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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE  
2019**

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

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

**For The Three Month And Six Month Periods Ended 30 June 2019**

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



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

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

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

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of **Saudi Re for Cooperative Reinsurance Company** (the "Company") as at 30 June 2019, the related interim condensed statements of income and interim condensed statement of comprehensive income for the three month and six month periods then ended and interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the six month period then ended and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 30 June 2019 of Saudi Re for Cooperative Reinsurance Company are not prepared, in all material respects, in accordance with IAS 34 as endorsed in Kingdom of Saudi Arabia.

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Certified Public Accountant  
License No. 371



4 Dhul-Hijjah 1440H  
5 August 2019

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

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 (Unaudited) SR	31 December 2018 (Audited) SR
<b>ASSETS</b>			
Bank balances and cash	5	30,692,617	31,886,106
Time deposits		458,704,363	270,131,677
Accrued special commission income from time deposits		4,898,414	2,079,624
Premium receivables, net	4	219,562,631	200,023,513
Investments held at fair value through income statement	7	347,895,935	552,574,107
Held-to-maturity investments		37,500,000	--
Accrued reinsurance premiums		569,132,030	409,778,137
Retroceded share of unearned premiums	8	44,199,427	33,080,894
Deferred excess of loss premiums		150,130	11,431,609
Retroceded share of outstanding claims	9	210,979,184	198,432,518
Retroceded share of claims incurred but not reported	9	22,025,091	59,937,179
Deferred policy acquisition costs		131,740,498	99,895,591
Prepaid expenses, deposits and other assets		210,847,267	208,959,232
Property and equipment, net		33,465,999	32,588,898
Accrued special commission income from bonds and sukuk		4,361,833	2,663,892
Investment in an equity accounted investee	13	103,486,585	97,293,816
Statutory deposit	6	121,500,000	121,500,000
Accrued income on statutory deposit	0	16,807,381	15,549,401
<b>TOTAL ASSETS</b>		<b>2,567,949,385</b>	<b>2,347,806,194</b>
<b>LIABILITIES</b>			
Accounts payable		28,617,050	19,927,639
Retrocession balances payable		18,699,285	22,898,559
Accrued retroceded premiums		28,421,807	15,839,717
Unearned premiums	8	519,617,562	380,171,285
Outstanding claims	9	693,505,486	662,467,372
Claims incurred but not reported	9	331,198,498	330,480,733
Unearned retrocession commission		9,467,915	6,410,240
Accrued expenses and other liabilities		10,004,243	12,546,952
End of service indemnities		6,949,957	6,593,975
Provision for zakat and tax	11	32,498,364	38,244,253
Accrued commission income payable to SAMA	6	16,807,381	15,549,401
<b>TOTAL LIABILITIES EXCLUDING REINSURANCE OPERATIONS' SURPLUS</b>		<b>1,695,787,548</b>	<b>1,511,130,126</b>
<b>REINSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		5,222,006	4,028,195
<b>TOTAL REINSURANCE OPERATIONS' SURPLUS</b>		<b>5,222,006</b>	<b>4,028,195</b>
<b>TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS</b>		<b>1,701,009,554</b>	<b>1,515,158,321</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	810,000,000	810,000,000
Statutory reserve		8,815,260	8,815,260
Retained earnings		48,279,847	12,757,997
Other reserves		(155,276)	1,074,616
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>866,939,831</b>	<b>832,647,873</b>
<b>TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY</b>		<b>2,567,949,385</b>	<b>2,347,806,194</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

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

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

## INTERIM CONDENSED STATEMENT OF INCOME

For the three month and six month periods ended 30 June 2019

	For the three month period ended		For the six month period ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	(Unaudited) SR	(Unaudited) (Restated) SR	(Unaudited) SR	(Unaudited) (Restated) SR
<b>REVENUES</b>				
Gross written premiums	82,206,513	62,187,704	506,527,074	590,570,059
Retroceded premiums	(35,727,179)	(11,018,319)	(49,164,963)	(39,392,228)
Excess of loss expenses	(6,355,071)	(8,155,154)	(14,541,316)	(15,854,143)
<b>Net written premiums</b>	<b>40,124,263</b>	<b>43,014,231</b>	<b>442,820,795</b>	<b>535,323,688</b>
Changes in unearned premiums, net	100,175,027	94,640,501	(128,327,744)	(228,899,165)
<b>Net earned premiums</b>	<b>140,299,290</b>	<b>137,654,732</b>	<b>314,493,051</b>	<b>306,424,523</b>
Retrocession commissions	4,950,730	4,429,172	8,632,721	8,227,608
<b>TOTAL REVENUES</b>	<b>145,250,020</b>	<b>142,083,904</b>	<b>323,125,772</b>	<b>314,652,131</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	(81,870,204)	(92,265,946)	(190,455,090)	(176,775,363)
Retroceded share of claims paid	11,924,979	7,346,580	39,264,368	9,463,290
<b>Net claims paid</b>	<b>(69,945,225)</b>	<b>(84,919,366)</b>	<b>(151,190,722)</b>	<b>(167,312,073)</b>
Changes in outstanding claims, net	(6,727,378)	(24,021,189)	(18,491,446)	(36,834,598)
Changes in incurred but not reported claims, net	(10,360,671)	15,529,683	(38,629,853)	(1,765,981)
<b>Net claims incurred</b>	<b>(87,033,274)</b>	<b>(93,410,872)</b>	<b>(208,312,021)</b>	<b>(205,912,652)</b>
Policy acquisition costs and profit commissions	(40,843,408)	(35,509,098)	(85,740,619)	(77,569,067)
Other underwriting expenses	(838,361)	1,928,001	(1,680,091)	(713,911)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(128,715,043)</b>	<b>(126,991,969)</b>	<b>(295,732,731)</b>	<b>(284,195,630)</b>
<b>NET UNDERWRITING INCOME</b>	<b>16,534,977</b>	<b>15,091,935</b>	<b>27,393,041</b>	<b>30,456,501</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>				
Special commission income from time deposits	4,788,905	620,186	8,537,333	1,025,876
Realized gains on investments held at fair value through income statement	7 (iv) 550,953	840,897	1,359,462	1,717,915
Unrealized gains on investments held at fair value through income statement	7 (iv) 1,777,889	3,596,974	19,844,598	6,496,462
Special commission income from bonds and sukuk	1,020,628	594,597	1,821,676	1,364,190
Dividend income	1,830,312	1,071,096	2,003,151	1,417,032
Share of profit of equity accounted investee	5,921,483	275,686	7,422,661	567,373
Investment management expenses	(576,115)	(842,487)	(916,572)	(2,041,404)
<b>Net investment income</b>	<b>15,314,055</b>	<b>6,156,949</b>	<b>40,072,309</b>	<b>10,547,444</b>
Other income	249,219	626,057	495,700	1,138,934
(Charge) / Reversal for doubtful debts	(318,531)	(462,064)	517,929	(860,140)
General and administrative expenses	(12,746,296)	(11,118,194)	(24,132,968)	(22,720,449)
Board of directors' remunerations, meetings fees and expenses	(579,832)	(540,344)	(1,159,020)	(1,129,906)
Foreign exchange translation gains / (losses)	49,088	(3,042,322)	576,607	(2,591,486)
<b>Total income for the period before zakat and tax</b>	<b>18,502,680</b>	<b>6,712,017</b>	<b>43,763,598</b>	<b>14,840,898</b>
<b>Total income attributed to the reinsurance operations</b>	<b>15 (762,176)</b>	<b>(276,265)</b>	<b>(1,193,812)</b>	<b>(809,289)</b>
<b>Net income for the period before zakat and tax</b>	<b>17,740,504</b>	<b>6,435,752</b>	<b>42,569,786</b>	<b>14,031,609</b>
<b>Zakat and tax charge for the period</b>	<b>(3,653,747)</b>	<b>(3,148,066)</b>	<b>(7,047,936)</b>	<b>(6,137,326)</b>
<b>Net income for the period after zakat and tax attributable to the shareholders</b>	<b>14,086,757</b>	<b>3,287,686</b>	<b>35,521,850</b>	<b>7,894,283</b>
<b>Basic and diluted earnings per share for the period</b>	<b>17</b>	<b>0.17</b>	<b>0.04</b>	<b>0.44</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

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

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**For the three month and six month periods ended 30 June 2019**

	For the three month period ended		For the six month period ended	
	30 June 2019 (Unaudited) SR	30 June 2018 (Unaudited) (Restated) SR	30 June 2019 (Unaudited) SR	30 June 2018 (Unaudited) (Restated) SR
Net income for the period after zakat and tax attributable to shareholders	14,086,757	3,287,686	35,521,850	7,894,283
<i>Other comprehensive income</i>				
<b>Items that may be classified to income statement subsequently</b>				
Share of foreign currency translation reserve of an equity accounted investee	(1,350,003)	(3,155,409)	(1,229,892)	(1,974,491)
<b>Total comprehensive income for the period</b>	<b>12,736,754</b>	<b>132,277</b>	<b>34,291,958</b>	<b>5,919,792</b>

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

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

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

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

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the six month period ended 30 June 2019**

	GCC Shareholders and General Public				Non – GCC Shareholders				Total				
	Share Capital	Statutory reserve	Retained earnings / (Accumulated deficit)	Other reserves	Share capital	Statutory reserve	Retained earnings / (Accumulated deficit)	Other reserves	Share Capital	Statutory reserve	Retained earning / (Accumulated deficit)	Other reserves	Total
	SR	SR	SR		SR	SR	SR		SR	SR	SR		SR
Balance as at 1 January 2019 (Audited)	783,693,750	8,528,901	9,431,953	1,019,067	26,306,250	286,359	3,326,044	55,549	810,000,000	8,815,260	12,757,997	1,074,616	832,647,873
Transferred during the period	(4,276,640)	(46,542)	(51,470)	(5,561)	4,276,640	46,542	51,470	5,561	--	--	--	--	--
Net profit for the period	--	--	33,973,703	--	--	--	1,548,147	--	--	--	35,521,850	--	35,521,850
Other comprehensive income	--	--	--	(1,183,454)	--	--	--	(46,438)	--	--	--	(1,229,892)	(1,229,892)
Total comprehensive income for the period	--	--	33,973,703	(1,183,454)	--	--	1,548,147	(46,438)	--	--	35,521,850	(1,229,892)	34,291,958
Balance as at 30 June 2019 (Unaudited)	779,417,110	8,482,359	43,354,186	(169,948)	30,582,890	332,901	4,925,661	14,672	810,000,000	8,815,260	48,279,847	(155,276)	866,939,831
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	491,710	3,685	79,725	--	(491,710)	(3,685)	(79,725)	--	--	--	--	--	--
Net profit for the period – (Restated)	--	--	7,616,859	--	--	--	277,424	--	--	--	7,894,283	--	7,894,283
Other comprehensive income	--	--	--	(1,932,365)	--	--	--	(42,126)	--	--	--	(1,974,491)	(1,974,491)
Total comprehensive income for the period	--	--	7,616,859	(1,932,365)	--	--	277,424	(42,126)	--	--	7,894,283	(1,974,491)	5,919,792
Balance as at 30 June 2018 (Unaudited)	792,718,750	5,941,334	19,498,489	(3,850,888)	17,281,280	129,590	3,079,248	(85,183)	810,000,000	6,070,924	22,577,737	(3,936,071)	834,712,590

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 six month period ended 30 June 2019

