change in net outstanding claims	(10,707,222)	(11,297,978)	188,522	(5,080,466)	(1,669,041)	(5,585,022)	(16,139,343)	(2,582,329)	(52,872,879)
<b>Net claims incurred</b>	<b>(26,870,736)</b>	<b>(66,315,514)</b>	<b>(7,011,103)</b>	<b>(30,003,055)</b>	<b>(11,283,893)</b>	<b>(27,270,282)</b>	<b>(16,139,343)</b>	<b>(13,703,169)</b>	<b>(198,597,095)</b>
Gross acquisition costs	(12,116,083)	(24,109,441)	(8,104,956)	(4,427,761)	(8,075,893)	(2,464,041)	(10,332,555)	(2,890,412)	(72,521,142)
Commissions on retroceded business	665,828	1,574,963	896,213	--	415,972	(2,279)	--	128,814	3,679,511
Supervision and inspection fees	(271,588)	(739,473)	(206,980)	(500,327)	(344,153)	(203,979)	(305,938)	(313,861)	(2,886,299)
<b>Net acquisition costs</b>	<b>(11,721,843)</b>	<b>(23,273,951)</b>	<b>(7,415,723)</b>	<b>(4,928,088)</b>	<b>(8,004,074)</b>	<b>(2,670,299)</b>	<b>(10,638,493)</b>	<b>(3,075,459)</b>	<b>(71,727,930)</b>
<b>Surplus from reinsurance operation</b>	<b>(4,262,402)</b>	<b>(13,934,228)</b>	<b>5,027,793</b>	<b>8,671,728</b>	<b>9,834,477</b>	<b>(503,962)</b>	<b>(1,240,176)</b>	<b>14,961,062</b>	<b>18,554,292</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

**12 SEGMENTAL INFORMATION (CONTINUED)**

**12.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
<b>For the six month period ended 30 June 2016 (Unaudited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	59,698,429	104,319,830	26,380,373	519,563,181	37,725,598	33,821,143	58,564,622	55,483,959	895,557,135
Retroceded premiums	(2,747,196)	(657,754)	(175,260)	--	(93,639)	--	--	(4,887)	(3,678,736)
Excess of loss expenses	(4,847,426)	(20,043,975)	(913,641)	--	(971,984)	(1,194,830)	--	(477,213)	(28,449,069)
<b>Net written premiums</b>	52,103,807	83,618,101	25,291,472	519,563,181	36,659,975	32,626,313	58,564,622	55,001,859	863,429,330
Change in net unearned premiums	(15,441,472)	(37,749,039)	(7,586,481)	178,904,210	(20,720,318)	(12,715,663)	(41,323,916)	(25,308,535)	18,058,786
<b>Net earned premiums</b>	36,662,335	45,869,062	17,704,991	698,467,391	15,939,657	19,910,650	17,240,706	29,693,324	881,488,116
Net claims paid	(11,833,748)	(71,190,007)	(8,756,108)	(662,200,323)	(5,929,550)	(39,577,730)	--	(10,717,215)	(810,204,681)
Change in net outstanding claims	(8,577,889)	14,925,768	1,496,092	35,307,040	(2,118,545)	(1,424,109)	(9,547,787)	(2,737,200)	27,323,370
<b>Net claims incurred</b>	(20,411,637)	(56,264,239)	(7,260,016)	(626,893,283)	(8,048,095)	(41,001,839)	(9,547,787)	(13,454,415)	(782,881,311)
Gross acquisition costs	(12,160,859)	(14,154,515)	(5,493,481)	(60,931,352)	(4,966,769)	(1,124,924)	(5,838,511)	(2,993,707)	(107,664,118)
Supervision and inspection fees	(298,491)	(521,599)	(131,902)	(2,597,816)	(188,628)	(169,106)	(292,823)	(277,421)	(4,477,786)
Commissions on retroceded business	568,628	458,296	215,460	--	127,149	(656)	--	21,026	1,389,903
<b>Net acquisition costs</b>	(11,890,722)	(14,217,818)	(5,409,923)	(63,529,168)	(5,028,248)	(1,294,686)	(6,131,334)	(3,250,102)	(110,752,001)
<b>Net underwriting results</b>	4,359,976	(24,612,995)	5,035,052	8,044,940	2,863,314	(22,385,875)	1,561,585	12,988,807	(12,145,196)



