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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**

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

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

For The Three Month Period Ended 31 March 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 31 March 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, the interim statements of changes in shareholders' equity and interim statement of cash flows-reinsurance operations and shareholders' operations for the three month period then ended and the related notes 1 through 16 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 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 31 March 2017 are not prepared, in all material respects, in accordance with applicable International Accounting Standard 34 "Interim Financial Reporting" and SAMA guidance for the accounting of zakat and tax.

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15 Sha'aban 1438H
 11 May 2017

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR
<u>REINSURANCE OPERATIONS' ASSETS</u>			
Cash and bank balances		20,513,575	42,891,784
Time deposits	5	47,179,600	67,551,600
Accrued special commission income from time deposits		508,834	1,070,010
Premium receivables	4	204,306,171	181,957,594
Investments held at fair value through income statement	7	101,348,377	93,447,337
Accrued insurance premiums		493,449,961	262,339,842
Retroceded share of unearned premiums	8	14,193,788	3,758,101
Deferred excess of loss premiums		10,071,505	17,516,594
Retroceded share of outstanding claims		58,832,019	110,649,986
Deferred acquisition costs		156,287,590	81,705,133
Prepaid expenses and other assets		49,418,747	49,276,087
Due from shareholders' operations		152,727,873	152,144,139
Property and equipment		3,005,036	3,402,655
TOTAL REINSURANCE OPERATIONS' ASSETS		1,311,843,076	1,067,710,862
<u>SHAREHOLDERS' ASSETS</u>			
Cash and bank balances		23,494,792	27,950,269
Time deposits	5	3,142,456	112,456,507
Accrued special commission income from time deposits		83,675	2,191,242
Accrued special commission income from bonds and Sukuk		2,883,710	4,143,727
Investments held at fair value through income statement	7	846,835,320	724,579,017
Prepaid expenses and other assets		30,135	45,178
Statutory deposit	6	100,000,000	100,000,000
Return on investment of statutory deposit	6	10,980,448	10,242,145
Property and equipment		31,894,077	32,110,109
TOTAL SHAREHOLDERS' ASSETS		1,019,344,613	1,013,718,194
TOTAL ASSETS		2,331,187,689	2,081,429,056
<u>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u>			
Accounts payable		11,466,440	18,217,139
Retrocession balances payable		6,764,207	51,919,382
Accrued retroceded premiums		5,312,221	75,603
Gross unearned premiums	8	601,728,205	306,479,380
Gross outstanding claims		671,146,317	680,013,941
Unearned commission income		3,293,841	848,245
Accrued expenses and other liabilities		5,026,261	3,906,248
Employees' end of service benefits		4,812,704	3,958,044
TOTAL REINSURANCE OPERATIONS' LIABILITIES		1,309,550,196	1,065,417,982
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		2,292,880	2,292,880
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,311,843,076	1,067,710,862
<u>SHAREHOLDERS' LIABILITIES AND EQUITY</u>			
<u>SHAREHOLDERS' LIABILITIES</u>			
Provision for Zakat and income tax	10	43,336,105	39,728,370
Due to reinsurance operations		152,727,873	152,144,139
Accrued expenses and other liabilities		3,122,363	6,302,569
Deferred return on investment of statutory deposit	6	10,980,448	10,242,145
TOTAL SHAREHOLDERS' LIABILITIES		210,166,789	208,417,223
<u>SHAREHOLDERS' EQUITY</u>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(196,893,100)	(200,769,953)
TOTAL SHAREHOLDERS' EQUITY		809,177,824	805,300,971
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		1,019,344,613	1,013,718,194
TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		2,331,187,689	2,081,429,056

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 16 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 month period ended 31 March 2017