	30 June 2019 (Unaudited) SR	30 June 2018 (Unaudited) SR
<i>Note</i>		
<b>OPERATING ACTIVITIES</b>		
Total income for the period before zakat & tax	43,763,598	14,840,898
<i>Adjustments to reconcile net income for the period to net cash used in operating activities:</i>		
Employees' end of service benefits	725,165	905,519
Depreciation of property and equipment	855,060	1,318,512
Realized gains on investments held at fair value through income statement	(1,359,462)	(1,717,915)
Unrealized gains on investments held at fair value through income statement	(19,844,598)	(6,496,462)
Share of profit of equity accounted investee	(7,422,661)	(567,373)
(Reversal) / Provision for doubtful receivable	(517,929)	860,140
Operating income before changes in operating assets and liabilities	16,199,173	9,143,319
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable, gross	(19,021,190)	144,457,652
Accrued reinsurance premiums	(159,353,893)	(220,974,918)
Retroceded share of unearned premiums	(11,118,533)	72,744,349
Unearned premiums	139,446,277	156,154,818
Retroceded share of outstanding claims	(12,546,666)	(102,905,448)
Retroceded share of claims incurred but not reported	37,912,088	17,092,529
Deferred acquisition costs	(31,844,907)	(56,534,411)
Deferred excess of loss premiums	11,281,479	13,706,939
Prepaid expenses, deposits and other assets	(1,888,035)	(37,858,040)
Accounts payable	8,689,411	(736,393)
Retrocession balances payable	(4,199,274)	(195,180,658)
Accrued retroceded premiums	12,582,090	8,005,310
Outstanding claims	31,038,114	139,740,043
Claims incurred but not reported	717,765	(15,326,546)
Unearned commission income	3,057,675	2,800,184
Accrued expenses and other liabilities	(2,542,709)	(4,419,175)
	18,408,865	(70,090,446)
Zakat and income tax paid	(12,793,825)	(12,089,920)
Employees' end of service benefits paid	(369,183)	(357,257)
<b>Net cash generated from / (used in) operating activities</b>	<b>5,245,857</b>	<b>(82,537,623)</b>
<b>INVESTING ACTIVITIES</b>		
Time deposits	(238,322,116)	23,914,770
Accrued special commission income on time deposits	(2,818,790)	(71,315)
Accrued special commission income from bonds and sukuk	(1,697,941)	629,261
Proceeds from disposal of property and equipment	--	75,000
Purchase of property and equipment	(1,732,160)	(356,211)
Additions in investments held at fair value through income statement	(97,732,000)	(10,988,926)
Additions in held-to-maturity investments	(37,500,000)	--
Proceeds from disposal of investments held at fair value through income statement	323,614,231	159,160,165
Statutory deposit	--	(21,500,000)
<b>Net cash (used in) / generated from investing activities</b>	<b>(56,188,776)</b>	<b>150,862,744</b>
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(50,942,919)</b>	<b>68,325,121</b>
Cash and cash equivalents at the beginning of the period	81,635,536	85,231,770
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b> <sup>5</sup>	<b>30,692,617</b>	<b>153,556,891</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

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



**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the three and six month periods ended 30 June 2019**

**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 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 equity accounted investee which is accounted for under the equity method.

*Statement of compliance*

The interim condensed financial statements of the Company as at and for the period ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants (“SOCPA”).

The interim condensed financial statements as at and for the period ended 31 March 2019 and financial statements of the Company as at and for the year ended 31 December 2018, respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards (“IFRS”) respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – “Income Taxes” and IFRIC 21 – “Levies” so far as these relate to zakat and income tax) and the Regulations for Companies in the Kingdom of Saudi Arabia.

On 23 July 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (“IASB”) and as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants (“SOCPA”) (collectively referred to as “IFRS”) as endorsed in Kingdom of Saudi Arabia.

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (as disclosed in note 3 and the effects of this change are disclosed in note 11 to the interim condensed financial statements).

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 receivables, net, investments held at fair value through income statement, deferred excess of loss premiums, retroceded share of outstanding claims, 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 income tax and accumulated surplus. The following balances would generally be classified as non-current: accrued reinsurance 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 equity accounted investee, statutory deposit, accrued income on statutory deposit, accrued retroceded premiums, unearned premiums, claims incurred but not reported, unearned retrocession commission, employees end of service indemnities and accrued commission income payable to SAMA.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**For the three and six month periods ended 30 June 2019**

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

*Statement of compliance (continued)*

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.

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 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 2018.

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

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

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

***Functional and presentation currency***

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

***Fiscal year***

The Company follows a fiscal year ending December 31.

***Critical accounting judgments, estimates and assumptions***

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

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2018.

# **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 six month periods ended 30 June 2019**

#### **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 2018 except for the following:

##### **A) Change in accounting for Zakat and income tax**

As mentioned above, the basis of preparation has been changed for the period ended 30 June 2019 as a result of the issuance of latest instructions from SAMA dated 23 July 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA dated 23 July 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively (see note 2) and the effects of the above change are disclosed in note 11 to the interim condensed financial statements. The change has resulted in reduction of reported income of the Company for the six-month period ended 30 June 2018 by SR 6,137,326. The change has had no impact on the statement of cash flows for the period ended 30 June 2018.

##### *i) Income tax*

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

##### *ii) IFRIC Interpretation 23 Uncertainty over Income tax treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its interim condensed financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities.

The Interpretation did not have an impact on the interim condensed financial statements of the Company.

# **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 six month periods ended 30 June 2019**

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

##### *iii) Zakat*

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat expense is charged to the profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

#### **B) Adoption of IFRS 16 – Leases**

Effective 1 January 2019, the Company adopted IFRS 16, Leases and the impact of this adoption of this standard is explained below:

The standard replace the existing guidance on leases including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal form of a lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. On 1<sup>st</sup> January 2019 i.e. the effective date, IFRS 16 had no significant financial impact on the Company's financial statements. IFRS 16 stipulates that all lease and the associated contractual rights and obligations should generally be recognized in the Company's statement of financial position, unless the term is 12 months or less or the lease is for low value assets. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for lessees. For each lease, the lessee recognizes a liability for the lease obligation incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs, which is amortized over the useful life.

The Company has opted for the modified retrospective approach application method that this is permitted by IFRS 16. As a result, of the initial application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the incremental borrowing rate that is the best estimate of the Company at the time of initial application (i.e.1 April 2019), which was approximately 5%. The right of use asset is classified under property and equipment. On the other hand, the lease liability is classified under accrued expenses and other liabilities.

##### *i) Right of use (RoU) Assets / Lease Liabilities*

On initial recognition, at inception of the contract, the Company shall assess whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets

##### *• Right of Use Assets*

The Company applies the cost model, and measures the right of use assets at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses; and
- b) Adjusted for any re-measurement of the lease liability for lease modifications.

Generally, a RoU asset would be equal to lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to the transactions, etc, these need to be added to the RoU asset value.

##### *• Lease Liability*

On initial recognition, the lease liability is the present value of all remaining payments to the lessor. After the commencement date, the Company measures the lease liability by:

- a) Increasing the carrying amount to reflect incremental financing rate on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Re-measuring the carrying amount to reflect any re-assessment or lease modification.

Right of use assets are classified under property and equipment, while lease liabilities are classified under accrued expenses and other liabilities in the interim condensed statement of financial position.

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

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

### For the three month and six month periods ended 30 June 2019

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

##### 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.

##### a) IFRS 9 Financial Instruments

The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company plans to avail of the exemptions available to insurers and is considering deferring the implementation of IFRS 9 until a later date, but no later than January 1, 2022.

##### b) 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 2022.

#### 4. PREMIUM RECEIVABLES, NET

<u>Reinsurance operations</u>	<b>30 June 2019 (Unaudited) SR</b>	31 December 2018 (Audited) SR
Policyholders	<b>220,935,444</b>	203,156,463
Related parties (note 12)	<b>1,820,897</b>	578,688
Less: provision for doubtful debts	<b>(3,193,710)</b>	(3,711,638)
	<b><u>219,562,631</u></b>	<u>200,023,513</u>

#### 5. CASH AND CASH EQUIVALENTS

	<u>Reinsurance operations</u>	
	<b>30 June 2019 (Unaudited)</b>	31 December 2018 (Audited)
Cash in hand (A)	<b>40,000</b>	40,000
Bank balances (B)	<b>18,188,898</b>	22,303,716
Deposits maturing within 3 months from the acquisition date (C)	<b>--</b>	49,749,430
	<b><u>18,228,898</u></b>	<u>72,093,146</u>
	<u>Shareholders' operations</u>	
	<b>30 June 2019 (Unaudited)</b>	31 December 2018 (Audited)
Bank balances (D)	<b>12,463,719</b>	9,542,390
	<b><u>12,463,719</u></b>	<u>9,542,390</u>
<b>Total Bank balances and cash (A+B+D)</b>	<b><u>30,692,617</u></b>	<u>31,886,106</u>
<b>Total Deposits maturing within 3 months from acquisition date (C)*</b>	<b>--</b>	49,749,430
<b>Total</b>	<b><u>30,692,617</u></b>	<u>81,635,536</u>

\*Included within time deposits

# 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 six month periods ended 30 June 2019

#### 6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 121.5 million (31 December 2018: SR 121.5 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 15% (31 December 2018: 15%) of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA. The statutory deposit generates special commission income which is accrued on regular basis and is shown as a separate line item as part of the shareholders' liabilities in the Statement of Financial Position as "Accrued commission income payable to SAMA". The accrued commission income payable to SAMA on the deposit as at 30 June 2019 is SAR 16,807,381 (31 December 2018: 15,549,401) 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 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Money market funds	2,113,719	80,255,614	82,369,333	2,088,717	31,888,438	33,977,155
Real-estate investment funds	--	26,323,351	26,323,351	--	26,323,351	26,323,351
Equities	--	147,260,343	147,260,343	--	138,269,676	138,269,676
Fixed-rate bonds/sukuk	--	50,361,074	50,361,074	51,726,932	247,493,141	299,220,073
Floating-rate bonds/sukuk	--	41,581,834	41,581,834	2,284,697	52,499,155	54,783,852
	<b>2,113,719</b>	<b>345,782,216</b>	<b>347,895,935</b>	<b>56,100,346</b>	<b>496,473,761</b>	<b>552,574,107</b>

ii. Determination of fair value and fair values hierarchy:

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

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 June 2019 and 31 December 2018, the investments under reinsurance operations in bonds and sukuk were SR Nil (31 December 2018: SR 54.01 million) are classified as Level 1 investments while the investment in money market funds amounting to SR 2.1 million (31 December 2018 SR 2.09 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 June 2019 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	80,255,614	--	80,255,614
Real-estate investment funds	--	--	26,323,351	26,323,351
Equities	147,260,343	--	--	147,260,343
Fixed-rate bonds/sukuk	--	--	50,361,074	50,361,074
Floating-rate bonds/sukuk	1,581,840	--	39,999,994	41,581,834
	<b>148,842,183</b>	<b>80,255,614</b>	<b>116,684,419</b>	<b>345,782,216</b>

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

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

### For the three month and six month periods ended 30 June 2019

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

	31 December 2018 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	31,888,438	--	31,888,438
Real-estate investment funds	--	--	26,323,351	26,323,351
Equities	138,269,676	--	--	138,269,676
Fixed-rate bonds/sukuk	197,428,627	--	50,064,514	247,493,141
Floating-rate bonds/sukuk	12,499,155	--	40,000,000	52,499,155
	<u>348,197,458</u>	<u>31,888,438</u>	<u>116,387,865</u>	<u>496,473,761</u>

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

	Opening	Purchase	Sale	Unrealized gain	Closing
<b>For the six month period ended 30 June 2019</b>	<u>116,387,865</u>	--	--	<u>296,554</u>	<u>116,684,419</u>
For the year ended 31 December 2018	<u>140,064,514</u>	--	<u>(23,676,649)</u>	--	<u>116,387,865</u>

#### 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.

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
<b>Investments held at fair value through income statement</b>	<u>50,361,074</u>	<u>50,064,514</u>
Impact on Unrealized Gain for the period / year ended:		
<i>If increased by 5% in market rate</i>	<u>(180,787)</u>	<u>(312,689)</u>
<i>If decreased by 5% in marker rate</i>	<u>180,787</u>	<u>312,689</u>

iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 30 June 2019 and year ended 31 December 2018.

iv. Investment in real-estate investment funds have various unobservable inputs.

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

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Opening balance	56,100,346	496,473,761	552,574,107	106,316,032	758,751,497	865,067,529
Additions	--	97,732,000	97,732,000	21,000,000	36,078,728	57,078,728
Disposals	(54,204,896)	(269,409,336)	(323,614,232)	(72,416,163)	(301,294,002)	(373,710,165)
Unrealized gains/(losses)	25,002	19,819,596	19,844,598	(367,808)	3,828,225	3,460,417
Realized gains/(losses)	193,267	1,166,195	1,359,462	1,568,285	(890,687)	677,598
<b>Closing balance</b>	<u>2,113,719</u>	<u>345,782,216</u>	<u>347,895,935</u>	<u>56,100,346</u>	<u>496,473,761</u>	<u>552,574,107</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 six month periods ended 30 June 2019

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

As at 30 June 2019, the investments under reinsurance operations were SR Nil (31 December 2018: SR 54.01 million) which are held through discretionary managed portfolios.

As at 30 June 2019, the investments under shareholders' operations include SR 113.6 million (31 December 2018: SR 318.5 million) which are held through discretionary managed portfolios.