**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 30 June 2017**

**12 SEGMENTAL INFORMATION (CONTINUED)**

**12.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
<b>As at 30 June 2017 (Unaudited)</b>									
Segment assets	117,716,183	246,102,183	75,025,096	124,032,019	88,660,456	62,835,501	127,908,894	72,630,848	914,911,180
Segment liabilities	216,657,123	387,825,535	77,229,328	155,863,032	100,262,006	94,017,185	134,154,062	126,852,439	1,292,860,710
<b>As at 31 December 2016 (Audited)</b>									
Segment assets	97,515,523	206,539,934	44,825,423	117,899,804	30,386,493	41,682,958	72,758,483	46,318,632	657,927,250
Segment liabilities	192,370,204	368,517,655	58,172,724	128,029,379	59,915,278	78,946,082	71,948,354	99,654,015	1,057,553,691

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

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(CONTINUED)

For the period ended 30 June 2017

### 12. SEGMENTAL INFORMATION (CONTINUED)

#### 12.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>For the three month period ended 30 June 2017 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
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)	--	--	(22,987,110)
Excess of loss expenses	(4,918,350)	(2,116,694)	(419,973)	(1,896,745)	(1,581)	(9,353,343)
<b>Net written premiums</b>	<b>2,177,141</b>	<b>10,509,914</b>	<b>4,526,692</b>	<b>67,430,681</b>	<b>3,929,605</b>	<b>88,574,033</b>
Change in net unearned premiums	50,265,040	14,477,193	3,000,091	(23,648,469)	10,208,923	54,302,778
<b>Net earned premiums</b>	<b>52,442,181</b>	<b>24,987,107</b>	<b>7,526,783</b>	<b>43,782,212</b>	<b>14,138,528</b>	<b>142,876,811</b>
Net claims paid	(48,801,703)	(8,447,970)	(8,358,379)	(16,407,023)	--	(82,015,075)
Change in net outstanding claims	20,383,013	(9,302,295)	446,990	(12,963,608)	(8,486,635)	(9,922,535)
<b>Net claims incurred</b>	<b>(28,418,690)</b>	<b>(17,750,265)</b>	<b>(7,911,389)</b>	<b>(29,370,631)</b>	<b>(8,486,635)</b>	<b>(91,937,610)</b>
Gross acquisition costs	(12,602,346)	(7,043,028)	(1,880,443)	(10,504,188)	(5,719,161)	(37,749,166)
Commissions on retroceded business	1,814,518	63,137	288	--	--	1,877,943
Supervision and inspection fees	(149,910)	(63,631)	(24,737)	(346,638)	(19,656)	(604,572)
<b>Net acquisition costs</b>	<b>(10,937,738)</b>	<b>(7,043,522)</b>	<b>(1,904,892)</b>	<b>(10,850,826)</b>	<b>(5,738,817)</b>	<b>(36,475,795)</b>
<b>Surplus from reinsurance operation</b>	<b>13,085,753</b>	<b>193,320</b>	<b>(2,289,498)</b>	<b>3,560,755</b>	<b>(86,924)</b>	<b>14,463,406</b>
	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 2016 (Unaudited)

