
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 TWELVE MONTH PERIODS ENDED
31 DECEMBER 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 Twelve Month Periods Ended 31 December 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 31 December 2016 and the interim statement of comprehensive 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 twelve month periods then ended and the interim statements of changes in shareholders' equity, interim statement of cash flows - reinsurance operations and shareholders' operations for the twelve month 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.

REVIEW 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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20 Rabi Al Thani 1438H
 18 January 2017

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>Notes</i>	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
<u>REINSURANCE OPERATIONS' ASSETS</u>			
Cash and bank balances		42,891,784	61,025,692
Time deposits	5	67,551,600	35,218,332
Accrued special commission income from time deposits		1,070,010	72,199
Premium receivables	4	181,957,594	195,141,907
Investments held at fair value through income statement	7	93,447,337	73,707,373
Accrued insurance premiums		262,339,842	440,823,628
Retroceded share of unearned premiums	8	3,758,101	7,363,459
Deferred excess of loss premiums		17,516,524	17,389,664
Retroceded share of outstanding claims		110,649,986	60,496,840
Deferred acquisition costs		81,705,133	94,148,447
Prepaid expenses and other assets		49,276,087	91,221,256
Due from shareholders' operations		152,144,139	130,783,161
Property and equipment		3,402,655	5,455,845
TOTAL REINSURANCE OPERATIONS' ASSETS		1,067,710,862	1,212,847,803
<u>SHAREHOLDERS' ASSETS</u>			
Cash and bank balances		27,950,269	31,917,275
Time deposits	5	112,456,507	118,849,000
Accrued special commission income from time deposits		2,191,242	540,411
Accrued special commission income from bonds and Sukuk		4,143,727	2,220,485
Investments held at fair value through income statement	7	724,579,017	687,580,266
Prepaid expenses and other assets		45,198	405,990
Statutory deposit	6	100,000,000	100,000,000
Return on investment of statutory deposit	6	10,242,125	7,592,394
Property and equipment		32,110,109	32,998,857
TOTAL SHAREHOLDERS' ASSETS		1,013,718,194	982,104,678
TOTAL ASSETS		2,081,429,056	2,194,952,481
<u>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u>			
Accounts payable		18,217,139	10,101,722
Retrocession balances payable		51,919,382	14,927,181
Accrued retroceded premiums		75,603	354,467
Gross unearned premiums	8	306,479,380	502,998,272
Gross outstanding claims		680,013,941	674,119,737
Unearned commission income		848,245	1,806,605
Accrued expenses and other liabilities		3,906,248	4,185,212
Employees' end of service benefits		3,958,044	3,164,713
TOTAL REINSURANCE OPERATIONS' LIABILITIES		1,065,417,982	1,211,657,909
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		2,292,880	1,189,894
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,067,710,862	1,212,847,803
<u>SHAREHOLDERS' LIABILITIES AND EQUITY</u>			
<u>SHAREHOLDERS' LIABILITIES</u>			
Provision for Zakat and income tax		39,728,370	39,418,724
Due to reinsurance operations		152,144,139	130,783,161
Accrued expenses and other liabilities		6,302,569	2,173,675
Deferred return on investment of statutory deposit	6	10,242,145	7,592,394
TOTAL SHAREHOLDERS' LIABILITIES		208,417,223	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		(200,769,953)	(203,934,200)
TOTAL SHAREHOLDERS' EQUITY		805,300,971	802,136,724
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		1,013,718,194	982,104,678
TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		2,081,429,056	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 COMPREHENSIVE INCOME - REINSURANCE OPERATIONS
AND ACCUMULATED SURPLUS

