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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018**

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

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

**For The Three Month Period Ended 31 March 2018**

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**Al-Bassam & Co.**  
Allied Accountants  
(Member firm of PKF International)



**KPMG Al Fozan & Partners**  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF SAUDI RE FOR COOPERATIVE REINSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of **Saudi Re for Cooperative Reinsurance Company** (the "Company") as at 31 March 2018, the related interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the three month period then ended and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 31 March 2018 of **Saudi Re for Cooperative Reinsurance Company** are not prepared, in all material respects, in accordance with IAS 34 as modified by the SAMA for the accounting of zakat and income tax.

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27 Sha'aban 1439H  
13 May 2018



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

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

		31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR
<b>ASSETS</b>			
Cash and cash equivalents	5	46,305,252	85,231,770
Time deposits		62,333,025	58,003,125
Accrued special commission income from time deposits		274,736	871,978
Premium receivables, net	4	206,481,118	358,871,064
Investments held at fair value through income statement	7	835,344,035	865,067,529
Accrued insurance premiums		654,491,979	372,087,694
Retroceded share of unearned premiums	8	80,613,490	117,679,188
Deferred excess of loss premiums		7,796,126	14,299,778
Retroceded share of outstanding claims	9	147,616,322	59,889,008
Retroceded share of claims incurred but not reported	9	58,472,580	105,950,475
Deferred policy acquisition costs		186,081,697	100,345,144
Prepaid expenses, deposits and other assets		136,741,523	104,192,511
Property and equipment, net		32,882,725	33,535,969
Accrued special commission income from bonds and sukuk		2,320,252	3,830,983
Investment in an associate	13	93,426,987	91,954,382
Statutory deposit	6	121,500,000	100,000,000
Accrued income on statutory deposit	6	13,598,599	13,127,882
<b>TOTAL ASSETS</b>		<b>2,686,280,446</b>	<b>2,484,938,480</b>
<b>LIABILITIES</b>			
Accounts payable		13,654,852	16,648,193
Retrocession balances payable		37,149,930	229,763,824
Accrued retroceded premiums		21,528,804	7,891,275
Unearned premiums	8	747,962,861	461,488,892
Outstanding claims	9	546,494,723	445,954,001
Claims incurred but not reported	9	384,916,737	415,098,966
Unearned retrocession commission		10,710,651	7,542,299
Accrued expenses and other liabilities		25,928,680	12,812,543
End of service indemnities		6,143,158	5,729,277
Provision for zakat and tax	11	40,420,630	37,431,370
Accrued commission income payable to SAMA	6	13,598,599	13,127,882
<b>TOTAL LIABILITIES EXCLUDING REINSURANCE OPERATIONS' SURPLUS</b>		<b>1,848,509,625</b>	<b>1,653,488,522</b>
<b>REINSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		3,190,184	2,657,160
<b>TOTAL REINSURANCE OPERATIONS' SURPLUS</b>		<b>3,190,184</b>	<b>2,657,160</b>
<b>TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS</b>		<b>1,851,699,809</b>	<b>1,656,145,682</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	810,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Other reserves		(780,662)	(1,961,580)
Retained earnings / (accumulated deficit)		19,290,375	(175,316,546)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>834,580,637</b>	<b>828,792,798</b>
<b>TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>		<b>2,686,280,446</b>	<b>2,484,938,480</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

10/03/2018

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

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

## INTERIM CONDENSED STATEMENT OF INCOME

For the three month period ended 31 March 2018

	For the three month period ended	
	31 March 2018 <b>(Unaudited)</b> SR	31 March 2017 <b>(Unaudited)</b> SR
<b>REVENUES</b>		
Gross written premiums	528,382,355	456,345,305
Retroceded premiums	(28,373,908)	(15,657,636)
Excess of loss expenses	(7,698,990)	(9,872,024)
<b>Net written premiums</b>	<b>492,309,457</b>	<b>430,815,645</b>
Changes in unearned premiums, net	(323,539,667)	(284,813,138)
<b>Net earned premiums</b>	<b>168,769,790</b>	<b>146,002,507</b>
Retrocession commissions	3,798,437	1,801,568
<b>TOTAL REVENUES</b>	<b>172,568,227</b>	<b>147,804,075</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>		
Gross claims paid	(84,509,417)	(122,156,612)
Retroceded share of claims paid	2,116,710	58,447,470
<b>Net claims paid</b>	<b>(82,392,707)</b>	<b>(63,709,142)</b>
Changes in outstanding claims, net	(12,813,408)	(16,261,269)
Changes in incurred but not reported claims, net	(17,295,666)	(26,689,074)
<b>Net claims incurred</b>	<b>(112,501,781)</b>	<b>(106,659,485)</b>
Policy acquisition costs and profit commissions	(42,059,970)	(34,771,976)
Other underwriting expenses	(2,641,912)	(2,281,726)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(157,203,663)</b>	<b>(143,713,187)</b>
<b>NET UNDERWRITING INCOME</b>	<b>15,364,564</b>	<b>4,090,888</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>		
Special commission income from time deposits	405,690	1,738,342
Realized gains on investments held at fair value through income statement	7 (iv) 877,017	87,642
Unrealized gains on investments held at fair value through income statement	7 (iv) 2,899,489	13,921,758
Special commission income from bonds and sukuk	769,593	624,931
Dividend income	345,936	375,000
Share of profit of associate	291,687	--
Investment management expenses	(1,198,917)	(892,227)
<b>Net investment income</b>	<b>4,390,495</b>	<b>15,855,446</b>
Other income	512,877	--
Allowance for doubtful debts	(398,077)	--
General and administrative expenses	(11,601,929)	(12,023,027)
Board of directors' remunerations, meetings fees and expenses	(589,562)	(206,999)
Foreign exchange translation income / (losses)	450,837	(231,720)
<b>Total income for the period</b>	<b>8,129,205</b>	<b>7,484,588</b>
<b>Total income attributed to the reinsurance operations</b>	<b>15 (533,024)</b>	<b>--</b>
<b>Total income for the period attributable to the shareholders</b>	<b>7,596,181</b>	<b>7,484,588</b>
<b>Basic and diluted earnings per share for the period - restated</b>	<b>17 0.094</b>	<b>0.092</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

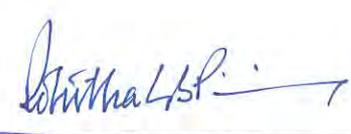
The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**For the three month period ended 31 March 2018**

	For the three month period ended	
	31 March 2018 (Unaudited) SR	31 March 2017 (Unaudited) SR
Net income for the period	7,596,181	7,484,588
<i>Other comprehensive income</i>		
Items that may be classified to income statement subsequently		
Share of foreign currency translation reserve of an associate	1,180,918	--
<b>Total comprehensive income for the period</b>	<b>8,777,099</b>	<b>7,484,588</b>

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

  
 \_\_\_\_\_  
 Chairman of the Board

  
 \_\_\_\_\_  
 Chief Financial Officer

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the three month period ended 31 March 2018**

	GCC Shareholders and General Public				Non - GCC Shareholders				Total				
	Share capital SR	Statutory reserve SR	(Accumulated deficit) / retained earnings SR	Other reserves SR	Share capital SR	Statutory reserve SR	(Accumulated deficit) / retained earnings SR	Other reserves SR	Share capital SR	Statutory reserve SR	(Accumulated deficit) / retained earnings SR	Other reserves SR	Total SR
Balance as at 1 January 2018 (Audited)	978,047,040	5,937,649	(174,018,095)	(1,918,523)	21,952,960	133,275	(1,298,451)	(43,057)	1,000,000,000	6,070,924	(175,316,546)	(1,961,580)	828,792,798
Reduction of capital (note 10)	(185,820,000)	--	185,820,000	--	(4,180,000)	--	4,180,000	--	(190,000,000)	--	190,000,000	--	--
Transferred during the period	968,990	7,263	157,110	--	(968,990)	(7,263)	(157,110)	--	--	--	--	--	--
Net profit for the period	--	--	7,438,591	--	--	--	157,590	--	--	--	7,596,181	--	7,596,181
Other comprehensive income	--	--	--	1,156,419	--	--	--	24,499	--	--	--	1,180,918	1,180,918
Total comprehensive income for the period	--	--	7,438,591	1,156,419	--	--	157,590	24,499	--	--	7,596,181	1,180,918	8,777,099
Zakat and tax charge for the period	--	--	(2,977,583)	--	--	--	(11,677)	--	--	--	(2,989,260)	--	(2,989,260)
Balance as at 31 March 2018 (Unaudited)	793,196,030	5,944,912	16,420,023	(762,104)	16,803,970	126,012	2,870,352	(18,558)	810,000,000	6,070,924	19,290,375	(780,662)	834,580,637
Balance as at 1 January 2017 (Audited)	970,890,400	5,894,202	(200,723,350)	--	29,109,600	176,722	(46,603)	--	1,000,000,000	6,070,924	(200,769,953)	--	805,300,971
Transferred during the period	10,264,510	62,315	(493)	--	(10,264,510)	(62,315)	493	--	--	--	--	--	--
Net profit for the period	--	--	7,343,540	--	--	--	141,048	--	--	--	7,484,588	--	7,484,588
Other comprehensive income	--	--	--	--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	7,343,540	--	--	--	141,048	--	--	--	7,484,588	--	7,484,588
Zakat and tax charge for the period	--	--	(3,596,477)	--	--	--	(11,258)	--	--	--	(3,607,735)	--	(3,607,735)
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 19 form an integral part of these interim condensed financial statements.

