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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016**

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

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

For The Three month And Nine Month Periods Ended 30 September 2016

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KPMG Al Fozan & Partners
Certified Public Accountants



Audit – Consultants – Zakat & Tax

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

INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

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

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2016 and the interim statement of income - reinsurance operations and accumulated surplus, interim statement of income - shareholders' operations and interim statement of comprehensive income - shareholders' operations for the three month and nine month periods then ended and the interim statements of changes in shareholders' equity, reinsurance operations cash flows and shareholders' operations cash flows for the nine months period then ended and the related notes 1 through 15 which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF MATTER:

We draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

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19 Muharram 1438H
 20 October 2016

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	<i>Notes</i>	30 September 2016 (Unaudited) SR	31 December 2015 (Audited) SR
<u>REINSURANCE OPERATIONS' ASSETS</u>			
Cash and bank balances		43,332,089	61,025,692
Time deposits	5	67,551,601	35,218,332
Accrued special commission income from time deposits		591,122	72,199
Premium receivables	4	216,349,909	195,141,907
Investments held at fair value through income statement	7	74,606,007	73,707,373
Accrued insurance premiums		328,830,939	440,823,628
Retroceded share of unearned premiums	8	5,130,768	7,363,459
Deferred excess of loss premiums		24,225,251	17,389,664
Retroceded share of outstanding claims		119,770,121	60,496,840
Deferred acquisition costs		112,190,923	94,148,447
Prepaid expenses and other assets		49,359,906	91,221,256
Due from shareholders' operations		177,710,530	130,783,161
Property and equipment		3,785,659	5,455,845
TOTAL REINSURANCE OPERATIONS' ASSETS		1,223,434,825	1,212,847,803
<u>SHAREHOLDERS' ASSETS</u>			
Cash and bank balances		77,042,051	31,917,275
Time deposits	5	112,456,506	118,849,000
Accrued special commission income from time deposits		1,554,312	540,411
Accrued special commission income from bonds and Sukuk		3,552,297	2,220,485
Investments held at fair value through income statement	7	655,257,561	687,580,266
Prepaid expenses and other assets		106,587	405,990
Statutory deposit	6	100,000,000	100,000,000
Return on investment of statutory deposit	6	9,555,916	7,592,394
Property and equipment		32,342,821	32,998,857
TOTAL SHAREHOLDERS' ASSETS		991,868,051	982,104,678
TOTAL ASSETS		2,215,302,876	2,194,952,481
<u>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u>			
Accounts payable		11,082,099	10,101,722
Retrocession balances payable		28,392,216	14,927,181
Accrued retroceded premiums		63,137	354,467
Gross unearned premiums	8	438,823,619	502,998,272
Gross outstanding claims		735,089,413	674,119,737
Unearned commission income		1,192,480	1,806,605
Accrued expenses and other liabilities		3,931,682	4,185,212
Employees' end of service benefits		3,670,285	3,164,713
TOTAL REINSURANCE OPERATIONS' LIABILITIES		1,222,244,931	1,211,657,909
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		1,189,894	1,189,894
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,223,434,825	1,212,847,803
<u>SHAREHOLDERS' LIABILITIES AND EQUITY</u>			
<u>SHAREHOLDERS' LIABILITIES</u>			
Provision for Zakat and income tax		34,470,764	39,418,724
Due to reinsurance operations		177,710,530	130,783,161
Accrued expenses and other liabilities		1,955,830	2,173,675
Deferred return on investment of statutory deposit	6	9,555,916	7,592,394
TOTAL SHAREHOLDERS' LIABILITIES		223,693,040	179,967,954
<u>SHAREHOLDERS' EQUITY</u>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(237,895,913)	(203,934,200)
TOTAL SHAREHOLDERS' EQUITY		768,175,011	802,136,724
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		991,868,051	982,104,678
TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		2,215,302,876	2,194,952,481

Managing Director / Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF INCOME - REINSURANCE OPERATIONS AND ACCUMULATED SURPLUS

