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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2018**

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

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

For The Three Month And Nine Month Periods Ended 30 September 2018

INDEX	PAGES
INDEPENDENT AUDITORS' REVIEW REPORT	
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	1
INTERIM CONDENSED STATEMENT OF INCOME	2
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	3
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	4
INTERIM CONDENSED STATEMENT OF CASH FLOWS	5
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS	6 - 37



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



KPMG Al Fozan & Partners
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Saudi Re for Cooperative Reinsurance Company** (the "Company") as at 30 September 2018, the related interim condensed statement of income and interim condensed statement of comprehensive income for the three month and nine month periods then ended and interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the nine 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 "Interim Financial Reporting" ("IAS 34") as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 30 September 2018 of the Company are not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for the accounting of zakat and income tax.

PKF Al-Bassam & Co.
Allied Accountants
 P. O. Box 69658
 Riyadh 11557
 Kingdom of Saudi Arabia

Ibrahim A. Al Bassam
 Certified Public Accountant
 License No. 337



KPMG Al Fozan & Partners
Certified Public Accountants
 P. O. Box 92876
 Riyadh 11663
 Kingdom of Saudi Arabia

Khalil Ibrahim Al Sedais
 Certified Public Accountant
 License No. 371



4 Rabi al-Awwal 1440H
 12 November 2018

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	<i>Notes</i>	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR
ASSETS			
Bank balances and cash		44,080,876	33,481,770
Time deposits		145,580,739	109,753,125
Accrued special commission income from time deposits		1,252,262	871,978
Premium receivables, net	4	213,919,677	358,871,064
Investments held at fair value through income statement	7	727,050,126	865,067,529
Accrued insurance premiums		526,596,185	372,087,694
Retroceded share of unearned premiums	8	45,882,948	117,679,188
Deferred excess of loss premiums		14,790,866	14,299,778
Retroceded share of outstanding claims	9	175,336,655	59,889,008
Retroceded share of claims incurred but not reported	9	97,181,886	105,950,475
Deferred policy acquisition costs		135,895,539	100,345,144
Prepaid expenses, deposits and other assets		146,480,821	104,192,511
Property and equipment, net		32,320,616	33,535,969
Accrued special commission income from bonds and sukuk		2,279,769	3,830,983
Investment in an associate	13	95,193,443	91,954,382
Statutory deposit	6	121,500,000	100,000,000
Accrued income on statutory deposit	6	14,555,725	13,127,882
TOTAL ASSETS		2,539,898,133	2,484,938,480
LIABILITIES			
Accounts payable		18,681,679	16,648,193
Retrocession balances payable		36,375,059	229,763,824
Accrued retroceded premiums		18,745,823	7,891,275
Unearned premiums	8	526,903,547	461,488,892
Outstanding claims	9	601,691,049	445,954,001
Claims incurred but not reported	9	411,424,322	415,098,966
Unearned retrocession commission		8,724,961	7,542,299
Accrued expenses and other liabilities		12,460,511	12,812,543
End of service indemnities		6,335,767	5,729,277
Provision for zakat and tax	11	34,617,707	37,431,370
Accrued commission income payable to SAMA	6	14,555,725	13,127,882
TOTAL LIABILITIES EXCLUDING REINSURANCE OPERATIONS' SURPLUS		1,690,516,150	1,653,488,522
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		3,810,198	2,657,160
TOTAL REINSURANCE OPERATIONS' SURPLUS		3,810,198	2,657,160
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS		1,694,326,348	1,656,145,682
SHAREHOLDERS' EQUITY			
Share capital	10	810,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Other reserves		32,933	(1,961,580)
Retained earnings / (accumulated deficit)		29,467,928	(175,316,546)
TOTAL SHAREHOLDERS' EQUITY		845,571,785	828,792,798
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		2,539,898,133	2,484,938,480

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

11/11/2018

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

INTERIM CONDENSED STATEMENT OF INCOME

For the three month and nine month periods ended 30 September 2018

	For the three month period ended		For the nine month period ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	Notes (Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
REVENUES				
Gross written premiums	83,274,213	302,584,661	673,844,272	879,844,453
Retroceded premiums	(24,336,974)	(207,115,660)	(63,729,202)	(245,760,407)
Excess of loss expenses	(7,892,851)	(6,142,427)	(23,746,994)	(25,367,794)
Net written premiums	51,044,388	89,326,574	586,368,076	608,716,252
Changes in unearned premiums, net	91,688,271	60,623,602	(137,210,894)	(169,886,756)
Net earned premiums	142,732,659	149,950,176	449,157,182	438,829,496
Retrocession commissions	4,154,879	3,125,022	12,382,488	6,804,533
TOTAL REVENUES	146,887,538	153,075,198	461,539,670	445,634,029
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(94,848,040)	(58,362,513)	(271,623,403)	(264,617,977)
Retroceded share of claims paid	5,576,062	1,186,988	15,039,352	61,718,236
Net claims paid	(89,271,978)	(57,175,525)	(256,584,051)	(202,899,741)
Changes in outstanding claims, net	(3,454,807)	(21,878,989)	(40,289,404)	(35,156,525)
Changes in incurred but not reported claims, net	(3,327,964)	(35,091,734)	(5,093,946)	(74,687,077)
Net claims incurred	(96,054,749)	(114,146,248)	(301,967,401)	(312,743,343)
Policy acquisition costs and profit commissions	(41,064,356)	(39,368,188)	(118,633,424)	(111,889,331)
Other underwriting expenses	(453,070)	(1,512,923)	(1,166,981)	(4,399,222)
TOTAL UNDERWRITING COSTS AND EXPENSES	(137,572,175)	(155,027,359)	(421,767,806)	(429,031,896)
NET UNDERWRITING INCOME / (LOSS)	9,315,363	(1,952,161)	39,771,864	16,602,133
OTHER OPERATING INCOME / (EXPENSES)				
Special commission income from time deposits	1,720,303	271,077	3,485,267	2,251,835
Realized gains on investments held at fair value through income statement	7 (iv) 66,136	--	1,784,050	197,165
Unrealized gains on investments held at fair value through income statement	7 (iv) 8,332,061	12,838,812	14,828,525	42,801,396
Special commission income from bonds and sukuk	725,928	572,025	2,090,116	1,790,812
Dividend income	1,067,155	--	2,484,187	1,625,000
Share of profit of associate	677,175	--	1,244,548	--
Investment management expenses	(929,516)	(918,595)	(2,970,920)	(6,497,413)
Net investment income	11,659,242	12,763,319	22,945,774	42,168,795
Other income	726,803	--	1,151,331	--
Allowance for doubtful debts	2,434,907	--	1,574,768	(1,258,444)
General and administrative expenses	(12,791,744)	(10,315,492)	(35,512,192)	(33,837,308)
Board of directors' remunerations, meetings fees and expenses	(512,482)	(410,215)	(1,642,388)	(2,260,775)
Foreign exchange translation losses	(483,902)	(356,741)	(3,075,388)	(744,192)
Total income / (loss) for the period	10,372,869	(271,290)	25,213,769	20,670,209
Total income attributed to the reinsurance operations	15 (343,749)	--	(1,153,038)	--
Total income / (loss) for the period attributable to the shareholders	10,029,120	(271,290)	24,060,731	20,670,209
Basic and diluted earnings / (loss) per share for the period - restated	17 0.124	(0.003)	0.297	0.255

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

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

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


INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three month and nine month periods ended 30 September 2018


	For the three month period ended		For the nine month period ended	
	30 September 2018 (Unaudited) SR	30 September 2017 (Unaudited) SR	30 September 2018 (Unaudited) SR	30 September 2017 (Unaudited) SR
Net income / (loss) for the period	10,029,120	(271,290)	24,060,731	20,670,209
<i>Other comprehensive income</i>				
Items that may be classified to income statement subsequently				
Share of foreign currency translation reserve of an associate	3,969,004	--	1,994,513	--
Total comprehensive income / (loss) for the period	13,998,124	(271,290)	26,055,244	20,670,209



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 nine month period ended 30 September 2018

	GCC Shareholders and General Public				Non – GCC Shareholders				Total				
	Share capital	Statutory reserve	(Accumulated deficit) / retained earnings	Other reserves	Share capital	Statutory reserve	(Accumulated deficit) / retained earnings	Other reserves	Share capital	Statutory reserve	(Accumulated deficit) / retained earnings	Other reserves	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 1 January 2018 (Audited)	978,047,040	5,937,649	(174,018,095)	(1,918,523)	21,952,960	133,275	(1,298,451)	(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	(714,350)	(5,354)	(10,642)	--	714,350	5,354	10,642	--	--	--	--	--	--
Net profit for the period	--	--	23,511,571	--	--	--	549,160	--	--	--	24,060,731	--	24,060,731
Other comprehensive income	--	--	--	1,948,990	--	--	--	45,523	--	--	--	1,994,513	1,994,513
Total comprehensive income for the period	--	--	23,511,571	1,948,990	--	--	549,160	45,523	--	--	24,060,731	1,994,513	26,055,244
Zakat and tax charge for the period (note 11)	--	--	(9,247,421)	--	--	--	(28,836)	--	--	--	(9,276,257)	--	(9,276,257)
Balance as at 30 September 2018 (Unaudited)	791,512,690	5,932,295	26,055,413	30,467	18,487,310	138,629	3,412,515	2,466	810,000,000	6,070,924	29,467,928	32,933	845,571,785
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	6,538,210	39,693	2,090,178	--	(6,538,210)	(39,693)	(2,090,178)	--	--	--	--	--	--
Net profit for the period	--	--	20,203,654	--	--	--	466,555	--	--	--	20,670,209	--	20,670,209
Other comprehensive income	--	--	--	--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	20,203,654	--	--	--	466,555	--	--	--	20,670,209	--	20,670,209
Zakat and tax charge for the period (note 11)	--	--	(10,946,189)	--	--	--	(34,260)	--	--	--	(10,980,449)	--	(10,980,449)
Balance as at 30 September 2017 (Unaudited)	977,428,610	5,933,895	(189,375,707)	--	22,571,390	137,029	(1,704,486)	--	1,000,000,000	6,070,924	(191,080,193)	--	814,990,731