#### Reinsurance operations' results

Gross written premiums	401,434,017	6,654,779	285,974	40,513,817	--	448,888,587
Retroceded premiums	(1,681,425)	(142,631)	(183,069)	--	--	(2,007,125)
Excess of loss expenses	(4,447,733)	(5,222,801)	(603,978)	(1,377,711)	--	(11,652,223)
<b>Net written premiums</b>	<b>395,304,859</b>	<b>1,289,348</b>	<b>(501,073)</b>	<b>39,136,106</b>	<b>--</b>	<b>435,229,239</b>
Change in net unearned premiums	184,070,248	12,122,564	6,325,405	(15,718,082)	8,620,353	195,420,488
<b>Net earned premiums</b>	<b>579,375,107</b>	<b>13,411,911</b>	<b>5,824,332</b>	<b>23,418,024</b>	<b>8,620,353</b>	<b>630,649,727</b>
Net claims paid	(664,056,001)	(21,543,428)	(6,599,370)	(16,261,893)	--	(708,460,692)
Change in net outstanding claims	141,652,829	3,673,210	590,846	(1,813,248)	(4,758,574)	139,345,063
<b>Net claims incurred</b>	<b>(522,403,172)</b>	<b>(17,870,218)</b>	<b>(6,008,524)</b>	<b>(18,075,141)</b>	<b>(4,758,574)</b>	<b>(569,115,629)</b>
Gross acquisition costs	(55,741,430)	(4,765,825)	(1,493,229)	(5,108,931)	(2,127,486)	(69,236,901)
Commissions on retroceded business	628,002	28,224	32,165	--	--	688,391
Supervision and inspection fees	(2,007,174)	(33,270)	(1,430)	(202,569)	--	(2,244,443)
<b>Net acquisition costs</b>	<b>(57,120,602)</b>	<b>(4,770,871)</b>	<b>(1,462,494)</b>	<b>(5,311,500)</b>	<b>(2,127,486)</b>	<b>(70,792,953)</b>
<b>Deficit from reinsurance operation</b>	<b>(148,667)</b>	<b>(9,229,178)</b>	<b>(1,646,686)</b>	<b>31,383</b>	<b>1,734,293</b>	<b>(9,258,855)</b>

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

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

### (CONTINUED)

For the period ended 30 June 2017

#### 12. SEGMENTAL INFORMATION (CONTINUED)

##### 12.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>For the six month period ended 30 June 2017 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
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)	(19,225,369)
<b>Net written premiums</b>	<b>182,689,494</b>	<b>66,572,535</b>	<b>25,132,824</b>	<b>183,809,774</b>	<b>61,185,049</b>	<b>519,389,676</b>
Change in net unearned premiums	(69,153,058)	(16,617,432)	(9,888,481)	(99,203,999)	(35,647,389)	(230,510,359)
<b>Net earned premiums</b>	<b>113,536,436</b>	<b>49,955,103</b>	<b>15,244,343</b>	<b>84,605,775</b>	<b>25,537,660</b>	<b>288,879,317</b>
Net claims paid	(70,340,447)	(23,202,775)	(13,287,090)	(38,893,904)	--	(145,724,216)
Change in net outstanding claims	(5,305,869)	(11,368,299)	(1,753,137)	(18,306,231)	(16,139,343)	(52,872,879)
<b>Net claims incurred</b>	<b>(75,646,316)</b>	<b>(34,571,074)</b>	<b>(15,040,227)</b>	<b>(57,200,135)</b>	<b>(16,139,343)</b>	<b>(198,597,095)</b>
Gross acquisition costs	(24,999,601)	(13,962,951)	(3,033,933)	(20,192,102)	(10,332,555)	(72,521,142)
Commissions on retroceded business	3,597,336	76,209	5,966	--	--	3,679,511
Supervision and inspection fees	(1,153,441)	(356,673)	(130,486)	(939,761)	(305,938)	(2,886,299)
<b>Net acquisition costs</b>	<b>(22,555,706)</b>	<b>(14,243,415)</b>	<b>(3,158,453)</b>	<b>(21,131,863)</b>	<b>(10,638,493)</b>	<b>(71,727,930)</b>
<b>Surplus from reinsurance operation</b>	<b>15,334,414</b>	<b>1,140,614</b>	<b>(2,954,337)</b>	<b>6,273,777</b>	<b>(1,240,176)</b>	<b>18,554,292</b>

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
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For the six month period ended 30 June 2016 (Unaudited)