For the three month and nine month periods ended 30 September 2016

Notes	(Unaudited)			
	For the three month period ended		For the nine month period ended	
	30 September 2016 SR	30 September 2015 SR	30 September 2016 SR	30 September 2015 SR
Gross written premiums	82,454,802	397,054,831	978,011,937	743,637,425
Retroceded premiums	(895,317)	(3,284,061)	(4,574,056)	(9,354,536)
Excess of loss expenses	(6,456,336)	(6,939,130)	(34,905,404)	(31,146,699)
Net written premiums	75,103,149	386,831,640	938,532,477	703,136,190
Change in net unearned premiums	8 43,883,175	(234,440,395)	61,941,962	(369,887,623)
Net earned premiums	118,986,324	152,391,245	1,000,474,439	333,248,567
Net claims paid	9 (47,733,118)	(39,610,232)	(857,937,803)	(189,735,548)
Change in net outstanding claims	(29,019,764)	(98,590,230)	(1,696,395)	(76,543,487)
Net claims incurred	(76,752,882)	(138,200,462)	(859,634,198)	(266,279,035)
Gross acquisition costs	(27,637,763)	(38,903,604)	(135,301,880)	(79,319,309)
Commissions on retroceded business	663,486	(246,060)	2,053,389	1,342,471
Supervision and inspection fees	(412,274)	(1,985,274)	(4,890,060)	(3,718,187)
Net acquisition costs	(27,386,551)	(41,134,938)	(138,138,551)	(81,695,025)
Surplus/ (deficit) from reinsurance operation	14,846,891	(26,944,155)	2,701,690	(14,725,493)
Special commission income from time deposits	592,419	33,542	1,522,418	99,531
Realized gains on investments held at fair value through income statement	7 --	--	98,858	14,940
Unrealized gains on investments held at fair value through income statement	7 1,016,205	268,473	3,510,773	1,455,504
Other income	370,125	--	563,420	216,469
Investment management expenses	(113,972)	(75,038)	(300,127)	(228,273)
General and administrative expenses	(8,633,421)	(8,961,038)	(28,724,415)	(28,445,178)
Foreign exchange translation losses	(4,978,606)	(2,794,910)	(7,009,239)	(2,351,707)
Net surplus / (deficit) from reinsurance operations	3,099,641	(38,473,126)	(27,636,622)	(43,964,207)
Shareholders' appropriation from reinsurance operations' (surplus) / deficit	2 (3,099,641)	38,473,126	27,636,622	43,964,207
Reinsurance operations' deficit / surplus after shareholders' appropriation	--	--	--	--
Accumulated surplus at the beginning of the period	1,189,894	932,077	1,189,894	932,077
Accumulated surplus at the end of the period	1,189,894	932,077	1,189,894	932,077

Managing Director / Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS
For the three month and nine month periods ended 30 September 2016

	(Unaudited)			
	For the three month period ended		For the nine month period ended	
	30	30	30	30
	September 2016	September 2015	September 2016	September 2015
<i>Notes</i>	SR	SR	SR	SR
Special commission income from time deposits	947,134	103,500	2,465,793	267,950
Special commission income from bonds and sukuk	668,087	1,274,539	2,253,726	4,119,709
Realized (losses) / gains on investments held at fair value through income statement	7 (1,216,129)	(139,717)	(301,674)	2,737,174
Unrealized gains / (losses) on investments held at fair value through income statement	7 1,321,076	(24,061,120)	5,773,065	(5,728,963)
Dividend income	--	6,032,940	1,277,836	6,032,940
Other income	--	--	--	2,716
Total investment income / (loss)	1,720,168	(16,789,858)	11,468,746	7,431,526
General and administrative expenses	(1,210,317)	(1,077,488)	(4,075,358)	(3,589,809)
Investment management expenses	(783,120)	(754,901)	(2,403,433)	(2,335,800)
Board of directors' remunerations, meeting fees and expenses	(116,612)	(143,197)	(1,373,027)	(1,461,865)
Foreign exchange translation gains/ (losses)	--	--	99,954	(21,816)
Shareholders' appropriation from reinsurance operations' surplus / (deficit)	2 3,099,641	(38,473,126)	(27,636,622)	(43,964,207)
Net income / (loss) for the period	2,709,760	(57,238,570)	(23,919,740)	(43,941,971)
Basic and diluted earnings / (losses) per share for the period	13 0.03	(0.57)	(0.24)	(0.44)
Weighted average number of issued and outstanding shares	100,000,000	100,000,000	100,000,000	100,000,000

 Managing Director / Chief Executive Officer

 Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS' OPERATIONS


For the three month and nine month periods ended 30 September 2016

(Unaudited)

	For the three month period ended		For the nine month period ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	SR	SR	SR	SR
Net income/ (loss) for the period	2,709,760	(57,238,570)	(23,919,740)	(43,941,971)
Total comprehensive income/ (loss) for the period	2,709,760	(57,238,570)	(23,919,740)	(43,941,971)



Managing Director / Chief Executive Officer



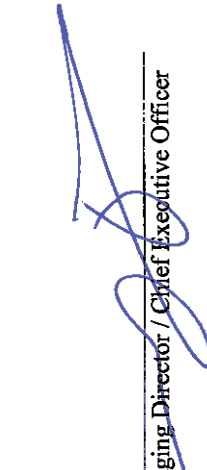
Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine month period ended 30 September 2016

	GCC Shareholders and General Public			Non - GCC Shareholders			Total			
	Share capital	Statutory reserve	Accumulated deficit	Share capital	Statutory reserve	Retained earnings / accumulated deficit	Share capital	Statutory reserve	Accumulated deficit	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 1 January 2015 (Audited)	974,152,000	5,914,003	(189,235,211)	25,848,000	156,921	589,505	1,000,000,000	6,070,924	(188,645,706)	817,425,218
Net loss for the period	--	--	(42,872,605)	--	--	(1,069,366)	--	--	(43,941,971)	(43,941,971)
Zakat	--	--	(9,889,752)	--	--	--	--	--	(9,889,752)	(9,889,752)
Balance as at 30 September 2015 (Unaudited)	974,152,000	5,914,003	(241,997,568)	25,848,000	156,921	(479,861)	1,000,000,000	6,070,924	(242,477,429)	763,593,495
Balance as at 1 January 2016 (Audited)	976,078,306	5,925,697	(204,507,637)	23,921,694	145,227	573,437	1,000,000,000	6,070,924	(203,934,200)	802,136,724
Transfer during the period	(4,709,726)	(28,592)	986,780	4,709,726	28,592	(986,780)	--	--	--	--
Net loss for the period	--	--	(23,234,884)	--	--	(684,856)	--	--	(23,919,740)	(23,919,740)
Zakat	--	--	(10,041,973)	--	--	--	--	--	(10,041,973)	(10,041,973)
Balance as at 30 September 2016 (Unaudited)	971,368,580	5,897,105	(236,797,714)	28,631,420	173,819	(1,098,199)	1,000,000,000	6,070,924	(237,895,913)	768,175,011