	31 March 2017 (Unaudited) SR	31 March 2016 (Unaudited) SR
	<i>Notes</i>	
Gross written premiums	456,345,305	446,668,548
Retroceded premiums	(15,657,636)	(1,671,613)
Excess of loss expenses	(9,872,024)	(16,796,845)
Net written premiums	430,815,645	428,200,090
Change in net unearned premiums	8 (284,813,138)	(177,361,704)
Net earned premiums	146,002,507	250,838,386
Net claims paid	9 (63,709,142)	(101,743,992)
Change in net outstanding claims	(42,950,343)	(112,021,690)
Net claims incurred	(106,659,485)	(213,765,682)
Gross acquisition costs and profit commissions	(34,771,976)	(38,427,217)
Commissions earned on retroceded business	1,801,568	701,511
Supervision and inspection fees	(2,281,726)	(2,233,343)
Net acquisition costs	(35,252,134)	(39,959,049)
Surplus/ (deficit) from reinsurance operation	4,090,888	(2,886,345)
Special commission income from time deposits	951,714	467,234
Realized gains on investments held at fair value through income statement	7 12,349	620
Unrealized gains on investments held at fair value through income statement	7 1,488,691	1,057,511
Investment management expenses	(78,304)	(97,597)
General and administrative expenses	(9,817,890)	(9,576,030)
Foreign exchange translation losses	(291,405)	(82,425)
Net deficit from reinsurance operations	(3,643,957)	(11,117,032)
Shareholders' appropriation from reinsurance operations' deficit	2 3,643,957	11,117,032
Reinsurance operations' surplus after shareholders' appropriation	--	--
Accumulated surplus at the beginning and end of the period	2,292,880	1,189,894
Other comprehensive income	--	--
Total comprehensive income from reinsurance operations for the period	--	--

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 16 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 month period ended 31 March 2017

		<u>31 March 2017 (Unaudited) SR</u>	<u>31 March 2016 (Unaudited) SR</u>
Shareholders' appropriation from reinsurance operations' deficit	2	(3,643,957)	(11,117,032)
Special commission income from time deposits		786,628	540,438
Special commission income from Bonds and Sukuk		624,931	851,405
Realized gains on investments held at fair value through income statement	7	75,293	5,925
Unrealized gains / (losses) on investments held at fair value through income statement	7	12,433,067	(5,556,512)
Dividend income		375,000	--
Total investment income / (losses)		10,650,962	(15,275,776)
General and administrative expenses		(2,205,137)	(1,499,332)
Investment management expenses		(813,923)	(789,284)
Board of directors' remunerations, meeting fees and expenses		(206,999)	(133,408)
Foreign exchange translation gains / (losses)		59,685	(2,807)
Net income / (loss) for the period		7,484,588	(17,700,607)
Basic and diluted earnings / (losses) per share for the period	14	0.075	(0.177)

 <hr style="width: 100%;"/> Managing Director / Chief Executive Officer	 <hr style="width: 100%;"/> Chairman of the Board	 <hr style="width: 100%;"/> Chief Financial Officer
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The accompanying notes 1 to 16 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 month period ended 31 March 2017

	For the three month period ended	
	31 March 2017 (Unaudited) SR	31 March 2016 (Unaudited) SR
Net income / (loss) for the period	7,484,588	(17,700,607)
Other comprehensive income	--	--
Total comprehensive income / (loss) for the period	7,484,588	(17,700,607)