For the three month and twelve month periods ended 31 December 2016

	For the three month		For the twelve month	
	period ended		period ended	
	31 December 2016 (Unaudited) Notes	31 December 2015 (Unaudited) SR	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Gross written premiums	7,498,416	61,188,363	985,510,354	804,825,788
Retroceded premiums	(1,007,988)	(2,822,663)	(5,582,043)	(12,177,198)
Excess of loss expenses	(6,838,601)	(6,709,917)	(41,744,005)	(37,856,616)
Net written premiums	(348,173)	51,655,783	938,184,306	754,791,974
Change in net unearned premiums	8 130,971,571	110,631,006	192,913,534	(259,256,614)
Net earned premiums	130,623,398	162,286,789	1,131,097,840	495,535,360
Net claims paid	9 (94,952,358)	(40,826,953)	(952,890,160)	(230,562,501)
Change in net outstanding claims	45,955,337	(32,376,769)	44,258,945	(108,920,252)
Net claims incurred	(48,997,021)	(73,203,722)	(908,631,215)	(339,482,753)
Gross acquisition costs	(29,390,565)	(35,213,582)	(164,692,446)	(114,532,891)
Commissions on retroceded business	928,874	1,431,457	2,982,263	2,773,928
Supervision and inspection fees	(37,492)	(305,942)	(4,927,552)	(4,024,129)
Net acquisition costs	(28,499,183)	(34,088,067)	(166,637,735)	(115,783,092)
Surplus from reinsurance operation	53,127,194	54,995,000	55,828,890	40,269,515
Special commission income from time deposits	583,245	102,459	2,105,663	201,992
Realized (losses)/ gains on investments held at fair value through income statement	7 --	(88,059)	98,858	(73,118)
Unrealized (losses)/ gains on investments held at fair value through income statement	7 (1,158,671)	(130,683)	2,352,103	1,324,820
Other income	358,313	--	921,733	216,469
Investment management expenses	(44,090)	(87,183)	(344,216)	(315,456)
General and administrative expenses	(9,334,093)	(8,100,263)	(38,058,515)	(36,545,448)
Foreign exchange translation losses	(4,865,421)	(148,892)	(11,874,660)	(2,500,599)
Net surplus from reinsurance operations	38,666,477	46,542,379	11,029,856	2,578,175
Shareholders' appropriation from reinsurance operations' surplus	2 (37,563,491)	(46,284,562)	(9,926,870)	(2,320,358)
Reinsurance operations' surplus after shareholders' appropriation	1,102,986	257,817	1,102,986	257,817
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	2,292,880	1,189,894	2,292,880	1,189,894
Other comprehensive income	--	--	--	--
Total comprehensive income from reinsurance operations for the period	1,102,986	257,817	1,102,986	257,817

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 twelve month periods ended 31 December 2016

	For the three month period ended		For the twelve month period ended	
	31 December 2016 (Unaudited) <i>Notes</i> SR	31 December 2015 (Unaudited) SR	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Special commission income from time deposits	1,274,450	314,949	3,740,243	582,899
Special commission income from bonds and Sukuk	726,811	843,459	2,980,537	5,283,305
Realized gains on investments held at fair value through income statement	7 735,206	104,342	433,532	60,267
Unrealized gains / (losses) on investments held at fair value through income statement	7 7,046,551	(1,802,867)	12,819,617	(7,851,967)
Dividend income	1,415,266	906,250	2,693,101	3,687,500
Realized gain on held to maturity investments	--	--	--	6,032,940
Other income	--	--	--	2,716
Total investment income	11,198,284	366,133	22,667,030	7,797,660
General and administrative expenses	(5,775,785)	(1,682,119)	(9,851,144)	(5,271,929)
Investment management expenses	(399,309)	(664,697)	(2,802,742)	(3,000,497)
Board of directors' remunerations, meeting fees and expenses	(203,117)	(185,998)	(1,576,144)	(1,647,862)
Foreign exchange translation (losses)/ gains	--	(69,599)	99,954	(91,415)
Shareholders' appropriation from reinsurance operations' surplus	2 37,563,491	46,284,562	9,926,870	2,320,358
Net income for the period	42,383,564	44,048,282	18,463,824	106,315
Basic earnings per share for the period	13 0.424	0.440	0.185	0.001
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 twelve month periods ended 31 December 2016

	For the three month period ended		For the twelve month period ended	
	31 December 2016 (Unaudited) SR	31 December 2015 (Unaudited) SR	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Net income for the period	42,383,564	44,048,282	18,463,824	106,315
Other comprehensive income	--	--	--	--
Total comprehensive income for the period	42,383,564	44,048,282	18,463,824	106,315



 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 twelve month period ended 31 December 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
Transfer during the period	1,926,306	11,694	--	(1,926,306)	(11,694)	--	--	--	--	--
Total comprehensive income for the period	--	--	103,773	--	--	2,542	--	--	106,315	106,315
Zakat and income tax	--	--	(15,376,199)	--	--	(18,610)	--	--	(15,394,809)	(15,394,809)
Balance as at 31 December 2015 (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
	GCC Shareholders			Non - GCC Shareholders			Total			
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	(5,187,906)	(31,495)	1,086,968	5,187,906	31,495	(1,086,968)	--	--	--	--
Total comprehensive income for the period	--	--	17,926,342	--	--	537,482	--	--	18,463,824	18,463,824
Zakat and income tax	--	--	(15,229,023)	--	--	(70,554)	--	--	(15,299,577)	(15,299,577)
Balance as at 31 December 2016 (Unaudited)	970,890,400	5,894,202	(200,723,350)	29,109,600	176,722	(46,603)	1,000,000,000	6,070,924	(200,769,953)	805,300,971

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 twelve month period ended 31 December 2016