Managing Director / Chief Executive Officer



Chief Financial Officer



The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF CASH FLOWS - REINSURANCE OPERATIONS

For the nine month period ended 30 September 2016

(Unaudited)

Notes	30	30
	September 2016 SR	September 2015 SR

OPERATING ACTIVITIES

Reinsurance operations' deficit after shareholders' appropriation	--	--
<i>Adjustments to reconcile reinsurance operations' deficit after shareholders' appropriation to net cash from operating activities:</i>		
Employees' end of service benefits	875,163	887,004
Depreciation	1,794,308	1,765,750
Realized gains on investments held at fair value through income statement	(98,858)	(14,940)
Unrealized gains on investments held at fair value through income statement	(3,510,773)	(1,455,504)
Loss from disposal of property and equipment	--	86,998
Retroceded share of unearned premiums	2,232,691	(6,858,566)
Gross unearned premiums	(64,174,653)	376,746,186
Shareholders' appropriation from reinsurance operations' deficit	(27,636,622)	(43,964,207)
Operating (loss) / income before changes in operating assets and liabilities	(90,518,744)	327,192,721
Changes in operating assets and liabilities:		
Premiums receivable	(21,208,002)	(11,224,678)
Accrued insurance premiums	111,992,689	(333,245,438)
Retroceded share of outstanding claims	(59,273,281)	22,633,965
Deferred acquisition costs	(18,042,476)	(52,984,251)
Deferred excess of loss premiums	(6,835,587)	(6,272,794)
Prepaid expenses and other assets	41,861,350	(2,659,403)
Accounts payable	980,377	(5,226,139)
Retrocession balances payable	13,465,035	20,752,806
Accrued retroceded premiums	(291,330)	591,806
Gross outstanding claims	60,969,676	53,909,521
Unearned commission income	(614,125)	1,438,500
Accrued expenses and other liabilities	(253,530)	2,492,839
Cash from operations	32,232,052	17,399,455
Employees' end of service benefits paid	(369,591)	(475,822)
Net cash from operating activities	31,862,461	16,923,633

INVESTING ACTIVITIES

Time deposits	(32,333,269)	--
Accrued special commission income on time deposits	(518,923)	--
Purchase of property and equipment	(151,569)	(1,817,037)
Additions in investments held at fair value through income statement	7 (19,232,824)	(34,725,973)
Proceeds from disposal of property plant and equipment	27,447	331,887
Proceeds from investments held at fair value through income statement	7 21,943,821	37,211,049
Net cash (used in) / from investing activities	(30,265,317)	999,926

FINANCING ACTIVITY

Due (from) / to shareholders' operations	(19,290,747)	3,434,793
(DECREASE) / INCREASE IN CASH AND BANK BALANCES	(17,693,603)	21,358,352
Cash and bank balances at the beginning of the period	61,025,692	1,454,864
CASH AND BANK BALANCES AT THE END OF THE PERIOD	43,332,089	22,813,216

Managing Director / Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS – SHAREHOLDERS’ OPERATIONS
For the nine month period ended 30 September 2016

	(Unaudited)	
	30	30
	September	September
<i>Notes</i>	2016	2015
	SR	SR
OPERATING ACTIVITIES		
Net loss for the period	(23,919,740)	(43,941,971)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation	656,036	600,621
Realized losses / (gains) on investments held at fair value through income statement	301,674	(2,737,174)
Unrealized losses / (gains) on investments held at fair value through income statement	(5,773,065)	5,728,963
Income on statutory deposit	(1,963,522)	(7,589,256)
Shareholders’ appropriation from reinsurance operations’ deficit	27,636,622	43,964,207
Operating deficit before changes in operating assets and liabilities	(3,061,995)	(3,974,610)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	299,403	6,965,779
Accrued expenses and other liabilities	(217,845)	873,879
Accounts payable	1,963,522	--
Zakat and income tax paid	(14,989,933)	(11,417,727)
Net cash used in operating activities	(16,006,848)	(7,552,679)
INVESTING ACTIVITIES		
Purchase of property and equipment	--	(132,317)
Accrued special commission income from time deposits	(1,013,901)	(197,718)
Accrued special commission income from bonds and sukuk	(1,331,812)	577,949
Additions in investments held at fair value through income statement	7 (77,522,775)	(181,748,643)
Proceeds from investments held at fair value through income statement	7 115,316,871	189,259,458
Time deposits	6,392,494	(21,000,000)
Held to maturity investments	--	145,470,427
Net cash from investing activities	41,840,877	132,229,156
FINANCING ACTIVITY		
Due to / (from) reinsurance operations	19,290,747	(3,434,793)
INCREASE IN CASH AND BANK BALANCES	45,124,776	121,241,684
Cash and bank balances at the beginning of the period	31,917,275	2,567,730
CASH AND BANK BALANCES AT THE END OF THE PERIOD	77,042,051	123,809,414

 Managing Director / Chief Executive Officer

 Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 September 2016

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Re for Cooperative Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 dated 12 Jumada Al-Awal 1429H (corresponding to 17 May 2008) with a branch in the Federal Territory of Labuan, Malaysia with license number IS2014146. The address of the Company's registered office is at P.O. Box 300259, Riyadh 11372, Al Wadi, Northern Ring Road West, Exit 7, Building 4130, Riyadh, Kingdom of Saudi Arabia.

