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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 NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 Nine Month Periods Ended 30 September 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 September 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 nine 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 nine 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 September 2017 are not prepared, in all material respects, in accordance with IAS 34 and SAMA guidance for the accounting of zakat and tax.

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 30 October 2017

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

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		30 September 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b>REINSURANCE OPERATIONS' ASSETS</b>			
Cash and bank balances		47,889,512	42,891,784
Time deposits	5	40,498,125	67,551,600
Accrued special commission income from time deposits		555,437	1,070,010
Premium receivables	4	210,545,290	181,957,594
Investments held at fair value through income statement	7	132,154,944	93,447,337
Accrued insurance premiums		636,882,059	262,339,842
Retroceded share of unearned premiums	8	157,741,131	3,758,101
Deferred excess of loss premiums		19,503,150	17,516,594
Retroceded share of outstanding claims		117,218,992	110,649,986
Deferred acquisition costs		130,082,581	81,705,133
Prepaid expenses and other assets		51,623,223	49,276,087
Due from shareholders' operations		151,885,793	152,144,139
Property and equipment		2,183,410	3,402,655
<b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>		<b>1,698,763,647</b>	<b>1,067,710,862</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and bank balances		7,469,740	27,950,269
Time deposits	5	--	112,456,507
Accrued special commission income from time deposits		5,659	2,191,242
Accrued special commission income from bonds and sukuk		2,763,722	4,143,727
Investments held at fair value through income statement	7	866,317,588	724,579,017
Prepaid expenses and other assets		56,106	45,178
Statutory deposit	6	100,000,000	100,000,000
Return on investment of statutory deposit	6	12,683,462	10,242,145
Property and equipment		31,457,309	32,110,109
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>1,020,753,586</b>	<b>1,013,718,194</b>
<b>TOTAL ASSETS</b>		<b>2,719,517,233</b>	<b>2,081,429,056</b>
<b>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
Accounts payable		13,937,715	18,217,139
Retrocession balances payable		39,931,404	51,919,382
Accrued retroceded premiums		199,293,545	75,603
Gross unearned premiums	8	630,349,166	306,479,380
Gross outstanding claims		796,426,548	680,013,941
Unearned commission income		5,982,122	848,245
Accrued expenses and other liabilities		4,942,777	3,906,248
Employees' end of service benefits		5,607,490	3,958,044
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>		<b>1,696,470,767</b>	<b>1,065,417,982</b>
<b>REINSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		2,292,880	2,292,880
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>		<b>1,698,763,647</b>	<b>1,067,710,862</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Provision for zakat and tax	10	35,441,917	39,728,370
Due to reinsurance operations		151,885,793	152,144,139
Accrued expenses and other liabilities		5,751,683	6,302,569
Deferred return on investment of statutory deposit	6	12,683,462	10,242,145
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>205,762,855</b>	<b>208,417,223</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(191,080,193)	(200,769,953)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>814,990,731</b>	<b>805,300,971</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,020,753,586</b>	<b>1,013,718,194</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>2,719,517,233</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 nine month periods ended 30 September 2017**

	For the three month period ended		For the nine month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
<i>Notes</i>				
Gross written premiums	302,584,661	82,454,802	879,844,453	978,011,937
Retroceded premiums	(207,115,660)	(895,317)	(245,760,407)	(4,574,056)
Excess of loss expenses	(6,142,427)	(6,456,336)	(25,367,794)	(34,905,404)
<b>Net written premiums</b>	<b>89,326,574</b>	<b>75,103,149</b>	<b>608,716,252</b>	<b>938,532,477</b>
Changes in net unearned premiums	60,623,602	43,883,175	(169,886,756)	61,941,962
<b>Net earned premiums</b>	<b>149,950,176</b>	<b>118,986,324</b>	<b>438,829,496</b>	<b>1,000,474,439</b>
Net claims paid	9 (57,175,525)	(47,733,118)	(202,899,741)	(857,937,803)
Changes in net outstanding claims	(56,970,722)	(29,019,764)	(109,843,601)	(1,696,395)
<b>Net claims incurred</b>	<b>(114,146,247)</b>	<b>(76,752,882)</b>	<b>(312,743,342)</b>	<b>(859,634,198)</b>
Gross acquisition costs and profit commissions	(39,368,188)	(27,637,763)	(111,889,331)	(135,301,880)
Commissions earned on retroceded business	3,125,021	663,486	6,804,532	2,053,389
Supervision and inspection fees	(1,512,923)	(412,274)	(4,399,222)	(4,890,060)
<b>Net acquisition costs</b>	<b>(37,756,090)</b>	<b>(27,386,551)</b>	<b>(109,484,021)</b>	<b>(138,138,551)</b>
<b>Deficit / (surplus) from reinsurance operations</b>	<b>(1,952,161)</b>	<b>14,846,891</b>	<b>16,602,133</b>	<b>2,701,690</b>
Special commission income from time deposits	271,077	592,419	1,464,639	1,522,418
Realized gains on investments held at fair value through income statement	--	--	12,349	98,858
Unrealized gains on investments held at fair value through income statement	1,305,520	1,016,205	3,695,258	3,510,773
Other income	--	370,125	--	563,420
Investment management expenses	(81,948)	(113,972)	(244,360)	(300,127)
General and administrative expenses	(8,896,942)	(8,633,421)	(29,955,560)	(28,724,415)
Foreign exchange translation losses	(356,741)	(4,978,606)	(803,877)	(7,009,239)
<b>Net (deficit) / surplus from reinsurance operations</b>	<b>(9,711,195)</b>	<b>3,099,641</b>	<b>(9,229,418)</b>	<b>(27,636,622)</b>
Shareholders' appropriation from reinsurance operations' deficit / (surplus)	2 9,711,195	(3,099,641)	9,229,418	27,636,622
<b>Reinsurance operations' surplus after shareholders' appropriation</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Accumulated surplus at the beginning of the period</b>	<b>2,292,880</b>	<b>1,189,894</b>	<b>2,292,880</b>	<b>1,189,894</b>
<b>Accumulated surplus at the end of the period</b>	<b>2,292,880</b>	<b>1,189,894</b>	<b>2,292,880</b>	<b>1,189,894</b>
<b>Other comprehensive income</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total comprehensive income for the period from reinsurance operations</b>	<b>--</b>	<b>--</b>	<b>--</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 nine month periods ended 30 September 2017**