	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
OPERATING ACTIVITIES		
Reinsurance operations' surplus after shareholders' appropriation	1,102,986	257,817
<i>Adjustments to reconcile reinsurance operations' surplus after shareholders' appropriation to net cash from operating activities:</i>		
Employees' end of service benefits	1,174,484	1,179,626
Depreciation	2,348,527	3,197,334
Realized (gains)/ losses on investments held at fair value through income statement	(98,858)	73,118
Unrealized gains on investments held at fair value through income statement	(2,352,103)	(1,324,820)
Loss from disposal of property and equipment	--	(86,998)
Retroceded share of unearned premiums	3,605,358	(5,283,019)
Gross unearned premiums	(196,518,892)	264,539,633
Shareholders' appropriation from reinsurance operations' surplus	9,926,870	2,320,358
Operating (loss) / income before changes in operating assets and liabilities	(180,811,628)	264,873,049
Changes in operating assets and liabilities:		
Premiums receivable	13,184,313	(82,402,809)
Accrued insurance premiums	178,483,786	(220,637,375)
Retroceded share of outstanding claims	(50,153,146)	44,642,806
Deferred acquisition costs	12,443,314	(30,635,866)
Deferred excess of loss premiums	(126,930)	(77,849)
Prepaid expenses and other assets	41,945,169	(63,180,321)
Accounts payable	8,115,417	(12,515,934)
Retrocession balances payable	36,992,201	10,754,121
Accrued retroceded premiums	(278,864)	(774,786)
Gross outstanding claims	5,894,204	64,277,446
Unearned commission income	(958,360)	1,056,823
Accrued expenses and other liabilities	(278,964)	1,705,550
Cash from / (used in) operations	64,450,512	(22,915,145)
Employees' end of service benefits paid	(381,153)	(495,914)
Net cash from/ (used in) operating activities	64,069,359	(23,411,059)
INVESTING ACTIVITIES		
Time deposits	(32,333,268)	(22,093,332)
Accrued special commission income on time deposits	(997,811)	--
Purchase of property and equipment	(322,784)	(1,575,633)
Additions in investments held at fair value through income statement	7 (39,232,824)	(55,437,973)
Proceeds from disposal of property plant and equipment	27,447	86,998
Proceeds from investments held at fair value through income statement	7 21,943,821	107,894,039
Net cash (used in) / from investing activities	(50,915,419)	28,874,099
FINANCING ACTIVITY		
Net movement in due (from) / to shareholders' operations	(31,287,848)	54,107,788
(DECREASE)/INCREASE IN CASH AND BANK BALANCES	(18,133,908)	59,570,828
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	42,891,784	61,025,692

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 twelve month period ended 31 December 2016

	31 December 2016 SR (Unaudited)	31 December 2015 SR (Audited)
OPERATING ACTIVITIES		
Net profit for the period	18,463,824	106,315
<i>Adjustments to reconcile net profit to net cash used in operating activities:</i>		
Depreciation	888,751	--
Realized gains on investments held at fair value through income statement	7 (433,532)	(60,267)
Unrealized (gains) / losses on investments held at fair value through income statement	7 (12,819,617)	7,851,967
Income on statutory deposit	(2,649,731)	--
Shareholders’ appropriation from reinsurance operations’ surplus	(9,926,870)	(2,320,358)
Operating (deficit) / surplus before changes in operating assets and liabilities	(6,477,175)	5,577,657
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	360,792	6,694,723
Accrued expenses and other liabilities	4,128,894	1,547,005
Statutory deposit	2,649,751	(7,592,394)
Zakat and income tax paid	(14,989,934)	(11,417,727)
Net cash used in operating activities	(14,327,672)	(5,190,736)
INVESTING ACTIVITIES		
Purchase of property and equipment	--	(285,861)
Accrued special commission income from time deposits	(1,650,831)	(470,376)
Accrued special commission income from bonds and sukuk	(1,923,242)	1,483,281
Additions in investments held at fair value through income statement	7 (149,522,772)	(219,579,979)
Proceeds from investments held at fair value through income statement	7 125,777,170	256,879,577
Time deposits	6,392,493	(118,849,000)
Held to maturity investments	--	145,470,427
Net cash (used in)/ from investing activities	(20,927,182)	64,648,069
FINANCING ACTIVITY		
Net movement in due (from) / to shareholders’ operations	31,287,848	(54,107,788)
(DECREASE)/ INCREASE IN CASH AND BANK BALANCES	(3,967,006)	5,349,545
Cash and bank balances at the beginning of the period	31,917,275	26,567,730
CASH AND BANK BALANCES AT THE END OF THE PERIOD	27,950,269	31,917,275


 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 31 December 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 twelve month periods ended 31 December 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 Saudi Arabian Monetary Agency, 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 (SR), which is the functional and presentational currency of the Company. All financial information presented has been rounded off to the nearest SR.

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 no significant financial impact on the unaudited interim condensed financial statements of the Company on the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior year have been reclassified to conform to the presentation made in the current period:

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

The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. Upon implementation of the revised standard IFRS 4 'Insurance Contracts', more assets may be classified as at fair value through profit or loss under the fair value option. The Company continues to monitor the IASB progress on amendments to IFRS 4 which also introduces a temporary exemption for the implementation of IFRS 9 for reporting entities whose activities predominantly relate to insurance. The Company expects that it will be eligible for this temporary exemption and will consider deferring the implementation of IFRS 9 until a later date, but no later than January 1, 2021.