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

2. BASIS OF PREPARATION

Basis of measurement

These unaudited interim condensed financial statements are prepared under the historical cost basis except for the measurement at fair value of investments held at fair value through income statement.

Statement of compliance

The unaudited interim condensed financial statements for the three month and nine month periods ended 30 September 2016 have been prepared in accordance with International Accounting Standard (IAS 34) – "Interim Financial Reporting".

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 2015.

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.

In management's opinion, the unaudited interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented.

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

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

Functional and presentation currency

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

Fiscal year

The Company follows a fiscal year ending December 31.

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had an no significant financial impact on the unaudited interim condensed financial statements of the Company on the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior period have been reclassified to conform to the presentation made in the current period, however the impact of such reclassifications was not material to the overall presentation of the condensed financial statements. The risk management policies are consistent with those presented in the annual financial statements for the year ended 31 December 2015.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 September 2016

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

New and amended standards issued and adopted

Annual improvements to IFRSs 2012 – 2014

Annual improvements to IFRSs 2012 – 2014 cycle applicable to annual period beginning on or after 1 January 2016.

Disclosure initiative (Amendments to IAS 1)

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgments in presenting the financial reports. It is effective for annual periods beginning on or after 1 January 2016.

Standards issued but not yet effective

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

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB tentatively decided that IFRS 9 would be mandatorily effective for years ending on or after 31 December 2018.

Disclosure initiative (Amendments to IAS 7)

IAS 7 Statement of Cash flows has been amended as part of the IASB's broader disclosure initiative to improve presentation and disclosure in financial statements. It is effective for annual periods beginning on or after 1 January 2017.

4. PREMIUM RECEIVABLES

	30 September 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Premium receivable	220,485,142	197,764,243
Allowance for doubtful receivables	(4,135,233)	(2,622,336)
	216,349,909	195,141,907

5. TIME DEPOSITS

Time deposits are placed with banks which have credit ratings in line with Company's investment policy of BBB and above and have maturity period of more than three months from the date of original placement. Such deposits earn special commission at an average effective commission rate of 3.07% per annum (31 December 2015: 1.74% per annum).

6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 100 million (31 December 2015: SR 100 million) with a local bank, which has been rated "A" (by Standard & Poor's Ratings Services) representing the statutory deposit of 10% of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by the Saudi Arabian Monetary Agency (SAMA). This statutory deposit cannot be withdrawn without the consent of the SAMA. Further, the statutory deposit generates special commission income. This special commission income is shown as a separate line item in the Statement of Financial Position.

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7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

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

	30 September 2016 (Unaudited)		31 December 2015 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Investments in:				
Money market funds	19,352,359	13,178,243	21,844,963	36,280,976
Investment funds	--	50,000,000	--	25,000,000
Equities	--	139,547,028	--	175,235,360
Fixed-Rate bonds/Sukuk	52,771,894	380,457,706	49,380,880	396,373,680
Floating-Rate bonds/Sukuk	2,481,754	72,074,584	2,481,530	54,690,250
	<u>74,606,007</u>	<u>655,257,561</u>	<u>73,707,373</u>	<u>687,580,266</u>

ii. Determination of fair value and fair values hierarchy:

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

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

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

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

As at 30 September 2016 and 31 December 2015, all financial instruments under reinsurance operations which are measured at fair value are Level 1 instruments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	30 September 2016 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Investments in:				
Money Market Funds	13,178,243	--	--	13,178,243
Equities	139,547,028	--	--	139,547,028
Fixed-Rate Bonds/Sukuk	322,893,192	57,564,514	--	380,457,706
Floating-Rate Bonds/Sukuk	32,074,584	40,000,000	--	72,074,584
	<u>507,693,047</u>	<u>97,564,514</u>	<u>--</u>	<u>605,257,561</u>
	31 December 2015 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Investments in:				
Money Market Funds	36,280,976	--	--	36,280,976
Equities	175,235,360	--	--	175,235,360
Fixed-Rate Bonds/Sukuk	298,924,502	77,500,000	--	376,424,502
Floating-Rate Bonds/Sukuk	54,639,428	20,000,000	--	74,639,428
	<u>565,080,266</u>	<u>97,500,000</u>	<u>--</u>	<u>662,580,266</u>

The unlisted real estate fund amounting to SR 50,000,000 (2015: SR 25,000,000) was stated at cost in the absence of active market or other means of reliably measuring their fair value.

iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 30 September 2016 and year ended 31 December 2015.

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

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

	30 September 2016 (Unaudited)		31 December 2015 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Opening balance	73,707,373	687,580,266	124,911,737	732,671,564
Additions during the period	19,232,824	77,522,775	55,437,973	219,579,979
Disposals during the period	(21,943,821)	(115,316,871)	(107,894,039)	(256,879,577)
Unrealized gains/ (losses)	3,510,773	5,773,065	1,324,820	(7,851,967)
Realized gains/ (losses)	98,858	(301,674)	(73,118)	60,267
Closing balance	74,606,007	655,257,561	73,707,373	687,580,266

Investments under reinsurance and shareholders' operations include cash component of SR 4.8 million and SR 24.1 million respectively as at 30 September 2016 (31 December 2015: SR 4.1 million and SR 17.2 million respectively) available with external fund managers within the agreed investment guidelines.