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 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 nine month period ended 30 September 2018

	<i>Notes</i>	30 September 2018 (Unaudited) SR	30 September 2017 (Unaudited) SR
OPERATING ACTIVITIES			
Total income for the period		25,213,769	20,670,209
<i>Adjustments to reconcile net income for the period to net cash used in operating activities:</i>			
Employees' end of service benefits		1,235,679	1,829,129
Depreciation of property and equipment		1,752,820	2,103,731
Realized gains on investments held at fair value through income statement	7 (iv)	(1,784,051)	(197,165)
Unrealized gains on investments held at fair value through income statement	7 (iv)	(14,828,525)	(42,801,396)
Share of profit of associate		(1,244,548)	--
Provision for doubtful debts		(1,574,768)	1,258,444
Operating income / (loss) before changes in operating assets and liabilities		8,770,376	(17,137,048)
Changes in operating assets and liabilities:			
Premiums receivable, gross		146,526,154	(29,846,140)
Accrued insurance premiums		(154,508,491)	(374,542,217)
Retroceded share of unearned premiums	8	71,796,240	(153,983,030)
Unearned premiums	8	65,414,655	323,869,786
Retroceded share of outstanding claims		(115,447,647)	42,587,681
Retroceded share of claims incurred but not reported		8,768,589	(49,156,688)
Deferred acquisition costs		(35,550,395)	(48,377,448)
Deferred excess of loss premiums		(491,088)	(1,986,556)
Prepaid expenses, deposits and other assets		(42,288,310)	(2,358,063)
Accounts payable		2,033,486	(4,279,424)
Retrocession balances payable		(193,388,765)	(11,987,978)
Accrued retroceded premiums		10,854,548	199,217,942
Outstanding claims		155,737,048	(7,431,157)
Claims incurred but not reported		(3,674,644)	123,843,764
Unearned commission income		1,182,662	5,133,877
Accrued expenses and other liabilities		(352,032)	485,643
		(74,617,614)	(5,947,056)
Zakat and income tax paid		(12,089,920)	(15,266,902)
Employees' end of service benefits paid		(629,189)	(179,683)
Net cash used in operating activities		(87,336,723)	(21,393,641)
INVESTING ACTIVITIES			
Time deposits		(42,281,276)	139,509,982
Accrued special commission income on time deposits		(380,284)	2,700,156
Accrued special commission income from bonds and sukuk		1,551,214	1,380,005
Proceeds from disposal of property and equipment		75,000	--
Purchase of property and equipment		(612,466)	(231,686)
Additions in investments held at fair value through income statement	7 (iv)	(33,530,186)	(204,787,093)
Proceeds from disposal of investments held at fair value through income statement	7 (iv)	188,160,165	67,339,476
Statutory deposit		(21,500,000)	--
Net cash from investing activities		91,482,167	5,910,840
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		4,145,444	(15,482,801)
Cash and cash equivalents at the beginning of the period		85,231,770	70,842,053
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	89,377,214	55,359,252

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month and nine month periods ended 30 September 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 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: bank balances and cash, time deposits, Accrued special commission income from time deposits, premium receivable net, Investments held at fair value through income statement, deferred excess of loss premiums, prepaid expenses, deposits and other assets, 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: accrued insurance premiums, retroceded share of unearned premiums, retroceded share of claims incurred but not reported, deferred policy acquisition costs, property and equipment, net, investment in an associate, statutory deposit, accrued income on statutory deposit, accrued retroceded premiums, unearned premiums, claims incurred but not reported, unearned commission income, end-of-service indemnities and accrued commission income payable to SAMA.

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

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

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
For the three and nine month periods ended 30 September 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 SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from reinsurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on reinsurance operations is transferred to the shareholders' operation in full.

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

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

Functional and presentation currency

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

Fiscal year

The Company follows a fiscal year ending December 31.

Critical accounting judgments, estimates and assumptions

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

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS

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

New and amended standards issued and adopted

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

Standards issued but not yet effective

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

IFRS 9 Financial Instruments

The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company plans to avail of the exemptions available to insurers and is deferring the implementation of IFRS 9 until a later date, but no later than 1 January 2021.

IFRS 17 - Insurance Contracts

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

IFRS 16 Leases

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

4. PREMIUM RECEIVABLES, NET

<u>Reinsurance operations</u>	30 September 2018	31 December 2017
	(Unaudited)	(Audited)
	SR	SR
Policyholders	216,461,853	362,196,497
Related parties (note 12)	1,169,463	1,960,973
Less: provision for doubtful debts	(3,711,639)	(5,286,406)
	<u>213,919,677</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 and nine month periods ended 30 September 2018

5. CASH AND CASH EQUIVALENTS

	Reinsurance operations	
	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Bank balances and cash (A)	31,448,243	24,244,191
Deposits maturing within 3 months from the acquisition date (B)	45,296,338	29,250,000
	76,744,581	53,494,191
	Shareholders' operations	
	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Bank balances and cash (C)	12,632,633	9,237,579
Deposits maturing within 3 months from the acquisition date (D)	--	22,500,000
	12,632,633	31,737,579
Total Bank balances and cash (A+C)	44,080,876	33,481,770
Total Deposits maturing within 3 months from acquisition date (B+D)*	45,296,338	51,750,000
Total	89,377,214	85,231,770

* Included within time deposits

6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 121.5 million (31 December 2017: SR 100 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 15% (31 December 2017: 10%) of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA. The statutory deposit generates special commission income which is accrued on a regular basis and is shown as a separate line item as part of the liabilities in the Statement of Financial Position as "Accrued commission income payable to SAMA". The accrued commission income payable to SAMA on the deposit as at 30 September 2018 is SAR 14,555,725 (31 December 2017: 13,127,882) and has also been disclosed in assets as "Accrued income on statutory deposit".

7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

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

	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Money market funds	7,068,465	16,531,469	23,599,934	52,999,225	102,510,933	155,510,158
Investment funds	--	26,323,351	26,323,351	--	50,000,000	50,000,000
Equities	--	175,757,207	175,757,207	--	160,594,703	160,594,703
Fixed-rate bonds/sukuk	47,944,296	381,031,772	428,976,068	47,956,869	377,834,683	425,791,552
Floating-rate bonds/sukuk	5,653,498	66,740,069	72,393,567	5,359,938	67,811,178	73,171,116
	60,666,259	666,383,867	727,050,126	106,316,032	758,751,497	865,067,529

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

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

ii. Determination of fair value and fair values hierarchy:

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

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

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

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

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

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

As at 30 September 2018 and 31 December 2017, the investments under reinsurance operations in bonds and sukuk amounting to SR 53.6 million (31 December 2017: SR 53.3 million) are classified as Level 1 investments while the investment in money market funds amounting to SR 7.1 million (31 December 2017 SR 52.9 million) is classified as level 2 investments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	30 September 2018 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	16,531,469	--	16,531,469
Investment funds	--	--	26,323,351	26,323,351
Equities	175,757,207	--	--	175,757,207
Fixed-rate bonds/sukuk	330,967,254	--	50,064,518	381,031,772
Floating-rate bonds/sukuk	26,740,069	--	40,000,000	66,740,069
	<u>533,464,529</u>	<u>16,531,469</u>	<u>116,387,869</u>	<u>666,383,867</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 SR	Sale SR	Closing SR
For the period ended 30 September 2018	140,064,514	(23,676,645)	116,387,869
For the year ended 31 December 2017	147,564,514	(7,500,000)	140,064,514

Sensitivity Analysis

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

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

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

iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 30 September 2018 and year ended 31 December 2017.

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

	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Opening balance	106,316,032	758,751,497	865,067,529	93,447,337	724,579,017	818,026,354
Additions	21,000,000	12,530,186	33,530,186	51,000,000	154,342,957	205,342,957
Disposals	(67,416,162)	(120,744,003)	(188,160,165)	(42,250,000)	(167,339,479)	(209,589,479)
Unrealized gains	486,368	14,342,157	14,828,525	3,930,642	46,017,732	49,948,374
Realized gains	280,021	1,504,030	1,784,051	188,053	1,151,270	1,339,323
Closing balance	60,666,259	666,383,867	727,050,126	106,316,032	758,751,497	865,067,529

As at 30 September 2018, the investments under reinsurance operations include SR 53.6 million (31 December 2017: SR 53.3 million) which are held through discretionary managed portfolios.