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

## INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2018

	Notes	31 March 2018 (Unaudited) SR	31 March 2017 (Unaudited) SR
<b>OPERATING ACTIVITIES</b>			
Total income for the period		8,129,205	7,484,588
<i>Adjustments to reconcile net income for the period to net cash used in operating activities:</i>			
Employees' end of service benefits		561,223	856,866
Depreciation of property and equipment		701,069	707,228
Realized gains on investments held at fair value through income statement	7 (iv)	(877,017)	(87,642)
Unrealized gains on investments held at fair value through income statement	7 (iv)	(2,899,489)	(13,921,758)
Share of profit of associate		(291,687)	--
Provision for doubtful receivable		398,077	--
Operating income / (loss) before changes in operating assets and liabilities		5,721,381	(4,960,718)
<b>Changes in operating assets and liabilities:</b>			
Premiums receivable, gross		151,991,869	(22,348,577)
Accrued insurance premiums		(282,404,285)	(231,110,119)
Retroceded share of unearned premiums	8	37,065,698	(10,435,687)
Unearned premiums	8	286,473,969	295,248,825
Retroceded share of outstanding claims		(87,727,314)	56,207,213
Retroceded share of claims incurred but not reported		47,477,895	(4,389,245)
Deferred acquisition costs		(85,736,553)	(74,582,457)
Deferred excess of loss premiums		6,503,652	7,445,089
Prepaid expenses, deposits and other assets		(32,549,012)	(127,617)
Accounts payable		(2,993,341)	(6,750,699)
Retrocession balances payable		(192,613,894)	(45,155,175)
Accrued retroceded premiums		13,637,529	5,236,618
Outstanding claims		100,540,722	(39,945,945)
Claims incurred but not reported		(30,182,229)	31,078,321
Unearned commission income		3,168,352	2,445,596
Accrued expenses and other liabilities		13,116,137	(2,060,193)
<b>Cash used in operating activities</b>		<b>(48,509,424)</b>	<b>(44,204,770)</b>
Employees' end of service benefits paid		(147,342)	(2,206)
<b>Net cash used in operating activities</b>		<b>(48,656,766)</b>	<b>(44,206,976)</b>
<b>INVESTING ACTIVITIES</b>			
Time deposits		(4,329,900)	129,686,051
Accrued special commission income on time deposits		597,242	2,668,743
Accrued special commission income from bonds and sukuk		1,510,731	1,260,017
Proceeds from disposal of property and equipment		75,000	
Purchase of property and equipment		(122,825)	(93,577)
Additions in investments held at fair value through income statement	7 (iv)	(6,000,000)	(155,900,000)
Proceeds from disposal of investments held at fair value through income statement	7 (iv)	39,500,000	39,752,057
Statutory deposit		(21,500,000)	--
<b>Net cash from investing activities</b>		<b>9,730,248</b>	<b>17,373,291</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(38,926,518)</b>	<b>(26,833,685)</b>
Cash and cash equivalents at the beginning of the period		85,231,770	70,842,053
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>46,305,252</b>	<b>44,008,368</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

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

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

### **For the three month period ended 31 March 2018**

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

Saudi Re for Cooperative Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 dated 12 Jumada Al-Awal 1429H (corresponding to 17 May 2008) with a branch in the Federal Territory of Labuan, Malaysia with license number IS2014146. The address of the Company's registered office is at 4130 Northern Ring Road Al Wadi, Unit number 1, Riyadh 13313-6684, Kingdom of Saudi Arabia.

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

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

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

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

These unaudited interim condensed financial statements are prepared under the historical cost basis except for the measurement at fair value of investments held at fair value through income statement and investment in associate which is accounted for under the equity method.

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

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax, which requires, adoption of all International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the Zakat and Income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.

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

The interim condensed statement of financial position, statements of income, statement of comprehensive income and cash flows of the reinsurance operations and shareholders operations which are presented in note 15 of the interim condensed financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. Until 31 December 2017, this information was shown in the main statements. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the reinsurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the reinsurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company's financial information in compliance with IFRS, the balances and transactions of the reinsurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the three month period ended 31 March 2018**

**2. BASIS OF PREPARATION (CONTINUED)**

*Statement of compliance (continued)*

adopted for the reinsurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The inclusion of separate information of the reinsurance operations with the financial information of the Company in the interim condensed statement of financial position, statement of income, statement of comprehensive income, cash flows as well as certain relevant notes to the interim condensed financial information represents additional supplementary information required as required by the implementing regulations.

The accompanying unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2017.

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

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

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

*Functional and presentation currency*

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

*Fiscal year*

The Company follows a fiscal year ending December 31.

*Critical accounting judgments, estimates and assumptions*

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2017.

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

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

### For the three month period ended 31 March 2018

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

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2017 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had no significant financial impact on the unaudited interim condensed financial statements of the Company on the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior year have been reclassified to conform to the presentation made in the current period:

##### *New and amended standards issued and adopted*

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

##### *Standards issued but not yet effective*

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

##### *IFRS 9 Financial Instruments*

The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company plans to avail of the exemptions available to insurers and is considering deferring the implementation of IFRS 9 until a later date, but no later than 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.

##### *IFRS 16 Leases*

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

#### 4. PREMIUM RECEIVABLES, NET

Reinsurance operations	31 March 2018	31 December 2017
	(Unaudited) SR	(Audited) SR
Policyholders	209,843,894	362,196,497
Related parties (note 12)	2,321,707	1,960,973
Less: provision for doubtful debts	(5,684,483)	(5,286,406)
	<u>206,481,118</u>	<u>358,871,064</u>

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

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

### For the three month period ended 31 March 2018

#### 5. CASH AND CASH EQUIVALENTS

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

	Reinsurance operations	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Bank balances and cash	20,173,445	24,244,191
Deposits maturing within 3 months from the acquisition date	18,749,869	29,250,000
	<b>38,923,314</b>	<b>53,494,191</b>
	Shareholders' operations	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Bank balances and cash	7,381,938	9,237,579
Deposits maturing within 3 months from the acquisition date	--	22,500,000
	<b>7,381,938</b>	<b>31,737,579</b>
<b>Total</b>	<b>46,305,252</b>	<b>85,231,770</b>

#### 6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 121.5 million (31 December 2017: SR 100 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 15% (31 December 2017: 10%) of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA. The statutory deposit generates special commission income which is accrued on regular basis and is shown as a separate line item as part of the shareholders' liabilities in the Statement of Financial Position as "Accrued commission income payable to SAMA". The accrued commission income payable to SAMA on the deposit as at 31 March 2018 is SAR 13,598,599 (31 December 2017: 13,127,882) and has also been disclosed in assets as "Accrued income on statutory deposit".

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

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

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total	Reinsurance operations SR	Shareholders' operations SR	Total SR
Money market funds	59,259,399	63,411,009	122,670,408	52,999,225	102,510,933	155,510,158
Investment funds	--	50,000,000	50,000,000	--	50,000,000	50,000,000
Equities	--	166,824,180	166,824,180	--	160,594,703	160,594,703
Fixed-rate bonds/sukuk	49,719,079	388,203,480	437,922,559	47,956,869	377,834,683	425,791,552
Floating-rate bonds/sukuk	2,846,630	55,080,258	57,926,888	5,359,938	67,811,178	73,171,116
	<b>111,825,108</b>	<b>723,518,927</b>	<b>835,344,035</b>	<b>106,316,032</b>	<b>758,751,497</b>	<b>865,067,529</b>

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.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the three month period ended 31 March 2018**

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

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

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

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

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

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

As at 31 March 2018 and 31 December 2017, the investments under reinsurance operations in bonds and sukuk amounting to SR 52.6 million (31 December 2017: SR 53.3 million) are classified as Level 1 investments while the investment in money market funds amounting to SR 59.2 million (31 December 2017 SR 52.9 million) is classified as level 2 investments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	31 March 2018 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	63,411,009	--	63,411,009
Investment funds	--	--	50,000,000	50,000,000
Equities	166,824,180	--	--	166,824,180
Fixed-rate bonds/sukuk	338,138,966	--	50,064,514	388,203,480
Floating-rate bonds/sukuk	15,080,258	--	40,000,000	55,080,258
	<u>520,043,404</u>	<u>63,411,009</u>	<u>140,064,514</u>	<u>723,518,927</u>
	31 December 2017 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	102,510,933	--	102,510,933
Investment funds	--	--	50,000,000	50,000,000
Equities	160,594,703	--	--	160,594,703
Fixed-rate bonds/sukuk	327,770,169	--	50,064,514	377,834,683
Floating-rate bonds/sukuk	27,811,178	--	40,000,000	67,811,178
	<u>516,176,050</u>	<u>102,510,933</u>	<u>140,064,514</u>	<u>758,751,497</u>

Fair values of investment funds is based on the NAV calculated on the basis of the fair value of the underlying real estate as disclosed in the fund's latest available financial statements. The Discounted Cash flow (DCF) model has been used to value the debt securities. This model considers the present value of net cash flows to be generated from the debt security, discounted at the market yield of similar quoted instruments. The estimate is adjusted for the effect of non-marketability of the debt securities. The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy.

	Opening	Purchase	Sale	Closing
<b>For the three month period ended 31 March 2018</b>	<b>140,064,514</b>	--	--	<b>140,064,514</b>
For the year ended 31 December 2017	147,564,514	--	(7,500,000)	140,064,514

**Sensitivity Analysis**

For the fair value of level 3 investments, reasonable possible changes at the reporting date to one of the unobservable inputs, holding other inputs constant, would have the following effects.