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

	30 September 2016 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
Shareholders' operations			
Money Market Funds	13,178,243	--	13,178,243
Investment Funds	--	50,000,000	50,000,000
Equities	139,547,028	--	139,547,028
Fixed-Rate Bonds/Sukuk	322,893,192	57,564,514	380,457,706
Floating-Rate Bonds/Sukuk	32,074,584	40,000,000	72,074,584
	507,693,047	147,564,514	655,257,561
	31 December 2015 (Audited)		
	Quoted SR	Unquoted SR	Total SR
Shareholders' operations			
Money Market Funds	36,280,976	--	36,280,976
Investment Funds	--	25,000,000	25,000,000
Equities	175,235,360	--	175,235,360
Fixed-Rate Bonds/Sukuk	356,336,611	40,037,069	396,373,680
Floating-Rate Bonds/Sukuk	54,690,250	--	54,690,250
	622,543,197	65,037,069	687,580,266

As at 30 September 2016 and 31 December 2015, all financial instruments under reinsurance operations, which are measured at fair value, are quoted.

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

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

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

	Domestic		International		Total	
	30 September 2016 (Unaudited) SR	31 December 2015 (Audited) SR	30 September 2016 (Unaudited) SR	31 December 2015 (Audited) SR	30 September 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Reinsurance operations						
Money Market Funds	19,352,359	21,844,963	--	--	19,352,359	21,844,963
Fixed-Rate Bonds/Sukuk	--	3,913,426	52,771,894	45,467,454	52,771,894	49,380,880
Floating-Rate Bonds/Sukuk	--	--	2,481,754	2,481,530	2,481,754	2,481,530
Total	19,352,359	25,758,389	55,253,648	47,948,984	74,606,007	73,707,373

	Domestic		International		Total	
	30 September 2016 (Unaudited) SR	31 December 2015 (Audited) SR	30 September 2016 (Unaudited) SR	31 December 2015 (Audited) SR	30 September 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Shareholders' operations						
Money Market Funds	13,178,243	36,280,976	--	--	13,178,243	36,280,976
Investment Funds	50,000,000	25,000,000	--	--	50,000,000	25,000,000
Equities	47,511,382	78,742,056	92,035,646	96,493,304	139,547,028	175,235,360
Fixed-Rate Bonds/Sukuk	40,000,000	49,110,657	340,457,706	347,263,023	380,457,706	396,373,680
Floating-Rate Bonds/Sukuk	40,000,000	20,000,000	32,074,584	34,690,250	72,074,584	54,690,250
Total	190,689,625	209,133,689	464,567,936	478,446,577	655,257,561	687,580,266

8. UNEARNED PREMIUM

	30 September 2016 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	502,998,272	(7,363,459)	495,634,813
Premiums written during the period	978,011,937	(39,479,460)	938,532,477
Premium earned	(1,042,186,590)	41,712,151	(1,000,474,439)
Change in unearned premiums	64,174,653	(2,232,691)	61,941,962
Closing balance	438,823,619	(5,130,768)	433,692,851
	31 December 2015 (Audited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	238,458,639	(2,080,440)	236,378,199
Premiums written during the period	804,825,788	(50,033,814)	754,791,974
Premiums earned	(540,286,155)	44,750,795	(495,535,360)
Change in unearned premiums	264,539,633	(5,283,019)	259,256,614
Closing balance	502,998,272	(7,363,459)	495,634,813

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9. NET CLAIMS PAID

	For the three month period ended		For the nine month period ended	
	30 September 2016 (Unaudited) SR	30 September 2015 (Unaudited) SR	30 September 2016 (Unaudited) SR	30 September 2015 (Unaudited) SR
Gross claims paid	(51,197,100)	(56,128,403)	(867,800,409)	(211,393,446)
Retroceded share of claims paid	3,463,982	16,518,171	9,862,606	21,657,898
Net claims paid	(47,733,118)	(39,610,232)	(857,937,803)	(189,735,548)

10. RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of major related party transactions during the period and balances at the end of the period/ year:

Related party	Nature of transactions	Amounts of transactions for the nine month period ended		Balance as at	
		30 September 2016 (Unaudited) SR	30 September 2015 (Unaudited) SR	30 September 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Board of Directors	- Consulting fees	246,317	251,474	--	--
	- Remunerations, meeting fees and expenses	1,373,027	1,461,865	199,503	249,000
Key management Personnel	- Short term benefits	6,645,958	6,537,588	822,000	961,500
	- End of service benefits	315,981	287,744	1,323,124	1,007,143
Companies represented by the BOD members	- Gross written premiums	(277,296)	8,206,097	1,852,597	2,987,653
	- Claims incurred	2,736,791	2,533,137	4,441,593	6,378,454
	- Commission	1,670,226	1,174,076	--	--
	- HSBC Custodian fees	153,000	270,000	90,272	29,052

Balances with related parties are included in accrued expenses and other liabilities as shown in the interim statement of financial position.