As at 30 September 2018, the investments under shareholders' operations include SR 508.5 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 3.4 million and SR 17.5 million respectively as at 30 September 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 and nine month periods ended 30 September 2018

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

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

	30 September 2018 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	16,531,469	--	16,531,469
Investment funds	--	26,323,351	26,323,351
Equities	175,757,207	--	175,757,207
Fixed-rate bonds/sukuk	330,967,254	50,064,518	381,031,772
Floating-rate bonds/sukuk	26,740,068	40,000,000	66,740,068
	549,995,998	116,387,869	666,383,867
	31 December 2017 (Audited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	102,510,933	--	102,510,933
Investment funds	--	50,000,000	50,000,000
Equities	160,594,703	--	160,594,703
Fixed-rate bonds/sukuk	327,770,169	50,064,514	377,834,683
Floating-rate bonds/sukuk	27,811,178	40,000,000	67,811,178
	618,686,983	140,064,514	758,751,497

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

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

	Domestic		International		Total	
	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Reinsurance operations						
Money Market Funds	7,068,465	52,999,225	--	--	7,068,465	52,999,225
Fixed-Rate Bonds/Sukuk	--	--	47,944,296	47,956,869	47,944,296	47,956,869
Floating-Rate Bonds/Sukuk	--	--	5,653,498	5,359,938	5,653,498	5,359,938
	7,068,465	52,999,225	53,597,794	53,316,807	60,666,259	106,316,032
	Domestic		International		Total	
	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Shareholders' operations						
Money Market Funds	16,531,469	102,510,933	--	--	16,531,469	102,510,933
Investment Funds	26,323,351	50,000,000	--	--	26,323,351	50,000,000
Equities	67,245,801	56,119,572	108,511,406	104,475,131	175,757,207	160,594,703
Fixed-Rate Bonds/Sukuk	40,000,000	40,000,000	341,031,772	337,834,683	381,031,772	377,834,683
Floating-Rate Bonds/Sukuk	40,000,000	40,000,000	26,740,068	27,811,178	66,740,068	67,811,178
	190,100,621	288,630,505	476,283,246	470,120,992	666,383,867	758,751,497
Total	197,169,086	341,629,730	529,881,040	523,437,799	727,050,126	865,067,529

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

8. UNEARNED PREMIUM

Reinsurance operations	30 September 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	673,844,272	(87,476,196)	586,368,076
Premium earned	(608,429,617)	159,272,436	(449,157,181)
Changes in unearned premiums	65,414,655	71,796,240	137,210,895
Closing balance	526,903,547	(45,882,948)	481,020,599

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

9. CLAIMS RESERVES

Reinsurance operations	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Outstanding claims	601,691,049	445,954,001
Claims incurred but not reported	411,424,322	415,098,966
	1,013,115,371	861,052,967
Less:		
- Retroceded share of outstanding claims	175,336,655	59,889,008
- Retroceded share of claims incurred but not reported	97,181,886	105,950,475
	272,518,541	165,839,483
Net outstanding claims reserves	740,596,830	695,213,484

10. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 810 million at 30 September 2018 (31 December 2017: SAR 1,000 million) consisting of 81 million shares (31 December 2017: 100 million shares) of SAR 10 each.

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

	30 September 2018 (Unaudited)		
	Authorized and issued	Paid up	
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi 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 and nine month periods ended 30 September 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
	100,000,000	10	1,000,000,000

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

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

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

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

Legal and regulatory formalities relating to the reduction of capital were completed and the Company successfully reduced its share capital by SR 190 million on 1 January 2018.

11. PROVISION FOR ZAKAT AND TAX

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

	30 September 2018 (Unaudited)		31 December 2017 (Audited)	
	SR	%	SR	%
Saudi Shareholders	768,600,900	94.89%	956,770,000	95.67%
GCC Shareholders	18,208,800	2.25%	21,280,000	2.13%
Foreign Shareholders	23,190,300	2.86%	21,950,000	2.20%
Total	810,000,000	100%	1,000,000,000	100%

As of 30 September 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 period / year end are as follows:

	30 September 2018 SR (Unaudited)	31 December 2017 SR (Audited)
Provision for zakat	34,284,377	37,108,412
Provision for tax	333,330	322,958
	34,617,707	37,431,370

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

11 PROVISION FOR ZAKAT AND TAX (CONTINUED)

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

	30 September 2018 SR (Unaudited)	30 September 2017 SR (Unaudited)
Zakat charge for the period	9,247,421	10,946,189
Tax charge for the period	28,836	34,260
	9,276,257	10,980,449

The Company has recorded zakat and tax provision based on the circular No. 12746/16/1438H (18 January 2017) issued by the General Authority of Zakat and Income Tax (GAZT), in which Saudi public listed companies are to provide for tax and zakat based on the shareholding percentages of GCC and non-GCC founding shareholders. The shareholding percentages of GCC and non-GCC founding shareholders were 99.1% and 0.90% respectively as at 30 June 2018 and 31 December 2017.

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

The Company has filed appeals against the GAZT's assessment of additional zakat, tax and delay fines for the years 2008 to 2013. The Preliminary Appeal Committee (PAC) has issued its Ruling on the appeals filed. The Ruling upheld the Company's appeal on certain items of the appeal and rejected the appeal on the other items. The Company has filed an appeal against the PAC Ruling with the Higher Appeal Committee (HAC). The HAC has not yet fixed a hearing session for the discussion of the said appeal. The Company has deposited SR 30.8 million as guarantee for the appeals.

12. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Related party	Nature of transactions	Amount of transactions for the nine month period ended		Balance as at	
		30 September 2018 (Unaudited) SR	30 September 2017 (Unaudited) SR	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Board of Directors	- Consulting fees	672,074	245,143	--	442,200
	- Remunerations, meetings fees and expenses	1,642,388	2,452,978	1,361,253	1,563,507
Key management Personnel	- Short term benefits	7,155,486	6,786,740	1,932,742	1,294,000
	- End of service benefits	406,440	905,850	2,861,395	2,455,145
Companies represented by the Board members	- Gross written premiums	22,666,439	2,458,714	1,169,463	1,960,973
	- Claims incurred	1,168,649	1,843,185	2,909,197	2,476,077
	- Commissions	10,191,929	715,976	--	--
	- Refundable deposit	--	--	--	37,500,375
	- HSBC Custodian fees	--	139,000	--	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 and nine month periods ended 30 September 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

Shareholders' operations	30 September 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Balance at the beginning of the period / year	91,954,382	--
Addition during the period / year	--	93,750,000
Share of profit of associate for the period / year	1,244,548	165,962
Share in foreign currency translation adjustments for the period / year	1,994,513	(1,961,580)
Balance at the end of the period / year	95,193,443	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 and nine month periods ended 30 September 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
For the three month period ended 30 September 2018 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	20,876,337	36,362,755	19,965,096	(18,762,912)	(1,214,658)	6,256,275	1,014,320	(1,368,648)	20,145,648	83,274,213
Retroceded premiums	(1,382,563)	(4,034,737)	(10,035,602)	--	60,479	--	--	--	(8,944,551)	(24,336,974)
Excess of loss expenses	(981,409)	(4,597,901)	(134,425)	--	(32,927)	(214,529)	--	--	(1,931,660)	(7,892,851)
Net written premiums	18,512,365	27,730,117	9,795,069	(18,762,912)	(1,187,106)	6,041,746	1,014,320	(1,368,648)	9,269,437	51,044,388
Changes in unearned premiums, net	1,448,993	14,164,653	1,993,699	31,087,093	10,417,026	6,158,526	6,286,882	16,021,991	4,109,408	91,688,271
Net earned premiums	19,961,358	41,894,770	11,788,768	12,324,181	9,229,920	12,200,272	7,301,202	14,653,343	13,378,845	142,732,659
Retrocession commissions	449,875	1,014,563	380,604	--	893,389	(91)	--	--	1,416,539	4,154,879
<u>TOTAL REVENUES</u>	20,411,233	42,909,333	12,169,372	12,324,181	10,123,309	12,200,181	7,301,202	14,653,343	14,795,384	146,887,538
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(6,683,104)	(25,913,593)	(3,547,938)	(24,440,271)	(4,807,322)	(14,207,317)	(4,695,456)	--	(10,553,039)	(94,848,040)
Retroceded share of claims paid	911,514	3,077,033	21,804	--	1,565,712	--	--	--	(1)	5,576,062
Net claims paid	(5,771,590)	(22,836,560)	(3,526,134)	(24,440,271)	(3,241,610)	(14,207,317)	(4,695,456)	--	(10,553,040)	(89,271,978)
Changes in outstanding claims, net	(9,482,703)	(8,194,246)	3,159,990	1,144,238	(252,681)	3,127,961	(1,305,295)	--	8,347,929	(3,454,807)
Changes in Incurred but not reported claims, net	(2,539,814)	1,653,239	(806,248)	13,871,754	(3,472,257)	2,770,317	(1,918,466)	(10,283,655)	(2,602,834)	(3,327,964)
Net claims incurred	(17,794,107)	(29,377,567)	(1,172,392)	(9,424,279)	(6,966,548)	(8,309,039)	(7,919,217)	(10,283,655)	(4,807,945)	(96,054,749)
Policy acquisition costs and profit commissions	(5,969,240)	(16,152,848)	(4,246,221)	(2,196,756)	(4,218,450)	230,316	(52,756)	(5,806,270)	(2,652,131)	(41,064,356)
Other underwriting expenses	(47,206)	(140,079)	(67,553)	10,647	(22,719)	(35,896)	(28,723)	(24,173)	(97,368)	(453,070)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(23,810,553)	(45,670,494)	(5,486,166)	(11,610,388)	(11,207,717)	(8,114,619)	(8,000,696)	(16,114,098)	(7,557,444)	(137,572,175)
NET UNDERWRITING (LOSS) / INCOME	(3,399,320)	(2,761,161)	6,683,206	713,793	(1,084,408)	4,085,562	(699,494)	(1,460,755)	7,237,940	9,315,363