Investments under reinsurance and shareholders' operations include cash component amounting to SR Nil and SR 7.72 million respectively as at 30 June 2019 (31 December 2018: SR 0.77 million and SR 10.04 million respectively) available with external fund managers within the agreed investment guideline

vi. The analysis of the composition of investments for shareholder's operations is as follows:

	30 June 2019 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	80,255,614	--	80,255,614
Real-estate investment funds	--	26,323,351	26,323,351
Equities	147,260,343	--	147,260,343
Fixed-rate bonds/sukuk	--	50,361,074	50,361,074
Floating-rate bonds/sukuk	1,581,840	39,999,994	41,581,834
	<b>229,097,797</b>	<b>116,684,419</b>	<b>345,782,216</b>
	31 December 2018 (Audited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	31,888,438	--	31,888,438
Real-estate investment funds	--	26,323,351	26,323,351
Equities	138,269,676	--	138,269,676
Fixed-rate bonds/sukuk	197,428,627	50,064,514	247,493,141
Floating-rate bonds/sukuk	12,499,155	40,000,000	52,499,155
	<b>380,085,896</b>	<b>116,387,865</b>	<b>496,473,761</b>

As at 30 June 2019 and 31 December 2018, all financial instruments under reinsurance operations, which are measured at fair value, are quoted.

vii. Average credit ratings of all fixed and floating rates sukuk and bonds are within the investment grades i.e. BBB and above.

viii. The geographical split of investments held at fair value through income statement is as follows:

	Domestic		International		Total	
	30 June 2019 (Unaudited) SR	31 December 2018 (Audited) SR	30 June 2019 (Unaudited) SR	31 December 2018 (Audited) SR	30 June 2019 (Unaudited) SR	31 December 2018 (Audited) SR
<b>Reinsurance operations</b>						
Money Market Funds	2,113,719	2,088,717	--	--	2,113,719	2,088,717
Fixed-Rate Bonds/Sukuk	--	--	--	51,726,932	--	51,726,932
Floating-Rate Bonds/Sukuk	--	--	--	2,284,697	--	2,284,697
	<b>2,113,719</b>	<b>2,088,717</b>	<b>--</b>	<b>54,011,629</b>	<b>2,113,719</b>	<b>56,100,346</b>



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

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

### For the three month and six month periods ended 30 June 2019

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

	Domestic		International		Total	
	30 June 2019 (Unaudited) SR	31 December 2018 (Audited) SR	30 June 2019 (Unaudited) SR	31 December 2018 (Audited) SR	30 June 2019 (Unaudited) SR	31 December 2018 (Audited) SR
<b>Shareholders' operations</b>						
Money Market Funds	80,255,614	31,888,438	--	--	80,255,614	31,888,438
Real-estate investment Funds	26,323,351	26,323,351	--	--	26,323,351	26,323,351
Equities	74,489,312	70,186,682	72,771,031	68,082,994	147,260,343	138,269,676
Fixed-Rate Bonds/Sukuk	40,294,969	40,000,000	10,066,105	207,493,141	50,361,074	247,493,141
Floating-Rate Bonds/Sukuk	39,999,994	40,000,000	1,581,840	12,499,155	41,581,834	52,499,155
	<b>261,363,240</b>	<b>208,398,471</b>	<b>84,418,976</b>	<b>288,075,290</b>	<b>345,782,216</b>	<b>496,473,761</b>
<b>Total</b>	<b>263,476,959</b>	<b>210,487,188</b>	<b>84,418,976</b>	<b>342,086,919</b>	<b>347,895,935</b>	<b>552,574,107</b>

#### 8. UNEARNED PREMIUM

##### Reinsurance operations

	30 June 2019 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	380,171,285	(33,080,894)	347,090,391
Premiums written during the period	506,527,074	(63,706,279)	442,820,795
Premium earned	(367,080,797)	52,587,746	(314,493,051)
Changes in unearned premiums	139,446,277	(11,118,533)	128,327,744
Closing balance	519,617,562	(44,199,427)	475,418,135
	31 December 2018 (Audited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	461,488,892	(117,679,188)	343,809,704
Premiums written during the year	721,604,828	(104,708,727)	616,896,101
Premiums earned	(802,922,435)	189,307,020	(613,615,415)
Changes in unearned premiums	(81,317,607)	84,598,293	3,280,686
Closing balance	380,171,285	(33,080,894)	347,090,391

#### 9. CLAIMS RESERVES

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
<b>Reinsurance operations</b>		
Outstanding claims	693,505,486	662,467,372
Claims incurred but not reported	331,198,498	330,480,733
	<b>1,024,703,984</b>	<b>992,948,105</b>
Less:		
- Retroceded share of outstanding claims	210,979,184	198,432,518
- Retroceded share of claims incurred but not reported	22,025,091	59,937,179
	<b>233,004,275</b>	<b>258,369,697</b>
<b>Net outstanding claims reserves</b>	<b>791,699,709</b>	<b>734,578,408</b>

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

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

### For the three month and six month periods ended 30 June 2019

#### 10. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 810 million at 30 June 2019 (31 December 2018: SAR 810 million) consisting of 81 million shares (December 31, 2018: 81 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 June 2019 (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
	<b>81,000,000</b>	<b>10</b>	<b>810,000,000</b>

  

	31 December 2018 (Audited)		
	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
	<b>81,000,000</b>	<b>10</b>	<b>810,000,000</b>

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

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

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

#### 11. PROVISION FOR ZAKAT AND TAX

This change in the accounting treatment for zakat and income tax as explained in note 3 has the following impact on the line items of the statement of income, statements of financial position and changes in shareholder's equity:

As at and for the six-month period ended 30 June 2018:

Financial Statement Impacted	Account	Before the restatement for the six-month period ended 30 June 2018 SR	Effect of restatement SR	As restated as at and for the six month period ended 30 June 2018 SR
Statement of changes in Equity	Provision for zakat and income tax (retained earnings)	(6,137,326)	6,137,326	--
Statement of income	Zakat and income tax expenses	--	(6,137,326)	(6,137,326)
Statement of income	Earnings per share*	0.17	(0.07)	0.10

# 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 six month periods ended 30 June 2019

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

As at and for the three-month period ended 30 June 2018:

Financial Statement Impacted	Account	Before the restatement for the three-month period ended 30 June 2018 SR	Effect of restatement SR	As restated as at and for the three month period ended 30 June 2018 SR
Statement of changes in Equity	Provision for zakat and income tax (retained earnings)	(3,148,066)	3,148,066	--
Statement of income	Zakat and income tax expenses	--	(3,148,066)	(3,148,066)
Statement of income	Earnings per share*	0.08	(0.04)	0.04

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

	30 June 2019 (Unaudited)		31 December 2018 (Audited)	
	SR	%	SR	%
Saudi Shareholders	<b>763,101,000</b>	<b>94.21%</b>	767,345,400	94.73%
GCC Shareholders	<b>16,281,000</b>	<b>2.01%</b>	16,345,800	2.02%
<b>GCC Shareholders and general public</b>	<b>779,382,000</b>	<b>96.22%</b>	783,691,200	96.75%
Non-GCC Shareholders	<b>30,618,000</b>	<b>3.78%</b>	26,308,800	3.25%
<b>Total</b>	<b>810,000,000</b>	<b>100%</b>	810,000,000	100%

As of 30 June 2019, the authorized, issued and fully paid-up share capital of the Company consists of 81 million shares (31 December 2018: 81 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 June 2019 SR (Unaudited)	31 December 2018 SR (Audited)
Provision for zakat	<b>32,112,935</b>	37,883,047
Provision for tax	<b>385,429</b>	361,206
	<b>32,498,364</b>	38,244,253

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

	30 June 2019 SR (Unaudited)	30 June 2018 SR (Unaudited)
Zakat charge for the period	<b>6,989,074</b>	6,115,389
Tax charge for the period	<b>58,862</b>	21,937
	<b>7,047,936</b>	6,137,326

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 2019 and 31 December 2018.

The Company has filed its Tax / Zakat returns for the years ended 31 December 2008 to 2017 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 which shows additional zakat, tax and delay fines amounting to SR 32.55 million, principally on account of disallowance of long term investments and statutory deposits from the zakat base. The assessments for the years ended 31 December 2014 to 2017 are still outstanding.

# 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 six month periods ended 30 June 2019

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

Zakat and income tax provisions are calculated based on the Company's best understanding of the zakat and tax regulations. The Company deducts statutory deposit and other non-current assets while calculating the Zakat base. Additional zakat and income tax provisions are accounted for to cover any differences that may arise on the final Zakat and income tax assessments when received from GAZT and the Company's current provision for Zakat and income tax.

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. As required by the GAZT regulations, the Company has submitted a guarantee deposit for the items appealed against amounting to SR 29.39 million which is included in prepaid expenses, deposits and other assets.

### 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 six month period ended		Balance as at	
		30 June 2019 (Unaudited) SR	30 June 2018 (Unaudited) SR	30 June 2019 (Unaudited) SR	31 December 2018 (Audited) SR
Board of Directors	- Consulting fees	75,644	692,357	--	--
	- Remunerations, meetings fees and expenses	1,144,020	1,129,906	2,213,750	1,740,000
Key management Personnel	- Short term benefits	5,519,045	5,119,451	1,404,552	2,249,464
	- End of service benefits	234,307	288,856	2,908,408	2,978,976
Companies represented by the Board members	- Gross written premiums	52,682,285	22,384,268	1,820,897	578,688
	- Claims incurred	521,097	1,256,350	2,955,921	3,131,773
	- Commissions	17,678,584	10,104,852	--	--

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.

## 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 six month periods ended 30 June 2019

#### 13 INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE

Shareholders' operations	30 June	31 December
	2019	2018
	(Unaudited)	(Audited)
	SR	SR
Balance at the beginning of the period / year	97,293,816	91,954,382
Addition during the period / year	--	--
Share of profit of an equity accounted investee for the period / year	7,422,661	2,303,238
Share in foreign currency translation adjustments for the period / year	(1,229,892)	3,036,196
Balance at the end of the period / year	<u>103,486,585</u>	<u>97,293,816</u>

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 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**

**For the three month and six month periods ended 30 June 2019**

**14. SEGMENTAL INFORMATION (CONTINUED)**

**14.1 Business segments**

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

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
<b>For the three month period ended 30 June 2019 (Unaudited)</b>										
<b><u>REVENUES</u></b>										
Gross written premiums	9,912,719	28,460,718	3,406,272	5,312,656	5,437,923	20,779,400	(5,846,878)	(8,657,217)	23,400,920	82,206,513
Retroceded premiums	(2,434,489)	(6,221,792)	(198,293)	--	(19,388,852)	--	--	--	(7,483,753)	(35,727,179)
Excess of loss expenses	(1,418,832)	(1,698,465)	(201,638)	--	(53,413)	(182,512)	--	--	(2,800,211)	(6,355,071)
<b>Net written premiums</b>	<b>6,059,398</b>	<b>20,540,461</b>	<b>3,006,341</b>	<b>5,312,656</b>	<b>(14,004,342)</b>	<b>20,596,888</b>	<b>(5,846,878)</b>	<b>(8,657,217)</b>	<b>13,116,956</b>	<b>40,124,263</b>
Changes in unearned premiums, net	10,395,937	24,672,312	9,070,683	12,021,947	24,331,723	(7,080,090)	6,611,017	19,010,722	1,140,776	100,175,027
<b>Net earned premiums</b>	<b>16,455,335</b>	<b>45,212,773</b>	<b>12,077,024</b>	<b>17,334,603</b>	<b>10,327,381</b>	<b>13,516,798</b>	<b>764,139</b>	<b>10,353,505</b>	<b>14,257,732</b>	<b>140,299,290</b>
Retrocession commissions	449,977	1,209,952	75,933	--	1,158,120	--	--	--	2,056,748	4,950,730
<b><u>TOTAL REVENUES</u></b>	<b>16,905,312</b>	<b>46,422,725</b>	<b>12,152,957</b>	<b>17,334,603</b>	<b>11,485,501</b>	<b>13,516,798</b>	<b>764,139</b>	<b>10,353,505</b>	<b>16,314,480</b>	<b>145,250,020</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>										
Gross claims paid	(12,091,830)	(22,058,562)	(1,944,382)	(3,776,005)	(13,505,377)	(10,273,013)	(3,970,852)	--	(14,250,183)	(81,870,204)
Retroceded share of claims paid	126,966	259,285	28,379	--	3,341,426	--	--	--	8,168,923	11,924,979
<b>Net claims paid</b>	<b>(11,964,864)</b>	<b>(21,799,277)</b>	<b>(1,916,003)</b>	<b>(3,776,005)</b>	<b>(10,163,951)</b>	<b>(10,273,013)</b>	<b>(3,970,852)</b>	<b>--</b>	<b>(6,081,260)</b>	<b>(69,945,225)</b>
Changes in outstanding claims, net	1,092,910	(4,906,562)	(1,455,656)	(5,493,076)	712,526	1,009,675	(1,445,986)	--	3,758,791	(6,727,378)
Changes in Incurred but not reported claims, net	859,325	746,819	(3,045,562)	(3,361,224)	6,848,040	(1,122,963)	3,271,017	(5,957,554)	(8,598,569)	(10,360,671)
<b>Net claims incurred</b>	<b>(10,012,629)</b>	<b>(25,959,020)</b>	<b>(6,417,221)</b>	<b>(12,630,305)</b>	<b>(2,603,385)</b>	<b>(10,386,301)</b>	<b>(2,145,821)</b>	<b>(5,957,554)</b>	<b>(10,921,038)</b>	<b>(87,033,274)</b>
Policy acquisition costs and profit commissions	(6,491,666)	(14,628,005)	(4,095,827)	(2,549,673)	(4,118,421)	(1,407,315)	(198,695)	(3,933,835)	(3,419,971)	(40,843,408)
Other underwriting expenses	(82,625)	(263,171)	(62,954)	(87,691)	(77,124)	(68,332)	(3,821)	(24,249)	(168,394)	(838,361)
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>	<b>(16,586,920)</b>	<b>(40,850,196)</b>	<b>(10,576,002)</b>	<b>(15,267,669)</b>	<b>(6,798,930)</b>	<b>(11,861,948)</b>	<b>(2,348,337)</b>	<b>(9,915,638)</b>	<b>(14,509,403)</b>	<b>(128,715,043)</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>318,392</b>	<b>5,572,529</b>	<b>1,576,955</b>	<b>2,066,934</b>	<b>4,686,571</b>	<b>1,654,850</b>	<b>(1,584,198)</b>	<b>437,867</b>	<b>1,805,077</b>	<b>16,534,977</b>