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.

The following new or amended standards are not expected to have significant impact on the financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 16 Leases

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4. PREMIUM RECEIVABLES

	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Premium receivable	186,910,560	197,764,243
Allowance for doubtful receivables	(4,952,966)	(2,622,336)
	181,957,594	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 as per Moody's, Fitch and Standard and Poor's rating agencies and have maturity period of more than three months from the date of original placement. Such deposits earn special commission at an average effective commission rate of 2.93% per annum (31 December 2015: 1.74% per annum). The carrying amount of these deposits reasonably approximate the fair value as at the statement of financial position date.

6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 100 million (31 December 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. The accrued commission on the deposit as at 31 December 2016 is SR 10,242,125 (31 December 2015: SR 7,592,394) and has been disclosed in assets as return on investment of statutory deposit.

7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

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

	31 December 2016 (Unaudited)		31 December 2015 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Investments in:				
Money market funds	39,245,084	85,410,773	21,844,963	36,280,976
Investment funds	--	50,000,000	--	25,000,000
Equities	--	142,975,208	--	175,235,360
Fixed-Rate bonds/Sukuk	52,685,763	378,817,260	49,380,880	396,373,680
Floating-Rate bonds/Sukuk	1,516,490	67,375,776	2,481,530	54,690,250
	93,447,337	724,579,017	73,707,373	687,580,266

ii. Determination of fair value and fair values hierarchy:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair values of recognised financial instruments are not significantly different from the carrying values included in the interim condensed financial statements

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

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

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

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

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

As at 31 December 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:

Investments in:	31 December 2016 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money Market Funds	85,410,773	--	--	85,410,773
Equities	142,975,208	--	--	142,975,208
Fixed-Rate Bonds/Sukuk	321,252,746	57,564,514	--	378,817,260
Floating-Rate Bonds/Sukuk	27,375,776	40,000,000	--	67,375,776
	<u>577,014,503</u>	<u>97,564,514</u>	<u>--</u>	<u>674,579,017</u>
Investments in:	31 December 2015 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
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 31 December 2016 and year ended 31 December 2015.

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

	31 December 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	39,232,824	149,522,772	55,437,973	219,579,979
Disposals during the period	(21,943,821)	(125,777,170)	(107,894,039)	(256,879,577)
Unrealized gains/ (losses)	2,352,103	12,819,617	1,324,820	(7,851,967)
Realized gains/ (losses)	98,858	433,532	(73,118)	60,267
Closing balance	<u>93,447,337</u>	<u>724,579,017</u>	<u>73,707,373</u>	<u>687,580,266</u>

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

Investments under reinsurance and shareholders' operations include cash component of SR 1.5 million and SR 17 million respectively as at 31 December 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:

	31 December 2016 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
Shareholders' operations			
Money Market Funds	85,410,773	--	85,410,773
Investment Funds	--	50,000,000	50,000,000
Equities	142,975,208	--	142,975,208
Fixed-Rate Bonds/Sukuk	321,252,746	57,564,514	378,817,260
Floating-Rate Bonds/Sukuk	27,375,776	40,000,000	67,375,776
	577,014,503	147,564,514	724,579,017
	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 31 December 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.
- vii. The geographical split of investments held at fair value through income statement is as follows:

	Domestic		International		Total	
	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Reinsurance operations						
Money Market Funds	39,245,084	21,844,963	--	--	39,245,084	21,844,963
Fixed-Rate Bonds/Sukuk	--	3,913,426	52,685,763	45,467,454	52,685,763	49,380,880
Floating-Rate Bonds/Sukuk	--	--	1,516,490	2,481,530	1,516,490	2,481,530
Total	39,245,084	25,758,389	54,202,253	47,948,984	93,447,337	73,707,373

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

	Domestic		International		Total	
	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Shareholders' operations						
Money Market Funds	85,410,773	36,280,976	--	--	85,410,773	36,280,976
Investment Funds	50,000,000	25,000,000	--	--	50,000,000	25,000,000
Equities	50,756,270	78,742,056	92,218,938	96,493,304	142,975,208	175,235,360
Fixed-Rate Bonds/Sukuk	40,000,000	49,110,657	338,817,260	347,263,023	378,817,260	396,373,680
Floating-Rate Bonds/Sukuk	40,000,000	20,000,000	27,375,776	34,690,250	67,375,776	54,690,250
Total	266,167,043	209,133,689	458,411,974	478,446,577	724,579,017	687,580,266