 Managing Director / Chief Executive Officer



 Chairman of the Board



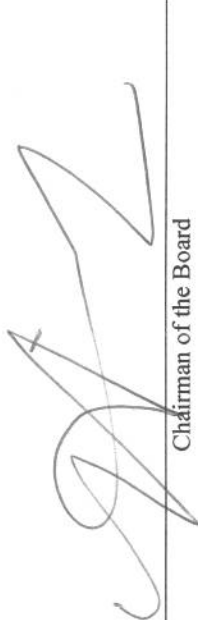
 Chief Financial Officer

The accompanying notes 1 to 16 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 three month period ended 31 March 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	--	--	--	--	--	--	--	--	--	--
Total comprehensive loss for the period	--	--	(17,277,385)	--	--	(423,222)	--	--	(17,700,607)	(17,700,607)
Zakat	--	--	(3,038,235)	--	--	--	--	--	(3,038,235)	(3,038,235)
Balance as at 31 March 2016 (Unaudited)	976,078,306	5,925,697	(224,823,257)	23,921,694	145,227	150,215	1,000,000,000	6,070,924	(224,673,042)	781,397,882
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	10,264,510	62,315	(493)	(10,264,510)	(62,315)	493	--	--	--	--
Total comprehensive income for the period	--	--	7,343,540	--	--	141,048	--	--	7,484,588	7,484,588
Zakat	--	--	(3,596,477)	--	--	--	--	--	(3,596,477)	(3,596,477)
Income tax	--	--	--	--	--	(11,258)	--	--	(11,258)	(11,258)
Balance as at 31 March 2017 (Unaudited)	981,154,910	5,956,517	(196,976,780)	18,845,090	114,407	83,680	1,000,000,000	6,070,924	(196,893,100)	809,177,824


 Managing Director / Chief Executive Officer


 Chairman of the Board


 Chief Financial Officer

The accompanying notes 1 to 16 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 three month period ended 31 March 2017

	Notes	31 March 2017 (Unaudited) SR	31 March 2016 (Unaudited) SR
OPERATING ACTIVITIES			
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		856,866	284,614
Depreciation		491,196	662,197
Realized gains on investments held at fair value through income statement	7	(12,349)	(620)
Unrealized gains on investments held at fair value through income statement	7	(1,488,691)	(1,057,511)
Retroceded share of unearned premiums		(10,435,687)	676,253
Gross unearned premiums		295,248,825	176,685,451
Shareholders' appropriation from reinsurance operations' deficit		(3,643,957)	(11,117,032)
Operating income before changes in operating assets and liabilities		<u>281,016,203</u>	<u>166,133,352</u>
Changes in operating assets and liabilities:			
Premiums receivable		(22,348,577)	(139,452,591)
Accrued insurance premiums		(231,110,119)	(92,418,627)
Retroceded share of outstanding claims		51,817,967	(38,029,066)
Deferred acquisition costs		(74,582,457)	(57,726,412)
Deferred excess of loss premiums		7,445,089	7,067,117
Prepaid expenses and other assets		(142,660)	834,112
Accounts payable		(6,750,699)	(2,347,568)
Retrocession balances payable		(45,155,175)	1,471,079
Accrued retroceded premiums		5,236,618	(295,002)
Gross outstanding claims		(8,867,624)	150,050,760
Unearned commission income		2,445,596	(197,857)
Accrued expenses and other liabilities		1,120,013	222,240
Cash used in operations		<u>(39,875,825)</u>	<u>(4,688,463)</u>
Employees' end of service benefits paid		(2,206)	(52,408)
Net cash used in operating activities		<u>(39,878,031)</u>	<u>(4,740,871)</u>
INVESTING ACTIVITIES			
Time deposits		20,372,000	--
Accrued special commission income on time deposits		561,176	(151,262)
Purchase of property and equipment		(93,577)	(89,975)
Additions in investments held at fair value through income statement	7	(22,400,000)	--
Proceeds from investments held at fair value through income statement	7	16,000,000	6,000,000
Net cash from investing activities		<u>14,439,599</u>	<u>5,758,763</u>
FINANCING ACTIVITY			
Due to / (from) shareholders' operations		3,060,223	(2,648,652)
DECREASE IN CASH AND BANK BALANCES		<u>(22,378,209)</u>	<u>(1,630,760)</u>
Cash and bank balances at the beginning of the period		<u>42,891,784</u>	<u>61,025,692</u>
CASH AND BANK BALANCES AT THE END OF THE PERIOD		<u>20,513,575</u>	<u>59,394,932</u>
Managing Director / Chief Executive Officer	Chairman of the Board	Chief Financial Officer	