	<i>Notes</i>	For the three month period ended		For the nine month period ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
		(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
Shareholders' appropriation from reinsurance operations' (deficit) / surplus	2	(9,711,195)	3,099,641	(9,229,418)	(27,636,622)
Special commission income from time deposits		--	947,134	787,196	2,465,793
Special commission income from bonds and sukuk		572,025	668,087	1,790,812	2,253,726
Realized (loss) / gains on investments held at fair value through income statement		--	(1,216,129)	184,816	(301,674)
Unrealized gains on investments held at fair value through income statement		11,533,292	1,321,076	39,106,138	5,773,065
Dividend income		--	--	1,625,000	1,277,836
<b>Total income / (loss)</b>		<b>2,394,122</b>	<b>4,819,809</b>	<b>34,264,544</b>	<b>(16,167,876)</b>
Investment management expenses		(836,647)	(783,120)	(6,253,053)	(2,403,433)
General and administrative expenses		(1,418,550)	(1,210,317)	(5,140,192)	(4,075,358)
Board of directors' remunerations, meeting fees and expenses		(410,215)	(116,612)	(2,260,775)	(1,373,027)
Foreign exchange translation gains		--	--	59,685	99,954
<b>Net (loss) / income for the period</b>		<b>(271,290)</b>	<b>2,709,760</b>	<b>20,670,209</b>	<b>(23,919,740)</b>
<b>Basic and diluted (loss) / earnings per share for the period</b>	14	<b>(0.003)</b>	0.027	<b>0.207</b>	(0.239)

\_\_\_\_\_  
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.

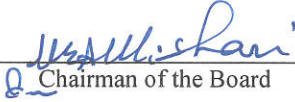
**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

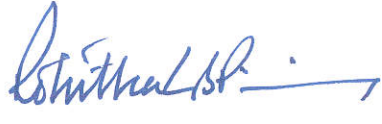
**INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS' OPERATIONS**

**For the three and nine month periods ended 30 September 2017**

	For the three month period ended		For the nine month period ended	
	30 September 2017 (Unaudited) SR	30 September 2016 (Unaudited) SR	30 September 2017 (Unaudited) SR	30 September 2016 (Unaudited) SR
Net (loss) / income for the period	(271,290)	2,709,760	20,670,209	(23,919,740)
Other comprehensive income	--	--	--	--
<b>Total comprehensive (loss) / income for the period</b>	<b>(271,290)</b>	<b>2,709,760</b>	<b>20,670,209</b>	<b>(23,919,740)</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 nine month period ended 30 September 2017**

	GCC Shareholders and General Public			Non - GCC Shareholders			Total			
	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Share capital SR	Statutory reserve SR	Retained earnings / (accumulated deficit) SR	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Total 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)	986,780	4,709,726	28,592	(986,780)	--	--	--	--
Net loss for the period	--	--	(23,234,884)	--	--	(684,856)	--	--	(23,919,740)	(23,919,740)
Other comprehensive income	--	--	--	--	--	--	--	--	--	--
Total comprehensive loss for the period	--	--	(23,234,884)	--	--	(684,856)	--	--	(23,919,740)	(23,919,740)
Zakat charge for the period	--	--	(10,041,973)	--	--	--	--	--	(10,041,973)	(10,041,973)
Balance as at 30 September 2016 (Unaudited)	971,368,580	5,897,105	(236,797,714)	28,631,420	173,819	(1,098,199)	1,000,000,000	6,070,924	(237,895,913)	768,175,011
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	6,538,210	39,693	2,090,178	(6,538,210)	(39,693)	(2,090,178)	--	--	--	--
Net profit for the period	--	--	20,203,654	--	--	466,555	--	--	20,670,209	20,670,209
Other comprehensive income	--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	20,203,654	--	--	466,555	--	--	20,670,209	20,670,209
Zakat charge for the period	--	--	(10,946,189)	--	--	--	--	--	(10,946,189)	(10,946,189)
Tax charge for the period	--	--	--	--	--	(34,260)	--	--	(34,260)	(34,260)
Balance as at 30 September 2017 (Unaudited)	977,428,610	5,933,895	(189,375,707)	22,571,390	137,029	(1,704,486)	1,000,000,000	6,070,924	(191,080,193)	814,990,731

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 nine month period ended 30 September 2017

	30 September 2017 (Unaudited) SR	30 September 2016 (Unaudited) SR
<b>OPERATING ACTIVITIES</b>		
Reinsurance operations' surplus after shareholders' appropriation	--	--
<i>Adjustments to reconcile reinsurance operations' surplus after shareholders' appropriation to net cash from operating activities:</i>		
Employees' end of service benefits	1,829,129	875,163
Depreciation	1,450,931	1,794,308
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) (3,695,258)	(3,510,773)
Retroceded share of unearned premiums	(153,983,030)	2,232,691
Gross unearned premiums	323,869,786	(64,174,653)
Provision for doubtful receivable	1,258,444	1,512,897
Shareholders' appropriation from reinsurance operations' deficit	(9,229,418)	(27,636,622)
Operating income / (loss) before changes in operating assets and liabilities	161,488,235	(89,005,847)
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable, gross	(29,846,140)	(22,720,899)
Accrued insurance premiums	(374,542,217)	111,992,689
Retroceded share of outstanding claims	(6,569,007)	(59,273,281)
Deferred acquisition costs	(48,377,448)	(18,042,476)
Deferred excess of loss premiums	(1,986,556)	(6,835,587)
Prepaid expenses and other assets	(2,347,135)	41,861,350
Accounts payable	(4,279,424)	980,377
Retrosession balances payable	(11,987,978)	13,465,035
Accrued retroceded premiums	199,217,942	(291,330)
Gross outstanding claims	116,412,607	60,969,676
Unearned commission income	5,133,877	(614,125)
Accrued expenses and other liabilities	1,036,529	(253,530)
<b>Cash from operations</b>	3,353,285	32,232,052
Employees' end of service benefits paid	(179,683)	(369,591)
<b>Net cash from operating activities</b>	3,173,602	31,862,461
<b>INVESTING ACTIVITIES</b>		
Time deposits	27,053,475	(32,333,269)
Accrued special commission income on time deposits	514,573	(518,923)
Purchase of property and equipment	(231,686)	(151,569)
Additions in investments held at fair value through income statement	7 (iv) (51,000,000)	(19,232,824)
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>	(7,663,638)	(30,265,317)
<b>FINANCING ACTIVITY</b>		
Due from shareholders' operations	9,487,764	(19,290,747)
<b>INCREASE / (DECREASE) IN CASH AND BANK BALANCES</b>	4,997,728	(17,693,603)
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>	47,889,512	43,332,089