8. UNEARNED PREMIUM

	31 December 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	985,510,354	(47,326,048)	938,184,306
Premium earned	(1,182,029,246)	50,931,406	(1,131,097,840)
Change in unearned premiums	(196,518,892)	3,605,358	(192,913,534)
Closing balance	306,479,380	(3,758,101)	302,721,279
	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

9. NET CLAIMS PAID

	For the three month period ended		For the twelve month period ended	
	31 December 2016 (Unaudited) SR	31 December 2015 (Unaudited) SR	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Gross claims paid	96,122,455	71,032,601	963,922,862	282,426,047
Retroceded share of claims paid	(1,170,097)	(30,205,648)	(11,032,702)	(51,863,546)
Net claims paid	94,952,358	40,826,953	952,890,160	230,562,501

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10. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Related party	Nature of transactions	Amounts of transactions for the twelve month period ended		Balance as at	
		31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR	31 December 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Board of Directors	- Consulting fees	330,233	332,083	--	--
	- Remunerations, meeting fees and expenses	1,576,144	1,647,862	253,503	249,000
Key management Personnel	- Short term benefits	8,534,209	8,414,996	1,096,000	961,500
	- End of service benefits	427,429	362,841	1,434,572	1,007,143
Companies represented by the BOD members	- Gross written premiums	3,196,634	11,481,091	2,011,428	2,987,653
	- Claims incurred	4,231,970	3,086,625	2,304,874	6,378,454
	- Commission	2,532,360	2,954,614	--	--
	- HSBC Custodian fees	130,000	155,212	21,821	29,052

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, Deputy Chief Executive Officer and the Chief Financial Officer of the Company.

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

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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	Life	Speciality	Others	Total
	SR	SR	SR	SR	Accident	SR	SR	SR	SR
For the three month period ended									
31 December 2016 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	2,144,446	(241,942)	(2,241,426)	713,605	960,546	4,403,196	(2,176,872)	3,936,863	7,498,416
Retroceded premiums	(719,241)	(4,523)	25,051	--	10	(10,382)	--	(298,903)	(1,007,988)
Excess of loss expenses	(917,932)	(3,895,664)	(176,641)	(144,284)	(392,897)	(515,150)	--	(796,033)	(6,838,601)
Net written premiums	507,273	(4,142,129)	(2,393,016)	569,321	567,659	3,877,664	(2,176,872)	2,841,927	(348,173)
Change in net unearned premiums	18,099,558	38,947,957	11,699,008	23,003,374	10,160,722	6,735,553	8,780,515	13,544,884	130,971,571
Net earned premiums	18,606,831	34,805,828	9,305,992	23,572,695	10,728,381	10,613,217	6,603,643	16,386,811	130,623,398
Net claims paid	(10,730,251)	(29,714,364)	(2,553,861)	(22,140,398)	(7,072,387)	(6,743,058)	--	(15,998,039)	(94,952,358)
Change in net outstanding claims	13,546,806	13,869,205	827,082	12,058,561	1,485,323	1,417,725	(4,414,742)	7,165,377	45,955,337
Net claims incurred	2,816,555	(15,845,159)	(1,726,779)	(10,081,837)	(5,587,064)	(5,325,333)	(4,414,742)	(8,832,662)	(48,997,021)
Gross acquisition costs	(5,908,092)	(9,988,466)	(3,281,552)	(2,094,423)	(3,030,841)	(1,182,731)	(2,640,373)	(1,264,087)	(29,390,565)
Commissions on retroceded business	477,511	169,554	131,337	--	93,061	--	--	57,411	928,874
Supervision and inspection fees	(10,722)	1,210	11,207	(3,568)	(4,803)	(22,015)	10,884	(19,685)	(37,492)
Net acquisition costs	(5,441,303)	(9,817,702)	(3,139,008)	(2,097,991)	(2,942,583)	(1,204,746)	(2,629,489)	(1,226,361)	(28,499,183)
Net underwriting results	15,982,083	9,142,967	4,440,205	11,392,867	2,198,734	4,083,138	(440,588)	6,327,788	53,127,194