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11. SEGMENTAL INFORMATION

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

Segment results do not include realized and unrealized gains on investments held at fair value through income statement, other income, investment management expenses and all general and administrative expenses and depreciation.

Segment assets do not include cash and bank balances of reinsurance operations, investments held at fair value through income statement, prepaid expenses and other assets, due from shareholders' operations and property and equipment.

Segment liabilities do not include surplus distribution payable, accrued expenses and other liabilities and employees' end of service benefits.

11.1 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		Fire		Marine		Motor		General Accident		Life		Speciality		Others		Total		
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
For the three month period ended 30 September 2016 (Unaudited)																			
Reinsurance operations' results																			
Gross written premiums	19,514,111	38,709,743	8,714,683	10,671,909	3,367,466	10,242,935	(11,793,240)	3,027,195	82,454,802										
Retroceded premiums	(610,999)	421,291	(296,325)	--	(261,632)	--	--	(147,652)	(895,317)										
Excess of loss expenses	(1,223,123)	(3,957,850)	(176,641)	--	(396,832)	(515,150)	--	(186,740)	(6,456,336)										
Net written premiums	17,679,989	35,173,184	8,241,717	10,671,909	2,709,002	9,727,785	(11,793,240)	2,692,803	75,103,149										
Change in net unearned premiums	(1,487,842)	603,512	(1,630,975)	12,758,107	5,135,526	3,033,855	15,485,214	9,985,778	43,883,175										
Net earned premiums	16,192,147	35,776,696	6,610,742	23,430,016	7,844,528	12,761,640	3,691,974	12,678,581	118,986,324										
Net claims paid	(12,683,784)	(15,805,831)	(3,396,830)	(3,123,811)	(1,528,371)	(7,305,050)	--	(3,889,441)	(47,733,118)										
Change in net outstanding claims	11,245,683	(7,829,462)	1,526,091	(15,440,967)	(4,497,582)	(6,276,783)	(2,351,910)	(5,394,834)	(29,019,764)										
Net claims incurred	(1,438,101)	(23,635,293)	(1,870,739)	(18,564,778)	(6,025,953)	(13,581,833)	(2,351,910)	(9,284,275)	(76,752,882)										
Gross acquisition costs	(4,998,736)	(10,534,122)	(2,150,108)	(4,291,162)	(2,169,030)	(766,687)	(1,480,659)	(1,247,259)	(27,637,763)										
Commissions on retroceded business	306,690	(24,329)	151,591	--	149,777	656	--	79,101	663,486										
Supervision and inspection fees	(97,571)	(193,549)	(43,573)	(53,359)	(16,837)	(51,215)	58,966	(15,136)	(412,274)										
Net acquisition costs	(4,789,617)	(10,752,000)	(2,042,090)	(4,344,521)	(2,036,090)	(817,246)	(1,421,693)	(1,183,294)	(27,386,551)										
Net underwriting results	9,964,429	1,389,403	2,697,913	520,717	(217,515)	(1,637,439)	(81,629)	2,211,012	14,846,891										

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11. SEGMENTAL INFORMATION (CONTINUED)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
For the three month period ended 30 September 2015 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	27,702,095	41,181,075	15,494,001	278,023,832	(743,192)	7,076,288	--	28,320,732	397,054,831
Retroceded premiums	(1,39,916)	(829,040)	(454,160)	--	(1,606,998)	--	--	(253,947)	(3,284,061)
Excess of loss expenses	(1,999,866)	(3,250,534)	(202,806)	(3,274)	(347,063)	(430,013)	--	(705,574)	(6,939,130)
Net written premiums	25,562,313	37,101,501	14,837,035	278,020,558	(2,697,253)	6,646,275	--	27,361,211	386,831,640
Change in net unearned premiums	(6,764,550)	(216,614)	(3,193,743)	(229,839,819)	7,257,777	5,557,210	3,739,968	(10,980,624)	(234,440,395)
Net earned premiums	18,797,763	36,884,887	11,643,292	48,180,739	4,560,524	12,203,485	3,739,968	16,380,587	152,391,245
Net claims paid	(3,312,630)	(19,659,154)	(3,445,363)	(2,977,710)	(553,510)	(6,935,938)	--	(2,725,927)	(39,610,232)
Change in net outstanding claims	(21,384,374)	(18,805,515)	(170,471)	(35,543,395)	(1,279,824)	(12,857,072)	(2,447,304)	(6,102,275)	(98,590,230)
Net claims incurred	(24,697,004)	(38,464,669)	(3,615,834)	(38,521,105)	(1,833,334)	(19,793,010)	(2,447,304)	(8,828,202)	(138,200,462)
Gross acquisition costs	(7,747,476)	(11,371,371)	(5,879,961)	(8,000,101)	(2,532,553)	(593,793)	(1,779,366)	(998,983)	(38,903,604)
Commissions on retroceded business	87,224	(361,189)	(9,819)	--	(34,768)	89	--	72,403	(246,060)
Supervision and inspection fees	(134,205)	(210,211)	(77,470)	(1,390,119)	3,716	(35,381)	(2,856)	(138,748)	(1,985,274)
Net acquisition costs	(7,794,457)	(11,942,771)	(5,967,250)	(9,390,220)	(2,563,605)	(629,085)	(1,782,222)	(1,065,328)	(41,134,938)
Net underwriting results	(13,693,698)	(13,522,553)	2,060,208	269,414	163,585	(8,218,610)	(489,558)	6,487,057	(26,944,155)