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 nine month period ended 30 September 2017**

<i>Notes</i>	<b>30 September 2017 (Unaudited) SR</b>	<b>30 September 2016 (Unaudited) SR</b>
<b>OPERATING ACTIVITIES</b>		
Net profit / (loss) for the period	<b>20,670,209</b>	(23,919,740)
<i>Adjustments to reconcile net profit / (loss) to net cash used in operating activities:</i>		
Depreciation	<b>652,800</b>	656,036
Realized (gains) / loss on investments held at fair value through income statement	<b>7 (iv) (184,816)</b>	301,674
Unrealized gains on investments held at fair value through income statement	<b>7 (iv) (39,106,138)</b>	(5,773,065)
Income from statutory deposit	<b>(2,441,317)</b>	(1,963,522)
Shareholders’ appropriation from reinsurance operations’ deficit	<b>9,229,418</b>	27,636,622
Operating deficit before changes in operating assets and liabilities	<b>(11,179,844)</b>	(3,061,995)
<b>Changes in operating assets and liabilities:</b>		
Prepaid expenses and other assets	<b>(10,928)</b>	299,403
Accrued expenses and other liabilities	<b>(550,886)</b>	(217,845)
Deferred return on investment of statutory deposit	<b>2,441,317</b>	1,963,522
Zakat and tax paid	<b>(15,266,902)</b>	(14,989,933)
<b>Net cash used in operating activities</b>	<b>(24,567,243)</b>	(16,006,848)
<b>INVESTING ACTIVITIES</b>		
Accrued special commission income from time deposits	<b>2,185,583</b>	(1,013,901)
Accrued special commission income from bonds and sukuk	<b>1,380,005</b>	(1,331,812)
Additions in investments held at fair value through income statement	<b>7 (iv) (153,787,093)</b>	(77,522,775)
Proceeds from disposal of investments held at fair value through income statement	<b>7 (iv) 51,339,476</b>	115,316,871
Time deposits	<b>112,456,507</b>	6,392,494
<b>Net cash from investing activities</b>	<b>13,574,478</b>	41,840,877
<b>FINANCING ACTIVITY</b>		
Due to reinsurance operations	<b>(9,487,764)</b>	19,290,747
<b>(DECREASE) / INCREASE IN CASH AND BANK BALANCES</b>	<b>(20,480,529)</b>	45,124,776
Cash and bank balances at the beginning of the period	<b>27,950,269</b>	31,917,275
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<b>7,469,740</b>	77,042,051

\_\_\_\_\_  
 Managing Director / Chief Executive Officer

*Mr. Ali Al-Shan'*  
 \_\_\_\_\_  
 Chairman of the Board

*Abdulrahman Al-Sherki*  
 \_\_\_\_\_  
 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 September 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 nine month periods ended 30 September 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.

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

*IFRS 17 - Insurance Contracts*

IFRS 17 applies to all insurance contracts (including reinsurance contracts) that an entity issues, reinsurance contracts that it holds and investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.

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

*IFRS 15 Revenue from contracts with customers*

*IFRS 16 Leases*

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

**4. PREMIUM RECEIVABLES**

	<b>30 September 2017 (Unaudited) SR</b>	31 December 2016 (Audited) SR
Premium receivable, gross	<b>216,756,700</b>	186,910,560
Less: provision for doubtful debts	<b>(6,211,410)</b>	(4,952,966)
	<b><u>210,545,290</u></b>	<u>181,957,594</u>

**5. TIME DEPOSITS**

Time deposits are placed with banks which have credit ratings in line with Company's investment policy of BBB and above as per Moody's, Fitch and Standard and Poor's rating agencies and have maturity period of more than three months from the date of original placement. These time deposits earn a special commission at an average commission rate of 2.57% per annum (31 December 2016: 2.93% per annum). The carrying amount of these deposits reasonably approximate the fair value as at the statement of financial position date.

**6. STATUTORY DEPOSIT**

The Company has deposited an amount of SR 100 million (31 December 2016: SR 100 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 10% of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA. The statutory deposit generates special commission income which is accrued on regular basis and is shown as a separate line item as part of the shareholders' liabilities in the Statement of Financial Position as "Deferred return on investment of statutory deposit". The accrued commission on the deposit as at 30 September 2017 is SAR 12,683,462 (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 September 2017 (Unaudited)</b>		31 December 2016 (Audited)	
	<b>Reinsurance operations SR</b>	<b>Shareholders' operations SR</b>	Reinsurance operations SR	Shareholders' operations SR
Money market funds	<b>67,715,316</b>	<b>195,505,921</b>	39,245,084	85,410,773
Investment funds	--	<b>50,000,000</b>	--	50,000,000
Equities	--	<b>165,607,851</b>	--	142,975,208
Fixed-Rate Bonds/Sukuk	<b>57,797,245</b>	<b>377,116,808</b>	52,685,763	378,817,260
Floating-Rate Bonds/Sukuk	<b>6,642,383</b>	<b>78,087,008</b>	1,516,490	67,375,776
	<b><u>132,154,944</u></b>	<b><u>866,317,588</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 September 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 September 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 September 2017 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money Market Funds	195,505,921	--	--	195,505,921
Investment funds	--	50,000,000	--	50,000,000
Equities	165,607,851	--	--	165,607,851
Fixed-Rate Bonds/Sukuk	327,052,293	50,064,515	--	377,116,808
Floating-Rate Bonds/Sukuk	38,087,008	40,000,000	--	78,087,008
	<b>726,253,073</b>	<b>140,064,515</b>	<b>--</b>	<b>866,317,588</b>