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

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

### For the three month period ended 31 March 2018

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

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

iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 31 March 2018 and year ended 31 December 2017.

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

	<b>31 March 2018</b> <b>(Unaudited)</b>			31 December 2017 <b>(Audited)</b>		
	<b>Reinsurance operations</b> <b>SR</b>	<b>Shareholders' operations</b> <b>SR</b>	<b>Total</b> <b>SR</b>	Reinsurance operations SR	Shareholders' operations SR	Total SR
Opening balance	<b>106,316,032</b>	<b>758,751,497</b>	<b>865,067,529</b>	93,447,337	724,579,017	818,026,354
Additions	<b>6,000,000</b>	--	<b>6,000,000</b>	51,000,000	154,342,957	205,342,957
Disposals	--	<b>(39,500,000)</b>	<b>(39,500,000)</b>	(42,250,000)	(167,339,479)	(209,589,479)
Unrealized gains	<b>(490,924)</b>	<b>3,390,413</b>	<b>2,899,489</b>	3,930,642	46,017,732	49,948,374
Realized gains	--	<b>877,017</b>	<b>877,017</b>	188,053	1,151,270	1,339,323
<b>Closing balance</b>	<b>111,825,108</b>	<b>723,518,927</b>	<b>835,344,035</b>	106,316,032	758,751,497	865,067,529

As at 31 March 2018, the investments under reinsurance operations include SR 52.6 million (31 December 2017: SR 53.3 million) which are held through discretionary managed portfolios.

As at 31 March 2018, the investments under shareholders' operations include SR 497.7 million (31 December 2017: SR 496 million) which are held through discretionary managed portfolios.

Investments under reinsurance and shareholders' operations include cash component of SR 2.1 million and SR 11.4 million respectively as at 31 March 2018 (31 December 2017: SR 4.9 million and SR 25 million respectively) available with external fund managers within the agreed investment guidelines.

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

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

### For the three month period ended 31 March 2018

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

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

	31 March 2018 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	63,411,009	--	63,411,009
Investment funds	--	50,000,000	50,000,000
Equities	166,824,180	--	166,824,180
Fixed-rate bonds/sukuk	338,138,966	50,064,514	388,203,480
Floating-rate bonds/sukuk	15,080,258	40,000,000	55,080,258
	<b>583,454,413</b>	<b>140,064,514</b>	<b>723,518,927</b>
	31 December 2017 (Audited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	102,510,933	--	102,510,933
Investment funds	--	50,000,000	50,000,000
Equities	160,594,703	--	160,594,703
Fixed-rate bonds/sukuk	327,770,169	50,064,514	377,834,683
Floating-rate bonds/sukuk	27,811,178	40,000,000	67,811,178
	<b>618,686,983</b>	<b>140,064,514</b>	<b>758,751,497</b>

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

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

	Domestic		International		Total	
	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR
<b>Reinsurance operations</b>						
Money Market Funds	59,259,399	52,999,225	--	--	59,259,399	52,999,225
Fixed-Rate Bonds/Sukuk	--	--	49,719,079	47,956,869	49,719,079	47,956,869
Floating-Rate Bonds/Sukuk	--	--	2,846,630	5,359,938	2,846,630	5,359,938
	<b>59,259,399</b>	<b>52,999,225</b>	<b>52,565,709</b>	<b>53,316,807</b>	<b>111,825,108</b>	<b>106,316,032</b>
	Domestic		International		Total	
	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR
<b>Shareholders' operations</b>						
Money Market Funds	63,411,009	102,510,933	--	--	63,411,009	102,510,933
Investment Funds	50,000,000	50,000,000	--	--	50,000,000	50,000,000
Equities	62,374,785	56,119,572	104,449,395	104,475,131	166,824,180	160,594,703
Fixed-Rate Bonds/Sukuk	40,000,000	40,000,000	348,203,480	337,834,683	388,203,480	377,834,683
Floating-Rate Bonds/Sukuk	40,000,000	40,000,000	15,080,258	27,811,178	55,080,258	67,811,178
	<b>255,785,794</b>	<b>288,630,505</b>	<b>467,733,133</b>	<b>470,120,992</b>	<b>723,518,927</b>	<b>758,751,497</b>
Total	<b>315,045,193</b>	<b>341,629,730</b>	<b>520,298,842</b>	<b>523,437,799</b>	<b>835,344,035</b>	<b>865,067,529</b>

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

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

### For the three month period ended 31 March 2018

#### 8. UNEARNED PREMIUM

Reinsurance operations	31 March 2018 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	461,488,892	(117,679,188)	343,809,704
Premiums written during the period	528,382,355	(36,072,898)	492,309,457
Premium earned	(241,908,386)	73,138,596	(168,769,790)
Changes in unearned premiums	286,473,969	37,065,698	323,539,667
Closing balance	747,962,861	(80,613,490)	667,349,371

	31 December 2017 (Audited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	306,479,380	(3,758,101)	302,721,279
Premiums written during the year	942,006,884	(305,085,407)	636,921,477
Premiums earned	(786,997,372)	191,164,320	(595,833,052)
Changes in unearned premiums	155,009,512	(113,921,087)	41,088,425
Closing balance	461,488,892	(117,679,188)	343,809,704

#### 9. CLAIM RESERVES

Reinsurance operations	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Outstanding claims	546,494,723	445,954,001
Claims incurred but not reported	384,916,737	415,098,966
	931,411,460	861,052,967
Less:		
- Retroceded share of outstanding claims	147,616,322	59,889,008
- Retroceded share of claims incurred but not reported	58,472,580	105,950,475
	206,088,902	165,839,483
<b>Net outstanding claims and reserves</b>	<b>725,322,558</b>	<b>695,213,484</b>

#### 10. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 810 million at 31 March 2018 (31 December 2017: SAR 1,000 million) consisting of 81 million shares (December 31, 2017: 100 million shares) of SAR 10 each.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax.

	31 March 2018 (Unaudited)		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algozaibi Brothers Co.	4,050,000	10	40,500,000
Others	76,950,000	10	769,500,000
	81,000,000	10	810,000,000

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

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

### For the three month period ended 31 March 2018

#### 10. SHARE CAPITAL (CONTINUED)

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

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

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

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

#### 11. PROVISION FOR ZAKAT AND TAX

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

	31 March 2018 (Unaudited)		31 December 2017 (Audited)	
	SR	%	SR	%
Saudi Shareholders	<b>776,077,200</b>	<b>95.81%</b>	956,770,000	95.67%
GCC Shareholders	<b>17,115,300</b>	<b>2.11%</b>	21,280,000	2.13%
Foreign Shareholders	<b>16,807,500</b>	<b>2.08%</b>	21,950,000	2.20%
<b>Total</b>	<b>810,000,000</b>	<b>100%</b>	<b>1,000,000,000</b>	<b>100%</b>

As of 31 March 2018, the authorized, issued and fully paid-up share capital of the Company consists of 81 million shares (31 December 2017: 100 million) of SAR 10 each. The Company's zakat and tax calculations and corresponding accruals and payments of zakat and tax are based on founding shareholders' ownership percentages in accordance with the relevant provisions of the Saudi Arabian Zakat and Income Tax regulations.

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

	31 March 2018 SR (Unaudited)	31 December 2017 SR (Audited)
Provision for zakat	<b>40,085,995</b>	37,108,412
Provision for tax	<b>334,635</b>	322,958
	<b>40,420,630</b>	<b>37,431,370</b>

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

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

### For the three month period ended 31 March 2018

#### 11 PROVISION FOR ZAKAT AND TAX (CONTINUED)

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

	<b>31 March 2018</b> <b>SR (Unaudited)</b>	31 March 2017 SR (Unaudited)
Zakat charge for the period	<b>2,977,583</b>	3,596,477
Tax charge for the period	<b>11,677</b>	11,258
	<b>2,989,260</b>	3,607,735

The Company has recorded zakat and tax provision based on the circular No. 12746/16/1438H (18 January 2017) issued by the General Authority of Zakat and Income Tax (GAZT), in which Saudi public listed companies are to provide for tax and zakat based on the shareholding percentages of GCC and non-GCC founding shareholders. The shareholding percentages of GCC and non-GCC founding shareholders were 99.1% and 0.90% respectively as at 31 March 2018 and 31 December 2017.

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

The Company has filed appeals against the GAZT's assessment of additional zakat, tax and delay fines for the years 2008 to 2013. The Preliminary Appeal Committee (PAC) has issued its Ruling on the appeals filed. The Ruling upheld the Company's appeal on certain items of the appeal and rejected the appeal on the other items. The Company has filed an appeal against the PAC Ruling with the Higher Appeal Committee (HAC). The HAC has not yet fixed a hearing session for the discussion of the said appeal.