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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	Specialty SR	Others SR	Total SR
For the three month period ended									
31 December 2015 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	8,228,111	21,623,662	1,624,261	32,293,649	8,866,965	6,001,541	--	(17,449,826)	61,188,363
Retroceded premiums	(1,172,608)	(898,460)	(299,607)	--	(451,994)	86	--	(80)	(2,822,663)
Excess of loss expenses	(1,513,192)	(4,397,170)	(196,267)	1,380	(347,063)	(430,013)	--	172,408	(6,709,917)
Net written premiums	5,542,311	16,328,032	1,128,387	32,295,029	8,067,908	5,571,614	--	(17,277,498)	51,655,783
Change in net unearned premiums	14,399,136	25,251,236	11,538,967	21,965,867	3,749,505	5,568,171	3,739,967	24,418,157	110,631,006
Net earned premiums	19,941,447	41,579,268	12,667,354	54,260,896	11,817,413	11,139,785	3,739,967	7,140,659	162,286,789
Net claims paid	(5,906,951)	(11,927,013)	(4,411,345)	(3,574,392)	(1,279,205)	(9,656,889)	--	(4,071,158)	(40,826,953)
Change in net outstanding claims	8,210,478	(1,552,097)	762,618	(34,883,152)	(3,520,033)	(3,282,679)	(2,126,769)	4,014,865	(32,376,769)
Net claims incurred	2,303,527	(13,479,110)	(3,648,727)	(38,457,544)	(4,799,238)	(12,939,568)	(2,126,769)	(56,293)	(73,203,722)
Gross acquisition costs	(6,332,802)	(11,765,893)	(4,657,271)	(5,607,535)	(4,051,520)	(310,643)	(1,779,366)	(708,552)	(35,213,582)
Commissions on retroceded business	550,322	317,498	339,645	--	213,728	(11)	--	10,275	1,431,457
Supervision and inspection fees	(45,446)	(103,813)	(8,121)	(161,468)	(44,335)	(30,008)	--	87,249	(305,942)
Net acquisition costs	(5,827,926)	(11,552,208)	(4,325,747)	(5,769,003)	(3,882,127)	(340,662)	(1,779,366)	(611,028)	(34,088,067)
Net underwriting results	16,417,048	16,547,950	4,692,880	10,034,349	3,136,048	(2,140,445)	(166,168)	6,473,338	54,995,000

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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 twelve month period ended									
31 December 2016 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	81,356,986	142,787,631	32,853,630	530,948,695	42,053,610	48,467,274	44,594,512	62,448,016	985,510,354
Retroceded premiums	(4,077,436)	(240,986)	(446,534)	--	(355,261)	(10,382)	--	(451,444)	(5,582,043)
Excess of loss expenses	(6,988,481)	(27,897,489)	(1,266,923)	(144,284)	(1,761,713)	(2,225,130)	--	(1,459,985)	(41,744,005)
Net written premiums	70,291,069	114,649,156	31,140,173	530,804,411	39,936,636	46,231,762	44,594,512	60,536,587	938,184,306
Change in net unearned premiums	1,170,244	1,802,430	2,481,552	214,665,691	(5,424,070)	(2,946,255)	(17,058,188)	(1,777,870)	192,913,534
Net earned premiums	71,461,313	116,451,586	33,621,725	745,470,102	34,512,566	43,285,507	27,536,324	58,758,717	1,131,097,840
Net claims paid	(35,247,783)	(116,710,202)	(14,706,799)	(687,464,532)	(14,530,308)	(53,625,838)	--	(30,604,698)	(952,890,160)
Change in net outstanding claims	16,214,600	20,965,511	3,849,265	31,924,634	(5,130,804)	(6,283,167)	(16,314,440)	(966,654)	44,258,945
Net claims incurred	(19,033,183)	(95,744,691)	(10,857,534)	(655,539,898)	(19,661,112)	(59,909,005)	(16,314,440)	(31,571,352)	(908,631,215)
Gross acquisition costs	(23,067,687)	(34,677,103)	(10,925,141)	(67,316,937)	(10,166,640)	(3,074,342)	(9,959,543)	(5,505,053)	(164,692,446)
Commissions on retroceded business	1,352,829	603,521	498,388	--	369,987	--	--	157,538	2,982,263
Supervision and inspection fees	(406,784)	(713,938)	(164,268)	(2,654,743)	(210,268)	(242,336)	(222,973)	(312,242)	(4,927,552)
Net acquisition costs	(22,121,642)	(34,787,520)	(10,591,021)	(69,971,680)	(10,006,921)	(3,316,678)	(10,182,516)	(5,659,757)	(166,637,735)
Net underwriting results	30,306,488	(14,080,625)	12,173,170	19,958,524	4,844,533	(19,940,176)	1,039,368	21,527,608	55,828,890