<b>Reinsurance operations' results</b>						
Gross written premiums	645,519,264	47,565,338	19,496,924	124,410,987	58,564,622	895,557,135
Retroceded premiums	(3,167,237)	(255,631)	(255,868)	--	--	(3,678,736)
Excess of loss expenses	(10,349,309)	(13,721,637)	(1,712,842)	(2,665,281)	--	(28,449,069)
<b>Net written premiums</b>	<b>632,002,718</b>	<b>33,588,070</b>	<b>17,528,214</b>	<b>121,745,706</b>	<b>58,564,622</b>	<b>863,429,330</b>
Change in net unearned premiums	148,820,474	(7,233,460)	(7,157,487)	(75,046,824)	(41,323,917)	18,058,786
<b>Net earned premiums</b>	<b>780,823,192</b>	<b>26,354,610</b>	<b>10,370,727</b>	<b>46,698,882</b>	<b>17,240,705</b>	<b>881,488,116</b>
Net claims paid	(735,206,805)	(31,393,482)	(11,901,111)	(31,703,283)	--	(810,204,681)
Change in net outstanding claims	46,476,912	(16,722,007)	2,244,155	4,872,097	(9,547,787)	27,323,370
<b>Net claims incurred</b>	<b>(688,729,893)</b>	<b>(48,115,489)</b>	<b>(9,656,956)</b>	<b>(26,831,186)</b>	<b>(9,547,787)</b>	<b>(782,881,311)</b>
Gross acquisition costs	(82,412,545)	(9,224,571)	(2,458,085)	(7,730,406)	(5,838,511)	(107,664,118)
Commissions on retroceded business	1,280,404	61,932	47,567	--	--	1,389,903
Supervision and inspection fees	(3,227,596)	(237,827)	(97,485)	(622,055)	(292,823)	(4,477,786)
<b>Net acquisition costs</b>	<b>(84,359,737)</b>	<b>(9,400,466)</b>	<b>(2,508,003)</b>	<b>(8,352,461)</b>	<b>(6,131,334)</b>	<b>(110,752,001)</b>
<b>Deficit from reinsurance operation</b>	<b>7,733,562</b>	<b>(31,161,345)</b>	<b>(1,794,232)</b>	<b>11,515,235</b>	<b>1,561,584</b>	<b>(12,145,196)</b>

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

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

### (CONTINUED)

#### For the period ended 30 June 2017

#### 12 SEGMENTAL INFORMATION (CONTINUED)

##### 12.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>As at 30 June 2017 (Unaudited)</b>						
<b>Reinsurance operations</b>						
Segment assets	375,110,878	109,165,753	33,217,088	274,208,139	123,209,322	914,911,180
Segment liabilities	549,234,569	198,978,294	53,149,637	368,191,061	123,307,149	1,292,860,710
<b>As at 31 December 2016 (Audited)</b>						
Segment assets	303,889,027	132,456,294	25,800,492	123,353,877	72,427,560	657,927,250
Segment liabilities	471,717,637	225,540,076	42,737,516	246,044,546	71,513,916	1,057,553,691

#### 13. COMMITMENTS AND CONTINGENCIES

As at 30 June 2017, the Company has deposited and pledged SR 47,250,000 (31 December 2016: SR 47,250,000) with local bank to obtain the Standby Letter of Credit for its participation in a Lloyds Syndicate for 2015, 2016 and 2017 underwriting years. Further, the office premises related refundable deposit amounts to SR 102,774 (31 December 2016: SR 103,233).

#### 14. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share for the three and six month periods ended 30 June 2017 and 30 June 2016 have been calculated by dividing net income for the period by the weighted average number of ordinary shares issued and outstanding at the end of the period.

#### 15. 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.

#### 16. SUBSEQUENT EVENTS

On 13 July 2017, the Company has signed a memorandum of understanding with Probitas Holdings (Bermuda) limited ("PHBL"), a limited liability Company registered in Bermuda to acquire 49.9% of its ordinary shares for USD 25 Million. PHBL has invested in insurance and reinsurance businesses including Lloyds market in London, United Kingdom.

The company is currently carrying out due diligence of PHBL. The completion of this transaction will be subject to the approval of SAMA and Lloyds.

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

These interim condensed financial statements have been approved by the Board of Directors on 7 Dhul Qa'dah 1438H corresponding to 30 July 2017.