The accompanying notes 1 to 16 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 three month period ended 31 March 2017

	<u>31 March</u>	<u>31 March</u>
	<u>2017</u>	<u>2016</u>
<i>Notes</i>	<u>SR</u>	<u>SR</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
OPERATING ACTIVITIES		
Net profit / (loss) for the period	7,484,588	(17,700,607)
<i>Adjustments to reconcile net income / (loss) to net cash used in operating activities:</i>		
Depreciation	216,032	219,735
Realized gains on investments held at fair value through income statement	7 (75,293)	(5,925)
Unrealized gains / (losses) on investments held at fair value through income statement	7 (12,433,067)	5,556,512
Income on statutory deposit	(738,303)	(412,437)
Shareholders’ appropriation from reinsurance operations’ deficit	3,643,957	11,117,032
Operating deficit before changes in operating assets and liabilities	<u>(1,902,086)</u>	<u>(1,225,690)</u>
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	15,043	(417,760)
Accrued expenses and other liabilities	(3,180,206)	(21,704)
Deferred return on investment of statutory deposit	738,303	412,437
Net cash used in operating activities	<u>(4,328,946)</u>	<u>(1,252,717)</u>
INVESTING ACTIVITIES		
Accrued special commission income from time deposits	2,107,567	(515,646)
Accrued special commission income from Bonds and Sukuk	1,260,017	(410,963)
Additions in investments held at fair value through income statement	7 (133,500,000)	(27,076,005)
Proceeds from investments held at fair value through income statement	7 23,752,057	28,370,555
Time deposits	109,314,051	(25,314,051)
Net cash from/ (used in) investing activities	<u>2,933,692</u>	<u>(24,946,110)</u>
FINANCING ACTIVITY		
Due (from) / to reinsurance operations	<u>(3,060,223)</u>	2,648,652
DECREASE IN CASH AND BANK BALANCES	<u>(4,455,477)</u>	<u>(23,550,175)</u>
Cash and bank balances at the beginning of the period	<u>27,950,269</u>	<u>31,917,275</u>
CASH AND BANK BALANCES AT THE END OF THE PERIOD	<u>23,494,792</u>	<u>8,367,100</u>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 31 March 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 quarter ended 31 March 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 IFRS. This change in framework, however, does not result in any change in the company's accounting policy for zakat and income 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 as determined by the management and Board of Directors.

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

Functional and presentation currency

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

Fiscal year

The Company follows a fiscal year ending December 31.

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

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

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

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 12 – “Recognition of Deferred Tax Assets for Unrealized Losses” 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 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 31 March 2017

4. PREMIUM RECEIVABLES

	31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Premium receivable, gross	209,259,137	186,910,560
Less: Provision for doubtful debts	(4,952,966)	(4,952,966)
Premium receivable	<u>204,306,171</u>	<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 3.08% 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 Services) 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 Saudi Arabian Monetary Authority (SAMA). This statutory deposit cannot be withdrawn without the consent of SAMA. Further, 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 31 March 2017 is SAR 10,980,448 (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:

	31 March 2017 (Unaudited)		31 December 2016 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Money market funds	46,027,120	197,190,581	39,245,084	85,410,773
Investment funds	--	50,000,000	--	50,000,000
Equities	--	146,150,265	--	142,975,208
Fixed-Rate Bonds/Sukuk	49,847,711	392,052,836	52,685,763	378,817,260
Floating-Rate Bonds/Sukuk	5,473,546	61,441,638	1,516,490	67,375,776
	<u>101,348,377</u>	<u>846,835,320</u>	<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:

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For the period ended 31 March 2017

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

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

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

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

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

	31 March 2017 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money Market Funds	197,190,581	--	--	197,190,581
Investment funds	--	50,000,000	--	50,000,000
Equities	146,150,265	--	--	146,150,265
Fixed-Rate Bonds/Sukuk	334,488,319	57,564,517	--	392,052,836
Floating-Rate Bonds/Sukuk	21,441,638	40,000,000	--	61,441,638
	699,270,803	147,564,517	--	846,835,320