	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
	<b>577,014,503</b>	<b>147,564,514</b>	<b>--</b>	<b>724,579,017</b>

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

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

	30 September 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	153,787,093	39,232,824	149,522,772
Disposals	(16,000,000)	(51,339,476)	(21,943,821)	(125,777,170)
Unrealized gains	3,695,258	39,106,138	2,352,103	12,819,617
Realized gains	12,349	184,816	98,858	433,532
<b>Closing balance</b>	<b>132,154,944</b>	<b>866,317,588</b>	<b>93,447,337</b>	<b>724,579,017</b>

As at 30 September 2017, the investments under reinsurance operations include SR 64.4 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 September 2017**

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

As at 30 September 2017, the investments under shareholders' operations include SR 511.2 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 5.9 million and SR 19.1 million respectively as at 30 September 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 September 2017 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money Market Funds	195,505,921	--	195,505,921
Investment Funds	--	50,000,000	50,000,000
Equities	165,607,851	--	165,607,851
Fixed-Rate Bonds/Sukuk	327,052,293	50,064,515	377,116,808
Floating-Rate Bonds/Sukuk	38,087,008	40,000,000	78,087,008
	<b>726,253,073</b>	<b>140,064,515</b>	<b>866,317,588</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 September 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 September 2017 (Unaudited) SR	31 December 2016 (Audited) SR	30 September 2017 (Unaudited) SR	31 December 2016 (Audited) SR	30 September 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b>Reinsurance operations</b>						
Money Market Funds	67,715,316	39,245,084	--	--	67,715,316	39,245,084
Fixed-Rate Bonds/Sukuk	--	--	57,797,245	52,685,763	57,797,245	52,685,763
Floating-Rate Bonds/Sukuk	--	--	6,642,383	1,516,490	6,642,383	1,516,490
Total	<b>67,715,316</b>	<b>39,245,084</b>	<b>64,439,628</b>	<b>54,202,253</b>	<b>132,154,944</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 September 2017**

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

	Domestic		International		Total	
	30 September 2017 (Unaudited) SR	31 December 2016 (Audited) SR	30 September 2017 (Unaudited) SR	31 December 2016 (Audited) SR	30 September 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<b>Shareholders' operations</b>						
Money Market Funds	195,505,921	85,410,773	--	--	195,505,921	85,410,773
Investment Funds	50,000,000	50,000,000	--	--	50,000,000	50,000,000
Equities	55,396,521	50,756,270	110,211,330	92,218,938	165,607,851	142,975,208
Fixed-Rate Bonds/Sukuk	40,000,000	40,000,000	337,116,808	338,817,260	377,116,808	378,817,260
Floating-Rate Bonds/Sukuk	40,000,000	40,000,000	38,087,008	27,375,776	78,087,008	67,375,776
<b>Total</b>	<b>380,902,442</b>	<b>266,167,043</b>	<b>485,415,146</b>	<b>458,411,974</b>	<b>866,317,588</b>	<b>724,579,017</b>

**8. UNEARNED PREMIUM**

	30 September 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	879,844,453	(271,128,201)	608,716,252
Premium earned	(555,974,667)	117,145,171	(438,829,496)
Changes in unearned premiums	323,869,786	(153,983,030)	169,886,756
Closing balance	630,349,166	(157,741,131)	472,608,035
	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 nine month period ended	
	30 September 2017 (Unaudited) SR	30 September 2016 (Unaudited) SR	30 September 2017 (Unaudited) SR	30 September 2016 (Unaudited) SR
Gross claims paid	(58,362,514)	(51,197,100)	(264,617,978)	(867,800,409)
Retroceded share of claims paid	1,186,989	3,463,982	61,718,237	9,862,606
<b>Net claims paid</b>	<b>(57,175,525)</b>	<b>(47,733,118)</b>	<b>202,899,741</b>	<b>(857,937,803)</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 September 2017**

**10. PROVISION FOR ZAKAT AND TAX**

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

	30 September 2017		31 December 2016		30 September 2016	
	SR (Unaudited)	%	SR (Audited)	%	SR (Unaudited)	%
Saudi Shareholders	956,170,000	95.62%	947,225,190	94.72%	948,890,000	94.89%
GCC Shareholders	21,260,000	2.12%	23,665,210	2.37%	22,480,000	2.25%
Foreign Shareholders	22,570,000	2.26%	29,109,600	2.91%	28,630,000	2.86%
<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 September 2017, 31 December 2016 and 30 September 2016, the authorized, issued and fully paid-up share capital of the Company consists of 100 million shares of SAR 10 each. The Company's zakat and tax calculations and corresponding accruals and payments of zakat and tax are based on the above ownership percentages in accordance with the relevant provisions of the Saudi Arabian Zakat and Income Tax regulations.

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

	30 September 2017 SR (Unaudited)	31 December 2016 SR (Audited)	30 September 2016 SR (Unaudited)
Provision for zakat	35,141,614	39,443,148	34,256,098
Provision for tax	300,303	285,222	214,666
	<b>35,441,917</b>	<b>39,728,370</b>	<b>34,470,764</b>

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

	30 September 2017 SR (Unaudited)	30 September 2016 SR (Unaudited)
Zakat charge for the period	10,946,189	10,041,973
Tax charge for the period	34,260	--
	<b>10,980,449</b>	<b>10,041,973</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 September 2017, 31 December 2016 and 30 September 2016.