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

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

**For the three month and six month periods ended 30 June 2019**

**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 June 2018 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	7,837,493	28,236,899	(10,313,397)	7,852,525	8,521,878	9,512,135	5,768,112	(17,486,037)	22,258,096	62,187,704
Retroceded premiums	(2,239,010)	(5,116,904)	1,436,667	--	126,357	79,131	--	--	(5,304,560)	(11,018,319)
Excess of loss expenses	(2,015,840)	(2,940,097)	(142,506)	--	(109,731)	(214,530)	--	--	(2,732,450)	(8,155,154)
Net written premiums	3,582,643	20,179,898	(9,019,236)	7,852,525	8,538,504	9,376,736	5,768,112	(17,486,037)	14,221,086	43,014,231
Changes in unearned premiums, net	13,245,210	20,686,865	8,979,060	16,061,958	6,734,054	300,023	2,828,744	25,545,363	259,224	94,640,501
Net earned premiums	16,827,853	40,866,763	(40,176)	23,914,483	15,272,558	9,676,759	8,596,856	8,059,326	14,480,310	137,654,732
Retrocession commissions	492,987	1,334,053	150,096	--	928,848	(57,622)	--	--	1,580,810	4,429,172
<u>TOTAL REVENUES</u>	17,320,840	42,200,816	109,920	23,914,483	16,201,406	9,619,137	8,596,856	8,059,326	16,061,120	142,083,904
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(9,551,651)	(25,287,581)	(3,041,889)	(13,841,935)	(13,396,042)	(16,828,336)	(2,598,920)	--	(7,719,592)	(92,265,946)
Retroceded share of claims paid	136,267	599,299	235,189	--	1,819,351	--	--	--	4,556,474	7,346,580
Net claims paid	(9,415,384)	(24,688,282)	(2,806,700)	(13,841,935)	(11,576,691)	(16,828,336)	(2,598,920)	--	(3,163,118)	(84,919,366)
Changes in outstanding claims, net	(6,020,141)	5,964,166	(2,937,394)	(3,292,463)	(2,644,403)	(1,169,615)	(2,003,320)	--	(11,918,019)	(24,021,189)
Changes in Incurred but not reported claims, net	3,915,249	(1,063,440)	2,658,945	605,018	6,595,377	6,849,471	(419,913)	(4,868,520)	1,257,496	15,529,683
Net claims incurred	(11,520,276)	(19,787,556)	(3,085,149)	(16,529,380)	(7,625,717)	(11,148,480)	(5,022,153)	(4,868,520)	(13,823,641)	(93,410,872)
Policy acquisition costs and profit commissions	(5,878,513)	(13,862,726)	(60,797)	(3,522,311)	(4,955,297)	(958,555)	(314,222)	(3,233,150)	(2,723,527)	(35,509,098)
Other underwriting expenses	167,429	474,568	173,612	354,997	207,603	46,478	74,494	406,565	22,255	1,928,001
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(17,231,360)	(33,175,714)	(2,972,334)	(19,696,694)	(12,373,411)	(12,060,557)	(5,261,881)	(7,695,105)	(16,524,913)	(126,991,969)
NET UNDERWRITING INCOME / (LOSS)	89,480	9,025,102	(2,862,414)	4,217,789	3,827,995	(2,441,420)	3,334,975	364,221	(463,793)	15,091,935

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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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
<b>For the six month period ended</b>										
<b>30 June 2019 (Unaudited)</b>										
<b><u>REVENUES</u></b>										
Gross written premiums	50,728,674	137,040,336	39,973,713	52,541,934	49,679,679	32,441,291	19,400,107	52,525,122	72,196,218	506,527,074
Retroceded premiums	(4,421,677)	(12,435,159)	(275,786)	--	(19,270,149)	--	--	--	(12,762,192)	(49,164,963)
Excess of loss expenses	(2,117,337)	(6,043,114)	(403,276)	--	(105,456)	(376,342)	--	--	(5,495,791)	(14,541,316)
<b>Net written premiums</b>	<b>44,189,660</b>	<b>118,562,063</b>	<b>39,294,651</b>	<b>52,541,934</b>	<b>30,304,074</b>	<b>32,064,949</b>	<b>19,400,107</b>	<b>52,525,122</b>	<b>53,938,235</b>	<b>442,820,795</b>
Changes in unearned premiums, net	(8,514,041)	(27,173,341)	(13,794,753)	(11,106,234)	(5,666,286)	(8,215,696)	(10,425,959)	(20,655,352)	(22,776,082)	(128,327,744)
<b>Net earned premiums</b>	<b>35,675,619</b>	<b>91,388,722</b>	<b>25,499,898</b>	<b>41,435,700</b>	<b>24,637,788</b>	<b>23,849,253</b>	<b>8,974,148</b>	<b>31,869,770</b>	<b>31,162,153</b>	<b>314,493,051</b>
Retrocession commissions	868,150	2,343,212	222,687	--	1,780,968	(5,438)	--	--	3,423,142	8,632,721
<b><u>TOTAL REVENUES</u></b>	<b>36,543,769</b>	<b>93,731,934</b>	<b>25,722,585</b>	<b>41,435,700</b>	<b>26,418,756</b>	<b>23,843,815</b>	<b>8,974,148</b>	<b>31,869,770</b>	<b>34,585,295</b>	<b>323,125,772</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>										
Gross claims paid	(19,940,355)	(69,418,931)	(7,536,727)	(17,527,789)	(17,044,144)	(21,003,771)	(6,819,381)	--	(31,163,992)	(190,455,090)
Retroceded share of claims paid	500,160	14,777,754	1,966,965	--	3,341,426	--	--	--	18,678,063	39,264,368
<b>Net claims paid</b>	<b>(19,440,195)</b>	<b>(54,641,177)</b>	<b>(5,569,762)</b>	<b>(17,527,789)</b>	<b>(13,702,718)</b>	<b>(21,003,771)</b>	<b>(6,819,381)</b>	<b>--</b>	<b>(12,485,929)</b>	<b>(151,190,722)</b>
Changes in outstanding claims, net	(11,275,927)	(1,917,174)	(1,725,911)	(8,170,710)	(1,222,021)	2,475,587	(137,523)	--	3,482,233	(18,491,446)
Changes in Incurred but not reported claims, net	(1,564,971)	3,969,848	(5,827,065)	(7,932,952)	3,251,240	2,876,419	(2,943,530)	(21,860,320)	(8,598,522)	(38,629,853)
<b>Net claims incurred</b>	<b>(32,281,093)</b>	<b>(52,588,503)</b>	<b>(13,122,738)</b>	<b>(33,631,451)</b>	<b>(11,673,499)</b>	<b>(15,651,765)</b>	<b>(9,900,434)</b>	<b>(21,860,320)</b>	<b>(17,602,218)</b>	<b>(208,312,021)</b>
Policy acquisition costs and profit commissions	(12,945,736)	(28,425,596)	(8,694,404)	(4,905,510)	(8,364,733)	(2,584,832)	(753,031)	(12,300,446)	(6,766,331)	(85,740,619)
Other underwriting expenses	(160,359)	(518,359)	(135,772)	(207,098)	(156,528)	(115,679)	(44,871)	(111,022)	(230,403)	(1,680,091)
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>	<b>(45,387,188)</b>	<b>(81,532,458)</b>	<b>(21,952,914)</b>	<b>(38,744,059)</b>	<b>(20,194,760)</b>	<b>(18,352,276)</b>	<b>(10,698,336)</b>	<b>(34,271,788)</b>	<b>(24,598,952)</b>	<b>(295,732,731)</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>(8,843,419)</b>	<b>12,199,476</b>	<b>3,769,671</b>	<b>2,691,641</b>	<b>6,223,996</b>	<b>5,491,539</b>	<b>(1,724,188)</b>	<b>(2,402,018)</b>	<b>9,986,343</b>	<b>27,393,041</b>



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**14 SEGMENTAL INFORMATION (CONTINUED)**

**14.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protectio n SR	Health SR	Speciality SR	Others SR	Total SR
For the six month period ended 30 June 2018 (Unaudited)										
<b>REVENUES</b>										
Gross written premiums	44,090,391	157,148,152	24,535,355	109,183,412	68,205,000	29,680,271	31,100,244	74,476,795	52,150,439	590,570,059
Retroceded premiums	(4,952,516)	(13,402,812)	(618,427)	--	(12,688,956)	79,131	--	--	(7,808,648)	(39,392,228)
Excess of loss expenses	(3,815,085)	(5,370,047)	(285,012)	--	(171,859)	(429,059)	--	--	(5,783,081)	(15,854,143)
Net written premiums	35,322,790	138,375,293	23,631,916	109,183,412	55,344,185	29,330,343	31,100,244	74,476,795	38,558,710	535,323,688
Changes in unearned premiums, net	(7,615,983)	(52,453,211)	(12,329,078)	(63,657,726)	(20,165,764)	(2,684,771)	(16,395,670)	(43,743,218)	(9,853,744)	(228,899,165)
Net earned premiums	27,706,807	85,922,082	11,302,838	45,525,686	35,178,421	26,645,572	14,704,574	30,733,577	28,704,966	306,424,523
Retrocession commissions	806,086	2,721,348	370,830	--	1,691,912	(57,622)	--	--	2,695,054	8,227,608
<b>TOTAL REVENUES</b>	28,512,893	88,643,430	11,673,668	45,525,686	36,870,333	26,587,950	14,704,574	30,733,577	31,400,020	314,652,131
<b>UNDERWRITING COSTS AND EXPENSES</b>										
Gross claims paid	(27,133,826)	(40,284,281)	(11,460,544)	(24,223,817)	(18,992,413)	(33,076,168)	(6,985,248)	--	(14,619,066)	(176,775,363)
Retroceded share of claims paid	1,096,585	622,972	251,149	--	2,936,110	--	--	--	4,556,474	9,463,290
Net claims paid	(26,037,241)	(39,661,309)	(11,209,395)	(24,223,817)	(16,056,303)	(33,076,168)	(6,985,248)	--	(10,062,592)	(167,312,073)
Changes in outstanding claims, net	796,892	(5,143,442)	(3,043,185)	(2,730,117)	(2,183,827)	(3,768,334)	(220,935)	--	(20,541,650)	(36,834,598)
Changes in Incurred but not reported claims, net	8,530,732	(2,106,273)	1,701,687	(4,546,559)	945,953	10,510,086	(1,527,785)	(20,465,252)	5,191,430	(1,765,981)
Net claims incurred	(16,709,617)	(46,911,024)	(12,550,893)	(31,500,493)	(17,294,177)	(26,334,416)	(8,733,968)	(20,465,252)	(25,412,812)	(205,912,652)
Policy acquisition costs and profit commissions	(10,310,843)	(27,481,906)	(3,879,861)	(6,588,840)	(9,853,001)	(1,656,726)	(466,909)	(12,266,547)	(5,064,434)	(77,569,067)
Other underwriting expenses	(13,835)	(169,988)	(632)	(151,657)	(90,813)	(54,363)	(52,167)	(53,249)	(127,207)	(713,911)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(27,034,295)	(74,562,918)	(16,431,386)	(38,240,990)	(27,237,991)	(28,045,505)	(9,253,044)	(32,785,048)	(30,604,453)	(284,195,630)
<b>NET UNDERWRITING INCOME / (LOSS)</b>	1,478,598	14,080,512	(4,757,718)	7,284,696	9,632,342	(1,457,555)	5,451,530	(2,051,471)	795,567	30,456,501