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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	Specialty SR	Others SR	Total SR
For the twelve month period ended 31 December 2015 (Audited)									
Reinsurance operations' results									
Gross written premiums	83,384,547	159,616,826	54,195,792	330,907,553	38,920,956	42,681,280	44,879,611	50,239,223	804,825,788
Retroceded premiums	(6,265,653)	(2,857,165)	(617,950)	(4,435)	(1,748,711)	(365,105)	--	(318,179)	(12,177,198)
Excess of loss expenses	(8,147,137)	(24,308,240)	(1,107,703)	(1,894)	(699,533)	(1,720,052)	--	(1,872,057)	(37,856,616)
Net written premiums	68,971,757	132,451,421	52,470,139	330,901,224	36,472,712	40,596,123	44,879,611	48,048,987	754,791,974
Change in net unearned premiums	(5,303,415)	(6,162,448)	(101,679)	(215,275,502)	(3,281,786)	6,521,166	(29,919,740)	(5,733,210)	(259,256,614)
Net earned premiums	63,668,342	126,288,973	52,368,460	115,625,722	33,190,926	47,117,289	14,959,871	42,315,777	495,535,360
Net claims paid	(16,520,162)	(96,523,235)	(19,664,025)	(12,115,787)	(8,527,419)	(62,344,267)	--	(14,867,606)	(230,562,501)
Change in net outstanding claims	(17,237,221)	17,159,168	1,142,403	(71,542,417)	(7,962,240)	(17,491,382)	(8,527,126)	(4,461,437)	(108,920,252)
Net claims incurred	(33,757,383)	(79,364,067)	(18,521,622)	(83,658,204)	(16,489,659)	(79,835,649)	(8,527,126)	(19,329,043)	(339,482,753)
Gross acquisition costs	(23,552,492)	(39,133,850)	(19,432,374)	(10,400,196)	(11,846,954)	366,590	(7,117,461)	(3,416,154)	(114,532,891)
Commissions on retroceded business	1,474,234	279,973	568,892	443	314,344	46,076	--	89,966	2,773,928
Supervision and inspection fees	(416,923)	(798,084)	(270,979)	(1,654,538)	(194,605)	(213,406)	(224,398)	(251,196)	(4,024,129)
Net acquisition costs	(22,495,181)	(39,651,961)	(19,134,461)	(12,054,291)	(11,727,215)	199,260	(7,341,859)	(3,577,384)	(115,783,092)
Net underwriting results	7,415,778	7,272,945	14,712,377	19,913,227	4,974,052	(32,519,100)	(909,114)	19,409,350	40,269,515

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 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 31 December 2016 (Unaudited)									
Segment assets	97,515,523	206,539,934	44,825,423	117,899,804	30,386,493	41,682,958	72,758,483	46,318,632	657,927,250
Segment liabilities	192,370,204	368,517,655	58,172,724	128,029,379	59,915,278	78,946,082	71,948,354	99,654,015	1,057,553,691
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 31 December 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
For the three month period ended 31 December 2016 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	6,752,807	7,504,028	(6,668,703)	2,087,156	(2,176,872)	7,498,416
Retroceded premiums	(801,627)	(244,678)	41,663	(3,346)	--	(1,007,988)
Excess of loss expenses	(3,596,547)	(1,372,013)	(438,243)	(1,431,798)	--	(6,838,601)
Net written premiums	2,354,633	5,887,337	(7,065,283)	652,012	(2,176,872)	(348,173)
Change in net unearned premiums	55,857,075	18,686,288	12,451,196	35,196,497	8,780,515	130,971,571
Net earned premiums	58,211,708	24,573,625	5,385,913	35,848,509	6,603,643	130,623,398
Net claims paid	(45,922,316)	(12,088,585)	(4,874,066)	(32,067,391)	--	(94,952,358)
Change in net outstanding claims	19,577,075	7,378,104	10,785,322	12,629,578	(4,414,742)	45,955,337
Net claims incurred	(26,345,241)	(4,710,481)	5,911,256	(19,437,813)	(4,414,742)	(48,997,021)
Gross acquisition costs	(10,782,762)	(6,316,035)	(1,049,044)	(8,602,351)	(2,640,373)	(29,390,565)
Commissions on retroceded business	879,148	13,192	9,800	26,734	--	928,874
Supervision and inspection fees	(33,764)	(37,520)	33,344	(10,436)	10,884	(37,492)
Net acquisition costs	(9,937,378)	(6,340,363)	(1,005,900)	(8,586,053)	(2,629,489)	(28,499,183)
Net underwriting results	21,929,089	13,522,781	10,291,269	7,824,643	(440,588)	53,127,194

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
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For the three month period ended 31 December 2015 (Unaudited)

Reinsurance operations' results						
Gross written premiums	35,217,657	10,942,673	(187,187)	15,215,220	--	61,188,363
Retroceded premiums	(2,360,835)	(420,889)	(40,927)	(12)	--	(2,822,663)
Excess of loss expenses	(4,667,491)	(1,481,750)	(285,265)	(275,411)	--	(6,709,917)
Net written premiums	28,189,331	9,040,034	(513,379)	14,939,797	--	51,655,783
Change in net unearned premiums	65,571,209	13,443,422	8,524,311	19,352,098	3,739,966	110,631,006
Net earned premiums	93,760,540	22,483,456	8,010,932	34,291,895	3,739,966	162,286,789
Net claims paid	(20,435,792)	(10,357,573)	(6,664,241)	(3,369,347)	--	(40,826,953)
Change in net outstanding claims	(18,265,833)	1,221,399	4,498,184	(17,703,751)	(2,126,768)	(32,376,769)
Net claims incurred	(38,701,625)	(9,136,174)	(2,166,057)	(21,073,098)	(2,126,768)	(73,203,722)
Gross acquisition costs	(17,217,904)	(6,798,644)	(2,643,052)	(6,774,615)	(1,779,367)	(35,213,582)
Commissions on retroceded business	1,275,186	149,256	9,760	(2,745)	--	1,431,457
Supervision and inspection fees	(176,088)	(54,713)	936	(76,077)	--	(305,942)
Net acquisition costs	(16,118,806)	(6,704,101)	(2,632,356)	(6,853,437)	(1,779,367)	(34,088,067)
Net underwriting results	38,940,109	6,643,181	3,212,519	6,365,360	(166,169)	54,995,000