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

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

**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 September 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 nine month period ended		Balance as at	
		30 September 2017 (Unaudited) SR	30 September 2016 (Unaudited) SR	30 September 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Board of Directors	- Consulting fees	245,143	246,317	--	--
	- Remunerations, meeting fees and expenses	2,452,978	1,373,027	1,010,834	250,500
Key management Personnel	- Short term benefits	6,786,740	6,645,958	970,500	1,096,000
	- End of service benefits	905,850	315,981	2,340,422	1,434,572
Companies represented by the Board members	- Gross written premiums	2,458,714	(277,296)	2,112,469	2,018,548
	- Claims incurred	1,843,185	2,736,791	2,745,825	2,285,317
	- Commission	715,976	1,670,226	--	--
	- HSBC Custodian fees	139,000	153,000	42,868	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 September 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 SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others* SR	Total SR
<b>For the three month period ended 30 September 2017 (Unaudited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	18,867,542	43,384,170	5,639,181	10,213,926	7,983,437	3,524,880	9,216,950	203,754,575	302,584,661
Retroceded premiums	(1,213,596)	(5,434,709)	(18,183)	--	(11,809,534)	(113,736)	--	(188,525,902)	(207,115,660)
Excess of loss expenses	(1,199,497)	(1,572,600)	(95,004)	(22,364)	(41,938)	(410,282)	(16,300)	(2,784,442)	(6,142,427)
<b>Net written premiums</b>	<b>16,454,449</b>	<b>36,376,861</b>	<b>5,525,994</b>	<b>10,191,562</b>	<b>(3,868,035)</b>	<b>3,000,862</b>	<b>9,200,650</b>	<b>12,444,231</b>	<b>89,326,574</b>
Change in net unearned premiums	(2,528,419)	2,137,903	(794,134)	19,554,185	19,800,470	10,813,002	8,352,297	3,288,298	60,623,602
<b>Net earned premiums</b>	<b>13,926,030</b>	<b>38,514,764</b>	<b>4,731,860</b>	<b>29,745,747</b>	<b>15,932,435</b>	<b>13,813,864</b>	<b>17,552,947</b>	<b>15,732,529</b>	<b>149,950,176</b>
Net claims paid	(4,424,236)	(15,322,353)	(3,129,652)	(12,778,109)	(6,593,274)	(7,959,217)	--	(6,968,684)	(57,175,525)
Change in net outstanding claims	(11,290,841)	(1,681,857)	(6,223,941)	(15,202,446)	(4,249,441)	(6,091,227)	(17,022,924)	4,791,955	(56,970,722)
<b>Net claims incurred</b>	<b>(15,715,077)</b>	<b>(17,004,210)</b>	<b>(9,353,593)</b>	<b>(27,980,555)</b>	<b>(10,842,715)</b>	<b>(14,050,444)</b>	<b>(17,022,924)</b>	<b>(2,176,729)</b>	<b>(114,146,247)</b>
Gross acquisition costs and profit commission	(4,688,220)	(13,646,563)	(1,594,911)	(3,356,320)	(4,777,648)	(2,056,885)	(7,160,428)	(2,087,213)	(39,368,188)
Commissions earned on retroceded business	281,705	951,316	268,652	--	884,852	25,631	--	712,865	3,125,021
Supervision and inspection fees	(93,123)	(214,759)	(28,224)	(51,073)	(38,588)	(17,213)	(46,085)	(1,023,858)	(1,512,923)
<b>Net acquisition costs</b>	<b>(4,499,638)</b>	<b>(12,910,006)</b>	<b>(1,354,483)</b>	<b>(3,407,393)</b>	<b>(3,931,384)</b>	<b>(2,048,467)</b>	<b>(7,206,513)</b>	<b>(2,398,206)</b>	<b>(37,756,090)</b>
<b>(Deficit) / surplus from reinsurance operations</b>	<b>(6,288,685)</b>	<b>8,600,548</b>	<b>(5,976,216)</b>	<b>(1,642,201)</b>	<b>1,158,336</b>	<b>(2,285,047)</b>	<b>(6,676,490)</b>	<b>11,157,594</b>	<b>(1,952,161)</b>