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

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

**For the three month and six month periods ended 30 June 2019**

**14 SEGMENTAL INFORMATION (CONTINUED)**

**14.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
<b>As at 30 June 2019 (Unaudited)</b>												
<b><u>ASSETS</u></b>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	18,228,898	12,463,719	30,692,617
Time deposits	--	--	--	--	--	--	--	--	--	138,705,304	319,999,059	458,704,363
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	711,193	4,187,221	4,898,414
Premium receivables, net	32,102,536	71,745,625	24,584,473	29,160,809	18,859,999	12,885,704	13,065,658	8,413	50,513,488	(33,364,074)	--	219,562,631
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	2,113,719	345,782,216	347,895,935
Held-to-maturity investments	--	--	--	--	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	58,244,556	124,987,895	42,624,685	41,773,075	44,382,234	40,453,081	24,952,237	141,236,481	50,477,786	--	--	569,132,030
Retroceded share of unearned premiums	8,836,270	9,603,293	110,522	--	18,516,320	--	--	--	7,133,022	--	--	44,199,427
Deferred excess of loss premiums	--	--	--	--	--	150,130	--	--	--	--	--	150,130
Retroceded share of outstanding claims	5,187,985	56,687,236	48,433,268	(995,031)	3,419,057	115,099	--	--	98,131,570	--	--	210,979,184
Retroceded share of claims incurred but not reported	2,512,544	3,976,538	1,984,847	889	6,144,835	--	--	--	7,405,438	--	--	22,025,091
Deferred policy acquisition costs	25,034,427	36,547,119	10,119,099	6,709,590	12,919,547	783,564	541,000	32,986,929	6,099,223	--	--	131,740,498
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	179,585,564	31,261,703	210,847,267
Property and equipment, net	--	--	--	--	--	--	--	--	--	3,497,422	29,968,577	33,465,999
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	4,361,833	4,361,833
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	103,486,585	103,486,585
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	16,807,381	16,807,381
<b>TOTAL ASSETS</b>	<b>131,918,318</b>	<b>303,547,706</b>	<b>127,856,894</b>	<b>76,649,332</b>	<b>104,241,992</b>	<b>54,387,578</b>	<b>38,558,895</b>	<b>174,231,823</b>	<b>219,760,527</b>	<b>309,478,026</b>	<b>1,027,318,294</b>	<b>2,567,949,385</b>

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month and six month periods ended 30 June 2019

14. SEGMENTAL INFORMATION (CONTINUED)

14.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
<b>As at 30 June 2019</b>												
<b>(Unaudited)</b>												
<b>LIABILITIES</b>												
Accounts payable	3,840,149	8,091,941	2,432	3,338,781	394,076	1,496,998	715,601	--	(917,656)	11,654,728	--	28,617,050
Retrocession balances payable	--	--	--	--	--	--	--	--	--	18,699,285	--	18,699,285
Accrued retroceded premiums	1,301,476	6,606,963	28,978	--	9,641,127	--	--	--	10,843,263	--	--	28,421,807
Unearned premiums	82,135,479	130,925,261	33,066,550	38,968,162	51,109,450	29,233,597	21,062,809	88,736,061	44,380,193	--	--	519,617,562
Outstanding claims	113,654,050	242,065,935	81,324,620	50,671,327	28,058,569	21,299,298	7,031,302	--	149,400,385	--	--	693,505,486
Claims incurred but not reported	24,384,229	35,961,006	16,497,637	56,483,908	22,267,641	23,743,140	19,047,907	102,837,592	29,975,438	--	--	331,198,498
Unearned retrocession commission	(3,225,358)	17,422,992	835,681	--	(3,491,254)	(32,687)	--	--	(2,041,459)	--	--	9,467,915
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	7,432,944	2,571,299	10,004,243
End of service indemnities	--	--	--	--	--	--	--	--	--	6,949,957	--	6,949,957
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	32,498,364	32,498,364
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	16,807,381	16,807,381
<b>TOTAL LIABILITIES</b>	<b>222,090,025</b>	<b>441,074,098</b>	<b>131,755,898</b>	<b>149,462,178</b>	<b>107,979,609</b>	<b>75,740,346</b>	<b>47,857,619</b>	<b>191,573,653</b>	<b>231,640,164</b>	<b>44,736,914</b>	<b>51,877,044</b>	<b>1,695,787,548</b>

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

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

**For the three month and six month periods ended 30 June 2019**

**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 2018 (Audited)												
<u>ASSETS</u>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	22,343,716	9,542,390	31,886,106
Time deposits	--	--	--	--	--	--	--	--	--	73,896,431	196,235,246	270,131,677
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	408,367	1,671,257	2,079,624
Premium receivables, net	33,063,188	78,621,615	26,912,590	18,256,587	16,991,024	8,314,274	5,657,842	--	39,134,882	(26,928,489)	--	200,023,513
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	56,100,346	496,473,761	552,574,107
Held-to-maturity investments												
Accrued reinsurance premiums	45,037,704	95,556,383	24,345,102	24,596,627	28,688,727	36,594,299	19,382,544	109,680,062	25,896,689	--	--	409,778,137
Retroceded share of unearned premiums	8,010,935	7,175,832	2,619,072	--	6,220,529	--	--	--	9,054,526	--	--	33,080,894
Deferred excess of loss premiums	2,837,663	3,638,816	403,276	--	98,783	--	--	--	4,453,071	--	--	11,431,609
Retroceded share of outstanding claims	8,807,058	48,821,297	26,882,345	(993,866)	3,321,553	114,798	--	--	111,479,333	--	--	198,432,518
Retroceded share of claims incurred but not reported	8,097,132	5,620,750	1,605,731	445	5,721,604	651	--	--	38,890,866	--	--	59,937,179
Deferred policy acquisition costs	21,099,778	26,959,964	6,258,256	4,527,001	8,610,364	1,220,723	300,936	27,153,981	3,764,588	--	--	99,895,591
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	177,871,645	31,087,587	208,959,232
Property and equipment, net	--	--	--	--	--	--	--	--	--	2,212,848	30,376,050	32,588,898
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	2,663,892	2,663,892
Investment in equity accounted investee	--	--	--	--	--	--	--	--	--	--	97,293,816	97,293,816
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	15,549,401	15,549,401
<b>TOTAL ASSETS</b>	<b>126,953,458</b>	<b>266,394,657</b>	<b>89,026,372</b>	<b>46,386,794</b>	<b>69,652,584</b>	<b>46,244,745</b>	<b>25,341,322</b>	<b>136,834,043</b>	<b>232,673,955</b>	<b>305,904,864</b>	<b>1,002,393,400</b>	<b>2,347,806,194</b>

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

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

**For the three month and six month periods ended 30 June 2019**

**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 2018 (Audited)												
<b>LIABILITIES</b>												
Accounts payable	243,793	8,841,262	391,426	490,530	1,008,131	1,624,317	--	--	4,138,668	3,189,512	--	19,927,639
Retrocession balances payable	--	--	--	--	--	--	--	--	--	22,898,559	--	22,898,559
Accrued retroceded premiums	2,021,819	4,615,122	28,978	--	2,945,797	--	--	--	6,228,001	--	--	15,839,717
Unearned premiums	72,778,665	101,381,181	21,780,349	27,861,928	33,086,082	21,017,901	10,636,850	68,080,710	23,547,619	--	--	380,171,285
Outstanding claims	105,894,071	232,426,687	58,047,786	42,461,041	26,739,043	23,774,585	6,893,779	--	166,230,380	--	--	662,467,372
Claims incurred but not reported	28,403,847	41,575,068	10,291,455	48,550,512	25,095,650	26,620,210	16,104,376	80,977,273	52,862,342	--	--	330,480,733
Unearned retrocession commission	3,004,693	(304,033)	147,595	--	1,543,719	--	--	--	2,018,266	--	--	6,410,240
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	7,560,114	4,986,838	12,546,952
End of service indemnities	--	--	--	--	--	--	--	--	--	6,593,975	--	6,593,975
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	38,244,253	38,244,253
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	15,549,401	15,549,401
<b>TOTAL LIABILITIES</b>	<b>212,346,888</b>	<b>388,535,287</b>	<b>90,687,589</b>	<b>119,364,011</b>	<b>90,418,422</b>	<b>73,037,013</b>	<b>33,635,005</b>	<b>149,057,983</b>	<b>255,025,276</b>	<b>40,242,160</b>	<b>58,780,492</b>	<b>1,511,130,126</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the three month and six month periods ended 30 June 2019**

**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
<b>For the three month period ended 30 June 2019 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
<b><u>REVENUES</u></b>						
Gross written premiums	30,100,424	9,127,446	8,193,427	43,467,929	(8,682,713)	82,206,513
Retroceded premiums	(16,318,584)	(38,605)	(3,806)	(19,366,184)	--	(35,727,179)
Excess of loss expenses	(2,123,254)	(1,136,945)	(344,133)	(2,691,374)	(59,365)	(6,355,071)
<b>Net written premiums</b>	<b>11,658,586</b>	<b>7,951,896</b>	<b>7,845,488</b>	<b>21,410,371</b>	<b>(8,742,078)</b>	<b>40,124,263</b>
Changes in unearned premiums, net	30,066,486	16,370,338	2,267,040	31,459,959	20,011,204	100,175,027
<b>Net earned premiums</b>	<b>41,725,072</b>	<b>24,322,234</b>	<b>10,112,528</b>	<b>52,870,330</b>	<b>11,269,126</b>	<b>140,299,290</b>
Retrocession commissions	3,866,641	8,646	1,765	1,073,678	--	4,950,730
<b><u>TOTAL REVENUES</u></b>	<b>45,591,713</b>	<b>24,330,880</b>	<b>10,114,293</b>	<b>53,944,008</b>	<b>11,269,126</b>	<b>145,250,020</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	(22,722,651)	(14,302,620)	(4,556,874)	(40,288,059)	--	(81,870,204)
Retroceded share of claims paid	8,583,105	2,422	--	3,339,452	--	11,924,979
<b>Net claims paid</b>	<b>(14,139,546)</b>	<b>(14,300,198)</b>	<b>(4,556,874)</b>	<b>(36,948,607)</b>	<b>--</b>	<b>(69,945,225)</b>
Changes in outstanding claims, net	(6,861,252)	280,987	(833,048)	1,057,523	(371,588)	(6,727,378)
Changes in Incurred but not reported claims, net	(4,421,407)	2,079,853	(597,496)	(638,283)	(6,783,338)	(10,360,671)
<b>Net claims incurred</b>	<b>(25,422,205)</b>	<b>(11,939,358)</b>	<b>(5,987,418)</b>	<b>(36,529,367)</b>	<b>(7,154,926)</b>	<b>(87,033,274)</b>
Policy acquisition costs and profit commissions	(12,560,355)	(7,535,875)	(2,832,924)	(13,859,782)	(4,054,472)	(40,843,408)
Other underwriting expenses	(342,453)	(118,169)	(54,189)	(294,450)	(29,100)	(838,361)
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>	<b>(38,325,013)</b>	<b>(19,593,402)</b>	<b>(8,874,531)</b>	<b>(50,683,599)</b>	<b>(11,238,498)</b>	<b>(128,715,043)</b>
<b>NET UNDERWRITING INCOME</b>	<b>7,266,700</b>	<b>4,737,478</b>	<b>1,239,762</b>	<b>3,260,409</b>	<b>30,628</b>	<b>16,534,977</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the three month and six month periods ended 30 June 2019**