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

14 SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the three month period ended 30 September 2017 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	18,867,542	43,384,170	5,639,181	10,213,926	7,983,437	3,524,880	(1,670,230)	9,216,950	205,424,805	302,584,661
Retroceded premiums	(1,213,596)	(5,434,709)	(18,183)	--	(11,809,534)	(113,736)	--	--	(188,525,902)	(207,115,660)
Excess of loss expenses	(1,199,497)	(1,572,600)	(95,004)	(22,364)	(41,938)	(410,282)	--	(16,300)	(2,784,442)	(6,142,427)
Net written premiums	16,454,449	36,376,861	5,525,994	10,191,562	(3,868,035)	3,000,862	(1,670,230)	9,200,650	14,114,461	89,326,574
Changes in unearned premiums, net	(2,528,419)	2,137,903	(794,134)	19,554,185	19,800,470	10,813,002	3,681,419	8,352,297	(393,121)	60,623,602
Net earned premiums	13,926,030	38,514,764	4,731,860	29,745,747	15,932,435	13,813,864	2,011,189	17,552,947	13,721,340	149,950,176
Retrocession commissions	281,705	951,316	268,652	--	884,852	25,631	--	--	712,866	3,125,022
<u>TOTAL REVENUES</u>	14,207,735	39,466,080	5,000,512	29,745,747	16,817,287	13,839,495	2,011,189	17,552,947	14,434,206	153,075,198
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(4,888,936)	(15,878,453)	(3,220,688)	(12,778,109)	(6,668,427)	(7,959,217)	(2,493,577)	--	(4,475,106)	(58,362,513)
Retroceded share of claims paid	464,700	556,100	91,036	--	75,152	--	--	--	--	1,186,988
Net claims paid	(4,424,236)	(15,322,353)	(3,129,652)	(12,778,109)	(6,593,275)	(7,959,217)	(2,493,577)	--	(4,475,106)	(57,175,525)
Changes in outstanding claims, net	(12,771,930)	(3,031,575)	(3,150,889)	(5,296,534)	(289,164)	(1,436,540)	(779,169)	--	4,876,812	(21,878,989)
Changes in Incurred but not reported claims, net	1,481,089	1,349,718	(3,073,052)	(9,905,912)	(3,960,277)	(4,654,687)	399,639	(17,022,924)	294,672	(35,091,734)
Net claims incurred	(15,715,077)	(17,004,210)	(9,353,593)	(27,980,555)	(10,842,716)	(14,050,444)	(2,873,107)	(17,022,924)	696,378	(114,146,248)
Policy acquisition costs and profit commissions	(4,688,220)	(13,646,563)	(1,594,911)	(3,356,320)	(4,777,648)	(2,056,885)	(82,578)	(7,160,428)	(2,004,635)	(39,368,188)
Other underwriting expenses	(93,123)	(214,759)	(28,224)	(51,073)	(38,588)	(17,213)	8,351	(46,085)	(1,032,209)	(1,512,923)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(20,496,420)	(30,865,532)	(10,976,728)	(31,387,948)	(15,658,952)	(16,124,542)	(2,947,334)	(24,229,437)	(2,340,466)	(155,027,359)
<u>NET UNDERWRITING (LOSS) / INCOME</u>	(6,288,685)	8,600,548	(5,976,216)	(1,642,201)	1,158,336	(2,285,047)	(936,145)	(6,676,490)	12,093,739	(1,952,161)

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 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 nine month period ended 30 September 2018 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	64,966,728	193,510,907	44,500,451	90,420,500	66,990,342	35,936,546	32,114,564	73,108,147	72,296,087	673,844,272
Retroceded premiums	(6,335,079)	(17,437,549)	(10,654,029)	--	(12,628,477)	79,131	--	--	(16,753,199)	(63,729,202)
Excess of loss expenses	(4,796,494)	(9,967,948)	(419,437)	--	(204,786)	(643,588)	--	--	(7,714,741)	(23,746,994)
Net written premiums	53,835,155	166,105,410	33,426,985	90,420,500	54,157,079	35,372,089	32,114,564	73,108,147	47,828,147	586,368,076
Changes in unearned premiums, net	(6,166,990)	(38,288,558)	(10,335,379)	(32,570,633)	(9,748,738)	3,473,755	(10,108,788)	(27,721,227)	(5,744,336)	(137,210,894)
Net earned premiums	47,668,165	127,816,852	23,091,606	57,849,867	44,408,341	38,845,844	22,005,776	45,386,920	42,083,811	449,157,182
Retrocession commissions	1,255,961	3,735,911	751,434	--	2,585,301	(57,713)	--	--	4,111,594	12,382,488
<u>TOTAL REVENUES</u>	48,924,126	131,552,763	23,843,040	57,849,867	46,993,642	38,788,131	22,005,776	45,386,920	46,195,405	461,539,670
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(33,816,930)	(66,197,874)	(15,008,482)	(48,664,088)	(23,799,735)	(47,283,485)	(11,680,704)	--	(25,172,105)	(271,623,403)
Retroceded share of claims paid	2,008,099	3,700,005	272,953	--	4,501,822	--	--	--	4,556,473	15,039,352
Net claims paid	(31,808,831)	(62,497,869)	(14,735,529)	(48,664,088)	(19,297,913)	(47,283,485)	(11,680,704)	--	(20,615,632)	(256,584,051)
Changes in outstanding claims, net	(8,685,811)	(13,337,688)	116,805	(1,585,879)	(2,436,508)	(640,373)	(1,526,230)	--	(12,193,720)	(40,289,404)
Changes in Incurred but not reported claims, net	5,990,918	(453,034)	895,439	9,325,195	(2,526,304)	13,280,403	(3,446,251)	(30,748,907)	2,588,595	(5,093,946)
Net claims incurred	(34,503,724)	(76,288,591)	(13,723,285)	(40,924,772)	(24,260,725)	(34,643,455)	(16,653,185)	(30,748,907)	(30,220,757)	(301,967,401)
Policy acquisition costs and profit commissions	(16,280,083)	(43,634,754)	(8,126,082)	(8,785,596)	(14,071,451)	(1,426,410)	(519,665)	(18,072,817)	(7,716,566)	(118,633,424)
Other underwriting expenses	(61,041)	(310,067)	(68,185)	(141,010)	(113,532)	(90,259)	(80,890)	(77,422)	(224,575)	(1,166,981)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(50,844,848)	(120,233,412)	(21,917,552)	(49,851,378)	(38,445,708)	(36,160,124)	(17,253,740)	(48,899,146)	(38,161,898)	(421,767,806)
NET UNDERWRITING (LOSS) / INCOME	(1,920,722)	11,319,351	1,925,488	7,998,489	8,547,934	2,628,007	4,752,036	(3,512,226)	8,033,507	39,771,864

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 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 nine month period ended 30 September 2017 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	72,942,128	190,846,413	47,040,751	110,280,023	76,548,381	44,238,404	14,845,575	70,404,598	252,698,180	879,844,453
Retroceded premiums	(5,128,884)	(17,311,995)	(13,530,953)	--	(14,121,737)	(135,883)	--	--	(195,530,955)	(245,760,407)
Excess of loss expenses	(5,959,725)	(12,191,600)	(624,704)	(106,083)	(1,071,606)	(1,282,072)	--	(18,899)	(4,113,105)	(25,367,794)
Net written premiums	61,853,519	161,342,818	32,885,094	110,173,940	61,355,038	42,820,449	14,845,575	70,385,699	53,054,120	608,716,252
Changes in unearned premiums, net	(13,597,312)	(47,172,817)	(8,698,615)	(36,825,322)	(16,300,159)	430,034	(3,329,570)	(27,295,092)	(17,097,903)	(169,886,756)
Net earned premiums	48,256,207	114,170,001	24,186,479	73,348,618	45,054,879	43,250,483	11,516,005	43,090,607	35,956,217	438,829,496
Retrocession commissions	947,533	2,526,279	1,164,865	--	1,300,824	23,352	--	--	841,679	6,804,533
<u>TOTAL REVENUES</u>	49,203,740	116,696,280	25,351,344	73,348,618	46,355,703	43,273,835	11,516,005	43,090,607	36,797,896	445,634,029
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(21,467,190)	(129,939,302)	(11,044,169)	(37,700,698)	(16,407,479)	(29,674,655)	(7,801,483)	--	(10,583,000)	(264,617,977)
Retroceded share of claims paid	879,440	59,599,413	714,892	--	199,353	30,178	--	--	294,959	61,718,236
Net claims paid	(20,587,750)	(70,339,889)	(10,329,277)	(37,700,698)	(16,208,126)	(29,644,477)	(7,801,483)	--	(10,288,041)	(202,899,741)
Changes in outstanding claims, net	(16,317,633)	(6,728,484)	(4,766,971)	(10,048,198)	(2,492,377)	1,496,866	(1,265,074)	--	4,965,345	(35,156,525)
Changes in Incurred but not reported claims, net	(5,680,430)	(6,251,351)	(1,268,448)	(10,234,714)	(3,426,105)	(13,173,115)	(2,637)	(33,162,267)	(1,488,008)	(74,687,077)
Net claims incurred	(42,585,813)	(83,319,724)	(16,364,696)	(57,983,610)	(22,126,608)	(41,320,726)	(9,069,194)	(33,162,267)	(6,810,704)	(312,743,343)
Policy acquisition costs and profit commissions	(16,804,303)	(37,756,004)	(9,699,867)	(7,784,081)	(12,853,541)	(4,520,926)	(266,506)	(17,492,982)	(4,711,121)	(111,889,331)
Other underwriting expenses	(364,711)	(954,232)	(235,204)	(551,400)	(382,741)	(221,192)	(74,228)	(352,023)	(1,263,491)	(4,399,222)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(59,754,827)	(122,029,960)	(26,299,767)	(66,319,091)	(35,362,890)	(46,062,844)	(9,409,928)	(51,007,272)	(12,785,316)	(429,031,896)
<u>NET UNDERWRITING (LOSS) / INCOME</u>	(10,551,087)	(5,333,680)	(948,423)	7,029,527	10,992,813	(2,789,009)	2,106,077	(7,916,665)	24,012,580	16,602,133