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

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

**12 SEGMENTAL INFORMATION (CONTINUED)**

**12.1 Business segments (continued)**

	<b>Engineering SR</b>	<b>Fire SR</b>	<b>Marine SR</b>	<b>Motor SR</b>	<b>General Accident SR</b>	<b>Life SR</b>	<b>Speciality SR</b>	<b>Others SR</b>	<b>Total SR</b>
<b>For the three month period ended 30 September 2016 (Unaudited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	19,514,111	38,709,743	8,714,683	10,671,909	3,367,466	10,242,935	(11,793,240)	3,027,195	82,454,802
Retroceded premiums	(610,999)	421,291	(296,325)	--	(261,632)	--	--	(147,652)	(895,317)
Excess of loss expenses	(1,223,123)	(3,957,850)	(176,641)	--	(396,832)	(515,150)	--	(186,740)	(6,456,336)
<b>Net written premiums</b>	<b>17,679,989</b>	<b>35,173,184</b>	<b>8,241,717</b>	<b>10,671,909</b>	<b>2,709,002</b>	<b>9,727,785</b>	<b>(11,793,240)</b>	<b>2,692,803</b>	<b>75,103,149</b>
Change in net unearned premiums	(1,487,842)	603,512	(1,630,975)	12,758,107	5,135,526	3,033,855	15,485,214	9,985,778	43,883,175
<b>Net earned premiums</b>	<b>16,192,147</b>	<b>35,776,696</b>	<b>6,610,742</b>	<b>23,430,016</b>	<b>7,844,528</b>	<b>12,761,640</b>	<b>3,691,974</b>	<b>12,678,581</b>	<b>118,986,324</b>
Net claims paid	(12,683,784)	(15,805,831)	(3,396,830)	(3,123,811)	(1,528,371)	(7,305,050)	--	(3,889,441)	(47,733,118)
Change in net outstanding claims	11,245,683	(7,829,462)	1,526,091	(15,440,967)	(4,497,582)	(6,276,783)	(2,351,910)	(5,394,834)	(29,019,764)
<b>Net claims incurred</b>	<b>(1,438,101)</b>	<b>(23,635,293)</b>	<b>(1,870,739)</b>	<b>(18,564,778)</b>	<b>(6,025,953)</b>	<b>(13,581,833)</b>	<b>(2,351,910)</b>	<b>(9,284,275)</b>	<b>(76,752,882)</b>
Gross acquisition costs and profit commission	(4,998,736)	(10,534,122)	(2,150,108)	(4,291,162)	(2,169,030)	(766,687)	(1,480,659)	(1,247,259)	(27,637,763)
Commissions earned on retroceded business	306,690	(24,329)	151,591	--	149,777	656	--	79,101	663,486
Supervision and inspection fees	(97,571)	(193,549)	(43,573)	(53,359)	(16,837)	(51,215)	58,966	(15,136)	(412,274)
<b>Net acquisition costs</b>	<b>(4,789,617)</b>	<b>(10,752,000)</b>	<b>(2,042,090)</b>	<b>(4,344,521)</b>	<b>(2,036,090)</b>	<b>(817,246)</b>	<b>(1,421,693)</b>	<b>(1,183,294)</b>	<b>(27,386,551)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>9,964,429</b>	<b>1,389,403</b>	<b>2,697,913</b>	<b>520,717</b>	<b>(217,515)</b>	<b>(1,637,439)</b>	<b>(81,629)</b>	<b>2,211,012</b>	<b>14,846,891</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 September 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 nine month period ended 30 September 2017 (Unaudited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	72,942,128	190,846,413	47,040,751	110,280,023	76,548,381	44,238,404	70,404,598	267,543,755	879,844,453
Retroceded premiums	(5,128,884)	(17,311,995)	(13,530,953)	--	(14,121,737)	(135,883)	--	(195,530,955)	(245,760,407)
Excess of loss expenses	(5,959,725)	(12,191,600)	(624,704)	(106,083)	(1,071,606)	(1,282,072)	(18,899)	(4,113,105)	(25,367,794)
<b>Net written premiums</b>	<b>61,853,519</b>	<b>161,342,818</b>	<b>32,885,094</b>	<b>110,173,940</b>	<b>61,355,038</b>	<b>42,820,449</b>	<b>70,385,699</b>	<b>67,899,695</b>	<b>608,716,252</b>
Change in net unearned premiums	(13,597,312)	(47,172,817)	(8,698,615)	(36,825,322)	(16,300,159)	430,034	(27,295,092)	(20,427,473)	(169,886,756)
<b>Net earned premiums</b>	<b>48,256,207</b>	<b>114,170,001</b>	<b>24,186,479</b>	<b>73,348,618</b>	<b>45,054,879</b>	<b>43,250,483</b>	<b>43,090,607</b>	<b>47,472,222</b>	<b>438,829,496</b>
Net claims paid	(20,587,750)	(70,339,889)	(10,329,277)	(37,700,698)	(16,208,126)	(29,644,477)	--	(18,089,524)	(202,899,741)
Change in net outstanding claims	(21,998,063)	(12,979,835)	(6,035,419)	(20,282,912)	(5,918,482)	(11,676,249)	(33,162,267)	2,209,626	(109,843,601)
<b>Net claims incurred</b>	<b>(42,585,813)</b>	<b>(83,319,724)</b>	<b>(16,364,696)</b>	<b>(57,983,610)</b>	<b>(22,126,608)</b>	<b>(41,320,726)</b>	<b>(33,162,267)</b>	<b>(15,879,898)</b>	<b>(312,743,342)</b>
Gross acquisition costs and profit commission	(16,804,303)	(37,756,004)	(9,699,867)	(7,784,081)	(12,853,541)	(4,520,926)	(17,492,982)	(4,977,627)	(111,889,331)
Commissions earned on retroceded business	947,533	2,526,279	1,164,865	--	1,300,824	23,352	--	841,679	6,804,532
Supervision and inspection fees	(364,711)	(954,232)	(235,204)	(551,400)	(382,741)	(221,192)	(352,023)	(1,337,719)	(4,399,222)
<b>Net acquisition costs</b>	<b>(16,221,481)</b>	<b>(36,183,957)</b>	<b>(8,770,206)</b>	<b>(8,335,481)</b>	<b>(11,935,458)</b>	<b>(4,718,766)</b>	<b>(17,845,005)</b>	<b>(5,473,667)</b>	<b>(109,484,021)</b>
<b>(Deficit) / surplus from reinsurance operations</b>	<b>(10,551,087)</b>	<b>(5,333,680)</b>	<b>(948,423)</b>	<b>7,029,527</b>	<b>10,992,813</b>	<b>(2,789,009)</b>	<b>(7,916,665)</b>	<b>26,118,657</b>	<b>16,602,133</b>

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

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

**12 SEGMENTAL INFORMATION (CONTINUED)**

**12.1 Business segments (continued)**

	<b>Engineering SR</b>	<b>Fire SR</b>	<b>Marine SR</b>	<b>Motor SR</b>	<b>General Accident SR</b>	<b>Life SR</b>	<b>Speciality SR</b>	<b>Others SR</b>	<b>Total SR</b>
<b>For the nine month period ended 30 September 2016 (Unaudited)</b>									
<b>Reinsurance operations' results</b>									
Gross written premiums	79,212,540	143,029,573	35,095,056	530,235,090	41,093,064	44,064,078	46,771,382	58,511,154	978,011,937
Retroceded premiums	(3,358,195)	(236,463)	(471,585)	--	(355,271)	--	--	(152,542)	(4,574,056)
Excess of loss expenses	(6,070,549)	(24,001,825)	(1,090,282)	--	(1,368,816)	(1,709,980)	--	(663,952)	(34,905,404)
<b>Net written premiums</b>	<b>69,783,796</b>	<b>118,791,285</b>	<b>33,533,189</b>	<b>530,235,090</b>	<b>39,368,977</b>	<b>42,354,098</b>	<b>46,771,382</b>	<b>57,694,660</b>	<b>938,532,477</b>
Change in net unearned premiums	(16,929,314)	(37,145,527)	(9,217,456)	191,662,317	(15,584,792)	(9,681,808)	(25,838,702)	(15,322,756)	61,941,962
<b>Net earned premiums</b>	<b>52,854,482</b>	<b>81,645,758</b>	<b>24,315,733</b>	<b>721,897,407</b>	<b>23,784,185</b>	<b>32,672,290</b>	<b>20,932,680</b>	<b>42,371,904</b>	<b>1,000,474,439</b>
Net claims paid	(24,517,532)	(86,995,838)	(12,152,938)	(665,324,134)	(7,457,921)	(46,882,780)	--	(14,606,660)	(857,937,803)
Change in net outstanding claims	2,667,794	7,096,306	3,022,183	19,866,073	(6,616,127)	(7,700,892)	(11,899,697)	(8,132,035)	(1,696,395)
<b>Net claims incurred</b>	<b>(21,849,738)</b>	<b>(79,899,532)</b>	<b>(9,130,755)</b>	<b>(645,458,061)</b>	<b>(14,074,048)</b>	<b>(54,583,672)</b>	<b>(11,899,697)</b>	<b>(22,738,695)</b>	<b>(859,634,198)</b>
Gross acquisition costs and profit commission	(17,159,595)	(24,688,637)	(7,643,589)	(65,222,514)	(7,135,799)	(1,891,611)	(7,319,170)	(4,240,965)	(135,301,880)
Commissions earned on retroceded business	875,318	433,967	367,051	--	276,926	--	--	100,127	2,053,389
Supervision and inspection fees	(396,062)	(715,148)	(175,475)	(2,651,175)	(205,465)	(220,321)	(233,857)	(292,557)	(4,890,060)
<b>Net acquisition costs</b>	<b>(16,680,339)</b>	<b>(24,969,818)</b>	<b>(7,452,013)</b>	<b>(67,873,689)</b>	<b>(7,064,338)</b>	<b>(2,111,932)</b>	<b>(7,553,027)</b>	<b>(4,433,395)</b>	<b>(138,138,551)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>14,324,405</b>	<b>(23,223,592)</b>	<b>7,732,965</b>	<b>8,565,657</b>	<b>2,645,799</b>	<b>(24,023,314)</b>	<b>1,479,956</b>	<b>15,199,814</b>	<b>2,701,690</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 September 2017**