**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 June 2018 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	20,508,251	1,489,856	2,977,754	54,697,868	(17,486,025)	62,187,704
Retroceded premiums	(11,333,316)	66,574	(4,178)	252,601	--	(11,018,319)
Excess of loss expenses	(3,175,359)	(1,413,764)	(464,890)	(2,965,986)	(135,155)	(8,155,154)
Net written premiums	5,999,576	142,666	2,508,686	51,984,483	(17,621,180)	43,014,231
Changes in unearned premiums, net	43,272,860	22,816,331	5,137,459	(3,597,567)	27,011,418	94,640,501
Net earned premiums	49,272,436	22,958,997	7,646,145	48,386,916	9,390,238	137,654,732
Retrocession commissions	3,764,244	(39,452)	2,778	701,602	--	4,429,172
<u>TOTAL REVENUES</u>	<u>53,036,680</u>	<u>22,919,545</u>	<u>7,648,923</u>	<u>49,088,518</u>	<u>9,390,238</u>	<u>142,083,904</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(36,939,264)	(14,466,049)	(8,555,627)	(32,266,846)	(38,160)	(92,265,946)
Retroceded share of claims paid	618,226	140,789	4,874	6,582,691	--	7,346,580
Net claims paid	(36,321,038)	(14,325,260)	(8,550,753)	(25,684,155)	(38,160)	(84,919,366)
Changes in outstanding claims, net	(5,023,470)	(5,826,707)	(2,747,817)	(9,189,351)	(1,233,844)	(24,021,189)
Changes in Incurred but not reported claims, net	5,778,038	4,745,918	1,370,904	8,386,632	(4,751,809)	15,529,683
Net claims incurred	(35,566,470)	(15,406,049)	(9,927,666)	(26,486,874)	(6,023,813)	(93,410,872)
Policy acquisition costs and profit commissions	(10,833,571)	(6,198,545)	(2,308,707)	(12,754,149)	(3,414,126)	(35,509,098)
Other underwriting expenses	735,937	190,910	55,564	525,377	420,213	1,928,001
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>(45,664,104)</u>	<u>(21,413,684)</u>	<u>(12,180,809)</u>	<u>(38,715,646)</u>	<u>(9,017,726)</u>	<u>(126,991,969)</u>
<u>NET UNDERWRITING INCOME / (LOSS)</u>	<u>7,372,576</u>	<u>1,505,861</u>	<u>(4,531,886)</u>	<u>10,372,872</u>	<u>372,512</u>	<u>15,091,935</u>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the three month and six month periods ended 30 June 2019**

**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
<b>For the six month period ended 30 June 2019 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
<b><u>REVENUES</u></b>						
Gross written premiums	165,445,344	56,577,676	33,544,177	194,722,096	56,237,781	506,527,074
Retroceded premiums	(29,767,141)	(146,307)	(4,034)	(19,247,481)	--	(49,164,963)
Excess of loss expenses	(4,553,871)	(3,489,478)	(674,236)	(5,772,976)	(50,755)	(14,541,316)
<b>Net written premiums</b>	<b>131,124,332</b>	<b>52,941,891</b>	<b>32,865,907</b>	<b>169,701,639</b>	<b>56,187,026</b>	<b>442,820,795</b>
Changes in unearned premiums, net	(32,912,864)	(3,952,702)	(12,430,518)	(56,670,738)	(22,360,922)	(128,327,744)
<b>Net earned premiums</b>	<b>98,211,468</b>	<b>48,989,189</b>	<b>20,435,389</b>	<b>113,030,901</b>	<b>33,826,104</b>	<b>314,493,051</b>
Retrocession commissions	6,973,420	15,352	3,431	1,640,518	--	8,632,721
<b><u>TOTAL REVENUES</u></b>	<b>105,184,888</b>	<b>49,004,541</b>	<b>20,438,820</b>	<b>114,671,419</b>	<b>33,826,104</b>	<b>323,125,772</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	(81,857,775)	(28,734,120)	(11,992,424)	(67,881,696)	10,925	(190,455,090)
Retroceded share of claims paid	35,320,788	57,885	29,529	3,856,166	--	39,264,368
<b>Net claims paid</b>	<b>(46,536,987)</b>	<b>(28,676,235)</b>	<b>(11,962,895)</b>	<b>(64,025,530)</b>	<b>10,925</b>	<b>(151,190,722)</b>
Changes in outstanding claims, net	(4,425,366)	(1,351,952)	1,250,137	(12,238,020)	(1,726,245)	(18,491,446)
Changes in Incurred but not reported claims, net	(10,172,942)	(276,175)	(43,813)	(5,062,345)	(23,074,578)	(38,629,853)
<b>Net claims incurred</b>	<b>(61,135,295)</b>	<b>(30,304,362)</b>	<b>(10,756,571)</b>	<b>(81,325,895)</b>	<b>(24,789,898)</b>	<b>(208,312,021)</b>
Policy acquisition costs and profit commissions	(24,535,831)	(14,650,469)	(5,704,741)	(28,297,734)	(12,551,844)	(85,740,619)
Other underwriting expenses	(604,034)	(241,316)	(102,663)	(611,078)	(121,000)	(1,680,091)
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>	<b>(86,275,160)</b>	<b>(45,196,147)</b>	<b>(16,563,975)</b>	<b>(110,234,707)</b>	<b>(37,462,742)</b>	<b>(295,732,731)</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>18,909,728</b>	<b>3,808,394</b>	<b>3,874,845</b>	<b>4,436,712</b>	<b>(3,636,638)</b>	<b>27,393,041</b>



**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the three month and six month periods ended 30 June 2019**

**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 six month period ended 30 June 2018 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	226,212,965	58,481,471	21,754,736	204,326,348	79,794,539	590,570,059
Retroceded premiums	(27,441,930)	14,638	(11,505)	(11,953,431)	--	(39,392,228)
Excess of loss expenses	(6,500,024)	(2,910,761)	(779,572)	(5,421,463)	(242,323)	(15,854,143)
Net written premiums	192,271,011	55,585,348	20,963,659	186,951,454	79,552,216	535,323,688
Changes in unearned premiums, net	(85,747,789)	(3,571,650)	(6,947,549)	(86,366,167)	(46,266,010)	(228,899,165)
Net earned premiums	106,523,222	52,013,698	14,016,110	100,585,287	33,286,206	306,424,523
Retrocession commissions	6,729,074	(32,952)	3,469	1,528,017	--	8,227,608
<u>TOTAL REVENUES</u>	<u>113,252,296</u>	<u>51,980,746</u>	<u>14,019,579</u>	<u>102,113,304</u>	<u>33,286,206</u>	<u>314,652,131</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(79,668,435)	(32,717,114)	(11,947,063)	(52,404,591)	(38,160)	(176,775,363)
Retroceded share of claims paid	1,590,048	168,913	4,890	7,699,439	--	9,463,290
Net claims paid	(78,078,387)	(32,548,201)	(11,942,173)	(44,705,152)	(38,160)	(167,312,073)
Changes in outstanding claims, net	2,757,470	(9,027,942)	(12,169,046)	(17,150,946)	(1,244,134)	(36,834,598)
Changes in Incurred but not reported claims, net	8,232,047	3,477,654	3,587,326	3,708,152	(20,771,160)	(1,765,981)
Net claims incurred	(67,088,870)	(38,098,489)	(20,523,893)	(58,147,946)	(22,053,454)	(205,912,652)
Policy acquisition costs and profit commissions	(23,625,108)	(13,877,085)	(3,996,241)	(23,456,203)	(12,614,430)	(77,569,067)
Other underwriting expenses	(292,587)	(94,048)	(38,321)	(222,765)	(66,190)	(713,911)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>(91,006,565)</u>	<u>(52,069,622)</u>	<u>(24,558,455)</u>	<u>(81,826,914)</u>	<u>(34,734,074)</u>	<u>(284,195,630)</u>
<u>NET UNDERWRITING INCOME / (LOSS)</u>	<u>22,245,731</u>	<u>(88,876)</u>	<u>(10,538,876)</u>	<u>20,286,390</u>	<u>(1,447,868)</u>	<u>30,456,501</u>

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

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

**For the three month and six month periods ended 30 June 2019**

**14 SEGMENTAL INFORMATION (CONTINUED)**

**14.2 Geographical segments (continued)**

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
<b>As at 30 June 2019</b>								
<b>(Unaudited)</b>								
<b><u>ASSETS</u></b>								
Bank balances and cash	7,239,957	--	--	10,988,941	--	--	12,463,719	30,692,617
Time deposits	138,705,304	--	--	--	--	--	319,999,059	458,704,363
Accrued special commission income from time deposits	711,193	--	--	--	--	--	4,187,221	4,898,414
Premium receivables, net	104,251,630	45,497,915	25,531,196	77,645,964	--	(33,364,074)	--	219,562,631
Investments held at fair value through income statement	--	--	--	--	--	2,113,719	345,782,216	347,895,935
Held-to-maturity investments	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	175,772,435	63,724,646	24,978,715	162,500,644	142,155,590	--	--	569,132,030
Retroceded share of unearned premiums	25,696,774	90,003	1,327	18,411,323	--	--	--	44,199,427
Deferred excess of loss premiums	75,065	30,026	45,039	--	--	--	--	150,130
Retroceded share of outstanding claims	172,113,027	19,830,913	1,901,278	17,133,966	--	--	--	210,979,184
Retroceded share of claims incurred but not reported	12,022,334	2,250,162	455,830	7,250,528	46,237	--	--	22,025,091
Deferred policy acquisition costs	32,293,547	17,080,061	7,144,417	42,001,599	33,220,874	--	--	131,740,498
Prepaid expenses, deposits and other assets	12,746,511	--	--	229,178	166,609,875	--	31,261,703	210,847,267
Property and equipment, net	1,941,823	--	--	1,555,599	--	--	29,968,577	33,465,999
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	4,361,833	4,361,833
Investment in an equity accounted investee	--	--	--	--	--	--	103,486,585	103,486,585
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	16,807,381	16,807,381
<b>TOTAL ASSETS</b>	<b>683,569,600</b>	<b>148,503,726</b>	<b>60,057,802</b>	<b>337,717,742</b>	<b>342,032,576</b>	<b>(31,250,355)</b>	<b>1,027,318,294</b>	<b>2,567,949,385</b>
<b><u>LIABILITIES</u></b>								
Accounts payable	4,806,356	7,000,897	2,359,174	8,211,882	--	6,238,741	--	28,617,050
Retrocession balances payable	--	--	--	--	--	18,699,285	--	18,699,285
Accrued retroceded premiums	--	3,750,484	(1,098,698)	(311,533)	9,616,244	16,465,310	--	28,421,807
Unearned premiums	173,328,085	57,517,927	26,291,108	171,748,518	90,731,924	--	--	519,617,562
Outstanding claims	345,626,780	140,169,540	20,339,347	184,213,562	3,156,257	--	--	693,505,486
Claims incurred but not reported	107,514,948	33,493,551	13,370,614	71,934,778	104,884,607	--	--	331,198,498
Unearned retrocession commission	--	(873,678)	--	--	--	10,341,593	--	9,467,915
Accrued expenses and other liabilities	--	--	--	--	--	7,479,201	2,525,042	10,004,243
End of service indemnities	6,949,957	--	--	--	--	--	--	6,949,957
Provision for zakat and tax	--	--	--	--	--	--	32,498,364	32,498,364
Accrued commission income payable to SAMA	--	--	--	--	--	--	16,807,381	16,807,381
<b>TOTAL LIABILITIES</b>	<b>638,226,126</b>	<b>241,058,721</b>	<b>61,261,545</b>	<b>435,797,207</b>	<b>208,389,032</b>	<b>59,224,130</b>	<b>51,830,787</b>	<b>1,695,787,548</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the three month and six month periods ended 30 June 2019**