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11. SEGMENTAL INFORMATION (CONTINUED)

11.1 Business segments (continued)

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

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11. SEGMENTAL INFORMATION (CONTINUED)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
For the nine month period ended									
30 September 2015 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	75,156,436	137,993,164	52,571,531	298,613,904	30,053,991	36,679,739	44,879,611	67,689,049	743,637,425
Retroceded premiums	(5,093,045)	(1,958,705)	(318,343)	(4,435)	(1,296,717)	(365,191)	--	(318,100)	(9,354,536)
Excess of loss expenses	(6,633,945)	(19,911,070)	(911,436)	(3,274)	(352,470)	(1,290,039)	--	(2,044,465)	(31,146,699)
Net written premiums	63,429,446	116,123,389	51,341,752	298,606,195	28,404,804	35,024,509	44,879,611	65,326,484	703,136,190
Change in net unearned premiums	(19,702,551)	(31,413,684)	(11,640,646)	(237,241,369)	(7,031,291)	952,995	(33,659,707)	(30,151,370)	(369,887,623)
Net earned premiums	43,726,895	84,709,705	39,701,106	61,364,826	21,373,513	35,977,504	11,219,904	35,175,114	333,248,567
Net claims paid	(10,613,211)	(84,596,222)	(15,252,680)	(8,541,395)	(7,248,214)	(52,687,378)	--	(10,796,448)	(189,735,548)
Change in net outstanding claims	(25,447,699)	18,711,265	379,785	(36,659,265)	(4,442,207)	(14,208,703)	(6,400,357)	(8,476,306)	(76,543,487)
Net claims incurred	(36,060,910)	(65,884,957)	(14,872,895)	(45,200,660)	(11,690,421)	(66,896,081)	(6,400,357)	(19,272,754)	(266,279,035)
Gross acquisition costs	(17,219,690)	(27,367,957)	(14,775,103)	(4,792,661)	(7,795,434)	677,233	(5,338,095)	(2,707,602)	(79,319,309)
Commissions on retroceded business	923,912	(37,525)	229,247	443	100,616	46,087	--	79,691	1,342,471
Supervision and inspection fees	(371,477)	(694,271)	(262,858)	(1,493,070)	(150,270)	(183,398)	(227,535)	(335,308)	(3,718,187)
Net acquisition costs	(16,667,255)	(28,099,753)	(14,808,714)	(6,285,288)	(7,845,088)	539,922	(5,565,630)	(2,963,219)	(81,695,025)
Net underwriting results	(9,001,270)	(9,275,005)	10,019,497	9,878,878	1,838,004	(30,378,655)	(746,083)	12,939,141	(14,725,493)

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 September 2016

11. SEGMENTAL INFORMATION (CONTINUED)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
As at 30 September 2016 (Unaudited)									
Segment assets	119,904,603	255,372,911	55,590,756	142,086,203	45,566,534	53,682,318	77,660,114	56,634,472	806,497,911
Segment liabilities	225,405,174	420,768,410	69,819,746	145,614,645	70,666,446	85,638,134	77,083,124	119,646,900	1,214,642,579
As at 31 December 2015 (Audited)									
Segment assets	106,940,078	170,843,942	56,307,032	319,475,324	34,351,600	51,594,334	38,406,599	37,445,036	815,363,945
Segment liabilities	218,456,484	336,859,146	65,174,883	345,834,695	48,548,043	67,886,450	39,178,870	82,369,413	1,204,307,984

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 September 2016

11. SEGMENTAL INFORMATION (CONTINUED)

11.2 Geographical segments

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

Reinsurance operations' results

Gross written premiums	50,180,826	32,001,893	5,103,338	6,961,984	(11,793,239)	82,454,802
Retroceded premiums	(461,170)	(420,681)	(12,740)	(726)	--	(895,317)
Excess of loss expenses	(3,149,820)	(1,851,247)	(418,330)	(1,036,939)	--	(6,456,336)
Net written premiums	46,569,836	29,729,965	4,672,268	5,924,319	(11,793,239)	75,103,149
Change in net unearned premiums	12,523,610	(9,915,454)	2,463,168	23,326,637	15,485,214	43,883,175
Net earned premiums	59,093,446	19,814,511	7,135,436	29,250,956	3,691,975	118,986,324
Net claims paid	(22,779,768)	(22,570,344)	(1,105,286)	(1,277,720)	--	(47,733,118)
Change in net outstanding claims	(15,136,910)	11,896,690	(3,657,104)	(19,770,529)	(2,351,911)	(29,019,764)
Net claims incurred	(37,916,678)	(10,673,654)	(4,762,390)	(21,048,249)	(2,351,911)	(76,752,882)
Gross acquisition costs	(12,078,056)	(4,337,410)	(3,279,580)	(6,462,057)	(1,480,660)	(27,637,763)
Commissions on retroceded business	581,990	84,246	(2,839)	89	--	663,486
Supervision and inspection fees	(250,903)	(160,009)	(25,517)	(34,811)	58,966	(412,274)
Net acquisition costs	(11,746,969)	(4,413,173)	(3,307,936)	(6,496,779)	(1,421,694)	(27,386,551)
Net underwriting results	9,429,799	4,727,684	(934,890)	1,705,928	(81,630)	14,846,891