	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
	577,014,503	147,564,514	--	724,579,017

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

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

	31 March 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	22,400,000	133,500,000	39,232,824	149,522,772
Disposals	(16,000,000)	(23,752,057)	(21,943,821)	(125,777,170)
Unrealized gains	1,488,691	12,433,067	2,352,103	12,819,617
Realized gains	12,349	75,293	98,858	433,532
Closing balance	101,348,377	846,835,320	93,447,337	724,579,017

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

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

Investments under reinsurance and shareholders' operations include cash component of SR 16 million and SR 13 million respectively as at 31 March 2017 (31 December 2016: SR 1.5 million and SR 17.2 million respectively) available with external fund managers within the agreed investment guidelines.

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

	31 March 2017 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money Market Funds	197,190,581	--	197,190,581
Investment Funds	--	50,000,000	50,000,000
Equities	146,150,265	--	146,150,265
Fixed-Rate Bonds/Sukuk	334,488,319	57,564,517	392,052,836
Floating-Rate Bonds/Sukuk	21,441,638	40,000,000	61,441,638
	699,270,803	147,564,517	846,835,320
	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/Sukuks	321,252,746	57,564,514	378,817,260
Floating-Rate Bonds/Sukuks	27,375,776	40,000,000	67,375,776
	577,014,503	147,564,514	724,579,017

As at 31 March 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	
	31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR	31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR	31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Reinsurance operations						
Money Market Funds	46,027,120	39,245,084	--	--	46,027,120	39,245,084
Fixed-Rate Bonds/Sukuk	--	--	49,847,711	52,685,763	49,847,711	52,685,763
Floating-Rate Bonds/Sukuk	--	--	5,473,546	1,516,490	5,473,546	1,516,490
Total	46,027,120	39,245,084	55,321,257	54,202,253	101,348,377	93,447,337

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

	Domestic		International		Total	
	31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR	31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR	31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Shareholders' operations						
Money Market Funds	197,190,581	85,410,773	--	--	197,190,581	85,410,773
Investment Funds	50,000,000	50,000,000	--	--	50,000,000	50,000,000
Equities	47,337,218	50,756,270	98,813,047	92,218,938	146,150,265	142,975,208
Fixed-Rate Bonds/Sukuk	40,000,000	40,000,000	352,052,836	338,817,260	392,052,836	378,817,260
Floating-Rate Bonds/Sukuk	40,000,000	40,000,000	21,441,638	27,375,776	61,441,638	67,375,776
Total	374,527,799	266,167,043	472,307,521	458,411,974	846,835,320	724,579,017

8. UNEARNED PREMIUM

	31 March 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	456,345,305	(25,529,660)	430,815,645
Premium earned	(161,096,480)	15,093,973	(146,002,507)
Change in unearned premiums	295,248,825	(10,435,687)	284,813,138
Closing balance	601,728,205	(14,193,788)	587,534,417
	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)
Change 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	
	31 March 2017 (Unaudited) SR	31 March 2016 (Unaudited) SR
Gross claims paid	122,156,612	105,670,128
Retroceded share of claims paid	(58,447,470)	(3,926,136)
Net claims paid	63,709,142	101,743,992

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For the period ended 31 March 2017

10. PROVISION FOR ZAKAT AND INCOME TAX

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

	31 March 2017		31 December 2016		31 March 2016	
	SR	%	SR	%	SR	%
Saudi Shareholders	958,695,300	95.9%	947,225,190	94.7%	955,000,000	95.5%
GCC Shareholders	22,459,610	2.2%	23,665,210	2.4%	21,000,000	2.1%
Foreign Shareholders	18,845,090	1.9%	29,109,600	2.9%	24,000,000	2.4%
Total	1,000,000,000	100%	1,000,000,000	100%	1,000,000,000	100%