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

14 SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 30 September 2018												
(Unaudited)												
<u>ASSETS</u>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	31,448,243	12,632,633	44,080,876
Time deposits	--	--	--	--	--	--	--	--	--	95,950,739	49,630,000	145,580,739
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	490,910	761,352	1,252,262
Premium receivables, net	26,714,305	63,514,203	28,166,758	19,738,760	18,012,955	9,774,272	9,723,831	--	52,307,241	(14,032,648)	--	213,919,677
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	60,666,259	666,383,867	727,050,126
Accrued insurance premiums	53,920,330	127,141,207	32,269,755	48,942,765	39,698,265	41,198,028	23,426,603	138,670,607	21,328,625	--	--	526,596,185
Retroceded share of unearned premiums	7,219,750	8,524,690	5,818,422	--	9,448,222	--	--	--	14,871,864	--	--	45,882,948
Deferred excess of loss premiums	3,783,550	3,971,421	537,701	--	131,710	429,054	--	--	5,937,430	--	--	14,790,866
Retroceded share of outstanding claims	5,729,887	49,543,052	17,644,979	(993,866)	2,296,456	115,244	--	--	101,000,903	--	--	175,336,655
Retroceded share of claims incurred but not reported	3,417,795	8,893,540	3,906,122	56,393	6,621,819	--	--	--	74,286,217	--	--	97,181,886
Deferred policy acquisition costs	25,475,220	39,047,147	9,597,066	8,040,344	12,270,645	591,150	469,206	35,063,522	5,341,239	--	--	135,895,539
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	115,559,675	30,921,146	146,480,821
Property and equipment, net	--	--	--	--	--	--	--	--	--	1,726,184	30,594,432	32,320,616
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	2,279,769	2,279,769
Investment in an associate	--	--	--	--	--	--	--	--	--	--	95,193,443	95,193,443
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	14,555,725	14,555,725
TOTAL ASSETS	126,260,837	300,635,260	97,940,803	75,784,396	88,480,072	52,107,748	33,619,640	173,734,129	275,073,519	291,809,362	1,024,452,367	2,539,898,133

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

14. SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 30 September 2018 (Unaudited)												
LIABILITIES												
Accounts payable	707,511	7,674,705	(141,624)	6,407,672	1,832,700	(3,185,921)	--	--	(4,006,635)	9,393,271	--	18,681,679
Retrocession balances payable	--	--	--	--	--	--	--	--	--	36,375,059	--	36,375,059
Accrued retroceded premiums	2,120,509	4,317,656	803,864	--	6,042,537	--	--	--	5,461,257	--	--	18,745,823
Unearned premiums	86,009,148	143,098,045	34,844,576	51,074,298	48,638,102	21,284,621	16,321,035	87,686,019	37,947,703	--	--	526,903,547
Outstanding claims	99,366,206	220,651,002	45,503,227	38,396,296	24,449,796	25,538,640	4,917,045	--	142,868,837	--	--	601,691,049
Claims incurred but not reported	27,999,579	51,417,793	17,800,353	59,497,542	30,855,713	23,705,527	12,819,407	97,745,338	89,583,070	--	--	411,424,322
Unearned retrocession commission	(2,860,856)	17,507,823	(486,191)	--	(2,324,085)	--	--	--	(3,111,730)	--	--	8,724,961
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	7,953,099	4,507,412	12,460,511
End of service indemnities	--	--	--	--	--	--	--	--	--	6,335,767	--	6,335,767
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	34,617,707	34,617,707
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	14,555,725	14,555,725
TOTAL LIABILITIES	213,342,097	444,667,024	98,324,205	155,375,808	109,494,763	67,342,867	34,057,487	185,431,357	268,742,502	60,057,196	53,680,844	1,690,516,150

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

14 SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2017 (Audited)												
LIABILITIES												
Accounts payable	2,024,597	5,253,603	1,234,040	2,965,837	1,983,897	1,466,074	--	--	1,720,145	--	--	16,648,193
Retrocession balances payable	5,033,745	13,062,010	3,068,188	7,373,948	4,932,553	3,645,092	--	--	192,648,288	--	--	229,763,824
Accrued retroceded premiums	93,834	300,820	427,891	137,458	5,218,500	67,948	--	2,070,312	(425,488)	--	--	7,891,275
Unearned premiums	77,341,378	102,962,516	21,570,862	18,054,363	35,273,830	24,534,466	6,212,247	67,058,703	108,480,527	--	--	461,488,892
Outstanding claims	91,280,484	187,339,456	34,411,733	36,746,983	21,609,258	24,854,749	3,390,815	--	46,320,523	--	--	445,954,001
Claims incurred but not reported	35,291,010	48,184,229	18,941,178	68,970,287	25,669,878	36,986,243	9,373,156	71,375,965	100,307,020	--	--	415,098,966
Unearned retrocession commission	1,116,878	1,630,527	282,828	--	1,733,337	--	--	--	2,778,729	--	--	7,542,299
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	5,742,651	7,069,892	12,812,543
End of service indemnities	--	--	--	--	--	--	--	--	--	5,729,277	--	5,729,277
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL LIABILITIES	212,181,926	358,733,161	79,936,720	134,248,876	96,421,253	91,554,572	18,976,218	140,504,980	451,829,744	11,471,928	57,629,144	1,653,488,522

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the three month period ended 30 September 2018 (Unaudited)						
Reinsurance operations' results						
REVENUES						
Gross written premiums	37,643,152	32,449,675	7,888,616	6,407,226	(1,114,456)	83,274,213
Retroceded premiums	(24,349,901)	(42,955)	(1,809)	57,691	--	(24,336,974)
Excess of loss expenses	(1,825,289)	(3,898,596)	(243,025)	(1,507,709)	(418,232)	(7,892,851)
Net written premiums	11,467,962	28,508,124	7,643,782	4,957,208	(1,532,688)	51,044,388
Changes in unearned premiums, net	40,558,537	(5,788,654)	956,181	38,738,374	17,223,833	91,688,271
Net earned premiums	52,026,499	22,719,470	8,599,963	43,695,582	15,691,145	142,732,659
Retrocession commissions	3,348,563	22,062	257	783,997	--	4,154,879
TOTAL REVENUES	55,375,062	22,741,532	8,600,220	44,479,579	15,691,145	146,887,538
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(47,044,052)	(19,040,037)	(3,805,775)	(24,958,176)	--	(94,848,040)
Retroceded share of claims paid	3,736,787	274,678	--	1,564,597	--	5,576,062
Net claims paid	(43,307,265)	(18,765,359)	(3,805,775)	(23,393,579)	--	(89,271,978)
Changes in outstanding claims, net	4,082,865	(10,034,778)	(106,875)	2,913,200	(309,219)	(3,454,807)
Changes in Incurred but not reported claims, net	12,651,717	2,060,965	(644,800)	(6,898,104)	(10,497,742)	(3,327,964)
Net claims incurred	(26,572,683)	(26,739,172)	(4,557,450)	(27,378,483)	(10,806,961)	(96,054,749)
Policy acquisition costs and profit commissions	(13,061,371)	(6,947,067)	(2,090,356)	(12,998,845)	(5,966,717)	(41,064,356)
Other underwriting expenses	(164,418)	(75,799)	(33,495)	(148,179)	(31,179)	(453,070)
TOTAL UNDERWRITING COSTS AND EXPENSES	(39,798,472)	(33,762,038)	(6,681,301)	(40,525,507)	(16,804,857)	(137,572,175)
NET UNDERWRITING INCOME / (LOSS)	15,576,590	(11,020,506)	1,918,918	3,954,072	(1,113,711)	9,315,363

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the three month period ended 30 September 2017 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	237,652,608	29,928,096	3,167,499	22,619,508	9,216,950	302,584,661
Retroceded premiums	(195,402,799)	103,609	(7,887)	(11,808,583)	--	(207,115,660)
Excess of loss expenses	(2,040,576)	(1,073,873)	(455,164)	(2,556,514)	(16,300)	(6,142,427)
Net written premiums	40,209,233	28,957,832	2,704,448	8,254,411	9,200,650	89,326,574
Changes in unearned premiums, net	18,837,833	(7,987,892)	4,201,630	37,219,734	8,352,297	60,623,602
Net earned premiums	59,047,066	20,969,940	6,906,078	45,474,145	17,552,947	149,950,176
Retrocession commissions	2,341,952	(25,535)	2,965	805,640	--	3,125,022
<u>TOTAL REVENUES</u>	<u>61,389,018</u>	<u>20,944,405</u>	<u>6,909,043</u>	<u>46,279,785</u>	<u>17,552,947</u>	<u>153,075,198</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(24,068,344)	(10,945,355)	(4,193,887)	(19,154,927)	--	(58,362,513)
Retroceded share of claims paid	1,176,722	10,266	--	--	--	1,186,988
Net claims paid	(22,891,622)	(10,935,089)	(4,193,887)	(19,154,927)	--	(57,175,525)
Changes in outstanding claims, net	(12,867,598)	(16,523,224)	(4,159,629)	11,589,120	82,342	(21,878,989)
Changes in Incurred but not reported claims, net	(11,439,438)	(1,647,070)	(251,936)	(4,648,024)	(17,105,266)	(35,091,734)
Net claims incurred	(47,198,658)	(29,105,383)	(8,605,452)	(12,213,831)	(17,022,924)	(114,146,248)
Policy acquisition costs and profit commissions	(11,729,490)	(5,934,357)	(2,118,367)	(12,425,546)	(7,160,428)	(39,368,188)
Other underwriting expenses	(1,188,263)	(149,640)	(15,837)	(113,099)	(46,084)	(1,512,923)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>(60,116,411)</u>	<u>(35,189,380)</u>	<u>(10,739,656)</u>	<u>(24,752,476)</u>	<u>(24,229,436)</u>	<u>(155,027,359)</u>
<u>NET UNDERWRITING INCOME / (LOSS)</u>	<u>1,272,607</u>	<u>(14,244,975)</u>	<u>(3,830,613)</u>	<u>21,527,309</u>	<u>(6,676,489)</u>	<u>(1,952,161)</u>

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
--	----------------------------------	--	--------------	------------	----------------------------	-------------

For the nine month period ended 30 September 2018 (Unaudited)