**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 2018 (Audited)								
<b>ASSETS</b>								
Bank balances and cash	16,237,729	--	--	6,105,987	--	--	9,542,390	31,886,106
Time deposits	19,397,000	--	--	54,499,431	--	--	196,235,246	270,131,677
Accrued special commission income from time deposits	168,615	--	--	239,752	--	--	1,671,257	2,079,624
Premium receivables, net	47,592,759	35,285,959	12,729,390	39,081,228	--	65,334,177	--	200,023,513
Investments held at fair value through income statement	--	--	--	--	--	56,100,346	496,473,761	552,574,107
Held-to-maturity investments								
Accrued reinsurance premiums	129,433,278	50,023,519	16,330,009	103,366,647	110,624,684	--	--	409,778,137
Retroceded share of unearned premiums	27,317,750	8,739	8,026	5,746,379	--	--	--	33,080,894
Deferred excess of loss premiums	7,162,684	1,068,000	--	3,200,925	--	--	--	11,431,609
Retroceded share of outstanding claims	167,245,423	13,694,224	4,615,894	12,876,977	--	--	--	198,432,518
Retroceded share of claims incurred but not reported	47,208,681	3,523,570	513,471	8,635,652	55,805	--	--	59,937,179
Deferred policy acquisition costs	26,401,087	15,853,687	4,177,417	26,206,480	27,256,920	--	--	99,895,591
Prepaid expenses, deposits and other assets	11,146,007	--	--	115,763	166,609,875	--	31,087,587	208,959,232
Property and equipment, net	1,908,364	--	--	--	304,484	--	30,376,050	32,588,898
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	2,663,892	2,663,892
Investment in an equity accounted investee	--	--	--	--	--	--	97,293,816	97,293,816
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	15,549,401	15,549,401
<b>TOTAL ASSETS</b>	<b>501,219,377</b>	<b>119,457,698</b>	<b>38,374,207</b>	<b>260,075,221</b>	<b>304,851,768</b>	<b>121,434,523</b>	<b>1,002,393,400</b>	<b>2,347,806,194</b>
<b>LIABILITIES</b>								
Accounts payable	3,281,697	1,865,259	4,632,891	9,694,103	--	453,689	--	19,927,639
Retrocession balances payable	--	--	--	--	--	22,898,559	--	22,898,559
Accrued retroceded premiums	53,735	(1,098,698)	(311,533)	2,927,586	--	14,268,627	--	15,839,717
Unearned premiums	142,114,411	54,204,990	13,867,561	101,613,323	68,371,000	--	--	380,171,285
Outstanding claims	336,536,294	133,051,389	21,361,851	168,733,151	2,784,687	--	--	662,467,372
Claims incurred but not reported	132,522,900	34,496,239	13,384,441	68,257,556	81,819,597	--	--	330,480,733
Unearned retrocession commission	3,184,955	1,748	2,051	1,178,198	--	2,043,288	--	6,410,240
Accrued expenses and other liabilities	--	--	--	--	--	7,560,114	4,986,838	12,546,952
End of service indemnities	6,593,975	--	--	--	--	--	--	6,593,975
Provision for zakat and tax	--	--	--	--	--	--	38,244,253	38,244,253
Accrued commission income payable to SAMA	--	--	--	--	--	--	15,549,401	15,549,401
<b>TOTAL LIABILITIES</b>	<b>624,287,967</b>	<b>222,520,927</b>	<b>52,937,262</b>	<b>352,403,917</b>	<b>152,975,284</b>	<b>47,224,277</b>	<b>58,780,492</b>	<b>1,511,130,126</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the three month and six month periods ended 30 June 2019**

**15 SUPPLEMENTARY INFORMATION**

**Interim condensed statement of financial position**

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
<b>ASSETS</b>						
Bank balances and cash	18,228,898	12,463,719	30,692,617	22,343,716	9,542,390	31,886,106
Time deposits	138,705,304	319,999,059	458,704,363	73,896,431	196,235,246	270,131,677
Accrued special commission income from time deposits	711,193	4,187,221	4,898,414	408,367	1,671,257	2,079,624
Premium receivables, net	219,562,631	--	219,562,631	200,023,513	--	200,023,513
Investments held at fair value through income statement	2,113,719	345,782,216	347,895,935	56,100,346	496,473,761	552,574,107
Held-to-maturity investments	--	37,500,000	37,500,000	--	--	--
Accrued reinsurance premiums	569,132,030	--	569,132,030	409,778,137	--	409,778,137
Retroceded share of unearned premiums	44,199,427	--	44,199,427	33,080,894	--	33,080,894
Deferred excess of loss premiums	150,130	--	150,130	11,431,609	--	11,431,609
Retroceded share of outstanding claims	210,979,184	--	210,979,184	198,432,518	--	198,432,518
Retroceded share of claims incurred but not reported	22,025,091	--	22,025,091	59,937,179	--	59,937,179
Deferred policy acquisition costs	131,740,498	--	131,740,498	99,895,591	--	99,895,591
Prepaid expenses, deposits and other assets	179,585,564	31,261,703	210,847,267	177,871,645	31,087,587	208,959,232
Property and equipment, net	3,497,422	29,968,577	33,465,999	2,212,848	30,376,050	32,588,898
Accrued special commission income from bonds and sukuk	--	4,361,833	4,361,833	--	2,663,892	2,663,892
Investment in an equity accounted investee	--	103,486,585	103,486,585	--	97,293,816	97,293,816
Statutory deposit	--	121,500,000	121,500,000	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	16,807,381	16,807,381	--	15,549,401	15,549,401
Due from shareholders' operations*	108,491,360	--	108,491,360	110,965,035	--	110,965,035
<b>TOTAL ASSETS</b>	<b>1,649,122,451</b>	<b>1,027,318,294</b>	<b>2,676,440,745</b>	<b>1,456,377,829</b>	<b>1,002,393,400</b>	<b>2,458,771,229</b>
<b>LIABILITIES</b>						
Accounts payable	28,617,050	--	28,617,050	19,927,639	--	19,927,639
Retrocession balances payable	18,699,285	--	18,699,285	22,898,559	--	22,898,559
Accrued retroceded premiums	28,421,807	--	28,421,807	15,839,717	--	15,839,717
Unearned premiums	519,617,562	--	519,617,562	380,171,285	--	380,171,285
Outstanding claims	693,505,486	--	693,505,486	662,467,372	--	662,467,372
Claims incurred but not reported	331,198,498	--	331,198,498	330,480,733	--	330,480,733
Unearned retrocession commission	9,467,915	--	9,467,915	6,410,240	--	6,410,240
Accrued expenses and other liabilities	7,422,885	2,581,358	10,004,243	7,560,114	4,986,838	12,546,952
End of service indemnities	6,949,957	--	6,949,957	6,593,975	--	6,593,975
Accumulated surplus	5,222,006	--	5,222,006	4,028,195	--	4,028,195
Provision for zakat and tax	--	32,498,364	32,498,364	--	38,244,253	38,244,253
Accrued commission income payable to SAMA	--	16,807,381	16,807,381	--	15,549,401	15,549,401
Due to reinsurance operations*	--	108,491,360	108,491,360	--	110,965,035	110,965,035
<b>TOTAL LIABILITIES</b>	<b>1,649,122,451</b>	<b>160,378,463</b>	<b>1,809,500,914</b>	<b>1,456,377,829</b>	<b>169,745,527</b>	<b>1,626,123,356</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	--	810,000,000	810,000,000	--	810,000,000	810,000,000
Statutory reserve	--	8,815,260	8,815,260	--	8,815,260	8,815,260
Other reserves	--	(155,276)	(155,276)	--	1,074,616	1,074,616
Retained earnings	--	48,279,847	48,279,847	--	12,757,997	12,757,997
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>--</b>	<b>866,939,831</b>	<b>866,939,831</b>	<b>--</b>	<b>832,647,873</b>	<b>832,647,873</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,649,122,451</b>	<b>1,027,318,294</b>	<b>2,676,440,745</b>	<b>1,456,377,829</b>	<b>1,002,393,400</b>	<b>2,458,771,229</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the three month and six month periods ended 30 June 2019**

**15 SUPPLEMENTARY INFORMATION (CONTINUED)**

**Interim condensed statement of income**

	For the three month period ended 30 June 2019 (Unaudited)			For the three month period ended 30 June 2018 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross written premiums	82,206,513	--	82,206,513	62,187,704	--	62,187,704
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(35,727,179)	--	(35,727,179)	(11,018,319)	--	(11,018,319)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(6,355,071)	--	(6,355,071)	(8,155,154)	--	(8,155,154)
<b>Net written premiums</b>	<b>40,124,263</b>	<b>--</b>	<b>40,124,263</b>	43,014,231	--	43,014,231
Changes in unearned premiums, net	100,175,027	--	100,175,027	94,640,501	--	94,640,501
<b>Net earned premiums</b>	<b>140,299,290</b>	<b>--</b>	<b>140,299,290</b>	137,654,732	--	137,654,732
Retrocession commissions	4,950,730	--	4,950,730	4,429,172	--	4,429,172
<b>TOTAL REVENUES</b>	<b>145,250,020</b>	<b>--</b>	<b>145,250,020</b>	142,083,904	--	142,083,904
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(81,870,204)	--	(81,870,204)	(92,265,946)	--	(92,265,946)
Retroceded share of claims paid	11,924,979	--	11,924,979	7,346,580	--	7,346,580
<b>Net claims paid</b>	<b>(69,945,225)</b>	<b>--</b>	<b>(69,945,225)</b>	(84,919,366)	--	(84,919,366)
Changes in outstanding claims, net	(6,727,378)	--	(6,727,378)	(24,021,189)	--	(24,021,189)
Changes in Incurred but not reported claims, net	(10,360,671)	--	(10,360,671)	15,529,683	--	15,529,683
<b>Net claims incurred</b>	<b>(87,033,274)</b>	<b>--</b>	<b>(87,033,274)</b>	(93,410,872)	--	(93,410,872)
Policy acquisition costs and profit commissions	(40,843,408)	--	(40,843,408)	(35,509,098)	--	(35,509,098)
Other underwriting expenses	(838,361)	--	(838,361)	1,928,001	--	1,928,001
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(128,715,043)</b>	<b>--</b>	<b>(128,715,043)</b>	(126,991,969)	--	(126,991,969)
<b>NET UNDERWRITING INCOME</b>	<b>16,534,977</b>	<b>--</b>	<b>16,534,977</b>	15,091,935	--	15,091,935
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Special commission income from time deposits	2,030,885	2,758,020	4,788,905	475,422	144,764	620,186
Realized gains on investments held at fair value through income statement	--	550,953	550,953	213,885	627,012	840,897
Unrealized gains / (losses) on investments held at fair value through income statement	15,136	1,762,753	1,777,889	(80,753)	3,677,727	3,596,974
Special commission income from bonds and sukuk	--	1,020,628	1,020,628	--	594,597	594,597
Dividend income	--	1,830,312	1,830,312	--	1,071,096	1,071,096
Share of profit of equity accounted investee	--	5,921,483	5,921,483	--	275,686	275,686
Investment management expenses	(46,579)	(529,536)	(576,115)	(53,262)	(789,225)	(842,487)
<b>Net investment income</b>	<b>1,999,442</b>	<b>13,314,613</b>	<b>15,314,055</b>	555,292	5,601,657	6,156,949
Other income	--	249,219	249,219	376,838	249,219	626,057
Reversal/(Allowance) for doubtful debts	(318,531)	--	(318,531)	(462,064)	--	(462,064)
General and administrative expenses	(10,643,218)	(2,103,078)	(12,746,296)	(9,768,388)	(1,349,806)	(11,118,194)
Board of directors' remunerations, meetings fees and expenses	--	(579,832)	(579,832)	--	(540,344)	(540,344)
Foreign exchange translation losses	49,088	--	49,088	(3,030,636)	(11,686)	(3,042,322)
<b>Total income for the period before zakat and tax</b>	<b>7,621,758</b>	<b>10,880,922</b>	<b>18,502,680</b>	2,762,977	3,949,040	6,712,017
<b>Total income attributed to the reinsurance operations</b>	<b>(762,176)</b>	<b>--</b>	<b>(762,176)</b>	(276,265)	--	(276,265)
<b>Net income for the period before zakat and tax</b>	<b>6,859,582</b>	<b>10,880,992</b>	<b>17,740,504</b>	2,486,712	3,949,040	6,435,752
<b>Zakat and tax charge for the period</b>	<b>--</b>	<b>(3,653,747)</b>	<b>(3,653,747)</b>	<b>--</b>	<b>(3,148,066)</b>	<b>(3,148,066)</b>
<b>Net income for the period after zakat and tax attributable to the shareholders</b>	<b>6,859,582</b>	<b>7,227,175</b>	<b>14,086,757</b>	2,486,712	800,974	3,287,686

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**15 SUPPLEMENTARY INFORMATION (CONTINUED)**