As of 31 March 2017, 31 December 2016 and 31 March 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 Income Tax calculations and corresponding accruals and payments of Zakat and Income 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 income tax charge for the three month period and the provision as at the period end is as follows:

	31 March 2017	31 December 2016	31 March 2016
	SR	SR	SR
Provision for Zakat	43,039,625	39,443,148	42,456,959
Provision for Income tax	296,480	285,222	232,550
Zakat and income tax charge for the three month period	3,607,735	5,257,606	3,038,235

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

The Company has filed its Zakat returns for the years ended 31 December 2009 to 2015 with the General Authority of Zakat and Income Tax (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 years 2008, 2009, 2010, 2012 and 2013. 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 31 March 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	Amounts of transactions for the three month period ended			Balance as at
		31 March 2017 (Unaudited) SR	31 March 2016 (Unaudited) SR	31 March 2017 (Unaudited) SR	31 December 2016 (Audited) SR
Board of Directors	- Consulting fees	77,133	80,433	--	--
	- Remunerations, meeting fees and expenses	191,998	133,408	328,506	250,500
Key management Personnel	- Short term benefits	2,745,505	2,898,352	327,500	1,096,000
	- End of service benefits	652,729	97,320	2,087,348	1,434,572
Companies represented by the BOD members	- Gross written premiums	1,201,062	3,474,518	1,515,348	2,018,548
	- Claims incurred	985,244	2,472,243	2,285,317	2,285,317
	- Commission	316,455	859,538	--	--
	- HSBC Custodian fees	49,000	--	70,821	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 BOD 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.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 March 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
For the three month period ended 31 March 2017 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	45,070,754	119,888,042	30,024,321	103,756,715	45,862,495	20,641,183	57,256,462	33,845,333	456,345,305
Retroceded premiums	(2,356,360)	(8,097,207)	(3,169,065)	--	(2,034,904)	--	--	(100)	(15,657,636)
Excess of loss expenses	(2,380,115)	(5,392,357)	(264,850)	(67,013)	(515,106)	(433,243)	(1,018)	(818,322)	(9,872,024)
Net written premiums	40,334,279	106,398,478	26,590,406	103,689,702	43,312,485	20,207,940	57,255,444	33,026,911	430,815,645
Change in net unearned premiums	(24,514,683)	(67,433,639)	(16,288,530)	(79,090,453)	(29,903,059)	(4,543,693)	(45,856,312)	(17,182,769)	(284,813,138)
Net earned premiums	15,819,596	38,964,839	10,301,876	24,599,249	13,409,426	15,664,247	11,399,132	15,844,142	146,002,507
Net claims paid	(5,789,779)	(29,830,776)	(3,553,827)	(2,831,550)	(5,742,156)	(10,710,932)	--	(5,250,122)	(63,709,142)
Change in net outstanding claims	(11,231,414)	(11,211,180)	202,600	(12,615,489)	1,787,038	(2,184,362)	(7,652,708)	(44,828)	(42,950,343)
Net claims incurred	(17,021,193)	(41,041,956)	(3,351,227)	(15,447,039)	(3,955,118)	(12,895,294)	(7,652,708)	(5,294,950)	(106,659,485)
Gross acquisition costs	(5,598,550)	(11,690,972)	(4,162,075)	(2,297,665)	(3,927,639)	(1,183,584)	(4,613,394)	(1,298,097)	(34,771,976)
Commissions on retroceded business	248,119	773,260	509,848	--	264,035	--	--	6,306	1,801,568
Supervision and inspection fees	(225,354)	(599,440)	(150,122)	(518,784)	(229,311)	(103,206)	(286,282)	(169,227)	(2,281,726)
Net acquisition costs	(5,575,785)	(11,517,152)	(3,802,349)	(2,816,449)	(3,892,915)	(1,286,790)	(4,899,676)	(1,461,018)	(35,252,134)
Surplus from reinsurance operation	(6,777,382)	(13,594,269)	3,148,300	6,335,761	5,561,393	1,482,163	(1,153,252)	9,088,174	4,090,888