Reinsurance operations' results

REVENUES

Gross written premiums	263,856,117	90,931,146	29,643,352	210,733,574	78,680,083	673,844,272
Retroceded premiums	(51,791,831)	(28,317)	(13,314)	(11,895,740)	--	(63,729,202)
Excess of loss expenses	(8,325,313)	(6,809,357)	(1,022,597)	(6,929,172)	(660,555)	(23,746,994)
Net written premiums	203,738,973	84,093,472	28,607,441	191,908,662	78,019,528	586,368,076
Changes in unearned premiums, net	(45,189,252)	(9,360,304)	(5,991,368)	(47,627,794)	(29,042,176)	(137,210,894)
Net earned premiums	158,549,721	74,733,168	22,616,073	144,280,868	48,977,352	449,157,182
Retrocession commissions	10,077,637	(10,890)	3,726	2,312,015	--	12,382,488
TOTAL REVENUES	168,627,358	74,722,278	22,619,799	146,592,883	48,977,352	461,539,670

UNDERWRITING COSTS AND EXPENSES

Gross claims paid	(126,712,487)	(51,757,151)	(15,752,839)	(77,362,766)	(38,160)	(271,623,403)
Retroceded share of claims paid	5,326,835	443,591	4,890	9,264,036	--	15,039,352
Net claims paid	(121,385,652)	(51,313,560)	(15,747,949)	(68,098,730)	(38,160)	(256,584,051)
Changes in outstanding claims, net	6,840,335	(19,062,720)	(12,275,921)	(14,237,745)	(1,553,353)	(40,289,404)
Changes in Incurred but not reported claims, net	20,883,764	5,538,619	2,942,526	(3,189,953)	(31,268,902)	(5,093,946)
Net claims incurred	(93,661,553)	(64,837,661)	(25,081,344)	(85,526,428)	(32,860,415)	(301,967,401)
Policy acquisition costs and profit commissions	(36,686,479)	(20,824,152)	(6,086,597)	(36,455,049)	(18,581,147)	(118,633,424)
Other underwriting expenses	(457,005)	(169,847)	(71,816)	(370,944)	(97,369)	(1,166,981)
TOTAL UNDERWRITING COSTS AND EXPENSES	(130,805,037)	(85,831,660)	(31,239,757)	(122,352,421)	(51,538,931)	(421,767,806)
NET UNDERWRITING INCOME / (LOSS)	37,822,321	(11,109,382)	(8,619,958)	24,240,462	(2,561,580)	39,771,864

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 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 nine month period ended 30 September 2017 (Unaudited)						
Reinsurance operations' results						
REVENUES						
Gross written premiums	468,340,767	101,262,795	29,264,657	210,571,636	70,404,598	879,844,453
Retroceded premiums	(233,804,819)	(115,828)	(31,177)	(11,808,583)	--	(245,760,407)
Excess of loss expenses	(11,637,222)	(5,616,601)	(1,396,205)	(6,698,867)	(18,899)	(25,367,794)
Net written premiums	222,898,726	95,530,366	27,837,275	192,064,186	70,385,699	608,716,252
Changes in unearned premiums, net	(50,315,224)	(24,605,324)	(5,686,850)	(61,984,266)	(27,295,092)	(169,886,756)
Net earned premiums	172,583,502	70,925,042	22,150,425	130,079,920	43,090,607	438,829,496
Retrocession commissions	5,939,288	50,673	8,931	805,641	--	6,804,533
TOTAL REVENUES	178,522,790	70,975,715	22,159,356	130,885,561	43,090,607	445,634,029
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(100,361,041)	(88,726,809)	(17,480,977)	(58,048,831)	(319)	(264,617,977)
Retroceded share of claims paid	7,128,972	54,588,945	--	--	319	61,718,236
Net claims paid	(93,232,069)	(34,137,864)	(17,480,977)	(58,048,831)	--	(202,899,741)
Changes in outstanding claims, net	(10,029,978)	(22,015,567)	(4,724,185)	1,531,078	82,127	(35,156,525)
Changes in Incurred but not reported claims, net	(19,582,927)	(7,523,026)	(1,440,517)	(12,896,212)	(33,244,395)	(74,687,077)
Net claims incurred	(122,844,974)	(63,676,457)	(23,645,679)	(69,413,965)	(33,162,268)	(312,743,343)
Policy acquisition costs and profit commissions	(36,729,091)	(19,897,308)	(5,152,300)	(32,617,650)	(17,492,982)	(111,889,331)
Other underwriting expenses	(2,341,704)	(506,314)	(146,323)	(1,052,859)	(352,0232)	(4,399,222)
TOTAL UNDERWRITING COSTS AND EXPENSES	(161,915,769)	(84,080,079)	(28,944,302)	(103,084,474)	(51,007,272)	(429,031,896)
NET UNDERWRITING INCOME / (LOSS)	16,607,021	(13,104,364)	(6,784,946)	27,801,087	(7,916,665)	16,602,133

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
As at 30 September 2018 (Unaudited)								
ASSETS								
Bank balances and cash	--	--	--	--	--	31,448,243	12,632,633	44,080,876
Time deposits	--	--	--	--	--	95,950,739	49,630,000	145,580,739
Accrued special commission income from time deposits	--	--	--	--	--	490,910	761,352	1,252,262
Premium receivables, net	(8,326,905)	17,512,106	28,469,991	174,581,901	--	1,682,584	--	213,919,677
Investments held at fair value through income statement	--	--	--	--	--	60,666,259	666,383,867	727,050,126
Accrued insurance premiums	177,957,911	59,142,647	18,236,946	131,710,704	139,547,977	--	--	526,596,185
Retroceded share of unearned premiums	37,118,324	47,477	9,362	8,707,785	--	--	--	45,882,948
Deferred excess of loss premiums	12,118,637	1,491,788	251,720	928,721	--	--	--	14,790,866
Retroceded share of outstanding claims	134,877,182	16,781,054	1,820,784	21,857,635	--	--	--	175,336,655
Retroceded share of claims incurred but not reported	83,796,563	2,532,642	782,018	10,000,245	70,418	--	--	97,181,886
Deferred policy acquisition costs	37,227,488	21,543,502	4,874,119	36,916,963	35,333,467	--	--	135,895,539
Prepaid expenses, deposits and other assets	--	--	--	--	--	115,559,675	30,921,146	146,480,821
Property and equipment, net	--	--	--	--	--	1,726,184	30,594,432	32,320,616
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	2,279,769	2,279,769
Investment in an associate	--	--	--	--	--	--	95,193,443	95,193,443
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	14,555,725	14,555,725
TOTAL ASSETS	474,769,200	119,051,216	54,444,940	384,703,954	174,951,862	307,524,594	1,024,452,367	2,539,898,133
LIABILITIES								
Accounts payable	8,749,212	1,873,179	(3,828,736)	5,687,746	--	6,200,278	--	18,681,679
Retrocession balances payable	--	--	--	--	--	36,375,059	--	36,375,059
Accrued retroceded premiums	2,418,387	(1,098,699)	(311,533)	5,711,674	--	12,025,994	--	18,745,823
Unearned premiums	199,434,349	72,469,811	17,595,181	148,092,318	89,311,888	--	--	526,903,547
Outstanding claims	285,953,931	124,603,934	30,516,197	157,676,898	2,940,089	--	--	601,691,049
Claims incurred but not reported	191,481,958	38,265,684	12,915,208	70,312,641	98,448,831	--	--	411,424,322
Unearned retrocession commission	(23,940,849)	(9,803)	(2,267)	(1,793,057)	--	34,470,937	--	8,724,961
Accrued expenses and other liabilities	--	--	--	--	--	7,953,099	4,507,412	12,460,511
End of service indemnities	--	--	--	--	--	6,335,767	--	6,335,767
Provision for zakat and tax	--	--	--	--	--	--	34,617,707	34,617,707
Accrued commission income payable to SAMA	--	--	--	--	--	--	14,555,725	14,555,725
TOTAL LIABILITIES	664,096,988	236,104,106	56,884,050	385,688,220	190,700,808	103,361,134	53,680,844	1,690,516,150

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

14 SEGMENTAL INFORMATION (CONTINUED)

14.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2017 (Audited)								
ASSETS								
Bank balances and cash	--	--	--	--	--	24,244,191	9,237,579	33,481,770
Time deposits	--	--	--	--	--	87,253,125	22,500,000	109,753,125
Accrued special commission income from time deposits	--	--	--	--	--	868,728	3,250	871,978
Premium receivables, net	266,562,232	28,026,918	8,036,552	56,245,362	--	--	--	358,871,064
Investments held at fair value through income statement	--	--	--	--	--	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	131,722,284	37,493,534	12,584,151	94,929,763	95,357,962	--	--	372,087,694
Retroceded share of unearned premiums	111,364,371	132,802	6,720	6,175,295	--	--	--	117,679,188
Deferred excess of loss premiums	14,297,472	681	246	1,379	--	--	--	14,299,778
Retroceded share of outstanding claims	32,198,373	3,842,370	252,097	23,596,168	--	--	--	59,889,008
Retroceded share of claims incurred but not reported	91,885,089	3,560,477	1,799,833	8,705,076	--	--	--	105,950,475
Deferred policy acquisition costs	31,253,278	17,340,655	3,366,742	23,747,304	24,637,165	--	--	100,345,144
Prepaid expenses, deposits and other assets	--	--	--	--	--	103,964,040	228,471	104,192,511
Property and equipment, net	--	--	--	--	--	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	3,830,983	3,830,983
Investment in an associate	--	--	--	--	--	--	91,954,382	91,954,382
Statutory deposit	--	--	--	--	--	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL ASSETS	679,283,099	90,397,437	26,046,341	213,400,347	119,995,127	324,932,505	1,030,883,624	2,484,938,480
LIABILITIES								
Accounts payable	7,666,664	2,726,982	781,946	5,472,601	--	--	--	16,648,193
Retrocession balances payable	207,433,089	6,780,084	1,944,149	13,606,502	--	--	--	229,763,824
Accrued retroceded premiums	3,188,042	73,707	43,949	4,585,577	--	--	--	7,891,275
Unearned premiums	229,569,027	63,155,539	11,633,449	96,870,358	60,260,519	--	--	461,488,892
Outstanding claims	189,729,095	93,263,806	18,216,557	144,727,573	16,970	--	--	445,954,001
Claims incurred but not reported	220,374,289	43,651,994	16,925,594	68,951,645	65,195,444	--	--	415,098,966
Unearned retrocession commission	6,325,286	10,212	(14,227)	1,255,981	(34,953)	--	--	7,542,299
Accrued expenses and other liabilities	--	--	--	--	--	5,742,651	7,069,892	12,812,543
End of service indemnities	--	--	--	--	--	5,729,277	--	5,729,277
Provision for zakat and tax	--	--	--	--	--	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL LIABILITIES	864,285,492	209,662,324	49,531,417	335,470,237	125,437,980	11,471,928	57,629,144	1,653,488,522