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 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 twelve month period ended 31 December 2016 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	702,452,897	87,071,260	17,931,558	133,460,127	44,594,512	985,510,354
Retroceded premiums	(4,430,035)	(920,990)	(226,945)	(4,073)	--	(5,582,043)
Excess of loss expenses	(17,095,674)	(16,944,897)	(2,569,415)	(5,134,019)	--	(41,744,005)
Net written premiums	680,927,188	69,205,372	15,135,198	128,322,036	44,594,512	938,184,306
Change in net unearned premiums	217,201,159	1,537,374	7,756,877	(16,523,688)	(17,058,188)	192,913,534
Net earned premiums	898,128,347	70,742,746	22,892,075	111,798,348	27,536,324	1,131,097,840
Net claims paid	(803,908,888)	(66,052,412)	(17,880,463)	(65,048,397)	--	(952,890,160)
Change in net outstanding claims	50,917,078	2,552,786	9,372,373	(2,268,852)	(16,314,440)	44,258,945
Net claims incurred	(752,991,811)	(63,499,625)	(8,508,090)	(67,317,249)	(16,314,440)	(908,631,215)
Gross acquisition costs	(105,273,362)	(19,878,017)	(6,786,710)	(22,794,814)	(9,959,543)	(164,692,446)
Commissions on retroceded business	2,741,542	159,369	54,528	26,824	--	2,982,263
Supervision and inspection fees	(3,512,263)	(435,356)	(89,658)	(667,302)	(222,973)	(4,927,552)
Net acquisition costs	(106,044,084)	(20,154,003)	(6,821,840)	(23,435,292)	(10,182,516)	(166,637,735)
Net underwriting results	39,092,452	(12,910,882)	7,562,145	21,045,807	1,039,368	55,828,890
	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR

For the twelve month period ended 31 December 2015 (Audited)

Reinsurance operations' results						
Gross written premiums	519,344,661	89,983,990	28,450,565	122,166,961	44,879,611	804,825,788
Retroceded premiums	(12,304,249)	(174,828)	317,972	(16,093)	--	(12,177,198)
Excess of loss expenses	(24,695,867)	(4,734,621)	(3,479,564)	(4,946,564)	--	(37,856,616)
Net written premiums	482,344,545	85,074,541	25,288,973	117,204,304	44,879,611	754,791,974
Change in net unearned premiums	(222,850,124)	(7,268,717)	324,041	457,924	(29,919,738)	(259,256,614)
Net earned premiums	259,494,421	77,805,824	25,613,014	117,662,228	14,959,873	495,535,360
Net claims paid	(127,655,456)	(40,176,105)	(26,349,668)	(36,381,272)	--	(230,562,501)
Change in net outstanding claims	(67,293,607)	6,890,156	(10,961,436)	(29,028,243)	(8,527,122)	(108,920,252)
Net claims incurred	(194,949,063)	(33,285,949)	(37,311,104)	(65,409,515)	(8,527,122)	(339,482,753)
Gross acquisition costs	(49,810,386)	(22,796,421)	(6,856,574)	(27,952,048)	(7,117,462)	(114,532,891)
Commissions on retroceded business	2,797,983	24,041	(47,302)	(794)	--	2,773,928
Supervision and inspection fees	(2,596,723)	(449,920)	(142,253)	(610,835)	(224,398)	(4,024,129)
Net acquisition costs	(49,609,126)	(23,222,300)	(7,046,129)	(28,563,677)	(7,341,860)	(115,783,092)
Net underwriting results	14,936,232	21,297,575	(18,744,219)	23,689,036	(909,109)	40,269,515

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(CONTINUED)

For the period ended 31 December 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 31 December 2016 (Unaudited)						
Reinsurance operations						
Segment assets	303,889,027	132,456,294	25,800,492	123,353,877	72,427,560	657,927,250
Segment liabilities	471,717,637	225,540,076	42,737,516	246,044,546	71,513,916	1,057,553,691
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 31 December 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 103,233 (31 December 2015: SR 103,750).

13. BASIC EARNINGS PER SHARE

Basic and diluted earnings per share for the three and twelve month periods ended 31 December 2016 and 2015 have been calculated by dividing net income for the period by the weighted average number of ordinary issued and outstanding shares at the end of the period.

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 20 Rabi Al Thani 1438H corresponding to 18 January 2017.