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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
For the three month period ended 31 March 2016 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	51,836,601	85,751,677	27,760,734	140,312,623	31,558,053	13,453,680	58,564,622	37,430,558	446,668,548
Retroceded premiums	(1,276,136)	(133,444)	(253,255)	--	(3,935)	--	--	(4,843)	(1,671,613)
Excess of loss expenses	(2,570,696)	(12,352,539)	(619,363)	--	(486,097)	(515,150)	--	(253,000)	(16,796,845)
Net written premiums	47,989,769	73,265,694	26,888,116	140,312,623	31,068,021	12,938,530	58,564,622	37,172,715	428,200,090
Change in net unearned premiums	(28,631,305)	(51,651,242)	(17,181,336)	19,749,745	(24,331,031)	(1,276,487)	(49,944,269)	(24,095,779)	(177,361,704)
Net earned premiums	19,358,464	21,614,452	9,706,780	160,062,368	6,736,990	11,662,043	8,620,353	13,076,936	250,838,386
Net claims paid	(7,058,607)	(34,652,565)	(4,782,278)	(25,290,641)	(2,784,811)	(21,925,259)	--	(5,249,831)	(101,743,992)
Change in net outstanding claims	3,943,274	8,819,193	2,139,580	(120,527,784)	(1,186,610)	(1,487,075)	(4,789,213)	1,066,945	(112,021,690)
Net claims incurred	(3,115,333)	(25,833,372)	(2,642,698)	(145,818,425)	(3,971,421)	(23,412,334)	(4,789,213)	(4,182,886)	(213,765,682)
Gross acquisition costs	(6,198,563)	(6,216,910)	(2,804,308)	(15,759,995)	(1,876,662)	(399,851)	(3,711,024)	(1,459,904)	(38,427,217)
Commissions on retroceded business	341,996	173,228	139,319	--	36,116	--	--	10,852	701,511
Supervision and inspection fees	(259,183)	(428,758)	(138,804)	(701,563)	(157,790)	(67,268)	(292,823)	(187,154)	(2,233,343)
Net acquisition costs	(6,115,750)	(6,472,440)	(2,803,793)	(16,461,558)	(1,998,336)	(467,119)	(4,003,847)	(1,636,206)	(39,959,049)
Deficit from reinsurance operation	10,127,381	(10,691,360)	4,260,289	(2,217,615)	767,233	(12,217,410)	(172,707)	7,257,844	(2,886,345)

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 March 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
As at 31 March 2017 (Unaudited)									
Segment assets	131,912,135	263,591,427	74,035,691	152,436,715	76,116,181	50,556,368	124,695,577	63,796,940	937,141,034
Segment liabilities	227,994,695	397,360,219	76,811,395	185,028,880	89,741,569	83,373,757	125,033,753	114,367,046	1,299,711,315
As at 31 December 2016 (Audited)									
Segment assets	97,515,523	206,539,934	44,825,423	117,899,804	30,386,493	41,682,958	72,758,483	46,318,632	657,927,250
Segment liabilities	192,370,204	368,517,655	58,172,724	128,029,379	59,915,278	78,946,082	71,948,354	99,654,015	1,057,553,691

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(CONTINUED)