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

15. SUPPLEMENTARY INFORMATION

Interim condensed statement of financial position

	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
ASSETS						
Bank balances and cash	31,448,243	12,632,633	44,080,876	24,244,191	9,237,579	33,481,770
Time deposits	95,950,739	49,630,000	145,580,739	87,253,125	22,500,000	109,753,125
Accrued special commission income from time deposits	490,909	761,353	1,252,262	868,728	3,250	871,978
Premium receivables, net	213,919,677	--	213,919,677	358,871,064	--	358,871,064
Investments held at fair value through income statement	60,666,259	666,383,867	727,050,126	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	526,596,185	--	526,596,185	372,087,694	--	372,087,694
Retroceded share of unearned premiums	45,882,948	--	45,882,948	117,679,188	--	117,679,188
Deferred excess of loss premiums	14,790,866	--	14,790,866	14,299,778	--	14,299,778
Retroceded share of outstanding claims	175,336,655	--	175,336,655	59,889,008	--	59,889,008
Retroceded share of claims incurred but not reported	97,181,886	--	97,181,886	105,950,475	--	105,950,475
Deferred policy acquisition costs	135,895,539	--	135,895,539	100,345,144	--	100,345,144
Prepaid expenses, deposits and other assets	115,559,675	30,921,146	146,480,821	103,964,040	228,471	104,192,511
Property and equipment, net	1,726,184	30,594,432	32,320,616	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	2,279,769	2,279,769	--	3,830,983	3,830,983
Investment in an associate	--	95,193,443	95,193,443	--	91,954,382	91,954,382
Statutory deposit	--	121,500,000	121,500,000	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	14,555,725	14,555,725	--	13,127,882	13,127,882
Due from shareholders' operations*	125,199,738	--	125,199,738	144,461,682	--	144,461,682
TOTAL ASSETS	1,640,645,503	1,024,452,368	2,665,097,871	1,598,516,538	1,030,883,624	2,629,400,162
LIABILITIES						
Accounts payable	18,681,679	--	18,681,679	16,648,193	--	16,648,193
Retrocession balances payable	36,375,059	--	36,375,059	229,763,824	--	229,763,824
Accrued retroceded premiums	18,745,823	--	18,745,823	7,891,275	--	7,891,275
Unearned premiums	526,903,547	--	526,903,547	461,488,892	--	461,488,892
Outstanding claims	601,691,049	--	601,691,049	445,954,001	--	445,954,001
Claims incurred but not reported	411,424,322	--	411,424,322	415,098,966	--	415,098,966
Unearned retrocession commission	8,724,961	--	8,724,961	7,542,299	--	7,542,299
Accrued expenses and other liabilities	7,953,098	4,507,413	12,460,511	5,742,651	7,069,892	12,812,543
End of service indemnities	6,335,767	--	6,335,767	5,729,277	--	5,729,277
Accumulated surplus	3,810,198	--	3,810,198	2,657,160	--	2,657,160
Provision for zakat and tax	--	34,617,707	34,617,707	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	14,555,725	14,555,725	--	13,127,882	13,127,882
Due to reinsurance operations*	--	125,199,738	125,199,738	--	144,461,682	144,461,682
TOTAL LIABILITIES	1,640,645,503	178,880,583	1,819,526,086	1,598,516,538	202,090,826	1,800,607,364
SHAREHOLDERS' EQUITY						
Share capital	--	810,000,000	810,000,000	--	1,000,000,000	1,000,000,000
Statutory reserve	--	6,070,924	6,070,924	--	6,070,924	6,070,924
Other reserves	--	32,933	32,933	--	(1,961,580)	(1,961,580)
Retained earnings / (accumulated deficit)	--	29,467,928	29,467,928	--	(175,316,546)	(175,316,546)
TOTAL SHAREHOLDERS' EQUITY	--	845,571,785	845,571,785	--	828,792,798	828,792,798
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,640,645,504	1,024,452,368	2,665,097,871	1,598,516,538	1,030,883,624	2,629,400,162

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

15. SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of income

	For the three month period ended 30 September 2018 (Unaudited)			For the three month period ended 30 September 2017 (Unaudited)		
	Reinsurance operations	Shareholder s' operations	Total	Reinsurance operations	Shareholders ' operations	Total
REVENUES						
Gross written premiums	83,274,213	--	83,274,213	302,584,661	--	302,584,661
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(24,336,974)	--	(24,336,974)	(207,115,660)	--	(207,115,660)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(7,892,851)	--	(7,892,851)	(6,142,427)	--	(6,142,427)
Net written premiums	51,044,388	--	51,044,388	89,326,574	--	89,326,574
Changes in unearned premiums, net	91,688,271	--	91,688,271	60,623,602	--	60,623,602
Net earned premiums	142,732,659	--	142,732,659	149,950,176	--	149,950,176
Retrocession commissions	4,154,879	--	4,154,879	3,125,022	--	3,125,022
TOTAL REVENUES	146,887,538	--	146,887,538	153,075,198	--	153,075,198
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(94,848,040)	--	(94,848,040)	(58,362,513)	--	(58,362,513)
Retroceded share of claims paid	5,576,062	--	5,576,062	1,186,988	--	1,186,988
Net claims paid	(89,271,978)	--	(89,271,978)	(57,175,525)	--	(57,175,525)
Changes in outstanding claims, net	(3,454,807)	--	(3,454,807)	(21,878,989)	--	(21,878,989)
Changes in Incurred but not reported claims, net	(3,327,964)	--	(3,327,964)	(35,091,734)	--	(35,091,734)
Net claims incurred	(96,054,749)	--	(96,054,749)	(114,146,248)	--	(114,146,248)
Policy acquisition costs and profit commissions	(41,064,356)	--	(41,064,356)	(39,368,188)	--	(39,368,188)
Other underwriting expenses	(453,070)	--	(453,070)	(1,512,923)	--	(1,512,923)
TOTAL UNDERWRITING COSTS AND EXPENSES	(137,572,175)	--	(137,572,175)	(155,027,359)	--	(155,027,359)
NET UNDERWRITING INCOME / (LOSS)	9,315,363	--	9,315,363	(1,952,161)	--	(1,952,161)
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	1,381,916	338,387	1,720,303	271,077	--	271,077
Realized gains on investments held at fair value through income statement	66,136	--	66,136	--	--	--
Unrealized gains / (losses) on investments held at fair value through income statement	1,058,045	7,274,016	8,332,061	1,305,520	11,533,292	12,838,812
Special commission income from bonds and sukuk	--	725,928	725,928	--	572,025	572,025
Dividend income	--	1,067,155	1,067,155	--	--	--
Share of profit of associate	--	677,175	677,175	--	--	--
Investment management expenses	(112,281)	(817,235)	(929,516)	(81,948)	(836,647)	(918,595)
Net investment income	2,393,816	9,265,426	11,659,242	1,494,649	11,268,670	12,763,319
Other income	--	751,485	751,485	--	--	--
Allowance for doubtful debts	2,434,907	--	2,434,907	--	--	--
General and administrative expenses	(10,223,220)	(2,568,524)	(12,791,744)	(8,896,942)	(1,418,550)	(10,315,492)
Board of directors' remunerations, meetings fees and expenses	--	(512,482)	(512,482)	--	(410,215)	(410,215)
Foreign exchange translation losses	(483,370)	(532)	(483,902)	(356,741)	--	(356,741)
Total income for the period	3,437,496	6,935,373	10,372,869	(9,711,195)	9,439,905	(271,290)
Total income attributed to the reinsurance operations	(343,749)	--	(343,749)	--	--	--
Total income for the period attributable to the shareholders	3,093,747	6,935,373	10,029,120	(9,711,195)	9,439,905	(271,290)

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of income (continued)