#### 12. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Related party	Nature of transactions	Amount of transactions for the three month period ended		Balance as at	
		31 March 2018 (Unaudited) SR	31 March 2017 (Unaudited) SR	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Board of Directors	- Consulting fees	<b>80,065</b>	77,133	<b>442,200</b>	442,200
	- Remunerations, meetings fees and expenses	<b>589,562</b>	191,998	<b>2,017,253</b>	1,563,507
Key management Personnel	- Short term benefits	<b>2,227,627</b>	2,745,505	<b>910,722</b>	1,294,000
	- End of service benefits	<b>172,824</b>	652,729	<b>2,627,511</b>	2,464,889
Companies represented by the Board members	- Gross written premiums	<b>21,681,595</b>	1,201,062	<b>2,321,707</b>	1,960,973
	- Claims incurred	<b>1,011,832</b>	985,244	<b>3,221,292</b>	2,476,077
	- Commissions	<b>9,614,935</b>	316,455	--	--
	- Refundable deposit	--	--	--	37,500,375
	- HSBC Custodian fees	--	49,000	--	30,996

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

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

#### **For the three month period ended 31 March 2018**

#### **12 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

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

Balances with related parties are included in accrued expenses and other liabilities and employees' end of service indemnities as shown in the interim condensed statement of financial position.

#### **13 INVESTMENT IN AN ASSOCIATE**

<b>Shareholders' operations</b>	<b>31 March 2018 (Unaudited) SR</b>	<b>31 December 2017 (Audited) SR</b>
Balance at the beginning of the period / year	<b>91,954,382</b>	--
Addition during the period / year	--	93,750,000
Share of profit of associate for the period / year	<b>291,687</b>	165,962
Share in foreign currency translation adjustments for the period / year	<b>1,180,918</b>	(1,961,580)
Balance at the end of the period / year	<b>93,426,987</b>	91,954,382

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

#### **14 SEGMENTAL INFORMATION**

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

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

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

### For the three month period ended 31 March 2018

#### 14. SEGMENTAL INFORMATION (CONTINUED)

##### 14.1 Business segments

The Company revises periodically its estimated gross written premiums and related retroceded premium upon receipt of actual information from cedants. In some business segments, this results in negative gross written premiums, positive retroceded premiums and negative net written premiums for the period when the revision take place.

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
<b>For the three month period ended 31 March 2018 (Unaudited)</b>										
<b><u>REVENUES</u></b>										
Gross written premiums	36,252,898	128,911,253	34,848,752	101,330,887	59,683,122	20,168,136	25,332,132	91,962,832	29,892,343	528,382,355
Retroceded premiums	(2,713,506)	(8,285,908)	(2,055,094)	--	(12,815,313)	--	--	--	(2,504,087)	(28,373,908)
Excess of loss expenses	(1,799,245)	(2,429,950)	(142,506)	--	(62,128)	(214,529)	--	--	(3,050,632)	(7,698,990)
<b>Net written premiums</b>	<b>31,740,147</b>	<b>118,195,395</b>	<b>32,651,152</b>	<b>101,330,887</b>	<b>46,805,681</b>	<b>19,953,607</b>	<b>25,332,132</b>	<b>91,962,832</b>	<b>24,337,624</b>	<b>492,309,457</b>
Changes in unearned premiums, net	(20,861,193)	(73,140,076)	(21,308,138)	(79,719,684)	(26,899,818)	(2,984,794)	(19,224,414)	(69,288,581)	(10,112,969)	(323,539,667)
<b>Net earned premiums</b>	<b>10,878,954</b>	<b>45,055,319</b>	<b>11,343,014</b>	<b>21,611,203</b>	<b>19,905,863</b>	<b>16,968,813</b>	<b>6,107,718</b>	<b>22,674,251</b>	<b>14,224,655</b>	<b>168,769,790</b>
Retrocession commissions	313,099	1,387,295	220,734	--	763,064	--	--	--	1,114,245	3,798,437
<b><u>TOTAL REVENUES</u></b>	<b>11,192,053</b>	<b>46,442,614</b>	<b>11,563,748</b>	<b>21,611,203</b>	<b>20,668,927</b>	<b>16,968,813</b>	<b>6,107,718</b>	<b>22,674,251</b>	<b>15,338,900</b>	<b>172,568,227</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>										
Gross claims paid	(17,582,175)	(14,996,700)	(8,418,655)	(10,381,882)	(5,596,371)	(16,247,832)	(4,386,328)	--	(6,899,474)	(84,509,417)
Retroceded share of claims paid	960,318	23,673	15,960	--	1,116,759	--	--	--	--	2,116,710
<b>Net claims paid</b>	<b>(16,621,857)</b>	<b>(14,973,027)</b>	<b>(8,402,695)</b>	<b>(10,381,882)</b>	<b>(4,479,612)</b>	<b>(16,247,832)</b>	<b>(4,386,328)</b>	<b>--</b>	<b>(6,899,474)</b>	<b>(82,392,707)</b>
Changes in outstanding claims, net	6,817,033	(11,107,608)	(105,791)	562,346	460,576	(2,598,719)	1,782,385	--	(8,623,630)	(12,813,408)
Changes in Incurred but not reported claims, net	4,615,483	(1,042,833)	(957,258)	(5,151,577)	(5,649,424)	3,660,615	(1,107,872)	(15,596,732)	3,933,932	(17,295,666)
<b>Net claims incurred</b>	<b>(5,189,341)</b>	<b>(27,123,468)</b>	<b>(9,465,744)</b>	<b>(14,971,113)</b>	<b>(9,668,460)</b>	<b>(15,185,936)</b>	<b>(3,711,815)</b>	<b>(15,596,732)</b>	<b>(11,589,172)</b>	<b>(112,501,781)</b>
Policy acquisition costs and profit commissions	(4,432,330)	(13,619,180)	(3,819,064)	(3,066,529)	(4,897,704)	(698,171)	(152,687)	(9,033,397)	(2,340,908)	(42,059,970)
Other underwriting expenses	(181,264)	(644,556)	(174,244)	(506,654)	(298,416)	(100,841)	(126,661)	(459,814)	(149,462)	(2,641,912)
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>	<b>(9,802,935)</b>	<b>(41,387,204)</b>	<b>(13,459,052)</b>	<b>(18,544,296)</b>	<b>(14,864,580)</b>	<b>(15,984,948)</b>	<b>(3,991,163)</b>	<b>(25,089,943)</b>	<b>(14,079,542)</b>	<b>(157,203,663)</b>
<b>NET UNDERWRITING INCOME</b>	<b>1,389,118</b>	<b>5,055,410</b>	<b>(1,895,304)</b>	<b>3,066,907</b>	<b>5,804,347</b>	<b>983,865</b>	<b>2,116,555</b>	<b>(2,415,692)</b>	<b>1,259,358</b>	<b>15,364,564</b>

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

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

### For the three month period ended 31 March 2018

#### 14 SEGMENTAL INFORMATION (CONTINUED)

##### 14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the three month period ended 31 March 2017 (Unaudited)										
<b>REVENUES</b>										
Gross written premiums	45,070,754	119,888,042	30,024,321	103,756,715	45,862,495	20,641,183	15,857,723	57,256,462	17,987,610	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	15,857,723	57,255,444	17,169,188	430,815,645
Changes in unearned premiums, net	(24,514,683)	(67,433,639)	(16,288,530)	(79,090,453)	(29,903,059)	(4,543,693)	(10,702,117)	(45,856,312)	(6,480,652)	(284,813,138)
Net earned premiums	15,819,596	38,964,839	10,301,876	24,599,249	13,409,426	15,664,247	5,155,606	11,399,132	10,688,536	146,002,507
Retrocession commissions	248,119	773,260	509,848	--	264,035	--	--	--	6,306	1,801,568
<b>TOTAL REVENUES</b>	16,067,715	39,738,099	10,811,724	24,599,249	13,673,461	15,664,247	5,155,606	11,399,132	10,694,842	147,804,075
<b>UNDERWRITING COSTS AND EXPENSES</b>										
Gross claims paid	(6,074,568)	(87,242,503)	(4,007,182)	(2,831,550)	(5,744,796)	(10,710,932)	(1,869,199)	--	(3,675,882)	(122,156,612)
Retroceded share of claims paid	284,789	57,411,727	453,355	--	2,640	--	--	--	294,959	58,447,470
Net claims paid	(5,789,779)	(29,830,776)	(3,553,827)	(2,831,550)	(5,742,156)	(10,710,932)	(1,869,199)	--	(3,380,923)	(63,709,142)
Changes in outstanding claims, net	(7,106,092)	(2,617,306)	(1,983,565)	(2,375,123)	(1,498,098)	648,779	(879,910)	--	(449,955)	(16,261,270)
Changes in Incurred but not reported claims, net	(4,125,322)	(8,593,874)	2,186,165	(10,240,366)	3,285,136	(2,833,141)	36,414	(7,652,708)	1,248,623	(26,689,073)
Net claims incurred	(17,021,193)	(41,041,956)	(3,351,227)	(15,447,039)	(3,955,118)	(12,895,294)	(2,712,695)	(7,652,708)	(2,582,255)	(106,659,485)
Policy acquisition costs and profit commissions	(5,598,550)	(11,690,972)	(4,162,075)	(2,297,665)	(3,927,639)	(1,183,584)	(93,915)	(4,613,394)	(1,204,182)	(34,771,976)
Other underwriting expenses	(225,354)	(599,440)	(150,122)	(518,784)	(229,311)	(103,206)	(79,289)	(286,282)	(89,938)	(2,281,726)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(22,845,097)	(53,332,368)	(7,663,424)	(18,263,488)	(8,112,068)	(14,182,084)	(2,885,899)	(12,552,384)	(3,876,375)	(143,713,187)
<b>NET UNDERWRITING INCOME</b>	(6,777,382)	(13,594,269)	3,148,300	6,335,761	5,561,393	1,482,163	2,269,707	(1,153,252)	6,818,467	4,090,888