For the period ended 31 March 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
For the three month period ended 31 March 2017 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	200,706,281	58,608,314	21,149,546	118,624,702	57,256,462	456,345,305
Retroceded premiums	(15,515,633)	(119,659)	(22,344)	--	--	(15,657,636)
Excess of loss expenses	(4,678,295)	(2,426,034)	(521,067)	(2,245,610)	(1,018)	(9,872,024)
Net written premiums	180,512,353	56,062,621	20,606,135	116,379,092	57,255,444	430,815,645
Change in net unearned premiums	(119,418,098)	(31,094,625)	(12,888,573)	(75,555,530)	(45,856,312)	(284,813,138)
Net earned premiums	61,094,255	24,967,996	7,717,562	40,823,562	11,399,132	146,002,507
Net claims paid	(21,538,744)	(14,754,805)	(4,928,711)	(22,486,882)	--	(63,709,142)
Change in net outstanding claims	(25,688,882)	(2,066,004)	(2,200,126)	(5,342,623)	(7,652,708)	(42,950,343)
Net claims incurred	(47,227,626)	(16,820,809)	(7,128,837)	(27,829,505)	(7,652,708)	(106,659,485)
Gross acquisition costs	(12,397,255)	(6,919,923)	(1,153,490)	(9,687,914)	(4,613,394)	(34,771,976)
Commissions on retroceded business	1,782,818	13,072	5,678	--	--	1,801,568
Supervision and inspection fees	(1,003,531)	(293,042)	(105,748)	(593,123)	(286,282)	(2,281,726)
Net acquisition costs	(11,617,968)	(7,199,893)	(1,253,560)	(10,281,037)	(4,899,676)	(35,252,134)
Surplus from reinsurance operation	2,248,661	947,294	(664,835)	2,713,020	(1,153,252)	4,090,888
	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 31 March 2016 (Unaudited)

Reinsurance operations' results						
Gross written premiums	244,085,246	40,910,559	19,210,950	83,897,170	58,564,623	446,668,548
Retroceded premiums	(1,485,812)	(113,001)	(72,800)	--	--	(1,671,613)
Excess of loss expenses	(5,901,574)	(8,498,836)	(1,108,865)	(1,287,570)	--	(16,796,845)
Net written premiums	236,697,860	32,298,722	18,029,285	82,609,600	58,564,623	428,200,090
Change in net unearned premiums	(35,249,774)	(19,356,024)	(13,482,892)	(59,328,742)	(49,944,272)	(177,361,704)
Net earned premiums	201,448,086	12,942,698	4,546,393	23,280,858	8,620,351	250,838,386
Net claims paid	(71,150,804)	(9,850,054)	(5,301,741)	(15,441,393)	--	(101,743,992)
Change in net outstanding claims	(95,175,917)	(20,395,218)	1,653,309	6,685,349	(4,789,213)	(112,021,690)
Net claims incurred	(166,326,721)	(30,245,272)	(3,648,432)	(8,756,044)	(4,789,213)	(213,765,682)
Gross acquisition costs	(1,220,423)	(204,557)	(96,055)	(419,485)	(292,823)	(2,233,343)
Commissions on retroceded business	(26,671,115)	(4,458,746)	(964,857)	(2,621,475)	(3,711,024)	(38,427,217)
Supervision and inspection fees	652,402	33,708	15,401	--	--	701,511
Net acquisition costs	(27,239,136)	(4,629,595)	(1,045,511)	(3,040,960)	(4,003,847)	(39,959,049)
Deficit from reinsurance operation	7,882,229	(21,932,169)	(147,550)	11,483,854	(172,709)	(2,886,345)

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(CONTINUED)

For the period ended 31 March 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
As at 31 March 2017 (Unaudited)						
Reinsurance operations						
Segment assets	414,166,811	122,080,777	38,895,685	236,971,762	125,025,999	937,141,034
Segment liabilities	590,778,615	202,412,067	56,754,928	324,546,962	125,218,742	1,299,711,315
As at 31 December 2016 (Audited)						
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 31 March 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 and 2016 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 / (LOSSES) PER SHARE

Basic and diluted earnings / (losses) per share for the three month period ended 31 March 2017 and 31 March 2016 have been calculated by dividing net income for the period by the weighted average number of ordinary issued and outstanding shares 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. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on __ Rajab 1438H corresponding to __ May 2017.