	For the nine month period ended 30 September 2018 (Unaudited)			For the nine month period ended 30 September 2017 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
REVENUES						
Gross written premiums	673,844,272	--	673,844,272	879,844,453	--	879,844,453
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(63,729,202)	--	(63,729,202)	(245,760,407)	--	(245,760,407)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(23,746,994)	--	(23,746,994)	(25,367,794)	--	(25,367,794)
Net written premiums	586,368,076	--	586,368,076	608,716,252	--	608,716,252
Changes in unearned premiums, net	(137,210,894)	--	(137,210,894)	(169,886,756)	--	(169,886,756)
Net earned premiums	449,157,182	--	449,157,182	438,829,496	--	438,829,496
Retrocession commissions	12,382,488	--	12,382,488	6,804,533	--	6,804,533
TOTAL REVENUES	461,539,670	--	461,539,670	445,634,029	--	445,634,029
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(271,623,403)	--	(271,623,403)	(264,617,977)	--	(264,617,977)
Retroceded share of claims paid	15,039,352	--	15,039,352	61,718,236	--	61,718,236
Net claims paid	(256,584,051)	--	(256,584,051)	(202,899,741)	--	(202,899,741)
Changes in outstanding claims, net	(40,289,404)	--	(40,289,404)	(35,156,525)	--	(35,156,525)
Changes in Incurred but not reported claims, net	(5,093,946)	--	(5,093,946)	(74,687,077)	--	(74,687,077)
Net claims incurred	(301,967,401)	--	(301,967,401)	(312,743,343)	--	(312,743,343)
Policy acquisition costs and profit commissions	(118,633,424)	--	(118,633,424)	(111,889,331)	--	(111,889,331)
Other underwriting expenses	(1,166,981)	--	(1,166,981)	(4,399,222)	--	(4,399,222)
TOTAL UNDERWRITING COSTS AND EXPENSES	(421,767,806)	--	(421,767,806)	(429,031,896)	--	(429,031,896)
NET UNDERWRITING INCOME	39,771,864	--	39,771,864	16,602,133	--	16,602,133
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	2,977,271	507,996	3,485,267	1,464,639	787,196	2,251,835
Realized gains on investments held at fair value through income statement	280,020	1,504,030	1,784,050	12,349	184,816	197,165
Unrealized gains / (losses) on investments held at fair value through income statement	486,367	14,342,157	14,828,524	3,695,258	39,106,138	42,801,396
Special commission income from bonds and sukuk	--	2,090,118	2,090,118	--	1,790,812	1,790,812
Dividend income	--	2,484,187	2,484,187	--	1,625,000	1,625,000
Share of profit of associate	--	1,244,548	1,244,548	--	--	--
Investment management expenses	(315,653)	(2,655,267)	(2,970,920)	(244,360)	(6,253,053)	(6,497,413)
Net investment income	3,428,005	19,517,769	22,945,774	4,927,886	37,240,909	42,168,795
Other income	--	1,151,331	1,151,331	--	--	--
Allowance for doubtful debts	1,574,768	--	1,574,768	(1,258,444)	--	(1,258,444)
General and administrative expenses	(30,237,734)	(5,274,458)	(35,512,192)	(28,697,117)	(5,140,191)	(33,837,308)
Board of directors' remunerations, meetings fees and expenses	--	(1,642,388)	(1,642,388)	--	(2,260,775)	(2,260,775)
Foreign exchange translation losses	(3,006,523)	(68,865)	(3,075,388)	(803,877)	59,685	(744,192)
Total income/ (loss) for the period	11,530,380	13,683,389	25,213,769	(9,229,419)	29,899,628	20,670,209
Total income attributed to the reinsurance operations	(1,153,038)	--	(1,153,038)	--	--	--
Total income / (loss) for the period attributable to the shareholders	10,377,342	13,683,389	24,060,731	(9,229,419)	29,899,628	20,670,209

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of comprehensive income

	For the three month period ended 30 September 2018 (Unaudited)			For the three month period ended 30 September 2017 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Shareholders' absorption of deficit/ (Surplus transferred to Shareholders)	3,093,747	6,935,373	10,029,120	(9,711,196)	9,439,906	(271,290)
<i>Other comprehensive income</i>						
Items that may be classified to income statement subsequently						
Share of foreign currency translation reserve of an associate	--	3,969,004	3,969,004	--	--	--
Total comprehensive income for the period	3,093,747	10,904,377	13,998,124	(9,711,196)	9,439,906	(271,290)

	For the nine month period ended 30 September 2018 (Unaudited)			For the nine month period ended 30 September 2017 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Shareholders' absorption of deficit/ (Surplus transferred to Shareholders)	10,377,342	13,683,389	24,060,731	(9,229,419)	29,899,628	20,670,209
<i>Other comprehensive income</i>						
Items that may be classified to income statement subsequently						
Share of foreign currency translation reserve of an associate	--	1,994,513	1,994,513	--	--	--
Total comprehensive income for the period	10,377,342	15,677,902	26,055,244	(9,229,419)	29,899,628	20,670,209

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of cash flows

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the nine month period ended 30 September 2018 (Unaudited)			For the nine month period ended 30 September 2017 (Unaudited)		
OPERATING ACTIVITIES						
Total income for the period	1,153,038	24,060,731	25,213,769	--	20,670,209	20,670,209
<i>Adjustments to reconcile net income for the period to net cash from operating activities:</i>						
Employees' end of service benefits	1,235,678	--	1,235,678	1,829,129	--	1,829,129
Depreciation of property and equipment	1,097,672	655,148	1,752,820	1,450,931	652,800	2,103,731
Realized gains on investments held at fair value through income statement	(280,021)	(1,504,030)	(1,784,051)	(12,349)	(184,816)	(197,165)
Unrealized loss / (gains) on investments held at fair value through income statement	(486,368)	(14,342,157)	(14,828,525)	(3,695,258)	(39,106,138)	(42,801,396)
Share of profit of associate	--	(1,244,548)	(1,244,548)	--	--	--
Provision for doubtful receivable	(1,574,767)	--	(1,574,767)	1,258,444	--	1,258,444
Operating income / (loss) before changes in operating assets and liabilities	1,145,232	7,625,144	8,770,376	830,897	(17,967,945)	(17,137,048)
Changes in operating assets and liabilities:						
Premiums receivable, gross	146,526,154	--	146,526,154	(29,846,140)	--	(29,846,140)
Accrued insurance premiums	(154,508,491)	--	(154,508,491)	(374,542,217)	--	(374,542,217)
Retroceded share of unearned premiums	71,796,240	--	71,796,240	(153,983,030)	--	(153,983,030)
Unearned premiums	65,414,655	--	65,414,655	323,869,786	--	323,869,786
Retroceded share of outstanding claims	(115,447,647)	--	(115,447,647)	42,587,681	--	42,587,681
Retroceded share of claims incurred but not reported	8,768,589	--	8,768,589	(49,156,688)	--	(49,156,688)
Deferred acquisition costs	(35,550,395)	--	(35,550,395)	(48,377,448)	--	(48,377,448)
Deferred excess of loss premiums	(491,088)	--	(491,088)	(1,986,556)	--	(1,986,556)
Prepaid expenses, deposits and other assets	(11,595,635)	(30,692,675)	(42,288,310)	(2,347,135)	(10,928)	(2,358,063)
Accounts payable	2,033,486	--	2,033,486	(4,279,424)	--	(4,279,424)
Retrocession balances payable	(193,388,765)	--	(193,388,765)	(11,987,978)	--	(11,987,978)
Accrued retroceded premiums	10,854,548	--	10,854,548	199,217,942	--	199,217,942
Outstanding claims	155,737,048	--	155,737,048	(7,431,157)	--	(7,431,157)
Claims incurred but not reported	(3,674,644)	--	(3,674,644)	123,843,764	--	123,843,764
Unearned commission income	1,182,662	--	1,182,662	5,133,877	--	5,133,877
Accrued expenses and other liabilities	2,210,448	(2,562,480)	(352,032)	1,036,529	(550,886)	485,643
	(48,987,603)	(25,630,011)	(74,617,614)	12,582,703	(18,529,759)	(5,947,056)
Zakat and income tax paid	--	(12,089,920)	(12,089,920)	--	(15,266,902)	(15,266,902)
Employees' end of service benefits paid	(629,189)	--	(629,189)	(179,683)	--	(179,683)
Net cash used in operating activities	(49,616,792)	(37,719,931)	(87,336,723)	12,403,020	(33,796,661)	(21,393,641)

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

15 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of cash flows (continued)

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the nine month period ended 30 September 2018 (Unaudited)			For the nine month period ended 30 September 2017 (Unaudited)		
INVESTING ACTIVITIES						
Time deposits	7,348,724	(49,630,000)	(42,281,276)	27,053,475	112,456,507	139,509,982
Accrued special commission income on time deposits	377,818	(758,102)	(380,284)	514,573	2,185,583	2,700,156
Accrued special commission income from bonds and sukuk	--	1,551,214	1,551,214	--	1,380,005	1,380,005
Purchase of property and equipment	(612,466)	--	(612,466)	(231,686)	--	(231,686)
Additions in investments held at fair value through income statement	(21,000,000)	(12,530,186)	(33,530,186)	(51,000,000)	(153,787,093)	(204,787,093)
Proceeds from disposal of property and equipment	75,000	--	75,000	--	--	--
Proceeds from disposal of investments held at fair value through income statement	67,416,162	120,744,003	188,160,165	16,000,000	51,339,476	67,339,476
Statutory deposit	--	(21,500,000)	(21,500,000)	--	--	--
Net cash from / (used in) investing activities	53,605,238	37,876,929	91,482,167	(7,663,638)	13,574,478	5,910,840
FINANCING ACTIVITIES						
Due to / from reinsurance / shareholders' operations*	19,261,944	(19,261,944)	--	9,487,764	(9,487,764)	--
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at the beginning of the period	53,494,191	31,737,579	85,231,770	42,891,784	27,950,269	70,842,053
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	76,744,581	12,632,633	89,377,214	47,889,512	7,469,740	55,359,252

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

For the three month and nine month periods ended 30 September 2018

16 COMMITMENTS AND CONTINGENCIES

As at 30 September 2018, the Company has deposited and pledged SR 47,250,000 (31 December 2017: SR 47,250,000) with local bank to obtain the standby letter of credit towards Fund At Lloyds (FAL) for its participation in a Lloyds Syndicates and for 2015, 2016 and 2017 underwriting years. In addition, the Company has deposited SR 59,359,500 (31 December 2017: 54,938,250) with Lloyd's London as FAL for its continued participation in a Lloyds Syndicates and for 2018 underwriting year. Upon issuance of stand by letter of credit, the deposit with Lloyds will be withdrawn.

17 BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings per share for the three month and nine month periods ended 30 September 2018 and 30 September 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	30 September 2018	30 September 2017
Issue ordinary shares opening balance as at 1 January	100,000,000	100,000,000
Effect of decrease in capital	(19,000,000)	(19,000,000)
Weighted average outstanding number of ordinary shares	<u>81,000,000</u>	<u>81,000,000</u>

18 FAIR VALUE

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

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

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

19 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 3 Rabi al-Awwal 1440 H corresponding to 11 November 2018.