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

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

### For the three month period ended 31 March 2018

#### 14 SEGMENTAL INFORMATION (CONTINUED)

##### 14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
<b>As at 31 March 2018 (Unaudited)</b>												
<b>ASSETS</b>												
Cash and cash equivalents	--	--	--	--	--	--	--	--	--	38,923,314	7,381,938	46,305,252
Time deposits	--	--	--	--	--	--	--	--	--	62,333,025	--	62,333,025
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	274,736	--	274,736
Premium receivables, net	--	--	--	--	--	--	--	--	--	206,481,118	--	206,481,118
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	111,825,108	723,518,927	835,344,035
Accrued insurance premiums	58,460,406	144,512,817	47,945,643	104,213,113	59,530,763	36,920,936	30,456,235	149,377,026	23,075,040	--	--	654,491,979
Retroceded share of unearned premiums	6,851,653	9,495,327	1,741,353	--	16,627,426	--	--	--	45,897,731	--	--	80,613,490
Deferred excess of loss premiums	1,799,245	2,429,937	142,506	--	62,128	648,903	--	--	2,713,407	--	--	7,796,126
Retroceded share of outstanding claims	6,745,566	31,376,466	11,508,556	(993,866)	1,992,177	116,424	--	--	96,870,999	--	--	147,616,322
Retroceded share of claims incurred but not reported	1,953,804	4,837,671	590,674	116,556	5,346,712	3,248	--	--	45,623,915	--	--	58,472,580
Deferred policy acquisition costs	30,182,933	50,328,385	13,070,906	15,346,009	17,850,811	1,228,230	605,080	51,706,694	5,762,649	--	--	186,081,697
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	105,742,148	30,999,375	136,741,523
Property and equipment, net	--	--	--	--	--	--	--	--	--	1,851,527	31,031,198	32,882,725
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	2,320,252	2,320,252
Investment in an associate	--	--	--	--	--	--	--	--	--	--	93,426,987	93,426,987
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	13,598,599	13,598,599
<b>TOTAL ASSETS</b>	<b>105,993,607</b>	<b>242,980,603</b>	<b>74,999,638</b>	<b>118,681,812</b>	<b>101,410,017</b>	<b>38,917,741</b>	<b>31,061,315</b>	<b>201,083,720</b>	<b>219,943,741</b>	<b>527,430,976</b>	<b>1,023,777,276</b>	<b>2,686,280,446</b>

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

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

#### For the three month period ended 31 March 2018

#### 14. SEGMENTAL INFORMATION (CONTINUED)

##### 14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
<b>As at 31 March 2018 (Unaudited)</b>												
<b>LIABILITIES</b>												
Accounts payable	5,973,285	8,842,741	(5,824,990)	(1,493,671)	481,673	(3,466,562)	--	--	(2,594,682)	11,737,058	--	13,654,852
Retrocession balances payable	--	--	--	--	--	--	--	--	--	37,149,930	--	37,149,930
Accrued retroceded premiums	--	--	--	--	--	--	--	--	21,528,804	--	--	21,528,804
Unearned premiums	100,301,951	179,616,759	41,740,271	98,223,349	72,321,306	27,741,263	25,436,661	129,253,372	73,327,929	--	--	747,962,861
Outstanding claims	84,879,042	200,294,340	39,589,400	36,208,071	21,248,438	27,498,168	1,608,431	0	135,168,833	--	--	546,494,723
Claims incurred but not reported	27,911,025	47,951,724	16,337,602	74,034,476	32,703,726	33,328,564	10,481,028	82,593,163	59,575,429	--	--	384,916,737
Unearned retrocession commission	1,374,910	1,976,164	489,777	--	3,840,244	--	--	--	3,029,556	--	--	10,710,651
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	18,618,371	7,310,309	25,928,680
End of service indemnities	--	--	--	--	--	--	--	--	--	6,143,158	--	6,143,158
Accumulated surplus	--	--	--	--	--	--	--	--	--	3,190,184	--	3,190,184
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	40,420,630	40,420,630
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	13,598,599	13,598,599
<b>TOTAL LIABILITIES</b>	<b>220,440,213</b>	<b>438,681,728</b>	<b>92,332,060</b>	<b>206,972,225</b>	<b>130,595,387</b>	<b>85,101,433</b>	<b>37,526,120</b>	<b>211,846,535</b>	<b>290,035,869</b>	<b>76,838,701</b>	<b>61,329,538</b>	<b>1,851,699,809</b>

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

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

### For the three month period ended 31 March 2018

#### 14. SEGMENTAL INFORMATION (CONTINUED)

##### 14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2017 (Audited)												
<b>ASSETS</b>												
Cash and cash equivalents	--	--	--	--	--	--	--	--	--	53,494,191	31,737,579	85,231,770
Time deposits	--	--	--	--	--	--	--	--	--	58,003,125	--	58,003,125
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	868,728	3,250	871,978
Premium receivables, net	19,687,417	51,086,661	11,999,952	28,838,608	19,293,191	14,256,275	9,214,968	--	204,493,992	--	--	358,871,064
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	42,852,405	80,243,017	28,551,184	38,061,008	27,101,683	30,984,594	11,182,757	99,324,738	13,786,308	--	--	372,087,694
Retroceded share of unearned premiums	5,232,886	6,922,060	3,124,179	--	6,938,541	--	--	4,954,380	90,507,142	--	--	117,679,188
Deferred excess of loss premiums	3,599,045	4,861,337	285,350	812	124,799	--	--	-	5,428,435	--	--	14,299,778
Retroceded share of outstanding claims	5,873,857	27,513,631	6,442,354	844,078	562,549	--	--	33,165	18,619,374	--	--	59,889,008
Retroceded share of claims incurred but not reported	4,621,414	6,199,565	4,148,373	203,945	3,960,117	--	--	2,725,806	84,091,255	--	--	105,950,475
Deferred policy acquisition costs	23,125,232	28,016,883	6,165,446	2,967,167	9,093,617	1,612,077	79,966	25,354,513	3,930,243	--	--	100,345,144
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	103,964,040	228,471	104,192,511
Property and equipment, net	--	--	--	--	--	--	--	--	--	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	3,830,983	3,830,983
Investment in associate	--	--	--	--	--	--	--	--	--	--	91,954,382	91,954,382
Statutory deposit	--	--	--	--	--	--	--	--	--	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	13,127,882	13,127,882
<b>TOTAL ASSETS</b>	<b>104,992,256</b>	<b>204,843,154</b>	<b>60,716,838</b>	<b>70,915,618</b>	<b>67,074,497</b>	<b>46,852,946</b>	<b>20,477,691</b>	<b>132,392,602</b>	<b>420,856,749</b>	<b>324,932,505</b>	<b>1,030,883,624</b>	<b>2,484,938,480</b>

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

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

#### For the three month period ended 31 March 2018

#### 14 SEGMENTAL INFORMATION (CONTINUED)

##### 14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2017 (Audited)												
<b>LIABILITIES</b>												
Accounts payable	2,024,597	5,253,603	1,234,040	2,965,837	1,983,897	1,466,074	--	--	1,720,145	--	--	16,648,193
Retrocession balances payable	5,033,745	13,062,010	3,068,188	7,373,948	4,932,553	3,645,092	--	--	192,648,288	--	--	229,763,824
Accrued retroceded premiums	93,834	300,820	427,891	137,458	5,218,500	67,948	--	2,070,312	(425,488)	--	--	7,891,275
Unearned premiums	77,341,378	102,962,516	21,570,862	18,054,363	35,273,830	24,534,466	6,212,247	67,058,703	108,480,527	--	--	461,488,892
Outstanding claims	91,280,484	187,339,456	34,411,733	36,746,983	21,609,258	24,854,749	3,390,815	--	46,320,523	--	--	445,954,001
Claims incurred but not reported	35,291,010	48,184,229	18,941,178	68,970,287	25,669,878	36,986,243	9,373,156	71,375,965	100,307,020	--	--	415,098,966
Unearned retrocession commission	1,116,878	1,630,527	282,828	--	1,733,337	--	--	--	2,778,729	--	--	7,542,299
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	5,742,651	7,069,892	12,812,543
End of service indemnities	--	--	--	--	--	--	--	--	--	5,729,277	--	5,729,277
Accumulated Surplus	--	--	--	--	--	--	--	--	--	2,657,160	--	2,657,160
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	13,127,882	13,127,882
<b>TOTAL LIABILITIES</b>	<b>212,181,926</b>	<b>358,733,161</b>	<b>79,936,720</b>	<b>134,248,876</b>	<b>96,421,253</b>	<b>91,554,572</b>	<b>18,976,218</b>	<b>140,504,980</b>	<b>451,829,744</b>	<b>14,129,088</b>	<b>57,629,144</b>	<b>1,656,145,682</b>

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

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

For the three month period ended 31 March 2018

### 14 SEGMENTAL INFORMATION (CONTINUED)

#### 14.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
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For the three month period ended 31 March 2018 (Unaudited)