**12 SEGMENTAL INFORMATION (CONTINUED)**

**12.1 Business segments (continued)**

	<b>Engineering SR</b>	<b>Fire SR</b>	<b>Marine SR</b>	<b>Motor SR</b>	<b>General Accident SR</b>	<b>Life SR</b>	<b>Speciality SR</b>	<b>Others SR</b>	<b>Total SR</b>
<b>As at 30 September 2017 (Unaudited)</b>									
Segment assets	<b>119,297,089</b>	<b>241,057,278</b>	<b>69,830,223</b>	<b>92,361,184</b>	<b>84,242,820</b>	<b>46,566,076</b>	<b>135,050,010</b>	<b>483,568,525</b>	<b>1,271,973,205</b>
Segment liabilities	<b>229,917,895</b>	<b>390,095,708</b>	<b>82,609,787</b>	<b>152,615,054</b>	<b>105,489,098</b>	<b>89,898,189</b>	<b>143,249,249</b>	<b>492,045,522</b>	<b>1,685,920,502</b>
<b>As at 31 December 2016 (Audited)</b>									
Segment assets	97,515,523	206,539,934	44,825,423	117,899,804	30,386,493	41,682,958	72,758,483	46,318,632	657,927,250
Segment liabilities	192,370,204	368,517,655	58,172,724	128,029,379	59,915,278	78,946,082	71,948,354	99,654,015	1,057,553,691

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

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(CONTINUED)

For the period ended 30 September 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 September 2017 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
Gross written premiums	237,652,608	29,928,096	3,167,499	22,619,508	9,216,950	302,584,661
Retroceded premiums	(195,402,799)	103,609	(7,887)	(11,808,583)	--	(207,115,660)
Excess of loss expenses	(2,040,576)	(1,073,873)	(455,164)	(2,556,514)	(16,300)	(6,142,427)
<b>Net written premiums</b>	<b>40,209,233</b>	<b>28,957,832</b>	<b>2,704,448</b>	<b>8,254,411</b>	<b>9,200,650</b>	<b>89,326,574</b>
Change in net unearned premiums	18,837,833	(7,987,892)	4,201,630	37,219,734	8,352,297	60,623,602
<b>Net earned premiums</b>	<b>59,047,066</b>	<b>20,969,940</b>	<b>6,906,078</b>	<b>45,474,145</b>	<b>17,552,947</b>	<b>149,950,176</b>
Net claims paid	(22,891,622)	(10,935,089)	(4,193,887)	(19,154,927)	--	(57,175,525)
Change in net outstanding claims	(24,307,036)	(18,170,294)	(4,411,565)	6,941,096	(17,022,923)	(56,970,722)
<b>Net claims incurred</b>	<b>(47,198,658)</b>	<b>(29,105,383)</b>	<b>(8,605,452)</b>	<b>(12,213,831)</b>	<b>(17,022,923)</b>	<b>(114,146,247)</b>
Gross acquisition costs and profit commission	(11,729,490)	(5,934,357)	(2,118,367)	(12,425,546)	(7,160,428)	(39,368,188)
Commissions earned on retroceded business	2,341,952	(25,535)	2,965	805,639	--	3,125,021
Supervision and inspection fees	(1,188,263)	(149,640)	(15,837)	(113,098)	(46,085)	(1,512,923)
<b>Net acquisition costs</b>	<b>(10,575,801)</b>	<b>(6,109,532)</b>	<b>(2,131,239)</b>	<b>(11,733,005)</b>	<b>(7,206,513)</b>	<b>(37,756,090)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>1,272,607</b>	<b>(14,244,975)</b>	<b>(3,830,613)</b>	<b>21,527,309</b>	<b>(6,676,489)</b>	<b>(1,952,161)</b>