**Interim condensed statement of income (continued)**

	For the six month period ended 30 June 2019 (Unaudited)			For the six month period ended 30 June 2018 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross written premiums	506,527,074	--	506,527,074	590,570,059	--	590,570,059
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(49,164,963)	--	(49,164,963)	(39,392,228)	--	(39,392,228)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(14,541,316)	--	(14,541,316)	(15,854,143)	--	(15,854,143)
<b>Net written premiums</b>	<b>442,820,795</b>	<b>--</b>	<b>442,820,795</b>	<b>535,323,688</b>	<b>--</b>	<b>535,323,688</b>
Changes in unearned premiums, net	(128,327,744)	--	(128,327,744)	(228,899,165)	--	(228,899,165)
<b>Net earned premiums</b>	<b>314,493,051</b>	<b>--</b>	<b>314,493,051</b>	<b>306,424,523</b>	<b>--</b>	<b>306,424,523</b>
Retrocession commissions	8,632,721	--	8,632,721	8,227,608	--	8,227,608
<b>TOTAL REVENUES</b>	<b>323,125,772</b>	<b>--</b>	<b>323,125,772</b>	<b>314,652,131</b>	<b>--</b>	<b>314,652,131</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(190,455,090)	--	(190,455,090)	(176,775,363)	--	(176,775,363)
Retroceded share of claims paid	39,264,368	--	39,264,368	9,463,290	--	9,463,290
<b>Net claims paid</b>	<b>(151,190,722)</b>	<b>--</b>	<b>(151,190,722)</b>	<b>(167,312,073)</b>	<b>--</b>	<b>(167,312,073)</b>
Changes in outstanding claims, net	(18,491,446)	--	(18,491,446)	(36,834,598)	--	(36,834,598)
Changes in Incurred but not reported claims, net	(38,629,853)	--	(38,629,853)	(1,765,981)	--	(1,765,981)
<b>Net claims incurred</b>	<b>(208,312,021)</b>	<b>--</b>	<b>(208,312,021)</b>	<b>(205,912,652)</b>	<b>--</b>	<b>(205,912,652)</b>
Policy acquisition costs and profit commissions	(85,740,619)	--	(85,740,619)	(77,569,067)	--	(77,569,067)
Other underwriting expenses	(1,680,091)	--	(1,680,091)	(713,911)	--	(713,911)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(295,732,731)</b>	<b>--</b>	<b>(295,732,731)</b>	<b>(284,195,630)</b>	<b>--</b>	<b>(284,195,630)</b>
<b>NET UNDERWRITING INCOME</b>	<b>27,393,041</b>	<b>--</b>	<b>27,393,041</b>	<b>30,456,501</b>	<b>--</b>	<b>30,456,501</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Special commission income from time deposits	3,802,646	4,734,687	8,537,333	856,267	169,609	1,025,876
Realized gains on investments held at fair value through income statement	193,268	1,166,194	1,359,462	213,885	1,504,029	1,717,914
Unrealized gains / (losses) on investments held at fair value through income statement	25,002	19,819,596	19,844,598	(571,678)	7,068,141	6,496,463
Special commission income from bonds and sukuk	--	1,821,676	1,821,676	--	1,364,190	1,364,190
Dividend income	--	2,003,151	2,003,151	--	1,417,032	1,417,032
Share of profit of associate	--	7,422,661	7,422,661	--	567,373	567,373
Investment management expenses	(93,906)	(822,666)	(916,572)	(203,369)	(1,838,035)	(2,041,404)
<b>Net investment income</b>	<b>3,927,010</b>	<b>36,145,299</b>	<b>40,072,309</b>	<b>295,105</b>	<b>10,252,339</b>	<b>10,547,444</b>
Other income	--	495,700	495,700	739,088	399,846	1,138,934
Allowance for doubtful debts	517,929	--	517,929	(860,140)	--	(860,140)
General and administrative expenses	(20,463,699)	(3,669,269)	(24,132,968)	(20,014,513)	(2,705,936)	(22,720,449)
Board of directors' remunerations, meetings fees and expenses	--	(1,159,020)	(1,159,020)	--	(1,129,906)	(1,129,906)
Foreign exchange translation losses	576,607	--	576,607	(2,523,153)	(68,333)	(2,591,486)
<b>Total income for the period before zakat and tax</b>	<b>11,950,888</b>	<b>31,812,710</b>	<b>43,763,598</b>	<b>8,092,888</b>	<b>6,748,010</b>	<b>14,840,898</b>
<b>Total income attributed to the reinsurance operations</b>	<b>(1,193,812)</b>	<b>--</b>	<b>(1,193,812)</b>	<b>(809,289)</b>	<b>--</b>	<b>(809,289)</b>
<b>Net income for the period before zakat and tax</b>	<b>10,757,076</b>	<b>31,812,710</b>	<b>42,569,786</b>	<b>7,283,599</b>	<b>6,748,010</b>	<b>14,031,609</b>
<b>Zakat and tax charge for the period</b>	<b>--</b>	<b>(7,047,936)</b>	<b>(7,047,936)</b>	<b>--</b>	<b>(6,137,326)</b>	<b>(6,137,326)</b>
<b>Net income for the period after zakat and tax attributable to the shareholders</b>	<b>10,757,076</b>	<b>24,764,774</b>	<b>35,521,850</b>	<b>7,283,599</b>	<b>610,684</b>	<b>7,894,283</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
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**15 SUPPLEMENTARY INFORMATION (CONTINUED)**

**Interim condensed statement of comprehensive income**

	For the three month period ended 30 June 2019 (Unaudited)			For the three month period ended 30 June 2018 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Surplus transferred to Shareholders	6,859,582	7,227,175	14,086,757	2,486,712	800,974	3,287,686
<i>Other comprehensive income</i>						
<b>Items that may be classified to income statement subsequently</b>						
Share of foreign currency translation reserve of an equity accounted investee	--	(1,350,003)	(1,350,003)	--	(3,155,409)	(3,155,409)
<b>Total comprehensive income for the period</b>	<b>6,859,582</b>	<b>5,877,172</b>	<b>12,736,754</b>	<b>2,486,712</b>	<b>(2,354,435)</b>	<b>132,277</b>

	For the six month period ended 30 June 2019 (Unaudited)			For the six month period ended 30 June 2018 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Surplus transferred to Shareholders	10,757,076	24,764,774	35,521,850	7,283,599	610,684	7,894,283
<i>Other comprehensive income</i>						
<b>Items that may be classified to income statement subsequently</b>						
Share of foreign currency translation reserve of an equity accounted investee	--	(1,229,892)	(1,229,892)	--	(1,974,491)	(1,974,491)
<b>Total comprehensive income for the period</b>	<b>10,757,076</b>	<b>23,534,882</b>	<b>34,291,958</b>	<b>7,283,599</b>	<b>(1,363,807)</b>	<b>5,919,792</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
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**15 SUPPLEMENTARY INFORMATION (CONTINUED)**

**Interim condensed statement of cash flows**

	<b>Reinsurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Reinsurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
	<b>For the six month period ended 30 June 2019</b>			<b>For the six month period ended 30 June 2018</b>		
	<b>(Unaudited)</b>			<b>(Unaudited)</b>		
<b>OPERATING ACTIVITIES</b>						
Total income for the period before zakat and tax	1,193,812	42,569,786	43,763,598	809,289	14,031,609	14,840,898
<i>Adjustments to reconcile net income for the period to net cash from operating activities:</i>						
Employees' end of service benefits	725,165	--	725,165	905,519	--	905,519
Depreciation of property and equipment	447,587	407,473	855,060	881,747	436,766	1,318,513
Realized gains on investments held at fair value through income statement	(193,268)	(1,166,194)	(1,359,462)	(213,886)	(1,504,029)	(1,717,915)
Unrealized (gains) / loss on investments held at fair value through income statement	(25,002)	(19,819,596)	(19,844,598)	571,678	(7,068,140)	(6,496,462)
Share of profit of an equity accounted investee	--	(7,422,661)	(7,422,661)	--	(567,373)	(567,373)
(Reversal) / Provision for doubtful receivable	(517,929)	--	(517,929)	860,140	--	860,140
Operating income before changes in operating assets and liabilities	<b>1,630,365</b>	<b>14,568,808</b>	<b>16,199,173</b>	<b>3,814,487</b>	<b>5,328,833</b>	<b>9,143,320</b>
<b>Changes in operating assets and liabilities:</b>						
Premiums receivable, gross	(19,021,190)	--	(19,021,190)	144,457,652	--	144,457,652
Accrued reinsurance premiums	(159,353,893)	--	(159,353,893)	(220,974,918)	--	(220,974,918)
Retroceded share of unearned premiums	(11,118,533)	--	(11,118,533)	72,744,349	--	72,744,349
Unearned premiums	139,446,277	--	139,446,277	156,154,818	--	156,154,818
Retroceded share of outstanding claims	(12,546,666)	--	(12,546,666)	(102,905,448)	--	(102,905,448)
Retroceded share of claims incurred but not reported	37,912,088	--	37,912,088	17,092,529	--	17,092,529
Deferred acquisition costs	(31,844,907)	--	(31,844,907)	(56,534,411)	--	(56,534,411)
Deferred excess of loss premiums	11,281,479	--	11,281,479	13,706,939	--	13,706,939
Prepaid expenses, deposits and other assets	(1,713,919)	(174,116)	(1,888,035)	(7,193,086)	(30,664,955)	(37,858,041)
Accounts payable	8,689,411	--	8,689,411	(736,393)	--	(736,393)
Retrocession balances payable	(4,199,274)	--	(4,199,274)	(195,180,658)	--	(195,180,658)
Accrued retroceded premiums	12,582,090	--	12,582,090	8,005,310	--	8,005,310
Outstanding claims	31,038,114	--	31,038,114	139,740,043	--	139,740,043
Claims incurred but not reported	717,765	--	717,765	(15,326,546)	--	(15,326,546)
Unearned commission income	3,057,675	--	3,057,675	2,800,184	--	2,800,184
Accrued expenses and other liabilities	(137,229)	(2,405,480)	(2,542,709)	(920,700)	(3,498,475)	(4,419,175)
<b>Cash from / (used in) operating activities</b>	<b>6,419,653</b>	<b>11,989,212</b>	<b>18,408,865</b>	<b>(41,255,849)</b>	<b>(28,834,597)</b>	<b>(70,090,446)</b>
Zakat and income tax paid	--	(12,793,825)	(12,793,825)	--	(12,089,920)	(12,089,920)
Employees' end of service benefits paid	(369,183)	--	(369,183)	(357,257)	--	(357,257)
<b>Net cash from / (used in) operating activities</b>	<b>6,050,470</b>	<b>(804,613)</b>	<b>5,245,857</b>	<b>(41,613,106)</b>	<b>(40,924,517)</b>	<b>(82,537,623)</b>



**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
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**15 SUPPLEMENTARY INFORMATION (CONTINUED)**

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

	<b>Reinsurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Reinsurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
	<b>For the six month period ended 30 June 2019 (Unaudited)</b>			<b>For the six month period ended 30 June 2018 (Unaudited)</b>		
<b>INVESTING ACTIVITIES</b>						
Time deposits	(114,558,303)	(123,763,813)	(238,322,116)	23,914,770	--	23,914,770
Accrued special commission income on time deposits	(302,826)	(2,515,964)	(2,818,790)	470,047	(541,362)	(71,315)
Accrued special commission income from bonds and sukuk	--	(1,697,941)	(1,697,941)	--	629,261	629,261
Purchase of property and equipment	(1,732,160)	--	(1,732,160)	(356,211)	--	(356,211)
Additions in investments held at fair value through income statement	--	(97,732,000)	(97,732,000)	(6,000,000)	(4,988,926)	(10,988,926)
Additions in held-to-maturity investments	--	(37,500,000)	(37,500,000)	--	--	--
Proceeds from disposal of property and equipment	--	--	--	75,000	--	75,000
Proceeds from disposal of investments held at fair value through income statement	54,204,896	269,409,335	323,614,231	38,416,162	120,744,003	159,160,165
Statutory deposit	--	--	--	--	(21,500,000)	(21,500,000)
<b>Net cash (used in) / from investing activities</b>	<b>(62,388,393)</b>	<b>6,199,617</b>	<b>(56,188,776)</b>	<b>56,519,768</b>	<b>94,342,976</b>	<b>150,862,744</b>
<b>FINANCING ACTIVITIES</b>						
Due to / from reinsurance / shareholders' operations*	2,473,675	(2,473,675)	--	18,803,606	(18,803,606)	--
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(53,864,248)</b>	<b>2,921,329</b>	<b>(50,942,919)</b>	<b>33,710,268</b>	<b>34,614,853</b>	<b>68,325,121</b>
Cash and cash equivalents at the beginning of the period	72,093,146	9,542,390	81,635,536	53,494,191	31,737,579	85,231,770
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>18,228,898</b>	<b>12,463,719</b>	<b>30,692,617</b>	<b>87,204,459</b>	<b>66,352,432</b>	<b>153,556,891</b>

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

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**16 COMMITMENTS AND CONTINGENCIES**

As at 30 June 2019, the Company has deposited and pledged SR 47,250,000 (31 December 2018: 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 119,359,875 (31 December 2018: 119,359,875) 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 PER SHARE**

Basic and diluted earnings per share for the three month and six month periods ended 30 June 2019 and 30 June 2018 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.

**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 4 Dhul-Hijjah1440H corresponding to 5 August 2019.