#### Reinsurance operations' results

##### REVENUES

Gross written premiums	205,704,714	56,991,615	18,776,982	149,628,480	97,280,564	528,382,355
Retroceded premiums	(16,108,614)	(51,936)	(7,327)	(12,206,031)	--	(28,373,908)
Excess of loss expenses	(3,324,665)	(1,496,997)	(314,682)	(2,455,478)	(107,168)	(7,698,990)
<b>Net written premiums</b>	<b>186,271,435</b>	<b>55,442,682</b>	<b>18,454,973</b>	<b>134,966,971</b>	<b>97,173,396</b>	<b>492,309,457</b>
Changes in unearned premiums, net	(129,020,649)	(26,387,981)	(12,085,008)	(82,768,602)	(73,277,427)	(323,539,667)
<b>Net earned premiums</b>	<b>57,250,786</b>	<b>29,054,701</b>	<b>6,369,965</b>	<b>52,198,369</b>	<b>23,895,969</b>	<b>168,769,790</b>
Retrocession commissions	2,964,830	6,500	691	826,416	--	3,798,437
<b>TOTAL REVENUES</b>	<b>60,215,616</b>	<b>29,061,201</b>	<b>6,370,656</b>	<b>53,024,785</b>	<b>23,895,969</b>	<b>172,568,227</b>

##### UNDERWRITING COSTS AND EXPENSES

Gross claims paid	(42,729,171)	(18,251,065)	(3,391,436)	(20,137,745)	--	(84,509,417)
Retroceded share of claims paid	971,822	28,124	16	1,116,749	--	2,116,710
<b>Net claims paid</b>	<b>(41,757,349)</b>	<b>(18,222,941)</b>	<b>(3,391,420)</b>	<b>(19,020,996)</b>	<b>--</b>	<b>(82,392,707)</b>
Changes in outstanding claims, net	7,780,940	(3,201,235)	(9,421,229)	(7,961,595)	(10,289)	(12,813,408)
Changes in Incurred but not reported claims, net	2,454,009	(1,268,264)	2,216,422	(4,678,480)	(16,019,352)	(17,295,666)
<b>Net claims incurred</b>	<b>(31,522,400)</b>	<b>(22,692,440)</b>	<b>(10,596,227)</b>	<b>(31,661,071)</b>	<b>(16,029,641)</b>	<b>(112,501,781)</b>
Policy acquisition costs and profit commissions	(12,791,537)	(7,678,540)	(1,687,534)	(10,702,055)	(9,200,304)	(42,059,970)
Other underwriting expenses	(1,028,524)	(284,958)	(93,885)	(748,142)	(486,403)	(2,641,912)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(45,342,461)</b>	<b>(30,655,938)</b>	<b>(12,377,646)</b>	<b>(43,111,268)</b>	<b>(25,716,348)</b>	<b>(157,203,663)</b>
<b>NET UNDERWRITING INCOME</b>	<b>14,873,155</b>	<b>(1,594,737)</b>	<b>(6,006,990)</b>	<b>9,913,517</b>	<b>(1,820,379)</b>	<b>15,364,564</b>

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

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

For the three month period ended 31 March 2018

### 14 SEGMENTAL INFORMATION (CONTINUED)

#### 14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the three month period ended 31 March 2017 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
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
Changes in unearned premiums, net	(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
Retrocession commissions	1,782,818	13,072	5,678	--	--	1,801,568
<u>TOTAL REVENUES</u>	<u>62,877,073</u>	<u>24,981,068</u>	<u>7,723,240</u>	<u>40,823,562</u>	<u>11,399,132</u>	<u>147,804,075</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(25,532,336)	(69,208,359)	(4,928,711)	(22,487,206)	--	(122,156,612)
Retroceded share of claims paid	3,993,592	54,453,554	--	--	--	58,447,146
Net claims paid	(21,538,744)	(14,754,805)	(4,928,711)	(22,487,206)	--	(63,709,466)
Changes in outstanding claims, net	(8,811,588)	(1,175,790)	(1,755,894)	(4,517,669)	--	(16,260,941)
Changes in Incurred but not reported claims, net	(16,877,294)	(890,214)	(444,232)	(824,630)	(7,652,708)	(26,689,078)
Net claims incurred	(47,227,626)	(16,820,809)	(7,128,837)	(27,829,505)	(7,652,708)	(106,659,485)
Policy acquisition costs and profit commissions	(12,397,255)	(6,919,923)	(1,153,490)	(9,687,914)	(4,613,394)	(34,771,976)
Other underwriting expenses	(1,003,531)	(293,042)	(105,748)	(593,123)	(286,282)	(2,281,726)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>(60,628,412)</u>	<u>(24,033,774)</u>	<u>(8,388,075)</u>	<u>(38,110,542)</u>	<u>(12,552,384)</u>	<u>(143,713,187)</u>
<u>NET UNDERWRITING INCOME</u>	<u>2,248,661</u>	<u>947,294</u>	<u>(664,835)</u>	<u>2,713,020</u>	<u>(1,153,252)</u>	<u>4,090,888</u>

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

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

For the three month period ended 31 March 2018

### 14 SEGMENTAL INFORMATION (CONTINUED)

#### 14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
<b>As at 31 March 2018 (Unaudited)</b>								
<b>ASSETS</b>								
Cash and cash equivalents	--	--	--	--	--	38,923,314	7,381,938	46,305,252
Time deposits	--	--	--	--	--	62,333,025	--	62,333,025
Accrued special commission income from time deposits	--	--	--	--	--	274,736	--	274,736
Premium receivables, net	70,731,730	52,341,355	24,494,258	54,193,430	--	4,720,345	--	206,481,118
Investments held at fair value through income statement	--	--	--	--	--	111,825,108	723,518,927	835,344,035
Accrued insurance premiums	255,936,186	56,596,491	18,322,874	173,562,032	150,074,396	--	--	654,491,979
Retroceded share of unearned premiums	65,142,819	153,532	14,307	15,302,832	--	--	--	80,613,490
Deferred excess of loss premiums	2,600,308	1,622,012	1,076,527	1,913,407	583,872	--	--	7,796,126
Retroceded share of outstanding claims	113,752,992	4,547,221	244,602	29,071,507	--	--	--	147,616,322
Retroceded share of claims incurred but not reported	48,496,918	1,478,114	658,187	7,760,563	78,798	--	--	58,472,580
Deferred policy acquisition costs	51,058,135	25,682,043	6,559,613	50,471,756	52,310,150	--	--	186,081,697
Prepaid expenses, deposits and other assets	--	--	--	--	--	105,742,148	30,999,375	136,741,523
Property and equipment, net	--	--	--	--	--	1,851,527	31,031,198	32,882,725
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	2,320,252	2,320,252
Investment in an associate	--	--	--	--	--	--	93,426,987	93,426,987
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	13,598,599	13,598,599
<b>TOTAL ASSETS</b>	<b>607,719,088</b>	<b>142,420,768</b>	<b>51,370,368</b>	<b>332,275,527</b>	<b>203,047,216</b>	<b>325,670,203</b>	<b>1,023,777,276</b>	<b>2,686,280,446</b>
<b>LIABILITIES</b>								
Accounts payable	(3,141,768)	1,704,505	569,642	2,785,415	--	11,737,058	--	13,654,852
Retrocession balances payable	--	--	--	--	--	37,149,930	--	37,149,930
Accrued retroceded premiums	--	--	--	--	--	21,528,804	--	21,528,804
Unearned premiums	312,482,164	89,602,449	23,688,377	188,642,625	133,547,246	--	--	747,962,861
Outstanding claims	264,307,506	96,520,021	27,640,860	157,996,372	29,964	--	--	546,494,723
Claims incurred but not reported	174,609,419	44,020,689	13,517,482	69,561,484	83,207,663	--	--	384,916,737
Unearned retrocession commission	7,466,162	30,343	3,291	3,210,855	--	--	--	10,710,651
Accrued expenses and other liabilities	--	--	--	--	--	18,618,371	7,310,309	25,928,680
End of service indemnities	--	--	--	--	--	6,143,158	--	6,143,158
Accumulated surplus	--	--	--	--	--	3,190,184	--	3,190,184
Provision for zakat and tax	--	--	--	--	--	--	40,420,630	40,420,630
Accrued commission income payable to SAMAA	--	--	--	--	--	--	13,598,599	13,598,599
<b>TOTAL LIABILITIES</b>	<b>755,723,483</b>	<b>231,878,007</b>	<b>65,419,652</b>	<b>422,196,751</b>	<b>216,784,873</b>	<b>98,367,505</b>	<b>61,329,538</b>	<b>1,851,699,809</b>