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
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For the three month period ended 30 September 2015 (Unaudited)

Reinsurance operations' results

Gross written premiums	357,687,359	30,215,400	1,811,074	7,340,998	--	397,054,831
Retroceded premiums	(4,464,575)	770,368	426,228	(16,082)	--	(3,284,061)
Excess of loss expenses	(3,320,006)	(1,781,066)	(703,642)	(1,134,416)	--	(6,939,130)
Net written premiums	349,902,778	29,204,702	1,533,660	6,190,500	--	386,831,640
Change in net unearned premiums	(260,686,455)	(8,537,656)	6,419,734	24,624,015	3,739,967	(234,440,395)
Net earned premiums	89,216,323	20,667,046	7,953,394	30,814,515	3,739,967	152,391,245
Net claims paid	(19,582,783)	(8,975,326)	(4,159,881)	(6,892,242)	--	(39,610,232)
Change in net outstanding claims	(61,802,140)	(7,306,975)	(7,390,536)	(19,980,500)	(2,110,079)	(98,590,230)
Net claims incurred	(81,384,923)	(16,282,301)	(11,550,417)	(26,872,742)	(2,110,079)	(138,200,462)
Gross acquisition costs	(15,927,697)	(6,152,511)	(5,642,395)	(9,401,634)	(1,779,367)	(38,903,604)
Commissions on retroceded business	80,901	(249,860)	(79,053)	1,952	--	(246,060)
Supervision and inspection fees	(1,788,437)	(151,077)	(9,055)	(36,705)	--	(1,985,274)
Net acquisition costs	(17,635,233)	(6,553,448)	(5,730,503)	(9,436,387)	(1,779,367)	(41,134,938)
Net underwriting results	(9,803,833)	(2,168,703)	(9,327,526)	(5,494,614)	(149,479)	(26,944,155)

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 September 2016

11. SEGMENTAL INFORMATION (CONTINUED)

11.2 Geographical segments (continued)

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

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
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For the nine month period ended 30 September 2015 (Unaudited)

Reinsurance operations' results						
Gross written premiums	484,127,004	79,041,317	28,637,752	106,951,740	44,879,612	743,637,425
Retroceded premiums	(9,943,414)	246,061	358,899	(16,082)	--	(9,354,536)
Excess of loss expenses	(20,028,376)	(3,252,871)	(3,194,299)	(4,671,153)	--	(31,146,699)
Net written premiums	454,155,214	76,034,507	25,802,352	102,264,505	44,879,612	703,136,190
Change in net unearned premiums	(288,421,333)	(20,712,139)	(8,200,270)	(18,894,173)	(33,659,708)	(369,887,623)
Net earned premiums	165,733,881	55,322,368	17,602,082	83,370,332	11,219,904	333,248,567
Net claims paid	(107,219,664)	(29,818,532)	(19,685,427)	(33,011,925)	--	(189,735,548)
Change in net outstanding claims	(49,027,774)	5,668,757	(15,459,620)	(11,324,492)	(6,400,358)	(76,543,487)
Net claims incurred	(156,247,438)	(24,149,775)	(35,145,047)	(44,336,417)	(6,400,358)	(266,279,035)
Gross acquisition costs	(32,592,482)	(15,997,777)	(4,213,522)	(21,177,432)	(5,338,096)	(79,319,309)
Commissions on retroceded business	1,522,797	(125,215)	(57,062)	1,951	--	1,342,471
Supervision and inspection fees	(2,420,635)	(395,207)	(143,189)	(534,759)	(224,397)	(3,718,187)
Net acquisition costs	(33,490,320)	(16,518,199)	(4,413,773)	(21,710,240)	(5,562,493)	(81,695,025)
Net underwriting results	(24,003,877)	14,654,394	(21,956,738)	17,323,675	(742,947)	(14,725,493)

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(CONTINUED)

For the period ended 30 September 2016

11. SEGMENTAL INFORMATION (CONTINUED)

11.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
As at 30 September 2016 (Unaudited)						
Reinsurance operations						
Segment assets	374,278,272	145,881,475	36,908,648	172,191,210	77,238,306	806,497,911
Segment liabilities	530,502,167	247,188,903	66,035,365	295,033,090	75,883,054	1,214,642,579
As at 31 December 2015 (Audited)						
Segment assets	521,641,051	102,642,399	37,943,900	115,342,681	37,793,914	815,363,945
Segment liabilities	716,934,291	172,026,457	57,757,256	219,458,638	38,131,342	1,204,307,984

12. COMMITMENTS AND CONTINGENCIES

As at 30 September 2016, the Company has deposited and pledged SR 47,250,000 (31 December 2015: SR 47,250,000) with local bank to obtain the Standby Letter of Credit for its participation in a Lloyds Syndicate for 2015 and 2016 underwriting years. Further, the office premises related refundable deposit amounts to SR 103,750 (31 December 2015: SR 103,750).

13. BASIC AND DILUTED EARNINGS / (LOSSES) PER SHARE

Basic and diluted earnings / (losses) per share for the three and nine month periods ended 30 September 2016 and 2015 have been calculated by dividing net income / (losses) for the period by the weighted average number of ordinary issued and outstanding shares at the end of the period.

14. 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.

15. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 19 Muharram 1438H corresponding to 20 October 2016.