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

<b>Reinsurance operations' results</b>						
Gross written premiums	50,180,826	32,001,893	5,103,338	6,961,984	(11,793,239)	82,454,802
Retroceded premiums	(461,170)	(420,681)	(12,740)	(726)	--	(895,317)
Excess of loss expenses	(3,149,820)	(1,851,247)	(418,330)	(1,036,939)	--	(6,456,336)
<b>Net written premiums</b>	<b>46,569,836</b>	<b>29,729,965</b>	<b>4,672,268</b>	<b>5,924,319</b>	<b>(11,793,239)</b>	<b>75,103,149</b>
Change in net unearned premiums	12,523,610	(9,915,454)	2,463,168	23,326,637	15,485,214	43,883,175
<b>Net earned premiums</b>	<b>59,093,446</b>	<b>19,814,511</b>	<b>7,135,436</b>	<b>29,250,956</b>	<b>3,691,975</b>	<b>118,986,324</b>
Net claims paid	(22,779,768)	(22,570,344)	(1,105,286)	(1,277,720)	--	(47,733,118)
Change in net outstanding claims	(15,136,910)	11,896,690	(3,657,104)	(19,770,529)	(2,351,911)	(29,019,764)
<b>Net claims incurred</b>	<b>(37,916,678)</b>	<b>(10,673,654)</b>	<b>(4,762,390)</b>	<b>(21,048,249)</b>	<b>(2,351,911)</b>	<b>(76,752,882)</b>
Gross acquisition costs and profit commission	(12,078,056)	(4,337,410)	(3,279,580)	(6,462,057)	(1,480,660)	(27,637,763)
Commissions earned on retroceded business	581,990	84,246	(2,839)	89	--	663,486
Supervision and inspection fees	(250,903)	(160,009)	(25,517)	(34,811)	58,966	(412,274)
<b>Net acquisition costs</b>	<b>(11,746,969)</b>	<b>(4,413,173)</b>	<b>(3,307,936)</b>	<b>(6,496,779)</b>	<b>(1,421,694)</b>	<b>(27,386,551)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>9,429,799</b>	<b>4,727,684</b>	<b>(934,890)</b>	<b>1,705,928</b>	<b>(81,630)</b>	<b>14,846,891</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 September 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 nine month period ended 30 September 2017 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
Gross written premiums	468,340,767	101,262,795	29,264,657	210,571,636	70,404,598	879,844,453
Retroceded premiums	(233,804,819)	(115,828)	(31,177)	(11,808,583)	--	(245,760,407)
Excess of loss expenses	(11,637,222)	(5,616,601)	(1,396,205)	(6,698,867)	(18,899)	(25,367,794)
<b>Net written premiums</b>	<b>222,898,726</b>	<b>95,530,366</b>	<b>27,837,275</b>	<b>192,064,186</b>	<b>70,385,699</b>	<b>608,716,252</b>
Change in net unearned premiums	(50,315,224)	(24,605,324)	(5,686,850)	(61,984,266)	(27,295,092)	(169,886,756)
<b>Net earned premiums</b>	<b>172,583,502</b>	<b>70,925,042</b>	<b>22,150,425</b>	<b>130,079,920</b>	<b>43,090,607</b>	<b>438,829,496</b>
Net claims paid	(93,232,069)	(34,137,864)	(17,480,977)	(58,048,831)	--	(202,899,741)
Change in net outstanding claims	(29,612,905)	(29,538,593)	(6,164,702)	(11,365,134)	(33,162,267)	(109,843,601)
<b>Net claims incurred</b>	<b>(122,844,974)</b>	<b>(63,676,457)</b>	<b>(23,645,679)</b>	<b>(69,413,965)</b>	<b>(33,162,267)</b>	<b>(312,743,342)</b>
Gross acquisition costs and profit commission	(36,729,091)	(19,897,308)	(5,152,300)	(32,617,650)	(17,492,982)	(111,889,331)
Commissions earned on retroceded business	5,939,288	50,673	8,931	805,640	--	6,804,532
Supervision and inspection fees	(2,341,704)	(506,314)	(146,323)	(1,052,858)	(352,023)	(4,399,222)
<b>Net acquisition costs</b>	<b>(33,131,506)</b>	<b>(20,352,949)</b>	<b>(5,289,692)</b>	<b>(32,864,869)</b>	<b>(17,845,005)</b>	<b>(109,484,021)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>16,607,022</b>	<b>(13,104,364)</b>	<b>(6,784,946)</b>	<b>27,801,086</b>	<b>(7,916,665)</b>	<b>16,602,133</b>

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>For the nine month period ended 30 September 2016 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
Gross written premiums	695,700,090	79,567,232	24,600,261	131,372,971	46,771,383	978,011,937
Retroceded premiums	(3,628,408)	(676,313)	(268,608)	(727)	--	(4,574,056)
Excess of loss expenses	(13,499,127)	(15,572,884)	(2,131,172)	(3,702,221)	--	(34,905,404)
<b>Net written premiums</b>	<b>678,572,555</b>	<b>63,318,035</b>	<b>22,200,481</b>	<b>127,670,023</b>	<b>46,771,383</b>	<b>938,532,477</b>
Change in net unearned premiums	161,344,083	(17,148,914)	(4,694,319)	(51,720,186)	(25,838,702)	61,941,962
<b>Net earned premiums</b>	<b>839,916,638</b>	<b>46,169,121</b>	<b>17,506,162</b>	<b>75,949,837</b>	<b>20,932,681</b>	<b>1,000,474,439</b>
Net claims paid	(757,986,572)	(53,963,826)	(13,006,397)	(32,981,008)	--	(857,937,803)
Change in net outstanding claims	31,340,002	(4,825,317)	(1,412,949)	(14,898,430)	(11,899,701)	(1,696,395)
<b>Net claims incurred</b>	<b>(726,646,570)</b>	<b>(58,789,143)</b>	<b>(14,419,346)</b>	<b>(47,879,438)</b>	<b>(11,899,701)</b>	<b>(859,634,198)</b>
Gross acquisition costs and profit commission	(94,490,601)	(13,561,981)	(5,737,665)	(14,192,463)	(7,319,170)	(135,301,880)
Commissions earned on retroceded business	1,862,394	146,178	44,728	89	--	2,053,389
Supervision and inspection fees	(3,478,499)	(397,836)	(123,001)	(656,867)	(233,857)	(4,890,060)
<b>Net acquisition costs</b>	<b>(96,106,706)</b>	<b>(13,813,639)</b>	<b>(5,815,938)</b>	<b>(14,849,241)</b>	<b>(7,553,027)</b>	<b>(138,138,551)</b>
<b>Surplus / (deficit) from reinsurance operations</b>	<b>17,163,362</b>	<b>(26,433,661)</b>	<b>(2,729,122)</b>	<b>13,221,158</b>	<b>1,479,953</b>	<b>2,701,690</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 September 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 September 2017 (Unaudited)</b>						
<b>Reinsurance operations</b>						
Segment assets	757,766,619	113,207,048	29,518,614	243,914,873	127,566,051	1,271,973,205
Segment liabilities	923,287,048	226,566,091	53,451,420	350,123,601	132,492,342	1,685,920,502
<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 September 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 nine month periods ended 30 September 2017 and 30 September 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 EVENT

On 6 October 2017, the Company acquired 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL") for USD 25 million.

PHBL has invested in insurance and reinsurance businesses including Lloyds market in London, United Kingdom.

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

These interim condensed financial statements have been approved by the Board of Directors on 9 Safar 1439H corresponding to 29 October 2017.