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

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

For the three month period ended 31 March 2018

### 14 SEGMENTAL INFORMATION (CONTINUED)

#### 14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2017 (Audited)								
<b>ASSETS</b>								
Cash and cash equivalents	--	--	--	--	--	53,494,191	31,737,579	85,231,770
Time deposits	--	--	--	--	--	58,003,125	--	58,003,125
Accrued special commission income from time deposits	--	--	--	--	--	868,728	3,250	871,978
Premium receivables, net	266,562,232	28,026,918	8,036,552	56,245,362	--	--	--	358,871,064
Investments held at fair value through income statement	--	--	--	--	--	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	131,722,284	37,493,534	12,584,151	94,929,763	95,357,962	--	--	372,087,694
Retroceded share of unearned premiums	111,364,371	132,802	6,720	6,175,295	--	--	--	117,679,188
Deferred excess of loss premiums	14,297,472	681	246	1,379	--	--	--	14,299,778
Retroceded share of outstanding claims	32,198,373	3,842,370	252,097	23,596,168	--	--	--	59,889,008
Retroceded share of claims incurred but not reported	91,885,089	3,560,477	1,799,833	8,705,076	--	--	--	105,950,475
Deferred policy acquisition costs	31,253,278	17,340,655	3,366,742	23,747,304	24,637,165	--	--	100,345,144
Prepaid expenses, deposits and other assets	--	--	--	--	--	103,964,040	228,471	104,192,511
Property and equipment, net	--	--	--	--	--	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	3,830,983	3,830,983
Investment in an associate	--	--	--	--	--	--	91,954,382	91,954,382
Statutory deposit	--	--	--	--	--	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	--	--	--	--	--	13,127,882	13,127,882
<b>TOTAL ASSETS</b>	<b>679,283,099</b>	<b>90,397,437</b>	<b>26,046,341</b>	<b>213,400,347</b>	<b>119,995,127</b>	<b>324,932,505</b>	<b>1,030,883,624</b>	<b>2,484,938,480</b>
<b>LIABILITIES</b>								
Accounts payable	7,666,664	2,726,982	781,946	5,472,601	--	--	--	16,648,193
Retrocession balances payable	207,433,089	6,780,084	1,944,149	13,606,502	--	--	--	229,763,824
Accrued retroceded premiums	3,188,042	73,707	43,949	4,585,577	--	--	--	7,891,275
Unearned premiums	229,569,027	63,155,539	11,633,449	96,870,358	60,260,519	--	--	461,488,892
Outstanding claims	189,729,095	93,263,806	18,216,557	144,727,573	16,970	--	--	445,954,001
Claims incurred but not reported	220,374,289	43,651,994	16,925,594	68,951,645	65,195,444	--	--	415,098,966
Unearned retrocession commission	6,325,286	10,212	(14,227)	1,255,981	(34,953)	--	--	7,542,299
Accrued expenses and other liabilities	--	--	--	--	--	5,742,651	7,069,892	12,812,543
End of service indemnities	--	--	--	--	--	5,729,277	--	5,729,277
Accumulated surplus	--	--	--	--	--	2,657,160	--	2,657,160
Provision for zakat and tax	--	--	--	--	--	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	--	--	--	--	--	13,127,882	13,127,882
<b>TOTAL LIABILITIES</b>	<b>864,285,492</b>	<b>209,662,324</b>	<b>49,531,417</b>	<b>335,470,237</b>	<b>125,437,980</b>	<b>14,129,088</b>	<b>57,629,144</b>	<b>1,656,145,682</b>

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

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

For the three month period ended 31 March 2018

### 15. SUPPLEMENTARY INFORMATION

#### Interim condensed statement of financial position

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	38,923,314	7,381,938	46,305,252	53,494,191	31,737,579	85,231,770
Time deposits	62,333,025	--	62,333,025	58,003,125	--	58,003,125
Accrued special commission income from time deposits	274,736	--	274,736	868,728	3,250	871,978
Premium receivables, net	206,481,118	--	206,481,118	358,871,064	--	358,871,064
Investments held at fair value through income statement	111,825,108	723,518,927	835,344,035	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	654,491,979	--	654,491,979	372,087,694	--	372,087,694
Retroceded share of unearned premiums	80,613,490	--	80,613,490	117,679,188	--	117,679,188
Deferred excess of loss premiums	7,796,126	--	7,796,126	14,299,778	--	14,299,778
Retroceded share of outstanding claims	147,616,322	--	147,616,322	59,889,008	--	59,889,008
Retroceded share of claims incurred but not reported	58,472,580	--	58,472,580	105,950,475	--	105,950,475
Deferred policy acquisition costs	186,081,697	--	186,081,697	100,345,144	--	100,345,144
Prepaid expenses, deposits and other assets	105,742,148	30,999,375	136,741,523	103,964,040	228,471	104,192,511
Property and equipment, net	1,851,527	31,031,198	32,882,725	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	2,320,252	2,320,252	--	3,830,983	3,830,983
Investment in an associate	--	93,426,987	93,426,987	--	91,954,382	91,954,382
Statutory deposit	--	121,500,000	121,500,000	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	13,598,599	13,598,599	--	13,127,882	13,127,882
Due from shareholders' operations*	127,867,101	--	127,867,101	144,461,682	--	144,461,682
<b>TOTAL ASSETS</b>	<b>1,790,370,271</b>	<b>1,023,777,276</b>	<b>2,814,147,547</b>	<b>1,598,516,538</b>	<b>1,030,883,624</b>	<b>2,629,400,162</b>
<b>LIABILITIES</b>						
Accounts payable	13,654,852	--	13,654,852	16,648,193	--	16,648,193
Retrocession balances payable	37,149,930	--	37,149,930	229,763,824	--	229,763,824
Accrued retroceded premiums	21,528,804	--	21,528,804	7,891,275	--	7,891,275
Unearned premiums	747,962,861	--	747,962,861	461,488,892	--	461,488,892
Outstanding claims	546,494,723	--	546,494,723	445,954,001	--	445,954,001
Claims incurred but not reported	384,916,737	--	384,916,737	415,098,966	--	415,098,966
Unearned retrocession commission	10,710,651	--	10,710,651	7,542,299	--	7,542,299
Accrued expenses and other liabilities	18,618,371	7,310,309	25,928,680	5,742,651	7,069,892	12,812,543
End of service indemnities	6,143,158	--	6,143,158	5,729,277	--	5,729,277
Accumulated surplus	3,190,184	--	3,190,184	2,657,160	--	2,657,160
Provision for zakat and tax	--	40,420,630	40,420,630	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	13,598,599	13,598,599	--	13,127,882	13,127,882
Due to reinsurance operations*	--	127,867,101	127,867,101	--	144,461,682	144,461,682
<b>TOTAL LIABILITIES</b>	<b>1,790,370,271</b>	<b>189,196,639</b>	<b>1,979,566,910</b>	<b>1,598,516,538</b>	<b>202,090,826</b>	<b>1,800,607,364</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	--	810,000,000	810,000,000	--	1,000,000,000	1,000,000,000
Statutory reserve	--	6,070,924	6,070,924	--	6,070,924	6,070,924
Other reserves	--	(780,662)	(780,662)	--	(1,961,580)	(1,961,580)
Retained earnings / (accumulated deficit)	--	19,290,375	19,290,375	--	(175,316,546)	(175,316,546)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>--</b>	<b>834,580,637</b>	<b>834,580,637</b>	<b>--</b>	<b>828,792,798</b>	<b>828,792,798</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,790,370,271</b>	<b>1,023,777,276</b>	<b>2,814,147,547</b>	<b>1,598,516,538</b>	<b>1,030,883,624</b>	<b>2,629,400,162</b>

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

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

For the three month period ended 31 March 2018

### 15. SUPPLEMENTARY INFORMATION (CONTINUED)

#### Interim condensed statement of income

	For the three month period ended 31 March 2018 (Unaudited)			For the three month period ended 31 March 2017 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross written premiums	528,382,355	--	528,382,355	456,345,305	--	456,345,305
- Retroceded premiums	(28,373,908)	--	(28,373,908)	(15,657,636)	--	(15,657,636)
- Excess of loss expenses	(7,698,990)	--	(7,698,990)	(9,872,024)	--	(9,872,024)
<b>Net written premiums</b>	<b>492,309,457</b>	<b>--</b>	<b>492,309,457</b>	<b>430,815,645</b>	<b>--</b>	<b>430,815,645</b>
Changes in unearned premiums, net	(323,539,667)	--	(323,539,667)	(284,813,138)	--	(284,813,138)
<b>Net earned premiums</b>	<b>168,769,790</b>	<b>--</b>	<b>168,769,790</b>	<b>146,002,507</b>	<b>--</b>	<b>146,002,507</b>
Retrocession commissions	3,798,437	--	3,798,437	1,801,568	--	1,801,568
<b>TOTAL REVENUES</b>	<b>172,568,227</b>	<b>--</b>	<b>172,568,227</b>	<b>147,804,075</b>	<b>--</b>	<b>147,804,075</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(84,509,417)	--	(84,509,417)	(122,156,612)	--	(122,156,612)
Retroceded share of claims paid	2,116,710	--	2,116,710	58,447,470	--	58,447,470
<b>Net claims paid</b>	<b>(82,392,707)</b>	<b>--</b>	<b>(82,392,707)</b>	<b>(63,709,142)</b>	<b>--</b>	<b>(63,709,142)</b>
Changes in outstanding claims, net	(12,813,408)	--	(12,813,408)	(16,261,269)	--	(16,261,269)
Changes in Incurred but not reported claims, net	(17,295,666)	--	(17,295,666)	(26,689,074)	--	(26,689,074)
<b>Net claims incurred</b>	<b>(112,501,781)</b>	<b>--</b>	<b>(112,501,781)</b>	<b>(106,659,485)</b>	<b>--</b>	<b>(106,659,485)</b>
Policy acquisition costs and profit commissions	(42,059,970)	--	(42,059,970)	(34,771,976)	--	(34,771,976)
Other underwriting expenses	(2,641,912)	--	(2,641,912)	(2,281,726)	--	(2,281,726)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(157,203,663)</b>	<b>--</b>	<b>(157,203,663)</b>	<b>(143,713,187)</b>	<b>--</b>	<b>(143,713,187)</b>
<b>NET UNDERWRITING INCOME</b>	<b>15,364,564</b>	<b>--</b>	<b>15,364,564</b>	<b>4,090,888</b>	<b>--</b>	<b>4,090,888</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Special commission income from time deposits	380,845	24,845	405,690	951,714	786,628	1,738,342
Realized gains on investments held at fair value through income statement	--	877,017	877,017	12,349	75,293	87,642
Unrealized gains / (losses) on investments held at fair value through income statement	(490,924)	3,390,413	2,899,489	1,488,691	12,433,067	13,921,758
Special commission income from bonds and sukuk	--	769,593	769,593	--	624,931	624,931
Dividend income	--	345,936	345,936	--	375,000	375,000
Share of profit of associate	--	291,687	291,687	--	--	--
Investment management expenses	(150,107)	(1,048,810)	(1,198,917)	(78,304)	(813,923)	(892,227)
<b>Net investment (loss) / income</b>	<b>(260,186)</b>	<b>4,650,681</b>	<b>4,390,495</b>	<b>2,374,450</b>	<b>13,480,996</b>	<b>15,855,446</b>
Other income	362,250	150,627	512,877	--	--	--
Allowance for doubtful debts	(398,077)	--	(398,077)	--	--	--
General and administrative expenses	(10,245,799)	(1,356,130)	(11,601,929)	(9,817,890)	(2,205,137)	(12,023,027)
Board of directors' remunerations, meetings fees and expenses	--	(589,562)	(589,562)	--	(206,999)	(206,999)
Foreign exchange translation losses	507,485	(56,648)	450,837	(291,405)	59,685	(231,720)
<b>Total income for the period</b>	<b>5,330,237</b>	<b>2,798,968</b>	<b>8,129,205</b>	<b>(3,643,957)</b>	<b>11,128,545</b>	<b>7,484,588</b>
<b>Total income attributed to the reinsurance operations</b>	<b>(533,024)</b>	<b>--</b>	<b>(533,024)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total income / (Loss) for the period attributable to the shareholders</b>	<b>4,797,213</b>	<b>2,798,968</b>	<b>7,596,181</b>	<b>(3,643,957)</b>	<b>11,128,545</b>	<b>7,484,588</b>

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

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

For the three month period ended 31 March 2018

### 15 SUPPLEMENTARY INFORMATION (CONTINUED)

#### Interim condensed statement of comprehensive income

	For the three month period ended 31 March 2018 (Unaudited)			For the three month period ended 31 March 2017 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Shareholders' absorption of deficit/ (Surplus transferred to Shareholders)	4,797,213	2,798,968	7,596,181	(3,643,957)	11,128,545	7,484,588
<i>Other comprehensive income</i>						
<b>Items that may be classified to income statement subsequently</b>						
Share of foreign currency translation reserve of an associate	--	1,180,918	1,180,918	--	--	--
<b>Total comprehensive income for the period</b>	<b>4,797,213</b>	<b>3,979,886</b>	<b>8,777,099</b>	<b>(3,643,957)</b>	<b>11,128,545</b>	<b>7,484,588</b>

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

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

For the three month period ended 31 March 2018

### 15 SUPPLEMENTARY INFORMATION (CONTINUED)

#### Interim condensed statement of cash flows

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the three month period ended 31 March 2018 (Unaudited)			For the three month period ended 31 March 2017 (Unaudited)		
<b>OPERATING ACTIVITIES</b>						
Net income for the period	533,024	7,596,181	8,129,205	--	7,484,588	7,484,588
<i>Adjustments to reconcile net income for the period to net cash from operating activities:</i>						
Employees' end of service benefits	561,223	--	561,223	856,866	--	856,866
Depreciation of property and equipment	482,687	218,382	701,069	491,196	216,032	707,228
Realized gains on investments held at fair value through income statement	--	(877,017)	(877,017)	(12,349)	(75,293)	(87,642)
Unrealized loss / (gains) on investments held at fair value through income statement	490,924	(3,390,413)	(2,899,489)	(1,488,691)	(12,433,067)	(13,921,758)
Share of profit of associate	--	(291,687)	(291,687)	--	--	--
Provision for doubtful receivable	398,077	--	398,077	--	--	--
Operating income / (loss) before changes in operating assets and liabilities	2,465,935	3,255,446	5,721,381	(152,978)	(4,807,740)	(4,960,718)
<b>Changes in operating assets and liabilities:</b>						
Premiums receivable, gross	151,991,869	--	151,991,869	(22,348,577)	--	(22,348,577)
Accrued insurance premiums	(282,404,285)	--	(282,404,285)	(231,110,119)	--	(231,110,119)
Retroceded share of unearned premiums	37,065,698	--	37,065,698	(10,435,687)	--	(10,435,687)
Unearned premiums	286,473,969	--	286,473,969	295,248,825	--	295,248,825
Retroceded share of outstanding claims	(87,727,314)	--	(87,727,314)	56,207,213	--	56,207,213
Retroceded share of claims incurred but not reported	47,477,895	--	47,477,895	(4,389,245)	--	(4,389,245)
Deferred acquisition costs	(85,736,553)	--	(85,736,553)	(74,582,457)	--	(74,582,457)
Deferred excess of loss premiums	6,503,652	--	6,503,652	7,445,089	--	7,445,089
Prepaid expenses, deposits and other assets	(1,778,108)	(30,770,904)	(32,549,012)	(142,660)	15,043	(127,617)
Accounts payable	(2,993,341)	--	(2,993,341)	(6,750,699)	--	(6,750,699)
Retrocession balances payable	(192,613,894)	--	(192,613,894)	(45,155,175)	--	(45,155,175)
Accrued retroceded premiums	13,637,529	--	13,637,529	5,236,618	--	5,236,618
Outstanding claims	100,540,722	--	100,540,722	(39,945,945)	--	(39,945,945)
Claims incurred but not reported	(30,182,229)	--	(30,182,229)	31,078,321	--	31,078,321
Unearned commission income	3,168,352	--	3,168,352	2,445,596	--	2,445,596
Accrued expenses and other liabilities	12,875,720	240,417	13,116,137	1,120,013	(3,180,206)	(2,060,193)
<b>Cash from operating activities</b>	<b>(21,234,383)</b>	<b>(27,275,041)</b>	<b>(48,509,424)</b>	<b>(36,231,867)</b>	<b>(7,972,903)</b>	<b>(44,204,770)</b>
Employees' end of service benefits paid	(147,342)	--	(147,342)	(2,206)	--	(2,206)
<b>Net cash from operating activities</b>	<b>(21,381,725)</b>	<b>(27,275,041)</b>	<b>(48,656,766)</b>	<b>(36,234,073)</b>	<b>(7,972,903)</b>	<b>(44,206,976)</b>

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

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

For the three month period ended 31 March 2018

### 15 SUPPLEMENTARY INFORMATION (CONTINUED)

#### Interim condensed statement of cash flows (continued)

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the three month period ended 31 March 2018 (Unaudited)			For the three month period ended 31 March 2017 (Unaudited)		
<b>INVESTING ACTIVITIES</b>						
Time deposits	(4,329,900)	--	(4,329,900)	20,372,000	109,314,051	129,686,051
Accrued special commission income on time deposits	593,992	3,250	597,242	561,176	2,107,567	2,668,743
Accrued special commission income from bonds and sukuk	--	1,510,731	1,510,731	--	1,260,017	1,260,017
Purchase of property and equipment	(122,825)	--	(122,825)	(93,577)	--	(93,577)
Additions in investments held at fair value through income statement	75,000	--	75,000	--	--	--
Proceeds from disposal of property and equipment	(6,000,000)	--	(6,000,000)	(22,400,000)	(133,500,000)	(155,900,000)
Proceeds from disposal of investments held at fair value through income statement	--	39,500,000	39,500,000	16,000,000	23,752,057	39,752,057
Statutory deposit	--	(21,500,000)	(21,500,000)	--	--	--
<b>Net cash from / (used in) investing activities</b>	<b>(9,783,733)</b>	<b>19,513,981</b>	<b>9,730,248</b>	<b>14,439,599</b>	<b>2,933,692</b>	<b>17,373,291</b>
<b>FINANCING ACTIVITIES</b>						
Due to / from reinsurance / shareholders' operations*	16,594,581	(16,594,581)	--	(583,734)	583,734	--
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
Cash and cash equivalents at the beginning of the period	53,494,191	31,737,579	85,231,770	42,891,784	27,950,269	70,842,053
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>38,923,314</b>	<b>7,381,938</b>	<b>46,305,252</b>	<b>20,513,576</b>	<b>23,494,792</b>	<b>44,008,368</b>

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

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

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

### For the three month period ended 31 March 2018

#### 16 COMMITMENTS AND CONTINGENCIES

As at 31 March 2018, the Company has deposited and pledged SR 47,250,000 (31 December 2017: SR 47,250,000) with local bank to obtain the standby letter of credit towards Fund At Lloyds (FAL) for its participation in a Lloyds Syndicates and for 2015, 2016 and 2017 underwriting years. In addition, the Company has deposited SR 54,938,250 (31 December 2017: 54,938,250) with Lloyd's London as FAL for its continued participation in a Lloyds Syndicates and for 2018 underwriting year. Upon issuance of stand by letter of credit, the deposit with Lloyds will be withdrawn.

Further, the office premises related refundable deposit amounts to SR 102,774 (31 December 2017: SR 102,774).

#### 17 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three month period ended 31 March 2018 and 31 March 2017 have been calculated by dividing net income for the period by the weighted average number of ordinary shares issued and outstanding at the end of the period.

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

No. of Shares	31 March 2018	31 March 2017
Issue ordinary shares as at 1 January	100,000,000	100,000,000
Effect of decrease in capital	<b>(19,000,000)</b>	(19,000,000)
Weighted average outstanding number of ordinary shares	<b>81,000,000</b>	81,000,000

#### 18 FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market of the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Company's management believe that the carrying value of all financial assets and liabilities, other than those disclosed in note 7, approximate their fair values at the interim condensed financial statements.

#### 19 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 24 Sha'aban 1439H corresponding to 10 May 2018.